Chron

THE PRESIDENT HAS SEEN
3-2-98

THE WHITE HOUSE
WASHINGTON

February 28, 1998

MR. PRESIDENT:

Attached are the following weekly information items:

(A) **Weekly Economic Briefing**

(B) **Interest Rates and the Stock Market (CEA) and Update on Emerging Markets (Treasury)**

(C) **DPC Report**

(D) **NEC Report**

(E) **CEQ Report**

(F) **Emanuel Report**

(G) **Legislative Report**

(H) **Race Initiative Report**

(I) **Public Liaison Report**

(J) **Intergovernmental Report**

(K) **Cabinet Affairs Report**

(L) **Political Report**

Phil Caplan
Phil

Tab A - Yellen / COS -
page 2 Reed/Sperling / COS
page 4 HRC/COS
page 6 HRC/COS

Tab C - Reed / Kagan / COS
Tab D - Sperling / COS
page 4 Bowles
Tab E - McGinty / COS
Tab F - Emanuel / COS
Tab L - Smith / COS
page 2 Burkhardt and COS

Tab A

THE PRESIDENT HAS SEEN
3-2-98

'98 FEB 27 AM 8:13

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

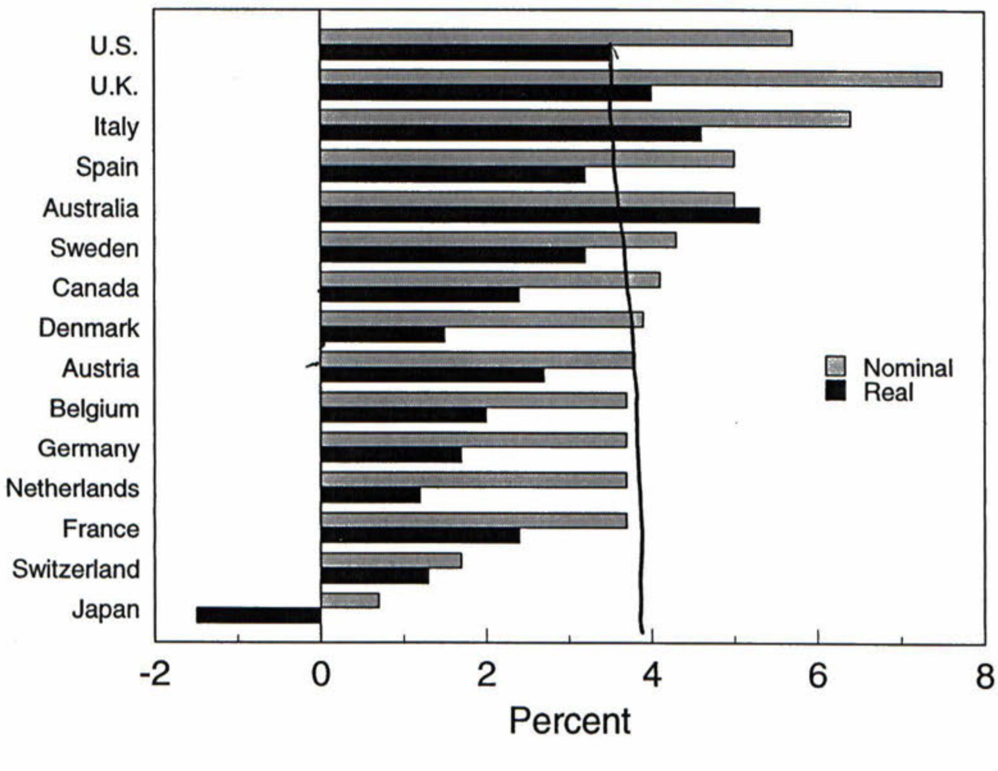
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

February 27, 1998

Entire report:
Yellen/COS
page 2
Reed/Sperling/COS
page 4
HRC/COS
page 6
HRC/COS

CHART OF THE WEEK

Nominal and Real Short-Term Interest Rates



Short-term (3-month) interest rates in the United States are near the upper end of the range among industrialized countries. Japan's nominal rate is so low that even with a relatively modest rate of inflation its real rate (the nominal rate minus inflation) is negative. Australia is the only country in the group experiencing actual deflation (which produces a real rate that is higher than the nominal rate).

CONTENTS

CURRENT DEVELOPMENT

U.S. Trade Data Show Some Signs of the Asia Crisis 1

SPECIAL ANALYSES

The Beveridge Curve 2

Inequality of Earnings and Health Benefits 3

ARTICLE

Having It All? Marriage, Motherhood, and Wages 4

DEPARTMENTS

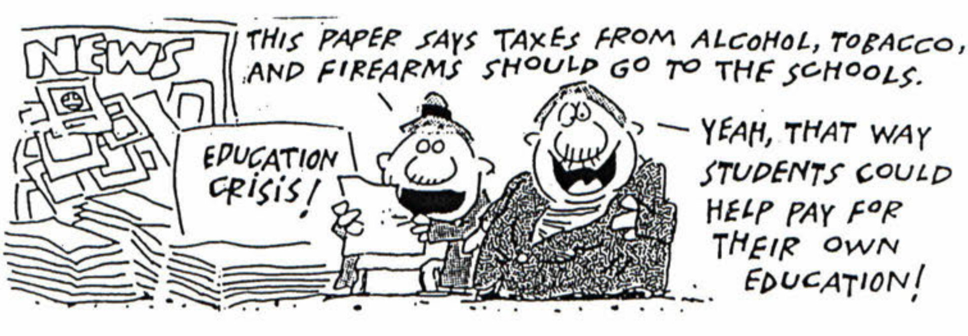
Business, Consumer, and Regional Roundup 6

International Roundup 7

Releases 8

U.S. Economic Statistics 9

Financial and International Statistics 10

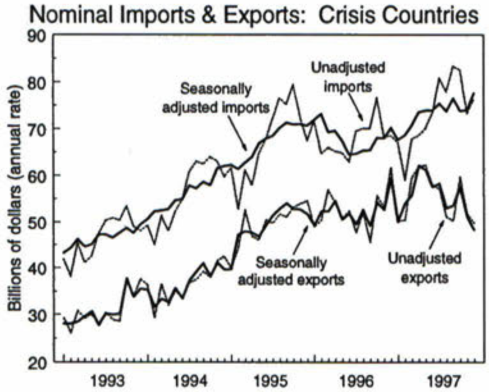


CURRENT DEVELOPMENT

U.S. Trade Data Show Some Signs of the Asia Crisis

It is widely expected that the financial crisis in East Asia, which has developed since the floating of the Thai baht last July, will cause the U.S. trade deficit to deteriorate over the coming year. So far, however, the main impact has been a modest decline in U.S. exports to the region; imports have remained stable.

Nominal Imports & Exports: Crisis Countries



Exports. As expected, U.S. exports of goods to the most hard-hit countries (South Korea, Indonesia, Thailand, Malaysia, and the Philippines) fell in the second half of 1997 (see chart). This decline of about $8 billion at an annual rate is large enough to show up noticeably in our trade with these countries—though the decline equals just 1.1 percent of our total goods exports and just 0.1 percent of our GDP.

No import surge. The feared tsunami of imports from the affected countries has not yet appeared. Nominal U.S. imports from the five crisis countries increased sharply in the third quarter. But official bilateral trade data are not seasonally adjusted, and CEA's exploratory efforts at seasonal adjustment suggest that much of this increase can be explained by factors such as purchases of consumer goods in anticipation of Christmas. Seasonally adjusted nominal imports of goods from the five countries grew at only a $3.6 billion annual rate in the second half of 1997. Seasonal adjustment does, however, result in a larger December trade deficit in goods with these countries.

The future. Some reports suggest that one reason imports have not grown more, as yet, is that disruptions in the countries' banking systems have made it difficult for would-be exporters to get needed trade credit. Also, it typically takes time for currency depreciations to translate into greater imports. Asian currencies have continued to depreciate, hence, the effect on bilateral trade deficits is likely to grow.

THE PRESIDENT HAS SEEN
3-2-98

cc BReed
Gene
futurity

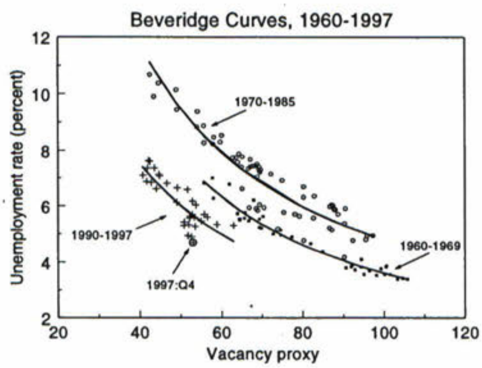
copied
Reed
Sperling
COS

SPECIAL ANALYSIS

The Beveridge Curve

Economists often use the Phillips curve—a relationship between the unemployment rate and the inflation rate—to assess labor market tightness. A different curve, named for the British economist William Beveridge, receives less attention but may also provide useful information about labor-market slack.

What is it? The Beveridge curve relates the unemployment rate to unfilled job openings (vacancies). During a recession, firms tend to have few job openings and unemployment is high. In an expansion, by contrast, demand for labor is high—firms have many vacancies—and the unemployment rate is low. This yields a downward-sloping relationship between unemployment and vacancies (see chart). The chart uses a proxy for vacancies based on an index of help-wanted advertising, because the government does not currently collect vacancy data. However, the 1999 Budget requests funds to collect and publish national data on job vacancies and labor turnover.



What does it tell us? If demand for labor is high relative to its supply, the level of vacancies will be high relative to unemployment. Thus, points that lie on the lower right of the Beveridge curve might be associated with greater inflationary pressure.

Shifts over time. The Beveridge curve appears to have shifted several times. Such shifts generally reflect structural changes in the labor market. For example, shifts in the composition of demand for labor across industries or regions could increase the degree of mismatch between unemployed workers and available jobs, leading to an outward shift in the curve (as more unemployment is associated with any given level of vacancies). Demographic factors can also shift the curve. In particular, the entry of the baby-boom cohorts into the labor market may have contributed to the curve's outward shift in the 1970s. By contrast, more efficient matching of workers and jobs could cause the curve to shift in, with less unemployment being associated with a given level of vacancies. Evidence of recent shifting should be interpreted with caution, however, because of potential problems with the help-wanted index as a proxy for vacancies (for example, it does not capture shifts in advertising to suburban newspapers, Internet job postings, or growth in the temporary help industry).

Where are we now? The unemployment rate is low at present, but vacancies do not seem overly high. Moreover, the Beveridge curve appears to have shifted inward, in which case, better matching of workers to jobs could be one reason why low levels of unemployment have not been associated with significant wage acceleration.

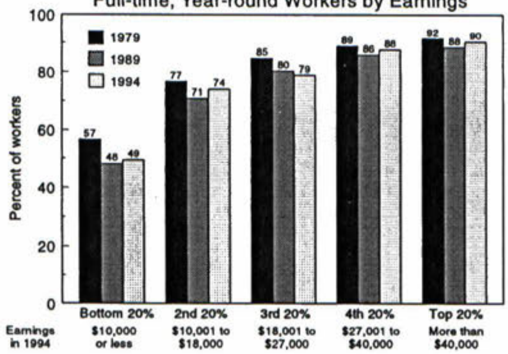
SPECIAL ANALYSIS

Inequality of Earnings and Health Benefits

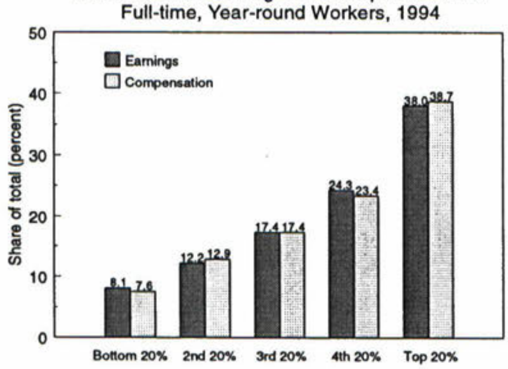
A number of studies have documented the rise in earnings inequality over the past two decades. But earnings are just one part of labor income. A more complete analysis would look at total compensation, which includes pension and health benefits, payroll taxes, and contributions to workers' compensation and unemployment insurance.

A first step. A recent study provides a partial analysis of the impact of non-wage benefits on inequality. It constructs a measure of compensation that includes both earnings and the imputed value of health insurance. It then compares the distribution of earnings with the distribution of this measure of compensation among 25- to 54-year-old full-time, year-round workers in 1979, 1989, and 1994.

Employer-Paid Health Insurance Coverage for Full-time, Year-round Workers by Earnings



Distribution of Earnings and Compensation for Full-time, Year-round Workers, 1994



Employer-paid health benefits. In each of the 3 years examined, workers at the bottom of the earnings distribution were far less likely than those at the top to have employer-paid health insurance (see upper chart). In 1994, for example, 49 percent of workers in the bottom fifth of the earnings distribution had some fraction of health insurance paid by their employer, compared with 90 percent of those in the top fifth. However, among those receiving them, health benefits represented a larger proportion of earnings for workers at the bottom.

Compensation. Even though employer-paid health benefits are distributed quite unevenly, the distribution of compensation looks very similar to that of earnings alone (see lower chart). This is because health benefits are a relatively small portion of compensation (less than 10 percent in this study).

Conclusion. Total compensation provides a more complete picture of the distribution of labor market rewards than earnings. Employer-paid health insurance alone appears to be too small a share of total compensation to affect our picture of earnings inequality. But a more complete analysis could produce different results, because total non-wage benefits represent more than a quarter of total compensation, and their share of compensation has been increasing.

THE PRESIDENT HAS SEEN
3-2-98

cc HRC

copied
HRC
COS

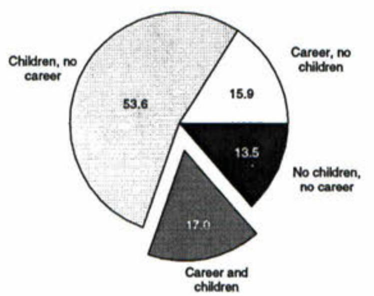
ARTICLE

Having It All? Marriage, Motherhood, and Wages

Many college-educated women of the baby-boom generation aspired to have both a career and a family by mid-life. But a recent study finds that surprisingly few were able to do so as of the late 1980s. A more positive finding from another study is that childbearing does not seem to reduce women's pay at age 30 as much as it used to.

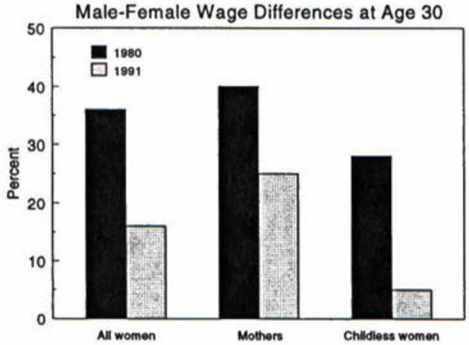
The facts of wife. A study of white female college graduates born between 1944 and 1954 finds that only 17 percent had both children and a career as of the late 1980s, when these women were in their late 30s and early 40s (see upper chart). Career is defined here as having had an hourly wage that would have put them above the bottom quarter of the white male college graduate wage distribution in both 1987 and 1988. Other definitions produce estimates ranging from 12 to 22 percent for the share of college women "having it all." Nearly half of women with careers were childless, compared with about a fifth of women without careers.

Career and Family Status of White Female College Graduates Aged 35-45, Late 1980s



Family, children, and the gender gap in pay. Another study finds that the gender gap in pay narrowed from about 36 percent in 1980 to about 16 percent in 1991 for all women at age 30—and it was nearly erased for childless women (see lower chart). Two factors were most important in explaining the narrowing of the gender gap in pay. Relative to men, women experienced a large decrease—from 28 percent to 13 percent—in the wage penalty associated with having two or more children, and they experienced an increase in the rate at which pay rises with age. Nonetheless, gender differences in the effects of family and age on pay can account for the entire gender gap in pay at age 30.

Male-Female Wage Differences at Age 30



The effects of maternity leave policies. The study also examined the effects of job-protected maternity leave on the continuity of employment following childbirth and on pay. Among women who worked when pregnant, those who returned to their "pre-birth" employer within a year of giving birth experienced faster wage growth than those who did not. And their wage growth was nearly as fast as that of women who remained childless. Among women who gave birth, wage growth was fastest for those returning to an employer who offered formal maternity leave coverage. Maternity leave coverage appears to raise pay mainly by increasing attachment to a specific employer, rather than by increasing attachment to the labor market more generally. (The study period ended in 1991, before passage of the Family and Medical Leave Act.)

Conclusion. Taken together, the two studies suggest that, although combining a professional career with family remains relatively rare for women, having a family has become less of an impediment to achieving equal pay with men. Still, as of 1991, family-related factors were among the most important explanations of differences in pay between men and women.

THE PRESIDENT HAS SEEN
3-2-98

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

cc HRC

Grants Should Flow from Flush Foundations. Driven in large part by the booming stock market, the combined endowments of 121 of America's wealthiest private foundations increased by more than 22 percent last year, according to *The Chronicle of Philanthropy*. The extraordinary $23.2 billion growth of these endowments is expected to trigger a big increase in grant making in 1998, because private foundations are required by law to spend a minimum of about 5 percent of their investment assets each year for charitable purposes. The Lilly Endowment experienced the largest dollar increase, doubling its assets to almost $13 billion and displacing the Ford Foundation ($9.6 billion) as the nation's wealthiest grant maker. Four foundations saw their assets grow by more than $1 billion last year: Lilly, Ford, the W.K. Kellogg Foundation, and the Robert Wood Johnson Foundation.

GAO Finds That Students Borrow More, Work More to Pay Tuition. The percentage of students who had borrowed by the time they completed their undergraduate program (and received a bachelor's degree, associate degree, or award or certificate) increased from 41 percent in 1992-93 to 52 percent in 1995-96, according to a new study by the General Accounting Office. The average debt of graduating seniors who had borrowed rose about $2,200, to about $13,300. The share of such graduates with $20,000 or more of student debt grew from 9 percent to 19 percent. Students also financed rising costs through work. During 1995-96, more than two-thirds of full-time undergraduates worked while enrolled, a slight increase from 1992-93. No data are available on the growth of parental debt to finance children's education over this period.

copied
HRC
COS

Employers Report Near-Record Recruiting Plans. Employers throughout the country are planning one of the most active worker recruiting efforts on record during the second quarter of 1998, according to a recent telephone survey of 16,000 public and private businesses in 487 cities. About a third of those surveyed plan to recruit additional staff in the second quarter; about 60 percent plan no change; 5 percent plan reductions; and 4 percent were uncertain about their future employment plans. These hiring plans are stronger than the first quarter, when less than a quarter of the employers surveyed were planning to increase their staff, while 10 percent planned reductions. The construction industry plans the most active hiring of any industry surveyed, reporting its most optimistic second-quarter hiring plan in 14 years. Overall, these hiring plans are the most ambitious seen in this survey since 1978.

Oil Prices Continue to Decline with Easing of Middle East Tensions. The one-month-out futures price for sweet light crude traded on the New York Mercantile Exchange fell this week to levels last seen in March 1994, closing at $15.35 per barrel on Thursday. Lower crude oil prices have been reflected in retail gasoline prices that have fallen below $1.00 per gallon for regular unleaded in some markets. Market participants point to several influences on oil prices, including higher OPEC production, reduced energy demand in East Asian economies, warmer temperatures in the northern hemisphere, and the possibility of increased oil sales from Iraq.

INTERNATIONAL ROUNDUP

Canada Unveils First Balanced Budget in 28 Years. Canadian Finance Officials have announced that the 1997-98 budget will be balanced for the first time since 1969-70 and will continue to be balanced for the next 3 years. Through fiscal stringency and strong economic growth, deficits have been reduced from $42 billion Canadian (more than 5 percent of GDP) in 1993-94, when the current government took office. Spending is projected to fall to 11.5 percent of GDP by 1999-2000, its lowest level in half a century. (However, new provisions have been made for tax relief for students and poorer families as well as for increased funding to provinces for health and education.) Past deficits have produced a national debt that is currently about 68 percent of GDP (the second highest among G-7 countries), and the government has made debt reduction its foremost priority in utilizing any budget surpluses. The government has set aside $3 billion in a contingency fund that, if not needed for unforeseen circumstances, will be used to pay down Canada's debt. Last year Canada's debt-to-GDP ratio fell for the first time in more than 20 years, and it is expected to reach 63 percent of GDP by 2000.

European Stock Markets Hit New Highs. Stock market indexes in the U.K., Germany, France, and several other European countries all recorded new highs this week. One reason for rising asset prices in many European countries is a convergence of interest rates down toward low German levels (see the Chart of the Week.) One explanation for the lower interest rates, in turn, is the rapid reduction in budget deficits among EU countries from over 6 percent of GDP only 5 years ago to levels projected to be well under 3 percent in 1997. EU member states are expected to announce economic statistics by Friday that will be used to determine which countries qualify under the Maastricht criteria for EMU and adoption of the euro in January 1999. Fiscal progress in Italy, Spain, and Portugal has been greater than forecast last year, and their budget deficits have now reached EMU-qualifying levels. Several EU countries are expected to run surpluses soon.

Brazilian Fiscal Reform Passes Its Highest Hurdle. The Brazilian senate has taken a major step toward reducing the nation's budget deficit in an initial vote approving changes to the constitution that would implement key civil service and social security reforms. Last fall, Asian currency contagion led to stock market losses and pressure on the real's peg to the dollar. This forced the government to raise short-term interest rates to the 30 to 40 percent range. The government's worsening primary budget balance, coupled with sizable interest payments on Brazil's public debt, put a number of fiscal reforms at the top of President Cardoso's agenda. Civil service reform will reduce government payrolls, and social security reform is expected to bring annual savings of $15 billion by 2006. In addition, the government plans to end the practice of bailing out state and local governments. Privatization is also continuing. Although the country seems to have avoided further contagion, interest rates remain high, which is likely to slow growth and create strains on the banking system throughout the next year.

RELEASES THIS WEEK

Gross Domestic Product

****Embargoed until 8:30 a.m., Friday, February 27, 1998****

According to revised estimates, real gross domestic product grew at an annual rate of 3.9 percent in the fourth quarter of 1997.

Advance Durable Orders

Advance estimates show that new orders for durable goods increased 0.7 percent in January, following a decrease of 5.5 percent in December.

Consumer Confidence

Consumer confidence, as measured by The Conference Board, rose 10 index points in February, to 138.3 (1985=100).

Consumer Price Index

The consumer price index was unchanged in January. Excluding food and energy, consumer prices rose 0.2 percent.

MAJOR RELEASES NEXT WEEK

NAPM Report on Business (Monday)
Leading Indicators (Tuesday)
Employment (Friday)

U.S. ECONOMIC STATISTICS

	1970-1993	1997	1997:2	1997:3	1997:4
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	**3.8**	3.3	3.1	**3.9**
GDP chain-type price index	5.4	1.8	1.8	1.4	**1.4**
Nonfarm business (NFB) sector:					
Productivity (chain-type)	1.5	2.2	2.3	3.6	2.0
Real compensation per hour:					
Using CPI	0.6	2.1	2.1	1.8	2.9
Using NFB deflator	1.3	2.4	2.0	2.7	3.5
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	10.5	10.4	10.7	10.5
Residential investment	4.5	**4.0**	4.0	4.1	4.1
Exports	8.2	11.9	12.0	11.9	12.0
Imports	9.2	13.1	13.1	13.3	**13.2**
Personal saving	5.3	2.8	3.1	2.6	2.8
Federal surplus	-2.7	N.A.	-0.5	-0.1	N.A.

	1970-1993	1997	Nov. 1997	Dec. 1997	Jan. 1998
Unemployment Rate	6.7**	4.9**	4.6	4.7	4.7
Payroll employment (thousands)					
increase per month			429	355	358
increase since Jan. 1993					14709
Inflation (percent per period)					
CPI	5.8	1.7	0.1	0.1	**0.0**
PPI-Finished goods	5.0	-1.2	-0.2	-0.2	-0.7

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

New or revised data in **boldface**.
GDP and related data for 1997:4 **embargoed until 8:30 a.m., Friday, February 27, 1998.**

FINANCIAL STATISTICS

	1996	1997	Dec. 1997	Jan. 1998	Feb. 26, 1998
Dow-Jones Industrial Average	5743	7441	7910	7808	8491
Interest Rates					
3-month T-bill	5.01	5.06	5.16	5.04	5.20
10-year T-bond	6.44	6.35	5.81	5.54	5.65
Mortgage rate, 30-year fixed	7.80	7.60	7.10	6.99	7.09
Prime rate	8.27	8.44	8.50	8.50	8.50

INTERNATIONAL STATISTICS

Exchange Rates	**Current level February 26, 1998**	**Percent Change from**	
		Week ago	**Year ago**
Deutschemark-Dollar	1.812	-0.7	7.4
Yen-Dollar	127.7	1.2	4.8
Multilateral $ (Mar. 1973=100)	100.0	-0.3	5.3

International Comparisons	**Real GDP growth (last 4 quarters)**	**Unemployment rate**	**CPI inflation (last 12 months)**
United States	**3.8** (Q4)	4.7 (Jan)	1.6 (Jan)
Canada	4.0 (Q3)	8.6 (Dec)	.7 (Dec)
Japan	1.0 (Q3)	3.5 (Dec)	1.8 (Dec)
France	2.6 (Q3)	12.4 (Dec)	1.2 (Dec)
Germany	2.3 (Q3)	7.8 (Nov)	1.8 (Dec)
Italy	2.1 (Q3)	12.2 (Oct)	1.5 (Dec)
United Kingdom	3.0 (Q4)	6.5 (Dec)	3.6 (Dec)

U.S. GDP data **embargoed until 8:30 a.m., Friday, February 27, 1998.**

Chron
Tab

'98 FEB 28 PM6:36

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
3-2-98

Copied
Reed
Kagan
COS

February 28, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Safety -- Drunk Driving Event: You are currently scheduled to do a Rose Garden event on Tuesday to highlight the need for a nationwide standard for drinking and driving. You will urge Congress to enact an amendment to ISTEA legislation to make .08 blood alcohol content (BAC) the limit for drivers across the nation. The amendment, which will be offered by Sens. Lautenberg and DeWine, gives states three years to adopt .08 BAC limits, on penalty of losing highway construction funds. To date, 15 states already have adopted .08 BAC laws. We are also preparing a directive to the Secretary of Transportation, instructing him to develop a plan to set .08 BAC as the legal limit on federal property, such as national parks and military installations.

2. Tobacco -- Legislative Developments: The Senate is making good progress on tobacco legislation, although the House remains stalled. In the Senate, Sens. Harkin and Chafee are continuing to work on a comprehensive bill and may make an announcement as early as this week. We would like to give immediate and strong support to this bipartisan effort; we will make a recommendation to you as soon as we get fuller information about the bill's contents. Sens. McCain and Hatch are also working together on comprehensive legislation (apparently with the blessing of Sen. Lott) and have started conversations with Sen. Breaux and farm-state Democrats. McCain and Hatch both complimented the Administration last week for the assistance it is providing to Congress on tobacco legislation (see entry #3, below). In the House, Rep. Fazio is getting ready to introduce a version of the Conrad bill -- once again, with only Democrats signing on -- but there is little other activity. Rep. Bliley would like to make a push for comprehensive bipartisan legislation, but the Republican leadership has not yet authorized him to do so; in any event, he and the key Democrats on his committee (Reps. Dingell and Waxman) may remain too far apart on too many issues to make such a bipartisan bill a real possibility.

3. Tobacco -- Letters to Congress: Bruce sent a letter to Sen. McCain on Friday, enclosing responses to 74 questions that the Senator had asked the Administration about tobacco legislation. Most of the questions related to restrictions on advertising designed to reduce youth smoking. In our responses, drafted with extensive input from the Department of Justice and HHS, we explain that the advertising restrictions contained in our FDA rule are consistent with the First Amendment. We go on to explain that the broader advertising restrictions included in

THE PRESIDENT HAS SEEN
3-2-98

the June 20th settlement, although potentially very valuable in reducing youth smoking, raise significant constitutional concerns if imposed by legislation. Some Members of Congress may use these responses to argue that only a settlement -- and not simply legislation -- can achieve the goal of reducing youth smoking. We will not make this argument ourselves, because we do not want to suggest that we need the consent of the tobacco industry to accomplish something meaningful in this area. To the contrary, we will stress the ability of comprehensive legislation to impose real pain on the industry for continuing to market to minors. But in the long run, this letter may help to create the conditions for a bipartisan agreement on tobacco by providing a rationale for giving certain legal protections to the industry (without which many Republicans and farm-state Democrats will resist legislation).

In a separate letter sent last week, responding to questions from Sen. DeWine, the Department of Justice expressed skepticism about the need to include antitrust exemptions for tobacco manufacturers in comprehensive legislation. The Department particularly criticized proposals to provide exemptions for price-fixing or for dealings with distributors and retailers. It did, however, leave open the possibility of a narrowly drawn exemption for agreements on advertising to minors.

4. Tobacco -- Fourth Circuit Decision: Judge Russell -- one of the three Fourth Circuit judges who heard argument in the lawsuit challenging the FDA's rule -- died last week (at the age of 92). Judge Russell was very hostile to the FDA's argument during oral argument. If the other two judges are split, they will have to set the case for reargument. If they are in agreement, they could still issue a decision.

5. Health -- Medicare Commission Meeting: You are currently scheduled to meet with the Medicare Commission on Thursday, the day before its first official session. We do not expect the Commission to take any important action at its first session: the members probably will try to set a long-term agenda and then focus on questions of process and procedure. The Commission's kick-off may nonetheless attract significant media attention, and your meeting with the members offers a good opportunity to demonstrate your commitment to solving the long-term financing challenges facing the Medicare program. We recommend that you urge the members to work in a bipartisan spirit, and that you relate their effort to the activities you are undertaking to develop consensus on needed Social Security reforms. We also are considering whether you should announce some general principles on Medicare reform to guide the Commission's work in the future.

6. Health -- Patients' Bill of Rights Legislation: The Democratic Leadership is expected to unveil its version of the patients' bill of rights in about a week. The legislation will go beyond your Quality Commission's recommendation by providing for judicial enforcement of the bill of rights and requiring health plans to cover all clinical trials, breast reconstructive surgery, and other services associated with mastectomies. (Sen. D'Amato is expected to offer an amendment on the Senate floor in the next few weeks that will impose similar new benefits requirements on health plans, including services associated with mastectomies and second opinions for cancer patients.) Both the benefits requirements and -- perhaps even more -- the enforcement provisions are very controversial, especially with the business community. Opponents will argue that these measures will lead to increased litigation, higher premiums, and more uninsured Americans. These claims are overblown, but they will have great effect in Congress. Because the Democratic Leadership version of the Bill of Rights stands little or no chance of passing, our challenge is to indicate support for the legislation without undermining our ability to back an eventual more moderate proposal. We are meeting with the Democratic Leadership this week to construct a communications and legislative strategy.

7. Welfare Reform -- Exempting Workfare from FICA Taxes: The IRS and the Department of Treasury's Tax Policy Division have prepared a draft notice stating that workfare positions are not subject to FICA taxes. As you recall, Democratic and Republican Governors alike have long sought this result, and you have indicated support for legislation to achieve it. The IRS/Treasury draft notice specifically states that it addresses only the status of workfare programs under federal tax law, and not under any employment law (including the minimum wage). The unions nonetheless fear that a court may use the notice to support the argument that workfare is really only a welfare payment -- not employment subject to the minimum wage and other requirements. Disinterested lawyers say that a court could take this approach, but that the notice is drafted to minimize the risk as far as possible. IRS and Treasury officials are currently considering whether to publish the notice.

8. Welfare -- Fatherhood Initiatives: Rep. Shaw, joined by Chairman Archer and other Republican members of the Ways and Means Committee, introduced a new $2 billion block grant proposal on Thursday to enhance fatherhood and parental responsibility. Shaw described the initiative as the next step in welfare reform and as a way "to help children by providing them with more than a working mother and sporadic child support." Under the initiative, states would award funds to community-based projects that encourage marriage and better parenting by fathers and help fathers to obtain employment or get better jobs. Although the bill is good politics, there is little reason to think that such an open-ended block grant will produce results. We are exploring alternative ideas in case Congress decides to take up "fatherhood" as an issue, including providing workfare slots for unemployed delinquent fathers and insisting that they work off their back child support.

9. Education -- Feinstein Ballot Initiative: You recently asked us whether you should support a California ballot initiative that Sen. Feinstein has proposed, called the "Excellence and Accountability in Education Act of 1998." The initiative contains many elements that reflect or complement your own agenda: requiring grade-by-grade education standards; ending social promotions and providing mandatory summer school for students who do not meet standards; expanding California's existing class-size reduction program; lengthening the school year; and improving teacher quality through such steps as providing incentives to recruit well-trained new teachers, raising teacher certification requirements, and rewarding outstanding teachers. But the proposed funding mechanism -- a $1 per pack state tobacco tax -- makes it difficult for you to endorse the Feinstein initiative at this time. Your support for such a significant state tobacco tax increase, over and above the new federal tobacco revenues contemplated in your budget, would only further complicate the effort to pass comprehensive tobacco legislation during this Congress.

Chron
Tab D

98 FEB 28 P4:22

THE WHITE HOUSE

WASHINGTON

February 28, 1998

3-2-98

Copied
entire report
Sperling/COS
page 4
Bowles

MEMORANDUM FOR THE PRESIDENT

FROM: **GENE SPERLING**

RE: **NEC Weekly Report**

cc: **ERSKINE BOWLES**

Social Security: On Tuesday, Frank Raines, Larry Summers, and Ken Apfel testified before the Senate Budget Committee's Task Force on Social Security. The testimony offered us the opportunity to explain in more detail how the Save Social Security First policy works; it was well-received and helped to address some of the lingering questions about the mechanics of our policy. On Thursday, Secretary Rubin appeared at a press conference with Senator Daschle and others to announce a sense of the Senate resolution on the Save Social Security First policy. Larry Stein and I had asked them to offer such a resolution as part of our effort to lock in a commitment to reserving the surplus this year. We will be working to ensure that the resolution is brought to a vote in the near future. Meanwhile, the Economic team continues to meet regularly in my office to discuss both strategy and substance on our Social Security reform effort.

Sunsetting the Tax Code -- Strategy Update: We are preparing an event on Monday where you can outline the case against sunsetting the tax code -- perhaps in front of the annual Mortgage Bankers Association legislative conference, a fairly conservative group that would be sympathetic to our message. A group of your economic and political advisers have been meeting to discuss our strategy this past week. With the Senate signaling that the proposal will be endorsed in their budget resolution, the time is right to begin to aggressively make our case. While positioning you as willing and open to consideration of reform, we would argue this proposal would raise tremendous economic uncertainty, threatening business investment, home values, and people's health insurance, all in an effort to impose tax schemes that would be harmful to working people.

Student Loan Interest Rate: The Treasury Department released its report on Wednesday, and the Vice President, Secretary Riley and I briefed reporters on our proposal: Giving students the same interest rate as is projected to go into effect in July, but changing the instrument (keeping it based on a Treasury bill) that determines the lender's guaranteed return so that it more closely tracks their costs. This brings lenders' rate of return (barely) into the range that Treasury identified as adequately profitable for banks. The proposal was received well by students and higher education groups who say that it has bolstered their negotiating position.

As expected, it was criticized by banks and Republicans as an "election year" political proposal. The banks are threatening to attack the VP and to escalate their attacks on direct lending. While they will pick apart the Treasury report over the next couple weeks, it is still the only serious analysis that exists of this issue, and it gives us the room to negotiate to a final outcome that is still very strong for students.

School Construction: Bruce Reed and I spoke to 100 representatives of education, civil rights, civic, and business organizations to get their endorsement of your school construction initiative, and to brief them on the class size initiative. The legislation is ready to be introduced by Rep. Rangel and Sen. Moseley-Braun.

America Reads: Without any explanation, Sen. Coverdell recently introduced a slightly altered version of the House-passed Reading Excellence Act, and had it placed directly on the Senate calendar (bypassing the Labor Committee). His intentions are not clear. He may think that it would put us on the spot to have the bill sent to us in its current form. While it does have problems, they are not so bad that I would suggest a veto. In the meantime, Sen. Jeffords finally instructed his staff to begin working on a Senate version of America Reads. It will be interesting to see what sort of response the radio address brings from the Senate leadership.

Medicare Commission: Friday, March 6 is the first meeting of the Medicare Commission. In preparation, we have invited your four appointees to the White House for a meeting (with a drop by from you) on the morning of March 5. That afternoon, you will meet with the full Medicare Commission. This meeting will most likely consist of a welcome to the Members and statement about the importance of their work. We probably want to avoid specific statements of policy, since, like Gingrich's "no tax pledge", it could be perceived as pre-disposing the Commission before its meetings have even begun. The launching of the Commission will probably be news enough. We will also, this coming week, begin an internal NEC/DPC year-long examination of the range of issues and policies surrounding long-term Medicare reform, paralleling the work of the Commission. This will help assist our Commission appointees in formulating policies and will help us evaluate the final recommendations of the Commission.

Internet Tax Freedom Act: Mickey Ibarra, Larry Summers and I had a constructive conference call with Governors Leavitt, Romer, Voinovich and Carper on the afternoon of your announcement. I assured them you were sympathetic to their concerns about an erosion of the state and local tax base, and were committed to bringing the parties to the table to find long-term solutions to the issues raised by the Internet and the "nexus" issue. On the issue of the moratorium, their principal concern was that a 5 year moratorium was too long and would not give industry an incentive to negotiate in good faith. They also continued to be reluctant to agree to any moratorium on transactions occurring over the Internet, as opposed to Internet access. They promised to talk to the Big 7 to see if they could collectively agree on a position and get back to us. We will continue to keep you informed on the progress we are making on our discussions.

THE PRESIDENT HAS SEEN
3-2-98

G-8 Employability, Growth, and Inclusion Conference in London: Last weekend, Secretary Rubin, Secretary Herman and I attended the G-8 conference on Employability, Growth, and Inclusion in London. This conference, building off the work in Lille and Detroit, focussed on the importance of adaptable labor markets to help boost job creation. We discussed the importance of structuring the social safety nets so that they help get people back on their feet, while not creating disincentives to work.

To that end, other countries -- especially the British -- were very interested in our Earned Income Tax Credit and our planning to propose a similar one -- albeit with a better name. We also spent a considerable amount of time discussing welfare-to-work efforts, with a focus on U.S. and British efforts. I also met separately with their Cabinet officials on their "New Deal" policy -- which offers all unemployed young people one of four choices -- subsidized private-sector employment, employment for non-profits, participation in a new environmental task-force to help clean-up the country, or full time employment or training. Finally, and possibly most importantly, the Chairman's conclusions included strong language about the importance of international agreements on implementation of core labor standards, which was welcomed by the unions.

Has it worked? What about ours? BC

Climate Change: Next week, Janet Yellen will appear before the House Commerce Committee and the Senate Agriculture Committee to present the Administration's economic analysis of the Kyoto agreement. Janet concludes that even excluding the benefits of addressing climate change and the payoffs from electricity restructuring, "our overall assessment is that the economic cost…of attaining the targets and timetables specified in the Kyoto agreement will be modest." With international trading and the clean development mechanism, the cost of achieving the Kyoto targets may amount to $7 to $12 billion per year (or just 0.1 percent of GDP) between 2008 to 2012 -- without including the benefits of electricity restructuring or of addressing climate change. Once the effects of electricity restructuring are included, the analysis suggests that energy prices could be essentially neutral.

Credit Union Participation: Last Tuesday we met with a delegation representing credit unions. They were focused on a Supreme Court case that was considering whether Federally charted credit unions can only include employees with a common bond (e.g., same occupation, same employer). The National Credit Union Administration since 1982 has permitted credit unions to, under certain circumstances, include multiple employee groups, even if there is no common bond *between* the groups.

The Supreme Court ruled Wednesday that members of a credit union must *all* share a common bond. The American Bankers Association has apparently dropped its demand that 20 million of the 70 million current credit union members be ejected due to violations of the common bond provision. The Court decision, however, will impair future credit union growth by, for example, making it much more difficult for credit unions to enroll small business workers. Credit union advocates argue that small business employees should have the opportunity to join credit unions, which generally offer lower interest rates and fees due to their non-profit, cooperative status. There is a bill (H.R. 1151) that would change the law to explicitly allow credit unions to include multiple employee groups. Lead sponsor Steve LaTourette (R-Ohio) has secured about 130 co-sponsors; Speaker Gingrich endorsed the bill in Thursday's *Washington Post*. We are meeting with Treasury to develop our position.

THE PRESIDENT HAS SEEN
3-2-98

Equal Pay: A joint NEC/DPC Working Group is attempting to put together policy that would address discrimination against women in both wages and employment. The group is currently looking at several avenues for decreasing discrimination, such as providing technical assistance to companies to help them assess the extent to which they may discriminate against women, improving enforcement of current anti-discrimination laws, improving EEOC and OFCCP staff training, and attempting to decrease pay and employment inequity within the Federal government. We are also carefully considering the bill introduced by Senator Daschle (on January 21, 1997) that would, among other things, expand the remedies available to victims of Equal Pay Act discrimination. Finally, as we continue to develop policy, we also plan to meet with the AFL-CIO.

Conversation with Jack Welch: I sat with Jack Welch (CEO of GE) at the Business Council dinner. He handed me a copy of his scorecard in which he beat Greg Norman 69-70. He said it was straight except for the fact that Norman shot from the pro tees. He desperately wanted me to tell you, claiming it was "one of the highlights of his life."

On a more serious subject, it turns out that he is a close friend of vice presidential candidate Bacharuddin Habibie, and occasionally stays at his home in Indonesia. He says that GE has noticed just a little softening of consumer demand in February.

copied
Bowles

Cc: SB

Chron
Tab E
'98 FEB 27 PM 8:30

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

February 27, 1998

THE PRESIDENT HAS SEEN
3-2-98

MEMORANDUM FOR THE PRESIDENT

copied
McGinty
Bowles

CC: ERSKINE BOWLES

FROM: KATHLEEN A. McGINTY RSK for

SUBJECT: CEQ WEEKLY REPORT

PROTECTING COMMUNITIES FROM TOXICS

Superfund Reform

Next week, two markups and a hearing are scheduled on Superfund reform bills. In the Senate, we expect a highly partisan markup on a bill that has moved progressively to the right after Senators Smith (R-NH) and Chafee (R-RI) ended direct negotiations with committee Democrats and Carol Browner.

In the House, Congressman Boehlert (R-NY) plans to mark up a bill in the Transportation and Infrastructure subcommittee. This bill, while less objectionable than the Senate vehicle, is still strongly opposed by Ranking Member Borski (D-PA) as well as by EPA, DOD, USDA, and other agencies. Notably, Boehlert has been and remains much further to the right on Superfund than on other environmental issues. Finally, in the House Commerce Committee, Administrator Browner and other Administration officials will testify at a legislative hearing on March 5, on a reform bill sponsored by subcommittee chairman Mike Oxley (R-OH). This bill is a reprise of extreme Superfund bills from the 104th Congress.

The potential divisiveness of Superfund as an issue among Democrats was highlighted on Wednesday of this week, when Congressman Pallone (D-NJ) introduced a"green" Superfund reform bill with 44 House co-sponsors, drawing heavily on the Black and Hispanic Caucuses for support. The appearance of Senator Lautenberg (D-NJ) at the press conference was a surprise, because Lautenberg has been the leader among Senate Democrats on compromise bills backed by the Administration. W.H. Legislative Affairs and CEQ will convene meetings with other White House offices and agencies to ensure that we have a coordinated strategy as these events unfold.

Property Rights Bill

On Thursday, February 27, the Senate Judiciary Committee reported a "property rights" bill by a party line vote. This bill would make it far easier for developers to sue cities and other units of state and local government in federal court far earlier in the local land use planning or regulatory process by eliminating judicial doctrines of "ripeness" and "abstention." Developers could bring "takings" claims upon the rejection of a single land use proposal, no matter how extreme or harmful to the community. As a result, these bills would give developers a new club to wield in negotiations with city officials over zoning and land use: the threat of premature, expensive litigation in Federal court.

Four cabinet secretaries (Babbitt, Browner, Slater, and Reno) have recommended a veto of the bill. It is also strongly opposed by the National Governors Association, the Conference of Mayors, National Conference of State Legislators, National Association of County Officials, and 42 attorneys general. Chafee and other moderate Republicans already have indicated their opposition. On Thursday, the Vice President issued a statement opposing the bill.

RESOURCE STEWARDSHIP

Headwaters Forest

Today, after 17 months of intense negotiations between the parties to the September 28, 1996 Headwaters agreement, we finally reached an agreement in principle on a draft Habitat Conservation Plan (HCP). This is a critical step for completing implementation of the 1996 agreement because it sets forth the framework for how much timber Pacific Lumber Company (PALCO) can harvest while ensuring the protection of threatened and endangered species. The government biologists will now help PALCO convert the agreement in principle into a draft HCP, which will be released to the public for review and comment this May.

The agreement in principle calls for a 50-year set aside of 12 of the 13 so-called "Lesser Cathedrals" on PALCO's property. Lesser Cathedrals are old growth groves (as opposed to scattered old growth redwoods) which PALCO still owns, and which generally provide the most important habitat for the marbled murrelet. This translates into a 50-year protection for 83% of all of the old growth redwoods on PALCO's property (including those we are acquiring pursuant to the FY 98 Interior Appropriations bill). The HCP provides that only one lesser cathedral may be cut immediately.

Senator Feinstein, Congressman Riggs, and Governor Wilson have all expressed very strong support for the agreement. The key California State legislators who will be instrumental in moving forward a $130 million appropriation for the state share also appear quite supportive, although they would like detailed briefings from our biologists. Attached are very supportive statements from Governor Wilson and Senator Feinstein.

As expected, the agreement has already been criticized by those environmentalists who believe not a stick of old growth timber should be cut (Sierra Club and EPIC). Many of the other environmental groups appear to be withholding judgment until they understand the facts, and we hope some will eventually be supportive. Senator Boxer has said that she would withhold judgment until she has a chance to study the agreement, but environmentalists opposed to the agreement may press her hard and very quickly on this issue.

3-2-98

Pacific Salmon Listing

On Thursday, the National Marine Fisheries Service (NMFS) proposed federal protection for more than a dozen salmon and steelhead populations in Washington, Oregon and California that are threatened with extinction. This begins a year-long process that could result in the species being listed as threatened or endangered under the Endangered Species Act (ESA). The hope is that the states will develop their own recovery plans that could avert a federal listing.

Although several other salmon species already have been listed, this would be the first fish listing in the Pacific Northwest to encompass a major urban area -- Seattle and the Puget Sound. The announcement received extensive press coverage, including stories in the New York Times (attached), the Washington Post, the Wall Street Journal and USA Today.

NMFS is encouraging state conservation efforts modeled on those undertaken by Oregon to protect coho. This would include watershed management and preservation of critical habitat. State officials and business leaders, recognizing that a federal listing could have serious economic consequences, pledged to work collaboratively on a conservation strategy. We will continue to encourage partnership efforts that help restore these wild salmon runs and demonstrate the flexibility of ESA.

SUSTAINABLE COMMUNITIES

ISTEA

Senator Inhofe has secured Majority Leader Lott's support for offering an amendment to the ISTEA bill that would delay implementation of EPA's new Clean Air Act particulate matter rule. Passage of this amendment would be a serious blow to EPA's initiative since it would lay the groundwork for opponents to make the delay permanent. It addition, it would greatly complicate the passage of ISTEA, which is already complicated enough. W.H. Legislative Affairs is hosting a meeting Monday to develop a strategy to respond to this amendment.

Regulatory Reform

On Tuesday, February 26, the Senate Government Affairs Committee held a hearing on a substitute for S. 981, the Levin-Thompson regulatory reform bill. While the bill makes significant improvements over the bill introduced last summer, there are still serious issues remaining with strong opposition to the bill among agencies that would have to implement it. These objections are strongly shared by labor, environmental, and public interest groups, who are anxious about the absence of any statement of opposition by the Administration. The Chief of Staff is convening a meeting among senior advisors on Monday, March 5, 1998, to review the agencies' concerns and to forge and craft the Administration's strategy and position.

GOVERNOR'S OFFICE

PR98:73

WILSON ISSUES STATEMENT ON AGREEMENT ON HEADWATERS FOREST

FOR IMMEDIATE RELEASE
Friday, February 27, 1998

CONTACT: Sean Walsh
Ron Low
(916) 445-4571

SACRAMENTO – Governor Pete Wilson today issued the following statement after an agreement was reached between Pacific Lumber Company, the federal government and California on the Headwaters Forest:

"Today's agreement puts an end to the years of debate over the preservation of the Headwaters Forest. I am pleased that we have reached a deal to protect this unique part of California's heritage."

"My Administration has worked tirelessly to protect these magnificent ancient redwoods.

"During my 1990 campaign for Governor, I pledged to protect the old growth redwoods in the Headwaters Forest. Today we have been able to deliver on this commitment."

-30-

News from . . .

Senator Dianne Feinstein

of California

For Immediate Release:
Friday, February 27, 1998

CONTACT: **Susan Kennedy**
(202) 224-9629

Statement of Senator Dianne Feinstein on Headwaters Forest Agreement

"This agreement on the Habitat Conservation Plan marks a key milestone toward completion of the Headwaters agreement. This 50-year HCP, when it is finalized, will be among the largest habitat conservation plans in the nation covering more than 200,000 acres of Pacific Lumber land in Humboldt County.

"In addition to the 7,500 acres planned for purchase under the Headwaters agreement, which includes the ancient redwood groves of Headwaters and Elkhead Springs, the HCP would set aside for the life of the 50-year plan most of the remaining stands of old-growth known as the "Lesser Cathedrals." Additionally, a number of residual old-growth stands will be protected.

"The areas that will be set aside under the HCP include Allen Creek, Shaw Gift, Bell Lawrence, Booth's Run, Cooper Mill, Lower North Fork Elk, Road 3, Right Road 9, Elkhead Residuals, and *either* Owl Creek *or* the Grizzly Creek complex. The total acreage set aside under the HCP (in addition to the 7,500 acres purchased under the Headwaters agreement) is approximately 8,200 acres. In addition, 1,070 miles of class 1 and 2 streams, and 26,770 acres will be protected under the aquatics provisions of this agreement.

"Under this plan, Pacific Lumber Company will be allowed to conduct logging activities on the remainder of its holdings, subject to compliance with State and Federal requirements for sustained yield management and watershed protection. And they will begin a watershed assessment of their property immediately, even before the HCP becomes final.

-- more --

"Federal and State scientists involved in the development of the HCP believe the new Headwaters Preserve and the protection of other groves under the HCP will enhance recovery of the marbled murrelet, and provide high levels of protection for species dependent upon streams and riparian forests, such as the coho salmon.

"I want to commend the parties involved for keeping the lines of communication open during many months of complex discussions. I wish to particularly recognize the work of the biologists for both the State and Federal agencies and the company. These scientists worked very hard to sort out the various options available to accomplish the goal of protecting critical habitat for endangered species, while allowing Pacific Lumber to conduct responsible, sustainable forest management practices. Their work provided a foundation of sound science upon which this HCP is based.

"The State's share of the funds for purchase of the Headwaters Forest must be secured before the agreement is completed, but I am optimistic that with the successful development of this HCP the most difficult hurdles are now behind us."

# # #

THE WHITE HOUSE

WASHINGTON

Date 3/2/98

To: Don Burkhardt
Tim Saunders
Terry Good

From: The Staff Secretary

You should make sure all of your staff is aware of this.

Thanks,

Phil

THE WHITE HOUSE

WASHINGTON

'98 MAR 2 PM 12:13

February 27, 1998

MEMORANDUM TO ALL ASSISTANTS & DEPUTY ASSISTANTS TO THE PRESIDENT

FROM: CHARLES F.C. RUFF

RE: Security Clearance Process

I understand that there may still be some confusion about the security clearance process. For example, some White House employees routinely ask every individual they "wave in" for his or her country of citizenship. However, our policy is **not** to inquire about country of citizenship, if a guest has a social security number. So, let me clarify the procedure.

When clearing a guest into the White House complex, the two-step process for gathering information about the individual is as follows:

1. Request date of birth and social security number.

2. **Only if an individual has no *social security number***, request citizenship and passport number.

Thus, if you are asking visitors to fill out a form for clearance purposes, be careful to make it clear that citizenship and passport information is required only if the visitor has no social security number.

Please make sure that all of your staff are familiar with this procedure. While we want to be certain that individuals visiting the White House are properly identified, we must do so in a way that is not offensive.

Thank you for your attention to this matter.

Chron
Tab F
98 FEB 27 PM 6:41

THE WHITE HOUSE

WASHINGTON

3-2-98 copied Emanuel COS

February 27, 1998

MEMORANDUM TO THE CHIEF OF STAFF

FROM RAHM EMANUEL

SUBJECT WEEKLY REPORT

CRIME/DRUGS: I called General McCaffrey to tell him I did not think that he or the President were well served by Tom Constantine's testimony in the Senate on Mexico's certification. It is my view that the testimony was a direct affront to the General's leadership on this issue.

We had a meeting this week on needle exchange and the dispute between HHS and ONDCP. Bruce Reed is writing a follow-up memo for the President that will outline our two options in order to proceed.

The Justice Department will have a major Gang Study completed in three weeks for the President to announce. I think the study should be a radio address or the cornerstone of a major anti-crime speech.

The Treasury Department will be ready on March 14 with their report on banning imports of assault-like weapons. This also should be the subject of a radio address.

The Department of Justice and Department of Education have completed their work on a comprehensive national survey on school violence. As you know, the Government does not produce an annual survey on school violence. This would be the first report of such a study; and how we would proceed every year hereafter.

EDUCATION: The Timms study offers the President an opportunity to re-engage in the education debate. The President has been stymied on the legislative front and on tests. I suggested to Bruce that the President call and convene a national meeting to be held at the White House on America's public schools. Among those invited would be Lou Gerstner, Dianne Ravich, Senator Jeffords, the head of the NEA and AFT, Mayors, etc. The results from the Timms test should be our rallying cry for action on our education agenda or any agenda for that matter.

TOBACCO: Bruce and I met with an inter-agency group to discuss a comprehensive communications strategy on tobacco.

KEY SPEECHES: I think the speech to the *Time* symposium is very important because of the topic and the audience. A number of us have met to discuss the message and idea for the speech. I think that given Kofi Annan is in the crowd, it may also serve as a place to make news on Iraq.

THE WHITE HOUSE

WASHINGTON

Date 3/2

To: John Podesta

From: The Staff Secretary

Any objection to

this being forwarded?

Phil

'98 MAR 2 PM2:43

THE WHITE HOUSE

WASHINGTON

March 2, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Charles F.C. Ruff

SUBJECT: Nomination of James Robinson as Assistant Attorney General for the Criminal Division, Department of Justice.

This is to flesh out some of Jim Robinson's background in connection with the Attorney General's recommendation that he be nominated to head the Criminal Division.

I discussed with the Attorney General and the Deputy Attorney General a number of candidates for the Criminal Division, and Jim was their strong preference. I got to know Jim quite well during the Carter Administration, when he was the United States Attorney in Detroit and I was the U.S. Attorney for the District of Columbia. I would rank him among the top ten Carter U.S. Attorneys. Thereafter, he went into private practice with one of the major Detroit firms, and I kept in touch with him over the years. He served as president of the Michigan Bar, and is now the Dean of the Wayne State Law School. He also has been on the short list for a seat on the Sixth Circuit.

When Jim surfaced as a potential candidate for the Criminal Division, because he was strongly identified with the Democratic Party in Michigan, I spoke with Steve Markman, former Bush-appointed U.S. Attorney in Detroit (now a Michigan Court of Appeals judge) and a close friend of Senator Abraham, to make sure that we were not going to run into problems. Markman thought Jim was a good choice and said that he would speak with Senator Abraham on his behalf. I spoke with Abraham as well, and he met with Robinson and agreed to support him. Senator Levin is, of course, supportive, and I spoke last week with Dennis Archer, whose reaction was "outstanding."

I believe that Jim has the energy, leadership, and management skills to run a Division that is badly in need of help. I believe, as well, that he has the prosecutorial experience and professional judgment to deal wisely with the kind of difficult decisions that the Division has faced over the past few years.

cc: Bob Nash
John Podesta

THE PRESIDENT HAS SEEN
3-2-98

We have also received the following item:

- **National Conference of Jewish Women Comments from Ann Lewis** -- says among the positive comments she heard, was a remark by Dr. Kenneth Edelin (former Planned Parenthood Chair honored by NCJW), who said, "I have been reading about Dr. Martin Luther King in *Pillar of Fire*, and how he was targeted and attacked. And I want to tell you that the same thing is being done to President Clinton -- and by the same people. They are targeting him for the same reasons."

cc Rahm

copied
Emanuel
COS

'98 FEB 24 PM8:0

THE WHITE HOUSE

WASHINGTON

February 24, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: **ANN LEWIS** Ann

SUBJECT: **COMMENTS AT NCJW**

Among the many appreciative comments I heard at NCJW, I was asked to tell you this:

Dr. Kenneth Edelin (Ob-gyn, former Chair of Planned Parenthood) was honored by NCJW as a Champion of Choice. In his remarks he said something like this :

"I have been reading about Dr Martin Luther King in the book Pillar of Fire, and how he was targeted and attacked. And I want to tell you that the same thing is being done to President Clinton -- and by the same people. They are targeting him for the same reasons."

98 FEB 25 PM 7:18

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

3-2-98

SECRETARY OF THE TREASURY

February 25, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Robert E. Rubin R.E.R.

SUBJECT: NADBank Community Adjustment and Investment Program

I wanted to update you on recent developments with regard to the NADBank Community Adjustment and Investment Program (CAIP). Over the last six months, the Program has become fully operational and has resulted in new business loans and job opportunities in trade affected areas.

To date, the CAIP has provided financial resources that has made possible almost 60 loan guarantees in the following 15 states: Alabama, Arkansas, California, Connecticut, Georgia, Idaho, Louisiana, Michigan, Missouri, North Carolina, Ohio, Pennsylvania, South Carolina, Texas and Washington. These CAIP guarantees have resulted in more than $19.5 million in new business loans in the trade affected communities. In El Paso, Texas, the Program has provided financial resources that made possible 20 loan guarantees, resulting in over $2.8 million in new loans. We have conducted outreach in most of the 50 designated trade affected communities. In November, we held a well attended round table session in El Paso, Texas, with the participation of Representative Silvestre Reyes, Mayor Carlos Ramirez and State Senator Eliot Shapleigh, as well as business, academic and local community members. We intend to hold a similar session in Monterey, California on April 2, and have invited Representatives Esteban Torres and Sam Farr and their staff to participate.

Your Fiscal 1999 budget includes an additional $37 million for the CAIP, which is a 160% increase over the current program level. While the Congressional Hispanic Caucus welcomes this new commitment, we will continue to work with Representative Torres and other members of the Caucus who have expressed concern with the overall level of financial resources available.

The Program provides important assistance to communities in need of assistance due to trade adjustment and is serving an important role in the coordinated efforts of the Federal agencies to provide assistance in these areas.

copied
Rubin
COS

3/2/98
Should we
send to
Rubin?
Yes ✓
no ___

THE WHITE HOUSE

WASHINGTON

DATE: 3-2-98

NOTE FOR: The Honorable Robert E. Rubin

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

Information ☒

Action ☐

3-2-98

Phil -

Okay to dispatch?

Yes ✓

No ___

C

Thank you.

cc:

98 FEB 25 PM 7:18

3-2-98

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

.RY OF THE TREASURY

February 25, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Robert E. Rubin R.E.R.

SUBJECT: NADBank Community Adjustment and Investment Program

I wanted to update you on recent developments with regard to the NADBank Community Adjustment and Investment Program (CAIP). Over the last six months, the Program has become fully operational and has resulted in new business loans and job opportunities in trade affected areas.

To date, the CAIP has provided financial resources that has made possible almost 60 loan guarantees in the following 15 states: Alabama, Arkansas, California, Connecticut, Georgia, Idaho, Louisiana, Michigan, Missouri, North Carolina, Ohio, Pennsylvania, South Carolina, Texas and Washington. These CAIP guarantees have resulted in more than $19.5 million in new business loans in the trade affected communities. In El Paso, Texas, the Program has provided financial resources that made possible 20 loan guarantees, resulting in over $2.8 million in new loans. We have conducted outreach in most of the 50 designated trade affected communities. In November, we held a well attended round table session in El Paso, Texas, with the participation of Representative Silvestre Reyes, Mayor Carlos Ramirez and State Senator Eliot Shapleigh, as well as business, academic and local community members. We intend to hold a similar session in Monterey, California on April 2, and have invited Representatives Esteban Torres and Sam Farr and their staff to participate.

Your Fiscal 1999 budget includes an additional $37 million for the CAIP, which is a 160% increase over the current program level. While the Congressional Hispanic Caucus welcomes this new commitment, we will continue to work with Representative Torres and other members of the Caucus who have expressed concern with the overall level of financial resources available.

The Program provides important assistance to communities in need of assistance due to trade adjustment and is serving an important role in the coordinated efforts of the Federal agencies to provide assistance in these areas.

[illegible]
cc. gift unit

THE WHITE HOUSE
WASHINGTON

Copied
Cameron

March 2, 1998

Ibrahim M. Oweiss, Ph.D.
4017 Glenridge Street
Kensington, Maryland 20895-3708

Dear Ibrahim:

Thank you so much for your letter and your kind words of support.

I know Chelsea will appreciate *Healing*, your wonderful quote, and your thoughtful inscription.

Thanks for thinking of us -- it means more than you'll know.

Sincerely,

Bill Clinton

WHITE HOUSE GIFT REGISTER

GIFT INTENDED FOR

President [✓] ? inscribed to Chelsea
First Lady [ ]
Both/All [ ]
Chelsea [✓]

DONOR INFORMATION

Name: Ibrahim M. Oweiss

Address: 4017 Glenridge St
Kensington, MD 20895-3708 Phone:

PRESENTATION

Date: 2/25/98 Event:

Handed to President [ ] Other Method [ ]

Gift Description: Book - Healing - A Journal of Tolerance and Understanding - Muhammad Ali - Thomas Hauser

Send Gift and Register to OEOB, Room 457 x7133

Ibrahim M. Oweiss, Ph.D.
4017 Glenridge Street
Kensington, MD 20895-3708

President Bill Clinton
The White House
Washington, D.C. 20500

February 22, 1998

Dear President Clinton,

I wish to thank you for your most thoughtful letter addressed to me and which was read by the President of Georgetown University, Father O'Donovan, before it was handed over to me at the official ceremonies honoring the University's best professors this afternoon.

I was highly honored and deeply touched by your kind words which I shall always treasure. They represent the best rewards for all of my teaching in the higher institutions of learning in our great nation which is in the forefront of world accomplishments in the advancement of knowledge and technology.

Thanks to your leadership which recognizes the significant role of education for the future of our nation and encourages community service for the attainment of social harmony and personal commitment to great causes. I do hope that someday, I shall have the honor of meeting you again and introducing my son Kareem, a senior at St. Albans School, who had initiated a music club giving piano recitals to raise funds to sponsor a young boy from a poor background from Romania to come to the United States to study music at a summer camp in Michigan. Mission was accomplished. My son as well as millions of other young Americans firmly believe in the ideals, principles and values of this nation which are more significant than our unmatched military superiority. Having accomplished his worthy project, he demonstrated another example of the US world leadership through compassion and providing a golden opportunity which could have never been dreamt of in the entire village of the Romanian boy.

In writing this letter of thanks to you, Mr. President, I wish to seize this opportunity also to congratulate you on the great accomplishments this country has achieved under your leadership. As an American citizen and as a professor of economics at Georgetown and Harvard Universities, I was quite impressed by your State of the Union address and for having outlined your vision in the future after a balanced budget is to be achieved. The task ahead is extremely important and the debate that you had eloquently presented of how to use the future surplus for the well being of the United States is definitely healthy.

In closing, Mr. President, I wish to enclose what I wrote to my students and which was quoted in the ceremonies this afternoon. A part of what I wrote appeared in the enclosed book, *Healing*, by Muhammad Ali and Thomas Hauser. With my best wishes for both you and Mrs. Clinton for good health and continued accomplishments.

Respectfully yours,

Ibrahim Oweiss

From the desk of
Professor Ibrahim M. Oweiss
Georgetown University

Message
_to_
my daughter Yasmeen, to my son Kareem & to my students

Life starts with a cry, let it end with a smile
In your life, learn with joy and contribute from your heart
while working to add a brick to human progress and prosperity

If you succeed, be proud but not be conceited
If you fail, be dignified but never be despondent
for success and failure are part of human experience

Read attentively to what others write
and listen carefully to what others say
Even if their thoughts are different from your own
for there ought not to be any monopoly over truth

Never be an oppressor
for think of yourself as being the oppressed
An oppressed suffers inhumanly during the ordeal, while
an oppressor will some day die
But the act of oppression remains forever
May we turn it into a remembrance in human consciousness
so that it is not to be repeated

Do remember that humans are created free
with dignity and equality for women as well
for today's woman is our future's mother

Do learn that forgiveness emanates from strength
while revenge is but a symptom of weakness
for forgiveness and revenge exist in human consciousness

If you lose your health, never lose your faith
If you lose your wealth, never lose your hope
If you deviate from success, never lose your drive

Be strong and dignified
Be loving and caring

April 18, 1986