Chron

Chron

1-19-98

Also sent to Reed Kagan

THE WHITE HOUSE

WASHINGTON

January 17, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN
SEAN MALONEY

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) **Memo from Chuck Ruff on the Farmer Case** -- responds to your question concerning University and Community College System of Nevada (Reno) v. Farmer; case involves a white female professor who alleges the University violated Title VII in hiring a black male instead of her to fill a faculty position; she also claims after she was eventually hired that the University engaged in gender discrimination and violated the Equal Pay Act; the trial court ruled in her favor; the Nevada Supreme Court reversed, concluding the University's affirmative action plan was constitutional and pay disparities were justified by market conditions unrelated to gender; plaintiff has filed a writ of certiorari with the U.S. Supreme Court; while comparisons to Piscataway are inevitable, this case is different in that it involves hiring, not firing; the hiring of a minority did not preclude hiring a non-minority; the University has a demonstrable need to promote diversity; and there is some evidence the minority candidate was more qualified.

(B) **Note from Ann Lewis re: *New York Times* Ad to run tomorrow**. Sara Ehrman wanted you to see ad (attached), sponsored by Center for Middle East Peace and Cooperation and signed by many of your supporters. Ad features your picture and quote from you upon receiving Rabin-Peres award and is timed to coincide with Netanyahu and Arafat visits.

(C) **First Annual *America Reads Challenge* Report from Carol Rasco** -- first report since your 1997 State of the Union Challenge; Carol says in the first year, over 830 colleges and universities and 160 organizations signed up; urges making *America Reads* legislation a priority; must pass by July 1, 1998 or the initiative will lose funds reserved in the FY98 budget. *We have forwarded copies of the report to Bruce Reed and Elena Kagan.*

(D) ***Economist* article on the Asian Crisis forwarded by Larry Summers** -- says, "Here is a perspective relatively close to ours which appeared on January 10;" article argues that IMF intervention, while creating some bad incentives/moral hazard with respect to investors, was, on balance, necessary given the small though not negligible risk of systemic failure and the opportunity to spare Asian economies much pain.

THE WHITE HOUSE

WASHINGTON

DATE: 1-20-98

NOTE FOR: Carol Rasco

The President has reviewed the attached, and it is forwarded to you for your:

Information ☐

Action ☒

Thank you.

Staff Secretary
(x6-2702)

cc:

1-20-98

Okay to dispatch?

Yes

no

C.

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE SECRETARY

1-14-98

Rasco
COS

January 14, 1998

Dear Mr. President:

With pride, I am sending you the First Annual Report of the America Reads Challenge. The American people accepted the Challenge that you offered in your 1997 State of the Union -- hundreds of communities throughout the Nation have dedicated their time and resources to improving the teaching and learning of reading for all children. In the first year, over 830 colleges and universities signed on to the America Reads Federal Work-Study program and over 160 organizations offered their commitment and support through the President's Coalition for the America Reads Challenge.

As we move to the second year of this initiative, it is crucial that we work to sustain these efforts. I urge you to send a message to Congress that legislation in support of America Reads is one of your top priorities. We must pass a piece of legislation by July 1, 1998 or we will lose the funds reserved for America Reads in the FY 1998 budget. Please show the American people who accepted this Challenge that you are working to help them sustain their important efforts to improve the teaching and learning of reading.

Sincerely,

Carol H. Rasco

Carol H. Rasco
Senior Advisor to the Secretary
Director of the America Reads Challenge

cc: The Honorable Richard Riley
The Honorable Harris Wofford



1997 ANNUAL REPORT

Presented by

Carol Hampton Rasco
Senior Advisor to the Secretary and
Director of the America Reads Challenge

A MESSAGE FROM DIRECTOR CAROL HAMPTON RASCO

As the first year of President Clinton's America Reads Challenge initiative comes to a close, I am pleased to provide a report that details accomplishments achieved. In this first year, I believe we have made substantial progress in the areas of:

- Reading legislation - a bipartisan piece of legislation that provides support in the home, the community, and the classroom for children to learn to read moved through the House of Representatives and is now in committee in the Senate;
- America Reads Federal Work-Study program - more than 830 colleges and universities signed on to participate;
- Public Awareness and Outreach - creation of the President's Coalition for the America Reads Challenge plus development of several mass communication vehicles; and
- Cooperative Interagency Efforts - establishment of working groups focused on early childhood development, K-3 reading, Title I, and plans for 50+ summer 1998 reading sites supported by a cross-section of agencies.

In the following pages, you will find specific information outlining the goals and objectives established for the initiative's first year and how these were met.

It is evident from this report that the country responded to the President's Challenge not only in large numbers, but also with creative and quality reading programs. As we move into the second year of this initiative, we have a small window of opportunity to pass reading legislation that will support these efforts. This report is a testimony to the need for direct support from the Administration to allow communities to sustain the efforts they have demonstrated in the first year of the America Reads Challenge. The Challenge is not over until every child in this Nation can read well and independently by the end of the third grade. It is imperative that the Administration and the Congress show the Nation that the good work that has begun through this initiative is a priority by advocating for and passing reading legislation.

BACKGROUND

In 1994, 40 percent of America's fourth graders failed to attain the basic level of reading and 70% of children fell below the proficient level of reading on the National Assessment of Educational Progress (NAEP). In response to these alarming statistics, President Clinton announced the America Reads Challenge, the Administration's commitment to mobilize public and private resources to ensure that every child become a good and independent reader by the end of the third grade. The initiative asks every American to identify what role he or she can play --professionally and personally --to help America become a nation of readers.

In his 1997 State of the Union Address, President Clinton made the America Reads Challenge part of his Call to Action for Education, launching the initiative to "build a citizen army of one million volunteer tutors" who would work with AmeriCorps members and college Federal Work-Study students to meet this children's literacy goal. On April 26th, he used his weekly radio address to announce his intention to submit the America Reads Challenge legislation to Congress, and on April 28, 1997, the legislation was transmitted to the Hill.

The America Reads Challenge, however, has not waited for the passage of legislation to begin improving the teaching and learning of reading for our Nation's children. Instead, a national movement began immediately to promote and ensure children's literacy by encouraging local communities to employ several strategies including:

- Creating more after-school, weekend and summer learning opportunities to supplement quality classroom instruction in reading by enabling parents and educators to complement and expand existing successful literacy efforts;

- Strengthening parent involvement and our nation's investment in the early childhood years so that children develop readiness skills for learning to read by the time they enter school;

- Bringing best practices into the school and classroom through teacher preparation, principal leadership and strengthening Title I programs, and highlighting successful reading programs;

- Promoting greater public awareness and local partnership building through the formation of community-wide literacy partnerships; and

- Supporting research and evaluation in a range of critical areas related to reading and early childhood development.

To provide support for these key strategies, the Department of Education has engaged all programs within the Department of Education to focus on the goal of improving reading;

partnered with the Corporation for National Service; worked closely with Congress to craft a bi-partisan piece of reading legislation; signed-on more than 830 colleges to provide Federal Work-Study reading tutors to surrounding schools and communities; and, created 15 America Reads/*Read*Write *Now!* summer pilot sites.

DEPARTMENT-WIDE ENGAGEMENT TO IMPROVE READING

Through the Office of the Secretary, the America Reads Challenge office has engaged in a department-wide effort to improve the research and evaluation of reading programs, the dissemination of best practices, and to increase funding priorities in the area of reading in all divisions and programs within the Department of Education. This work has been largely conducted through two working groups -- an early childhood working group co-directed by a representative from the Office of Special Education Programs and a representative from the Department of Health and Human Services and a K-3 working group directed by the Director of Title I.

Through this work, the Department has committed resources to a wide-range of reading projects, including providing invitational priorities to projects that focus on improving reading instruction to assist limited English proficient (LEP) students for discretionary programs in the Office of Bilingual Education and Minority Languages (OBEMLA); funding a new reading research center through the Office of Education Research and Improvement (OERI) that is creating a research agenda to improve the early reading achievement of children; and, through the Office of Elementary and Secondary Education (OESE), developing guidance for States on how to use the $25 million increase in funds under the Eisenhower Professional Development program to improve and expand professional development opportunities in the area of reading. The America Reads Office departmental strategy for improving reading for the Nation, cuts across departmental programs and across agencies (*see appendix*).

PARTNERSHIP WITH THE CORPORATION FOR NATIONAL SERVICE

As designed, the America Reads Challenge was built on the strong track record of national service in tutoring and literacy. Through AmeriCorps, Senior Corps and Learn and Serve America, national service was intended to help mobilize and increase the numbers of tutors and mentors available to young children. Since the President's call to action, the Corporation has taken up the challenge under its existing programs and resources.

Over the last year, the Corporation for National Service has worked in close partnership with the Department of Education in areas ranging from recruiting colleges and universities to sign up for the America Reads Federal Work-Study program to targeting existing national service resources at the America Reads Challenge. AmeriCorps members worked this year in programs such as D.C. Reads, helping to manage more than 500 college students and others tutoring in 16 of the lowest performing schools in the city. Examples exist in every state.

Next year is an opportunity for significant growth. In the FY 1998 appropriations, Congress provided an additional $69 million for AmeriCorps and national service programs, almost all of which is targeted at the America Reads Challenge. These funds will result in 100,000 new volunteer tutors for the America Reads Challenge beginning next year. This increased funding will support new AmeriCorps members who will manage tutoring programs afterschool, in-school, and through local nonprofit and literacy organizations. Additional monies for the National Senior Service Corps will support more than 9,700 new Senior Corps volunteers.

LEGISLATION

On April 28, 1997, Congress introduced the Administration's America Reads Challenge Act of 1997, to provide support to communities and schools in their efforts to improve their local reading programs. This Act called for the provision of funding for school and community partnerships to hire reading specialist and tutor coordinators to recruit, train, and organize volunteers to tutor young children in greatest need of services, such as those who have limited English proficiency or who are from low-income families.

The bipartisan balanced budget agreement to reserve funds for a children's literacy initiative combined with the introduction of the America Reads Challenge Act led to the House passage of H.R. 2614, the "Reading Excellence Act." The Senate intends to introduce their version of a children's literacy initiative in February.

Under the "Reading Excellence Act," the Secretary of Education would be authorized to make competitive grants to State reading and literacy partnerships. Partnerships would consist of the Governor of a State, the chief state school officer, representatives of a local education agency and a local school, and a community-based organization.

The State partnerships would then provide subgrants, called local reading improvement grants, to local educational agencies that have partnered with a community based literacy organization with priority given to those LEAs that partner with a family literacy program or a Head Start program. The grants would provide support in the home, the community, and the classroom for children to read by:

- Strengthening parental involvement through a requirement that the local partnership provide family literacy opportunities;
- Providing funds to hire reading specialist and tutor coordinators to train and organize tutors to help children further develop and practice their reading skills in extended learning time opportunities after-school, on weekends, and during the summer; and
- Requiring schools to provide quality training for teachers in the area of reading by leveraging, improving, and increasing current professional development opportunities.

While the consortia would have wide flexibility in determining the nature of the reading programs so that they can be tailored to the specific needs of the communities and children they serve, all programs would include the three essential components mentioned above.

Additional subgrants under the Act, called tutorial assistance grants, would be used to provide tutoring help to children who need it. Local educational agencies that receive this subgrant would be required to contract out with one or more tutorial assistance provider to offer tutoring assistance to children. Parents who chose to enroll their child in a tutoring program would work with the school to decide which tutoring program best met the needs to the child.

The "Reading Excellence Act," like the America Reads Challenge Act allocated funding for the Secretary to provide technical assistance, dissemination of materials and information about best practices, and evaluation.

The Administration supported the "Reading Excellence Act," but sent a Statement of Administration Policy to Congress outlining concerns with the bill including the fact that the tutorial assistance grants would have to be deleted or substantially modified because they are inadequately connected to and supportive of, in-school reading programs and the local reading improvement grants that the bill would authorize. Additionally, the Administration raised concerns about the prescriptiveness of the bill's definitions of reading and reading research.

As the Senate moves to take up this bill, Congress and the Administration have agreed on three key priorities: providing extended learning time for students to practice and further develop their reading skills, ensuring that every school has a quality professional development program to provide the best training for teachers in the area of reading, and providing communities with information about best practices through research and dissemination.

The Administration must act quickly and decisively to push a children's literacy initiative through Congress as a bill must be completed by July 1, 1998 or the funds reserved for an America Reads in the FY 1998 will revert to IDEA.

AMERICA READS' FEDERAL WORK-STUDY PROGRAM

The America Reads Challenge has successfully mobilized thousands of Federal Work-Study (FWS) students to tutor elementary school and pre-school children to read well and independently by the end of third grade. Over 830 colleges and universities have accepted the President's America Reads Challenge and are sending their Federal Work-Study (FWS) students into surrounding schools and communities. Many colleges accepted the President's America Reads Challenge because the Administration waived the 25 percent FWS matching fee that colleges and universities normally have to contribute.

The Department of Education partnered with the Corporation of National Service to recruit colleges and universities and to implement the FWS initiative. These efforts have been supplemented by the leadership of the College Presidents Steering Committee headed by Dr. Robert Corrigan, President of San Francisco State University. Together, we are providing technical assistance to colleges and universities through an America Reads listserve and a monthly newsletter. The Department of Education has developed and distributed the "Expanding Federal Work-Study and Community Service Opportunities" guide and an extensive Question and Answer sheet to all FWS institutions. In addition, nearly 350 individuals from over 200 colleges attended our four regional America Reads workshops prior to the academic year.

Several examples of innovative approaches to the FWS Challenge are listed below:

- Miami-Dade Community College, Florida International University, University of Miami, and Barry University together with the Dade County Public Schools have formed an America Reads partnership. Through this partnership, a total of 205 FWS students from Miami-Dade Community College, have completed tutor training, and are working this fall in 34 schools and 6 after-school programs across the county. The tutoring manual - America Reads/Miami Reads Tutoring Guide - was produced by the Dade County Public Schools, and has examples of outreach letters to parents and families in English, Spanish, and Creole.

- Yale University has formed an intensive tutoring program with the third grade class of a local elementary school. More than 70 FWS students from Yale University are paired with third grade students at Dwight Elementary School in New Haven, Connecticut. Tutors work with their students for one hour after school, three to four days a week. As part of their time together, the pair also spends time reading and exploring at the public library.

- At San Francisco State University, 65 FWS tutors were chosen from nearly 150 applicants. The tutors, who have indicated their intention to become elementary school teachers, were trained by faculty on two successive weekends. SFSU's America Reads program received a Learn and Serve Higher Education grant and AmeriCorp*VISTA grants from the Corporation for National Service.

As we move into the second year of America Reads, we are laying the groundwork for a waiver that would extend the program to family literacy organizations, a directory of FWS program descriptions, training opportunities for FWS students, and FWS roundtables for programs to share and learn from one another. Many of these programs have reached out to the America Reads office to voice their need for funding and support to sustain their efforts (*see letter from the Steering Committee of College Presidents in the appendix*).

AMERICA READS/*READ*WRITE*NOW!* SUMMER PILOT SITES

Last summer, the U.S. Department of Education designated fifteen America Reads Challenge: *Read*Write*Now!* pilot sites to serve as models of community-based/school-linked, extended learning time, literacy programs for children from high-poverty neighborhoods and schools. The goal of these sites is to improve the reading and writing skills of children most in need of help primarily through after school, weekend and summer programs. In the summer of 1996, three pilot sites were established, linking community organizations and schools to provide summer reading opportunities to Title I students. The work of the pilot sites was an important factor in the design of the America Reads Challenge and the number of pilots sites was expanded to fifteen sites for the summer of 1997. Each pilot site was designed and operated locally; each one created an individualized program to suit its needs. The children served in each site ranged from 100 to 100,000 pre-K to eighth grade students, for six to ten weeks. While most sites were urban, there were rural and suburban sites as well.

Children read with learning partners who were Girl Scouts, Boy Scouts, middle school students, high school students, Federal Work-Study college students, AmeriCorps and VISTA volunteers, parents, teachers, corporate/business volunteers, retirees/grandparents, and other community members. The sites made further connections with their communities by forming partnerships with hundreds of organizations, local government offices, businesses, churches, local media outlets and more. These community partners provided funding as well as tutors and safe havens for the tutoring to take place. The U.S. Department of Education provided activity kits, publications, and other available resources to the sites.

In the second year of the America Reads Challenge, our goal is to support at least one pilot site in each state beginning in the summer of 1998.

THE PRESIDENT'S COALITION FOR THE AMERICA READS CHALLENGE

The President's Coalition for the America Reads Challenge has been formed to support the goal of the America Reads Challenge, to ensure that every child can read well and independently by the end of the third grade. The *President's Coalition* consists of organizations committed to fulfilling the goal of the America Reads Challenge in their local communities, and dedicated to improving literacy efforts through information-sharing on a national as well as a local level. Members of the *President's Coalition* commit time and resources to building community coalitions for literacy by supporting existing literacy programs and developing new ones where needed, and by recruiting learning partners to work on reading with America's young children from birth through third grade.

A look at how some members are creating partnerships to help families and communities meet the goal of the America Reads Challenge...

- Phi Theta Kappa, the International Honor Society of Two-Year Colleges (1,100 campuses and 145,000 honor students), has committed to a two year service focus on America Reads starting with their annual meeting in the spring of 1998. They will provide members with printed materials that include background information on the America Reads Challenge, a list of terrific ideas for implementing programs at the chapter level, a Q&A sheet about why the Challenge is needed, and a resource list of national organizations and programs.

- The YMCA of Greater New York has committed to literacy and accepted the President's Challenge. Their Virtual Y program was launched in 66 sites this September, and will serve at least 50 children at each site. The program will link elementary students with college students from 20 colleges and universities plus community volunteers who will offer tutoring and homework help. The program, a partnership between the Y, the New York City Board of Education, the United Way of New York City, and other sponsoring organizations, supports both the goals of the America Reads Challenge and the Chancellor Rudolph F. Crew's goal of early grade level reading.

Since the White House meeting of the *President's Coalition for the America Reads Challenge* in July, over 160 organizations have committed to helping achieve the President's Call to Action. Three *President's Coalition for the America Reads Challenge* meetings were held as part of the Department's Improving America's Schools Regional Conferences in San Diego, Dallas, and Washington, DC in October, November, and December with approximately 60 participants at each. Members also receive an informational news brief from the America Reads Challenge on a twice-monthly basis to update them on exciting news about the *President's Coalition*, and to share the innovative ways their colleagues are meeting the challenge.

The President's Coalition is also supporting the expansion of the 1998 America Reads Challenge/*Read*Write*Now!* summer pilot sites through an intergovernmental work group consisting of the Department and 30 other federal agencies.

PUBLIC AWARENESS

Strategies have been developed to communicate the goals and objectives of the America Reads Challenge to the general public, and to provide current news and information deemed useful to supporting organizations.

America Reads Challenge Website -The site was designed to complement the Department's overall Website, and is accessed as one of the Secretary's initiatives. It originally contained sections for 1) general information about the initiative and how to get involved; 2) frequently asked questions with answers; 3) legislative updates; 4) Federal Work-Study information including a list of participating colleges and universities that is updated every two weeks; 5)

research and examples of effective literacy programs; and 6) publications *(listing included in appendix.)* As the support for the initiative has expanded, additional content areas have been added including a site for information about the *President's Coalition for the America Reads Challenge*; two easy-access front-page areas with profiles of Federal Work-Study and AmeriCorps programs, and examples of how some *President's Coalition* members are meeting the Challenge; and the ability to download America Reads Challenge logos and a two-page general information brochure. (*http://www.ed.gov/inits/americareads*)

The Department's site is currently being redesigned and updated, providing the opportunity for the America Reads Challenge site to be revised and amended to reflect changes that have occurred following passage of legislation through the House; creating one expanded publication site where all Department of Education sponsored child literacy publications (both in English and Spanish) can be found; establishing a section specifically focused on the summer 1998 READ*WRITE*NOW! sites; and adding several new links to other websites.

In addition, the Corporation for National Service has dedicated a page on their web site to the America Reads Challenge. (*http://www.cns.gov/areads/*)

Newsletters-Two newsletters have been developed to communicate with the major support groups for the America Reads Challenge. (*Samples have been included in the appendix.*)

The bi-weekly ***President's Coalition for the America Reads Challenge*** Newsletter is blast faxed to more than 200 individuals and organizations. Each edition contains a message from the director; legislative update; welcome to new organizations who commit to support the Challenge; spotlight on how *President's Coalition* members are meeting the Challenge; examples of Federal Work-Study programs; resource and publication information; and how to access additional America Reads Challenge information.

The monthly **Federal Work-Study** Newsletter is mailed to more than 830 colleges and universities nationwide. Each edition contains a message from the director; legislative update; examples of Federal Work-Study programs; resources and publications; financial-aid specific announcements, regulation changes and questions & answers; and ways to access additional America Reads Challenge Federal Work-Study information.

Special Legislative Updates -In an effort to provide supporters with the most up-to-date information about the America Reads Challenge legislation, special editions of the newsletters are prepared and distributed on an as-needed basis.

Listserve -A Listserve was established originally for use by financial aid administrators to provide a site for information exchange as they implemented the America Reads Challenge Federal Work-Study program. The Listserve is now open to all parties interested in the America Reads Challenge, and is currently being accessed by America Reads Federal Work-Study coordinators and participants, teachers, librarians, literacy coalition coordinators and other

interested parties.

Newsletter and Magazine Articles -Articles from the director have been requested by many literacy and early childhood development organizations and printed in their publications.

ED Initiatives -Bi-weekly updates are included in the Department of Education's on-line newsletter that is read by more than 11,500 subscribers with pass-along readership estimated at more than twice that figure.

Community Update -The America Reads Challenge was featured in the October 1997 edition of the Education Department's newsletter which is mailed to more than 240,000 readers.

Satellite Town Meetings -The Secretary's May Satellite Town Meeting focused on children's literacy and the America Reads Challenge. The hour-long program featured Director Carol Rasco and several panelists directly involved in community-based literacy programs. The broadcast had the highest recorded viewership of any regular monthly town meeting based on the number of sites that registered to downlink the broadcast.

The June Satellite Town Meeting focused on Early Childhood preparation for learning including reading readiness skills. Carol Rasco was a guest on the panel.

America Goes Back to School: The America Reads Challenge staff highlighted the importance of reading during the Department's 1997 America Goes Back to School (AGBTS) period. This initiative encourages parents, grandparents, community leaders, employers and employees, artists, religious leaders, and every caring adult to become more actively involved in improving education in their communities. The initiative focuses attention on improving American education during the back-to-school period of August through October.

Recognizing that the back-to-school time period is crucial for children and families who may have put reading on a back burner over the summer months, Director Carol Rasco participated in a number of "Back-to-School" events across the Nation in August, September, and October. Throughout, she focused on the importance of literacy, specifically the goal of having all children read well and independently by the end of third grade.

Publications -1.5 million color copies of the *READ*WRITE*NOW!* Activity Kit were printed and distributed through the 15 America Reads Challenge summer pilot sites, at public libraries nationwide, and in response to caller requests to the Department's Information Resource Center toll-free number. In addition, two Spanish reading and writing activity guides were made available via the America Reads Challenge website. Many other organizations utilized the black & white version of the basic *READ*WRITE*NOW!* kit.

Both color and black & white versions of the *READY*SET*READ!* Early Childhood Learning Readiness kit were distributed to 63,000 families and 23,000 caregivers.

On May 30, 1997, five hundred copies of *Expanding Federal Work-Study and Community Service Opportunities: An FWS Resource Guide* were mailed to colleges and universities who received Federal Work-Study allocations. This publication is available on an on-going basis through the website.

Access Information -The following methods of access have been established to best meet the information needs of the general public:
The America Reads Challenge
U.S. Department of Education
600 Independence Avenue SW, Suite 6100
Washington, DC 20202-0130

Phone (202) 401-8888 *Fax* (202) 401-0596
Toll free number for comments/publications: 1-800-USA-LEARN or TDD 1-800-437-0833
Web site: www.ed.gov/inits/americareads
America Reads Challenge *Listserve* -majordomo@etr-associates.org then, in the text of the message, type: subscribe americareads

APPENDIX A:
DEPARTMENT-WIDE OBJECTIVE STRATEGIES TO IMPROVE READING

These strategies are part of the Department-wide effort to improve reading and will be carried out in 1998-99.

Objective 2.2 Every child reads well and independently by the end of the third grade

Key Indicator: Increasing percentages of fourth-graders will meet basic, proficient, and advanced levels in reading on the National Assessment of Educational Progress (NAEP). In 1999, the NAEP trends in reading will begin to increase and will show steady gains over the next 5 years from the 1994 NAEP assessment in which 60% of students scored at or above the basic level in reading.

Key Strategies to meet this indicator:

- Expand and improve extended learning time opportunities for children to practice and further develop their reading skills
  - Create at lest one summer pilot site in each state that will coordinate a large community-wide tutor/reading effort by linking families, and schools (Title I, special education, and regular education programs) and other community partners. Sites would be provided with training and a tool kit to help sites start up and implement a high quality program.
  - Increase the number of Federal Work-Study colleges and universities participating in the America Reads challenge and improve existing programs. Expand the program to include family-literacy organizations.

- Provide leadership and tools for systemic reform in reading; broaden public awareness and involvement in reading improvement
  - Develop a coordinated strategy among ED programs (Title I, special education, bilingual, and family literacy) for improved implementation of reading programs.
  - Develop a companion guide to "A Compact for Learning" to assist school and community partners in refocusing their efforts on the widespread, comprehensive reform of reading; pilot in one ARC site.

- Improve instructional practices of K-3 teachers.
  - Drive $25 million increase in funds under the Eisenhower Professional Development program to improve the instructional practice of K-3 teachers.
  - Provide tool-kit to teachers of high quality materials that can help them improve the teaching and learning of reading, including materials on using assessment tools to improve their reading program for all students.

- Increase the infusion of early childhood literacy activities into childcare settings and preschools
  - Disseminate information to family/home childcare settings on how to infuse literacy building skill activities into early childhood settings.
  - Partner America Reads pilot sties and Federal Work-Study programs with Even

Start Family literacy programs and Head Start.

- Target special populations, such as low-income and disadvantage children, children with disabilities, and LEP students.
  - Place America Reads pilot sites in EZ/ECs and encourage them to serve large populations of Title I and Even Start students, linking to schools and families.
  - Disseminate sufficient numbers of ARC:RWN materials in Spanish to meet the needs of growing Hispanic communities.
  - Collaborate with NICHD to launch 5-year study on acquisition of English and the teaching and learning of reading. Award grants that model NICHD research for the learning disabled population.

- Develop strong research, evaluation, and dissemination agendas and support key activities furthering improvement.
  - Build on current research and evaluation findings in reading and develop a coordinated research agenda.
  - Work with NAS to roll-out and disseminate the results of their two-year study, "The Prevention of Reading Difficulties in Young Children."

- Promote effective coordination and collaboration inside and outside the U.S. Department of Education
  - More effectively coordinate and promote reading strategies, programs, and research within the Department of Education.
  - Develop interagency collaborations to provide assistance and support for the America Reads pilot sites.
  - Leverage key reading constituencies, e.g. International Reading Association (IRA), National Council of Teachers of English (NCTE), American Library Association (ALA).

APPENDIX B
PUBLICATIONS SUPPORTING THE AMERICA READS CHALLENGE

*Ready*Set*Read!* Early Childhood Learning Kit in English and Spanish

*Read*Write*Now* basic kits:

Activities for Reading and Writing Fun, 1997 (birth through grade six)
Actividades para Divertirse Leyendo y Escribiendo, 1997

*Read*Write*Now! Partners Tutoring Program*:

A guide to one-on-one tutoring

Spiderman in Amazing Adventures:

An activity book for children K-6

Just Add Kids

A resource directory of learning partners, reading sites, and other literacy services for families and communities who want to help children improve their reading and writing skills through READ*WRITE*NOW! and other literacy efforts.

Expanding Federal Work-Study and Community Service Opportunities (May 1997)

A Federal Work-Study resource guide from the U.S. Department of Education

Soon to be released publications:

Simple Things You Can Do To Help America's Children Read Well and Independently by the End of Third Grade.

This guide provides helpful suggestions for parents, schools, librarians, grandparents, seniors, concerned citizens, community-based organizations, universities, employers and the media on how each group can work to improve literacy in their community.

Lexile Framework and *Checkpoints for Progress In Reading and Writing For Families and Communities and Teachers and Learning Partners.*

These documents provide guidelines on the skills a child should be expected to demonstrate at each developmental stage and provide tips on how to help children attain these skills.

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

1-19-98
Copies d
Gibbons
COS
Stern

January 16, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN H. GIBBONS

CC: ERSKINE BOWLES

SUBJECT: OSTP WEEKLY REPORT

BIOMEDICAL INDUSTRY SUPPORTS CLONING LEGISLATION

At OSTP's request, biomedical industry groups met with White House staff this week about their plans to support legislation to ban the use of cloning to create a child. While not identical, their proposal closely tracks your bill, and they are appreciative of your efforts to protect important scientific research that involves non-controversial uses of cloning technology. We will continue to work closely with stakeholders and Congress to encourage development of a carefully crafted bill.

CLIMATE CHANGE RELATED ACTIVITIES

- Jim Hansen has just completed analysis of NASA Goddard's 1997 data record, and it confirms the NOAA announcement of last week and the UK Meteorological statement in November that 1997 was the warmest year since 1880. Each of the 3 data sets is slightly different in terms of earth's surface covered or number of land versus ocean measurements.

- Jock Gill is right that distributing electric generation around a city or community would have great advantages — if the units are cheap to build and maintain (see Jock's note to you of 1/13/98). Some of Jock's ideas have been incorporated in the Partnership for Advanced Technology in Housing that is a key part of your climate change initiative. The FY99 budget provides strong support both for developing small scale electric generating equipment and tax credits for encouraging their deployment. Distributed electric generation, like distributed computing, can provide greater reliability, prove more resilient to disruption, and allow greater flexibility in maintenance (having to shut down one plant doesn't create much of a system-wide problem).

Shared with Frank in reply to his note

- To ensure that the Administration's side of the story gets told and that our PNGV effort is properly credited with spurring some of the engineering work demonstrated at the recent Detroit auto show, we have reached out to the national media, including the *Wall Street Journal* (John Fialka), *Business Week* (Robert

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Kuttner), and the *New York Times* (Bill Broad and other senior editors). In the days ahead, we expect articles or columns highlighting this innovative government-university-industry collaboration. Building an affordable, practical vehicle that gets high fuel mileage is one of the great engineering challenges of our times. Your work, along with the Vice President's continuing efforts, has accelerated by years the transition to the 21st century car.

HUMANITARIAN DEMINING INITIATIVE STILL NEWSWORTHY

Technology Review, a journal published by MIT (circulation approximately 90,000), printed my letter (attached) describing U.S. humanitarian demining R&D activities in its January/February 1998 issue. Keeping this critical issue and the Administration's position in the public eye will help ensure our success.

OUTREACH ON RACE ISSUES

Arthur Bienenstock, OSTP's Associate Director for Science, addressed the Triple Helix Conference on January 10th. He stressed the long-term importance to U.S. science and technology of attracting women and minority group members into these fields.

Liquid ocean beneath Europa's icy surface — detailed views by NASA's Galileo spacecraft suggest the possibility that living organisms might be found there.

Advances in the production, manipulation, understanding, and variety of nanometer-sized tubes of carbon — the structural cousins of "buckeyballs" behave like semiconductors or metals and are important steps toward future electronic devices and ultrastrong materials. NSF, DOE and DOD help fund this work.

1-19-98

THE WHITE HOUSE

WASHINGTON

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January 16, 1998

MEMORANDUM FOR THE PRESIDENT

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

SUBJECT: **Summary of Cabinet Weekly Reports**
January 9 - 16, 1998

AMPLIFICATION OF PRESIDENTIAL INITIATIVES

Northeast Ice Storm: Led by FEMA, the Administration has responded aggressively to the ice storms that have hit the Northeast. You declared disasters in NY, VT, ME, NH, and NC (flooding). The Vice President and Director Witt visited ME on Thursday and the Director visited NY on Tuesday. FEMA, SBA, USDA, and DOE have a strong presence in the affected states. The Pentagon responded quickly to a request for air support to transport power trucks from NC to ME. A ME newspaper commended the Administration's response effort. While many are still without power, communities are beginning to recover.

Martin Luther King Birthday: Fifteen Members of the Cabinet and the members of the Race Advisory Board will join you in commemorating Dr. King's birthday by participating in service projects around the country that focus on bringing diverse communities together. The Attorney General will help rehabilitate a home in Jackson, MS, Secretary Slater will join volunteers at Andrew Shue's "Do Something" event at the King Center in Atlanta, Secretary Babbitt will ring the liberty bell in Philadelphia, and Secretary Shalala will participate in a volunteerism event in Baltimore. In Washington, DC, Director Raines and Chair Yellen will spend the day with Horton's kids. Sixty communities that have received King service grants (which you announced in November) will conduct activities. City Year will launch nine seven-week programs on community service and racial reconciliation around the country, and AmeriCorps and NCCC members will participate in hundreds of service activities in their communities.

DEPARTMENT OF TREASURY

- **Southeast Asia:** On January 10-16, Deputy Secretary Summers and officials from the White House, State, and the IMF traveled to several countries in Southeast Asia, including Indonesia, Singapore, Thailand, Hong Kong, and Korea, to discuss Indonesia's IMF program and other responses to the financial situation in Southeast Asia.

- **IRS:** On January 13, the IRS released the second in its series of reviews on enforcement statistics in IRS districts. The report showed that improper use of statistics had occurred in 11 IRS districts, and that an emphasis on statistical goals and expectations could have affected taxpayer rights to fair treatment. Secretary Rubin and IRS Commissioner Rossotti announced additional measures to address improper practices, including establishing a panel to review and propose action on employee disciplinary cases arising from these reviews, regularly reviewing compliance with the Taxpayer Bill of Rights, reviewing the need to examine districts not covered in previous reports, and issuing a directive to IRS employees underscoring the importance of the Taxpayer Bill of Rights.

- **Commemorative Coin Design:** On January 9, Secretary Rubin announced the design selection process for the 50-State Commemorative Coin Program. The process allows each state to submit three-five design concepts for approval by the Commemorative Coin Advisory Committee, the Commission of Fine Arts, and the Treasury Secretary.

- **NADBank:** In February, Treasury will submit a 1997 report on the operations of the Community Adjustment and Investment Program (CAIP) to Congress as required. Among other items, the report will indicate that in 1997 the program leveraged almost $14 million in new private sector financing in 22 communities, located in 13 states across the nation. The FY99 budget will include $37 million in additional funds for the CAIP, which will permit it to provide technical assistance grants to affected communities, and increase the size of the direct lending program. On January 19, Treasury staff will meet with representatives from DOC, USDA, DOL, and SBA to discuss coordination of trade adjustment efforts and will meet separately with the executive director of La Mujer Obreras, an organization of women from El Paso who have lost their apparel jobs.

- **IMF Hearings:** On January 30, Secretary Rubin and Chairman Greenspan will testify before the House Banking Committee on the IMF and the U.S. obligation to help the IMF stabilize the international economic system. Treasury is setting up a briefing for Washington business representatives to build support for the Administration's position. On February 5, the Senate Finance Committee will hold a hearing on the IMF and Southeast Asia, and Secretary Rubin or Deputy Secretary Summers have been invited to testify. Staff to the House International Relations Asia-Pacific Subcommittee have also expressed interest in holding a joint hearing in late January or early February with their Senate Foreign Relations subcommittee on the current situation in Southeast Asia.

DEPARTMENT OF JUSTICE

- **"Cannabis Clubs" in CA:** On January 9, the U.S. filed actions for declaratory and injunctive relief against six "cannabis clubs" and ten individuals associated with those clubs in CA. The suit was based on an eight-month investigation which uncovered multiple violations of the Controlled Substances Act by each of the six defendant organizations.

- **Trinidad Drug Trafficker:** On December 30, Trinidad and Tobago agreed to surrender Zimmerman Beharry, one of Trinidad's largest drug traffickers. He is wanted in the Southern District of FL on narcotics charges.

- **Three Strikes:** A defendant was given three life sentences under the "Three Strikes" statute on two counts of kidnaping and one count of Hobbs Act robbery. The defendant kidnaped two women from the parking lot of a downtown Memphis restaurant and, two nights later, robbed a motel at gunpoint. The defendant had prior convictions for aggravated robbery and armed robbery; he was sentenced to 25 years in 1976 and 15 years in 1971.

- **Lorton Inmates:** On January 6, thirty female DC inmates were transferred to the Federal Correctional Institution (FCI) in Danbury, CT. On January 8, an additional 33 DC female inmates were transferred to FCI Danbury, and 21 DC female inmates were transferred to FCI Alderson, WV. Other transfer dates have been scheduled, and it is anticipated that the major moves of the remaining female felons will be completed by the end of January 1998.

- **NEA Case:** On January 9, DOJ filed its brief in a Supreme Court case involving a provision of the National Foundation on the Arts and the Humanities Act that directs the Chair of the NEA to issue regulations and establish procedures governing the grant application process to ensure that "artistic excellence and artistic merit are the criteria by which applications are judged, taking into consideration general standards of decency and respect for the diverse beliefs and values of the American public." A divided panel of the Ninth Circuit struck down that portion of the Act, concluding that the "decency and respect" provision impermissibly burdens free speech.

- **Line Item Veto:** On January 6, a federal district judge signed a consent order terminating one of three pending Line Item Veto Act cases. The order granted declaratory relief to NTEU on its statutory claim, and dismissed the rest of the suit as moot.

- **Federal Judges Cost-of-Living Increases:** On December 30, a group of 20 federal judges filed a class action lawsuit seeking the recovery of cost-of-living adjustment (COLA) increases which they did not receive for FY 1995, 1996, and 1997.

- **COPS Grants:** On January 15, the COPS Office announced the awarding of approximately $120 million to 620 jurisdictions in 45 States and Puerto Rico to hire 1,712 additional officers.

DEPARTMENT OF INTERIOR

- **National Petroleum Reserve-AK Hearings:** This month, DOI will hold public hearings for comments on the Draft Environmental Impact Statement for the National Petroleum Reserve-AK (NPR-A). The draft describes five alternatives for oil and gas development in the planning area, ranging from zero to one hundred percent leasing.

- **AK State Legislature Subsistence Lawsuit:** The AK State legislature and nine State legislators filed a lawsuit against Secretaries Babbitt and Glickman in the U.S. District Court for D.C. The suit challenges DOI and USDA existing and proposed subsistence regulations, alleging that the regulations are unconstitutional and violate the AK National Interest Lands Conservation Act. Since 1990, the federal government has been managing wildlife on AK federal lands to assure a rural resident subsistence harvest priority.

- **Potential Protesting at Ward Valley:** The five Tribes of the lower CO River (Fort Mojave, Colorado River, Chemehuevi, Fort Yuma/Quechan, and Cocopah) have expressed to DOI their united opposition for drilling plans at Ward Valley, which they characterize as "sacred" ground. The tribes suggested that they would mount a significant protest. These concerns, added to the documented presence onsite at Ward Valley of protestors from anti-nuclear groups, increase the likelihood of onsite protests during either Federal or State drilling. Within the next few days, Deputy Secretary Garamendi expects to make a decision on how drilling will be conducted.

- **March for Life:** NPS has issued a public gathering permit for the 25th March for Life on January 22. Approximately 50,000 participants are expected to assemble on the Ellipse.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **New Food Safety System:** On January 14, USDA Food Safety officials held the second of four public meetings on Hazard Analysis and Critical Control Points food safety implementation in Des Moines, IA. Additional meetings are scheduled on January 16 in Denver, CO and January 21 in Memphis, TN. Although the meetings are open, they are targeted toward management of large meat and poultry plants, which will become the first facilities regulated under the new inspection system.

- **Northeast Ice Storm:** USDA officials are participating in county emergency disaster teams and arranging for generators to provide additional power for residents and

livestock operators, particularly dairy farmers. As of January 12, USDA began distributing emergency food to qualifying households in NY and providing food for congregate meals in ME. USDA Rural Development officials are surveying damage for USDA-assisted housing, water and sewer, and community facilities throughout the region.

- **Asian Issues:** On January 12-22, USDA's Under Secretary Schumacher will travel to Asian countries to meet with local government officials, importers, and banking representatives in Thailand, Malaysia, Indonesia, Singapore, Hong Kong, Korea, and Japan. The focus of the trip will be on the effects of the economic crisis on agriculture in these countries and the newly announced USDA export credit guarantees available for SE Asia and Korea.

- **Export Credit Guarantees:** On January 5, USDA increased export credit guarantees from $100 million to $300 million for Thailand, from $20 million to $100 million for the Philippines, and from $250 million to a new total allocation of $400 million for Indonesia.

- **Supplier Credit Guarantees:** On January 5, USDA increased its Supplier Credit Guarantee Program allocation to $50 million for the Southeast Asia Region -- Indonesia, Malaysia, the Philippines, Thailand, and Singapore. The program finances construction of facilities in importing countries to increase shipments of U.S. agricultural commodities.

- **Food Safety Event:** On January 18, the anniversary of the Jack In The Box food safety scare, Secretary Glickman will participate in a food safety event with Safe Tables Our Priority (STOP) in Chicago, IL.

DEPARTMENT OF COMMERCE

- **Pope's Visit to Cuba:** DOC is working with an interagency group to coordinate the events surrounding the January 21-25 Papal visit to Cuba. DOC and Treasury are processing requests from the groups and individuals who will need approval for travel to Cuba. DOC is providing Customs with a list of approved planes. The Cuban government has announced that all Americans and Cuban nationals must obtain a special visa prior to traveling to Cuba during the period of January 6-31.

- **Economic Indicators:** ESA will release the following indicators:
  - January 21 U.S. International Trade in Goods and Services for November; Housing Vacancies for the 4th Quarter;
  - January 22 Housing Starts for December.

DEPARTMENT OF LABOR

- **Hearst Publications Luncheon:** On January 20, Secretary Herman will be honored at the Hearst Publications Luncheon in New York, NY. She will discuss her goals and priorities with approximately thirty editors, reporters, and columnists from various Hearst publications, including Ellen Levine, Jane Bryant-Quinn, Sherry Rollins and Paula Zahn.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Health Education Assistance Loans (HEAL):** On January 20, HRSA will release the names of 1,402 doctors who are being disqualified for Medicare payment because they have repeatedly ignored collection efforts on long past due HEAL loans. On January 21, their names will also be published in the *Federal Register*.

- **United Seniors Association v. Shalala:** On December 30, United Seniors Association, Inc., and four Medicare beneficiaries filed a lawsuit in the U.S. District Court for D.C. challenging the constitutionality of the section of the Balanced Budget Act of 1997 that allows a physician or other practitioner to contract privately with a Medicare beneficiary for the furnishing of otherwise Medicare-covered items or services. Plaintiffs allege that the section violates their right to privacy because it eliminated Medicare beneficiaries' free choice of providers, method of payment, and form of health care services. The government contends that the law expands the provider, payment, and health care choices available to beneficiaries since private agreements previously had no validity.

- **Medical Device Reform:** By January 20, FDA intends to publish three documents in the *Federal Register* on medical device reform pursuant to the FDA Modernization Act of 1997 (FDAMA). One notice will set forth a list of low-risk devices that will be exempted, with certain limitations, from FDA's pre-market notification requirements. A second notice will provide a list of medium-risk devices that will be exempted. The third will announce guidance on implementation of the highest priority provisions of FDAMA.

- **TN Title XXI Proposal:** On Dec. 31, TN submitted a Title XXI proposal that would provide expanded benefits under the State's Medicaid Title XIX Plan. Services would be provided through the current mandatory managed care delivery system for the Title XIX program, which operates as a demonstration entitled TennCare under Section 1115. The current benefit package under the demonstration would be provided. It is more generous than the usual Medicaid package in that most service limits have been removed. Cost sharing is proposed in the form of premiums, deductibles, and copayments on a sliding scale based on income.

- **HIV Protein Target:** The January 16 issue of *Science* has an article about the discovery of new molecular details about an HIV protein that may provide the basis for a new class of highly specific anti-AIDS drugs. The protein, which is bound to the virus' genetic

material, is responsible for passing viral genes on to new viral particles. Previous studies have shown that when it is crippled, HIV cannot spread to other cells, making it a prime target for anti-AIDS drugs. The research has been supported by the National Institute of General Medical Sciences.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **NY Ice Storms:** On January 15, Secretary Cuomo announced that HUD is making available $5 million in Imminent Threat Community Development Block Grants (CDBG) to communities in NY to address health and safety problems as a result of the ice storm. These funds are available because, uniquely in NY and HI, HUD directly administers the CDBG Small Cities program; elsewhere, the program is administered by state governments.

- **Innovative IA Program:** The IA "I Have a Dream" Foundation chose two HUD-assisted complexes -- jointly known as the Oakridge Neighborhood in Des Moines -- to participate in its program. All first and second graders (approximately 50 children) who graduate from high school, or earn a GED, will be eligible for a scholarship to an approved post-secondary educational facility appropriate for the individual student. The selection of the two complexes is largely attributable to the strengths of the projects, including an excellent project administrator and a successful state-of-the-art Neighborhood Network Center. HUD's Neighborhood Network Centers provide computer, job and life skills training to empower residents to find jobs and, ultimately, to reach self-sufficiency. HUD committed to oversee the creation of 500 Neighborhood Networks at the Service Summit in Philadelphia.

DEPARTMENT OF TRANSPORTATION

- **Senator Ford:** On January 20, Secretary Slater will attend a function honoring retiring Senator Wendell Ford in Owensboro, KY.

- **Northeast Ice Storm:** RSPA is monitoring the aftermath of an ice storm which struck New England and Canada on January 7. The storm affected northern portions of NY, VT, NH, ME, and the Province of Quebec, Canada. Although no major transportation systems have been seriously affected, both the U.S. Coast Guard and the St. Lawrence Seaway Corporation have responded to local official requests and supplied portable generators, vehicles and transportation, water pumps, and rescue equipment.

- **Pope's Visit to Cuba:** The Cuban-American exile group Movimiento Democracia (MD) is planning a protest flotilla during the January 21-25 Papal visit to Cuba. The group's leader, Ramon Sanchez, has stated that up to 30 boats will leave Marathon, FL and proceed to the limit of the Cuban 12 mile territorial sea where they will conduct a demonstration. The Coast Guard plans a response with U.S. interagency representatives.

The FAA will increase surveillance to coincide with the Pope's planned visit. Miami Archbishop Favalora has stated that the archdiocese will charter an aircraft to carry 180 people to Cuba.

- **Boeing 737 Inspection:** On January 8, the FAA issued an airworthiness directive (AD) for the immediate inspection of horizontal stabilizers of all Boeing 737-300, -400, -500 series models built after September 20, 1995. This action applies to a total of 211 aircraft -- of which 68 are U.S. registered aircraft requiring approximately one labor hour per aircraft. All 68 U.S. registered Boeing aircraft were inspected by noon on January 12. The remaining 143 aircraft are non-U.S. registered. All countries received the AD, but are not required to report the results of their inspections back to DOT.

- **UPS Pilot Talks:** On January 14, UPS resumed talks with its pilots. The two sides are divided over pay issues.

- **Super Bowl XXXII:** This year marks NHTSA's 5th anniversary of working with the NFL to provide community bicycle traffic safety awareness as part of pre-Super Bowl activities.

DEPARTMENT OF ENERGY

- **Hanford, WA, Tanks and Management Review:** On January 14, DOE announced a review of the federal management of Hanford tanks, tank waste, and remediation. A separate DOE draft report will be released reinforcing the fact that tanks at Hanford are a source of contamination of surrounding groundwater that will eventually impact the Columbia River Aquifer. The *NewYork Times* and Lehrer News Group have been tracking these issues. On January 22, DOE will announce an integrated plan to address groundwater contamination issues.

- **Secretary's Travel to DOE Facilities:** On January 21, Secretary Peña will travel to DOE's Oak Ridge Lab with Vice President Gore. The Secretary will then travel to Amarillo, TX, to tour DOE's Pantex facility.

DEPARTMENT OF EDUCATION

- **Mainstreaming of Autistic Student:** On January 12, the Supreme Court declined to hear an appeal of a case over the "mainstreaming" of a student with autism. The student's parents had sued the Loudoun County, VA, school system under the Individuals with Disabilities Education Act, which requires that students with disabilities be educated in the "least restrictive environment" possible, to force the district to include their son in regular classes. The district court ordered the school district to mainstream the student, but the Fourth Circuit reversed. DOEd filed an *amicus* brief supporting the parents' position, but did not file a brief in support of the petition for certiorari.

- **Challenging Courses:** On January 16, Secretary Riley held a press conference to announce the release of a report by the Council of Great City Schools and ACT, Inc. The report highlights the importance of students in urban schools taking challenging courses and documents such students' academic success.

- **Events with Congressman Hinojosa:** On January 22, Secretary Riley will participate in two education events with Congressman Hinojosa in Corpus Christi, TX.

- **E-Rate:** On January 21, Secretary Riley is scheduled to participate in an E-Rate kickoff event in Washington, D.C.

- **21st Century Learning Centers:** DOEd will hold regional workshops in 11 cities across the country from February 2-13 to help program applicants learn about the research on after-school programs, how schools can collaborate with community partners, models of approaches to after-school programming, and the grant application process.

VETERANS AFFAIRS

- **Health Care Quality:** Senator Rockefeller released a report criticizing VA for its current health care quality management efforts. The report disputes VA's position that internal oversight activities are sufficient to monitor the quality of care provided at VA facilities. VA's response to the report is scheduled to be completed in the near future.

ENVIRONMENTAL PROTECTION AGENCY

- **MA Safe Drinking Water:** On December 9, EPA requested that DOJ file suit against the MA Water Resource Authority (MWRA) to require it to build a drinking water filtration plant meeting the requirements of the Safe Drinking Water Act. MWRA serves twenty-eight Boston area communities. Water supplies in many of the MWRA's communities repeatedly violated bacterial limits, sometimes by more than 600 percent, over the past 15 months. EPA's previous permission for the MWRA to explore a filtration waiver was contingent on its continuing to meet the established health criteria. The failure of Boston's water to meet these criteria puts public health at risk.

- **Atlanta, GA, Air Quality:** The 13-county metro Atlanta area is designated as a "serious" nonattainment area for ozone (smog). Conformity between the state's transportation plan and air quality plan -- mandated under the Clean Air Act -- will expire on January 17. Without conformity, only "grandfathered" transportation projects can continue. The GA Department of Transportation (GDOT) is trying to "grandfather" 54 projects in the Atlanta area that will have significant environmental impacts. EPA feels these projects may not comply with the National Environmental Policy Act and the Clean Air Act. EPA and DOT will meet this week to discuss the seven projects as well as the process used by GDOT, which EPA believes did not provide for adequate analysis.

review or, public disclosure.

- **Tobacco:** On January 21, Administrator Browner will travel to Providence, RI, for a field hearing sponsored by Senator Chafee on the tobacco settlement. Administrator Browner will discuss the Administration's commitment to protect public health by curbing second hand smoke.

UNITED STATES TRADE REPRESENTATIVE

- **WTO Dispute on Beef Hormones:** On January 14, the US received an advance copy of the WTO Appellate Body decision in the case that USTR brought to challenge the EU ban on imports of meat from animals treated with growth-promoting hormones. The Appellate Body affirmed the finding of a dispute settlement panel that the EU ban is inconsistent with the EU's WTO obligations because the ban was not based on a risk assessment. On January 16, the report will be released to the public.

- **Special 301 "Out-of-Cycle" Reviews:** On January 15, Ambassador Barshefsky announced the "out-of-cycle" review decision with respect to Paraguay, Turkey, Bulgaria, Brazil, and Hong Kong under the US government's special 301 program, designed to advance the protection of intellectual property rights. Ambassador Barshefsky identified Paraguay as a "priority foreign country" under the special 301 provision of the Trade Act of 1974, noting Paraguay's failure to take effective action against alarming levels of piracy and counterfeiting and failure to implement modern intellectual property laws.

- **Second Annual NM-Asia Trade Conference:** On January 23, Ambassador Barshefsky will deliver a breakfast speech at the Second Annual NM-Asia Trade Conference in New Mexico.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Drug Free Communities Act:** Director McCaffrey will be forwarding to you his nominations for the Commission on Drug-Free Communities. This presidentially-appointed advisory group was created by the Drug-Free Communities Act, signed by you last June, and guides the Drug-Free Communities grant program which supports community anti-drug partnerships throughout the country.

SMALL BUSINESS ADMINISTRATION

- **MOU with the "Big Three":** The Vice President has expressed an interest in joining Administrator Alvarez to announce the MOU with the CEO's of the "Big Three" automobile companies. SBA is targeting the event for a Detroit announcement during the third week in February.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **IN and TN:** On January 15, after delivering a speech in Evansville, IN and meeting with the Mayor, Director Witt traveled to Elizabethton, TN to meet with state and local officials and citizens to discuss that area's recovery from flooding earlier in the month.

- **Disaster Declarations:** This week you declared major disasters in NY, TN, ME, NH, NC, and VT.

- **Project Impact:** FEMA continues to use Project Impact as a model for how the federal government can work with state and local governments, business and civic leaders and individuals to make our communities and citizens safer and reduce the cost of future disasters. On January 21-23, Director Witt will be in Oakland, CA for a Project Impact Kickoff event.

OFFICE OF PERSONNEL MANAGEMENT

- **Political Appointees:** The House Budget Committee requested the number of SES and Schedule C employees in each agency by grade level. Statistics on both career and noncareer SES have been requested.

- **Federal Health Benefits:** Next week, OPM's IG will conduct a briefing on its audit of the Federal Employees Health Benefits program for Congresswoman Morella and staff of the House Committee on Government Reform and Oversight.

SOCIAL SECURITY ADMINISTRATION

- **Americans Discuss Social Security Advertisements:** On January 14, Americans Discuss Social Security, a non-partisan group funded by the Pew Charitable Trusts, will begin running a series of print advertisements intended to encourage Americans to participate in the national debate on Social Security and to learn more about Social Security issues. The ads will appear in the *Washington Post*, *New York Times*, *Wall Street Journal*, *Philadelphia Inquirer* and *Washington Times*.

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

DEPARTMENT OF STATE

Middle East Peace Process: Special Middle East Coordinator Dennis Ross' intensive discussions with both PM Netanyahu and Chairman Arafat indicate that the gaps on the key issues, particularly further redeployment, remain large, even while Israelis and Palestinians insist they are serious about wanting to reach agreement. On January 8, Ross hosted a small three-on-three session to deal with some of the interim issues, including the Gaza Industrial Estate and safe passage. High level discussions on security and the airport commenced on January 9. Netanyahu and Arafat know that the State Department expects them to come to their meetings with you on the 20th and 22nd prepared for serious and substantive engagement on a package of measures, including further redeployment, which will permit accelerated permanent status negotiations to resume.

On January 12, Netanyahu's coalition survived a no-confidence vote of 54-54, with two abstentions from Moledet party (the Government falls only if 61 MK's vote against it). David Levy's Gesher party voted with the opposition.

Pope's Visit to Cuba: USG preparations for the January 21-25 Papal visit to Cuba are in the final stages. A total of 12 direct flights have been approved for U.S. pilgrims and media. All major U.S. networks will be represented. Representatives Moakley, McGovern, Delahunt, Neal, Rangel and Torres will accompany the Boston and New York delegations. The Miami based Democracy Movement has announced a two-part flotilla on January 24. This includes plans for some to enter Cuban territory without GOC permission. An interagency group is looking at various options for preventing an incident.

DEPARTMENT OF DEFENSE

Secretary's Schedule: Secretary Cohen is traveling in Asia from January 10-22. On January 16, Secretary Cohen will travel to Thailand en route to China. In China, he will sign the Military Maritime Consultative Agreement, which establishes a framework for dialogue between our respective military maritime forces. He will also meet with President Jiang Zemin and Chinese military officials. On January 21, he will meet with Japanese officials, including PM Hashimoto, and visit U.S. troops in Japan. On January 22, he will meet with officials in the Republic of Korea, including President-elect Kim Dae Jung and President Kim Young Sam, and visit U.S. forces.

UNITED NATIONS

Iraq/UNSCOM: On January 14, the Security Council issued a Presidential Statement in response to Iraq's latest obstruction of UNSCOM inspections. The Council deplored recent Iraqi statements and actions against UNSCOM, labelling them a clear violation of Council resolutions and demanded full, unconditional, and immediate access to inspection sites.

1-19-98

THE WHITE HOUSE

WASHINGTON

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January 16, 1998

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: MARIA ECHAVESTE

SUBJECT: OPL WEEKLY REPORT - January 10 - January 16

ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES

RACE INITIATIVE

- OPL and PIR staff are working together on a series of events which will highlight both traditional and grassroots efforts in the faith community aimed at racial reconciliation. We hope to get commitments from the community for more and new ways to reach their followers, and to educate the public.

- We have invited 150 corporate CEO's to a Business/Race meeting scheduled for January 30 in Los Angeles with Secretary Daley.

STATE OF THE UNION

- OPL met with several members of the Washington business community to discuss the speech with them. In discussions regarding a budget surplus, they recommended that the most statesmen-like way to discuss any surplus is in the context of addressing the Social Security issue. This would achieve two very specific objectives. First, it is less political and more credible to discuss addressing social security than it is to speak about potential spending programs. Second, while the baby boomer generation thought that social security would never be there for them, they are reconsidering this view. Re-enforcing the commitment to ensure that those who have paid into the system will benefit from it ten years from now will go a long way with middle-age Americans.

- OPL is setting up three conference calls next week with key opinion leaders to begin the roll-out process across the country. We will be focusing on the highlights of your speech and receiving feedback on the initiatives that are already announced. The information we gather will be passed on to you and the Vice President. On the day of the State of the Union, we will join the other White House outreach offices to brief key Washington based opinion leaders about the speech and the message we would like them to amplify.

MEDAL OF FREEDOM

- The disability community has been calling to congratulate you for selecting Justin Dart as a recipient of the Medal of Freedom. Justin was deeply moved by your embrace at the ceremony. We are sending your remarks and a photo from the event to over 600 members of the disability specialty press and disability groups across the country.

- The Asian Americans community is excited that the Medal of Freedom was presented to Fred Korematsu. Many believe that he represents the importance of Civil Rights in this country, therefore, this honor is particularly poignant for ALL Asian Americans.

CHILD CARE

- OPL met with the Executive Director and the President of the YMCA; they are very supportive of your Child Care Initiative and stand ready to help in any way. They are located in every state and have 2200 branches across the country. We will work to find effective ways to mobilize this organization.

CENSUS

- Bob Nash, Ann Lewis, members of the Commerce Department and I met with members of the Census 2000 Coalition. We relayed our commitment to appoint strong and capable members to the Census Monitoring Board to appoint an acting director of the Census (due to Director Riche's sudden resignation) and to begin immediately a nationwide search for a Census Director. We plan on meeting regularly with this coalition, in part to reassure them that the White House is fully committed to taking all steps to ensure an accurate census.

CONSTITUENT OUTREACH AND OTHER ISSUES

BUSINESS OUTREACH

Make sure SBA on top of this. He should speak to them

- This week we learned that the National Federation of Independent Business (NFIB) is planning a small business issues conference in Washington this June. The meeting is being billed as an opportunity to assemble a list of issue priorities to be used as voting guides for the '98 elections. We are also told that there is another underlying issue that NFIB is particularly interested in pushing: the elimination of the tax code. Apparently, they are presently working on getting 1 million signatures of small business owners to support this effort. They intend to deliver these signatures to the Hill during the conference and expect significant press coverage.

ETHNIC OUTREACH

- The Baltic community were very excited about the Charter Signing. Many from the Baltic speciality press have been covering this historic visit by the Presidents. There have been several events over the last few days honoring their visit. .

- The National Italian American Foundation offered to assist with the costs of repairing the vandalism that took place in the Blue Room of the White House.

AFRICAN AMERICAN OUTREACH

- We have had several follow up meetings with black farmers to discuss the progress being made to settle their cases. While there has been movement in the Department of Agriculture, Justice and Agriculture lawyers have not decided the issues of Statute of Limitations. Congresswoman Eva Clayton and Congressman Benny Thompson continue to express interest in the resolution of this issue.

- We met with Bill Gray of the UNCF to discuss a proposal to launch a project between historical black colleges and countries on the African continent. He hopes to work with AID on this project.

JEWISH OUTREACH

- The Simon Wiesenthal Center called on you to urge the leaders of the Baltic nations to prosecute suspected Nazi war criminals living unhindered in those countries. The center claims that some citizens of Lithuania, Latvia and Estonia cooperated with Nazis to an extent that made it a major factor in the annihilation of those countries' Jewish populations.

- OPL hosted an interdenominational group of rabbis from across the country to discuss the President's priorities in the upcoming year. The group met with Jack Lew, Elena Kagan, Bill Marshall, Eric Schwartz, Dennis Ross and the Vice President.

- A series of ads placed by Jewish organizations and individuals will appear in a variety of newspapers regarding the upcoming visit of Prime Minister Netanyahu and Chairman Arafat. The message of these ads ranges from expressing support for your leadership in the peace process to concern about America's role in ongoing negotiations. The ad will run this weekend.

RELIGIOUS OUTREACH

- Counsel's office is working with the coalition and appropriate federal agencies to resolve outstanding issues regarding legislation supporting religious freedom in the private workplace.

DISABILITY

- OPL and DPC met with members of the Administrations disability community. They are extremely concerned about the budget focusing specifically on the failure to increase funds for IDEA and to provide $2 million for a demonstration project for assisted living.

HEALTH CARE

- Reaction to your Health Care/Consumer Bill of Rights announcement were positive. Our friends were pleased to see you take the upper hand on health care and to keep the message of health care in the forefront.

- OPL coordinated a meeting with DPC and members of the national Prostrate Cancer Coalition to discuss increased funding for prostrate cancer research. DOD will be announcing in the Spring, new grants focused on prostrate concern research.

VETERAN OUTREACH

- We are working with the Military Office and Cabinet Affairs in the planning of the Medal of Honor presentation to Major General Day, on January 20 for heroism during WWII>

- We are working with VPOTUS's office for a possible event commemorating the 15th anniversary of the Vietnam Veterans Memorial.

GAY AND LESBIAN OUTREACH

- Gay groups and computer privacy advocates were outraged over DOD's planned discharge of a 18-year veteran based on his inadvertent disclosure of his AOL computer profile, which suggested he might be gay. DOD's report on the enforcement of "don't ask, don't tell" is due at the end of the month. This particular discharge, while it may be within the letter of the law, will draw significant new attention to the perceived inequities of the policy and may create a new backlash against it.

BILL LANN LEE

- The White House convened a meeting of groups and legislative staff, the first since the December 15 naming of Bill Lann Lee as Assistant Attorney General for Civil Rights and Counselor to the Attorney General. The purpose of the meeting was to develop strategy and consider next steps in getting Lee confirmed.

SATCHER NOMINATION

- OPL is working with the AMA , National Medical Association and the American Academy of Family Physicians to coordinate physician letters to the Editors and to schedule Editorial Board interviews in various states on behalf of the Satcher nomination.

TOBACCO

- OPL met with Concerned Friends For Tobacco on Thursday, January 15, to receive a draft "core principles statement between the public health community and the tobacco producers community." They worked with Senator Robb's office on development of his tobacco proposal which was presented to you at the Small Farmers meeting. This group

is working with other tobacco states to get folks to sign onto their principles.

cc: Erskine Bowles
Craig Smith
Doug Sosnik
Sylvia Mathews
Sid Blumenthal
Bruce N. Reed
Mickey Ibarra
Ann Lewis
First Lady
Rahm Emanuel
Michael McCurry
Gene Sperling
Thurgood Marshall, Jr.
John Podesta
John Hilley
Ron Klain
Susan Liss
Mrs. Gore

1-19-98

THE WHITE HOUSE

WASHINGTON

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January 16, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: **ANN LEWIS**

SUBJECT: **COMMUNICATIONS OFFICE WEEKLY REPORT**

— Re: recruitment to beef up effort → copy to all orgs; ↓ identical information Staff gov't Staff City Staff

- Our judges project is now underway. The facts package has been widely disseminated through our outreach offices (Political Affairs, Cabinet Affairs, IGA and OPL), our friends and other support networks. Tom Edsall's article in the Washington Post (enclosed) quotes Fraternal Order of Police President Gil Gallegos as saying, "We want good, tough law-and-order judges, and we want them now. The Senate should vote -- that's their constitutional responsibility."

- Communications is coordinating with Cabinet Affairs, Press, the Race Initiative and other appropriate offices to highlight the Administration's MLK Day service involvement. Besides highlighting the projects you, the First Lady and the Vice President are involved in, we are amplifying the fact that 12 Cabinet Secretaries and Agency heads, members of your Race Advisory Board, and numerous Administration staff members will be serving or participating in community events highlighting the importance of service. (In the White House alone, more than 100 staff members -- including family members and friends -- have signed up to volunteer.)

- Work on our ramp-up and amplification plan for the State of the Union continues. In addition to finalizing our schedule of television, radio, print and new media efforts, we are finishing an active pre- and post-SoTU amplification strategy featuring you, the other principals, Cabinet members, senior staff, Democratic members, state and local electeds, and other surrogates.

- We are continuing efforts to develop and roll-out the following Census message: "The President is working to institute the most accurate census, using the best, most up-to-date scientific methods, at the most efficient use of taxpayer dollars. The President's approach to the census will not only produce the most accurate results, it will save more than one billion dollars."

- 5,000 official copies of your Five Year Accomplishments document are being prepared for distribution from the White House on January 20, 1998. Attached is a copy of the text that is being printed onto these cards.

→ Looks good! — We need for Mon, new Sched cards! Pls may want to print + mail —

Thanks

- I met with representatives of Lifetime Cable Network and the Child Care Action Council to discuss Lifetime's interest in serving as a focal point for advocacy for your child care initiative. (Lifetime's prime time viewership ratings rank fourth among all basic cable networks; three times as many women watch Lifetime as watch CNN.) They are requesting that the First Lady tape a Public Service Announcement for them. We are working to put together a follow up meeting with Lifetime, the First Lady's Office, the Press Office and the DPC to further the project.

Clinton Plans Judicial Offensive

President, Aides Will Pressure Senate to Act on Nominees

By Thomas B. Edsall
Washington Post Staff Writer

President Clinton plans to escalate the simmering struggle over judicial appointments into a full-scale political confrontation later this month. His aides are preparing a strategy that accuses conservative GOP senators of applying unfair ideological litmus tests, holding up women and minorities and preventing court action on Social Security and veterans benefit cases.

But in doing so he will be attacking head-on an entrenched core of conservatives who would like nothing more than to wage a pitched battle over what they see as overly liberal, activist federal judges.

Beginning just before Congress returns to business Jan. 27, Clinton officials say they will launch a sustained rhetorical assault on the president's Senate adversaries, in radio addresses, on the stump and possibly in his State of the Union speech. He has assigned Ann Lewis, White House communications director, to develop themes and messages, and deputy chief of staff John Podesta to develop a strategy for dealing with Congress.

"It's going to be much more aggressive," Lewis said, describing the new drive. "The Congress has the right to advise and consent, but not to duck and delay, and what they have effectively done by a delaying process is causing some courts almost to grind to a halt."

Until now, Clinton has played down the issue of the Senate's reluctance to approve his district and circuit court nominees, and even his allies have accused him of contributing to the problem through his own delays and deference to Republican senators. There are 82 vacancies, about 10 percent of the total judiciary.

"He was so slow and he was so timid, he never made it a priority," one supporter said. "He gave out signals: 'This guy is easy, all you have to do is say boo and this guy will cut and run.'"

Early this month, though, the White House was galvanized by an unexpectedly sharp critique of Senate inaction by conservative Chief Justice William H. Rehnquist. Those remarks,

See JUDGES, A10, Col. 1

JUDGES, From A1

which have been amplified by others such as conservative columnist Bruce Fein, have, in the view of Clinton strategists, given the president far stronger footing to take on the judicial issue without appearing to be a liberal Democrat.

Fein, who helped select judicial candidates during the Reagan administration, said the judicial opponents are violating "the informal rules in the game of fairness" that are essential in constitutional government.

Capitalizing on Rehnquist's warning that "vacancies cannot remain at such high levels without eroding the quality of justice," Clinton aides have been preparing a campaign on the theme of "justice delayed equals justice denied."

The administration has gathered examples of delayed cases involving the elderly seeking Social Security and veterans benefits. In one, an appeals court opinion in a sexual harassment case, the judges declare that court vacancies have contributed to nearly a 10-year delay even though the female plaintiffs suffered "irreparable" harm, "humiliation and degradation."

Clinton is also planning to charge that the GOP's stalling tactics are most damaging to women and minorities: "The Republican Senate has only confirmed 11 of the women or minorities the president has nominated, stranding 23." Of the 14 nominees who have waited longest for a vote, 12 are women or minorities, according to the administration.

In trying to build grass-roots momentum, administration officials have lined up the support of the Fraternal Order of Police and will use its demand for more judges to make a case for quick action when they send as many as 20 more nominees to Congress. "We want good, tough law-and-order judges, and we want them now," FOP President Gil Gallegos said. "The Senate should vote—that's their constitutional responsibility."

The conflict has broad implications, touching on such high-voltage areas as Clinton's growing concern with the legacy of his presidency, the competition for the GOP 2000 presidential nomination, conservative fund-raising tactics and the battle over the ideological composition of increasingly influential circuit and district courts.

Clinton will be going to war against a band of deeply conservative junior senators led by John D. Ashcroft (R-Mo.), a prospective presidential candidate whose opposition to liberal "activist" judges has boosted his credentials on the right. A number of conservative interest groups such as the Free Congress Foundation and The Project on the Judiciary have recognized that the fight is a fund-raising gold mine from which they can profit no matter what the outcome.

Both sides make statistical claims to justify their position. The Clinton forces cite data compiled by the Congressional Research Service showing that the Senate confirmed 36 of 79 nominees in 1997—at 45.6 percent the lowest level by far in the past 20 years. Conversely, Clinton's adversaries have produced a graph showing that the overall vacancy rate on the federal bench in the 1990s has been lower since Republicans took control of the Senate in 1995 that it was in the years before that.

But whatever the merits, the tactics will increasingly become political—such as one recent conservative fund-raising appeal based on attacking a judge appointed by President George Bush.

The cases of two female jurists are likely to lead the way. Frederica Massiah-Jackson, a black state jurist in Philadelphia, and Margaret Morrow, a white lawyer in Los Angeles, are emerging as reluctant stars in the judicial drama.

The Clinton administration and its allies on Capitol Hill hope to use the Morrow nomination to a California district court seat as a case study of Republicans using questionable litmus tests to oppose a centrist corporate lawyer appointed by a Democrat.

Morrow, who was president of the California and Los Angeles County bar associations, faces charges by Ashcroft that she has shown "disrespect for the sovereignty of voters" because she has been critical of the California initiative process.

Ashcroft cited a 1988 article Morrow wrote in The Los Angeles Lawyer: "The fact that initiatives are presented to a 'legislature' of 20 million people renders ephemeral any real hope of intelligent voting by a majority." Ashcroft has been joined by Sen. Jeff Sessions (R-Ala.) and such groups as the Eagle Forum and the National Rifle Association in battling Morrow, although other GOP sources suggest she is likely to win Senate approval.

If Morrow becomes the administration's prime case study of Republican excess, Ashcroft and others are expected to counter with the Massiah-Jackson district court nomination which is, according to Senate and administration sources, potentially in trouble.

Ashcroft intends to accuse Massiah-Jackson of liberal activism, charging that she has "demonstrated disdain for the work of police officers and is prone to assess light punishments." He cited the opposition of two Democratic Pennsylvania district attorneys, including Philadelphia prosecutor Lynne Abraham.

Abraham said of Massiah-Jackson: "This nominee's judicial service is replete with instances of demonstrated leniency toward criminals, an adversarial attitude toward policy, and disrespect and a hostile attitude toward prosecutors unmatched by any other present or former jurist with whom I am familiar." In addition, Ashcroft is exploring police allegations that Massiah-Jackson focused public attention in open court on two police undercover agents, a charge she has denied.

Staff writer Joan Biskupic and staff researcher Ben White contributed to this report.

The Washington Post
FRIDAY, JANUARY 16, 1998

Education: Largest Investment in Education in 30 Years

Making 13th & 14th Grades as Universal As High School -- making the first two years of college universally available with $1500 HOPE Scholarship credits.

Expanding College Opportunity with Tuition Tax Credits, Education IRAs, and Largest Increase in Pell Grants in 20 Years -- 20% tax credit helps offset tuition costs for college or lifetime learning. The expanded IRA allows penalty and tax-free withdrawals for education. Nearly 4 million students will receive a Pell Grant of up to $3,000, 30% larger than when the President took office.

Making College More Affordable -- cut student fees and interest rates on all loans, expanded repayment options including income contingent repayment, and improved service through the Direct Loan Program.

Teaching Every Child to Read by the 3rd Grade -- the America Reads Initiative will provide tutors after school, improve teaching, and help parents help their children learn to read.

Striving for Excellence with National Education Standards -- on track for first-ever national test of 4th grade reading, 8th grade math.

Expanding Choice and Accountability in Public School -- supported increase of public charter schools, from only one charter school in the nation in 1993 to nearly 1,000 charter schools by the end of 1998.

Paying for College Through Community Service -- this year, nearly 50,000 young people will take advantage of the opportunity to pay for college (or repay student loans) by performing community service through AmeriCorps.

Providing Early Education to More than 830,000 Children with Head Start -- 200,000 more children enrolled in Head Start today than in 1992.

Preparing for the 21st Century with Greater Education Technology -- Created the Technology Literacy Challenge Fund to help connect every classroom to the Internet by 2000, increase the number of multimedia computers in the classroom, provide teachers with technology training, and promote the development of high-quality educational software. Secured an e-rate (discounts worth over $2.5 billion every year) for schools, libraries, rural health clinics and hospitals to connect to the Internet.

Science and Technology: Leading America into the Next Millennium

Historic Investments in Biomedical Research -- increased funding for the National Institutes of Health (NIH) in critical research areas, such as cancer, the Human Genome Project, HIV/AIDS and heart disease.

Building the Next Generation Internet -- now connecting more than 100 universities at speeds that are 100 to 1,000 times faster than today's Internet and developing the next generation of applications, such as telemedicine.

Ensuring U.S. Leadership in Space, Science and Technology -- increasing investments in science and technology for five years in a row, while bringing down the deficit. Continuing to support exploration of space including the Mars Pathfinder mission.

Ensuring the Nation's Security -- Instituted a science-based program to maintain the safety and reliability of the U.S. nuclear deterrent without the need for nuclear testing, enabling the President to be the first world leader to sign the Comprehensive Test Ban Treaty.

"Today, we do more than celebrate America; we rededicate ourselves to the very idea of America.... An idea infused with the conviction that America's long heroic journey must go forever upward. And so, my fellow Americans, at the edge of the 21st century, let us begin with energy and hope, with faith and discipline, and let us work until our work is done."

President Bill Clinton,
Inaugural Address
January 20, 1993

1/98

President Clinton and Vice President Gore: A Vision for the 21st Century

Restoring the American Dream, Reinforcing American Leadership, Renewing the American Constitution

In the last five years President Clinton and Vice President Gore have led America in preparing for the 21st Century with a new vision of government -- a government that does not attempt to do everything, nor a government that withdraws to the sidelines. The accomplishments of the Clinton-Gore Administration are giving Americans the tools to realize our potential; providing opportunity while demanding responsibility; and building One America in which all are challenged to serve.

Economy: the Strongest Economy in a Generation

Balanced the Federal Budget -- The President's FY99 budget will be *the first balanced budget in a generation*, after inheriting a record $290 billion deficit in 1992.

Over 14 Million New Jobs Created -- in last two years, over two-thirds in high-paying job categories.

Lowest Unemployment in a Quarter Century -- down from 7.5% in 1992 to 4.7% today.

Typical Family Income Up $2,169 -- as adjusted for inflation, median family income has increased three years in a row since 1993.

Highest Home Ownership Rate in History -- there are nearly 6 million new homeowners since the President took office.

Crime and Drugs: Longest Period of Decline in Violent Crime in 25 Years

100,000 New Police on the Street -- already more than 70,000 new officers have been funded.

300,000 Felons, Fugitives and Stalkers Denied Guns -- since the President signed the Brady Bill into law.

Banned 19 of the Deadliest Assault Weapons and Their Copies -- keeping assault weapons off our streets.

Developed Comprehensive Anti-Drug Strategy Including $195 Million Anti-Drug Youth Media Campaign -- appointed four-star General Barry McCaffrey Drug Czar. Overall drug use is trending down.

Families: Strengthening America's Working Families

$500 Per-Child Tax Credit -- 27 million families with 45 million children will receive the $500 per-child tax credit.

Tax Cuts for Working Families -- 15 million working families receive tax relief through the President's expansion of the Earned Income Tax Credit.

Increased the Minimum Wage from $4.25 to $5.15 per hour -- increasing wages for 10 million.

Protecting Families -- Family Medical Leave allows workers to take up to 12 weeks of unpaid leave to care for family members without fear of losing their jobs. More than 12 million families have taken leave since its enactment.

Signed Landmark Adoption and Safe Families Act -- this law will help thousands of children waiting in foster care move more quickly into safe and permanent homes.

Promoting Family Values -- put in place first-ever plan to protect our children from tobacco. Required the installation of V-chips in all new TVS. Encouraged schools to adopt school uniform policies to deter school violence and promote discipline. Produced guidelines on religious expression in public schools.

Welfare Reform and Community Empowerment: Largest Drop in the Welfare Rolls in History

More than 3.8 Million Fewer People Are on Welfare Today than 1992 -- a 26% decrease and the largest decline in the welfare rolls in history. The President signed the landmark welfare reform law to require work, impose time limits, and dramatically expand child care spending.

More than 50% Increase in Child Support Collections -- signed into law the toughest child support crackdown in history.

New Incentives to Move People from Welfare to Work -- the Balanced Budget includes a tax credit for employers and $3 billion to move long-term welfare recipients into jobs.

Expanded Investment in Urban and Rural Areas -- by creating over 120 Empowerment Zones and Enterprise Communities and expanding access to capital.

Health Care: Increasing Access for Millions of Americans

Protected Medicare -- protected, modernized and extended the Medicare trust fund for at least a decade while offering new options for patient choice and preventive care.

Enacted Single Largest Investment in Health Care for Children since 1965 -- the $24 billion Children's Health Care Initiative will provide health care coverage for five million children.

Passed Meaningful Health Insurance Reform -- signed the Kassebaum/Kennedy Health Care Bill which limits exclusions for pre-existing conditions, makes coverage portable and helps individuals who lose jobs maintain coverage.

Raised Immunization Rates to All Time High -- 90% of toddlers in 1996 received the most critical doses of each of the routinely recommended vaccines -- surpassing the President's 1993 goal.

Ensuring Safe Food for Our Families -- issued new standards to prevent *E. coli* bacteria contamination in meat and signed the Food Quality Protection Act with special safeguards for kids.

Environment: New Standards to Protect Our Environment for the Future

Toughest New Air Quality Standards in a Generation -- new air quality standards for smog and soot will provide new health protections for 125 million Americans including children and the elderly.

Cleaning Up Toxic Waste Sites and Redeveloping Brownfields -- cleaned up more toxic waste dumps in President Clinton's first four years than were completed in the previous twelve. The Brownfields tax incentive will help redevelop more than 10,000 industrial sites.

Signed the Safe Drinking Water Act -- ensuring clean drinking water for our families by protecting against contaminants.

Negotiated an International Treaty to Reduce Greenhouse Gas Emissions -- the historic agreement establishes a realistic framework to reduce the threat of global warming in an environmentally strong and economically sound way.

Protecting Our Natural Treasures -- preserving millions of acres of scenic park land and defending precious natural areas such as Yellowstone and the Everglades.

Foreign Policy: World's Strongest Force for Peace, Freedom and Prosperity

Brokered Dayton Peace Accords -- ending four years of bloodshed in Bosnia.

Leading the Way on NATO Expansion and Russian Integration -- helping to ensure a more stable, democratic Europe.

Ended Military Dictatorship in Haiti -- stopped the flow of refugees to the U.S. and restored democracy.

Persuaded North Korea To Freeze its Dangerous Nuclear Program.

Leading Force for Peace -- including continued efforts in the Middle East, Northern Ireland, and on the Korean Peninsula.

Renewed Bipartisan Consensus for Engagement with China -- to advance U.S. interests and draw the world's most populous nation more fully into the international community.

Led International Efforts Against Terrorism -- including signing anti-terrorism legislation that ensures strong penalties for convicted terrorists.

Secured Bipartisan Senate Ratification of the Chemical Weapons Convention and the Start II Treaty -- the convention bans the production, stockpiling, and use of chemical weapons. Start II, together with Start I, will reduce U.S. and Russian nuclear arsenals two-thirds from their Cold War heights.

Meeting Emerging Threat of Biological Weapons -- by strengthening our ability to respond to an attack, vaccinating our troops and seeking tough inspection to enforce international treaty.

Led Efforts to Rid the World of Land Mines -- eliminating non self-destructing mines from our arsenals, seeking alternatives to self-destructing mines by 2006, and devoting more resources to removing existing mines than the rest of the world combined.

Negotiated Over 220 Separate Trade Agreements -- tearing down trade barriers to U.S. goods, helping to increase exports by nearly 50% over the past five years and creating 1.7 million export-related jobs.

1-19-98

THE WHITE HOUSE

WASHINGTON

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January 16, 1998

MEMORANDUM TO ERSKINE BOWLES

FROM: PAUL BEGALA

RE: WEEKLY REPORT

State of the Union Rollout

So far so good. The President is clearly dominating the agenda. But watch out: at the first sign ~~of any of us suggesting that we've outfoxed the GOP,~~ the press will turn on us. Like so many other areas, this is one in which credit will be given, not taken. The best answer to any question about the success of the communications strategy is to deny that the strategy has been the cause of the success; the President and his policies are popular. If you had an unpopular President and bad policy proposals, even the most ingenious communications rollout strategy would fail. The *Financial Times* got it about right. Article is attached.

We are working at generating a little buzz about the folly of the Republicans ceding the stage to the President. They will only meet for a maximum of 138 days (perhaps as few as 85, depending on the Monday and Friday schedules) this year, which will allow the President to continue to dominate. This clearly galls the Republicans, who don't know whether to attack or ignore our proposals. Either way, the President is leading on the issues that affect people's lives.

Special attention must constantly be paid to maintaining a mantra of fiscal discipline and values-based social traditionalism. They are the factors that keep our new ~~initiatives from~~ being portrayed as big government liberalism. The yin and yang of balancing what could be seen as spending (Medicare, child care, work-study) with social-values issues (banning cloning, fighting drugs, taking on tobacco) is the balance we need to constantly seek.

Rahm and I are talking about what comes after the speech. The first week of February is already a big one: the budget submission, announcement of University-school partnerships, the drug control policy, then the Blair visit. The Republicans will be holding hearings on everything under the sun as soon as the SOTU is done (from Kyoto to IRS to Togo West -- we'll get you a complete list), so we've got to be on top of our game.

We want to give special attention to the last two weeks of February, when the Congress will be on recess again.

1-19-98

Late-Term Abortions

Although the Republicans are tearing themselves apart over this issue this weekend, I take no solace from that. When the dust settles, the fact remains that the American people remain deeply divided over abortion per se, with both the New York Times and Time/CNN polls showing slight decreases in support for abortion rights. But aside from the fundamental right to choose, which still garners substantial support, the GOP still believes they have a good issue in "partial-birth" abortions. While I would not recommend using the State of the Union to do so, we should be thinking about the President re-stating his support for the Daschle alternative. Such a move might help minimize the damage to an issue which has the potential to hurt us deeply. It should be noted that "partial-birth" abortions is the GOP's second most potent issue, exceeded only by IRS reform. It's remarkable that we've spent huge amounts of time pondering how to counter and trump tax cuts, yet precious little thinking about responding to more effective attack on "partial birth" abortions.

Other Issues

I'm attaching an interesting piece from the current issue of *Slate*.

The comeback kid (again)

Clinton's apparent return to partisan politics aims to ensure his centrist message survives his presidential term, says **Gerard Baker**

As 1997 closed, US president Bill Clinton seemed to have passed the point that occurs in every second term presidency when the incumbent goes from being a dynamic achiever to a lame duck.

In November, he suffered one of the most serious setbacks of his presidency when he failed to win congressional approval for "fast-track" authority to negotiate trade agreements. It was a symbolic defeat that suggested that the president may have exhausted his supply of political capital in the congress. Shortly afterwards Mr Clinton seemed to many to be slowly lowering the shutters on his presidency.

The agenda for 1998 would probably be dominated by the Republican-controlled congress, officials acknowledged with a shrug. White House advisers reported the chief executive was "mellower", less prone to temper tantrums over minor setbacks. He played more golf. He seemed more detached from the process of politics. He even acquired that ultimate symbol of late-term presidential relaxation: a dog.

In retrospect it looks, at least in part, a crafted illusion. As his adversaries began to write his political obituaries, the president spectacularly smashed through the mirror.

In a breathless flurry of activity in the first two weeks of the year, Mr Clinton and his advisers have marched out a daily succession of policy initiatives on a range of big domestic issues. These have included an expansion of Medicare, the system of public health insurance for the elderly; new tax credits for child care; more money for job training and education initiatives, and the barest outline of plans to ensure the long-term viability of social security, the US public pension scheme. Next week, there may be a proposal for a big increase in the minimum wage.

The burst of energy has taken the Republicans by surprise. They had been looking forward to commandeering national debate this year with their plans for tax cuts. Instead they find themselves on the defensive.

Their instant response was to categorise the initiatives as a return to "big government" by the Democratic party.

"Expanding government is not something the Republicans are going to go for, unlike the president and his party," said Richard Armey, a senior Republican in the House of Representatives.

But the aim of Mr Clinton's January surprise is more subtle than that. It is less a decisive step to the left, more an attempt to defend his New Democrat centrism from being outflanked by the left. Hence it is an attempt to fashion a political strategy that will take him through this year's crucial mid-term congressional elections to the presidential election that will end his term of office in two years.

The intention seems to be to rebuild bridges with an increasingly hostile Democratic party in the country in a way that would bolster support for Mr Clinton's favoured successor in 2000, vice-president Al Gore. But it will involve a gentle backing away from the bipartisan politics that have served him, though not his party, so well.

Much of the "New Clinton" is as much about form as about substance. The impression of great reforming energy created by the spate of announcements was clever news management.

"These were all proposals the president was almost certainly going to announce in his State of the Union speech at the end of January," says Steven Hess, a political analyst at the Brookings Institution, the Washington-based think-tank. "But instead of herding them all together in one speech, he has let them seep out one by one – a clever piece of control."

Furthermore, for all the noise they have attracted, the proposals are not all that radical. They are all in keeping with the modest, incremental approach to social policy Mr Clinton has followed over the past few years.

The most important departure is the Medicare proposal. The plan is to extend coverage from those currently eligible, the over-65s, to those aged 62-65. The scheme would be self-financing, paid for by individual premiums, not the government. The child care plans are sizeable – $21.7bn over five years – but they are a long-promised extension of tax breaks. The education and training programmes will cost a negligible sum. Most important, all these measures will be taken against the background of a budget that will be balanced by no later than next year – three years earlier than foreseen as recently as the middle of 1997.

Even an increase in the minimum wage is a clever piece of political opportunism. Mr Clinton's advisers calculate that, as they did last time it was raised two years ago, many Republicans will bury their conservative doubts about what has proved to be a highly popular proposal.

"For all the talk that these initiatives represent a radical break towards much greater social activism, they are in fact perfectly consistent with what the president has proposed throughout his term – modest and cautious government," says one budget policy watcher.

The real political significance of the initiatives is that they will, however, represent a break from the bipartisanship of the past few years in the context of a significantly different set of circumstances in which the policy debate is framed this year.

For the first time in a generation, the US federal budget is expected to be in rough balance in 1998, and may even produce a small surplus. That surplus will grow gradually over the next few years, assuming the economy does not experience a recession.

Conservative Republicans have seized on the prospect of this fiscal nirvana to propose tax cuts. Though they cannot agree on the type or scale of such reductions, they see electoral gain from offering at least something. Mr Clinton's modest proposals for expanding popular government programmes, all within the prudent framework of a balanced budget, may prove an effective counterweight for the Democrats.

The president certainly needs to find something to restore Democratic fortunes. Five years of "Clintonomics" may or may not have been good for America, but they proved disastrous for the Democrats. In 1994 they lost control of the House of Representatives for the first time in 3[illegible] years; at state and local level the party is in deep trouble, and last year's campaign finance scandals have left it strapped for cash.

Disillusionment with the president was widespread within the party – and the nadir came with last year's defeat on a proposal to continue giving the president "fast-track" authority to negotiate trade deals (ie, without having Congress go through the deal line by line afterwards). On that vote, Mr Clinton lost the backing of his most consistent supporters, even though fast-track authority is something all presidents have had since the mid 1970s. In the wake of that defeat, the president's advisers decided it was time to mend some fences.

At first sight, Mr Clinton's new-found enthusiasm for old-fashioned Democratic-party politics seems odd. The hymn of bipartisanship – rising above the smoke-filled rooms, eschewing big government and special interest-dominated politics – had been rather successful for the past three years. After the Republicans took control of Congress in 1994, Mr Clinton sailed to a second presidential election victory as the champion of bipartisan politics. His biggest achievements – welfare reform, balanced budgets, freer trade – have all been won in the teeth of opposition from most Democrats.

What seems to worry Mr Clinton though, is his legacy as a New Democrat. Only Al Gore seems to offer the certainty that the Clinton brand of politics will continue after 2000. Though Mr Gore is still front-runner in the Democratic race for nomination, his reputation has been badly scarred by the campaign finance imbroglio, and by his association with Mr Clinton's bipartisan approach to critical policy issues, especially fast track.

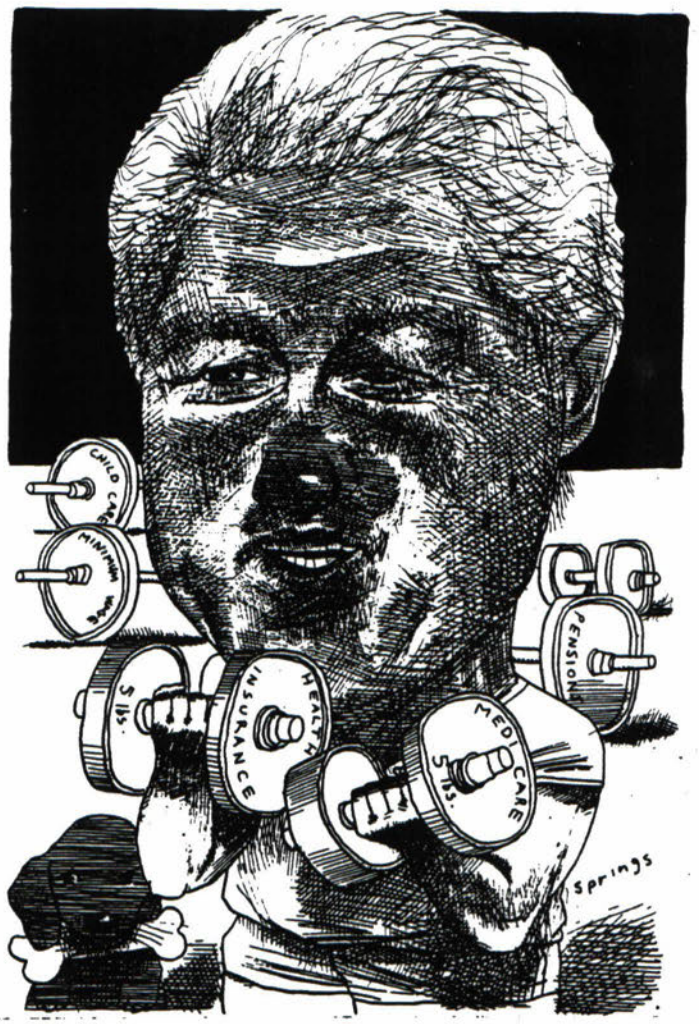
Mr Gore needs to mend his fences quickly if he is not to lose out to his more populist challengers, notably Richard Gephardt, leader of the Democrats in the House of Representatives.

"Bill Clinton always had the remarkable ability to run against his own party, in spite of his own party," says one Democratic pollster. "Al Gore doesn't have the same personal qualities that would enable him to do that. He needs a solid party base."

For that reason most of all, the congressional session that will begin in the next two weeks will be crucial to the outcome of the struggle in the Democratic party.

Mr Clinton and Mr Gore are treading a difficult path. Republicans are anxious to brand the new approach a return to Big Government – a message they will hammer home hard in the election campaign this autumn. And a number of issues will sorely test the fragile unity of the Democrats. One will emerge right at the start of the new session: Democrats hostile to the International Monetary Fund will attempt to add tough conditions to the administration's request for more IMF funds.

But if they can muffle the cries of opposition within their own party, they will have greatly enhanced the possibility that the politics of New Democrats survive beyond one president.



Personal View · **Robert Reich**

Deflation: the real enemy

Policymakers should forget inflation and focus on the danger of falling prices and demand

Economic policymakers have been fighting the last war so long, they cannot see they are about to enter a very different battle on the opposite front.

The old war was against inflation. It shaped the fears of those who watched it run out of control in the 1970s. Yet the inflation war is largely over. The enemy may re-emerge in the future, and it is important to keep a vigilant eye. But for now, inflation is vanquished. The new enemy approaches from the opposite direction. While our policy artillery is still aimed at the spectre of spiralling inflation, the real danger is spiralling deflation.

The generation that witnessed the worldwide depression of the 1930s recalls the power of this enemy, but memories are distant. The seeds of depression were sown in the late 1920s, when demand began to fall. By 1927, sales of houses, cars and consumer durables were in decline, commodity prices had turned downwards and industrial production began to fall. We are entering a similar era. But we have become so accustomed to the danger of excessive demand that we no longer appreciate the danger of its opposite – inadequate demand. Nor do we feel the urgency of taking pre-emptive action.

A deflationary spiral can be as dangerous as an inflationary one. Falling prices squeeze profits, causing companies to reduce wages and cut employment. As a result, workers have less money for goods and services, causing prices and profits to drop further. The value of property bought on credit declines until it is worth less than the debt owed, resulting in defaults. Lenders are unable to make further loans. The crisis deepens.

A vicious deflationary cycle can also let loose a vicious social cycle, worsening the economic one. In contrast with periods of strong demand, characterised by low unemployment and rising wages, periods of weak or receding demand lead to higher unemployment and falling wages. Deeper indebtedness, combined with higher unemployment, may give rise to strikes, changes in democratically elected governments, or violent forms of unrest. Such instability further slows the economy.

Even before the Asian currency crisis, world prices were falling for basic goods, such as food, energy, steel and other commodities. On January 8, the US Labor Department announced wholesale prices had dropped 1.2 per cent in 1997. The core rate of price inflation (which excludes energy and food) showed the smallest annual gain since the department began gathering the data in 1974. If, as many economists assume, official data overstate inflation by around 1 percentage point, deflation has commenced.

A large, unco-ordinated global contraction is under way. We are experiencing only the beginnings.

Demand is contracting in south-east Asia, and the consequences are rippling outwards. Many Japanese banks are technically insolvent and are no longer making loans to small and medium-sized local companies. Japanese companies that had relied on south-east Asia as a growing market have lost a large portion of their customers. US companies that had expected east Asian growth to continue are frantically revising their plans. For example, nearly one third of the backlog of orders for Boeing aircraft is from Asian airlines.

Demand is also shrinking in much of Latin America. In an effort to maintain investor confidence, Fernando Henrique Cardoso, Brazil's president, last year sharply raised central bank lending rates. The result has been to flatten consumer demand in Latin America's largest market of 160m people.

Brazil's contraction is rippling through much of the rest of Latin America, where economic austerity is also in vogue. Real wages are falling throughout much of the continent and inequality is widening. The maintenance of adequate demand requires a large and growing middle class, which Latin America may be in danger of losing.



On the march: economic woes are not confined to Asia AP

Demand is also listless in western Europe. Budget deficits are being slashed in order to qualify for a common currency one year from now. At the same time, European interest rates remain relatively high.

Until recently, a rising share of German exports had gone to developing countries, including Asia. But orders for exports have been tumbling for months. The value of ordered export goods has dropped by more than their volume – further proof of price declines. German unemployment shows no signs of improving.

Lionel Jospin, France's prime minister, has continued to cut his budget even though 3.1m French citizens are without jobs. France's unemployment rate has remained above 12 per cent for more than two and a half years. This is how long unemployment benefits last. Those over the limit began occupying employment offices last month.

The US is doing much of the job of keeping the global economy moving forward. Its economy is supremely healthy. Unemployment is lower than it has been in almost a quarter century. The economy grew by nearly 4 per cent in 1997, largely due to consumer spending and to large outlays by business for new equipment in anticipation of even greater demand. Spending pushed corporate profits to their highest levels in 30 years.

US wages, however, have barely risen. The real median wage is still below its 1989 level. The sluggishness of wages is significant. It means the economy is being propelled largely by household debt. Household debt – including credit cards, personal loans and mortgages – is at record levels. Accordingly, personal bankruptcies have also risen to a record level, as have defaults on credit cards.

We are rapidly reaching the limit. Recent evidence suggests the rate of growth in US household debt is starting to slow, as households cut back their borrowing. As they do so, the most important source of demand in the US will shrink.

Consider the big picture: an east Asia of toppling currencies and bank insolvency; rising unemployment in Latin America's largest economy and falling real wages throughout the region; stagnation and unemployment in Europe; a rapidly approaching limit to the capacity of US consumers to take on more debt. As the global economy slows, social unrest threatens.

This unco-ordinated global contraction could lead to a deflationary cycle. Central bankers, financial ministers and International Monetary Fund officials, acting rationally in their own spheres of responsibility, may be failing to see the larger picture. They should be discussing what steps they could take to have a significant effect in the opposite direction. At the very least, they should draw up contingency plans. A wider view would consider whether it is time for central bankers in advanced economies to loosen the reins on the money supply.

The strict budget requirements for eligibility in Europe's single currency need to be reconsidered in the light of a possible deflationary cycle. Similarly, it may be wise for pending US budget surpluses to be used for tax cuts and additional spending. Japan must embark on a package of measures to stimulate domestic demand. And the IMF, while continuing to make Asian loans conditional on financial restructuring, must balance its demands for sharp cuts in public budgets and higher interest rates against the strong contractionary forces under way.

Policymakers who for years have sought to pre-empt spiralling inflation must now be active in fighting spiralling deflation.

The author is professor of social and economic policy at Brandeis University. He was secretary of labor in the first Clinton administration

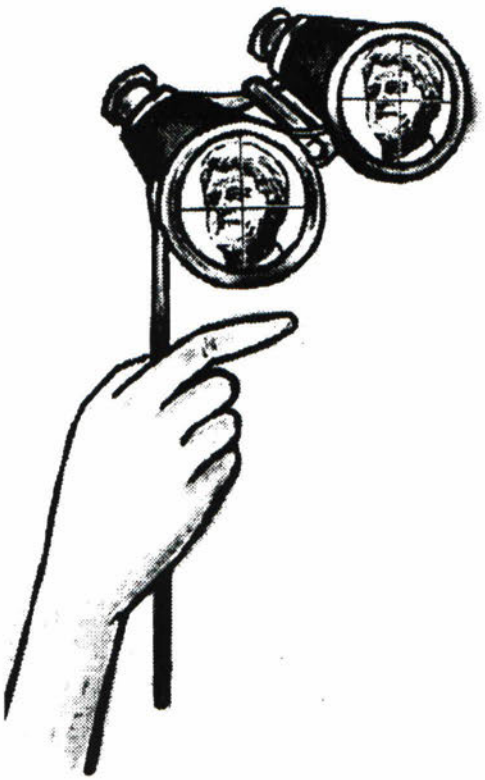
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strange bedfellow

No Respect

Why the Washington establishment hates Bill Clinton.

By Jacob Weisberg
(posted Thursday, Jan. 15)



In recent weeks, Bill Clinton's stock has been trading higher. His approval-disapproval rating in the latest CNN poll is 59-31. This may account for the grudging credit the president has begun to receive on the weekend talk shows (see ***Slate***'s "Pundit Central") and in the opinion columns. Commentators are commending the administration's strategic acumen in proposing to expand child-care benefits and let 55-year-olds buy into Medicare. More generally, they have lately accorded Clinton a measure of respect for presiding over peace and prosperity, and simply for staying afloat for five years.

Yet, beneath these acknowledgments there runs an undercurrent of distaste, disdain, even contempt. Last month, the unapologetically establishment journalist R.W. Apple Jr. wrote a piece in *GQ* about Clinton's place in history. Though he hasn't screwed up in any profound way, Apple contended, Clinton will be remembered as a middling president, at best. He is a man with a "compulsion to cut ethical corners" and "total contempt for ethical niceties." Such hostility continues to peek through at regular intervals. On election night in 1996, agribusiness spokesman and former TV journalist David Brinkley announced that Clinton was "a bore" and would always be one. Among members of the Washington

establishment, especially the Washington media establishment, there is a scorn for Clinton that is not always articulated in public but never fades.

I'm not talking here about conservative anti-Clinton animus as represented by the *American Spectator*, the *Wall Street Journal* editorial page, or the Christopher Ruddy-Ambrose Evans-Pritchard-Richard Mellon Scaife-Jerry Falwell school of conspiracy wackiness. Though this form of detestation does have a clinical element, it is easy to understand. Right-wingers hate Clinton in much the same way that left-wingers hated Reagan (although Clinton is, of course, hardly an ideological threat as Reagan was, and in fact, many left-wingers also hate Clinton, precisely for being a centrist). The left had the October Surprise; the right has Vince Foster. What is much harder to understand is the Clintonophobia exhibited by a Washington elite that roughly shares the administration's center-liberal orientation. This group includes the editorial page editors of the *Washington Post* and the *New York Times*, as well as leading columnists for both papers. It is the oft-expressed view of what remains of Georgetown society. Goodness knows there are plenty of reasons to dislike anyone, maybe more than the average number in Clinton's case. What is mystifying is the intensity of the contempt for him.

Let's begin with the conscious reasons. If you ask one of these Clinton detractors what she objects to, she is likely to mention that the president is duplicitous, disloyal, and unethical. Michael Kelly has called the president "a shocking liar." Apple has compared the Clintons to the F. Scott Fitzgerald characters Tom and Daisy Buchanan, who left a trail of broken friends in their single-minded social ascent. Maureen Dowd recently wrote that the Arlington graves-for-cash scenario sounded like something Clinton would have done, even though he did not, in fact, do it. Interestingly, if these critics are much bothered by conventional immoral behavior, such as the extramarital affairs, they don't make a public point of it.

Each of these criticisms contains a kernel of truth. Clinton almost certainly has not told the truth about Paula Jones, just as the first lady did not tell the truth about the travel-office firings. Bill Clinton treated his friends Lani Guinier and Harold Ickes badly. Investing with James McDougal does not re ec e ig es e ica s a ar s B ose o

reflect the highest ethical standards. But those who continue to dwell on these well-aired matters seldom exhibit much perspective. What president or successful politician has never acted expediently by dissembling, dropping old friends, and compromising his ethics at various points? The real question is whether the extent of Clinton's bad behavior is extraordinary. JFK was a favorite of many of Clinton's Georgetown critics when they were younger. Kennedy, of course, cut his corners with a touch of class, something else Clinton is said to lack. Clinton haters hate Clinton for not having the dignity and sense of restraint that should attach to his office. Even his jogging shorts, they think, are unpresidential.

The next level is less literal, more psychological, and involves several disparate strands. Many journalists were seduced by Clinton in 1992, and subsequently felt personally betrayed. Joe Klein is the chief specimen here. During the 1992 campaign, Klein gushed about Clinton in *New York* magazine. After Clinton became president, Klein tongue-lashed him in *Newsweek* for not measuring up. Klein distilled his own emotional roller-coaster ride into an excellent novel, *Primary Colors*. Related to this sense of betrayal, which is shared in varying degrees by many others who covered Clinton in 1992, is the feeling that Clinton has "got away with it," in the sense of never paying the bill for his sexual misdeeds. Related to this is an attitude not far from envy. Disappointed in Clinton, many of the shrewder members of the president's peer group seem to think that they could do better themselves. Since Clinton is no smarter and certainly no better behaved than they are, why aren't their positions reversed?

The generational factor is significant. Everybody distrusts the baby boomers. The older generation sees them as spoiled and self-indulgent. Those younger see them as greedy and narcissistic. Often, those who came of age during the 1960s seem to resent themselves. Just as he gets it from all sides as a member of the '60s generation, Clinton gets it coming and going on the issue of class. To Georgetown sophisticates, there is something hopelessly garish and cheap about the Clintons. At the same time, others sneer at Bill and Hillary for being part of a snooty meritocratic elite (viz., Renaissance Weekend) with no feel for the grimy

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working-class soul of the Democratic Party.



But the most important explanation of the Washington establishment's Clinton hating is that Clinton threatens its waning power. At the height of the Cold War, Georgetown society was the center of the political world. These days, it is a vestige, whose only real wellspring of importance is a president who elevates it with his blandishments and listens to its advice. When a Republican president like Nixon or Bush fails to heed the wise men of the permanent government, they can dismiss him. When a Democrat like Carter or Clinton ignores them, they must launch their missiles. For whatever reason, the Clintons have been notably uninterested in cultivating the surviving members of the Georgetown set. During the presidential transition in 1992, the Clintons attended a dinner at Katharine Graham's house and drew glowing comments from the attendees. They launched a round of intimate White House dinners. Johnny Apple cooed.

After that, however, the president more or less stiffed the Georgetowners. This outraged them--you could tell because they all said their friends were outraged. In July 1993, Sally Quinn observed in the *Washington Post*: "People who have been here and who have attained a certain social or political position do not want to be 'dissed.' They want the new team to respect them. Because these tribal rituals were not fulfilled, many people were virtually gleeful when Clinton went into free fall in the polls. You reap what you sow, was the attitude." As he begins the sixth year of his presidency, Clinton is reaping it still.

■ Links

PBS's *Frontline Online* presents "Stories of Bill," a collection of tales and commentary about the president. Here are 1) R.W. Apple Jr. comparing the Clintons to Tom and Daisy Buchanan; 2) Michael Kelly (in the *New Republic*) calling Clinton a "shocking liar" and "perhaps the greatest golf cheat in the history of the game"; and 3) Maureen Dowd's op-ed piece on how Clinton's involvement in the Arlington cemetery scandal seemed plausible even if it wasn't true. As for the right-wing "school of conspiracy" against Clinton, read ***Slate***'s reviews of Ambrose Evans-Pritchard's *The Secret Life of Bill*

Clinton: The Unreported Stories and Christopher Ruddy's *The Strange Death of Vincent Foster: An Investigation*. Finally, if you missed our previous link to this week's Pundit Central, which reports that Clinton "commanded [the pundits'] unanimous respect" on the latest round of Sunday talk shows, here it is again.

Illustrations by Scott Cunningham.

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- More **Strange Bedfellow**
- More by **Jacob Weisberg**
- Search *Slate*:

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THE WHITE HOUSE

WASHINGTON

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January 16, 1998

MEMORANDUM TO THE CHIEF OF STAFF

FROM RAHM EMANUEL

SUBJECT WEEKLY REPORT

CRIME/DRUGS: The announcement of significant cop grants on Thursday received extensive coverage in New York. The event served as a reminder of the Administration's 100,000 cops initiative, but also associated the President with New York City's crime effort, the most successful anti-crime effort in the country.

The success of the event was valuable as House Republicans are attempting to eliminate the cops program. We had an inter-agency meeting this week to address the difficulty the program is facing meeting the 100,000 goal. Because of the caps and funding structure, a number of big cities are not applying for COP grants. The New York announcement, the aggressive use of the Attorney General's waiver authority and a determined approach on technological support should address part of the problem. I have asked Jose Cerda from DPC to continue to work with the Department of Justice and OMB on this issue.

The drug testing directive was well covered in the papers and received decent TV coverage. The Justice Department is now drafting the legislation per the directive.

In March ATF is due to report back on the President's directive concerning the importation of assault-like weapons. Handgun Control Inc. as well as several sportsmen, have filed supportive opinions. This may help us move ATF closer to the President's desired outcome.

MEDICARE: The Republicans think we have made a mistake on this issue and that it could come back to haunt us. They believe that after having scared people about Medicare for two years they will come to see our effort to expand Medicare as an extra burden on Medicare.

I have always believed we are on the winning side of this issue but must be very focused in how we communicate the goals of our health-care initiative. I have talked to Senator Daschle and Congressman Gephardt's staff about putting together talking points for members. This needs to be seen as a targeted health-care initiative, not as an expansion of Medicare.

The Republicans plan on holding a Medicare fraud hearing the day after the State of the Union. Their intention is to make Medicare fraud a big issue for 1998 and raise it to the level of IRS reform. Unlike the IRS issue, we have a pretty good record in this area and a decent public profile. HHS and DOJ have an annual report on the Administration's anti-fraud record and new actions to be taken ready to announce. I think we should release the report in the President's radio address on the 24th, the weekend before the State of the Union.

TOBACCO: The release of RJR documents has given the national tobacco legislation the shot in the arm that it needed. The Administration can now return to pushing legislation that protects children. In the last week, the Administration's child-care and spending priorities were just beginning to blur our goal. Senator's Lott comments unfortunately also lent credibility to the sense of tactical error on our part. We can now focus the issue back on children.

The Senate feels pretty confident that they will finish a bill by early summer. This will enable us to concentrate our energy on the House and put the House Republicans in a difficult spot. They will either have to pass legislation that protects our children or face the accusation of protecting their contributors.

STATE OF THE UNION: To date we have been successful in pursuing our strategy of starting the State of the Union on January 1. We now need to think about how we dominate the agenda from the State of the Union through March 2. If we are successful, it will be almost impossible for the Republicans to reshuffle the deck of cards. I can see our way to the budget submission on February 2. After that date, we will need the assistance and close coordination of our Congressional allies. yr and gord illustrative events

The first question is how do we get back to our game after this weekend? The Mideast visits should help us naturally turn the corner. To return to the domestic agenda, the radio address should be on Medicare Fraud and the Sunday and Monday before the State of the Union should be leaks, with-out Presidential involvement on education; this will give Democrats something to rally around, keep the GOP off balance, and guarantee that education receives its due before the speech. We have also scheduled the Jim Leher interview on Wednesday as an opportunity for the President to announce the pension reform initiative.

I also believe the period from the State of the Union to the budget roll-out is spoken for. What we need to do is ensure our Democrats on the Hill block any real action between the budget and the beginning of March. The GOP must be denied any success in the early months. We need to look internally and see what executive actions and directives we can sign to maintain the momentum during this period. The policy shops must produce executive actions on our own agenda. This will ensure that we maintain control of the agenda and the GOP is prevented from regaining their footing.

[I have attached the agenda from the Senate Republican Leadership Meeting.]

↳ Q: should you make this?
Q: what about their tentative plans?

AGENDA
Senate Republican Leadership Meeting
December 8, 1997

1. Survey results – Sen. McConnell

2. Calendar for 1998
   Republican planning meeting – Jan. 30
   Republican weekend – May 8-10
   Orientation and elections – week of Nov. 16

3. Legislative calendar

4. Oversight calendar

5. January – March detailed calendar

6. Theme

QUESTIONS

TAX

Should we do an aggressive tax cut e.g. "Max Tax" proposal?
Should we do a rifle shot tax cut e.g. marriage penalty?
If a rifle shot, what should it be?

EDUCATION

Who is in charge of putting the legislative package on education together?
Education PR rollout: is this going to be a major effort? Is the proposal OK?
If not, what changes are needed?
How closely do we need/want to coordinate with the House and the governors?
Who should be named to the joint Senate/House/Governor/Local government task force on education?

CRIME/DRUGS

Juvenile Justice – Sen. Lott has to force a decision on the vehicle and the direction of the Republican effort.
Should we have the Drug Czar invited for hearings to bash the administration on their weak efforts to combat drugs and the failure to focus on growing teen drug use?
Can we handle the gun issue by changing the focus to insta-check?

OVERSIGHT

How many issues can we effectively handle?
Are the three in the oversight memo the best three?

OTHER QUESTIONS

Budget – How do we handle the budget surplus? Should we try and do the budget on the floor by the end of February?

Child Care – when do we release our proposals? Before the State of the Union? How do we get all Republicans on board? Who are the problems?

Health Care – How do we unify the Senate Republicans? Who are the problems?

Employment Nondiscrimination Act – How do we get 51 votes to oppose this legislation? Early whip check?

Tobacco – When should it be done on the floor? How expansive a bill? Will we work to divide the Dems from Kennedy? Can/should we include anti-drug efforts in the bill?

Environment – Should we move a bill on Clean Air standards? Will Superfund ever move or should we try to move a separate Brownfields bill? Should we move ESA? Should we move a private property bill?

Terrorism – should we put together a working group to propose a plan to organize the Executive branch's confusing and dispersed responsibilities in this area?

Justice Department – How should we respond if the give Bill Lann Lee a recess appointment?

International – Continued troop deployment in Bosnia? Should we respond to the Korean bailout?

Term Limits – When/Should there be a vote in '98?

Budget Cuts – Should we develop a targeted list of programs to cut in '98?

Product Liability – Should this be taken up as one bill, or split into several pieces e.g. biomaterials, small business tort reform, securities litigation reform?

Health – Extend MSA's or at least have a cloture vote on a proposal to extend them?

Judiciary – Change the law so that state referenda that are being challenged constitutionally in federal court must be reviewed by a three judge panel?

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

1-19-98

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January 16. 1998

MEMORANDUM FOR THE PRESIDENT

CC: ERSKINE BOWLES

FROM: KATHLEEN A. McGINTY

SUBJECT: CEQ WEEKLY REPORT

PROTECTING COMMUNITIES FROM TOXICS

Restoration of the Salton Sea

Speaker Gingrich held a press conference at the Salton Sea earlier today. His remarks were general in nature and stressed cooperation with the Administration in order to make the restoration project a success. He also mentioned his desire to introduce bipartisan legislation on Sonny Bono's birthday (February 16).

Secretary Babbitt has been working with the Salton Sea Authority, made up of the local counties and irrigation districts, and the Congressional delegation to develop a proposal for restoration. The Federal and State agencies are already bringing their expertise and their resources to the table.

Last night Erskine sent a memo to Speaker Gingrich expressing the Administration's strong commitment to work with Congress throughout this process. The memo also outlined three concerns:

(1) Price tag -- The price tag being proposed is in the range of $400-500 million. We strongly urged the Speaker that further scientific work needs to be done to inform the authorization figure. We are opposed to such a high figure without first understanding the science behind it. While we do not have all the answers yet, we expressed our desire to work with the Speaker to find those answers.

(2) Waive environmental regulations -- We understand some Members may want to declare the Salton Sea an emergency situation and waive environmental regulations. While we agree that restoration of the Sea is a top priority, we told the Speaker that we do not agree that an emergency exists and do not support the override of any laws or regulations.

(3) Participation of all parties -- Our success with the restoration effort in the Everglades strengthened our policy that all parties must have a seat at the table during the decision making process. We conveyed to the Speaker that the Salton Sea project must include the participation of Federal, State and local agencies, and the tribes.

1-19-98

The overall story here is a good one: We are looking forward to working with the Republicans to iron out the details of this project and are fully committed to making this restoration effort a joint success.

RESOURCE STEWARDSHIP

Roadless Policy

The Forest Service plans to announce next week a two-step proposal for addressing the roads system in national forests. The first step will be a proposed 18-month interim moratorium on building roads in roadless areas. The second step will be improving the process for evaluating future construction of national forest roads in light of current scientific knowledge and the changing public demands on national forests. Both the interim moratorium and final rule will be subject to public review and comment before going into effect.

The proposal is a moderate response to requests by many Members of Congress, the public, and environmental organizations to stop entry into roadless areas. The interim moratorium is not as broad as many Members of Congress have requested. For example, Senator Warner (R-VA), Senator Thurmond (R-SC) , Senator Robb (D-VA), Senator Hollings (D-SC) and Senator Cleland (D-GA) asked the Forest Service to stop both road building and all timber sales in roadless areas.

Under the proposal, only road building will halt. However, by far the most controversial limitation on the interim moratorium is the proposed exemption of your Pacific Northwest Forest Plan and the Tongass National Forest in Southeast Alaska. The press has gotten wind of the intent to exclude both the Pacific Northwest forests and the Tongass. Numerous editorials from coast to coast are criticizing us for proposing to exempt the Pacific Northwest and Alaskan forests from a policy they generally endorse (see attachments). I am concerned that the issue of exemptions may overwhelm the many positive benefits of the underlying policy, and so I will continue to follow this closely.

Headwaters

The FY 1998 Interior Appropriations bill set forth certain deadlines as conditions for providing the $250 million for the purchase of the Headwaters Forest. To ensure that these deadlines are met, federal biologists and Pacific Lumber Company (Palco) must agree by early February on the key elements of a Habitat Conservation Plan (HCP), which governs the management of Palco's remaining property.

Senator Feinstein (D-CA) has called a meeting of the parties for this Monday in San Francisco to focus on the HCP. Unfortunately, the parties are nowhere near agreement, primarily because of differences over the amount of timber that can be cut while ensuring protection of two major species -- salmon and the marbled murrelet.

Our biologists have been scrupulously fair to Charles Hurwitz in ensuring that the HCP, like all HCPs, is scientifically and technically sound, and they are confident the science supports their view

that only limited logging can occur in the remaining old growth groves. Hurwitz has been intractable in his belief that he should be able to cut all remaining trees on his property or be compensated.

We will tell Hurwitz on Monday that we can go no further on the HCP, and that he must make a decision by February 6, or we will ask Congress to reprogram the $250 million. One of two responses may result: (1) Hurwitz terminates the agreement on the spot; or (2) he has a tantrum but comes back to the table. I believe the latter is more likely, because Hurwitz is feeling tremendous pressure over his position on the HCP. The state biologists are in complete agreement with our biologists, Senator Feinstein appears to support our position, and the California State Legislature has made clear it will not entertain a $130 million bond measure for the state's share unless we have a strong HCP. In any event, if Hurwitz walks, we will have remained committed to principle.

House Resources Committee Document Requests

CEQ has been the recipient of numerous broad, vague and time-consuming document requests from the House Resources Committee, chaired by Don Young (R-AK). Their latest document request involves demands for a massive amount of records relating to timber sales and timber policies. While we will continue to meet their demands to the best of our abilities and in good faith, the number and scope of these requests approach harassment. In addition, Republican staff have indicated to others that they are planning an attack on CEQ's legal authorities and authorization over the coming session.

SUSTAINABLE COMMUNITIES

Highway Projects in the Atlanta Metro Area

For the last week CEQ has been working to mediate a dispute between the Department of Transportation (DOT) and the Environmental Protection Agency (EPA) over five highway projects in Atlanta. After much negotiation, DOT and EPA have reached an agreement to approve three projects while giving limited and conditional approval of the two remaining projects. Also, it is important that as a result of this crisis and negotiation, the Georgia DOT has agreed to develop a transportation plan within 18 months that will demonstrate exactly how federal air quality standards will be achieved in the Atlanta region.

The Georgia DOT and the Atlanta Regional Commission had been seeking Federal Highway Administration approval for these five highway projects before the current Transportation Improvement Plan expires on January 17. EPA had objected to these projects on environmental grounds -- primarily air quality -- and felt that Atlanta would have a hard time conforming with current clean air regulations after the January 17 deadline.

I expect Governor Miller will support this agreement. I also believe that most of the elected officials in the area (including Speaker Gingrich) will be happy if this agreement makes the controversy go away.

The New York Times

SATURDAY, JANUARY 10, 1998

U.S. to Suspend Road Building In Many National Forest Areas

Move Would Preclude Logging on Pristine Land

By JOHN H. CUSHMAN Jr.

WASHINGTON, Jan. 9 — The Clinton Administration plans to suspend construction of logging roads in the back country of most national forests, a major environmental step that would effectively preclude logging on some of the nation's most rugged and pristine public land.

The road-building moratorium described by Administration officials would be a partial victory for environmental advocates, who have long complained of the lasting damage done by bulldozers carving up old growth forests.

Road building on millions of acres of forests could be affected, mostly in the Western states but also in Eastern forests, where there are fewer large roadless tracts. Many of these areas contain virgin stands of timber, prime wildlife habitat and pristine streams.

Although some environmental advocates do not think the plan goes far enough, the proposal represents an opportunity for Vice President Al Gore to enhance his standing in one of his core constituencies.

"The Vice President is the one who has been pushing for this," an Administration official said. "He feels strongly that after a century of Federal forest management, it is time to give stronger weight to forest values like clean water, recreation and wildlife."

Michael Francis, a logging specialist at the Wilderness Society, said: "This is a significant move by the Forest Service, an agency that has been Darth Vader to the forest. It is poised to make one of the most significant directional changes in its 100-year history."

During the proposed moratorium, the Forest Service would convene a panel of scientists and draft new rules on road building that could fundamentally affect the way big publicly owned forests are managed, a senior Administration official said.

The proposed suspension would be subject to public comment for 30 days before taking effect, and could last for a year or more.

The timber industry and its allies in Congress may challenge the proposal on the ground that it alters forest management plans without a full public process.

Senator Larry E. Craig, an Idaho Republican who has already discussed the matter with senior forestry officials in the Clinton Administration, accused the Administration of "trying to figure out a procedural way to skate around the law."

Idaho is one of several Western states with huge tracts of roadless forests.

There are 400,000 miles of roads in the approximately 50 million acres of national forest throughout most of the states. The moratorium could affect millions of acres in areas suitable for logging. It could not be learned tonight how many miles of

Continued on Page A17

U.S. to Suspend Road Building In Parts of Its National Forests

Continued From Page A1

new roads would not be built because of the moratorium.

The roads, built with Government subsidies by the companies that buy and cut timber on public land, often fragment important wildlife habitat and can cause landslides, erosion and damage to forest streams.

Without the roads, much of the logging in remote parts of Federal forests would be impossible. But it would still be feasible in some forests to extract timber using helicopters or off-road logging equipment.

Officials said some details of the plan were still being worked out, but those involved view the proposal as a major development in forest policy, an area of environmental regulation where the Administration has fought with both the timber industry and environmentalists.

The details are expected to be published soon, perhaps in the next two weeks, officials said.

The new policy would apply mainly to roadless areas of at least 5,000 acres, as well as to some smaller areas that are adjacent to national parks or other protected land, said an environmentalist who has been following the deliberations.

But to avoid starting a new round of timber wars with powerful logging proponents in Congress, and further litigation with the timber industry, the Administration is considering exempting two huge timber zones from the road-building moratorium.

An environmental move that would preclude logging on remote public land.

They are the forests in the Pacific Northwest where a conflict over the habitat of the spotted owl, a protected species, raged for several years, and the Tongass National Forest, which stretches over 17 million acres in southeastern Alaska but is mostly land that is unsuitable for logging.

For both of those forest zones, the Administration has already devised new plans that it said contained carefully designed environmental protections. But roads continue to be built in some previously untouched forests in both areas.

Conservationists from Alaska met with Administration officials this week to complain about exempting the Tongass from the moratorium. The Administration has already completed a Tongass forestry plan that allows 110 miles of roads to be built every year, with 90 percent of future timber sales in areas where there are now no roads.

Pro-logging lawmakers are already raising red flags about the Administration's expected announcement of a moratorium.

Senator Craig, who is chairman of the Energy and Natural Resources Subcommittee on Forests and Public Land Management, which oversees forestry affairs, joined five other Western Senators, all Republicans, in warning against the new policy.

"We cannot agree — and we believe there would be widespread Con-

gressional opposition — to a flat moratorium on roadless area entry, a redefinition of roadless areas, the designation of any new land-use categories or any other unilateral Administration initiative," they said in a letter on Wednesday to Agriculture Secretary Dan Glickman.

Stefany Bales, communication program manager for the Inter-Mountain Forest Industry Association in Coeur d'Alene, Idaho, said the Administration's approach was "bad for people out here in the West."

Ms. Bales said many roadless areas in Idaho were intentionally left available for logging after prolonged discussions in the past.

"To have something come down from the White House now is a complete breach of trust," she said, "and it sends a very poor message to folks out here who try very hard to solve the kinds of problems we have on public lands."

But other lawmakers have been urging the Administration to put a moratorium in place. In November, five Senators from Southeastern states called for the agency to defer new timber sales and road building in the southern Appalachians until a full study of the ramifications of the new roads was made.

Environmental groups are also urging the Administration to protect roadless areas as small as 1,000 acres, and to be sure that its policy prevents even the construction of temporary roads.

Despite these and other concerns about the details of the plan, many environmentalists called the proposed moratorium a breakthrough.

The President's budget proposal to Congress, an official said, would also seek to end Federal spending that directly pays logging companies for building roads on public land when they buy the timber in the national forests.

Congress narrowly voted not to eliminate the subsidy last year.

But the road moratorium that the Administration is planning would go further, prohibiting major road building in large tracts of forest even if the logging companies were willing to pay for the roads themselves.

The Washington Post

AN INDEPENDENT NEWSPAPER

TUESDAY, JANUARY 13, 1998

A Forest Road Moratorium

THE CLINTON administration is considering issuing a moratorium on road-building in the national forests while it develops a new policy to control the controversial practice. It's a good idea. The reflexive opposition it has drawn from certain members of Congress ought to be brushed aside.

The moratorium would have the effect of limiting logging in parts of the forests previously uncut; without the roads, there tends to be no way to remove the timber. The new policy will also likely point in that protective direction, as it should. The forests have been heavily cut; the emphasis should shift to conserving what remains.

But the roads issue is more complicated than that. It involves not just new roads but the more than 400,000 miles that already exist. For the most part, they are poorly maintained. The lack of maintenance causes serious and continuing environmental damage—among other things, the silting-up of streams. But the service lacks the money for the upkeep, the more so because a part of its budget has traditionally come from timber sales, which themselves, for good environmental reasons, have been sharply curtailed in recent years. Nor is logging any longer the only issue. Recreational use of forests is rapidly increasing; those users need roads as well.

Congress last year came within a couple of votes in both houses of reducing the road-building budget. Partly this was a show of support for protecting the remaining roadless areas, but the Forest Service makes the point that the two issues aren't quite the same. For environmental and other reasons, it will continue to need money for work on existing roads even if no new ones are built. The road issue is in a way a proxy for how the forests are to be managed in the future. But that involves more questions than simply whether and how much to cut.

In Congress, there has been pressure from members of both parties to exempt two major regions—the forests in western Washington and Oregon and the vast Tongass National Forest in southeastern Alaska—if a moratorium is issued. The administration loses credibility if it yields to the pressure and fails to make the moratorium system-wide. There is the further threat of an appropriations rider if a moratorium is issued. The rider denying funds to enforce the moratorium would be attached to a supplemental appropriations bill whose contents the president would otherwise badly want, and he would have to choose.

But that should be easy for him. He said last year, in deciding to sign instead of veto another appropriations bill that raised the issue, that the Forest Service was even then "developing a scientifically based policy for managing roadless areas in our national forests. These last remaining wild areas are precious to millions of Americans and key to protecting clean water and abundant wildlife habitat, and protecting recreation opportunities. These unspoiled places must be managed through science, not politics." Not to worry, in other words; he was on the case—and now he will have a chance to prove it.

A Positive Shift in Forest Policy

Michael Dombeck, the chief of the United States Forest Service, will soon announce a moratorium on construction of new logging roads in remote sections of most of the national forests. That will be a courageous change in policy for an agency long regarded as a willing captive of the timber industry it is supposed to regulate.

The moratorium will protect millions of acres from new logging, elevating the forests' environmental values — clean water and wildlife — above commercial values. It will also greatly annoy powerful politicians from resource-driven states in the West. This means that the White House, which agrees with Mr. Dombeck in principle, should be prepared to support him against an almost certain legislative effort to overturn the policy.

The moratorium would only apply to pristine areas that have so far been left untouched by roads or logging — about 60 million acres, or roughly 30 percent of the national forest system. But Mr. Dombeck will also tighten rules governing new roads in those parts of the system where logging roads already exist. In addition, he will close some roads that have outlived their usefulness and try to extract money from Congress to repair others that threaten the environment. Of the more than 400,000 miles of roads that crisscross the national forests, fully 60 percent are in bad shape — inviting floods and landslides, clogging streams and destroying habitat for fish and other species.

The environmental community has been cheering Mr. Dombeck on, even though it fears that political pressures will force him to exempt two huge timber zones from the road-building ban. These are Alaska's Tongass National Forest and the forests in the Pacific Northwest that provide habitat for the spotted owl. Northwestern legislators, especially Alaska's small but influential Congressional delegation, control the committees that oversee and finance Mr. Dombeck's agency. If provoked, they may try to scuttle his entire plan.

Our hope is that Mr. Dombeck — with President Clinton's vocal support — will take them on, applying his moratorium to the Tongass and the Pacific Northwest as well. That would make a very good policy even better.

The Seattle Times

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Posted at 06:56 a.m. PST; Wednesday, January 14, 1998

Include Northwest in new roadless policy

THE White House has slowly wised up to the double-whammy that taxpayer-subsidized logging roads cause to the environment and the economy. President Clinton is poised to impose a moratorium on logging in all roadless areas 5,000 acres or larger.

He is under intense pressure to exclude forests in the Pacific Northwest and Alaska as his administration devises a new policy on road construction and updates management plans and practices in these pristine areas.

Leaving them out would be a grievous mistake.

This region is home to some of the largest money-losing timber-sales programs in the country. Topping the list was the Tongass forest in Southeast Alaska, which lost more than $30.5 million in fiscal 1996, according to a Wilderness Society analysis. Sales in the Gifford Pinchot, Mount Baker-Snoqualmie and Olympic National Forests were the second, fifth and eighth-worst in the country. Overall, the state's national forests lost more than $44.6 million - more than 20 percent of the $204 million in nationwide losses incurred by the Forest Service.

A major reason for the hemorrhaging is the previously unaccounted-for taxpayer costs of road building - public subsidies for timber companies, who are then compensated for constructing roads that promote erosion, mudslides, and degradation of wildlife habitats.

The U.S. Forest Service is expected to announce a new management strategy for the roadless sections of the national forest system's 191 million acres. Timber musclemen in the U.S. Senate, led by this state's Republican Sen. Slade Gorton, and fellow GOP Sens. Larry Craig of Idaho, Gordon Smith of Oregon and Frank Murkowski of Alaska, warned the White House last week that it would oppose any plan that didn't exempt this region.

didn't exempt this region.

"We hope you agree, given the deep resonance of this issue throughout the rural West, that the citizens who depend upon the national forests for livelihoods and recreation opportunities deserve better," the Western senators wrote.

This same group helped squash last year's bipartisan attempts to reform the destructive road-construction subsidies. Now it is standing in the way of a sensible, temporary plan to stem the tide of red ink and environmental damage caused by road building.

All large, undisturbed forests with roadless areas that meet the 5,000-acre moratorium threshold should be studied. There is nothing sacred about the recent Tongass forest plan, which was drafted with an eye toward high production levels, or the Pacific Northwest plans, covered by the so-called spotted owl Option Nine. Congress already upset that agreement with the salvage logging rider.

Forests in Alaska and closer to home should be part of the Forest Service's review of management practices. The Pacific Northwest deserves to share in the economic and environmental savings a study can yield.

THE WHITE HOUSE

WASHINGTON

1-19-98

January 17, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: **GENE SPERLING**

RE: **NEC Weekly Report**

cc: **ERSKINE BOWLES**

Heritage Foundation Study on Social Security: You sent me an article from the *Wall Street Journal* referencing a Heritage Foundation study purporting to show that returns to Social Security were extremely low -- especially for low-income African Americans. We are working with the Treasury Department and the Social Security Administration (SSA) to examine the study's findings carefully, and their preliminary efforts suggest that the results are misleading for several reasons.

First, the study neglects disability insurance, part of the overall Social Security benefit package. And an ongoing SSA study suggests that non-whites have fared relatively better under the DI program than whites. Second, the Heritage study assumes that the current actuarial imbalance in the program (2.23 percent of payroll over the next 75 years) is closed by cutting net benefits. Other approaches to reducing the imbalance, which would result in higher rates of return relative to only cutting benefits, are not considered. Third, while African Americans on average have higher mortality rates (which reduces their rate of return to Social Security since they collect benefits for fewer years), they also tend to have lower incomes (which raises their rate of return, since Social Security benefits are progressive). The Heritage study effectively only looked at the first of these effects. But when both effects are taken into account, according to a 1993 study, the net result is that African Americans have historically earned a slightly *higher* rate of return on Social Security than whites.

Electricity Restructuring: I held a meeting on Monday with Secretary Pena, Deputy Secretary Moler, John Podesta, John Hilley, Katie McGinty, Todd Stern, and the Treasury Department to consider our strategy on electricity restructuring. The NEC-led inter-agency process has reached consensus on almost all of the difficult issues that would form part of the Administration's proposal. But we have not yet reached agreement on whether the electricity restructuring bill should include authority for a carbon cap-and-trade system, or whether that would be premature and not directly relevant to restructuring *per se*. We hope to make further progress on the issue, and plan to submit a detailed memo to you in the near future.

THE PRESIDENT HAS SEEN
1-19-98

School-College Partnerships: We continue to work with Education to consult with a broad array of groups, and we are beginning to prepare for an event tentatively scheduled for February 3 (the day after Budget release). Bob Shireman on my staff spoke to a coalition of mentoring organizations including Big Brothers/Big Sisters, and the concept was well-received. Our goal is to have a bipartisan event, with endorsements from education organizations, college presidents, community groups, and others.

School Construction: The translation of the school construction program from the spending side to the tax side has had an unexpected consequence: we will be able to say that we are *more than doubling our initial proposal*. It is still $5 billion over five years, but over a ten-year window it is more than $11 billion. The reason: On the spending side, we were able to squeeze all of the net present value of the subsidy of long-term bonds into the five-year window by putting the money into accounts managed by States and school districts. The tax credit, however, pays the interest-equivalent for the 15 year life of the bonds, and there is no way to front-load the subsidy. So in order to "equal" the $5 billion spending proposal, the tax plan will authorize enough bonds so that the cost over the first five years is $5 billion -- but the costs will continue. We are leveraging only slightly more loans -- about $22 billion -- because we are covering the *full* interest rather than half. (We could have covered half the interest and leveraged more bonds, but Treasury felt that the markets could not absorb that much of this unique type of bond).

Student Loan Interest Rate: Bob Shireman on my staff called a meeting this week with key Democratic Hill staff to discuss strategy. They are leaning toward a position recommended by the student groups: leave the Direct Loan rate alone (or go to an equivalent, low rate), and negotiate with lenders only on the rate for the guarantee program. This puts the onus on the industry to bring their own maximum rate closer to Direct Loans. And if enacted, the low Direct Loan rate would serve as competitive pressure for lenders to reduce costs further. This is not a position that the Administration can adopt early, because it would be seen as an attempt to have Direct Loans take over the market -- giving some credence to the conspiracy theories that the interest rate change is a "time bomb" that we purposely set five years ago. But it is not a bad thing for the groups and the Democrats to be suggesting.

Vice President's Low-Income Housing Tax Credit Announcement in Chicago: On Tuesday, the Vice President announced that the budget includes a 40 percent expansion of the low-income housing tax credit. While not extensive, the press coverage was positive. *USA Today* and the *Wall Street Journal* ran positive stories, while *The Washington Post* ran an editorial generally supporting the expansion, stating it was a "good idea."

Initial reactions from the Hill suggest that our proposal will have strong bipartisan support. Rep. Lazio (R-NY) made positive comments in *USA Today,* and the offices we spoke with -- from Rep. Rangel's to Sen. D'Amato's -- were all very supportive. The groups -- especially LISC, Enterprise Foundation, and the National Council of State Housing Agencies -- were all excited about our proposal. [Mayor Daley cited the Vice President's commitment to America's cities on issues such as the low-income housing tax credit and brownfields as his reasons for endorsing him.]

FOR PRESIDENT [illegible]

1-19-98

IRS Update: This past week, the IRS released the second in a series of three audits by the IRS's Chief Inspector that were announced as actions following the Senate Hearings. The first audit focused on the use of enforcement statistics and enforcement tools, such as seizures, in the Arkansas-Oklahoma district. The audit released this week focused on the use of enforcement statistics in 12 (of 33) IRS district offices (The third audit, also national in scope, focusing on enforcement tools will be released in March).

The main conclusion of the report is that the use of enforcement statistics is not confined to the Arkansas-Oklahoma district but is pervasive nationally. Bob Rubin and Commissioner Rossotti released strong statements conveying their outrage and outlining steps that have been and will be taken. Previously, and most importantly, the use of revenue goals in district offices and the ranking of districts on those results has been stopped. Additional actions announced this week include: **(1)** the establishment of a disciplinary panel; which will include officials from other agencies, to resolve cases resolving from the report, and; **(2)** regular reviews of district offices will be conducted to ensure compliance of Taxpayer Bill of Rights and that revenue statistics are not being used improperly.

Preparing to go on the offensive, the Senate Finance Committee has invited Bob Rubin and Commissioner Rossotti to testify the morning after the State of the Union. This hearing will likely be mentioned by Lott in his Republican response. We are working with Treasury in preparation for this hearing, including the rolling out of a series of targeted enhancements to the Taxpayer Bill of Rights in response to the hearings and subsequent audits. We are also vetting some possible initiatives you can mention in the State of the Union, such as your proposal to establish Citizen Advocacy Panels throughout the country. The citizen panels are a proposal that is all yours and one that is easily understood.

Offer in Compromise Program. You asked me about an op-ed that appeared in the *Washington Times* this past week. The op-ed, written by Lawrence Garr, a Washington attorney and former IRS official, criticized the IRS's current Offer in Compromise program. The program allows taxpayers who owe more taxes than they can pay to submit compromise offers to the IRS. Garr favorably recalls a 1992 change in the program that dramatically increased offers from such taxpayers. He contrasts past experience with a recent change: He asserts that in 1997 the IRS changed the compromise forms in such a way so that taxpayers are pushed to submit offers that are economically unrealistic for taxpayers. In response, the IRS contends that the changes to the forms were made to make them easier to understand and process. The IRS points out that following the change in 1997, revenue from compromises went up, not down, from $286 million to $295 million and the numbers of forms that could not be processed fell 15 percent. These figures notwithstanding, the IRS has set up a task force to look at the compromise process and to recommend any additional changes.

ISTEA/NEXTEA: Dorothy Robyn, on my staff, convened the NEXTEA interagency working group to discuss legislative strategy. The big question is when the Senate will move on ISTEA. Although the Senate's official position is that it will take up ISTEA on Jan. 28, Senators Lott and Chafee are under growing pressure from Senate colleagues to delay action until after the 1999 Budget Resolution is completed, and DOT believes delay is a strong possibility. (The House has made clear that it will not bring up the ISTEA debate until after the Budget Resolution.)

Meanwhile, most mayors and governors are extremely nervous about any additional delay in ISTEA reauthorization, because of the implications for their long-term planning and construction efforts. Whatever happens, the Administration (via a Sec. Slater letter to the Hill, among other things) will be urging Congress to move quickly and reiterating our priorities. And we are gearing up for the 200+ amendments that the Senate is expected to consider; the two most serious threats are amendments that would eliminate our Disadvantaged Business Enterprise program and establish a minimum transit allocation for each state at the expense of transit-dependent urban areas.

Aerospace Offsets: At the NEC's request, the National Academy of Sciences convened a second one-day symposium on the subject of foreign outsourcing and offsets in aerospace. The symposium, which Dorothy Robyn kicked off, was organized around six commissioned papers by noted economists and senior labor officials (IAM and UAW), and the small group setting allowed for a great deal of dialogue between industry, labor and academic participants. The economists' bottom line: Although mandatory foreign offsets are trade distorting, they are a relatively minor factor. Most foreign outsourcing is driven by economic factors, and given the importance of foreign markets, such outsourcing on balance creates rather than eliminates jobs. Key remedies include trade liberalization and a more coherent program of government assistance to aid workers in adjusting to the consequences of globalization and economic change.

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THE WHITE HOUSE

WASHINGTON

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January 16, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Welfare -- New Caseload Numbers: You will be able to announce next week new welfare caseload numbers showing that the number of Americans on welfare has fallen below 10 million people for the first time since 1970 -- a drop of 30 percent, or 4.3 million, since you took office. The new numbers, from September 1997, show 9.8 million people on welfare, down from 14.1 million when you took office and 12.2 million when you signed the welfare law. With these numbers, you have met -- two years ahead of schedule -- the goal you set in last year's State of the Union address to move two million more Americans off welfare by the year 2000.

2. Welfare -- Why People Leave the Welfare Rolls: You recently asked why, as The New York Times reported, only half the people leaving the welfare rolls go to work, and whether that means time limits are too strict. The Times article relies on about seven state-specific studies. All of these studies were conducted before time limits went into effect, so time limits cannot provide the explanation. The studies are instead consistent with historical trends showing that of those leaving the welfare rolls, about 50 percent go to work, about 15 percent marry, and the rest move to another state, join the SSI rolls, or become ineligible because their youngest child turns 18. It is worth noting that while the percentage of people leaving welfare for work does not appear much higher than in the past, the absolute number of people leaving welfare for work is a great deal higher since the total number of people leaving welfare has increased dramatically.

3. Health -- Medicare Fraud and Abuse: The first HHS/Justice report on anti-fraud activities, mandated by the Kennedy-Kassebaum law, will come out next week. The report will document the success of the enforcement agencies in identifying and prosecuting Medicare fraud, which has led to the collection of $1 billion in fines and penalties for deposit into the Medicare Trust Fund. The timing of the report is fortuitous because the Senate Governmental Affairs Subcommittee on Investigation is planning to hold a hearing on January 29 to show that fraud continues to pervade the Medicare program. The hearing will focus on cases in which providers or suppliers billed Medicare for services or medical devices never provided to a Medicare beneficiary. The Justice/HHS report, especially if combined with the announcement of new anti-fraud measures that we are pressing HHS to expedite, should help to counter this negative message.

THE PRESIDENT HAS SEEN
1-19-99

4. Health -- Norwood Consumer Protection Legislation: You recently asked whether we should work closely with Rep. Norwood to pass consumer protection legislation. Although Norwood's legislation has over 200 co-sponsors in the House (including 95 Republicans), we do not recommend endorsing it. First, the bill would protect providers at least as much as consumers -- for example, by effectively preventing the exclusion of even low-quality, high-cost providers from health plans. Second, the bill has an enforcement mechanism that could lead to excessive litigation. These provisions are likely to involve substantial cost (perhaps leading to decreased insurance coverage) and, as a consequence, are controversial among both business and labor. Rather than associate ourselves with the Norwood bill, we recommend keeping up the pressure for federal legislation while encouraging a coalition of moderates to develop an alternative bill that imposes fewer costs and can attract greater business and labor support

5. Health -- Children's Health/Medicaid Outreach: HHS should approve the Children's Health Insurance Program (CHIP) plans of Colorado, Alabama, South Carolina, and Missouri within the next few weeks, making these states the first four to provide coverage for uninsured children under the law you signed last summer. Some other states are seeking waivers from the new law's standards on benefits and cost-sharing; we will send you a memo early next week on the policy issues involved in these waiver requests, which pit the states against children's advocates. Finally, we are looking for an opportunity to announce the set of administrative actions and budget proposals you have approved to help states identify the three million children eligible for, but not enrolled in Medicaid. These initiatives will be very well received by both the states and the children's advocates.

6. Health -- Genetic Discrimination: The Vice President will release a HHS Labor Department report on preventing genetic discrimination in the workplace in an event with the Genome Action Coalition on Tuesday. This report, which is similar to the one on genetic discrimination in health insurance that you highlighted in July, outlines the Administration's principles for legislation on this issue. Under these principles, employers generally could not obtain genetic information or use this information as a condition of employment or a way to classify employees. Several members of Congress, including Senator Daschle, have introduced bills on this issue.

7. Education -- National Testing: Chairman Goodling has scheduled a Jan 28 mark-up of a bill that would prohibit any development or implementation of national reading and math tests after FY98 without specific statutory authorization. If this bill were voted on today, Goodling could carry all Republicans on his committee, as well as all Democrats in the Black and Hispanic Caucuses. DPC and Education Department staff are working hard to get the mark-up postponed -- or at least to hold Democrats together. Secretary Riley will send a letter to Goodling on Tuesday reminding him of our implicit agreement last fall to postpone further Congressional action on the national tests until the National Academy of Sciences completes several studies this spring. In addition, we will try to gain the support of Caucus members by making them fully aware of the investments your budget makes in expanding learning opportunities for low-income and minority students.

8. Education -- National Testing: The National Assessment Governing Board (NAGB) will meet next week to determine what changes, if any, are needed in the contract to develop the national tests. The NAGB committee spearheading this work has recommended, on technical grounds, that the contract be modified to make 2001 the target year for the first administration of the tests -- two years later than you originally proposed, and one year later than the target we set following our appropriations battle. We do not believe this delay is necessary for sound test development, and we are working behind the scenes with our supporters on NAGB (including the Chair, who agrees with us) to retain the faster timetable.

NO! Must stay on timetable

9. Crime -- Prisons and Jails: The Justice Department will release a study on Sunday showing that as of June 1997, the nation's prisons and jails held over 1.7 million inmates. The total of 1.7 million included: 99,175 federal prisoners; 1.05 million state prisoners; and 567,000 local jail inmates. Between July 1996 and June 1997, the number of federal and state inmates grew by 4.7 percent (55,198), less than the average annual increase of 7.7 percent since 1990. Hawaii had the largest percentage increase in prison population since midyear 1996 (21 percent), followed by North Dakota (15.5 percent), and Wisconsin (15.4 percent). The number of local jail inmates rose by 9.4 percent (48,587), nearly double the average annual growth of 4.9 percent for this population since 1990. The local jail inmate population shows notable increases of women and juveniles. Since 1985, the number of females in local jails has grown by 9.9 percent annually, and the number of juveniles has increased nearly six-fold (from 1,629 to 9,105).

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THE PRESIDENT HAS SEEN

1-19-98

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

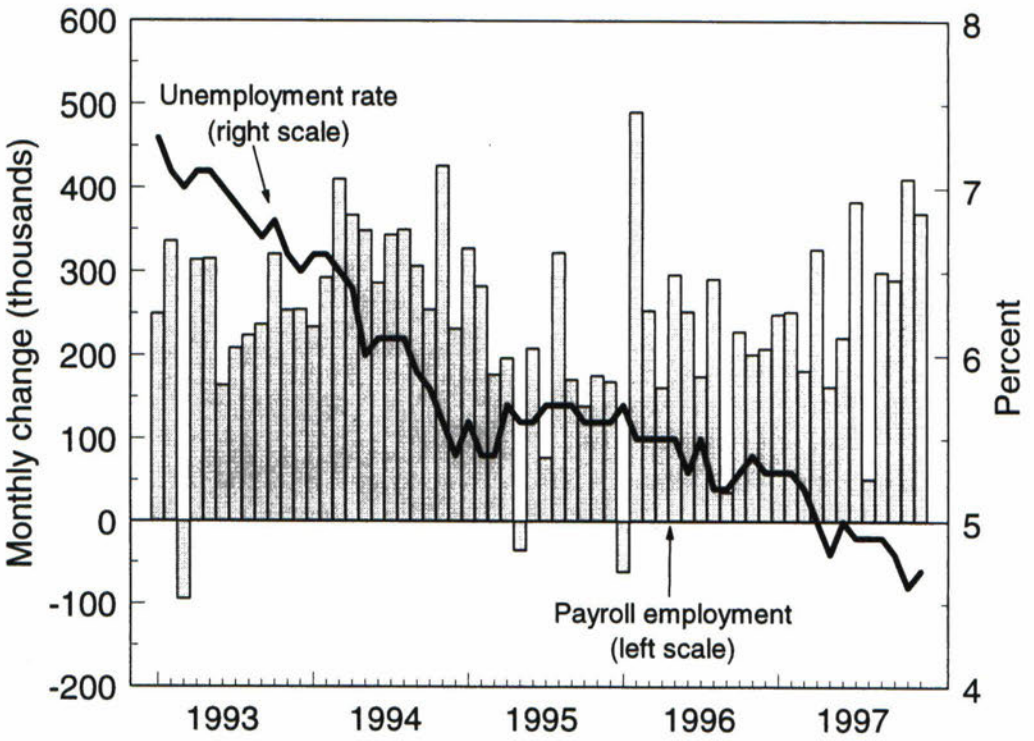
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

January 16, 1998

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CHART OF THE WEEK

14.3 Million Jobs Created Since January 1993



Job creation averaged 267,000 per month in 1997, and over 350,000 in the fourth quarter. The strong pace of job creation last year brought the total number of jobs created since January 1993 to 14.3 million and has kept the unemployment rate at 5 percent or lower since April. This torrid rate of job creation is likely to moderate in 1998 as the economy slows to a more sustainable long-run pace.

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"Global warming, in my opinion, is the last refuge of an environmentalist."

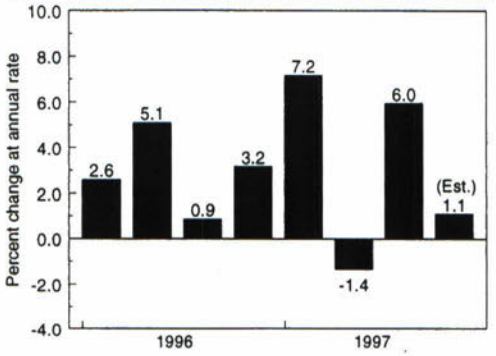
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MACROECONOMIC UPDATE

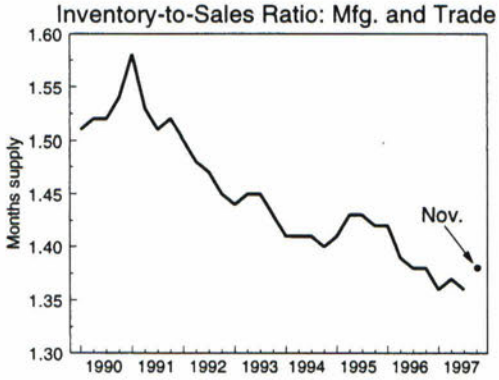
Economy to Move out of the Passing Lane

Real GDP growth in the fourth quarter appears to have been about the same as in the two previous quarters (roughly 3 percent at an annual rate). But an imbalance between production and spending suggests growth will slow in the near future.

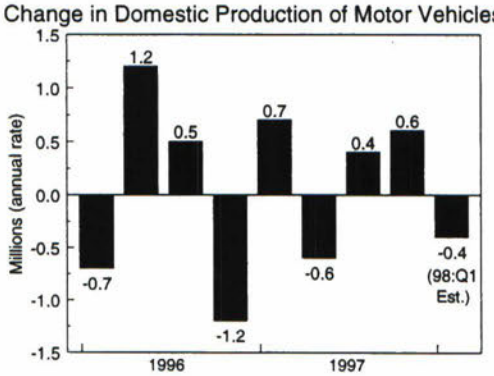
Real Goods Consumption (excl. Motor Vehicles)



Inventory-to-Sales Ratio: Mfg. and Trade



Change in Domestic Production of Motor Vehicles



Production and spending. Production indicators of fourth-quarter GDP have been quite strong, with production-worker hours rising at a 4.4 percent annual rate and industrial production at a 7.4 percent annual rate. Spending indicators, by contrast, have been much weaker. For example, real goods purchases (excluding motor vehicles) appear to have increased at an anemic 1.1 percent annual pace (see upper chart). Taken together, these indicators leave the impression that much of the fourth-quarter growth was in inventories, while productivity may have eroded.

Inventories. Data through November show a rise in the ratio of inventories to sales (see middle chart). Although this ratio remains relatively low by historical standards, inventories are not as lean with respect to sales as they used to be—suggesting that the pace of stockbuilding will slow significantly in the first quarter. This is most evident in motor vehicles where the scheduled drop in first-quarter production (see bottom chart) is enough to reduce the growth of real GDP by about ½ percentage point.

Net exports. Another force for slower growth is a decline in net exports as a result of the rise in the dollar over the past few years and the slowing of export demand from our Asian trading partners. But declining import prices should continue to be a dampening influence on domestic inflation.

SPECIAL ANALYSIS

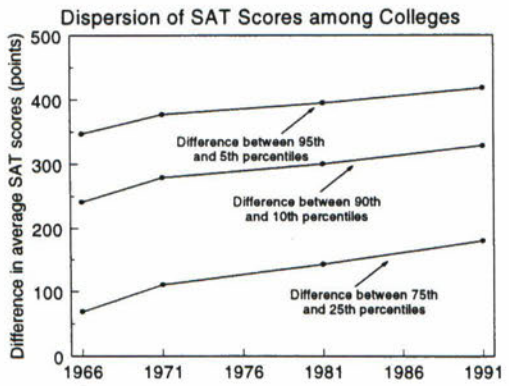
The Changing National Market for Higher Education

Fifty years ago, higher education was primarily provided through a large set of small local markets in which most students who attended college stayed close to home. Today, it is highly integrated on a regional and national level, with the result that the most-able students are much more concentrated in the highest-quality schools. This is the conclusion of a recent analysis, which also finds that the dispersion in tuition and subsidies across schools has increased.

Causes of geographic integration. Possible factors that may have contributed to the geographic widening of the college market include the following:

- reductions in the cost of long-distance air travel and long-distance telephone calls, which have made it easier to travel and to communicate coast-to-coast,
- the introduction of standardized tests, which has facilitated comparisons of students from different schools, and
- the GI Bill, which paid for college expenses for veterans of World War II and the Korean War. Traveling to other parts of the country during their military service may have increased the willingness of GI Bill beneficiaries to attend college away from home.

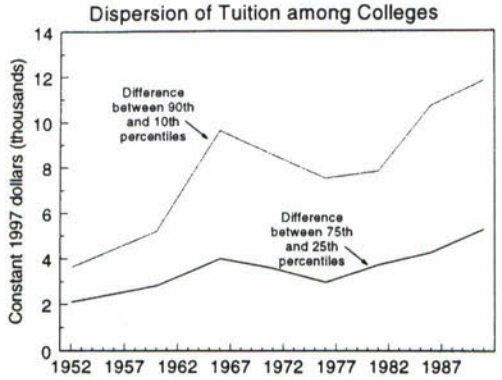
Implications of greater competition. The move to a national market implies that students are now much more likely to select from colleges at a national level rather than to attend their local college. To the extent that students exhibit different demands for quality, this widening of the market encourages greater specialization by colleges and more sorting by students on the basis of quality. Schools that try to compete for the best students may have to spend more to improve quality (leading to higher tuition). But they may also have to provide more subsidies. The result is likely to be greater diversity among colleges along the lines of student ability, quality, tuition rates, and tuition subsidies.



Trends. These considerations could explain several changes in the educational market:

- Greater differences in average test scores across schools. The dispersion of average SAT test scores across schools has widened since 1966 (see chart). This is also true when public and private colleges and universities are considered separately.

- Less dispersion in test scores within schools. The variation in SAT test scores within colleges has decreased substantially since 1966. This increase in the homogeneity of student bodies within schools has occurred for both public and private schools and for small, medium, and large colleges.



- Greater differences in tuition. The dispersion of average tuition has widened since 1952 (see chart). For example, in the distribution of tuition across colleges, the difference between the 90th percentile and the 10th percentile rose from $3,600 in 1952 to $11,800 in 1991 (measured in 1997 dollars).

- Higher and more dispersed tuition subsidies. The median value of tuition subsidies has increased by 69 percent in real terms since 1966. This increase has been particularly large for schools in the top decile of the subsidy distribution.

Implications. Changes in the market for higher education over the past 50 years have almost certainly been to the advantage of highly able students who are most likely to benefit from increased competition for good students. For other students the implications are less clear. College choices have probably expanded for average or less able students, but such students may now have fewer opportunities to interact with highly able students.

ARTICLE

Settling for Coupons

Damage judgments have three major goals: to compensate the victim of wrongful action, to punish the wrongdoer, and to deter future wrongdoers. Settling class action lawsuits by issuing discount coupons to plaintiffs—as Xerox, General Motors, Toyota, and several airlines have done in recent years—can undermine all three goals. Coupons probably do not compensate the victims as much as their face value would indicate. Additionally, they may cost the settling company little, in part because that company may raise prices to buyers who don't have the coupons.

Coupons can't be taken at face value. The first reason that a coupon settlement may not be worth its face value is that the coupons may never be used. One wonders, for instance, how many buyers bothered redeeming the 250,000 20-cents-off coupons that a soft drink bottler was required to issue as the result of a price-fixing settlement.

Even when coupons are used, however, buyers do not necessarily pay less. If all buyers have coupons, the seller can simply raise the price by the amount of the discount coupon, leaving the net price to the buyer unchanged. In that extreme case, the seller loses nothing from the settlement and buyers gain nothing, so that none of the intended goals of the settlement are served.

More likely, some buyers will have the coupons and others will not because they were not plaintiffs in the lawsuit. The seller may therefore raise the price somewhat, so that plaintiffs who have the coupons pay a lower net price, but other customers who have no coupons must pay more. Coupon-less customers are likely to lose about as much in the aggregate as coupon customers gain. In this case, the seller typically ends up with lower profits as a result of the settlement, but nowhere near as much lower as the face value of the settlement would suggest.

Shouldn't competition solve this problem? One might hope that competition would prevent a firm that issued discount coupons from raising its price. A simulation analysis of such settlements suggests the reverse, however—at least if coupons expire and are not transferable. The profit margin of a firm that faces substantial competition tends to be very small, so if it issues a discount coupon worth 20 percent of the product price, it may need to raise the price by nearly that amount to avoid losing money, even if it consequently loses all of its customers who do not have the discount coupons. In a fairly competitive market, the gain to customers with discount coupons could be as little as 10 percent of the coupons' face value.

Why do parties settle for coupons? One reason parties may settle for coupons is that the people most apt to be hurt by coupons are not at the table. Customers who are not plaintiffs and so will not receive discount coupons may pay higher prices after the coupons are issued, but neither the parties' attorneys nor the judge is required to consider the effect of the settlement on them since they are not parties to the case.

Additionally, a judge who believes that the settlement is worth its full face value, or close to it, might approve high lawyer fees.

Possible solutions. Coupons settlements may be less problematic if coupons are transferable and carry no time limit. Then, customers will view the coupons as more equivalent to cash, so that their demand for the product does not increase and the seller has no incentive to raise prices. Parties might not, however, try to design settlements in these ways. After all, such designs would prevent them from taking money (through higher prices) from customers who do not get the coupons. This observation suggests that judges should be empowered and obligated to consider the interests of those not party to the lawsuit when approving settlement for coupons.

I Love What You Do for Me, Toyota?

A recent class-action suit against Toyota Motor Sales USA, Inc., alleged that Toyota dealers illegally included false charges on dealer invoices. The settlement, approved in September 1997, provides 2.8 million coupons, each good for $150 off the purchase or lease of a Toyota, to consumers who bought or leased a new Toyota between April 1990 and September 1994. Taken at face value, the settlement is worth a total of $420 million to class members. However, it is unlikely that the true value is close to that amount. Although the coupons are transferable, the settlement places several restrictions on their use: They expire in 5 years, cannot be used on certain cars, and can only be used at dealerships in the region where the original car was purchased. Furthermore, nothing in the settlement prevents Toyota dealers from driving harder bargains with buyers who, for example, trade in 1990-1994 Toyotas (even if the customer conceals the existence of the coupon during negotiations). Although the benefits to consumers are difficult to evaluate, at least one group came away from the settlement with a substantial reward: Plaintiffs' attorneys were awarded fees of $4.25 million.

THE PRESIDENT'S FILE
1-19-98

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Volunteerism High in High School. The proportion of incoming college freshmen who performed volunteer work during their last year in high school reached a record high of 73 percent last year (compared with 72 percent in 1996 and 62 percent in 1989), according to a recently released nationwide survey. This rising trend in volunteerism may reflect the fact that more high schools are promoting student volunteerism or even requiring it as a condition for graduation (involuntary volunteerism?). The survey also finds, however, that about three-quarters of college freshmen consider to "be very well off financially" as an essential goal of education (Slightly lower than the peak in 1987). This may explain why only 19 percent of freshmen answered that there is a "very good" chance that they will perform volunteer or community service during college. The annual survey is based on responses of over 250,000 students at 464 2- and 4-year colleges and universities.

Macroeconomic Announcements and Bond Market Behavior. It is widely recognized that new data on the state of the economy or the direction of economic policy can move markets. In fact, a recent study finds that in a one-year period between 1993 and 1994, each of the 25 sharpest price changes and each of the 25 greatest trading surges in the market for 5-year U.S. Treasury notes can be associated with the release of new data. The study found different responses for different information, with employment, the producer price index, Federal Reserve policy changes, and the consumer price index eliciting the most pronounced responses in terms of both price movements and trading activity. The study also finds that the market's response to any given announcement tends to be greater during periods when a change in Federal Reserve policy is expected.

The Fast-Food Fight over the Minimum Wage: Some New Results. In 1994, two Princeton economists published a paper suggesting that an increase in the minimum wage need not reduce employment. The paper, which was based on an analysis of employment trends in the fast food industry in New Jersey and eastern Pennsylvania following a 1992 increase in New Jersey's minimum wage, proved to be a lightning rod for subsequent congressional debate over the minimum wage. (One author became chief economist at the Labor Department, and former Secretary Reich's published memoirs contain a colorful account of a congressional hearing designed to discredit the findings.) Academic research that may have been initiated by the restaurant industry also called into question the original study's data collection methods and findings. Now the original authors have responded with a re-analysis of the effect of the New Jersey minimum wage increase using representative payroll data collected by the Bureau of Labor Statistics. Once again, they find very similar or slightly faster employment growth in New Jersey relative to Pennsylvania after the rise in New Jersey's minimum wage. They also find that the 1996 increase in the Federal minimum wage, which raised the minimum wage in Pennsylvania but not in New Jersey, produced no indication of relative employment losses in Pennsylvania.

INTERNATIONAL ROUNDUP

U.S. Import Prices Enjoy Record Decline in 1997. Import prices fell 0.6 percent in December and 4.9 percent for the year as a whole. The decline over 1997 was the largest annual decrease in the 15 years these data have been compiled. A 26 percent drop in the prices of petroleum imports accounted for much of the decline over the year, although prices of other imports fell by 2.5 percent. Prices for goods imported from Japan fell for the fifth consecutive month, continuing a 2-year slide in which those prices have fallen nearly 10 percent. Prices of goods imported from the newly industrializing countries of Asia have declined by 1.6 percent since November. The depreciations in East Asia can be expected to contribute to further declines in U.S. import prices in 1998.

Infrastructure Finance Falls in 1997. Global private-sector lending to infrastructure projects fell by almost a third last year, in a possible early sign of the real effects of the currency crisis in Southeast Asia. According to preliminary numbers produced by Project Finance, an organization that tracks project, infrastructure, and trade finance markets, 384 deals accounted for a total value of $151 billion in 1997 compared with 897 deals worth $224 billion in 1996. The Asia-Pacific region was one of the worst-hit. Led by severe declines in Indonesia, Thailand, and Hong Kong, the value of investment deals in that region fell from $80.6 billion in 1996 to only $44.3 billion last year.

German Unemployment Reaches Record High. The number of unemployed in Germany rose 200,000 in December and ended 1997 at 4.5 million—the highest year-end level since World War II. This lifted the unemployment rate to nearly 12 percent. The increase came largely in the East German labor market, where one out of five workers is now jobless; the West German unemployment rate, stabilized by export-driven growth, remained near 10 percent for the fifth consecutive month. Rising unemployment could be a source of tension for this year's elections in light of the growing concerns over Germany's integration into the EMU. For example, four prominent German academics announced this week that they would file suit against the EMU for threatening constitutional principles of price stability. Also, one recent poll showed 56 percent opposed to the EMU, and only 39 percent in favor.

Financial Volatility Tests Southeast Asian Faith and Russian Circuit Breakers. Southeast Asian financial markets continued their roller coaster ride this week, starting with a 9 percent drop in the Hang Seng stock index on Monday after news that bad loans had forced the liquidation of a major Hong Kong brokerage house. The next few days saw a rebound, helped by the strength of Wall Street trading and perceptions that the situation in South Korea had stabilized. But Monday's events in Asia precipitated a 7.6 percent drop in stocks on Russia's largest over-the-counter market, setting off newly installed market circuitbreakers, and continuing last week's 6 percent slide.

RELEASES THIS WEEK

Industrial Production and Capacity Utilization
****Embargoed until 9:15 a.m., Friday, January 16, 1998****

The Federal Reserve's index of industrial production rose 0.5 percent in December following an increase of 0.8 percent in November. Capacity utilization rose 0.1 percentage point, to 83.4 percent.

Retail Sales

Advance estimates show that retail sales rose 0.7 percent in December. Excluding sales in the automotive group, retail sales rose 0.2 percent.

Consumer Price Index

The consumer price index increased 0.1 percent in December. Excluding food and energy, consumer prices increased 0.2 percent. For the 12-month period ending in December, the consumer price index rose 1.7 percent; excluding food and energy, the consumer price index rose 2.2 percent.

MAJOR RELEASES NEXT WEEK

U.S. International Trade in Goods and Services (Wednesday)
Housing Starts (Thursday)

U.S. ECONOMIC STATISTICS

	1970-1993	1996	1997:1	1997:2	1997:3
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	3.2	4.9	3.3	3.1
GDP chain-type price index	5.4	2.3	2.4	1.8	1.4
Nonfarm business (NFB) sector:					
Productivity (chain-type)	1.5	1.2	1.4	2.4	4.1
Real compensation per hour:					
Using CPI	0.6	0.2	2.1	2.2	1.9
Using NFB deflator	1.3	1.4	2.4	1.6	2.8
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	10.2	10.2	10.4	10.7
Residential investment	4.5	4.0	4.0	4.0	4.1
Exports	8.2	11.4	11.6	12.0	11.9
Imports	9.2	12.6	12.9	13.1	13.3
Personal saving	5.3	3.1	2.7	3.1	2.6
Federal surplus	-2.7	-1.4	-0.7	-0.5	-0.1

	1970-1993	1997	Oct. 1997	Nov. 1997	Dec. 1997
Unemployment Rate	6.7**	4.9**	4.8	4.6	4.7
Payroll employment (thousands)					
increase per month			291	412	370
increase since Jan. 1993					14349
Inflation (percent per period)					
CPI	5.8	**1.7**	0.2	0.1	**0.1**
PPI-Finished goods	5.0	-1.2	0.1	-0.2	-0.2

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

New or revised data in **boldface**.

FINANCIAL STATISTICS

	1996	1997	Nov. 1997	Dec. 1997	Jan. 15, 1998
Dow-Jones Industrial Average	5743	7441	7677	7910	7692
Interest Rates					
3-month T-bill	5.01	5.06	5.14	5.16	5.00
10-year T-bond	6.44	6.35	5.88	5.81	5.48
Mortgage rate, 30-year fixed	7.80	7.60	7.21	7.10	6.89
Prime rate	8.27	8.44	8.50	8.50	8.50

INTERNATIONAL STATISTICS

Exchange Rates	**Current level January 15, 1998**	**Percent Change from Week ago**	**Year ago**
Deutschemark-Dollar	1.831	0.6	15.0
Yen-Dollar	130.4	-1.6	11.2
Multilateral $ (Mar. 1973=100)	101.1	0.1	12.1

International Comparisons	**Real GDP growth (last 4 quarters)**	**Unemployment rate**	**CPI inflation (last 12 months)**
United States	3.9 (Q3)	4.7 (Dec)	1.7 (Dec)
Canada	4.0 (Q3)	9.0 (Nov)	.9 (Nov)
Japan	1.0 (Q3)	3.5 (Nov)	2.1 (Nov)
France	2.7 (Q3)	12.6 (Nov)	1.2 (Nov)
Germany	2.3 (Q3)	7.8 (Nov)	1.8 (Nov)
Italy	2.1 (Q3)	12.2 (Oct)	1.6 (Nov)
United Kingdom	3.7 (Q3)	6.8 (Nov)	3.7 (Nov)

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1-14-98

(E) ***Nikkei* Survey on PM Hashimoto's Policies forwarded by Tarullo** -- Dan says it "reinforces my belief that Japanese politics rarely reflect popular views in a direct fashion; tempts me to believe that a bold series of policy steps could contribute to a realignment of the political dynamic within Japan;" poll shows only 30.4% support Hashimoto (down from 35% in December); 41% favor more income tax cuts and public spending; and 49% want an economic stimulus package from the government (up from 37% last June).

(F) **Berger Memo on Chilean Salmon** -- you asked how the Commerce Department's Jan. 12 ruling on the dumping of Chilean Salmon related to your Nov. 25 discussion with Frei; Sandy says U.S. industry has been pursuing a dumping action and a separate subsidy/countervailing duty action. Chile won the countervailing duty case just before APEC, and your comment to Frei related to that case; however, NSC's talking points had incorrectly characterized it as a dumping case; last Monday there was a preliminary finding in the dumping case in which Commerce assessed only a 5.79% duty -- far less than the 40% being sought by U.S. industry; Chile's reaction has been muted because the penalty is very small and may yet be thrown out by the ITC.

(G) **Advance Seminar Thank You Letter forwarded by Podesta** -- John says, "We received a lot of very positive feedback from our advance seminar. Thank you for your participation. I think you and HRC recharged a lot of batteries;" he forwards a thank you letter from Roshann Parris praising the seminar.

(H) **Outline of Gov. Bush's proposal to end "Social Promotion" in Texas public schools.** Forwarded by Rahm who thought you would find it interesting.

(I) **Note from Sen. Daschle forwarded by Brophy** -- Daschle says, "My family and I want to thank you for taking the time to meet with us the day after Christmas. It was the highlight of their trip! And I am glad they got to talk with you personally and meet Buddy at the same time! We hope 1998 is filled with good health and happiness. I look forward to going through it with you."

(J) **Letter from Arthur Schechter forwarded by Paul Begala** -- Paul says Arthur loved your talk in Houston; Schechter says your speech was "excellent" and that you made a real impression on the students and on him.

(K) **Articles from Sid Blumenthal on Mid-East.** Sid sends you a piece by Jonathan Broder from the online magazine *Salon* -- Broder is the Washington correspondent for The Jersulam Report, and a piece from Mort Kondracke in *Roll Call.*

We have also received the following items:

Note from Begala on the Harvard/"Nieman Report" on the Media -- report was sent out to some 570 opinion makers, news organizations, etc.

DAN BURKHARDT:

please coordinate the reply.

1-19-98

OUR 16-DAY DEMO WILL SHOW YOU HOW A SCALABLE

SALON

news real

Deadheads, Nazis and Sarah Vowell: The furor continues

U.S. military's hard right turn

▸ OFF YOUR CHEST ▸ NEWSREAL ARCHIVE

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TABLE TALK

No smoking in California bars: Cool or absurd? Huff and puff in Headlines

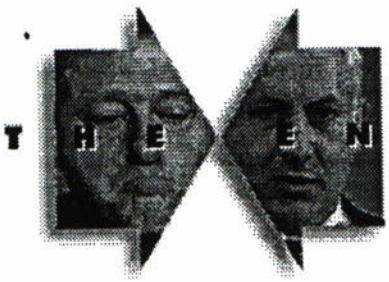
▸ DAILY QUOTE

Tears and taps for Karla Faye Tucker

RECENTLY

The worst show on earth
By Ros Davidson
Ted Kaczynski should be in a mental hospital. Instead, he's about to become the star in a grotesque courtroom circus (01/15/98)

Dream girls
By Jonathan Broder
Why we watch figure skaters go through puberty on



BENJAMIN NETANYAHU'S MEETING WITH PRESIDENT CLINTON NEXT TUESDAY WILL LIKELY SINK THE MIDDLE EAST PEACE PROCESS ALTOGETHER.

BY JONATHAN BRODER | WASHINGTON -- With Prime Minister Benjamin Netanyahu's visit to Washington next week, the U.S.-Israeli relationship is hurtling toward its nastiest confrontation since an agitated George Bush stood before White House microphones in 1991 and told Americans that his Middle East peace policies were under attack by the "powerful forces" of the pro-Israel Jewish lobby.

Back then, Bush's nemesis was flinty Israeli leader Yitzhak Shamir, and the issue was Washington's refusal to provide $10 billion in loan guarantees to Israel until Shamir froze Jewish settlement building in the occupied territories. Bush's comment enraged many American Jews, who accused him of anti-Semitism and voted for Democrat Bill Clinton in the 1992 election.

Now the players are President Clinton, probably

national television
(01/14/98)

The man behind Paula Jones
By Jonathan Broder
The head of the Rutherford Institute says he's not political. An examination of his record suggests otherwise
(01/13/98)

Lord of the dance
By William O Beeman
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(01/12/98)

Slaughter of the innocents
By Erik Marcus
The killing of 1.3 million chickens in Hong Kong is child's play compared to the massacres that occur on American farms every day
(01/09/98)

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Now the players are President Clinton, probably the friendliest American president toward Israel in its 50-year history, and Netanyahu, considered by many to be Israel's most amateurish leader ever. And the odds are, after the two leaders have met on Tuesday, that the peace process will have sunk beneath the waves.

The final gush of cold water will be delivered by Netanyahu in the form of a proposal transparent in its duplicity and breathtaking in its mockery of the underlying principles of a peace process the U.S. was supposed to guarantee. Rather than the "credible and significant" blueprint for withdrawal from the West Bank that Israel was supposed to come up with -- somewhere in the neighborhood of 12 to 15 percent -- Netanyahu, according to sources, is preparing to propose less than 10 percent. Moreover, the proposal is to be accompanied by 11 pages of fine print -- some 50 specific conditions that Israel says the Palestinians must satisfy completely before *any* further withdrawal or any further negotiations on the final status of the territories can take place.

Some of the demands, like the curtailment of Palestinian political activities in Jerusalem, are bound to be rejected by Palestinian leader Yassir Arafat, who is scheduled to meet with Clinton on Thursday. According to Israeli commentators, quoting members of Netanyahu's own coalition government, that is exactly what Netanyahu is hoping and expecting.

"The government does not intend to make any progress along the road to a final status agreement with the Palestinians, but is instead intent on sabotaging the peace process and avoiding any redeployment whatsoever," says an editorial in the respected Israeli Haaretz newspaper. "This latest move is designed to anger the Palestinians and cause them to despair of getting anything in the



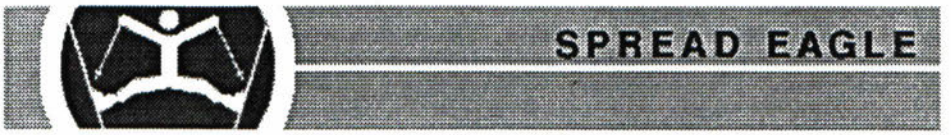
final status negotiating process, so that they can be directly blamed for the breakdown in the peace talks."

Netanyahu denies that is his intention. "There are no ultimatums here," he told reporters in Israel. "We are fulfilling all our commitments and we expect the Palestinians to fulfill their obligations, and we say that if they are indeed fulfilled, we will move forward with the redeployment."



NEXT PAGE | Cold shoulder from Clinton, Congress, American Jews

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SALON

news real

Deadheads, Nazis and Sarah Vowell: The furor continues



▸ OFF YOUR CHEST ▸ NEWSREAL ARCHIVE

TABLE TALK

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▸ DAILY QUOTE

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The end

According to administration officials, President Clinton is keenly aware of Netanyahu's game and is in no mood to humor him. Their meeting has been scheduled for one hour on Tuesday morning. There will be no joint news conference afterward, no lunch, none of the diplomatic niceties that normally accompany an Israeli leader's visit. At some point after their talks, officials say, Clinton will publicly comment on Netanyahu's proposals, and there is every indication he will be sharply critical.

The only question is whether the president will then unveil some new plan to revive the peace process or abandon it altogether -- with a message to Israeli leaders similar to the one the Bush administration sent to the Shamir government: You have the White House telephone number, call when you're serious. If Clinton has any sense, he will do the latter. A U.S. plan will simply be picked apart by both Israelis and Palestinians. The phone number strategy brought down the Shamir government. It could do the same to Netanyahu.

And a crucial difference this time is that Israel no longer has those "powerful forces" it can automatically count on -- the Jewish lobby and a

national television
(01/14/98)

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automatically count on -- the Jewish lobby and a sympathetic U.S. Congress. According to an internal Israeli Foreign Ministry report on congressional attitudes toward Israel, a growing number of lawmakers -- Democrats and Republicans -- have become deeply suspicious of Netanyahu and his intentions toward the peace process. This assessment was driven home last week when a U.S. congressional delegation met with Netanyahu's aides in Jerusalem. According to those who participated in the meeting, the delegation, which included traditionally pro-Israel Reps. David Skaggs, D-Colo., Bill Barrett, R-Neb., and Ray LaHood, R-Ill., asked tough questions about Israel's policy on troop withdrawals. In the end, LaHood expressed the view that Netanyahu was not interested in moving the peace process forward and warned that unless Netanyahu arrives in Washington with proposals for "substantial steps," Israel would no longer be able to count on his support. And LaHood warned he was not alone in Congress in this view.

Moreover, the America-Israel Public Affairs Committee, (AIPAC), the once all-powerful pro-Israeli lobby in Washington, has not been able to stop this erosion of support. In Jerusalem, senior AIPAC lobbyists advised several members of the Israeli Knesset that anyone who thinks that Congress can be turned against the administration on the issue of peace simply does not comprehend Israel's poor image on Capitol Hill. The AIPAC officials added that Netanyahu's support for a proposed law banning the authority of Reform and Conservative Judaism in Israel has so enraged American Jews that the lobby can no longer count on their support on the peace issue.

One concrete test will be the number of Republicans who show up when Netanyahu goes courting on Capitol Hill next week. He is set to meet with House Speaker Newt Gingrich, who

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has said he will make himself available despite the congressional break that doesn't end until Jan. 27. Despite urgent phone calls and invitations from the Israeli embassy, it is far from clear how many fellow Republicans will follow Gingrich's lead and how many will prefer to stay away.

SALON You've seen the movie...

To compensate for his flagging support among Israel's traditional American bases, Netanyahu will spend a significant chunk of his two and a half days here meeting with fundamentalist Christians. On Monday evening, before his meeting with Clinton, Netanyahu is scheduled to address a fundamentalist Christian group called Voices United For Israel. His first media interview will be held on a Christian television station owned by Cal Thomas, a right-wing newspaper columnist who was formerly Jerry Falwell's press secretary. He is also set for a television interview with Pat Robertson, whose written musings on the power of Jewish bankers is considered by some to be expressions of classic anti-Semitism.

When they are not angry or dismayed, administration officials are confused and saddened by the turn of Middle East events and most blame Netanyahu for it. The fervent wish at the State Department and the White House is for his government, currently hanging by a razor-thin majority, to collapse and be replaced by a more moderate leadership. But some officials are beginning to acknowledge that Netanyahu's government may not fall so easily, and that even if it does, the next government may be no less obstructionist.

In his office, President Clinton keeps the yarmulke he wore during the funeral of one his greatest heroes and friends, Israeli Prime Minister Yitzhak Rabin, assassinated in 1995 by a Jewish extremist whose motive was to scuttle the peace process. The question is, what can Clinton do to make sure that his dear friend did not die in vain.

SALON | Jan. 16, 1998

Jonathan Broder is Salon's regular Washington correspondent.

ROLL CALL
THE NEWSPAPER OF CAPITOL HILL SINCE 1955
VOL. 43, NO. 47 MONDAY, JANUARY 12, 1998 $3.00

1-15-1998 4:11PM FROM

PENNSYLVANIA AVENUE

By Morton M. Kondracke

Is Clinton Set to Play Machiavelli When Netanyahu Visits US?

The Clinton Administration is rewriting its playbook for the Jan. 20 US visit of Israeli Prime Minister Binyamin Netanyahu, with new polls indicating that Clinton can afford to get tough with Bibi.

Conceivably, Clinton could even try to engineer the fall of Netanyahu's fragile government and the holding of new elections — if the Administration can figure out a way to avoid strengthening Israel's right wing in the process.

But this strategy obviously could backfire: Acting too harshly toward Netanyahu and getting caught trying to topple him may arouse Israeli nationalism and return Netanyahu's Likud party to power.

On the other hand, if Clinton can undermine Netanyahu while still demonstrating firm support for Israel, new elections might produce a Labor-Likud unity government more capable of advancing the cause of peace with Palestinian Arabs.

Clinton has extraordinary running room in Middle East diplomacy both in Israel and in the United States. Having melted Israeli hearts with his stirring tribute to slain former Prime Minister Yitzhak Rabin in 1995, Clinton is regarded as one of the most pro-Israeli Presidents in history.

Clinton also has credibility because practically the entire top echelon of his foreign policy staff is Jewish, including Secretary of State Madeleine Albright, Undersecretary Stuart Eizenstat, National Security Adviser Sandy Berger, chief Mideast policymaker Martin Indyk, chief Mideast envoy Dennis Ross, and other assistant Secretaries of State.

Moreover, polling last fall by an increasingly influential Jewish group, the Israel Policy Forum, indicates that American Jews not only trust Clinton, but will also support him if he puts "pressure" on Netanyahu. The only catch is that Clinton has to be just as tough with Palestinian leader Yasser Arafat.

In a significant development, the IPF — whose leaders take a "tough dove" stance on the peace process like that of Rabin — hired Clinton's pollster, Mark Penn, to test attitudes among American Jews.

Querying 1,198 adults in September, just after Albright's first visit to the Mideast as Secretary of State, Penn found that 59 percent of US Jews believe that Clinton should "pressure" Netanyahu and Arafat toward peace.

Even though Republican leaders often criticize Clinton for leaning on Netanyahu, the poll showed that 68 percent of Jewish Republicans approve the tactic.

On another question, 62 percent of the total sample (and 59 percent of Republicans) said it was important for Clinton to "push" or "influence" Netanyahu. Eighty-nine percent said that the US should be "even-handed" in mediating between Israel and the Palestinians.

The terms "pressure" and "even-handed" usually elicit automatic hostility from American Jews, having often been code words for bias against Israel.

But 91 percent of the sample (and 72 percent of Republicans) said that Clinton has been "supportive" of Israel. His approval rating among Jewish voters was 76 percent. Netanyahu's was 57 percent.

Clinton is held in high esteem despite his obvious distaste for Netanyahu and the policies of his government. Clinton tilted strongly toward Labor party candidate Shimon Peres, the slain Rabin's successor, in his losing race against Netanyahu in 1996.

The IPF poll indicated 79 percent support for Albright's call for a "time out" in the building of new Jewish settlements in the West Bank — a request Netanyahu has stoutly refused to honor.

In November, Clinton pointedly snubbed Netanyahu, refusing to see him though both were in Los Angeles. Clinton instead visited with Rabin's widow and Peres for more than an hour each. Clinton also indicated he believes that US difficulty in forming a solid al-

Trusted and popular among Israelis and American Jews, Clinton has running room to be tough on Netanyahu.

liance against Iraq's Saddam Hussein was linked to the stalling-out of the Israeli-Palestinian peace process.

No polling has been done since then, but in December the Conference of Presidents of Major Jewish Organizations in America pointedly refused — for the first time in memory — to pass a resolution backing an Israeli government in the face of pressure from the US.

In spite of Clinton's displeasure with Netanyahu — which is even more pronounced among his foreign policy advisers — sources say Clinton's original game plan for Netanyahu's forthcoming visit was "an embrace" designed to strengthen the prime minister's hand if he were willing to push new withdrawals on the West Bank through his cabinet.

Sources say the plan is undergoing revision, however, in the wake of the resignation of Foreign Minister David Levy, leaving Netanyahu with a one-vote majority in Israel's parliament.

Under these circumstances, sources say, it's almost impossible for Netanyahu to support any concessions toward the Palestinians or the US. This was demonstrated last week with the announcement of plans for more new Jewish housing in the West Bank and of a withdrawal schedule unacceptable to the US and Arafat.

With Netanyahu in such perilous political condition, a well-executed shove might topple his government. Under Israeli law, Netanyahu would remain prime minister, but new elections might force him into a coalition with Labor, now led by Rabinesque former Army Chief of Staff Ehud Barak.

Chron

1-14-98

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We have also received the following items:

Note from Begala on the Harvard/"Nieman Report" on the Media -- report was sent out to some 570 opinion makers, news organizations, etc.

DAN BURKHARDT:

please coordinate the reply.

Send to Burkhardt for Reply?

Yes _____ No _____

MR. PRESIDENT _____

ARTHUR SCHECHTER LOVED YOUR TALK IN HOUSTON -- AND HE DOESN'T EVEN NEED TO SUCK UP ANYMORE!

-Begala.

Schechter & Marshall L.L.P.

3200 Travis Houston, Texas 77006 (713) 757-7811 FAX (713) 751-0412
National Watts Houston Numbers: 1 (800) 543-0109 or 1 (800) 282-2122
Houston · Galveston San Antonio Amarillo

January 12, 1998

Mr. Paul Begala
Counselor to the President
The White House
Washington, D.C. 20502

Dear Paul:

The President's speech last Friday, here in Houston, was excellent. You could have heard a pin drop, which was amazing when you consider the thousands of students that were present. He made a real impression on them - and me.

Though I saw you "across a crowded room", I didn't have a chance to speak to you and wish you a happy New Year - which I do now. I was at the Sheila fundraiser, but was only part of her admiring minions.

If I can do anything for you, please call. I look forward to seeing you soon.

With warmest regards,

Arthur L. Schechter

ALS:jag

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1-19-98

original to POTUS
copy COS Burkhardt

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Chron

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THE WHITE HOUSE

WASHINGTON

January 17, 1998

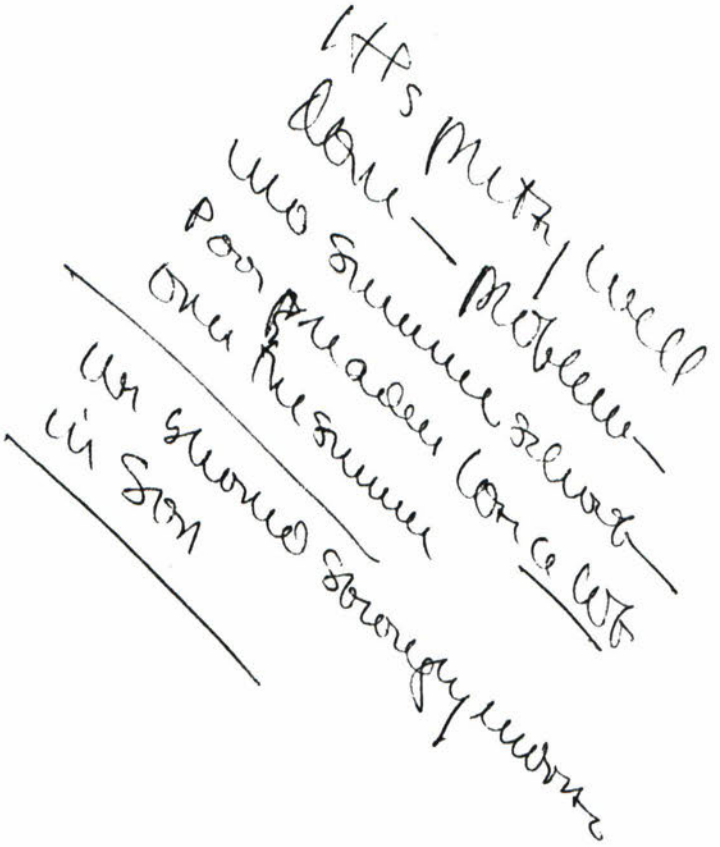
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MEMORANDUM TO THE PRESIDENT

FROM RAHM EMANUEL

SUBJECT SOCIAL PROMOTION

Attached is a question and answer document that Governor George Bush's office released last week on social promotion that I thought you would find interesting.



1-19-98

OFFICE OF THE GOVERNOR
George W. Bush

Questions and Answers about Social Promotion

Date: 1/14/98

"I propose we begin the new century by ending social promotion in Texas schools. I believe the best way to end social promotion is to eliminate the need for it by better equipping our children with basic, building block skills - especially reading - in their first years of school.

"When children artificially rise through the school system through social promotion, no one wins. The child is set up for frustration and failure. Parents are left with a false impression of their children's abilities. Teachers must adjust instruction to accommodate under-prepared children. This, in turn, affects those children who were promoted because they had strong skills and are able to tackle new challenges.

"As socially promoted children move through the system, they cannot keep pace, and many fall into an academic abyss they may never escape. To ensure a quality education for every Texas child, we must put a stop to this practice that creates false hopes, fuels the dropout rate and destroys the dreams of too many children.

"Just advancing children a grade does not make problems disappear. *Fixing the problem* is what makes problems disappear.

"Texas must stop using social promotion to mask our children's learning problems, and start fixing the underlying cause: poor reading skills. To promote children without teaching them to read is like sending them to climb Mount Everest without the equipment or training to reach the summit.

"My plan calls for schools to closely monitor the reading progress of K-3 students, and to quickly intervene when problems are detected, using research-based, phonics-driven reading instruction. Early intervention will ensure poor readers catch up and move ahead in school.

"Holding children back is an *option of last resort*. The point of my plan is not to punish, but to equip every child with the essential skills for learning before it's too late.

"If we leave the system as it is now, we are dooming generations of children to failure. I refuse to accept that. I believe in the bright potential of every single child in Texas. I am committed to rallying public and private resources and the full energy of our education system to bring out that potential.

"This plan will open doors -- to opportunity and hope and a brighter future for every Texas child."

Governor Bush's plan to end social promotion will:

- ☐ require students who do not pass the reading portion of the TAAS in third grade to receive appropriate instruction to advance

- ☐ require 5th graders to pass the reading and math portions of the TAAS to advance
- ☐ require 8th graders to pass the reading, writing and math portions of the TAAS to advance

Ending social promotion will:

- ☑ ensure more students graduate from Texas high schools with the skills to realize their dreams
- ☑ shift the educational focus in Texas to fixing reading problems at the front end of students' schooling - K through 3 -- when intervention is easier, less expensive and more effective
- ☑ change the way parents, local districts and communities think about educating our children by increasing reading awareness and spotlighting advances in research that have led to improved reading instruction

The role of the school districts under this plan is:

- ☐ to ensure proper training and development for K-3 teachers in research-based reading instruction
- ☐ to monitor the reading progress of students in grades K through 2 by administering reading inventories that identify reading problems (beginning in fall 1998)
- ☐ to correct reading problems early using intensive, research-based, phonics-driven reading instruction through strategies - determined by local educators, parents and school boards -- such as: after-school programs, individual tutoring, summer school, or reading academies - intensive schools within schools that focus solely on reading.

Research indicates the importance of catching and correcting reading problems early:

- ☑ Most children who cannot read well by 3rd grade never catch up. (Francis, et al., 1996: 74 percent of children who are poor readers in the 3rd grade remain poor readers in the 9th grade.)
- ☐ A child who cannot identify words at grade level by the end of 1st grade will most likely be a poor reader in 4th grade. (Juel, 1988: Almost 9 of 10 children (88%) who were deficient in word recognition skills in the 1st grade were poor readers in 4th grade.)
- ☐ Nearly all children struggling with reading at the end of 1st grade continue to be poor readers in 3rd grade. (Torgesen, et al., 1997: Over 8 of 10 children with severe word reading problems at the end of 1st grade performed below the average range at the beginning of 3rd grade.)

Q: What is social promotion?
A: Social promotion is a long-standing practice in our Texas public schools of passing students to the next higher grade even though those students have demonstrated an inadequate grasp of basic, building block skills at the current grade level.

Q: Why is it necessary to end social promotion?
A: Just passing under-prepared students along to the next grade without intensive intervention only masks the problem without correcting it. Initial evidence from the TEA indicates most students who fail the TAAS exit test in high school have failed earlier tests.

Had these students received the appropriate intervention, they may have been spared that disappointing outcome.
Scientific research indicates that, very often, the root cause of academic failure is a reading problem, and if those problems are not corrected by third grade, the child almost certainly will never catch up. That is why the Governor's plan to end social promotion calls for focusing our resources and energy on helping students learn to read in grades K through 3, using reading inventories to gauge students' progress and accelerated instruction to correct problems.

Q: Isn't social promotion illegal in Texas? How will the Governor's plan change things?
A: The Texas education code says: "A student may be promoted only on the basis of academic achievement or demonstrated proficiency of the subject matter of the course or grade level."
While the law's intent was to forbid social promotions, in reality, it has not because it does not set clear criteria for student advancement. The Governor's plan makes the ground rules very clear: Student promotions will be tied to performance on the Texas Assessment of Academic Skills tests -- the linchpin of our accountability system that is the best in the nation.

Q: Why did Governor Bush choose the TAAS to gauge student performance?
A: TAAS is a test of minimum, basic skills. It is the best objective measurement we currently have of whether a child has mastered fundamental skills, because the test is linked to the state curriculum (that outlines what we expect children to know), which in turn is linked to the textbooks (that teach what we expect children to know). The TAAS testing schedule is:

- 3rd grade - reading, math
- 4th grade - reading, writing, math
- 5th grade - reading, math
- 6th grade - reading, math
- 7th grade - reading, math
- 8th grade - reading, writing, math, social studies, science (The latter two are not used for accountability purposes)
- 9th grade - reading, writing, math
- 10th grade - reading, writing, math

Q: When does the Governor's plan take effect?
A: With the entering kindergarten class of fall 1999. In the spring/summer of 2003 (when these children are in 3rd grade), they must pass the reading portion of the TAAS or placed into appropriate intervention programs before going on to a regular fourth grade classroom. They also will be the first group of students required to pass the reading and math TAAS tests in fifth grade (fall 2004 - spring 2005 school year) and the reading, writing and math tests in the eighth grade (fall 2007 - spring 2008 school year) to advance to regular classes at the next grade level.

Q: If this plan is so important, why wait until Fall 1999 to implement it?
A: A number of reasons:

1. The Texas Legislature must debate and approve the specifics of the plan during its

next regular session in the spring of 1999.

2. To be successful, certain supporting elements need to be in place, including the K-2 reading inventories to gauge students' progress that begin in fall 1998, and district-wide intervention strategies such as after-school programs, individual tutoring, summer school, or reading academies - intensive reading schools within schools that the legislature recently funded with $32 million.
3. Those supporting elements would be meaningless without properly prepared teachers. Districts need time to provide teachers with additional training to teach the new research-based, phonics-driven curriculum that will be in place in the 1998-99 school year.
4. New textbooks based upon the new curriculum will be available beginning with the 2000-2001 school year - when the first group of students under the plan enter first grade.

Q: How many children could be affected by the plan?
A: The spring 1997 TAAS showed these results:

- 40,421 3rd graders failed the reading portion
- 47,985 5th graders failed the reading or math portion
- 82,981 8th graders failed the reading, writing or math portion.

These numbers should decline once schools focus on fundamental reading skills and implement diagnostic testing at the K-2 level. Also, because third graders who fail will receive intervention before being promoted, the number of fifth and eighth graders who fail should decline substantially. Currently, the number of children who fail more than doubles by 8th grade - suggesting what first began as a fundamental reading problem blossoms into a much bigger problem by later grades, as students fall further and further behind. Often, the root cause of learning problems is a reading problem.

By catching and correcting reading problems early - as the Governor's plan proposes - more third graders will be good readers and better students. That, in turn, will reduce the high failure rate in the later grades because the underlying cause of the failures -- poor reading skills - will have been eliminated, and students will have a better grasp of the core knowledge and building block skills they need to succeed academically.

Q: What happens if a 3rd grade child fails the reading portion of the TAAS?
A: That child will be given accelerated, research-based, phonics-driven reading instruction so he or she can catch up. Each district's strategy for delivering the accelerated instruction will be decided by local parents, educators and school boards. Possible strategies could include: after-school programs, individual tutoring, summer school, or reading academies - intensive reading programs within public schools for which the recent legislature - at the Governor's urging - provided $32 million in funding.

Retention is the avenue of *last resort*. This option will be reserved for students still struggling with reading after intensive remediation. Governor Bush will propose these students should be placed in a reading academy or other special program to ensure they learn the skills they need to advance through the regular school system.

Q: What is the state doing to ensure children who fall under the new rules don't

1-19-98

continue failing reading at the current rate of approximately 20 percent?
A: During the past three years, Governor Bush has proposed and won approval of several new tools to help schools teach children to read. Governor Bush will propose and support additional state resources for early intervention programs during the 1999 Legislative session to help schools meet the goal of ending social promotion. By the time the first group of children reaches third grade (in the year 2002-2003), key new elements to our educational infrastructure will be in place to help ensure their success:

- **Mandatory reading inventories:** Beginning in fall 1998, every school in Texas will be required to evaluate the reading progress of K through 2 students with child- and teacher-friendly reading assessments. The purpose is to identify any problems that need to be corrected through intensive, accelerated reading instruction.
- **Reading Academies:** At the Governor's urging, the Texas Legislature last session approved $32 million to fund K-3 reading academies - intensive schools within schools geared to solving reading problems through research-based, phonics-driven methods of instruction. Governor Bush is committed to finding additional funding for such intervention programs.
- **New back-to-basics curriculum**: The very essence of academic excellence is a rigorous core curriculum - especially in K through 3. Our new curriculum - which will be in place by the 1998-99 school year -- focuses on back-to-basics, knowledge-based instruction, including phonics. New textbooks will reflect that new focus.

Q: What is the state doing to prepare our teachers for this new focus on reading in the early grades?
A: Governor Bush believes the heart of a successful reading program is teachers. He has proposed state funding for Teacher Academies to help elementary teachers develop their skills in teaching research-based, phonics-driven reading programs. He also is urging Texas colleges and universities to take a hard look at their teacher preparation programs to see where they can improve their instruction to ensure every elementary school teacher is a reading expert.

Q: If my child is in the first group of students to fall under the new rules, how will I know of his or her reading progress between kindergarten and third grade?
A: Governor Bush believes parents ought to be active participants in the education process and regularly communicate with their children's teachers. The K-2 reading inventories that teachers will begin using in fall 1998, will give local educators valuable information to pass on to parents about their children's reading progress.

The Governor's hope is this plan - in conjunction with recent education reforms -- will encourage more parents to get actively involved in their children's education and become partners with our schools. When social promotions were banned in Chicago, for example, parental involvement increased dramatically. As Chicago's chief education officer put it: "It's been a wake up call for students, parents and teachers." ("In Chicago, schools get "wake up call"", *Dallas Morning News*, Dec. 5, 1997, p. 20A)

Q: Will children who fail the test have an opportunity to re-take it?
A: Yes. Students who fail the TAAS and are placed in intervention programs will have an opportunity to retake the test to determine whether they have developed the reading skills to

move on. The group of educators who are working with the Governor's office to develop the specifics of the legislative proposal expect they will recommend changes to the current TAAS schedule, perhaps including administering the test earlier in the school year.

Under the current system, a child's reading skills are not measured until the end of 3rd grade. The Governor's plan calls for earlier diagnosis and assessment of reading skills in grades K-2, which should allow parents and teachers more opportunity to work with children and help them succeed.

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THE WHITE HOUSE

WASHINGTON

January 15, 1998

Copied Berger COS

'98 JAN 15 PM10:00

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER

SUBJECT: Chilean Salmon

You asked how the Commerce Department's January 12 ruling on the dumping of Chilean salmon related to your November 25 discussion with Frei on the subject.

U.S. industry has been pursuing two cases against the Chilean salmon exporters, a subsidy/countervailing duty action, and a separate dumping action. Chile won the countervailing duty case, the result of which was announced a few days prior to your meeting with President Frei at APEC. It was this outcome to which your comment to Frei referred. Unfortunately the talking point we gave you incorrectly characterized that as a dumping action.

This Monday there was a preliminary finding on the dumping case, a finding which on balance also favored the Chileans. Our industry had sought a 40 percent penalty. Commerce has preliminarily assessed only a 5.79 percent duty. The Chilean reaction has been muted. They seem to have concluded that a penalty at this low level will not affect the viability of their industry, nor reduce the volume of their exports to the United States. Moreover, they believe that even this penalty may be thrown out by the International Trade Commission, based on a finding of no damage.

cc: Vice President
Chief of Staff
Mr. McLarty

Mitsubishi Unit Deceived Press, Ex-Official Says

By Rochelle Sharpe
Staff Reporter of The Wall Street Journal

The personnel manager at Mitsubishi's U.S. auto plant resigned last October because he refused to engage in the "deception" of Newsweek reporters investigating the company's sexual-harassment problems, his resignation letter says.

Arthur Zintek, vice president and general manager of human resources, was hired by Mitsubishi Motor Manufacturing of America Inc. in Normal, Ill., in April 1997. He quit six months later because he was "being forced to participate in an event that I cannot ethically support," according to his letter, sent to Osamu Ito, executive vice president of human resources and general affairs at the unit. "Deception does not align with either my values or the stated values of the company," Mr. Zintek wrote.

A Mitsubishi official and those close to the case say the resignation letter completely distorts a complicated matter between Mr. Zintek and others at the plant, which is a unit of Mitsubishi Motors Corp. of Japan.

"I'm stunned, appalled, and baffled by what he's alluding to. I know it to be untrue," said spokeswoman Gael O'Brien. "At no time was he asked or ordered to mislead or provide any untrue information to anyone regarding the company's progress."

Mr. Zintek said his letter speaks for itself. In his letter, Mr. Zintek complained that he was being "coached to imply" to the reporters that the company had changed its culture more than it had due to the work of consultant Lynn Martin. Mitsubishi hired the former Labor Secretary in May 1996, shortly after the federal government filed the biggest sexual-harassment lawsuit in history against it. Ms. Martin was charged with improving relations among workers and making the workplace harassment-free.

"We have not seen significant results from our efforts," Mr. Zintek wrote. "I didn't want to participate in this obvious effort to rehabilitate Lynn Martin's reputation at the expense of the best interests of our company, as well as the morale of our employees."

Mitsubishi has never tried to hide the fact that it could take as long as four years to implement the reforms recommended by Ms. Martin's task force, said Ms. O'Brien.

Ms. O'Brien also said that the Equal Employment Opportunity Commission chose to "selectively" file in court two of six confidential documents related to Mr. Zintek's resignation. She declined to describe what the others contained.

The resignation letter was one of many documents filed by the EEOC in U.S. District Court in Peoria, Ill., on Dec. 24. The federal agency submitted the letter as evidence that the case should be tried as a "pattern and practice" lawsuit, which would allow the EEOC to sue on behalf of a class of women offended by what they perceived as a hostile environment. Mitsubishi wants the court to require that the EEOC try each case individually.

In his letter, Mr. Zintek said that he tried to "gracefully bow out" of the Newsweek interviews, but instead received phone calls from Steven Hofman, project coordinator of the Martin task force, threatening Mr. Zintek's reputation.

Mr. Hofman called the threat allegation "blatantly untrue," and added that "Lynn Martin's reputation doesn't need any rehabilitation. Lynn has done what needed to be done."

Mr. Zintek had originally agreed to do the Newsweek interview, Mr. Hofman said, but changed his mind after Ms. Martin spoke with the reporters. Mr. Hofman, who is monitoring the company's progress, said he had spoken with Mr. Zintek because he wanted to know whether there was "something going on that we needed to know about."

The resulting Newsweek article, published Nov. 24, described Mitsubishi's initial response to the EEOC lawsuit as "ham-handed." It continued: "Three weeks later, Mitsubishi wised up and hired Martin." The story, entitled "More Than a Tune-Up," concludes that "the company has made more serious reforms than its critics might expect."

Newsweek Inc. President and Chief Executive Richard Smith declined to comment on the resignation letter, calling it an internal Mitsubishi matter.

The EEOC contends that more than 300 women have been sexually harassed at the 3,000-employee auto plant, with male employees engaging in a wide variety of offensive behaviors, ranging from insulting remarks to one man talking about forcing women to have oral sex and wanting to kill them. In its latest court filing, the agency said changes at Mitsubishi have been "largely cosmetic," and sexual-harassment problems "remain monumental."

WSJ Journal Link: For the text of Mr. Zintek's letter of resignation, see The Wall Street Journal Interactive Edition at http://wsj.com

FAA Teams Are Sent to Boeing Plants In Review Prompted by Silkair Crash

By Jeff Cole
Staff Reporter of The Wall Street Journal

A five-person Federal Aviation Administration team of inspectors prepared to begin today a special weeklong review of Boeing Co. quality procedures, planes and parts at the Seattle-area factory where the company makes its model-737 jetliners.

The review was ordered Friday by FAA Administrator Jane Garvey after concern arose last week that some tail-section fasteners may not have been installed on a 10-month-old Silkair 737 that crashed last month in Indonesia, killing all 104 people on board.

A separate four-person review team has been dispatched to Boeing's plant in Wichita, Kan., where the company makes many component parts for the 737. The FAA wants to ensure that assembly errors aren't occurring in Boeing's congested factories, which are pushing toward record production.

FAA officials also said U.S. airlines were complying with a separate order for immediate inspections of the horizontal stabilizers on 211 of the most recently produced 737s world-wide. The FAA confirmed yesterday that at least 16 of the 95 planes affected in the U.S. fleet had been inspected. Out of the thousands of fasteners examined, one was missing from a Southwest Airlines plane, and another was loose on a separate jet at the same carrier, an FAA spokesman said. Southwest said it found one loose fastener after checking 37 planes subject to the FAA order.

Industry and government officials said that when new inspection tallies are gathered today, it is likely that all of the U.S. fleet will have been examined.

Foreign carriers aren't required to perform the FAA-ordered inspections, but Singapore-based Silkair and other foreign airlines have said they are complying.

The special inspection team will review quality-control procedures at Boeing's factory in Renton, Wash., where the company makes various models of the two-engine 737, which carries 130 to 180 passengers, depending on the seating configuration. The factory also makes the larger 757-model airplane, which typically carries 180 to 200 passengers.

An FAA spokesman said the review will comprise "a whole range of activities," including separate examinations of planes and parts at the operations in Renton and Wichita.

The FAA began its series of actions after investigators found that more than two dozen fasteners were missing from a piece of horizontal stabilizer found in the river where the Silkair plane crashed Dec. 19 after suddenly dropping from about 35,000 feet. Investigators also have questions about a hinge bolt that was missing from the tail-section wreckage. No cause for the crash has been determined, and it isn't clear why the parts were missing.

U.S. Planning Penalty Over Chilean Salmon Because of Low Prices

By a Wall Street Journal Staff Reporter

WASHINGTON — The Commerce Department, in a preliminary ruling, said it would penalize Chilean salmon farmers for selling their products in the U.S. at unfairly low prices.

But the average duty that would be assessed, 5.79%, is far lower than the 40% penalty that U.S. salmon producers in Maine and Washington state are seeking.

"We're disappointed," said Joseph McGonigle, managing director of the Coalition for Fair Atlantic Salmon Trade, which represents U.S. producers. He added that the group was "fairly confident" the penalty would rise after Commerce Department officials send a team to Chile to investigate further before making a final decision in May.

In Chile, Francisco Ruiz, chairman of the Association of Chilean Salmon and Trout, said the preliminary penalty wouldn't affect "the viability of the industry nor the volumes shipped." Still, the case is politically sensitive in Santiago, where officials still bristle over the U.S.'s broken promise to quickly add Chile to the North American Free Trade Agreement, which includes the U.S., Mexico and Canada. With trade expansion stalled, President Clinton is scheduled to travel to Chile in April for the Summit of the Americas.

The U.S. imported $148 million of Chilean salmon in 1996.

Chron

THE PRESIDENT HAS SEEN
1-19-98

Note from Ann Lewis passing along message from Mel Weiss -- Ann spoke in NYC on Wednesday and Weiss (of Milberg Weiss) wanted you to know that: "your meeting in Argentina had a real impact on getting action on the terrorists who blew up the Jewish Community Center. I travel often to Argentina and there has a real change in attitude."

Send to Bukhaudt for Reply?

Yes ✓ No ____

I copy also for info pack

into pot, right?

This is pot of info pack not forwarded to POTUS

'98 JAN 16 P6:16

THE WHITE HOUSE

WASHINGTON

January 16, 1998

MEMORANDUM TO THE PRESIDENT

FROM: **ANN LEWIS** AL

SUBJECT: **HUMAN RIGHTS**

When I spoke in New York on Wednesday, Mel Weiss (of Milberg Weiss) asked that I give you the following message:

"Please tell the President that his meeting in Argentina had a real impact on getting action on the terrorists (who blew up the Jewish Community Center). I travel often to Argentina and I can tell you that he has made a real difference; there has definitely been a change in attitude."

I took this opportunity to talk more about your commitment to human rights.

Send to Burkhardt for note?

✓ Yes ____ No

Got do as part of into park, right?

Carol - As far as I can tell, this is part of the into park
- Chuck

General Colin L. Powell, U.S.A. (Ret.)

Everybody's Children

Giving helps young people grow



ONE OF THE MOST FRIGHTENING SCENES IN Charles Dickens' *A Christmas Carol* occurs when the Ghost of Christmas Present reveals to the yet unredeemed Ebenezer Scrooge two ragged and wolfish children—a boy and a girl, cowering in the folds of his robe. Even flint-hearted Scrooge is intimidated by the sight of them: "Where angels might have sat enthroned, devils lurked, and glared out menacing."

"Spirit," he asks, "are they yours?"

"They are Man's," the ghost replies. "And they cling to me, appealing from their fathers. This boy is Ignorance. This girl is Want. Beware them both, and all of their degree, but most of all beware this boy, for on his brow I see that written which is Doom unless the writing be erased."

Children can be angels or devils, depending on the kind of nurturing they receive from others. They can grow into responsible and contributing members of society, or they can become its dependents, predators and outcasts. And because they are "Man's" children, they are everybody's children. The whole society has a stake in their destiny and a duty to help them grow up strong and confident.

As chairman of America's Promise—The Alliance for Youth, I see angels enthroned and devils lurking every day that I deal with this country's young people. I never cease to be amazed at how little it takes to turn one into the other. In a land as richly blessed as ours, it is indeed tragic to reflect that for want of a little guidance and encouragement, a child may drop out of school, turn to drugs or crime, or create new life before he or she is mature enough to assume the responsibilities of parenthood. Yet as many as 15 million American youngsters are at risk of falling prey to these or other social scourges of our time.

America's Promise was created to give these kids a better chance at life. By the end of the year 2000, we aim to provide at least 2 million of them with five basic resources we believe they need to make it in today's America. These are: an ongoing relationship with a caring adult; safe places and structured activities from which to learn and grow during nonschool hours; a healthy start and a healthy future; a marketable skill through effective education; and an opportunity to give back through community service.

The logic of the first four resources is immediately obvious; the logic of the fifth is less so. If youngsters lack basic needs, does it make sense to ask them to give?

Paradoxically, the answer is yes. Young people—like adults—usually find that when they make a real effort on behalf of others, they get back more than they contribute. Many youngsters report that volunteering in their communities has helped them understand people who are different from themselves, has opened up new career possibilities to them and has enlarged their horizons. According to one poll, more than half of teenage respondents said that their grades improved as a result of volunteering. In Maryland, which has a "service-learning" requirement that students must fulfill to graduate from high school, one initially reluctant volunteer later wrote a first-person account for the Washington *Post*, in which she confessed that her experience in community service was generally positive and actually added value to her résumé.

Even youngsters from disadvantaged backgrounds find that they are enriched by giving of themselves. The Corporation for National Service (AmeriCorps) has some very uplifting stories to tell of young people whose lives have been transformed by serving others. A 20-year-old victim of a drive-by shooting in Los Angeles went on to counsel other youths on how to settle conflicts peacefully. Another AmeriCorps volunteer, a former gang member and drug dealer in Milwaukee, Wis., later founded an organization that helps teenagers break away from gangs.

Recently, I attended a rally for America's Promise in San Antonio, Texas. One of the speakers was a young man who had dropped out of high school at age 15. But his experience as a volunteer inspired him to earn his graduate-equivalency diploma, which set him on the road to college. "Because of community service," he told a hushed crowd of several thousand people, "my life has changed like night and day, and in the process I have made a difference in other people's lives."

Time and again I have been heartened by the willingness of so many young people to embrace an ethic of citizenship that includes service to community and nation. In response to the call issued by America's Promise, the Boy Scouts and Girl Scouts of America have pledged millions of additional hours in service projects, as have the youth affiliates of the Kiwanis and Rotary clubs. Not long ago, the Boys & Girls Clubs of America presented me with a "promise book" of commitments made by Boys & Girls Clubs all across the nation. That book is two inches thick!

Giving to our youth, and helping them learn the joys of giving back, could literally transform America, if we were all willing to involve ourselves in this effort. At this time of year, more than any other, it behooves us to ask ourselves honestly if we are doing enough for "Man's" children. If not, Ignorance and Want will dog our steps and dampen our holiday cheer until we do. ■

The author is chairman of America's Promise—The Alliance for Youth. Those interested in volunteering should call 888-55-YOUTH.

ILLUSTRATION FOR TIME BY ANITA KUNZ

Copied Mathews COS

THE PRESIDENT HAS SEEN
1-19-98

Sylvia is out on maternity leave

THE WHITE HOUSE

WASHINGTON

January 7, 1998

MEMORANDUM FOR COMMISSIONER PAUL TAGLIABUE

FROM: SYLVIA MATHEWS
DEPUTY CHIEF OF STAFF TO THE PRESIDENT

SUBJECT: SUPER BOWL PSA

Per the White House's conversation with Heidi Conlin, I will endeavor to lay out the concept for a public service announcement during the Super Bowl. The National Football League has long been one of the leaders in working toward an integrated and just society. The example of players from very different racial compositions and backgrounds coming together for a common goal has been an example to all Americans on how we need to accept and respect people regardless of their skin color, religion or ethnic background. President Clinton has on numerous occasions used professional sports as a model in his discussions regarding his Race Initiative.

As you know, President Clinton launched his Initiative on Race in June of 1997. This is one of his highest priorities for the country. Today, we stand at a crossroads in our nation. Will we be a nation that celebrates our diversity while embracing that which unites us, or will we allow our differences to divide us? We are asking the NFL to join the President in expanding the vision of a just one America.

Sports plays a very important role in the lives of Americans. Today, many people, particularly our young people, look to athletes as role models. A PSA during the Super Bowl could detail the successful history of racial integration in the NFL. It would demonstrate how people from different races have come together to win games and at the same time tore down the walls of racial segregation. There are many examples of interracial relationships in professional sports. A spot discussing an existing friendship and how they do not allow race to affect their friendship would be very moving and have an impact on the country. One possible friendship would be Reggie White and Brett Favre.

We very much would like to discuss this idea with you as soon as possible. We know that you have been involved in discussions on race already. President Clinton was impressed with your event in Northern Virginia. We look forward to hearing from you in the very near future.

THE PRESIDENT HAS SEEN
1-19-98

MIT'S
TECHNOLOGY
REVIEW

Berger - Eyes-approp distribution
BR

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economic development while stabilizing CO_2 emissions. We cannot afford to lose the opportunity to research, develop, demonstrate, and commercialize it.

TOWARD A WORLD WITHOUT LANDMINES

Philip Morrison and Kosta Tsipis are to be commended for advocating technologies that can make real headway against landmines in "New Hope in the Minefields" (*TR October 1997*). The United States remains firmly committed to addressing the humanitarian crisis that landmines pose and leads the world in the effort to remove them. Since 1993, we have devoted more than $153 million to demining activities. In 1998, we plan to commit some $80 million for this purpose—roughly as much as the rest of the world, as Secretary of State Madeline Albright announced on October 31, when she unveiled the U.S. demining initiative to eliminate the landmine threat to civilians by the year 2010. U.S. experts have helped remove landmines in 15 nations, and we have trained and equipped as many as one-fourth of all the world's active deminers.



As the authors point out, the demining technologies now in use are slow and painfully inefficient. However, your readers should know that the United States leads the world in developing more effective demining technologies. Since 1995, the Department of Defense (DOD) has pursued an R&D program devoted to increasing the safety, speed, and efficiency of demining. The President accelerated these efforts in 1996 and directed that the resulting improved technologies be shared with the international community. The DOD's demining program, the sponsor of most of the systems described by Morrison and Tsipis, focuses on rapid prototyping of near-term, cost-effective solutions to specific demining problems. As of October 1997, it has developed and evaluated 68 prototype items.

DOD is exploring more far-reaching approaches as well. Under its Multidisciplinary University Research Initiative, three university consortia—led by Duke University, Northeastern University, and the University of Missouri at Rolla—are seeking innovative science-based approaches and advancing the basic understanding of mine detection, removal, and neutralization.

DOD has created a Center of Excellence in Unexploded Ordnance to coordinate technology development efforts across other military missions that share the need to detect and dispose of unexploded ordnance. In 1997, these other missions, including countermine warfare and explosive ordnance disposal, conducted $115 million worth of R&D in addition to the $14 million specifically devoted to humanitarian demining R&D. In October 1997, DOD established a Joint Unexploded Ordnance Coordinating Office to coordinate relevant DOD programs as well as those in other federal agencies such as the Department of Energy and the Federal Aviation Administration. This office will also work closely with industry, academia, and international organizations. Finally, the United States is working with international partners, both bilaterally and multilaterally, to develop mine detection and clearance technology.

As Morrison and Tsipis point out, the technical challenges posed by antipersonnel landmines are quite formidable, and no "silver bullet" solutions appear to be waiting on the horizon. Nevertheless, over the past three years, the United States has successfully developed a variety of useful technologies that have made the deminer's task more efficient and effective, as well as safer. We are committed to bringing still more effective demining technologies to fruition and sharing them with the world.

JOHN H. GIBBONS
Assistant to the President for Science and Technology
The White House
Washington, D.C.

THE PRESIDENT HAS SEEN
1-19-98

Copied
CoS
HRC

Rob Reiner

January 15, 1998

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

Dear Mr. President:

Like so many others, I was thrilled at the announcement of your $21 billion dollar child care initiative. It shines a bright light on your ongoing commitment to early childhood development. And though I know the child care package will play an important part in your upcoming State of the Union address, I think it's important to frame it as part of that continued commitment to a healthy start for our youngest children.

The connection of child care to your education goals, which were so eloquently discussed in last year's State of the Union, would give things a sense of continuity and would reinforce the critical importance of giving our children the strong foundation from which to grow into productive members of society. You will have also planted the seeds for a new, enlightened way of attacking social ills.

Again, I'm sure you've considered all of this, but just in case, I'll put this little bug in your ear.

Sincerely,

Rob Reiner

P.S. We're so happy to be working with the First Lady on the launch of our child care campaign this spring.

THE WHITE HOUSE
WASHINGTON

Phil,

Attached is the draft letter from the President which Justice sent over for John Dwyer. The AG's going-away party for John is January 23. It would be nice if we could get something that she could read at that event.

Thanks.

Rob Weiner

John C. Dwyer
United States Department of Justice

Dear John:

I want to thank you for your service to the Department of Justice and to the American people over the last four and a half years. I am particularly grateful for your willingness to serve as Acting Associate Attorney General throughout 1997.

You have overseen with energy and skill a vast range of activities in the Department of Justice: civil rights enforcement (including the church arson task force), environmental protection, antitrust and tax enforcement, and the representation of the federal government itself in all of its activities. All of these efforts benefitted greatly from your leadership.

I want to thank you for your involvement in two of my top domestic policy priorities. First, you deserve great credit for keeping the COPS Program on track -- and under budget -- toward our objective of putting 100,000 additional community police officers into America's communities. In part as a result of the COPS Program and the other 1994 Crime Act programs which you oversaw -- including funding for drug courts, prisons, improved criminal history records, and the implementation of the Violence Against Women Act) -- many American cities are now experiencing the lowest crime rates in decades. Second, when changes in federal affirmative action programs were mandated by the Supreme Court, I said that my Administration was committed to mending, but not ending federal affirmative action. You and your staff have played a pivotal role in that effort.

I am grateful for your service to me and the country. I know that you will bring to your future activities back home in California the same character, energy and judgment that you demonstrated so consistently here in Washington.

Bill -

We should do this.

A.

Phil
11/19

Kevin S. Moran
01/13/98 06:50:26 PM

Record Type: Record

To: Phillip Caplan/WHO/EOP

cc:
Subject: Moonves letter

Here's the scoop. Les Moonves is expecting the letter from the President. Apparently, he wants to put it on his wall along with another letter that was sent to him earlier. My contact says we can get a statement in writing, if needed, saying that the letter will not be distributed, released or exploited for any promotional reasons. k

Dan-

Do you have this letter?

Phil
1/19

THE WHITE HOUSE
WASHINGTON

Date 1/19

To: Don Kerrick

From: The Staff Secretary

Is this letter OK for POTUS' signature?

Phil

THE WHITE HOUSE

WASHINGTON

January 20, 1998

General Wesley K. Clark, USA
Supreme Allied Commander, Europe
and Commander in Chief,
U.S. European Command
CMR 450, Box 7100
APO AE 09705

Dear Wes:

Thanks very much for your note and your kind words about my holiday visit to Bosnia. I'm glad I could do something for the troops -- they really are making a difference for the Bosnian people.

I'm deeply grateful for your leadership of the Supreme Allied Command and for all your efforts to help make our trip successful. Hillary and I send our best wishes to you and Gertrude.

Sincerely,

9

Kyle

SUPREME ALLIED COMMANDER EUROPE
SHAPE, BELGIUM

5 January 98

Dear Mr President,

Just wanted to express again our appreciation for your visit to the troops in Bosnia.

Your presence meant a lot to the men and women there. The troops were thrilled to see you, Hillary and Chelsea, as was clear from the response, and the post-trip feedback has been uniformly very strong here!

Thanks so much for taking the time over the Holidays for our men & women here!

Very respectfully,
Wes Clark

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

1-19-98

Copied Gibbons COS Stern

January 16, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN H. GIBBONS

CC: ERSKINE BOWLES

SUBJECT: OSTP WEEKLY REPORT

BIOMEDICAL INDUSTRY SUPPORTS CLONING LEGISLATION

At OSTP's request, biomedical industry groups met with White House staff this week about their plans to support legislation to ban the use of cloning to create a child. While not identical, their proposal closely tracks your bill, and they are appreciative of your efforts to protect important scientific research that involves non-controversial uses of cloning technology. We will continue to work closely with stakeholders and Congress to encourage development of a carefully crafted bill.

CLIMATE CHANGE RELATED ACTIVITIES

- Jim Hansen has just completed analysis of NASA Goddard's 1997 data record, and it confirms the NOAA announcement of last week and the UK Meteorological statement in November that 1997 was the warmest year since 1880. Each of the 3 data sets is slightly different in terms of earth's surface covered or number of land versus ocean measurements.

- Jock Gill is right that distributing electric generation around a city or community would have great advantages — if the units are cheap to build and maintain (see Jock's note to you of 1/13/98). Some of Jock's ideas have been incorporated in the Partnership for Advanced Technology in Housing that is a key part of your climate change initiative. The FY99 budget provides strong support both for developing small scale electric generating equipment and tax credits for encouraging their deployment. Distributed electric generation, like distributed computing, can provide greater reliability, prove more resilient to disruption, and allow greater flexibility in maintenance (having to shut down one plant doesn't create much of a system-wide problem).

- To ensure that the Administration's side of the story gets told and that our PNGV effort is properly credited with spurring some of the engineering work demonstrated at the recent Detroit auto show, we have reached out to the national media, including the *Wall Street Journal* (John Fialka), *Business Week* (Robert

DAN BURKHARDT:

please coordinate the

1-19-99

Kuttner), and the *New York Times* (Bill Broad and other senior editors). In the days ahead, we expect articles or columns highlighting this innovative government-university-industry collaboration. Building an affordable, practical vehicle that gets high fuel mileage is one of the great engineering challenges of our times. Your work, along with the Vice President's continuing efforts, has accelerated by years the transition to the 21st century car.

HUMANITARIAN DEMINING INITIATIVE STILL NEWSWORTHY

Technology Review, a journal published by MIT (circulation approximately 90,000), printed my letter (attached) describing U.S. humanitarian demining R&D activities in its January/February 1998 issue. Keeping this critical issue and the Administration's position in the public eye will help ensure our success.

OUTREACH ON RACE ISSUES

Arthur Bienenstock, OSTP's Associate Director for Science, addressed the Triple Helix Conference on January 10th . He stressed the long-term importance to U.S. science and technology of attracting women and minority group members into these fields.

Liquid ocean beneath Europa's icy surface — detailed views by NASA's Galileo spacecraft suggest the possibility that living organisms might be found there.

Advances in the production, manipulation, understanding, and variety of nanometer-sized tubes of carbon — the structural cousins of "buckeyballs" behave like semiconductors or metals and are important steps toward future electronic devices and ultrastrong materials. NSF, DOE and DOD help fund this work.

agreed to continue more conversations. This was the first of the post-meeting conversations that we hope to facilitate after each Advisory Board meeting, so that there is significant and immediate follow-up in these communities.

- The roundtable with tribal leaders held in Phoenix with the Race Advisory Board on January 13 was a great success. The tribal leaders were able to educate the members of the Board about conditions in Indian Country and the racism they experience. The meeting was well-covered by the press.

- At the request of Governor Tom Carper (D-DE) and as part of the Administration's "Day On" effort on Martin Luther King, Jr., Day, I will address the YWCA Study Circles Program on Racism and Race Relations Kick-Off Event in Wilmington, Delaware. Governor Carper, Wilmington Mayor Tom Sills (D) and Lieutenant Governor Ruth Ann Minner (D) will be in attendance at this event, which is co-sponsored by the Delaware Human Relations Commission, the Delaware Region National Conference of Christians and Jews, the Delaware State Conference NAACP, and the Interdenominational Ministers Action Council.

II. INTERGOVERNMENTAL CONSTITUENCIES

Governors

- We contacted Angus King (D-ME), Jeanne Shaheen (D-NH), Howard Dean (D-VT), and James Hunt (D-NC), to notify them of the disaster declarations for their states. Additionally, we spoke with Governor George Pataki (R-NY) and Governor Don Sundquist's (R-TN) staffs to notify them of the federal assistance being provided to New York and Tennessee.

- Governor Angus King (I-ME) wrote you to request a release from the Low Income Home Energy Assistance Program (LIHEAP) emergency fund set-aside to assist Maine citizens during their recent disaster.

- Governor George Pataki (R-NY) also wrote you requesting that you release emergency LIHEAP funding to New York State. The Governor called you this week to express his appreciation for the rapid federal response to the winter ice storms in New York. He also made several public comments this week praising the FEMA relief operation.

- Governor Parris Glendening (D-MD) wrote to urge you to give serious consideration to the issue of federal funding for the Woodrow Wilson Bridge.

- A coalition of several governors deemed the "Governors' Public Power Alliance," including Governors Ben Nelson (D-NE; Chair), Donald Sundquist (R-TN; Vice Chair), Tony Knowles (D-AK), Lawton Chiles (D-FL), Terry Branstad (R-IA), Bill Janklow (R-SD), and Gary Locke (D-WA), wrote to urge you to oppose a "one-size-fits-all" federal

chron

1-19-98

- The National Italian American Foundation offered to assist with the costs of repairing the vandalism that took place in the Blue Room of the White House.

AFRICAN AMERICAN OUTREACH

- We have had several follow up meetings with black farmers to discuss the progress being made to settle their cases. While there has been movement in the Department of Agriculture, Justice and Agriculture lawyers have not decided the issues of Statute of Limitations. Congresswoman Eva Clayton and Congressman Benny Thompson continue to express interest in the resolution of this issue.

- We met with Bill Gray of the UNCF to discuss a proposal to launch a project between historical black colleges and countries on the African continent. He hopes to work with AID on this project.

JEWISH OUTREACH

- The Simon Wiesenthal Center called on you to urge the leaders of the Baltic nations to prosecute suspected Nazi war criminals living unhindered in those countries. The center claims that some citizens of Lithuania, Latvia and Estonia cooperated with Nazis to an extent that made it a major factor in the annihilation of those countries' Jewish populations.

- OPL hosted an interdenominational group of rabbis from across the country to discuss the President's priorities in the upcoming year. The group met with Jack Lew, Elena Kagan, Bill Marshall, Eric Schwartz, Dennis Ross and the Vice President.

- A series of ads placed by Jewish organizations and individuals will appear in a variety of newspapers regarding the upcoming visit of Prime Minister Netanyahu and Chairman Arafat. The message of these ads ranges from expressing support for your leadership in the peace process to concern about America's role in ongoing negotiations. The ad will run this weekend.

RELIGIOUS OUTREACH

- Counsel's office is working with the coalition and appropriate federal agencies to resolve outstanding issues regarding legislation supporting religious freedom in the private workplace.

DISABILITY

- OPL and DPC met with members of the Administrations disability community. They are extremely concerned about the budget focusing specifically on the failure to increase funds for IDEA and to provide $2 million for a demonstration project for assisted living.

HEALTH CARE

1-19-98

- Reaction to your Health Care/Consumer Bill of Rights announcement were positive. Our friends were pleased to see you take the upper hand on health care and to keep the message of health care in the forefront.

- OPL coordinated a meeting with DPC and members of the national Prostrate Cancer Coalition to discuss increased funding for prostrate cancer research. DOD will be announcing in the Spring, new grants focused on prostrate concern research.

VETERAN OUTREACH

- We are working with the Military Office and Cabinet Affairs in the planning of the Medal of Honor presentation to Major General Day on January 20 for heroism during WWII>

- We are working with VPOTUS's office for a possible event commemorating the 15th anniversary of the Vietnam Veterans Memorial.

GAY AND LESBIAN OUTREACH

- Gay groups and computer privacy advocates were outraged over DOD's planned discharge of a 18-year veteran based on his inadvertent disclosure of his AOL computer profile, which suggested he might be gay. DOD's report on the enforcement of "don't ask, don't tell" is due at the end of the month. This particular discharge, while it may be within the letter of the law, will draw significant new attention to the perceived inequities of the policy and may create a new backlash against it.

BILL LANN LEE

- The White House convened a meeting of groups and legislative staff, the first since the December 15 naming of Bill Lann Lee as Assistant Attorney General for Civil Rights and Counselor to the Attorney General. The purpose of the meeting was to develop strategy and consider next steps in getting Lee confirmed.

SATCHER NOMINATION

- OPL is working with the AMA , National Medical Association and the American Academy of Family Physicians to coordinate physician letters to the Editors and to schedule Editorial Board interviews in various states on behalf of the Satcher nomination.

TOBACCO

- OPL met with Concerned Friends For Tobacco on Thursday, January 15, to receive a draft "core principles statement between the public health community and the tobacco producers community." They worked with Senator Robb's office on development of his tobacco proposal which was presented to you at the Small Farmers meeting. This group

Chron

1-19-98

'98 JAN 12 PM5:53

original to POTUS
Copy COS Burkhardt

Schechter & Marshall L.L.P.

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January 12, 1998

Send to Burkhardt for Reply?

Yes ✓ No ____

Mr. Paul Begala
Counselor to the President
The White House
Washington, D.C. 20502

Dear Paul:

The President's speech last Friday, here in Houston, was excellent. You could have heard a pin drop, which was amazing when you consider the thousands of students that were present. He made a real impression on them - and me.

Though I saw you "across a crowded room", I didn't have a chance to speak to you and wish you a happy New Year - which I do now. I was at the Sheila fundraiser, but was only part of her admiring minions.

If I can do anything for you, please call. I look forward to seeing you soon.

With warmest regards,

Arthur L. Sche

ALS:jag

MR. PRESIDENT ____

ARTHUR SCHECHTER LOVED YOUR TALK IN HOUSTON -- AND HE DOESN'T EVEN NEED TO SUCK UP ANYMORE!

-Begala.

MR. PRESIDENT ———

ARTHUR SCHECHTER LOVED YOUR TALK IN HOUSTON -- AND HE DOESN'T EVEN NEED TO SUCK UP ANYMORE!

-Begala.

Schechter & Marshall L.L.P.
3200 Travis Houston, Texas 77006 (713) 757-7811 FAX (713) 751-0412
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Houston · Galveston San Antonio Amarillo

January 12, 1998

Mr. Paul Begala
Counselor to the President
The White House
Washington, D.C. 20502

Dear Paul:

The President's speech last Friday, here in Houston, was excellent. You could have heard a pin drop, which was amazing when you consider the thousands of students that were present. He made a real impression on them - and me.

Though I saw you "across a crowded room", I didn't have a chance to speak to you and wish you a happy New Year - which I do now. I was at the Sheila fundraiser, but was only part of her admiring minions.

If I can do anything for you, please call. I look forward to seeing you soon.

With warmest regards,

Arthur L. Schechter

ALS:jag

THE WHITE HOUSE

WASHINGTON

Date 1-21-98

To: Jack Lew

From: The Staff Secretary

The attached is from the January 17, 1998, Office of Intergovernmental Affairs Weekly Report - January 12-16, 1998.

1-19-98

agreed to continue more conversations. This was the first of the post-meeting conversations that we hope to facilitate after each Advisory Board meeting, so that there is significant and immediate follow-up in these communities.

- The roundtable with tribal leaders held in Phoenix with the Race Advisory Board on January 13 was a great success. The tribal leaders were able to educate the members of the Board about conditions in Indian Country and the racism they experience. The meeting was well-covered by the press.

- At the request of Governor Tom Carper (D-DE) and as part of the Administration's "Day On" effort on Martin Luther King, Jr., Day, I will address the YWCA Study Circles Program on Racism and Race Relations Kick-Off Event in Wilmington, Delaware. Governor Carper, Wilmington Mayor Tom Sills (D) and Lieutenant Governor Ruth Ann Minner (D) will be in attendance at this event, which is co-sponsored by the Delaware Human Relations Commission, the Delaware Region National Conference of Christians and Jews, the Delaware State Conference NAACP, and the Interdenominational Ministers Action Council.

II. INTERGOVERNMENTAL CONSTITUENCIES

Governors

- We contacted Angus King (D-ME), Jeanne Shaheen (D-NH), Howard Dean (D-VT), and James Hunt (D-NC), to notify them of the disaster declarations for their states. Additionally, we spoke with Governor George Pataki (R-NY) and Governor Don Sundquist's (R-TN) staffs to notify them of the federal assistance being provided to New York and Tennessee.

- Governor Angus King (I-ME) wrote you to request a release from the Low Income Home Energy Assistance Program (LIHEAP) emergency fund set-aside to assist Maine citizens during their recent disaster.

- Governor George Pataki (R-NY) also wrote you requesting that you release emergency LIHEAP funding to New York State. The Governor called you this week to express his appreciation for the rapid federal response to the winter ice storms in New York. He also made several public comments this week praising the FEMA relief operation.

- Governor Parris Glendening (D-MD) wrote to urge you to give serious consideration to the issue of federal funding for the Woodrow Wilson Bridge.

- A coalition of several governors deemed the "Governors' Public Power Alliance," including Governors Ben Nelson (D-NE; Chair), Donald Sundquist (R-TN; Vice Chair), Tony Knowles (D-AK), Lawton Chiles (D-FL), Terry Branstad (R-IA), Bill Janklow (R-SD), and Gary Locke (D-WA), wrote to urge you to oppose a "one-size-fits-all" federal

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THE PRESIDENT HAS SEEN
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THE WHITE HOUSE

WASHINGTON

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Jack Lew

January 17, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra

SUBJECT: Office of Intergovernmental Affairs Weekly Report -- January 12 - 16, 1998

CC: The Vice President

I. PRESIDENTIAL PRIORITIES

State of the Union Roll-Out

- We have been working with the Office of Communications and the other outreach offices to finalize a plan to amplify your State of the Union Address. We plan to hold a conference call with the communications staffs of selected state and local elected officials prior to your address to encourage them to hold events and press conferences or write editorials to amplify your message. We will also brief selected governors and mayors just prior to your speech so that they will be able to talk to their press corps immediately following, and in the days after, the State of the Union. We are also working to fully utilize the 200 mayors expected in Washington, January 28 - 30 for the U.S. Conference of Mayors Winter Meeting. Following your State of the Union Address, we will continue to work with the selected elected officials to ensure that they are amplifying your message in their regional media.

Race Initiative

- We provided extensive support to the PIR for the Race Advisory Board Meeting and other related activities which were held this week in Phoenix. Arizonan Fred DuVal and Lynn Cutler assisted in the planning, and along with the race staff, assured the necessary outreach and inclusion for the event.

- The first of the community "One America Conversations" was conducted by the Human Rights Commission of Phoenix on January 15 after the Advisory Board meeting. Tina Robbins, the Phoenix Human Rights Commission Chair, reported that an open and honest dialogue took place between the nine state and local elected officials who took part -- including a discussion of affirmative action between the Republican Mayor of Tempe (for) and a Republican state legislator (against). The participants were pleased and

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approach to restructuring the electric utility industry. They assert that the federal government should respect the traditional prerogative of state and local authorities to regulate utility transactions and should support their efforts to develop creative approaches to meet local needs.

- Governor Jim Hunt (D-NC) wrote to thank you for all your efforts to make 1997 an unforgettable and pivotal year in the history of the National Board for Professional Teaching Standards.

Mayors

- We are working on the upcoming U.S. Conference of Mayors (USCM) Winter Meeting in Washington January 28 - 30. There are at least six Cabinet members addressing the conference, as well as Mrs. Gore -- who will focus on lead paint poisoning issues. On Friday, January 30, you will address the mayors at a breakfast on the State Floor. We are planning to facilitate amplification of the State of the Union with the mayors, including a briefing for key mayors at the White House and press availability on the day of your address. USCM will also hold two press conferences a day during their meeting which will amplify your message and the importance of the local/federal partnership. In addition, we are enlisting the support of the mayors on issues surrounding the Census.

- We worked closely with Mayor Rudolph Giuliani (R-New York, NY) to coordinate your COPS announcement in New York City this week. The Mayor was very pleased, of course, with the grant itself and the bi-partisan message the event sent.

- Mayor Joe Serna (D-Sacramento, CA) was pleased to be included in your Initiative on Race meeting on January 12 with community and organization leaders. In addition to this session, he participated in several meetings with Administration officials, including briefings on the Administration's child care and education initiatives and the Chiapas situation, briefings at HUD and FEMA, lunch with White House staff members, and a meeting with Rahm Emanuel.

- We met with Mayor Jim Baca (D-Albuquerque, NM), who was in Washington for meetings focused primarily on transportation funding for FY99 and water reclamation issues.

- We met with Mayor Nancy Graham (R-West Palm Beach, FL), who is doing a great deal in her city in partnership with several federal agencies. The Mayor continues to address water conservation, transportation innovations, and the redevelopment of downtown West Palm Beach. She is very supportive of you and the Vice President.

- Mayor Roxanne Qualls (D-Cincinnati, OH) called with a concern about the Postal Service moving out of inner-city Cincinnati to an outlying area. We worked to ensure that when the Postal Service moves, they will stay in the City, which will involve approximately 2,200 jobs.

1-19-99

- We have invited the women mayors who will be attending the USCM Winter Meeting to a State of the Union "watch party" with women from the Administration. Additionally, Audrey Haynes will attend the women mayors' caucus to address child care and other initiatives of import to families.

Indian Country

- The recognition of Wilma Mankiller in the Presidential Medal of Freedom award ceremony was extremely well-received by the Native American community. We invited several community leaders from Indian Country to the ceremony and expect positive press coverage of the event.

- As you know, John Echohawk, a member of the Pawnee Tribe of Oklahoma and the Executive Director of the Native American Rights Fund (NARF), attended the Race Initiative session you held with community leaders on Monday, January 12. This inclusion has been noted in Indian Country and was highly praised.

Insular Affairs

- Many Puerto Ricans are encouraging you to mention the status issue in the State of the Union Address since this year marks the Centennial of the taking of Puerto Rico (as well as Guam) and because of the current bipartisan bill for a Puerto Rican choice. Among those seeking this are: your key 1992 supporter -- former Commonwealth party, Senate, and Democratic committee head, Miguel Hernandez Agosto; Governor Pedro Rossello (D-PR); Congressman Carlos Romero-Barcelo (D-PR); and the Independence Party Representative Jose Serrano (D-NY).

- Congress' Immigration Commission found the Northern Mariana Islands' immigration system "antithetical" to U.S. immigration principles and likened it to "no democracy." The Commission recommended that federal law be phased-in -- as you, House Resources Committee Ranking Democrat George Miller (D-CA), and Senator Daniel Akaka (D-HI) have proposed -- if we cannot get the new governor to correct the system. It also suggested enabling the islands to become sovereign (if the immigration system is their priority) as Representative Patsy Mink (D-HI) has proposed. Meanwhile, Pedro Tenorio (I) took office as Governor, calling for talks with us on that issue and a moratorium on the growth of the garment industry (which has prompted many complaints about the system). There was also skeptical press attention to a visit to the islands by House Majority Whip Tom DeLay (TX) who has promised to block our bill.

III. OTHER ISSUES AND ACTIVITIES

Judges Initiative

- We have received assurance from the U.S. Conference of Mayors that they will focus one

of their Winter Meeting press briefings on the failure of the Senate to confirm your judicial nominees, which creates large costs for local communities because of the backlog of cases.

Agency/Department Intergovernmental Affairs

- Michael Waldman spoke to our regular meeting of the agency/department intergovernmental affairs representatives on Monday, January 12. His comments focussed on the "evolution" of your State of the Union Address (and other speeches), and the importance of the contributions of the agencies and departments in highlighting the achievements and goals of the Administration and in locating "real life" examples of their impact. This session was very helpful in the effort to team with our colleagues in the federal departments and agencies in order to forward your priorities, particularly as we approach the roll-out of your State of the Union message.

Hispanic Education Initiatives

- We convened a meeting with NEC, OPL, and Legislative Affairs to review the Hispanic education initiatives we expect to announce soon. Further, we discussed roll-out event options, amplification strategies, and timing issues.

Bilingual Education

- We continue to coordinate with OPL and others to seek the views of our constituencies on the issues surrounding the California bilingual education initiative expected on the ballot in June, 1998.

Texas Trip Follow-Up

- We convened a meeting with Legislative Affairs and Cabinet Affairs to organize the follow-up activity in response to your meeting with mayors and community leaders on January 9 in McAllen, Texas. We will work with the appropriate department staff to address the I-69, water quality and quantity, education and job training, Empowerment Zones, border crossing, and bridge permit issues that were raised in the meeting.