3-16-98

THE WHITE HOUSE

WASHINGTON

March 14, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN
SEAN MALONEY

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) **NATO Enlargement letter to Lott and Daschle.** I had the letter executed on your behalf today, which thanks them for their support and lays out your argument for supporting enlargement. The letter will be copied to all Senators. My understanding is that it will be given to the *NY Times* for publication tomorrow.

(B) ***NY Times* Article forwarded by Richard Socarides** -- thought you might like to see an article that appeared in last Sunday's paper on the larger significance of gay and lesbian efforts to gain acceptance in institutions representing the "center" of American life: the Scouts, the military; churches; and marriage.

(C) **Thank You Note from Sen. Moynihan forwarded by Podesta** -- says, "This week's splendid news on the Farley Building could not have happened without help. We have now turned the corner. An opportunity has become a reality due in no small part to you and to your wonderful Karen Tramontano." John says Moynihan is happy for the moment; Karen did a great job, and we got good press coverage in New York City.

DAN BURKHARDT

please coordinate the reply

(D) **Drug Offender Proposal from Judge Louis Oberdorfer with DPC cover note.** Judge Oberdorfer sent you, via Chuck Ruff, a letter following up on your conversation at Renaissance Weekend. We asked DPC to do a cover note. In short, the judge suggests you issue an EO creating a committee within the Bureau of Prisons to reduce the sentences of non-violent drug law offenders, especially those convicted of being crack "couriers" or "cookers" (those who convert powder cocaine to crack). DPC, although sympathetic with his goal of reducing the crack/powder sentencing disparity, recommends against such an idea: (1) there is already a "safety valve" in place as result of the 1994 Crime Act that permits judges to exempt certain drug offenders from mandatory minimums; (2) his proposal is too broad as it is not limited to offenders in the lower-end of range of dealers like our crack/powder proposal, and (3) Congress would undoubtedly contest/overturn any Executive action you take to reduce sentences for crack defendants.

(E) **Cong'l Correspondence -- (1) Thank You Note from Sen. Dodd** -- thanks you for the wonderful weekend at Camp David; says he and Jackie enjoyed being with you and the

Tab C - original to Burkhardt / copy COS
Tab D - Emanuel / COS Walker
Tab E - ~~Dodd Ltr~~ Becerra - original to ~~Burkhardt~~
copy COS

Chron

OK

3-16-98

First Lady; understands why you find such peace and calm there; adds, "Please know that we care about you both very much;" **(2) Thank you Note from Rep. Becerra** -- thanks you on behalf of the Hispanic Caucus for your efforts to promote the needs of the Latino community in the FY99 Budget and for your personal involvement in the Hispanic Education Action Plan; says these items are crucial to improving the well being of Latino communities.

Send ~~Dodd~~ ltr
to Walker to
prepare reply.

'98 MAR 11 PM1:51

THE WHITE HOUSE

WASHINGTON

March 11, 1998

3-16-98

MEMORANDUM FOR THE PRESIDENT

FROM: **JANET MURGUIA** JM

SUBJECT: **CONGRESSIONAL CORRESPONDENCE**

Attached for your review are letters from Sen. Chris Dodd (D-CT) and Rep. Xavier Becerra (D-CA) that I thought you would like to see.

CHRISTOPHER J. DODD
CONNECTICUT

March
4-95

United States Senate
WASHINGTON, DC 20510

Dear President and Mrs. Clinton -

Thank you so much for the wonderful weekend at Camp David. Jashia and I really enjoyed being with you both.

I can really understand why you find such peace and solace there.

Please know we care about you both very much.

Warmest always — Chris.

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES

XAVIER BECERRA
30TH DISTRICT
CALIFORNIA

March 3, 1998

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

Dear Mr. President:

On behalf of Members of the Congressional Hispanic Caucus, thank you for your efforts in promoting the needs of the Latino community in your FY-1999 Budget Proposal and your personal involvement in introducing the Hispanic Education Action Plan.

These items are crucial to improving the well-being of our communities. In addition, they represent an important investment in the future of our country as a whole.

Thank you again for your willingness to work with us to address the increasing economic and educational gap between Latinos and non-Latinos.

Very truly yours,

XAVIER BECERRA
Chairman, Congressional Hispanic Caucus

THE WHITE HOUSE

Deputy Chief of Staff

Mr. President:

Sen. Moynihan's happy for the moment.

Knezel did a great job on this.

Good WYC coverage.

John

3-16-98

DAN BURKHARDT

please coordinate the reply.

Daniel P. Moynihan
New York

Copied
COS

United States Senate
Washington, D.C.

March 5, 1998

Dear John:

This week's splendid news on the Farley Building could not have happened without your help. We have now turned the corner. An opportunity has become a reality due in no small part to you and to your wonderful Karen Tramontano.

Best,

The Honorable John D. Podesta
The White House
Washington, D.C. 20500

3-16-98

THE WHITE HOUSE

WASHINGTON

'98 MAR 16 PM1:42

Copied Sperling COS

March 16, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

RE: FINANCIAL SERVICES MODERNIZATION

Attached please find a memorandum from Treasury Secretary Rubin summarizing Treasury's views on the House Republican leadership's draft of H.R. 10. Chief of Staff Bowles asked Secretary Rubin to prepare this summary for your review.

The NEC working group that met last week to discuss H.R. 10, including Treasury, OCC, OTS, OMB, and White House Legislative Affairs, recommended the same position: the Administration should not allow this bill to pass the House without raising significant concerns. We believe that it is especially important to stress the negative impact of the Republican draft bill on consumers and communities -- in particular, how it would reduce the effectiveness of the Community Reinvestment Act, whose protection has been a signature effort of your Administration.

Treasury has drafted a letter from Secretary Rubin to Speaker Gingrich describing "profound deficiencies" in the bill, but expressing willingness to work with him and Democratic leadership to produce a bill that would achieve real reform. With your approval, this letter will be sent today, after appropriate calls are made to key Republican and Democratic members.

✓ **AGREE** **____ DISAGREE** **____ DISCUSS**

3-16-98

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.
March 15, 1998

'98 MAR 16 AM9:34

SECRETARY OF THE TREASURY

MEMORANDUM FOR PRESIDENT CLINTON

FROM: Robert E. Rubin

SUBJECT: Financial Modernization Legislation

Background. Last year we sent to Congress draft legislation proposing sweeping changes in the laws governing the financial services industry. Our bill would both broaden the range of financial activities permissible for banking organizations and allow insurance and securities firms to own banks. The House Banking Committee and the House Commerce Committee, each of which has jurisdiction, reported out significantly different versions of the bill last year. The Republican Leadership in the House -- with no involvement of Democrats -- has recently forged a compromise version, which it is proposing to move to the Floor quickly, perhaps in the next few weeks.

We propose to send the Leadership a letter stating that we will oppose the bill and recommend against its enactment unless our concerns are resolved. We believe it will be difficult for the Leadership to pass this bill over our objection -- although they are likely to make a strong effort to do so.

While the compromise would achieve some of our basic objectives, it includes a number of provisions that we find highly objectionable. In particular, it would significantly weaken the national bank charter in several important respects:

- First, it would bar national banks (but not state banks) from conducting new financial activities through their own "operating subsidiaries" and would force all such activities to be conducted through holding company affiliates, under the sole jurisdiction of the Federal Reserve. In this respect the proposal is intended to shut down the Comptroller of the Currency's "Part 5" initiative, under which Comptroller Ludwig has moved to give national banks more flexibility in conducting new financial activities through subsidiaries.

  This would significantly limit the role of the Executive Branch in the development of banking policy and would put the national bank charter at a competitive disadvantage compared to the state charter. We think it would also have the effect of weakening the Community Reinvestment Act, by reducing the volume of bank resources that could be taken into account by the Comptroller in assessing a bank's CRA performance.

- Second, it would make national banks more vulnerable to state laws that discriminate against banks (such as those limiting the ability of banks to sell insurance) by eliminating the tradition deference the Federal courts have given to

the Comptroller's decisions on preemption of such state laws. It would also discriminate against national banks in a number of other respects, for example by imposing restrictions that do not apply to state banks and by failing to eliminate outdated restrictions in Federal law that apply only to national banks.

- There is no safety and soundness or competitiveness basis for these restrictions.

The bill would also significantly limit the utility and flexibility of the Federal thrift charter.

We repeatedly informed the two Committees and the Leadership of our objections to these provisions, but they pointedly ignored our position, largely out of a fear of offending the Federal Reserve. We are informed that they fully expect opposition from us. (We and the Federal Reserve have compartmentalized this disagreement from the rest of our working relationship.)

Where the Parties Stand. The major insurance and securities groups appear to be supportive of the compromise proposal, largely because it allows their members to acquire banks. We believe the Independent Insurance Agents are likely to be supportive because of the restrictions the bill would put on new bank insurance activities. Several major banks, such as NationsBank and BancOne, support the proposal. The American Bankers Association has not yet taken an official position, although it is known to be unhappy about a number of the bill's provisions. We have heard reports that the House Leadership has been lobbying heavily to get bankers on board.

The Independent Bankers Association of America, which represents smaller community banks, and the major trade association representing thrift institutions are strongly opposed to the bill. Consumer groups are also opposed, principally because they believe the bill does not have sufficient protections for consumers and because it does not extend CRA to insurance and securities companies. (We were urged to include such an extension of CRA in our bill, but elected not to do so because we thought it could not pass and would create strong opposition to the basic structural reforms we were proposing.)

House Banking Committee Democrats are disaffected because they were not given a role in forging the compromise. However, John Dingell, Ranking Member of the Commerce Committee, has supported some of the provisions that we oppose, and he could support the Leadership compromise. Gene Ludwig and Ellen Seidman, who is Director of the Office of Thrift Supervision, both have strong objections to the bill.

Our Recommended Position. The bill has gone further than any prior financial modernization proposal, and it has much in it that we support. However, we are strongly opposed to the provisions weakening national banks and the authority of the Comptroller's Office. If the bill could be altered to satisfy our concerns we could be supportive. While the Leadership has urged that we try to get our concerns addressed in the Senate or in Conference, and that we not try to prevent passage in the House, we are reluctant to allow a bill to pass the House in this form -- in part because the Senate may well not act on the proposal this year and a House-passed bill might then become the baseline for the next Congress.

3-16-98

'98 MAR 14 PM4:15

MEMORANDUM FOR THE PRESIDENT AND THE FIRST LADY

FROM: **SYLVIA MATHEWS** SM
STEPHANIE STREETT SS
KAREN FINNEY KF
EDWARD PREWITT EP

Copied Mathews Streett

RE: **AFRICA TRIP SCHEDULE**

DATE: **MARCH 14, 1998**

COPY: **SAMUEL BERGER**
MELANNE VERVEER
EVAN RYAN

Attached is a copy of the most recent draft schedule for your upcoming trip to Africa. While there are no major changes, we wanted to highlight briefly the few minor changes that have been recommended based on the findings of the pre-advance team. We would also like to bring to your attention that there is very little down time on most of the days on the trip. If you would like, we could consider cutting events, however we think that you will enjoy all of the non-official events, which will give you opportunities to get out and see "real people" and experience the cultures you will be visiting. As a way to balance the lack of down time during the days, we have been able to give you most of the evenings off. There will be a meeting next week to brief you on the trip in greater detail.

- **Monday, March 23, 1998:**

  In Ghana, we have added a luncheon with you, the First Lady, President and Mrs. Rawlings, the members of our delegation and a number of Ghanian VIP's per your request.

- **Tuesday, March 24, 1998:**

  You will visit the Kisowera school located outside of Kampala where you will announce a major education initiative and visit the FINCA women's Village Bank project in Jinja. ~~Mrs. Clinton is trying to work in a visit to the Heifer Project~~ site on the second day in Uganda, while you participate in the Regional Leaders Summit.

- **Wednesday, March 25, 1998:**

  We have added a brief trip to Rwanda during which you will do a discussion with refugees and make remarks to a small audience before returning to Uganda for the Regional Leaders Summit. This event will take place in the main airport terminal building.

3-16-98

- **Thursday, March 26, 1998:**

Ambassador Joseph will host a reception at his residence in honor of the delegation that will be traveling directly to South Africa (and of course those who will be traveling with you on AF 1), following your speech to parliament. We strongly recommend that you attend as this will be your best opportunity to spend time with the delegation as a whole, and for them to have an opportunity to see you at a non-official event. (The other events they will be attending include the State Dinner and your Trade & Investment event)

- **Saturday, March 28, 1998:**

1. You will travel to Johannesburg on this day and in the afternoon, we recommend that you do a round table discussion at a school in the Thokoza Township with Young South African Leaders to discuss the future of their country. Deputy President Mbeki will not be able to join you on this day due to a prior commitment.

2. Later that afternoon in Johannesburg, Secretary Daley and the other members of our delegation, including Alma Brown, will be doing an opening ceremony for the Ron Brown Commercial center in Johannesburg which will include a number of Business community leaders. We are currently working to make sure that the event is scheduled at a time that you and the First Lady could have the option to drop by the event. (Without creating a specific expectation that you will be there.)

- **Sunday, March 29, 1998:**

1. We are recommending that you and the First Lady consider attending church services in a township as an OTR in the morning prior to your departure from Johannesburg and are working to see if we can attend the church in Soweto that Rev. Jackson suggested in you meeting on Friday (March 13).

2. In the afternoon upon arrival in Kasane, Botswana, we recommend that you visit the Lesomo Village and attend the Khotla (town meeting). We had initially hoped that the Khotla meeting could be something you attend as an OTR, however, the Village Chief has said that if it is to be a real meeting, he will need time to plan the agenda and inform the villagers. Doing the meeting on Sunday afternoon has the added benefit of starting your day a little later, and would allow your to have the whole day on Monday to do game drives and or the river boat ride at your leisure.

3-16-98

- **Thursday, April 2, 1998:**

There has been a strong desire to have you do an event that would highlight the critical role that NGO's play in African development and civil society, sustaining and maintaining democracy process, on the trip. We have added an event in the morning prior to your visit to Goree Island later in the day.

SCHEDULE OF THE PRESIDENT
FOR
SUNDAY, MARCH 22, 1998

Draft Schedule

SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4033**
EVENT COORDINATOR:	**KAREN FINNEY**	
	HOME:	**202-667-0132**
	OFFICE:	**202-456-7951**
	WHCA PAGER:	**4216**
EVENT COORDINATOR:	**EDWARD PREWITT**	
	HOME:	**202-296-4045**
	OFFICE:	**202-456-5330**
	WHCA PAGER:	**4836**
PRESS DESK:	**ANNE EDWARDS**	
	HOME:	**301-565-3101**
	OFFICE:	**202-456-2921**
	WHCA PAGER:	**4208**

Schedule of the President
for
Sunday, March 22, 1998
Draft Schedule

5:00	pm	**THE PRESIDENT** and The First Lady depart The White House via Marine One en route Andrews Air Force Base [flight time: 10 minutes]
5:10	pm	**THE PRESIDENT** and The First Lady arrive Andrews Air Force Base
5:25	pm	**THE PRESIDENT** and The First Lady depart Andrews Air Force Base via Air Force One en route Accra, Ghana [flight time: 9 hours 20 minutes] [time change: +5 hours]
BC/HRC		**AIR FORCE ONE**

SCHEDULE OF THE PRESIDENT
FOR
MONDAY, MARCH 23, 1998

Draft Schedule
[GHANA/UGANDA]

SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4033**
EVENT COORDINATOR:	**EDWARD PREWITT**	
	HOME:	**202-296-4045**
	OFFICE:	**202-456-5330**
	WHCA PAGER:	**4836**
PRESS DESK:	**ANNE EDWARDS**	
	HOME:	**301-565-3101**
	OFFICE:	**202-456-2921**
	WHCA PAGER:	**4208**
ADVANCE:	**RICK JASCULCA**	
	STAFF OFFICE:	
	CELL PHONE:	
	PAGER:	

Schedule of the President
for
Monday, March 23, 1998
Draft Schedule

STAFF NOTE:	THERE WILL BE A STAFF MEETING AT TBD, LOCATION TBD.

7:45 am **THE PRESIDENT** and The First Lady arrive Accra, Ghana

8:00 am-
8:30 am **ARRIVAL CEREMONY**
TARMAC
Airport Accra, Ghana
Remarks:
Staff Contact : Samuel Berger
Event Coordinator: Edward Prewitt
Interpretation: None Needed
PRESS TBD

-- The delegation proceeds down the front stairs of the aircraft and proceeds to the VIP Section.

-- **The President** and The First Lady deplane and are greeted by President and Mrs. Jerry John Rawlings.

-- The First Lady are presented with flowers.

-- **The President** and President Jerry John Rawlings pour libations.

-- **The President** and The First Lady, escorted by President and Mrs. Jerry John Rawlings, proceed to a platform.

-- Anthems are played (U.S./Ghana).

-- **The President** and President Jerry John Rawlings review troops and present delegations.

-- **The President** and The First Lady, escorted by President and Mrs. Jerry John Rawlings, proceed to the motorcade.

-- The First Lady and Mrs. Rawlings depart.

-- **The President** and President Jerry John Rawlings depart.

8:35 am **THE PRESIDENT** and The First Lady depart Airport via motorcade en route Presidential Residence
[drive time: 20 minutes (approximately)]

8:55 am **THE PRESIDENT** and The First Lady arrive OSU Castle

Greeters:

9:00 am-
9:15 am **WALK WITH PRESIDENT JERRY JOHN RAWLINGS**
GARDEN
OSU Castle
Staff Contact: Samuel Berger
Event Coordinator: Edward Prewitt
PRESS TBD

9:15 am **THE PRESIDENT**, accompanied by President Jerry John Rawlings proceeds inside

9:20 am-
9:50 am **BILATERAL MEETING WITH PRESIDENT JERRY JOHN RAWLINGS OF GHANA**
ROOM TBD
OSU Castle
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Edward Prewitt
Interpretation: None Needed
CLOSED PRESS

United States	Ghana

9:55 am **THE PRESIDENT** proceeds to hold

10:00 am-
10:15 am — **HOLD**

10:20 am — **THE PRESIDENT**, accompanied by President Jerry John Rawlings, departs OSU Castle via motorcade en route TBD
[drive time: 10 minutes (approximately)]

10:30 am — **THE PRESIDENT** arrives TBD

Note: The First Lady, Mrs. Rawlings and the delegation will rejoin The President at TBD.

Greeters:

10:35 am-
12:05 am — **ADDRESS TO THE PEOPLE OF GHANA**
TBD
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Ed Prewitt
Translator: None needed
OPEN PRESS

12:15 am — **THE PRESIDENT** and The First Lady depart Parliament via motorcade en route OSU Castle
[drive time: 10 minutes (approximately)]

12:25 am — **THE PRESIDENT** and The First Lady arrive OSU Castle

Greeters:

12:35 am-
12:45 am — **HOLD**

12:50 am- **LUNCH WITH PRESIDENT AND MRS. RAWLINGS**
2:05 pm ROOM TBD
OSU Castle
Staff Contact: Samuel Berger
Event Coordinator: Edward Prewitt
CLOSED PRESS

Note: There will be approximately 50 total guests.

2:10 pm **THE PRESIDENT** and The First Lady depart OSU Castle via motorcade en route Technoserve
[drive time: 20 minutes (approximately)]

2:30 pm **THE PRESIDENT** and The First Lady arrive Technoserve

Greeters:

2:35 pm- **VISIT TECHNOSERVE/PEACE CORPS PROJECT DISPLAYS**
3:55 pm LAWN
Technoserve Grounds
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Edward Prewitt
Interpretation: None needed
POOL PRESS (PRE POSITIONED)

-- **The President** and The First Lady tour the Technoserve exhibits and interact with TBD.

-- **The President** and The First Lady tour the PeaceCorps exhibits and interact with PeaceCorps volunteers.

-- **The President** and The First Lady proceed to toast lectern.

-- TBD makes brief remarks and introduces The First Lady.

-- The First Lady makes brief remarks and introduces **The President**.

-- **The President** makes remarks.

-- Upon conclusion of his remarks, **The President** and The First Lady work a ropeline and depart.

4:00 pm **THE PRESIDENT** and The First Lady depart Technoserve via motorcade en route Airport
[drive time: 25 minutes (approximately)]

4:25 pm **THE PRESIDENT** and The First Lady arrive airport

Greeters:

4:30 pm-		**REMARKS TO U.S. EMBASSY STAFF**
4:55 pm		ROOM TBD Airport Remarks: Staff Contact: Samuel Berger Event Coordinator: Edward Prewitt **CLOSED PRESS**
5:15 pm		**THE PRESIDENT** and The First Lady depart via Air Force One en route Entebbe, Uganda [flight time: 4 hours, 30 minutes] [time change: +3 hours]
12:45 am		**THE PRESIDENT** and The First Lady arrive Entebbe, Uganda Greeters:
1:05 am		**THE PRESIDENT** and The First Lady depart via Marine One en route Kampala Landing Zone [flight time: approx. 30 minutes]
1:35 am		**THE PRESIDENT** and The First Lady arrive Kampala Landing Zone Greeters:
1:50 am		**THE PRESIDENT** and The First Lady depart Landing Zone via motorcade en route Sheraton Hotel [drive time: 10 minutes]

2:00 am **THE PRESIDENT** and The First Lady arrive Sheraton Hotel

Greeters: None

BC/HRC RON **Sheraton Hotel**
Kampala, Uganda

SCHEDULE OF THE PRESIDENT
FOR
TUESDAY, MARCH 24, 1998

Draft Schedule
[UGANDA]

SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4033**
EVENT COORDINATOR:	**KAREN FINNEY**	
	HOME:	**202-667-0132**
	OFFICE:	**202-456-7951**
	WHCA PAGER:	**4216**
PRESS DESK:	**ANNE EDWARDS**	
	HOME:	**301-565-3101**
	OFFICE:	**202-456-2921**
	WHCA PAGER:	**4208**
ADVANCE:	**DAVE VAN NOTE**	
	STAFF OFFICE:	
	CELL PHONE:	
	PAGER:	

Schedule of the President
for
Tuesday, March 24, 1998
Draft Schedule

STAFF NOTE:	**THERE WILL BE A STAFF MEETING AT 9:00 AM, LOCATION TBD.**

10:00 am-
10:25 am **BRIEFING FOR BILATERAL MEETING WITH PRESIDENT YOWERI KAGUTA MUSEVENI AND PRESS OPPORTUNITY**
TBD
Sheraton Hotel
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney

10:30 am **THE PRESIDENT** and The First Lady depart Hotel via motorcade en route Nile Conference Center
[drive time: 15 minutes]

10:45 am **THE PRESIDENT** and The First Lady arrive Nile Conference Center

Greeters: President and Mrs. Yoweri Kaguta Museveni

10:50 am-
11:10 am **ARRIVAL CEREMONY**
NILE CONFERENCE CENTER
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney
Interpretation: None
OPEN PRESS

11:15 am **THE PRESIDENT** and The First Lady proceed to President Yoweri Kaguta Museveni's Office

11:20 am-
12:05 pm **BILATERAL MEETING WITH PRESIDENT YOWERI KAGUTA MUSEVENI OF UGANDA**
OFFICE OF PRESIDENT MUSEVENI
Nile Conference Center
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney
Interpretation: None Needed
POOL SPRAY (AT THE TOP)

United States	Uganda

12:10 pm **THE PRESIDENT** and The First Lady depart Nile Conference Center via motorcade en route Sheraton Hotel
[drive time: 15 minutes]

12:25 pm **THE PRESIDENT** and The First Lady arrive Sheraton hotel

12:30 pm-
1:20 pm **DOWN/LUNCH**

1:25 pm
1:45 pm **SPEECH PREPARATION FOR EDUCATION INITIATIVE ANNOUNCEMENT**
ROOM TBD
Sheraton Hotel
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney

1:50 pm **THE PRESIDENT** and The First Lady depart Sheraton Hotel via motorcade en route Landing Zone
[drive time: 10 minutes]

2:00 pm **THE PRESIDENT** and The First Lady arrive Landing Zone

2:10 pm **THE PRESIDENT** and The First Lady depart via Marine One en route Jinja Landing Zone
[flight time: 25 minutes (approximately)]

2:35	pm	**THE PRESIDENT** and The First Lady arrive Landing Zone
2:45	pm	**THE PRESIDENT** and The First Lady depart via motorcade en route Kisowera School [drive time: approximately 15 minutes]
3:00	pm	**THE PRESIDENT** and The First Lady arrive Kisowera School
3:05 3:25	pm- pm	**TOUR SCHOOL** Staff Contact: Samuel Berger Event Coordinator: Karen Finney **POOL PRESS**

3:30 pm-
4:30 pm

EDUCATION INITIATIVE ANNOUNCEMENT
FIELD
KISOWERA SCHOOL
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney
Interpretation:
EXPANDED POOL

Note: The delegation will arrive at the school prior to The President.

Participants

-- Children perform three dances from the region.

-- TBD makes remarks and introduces President Yoweri Kaguta Museveni.

-- President Yoweri Kaguta Museveni makes remarks and introduces **The President**.

-- **The President** makes remarks, works a ropeline and departs.

4:40 pm **THE PRESIDENT** and The First Lady depart via motorcade en route Jinja Landing Zone
[drive time: approximately 15 minutes]

Note: The delegation will depart for a separate schedule at this time.

4:55 pm **THE PRESIDENT** and The First Lady arrive Landing Zone

5:10 pm **THE PRESIDENT** and The First Lady depart Landing Zone via Marine One en route Kampala Landing Zone
[flight time: 20 minutes (approximately)]

5:30 pm **THE PRESIDENT** and The First Lady arrive Finca Village

5:40 pm- **THE PRESIDENT** and The First Lady proceed on foot en route Finca Village

5:45 pm- **VISIT FINCA WOMEN'S VILLAGE**
6:45 pm ROOM TBD
LOCATION TBD
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney
Interpretation: None Needed
TIGHT POOL

Participants

-- **The President** and The First Lady proceed to their seats under a tent.

-- TBD gives remarks and introduces SONG TBD.

-- SONG TBD is performed.

-- **The President** and The First Lady tour village.

-- **The President** and The First Lady depart.

6:50 pm- **THE PRESIDENT** and The First Lady proceed on foot en route Landing Zone

6:55 pm **THE PRESIDENT** and The First Lady arrive Landing Zone

7:05 pm **THE PRESIDENT** and The First Lady depart Landing Zone via Marine One en route Kampala Landing Zone
[flight time: 25 minutes (approximately)]

7:30 pm **THE PRESIDENT** and The First Lady arrive Kampala Landing Zone

7:40	pm	**THE PRESIDENT** and The First Lady depart via motorcade en route Sheraton Hotel [drive time: 10 minutes]
7:50	pm	**THE PRESIDENT** and The First Lady arrive Sheraton Hotel

Evening Off

BC/HRC RON **Sheraton Hotel**
Kampala, Uganda

SCHEDULE OF THE PRESIDENT
FOR
WEDNESDAY, MARCH 25, 1998

Draft Schedule
[UGANDA/RWANDA/CAPE TOWN]

SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4033**
EVENT COORDINATOR:	**KAREN FINNEY**	
	HOME:	**202-667-0132**
	OFFICE:	**202-456-7951**
	WHCA PAGER:	**4216**
PRESS DESK:	**ANNE EDWARDS**	
	HOME:	**301-565-3101**
	OFFICE:	**202-456-2921**
	WHCA PAGER:	**4208**
ADVANCE: (UGANDA)	**DAVE VAN NOTE**	
	STAFF OFFICE:	
	CELL PHONE:	
	PAGER:	
ADVANCE: (RWANDA)	**CARRIE GOUX**	
	STAFF OFFICE:	
	CELL PHONE:	
	PAGER:	
ADVANCE: (CAPE TOWN)	**AL RUTHERFORD**	
	STAFF OFFICE:	
	CELL PHONE:	
	PAGER:	

Schedule of the President
for
Wednesday, March 25, 1998
Draft Schedule

STAFF NOTE:	**THERE WILL BE A STAFF MEETING AT 8:00 AM, LOCATION TBD.**

8:45	am	**THE PRESIDENT** and The First Lady depart hotel en route Landing Zone [drive time: 10 minutes]
8:55	am	**THE PRESIDENT** and The First Lady arrive Landing Zone
9:10	am	**THE PRESIDENT** and The First Lady depart via Marine One en route Entebbe Airport [flight time: approximately 30 minutes]
9:40	am	**THE PRESIDENT** and The First Lady arrive Entebbe Airport
9:55	am	**THE PRESIDENT** and The First Lady depart Entebbe, Uganda Airport via Air Force One en route Kigali, Rwanda [flight time: 50 minutes -1 hour]
TBD		**BRIEFING FOR DISCUSSION AND REMARKS IN KIGALI** AIR FORCE ONE Staff Contact: Samuel Berger Event Coordinator: Karen Finney
9:45	am	**THE PRESIDENT** and The First Lady arrive Kigali, Rwanda
10:00	am	**THE PRESIDENT** and The First Lady proceed to TBD
10:15 am- 11:30	am	**DISCUSSION WITH REFUGEES** Staff Contact: Samuel Berger Event Coordinator: Karen Finney Interpretation: **PRESS TBD**
11:35	am	**THE PRESIDENT** and The First Lady proceed to MONUMENT

11:40 am- 11:50 am	**THE PRESIDENT LAYS A WREATH AT A MONUMENT TO THE GENOCIDE VICTIMS**
11:55 am	**THE PRESIDENT** proceeds to TBD
12:00 pm 12:40 pm	**REMARKS** KIGALI AIRPORT Remarks: Staff Contact: Samuel Berger Event Coordinator: Karen Finney Interpretation: **PRESS TBD**
1:00 p	**THE PRESIDENT** and The First Lady depart Kigali, Rwanda via Air Force One en route Entebbe [flight time: 50 minutes +1 hour]
TBD	**BRIEFING FOR REGIONAL LEADERS MEETING AND PULL ASIDES IN KAMPALA** AIR FORCE ONE Staff Contact: Samuel Berger Event Coordinator: Karen Finney
2:50 pm	**THE PRESIDENT** and The First Lady arrive Entebbe
3:05 pm	**THE PRESIDENT** and The First Lady depart Airport en route Botanical Beach Hotel [drive time: 15 minutes]
3:20 pm	**THE PRESIDENT** and The First Lady arrive Botanical Beach Hotel

3:30 pm- **REGIONAL LEADERS MEETING**
6:30 pm ROOM TBD
Botanical Beach Hotel
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney
Interpretation:
POOL SPRAY (AT THE TOP)

Format:

3:00 pm- **SESSION I**
3:50 pm

3:55 pm- **BREAK**
4:10 pm

4:15 pm- **SESSION II**
5:05 pm

5:10 pm- **BREAK**
5:25 pm

5:30 pm- **SESSION III**
6:00 pm

Participants

6:35 pm **THE PRESIDENT** and The First Lady proceed to Hold

6:45 pm **THE PRESIDENT** proceeds to Reception

6:50 pm- **RECEPTION IN HONOR OF REGIONAL LEADERS**
7:30 pm ROOM TBD
Botanical Beach Hotel
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney
Interpretation:
PRESS TBD

Note: The delegation will attend the reception.

7:35 pm **THE PRESIDENT** and The First Lady depart Botanical Beach Hotel via motorcade en route Airport
[drive time: 15 minutes]

7:50 pm **THE PRESIDENT** and The First Lady arrive Airport

7:55 pm- **REMARKS TO THE UNITED STATES EMBASSY COMMUNITY**
8:20 pm ROOM TBD
LOCATION TBD
Remarks:
Staff Contact:
Event Coordinator:
PRESS TBD

-- Ambassador Dovell makes remarks and introduces The First Lady.

-- The First Lady makes remarks and introduces CABINET MEMBER TBD.

-- CABINET MEMBER TBD makes remarks and introduces CONGRESSPERSON TBD .

-- CONGRESSPERSON TBD makes remarks and introduces **The President**.

-- **The President** makes remarks, works a ropeline, and departs.

8:35 pm **THE PRESIDENT** and The First Lady depart via Air Force One en route Cape Town, South Africa

[flight time: 5 hours, 25 minutes]
[time change: - 1 hour]

1:00 am **THE PRESIDENT** and The First Lady arrive Cape Town, South Africa

1:15 am **THE PRESIDENT** and The First Lady depart Airport, Cape Town, South Africa via motorcade en route HOTEL TBD
[drive time: 30 minutes (approximately)]

1:45 am **THE PRESIDENT** and The First Lady arrive HOTEL TBD
Greeters:

BC/HRC RON **CAPE GRACE HOTEL**
CAPE TOWN, SOUTH AFRICA

SCHEDULE OF THE PRESIDENT
FOR
THURSDAY, MARCH 26, 1998

Draft Schedule
[CAPE TOWN]

SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4033**
EVENT COORDINATOR:	**EDWARD PREWITT**	
	HOME:	**202-296-4045**
	OFFICE:	**202-456-5330**
	WHCA PAGER:	**4836**
PRESS DESK:	**ANNE EDWARDS**	
	HOME:	**301-565-3101**
	OFFICE:	**202-456-2921**
	WHCA PAGER:	**4208**
ADVANCE:	**AL RUTHERFORD**	
	STAFF OFFICE:	
	CELL PHONE:	
	PAGER:	

Schedule of the President
for
Thursday, March 26, 1998
Draft Schedule

Morning Off

STAFF NOTE:	**THERE WILL BE A STAFF MEETING AT 12:00 PM LOCATION TBD.**

2:00 pm- (T) **COURTESY CALL BY EXECUTIVE DEPUTY PRESIDENT**
2:30 pm **THABO MBEKI**
ROOM TBD
LOCATION TBD
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Edward Prewitt
PRESS TBD

2:50 pm- **BRIEFING/SPEECH PREPARATION**
3:30 pm PRESIDENTIAL SUITE
HOTEL TBD
Staff Contact: Samuel Berger
Event Coordinator: Edward Prewitt

3:35 pm **THE PRESIDENT** and The First Lady depart hotel en route Tuynhuis (Parliament Grounds)
[drive time: 20 minutes]

3:55 pm **THE PRESIDENT** and The First Lady arrive Tuynhuis

4:00 pm- **ARRIVAL CEREMONY**
4:30 pm FRONT COURTYARD
Tuynhuis
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Edward Prewitt
EXPANDED POOL

4:35 pm **THE PRESIDENT**, accompanied by President Nelson Mandela, proceeds to the Parliament Chamber

4:45 pm- 5:45 pm **ADDRESS TO PARLIAMENT**
MAIN CHAMBER
Parliament
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Edward Prewitt
PRESS TBD

5:50 pm **THE PRESIDENT** proceeds to the Speaker's Chamber

6:00 pm- 6:25 pm **COURTESY CALL WITH SPEAKER OF THE PARLIAMENT**
ROOM TBD
Parliament
Staff Contact: Samuel Berger
Event Coordinator: Edward Prewitt
CLOSED PRESS

6:35 pm **THE PRESIDENT** departs Parliament via motorcade en route Ambassadorial Residence
[drive time: 25 minutes]

7:00 pm **THE PRESIDENT** arrives TBD

7:00 pm- 8:00 pm **RECEPTION WITH DELEGATION**
ROOM TBD
AMBASSADORIAL RESIDENCE
Staff Contact: Samuel Berger
Event Coordinator: Edward Prewitt
CLOSED PRESS

8:00 pm **THE PRESIDENT** departs Ambassadorial Residence via motorcade en route TBD

Evening Off

BC/HRC RON **CAPE GRACE HOTEL**
CAPE TOWN, SOUTH AFRICA

SCHEDULE OF THE PRESIDENT
FOR
FRIDAY, MARCH 27, 1998

Draft Schedule
[CAPE TOWN]

SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4033**
EVENT COORDINATOR:	**EDWARD PREWITT**	
	HOME:	**202-296-4045**
	OFFICE:	**202-456-5330**
	WHCA PAGER:	**4836**
PRESS DESK:	**ANNE EDWARDS**	
	HOME:	**301-565-3101**
	OFFICE:	**202-456-2921**
	WHCA PAGER:	**4208**
ADVANCE:	**AL RUTHERFORD**	
	STAFF OFFICE:	
	CELL PHONE:	
	PAGER:	

Schedule of the President
for
Friday, March 27, 1998
Draft Schedule

STAFF NOTE:	THERE WILL BE A STAFF MEETING AT TBD, LOCATION TBD.

8:30 am-
8:45 am **BRIEFING FOR BILATERAL MEETING WITH PRESIDENT NELSON MANDELA**
PRESIDENTIAL SUITE
Hotel
Staff Contact: Samuel Berger
Event Coordinator: Edward Prewitt
PRESS TBD

8:50 am **THE PRESIDENT** departs en route Tuynhuis
[drive time: 20 minutes]

9:10 am **THE PRESIDENT** arrives Tuynhuis

9:15 am-
10:00 am **BILATERAL MEETING WITH PRESIDENT MANDELA OF SOUTH AFRICA**
PRESIDENT MANDELA'S OFFICE
Tuynhuis
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Edward Prewitt
POOL SPRAY (AT THE TOP)

United States	South Africa

10:05 am **THE PRESIDENT** proceeds to Hold

10:10 am-
11:10 am **BRIEFING FOR PRESS CONFERENCE WITH PRESIDENT MANDELA**
ROOM TBD
LOCATION TBD
Staff Contact: Samuel Berger
Event Coordinator: Edward Prewitt

11:15 am **THE PRESIDENT** proceeds to the Back Courtyard, Tuynhuis

11:20 am-
11:50 am **PRESS CONFERENCE WITH PRESIDENT MANDELA**
COURTYARD
Tuynhuis
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Edward Prewitt
OPEN PRESS

11:55 am-
12:10 pm **HOLD/CLOTHES CHANGE**

12:15 pm **THE PRESIDENT,** accompanied by President Neslen Mandela, departs Tuynhuis via motorcade en route dock
[drive time: 20 minutes]

12:35 pm **THE PRESIDENT** and President Nelson Mandela arrive Dock

Greeters:

12:45 pm **THE PRESIDENT** and The First Lady, accompanied by President Neslen Mandela, departs Dock via boat en route Robben Island Dock
[sail time: 20 minutes]

1:05 pm **THE PRESIDENT** and The First Lady, accompanied by President Neslen Mandela, arrive Robben Island Dock

Greeters:

1:15 pm **THE PRESIDENT** and The First Lady, accompanied by President Neslen Mandela, depart Robben Island Dock via motorcade en route Guest House
[drive time: 15 minutes]

1:30	pm	**THE PRESIDENT** and The First Lady, accompanied by President Neslen Mandela, arrive guest house
1:35 2:20	pm- pm	**LUNCH** GUEST HOUSE Robben Island Staff Contact: Samuel Berger Event Coordinator: Edward Prewitt **CLOSED PRESS**
2:25	pm	**THE PRESIDENT** and The First Lady, accompanied by President Neslen Mandela, depart Guest House via motorcade en route Tour
2:30 3:30	pm- pm	**TOUR ROBBEN ISLAND WITH PRESIDENT NELSON MANDELA** Staff Contact: Samuel Berger Event Coordinator: Karen Finney **TIGHT POOL PRESS**
3:35	pm	**THE PRESIDENT**, accompanied by President Nelson Mandela, proceeds to the dock
3:45	pm	**THE PRESIDENT**, accompanied by President Nelson Mandela, departs Dock, Robben Island via boat en route Cape Town [Sail time: 20 minutes]
4:05	pm	**THE PRESIDENT** and President Nelson Mandela arrive Cape Town
4:15	pm	**THE PRESIDENT** departs dock via motorcade en route hotel [drive time: 10 minutes]
4:25	pm	**THE PRESIDENT** arrives hotel
4:30 6:00	pm- pm	**DOWN**

TBD	**BRIEFING AND TAPE RADIO ADDRESS** ROOM TBD LOCATION TBD

6:00	pm	**THE PRESIDENT** and The First Lady depart Hotel via motorcade en route Landing Zone [drive time: 15 minutes (approximately)]
6:15	pm	**THE PRESIDENT** and The First Lady arrive Landing Zone
6:30	pm	**THE PRESIDENT** and The First Lady depart Landing Zone via Marine One en route Vergelegen Wine Estates [flight time: 20 minutes (approximately)]
6:50	pm	**THE PRESIDENT** and The First Lady arrive Vergelegen Wine Estates
7:00 9:00	pm- pm	**STATE DINNER** ROOM TBD Vergelegen Wine Estates Toast Remarks: Staff Contact: Samuel Berger Event Coordinator: Edward Prewitt **PRESS TBD**
BC/HRC RON		**CAPE GRACE HOTEL** **CAPE TOWN, SOUTH AFRICA**

SCHEDULE OF THE PRESIDENT
FOR
SATURDAY, MARCH 28, 1998

Draft Schedule
[CAPE TOWN/JOHANNESBURG]

SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4033**
EVENT COORDINATOR:	**KAREN FINNEY**	
	HOME:	**202-667-0132**
	OFFICE:	**202-456-7951**
	WHCA PAGER:	**4216**
PRESS DESK:	**ANNE EDWARDS**	
	HOME:	**301-565-3101**
	OFFICE:	**202-456-2921**
	WHCA PAGER:	**4208**
ADVANCE: **(CAPE TOWN)**	**AL RUTHERFORD**	
	STAFF OFFICE:	
	CELL PHONE:	
	PAGER:	
ADVANCE: **(JOHANNESBURG)**	**ED MADDOX**	
	STAFF OFFICE:	
	CELL PHONE:	
	PAGER:	

Schedule of the President
for
Saturday, March 28, 1998
Draft Schedule

STAFF NOTE:	THERE WILL BE A STAFF MEETING AT 7:30 AM, LOCATION TBD.

8:30 am **THE PRESIDENT** and The First Lady depart Hotel via motorcade en route airport

9:00 am **THE PRESIDENT** and The First Lady arrive airport

9:05 am-
9:30 am **REMARKS TO THE US EMBASSY STAFF**
TARMAC/HANGER
Airport, Cape Town
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney
CLOSED PRESS

-- Ambassador TBD makes remarks and introduces The First Lady.

-- The First Lady makes remarks and introduces CABINET MEMBER TBD.

-- CABINET MEMBER TBD makes remarks and introduces CONGRESSPERSON TBD .

-- CONGRESSPERSON TBD makes remarks and introduces **The President**.

-- **The President** makes remarks, works a ropeline, and departs.

9:45 am **THE PRESIDENT** and The First Lady depart Cape Town, South Africa via Air Force One en route Johannesburg, South Africa
[flight time: 1 hour 55 minutes]
[time change: no change]

11:40 am **THE PRESIDENT** and The First Lady arrive Johannesburg, South Africa

Greeters:

12:00 pm **THE PRESIDENT** and The First Lady depart Airport via motorcade en route TBD
[drive time: 25 minutes (approximately)]

12:25 pm **THE PRESIDENT** and The First Lady arrive TBD

Greeters:

12:30 pm- 1:30 pm **TRADE AND INVESTMENT EVENT**
ROOM TBD
LOCATION TBD
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney
Interpretation:
PRESS TBD

1:45 pm **THE PRESIDENT** and The First Lady depart TBD via motorcade en route TBD
[drive time: 25 minutes (approximately)]

2:10 pm **THE PRESIDENT** and The First Lady arrive TBD

Greeters:

2:15 pm- 3:15 pm **OTR LUNCH**

3:30 pm **THE PRESIDENT** and The First Lady depart LOCATION TBD via motorcade en route Hector Peterson Memorial
[drive time: 10 minutes (approximately)]

3:40 pm **THE PRESIDENT** and The First Lady arrive Hector Peterson Memorial

3:50 pm-		**WREATH LAYING/TOUR HECTOR PETERSON MEMORIAL**
4:30	pm	HECTOR PETERSON MEMORIAL Remarks: Staff Contact: Samuel Berger Event Coordinator: Karen Finney **PRESS TBD**
4:40	pm	**THE PRESIDENT** and The First Lady depart en route Thokoza [drive time: 20 minutes (approximately)]
5:00	pm	**THE PRESIDENT** and The First Lady arrive Maphanula Primary School Greeters:
5:10 pm-		**ROUND TABLE DISCUSSION ON THE FUTURE WITH YOUNG**
6:30	pm	**LEADERS** ROOM TBD Maphanula Primary School Remarks: Staff Contact: Samuel Berger Event Coordinator: Karen Finney Interpretation: **POOL PRESS**
6:40	pm	**THE PRESIDENT** and The First Lady depart en route Hotel
7:10	pm	**THE PRESIDENT** and The First Lady arrive Hotel

7:15 pm-
7:45 pm

REMARKS TO THE US EMBASSY
ROOM TBD
LOCATION TBD
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney
CLOSED PRESS

-- Ambassador Joseph makes remarks and introduces The First Lady.

-- The First Lady makes remarks and introduces CABINET MEMBER TBD.

-- CABINET MEMBER TBD makes remarks and introduces CONGRESSPERSON TBD .

-- CONGRESSPERSON TBD makes remarks and introduces **The President**.

-- **The President** makes remarks, works a ropeline, and departs.

EVENING OFF

BC/HRC RON

Hilton Hotel
Johannesburg, South Africa

SCHEDULE OF THE PRESIDENT
FOR
SUNDAY, MARCH 29, 1998

Draft Schedule
[JOHANNESBURG/GABORONE/KASANE]

SCHEDULING DIRECTOR:	**STEPHANIE STREETT** **HOME:** 202-332-5651 **OFFICE:** 202-456-2823 **WHCA PAGER:** 4033
EVENT COORDINATOR:	**EDWARD PREWITT** **HOME:** 202-296-4045 **OFFICE:** 202-456-5330 **WHCA PAGER:** 4836
PRESS DESK:	**ANNE EDWARDS** **HOME:** 301-565-3101 **OFFICE:** 202-456-2921 **WHCA PAGER:** 4208
ADVANCE: **(JOHANNESBURG)**	**ED MADDOX** **STAFF OFFICE:** **CELL PHONE:** **PAGER:**
ADVANCE: **(GABORONE)**	**KATHY NEALY** **STAFF OFFICE:** **CELL PHONE:** **PAGER:**
ADVANCE: **(KASANE)**	**DAVID MOREHOUSE** **STAFF OFFICE:** **CELL PHONE:** **PAGER:**

Schedule of the President
for
Sunday, March 29, 1998
Draft Schedule

STAFF NOTE:	**THERE WILL BE A STAFF MEETING AT 8:00 AM, LOCATION TBD.**

TBD		(T)	**CHURCH** LOCATION TBD
TBD	am		**THE PRESIDENT** and The First Lady depart hotel en route airport [drive time: 30 minutes (approximately)]
TBD	am		**THE PRESIDENT** and The First Lady arrive airport
11:00	am		**THE PRESIDENT** and The First Lady depart Johannesburg via Air Force One en route Gaborone, Botswana [flight time: 45 minutes]
11:45	am		**THE PRESIDENT** and The First Lady arrive Gaborone, Botswana
12:00 pm- 12:30	pm		**ARRIVAL CEREMONY** TARMAC Airport, Gaborone Botswana Remarks: Staff Contact: Samuel Berger Event Coordinator: Edward Prewitt Interpretation: None Needed **PRESS TBD**
12:35	pm		**THE PRESIDENT** and The First Lady depart airport via motorcade en route State House [drive time: 15 minutes]
12:50	pm		**THE PRESIDENT** and The First Lady arrive State House Greeters:

12:55 pm-
1:40 pm **BILATERAL MEETING WITH PRESIDENT KETUMILE MASIRE OF BOTSWANA**
ROOM TBD
STATE HOUSE
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Edward Prewitt
POOL SPRAY (AT THE TOP)

United States	Botswana

1:45 pm-
1:55 pm **HOLD**

2:00 pm **THE PRESIDENT** and The First Lady proceed to the Reception

2:05 pm-
3:00 pm **RECEPTION HOSTED BY PRESIDENT MASIRE**
LAWN
State House
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Edward Prewitt
OPEN PRESS

Note: The delegation will attend this reception. Approximately 5000 people in attendance.

-- PERSON TBD makes remarks and introduces President Ketumile Masire.

-- President Ketumile Masire makes remarks and introduces **The President**.

-- **The President** makes remarks, works a ropeline and departs.

3:10 pm **THE PRESIDENT** and The First Lady depart State House via motorcade en route airport
[drive time: 15 minutes]

3:25 pm **THE PRESIDENT** and The First Lady arrive Gaborone, Botswana Airport

Note: The delegation will *not* travel to Kasane, they will follow a separate schedule in Gaborone.

3:40 pm **THE PRESIDENT** and The First Lady depart Airport via Air Force One en route Kasane, Botswana
[flight time: 1 hour, 25 minutes]
[time change: no change]

5:05 pm **THE PRESIDENT** and The First Lady arrive Kasane, Botswana

Greeters:

5:20 pm **THE PRESIDENT** and The First Lady depart airport via motorcade en route Lesomo Village
[drive time: 20 minutes]

5:40 pm **THE PRESIDENT** and The First Lady arrive Lesomo Village

Greeters:

5:50 pm- 6:50 pm **VISIT LESOMO VILLAGE/KHOTLA MEETING**
LESOMO VILLAGE
LOCATION TBD
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney
TIGHT POOL

7:00 pm **THE PRESIDENT** and The First Lady depart Lesomo Village via motorcade en route Mowana Lodge
[drive time: 20 minutes (approximately)]

7:20 pm **THE PRESIDENT** and The First Lady arrive Mowana Lodge

Evening Off

BC/HRC RON **Mowana Lodge**
Kasane, Botswana

SCHEDULE OF THE PRESIDENT
FOR
MONDAY, MARCH 30, 1998

Draft Schedule
[KASANE]

SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4033**
EVENT COORDINATOR:	**KAREN FINNEY**	
	HOME:	**202-667-0132**
	OFFICE:	**202-456-7951**
	WHCA PAGER:	**4216**
PRESS DESK:	**ANNE EDWARDS**	
	HOME:	**301-565-3101**
	OFFICE:	**202-456-2921**
	WHCA PAGER:	**4208**
ADVANCE:	**DAVID MOREHOUSE**	
	STAFF OFFICE:	
	CELL PHONE:	
	PAGER:	

Schedule of the President
for
Monday, March 30, 1998
Draft Schedule

STAFF NOTE:	**THERE WILL BE A STAFF MEETING AT TBD, LOCATION TBD.**

BC/HRC RON **Mowana Lodge**
Kasane, Botswana

SCHEDULE OF THE PRESIDENT
FOR
TUESDAY, MARCH 31, 1998

Draft Schedule
[KASANE/SENEGAL]

SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4033**
EVENT COORDINATOR:	**KAREN FINNEY**	
	HOME:	**202-667-0132**
	OFFICE:	**202-456-7951**
	WHCA PAGER:	**4216**
PRESS DESK:	**ANNE EDWARDS**	
	HOME:	**301-565-3101**
	OFFICE:	**202-456-2921**
	WHCA PAGER:	**4208**
ADVANCE: **(KASANE)**	**DAVID MOREHOUSE**	
	STAFF OFFICE:	
	CELL PHONE:	
	PAGER:	
ADVANCE: **(SENEGAL)**	**MORT ENGELBERG**	
	STAFF OFFICE:	
	CELL PHONE:	
	PAGER:	

Schedule of the President
for
Tuesday, March 31, 1998
Draft Schedule

VICE PRESIDENT AL GORE'S BIRTHDAY

STAFF NOTE:	**THERE WILL BE A STAFF MEETING AT 9:00 AM, LOCATION TBD.**

10:00 am-
10:45 am **BRIEFING FOR DISCUSSION WITH ENVIRONMENTALISTS**
ROOM TBD
Mowana Lodge
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney

10:50 am **THE PRESIDENT** and The First Lady depart via motorcade en route TBD
[drive time: 20 minutes (approximately)]

11:10 am **THE PRESIDENT** and The First Lady arrive TBD

11:15 am-
12:15 pm **DISCUSSION WITH AFRICAN ENVIRONMENTALISTS**
ROOM TBD
LOCATION TBD
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney
Interpretation:
POOL PRESS

-- TBD makes opening remarks and opens discussion.

-- Upon conclusion of the discussion, **The President** proceeds to room TBD and makes remarks.

12:25 pm **THE PRESIDENT** and The First Lady depart LOCATION TBD via motorcade en route airport
[drive time: 20 minutes (approximately)]

12:45 pm **THE PRESIDENT** and The First Lady arrive Airport

1:00 pm **THE PRESIDENT** and The First Lady depart via Air Force One en route Gaborone, Botswana
[flight time: 1 hour, 25 minutes]

2:25 pm **THE PRESIDENT** and The First Lady arrive Gaborone Airport

Greeters

2:35 pm-
3:00 pm **REMARKS TO THE US EMBASSY COMMUNITY**
HANGER
Gaborone Airport
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney
CLOSED PRESS

-- Off-stage announcement of **The President** and The First Lady accompanied by Ambassador Robert Krueger, CONGRESSPERSON TBD and CABINET MEMBER TBD.

-- Ambassador Robert Krueger gives welcoming remarks and introduces CABINET MEMBER TBD.

-- CABINET MEMBER TBD gives remarks and introduces CONGRESSPERSON TBD.

-- CONGRESSPERSON TBD gives remarks and introduces The First Lady.

-- The First Lady gives remarks and introduces **The President**.

-- **The President** gives remarks.

-- **The President** and The First Lady work a ropeline and depart.

3:05 pm **THE PRESIDENT** and The First Lady depart hanger via motorcade en route VIP Terminal

3:10 pm **THE PRESIDENT** and The First Lady arrive VIP Terminal

Greeters: President and Mrs. Masire

3:15 pm-
3:35 pm **MEET AND GREET WITH PRESIDENT AND MRS. MASIRE**
VIP LOUNGE
Staff Contact: Samuel Berger

Event Coordinator: Karen Finney
CLOSED PRESS

3:40 pm — **THE PRESIDENT** and The First Lady, escorted by President and Mrs. Masire, proceed to the Air Force One

3:50 pm — **THE PRESIDENT** and The First Lady depart via Air Force One en route Dakar, Senegal
[flight time: 7 hours, 55 minutes]
[time change: -2 hours]

9:45 pm — **THE PRESIDENT** and The First Lady arrive Dakar, Senegal

Greeters:

10:00 pm — **THE PRESIDENT** and The First Lady depart Airport via motorcade en route Hotel
[drive time: 15 minutes (approximately)]

10:15 pm — **THE PRESIDENT** and The First Lady arrive hotel

BC/HRC RON — **Meridian Hotel**
Dakar, Senegal

SCHEDULE OF THE PRESIDENT
FOR
WEDNESDAY, APRIL 1, 1998

Draft Schedule
[SENEGAL]

SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4033**
EVENT COORDINATOR:	**KAREN FINNEY**	
	HOME:	**202-667-0132**
	OFFICE:	**202-456-7951**
	WHCA PAGER:	**4216**
PRESS DESK:	**ANNE EDWARDS**	
	HOME:	**301-565-3101**
	OFFICE:	**202-456-2921**
	WHCA PAGER:	**4208**
ADVANCE:	**MORT ENGELBERG**	
	STAFF OFFICE:	
	CELL PHONE:	
	PAGER:	

Schedule of the President
for
Wednesday, April 1, 1998
Draft Schedule

STAFF NOTE:	**THERE WILL BE A STAFF MEETING AT 8:30 AM, LOCATION TBD.**

9:30 am-
10:00 am **BRIEFING FOR BILATERAL MEETING WITH PRESIDENT DIOUF AND ACRI EVENT**
LOCATION TBD
Staff Contact:
Event Coordinator:

10:10 am **THE PRESIDENT** and The First Lady depart hotel via motorcade en route Presidential Residence
[drive time: 25 minutes (approximately)]

10:35 am **THE PRESIDENT** and The First Lady arrive Presidential Residence

Greeters: President and Mrs. Diouf

10:45 am-
11:30 am **BILATERAL MEETING WITH PRESIDENT ABDUL DIOUF OF SENEGAL**
ROOM TBD
Presidential Palace
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney
Interpretation:
POOL SPRAY (AT THE TOP)

United States	Senegal

11:35 am **THE PRESIDENT** and The First Lady proceed to Foyer

11:40 am-
12:40 pm **RECEPTION HOSTED BY PRESIDENT ABDOU DIOUF**
ROOM TBD
Presidential Palace
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney
Interpretation: Consecutive
CLOSED PRESS

-- **The President** and The First Lady, escorted by President and Mrs. Abdou Diouf greet approximately 50 guests in a receiving line.

-- President Abdou Diouf makes brief remarks.

-- **The President** makes brief remarks.

12:40 pm
12:50 pm **HOLD**

12:55 pm **THE PRESIDENT** and The First Lady depart via motorcade en route Landing Zone
[drive time: 15 minutes (approximately)]

1:10 pm **THE PRESIDENT** and The First Lady arrive Landing Zone

1:25 pm **THE PRESIDENT** and The First Lady depart via Marine One en route Thies
[flight time: approx. 30 minutes]

1:55 pm **THE PRESIDENT** and The First Lady arrive Military Base, Thies

2:15 pm **THE PRESIDENT** and The First Lady proceed to TBD

2:20 pm- **VISIT ACRI TRAINING EXERCISES**
3:30 pm ROOM TBD
Thies Military Base
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney
Interpretation: Consecutive
OPEN PRESS

3:40 pm **THE PRESIDENT** and The First Lady depart via motorcade en route Dal Diam Village
[drive time: 25 minutes (approximately)]

4:05 pm **THE PRESIDENT** and The First Lady arrive Dal Daim Village

4:15 pm- **VISIT DAL DIAM VILLAGE**
5:30 pm Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney
Interpretation: Consecutive
TIGHT PRESS POOL

Participants

5:35 pm **THE PRESIDENT** and The First Lady depart en route Landing Zone
[drive time: 10 minutes (approximately)]

5:45 pm **THE PRESIDENT** and The First Lady arrive Landing Zone

6:00 pm **THE PRESIDENT** and The First Lady depart via Marine One en route Dakar Landing Zone
[flight time: 30 minutes (approximately)]

6:30 pm **THE PRESIDENT** and The First Lady arrive Dakar Landing Zone

6:45 pm **THE PRESIDENT** and The First Lady depart via motorcade en route Hotel
[drive time: 20 minutes (approximately)]

7:05 pm **THE PRESIDENT** and The First Lady arrive Hotel

BC/HRC RON **Meridian Hotel**
Dakar, Senegal

SCHEDULE OF THE PRESIDENT
FOR
THURSDAY, APRIL 2, 1998

Draft Schedule
[SENEGAL]

SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
EVENT COORDINATOR:	**KAREN FINNEY**	
	HOME:	**202-667-0132**
	OFFICE:	**202-456-7951**
	WHCA PAGER:	**4216**
PRESS DESK:	**ANNE EDWARDS**	
	HOME:	**301-565-3101**
	OFFICE:	**202-456-2921**
	WHCA PAGER:	**4208**
ADVANCE:	**MORT ENGELBERG**	
	STAFF OFFICE:	
	CELL PHONE:	
	PAGER:	

Schedule of the President
for
Thursday, April 2, 1998
Draft Schedule

STAFF NOTE:	**THERE WILL BE A STAFF MEETING AT 9:00 AM, LOCATION TBD.**

9:50 am- 10:20 am	**BRIEFING FOR MEETING WITH CIVIL SOCIETY LEADERS AND GOREE ISLAND REMARKS** HOTEL Staff Contact:
10:30 am- 11:45 am	**PANEL DISCUSSION WITH CIVIL SOCIETY LEADERS** ROOM TBD LOCATION TBD Remarks: Staff Contact: Samuel Berger Event Coordinator: Karen Finney **CLOSED PRESS**
11:55 am	**THE PRESIDENT** and The First Lady depart via motorcade en route TBD [drive time: 20 minutes (approximately)]
12:15 pm	**THE PRESIDENT** and The First Lady arrive TBD
12:20 am- 1:00 pm	**OTR**
1:05 pm	**THE PRESIDENT** and The First Lady depart en route Dock [drive time: 15 minutes]
1:20 pm	**THE PRESIDENT** and The First Lady arrive Dock Greeters: President and Mrs. Diouf

1:35	pm	**THE PRESIDENT** and The First Lady depart en route Goree Island via boat [sail time: 20 minutes]
1:55	pm	**THE PRESIDENT** and The First Lady Arrive Goree Island Greeters:
2:10	pm	**THE PRESIDENT** and The First Lady depart via foot en route the Slave House
2:15 2:45	pm- pm	**TOUR OF THE SLAVE HOUSE** ROOM TBD LOCATION TBD Staff Contact: Samuel Berger Event Coordinator: Karen Finney **TIGHT POOL PRESS**
2:55 3:45	pm- pm	**TOUR GOREE ISLAND** Remarks: Staff Contact: Samuel Berger Event Coordinator: Karen Finney **TIGHT POOL PRESS**
3:50	pm	**THE PRESIDENT** and The First Lady Proceed to TBD
3:55	pm	**THE PRESIDENT** and The First Lady arrive TBD
4:00 4:15	pm- pm	**HOLD**
4:20	pm	**THE PRESIDENT** and The First Lady proceed to TBD

4:30 pm-		**REMARKS**
5:15	pm	ROOM TBD GOREE ISLAND Remarks: Staff Contact: Samuel Berger Event Coordinator: Karen Finney Interpretation: Consecutive **PRESS TBD**
5:20	pm	**THE PRESIDENT** and The First Lady proceed to dock
5:35	pm	**THE PRESIDENT** and The First Lady depart via boat en route Dakar [sail time: 20 minutes]
5:55	pm	**THE PRESIDENT** and The First Lady Arrive Dakar
6:10	pm	**THE PRESIDENT** and The First Lady depart via motorcade en route Airport [drive time: 30 minutes]
6:40	pm	**THE PRESIDENT** and The First Lady arrive Airport

6:45 pm- **REMARKS TO THE US EMBASSY STAFF - SENEGAL**
7:15 pm TARMAC
Airport, Senegal
Remarks:
Staff Contact: Samuel Berger
Event Coordinator: Karen Finney
CLOSED PRESS

-- Ambassador Smith makes remarks and introduces The First Lady.

-- The First Lady makes remarks and introduces CABINET MEMBER TBD.

-- CABINET MEMBER TBD makes remarks and introduces CONGRESSPERSON TBD .

-- CONGRESSPERSON TBD makes remarks and introduces **The President**.

-- **The President** makes remarks, works a ropeline, and departs.

7:20 pm **THE PRESIDENT** and The First Lady proceed to Air Force One

7:25 pm **THE PRESIDENT** and The First Lady arrive Air Force One

7:35 pm **THE PRESIDENT** and The First Lady depart Senegal via Air Force Once en route Andrews Air Force Base
[flight time: 8 hours, 15 minutes]
[time change: - 5 hours]

10:50 pm **THE PRESIDENT** and The First Lady arrive Andrews Air Force Base

11:00 pm	**THE PRESIDENT** and The First Lady depart Andrews Air Force Base en route The White House South Lawn [flight time: 10 minutes]
11:10 pm	**THE PRESIDENT** and The First Lady arrive The White House South Lawn
BC/HRC RON	**THE WHITE HOUSE** **WASHINGTON, D.C.**

Chron

3-16-98

THE WHITE HOUSE

WASHINGTON

March 14, 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) Legislative Report

(G) Race Initiative Report

(H) Public Liaison Report

(I) Intergovernmental Report

(J) Cabinet Affairs Report

(K) OSTP Report

(L) Political Report

Phil Caplan Phil

Tab A - Yellen/COS
Tab C - Reed/Kagan/COS
Tab D - Sperling/COS
Tab E - page 2 - Bowles - p. 4 Stern
McGinty/COS - p. 4 Stern
Tab F - Stein/COS
Tab H - Echaveste/COS Reed/Kagan p. 1
Tab I - Ibarra/COS
Tab J - Marshall/COS
Tab K - page 12 - VP/COS
Gibbons/COS - p. 2 Stern

98 MAR 13 AM9:19

3-16-98

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

March 13, 1998

copied
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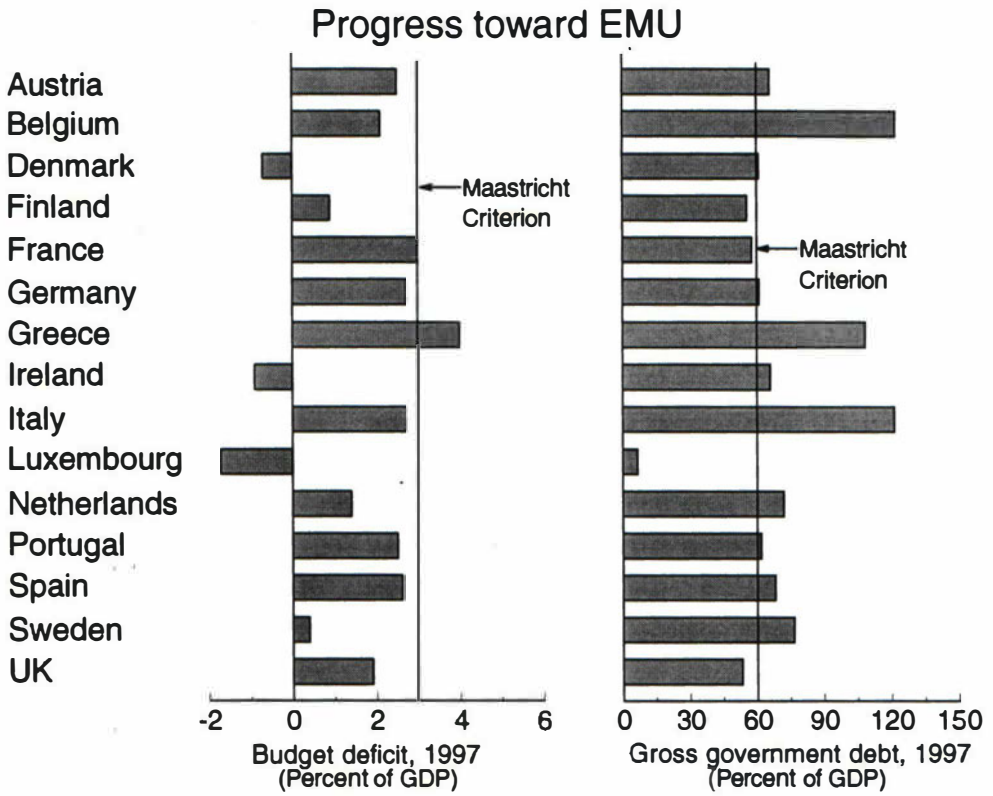
CHART OF THE WEEK



European countries hoping to join the Economic and Monetary Union in 1999 recently submitted economic and budget data indicating their status relative to the Maastricht criteria. The European Commission has not yet issued a formal report, but preliminary estimates suggest that all prospective members but Greece will meet the deficit criterion. Countries not meeting the strict debt criterion may still qualify by meeting a weaker standard of showing substantial progress toward debt reduction.

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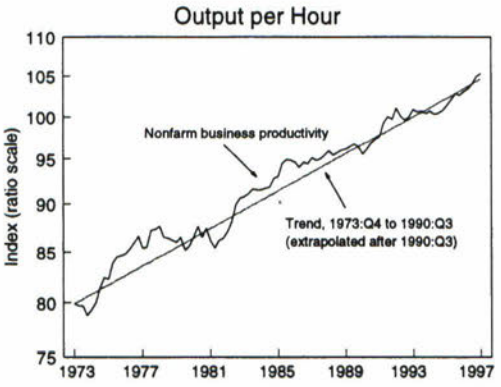
"Oh, I'm really sorry. I just placed three million with some broker who called five minutes ago."

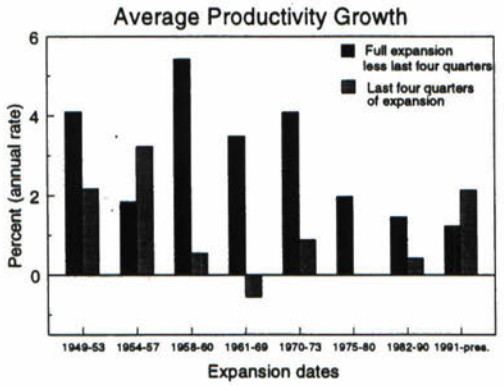
CURRENT DEVELOPMENT

Productivity in 1997: Timing Is Everything

The latest productivity data show that output per hour in the nonfarm business sector rose 2.1 percent over 1997. This is not only substantially faster than the rate of growth of productivity over much of this expansion, but it is also substantially faster than the 1.1 percent per year trend rate of productivity growth from 1973 (about the time of the productivity slowdown) to the last business cycle peak in 1990.



Stop and go. Productivity growth sputtered to a halt after 1992, then started to pick up again as 1995 ended. With 1997's strong performance, output per hour has moved slightly above its long-term trend (see upper chart). The chart shows the official measure of productivity, which is based on the output-side measure of GDP; an unofficial measure based on the income-side measure of GDP has grown more rapidly during this expansion.



No evidence of an "end-of-expansion" effect. Typically, productivity growth drops off sharply in the late phase of an expansion (see lower chart). This phenomenon could reflect overhiring by firms in expectation of demand increases that do not materialize. It could also arise if businesses must draw on supplies of less-productive workers when labor markets are tight. Recent rapid productivity growth suggests neither factor is currently dominating productivity performance.

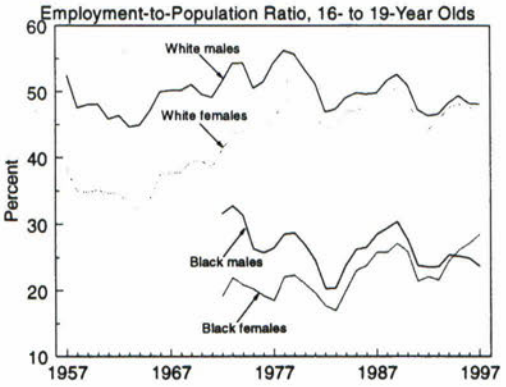
Implications. Productivity growth is the key to rising real wages. Last year's strong productivity growth provides some room for wages to rise without sparking inflation. But it is far too early to tell whether it signals a longer-term acceleration in productivity.

3-16-98

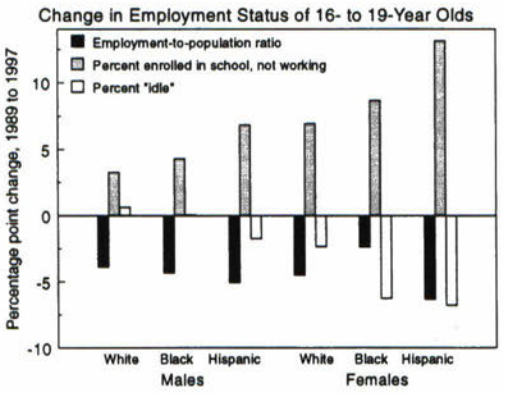
TREND

Teen Employment in the 1990s: Hitting the Streets or Hitting the Books?

The fraction of teenagers aged 16 to 19 who are employed remains about 4 percentage points below its last cyclical peak in 1989. This relatively slow growth in teenage employment is evident for most subgroups as well (see upper chart).



Opponents of the last minimum wage increases see this trend as an adverse effect of those changes. Others interpret it as evidence of growing detachment from the economy among teenagers and increased involvement in unproductive activities such as crime. But school enrollment data tell a different story.



Enrollment status and employment status. Teens who are not employed can be classified as either enrolled in school or "idle" (which includes mothers at home with children). Unpublished Labor Department data show that the decline in the teen employment-to-population ratio between October 1989 and October 1997 is explained by increased enrollment in school (see lower chart). For white and black males, the decrease in employment was accompanied by a small increase in the percent idle—but a much larger increase in the percent enrolled but not employed. For other groups, enrollment increased and idleness fell.

The early 20s. Trends for 20- to 24-year olds have followed a roughly similar pattern (with smaller declines in the employment-to-population ratio for females). For example, the employment-to-population ratio of black males aged 20 to 24 was 59 percent in October 1997, about 4 percentage points lower than in October 1989. However, idleness increased by about 0.6 percentage point, whereas the proportion enrolled but not employed increased by about 3.6 percentage points.

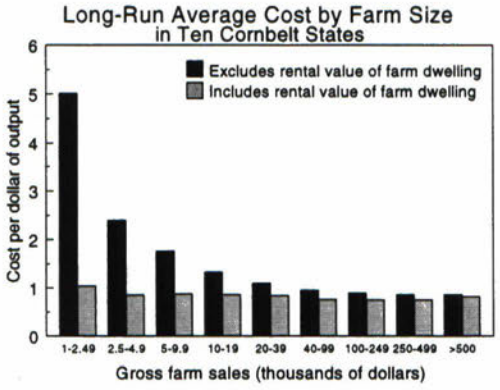
The bottom line. The relatively slow recovery of teen employment has been accompanied by increased enrollment in school and generally decreased idleness. Because schooling continues to be highly rewarded in the labor market, the labor market and enrollment trends of the 1990s—taken together—signal improved long-term economic opportunities for a growing share of today's young people.

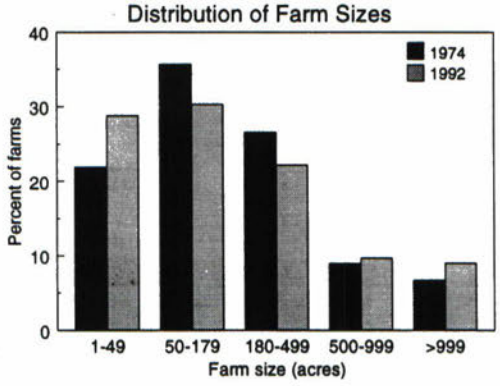
SPECIAL ANALYSIS

Do Small Farms Have A Future?

Between 1974 and 1992, the number of farms in the United States declined from 2.3 million to 1.9 million, and average farm size increased from 440 acres to 491 acres. Nevertheless, small farms appear to be in no danger of disappearing.

Economic viability. Estimates from the 1987 Census of Agriculture indicate that small farms had substantially higher production costs than larger farms, suggesting that in the long run, small farms may not be economically viable. However, new analysis shows that small farms may be efficient producers after all. In estimating costs, the census factored in the value of land and *all* buildings, including the value of the farm dwelling. But the service flow, or implicit rental value of the house, did not show up as farm output even though the house was included among the inputs. Since the house accounts for a larger share of the inputs (and output) on small farms than on large farms, this leads to an upward bias in the production cost estimates for small farms. Once this bias is removed, economies of size largely disappear (see upper chart).





Many small farms remain in agriculture. Despite the growth in average farm size, the great majority of farms continue to be relatively small. The largest decline in the number of farms between 1974 and 1992 occurred among mid-sized farms (those with 50-499 acres). The proportion of farms below 50 acres and the proportion of those above 500 acres both increased (see lower chart).

What explains farm size? Economic factors have played a major role in determining changes in farm size during the 20th century. Increases in real nonfarm earnings have provided an incentive for many farmers to leave agriculture for alternative occupations. In turn, off-farm migration has increased the land available to each remaining farmer. A decline in the price of machinery relative to labor has provided farmers with an incentive to increase the amount of machinery on farms, enabling the family farm to cultivate a larger amount of land in order to maintain parity income growth with the nonfarm sector. Small producers wishing to stay in farming could do so efficiently, but they have needed to find other sources of income

to supplement farm earnings. Today, most farm households earn additional income from off-farm work.

Implications. In a recent report, the USDA-sponsored National Commission on Small Farms called for public policies that recognize the value of small farms and actively encourage their growth and continuation. Economic analysis suggests that many small farms are efficient producers. But households will often need to supplement their farm income with off-farm earnings to enjoy a middle-class standard of living.

3-16-98

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

AARP Reports on Medicare Beneficiaries' Out-of-Pocket Health Spending. In 1997 out-of-pocket health care expenditures by Medicare beneficiaries aged 65-and-older averaged about $2,100, according to recent estimates by the American Association of Retired Persons. This figure includes Part B and Medigap premiums, vision and dental care, prescription drugs, and cost-sharing for Medicare-covered services; it does not include home health care and nursing home facilities. On average, these out-of-pocket costs represented about 19 percent of beneficiaries' per capita income, but the percentage was much higher for poorer beneficiaries—as much as 35 percent for those below the poverty line. Out-of-pocket spending by fee-for-service enrollees not receiving Medicaid was estimated to be about $2,500, compared with $1,800 for HMO enrollees, $340 for those receiving Medicaid during the entire year, and $1,800 for those receiving Medicaid for only part of the year. Unfortunately, the study cannot determine whether lower out-of-pocket spending among HMO enrollees is due to differences in health status or utilization control. The study estimates that those who have supplemental "Medigap" insurance spent considerably more than those with Medicare fee-for-service coverage only, $2,600 compared with $1,700. While there may be differences in health status between the two groups, the reduced cost-sharing by beneficiaries associated with Medigap coverage may encourage more spending (leading to higher premiums).

On-Line Trading Volume Grows as Average Commissions Fall. The on-line securities trading industry generated an average of 153,000 trades per day during the fourth quarter of 1997, up 60 percent from the first quarter of 1997 and 9 percent from the third quarter, according to a recent report. The on-line trading industry generated an estimated 17 percent of all retail trading activity in 1997, more than double the share it accounted for in 1996. At the same time that volumes surged, average commission rates plunged, with the average commission charged by the top 10 on-line trading firms dropping by 54 percent, from $34.65 per trade in the fourth quarter of 1996 to $15.95 per trade in the last quarter of 1997.

New Study Evaluates Hunger in America. More than 21 million Americans, or almost 8 percent of the population, relied on emergency food assistance in 1997, according to a study from Second Harvest, one of the nation's largest hunger-relief organizations. (This number is roughly similar to the average monthly food stamp caseload in 1997.) Disproportionate shares of emergency food clients were children (38 percent) and senior citizens (16 percent). Many of the working poor relied on emergency food assistance as well—almost 40 percent of households receiving emergency food assistance had at least one member who was working, and of these households, almost half had a member who was working full time. Ninety percent of emergency client households had incomes at or below 150 percent of the poverty line. The study, which analyzed data from over 11,000 local charitable agencies and nearly 28,000 emergency food recipients, is one of the most comprehensive to date. The study applies only to 1997, but it should provide a valuable baseline for future studies of hunger and the impacts of welfare reform.

INTERNATIONAL ROUNDUP

Fourth Down and Short to Maastricht: EMU or Punt? Ireland's performance this year puts it on track for the EMU next January. But it faces an exchange rate dilemma. The Irish punt appreciated between 1995 and mid-1997 due to rapid economic growth and the close association of the Irish economy with that of Great Britain. (Ireland is a member of the European Exchange Rate Mechanism, but the U.K. is not, and the pound sterling has appreciated against other European currencies.) This appreciation has probably helped check inflationary pressure—indeed, were it not for the EMU, an increase in Irish interest rates might be appropriate. But it could be dangerous for the punt to be locked in at such a high level this May when EU leaders set the bilateral currency conversion rates that are to take effect in 1999. In the event of a future downturn (for example, one emanating from Great Britain), Ireland will not be able to respond by adopting a more expansionary monetary policy or by devaluing its currency. The punt has depreciated some in recent months—perhaps because markets expect it to be locked in at a lower rate when the euro is launched.

Government Programs May Need Reinventing in Africa. On average, African governments are less efficient providers of education and health services than governments in Asia and the Western Hemisphere, according to an International Monetary Fund staff analysis of data for 1984-95. A country is deemed inefficient if other countries' experiences suggest it should be able to achieve more output of services for the amount it is spending or spend less to achieve the same level of services. The productivity of government spending on education and health appears to have risen somewhat in many African countries, but the average level of efficiency apparently has not grown as fast as in Asia and the Western Hemisphere. The Gambia, Guinea, Ethiopia, and Lesotho scored relatively well against the standard of efficiency in all developing countries, while Botswana, Cameroon, Côte d'Ivoire, and Kenya did not. Another study, of countries in the Middle East and North Africa, provides mixed evidence on whether higher government expenditure has actually promoted growth. Together, these studies suggest that African nations might gain more from improving the effectiveness of government programs than from simply increasing the amount they spend.

China Announces Plan to Cut Civil Service in Half. Facing an increasingly dynamic market economy burdened by an archaic government system based on economic planning, Chinese leaders announced a government restructuring plan last Friday. The plan is not designed to reduce the Chinese government's oversight, but it does aim to streamline the economic bureaucracy. The number of ministries and commissions will be reduced from 40 to 29, partly through mergers. But to underscore that the reform aims to reduce the real size of government, the plan calls for a reduction in the number of government functionaries by one-half (an estimated 4 million government jobs). A target time frame of 3 years has been set for the reform.

RELEASES THIS WEEK

Producer Prices

****Embargoed until 8:30 a.m., Friday, March 13, 1998****

The producer price index for finished goods fell 0.1 percent in February. Excluding food and energy, producer prices rose 0.1 percent.

Retail Sales

Advance estimates show that retail sales increased 0.5 percent in February following an increase of 1.0 percent in January. Excluding sales in the automotive group, retail sales increased 0.6 percent in February following an increase of 1.3 percent in January.

Productivity

According to revised estimates, nonfarm business productivity rose at an annual rate of 1.6 percent in the fourth quarter of 1997. Manufacturing productivity rose 4.3 percent.

MAJOR RELEASES NEXT WEEK

Housing Starts (Tuesday)
Industrial Production and Capacity Utilization (Tuesday)
Consumer Prices (Thursday)
U.S. International Trade in Goods and Services (Thursday)

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	**2.1**	2.3	3.6	**1.6**
Real compensation per hour:					
Using CPI	0.6	**2.2**	**1.8**	1.8	**3.1**
Using NFB deflator	1.3	**2.5**	2.0	2.7	**3.9**
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	Dec. 1997	Jan. 1998	Feb. 1998
Unemployment Rate	6.7**	4.9**	4.7	4.7	4.6
Payroll employment (thousands)					
increase per month			354	375	310
increase since Jan. 1993					15035
Inflation (percent per period)					
CPI	5.8	1.7	0.1	0.0	N.A.
PPI-Finished goods	5.0	-1.2	-0.2	-0.7	**-0.1**

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

New or revised data in **boldface**.
PPI data **embargoed until 8:30 a.m., Friday, March 13, 1998.**

FINANCIAL STATISTICS

	1996	1997	Jan. 1998	Feb. 1998	March 12, 1998
Dow-Jones Industrial Average	5743	7441	7808	8324	8660
Interest Rates					
3-month T-bill	5.01	5.06	5.04	5.09	4.95
10-year T-bond	6.44	6.35	5.54	5.57	5.56
Mortgage rate, 30-year fixed	7.80	7.60	6.99	7.04	7.16
Prime rate	8.27	8.44	8.50	8.50	8.50

INTERNATIONAL STATISTICS

Exchange Rates	**Current level March 12, 1998**	**Percent Change from Week ago**	**Year ago**
Deutschemark-Dollar	1.827	0.1	7.4
Yen-Dollar	129.3	1.3	5.4
Multilateral $ (Mar. 1973=100)	100.5	0.1	4.8

International Comparisons	**Real GDP growth (last 4 quarters)**	**Unemployment rate**	**CPI inflation (last 12 months)**
United States	3.8 (Q4)	4.6 (Feb)	1.6 (Jan)
Canada	4.2 (Q4)	8.9 (Jan)	1.2 (Jan)
Japan	1.0 (Q3)	3.5 (Jan)	1.8 (Jan)
France	3.2 (Q4)	12.2 (Jan)	0.5 (Jan)
Germany	2.3 (Q4)	7.8 (Nov)	1.2 (Jan)
Italy	2.4 (Q4)	12.3 (Oct)	1.6 (Jan)
United Kingdom	3.0 (Q4)	6.4 (Jan)	3.3 (Jan)

98 MAR 14 PM 2:40

THE WHITE HOUSE

WASHINGTON

March 13, 1998

3-16-98

copies
Reed
Kagan
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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Tobacco -- Senate Commerce Committee Activity: As you know, Senator McCain is leading an effort, blessed by Senator Lott, to report a comprehensive tobacco bill out of the Commerce Committee. McCain plans to begin marking up a bill on March 25th. His staff spent last week in discussions with staff for Senator Hollings; they plan to start meeting next week with staff for Senators Gorton, Breaux, and Wyden. McCain has asked us to participate in the meetings of this bipartisan staff-level group, and we have agreed to do so. He has told us that he wants to understand our views so that he can produce a bill we can support -- or at least, that we will not sharply criticize. Many Senate Democrats are fearful that we and/or Committee Democrats will cut a deal with McCain, depriving them of the opportunity to have a floor fight on the issue. Our recommended approach to these discussions is to set a high bar consistent with your oft-expressed principles on tobacco legislation. If, as we expect, McCain meets some but not all of our demands (on matters such as price, penalties, and FDA jurisdiction), we should praise the progress he has made, but explain what Congress must do to improve the bill further. On the off chance, however, that McCain gives us all that we ask for, we should support the bill. Erskine, Larry, and Bruce will meet with McCain again on Monday.

2. Tobacco -- Chafee-Harkin Legislation: The public health community responded very favorably to the Chafee-Harkin bill, notwithstanding its annual caps on legal liability. Even Drs. Koop and Kessler, who have expressed the strongest views against granting legal protections to the tobacco companies, wrote a letter congratulating the senators "for crafting a very strong comprehensive package of tobacco reforms" and calling the proposal "tough medicine for a tough problem" and "a major step forward." The bill, however, may not gain much support from Members of Congress. Senator Lott has made clear to Republicans that his preferred vehicle is the McCain bill and that they should not sign on to Chafee-Harkin. Senator Daschle similarly has indicated his strong desire that Democrats unite around the Conrad legislation.

(I think we'd need to work toward a consensus to a # amount)

3. Tobacco -- Funding for Counteradvertising Campaigns: You recently asked how much money the various tobacco bills spend on counteradvertising. The original June 20th settlement proposed to spend $500 million each year. The Jeffords and Kennedy bills match that figure; the Conrad bill provides $700 million; and Chafee-Harkin proposes $750 million. Our budget does not specifically allocate money for counteradvertising, instead including these funds

in a broad "other uses" category (also including money for farmers, states, and legal judgments) totaling $22 billion over the five-year budget window.

4. Health -- Medicare Buy-in Event: You are scheduled to join the Democratic sponsors of your Medicare buy-in proposal on Tuesday for the unveiling of their legislation. The recent, very positive CBO analysis of this proposal has increased support for it among Members and others. The Kaiser Foundation is planning to release a report next week that underscores the difficulty many older Americans have in gaining access to health insurance. Kaiser has agreed to let us discuss some of its key findings in our announcement. Senator Moynihan, the lead sponsor of this legislation in the Senate, will figure prominently in the event next week. So too will the three Democratic members of the Medicare Commission who are co-sponsors of the legislation (Sen. Rockefeller and Reps. Dingell and McDermott). We are still holding out some hope that Senator Kerrey will endorse the bill, but Senator Breaux will not do so.

5. Health -- Missouri Children's Health Proposal: HCFA met last week with Governor Carnahan's staff to discuss Missouri's children's health insurance proposal. As you know, Missouri previously insisted on financing its program through provider taxes that HHS believes to be illegal. The State now has offered a new proposal that HCFA may be able to accept. HCFA has asked the State to provide additional information, and negotiations remain very delicate. We are hopeful, however, that we have turned a corner in dealing with this problem.

6. Health/Crime -- Assisted Suicide: The Department of Justice soon will decide whether doctors in Oregon who assist their terminally ill patients to commit suicide, in conformance with state law recently enacted through referendum, violate the federal Controlled Substances Act (CSA). In response to a letter from Sen. Hatch and Rep. Hyde, the DEA Administrator informed Congress in November that the CSA authorizes him to bring actions against doctors who engage in this activity. We understand, however, that the Attorney General probably will reverse this legal determination and find that the federal government does not have authority under the CSA to take adverse action against a physician for assisting a suicide. If she does so, Hatch and Hyde are likely to offer legislation amending the CSA to make physician-assisted suicide a federal crime, punishable by the revocation of professional licenses or even more severe penalties.

We should consider carefully our approach to this issue, including what the Attorney General should tell Hatch and Hyde about the Administration's receptivity to such legislation. Although you historically have opposed physician-assisted suicide, you have not indicated (at least as far as we know) that it should be made a federal crime. Many medical groups argue that highly-publicized federal legislation on this issue will inhibit physicians from the appropriate use of painkillers for the terminally ill. Indeed, even the Catholic Health Association (CHA), which strongly opposes physician-assisted suicide, has concerns about a new statute for this reason. We are meeting with CHA officials this coming week to discuss the issue. For the moment we urge some caution in addressing this kind of legislation.

7. Education -- TIMSS Roundtable: You will meet on Monday with leaders of the education, science, and business communities and other public officials to discuss ways of improving math and science education in the wake of the recently announced TIMSS results. The roundtable will take place at Springbrook High School in Silver Spring, Maryland, and participants will include Govs. Glendening and Underwood, Mayors Daley, Riordan and Lee Clancey (Cedar Rapids IA), Sandy Feldman and Bob Chase, Bill Nye "the Science Guy" from the PBS show, Diane Ravitch, and New York City schools chancellor Rudy Crew. Secretary Riley and Secretary Pena also will participate. You can use this event to highlight your overall K-12 education agenda, including national standards and tests, smaller class size, the elimination of social promotions, school modernization, and mentors and reading tutors. You also can use the event to urge others to do their part -- to challenge, for example, students to take more rigorous academic courses, businesses to emphasize and reward academic achievement, and states to require new teachers to pass tough tests of subject matter competency.

8. Education -- Single-Sex Schools: As you recall, the ACLU filed a complaint last year with the Education Department's Office of Civil Rights, charging that New York City's Young Women's Leadership Academy, an all-girls public high school in East Harlem, violates federal civil rights law. Staff from the Education Department and the New York City Chancellor's office will meet next week in a continuing attempt to develop the soundest legal basis -- probably a remedial justification -- for keeping the school open. We and the Counsel's Office have urged the Education Department to bring this matter to a successful conclusion as soon as possible. As you know, Chancellor Crew feels passionately about this school, and he could discuss it with you when he attends the TIMSS meeting on Monday.

Complicating the situation somewhat, the American Association of University Women (AAUW) released a report last week finding no evidence that single-sex education is better for girls than coeducation. The AAUW urged school districts to focus on raising standards and reducing class size, rather than creating separate schools, to improve educational opportunities for young women. Secretary Riley issued a statement agreeing with the report's emphasis on standards and class size, but also restating the Administration's commitment to maximizing choice within the public school system wherever consistent with the law.

9. Education/Crime -- School Safety: The Department of Education and the National Center on Education Statistics will be ready to release a survey on school safety next week; if your schedule allows, you could announce the results on Thursday morning. The survey finds that:

- Fifty seven percent of public schools experienced at least one crime incident that was reported to law enforcement officials in the 1996-97 school year; 37 percent experienced one to five of these incidents, and 20 percent experienced six or more.

- Ten percent of schools experienced at least one serious violent crime during that year (i.e., murder, rape, other sexual battery, suicide, physical attack or fight with a weapon, or robbery).

- Overall incidents of crime and violence include: 190,000 physical attacks or fights without a weapon; 116,000 thefts or larceny; 98,000 incidents of vandalism; 11,000 physical attacks or fights in which a weapon was used; 7,000 robberies; and 4,000 rapes or other forms of sexual battery.

- Middle and high schools were more likely to experience an incident of crime and violence than elementary schools (74 and 77 percent, as opposed to 45 percent, for all violent incidents; 19 and 21 percent, as opposed to 4 percent, for serious violent crimes). Differences in robbery rates were not significant.

10. Welfare -- Transportation Funding: The ISTEA bill passed by the Senate includes an amendment offered by Senators Specter, Santorum, and Moseley-Braun that authorizes $150 million each year -- $50 million more than we requested -- for welfare-to-work transportation services. Like our proposal, this provision would provide competitive grants to communities to design innovative transportation solutions for low-income individuals, including those moving from welfare to work. The Senate amendment authorizes another $100 million each year for grants to help transport any workers, regardless of income, from the cities to the suburbs. We expect that the final ISTEA bill will include these authorization levels. House appropriators, however, have expressed doubts about whether any additional monies are needed for welfare-to-work transportation services; we will have to mobilize both welfare and transportation groups to support our request for this funding.

11. Children and Families -- Intimate Violence Study: The Department of Justice will release a study on Monday showing a marked decline in violence by intimates (current and former spouses, boyfriends, and girlfriends) during your first term in office. The number of female victims of non-lethal intimate violence declined from 1.1 million in 1993 to 840,000 in 1996 -- a 23 percent decline. The number of victims of lethal intimate violence declined from 2,300 to 1,800 -- a 22 percent decline -- in the same years. The report notes that slightly more than half of female victims of intimate violence live in households with children under the age of twelve. Although the report does not address the causes of this decline, many experts believe it is at least partly attributable to the enactment of the Violence Against Women Act and increased federal funding for the prevention and prosecution of domestic violence. The First Lady will highlight the report in her speech at a child abuse center in Texas on Monday.

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THE WHITE HOUSE

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MEMORANDUM FOR THE PRESIDENT

FROM: **GENE SPERLING**

RE: **NEC WEEKLY REPORT**

cc: **ERSKINE BOWLES**

G. I. Bill: We have good news on the job training reform bill. On Friday afternoon (3/13), we reached an agreement among the Governors, local community groups, education groups, AFSCME and Republican Hill staff on changes to the Manager's Amendment of the Workforce Development Act (the Senate version of the G.I. Bill) proposed by the Departments of Labor and Education. (Labor Department did a good job in negotiations with AFL-CIO so that while they will not support it, they will not oppose it either.) We feel it is now possible to bring the bill to the floor this week -- possibly Thursday. If so, we may want you to make a call or two and put out statements to make sure we are identified with the victory. You should know that as the bill goes to conference we will need to ensure we get the $250 million for Youth Opportunities Act which is in the Senate bill but not in the House.

Medicare Buy-In Strategy: In order to show we are seriously pressing to pass the Medicare Buy-In this year, we asked Senator Moynihan and Congressional Democrats to do a public introduction of the bill with you this week. We were originally going to do it as a departure statement on Wednesday, but in the hopes of having Congressman Gephardt participate in the event it is being moved to Tuesday -- perhaps on the Hill. The four members who will definitely participate in the event are Brown, Stark, Moynihan and Daschle. We are also working on a state-by-state analysis to be released on that date, which Members will use during the April recess. This week, we will also work with outside validators like the American Academy of Actuaries, key academics, and the Progressive Policy Institute to get their agreement that this is a sound, responsible policy.

Budget Resolution: The Senate Budget Committee is expected to act on a budget resolution next week. Your economic team has been working with Senator Daschle and Democrats on the committee on an alternative which would be your budget slightly modified for CBO scoring purposes. Senator Daschle and others held a press conference on Friday (3/13) to promote the alternative and highlight our priorities. In addition to the alternative, we expect Democrats on the committee to offer targeted amendments to focus on our priorities, such as child care and education, and defects in the Republican resolution, such as their expected exhortation to sunset the tax code.

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***ISTEA*:** As you know, on Thursday (3/12) the Senate passed the 6-year ISTEA reauthorization bill by a vote of 96-to-4, and the House plans to take up ISTEA before the Easter recess, in order to send you a bill by May 1. Although the Senate bill provides $50 billion more in contract authority than you requested, the Administration prevailed on almost all of the policy issued including extending and preserving DOT's Disadvantaged Business Enterprise program, which expands economic opportunity for women and minority-owned firms; lowering the alcohol-blood level to .08; and fending off any adverse environmental riders.

Employment and Training: The NEC has started a policy process to determine ways to leverage existing programs to address the perceived "skills shortage" and to develop new programs to make our job training program more responsive to market-determined skill needs. We are considering a number of proposals, such as regional skills alliances (among employers, training providers, and workers), re-employment zones (that would provide grants to areas suffering from sudden changes in their economic situations to re-employ workers who lose a job through "no fault of their own"), and incentives to businesses to provide current employees job training. You should be aware that while there are estimates of large numbers of vacancies, particularly in the IT industry, there are different views as to both the numbers and the ability of U.S. workers to fill those jobs. Secretary Daley, for example, thinks that much of the shortage is result of labor market inefficiencies and the unwillingness of some companies to retrain U.S. workers. The NEC, Commerce, and Labor strongly believe that we need to stress training of U.S. workers rather than simply lifting the H1-B caps (which is all that industry is talking about).

Retirement Savings Summit: We are currently finalizing the list of 100 participants to be appointed by the Administration, in consultation with the Democratic congressional leadership, for the White House Retirement Savings Summit to be held on June 4-5. My staff has worked closely with other White House offices (Presidential Personnel, Public Liaison, Legislative Affairs, others) and several departments -- particularly the Department of Labor -- in developing a strong and diverse list. We are working on a plan to contact our appointees and publicly announce the names of our participants and the date of the summit during the week of March 23, perhaps along with other savings ideas or a possible event while you are in Africa.

Coverdell Bill and School Construction: The Senate next week is expected to act on the Coverdell Bill. We have been working with Senator Daschle to craft a substitute that will be our school construction proposal. The debate will highlight Democratic support for public schools versus Republican efforts to help affluent students attend private schools.

Additionally, your school construction proposal was introduced last week in the House by Rep. Rangel who was joined by 63 cosponsors (all Democrats, so far). On the Senate side, Sen. Moseley-Braun was joined by Sen. Moynihan and 10 other Democrats. We have been working on endorsements. We now have 50 organizations endorsing, including the Congress of National Black Churches, the National Grange, and several Historically Black Colleges (who see this issue as critical to the pipeline of minority youth).

High Hopes: The legislation was sent to the Hill earlier this week, and Rep. Fattah quickly went to work getting cosponsors for his amendment to the reauthorization of the Higher Education Act, which is scheduled to be marked-up in Committee next Wednesday. With one more cosponsor, we will have a majority of the Committee, including <u>four Republicans</u> so far and we

are going to work with him to do better. We are thinking about ways that we might turn this bipartisan support into publicity and momentum.

America Reads: A panel named by the National Academy of Sciences will be releasing its findings Wednesday on the research on learning to read. We are working with the Education Department to determine whether the findings might be noteworthy enough to merit a statement by you or the Vice President. On the work-study effort, we will likely reach 1000 colleges in the next month or so and I recently got information about a particularly impressive effort: NYU has *more than 600* America Reads work-study tutors. We are thinking of ways that you might be able to highlight and praise the NYU success.

Student Loan Interest Rate: In an interesting development, the Postsecondary Education Subcommittee chairman and ranking member have reached an agreement that would provide students with the low rate that the Vice President announced last month. However, they will supplement the rate with Federal payments to the banks, which could cost billions. We will congratulate them for putting the interests of students first, but criticize them for padding bank profits ahead of taxpayers (or other important program spending). We are convening a group of experts from a number of agencies to explore possible market-based mechanisms (such as auctions) for both ensuring student access to loans while keeping any taxpayer subsidy down to the minimum necessary.

Responding to lender threats to withdraw from the program, Education is developing a contingency plan for covering any loan access problem. On Thursday (3/12), Education released a statement critical of the banks' threats, and assuring students that we will not let anyone go without the aid they need and are eligible for. (The Secretary has the authority to call on Sallie Mae and the guaranty agencies to act as "lenders of last resort," and to provide them with the capital if necessary.)

Social Security: Senator Roth joined Representative Kasich this week in putting forward proposals to use the surplus to fund individual accounts. The proposals are still being developed, but they do not appear to be comprehensive Social Security reform plans. In particular, they only deal with individual accounts, and do nothing directly to address the actuarial imbalance in the Social Security system.

Our stance on these proposals is designed to balance two pressures: First, using some of the surplus to fund individual accounts could ultimately form part of a comprehensive reform to Social Security -- and therefore we don't want to ridicule the current proposals. But to signal now that we are actively considering individual accounts could alienate our base -- which would complain that even if individual accounts will have to be part of any eventual real deal, we shouldn't give away the store now. Our position has thus been to stay with out basic message that until we have addressed Social Security reform, no one should drain the surplus. Without doing what's needed to achieve comprehensive Social Security reform there proposal can only be viewed as a tax cut to drain the surplus. (Interestingly, Senator Gregg has been cited in the press as making the same argument: that we should not use the surplus for individual accounts without knowing what the rest of the Social Security package is.)

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The Kasich and Roth proposals may be included in some form in the budget resolutions that will be marked up next week, and we are working actively with Treasury and SSA to analyze the specifics of the plans as they come out.

Finally, I spoke at Brookings this week on our Save Social Security First policy. The reception was very positive -- including many leaders in the field, such as Charlie Schultze, Henry Aaron, and Gary Burtless.

Next Generation Internet: On Thursday (3/12), legislation which would authorize your Next Generation Internet initiative passed the Senate Commerce Committee with a unanimous voice vote. Similar legislation has been introduced on the House side. Agencies involved in the NGI are already beginning to demonstrate exciting new applications -- including modeling the impact of El Nino, training troops using virtual reality, cutting the time required to develop new drugs, and allowing cardiologists to provide expert advice to patients in remote rural areas.

Cox-Wyden: The NEC is coordinating the follow-up to your discussions with the Governors on the Internet Tax Freedom Act. The Governors held a press conference, Friday (3/13), to announce a new version of their proposal, which we think moves in the right direction. We have also learned that both the House and Senate versions of the bill will be modified to address some of the concerns of the Governors. Meanwhile, we are refining our view of which are the most important pieces of the legislation and how best to coordinate the study called for in the current bill with a process to address the larger (and more difficult) issue of mail order taxes.

Apparel Industry Partnership: Kitty Higgins and I attended a meeting (3/6) of the Apparel Industry Partnership. Negotiations on forming the Fair Labor Association have come down to two key issues: (1) the frequency and targeting of external monitoring; and (2) whether the Association has the power to decide that compliance is impossible in certain countries, potentially requiring that companies leave that country to remain in compliance. The proposals on the table are unacceptable to the companies, which will respond with counter proposals at the next meeting on March 26th. The remaining issues require some work but are much easier.

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Electricity Restructuring: In anticipation of a meeting with you, we have been working with the climate change team to narrow the differences on the one open issue -- authority for a cap and trade program for carbon. We have come very close to an agreement among all the White House players that may satisfy everyone's concerns and enable Secretary Pena to begin responding to criticisms that the administration has not yet provided details of it's proposal for reform.

Financial Services Modernization: On Friday (3/13), my staff convened a meeting of Treasury experts and other agencies and White House offices to discuss the House Republican Leadership bill that was unveiled earlier this week. Unlike the Administration's proposal, the Republican version of modernization would materially weaken the national banking system; threaten the safety and soundness of insured financial institutions; limit the Administrations's ability to influence financial institution policy; and, equally important, reduce the effectiveness of CRA and consumer protection that are an important part of our proposal. Treasury is preparing a letter indicating strong opposition, which will be sent early next week after consultation with Democratic members.

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Product Liability Reform Legislation: Activity has picked up in the Senate, and Senators Rockefeller and Gorton asked for (and had) a meeting with Erskine Bowles on Friday (3/13). The purpose of the meeting was to go through a long list of so-called "technical changes" that Senator Gorton was proposing. My staff coordinated a review of Gorton's proposals with some of the agencies and White House personnel, including Bruce Lindsey. Our approach was to accept a few that are truly technical but reject the majority. The meeting with the Senators went well, and Senator Rockefeller was very appreciative of the Administration's efforts to work with him. Senator Gorton was also appreciative, but expressed concern that he might not be able to sell the package to his Republican colleagues.

Regulatory Reform Legislation: With your guidance, we prepared and sent a letter to Senators Levin and Thompson specifying the changes we need to be able to support their legislation. On Tuesday (3/10), the Committee marked up the bill and voted it out 8-4 (Senators Levin and Glen joining all the Republicans). Our changes were not offered or incorporated in the bill. The prospects for Senate floor action are highly uncertain, with Lott sending mixed signals about his support.

Securities Litigation: The NEC was asked to convene a meeting to review the status of the current legislative effort and next steps. As you may recall, Senators Dodd and Gramm have a bill supported by the Uniform Standards Coalition, a group of companies, accountants, and attorneys led by the High Tech industry. The bill seeks to create a uniform national standard for certain securities fraud cases. Its proponents argue that, without federal standards, few companies will take advantage of the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. Last fall, you indicated that you would support this new legislation.

The SEC has been working with Senator Dodd's staff and the Uniform Standard's Coalition to address concerns about the legislation's overbreadth. Progress is being made. There was consensus at our meeting that the White House should be clear that we expect the Hill to satisfy the SEC's concerns, and that there needs to be an appropriate record (by colloquy form key Senators or otherwise, that, if the cases progressing through the courts do not ultimately reaffirm the Second Circuit pleading standard and recklessness as a basis of liability, they will work with the SEC and the Administration to legislate that result.

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

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March 13, 1998

MEMORANDUM FOR THE PRESIDENT

CC: ERSKINE BOWLES

FROM: KATHLEEN A. McGINTY

SUBJECT: CEQ WEEKLY REPORT

PROTECTING COMMUNITIES FROM TOXICS

Property Rights Legislation

On Thursday, March 12, the House approved a property rights measure strongly opposed by the Administration. The Attorney General, Secretary Babbitt, Administrator Browner, and I have all recommended a veto of the bill, and the 230-180 vote easily provides a veto-proof margin. The bill, sponsored by Lamar Smith (R-TX), would vastly expand the jurisdiction of the Court of Federal Claims (CFC) to include the full range of challenges to agency action now heard by United States District Courts. The Department of Justice believes that conferring this broad jurisdiction on a non-Article III court may be unconstitutional. Agencies (joined by environmental and public interest groups) believe that the expansion of the CFC's jurisdiction will be highly disruptive to their programs, because the CFC is generally hostile to environmental and public health regulation. The clear intention of the bill is to divert more property rights cases to the CFC, which remains dominated by extremely conservative appointees by Presidents Reagan and Bush.

While we opposed this bill, CEQ and Justice worked with Congressmen Watt (D-NC) and Rothman (D-NJ) on a substitute that would address the one legitimate concern underlying the bill -- the burden on litigants of having to bring "takings" claims separately from other, related challenges to agency action -- by allowing claimants to bring claims in district court. In a stunning vote, the substitute almost succeeded attracting substantial support from moderate Republicans, but failing to pass on a 206-206 tie after ~~Gingrich cast the final "no" vote~~.

Regulatory Reform

On Tuesday, the Senate Government Affairs reported S. 981, a regulatory reform bill sponsored by Senators Levin and Thompson that they have developed over the past 18 months. Consistent with both the decision memorandum presented to you and with Vice President Gore's meeting with Senator Levin last week, Budget Director Raines stated that the Administration opposes the bill in its current form. The letter included a series of revisions that would render the bill acceptable if adopted and was well received among Democratic Senators, labor, environmental, disabled, and public interest groups that have adamantly objected to the bill because of the cost, delays, and

litigation it would create. In reporting the bill, the Committee addressed very few of the Administration's central concerns, and Committee Democrats (other than Senators Levin and Glenn, who had cosponsored the bill) remained united in opposition to the bill.

Superfund Reform

On Wednesday, a subcommittee of the House Transportation and Infrastructure Committee reported a Superfund bill by a largely party-line vote after intensive negotiations personally conducted by Carol Browner, Chairman Boehlert (R-NY), and Ranking Member Borski (D-PA) failed to reach an acceptable compromise. Although Boehlert is a frequent ally on environmental issues, he remains captive to more extreme views on Superfund.

I think it is interesting to note that Peter Veniero, the Attorney General for New Jersey and a protégé of Governor Whitman, has sent a highly detailed letter to Congressman Boelhert attacking his Superfund bill. The bill clearly validates the Administration's objections. The letter provides a timely reminder of the perils of compromising too much on Superfund -- there are moderate Republicans in the wings ready to join environmental and community groups in having at us if we yield too much in these negotiations.

RESOURCE STEWARDSHIP

Cape Sable Seaside Sparrow

The enormous amount of rainfall in south Florida has caused an emergency in a portion of the Everglades creating a difficult situation for the Corps of Engineers and the Department of the Interior (DOI). The area in question is breeding habitat for a critical subpopulation of the Cape Sable Seaside Sparrow, a highly endangered species. Because of the unusual amount of rain, normal operation of a Corps water management project would prevent all breeding by the bird this year by flooding this habitat.

Hydrologists from the Corps of Engineers and the National Park Service have been meeting all week and have developed a new alternative to handling this situation. The alternative would decrease the risk to the endangered bird and decrease the amount of flooding that is currently affecting the Miccosukee Tribe. There will be a very minimal diversion of water to agricultural and residential areas, but no homes will be flooded. The agencies will be working over the weekend to communicate the proposed plan to the Governor's office, Congressional delegation, tribal representatives, and other interested parties, and to move toward implementation of the plan. I will be asked formally to approve the alternative procedures on Monday by the Corps of Engineers. CEQ intensive involvement in this to date has been geared toward making sure all parties are on board so that we are prepared to move forward as expeditiously as possible.

Steelhead Trout Listing

Today, in response to a court ordered deadline, the National Marine Fisheries Service (NMFS) announced the listing of certain West Coast steelhead trout as "threatened." The announcement

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includes agreements with California and Oregon to develop state sponsored conservation efforts to protect the trout in order to prevent them from needing to be listed as "endangered," a more restrictive category than "threatened." The agreements underline the potential for using the Endangered Species Act flexibly in allowing states to develop their own tailor-made protection strategies for at-risk species. Both Governors Kitzhaber and Wilson are extremely pleased with our cooperative work with them in this regard, although environmental groups remail weary.

East Texas Timber Emergency

CEQ concluded our consultations with the Forest Service regarding the blowdown of timber on the national forests in east Texas and approved arrangements that will expedite the environmental review process for removal of fallen trees from the forests. Speedy removal is necessary to avoid further damage to red-cockaded woodpecker habitat, to reduce fuel loading threats, and to avert bark beatle infestation. I informed Congressman Jim Turner (D-TX) of our actions, and he was very appreciative.

SUSTAINABLE COMMUNITIES

California Highway 710

For over three decades, the California Department of Transportation (CALTRANS) has pursued completion of the 710 Freeway extension. This 4.5 mile gap closure project would connect Route I-10 in the City of Alhambra with Route I-210 in the City of Pasadena. However, the project has remained controversial because of potential impacts on historic preservation and destruction of a long-standing minority community.

After working with the Advisory Council on Historic Preservation (ACHP) to identify low build alternatives, the FHWA decided none of the alternatives were feasible and is now proposing to move ahead with freeway gap closure. The ACHP remains adamantly opposed to this and met today in Miami to consider whether formally to refer the issue to CEQ for resolution. However, the group voted 12 - 2 not to refer to CEQ, and instead are preparing to write you a letter outlining the significant and historical problems associated with the highway.

Intermodal Surface Transportation Efficiency Act (ISTEA)

The Senate ISTEA bill passed overwhelmingly this week (96-4). There were a number of environmental issues negotiated during floor consideration. They include transit funding, implementation of the clean air particulate rule, and application of the National Environmental Policy Act. All these issues were resolved to our satisfaction. Although there are additional issues that we hope to make progress on during conference, the Senate ISTEA bill overall worked out very well for us from an environmental standpoint.

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INTERNATIONAL LEADERSHIP

Policy Outreach on Climate Change

This week, we began a series of outreach meetings that we expect to convene over the next two months to allow outside experts to offer input on key topics as part of our interagency policy process. This first session focused on international emissions trading, joint implementation, and the new "Clean Development Mechanism." The experts requested views from Wall Street (Canton Fitzgerald), energy developers (International Utility Efficiency Partnership) and environmental groups (Environmental Defense Fund).

Their advice involved recommendations for further international policy elements that markets need in order to get started, elements to avoid internationally, and ideas about next steps we should take domestically in this area. In a minor way, markets are already responding: Costa Rica announced a greenhouse gas emissions credit marketing arrangement this week with the Chicago Board of Trade. Last week, a "futures" contract for options on emissions credits was entered into between Niagra Mohawk (a U.S. utility) and Suncor (a Canadian refiner).

Industry Consultation on Climate Change

The interagency team that will support industry consultations reviewed a work plan for this effort. This group agreed on a proposed list of industries we will engage initially: steel, cement, airlines, electric utilities, chemicals and pulp/paper/wood products. In addition, we met informally for strategic planning sessions this week with progressive industry leaders from the cement, steel and electricity sectors. These talks are aimed at supporting a formal launch of a comprehensive set of consultations.

OTHER

California Travel

I visited the Salton Sea on Thursday to meet with interests that will be involved in any plan for restoration. My conclusion: there are absolutely no easy answers to the problems threatening the health of the Sea; in fact, I do not believe the problems, themselves, have adequately been diagnosed. We will have battle on this, I suspect, with those on Capitol Hill who now are eager to push forward. Republican proposals argue that further study should be suspended and massive efforts begin immediately towards re-engineering the Sea. That will be a popular, but, I believe, extremely ill-advised approach.

I also spoke to the Los Angeles Chamber of Commerce on climate change and met with energy industry leaders on electricity restructuring. Finally, I met with officials of LAX airport concerning their proposed expansion of the airport. There are many complications involved in this, including strong local opposition. At this point I think the obstacles can be addressed, but it will take much work with all involved to forge an acceptable compromise.

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THE WHITE HOUSE

WASHINGTON

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March 13, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: LARRY STEIN

SUBJECT: WEEKLY LEGISLATIVE REPORT

House of Representatives

1. **African Trade:** On Wednesday, March 11, the House passed (233-186) H.R. 1432, the African Growth and Opportunity Act. The legislation would create a new U.S. trade and investment policy for the 48 nations of sub-Saharan Africa allowing duty-free and quota-free exports to the United States for 10 years and encourage plans for a U.S.-Africa free trade zone. Companion legislation is currently before the Senate Finance Committee but is unlikely to reach the Senate floor before May. During consideration of H.R. 1432:

   The House adopted (227-190) the Rule permitting only six amendments. The Administration, working with the Republican Leadership, successfully limited the Rule blocking the controversial Spratt (D-SC) textile amendment. Had the amendment reached the floor and then passed, the Leadership would have pulled the bill.

2. **California Special Election:** On Tuesday, March 10, Democrat Lois Capps won (53%-45%) the special election in the 22nd Congressional District of California to fill the seat vacated by the death of her husband. Representative-elect Capps is scheduled to be sworn in Tuesday, March 17, at 12:30 pm. Including Capps, there are now 204 Democrats, 227 Republicans and 1 Independent in the House (with three remaining vacancies).

3. **Tucker Shuffle:** On Thursday, March 12, the House passed H.R. 992 (230-180), legislation amending the Tucker Act regarding private property, or "takings." The legislation would end the system in which property owners must take their claims against the government to separate courts. A similar bill was reported out of the Senate Judiciary Committee along party lines but has yet to scheduled. During consideration of H.R. 992:

   An Administration-backed Watt (D-NC) amendment that would have gutted the bill failed to pass (206-206). Speaker Gingrich cast the deciding vote killing the measure.

The Week Ahead

Next week the House will consider a Campbell (R-CA) bill requiring you to seek statutory authorization under the War Powers Act to keep U.S. troops in Bosnia or face a court challenge. Floor action is also possible Wednesday, March 18, for the State Authorization Conference Report, which imposes a gag rule on international family planning. Lacking conservative support, the Leadership pulled the legislation from the floor Thursday, March 12.

Senate

1. **ISTEA:** The Senate completed work this week on S. 1173, the ISTEA Reauthorization Bill providing $214.3 billion over six years for highway and mass transit projects. On Thursday, March 12, the Senate passed (96-4) the Finance Committee's substitute amendment, the main vehicle for work on the measure, but could not vote on final passage because the bill renews gas taxes. Under the Constitution, the House must act first on legislation involving revenues.

   Earlier in the week, the Administration successfully lead efforts to secure transit funds totaling $41.3 billion; rejected a McCain-led effort to end the ethanol tax subsidy; and authorized $100 million to help people in welfare-to-work programs commute between urban residences and suburban work sites.

2. **Saddam Hussein:** On Friday, March 13, the Senate passed (93-0) S. Con. Res. 78, a non-binding resolution calling for a U.N. tribunal to try Iraqi President Saddam Hussein as an international war criminal.

3. **Whistleblower Bill:** On Monday, March 13, the Senate passed (93-1) S. 1668, the Intelligence Disclosure Act (the so-called "Whistleblower bill"). The legislation would require you to inform employees of the CIA, the Defense Intelligence Agency, NSA, and the FBI that they could disclose to members of Congress any violation of law or other abuse. The Administration opposes the bill because it usurps your constitutional authority to determine what classified information should be provided to Congress.

The Week Ahead

During the week of March 16, the Senate will turn to consideration of S.1133, Senator Coverdell's (R-GA) Education A+ bill. The Administration opposed measure would expand education savings accounts to enable parents to save more in tax-free accounts for education related costs. The bill is similar to the measure (H.R. 2646) the House passed last fall. You have threatened to veto the legislation in its current form; however, Senator Daschle is expected to offer a substitute amendment to modernize public school systems. The Senate will vote on the motion to invoke cloture on the motion to proceed to the bill on Tuesday, March 17. If Democrats filibuster, Lott said he might take up the NATO expansion resolution.

The Senate will also vote Tuesday on the nomination of Frederica Messiah-Jackson of Pennsylvania to be a United States District Court Judge.

cc: Vice President
Erskine Bowles
John Podesta
Sylvia Mathews

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THE WHITE HOUSE

WASHINGTON

3-16-98

March 13, 1998

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

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FROM: MARIA ECHAVESTE

SUBJECT: OPL WEEKLY REPORT -March 7 - March 13

ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES

RACE INITIATIVE

- **Ethnic community commits to Race Initiative-** Members of the ethnic community met with Judith Winston to make "commitments" for specific projects to further the goals of the Race Initiative, including hosting six regional community dialogues, three police\ community forums, and sponsoring Public Service Announcements. They are also planning to commission a poll on race perceptions, create a youth race program and assist with the campus dialogue program.

SOCIAL SECURITY

- Gene Sperling and OPL met with the leaders of the key aging organizations to address concerns they have raised about our Social Security dialogue. Many of the groups felt excluded by our agreement to have AARP and the Concord Coalition sponsor the Social Security Forums, while others asked us to refrain from using words such as, "exhausted, bankrupt, and broke," when describing 2029. They believe such language furthers the belief that drastic action is needed, i.e. privatization. The groups were pleased by our commitment to meet with them on a monthly basis.

HEALTH CARE

- Reaction to your speech at the AMA was outstanding. They were thrilled with your remarks.

- The Catholic Health Association (CHA) is concerned about HCFA's interpretation that managed care risk plans be required to certify that they would cover medically necessary, elective abortions in order to qualify as a Medicare risk plan. CHA has been given inconsistent reports from HCFA regarding whether and when HCFA requires a health plan to certify coverage of elective abortions. A requirement to certify coverage of elective abortions would create an enormous problem for CHA plans when they apply to HCFA to be certified as a Medicare+Choice plan.

Sorry we can't avoid this - HCFA should comply

3-16-98

CONSTITUENT OUTREACH AND OTHER ISSUES

AFRICAN AMERICAN OUTREACH

- **Africa Trip & Trade Bill-** We continue to rally support from African American leaders for the Senate Africa Trade Bill. Hugh Price of the National Urban League, the Assistant Secretary General of the Organization of African Unity (OAU) and several others have endorsed the bill. This strong support has influenced the NAACP to reconsider its support for the bill.

BLACK FARMERS

- We spoke with John Boyd, President of the National Black Farmers Association, to inform him of the pending decision by the Justice Department on the Statute of limitations problem. While they are not happy with the Justice decision, they recognize the need to pass legislation aimed at addressing the complaints. John Conyers expressed uncertainty about passage of corrective legislation. EB has met with Gingrich to discuss the issue. Rep. Clayton has a copy of the legislation and have expressed interest in co-sponsoring it in a bi-partisan fashion. The OLC opinion has been completed but has not been formally submitted to the Agriculture Department.

HISPANIC OUTREACH

- **Bilingual Education.** This week OPL, DPC and OPA lead a discussion with the Hispanic Education Coalition on the issue of bilingual education. Members of the Coalition were in agreement that the White House should publicly take a position, in the near future, against the Unz Initiative specifically and without announcing a position on bilingual education. They were clear that the issue of term limits should not be addressed in any statement that is made. Also, the Commission of the White House Initiative on Educational Excellence for Hispanic Americans will be meeting on April 3rd and plans to issue a statement recommending that the White House take a position against the Unz Initiative.

RELIGIOUS OUTREACH

- **Religious Persecution abroad-** The three delegates to China have returned and will issue their report and recommendations at a meeting of the Council of Foreign Relations on March 18. The Wolf/Specter bill may be voted on in the House committee this month. We are trying to determine if there might be some movement away from the bill by both Archbishop McCarrick and Don Argue as a result of their China trip.

RURAL OUTREACH

- On April 3, 1998, Secretary Glickman will host a "farm forum" in Lexington,KY, to

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discuss tobacco, production agriculture and farm safety net issues. In attendance will be Gov. Patton and Sen. Ford. This is in response to a request by both the Governor and one of the participants of your meeting with "family farmers" in mid-December where you received a request to come to Kentucky to host a "Farming Summit."

JEWISH OUTREACH

- A U.S. court issued a nearly $250 million judgment against Iran for its involvement in a 1995 terrorist attack that killed Alisa Flatow, an American student. The judgment marks the first time a U.S. court has ruled on an American citizen's ability to recover damages from foreign nations that support or finance terrorist activities.

ASIAN OUTREACH

- Some Asian groups are concerned about the anti tobacco advertising campaign to educate tobacco vendors. They fear that Asian American small business owners may not understand English well enough to comply with new sales regulations. A possible solution is to advertise changes in specialty press.

WOMEN'S OUTREACH

- **Transportation Bill/DBE-** The women's business groups were of great assistance in the defeat of the McConnell Amendment. Many of them called and expressed their appreciation for the Administration's support on this and other affirmative action programs.

- **Older Women's League Briefing-** The Women's Office hosted a briefing/roundtable for the 20+ board members of the Older Women's League who wanted to discuss such priorities as Medicare, Social Security, pending pension reform legislation, and Health Care. This group was extremely responsive, knowledgeable and excited about the Administration's efforts on behalf of all women, young and old.

SENIORS OUTREACH

- **Disability Executive Order-** The disability community is viewing the Executive Order on employment for people with disabilities as a high level and substantive initiative, and not just ceremonial, because of your participation in a signing ceremony with key members of the Cabinet, and because of the inclusion of specific timeline for policy recommendations.

cc:

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

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THE WHITE HOUSE

WASHINGTON

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March 14, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra

SUBJECT: Office of Intergovernmental Affairs Weekly Report -- March 9 - 13, 1998

Education

- Governors Cecil Underwood (R-WV) and Parris Glendening (D-MD), as well as Mayors Richard Daley (D-Chicago, IL), Richard Riordan (R-Los Angeles, CA) and Lee Clancey (D-Cedar Rapids, IA) will participate in your education round table discussion on Monday, March 16, which will focus on the Third International Mathematics and Science Study.

Race Initiative

- Assistant Attorney General Bill Lann Lee addressed a breakfast meeting on diversity at the National League of Cities (NLC) Congressional City Conference in Washington. PIR staff also attended this meeting. Additionally, Lynn Cutler addressed two NLC groups on the Race Initiative and PIR Staff highlighted the Initiative at a White House briefing for the state municipal league directors and presidents.

Governors

- The National Governors' Association (NGA) hosted a press conference with Governors Roy Romer (D-CO) and Michael Leavitt (R-UT) on the subject of Internet taxation on Friday, March 13. After the press conference, Fred DuVal met with the two governors, who reiterated their hope that you would be personally involved as soon as possible in finding a balanced way to facilitate unencumbered Internet growth while protecting governmental revenues. Their position focuses on four principles which they hope will be incorporated into the Cox-Wyden bill. A copy of the NGA proposal is attached.

Statewide Officials

- The state attorneys general were delighted by your address at the National Association of Attorneys General (NAAG) Spring Meeting. NAAG also met with Attorney General Reno and several attended your radio address taping on Friday, March 13.

State Legislators

- A bi-partisan delegation of 35 members of the California State Legislature attended a White House briefing on Monday, March 9, in the Indian Treaty Room. They were briefed by FEMA Director Witt, General McCaffrey, Associate Attorney General Ray Fischer, Administrator Alvarez, Karen Skelton, Mickey Ibarra, and Ann Lewis. Following the briefing, the legislators met briefly with Vice President Gore in the Roosevelt Room and then participated in press availabilities on the North Lawn. Recently elected Speaker of the California Assembly Antonio Villaraigosa (D) was very pleased with the Oval Office photo opportunity you provided him.

Municipal Officials

- The National League of Cities Congressional City Conference took place in Washington March 6 - 10. Four Cabinet Members addressed the plenary session that included approximately 4,000 delegates. Additionally, we hosted the state municipal league directors and presidents for a briefing at the White House on Monday, March 9. The Vice President and other Administration officials addressed the briefing. Key topics of the meeting included ISTEA, the Administration's opposition to "Takings" legislation, the Race Initiative, and community development issues.

Indian Country

- Lynn Cutler attended a meeting at the Interior Department on Monday, March 9, on the proposed FY99 budget allocations for programs in Indian Country. There is serious concern about the level of funding proposed for the Indian Health Service. The projection is that it will meet only 37% of the need.

- Senator Slade Gorton (R-WA) began hearings this week on tribal sovereign immunity. His efforts last fall to dismantle this fundamental concept failed, but he is attempting again to pass legislation that Indian Country sees as anathema. We are monitoring this development.

Insular Affairs

- Commenting on Senate Majority Leader Lott's disinclination to pass the Puerto Rico status choice bill, *The New York Times* said "The Senate would dishonor Democratic values by shelving" it. The editorial described the issue in words very similar to yours at the Democratic Governors' Association dinner and said "The Senate would be wrong to prevent political self-determination for American citizens when it supports that right for people elsewhere in the world."

- Puerto Rico Interagency Group Co-Chair Jeff Farrow spoke to the Puerto Rico Journalists' Association about the status choice bill, reiterating that you favor no option and are committed to allowing Puerto Rico to choose.

3-16-98

THE WHITE HOUSE

WASHINGTON

March 13, 1998

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MEMORANDUM FOR THE PRESIDENT

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

SUBJECT: **Summary of Cabinet Weekly Reports**
March 7 - 13, 1998

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DEPARTMENT OF TREASURY

- **Indonesia:** On March 6, the IMF announced that the release of the second $3 billion tranche of funding for Indonesia under its stand-by agreement would be postponed until at least April. Since then, President Suharto and senior economic officials have increased their rhetoric against the Fund program. The markets have become increasingly concerned by these factors, as the currency depreciated by 15 percent in the past week, the main index of the Jakarta stock market is 5.4 percent lower, and the yield spread on Indonesia's sovereign $400 million yankee bond has widened 100 basis points to 750 basis points over the comparable Treasury bond. Next week, a team of high level Indonesian officials is expected to meet with Administration and IMF officials.

- **Malaysia:** The central bank of Malaysia recently announced two large commercial banks are experiencing financial difficulty. The government plans to provide a modest capital injection to one bank. The Deputy Prime Minister announced the second bank, and any subsequent weak banks, will be closed if no buyers can be found. The announcement adversely affected both the stock market and the Malaysian currency, both of which had regained about half the losses sustained in the second half of last year. Malaysian authorities are increasingly concerned that developments in Indonesia could induce a crisis in Malaysia, and Deputy Prime Minister Anwar has publicly appealed to the IMF and the G-7 to disburse the next tranche of IMF support to Indonesia.

- **Inter-American Development Bank (IDB):** On March 16-18, Deputy Secretary Summers will head the U.S. delegation to Cartagena, Colombia for the Annual Meeting of the IDB. The major topic of discussion at the meeting will be the impact of the Asia financial crisis on Latin America and what role the multilateral development banks, particularly the IDB, can or should play in future crises.

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- **Brazil:** On March 10, Secretary Rubin and Deputy Secretary Summers met with Brazilian Finance Minister Pedro Malan. Treasury requested Malan's support in securing agreement among IDB members on creation of a $500 million fund, financed by IDB concessional resources, to finance Summit of the Americas educational and environmental initiatives. Malan reported positive economic news -- inflation is falling, foreign exchange reserves are approaching $60 billion (near pre-crisis levels), the current account deficit is gradually narrowing, and flows of foreign investment remain strong. Malan did not dwell on Brazil's large fiscal deficit, which remains Brazil's major medium-term economic challenge despite some recent progress.

- **Community Reinvestment Act (CRA):** On March 19, Secretary Rubin will speak to the National Community Reinvestment Coalition (NCRC) on progress made under CRA and the accomplishments of the CDFI Fund as well as the importance of reauthorization. Secretary Rubin will also announce NCRC's new report on bank performance under CRA.

- **Customs:** On March 9, funeral services for U.S. Customs Agent Friedli were held in Rochester, MN. Agent Friedli and his partner were involved in a vehicle accident with a tractor trailer near the U.S. Mexico border on March 3 while investigating possible smuggling activity.

- **Regulatory System for Government Securities:** Treasury, the SEC, and the Federal Reserve Board are required to submit a joint report to Congress on the regulatory system for government securities by March 31. The report evaluates the effectiveness of government securities rules written since October 1, 1991, the impact of such rules on the government securities market, and the effectiveness of surveillance and enforcement. The report concludes that the rules have been effective in strengthening investor protection without adversely affecting the efficiency or liquidity of the market. The report states that no additional rulemaking authority is required at this time.

DEPARTMENT OF JUSTICE

- **Internet Hate Crimes:** In one of the first known prosecutions for sending electronic hate mail by computer, a defendant was found guilty of transmitting hostile and threatening e-mails to approximately 60 Asian students at the University of CA in Irvine.

- **Pan Am 103:** On February 27, the International Court of Justice (ICJ) at The Hague handed down a decision rejecting the Preliminary Objections filed in 1995 by the U.S. and the UK to the jurisdiction of the ICJ to decide Questions of Interpretation and Application of the 1971 Montreal Convention arising from the Aerial Incident at Lockerbie. Libya had submitted the case to the ICJ in 1992 in an attempt to prevent the UN Security Council from voting on the imposition of sanctions for Libya's failure to surrender the two indicted Libyan intelligence operatives for trial in the U.S. or Scotland.

- **Former ADM Official Pleads Guilty:** On March 6, in the Northern District of GA, Sidney D. Hulse pled guilty to one count of filing a false income tax return. Hulse was formerly vice president of Archer Daniels Midland (ADM) Bioproducts Division. He and a co-conspirator defrauded ADM of $995,400 by submitting false invoices for work that was not done. In addition, Hulse under-reported his total income for calendar year 1992 and falsely stated that he did not have an interest in or signature authority over foreign bank accounts.

- **Former ADM Executive Sentenced:** On March 4, Mark E. Whitacre was sentenced to nine years of imprisonment and ordered to pay restitution totaling $11,403,698 to ADM. Whitacre pleaded guilty in October 1997 to charges of wire fraud, interstate transportation of stolen property, money laundering, conspiracy to defraud the IRS, and filing false income tax returns.

DEPARTMENT OF INTERIOR

- **Salton Sea:** On March 12, DOI testified before the House Subcommittee on Water and Power on the proposed Sonny Bono Salton Sea Reclamation Act. DOI identified concerns including the shortcut of the NEPA process, the cutting off of judicial review on a variety of issues, and the impossibly-short timeframe for completion of environmental reviews. DOI expressed a willingness to work with Congress to improve the bill.

- **Bison:** Secretary Babbitt met with Governor Racicot in Denver, CO, to reach agreement on the draft EIS on bison management in Yellowstone National Park. DOI now has a schedule for finishing work on the DEIS which will put it out for public comment prior to the next scheduled court hearing on June 8.

- **Assateague Island Wrecks:** A commercial salvage company has been conducting archival research and remote sensing of two tracts of submerged land off Assateague Island in an attempt to locate the wreck sites of "La Galga," a Spanish frigate which ran aground in 1750, and "Juno," a Spanish treasure ship which sank in 1802. On February 26, NPS received a letter from the Embassy of Spain asserting that "La Galga" and "Juno" are the property of Spain, and requesting NPS to "take whatever steps are appropriate to protect the ships from disturbance."

- **National Wildlife Refuges:**
  - On March 17, Secretary Babbitt will highlight the ESA at the Laguna Atascosa National Wildlife Refuge in Harlingen, TX.
  - On March 18, Secretary Babbitt will attend events celebrating the 95th anniversary of the National Wildlife Refuge system in San Diego, CA.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Farm Bill:** During the month of April, Secretary Glickman and Deputy Secretary Rominger will tour farm country to hear farmers' concerns first hand, particularly with respect to the 1996 farm bill. Secretary Glickman will travel to KY, SD, NM, and IA; the Deputy Secretary will visit ME, FL, and CA before joining Secretary Glickman in IA.

- **Civil Rights Initiative:** On March 9, the Administration submitted a supplemental appropriations request that includes funding to boost USDA's lending programs by $75 million. Without the increase, some of USDA's key loan programs will run out of money, leaving an estimated one thousand farmers, many of whom are small and minority farmers, without credit this year.

- **Loan Assistance:** On March 11, USDA formally transmitted a proposed bill to Congress that would replace the lifetime ban in the 1996 farm bill preventing farmers who have received a loan write-down from USDA from receiving new loans with a provision ensuring that creditworthy applicants receive a second chance at USDA assistance.

- **BET Interview:** On March 12, Secretary Glickman will be interviewed for BET's "Lead Story," which will focus on black farmers and USDA's civil rights performance generally.

- **FL and AL Disaster Assistance:** USDA has approved $1 million in Emergency Watershed Protection Program funds for Seminole, Orange, and Osceola counties in central FL to clear debris from channels and waterways following the February 22 tornadoes. In addition, USDA has approved $65,000 to clear debris from streams and rivers in Wilcox County in southwestern AL.

- **Rural Cooperatives:** On March 6, USDA announced that it will allocate $100 million from its business and industry guaranteed loan program to support the creation or expansion of cooperatives in rural areas in this fiscal year.

- **IL CREP:** Secretary Glickman will sign a CREP with IL officials designed to protect the Illinois River from agricultural runoff, by enrolling up to 100,000 acres of targeted land along the river for riparian buffers, filter strips, wetlands restoration, and the protection of highly erodible land.

- **HAACP:** On March 11, top USDA food safety officials met with representatives of the American Meat Institute, the National Broiler Council, and the National Turkey Federation regarding progress their members are making in implementing the new HACCP system.

- **Food Safety:**
  - On March 13, Secretary Glickman will tour USDA food safety research facilities in Athens, GA and deliver a speech to an audience at the University of GA. While in GA, Secretary Glickman will tour farms damaged during recent storms.
  - On March 19, Secretary Glickman will give a speech on food safety at the National Press Club.

DEPARTMENT OF COMMERCE

- **Costa Rica Trip:** Over 260 Americans have registered for the Fourth Annual Business Forum of the Americas, to be held in San Jose, Costa Rica on March 16-18. The Forum will provide private sector input regarding the Free Trade Area of the Americas to trade ministers who will meet in San Jose later that week. Secretary Daley will participate in the opening of the Forum.

- **Asia:** DOC is planning a Commercial Policy Forum on the Asia Financial Crisis, to be held in early April. The forum will brief business leaders and opinion makers on current Administration efforts in the region and solicit ideas on further steps government can take to help American companies remain competitive.

- **El Niño:**
  - The large sea-surface temperature anomalies in the eastern Tropical Pacific are expected to persist for another two months. The seasonal forecast shows El Niño fading by this summer.
  - During March and early April, the University of Southern CA Sea Grant is hosting an online El Niño Teacher Workshop. Participating teachers will be able to earn graduate credits. The workshop will have keynote speakers on all aspects of the El Niño phenomenon, links to web resources, and breakout sessions for special topics.

- **Trade Update:** On March 19, Secretary Daley will conduct a press briefing concerning the latest monthly trade statistics. The Secretary will also participate in an Emergency Committee on American Trade press conference.

DEPARTMENT OF LABOR

- **Job Corps Expansion:** On March 10, a *Federal Register* Notice was published soliciting sites to establish five new Job Corps centers, including three new residential centers.

- **MI Suit:** On March 13, DOL asked a MI federal district court to dismiss a case brought by the State to block DOL from cutting off federal funds for the state's employment services agency and declare that the Wagner-Peyser Act does not require states to use civil service employees to provide help to job seekers.

- **Immigration:** On March 13, DOL's Wage and Hour Division will issue a determination letter alleging that Beverly Enterprises, a nationwide operator of nursing homes, violated provisions of the H-1A immigration program with respect to immigrant nurses employed in Beverly's facilities. This letter will allege that approximately $3.2 million in back wages are due and assess about $1 million in civil money penalties.

- **Older Workers Report:** On March 16, DOL and the Urban Institute will release a report on the growing population of older workers and challenges they will face. The aging of America's 83 million Baby Boomers will have significant effects on our nation's workforce and workforce development programs.

- **Bureau of Labor Statistics Data Announcements:**
  - March 19 - Consumer Price Index for February.
  - March 20 - State and Regional Employment and Unemployment data for February.

- **Collective Bargaining Update:** On March 10, approximately 1,300 faculty members and classified workers struck at the Community College of Philadelphia, PA (CCP), after all-night talks failed to produce a settlement. Members of the CCP Faculty Federation have been working without a contract since the beginning of the academic year. Economic issues are at the heart of the dispute at the college which has more than 25,000 students enrolled in credit courses.

- **Workforce Development:** On March 17, the Workforce Investment Partnership Act, consistent with your G.I. bill principles, will be brought to the Senate floor.

- **Farm Workers:** Next week, the House Judiciary Subcommittee on Immigration will mark up proposal to provide for 25,000 agriculture guest-workers. This proposal would effectively repeal the current H-2A program

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Tobacco Regulation:** FDA has contracted with the State of NV to enforce the regulation that prohibits retailers from selling cigarettes and smokeless tobacco products to children under age 18. FDA entered into contracts with ten states in 1997 and the contract with NV is the second in 1998. FDA will use a portion of the $34 million budgeted to assist states in enforcing the regulation and to educate retailers and the general public on the new provisions.

- **Fernald Risk Estimation Project:** On March 18, CDC will present findings of the Fernald Risk Estimation Project, specifically human risk estimates, to the Fernald Health Effects Citizens Subcommittee in Harrison, OH. CDC's National Center for Environmental Health has analyzed human health risk for the community surrounding

DOE's Fernald uranium production facility resulting from operations in 1951-88. The draft report will provide estimates of the risk of lung cancer mortality resulting from environmental exposure to radioactive materials released from the Fernald site. The findings indicate an increased risk of death resulting from lung cancer as a result of exposure to radioactive materials released from the facility.

- **Mental Health and Substance Abuse Insurance (MH/SA):** Next week, SAMHSA will release a new study estimating that full parity for MH/SA services in private health insurance plans would increase family insurance premiums an average of 3.6 percent. Parity limited to substance abuse treatment benefits alone would raise premiums only 0.2 percent. The projected premium increase is less than one percent for both mental health and substance abuse benefits in health plans that tightly manage care.

- **"Healthy" Food Labeling:** Next week, FDA will publish a final rule permitting certain frozen fruits and vegetables and enriched cereal-grain products that do not meet a "ten percent nutrient contribution" requirement, but meet all other aspects of the "healthy" definition, to bear this term.

- **Warning on "Sleeping Buddha":** On March 10, FDA warned consumers not to take a product known as "Sleeping Buddha." The product is promoted for insomnia and contains the prescription-strength sedative estazolam. Estazolam is known to have serious side effects, including the potential to cause fetal damage if consumed by a pregnant woman.

- **MI Title XXI Proposal:** On March 6, HCFA sent the State of MI a letter asking for additional information on their pending Title XXI proposal. This letter stops the 90-day review clock, which would expire on April 4. MI's program would provide coverage to children up to age 19 in families with income up to 300 percent of FPL. HCFA asked MI for additional information on the public process and budget for the program.

- **Synar Amendment:** Documents relating to SAMHSA's implementation of the Synar Amendment were requested under FOIA. On March 6, appropriate materials from State Substance Abuse Prevention and Treatment Block Grant Applications along with SAMHSA's Report to Congress on the Implementation of the Synar Amendment and Regulation were sent to the requesters.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Hospital Mortgage Insurance:** HUD closed a $26 million Section 242 insured loan for Portage View Health System in Hancock, MI. HUD's Hospital Mortgage Insurance Program makes it easier for hospitals to borrow money to finance the construction or rehabilitation of acute care facilities. The loan will help rebuild the hospital with 44 acute care and 30 long-term care beds.

- **Homeownership Zone Initiative:** HUD's Homeownership Zone initiative is designed to revitalize decaying urban areas by creating large new neighborhoods of owner-occupied, single-family homes. The neighborhoods will attract new residents, businesses, and jobs to inner cities. Last year, HUD designated Homeownership Zones in Baltimore, MD, Buffalo, NY, Cleveland, OH, Louisville, KY, Philadelphia, PA, and Sacramento, CA. Last month, Long Beach, CA received the designation. Secretary Cuomo will announce four more Zones in the coming weeks.

DEPARTMENT OF TRANSPORTATION

- **One America:** On March 17, Secretary Slater will participate in a Race Initiative event with John Hope Franklin in Oxford, MS.

- **Disadvantaged Business Enterprise:** After a year's preparation by DOT, the Senate last week voted (58-37) to continue the long-standing national 10 percent goal for award of highway/transit construction contracts to minority-and women-owned businesses. Inclusion of the same goal for transit funding is the next step in the Senate. The goal is already included for both highway and transit funds in the House committee bill. This was the first floor vote in the 105th Congress on the Administration's "mend it, don't end it" approach to Adarand v. Peña.

DEPARTMENT OF ENERGY

- **Gasoline Prices:** On March 9, the spot price for conventional gasoline in the New York area ended at 39.22 cents per gallon, down 5.91 cents from last week to the lowest level since the end of 1993. The national retail gasoline price continued down to 101.8 cents, 1.0 cent lower than last week and 18.8 cents lower than last year. The price of gasoline continues to be the lowest since records were initiated in 1959 despite the higher tax component and substantial improvements in the quality of gasoline. Gasoline prices are expected to rise as the summer driving season approaches.

DEPARTMENT OF EDUCATION

- **Hate Crimes:** On March 26, Secretary Riley will to join the Attorney General for the DC release of the manual on hate crimes in schools that you requested.

- **Reading Report:** On March 18, DOEd will participate in the release of a report, "Study of the Prevention of Reading Difficulties in Young Children," in coordination with National Academy of Sciences, HHS, and DOEd. The report will contain recommendations for future research and implications for policy, practice, and professional development.

- **Hispanic Education:** On March 18, the White House Initiative on Educational Excellence for Hispanic Americans will convene the first meeting of the Inter-Departmental Council for Hispanic Educational Improvement.

- **Sexual Harassment Decision:** The March 4 Supreme Court decision in Oncale v. Sundowner Offshore Services that same-sex harassment can constitute discrimination in violation of Title VI of the Civil Rights Act of 1964 is consistent with DOEd's position that such harassment can violate Title IX of the Education Amendments of 1972. DOEd published guidance on the issue in March 1997. DOJ contended in an *amicus* brief in support of the petitioner that Title VII protects employees from sexual harassment even if the employee and the harasser are of the same sex.

VETERANS AFFAIRS

- **Medicare Subvention:** The draft Medicare Subvention measure developed by Chairman Stump, House Veterans' Affairs Committee, and Chairman Thomas, Ways and Means Subcommittee on Health, has fallen 2-3 weeks behind schedule, although strong support for the concept is expressed by members of the Veterans' Affairs Committees. VA is working with all parties to maintain legislative momentum.

- **Tobacco-Related Disabilities:** Congressional opposition to the Administration's proposal to prohibit payment of VA compensation for tobacco-related disabilities remains strong and stems from concerns that only ten percent of the $17 billion in projected five-year savings associated with the enactment of VA's proposal would be redirected into VA for veterans' education and employment assistance programs.

- **Test for Ulcer-Causing Bacterium:** The Little Rock VA Medical Center and the Mayo Clinic are the first two hospitals in the country licensed to use a new, non-invasive, non-radioactive test that detects *Helicobacter pylori*, a germ that causes 80-90 percent of peptic ulcers. The test is an important breakthrough for the early diagnosis of peptic ulcers.

- **Year 2000 Computer Problem:** On March 4, Chairman Horn of the House Subcommittee on Government Management, Information, and Technology, announced that VA received an "A" rating in Year 2000 conversion activities. VA is the only Cabinet Department and one of only three agencies in the Federal government to receive an "A" rating.

- **Women Veterans:** On March 26, a second VA satellite training broadcast for Veterans Benefits Administrations staff will address women veterans' issues, specifically claims processing techniques for Post-Traumatic Stress Disorder claims resulting from personal or sexual assault in military service. The broadcast will address the overall rating process and subsequent claimant notification of entitlement or disallowance.

- **NY Medical Centers:** The *New York Times* is preparing a follow-up story on budget issues related to the Montrose and Castle Point, NY, VA Medical Centers. Several local news organizations have reported that VA facilities in NJ and southern NY are receiving an "additional" $80 million cut in resources according to FY99. Under Secretary for Health Kizer was interviewed for this story.

ENVIRONMENTAL PROTECTION AGENCY

- **Transported Air Pollution:** The comment period for EPA's proposed rule to address transported air pollution is being extended. Ten Midwestern governors and Representative Dingell requested this extension. The proposed rule requires 22 states to reduce their nitrogen oxide emissions because they are contributing to air pollution problems in downwind states. The proposed rule is based on the analysis and recommendation of the 37 states known as the Ozone Transport Assessment Group.

- **Brownfields:** On March 17, the Vice President will announce 16 Brownfields Showcase Communities. This new Administration-wide initiative provides resources, funding, and assistance to communities redeveloping abandoned and contaminated urban properties. The Communities will serve as models demonstrating the benefits of federal, state, local, and private collaboration for environmental protection and economic revitalization. Communities were selected from 231 applications based on criteria such as economic need, potential for brownfields revitalization, the level of local commitment, and the possibility of rectifying environmental justice concerns.

- ***Irish America*:** On March 13, Administrator Browner will receive an award from *Irish America Magazine* as one of the top 100 Irish Americans for 1998.

UNITED STATES TRADE REPRESENTATIVE

- **Sugar Tariff-Rate Quota (TRQ):** On March 13, Ambassador Barshefsky announced country-by-country allocations for the 200,000 metric ton increase in the amount available under the raw cane sugar tariff-rate quota for FY98. The increase represents part of the Administration's plan for administering raw cane wherein the amount available under the TRQ is increased if U.S. supply and demand estimates indicate a domestic need for additional sugar.

- **EU Hormones:** On March 13, at the WTO Dispute Settlement Body meeting, the EU described its plans regarding implementation of the Body's report that found its ban on beef imports from U.S. cattle produced with growth hormones was not based on scientific principles or risk assessment. The EU ban has restricted U.S. beef exports to the EU for ten years.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **High Level Contact Group (HLCG):** On April 6-7, Director McCaffrey will lead the U.S. delegation to the HLCG meeting being held in Mexico City, Mexico. Prior to the meeting, Director McCaffrey will host planning sessions to shape the agenda and discuss strategy with the other members of the delegation.

- **Demand Reduction Conference:** On March 18-20, experts from the U.S. and Mexico will meet in El Paso, TX, for the first U.S./Mexico Bi-National Demand Reduction Conference.

- **Youth Anti-Drug Media Campaign:** Porter Novelli, strategy contractor for the National Youth Anti-Drug Media Campaign, has briefed ONDCP on a draft of the final "Integrated Communications Plan" and is now responding to comments. The proposed plan targets youth and adult care givers. It emphasizes that the paid advertising component must be accompanied by emphasis on community partnerships, corporate sponsorships, public affairs initiatives, and engagement with the entertainment industry to affect depiction of substance abuse in popular media.

- **Classified Annex to the *National Drug Control Strategy*:** ONDCP's Office of Supply Reduction is coordinating the internal working draft of the Classified Annex to the *National Drug Control Strategy*. The document implements the international portion of the *Strategy*, and provides a current threat assessment and a common set of definitions. It also establishes implementation tasks for which agencies can be held accountable and brings these interagency tasks within the oversight of the Counternarcotics Inter-Agency Working Group for execution.

SMALL BUSINESS ADMINISTRATION

- **Small Disadvantaged Business Regulations:** Administrator Alvarez has signed and forwarded to OMB regulations to govern SBA's role in the certification of small disadvantaged businesses for participation in federal procurement programs.

- **Welfare-to-Work:** SBA is working with small businesses to promote their participation in welfare-to-work. Administrator Alvarez's staff has produced a welfare-to-work video; in Jacksonville, FL, SBA partnered with Goodwill of North FL to hold a welfare-to-work Job Fair; 16 local small businesses signed up to interview welfare-to-work clients. In Columbia, SC, SBA has developed a working relationship with the SC Division of Social Services which runs the welfare-to-work initiative.

- **"Big Three" MOU:** On March 27, Administrator Alvarez will participate in amplification events in Detroit, MI regarding the MOU with the Big Three Automakers.

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- **HUBZones Regulation:** Administrator Alvarez has signed and forwarded to OMB proposed regulations to implement the new HUBZones program enacted last year. Businesses in historically underutilized business zones will have improved access to federal procurement opportunities.

OFFICE OF PERSONNEL MANAGEMENT

- **National Council of La Raza:** On March 16, Director Lachance will meet with the National Council in Washington, DC.

- **Congressional Hispanic Caucus:** On March 17, the Director will meet with members of the Caucus to discuss OPM's Nine Point Plan to address the under representation of Hispanics in the Federal workforce.

UNITED STATES INFORMATION AGENCY

- **Fulbright Funding in Canada:** Secretary Albright and Canadian Foreign Minister Axworthy announced both governments were increasing their support for Fulbright academic exchange. The U.S.-Canada program is only six years old, but is seen by both sides as an important mechanism to improve bilateral relations.

- **Ghana Polling Results:** The public in Ghana predominantly opt for economic reform before undertaking political change (53-22 percent). 77 percent call the state of their economy unsatisfactory. By 76 to 15 percent, they are much more likely to see increased trade than more U.S. aid as a key to fixing their economy. But majority of 59 percent prefer the World Bank to help them solve their economic problems. These findings are drawn from preliminary data just received from a USIA-sponsored March poll.

GENERAL SERVICES ADMINISTRATION

Recycled Copier Paper: GSA will sell only recycled copier paper as soon as current supplies of virgin paper are sold. This decision should have a strong impact on the recycled paper market because of the volume of paper that GSA sells.

SOCIAL SECURITY ADMINISTRATION

- **SSI Payments:** This week, SSA will be sending letters to the Governors advising them of the availability of lists containing the names of children who face possible loss of SSI payments as a result of welfare reform. Notifying the Governors of the availability of the lists is one of the actions Commissioner Apfel directed following his "top-to-bottom review" of the implementation of the Childhood Disability regulations.

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VP
COS

cc:
The Vice President
Erskine Bowles
Sidney Blumenthal
Maria Echaveste
Rahm Emanuel
Jack Gibbons
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
Larry Stein
Melanne Verveer

DEPARTMENT OF STATE

Iraq/UNSCOM: On March 8, an UNSCOM team led by American Scott Ritter inspected Iraq's New Ministry of Defense with only minor delays. On March 9, UN Secretary General Annan released a letter detailing the procedures for the "special group" that will inspect Iraq's eight "presidential" sites. UNSCOM inspectors will be accompanied by at least two senior diplomats who will act as observers and have no authority to curtail an inspection. State expects UNSCOM to test these procedures later this month.

Iraq/Oil-for-Food: The UN hosts meetings on the oil-for-food program this week, while its experts investigate the capacity of Iraq's damaged oil export facilities. State believes that repairs will be necessary if Iraq is to export the $5.2 billion authorized every month. State is prepared to agree to repairs on the Iraq-Turkey pipeline, which is preferable to the likely alternative, Iraq's export terminal at Mina-al-Bakr.

Europe and Canada: On March 6-10, Secretary Albright traveled to Ukraine, Western Europe, and Canada. During the first official visit by a Secretary of State to Canada in ten years, Foreign Minister Axworthy expressed support for our actions in Kosovo, and Secretary Albright named our Pacific Salmon negotiator. Ukraine's agreement to stop helping the Russians build the Busher nuclear reactor in Iran and to join the Missile Technology Control Regime highlighted the Kiev stop. Secretary Albright urged President Kuchma to resolve quickly business disputes that could lead to a cut in our assistance next month and stressed respect for the democratic process in the run-up to Ukraine's elections. In preparation for her successful London Contact Group meeting to deal with the Kosovo crisis, Secretary Albright met with foreign ministers in Bonn, Paris, Madrid, and Rome. She also reviewed with each progress on Iraq, Middle East Peace, and other issues of national interest. In Rome, she also met with the Pope for a review of developments including the situation in Cuba.

Kosovo: The Contact Group Ministerial Secretary Albright attended in London March 9 condemned Belgrade's brutal police action in Kosovo. Bob Gelbard traveled to Belgrade and Pristina immediately afterward to push Milosevic and the Kosovars to give up violence and begin political talks soon. The Contact Group also agreed on punitive measures to drive home to Milosevic the costs of repression, although the Russians were only ready to sign onto limited steps at this stage. State has scheduled a follow up Contact Group meeting in Washington for March 25 and will be laying the groundwork to impose additional sanctions if necessary. Meanwhile, the death toll continues to rise and the media reports several women and children killed. So far, the number of refugees have been limited.

Bosnia: March 15 is the day for the Brcko arbitration decision. All parties have argued that a decision favorable to the other side would jeopardize the overall peace process. Brcko arbitrator Roberts Owen will probably seek to avoid such risks by announcing another postponement of his final award. Public statements in support of Owen's announcement will be essential to control Bosnian reactions. March 15 also marks a USG internal deadline for the Federation to pass basic

property legislation as agreed at the Sarajevo Return Conference. If the Federation misses this deadline, the U.S. will cut funds for infrastructure projects in Sarajevo control.

Africa Growth and Opportunity Act: On March 11, the bill passed the House by a narrow margin. Under the proposed rule, amendments on textiles were not permitted, although amendments on donation of air traffic control equipment and the elimination of slavery in Sub-saharan Africa did pass.

DEPARTMENT OF DEFENSE

GA Disaster Assistance: Marine Corps Logistics base Albany are assisting the community with sandbag operations, evacuations and fire department rescues. The city has relocated 11,000 families. The Flint River is expected to crest on March 14 at levels higher than the 1994 flooding that caused massive community damage and family relocation. The Marines are standing by to assist in any disaster operations.

El Nino: The CA Army National Guard reports 93 personnel are engaged in debris removal, evacuation, search and rescue, and shelter support. The Army Corps of Engineers continues flood fighting in CA with 57 personnel engaged. As of last week, a total of $19.8 million had been spent in flood recovery and cleanup by the Army Corps. FEMA will reimburse these funds.

CENTRAL INTELLIGENCE AGENCY

Jordan: On March 13, Dircetor Tenet met with Prince Talal of Jordan and General Intelligence Director Samih Battikhi who are in Washington to provide an overview of pressing issues relating to Jordan. Prince Talal and Director Battikhi are traveling in advance of King Hussein who is scheduled to meet with the Dircetor on March 17.

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

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March 12, 1998

3-16-98

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN H. GIBBONS

CC: ERSKINE BOWLES

SUBJECT: OSTP WEEKLY REPORT

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S&T LEGISLATION PROGRESSING ON THE HILL

FY 99 R&D Budget Update: After receiving wide praise from the scientific community for your historic R&D budget, we want to avoid losing momentum in our efforts to have your budget enacted by Congress. Republican members, such as Appropriations Chairman Bob Livingston (R-LA), have attacked your *Funds for America* as "gimmicks," and the science community response has, so far, been very quiet. Therefore, on March 17th, I will host a meeting with approximately 50 - 60 top science and technology representatives from around the country to discuss how we can work with the scientific community to support your budget proposal. Joining me at the meeting will Dr. Neal Lane, Dr. Harold Varmus, and representatives from OMB and W.H. Legislative Affairs. This meeting follows up on a similar briefing February 25 for the Coalition for Technology Partnerships. Our goal is to clarify our budget message to these organizations before they develop recess strategies for contacting congressional members in their home districts.

Also on Tuesday I will meet with the New Democratic Coalition, co-chaired by Representatives Cal Dooley (CA), Jim Moran (VA), and Tim Roemer (IN), to discuss the FY99 R&D budget and to map out specific areas where their membership can be of help. It seems that the Republican leaders have found themselves one-upped by your R&D budget numbers and are not sure what to do next. Most Republicans expected your R&D budget request to be flat to declining this year, and the Republican caucus had mapped out a plan intent on attacking you for being "soft" on R&D support while forging ahead with climate change commitments. When they realized that your budget was the largest request (in constant dollars) in civilian R&D since Carter's FY 82 budget, they were left without a strategic plan.

Meanwhile, according to new polls conducted in six states, the majority of citizens support doubling funding of government-sponsored medical research over the next five years, and they see increased taxes on cigarettes as a way to pay for it. The polls, commissioned by *Research!America*, also found that more than three-quarters of those polled agree that even if basic science research doesn't bring immediate benefits, it, too, should be supported by the federal government.

3-16-98

Next Generation Internet Initiative: Your Next Generation Internet (NGI) initiative, which had an extremely difficult time during the appropriations process last year, is picking up steam in Congress. Both the House and Senate have introduced bipartisan legislation that would amend the High Performance Computing and Communications Act of 1991 to authorize funding for NGI research for fiscal years 1999 and 2000. H.R. 3332, introduced last week by James Sensenbrenner, Jr. (R-WI) and George Brown (D-CA), would authorize $110 million in FY99 — the same as your request — and $115 million in FY 2000. S. 1609, introduced by John McCain (R-AZ), John Rockefeller IV (D-WV), Bill Frist (R-TN), Ernest Hollings (D-SC), Conrad Burns (R-MT), and John Kerry (D-MA), authorizes only $102.5 million in FY 99, but $115 million in FY 2000. We will continue to work closely with both the House and the Senate to ensure that your initiative becomes law -- connecting more than 100 universities and national laboratories at speeds up to 1,000 times faster than today's Internet, and establishing the foundation for the networks of the future.

HAWAII GOVERNOR DECLARES "CLIMATE AWARENESS WEEK"

We just completed our 12th and 13th regional Climate Change Assessment workshops in Hawaii and California. Governor Cuyetano declared "Climate Awareness Week" to coincide with our meeting (see attached Proclamation). The Santa Barbara event had very strong representation from industry including General Motors, Chevron, Bank of America, the Bechtel Group, ARCO, Kaiser Permanente, and Pacific Gas & Electric (PGE). As the Chief economist from PG&E said, global warming could profoundly disrupt California's current state of growth, prosperity and high quality of life. There was great support for working on technological solutions to climate change.

We are working with Todd Stern, et al., to develop a series of technology/climate events over the next several months in buildings, biomass, transportation, and Federal energy management.

GORE-CHERNOMYRDIN COMMISSION CELEBRATES 5th ANNIVERSARY

The S&T Committee of the Gore-Chernomyrdin Commission (GCC) met last week and made significant progress in our bilateral S&T relationship. We endorsed a unique initiative by the Civilian R&D Foundation (CRDF) to build a consortium of private foundations to strengthen university-based scientific research in Russia and help to integrate it with economic development needs. The CRDF is a non-profit organization funded by NSF that the Vice President helped to establish in 1995. We also signed a joint statement on priorities for cooperation in the area of technology commercialization. For the past five years, the GCC process has facilitated support of Russian science during this critical period of transition. In the future, we see the relationship shifting from an emphasis on stabilization of the Russian science system to a focus on its integration and sustainability. Our efforts in technology commercialization — bringing research results to the marketplace — will help address long-term sustainability issues of the Russian science system while also helping to grow trade and investment between the United States and Russia.

Proclamation

WHEREAS, the people of Hawaii and our neighbors in the Pacific region are endowed with many natural blessings -- including the benefits of a mild and sustaining tropical climate; and

WHEREAS, these conditions are essential to the health of our visitor industry, the economic well being of our citizens, the vitality of our unique natural environment, and to our overall quality of life; and

WHEREAS, the communities, businesses and governments in our region have experienced the impacts of year-to-year climate variability that affect weather patterns and create conditions that spawn life-threatening storms; and

WHEREAS, research has made great strides in predicting year-to-year climate variability, such as *El Nino*; and

WHEREAS, this enhanced capability, coupled with increased awareness and understanding of the consequences of climate variability, can help to improve decisions in both public and private sectors; and

WHEREAS, a *Workshop on the Consequences of Climate Variability and Change for the Hawaii-Pacific Region* will be held from March 3 through 6, 1998; and

WHEREAS, this workshop presents an opportunity to establish new partnerships, improve resource management planning, and protect life and property;

NOW, THEREFORE, I, BENJAMIN J. CAYETANO, Governor of the State of Hawaii, do hereby proclaim March 2 to 7, 1998, to be

CLIMATE AWARENESS WEEK IN HAWAII

and encourage the people of Hawaii and the Pacific region to learn more about climate variability and its impact on our lives.

DONE at the State Capitol, in the Executive Chambers, Honolulu, State of Hawaii, this twenty-fifth day of February, 1998.

Benjamin J. Cayetano

THE WHITE HOUSE

WASHINGTON

March 15, 1998

3-16-98
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MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
GENE SPERLING
MIKE COHEN
BOB SHIREMAN

SUBJECT: Education Strategy

You have proposed a popular, comprehensive education agenda to expand opportunity, strengthen quality, and help prepare students, especially the most disadvantaged, to reach tough academic standards and to enter college. These proposals build on your efforts since 1993 to raise standards, strengthen accountability and expand flexibility, expand public school choice, and improve the quality of schools by providing them with better prepared teachers and up-to-date technology.

Some of your proposals, such as America Reads and the expansion of the 21st Century Schools program, stand a good chance of enactment. But many, including class size reduction, school modernization, and national tests, face a steep challenge in Congress, where the Republicans want to expand education IRAs, create school vouchers, fold existing programs into block grants, and do relatively little else. In addition, we will face a tough battle to fund your education priorities in the appropriations bill, because the Republicans will advance different spending priorities within education, and because likely Congressional increases in highway spending will squeeze the total funds available for education.

To overcome Republican opposition and enact significant portions of your education agenda, we propose a four-part strategy:

(1) Build momentum by pressing for the proposals that are most likely to pass.

(2) Make it costly for Republicans to oppose your new education initiatives -- school modernization, education opportunity zones, class size -- by getting Democrats to bring them up every time Republicans try to move a key piece of their education agenda (vouchers, Coverdell, etc.)

(3) Pursue a multi-pronged approach to national standards and tests.

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(4) Conduct a national education campaign to keep your entire education agenda visible and use the bully pulpit to promote education reform.

I. Building momentum by pressing for the proposals that are most likely to pass with bipartisan support.

Several pieces of education legislation reflecting your priorities stand good to excellent chances of enactment with bipartisan support. Three of these (America Reads, G.I. Bill, and the Higher Education Act) have July 1 deadlines for enacting necessary authorizations or changes.

A. America Reads. The House has already passed its version, known as the Reading Excellence Act, which provides funds to States to improve reading efforts in needy local schools through teacher training, tutoring, and family literacy. Sen. Jeffords has pledged to move a similar piece of legislation in the Senate, though no action is yet scheduled. We are working to meet a July 1 deadline imposed by the FY 1998 Appropriations bill for triggering $210 million advance-appropriated for these purposes (for FY 99), and believe the deadline can be met if we push. The House bill has some problems but ultimately would be acceptable, and we expect that the Senate bill will be an improvement.

B. Charter Schools. Last session the House passed H.R. 2616 by a strong bipartisan vote (367-57). This bill, introduced by Reps. Riggs and Roemer and endorsed by you would modify the existing federal Charter Schools Program by (1) steering more federal charter school funding to states that provide charter schools with the maximum flexibility and strongest accountability for results, and to states that have not reached a cap on the number of charter schools permitted by that state's charter schools law, and (2) encouraging states to direct an appropriate level of other federal education resources to charter schools. Sen. Lieberman and Sen. Coats have proposed similar legislation in the Senate, and the Senate Labor Committee has scheduled a hearing for March 31. The prospects are good for enacting a charter schools bill this year, though Sen. Kennedy is not eager to move a charter schools bill, and controversial issues (e.g., whether to steer federal funds to states that allow entities other than state or local school boards to authorize and oversee charter schools) still need to be resolved.

C. Reauthorization of the Higher Education Act (including your High Hopes proposal and teacher recruitment proposals and the student loan interest rate fix). Both the House and Senate Education Committees are scheduled to take up the Higher Education Act in the next few weeks, aiming for floor action by May and a conference in June. In addition to reauthorizing the main student aid programs, this bill would include your High Hopes proposal and teacher recruitment proposals. It also needs to include a change in the new student loan interest rate scheduled to go into effect on July 1. (There is a chance that the Congress will separate out this most pressing component of the bill. If that happens, the pressure to move the overall bill will subside considerably, and the chances of having a comprehensive higher education bill to sign before Congress adjourns will be significantly reduced.)

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D. Job Training/Vocational Education. The House passed both a job training consolidation bill and a Vocational Education reauthorization bill last year. The Senate has combined the two, and may act as soon as next week on that package. While there are many issues that need to be addressed in conference, we are optimistic that a bill can be finalized by July 1, the deadline for authorizing the Opportunity Areas for Out-of-School Youth program and triggering advance appropriations of $250 million. Currently, this provision is only in the Senate version, but we are relatively optimistic of inclusion of it in conference.

E. After-School Initiative. Your proposed expansion of the 21st Century Community Learning Center Program is quite popular and stands a decent chance of gaining the necessary support in the appropriations process, depending upon how much is available for education spending overall. While there is some additional work to ensure that Sen. Jeffords, who authored the program initially, remains supportive, our primary effort for this initiative should be to ensure your continued association with it as it proceeds through the appropriations process

F. Technology Initiatives. Your FY99 budget includes over $750 million in investments in educational technology, with a new emphasis on technology training for teachers. Although we do not yet know what the Congressional response will be to the new initiatives, we expect that the Congress will continue to support the Technology Literacy Challenge Fund. We should also expect some continuing controversy over the "e-rate" -- the FCC's discounts to connect schools and libraries to the Internet. The educational technology issue gives us an opportunity to work closely with the private sector and to leverage federal funds. We can expect victories in this area, and should make sure that we get appropriate credit for them.

II. Picking Key Fights to Highlight Your Initiatives.

Three issues provide excellent opportunities to highlight your agenda and contrast it favorably with Republican proposals. These are also issues where you can unite Democrats and, if necessary, gain leverage with a veto threat and a filibuster.

A. School Modernization: A cloture vote on Coverdell's education IRAs is expected on Tuesday. In consultation with Secretary Riley, Sen. Daschle has agreed to bring your school construction proposal to the floor as a substitute, setting up a battle between school construction and IRAs. On the substitute, we expect to be able to hold almost all Democrats (with the exception of Lieberman and Torricelli). The education groups are working to mobilize grass roots support in favor of the construction initiative. While the odds are against winning this battle in the short run, defining the issue visibly at the outset will enable you to keep hammering away at school construction throughout the spring and summer.

B. Education Opportunity Zones: We are working with Rep. Clay to finish education opportunity zones legislation, and should schedule an event to announce it next month. Voucher advocates are on their strongest rhetorical ground when they point to failing urban schools and argue that vouchers are needed to help save kids from a broken public education system. Your

Education Opportunity Zones initiative squarely addresses the real problems of urban education, in a way that strengthens public schools and endeavors to help all students, not just a few. It is based on the premise that we can and must fix failing school systems and schools rather than abandoning them. It proposes to accomplish this by ending social promotions, intervening in failing schools, rewarding outstanding teachers, and removing incompetent ones. If Congressional Republicans attempt to move a voucher proposal this year, this proposal is our best defense. In the meantime, you can reiterate your call for sweeping, Chicago-style reforms. One opportunity will be to announce the first grant awards from the new Comprehensive School Reform program (included in last year's appropriations bill by Reps. Obey and Porter), which provides funds for implementing proven schoolwide reforms such as those developed by the New American Schools Development Corporation.

C. Class Size Reduction: The most popular element of your education agenda -- class size -- is worth a separate, concerted rollout. We believe that next month you should speak to the legislature in Delaware, where Governor Carper has proposed major class size reductions and an end to social promotions. The Education Department is developing a series of reports and other tools for you to announce (e.g., a summary of class size research, a white paper documenting how smaller classes can lead to better classroom practices, and state-by-state figures on how many new teachers can be hired under your proposal). The elementary and secondary education groups are eager to mobilize grass roots support. We may also have a chance to press this issue during the budget resolution debate, much of which will concern whether tobacco revenues can be used for child care and class size.

The fate of these three initiatives is likely to be determined at the end of the session, as work on tobacco legislation and tax and appropriations bills are completed. It is very unlikely that Republicans will give you victories on class size, school construction or opportunity zones unless they get comparable victories on Coverdell or vouchers. You will have the greatest leverage to make deals at the end of the session, and may then decide whether to strike a deal that gives both you and the Republicans significant parts of your education agendas.

III. National standards and tests

We face a touch challenge again in Congress this year. We fully expect Goodling to use the reauthorization of the National Assessment of Education Progress later this year to prohibit national testing. Almost all Republicans are likely to support Goodling, and Black and Hispanic Caucus members will do so too unless their substantive concerns about the tests are addressed. Further, while we will have our greatest leverage once again in the appropriations process, we expect that it will be at least as difficult as it was last year to secure funding. To increase our odds of winning this battle, we are pursuing a number of steps to broaden our support. These include:

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Use NAGB and Achieve to change the political dynamics around the tests. Last year's appropriations agreement placed NAGB in charge of the tests. Since then, we have appointed Diane Ravitch and Gov. Engler to the panel, in an effort to bolster Republican support. NAGB has now taken complete hold of test development, and has made a series of policy decisions that should make the testing program less vulnerable to criticism from the right. While Goodling remains almost as hostile to NAGB's efforts as he was to the Education Department's, early indications are that NAGB may be making positive inroads among other Republicans. We have encouraged NAGB to keep members of Congress of both parties informed of its work, and Ravitch in particular to make the case to opinion leaders that test development is on the right track.

Good

Lou Gerstner and Achieve are prepared to play a more active role in supporting national standards and tests, in the context of Achieve's recently launched effort to help states compare individual student performance across states to each other and to national standards. Achieve's work parallels a provision in last year's appropriation's agreement, which called on the National Academy of Sciences to study how existing state tests could be used to compare students to national standards. We are working to set up an opportunity, such as a conference call with Achieve's Board of Directors or a one-on-one meeting with Gerstner, in which you can enlist Achieve's support. We expect that Achieve would be willing to call on Congress to support development of a national test and the technical work necessary to help states align state tests to the NAEP standards.

Encourage Democrats to propose specific authorization for national tests. As noted previously, we expect Goodling propose a prohibition on national tests in the context of NAEP reauthorization.

To counter this effort, we are working with George Miller in the House, and Kennedy and Bingaman in the Senate, on Democratic legislation to authorize national testing. We would work with them on the details of the bill, but make sure the legislation was seen as theirs rather than ours. This approach would leave them free to cut whatever deals were needed in each body to build support for the legislation, without requiring us to own what they came up with. It would also leave us free to argue, as we always have, that congressional authorization to proceed with test development is unnecessary.

In the House, our first priority must be to hold Democrats together. This will be difficult, because the Black and Hispanic caucuses are very suspicious of natinal testing. To have a chance of holding the caucuses, Miller probably would have to craft a proposal that includes a Spanish-language version of the reading test, a prohibition on use of the tests for high stakes purposes, protections against test bias, and detailed requirements for reporting test results. The provisions that will unite Democrats are likely to spur Repblican opposition, so the result is partisan polarization. Nonetheless, that may leave us better positioned than before to conduct a high profile fight with Republican opponents of the testing.

How to resolve conflicts over this & our opposition to social promotion

The situation in the Senate remains more favorable. There the task for Kennedy and Bingaman will be to craft a proposal that can hold as much Republican support as possible. While it is too early to determine the shape of such a proposal, last year's experience suggests that steps to strengthen NAGB and further guarantee its independence will be necessary. The Achieve recommendations are likely to play a role in shaping a Senate bill as well.

The chances that this approach will lead to authorization bills that pass both houses is remote at best. But these steps are necessary to hold and expand our support in both houses, to defend against efforts by Goodling and Ashcroft to ban further work on the test, and to deprive Goodling of the procedural argument that testing should not proceed without Congressional involvement.

Pursue an appropriations strategy to enable work to continue on test development. The most important Congressional action regarding national tests will come in the appropriations bill, where we will have to fight to ward off proposals to prohibit further work. The steps outlined above will better position us for a replay of last year's battle, by enabling us to hold Democrats in the House and by taking away Goodling's charge that the authorizing committees have been cut out of the process. Nonetheless, it is likely that you will also have to threaten to veto any appropriations bill that ends funding for the test.

IV. Conducting a National Education Campaign.

A. Campaign for Education Initiatives. Because this could prove to be a worse-than-do-nothing Congress on education, it is worth a separate discussion on how to transform America's schools without help from Washington. The TIMSS roundtable on Monday is an opportunity to begin that discussion. We believe the bully pulpit can be effective, and a high-profile effort targeted at urban school districts might make a real difference, but the last two decades suggest it will be very difficult. Nevertheless, our legislative agenda and the standards movement generally can only benefit from a vigorous national campaign for education reform. The campaign should consist of events and actions in support of your legislative agenda, as well as of state, local and business efforts to promote standards-based education reform.

Specific events we are planning include:

- The upcoming meeting with leaders from business, education, and state and local government to focus public attention on the TIMSS results.

An address to a state legislature to promote your overall education package with an emphasis on class size reduction. The Education Department is working on a White Paper on the benefits of class size reduction that could be released at this speech.

3-14-98

- A visit to an urban school district that illustrates key aspects of your Education Opportunity Zones proposal, such as ending social promotions, intervening in failing schools, removing incompetent teachers and rewarding teachers who achieve certification from the National Board of Professional Teaching Standards. This event could be timed to accompany the transmittal or introduction of legislation, or the release of an Education Department report on turning around failing schools.

- An event with CEO's and governors on the ACHIEVE Board of Directors in support of national standards and tests.

- An event with teachers and CEOs that would demonstrate your commitment to technology training for teachers, in the same way that NetDay dramatized the importance of connecting schools to the Internet. The event could highlight (a) companies that are forming partnerships with teachers colleges to train all new teachers; and (b) states that have made a commitment to include "technological literacy" as part of the teacher certification process.

- An event that showcases the benefits of educational technology in key areas such as (a) increasing communication between parent and teachers; (b) improving performance in key subjects such as math, science, and reading; and (c) providing parents with an easy to understand "report card" of how their local school is doing relative to other schools.

- An event that is timed to the availability of funding for the Technology Literacy Challenge Fund, the "e-rate," or significant donations from the private sector.

- A meeting with mayors during a U.S. Conference of Mayors Conference on Public Schools, to be held in May.

- Following up on your Hispanic investments, a speech at a conference on School Dropouts, sponsored by Brookings or another think-tank or foundation.

- A roundtable discussion with business and education leaders about "making performance count" for students, by supporting a growing nationwide effort by employers to examine high school transcripts and other indicators of academic performance in the hiring process.

- A commencement address at a public high school, or charter school, to underscore your efforts to strengthen public education.

- A White House Conference on Strengthening Public Schools, to kick off back-to-school events in the Fall.

- The release of reports on school violence from the Education and Justice Departments

3-16-98

- Vice Presidential involvement in a series of forums and a Fall symposium on modernizing schools.

- The release of a report on Saving for College (to highlight our Higher Education Act proposal to stop punishing savings through the student aid formula).

- An announcement that 1,000 colleges are participating in the America Reads Work-Study challenge. We will reach that number in a month or so. This announcement could be combined with a visit to a college that has made a dramatic commitment to the America Reads effort (such as NYU, with more than 600 tutors).

- Possible signing ceremonies before July 1 on: G.I. Bill for American Workers, reducing student loan interest rate, America Reads, and Charter Schools legislation.

- A statement highlighting bipartisan support for High Hopes, perhaps as soon as next week when the proposal may get Committee support.

- A visit to a model High Hopes-type early intervention program, or an announcement of new partnerships created in response to your challenge.

Over the longer term, we could begin planning an event to mark the 10-year anniversary of the Charlottesville National Education Summit (September 1999) or the establishment of the National Education Goals (February 2000). Governors, business leaders and many in the education community are beginning to think about how best to use these aniversaries to provide additional impetus for education reform. In light of your personal leadership at the Charlottesville Summit and in establishing the Goals, it would be natural for you to look back on what has been accomplished since then and to define the work ahead.

B. Campaign on Higher Education. In addition to campaigning for our education initiatives, we will be ready to kick-off our "Campaign on Higher Education" sometime in the next 4-6 weeks. This year-long campaign -- which will include events, roundtables, and dissemination of easy-to-read information packets -- will inform every American that college is now affordable.

The focus will be on three key groups: (1) high school/college students who benefit *today* from the historic expansion in college aid; (2) middle and junior high school students and their parents who should be thinking now about college; and (3) those working adults who need additional skills, but do not know about the availability of aid to go back to school.

For our kick-off of the campaign, the Department of Education is finalizing a pamplet promoting the affordability of college. This pamplet will be sent to every high-school and middle-school in the country, and we will ask every school to photocopy it so that every student

receives the information directly. We also are working with the Department of Education on a series of PSAs on college affordability, an interactive Web site, and other ways of disseminating what we have done to make college more affordable.

THE PRESIDENT HAS SEEN

3-16-98

Sandy
Summit: Plan
& Outline

BK

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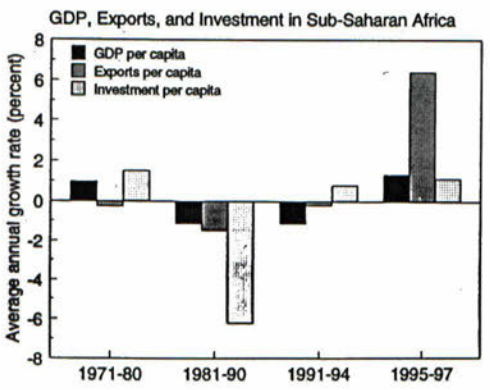
ARTICLE

Recent Growth in Sub-Saharan Africa: Is It Sustainable?

From the mid-1970s to the early 1990s, while Asian countries were registering "miracle" growth rates, sub-Saharan Africa experienced declining real per capita income. Since 1994, however, most of the region has enjoyed sustained positive growth in output per capita (see chart). Recent policy reforms have played an important role in fostering this resurgence. But sustaining satisfactory growth will require raising investment levels, particularly by attracting foreign direct investment.

The decline of sub-Saharan Africa. The two decades of falling African living standards can be traced to a vicious cycle of political and economic instability. In many countries, populist policies and fiscal imprudence led to hyperinflation and debt that undermined economic stability and weakened banking institutions. Many policies created market distortions. For example, overvalued exchange rates and price controls designed to keep food prices low for urban consumers eroded the profitability of local farmers. This increased these countries' dependence on food imports—and thus foreign exchange earnings—and made them more susceptible to external shocks.



Reform comes to Africa. In countries such as Uganda, Ghana, and Ethiopia, a new generation of African leaders has made a strong commitment to economic reform. The latest estimates indicate that average budget deficits in sub-Saharan Africa fell from 7 percent of GDP in 1992 to less than 2 percent in 1997. The average inflation rate in 1997 was less than half of what it was in 1992. Current account deficits fell from over 9 percent of GDP in 1992 to under 7 percent in 1997. Capital controls have been liberalized and markets have become more open to international trade.

Can growth be sustained? Recent high growth rates represent a recovery from the declines of the late 1980s and early 1990s, as rising capital utilization, policy reform, and strong export growth have led to rising per capita income. The International Monetary Fund projects that real growth will average 4.5 percent in 1998. This growth is all the more impressive in the face of economic reform that has largely entailed contractionary fiscal and monetary policies. However, population growth is nearly 3 percent per year. At its current pace of economic growth, sub-Saharan Africa will just manage to return to its 1970 level of per capita income by 2000, and it will continue to lag behind other developing regions.

Reform alone may not be enough. Good policies can promote growth by acting as a catalyst for private investment. But current investment rates are still too low to

sustain GDP growth at current rates for more than a few years. Because of low domestic saving and over-burdened banking institutions, most of the financing for investment must come from external sources. Moreover, in the absence of developed financial markets, these capital flows will most likely have to take the form of foreign direct investment (FDI) rather than portfolio investment.

Prospects for FDI. Continued policy reform, together with rates of return on capital that some have estimated to exceed those in other developing regions, should encourage more FDI in Africa. However, these factors may not be enough to outweigh investor caution towards Africa based on two decades of bad policies and hard-to-reform endemic problems such as corruption and weak political and financial institutions. In 1996, Africa as a whole received only 1.4 percent of world-wide FDI, and nearly half of that went to oil-producing Nigeria and Egypt. However, other potentially profitable investment areas do exist. For example, an abundant supply of low-skill labor suggests that Africa should have a comparative advantage in apparel. And lowered trade barriers should improve Africa's global position as an exporter (see box). Demand for an improved communications infrastructure in Africa offers another investment opportunity. Continued progress in privatization is both a key element of market reform and a way to attract foreign capital to Africa in areas like telecommunications.

Integrating Africa into the International Community

The African trade and investment bill now being debated in the Congress comes at a vital time for Africa. Trade liberalization has been among the most rapid of reforms, and export growth has led the current recovery. However, much of the increase in aggregate exports reflects the revenues of the oil-producing nations. Many African countries, although rich in resources, export commodities whose relative prices have been declining in world markets. Thus, exports of primary commodities alone may not promote industrialization.

With the liberalization of agriculture under the Uruguay Round, many developing countries faced declining terms of trade (import prices rising relative to export prices). Recent research shows that some developing countries reduced or even offset these losses by liberalizing their own markets, relative to other countries that did not use the Round to support domestic efforts at trade reform. Although arrangements like the EU's Lomé Convention may increase opportunities for African exporters, they fall short of agreements like NAFTA, which has committed Mexico to its path of economic reform and open markets. Therefore, the market access provided by the new African bill could turn out to be less important than the provisions of the bill that require access to be contingent on continued internal economic reform.

NATIONAL GOVERNORS' ASSOCIATION

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THE PRESIDENT HAS SEEN
3-16-98

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VP - what about this?

March 13, 1998

NGA STATEMENT ON POLICY

Governors on Internet Development

Technology is reinventing the way Americans do business in the global marketplace of the twenty-first century. The Internet is transcending state borders, bringing business potential to all corners of the world. To encourage the Internet's growth and realize its potential, governors joined forces to produce a pro-Internet, simplified sustainable plan that preserves states' abilities to provide critical services to their citizens. The nation's Governors clearly and unambiguously oppose discriminatory taxes at all levels of government and advocate for a streamlined collection of state and local sales taxes on electronic commerce.

Internet Development Act of 1998

At NGA's 1998 Winter Meeting last month, the nation's governors produced the Internet Development Act of 1998—a plan that positions states as the leaders in the movement to ensure that the Internet not only survives, but flourishes in the twenty-first century global marketplace. Governors are taking steps to be part of the solution. The Governors' policy is fourfold.

- **Prohibits, not just places a moratorium on, new taxes, such as a bit tax or a bandwidth capacity tax, and new taxes on Internet access.** These bit taxes and bandwidth taxes are designed to tax the Internet exclusively and are therefore discriminatory. The prohibition on new taxes on Internet access is intended to promote an opportunity for more and more of our citizens to become connected to this important new tool.

- **Establishes a single rate in each state for any sales tax applicable to remote sellers, such as Internet sales.** The Governors' policy provides assurances that states would distribute an appropriate share of these funds to those local governments that currently have sales taxes. This new rate would be established independently by each state.

- **Establishes a uniform structure for the sales tax and streamline administrative procedures.** The uniform structure would include uniform definitions of goods and services that could be taxed, with each state determining whether or not a specific good or services would be subject to taxation. The simplified tax would have a single registration form that all states would accept, a single reporting form that all states would accept, and uniform rules and schedules for remittance to states. The Governors' policy assumes that states will compensate remote sellers for their work collecting the sales tax, just as Main Street marketers are compensated.

- **In exchange for these major simplifications, federal legislation would create a mechanism for states to collect sales taxes owed.** The goal is a fair and technologically neutral tax that will work in the twenty-first century. Small businesses will be protected from any cost of collecting this tax, either by holding harmless companies that did not achieve a specified level of sales in the past year or by creating independent third-party tax collection companies, which would assume all liability for collection, reporting and remittance of taxes to states.

Today states collect about $150 billion in sales tax revenues and another $72 billion in excise tax revenues. Together, this represents 49 percent of state revenues. In five years, it is likely that a significant amount of sales tax revenues will be lost through sales over the Internet if Congress does not enact the legislation called for under the Governors' proposal. Although this tax advantage may spur Internet development, it will devastate states' ability to provide quality education or safe streets. Already, the sales tax itself has not been responsive to the recent expansion of the nation's economy—in part because its base has not moved into the services and information sectors, and in part because of the loophole for mail order businesses. Today, annual mail order purchases total approximately $80 billion to $120 billion, and state sales tax revenues suffer a loss of approximately $4 billion each year. With the explosive growth of the Internet, this loophole will soon be much wider.

Internet sales are universally expected to grow significantly faster than mail order sales. According to Forrester Research, business conducted over the Internet is expected to grow from $8 billion today to $300 billion by 2002. That amount is three times the business conducted today by mail order firms. Thus the revenue loss to states would approach $10 billion to $12 billion per year, money that is needed to provide citizens with public services.

Our international trading partners are working with the U.S. Treasury Department to develop a means to collect their consumption taxes, like value-added taxes in the European community and Australia, on sales over the Internet. The Governors' proposal offers a simplified, destination-based system for the sales tax, consistent with these international efforts. The Internet Development Act is aimed at a global marketplace that wants to compete fairly with Main Street America.

As the attached chart shows, sales taxes are a major source of support for state services. Nine states have no income tax, Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming; two of these states—New Hampshire and Tennessee—have no income tax on earned income. All but New Hampshire depend on the sales tax as their major source of income.

The Governors are committed to action that will ensure that states retain the use of the sales tax into the twenty-first century in a form that supports the global marketplace of the Internet but is also fair to our Main Street businesses.

State Sales Tax Revenues in 1996, By State (millions of dollars)

State	*Total Tax Revenue*	*General Sales Tax Revenue*	*Excise and Selective Sales Tax Revenue*	*Percent of Tax Revenue Generated by Sale and Excise Taxes*
Alabama	5,258	1,440	1,336	52.8%
Alaska	1,519	0	99	6.5%
Arizona	6,409	2,717	936	57.0%
Arkansas	3,709	1,376	564	52.3%
California	57,747	18,999	5,139	41.8%
Colorado	4,820	1,321	718	42.3%
Connecticut	7,830	2,443	1,488	50.2%
Delaware	1,688	0	253	15.0%
Florida	19,699	11,425	3,802	77.3%
Georgia	10,292	3,829	957	46.5%
Hawaii	3,079	1,435	465	61.7%
Idaho	1,857	600	312	49.1%
Illinois	17,277	5,062	3,421	49.1%
Indiana	8,437	2,869	894	44.6%
Iowa	4,441	1,457	693	48.4%
Kansas	3,979	1,401	529	48.5%
Kentucky	6,489	1,784	1,285	47.3%
Louisiana	4,906	1,624	937	52.2%
Maine	1,897	658	277	49.3%
Maryland	8,167	2,001	1,552	43.5%
Massachusetts	12,455	2,616	1,283	31.3%
Michigan	19,129	6,580	1,741	43.5%
Minnesota	10,243	2,950	1,536	43.8%
Mississippi	3,861	1,830	768	67.3%
Missouri	7,210	2,423	887	45.9%
Montana	1,256	0	269	21.4%
Nebraska	2,369	815	410	51.7%
Nevada	2,889	1,572	864	84.3%
New Hampshire	837	0	429	51.2%
New Jersey	14,385	4,316	3,050	51.2%
New Mexico	3,061	1,283	453	56.7%
New York	34,150	6,967	4,952	34.9%
North Carolina	11,882	2,971	2,174	43.3%
North Dakota	985	282	278	56.8%
Ohio	15,649	4,992	2,613	48.6%
Oklahoma	4,618	1,210	660	40.5%
Oregon	4,416	0	592	13.4%
Pennsylvania	18,295	5,617	3,000	47.1%
Rhode Island	1,549	465	313	50.2%
South Carolina	5,113	1,917	685	50.9%
South Dakota	730	383	189	78.4%
Tennessee	6,185	3,538	1,206	76.7%
Texas	21,271	10,827	6,424	81.1%
Utah	2,914	1,171	300	50.5%
Vermont	841	182	221	48.0%
Virginia	8,900	1,994	1,593	40.3%
Washington	10,586	6,182	1,683	74.3%
West Virginia	2,771	798	654	52.4%
Wisconsin	9,586	2,703	1,294	41.7%
Wyoming	626	211	63	43.8%
Total	**418,262**	**139,236**	**66,241**	—
Average	—	—	—	**49.7%**

Source: Federation of Tax Administrators.

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THE WHITE HOUSE

WASHINGTON

March 13, 1998

3-16-98

MEMORANDUM FOR THE PRESIDENT

FROM BRUCE REED

RE: Proposal on Sentencing Certain Drug Offenders

copied Emanuel COS

Attached is a proposal from U.S. District Judge Oberdorfer for you to issue an Executive Order creating a "blue ribbon" panel empowered to commute the sentences of certain drug offenders in the Federal Bureau of Prisons. He specifically suggests that such a panel consider the cases of individuals convicted of being crack "couriers" or "cookers" (those who convert powder cocaine to crack) and grant them clemency after serving the powder equivalent of their sentences if they hold the promise of living crime- and drug-free lives. Taking such action, Judge Oberdorfer believes, would go a long way towards addressing the disparity between federal crack and powder cocaine sentences.

Although we share Judge Oberdorfer's concerns about the unfairness of federal crack penalties, we would recommend against his proposal for several reasons. First, we believe much of what Judge Oberdorfer wants to accomplish overlaps with the mandatory minimum "safety valve" that passed as part of the 1994 Crime Act. This provision allowed federal judges to exempt certain drug offenders from mandatory minimum penalties if: (1) they did not have a significant criminal history; (2) they did not use violence, possess a firearm or commit serious injury; (3) they did not play a lead or organizing role; and (4) they provided information about the offense to the government. At the time of passage, the U.S. Sentencing Commission estimated that about 600 drug offenders would be immediately eligible for this exemption.

Second, we believe his proposal is too broad. Our crack sentencing proposal increases the trigger for mandatory minimum sentences for crack from 5 to 25 grams, so that lower-end dealers are not subject to mandatory minimums. By contrast, Judge Oberdorfer's recommendation is not limited to offenders within the lower-end range. We would recommend against any proposal that changes sentencing for mid- and upper-level dealers.

Third, Members of Congress would undoubtedly contest any executive action you take to reduce sentences for crack defendants. Already, key Republicans (Senators Lott, Hatch, Abraham, and Speaker Gingrich) have strongly criticized the Administration's proposal to reduce the disparity between crack and powder cocaine sentences by increasing the trigger for crack. Instead, Republicans are threatening to pass legislation, for which they have bipartisan support, that simply reduces the trigger for powder cocaine. We believe then that any Executive Order you sign on this controversial subject will be overturned by legislation -- either a stand-alone bill or an amendment to juvenile crime legislation or ONDCP's reauthorization bill.

We recommend instead that you ask Judge Oberdorfer to help build support in Congress for the Administration's crack sentencing proposal.

THE WHITE HOUSE

WASHINGTON

January 20, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: CHARLES RUFF

RE: Letter from Judge Oberdorfer

Judge Louis Oberdorfer sent the attached letter through me, following up on what I gather was a conversation he had with you in Hilton Head.

I can respond in whatever way you think useful.

Attachment
cc: (w/attm.) Rahm Emanuel

LOUIS F. OBERDORFER
1423 KIRBY ROAD
MCLEAN, VIRGINIA 22101

January 6, 1998

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

Dear Mr. President:

It was good to see Hillary and you in such fine fettle the other night at Hilton Head. Your responses to the Q and A were most refreshing.

Before dinner I gave Linda a question about a subject which we discussed years ago, before you were President: sentencing of non-violent drug law violators. The question didn't get past Linda's "cutting room." This, therefore, is the note that I mentioned to you just before dinner which spells out the suggestions implicit in that question.

How about an Executive Order grounded on the President's power to "Reprieve and Pardon"[1] to commute the sentences of certain non-violent drug law violators?

The Order could create within the Bureau of Prisons a blue ribbon committee (possibly a cadre of former state and federal judges) to recommend clemency in selected cases. The Order could also establish criteria for clemency: for example, those who are drug free and well behaved in prison, have otherwise clean records, and hold promise of living crime-free and drug-free during and after supervised release. Compare 28 C.F.R., ch. 1, § 1.3 (commutation of sentence, e.g. for "severity of sentence.")

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[1]U.S. Const., art. II, § 2.

One, but not the only, category of inmates eligible for clemency could be couriers ("mules") of crack cocaine and so-called "cookers" who convert powder cocaine to crack. Those convicted of involvement, for example, with five or more grams of crack cocaine attract the same sentence that would have been imposed on a courier of 500 or more grams of powder cocaine.

Attached is a summary of a case of mine which is another classic example: an addicted mother of seven paid $100 by a government agent for cooking powder into crack and faces a 10-year crack sentence instead of a three year powder one.[2]

The Executive Order could authorize the supervised release of those non-violent crack couriers, cookers and the like who have served the term that they would have served if they had been handling powder. Or, the Executive Order could establish an appropriate increment for the crack courier or cooker — substantially less than that presently mandated by the 100 to 1 formula.

Whatever may have been the intention of the Congress which enacted the 100 to 1 formula, it has in practice, impacted overwhelmingly on young African-Americans. Neither the prosecutors, the appellate courts nor Congress has responded sympathetically to efforts by concerned sentencing judges and the Sentencing Commission to ameliorate the situation. The 100 to 1 discrepancy, as it has played out, is arguably the most flagrant practice of racial discrimination by the federal government since President Truman integrated the Armed Forces 50 years ago.

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[2]United States v. Blakney, No. 97-3043, Judgment (D.C. Cir. Oct. 23, 1997); United States v. Walls, 70 F.3d 1323 (D.C. Cir. 1995), reversing and remanding 871 F. Supp. 24 (D.D.C. 1994); see also United States v. Campbell, 959 F. Supp. 20 (D.D.C. 1997).

The Framers of the Constitution empowered the President to grant "Reprieves and Pardons" in the name of "[h]umanity and good policy," because "[t]he criminal code of every country partakes so much of necessary severity, that without an easy access to exceptions in favor of unfortunate guilt, justice would wear a countenance too sanguinary and cruel." The Federalist No. 74 (Hamilton) at 482 (Modern Library College Ed.).

President Lincoln's 1863 Emancipation Proclamation was an Executive Order.

Here, an early Executive Order focusing on the 100 to 1 discrepancy would faithfully execute the constitutional law which vests in the President the exclusive power to grant humane Reprieves and Pardons. It would also significantly implement your commendable commitment to racial reconciliation.

Respectfully yours,

Louis Stokes

Attachment

ATTACHMENT

Re: United States v. Blakney, No. 97-3043, Judgment (D.C. Cir. Oct. 23, 1997); United States v. Walls, 70 F.3d 1323 (D.C. Cir. 1995), reversing and remanding 871 F. Supp. 24 (D.D.C. 1994); see also United States v. Campbell, 959 F. Supp. 20 (D.D.C. 1997).

A pair of hardened drug dealers offered a large quantity of powder cocaine to an undercover DEA officer. The undercover officer demanded crack to enhance the potential sentence. The dealers involved one Karen Blakney, an addict, with a record of petty (e.g. shoplifting) crimes, to "cook" the powder into crack. The undercover officer paid Blakney $100 in government funds for her cooking services.

The dealers had intentionally and for big money poisoned hundreds of drug users. I sentenced them to life imprisonment.

Blakney has 7 children. By the time of sentencing she had dried out. I discounted to zero the cooking that she did in the pay of the United States and ruled that imposition on her of the 10 year sentence mandated by statute for her involvement with crack instead of the 3-year sentence applicable if she were involved with powder would be cruel and unusual and in violation of the Eighth Amendment. The case went up on appeal. Blakney served her three years with commendations from her warden and was released while the appeal was pending.

Nineteen months after her release the Court of Appeals affirmed the conviction, but reversed and remanded for resentencing for her involvement with crack.

Meanwhile, on supervised release, Blakney had reunited with her children (she is now expecting another momentarily), was (and remains) drug free, obtained a good job, and won the enthusiastic praise of her Probation Officer. According to the Sentencing Commission staff, only

five defendants out of more than 40,000 whose convictions were reversed on appeal had been free for a substantial period only to be returned to prison. See United States v. Campbell, 959 F. Supp. 20, 21 (D.D.C. 1997). I found that, even if, on the pre-sentence facts, a 10-year sentence was not cruel and unusual, sending her back to prison for 7 more years, after her "exemplary" return to private life, would be. I resentenced her to time served.[1]

In open court, on the record, I literally implored the United States Attorney to forego any appeal, exercising the same sentencing discretion employed by the undercover officer who paid Blakney for cooking the powder and thus enhancing the mandatory sentences from the powder to the crack range.

The request went unheeded. The United States Attorney prosecuted the appeal with the suggestion to the Court of Appeals that it remove me from the case.

On December 23, 1997, I received the mandate of the Court of Appeals implementing its decision of October 23, reversing and remanding for resentencing with the observation that if the United States Attorney requested me to recuse myself, the Court was confident I would do so. Counsel has filed no further appeal.

I have today requested our Calendar Committee to reassign the case to another judge. The Court of Appeals obviously wants me out of the case. More importantly, in the circumstance, returning Blakney to prison for another 7 years would be, for me, too much like enforcing the pre-Civil War Fugitive Slave Laws.

The President is her last resort.

---

[1] See enclosed Report on Adjustment of Supervised Releasee, Karen M. Blakney (Dec. 19, 1997).

UNITED STATES DISTRICT COURT
DISTRICT OF COLUMBIA
PROBATION OFFICE

RICHARD A. HOUCK, JR.
CHIEF UNITED STATES PROBATION OFFICER

FILED
DEC 22 1997
NANCY MAYER-WHITTINGTON, CLERK
U.S. DISTRICT COURT

SUITE 2800
E. BARRETT PRETTYMAN
UNITED STATES COURTHOUSE
WASHINGTON, DC 20001-2866
TELEPHONE (202) 565-1300

December 19, 1997

MEMORANDUM TO THE HONORABLE LOUIS F. OBERDORFER
UNITED STATES DISTRICT JUDGE

Re: BLAKNEY, Karen M.
Docket No.:92-0234-02
Report on Adjustment of Supervised Releasee

On December 3, 1992, Ms. Karen M. Blakney was found guilty by jury to Counts 1, 5, and 9, of a 12 count Indictment, charging her with Conspiracy to Distribute 50 Grams or More of Cocaine Base (Count 1), 21 U.S.C. §§ 846 and 841(a)(1); Unlawful Distribution of 50 Grams or More of Cocaine, Aiding and Abetting (Count 5), 21 U.S.C. §§ 841(a)(1) and (b)(1)(A)(iii), and 18 U.S.C. § 2; and Unlawful Use of a Communication Facility (Count 9), 21 U.S.C. § 843(b). On January 25, 1994, Ms. Blakney was sentenced to a term of 30 months on each count to run concurrent, to be followed by six years of supervised release on Counts 1 and 5, and one year of supervised release on Count 9, to all run concurrently. Special conditions imposed by the Court included special assessment in the amount of $50 on each count for a total of $150; the offender will participate in an educational/vocational training at the direction of the probation officer; and the defendant shall participate in a program of drug aftercare, as directed by the probation officer. Supervised release commenced on July 10, 1995.

On February 13, 1996, the U.S. Court of Appeals for the District of Columbia remanded this case to the U.S. District Court for resentencing. On February 27, 1997, offender Blakney appeared before Your Honor for resentencing. Ms. Blakney was committed to the custody of the U.S. Bureau of Prisons to be imprisoned for a term of the time that was already served on each count, to be followed by the balance of the original period of supervised release, which was imposed on January 25, 1994. The special conditions were modified to include that the offender will report to the probation office, in person or by telephone, as often as directed by the probation officer.

In reference to Ms. Blakney's overall adjustment to supervised release, it is noted that in regards to the special condition and the general conditions of supervision, her compliance have been exemplary.

Ms. Blakney is currently residing in a two bedroom apartment at 1820 Mississippi Avenue, S.E., Washington, D.C., with six of her seven children. It is also noted that she is expecting her eight child on or about January 14, 1998. Prior to Ms. Blakney's pregnancy, she was employed in a capacity of an orders clerk for the Washington Convention Center, earning $13 per hour. Illnesses related to her pregnancy forced this individual to terminate herself from this position. Ms. Blakney is currently receiving public assistance in the amount of $719 per month, plus $542 per month in food stamps. In addition, she is receiving $200 child support monthly from her youngest child's father, as well as approximately $200 per month from her oldest daughter who is employed and attending school.

Since July 1995, Ms. Blakney has not shown any involvement with illicit drug use. She successfully completed The Next Step Outpatient Drug Treatment Program on August 3, 1996, where she was involved in a twice weekly urine testing program and group counseling. Random urine testing is currently being taken on Ms. Blakney in the U.S. District Court Probation Office, all of which continue to reflect negative findings for illicit drug use. In addition, Ms. Blakney is involved in the Outreach Ministry Program with her church. Information received, revealed that this individual has been instrumental in working with the community youth, and others that are seeking salvation from drug addiction.

The above information clearly depicts Ms. Blakney's adjustment on supervised release, as well as her stability and contribution to the community.

Respectfully submitted,

Verdale Freeman
Senior United States Probation Officer
Phone No. (202) 565-1334

scm

APPROVED BY: _____

John W. Dailey
Supervising United States Probation Officer

3/16/98

Send to Berkhardt?

Yes ✓

No

C

'98 MAR 16 PM3

Argyle Street
Stream, N.Y. 11580-4313
1998

I realize President Clinton's time is extremely valuable but I hope and pray he will be able to find a moment from his busy schedule to honor my request through your kindness. I would like to give you a little background on myself, if I may.

I recently gave up my post after teaching thirty-six years of History to high school students. I was History Department Chairman and held that position until I suffered a heart attack and had to undergo triple by-pass surgery which severely limited my activities.

Over the many years I can only hope in my role as a teacher and Chairman, I offered to the students entrusted to me knowledge, expertise, patience and through my example a love of God, Country and Family. I have always been dedicated to my country's moral and educational strength.

Since I have time on my hands, one of my hobbies is to collect autographs. May I please impose on you to ask President Clinton to **autograph the enclosed baseball.** You can imagine how much this will mean to me especially being a former teacher of History. It will be a welcome addition to my den which I will cherish all my life.

Thank you in advance for taking time from your exhausting schedule to ask President Clinton for me. May the good Lord bless you and yours, the President and this great nation of ours.

With prayers and profound respect,

Ray Egan

Ray Egan

(ENCLOSURES)

'98 MAR 16 PM3

68 East Argyle Street
Valley Stream, N.Y. 11580-4313
March 12,1998

Ms. Betty Currie
Secretary to President Clinton
The White House
1600 Pennsylvania Avenue,N.W.
Washington, D.C. 20500

Dear Ms. Currie,

I realize President Clinton's time is extremely valuable but I hope and pray he will be able to find a moment from his busy schedule to honor my request through your kindness. I would like to give you a little background on myself, if I may.

I recently gave up my post after teaching thirty-six years of History to high school students. I was History Department Chairman and held that position until I suffered a heart attack and had to undergo triple by-pass surgery which severely limited my activities.

Over the many years I can only hope in my role as a teacher and Chairman, I offered to the students entrusted to me knowledge, expertise, patience and through my example a love of God, Country and Family. I have always been dedicated to my country's moral and educational strength.

Since I have time on my hands, one of my hobbies is to collect autographs. May I please impose on you to ask President Clinton to **autograph the enclosed baseball.** You can imagine how much this will mean to me especially being a former teacher of History. It will be a welcome addition to my den which I will cherish all my life.

Thank you in advance for taking time from your exhausting schedule to ask President Clinton for me. May the good Lord bless you and yours,the President and this great nation of ours.

With prayers and profound respect,

Ray Egan

Ray Egan

(ENCLOSURES)

State of New York
Legislative Resolution

Senate No. 3819

BY: Senator Skelos

HONORING Raymond E. Egan in recognition of his distinguished career of 36 years in education, upon the occasion of his retirement as a teacher at the Archbishop Molloy High School of Briarwood, Queens, New York

WHEREAS, It is the sense of this Legislative Body to recognize and commend those individuals of distinguished purpose whose lives have been committed to public service and the pursuit of excellence in the education of the youth of this noble Empire State; and

WHEREAS, Attendant to such concern and fully in accord with its long-standing traditions, it is the sense of this Legislative Body to commend Raymond E. Egan in recognition of his distinguished record of service on behalf of the community of Briarwood and borough of Queens, and his outstanding dedication to the youth of that community as Principal of Archbishop Molloy High School; and

WHEREAS, Friends, relatives, associates and grateful community members will gather at a reception on Friday, June 24, 1994 to honor, praise and pay tribute to Raymond Egan in recognition of his accomplishments in education and his contributions on behalf of Archbishop Molloy High School and its student body; and

WHEREAS, Over his 36 year tenure as a teacher, with the last 34 years at Archbishop Molloy High School, Raymond Egan has demonstrated outstanding dedication and service as a teacher of History, enriching the education and shaping the destinies of thousands of students over a long and distinguished career; and

WHEREAS, Raymond Egan began his professional career in 1958, teaching at St. Peter's High School on Staten Island, before coming to Archbishop Molloy in 1960; he taught the entire broad spectrum of Social Studies courses, Elementary Algebra and Psychology and held the position of History Department Chairman, from 1967-1990; and

WHEREAS, The moderator of his school's award winning newspaper since 1964, Raymond Egan received over forty awards during his 30 years with the paper, and in 1966 was awarded a Fellowship in Journalism from New York University; and

WHEREAS, In his administrative capacities Raymond Egan has been responsible for planning staff development programs for the department including responsibility for the entire elective program, participating in the supportive supervision of teachers and supervising the recent revision on the Social Studies curriculum; he also set up the entire Honors and Advanced Placement Program in History and more recently, guided the staff through the many hours of work in preparation for Middle States Accreditation; and

WHEREAS, Raymond Egan holds a Bachelor of Science Degree in History from St. John's University (1958) and a Master's Degree in Adolescent Psychology and History from St. John's University (1959) and has recently been certified to teach Psychology I through the High School Extension Program at St. John's University of Queens, New York; and

WHEREAS, This Legislative Body Holds in highest priority the promise of educational opportunity for all students and it is with great respect and appreciation that it now honors an individual whose unremitting dedication and exemplary leadership have so capably served the needs of the students of Bishop Molloy High School and ultimately, the State of New York; now, therefore, be it

RESOLVED, That this Legislative Body pause in its deliberations to honor and commend Raymond Egan, in recognition of his distinguished career of 36 years in the field of education; paying tribute also to his accomplishments and contributions on behalf of the students of Bishop Molloy High School and the education of the youth of the State of New York, upon the occasion of the school/community Recognition Dinner to be held on June 24, 1994; and be it further

RESOLVED, That a copy of this Resolution, suitably engrossed, be transmitted to Raymond E. Egan, 68 East Argyle Street, Valley Stream, New York 11580.

ADOPTED IN SENATE ON
June 1, 1994

By order of the Senate,

Stephen F. Sloan

Stephen F. Sloan, *Secretary*

THOMAS S. GULOTTA
COUNTY EXECUTIVE

OFFICE OF THE EXECUTIVE
NASSAU COUNTY EXECUTIVE BUILDING
ONE WEST STREET
MINEOLA, N.Y. 11501

June 24, 1994

Dear Ray,

It is indeed a pleasure to convey the County's respect and admiration for such a distinguished and accomplished individual.

On occasion there emerges an individual who has the ability, compassion and dedication to embellish his or her role as a dedicated member of their respective vocation and effect a profound and lasting impact on the professional and community concerns with which they are involved.

As County Executive, I would like to take this opportunity to extend a special commendation to you, Raymond E. Egan, in recognition of your notable contributions to our educational system and to the local citizenry. Your career as an outstanding educator and Chairman of the History Department at Archbishop Molloy High School, is an inspiration and indeed a model of professional excellence and personal accomplishment.

Both Betsy and I extend our personal best wishes to you on the occasion of your retirement.

Warmest regards,

Tom Gulotta

THOMAS S. GULOTTA
County Executive

Office of the President — Borough of Queens

Declaration of Honor

This Declaration acknowledges that

Ray Egan

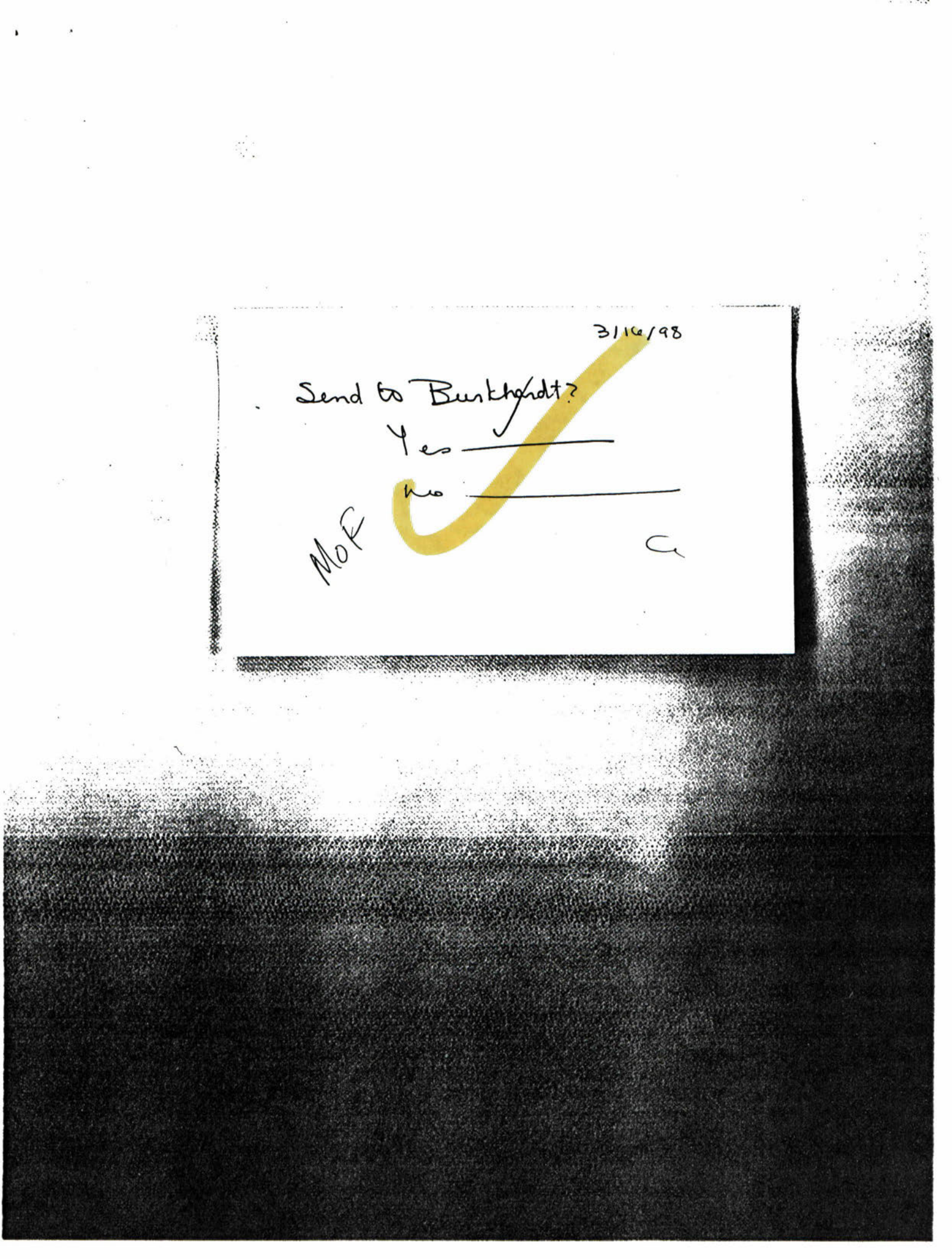
has given 36 years of dedicated service to young people. His wisdom, devotion and commitment to sustain high moral and educational standards have made him an excellent role model for the thousands of students he has served over the years.

Therefore, I, Claire Shulman, President of the Borough of Queens in the City of New York, do hereby declare June 24th, 1994 as "Ray Egan Day" in Queens.

Done at Queens Borough Hall, Kew Gardens, in the City of New York, on this the twenty-second of June, in the year one thousand nine hundred and ninety-four.

Claire Shulman

Claire Shulman
President of the Borough of Queens


31/10/98
Send to Burkhardt?
Yes
no
MoF

copy
Sen. Feinstein
Phil Cannon

1565 Walnut Drive
Cheyenne, Wyoming 82001
March 10, 1998
307-635-5108

'98 MAR 16 PM3:5

Dear Ms Echaveste,

Recently I wrote to the Vice-President to suggest the nomination of Lloyd Ney for an award of the Medal of Freedom for his extensive prostate cancer communication network work. The reply from the Vice President is attached, along with a bio note about Mr Ney.

I write to you to ask for your help and support of this suggestion. I heard you speak to the National Association of Counties at their 1998 legislative Conference. You mentioned the importance of the presidential focus to clarify a good look at an issue. This is a case in point. It will help to put Mr Ney's work and the prostate cancer subject on the radar screen and enhance the national education of the subject.

I hope you will support my effort.

I have also asked for support from Kathy Karpan, Director, Bureau of Surface Mining, Interior Department, I've worked with her on some past political campaigns in Wyoming, including her own.

Senator Feinstein has expressed interest in my suggestion for the medal nomination for Mr. Ney. And I have also asked Senator

Levin for his support.

Mayor Wellington Webb has also expressed his interest in my effort. And I will ask for support for the idea from Mr. Hallett at the Commerce Department.

It would be in the self-interest of all of us to see this nomination successfully concluded.

Thank you for your thoughtful consideration of my suggestion for Mr. Nay, and my request to you.

Very truly yours,

Robert Donovan

(Robert DONOVAN)

THE VICE PRESIDENT
WASHINGTON

February 27, 1998

Mr. Robert J. Donovan
1565 Walnut Drive
Cheyenne, WY 82001

Dear Mr. Donovan:

Thank you for your letter recommending Lloyd Ney for a Presidential Medal of Freedom. I am pleased to have this opportunity to respond to you.

There is no question that Mr. Ney has had a important impact through the cancer communication network that you described. I certainly agree that he merits recognition and honor for his many accomplishments.

Any decisions on such an award will be made by the President, and I encourage you and others who support this idea to continue to direct your inquiries to his office. I have been advised that the President considers a number of worthy candidates before deciding on honorees.

Again, thank you for bringing this suggestion to my attention. I appreciate your interest, and I hope you will accept my very best wishes.

Sincerely,

Al Gore

AG/wem

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U.S. News & World Report, May 11, 1992 v112 n18 p68(2)

Prostate cancer: conspiracy of silence.

Brief Summary: Prostate cancer survivor Lloyd Ney established and operates Patient Advocates for Advanced Cancer Treatments. Ney publishes a quarterly newsletter and another publication for doctors. Ney hopes to provide prostate cancer suffers with information about their disease.

Full Text: COPYRIGHT U.S. News and World Report Inc. 1992 The sign near the door of Lloyd Ney's home in Grand Rapids, Mich., amiably announces: "A golfer lives here." But this self-styled Savonarola and prostate-cancer survivor is no duffer. He is battling the "Victorian attitudes" and knife-happy surgeons he believes keep the public from learning more about a disease that kills 38,000 American men a year -- a cancer toll for men second only to lung cancer.

Ney's computer-studded basement is the command post of PAACT, or Patient Advocates for Advanced Cancer Treatments, a 10,000-member nonprofit foundation he incorporated in 1987. PAACT boasts a quarterly newsletter plus a separate publication for physicians; a fourth edition of its treatment primer, "The Prostate Cancer Report" (available for a $25 donation), just came out. "The only way we're going to stop the tail from wagging the dog," Ney asserts, "is to see that the patient is provided with enough information to participate in the decision making." His recreation room bears witness to that credo: Colorful schematics of the male reproductive system now vie for wall space with family pictures.

The biggest weapon in PAACT's arsenal is Ney himself. When he isn't scanning on-line databases like PDQ, the National Cancer Institute's latest news on clinical trials, the retired engineer is meeting with FDA officials, attending medical conferences and appearing on national talk shows. He spends most of his time, however, fielding an average of 14 phone calls a day, seven days a week -- mostly "horror stories" from fellow prostate-cancer patients.

It was his own scare that inspired his call to action: On Nov. 21,1984, his physician gave him just months to live because of the prostate cancer that had invaded his bones from skull to foot. Already exhausted by concentrated radiation therapy and compelled by his shrunken bladder to urinate every two hours, Ney rejected surgery. Two days later, he went to see a Canadian doctor he'd read about whose hormonal treatments had shown great promise in knocking out prostate cancer.

Like Ney, most of the other patients in the waiting room were Americans. "I decided I was going to use my last six months for my fellow man," recalls Ney, who went around taking names. "I told them: I'm going to investigate prostate cancer. I'll keep you informed, at no charge."

1992

True to his word, Ney, now a feisty 73, helped win federal approval for the hormonal therapy that arrested his disease -- an effort that included setting up clinical trials at 204 U.S. sites. And PAACT has raised about $150,000 from members to sponsor its own clinical trial of a promising tumor-permeating antibody called, appropriately, TNT.

Lately, Ney has been nettled by the mismatch between what the government shells out for AIDS and other afflictions relative to the number who die of those diseases. While cancer claims about half a million Americans each year, for example, the federal budget for all cancer research barely exceeds the $1.3 billion earmarked to investigate AIDS, which kills about 33,000. "If they can get that kind of money for AIDS, more power to them," says Ney. "Just as long as we get equity."

That may never happen, but prostate cancer has drawn top-rung attention lately. Since his diagnosis last December, Kansas Sen. Robert Dole, 68, has taken to the airwaves to urge men to seek regular prostate exams. Dole also has sparred with the National Cancer Institute over his support for a controversial blood test that measures a telltale protein called prostate specific antigen (PSA). Candor is no cure. but as Ney's efforts show, it certainly combats Victorian mind-sets.

Article A12109524

Top of Article

Razorbacks

Director of Athletics

University of Arkansas • Broyles Athletic Center • Phone 501-575-2755 • Fax 501-575-4904

March 4, 1998

'98 MAR 16 P

President Bill Clinton
The White House
Washington, DC 20500

Dear Bill:

My purpose in writing this letter is to request your support of John E. Nauman in his application to the U.S. Coast Guard Academy. He is a young man I believe to be deserving of this opportunity, and by way of explanation of my support, I am forwarding to you a copy of the letter I wrote to the Academy on his behalf. It is my strong feeling that John would represent the State of Arkansas well and for that reason, I respectfully request whatever assistance you might provide in helping him attain his dream of playing football for the Academy.

Thank you so much for taking the time to consider this young man's credentials.

Sincerely,

Frank

J. Frank Broyles
Director of Athletics

JFB/dh

Enclosure

3/16/98

Phil -
How shall we handle -
Send to Burkhardt?
Yes ✓
No ____

Dan -
We don't play on them, right?
Phil

C.

P.O. Box 7777 • Fayetteville, Arkansas 72702

Razorbacks

Director of Athletics

University of Arkansas • Broyles Athletic Center • Phone 501-575-2755 • Fax 501-575-4904

March 4, 1998

COPY

Admissions Committee
U.S. Coast Guard Academy
15 Mohegan Avenue
New London, CT 06320-4195

Dear Sirs:

It is a genuine pleasure to write this letter in support of John E. Nauman who is an applicant for admission to the Academy. John is a young man whose character and integrity represent the high standards that we all look for in collegiate athletics.

My acquaintance with John is through a long time association with his father who served as a member of our athletic department for many years. Johnny has worked at our football and basketball games selling concessions since he was nine years old, and his dream is to play football at the Coast Guard Academy. In his high school football experience, Johnny has shown himself to be highly motivated and a capable, versatile member of the offensive line, playing five different line positions during his senior season.

From my knowledge of his family, I would like to express some observations of John which do not appear on his resume. His honesty is beyond question and he is possessed with the highest morals, integrity, and character. His personality is such that he is able to get along with just about anyone, and although he has an outgoing personality, Johnny is a very serious minded, goal oriented young man. He is an intelligent student who has managed to maintain a 3.57 GPA while participating in football, serving as President of his Student Council, and working part time at McDonalds.

Please give him serious consideration. I appreciate your taking the time to review his credentials and my observations.

Sincerely,

J. Frank Broyles
Director of Athletics

P.O. Box 7777 • Fayetteville, Arkansas 72702

Razorbacks Director of Athletics
Broyles Athletic Complex · P.O. Box 7777 · Fayetteville, Arkansas 72702

RETURN SERVICE REQUESTED

President Bill Clinton
The White House
Washington, DC 20500

Memorandum 3-16-98

~~Pres.~~ VERNON E. JORDAN, JR.

~~Pres.~~ ~~Ex~~ 3/13/98

Dear Mr. President,

As you prepare for your African trip, I thought you might like to see my musings last week in Ethiopia where I spoke and met with the heads of state of Ethiopia, Uganda and the former Ivory Coast.

Have a good trip.

I miss you.

Best,

VJ

copied
NSC
COS

THE ADDIS FORUM

TRADE AND INVESTMENT IN AFRICA

ADDIS ABABA, ETHIOPIA

SUNDAY, MARCH 8, 1998

VERNON E. JORDAN, JR.
SENIOR PARTNER
AKIN, GUMP, STRAUSS, HAUER & FELD, LLP

THANK YOU FOR YOUR WARM WELCOME. I AM PRIVILEGED TO JOIN YOU TONIGHT, FOR THIS ADDIS FORUM EXEMPLIFIES THE RENEWED INTEREST IN AFRICA AND THE HUGE ECONOMIC OPPORTUNITIES IT OFFERS.

THIS EVENING I'LL DISCUSS THOSE OPPORTUNITIES IN THE CONTEXT OF THE WORLDWIDE REVOLUTION OF DEMOCRACY AND FREE MARKETS. AND I'LL MENTION SOME OF THE FACTORS THAT MAKE ME SO OPTIMISTIC ABOUT AFRICA'S FUTURE AND AMERICA'S ROLE IN HELPING TO SECURE THAT FUTURE.

TODAY'S WORLD CAN PRESENT A CONFUSING PICTURE TO THOSE OF US WHOSE WORKING LIFETIMES WERE SPENT IN THE SHADOW OF THE COLD WAR.

THE CONFRONTATION BETWEEN FREEDOM AND DICTATORSHIP, CAPITALISM AND COMMUNISM, ENCOURAGED AN OFTEN SIMPLISTIC VIEW OF THE WORLD ON BOTH SIDES OF THE IDEOLOGICAL DIVIDE, NATIONS WERE EITHER FOR US OR AGAINST US. ALLIES OR ENEMIES, FRIENDS OR FOES.

THOSE DAYS ARE THANKFULLY BEHIND US. BUT THE DANGEROUS SIMPLICITY OF THE PAST HAS GIVEN WAY TO THE OFTEN CONFUSING COMPLEXITY OF THE PRESENT.

THE WORLD ECONOMY IS NO LONGER SPLIT BETWEEN TWO RIVAL IDEOLOGIES. "FREE MEN AND FREE MARKETS" WERE THE DECISIVE WINNERS OF THAT CONFLICT. BUT EVEN AS WE CELEBRATE THE VIRTUES OF DEMOCRACY AND OPEN MARKETS, OLD WAYS LINGER AND NEW WAYS MEAN OFTEN PAINFUL ADJUSTMENTS.

COMPETITION, NEW TECHNOLOGIES, AND UNWISE GOVERNMENT POLICIES IN MANY INDUSTRIAL NATIONS HAVE LED TO HIGH UNEMPLOYMENT. THE COMMUNIST BLOC'S TRANSITION FROM STATE-DIRECTED ECONOMIES TO FREER MARKETS HAS BEEN PAINFUL. IN SOME ASIAN COUNTRIES WHOSE AUTHORITARIAN POLITICAL SYSTEMS FAVORED WHAT HAS BEEN CALLED "CRONY CAPITALISM," PROSPERITY HAS GIVEN WAY TO ECONOMIC CRISIS.

THESE DIFFICULTIES SIMPLY INDICATE THAT THE TRANSITION TO DEMOCRACY AND FREE MARKETS CAN BE HARD. THEY ALSO SUGGEST THAT THE NEW, COMPETITIVE, INFORMATION-BASED WORLD ECONOMY REQUIRES IMPORTANT ADJUSTMENTS.

TODAY, CAPITAL FLOWS ACROSS CONTINENTS AT THE PUSH OF A BUTTON. ENTERPRISES SEPARATED BY MANY THOUSANDS OF MILES ARE DIRECT COMPETITORS IN SUCH A WORLD, AUTHORITARIAN POLITICAL SYSTEMS AND STATE CONTROL OF FINANCE AND PRODUCTION ARE DYSFUNCTIONAL.

THAT IS WHY THE MOST POWERFUL TREND IN THE WORLD TODAY IS TOWARD DEMOCRACY AND OPEN MARKETS.

SINCE THE FALL OF THE BERLIN WALL DEMOCRACY HAS SPREAD ACROSS EASTERN EUROPE. MILITARY REGIMES IN LATIN AMERICA AND AFRICA HAVE GIVEN WAY TO CIVILIAN LEADERS AND DEMOCRATIC POLITICAL PROCESSES. AND THE INAUGURATION LAST MONTH OF SOUTH KOREA'S PRESIDENT KIM DAE JUNG SIGNIFIES YET ANOTHER VICTORY FOR DEMOCRACY, ONE THAT REJECTS COLLUSION BETWEEN GOVERNMENT AND BUSINESS.

THE DEMOCRATIC TREND IS INSEPARABLE FROM THE TREND TO A MORE OPEN WORLD TRADING SYSTEM. SUCH HISTORIC MILESTONES AS THE WTO, NAFTA, AND A HOST OF BILATERAL AND REGIONAL AGREEMENTS OPEN MARKETS AND ENCOURAGE THE FREE FLOW OF GOODS AND SERVICES. AS A RESULT, WORLDWIDE ECONOMIC GROWTH HAS BEEN FUELED BY THE MOST DRAMATIC GROWTH IN WORLD TRADE SINCE THE ERA BEFORE WORLD WAR I.

IT IS NO ACCIDENT THAT ECONOMIC GROWTH ACCOMPANIES THE GROWTH OF DEMOCRACY. IN GENERAL, ONE-PARTY RULE AND MILITARY DICTATORSHIPS ARE INHERENTLY UNSTABLE BUSINESS PARTNERS THAT CANNOT EASILY ATTRACT FOREIGN INVESTMENT. THEIR EXCESSES REPEL PROSPECTIVE PARTNERS; THEIR ARBITRARY NATURE ENDANGERS ALL RIGHTS, INCLUDING RIGHTS OF CONTRACT, AND THEIR AGGRESSIVENESS SQUANDERS SCARCE RESOURCES BETTER SPENT ON DEVELOPMENT.

DEMOCRATIC GOVERNMENTS ARE ALSO MORE INCLINED TO DEPART FROM STATIST POLICIES. THUS, NEWLY DEMOCRATIC NATIONS THROUGHOUT THE WORLD HAVE IMPLEMENTED FREE MARKET REFORMS THAT CREATE NEW OPPORTUNITIES FOR ECONOMIC GROWTH AND PRIVATE BUSINESS EXPANSION.

AFRICA IS PART OF THIS GLOBAL TREND TO DEMOCRACY AND OPEN MARKETS. IN MANY SUB-SAHARAN STATES, DICTATORSHIPS HAVE BEEN REPLACED BY MORE DEMOCRATIC GOVERNMENTS. APARTHEID IN SOUTH AFRICA IS DEAD. SOME NATIONS REMAIN UNDER MILITARY OR UNDEMOCRATIC RULE,

BUT THE CONTINENT-WIDE TREND TOWARDS DEMOCRACY WILL BE TOO POWERFUL TO RESIST.

AFRICA IS NOW REVERSING THE TRAGIC ECONOMIC SLUMP OF THE 1980s AND EARLY 1990s. BUT IT CONTINUES TO LAG FAR BEHIND OTHER REGIONS OF THE WORLD. PAST OPPRESSION AND PRESENT NEGLECT HAVE PLAYED THEIR PART. SO HAVE INTERNAL PROBLEMS AND POLITICAL INSTABILITY, WHICH DISCOURAGES INVESTMENT.

BUT THE SLEEPING GIANT OF AFRICA IS WAKENING, AND ITS VAST POTENTIAL CAN NO LONGER BE IGNORED. TODAY, AFRICA REPRESENTS THE WORLD'S NEW ECONOMIC FRONTIER -- A VAST, POPULOUS REGION OF UNLIMITED POSSIBILITIES.

THE 600 MILLION PEOPLE OF SUB-SAHARAN AFRICA ARE A HUGE MARKET WITH ENORMOUS PRODUCTIVE POTENTIAL. GDP AND EXPORT GROWTH IS DOUBLE WHAT IT WAS EARLIER IN THIS DECADE. LAST YEAR, 20 COUNTRIES HAD GDP GROWTH OF OVER FIVE PERCENT.

WHILE THE TURNAROUND IN THESE ECONOMIES IS STRONG, VERY SERIOUS PROBLEMS REMAIN. MUCH NEEDS TO BE DONE TO BUILD THE CAPITAL, PHYSICAL, AND HUMAN INFRASTRUCTURE THAT CAN SUPPORT SUSTAINABLE GROWTH. THE NEEDS ARE GREAT -- DEBT RELIEF, ROADS AND TRANSPORT, ENVIRONMENTAL PROTECTION, HEALTH CARE AND EDUCATION, AN END TO GRINDING POVERTY AND MALNUTRITION.

THESE PROBLEMS ARE BARRIERS TO GROWTH. BUT THEY ARE NOT INSURMOUNTABLE. YEARS AGO, FEW PEOPLE THOUGHT THE POVERTY-STRICKEN NATIONS OF SOUTHEAST ASIA COULD BECOME SELF-SUFFICIENT. BUT UNTIL THE RECENT CRISIS, THEIR GROWTH WAS DAZZLING. THE SAME COULD BE SAID OF LATIN AMERICA, AN IMPOVERISHED REGION THOUGHT TO BE DOOMED TO A MARGINAL ECONOMIC ROLE. TODAY, IT IS GROWING RAPIDLY AND ATTRACTING MASSIVE INVESTMENTS THAT FUEL FURTHER GROWTH.

I BELIEVE AFRICA IS IN A POSITION SIMILAR TO THAT OF SOUTHEAST ASIA AND LATIN AMERICA IN THE PAST. LIKE THEM, IT HAS THE POTENTIAL TO BECOME ONE OF THE WORLD'S ECONOMIC BRIGHT SPOTS -- A REGION OF RAPID ECONOMIC GROWTH AND A FACTOR IN WORLD TRADE.

JUST AS WE ONCE SPOKE OF THE ASIAN "TIGERS," WE WILL SPEAK IN THE FUTURE OF THE AFRICAN "LIONS." FULFILLING THAT POTENTIAL DEPENDS ON TWO IMPORTANT FACTORS. ONE IS INTERNAL REFORM. I HAVE SAID THAT AFRICA IS IN STEP WITH THE WORLDWIDE MOVE TOWARD DEMOCRACY AND OPEN MARKETS. BUT DEMOCRACY IS MORE THAN MULTIPARTY SYSTEMS AND PERIODIC FREE ELECTIONS. IT SHOULD INCLUDE OPEN, TRANSPARENT ECONOMIES AND GOVERNMENTS.

REFORMS SUCH AS LIBERALIZING TRADE, PRIVATIZING MANY PUBLIC SECTOR ACTIVITIES, DEVELOPING AN EFFICIENT CIVIL SERVICE, EFFECTIVE REGULATORY MECHANISMS, MODERNIZED BANKING SYSTEMS, AND INVESTMENTS

IN HUMAN RESOURCES CAN HELP DEMOCRACY TAKE ROOT. AND, THEY FOSTER THE SUSTAINED ECONOMIC GROWTH THAT ATTRACTS INVESTMENT.

REFORMS SHOULD BE ENGINES OF ECONOMIC GROWTH -- BUT THEY SHOULD ALSO ENSURE THAT GROWTH BENEFITS ALL. GROWTH CANNOT EXCLUDE THE 240 MILLION PEOPLE WHO NOW LIVE ON LESS THAN $1 A DAY OR THE ONE-FOURTH OF ALL YOUNG CHILDREN WHO SUFFER FROM MALNOURISHMENT. IF IT DOES, THEN IT WILL SIMPLY FEED UNREST, LOWER PRODUCTIVITY, AND BE UNSUSTAINABLE.

AND NO DISCUSSION OF GROWTH WITH EQUITY CAN TAKE PLACE WITHOUT MENTIONING THE NEED TO PROMOTE SUSTAINABLE USE OF RESOURCES.

AS AFRICA SHIFTS FROM AID TO TRADE, PRESSURE TO RAPIDLY SELL RESOURCES ON INTERNATIONAL MARKETS WILL INCREASE. WE ALREADY SEE THAT RAPID, OVER-EXPLOITATION OF RESOURCES FOR SHORT TERM GAIN IS CAUSING DESTRUCTION OF VALUABLE FORESTS AND FISHERIES.

AFRICA IS A CONTINENT RICH IN NATURAL RESOURCES AND HEAVILY DEPENDENT ON THEIR WISE AND CAREFUL EXPLOITATION. WHILE TRADE LIBERALIZATION AND FOREIGN DIRECT INVESTMENT ARE ENGINES FOR ECONOMIC GROWTH, POLICIES MUST BE PUT IN PLACE TO PROMOTE SUSTAINABLE RESOURCE USE. WITHOUT THEM, SHORT TERM ECONOMIC GAINS WILL COME AT GREAT COST TO THE ENVIRONMENT AND LONG TERM DEVELOPMENT.

REFORMS SHOULD ALSO INCLUDE A LARGER ROLE FOR NONGOVERNMENTAL ORGANIZATIONS, OR NGOs.

INCREASINGLY, NGOs ARE VEHICLES FOR THE HEALTH, EDUCATION, INFRASTRUCTURE, AND RURAL DEVELOPMENT PROJECTS THAT ARE NECESSARY FOR SUSTAINABLE ECONOMIC GROWTH. AND THEY HELP TO ENSURE THAT EVEN THE POOREST CITIZENS PARTICIPATE IN THE GROWTH.

I AM PRIVILEGED TO SERVE ON THE BOARD OF THE FORD FOUNDATION, WHICH SUPPORTS NGOs IN THE U.S., INDIA, SOUTH AFRICA, AND OTHER NATIONS. I HAVE BEEN IMPRESSED BY THE IMPORTANT WORK SUCH ORGANIZATIONS ARE DOING. SOME ARE AGRICULTURAL COOPERATIVES; SOME, VILLAGE SELF-HELP ORGANIZATIONS; OTHERS, ALTERNATIVE LENDING INSTITUTIONS THAT FINANCE ENTREPRENEURSHIP.

BUT WHAT THEY SHARE IS A ZEAL FOR HARNESSING THE ENERGIES OF PEOPLE WHO DREAM OF BETTER LIVES FOR THEMSELVES AND THEIR CHILDREN.

THOSE NGOs CAN BE VALUABLE PARTNERS OF GOVERNMENTS AND INVESTORS. THAT IS THEIR ROLE IN THE U.S., WHERE COMMUNITY DEVELOPMENT CORPORATIONS BUILD ALLIANCES WITH GOVERNMENT AND CORPORATIONS TO PROVIDE HOUSING, TRAINING, AND JOBS IN SOME OF OUR POOREST URBAN NEIGHBORHOODS AND RURAL DISTRICTS.

DEMOCRACY IS STRONGEST WHEN IT BUILDS ON AN INFRASTRUCTURE OF VOLUNTARY INSTITUTIONS AND A STRONG CIVIL SOCIETY. SO WHEN WE TALK OF NECESSARY INTERNAL REFORMS, WE SHOULD INCLUDE A ROLE FOR NGOs.

ALONG WITH INTERNAL REFORMS THERE IS ANOTHER FACTOR THAT CAN BRING AFRICA TO THE TAKEOFF POINT FOR RAPID GROWTH, AND THAT IS EXTERNAL INVESTMENT.

AID IS CERTAINLY NECESSARY, AS WELL. INTERNATIONAL ASSISTANCE PROGRAMS TO ADDRESS PHYSICAL AND HUMAN INFRASTRUCTURE NEEDS ARE VITAL.

BUT ECONOMIC INVESTMENTS ARE AS CRITICAL. SUB-SAHARAN AFRICA NOW ACCOUNTS FOR ONLY ABOUT FIVE PERCENT OF WORLDWIDE PRIVATE CAPITAL INVESTMENT. THAT FIGURE MUST INCREASE TO MATCH THE REGION'S POTENTIAL.

THE U.S., AS THE WORLD'S LEADER AND AS THE SOURCE OF ABUNDANT INVESTMENT FUNDS, CAN PLAY AN ESSENTIAL ROLE IN DRIVING AFRICA'S GROWTH, AS IT HAS IN OTHER REGIONS.

IF WE LOOK AT WHAT HAS BEEN CALLED "THE ASIAN MIRACLE," FOR EXAMPLE, WE SEE THAT ASIA'S ECONOMIC GROWTH WAS FUELED BY AMERICAN DOLLARS. U.S. MILITARY SPENDING DURING THE KOREAN AND VIETNAM WARS CREATED JOBS AND INCOME THAT HELPED TO JUMP START LOCAL BUSINESSES AND BUILT BROADER INTERNAL MARKETS. FROM THAT BASE, ASIAN EXPORTS TO THE U.S. DROVE AN EXPANDING BUSINESS SECTOR AND ENABLED ACCESS TO NEW TECHNOLOGIES.

ECONOMIC GROWTH ELSEWHERE IN THE WORLD CAN BE TRACED TO SUCH U.S. INITIATIVES AS THE MARSHALL PLAN AND TO AMERICA'S ROLE AS THE

WORLD'S PRIME MARKET FOR EXPORTS. LATIN AMERICA'S GROWTH, FOR EXAMPLE, IS DRIVEN IN PART BY TRADE WITH THE U.S. MEXICO IS OUR THIRD LARGEST TRADING PARTNER, BEHIND CANADA AND JAPAN.

SO I SEE THE U.S. ROLE AS CRUCIAL TO DEVELOPING AFRICA'S POTENTIAL, AS WELL.

UNFORTUNATELY, AFRICA HAS NOT BEEN A MAJOR COMPONENT OF U.S. POLICY IN THE PAST. DURING THE COLD WAR AFRICA WAS SEEN AS A MARGINAL THEATER OF CONFRONTATION WITH SOVIET AMBITIONS. AFTER THE COLD WAR, IT WAS SEEN AS SIMPLY MARGINAL. THE GREAT EXCEPTION WAS THE U.S. ROLE IN PRESSURING SOUTH AFRICA TO END APARTHEID.

NOW, HOWEVER, AFRICA IS AN IMPORTANT COMPONENT OF THE CLINTON ADMINISTRATION'S FOREIGN POLICY.

THE U.S. HAS PLAYED A CONSTRUCTIVE ROLE IN THE DIPLOMACY SURROUNDING CONFLICTS IN THE GREAT LAKES REGION AND IN CENTRAL AFRICA.

ITS MORE ACTIVE AFRICAN POLICY IS SYMBOLIZED BY THE FACT THAT AFRICA WAS THE LAST FOREIGN STATE VISIT OF FORMER SECRETARY OF STATE WARREN CHRISTOPHER. HIS SUCCESSOR, SECRETARY ALBRIGHT, WAS HERE IN DECEMBER. VICE PRESIDENT GORE HAS MADE SEVERAL TRIPS TO AFRICA. FIRST LADY HILLARY CLINTON HAS RECENTLY VISITED. AND PRESIDENT CLINTON HIMSELF WILL MAKE AN OFFICIAL TRIP TO SUB-SAHARAN AFRICA LATER THIS MONTH.

THE ADMINISTRATION IS ALSO MAKING ITS NEW AFRICA INITIATIVE A LEGISLATIVE PRIORITY.

THE CONGRESS IS CONSIDERING AN ADMINISTRATION-BACKED BILL, THE "AFRICAN GROWTH AND OPPORTUNITY ACT," WHICH SUPPORTS COUNTRIES THAT DEMONSTRATE THEIR COMMITMENT TO POLITICAL AND ECONOMIC REFORMS. THE ACT WOULD:

-- ELIMINATE TRADE BARRIERS FOR THE AFRICAN TEXTILE INDUSTRY;

-- GRANT TRADE PREFERENCES BENEFITS FOR AFRICAN EXPORTERS; AND

-- SUPPORT PROJECTS THAT ENCOURAGE ENTREPRENEURSHIP AND JOB CREATION, AND BEGIN PLANNING FOR FREE TRADE AGREEMENTS WITH SUB-SAHARAN COUNTRIES.

THE ADMINISTRATION IS ALSO TAKING STEPS BEYOND THOSE THAT NEED CONGRESSIONAL APPROVAL.

THE PRESIDENT'S PARTNERSHIP FOR ECONOMIC GROWTH AND OPPORTUNITY IN AFRICA INCLUDES AN INFRASTRUCTURE INVESTMENT FUND, ENCOURAGEMENT OF PRIVATE INVESTMENT, AND CLOSER ECONOMIC TIES WITH REFORMING AFRICAN NATIONS.

THE ADMINISTRATION ALSO STRONGLY SUPPORTS THE PROGRAMS OF THE WORLD BANK AND IMF THAT ALLEVIATE THE DEBT BURDEN OF THE POOREST AFRICAN NATIONS. SINCE 1990, THE U.S. HAS FORGIVEN MORE THAN $1.2

BILLION IN UNILATERAL DEBT TO SUPPORT ECONOMIC REFORM IN 20 OF AFRICA'S POOREST COUNTRIES.

THESE ARE ONLY SOME OF THE INDICATIONS OF THE CLINTON ADMINSTRATION'S COMMITMENT TO CONSTRUCTIVE U.S. ENGAGEMENT IN ASSISTING REFORM EFFORTS IN SUB-SAHARAN AFRICA. BUT THIS WELCOME ASSERTION OF LEADERSHIP FACES SOME OBSTACLES.

THERE IS CONSIDERABLE CONCERN IN CONGRESS AND AMONG MANY CITIZENS THAT FREER TRADE COULD DAMAGE SOME DOMESTIC INDUSTRIES AND COST AMERICAN WORKERS JOBS. SUCH FEARS HELPED DEFEAT THE PRESIDENT'S REQUEST FOR FAST TRACK AUTHORITY IN 1997. THEY MAY DELAY PASSAGE OF THE AFRICAN GROWTH AND OPPORTUNITY ACT, SINCE SOME CONGRESSMEN ARE LINKING THE ACT TO FAST TRACK AUTHORIZATION.

BUT THE ADMINISTRATION IS STRESSING THE IMPORTANCE OF ASSISTING AFRICA'S MARCH TO DEMOCRACY AND FREE MARKETS FOR TWO VERY BASIC REASONS.

FIRST, AFRICAN POLITICAL INSTABILITY IS A DANGER TO WORLD SECURITY AND TO AFRICAN PROGRESS. THE LESSONS OF SOMALIA, RWANDA, AND ELSEWHERE HAVE BEEN LEARNED BY THE WORLD COMMUNITY AND BY THE U.S.

SECOND, IN AN INTERDEPENDENT GLOBAL ECONOMY IT IS IMPORTANT TO BOTH U.S. INTERESTS AND AFRICA'S INTERESTS TO ENCOURAGE ROBUST ECONOMIC GROWTH AND PARTICIPATION IN THE WORLD TRADING SYSTEM.

THE U.S. INITIATIVES HAVE BEEN WELCOMED BY PROGRESSIVE AFRICAN LEADERS. THEY ARE WORKING TO FOSTER INCREASED PRIVATE INVESTMENT. AND THAT CREATES A VIRTUOUS CYCLE IN WHICH REFORM ATTRACTS INVESTMENT WHICH CREATES GROWTH, WHICH ENCOURAGES MORE REFORM, INVESTMENTS, AND GROWTH.

SUB-SAHARAN AFRICA IS NOW ENGAGED IN THE GREAT TASK OF BUILDING THE FOUNDATIONS FOR HEALTHY SOCIETIES -- DEMOCRACY, OPEN MARKETS, FREE TRADE AND ECONOMIC GROWTH.

DEMOCRACY AND FREE MARKETS ARE LIBERATING FACTORS, FREEING ENERGIES THAT PROPEL SOCIETIES FORWARD. SO I AM HOPEFUL THAT THE CURRENT TREND TO DEMOCRACY AND FREE MARKETS IN AFRICA WILL REPRESENT A SECOND GREAT WAVE OF LIBERATION FOR ITS PEOPLE, FOLLOWING THE FIRST WAVE OF INDEPENDENCE FROM COLONIAL RULE.

I BELIEVE THAT AFRICA IS APPROACHING THE TAKE-OFF POINT TO BECOME THE WORLD'S FASTEST GROWING REGION. IF IT DOES, IT WILL BE BECAUSE

-- THE PRIVATE AND PUBLIC LEADERS OF THE REGION WORK TO SECURE THEIR VISION OF A PROSPEROUS FUTURE,

-- THE CLINTON ADMINISTRATION MADE A DEMOCRATIC, ECONOMICALLY EXPANDING AFRICA A CENTERPIECE OF ITS FOREIGN POLICY, AND

-- FAR-SEEING INVESTORS UNDERSTAND AFRICA'S POTENTIAL AND ACT TO BE PART OF THAT BRIGHT FUTURE.

I AM FINISHED NOW BUT MY PRESENCE HERE IN THE LAND OF MY ANCESTORS -- AFRICA -- RECALLS FOR ME THAT MANY YEARS AGO, JAMES WELDEN JOHNSON PENNED A HYMN THAT CAPTURES THE PAST STRUGGLES AND FUTURE HOPES OF BLACK PEOPLE IN AMERICA. IT IS ENTITLED "LIFT EVERY VOICE AND SING" -- BUT WHATEVER YOUR FAITH OR BELIEF I CALL YOUR ATTENTION TO THE THIRD VERSE WHICH IS A PRAYER, AND AS YOU LEAVE THIS CONFERENCE ON TRADE AND INVESTMENT IN AFRICA, TAKE THIS WITH YOU --

> GOD OF OUR WEARY YEARS, GOD OF OUR SILENT TEARS, THOU WHO HAST BROUGHT US THUS FAR ON OUR WAY; THOU WHO HAST BY THY MIGHT, LED US INTO THE LIGHT, KEEP US FOREVER IN THE PATH, WE PRAY. LEST OUR FEET STRAY FROM THE PLACES, OUR GOD, WHERE WE MET THEE, LEST OUR HEARTS, DRUNK WITH THE WINE OF THE WORLD, WE FORGET THEE; SHADOWED BENEATH THY HAND, MAY WE FOREVER STAND, TRUE TO OUR GOD, TRUE TO OUR NATIVE LAND.

AMEN. AMEN.

# # #

FROM THE DESK OF AMBASSADOR DEREK N. SHEARER

3-16-98

FACSIMILE TRANSMITTAL SHEET

TO: President Clinton	FROM: Ambassador Shearer
COMPANY: c/o Nancy Hernreich, White House	DATE: 02/27/98
FAX NUMBER: 202-456-6703	TOTAL NO. OF PAGES INCLUDING COVER: two
PHONE NUMBER: 202-456-6299	SENDER'S REFERENCE NUMBER: 3-16-98
RE: Storm Death of Brian Cressner	Phil - This was in material you got from Kris Engskov yesterday - Should we send to Burkhardt for replying — Yes ___ No ___ Carol

x URGENT ☐ FOR REVIEW ☐ PLEASE

NOTES/COMMENTS:

Dear Bill,

I understand that you will be in Los about victims of this week's storm in South

I wanted you to know that a good fr killed during the storm in a freak accident. excellent student major ing in public polic class because of the heavy rain when a hu with no warning into their car. Brian and the other student were killed instantly.

Casey is flying back from Brown tomorrow to attend Sunday's funeral at Hillside Cemetery in Culver City., as are all of the cohort of friends who attended Crossroads High School together.

Brian's parents are: Ted and Linda Cressner. Tel. 213-871-0136 . Address: 236 n. Arden Blvd. LA. 90004.

I wanted you to be aware of Brian. If possible, you might want to call Brian's parents to extend condolences. Casey and I and Ruth would much appreciate it. In addition, you might want to mention the tragedy of these two young men cut down so suddenly in your remarks, as well as the deaths of the two Highway Patrolmen who were swept into a river when the road gave out.

Thanks in advance. Ruth and I will be around with Casey. If there's any opportunity to catch up with you and Hillary during your visit to LA please let us know. (home: 310-396-2914) If not,

655 ASHLAND AVENUE
SANTA MONICA, CA 90405
TEL: 310-396-2914, FAX: 310-396-6060

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RE:	YOUR REFERENCE NUMBER:
Storm Death of Brian Cressner	2

X URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

Dear Bill,

I understand that you will be in Los Angeles on Saturday and might be speaking with or about victims of this week's storm in Southern California.

I wanted you to know that a good friend of Casey's from high school, Brian Cressner was killed during the storm in a freak accident. Brian had been a sophomore at Pomona College—an excellent student major ing in public policy, playing soccer, etc. He and a friend were driving to class because of the heavy rain when a huge tree was uprooted by the fierce winds and crashed with no warning into their car. Brian and the other student were killed instantly.

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we hope to see both of you in a few weeks when we are in Washington, D.C. from March 11-16, staying at Brooke and Strobe's . Perhaps, we could persuade the two of you to have dinner with us at the new restaurant started by the co-conspirators, Mickey Kantor, and Terry Lenzer—either on Friday or Sunday night. Saturday night March 14 is Reed Hundt's 50th Birthday Party at his house. Of course, we'd be happy to bring you along as our surprise guests.

Our best to Chelsea. Give her a big hug. Cherish every day with our children. You never can tell what might suddenly befall them or us.

Regards,

Derek

Hillary,

We thought that Sid was enjoying himself. The NYT article on him today was quite amazing for its lack of journalistic standards. He seems to push their buttons..