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Mines – Patenting

Today's debate: MINING-LAW REFORM

Stop mineral giveaways

OUR VIEW Reform law to stop miners from plundering public land and leaving a mess for taxpayers to clean up.

Less than 150 miles from where President Clinton is enjoying the clear air and heady vistas of his Wyoming vacation lies the proposed site of the New World mine — a mammoth, misbegotten rip-off that endangers the very splendors that so wowed the First Tourist, not to mention taxpayers' wallets.

Thanks to the 1872 Mining Law, which Congress refuses to reform even though it's 100 years out of date, New World's operators have acquired the right to scour the highlands just outside Yellowstone Park for an estimated \$750 million worth of silver, copper and gold. Some of that is public land, acquired for a song, without even the obligation to pay royalties.

By comparison, oil and natural gas companies pay 12.5%. And adding insult to injury, Crown Butte Mining Inc., part of Noranda Inc., a Canadian conglomerate, can claim a 22% depreciation allowance — yet another taxpayer subsidy.

This licensed larceny of public wealth is only half the problem. As Clinton intimated in calling for a strict environmental review last weekend, the New World mine threatens the surrounding ecosystems.

As proposed, the mine would extract and process about 8 million tons of ore and

store 5.5 million tons of toxic slurry in an enormous, man-made pond. Depending on where this foul lake is located, any leak could endanger watersheds feeding either the park or the Clarks Fork of the Yellowstone River, the only designated Wild and Scenic River in Wyoming.

To prevent that, the pond would have to be maintained for — well, for *eternity* — in one of the country's most seismically active regions. Days after Clinton declared a moratorium on new claims in the area, a 4.5-magnitude earthquake rippled through the Yellowstone caldera.

Alas, not only do we sell our gold and silver for pennies, but many environmental statutes exempt hardrock mining. This leaves taxpayers to pay for mining-related cleanups. And pay we do. Cleanup at Colorado's poisonous Summitville Mine alone will cost \$120 million, and thousands of smaller mines also require attention.

Mining operators say reforming the 1872 law will cost jobs. But reforms need not affect current employment and, in any event, it is absurd to use the threat of American job loss as a way of justifying precious-metal giveaways to foreign corporations.

In the end, it might make more sense to buy out the New World mine — even if, as some officials estimate, it costs \$50 million or more. But either way, Congress must reform mining law quickly. We can't afford the toxic perils of poorly regulated mining. And we sure can't afford to keep giving away all our gold just become someone is brazen enough to ask for it.

Miners give back plenty

OPPOSING VIEW Mining companies don't object to reforming the law. Just be fair about it.

By Richard L. Lawson

Let us be clear: The mining industry strongly supports mining-law reform, and America's miners agree that Yellowstone Park is a national treasure.

President Clinton has linked protecting Yellowstone with a call for mining-law reform. To appease environmental critics, he also withdrew 4,500 acres of public land near the proposed New World underground mine from new mining claims. New World is three miles from Yellowstone's northeast corner, in an area excluded from wilderness designation by Congress in 1978 because of past mining activity and future mineral potential.

The land withdrawal has no effect on the New World proposal and only serves to prejudice the government's ongoing environmental review of New World.

The industry agrees that New World, like all mines, should be held to the highest environmental standards. For nearly three years, the proposed mine has been under an intense environmental review by federal and state officials. This scientific review, mandated by the National Environmental

Policy Act, should not be biased by politics.

Linking New World with calls for mining-law reform is misleading. Ninety percent of the ore will come from private land purchased at fair market value. The mining law governs mining on public land. And when the president called for reform because miners "give virtually nothing" back to the public, he ignored the substantial taxes and wages paid by mining across the USA. New World alone will generate \$45 million in federal, state and local taxes.

The debate over how the federal government manages mineral development on its vast holdings has produced a responsible solution — the proposed Mining Law Reform Act, endorsed by the Western Governors Association. It would require miners to pay fair market value for public lands used in mining, impose royalties on mining proceeds, provide for reclamation of abandoned sites and continue to ensure compliance with more than three dozen federal environmental laws governing mining.

By approving this legislation, Congress would resolve the economic and environmental issues surrounding mining on public lands. With his support, the president would enable the mining industry to meet U.S. demand for essential mineral products, from cars to computers, into the 21st century while protecting the environment.

Richard L. Lawson is president of the National Mining Association.

NATO sends a message, but will the Serbs get it?

An unprecedented bombing blitz in Bosnia by NATO warplanes Wednesday sent a message anyone should understand: Barbarism will be punished.

The question is, will the Bosnian Serbs get it? There's more reason than usual to believe they will.

This mission was an uncharacteristically sharp response to Serbian brutality: the shelling of a crowded Sarajevo market Monday that killed 37 people — just as a new round of peace talks aimed at ending the 40-month war opened.

The difference this time is the U.S. and its NATO allies delivered exactly what they'd threatened — prompt and vigorous retaliation.

The prickly unknown is what will follow. How will the Bosnian Serbs respond and what are the U.S. and its allies willing to do about that response?

Radovan Karadzic, the pit bull leader of Bosnian Serbs, Wednesday warned of dire consequences because of the devastating NATO attack. But Serbian President Slobodan Milosevic called for continued talks on a U.S. peace plan previously rejected. Milosevic also persuaded Bosnian Serbs to join a joint negotiating team, effectively winning veto power over any of their objections to any deal.

That provides at least a thread of hope. But with risk.

Since savagery, including hostage taking,

has been the Serbs' guiding principle, President Clinton and the NATO allies had better have a clear plan for what comes next.

What they have in mind is uncertain, but there's no doubt the policy has shifted.

NATO's large-scale bombing raid Wednesday was far different from the U.S. and allied limp-wristed response to Serbs when they brutally overran the U.N. safe havens of Srebrenica and Zepa. That invasion and the atrocities that followed finally pushed the Western allies into realizing that "pinprick" bombing attacks were not enough to force the Serbs into negotiating peace.

Wednesday's attack might. The NATO planes, reinforced by heavy artillery from the U.N.'s rapid response team on the ground, attacked ammo depots and command posts throughout Bosnia, not just punishing the Serbs but leaving them more militarily vulnerable to the Croats and Muslims with whom they must negotiate.

That's a real incentive to seek peace.

At best, the devastating NATO attack could nudge the Serbs into serious negotiation. At worst, it could tempt the U.S. to fall into the same mission creep that led to disaster in Somalia.

The attack was a clear-cut response to an unquestionable atrocity. Its purpose was to force negotiation, not guarantee the safety of every Bosnian — an unattainable goal. This clarity of mission must not be lost.

Voices: Which books, if any, should be banned from public schools?

Should *The Adventures of Huckleberry Finn* be read by students? How about *Of Mice and Men*? Last year, complaints about violence, sex or racial stereotypes led to 338 attempts to censor books, according to a survey released Wednesday by People for the American Way; 169 attempts succeeded. USA TODAY asked readers their views.



David Sugiura, 38
Data proc. analyst
Columbia, Md.



Malia Schwartz, 51
Claims supervisor
Makakilo, Hawaii



Scott Thomas, 32
Security sales rep.
Blue Springs, Mo.



David Smith, 15
Student
Gibsonia, Pa.



Gloria Andrew, 58
Realtor/broker
Jacksonville, Fla.

When I was in high school, I was shocked to find out that one of the English literature classes had *The Exorcist* as required reading. I thought that book was too violent and sexually explicit to be used as required reading.

I don't believe in censorship. Normally, I'd say teachers and school boards should use reasonable judgment. Unfortunately, some have judgment I don't consider reasonable when it comes to banning books like *Huck Finn*. With a good teacher, any book is acceptable.

No book with sexually explicit language or racial stereotyping has a place in the schools. I wouldn't allow David Duke and Friedrich Nietzsche, but there's nothing wrong with *Huck Finn*. That's overreacting. However, when you ban books, kids will look for them.

I don't think any books should be banned. However, parents could get together and make a list of books they don't think their children should read. If students wanted to read books from the list, they'd need to get their parents' signed permission.

I'd keep out explicit violence and sex, but films and TV throw it back. When my daughter asked for *Jaws*, the librarian said, "I can't believe you'd let her read this." But her siblings had already told her everything. You can ban a book, but you can't ban other sources.

Clinton may visit Yellowstone mine site

Eyes rift between park, forest folks

By Paul Bedard
THE WASHINGTON TIMES

JACKSON HOLE, Wyo. — President Clinton is expected to bow to demands from environmentalists to tour a controversial mining project just 2.5 miles from Yellowstone National Park, entering a battle between the U.S. Park Service and U.S. Forest Service, which are split on the mine.

White House spokeswoman Ginny Terzano said "there is a chance" Mr. Clinton will tour the Henderson Mountain site of the New World Mine by helicopter during his Friday visit to Yellowstone to commemorate the 79th anniversary of the creation of the U.S. parks system.

She said there "isn't a hang-up" other than scheduling that would prevent a fly-by of the mine. Administration officials have indi-

cated Mr. Clinton doesn't want to weigh in on the mine controversy too heavily until an environmental study is completed, although he has expressed concern with the project.

The growing likelihood of Mr. Clinton's tour of the huge site came as several influential environmental groups yesterday threatened to oppose the president's re-election if he doesn't view the mine area.

"As a citizen looking to vote for Mr. Clinton, I'd be angry if he didn't go," said environmentalist and mine opponent Bruce Gordon. He said Mr. Clinton would be "putting his head in the sand" if he skips the aerial tour.

"To come to Yellowstone and not investigate that mine is to ignore a sort of disease in the body," said Terri Martin, regional director of the National Parks and Conservation Association.

Meanwhile, a delegation of observers from the United Nations will visit the site next month to determine its potential hazards to the environment of the area most known as a habitat for the grizzly

bear, which is on the endangered species list, as well as moose and mountain sheep.

The massive mine is to be built in Cooke City, Mont., on the northeast edge of Yellowstone. Crown Butte Mines Inc., owned by a Canadian corporate group, plans to mine up to \$800 million in gold, copper and silver.

The firm plans to divert a river and build a waste pond covering 100 football fields to store the "tailings," the stone and dirt from which the valuable metals are removed.

Environmental groups have warned that the holding pond is susceptible to avalanches and floods and the tailings are rich with acid that could flow into the endangered Clarks Fork of the fabled Yellowstone River.

The U.S. Park Service opposes the mine, claiming it threatens Yellowstone waters and would increase truck traffic around the park. Interior Secretary Bruce Babbitt also opposes the mine.

The Park Service supports spending some \$50 million to buy

out Crown Butte Mines and preserve the mountains, which have been mined over recent years.

The Forest Service has long supported mining on public lands.

Several environmental groups held a briefing yesterday to call on Mr. Clinton to oppose the mine.

"The administration has to do something because you've got federal agencies speaking in different tongues," said Tom Cassidy, counsel for American Rivers, a leading environmental group.

He and other groups want the environmental impact survey of the mine to be expanded to look at the long-range impact of the mine and the avalanche dangers it faces.

The Forest Service is in charge of the environmental survey and activists claim the service is expected to approve the mine.

During his trip into Yellowstone on Friday, Mr. Clinton is also expected to rip GOP congressional proposals to raise park fees, which a U.S. Park Service spokeswoman said were "too low."

White water sends Clintons down the river

THE WASHINGTON TIMES

For probably the first — and last — time, white water was a joy ride for President Clinton and first lady Hillary Rodham Clinton yesterday.

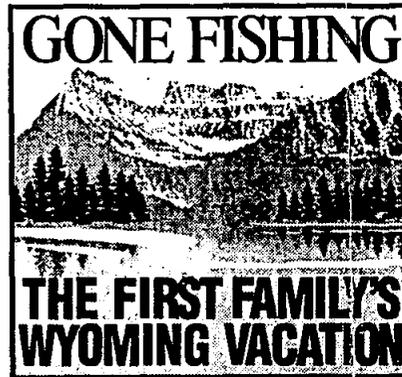
Unlike the controversy over the first family's involvement in the Arkansas land deal on the White River, the Clintons needed no lawyers, no spokesmen and no legal defense fund: This ride was free.

After a soaking one-hour, 45-minute, nine-mile white-water raft trip down the Snake River 40 miles south of Jackson Hole, Wyo., Mr. Clinton found it easy to compare the real thing with the legal wrangle.

"It's better when you have a paddle," a sopping president shouted from his raft. "I never wanted it to end."

"We have the real white-water story," said spokeswoman Ginny Terzano, who rode in the back of Mr. Clinton's baby-blue raft, owned by Charlie Sands, the longest-operating guide on the river.

The ride for Mr. and Mrs. Clinton and daughter Chelsea started



By Paul Bedard

easy but quickly turned into a stomach-churning affair — just like the real Whitewater affair, some would say.

Surrounded by grim-faced Secret Service agents in kayaks and 12-person rafts, Mr. Clinton handled a blue oar as the raft rushed into the slamming 4-foot waves of the "Big Kahuna."

"I followed orders. I was a good paddler," said Mr. Clinton, whose boat jumped and pitched during the run.

River guide Todd Bergstein,

who observed the Clintons' white-water trip, said: "It's a killer, but he looked great."

Ditto for the other crashing river swirl, the "Lunch Box." "That's where lots of people get tossed and lose their lunch," Mr. Bergstein said. "But they did great."

The president sat second from the front, just ahead of Chelsea, who also paddled.

Mrs. Clinton sat in the middle, wearing short sleeves, an orange life vest and sunglasses. She has largely avoided the outdoor events this trip.

Oh, yes

The first golfer yesterday was finally able to trade in his trademark "Oh, no!" response to his shots for a simple "Wow!"

It came on the ninth hole at the exclusive Jackson Hole Golf and Tennis Club one day after the president was supposed to have stopped golfing for the rest of his 17-day vacation.

The president started the par-4

hole with a 265-yard drive. Using a 9-iron, he fired a 155-foot approach shot that came to rest three inches from the hole. Mr. Clinton seemed surprised and simply said, "Wow."

His birdie on the hole greatly improved his mood, although he still failed to break 80, a longtime goal.

Musical planes

The president's trip home today to speak at the memorial for three U.S. envoys killed Saturday in Bosnia was a lot harder to pull off than it appeared.

To speed Mr. Clinton's trip, the Air Force flew out the Boeing 747 Air Force One to replace the smaller 727 Mr. Clinton flew here last week.

But the jumbo jet can't land in Jackson Hole, so the president had to leave from Idaho Falls, Idaho, where the runway is larger. The president was to helicopter to Idaho and from Andrews Air Force Base to Fort Myer, the site of the service.

Environmentalists prod Clinton on parks

By Paul Bedard
THE WASHINGTON TIMES

JACKSON HOLE, Wyo. — Environmental groups, armed with polls showing President Clinton can't win re-election without a repeat victory in most Western states, are urging him to battle threats to parkland that they say are being orchestrated by the GOP and corporations.

But Mr. Clinton, whose popularity in the region is at an all-time low because of policies seen here as anti-West, isn't eager to stir up a dispute that will only draw more attention to such decisions as proposed grazing-fee increases or even the reintroduction of wolves to Yellowstone National Park.

For example, while Mr. Clinton plans to tour Yellowstone Park on Friday and speak out against GOP cuts in funding for parks and environmental protection, he is expected to snub environmentalists who want him to fly over a proposed gold-mine site nearby that foes claim will pollute its streams.

"If he did that, people would ask, 'If you want to avoid prob-

lems, why are you being so public [on the mine project]?' It's a flash point," said James King, an associate professor of political science at the University of Wyoming.

Mr. King said the president must walk a middle road and take pains to woo rural Westerners, and not just environmentalists, if he is to do well here. But, he added: "I don't think Clinton can turn his image of a liberal president conducting a war on the West."

White House officials hope that Mr. Clinton's 17-day vacation here will show his affection for the area and give him a few chances to speak out on generally popular Western issues, such as fighting Republican efforts to cut funding for the Park Service and environmental protection.

He already has been seen sporting a cowboy hat and other Western wear. Yesterday he hiked in Grand Teton National Park with first lady Hillary Rodham Clinton and daughter Chelsea.

The trip comes as the White House wants to bolster Mr. Clinton's political standing that dropped when he proposed — and then withdrew — increased graz-

ing fees, challenged a 123-year-old mining law, banned some assault weapons and signed a budget bill that allows new timber harvesting.

With each move, he appeared to anger rural Westerners and environmentalists alike. "People here feel policies are being made by people who don't understand life in the West," Mr. King said.

In Wyoming, the president's popularity is at a dismal 22 percent. He won eight of 13 Western states in 1992, due largely to the independent candidacy of Ross Perot, who did well in the region. But unless Mr. Clinton's image is rehabilitated, aides fear he is not likely to win more than three Western states in 1996 — possibly California, Washington and Oregon.

That's where environmentalists hope they can play a role. They claim that if Mr. Clinton can re-establish his environmentalist roots, he can collect enough liberal votes here to win re-election.

"The administrations record on Western issues is mixed. ... He now has an opportunity to show environmental leadership," said Randy Showstack, of American Rivers, the nation's leading river-

conservation organization.

He said Mr. Clinton can redeem himself with environmentalists by opposing a Canadian firm's proposal to mine for gold, copper and silver on Henderson Mountain, 2½ miles from the northeast corner of Yellowstone.

In a June meeting in Billings, Mont., Mr. Clinton expressed concern about the New World Mine and a plan to store mining waste in fortified pools.

The pools would be built in a wetland now occupied by Fisher Creek, which flows into a larger river that reaches into Yellowstone. Fisher Creek would be diverted around waste ponds where mining tailings would be stored.

Despite the request for high-level inspection, however, officials said that while he will visit the park Friday to commemorate National Park Day, he isn't scheduled to fly over the mine.

In fact, an administration policy paper on the mine, owned by Crown Butte Mines Inc., a Montana firm owned by a web of Canadian corporations, calls for monitoring tougher regulations rather than outright opposition.

Westerners set for fight over grazing

Babbitt imposes tough new rules

By Valerie Richardson
THE WASHINGTON TIMES

DENVER — The ranchers who flocked here for last week's meeting of the American Sheep Industry Association had more on their minds than wool.

Many were less worried about the wolves on the range than the predators in Washington. When voters ushered in a posse of land-use conservatives in November, many ranchers were elated, hoping Congress would rein in Interior Secretary Bruce Babbitt's unfriendly rangeland agenda.

Unfortunately for the ranchers, Mr. Babbitt has proved much more adept at playing defense than he was at offense. Blocked by Western senators from passing his pro-green rangeland program two years ago, the secretary plans to enact today a series of grazing restrictions via administrative fiat.

Western Republicans, unable to persuade Mr. Babbitt to delay the move, have vowed to pass a 90-day moratorium on the administrative rules as soon as Congress reconvenes. A coalition of ranching interests, including the sheep association, have filed suit in U.S. District Court in Cheyenne, Wyo., to stop Mr. Babbitt.

For the nation's 29,000 cattle and sheep ranchers, the dispute means another year of being caught up in the struggle between

Congress and the Clinton administration over how to administer millions of acres of public land. "It's depressing," said Truman Julian, director of the National Public Lands Coalition and a southwest Wyoming sheep rancher.

"We're trying to resolve this issue so we can get on with our lives," he continued. "We're right back in politics as usual. We're a political football, and depending on who's at Interior, we get kicked."

Like most Western ranchers, Mr. Julian favors the proposed Livestock Grazing Act, a package sponsored by Sen. Pete Domenici, New Mexico Republican, and Rep. Wes Cooley, Oregon Republican. The proposal would raise grazing fees from \$1.60 per animal-unit month to \$2.10 and allow ranchers greater autonomy on public land used primarily for grazing.

The Babbitt regulations omit fee increases but toughen environmental restrictions and give non-ranchers greater voice over public lands through newly constituted Resource Advisory Councils. Ranchers say the new rules would put as many as 20 percent of them out of business as a result of the more onerous regulations.

Republicans are confident they can send the bill to the White House. Unfortunately for them, the administration is almost certain to veto the measure in its current form, particularly with the Babbitt plan in place.

And Washington isn't the only trouble spot.

In the West, environmental groups have undercut support for

the grazing act with a public information campaign, including anti-grazing radio ads in Mr. Domenici's home state of New Mexico. The senator is using the recess to bolster statewide public opinion for the measure, say aides.

Environmentalists also appear to have scored a key victory in winning over recreation groups. In their literature, green groups say the Republican proposal would close public land for hiking, fishing and hunting—in favor of ranching.

"For the 907 million visitors that use forests and rangeland each year, the impact could be severe," said Fran Hunt of the Wilderness Society in a mailing.

Republicans say the bill does nothing to exclude non-ranchers from enjoying public lands. "It specifically points out that multiple use is still the rule of the land," said Domenici spokesman Chris Gallegos. "Recreationalists may be wary, but if those groups take time to read the bill, I think they'll walk away confident that nothing will impinge on their right to hunt, fish and hike."

Western lawmakers have also accused the Interior Department's Bureau of Land Management of violating federal law by lobbying against the Domenici-Cooley bill. Sen. Craig Thomas, Wyoming Republican, has launched an investigation into allegations that the department has instructed its rangers to praise the Babbitt rules at the expense of the GOP proposal among recreationalists.

The Washington Times
MONDAY, AUGUST 21, 1995

Advertisers call tobacco proposal a virtual ban

By Karen Riley
THE WASHINGTON TIMES

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The cigarette ad of the future will be a white page full of black type that reads: "Marlboro Cigarettes — A Nicotine-Delivery Device."

Gone will be the colorful Kool clocks marking the time in gas station minimarts and curbside Camel signs promising gas, coffee, cigarettes and newspapers. Gone, too, will be the Marlboro signs on shopping baskets at the nation's 7-Elevens. And countryside barns will have to paint over signs for Red Man chewing tobacco.

"They want the ads to become invisible," complains Daniel Jaffe, executive vice president of the Association of National Advertisers, lambasting the Food and Drug Ad-

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ministration's sweeping new rules released last week aimed at curbing teen-age smoking.

"The government has now become the copywriter and the ad director for tobacco advertising. They can speak through your ads, but you can't. It's a very substantial step in a free society," Mr. Jaffe said.

After a week of examining the fine print of the new cigarette and smokeless-tobacco rules, advertisers say the FDA proposal is potentially even more damaging than they first thought.

Industry officials say that a closer look at the regulations shows that advertisers would be limited to using only ads that either no one will notice or companies won't want to run.

"We think this whole thing is a complete tobacco ban," scoffed John Fithian, a lawyer with the Washington firm of Patton Boggs who is representing the nation's six major advertising associations

in a lawsuit to block the new rule.

For convenience stores, race-tracks, farmers and others who agree to carry cigarette advertising, the FDA rule also means lost fees, such as the \$10 a month RJR Nabisco Inc. pays minimarts to display its Camel tank-top promotion.

"My folks are going to be under the gun. Cigarettes are profitable. They do much more promotion than soft drinks," said Jim Daskal, counsel for the Service Station Dealers of America and Allied Trades in Lanham.

The Washington Times

MONDAY, AUGUST 21, 1995

Since the federal government prohibited cigarette advertising on television and radio in 1970, cigarette advertising and promotional spending has grown from \$361 million to \$6 billion, according to the Federal Trade Commission.

FDA Commissioner David Kessler said at a Georgetown University seminar Wednesday that his proposals are intended to "dramatically change" the public landscape, where cigarette advertising is ubiquitous.

"Listen to the words of one 18-year-old, and I quote: 'I figure if it's really so bad for you, they won't be

selling it everywhere. I mean, you walk into the Stop-and-Go and there's a whole wall of them right up front at the cash register.'"

The proposed regulation would outright forbid caps and T-shirts and other paraphernalia bearing cigarette logos, ban cigarette sponsorship of sporting events, and prohibit all cigarette advertising on billboards or other outdoor displays within 1,000 feet of a playground or school.

Although the distance may seem short, some industry officials did a quick survey of one big city — Detroit — and found that there are few locations that would qualify for a cigarette billboard.

Experts who have examined the rule say that buses and taxis could also be barred from carrying cigarette ads on placards because they invariably pass in front of schools during any day.

Under the proposed rule, the FDA would allow limited advertising in magazines and newspapers, on posters and store placards, and on other outdoor displays away from schools, provided they include the added language "Cigarettes — A Nicotine-Delivery Device."

The agency's rules for print advertising are twofold. Ads appearing in magazines read by teens can be black-and-white text only — no pictures, no color.

Ads in teen magazines must also carry a special health statement in addition to the surgeon general's warning, such as "About one out of three kids who become smokers will die from their smoking." The FDA has begun testing these warnings with teen focus groups.

Publications that are read by adults are free to continue to run traditional ads. But to do so, they must provide the FDA with market data proving that no more than 2 million children read the publication or that at least 85 percent of its readers are adults.

"There's just huge confusion" about how to comply with the rule because there's scant information on teen readership, said a major magazine publisher.

The FDA rule says magazines must count readers, not subscribers. "How does the magazine count the teen who has access to Daddy's magazine at home or to a magazine available at any school or public library?" asks Mr. Fithian.

The upshot: Most major publications that currently carry tobacco ads, such as Sports Illustrated or Rolling Stone, will be restricted to the plain vanilla ads.

The rule would also limit in-store placards, billboards away from schools and direct mail (even if the mailing list is drawn from the seniors magazine Modern Maturity) to the black-and-white text-only format.

And the FDA is talking about writing other rules as well. It is reviewing whether to require ads to carry "contraindications" — those lengthy lists of potential side effects and other medical data it now requires for all prescription drug advertising. And it also wants to take over the Federal Trade Commission's jurisdiction over ad claims so in the future it could review claims made in ad copy aimed only at adults.

IN THE LOOP

Boxer, Valenti Tangle Over Movie Labels

By Al Kamen
Washington Post Staff Writer

Jack Valenti obviously never forgot what he learned from hardball master Lyndon B. Johnson. Seems Valenti, former special assistant to Johnson and now head of the Motion Picture Association—that's the studios' lobby—got into it with Sen. Barbara Boxer (D-Calif.) last month over her support of a bill that would require disclaimer labels on movies edited for sale to television, airlines and such.

The directors and artists want the labels so viewers will know their work has been doctored. The studios don't want the notices.

Valenti, in a memo floating about last week, reports to his member companies that "today I had a vigorous conversation with" Boxer [we hear it was a doozy of a shouting match] who wanted the "disparaging labels."

"She said she wanted to be upfront and honest with me," Valenti reported. "Whereupon I told her I would be equally honest with her. 'This means, Senator, that we have to oppose you in this fight with all the energy we can summon.' She was unfazed by this retort."

The memo continued: "So, the battle lines are drawn. Sen. Boxer is likely to contact many of you in the weeks and months ahead [for contributions]. I request that when she does you might politely bring up the subject of a cause which is important to us and how she stands on that issue."

"That is the role any good citizen takes with their elected representatives," civics professor Valenti opined.

Ah, democracy in action.

The Lure of Television

■ And now, the Democratic Policy Committee builds a crowd using e-mail. This alert was sent to Democratic offices on the Hill last week:

"Church leaders and child advocates will join members at the Senate swamp [this is a grassy area on the east side of the building across from the Senate steps] for a 12:30 press conference on importance of child care in welfare reform," the message said.

"50 volunteers are needed to hold posters representing kids from 50 states. Interns/staff interested in spending a few minutes at lunchtime to help kids and"—here's the inducement—"maybe get their 15 minutes of fame on C-SPAN [Hey! That's me holding the Minnesota poster!] should report to the swamp."

It's unclear how many showed as a result of the e-mail, but it's likely a number did. After all, as Gore Vidal once said, "There are two invitations one never turns down: sex and television."

Replacement Medal for the General

■ Sometimes there's a happy ending. Gen. Andrew Goodpaster, former supreme allied commander for Europe and one of a number of military heroes recently conned out of valuable military decorations and medals, now has a replacement medal of freedom.

President Clinton awarded it to him at a recent dinner at the Pentagon where Secretary of Defense William J. Perry gathered World War II heroes and

historians of the Pacific theater to prep Clinton for V-J Day ceremonies. President Ronald Reagan's 1984 proclamation for Goodpaster, who served in Europe and then did strategic planning for operations against Japan, was read at the dinner.

Another American in Paris

■ Joanna R. Shelton, now deputy assistant secretary of state for trade policy in the Economic and Business Affairs bureau, has landed one of the plummiest jobs around. Shelton, who worked at Treasury and on the Hill, is going to Paris to be one of three deputy secretaries general of the 25-country Organization for Economic Cooperation and Development (OECD).

Some people go to Ouagadougou, some go to Paris.

It's Official

■ President Clinton has nominated Nancy E. McFadden, former campaign aide and now deputy associate attorney general, to be general counsel at the Department of Transportation.

At NASA, former astronaut Brewster Shaw, director of space shuttle operations, is stepping down Friday "for personal reasons."

At the White House, Tom Epstein, who had been handling California political matters and had been a vice president for public affairs at the Disney Channel, is moving to the Public Broadcasting Service to be director of communications and public relations.

Wendy Smith, formerly in the scheduling and advance operation at the White House, moves over to the political shop to handle California and other states.

At the Social Security Administration, Linda Rhodes, a former Pennsylvania secretary for aging, is slated to be nominated deputy commissioner. She replaces Larry Thompson, who will become the SSA's chief operating officer.

In the private sector, Douglas B. Loon, former legislative director for Sen. Arlen Specter (R-Pa.), has been named director of congressional affairs for the U.S. Chamber of Commerce. Damon Thompson, longtime press secretary for Sen. David Pryor (D-Ark.) and before that a reporter with the Washington Times and the Arkansas Democrat, is moving on to be director of communications for the American Insurance Association.

Catching Up

■ With vacation almost upon us, this is a last chance to note some recent appointments and job moves:

Karl Hausker, deputy assistant administrator in the office of policy, planning and evaluation at the Environmental Protection Agency, is leaving to become a senior fellow at the Center for Strategic and International Studies. Stephen Gaskill, who worked on the 1992 presidential campaign and in the public affairs shop at Labor, has started a public affairs firm. Kenan Patrick "Ken" Jarboe, who was a senior adviser to former Senate Banking Committee chairman Donald Riegle Jr. (D-Mich.), has joined a financial consulting firm. Arthur J. Fried, most recently general counsel to a New York City housing agency, has been named general counsel of the Social Security Administration.

Mr. Clinton Can Save Yellowstone

Later this month President Clinton will vacation on a ranch near Jackson Hole, Wyo. Here is a modest suggestion for him. The President should take a short flight in one of his military helicopters to the upper reaches of Henderson Mountain in Montana, just over the Wyoming border. There he will discover a beautiful and fragile wilderness. He will also see the proposed site of a huge gold, silver and copper mine that a Canadian conglomerate wants to build.

This mine and its lethal wastes will threaten not only Yellowstone National Park, which lies three miles away, but also the adjacent wilderness. This is a catastrophe-in-waiting. The risks to the crown jewel of the national park system are so grave that Congress should appropriate \$35 million to compensate the mining company, Noranda, for its exploratory expenses and then tell it to go away.

The present anti-environmental Congress is unlikely to take such a step. It is also unlikely to pay much attention to an imaginative proposal offered by Representative Bill Richardson, Democrat of New Mexico, to put the area off limits to mining by establishing a national recreation area.

That is where Mr. Clinton comes in. If Congress will not stop this mine, he must. The Federal Government cannot simply seize the property; Noranda has established lawful title. But it has enough regulatory authority to make it onerous for the company to proceed. So far, the officials who have those powers have been reluctant to exercise them. Mr. Clinton needs to see that they do.

Under the 1972 Clean Water Act, for example, the Environmental Protection Agency and the Army Corps of Engineers can prohibit development on wetlands. Noranda proposes to dig out 56 acres of wetlands high on the mountain, where it would then build a deep reservoir the size of 70 football fields to store acid wastes. Geologists say any such struc-

ture, no matter how beautifully engineered, is bound to crack at some point given the region's extreme weather and its history of earthquakes. That would send poisons directly into the watershed. If the E.P.A. and the Corps deny Noranda the necessary permits, the company will have to look elsewhere to store its toxic material. Alternative sites could be prohibitively expensive and the company might simply fold its tent.

On June 1, Mr. Clinton told a town meeting in Billings, Mont., that he was "very worried" about the mine but that he wanted to let negotiations between Noranda and various state and Federal agencies run their course. The way things look now, the agencies are likely to give Noranda the go-ahead in exchange for pledges that the company will spend whatever is required to prevent environmental damage. That would be good but not good enough. Even if the company takes extraordinary precautions every step of the way, it cannot guarantee that the poisons produced now can be safely contained for future generations.

Mr. Clinton or his Vice President should summon the key players — Interior Secretary Bruce Babbitt, the E.P.A. administrator, Carol Browner, and Jim Lyons, who heads the Forest Service — and tell them to work out a plan. He may also have to come up with some money, but geologists say fair compensation to Noranda should not amount to more than \$50 million. That is a good deal less than the \$200 million Mr. Babbitt recently paid to major oil companies to buy out drilling leases in sensitive coastal waters.

Mr. Clinton has been making an effort in recent days to polish up his environmental credentials. Figuring out a way to stop this mine would surely help. He alone can make this the national issue it deserves to be. At risk is the oldest and greatest of our national parks.

An Enlightened Farm Bill

There is nothing surprising about bills to dismantle Federal programs that subsidize farmers or prop up food prices. Urban liberals perennially propose such bills to no avail. But the sponsor of this year's version is none other than Pat Roberts, the conservative chairman of the House Agriculture Committee. Has this Republican farm-belt Representative turned traitor?

Hardly. He is an enlightened savior. In these times of frenzied budget-cutting, bloated farm subsidies are almost certainly destined for large cuts. They go overwhelmingly to non-poor families, push farmers to produce unneeded crops and encourage them to adopt damaging planting practices. Mr. Roberts's bill would preserve some farm subsidies but eliminate the collateral damage.

Under current policies farmers of some crops are mailed checks to make up the difference between (low) market prices and (high) target prices. To keep the cost of the program in check, farmers are paid to take land out of production. The effect of these policies goes beyond hurting taxpayers and

helping farmers. The rules require some farmers to grow the same crop each year. And to make up for lost production on acres they are required to keep idle, farmers intensively apply fertilizer to acres under cultivation, damaging farm land.

The Roberts bill recognizes that farm subsidies, like other forms of welfare, can be separated from current production. He would turn over to farmers a fixed dollar amount, based on previous production of wheat, rice, cotton or feed grains. Farmers would be free to plant whatever crops in whatever quantities they chose. That should send production up and prices down, rewarding consumers. To meet budget targets, the bill would also send farm subsidies on a downward trajectory, ending their status as an open-ended entitlement and rewarding taxpayers.

Under the bill, farmers would get less, which is going to happen one way or another under deficit-reduction targets. But the bill would not cut farmers off entirely, and they would retake control over planting decisions. That is good public policy and good for farmers.

RTC Investigator Claims U.S. Officials Sought to 'Obstruct' Probe of Whitewater

By VIVECA NOVAK
And ELLEN JOAN POLLOCK

Staff Reporters of THE WALL STREET JOURNAL
WASHINGTON — A Resolution Trust Corp. investigator told the House Banking Committee that she believes high-ranking government officials made "a concerted effort to obstruct, hamper and manipulate" the results of her investigation of Madison Guaranty Savings & Loan.

The RTC's Jean Lewis, who generated the criminal referrals that kicked off the Whitewater probe, and two of her supervisors testified amid rancorous bickering between Democratic and Republican members on the second day of Whitewater hearings in the House.

Rep. Barney Frank (D., Mass.) and other committee Democrats repeatedly complained that Ms. Lewis's testimony made allegations about officials who weren't there to reply, and he moved unsuccessfully to postpone the hearing until the officials could be present. Chairman James Leach (R., Iowa) said he would invite any "impugned" officials to respond at hearings after Congress's August recess.

Democrats attacked Ms. Lewis, quoting from another RTC official's notes that said prosecutors wanted to keep her and her colleagues at arm's length. She was also questioned for tape-recording a conversation with a supervisor from RTC headquarters, which she said began inadvertently but that she continued consciously when she noticed the tape was running.

Ms. Lewis's RTC superiors removed her from the Madison probe in 1993; however, the material in her 10 criminal referrals is being investigated by Whitewater independent counsel Kenneth Starr.

She told the committee that "Whitewater did cause a financial loss to Madison, and Madison's failure cost the American people millions of dollars." She quoted extensively from her referrals in her testimony, which she said had been cleared by Mr. Starr's office, marking the first time that the text of any of the referrals has been officially released.

Mr. Starr's office declined to comment.

Ms. Lewis's 1992 referral named the Clintons as possible witnesses and beneficiaries of an alleged check-kiting scheme by Madison owner James McDougal, the Clintons' partner in the Whitewater real-estate investment. Ms. Lewis also described at length one of nine referrals she made in October 1993 that dealt with the possible diversion of Madison funds to Mr. Clinton's gubernatorial campaign committee at a 1985 fund-raiser. The event raised more than \$30,000, but questions have arisen about whether the donors contributed their own funds. GOP committee members released documents yesterday that they said proved the diversion.

But committee Democrats introduced a committee interview with another RTC

official who called Ms. Lewis's referral on the fund-raiser "scandalous" because it made a suspect of everyone.

Mr. Clinton, who signed thank-you notes for the donations, has denied knowledge of whether the funds came from other sources, such as Madison.

Documents of the Federal Bureau of Investigation and the Justice Department contradict the suggestion that there was a political attempt to quash Ms. Lewis's 1992 referral. Charles Banks, U.S. attorney in Little Rock, Ark., during the Bush administration, wrote the FBI in October 1992 that he didn't believe there was "a prosecutable case" against the witnesses, adding that the RTC's "insistence for urgency" implied an "attempt to intervene in the upcoming presidential election."

Around the same time, a Little Rock FBI official questioned in a memo why the RTC was pursuing the Madison case, about which there were many doubts, when it wasn't pursuing two other Arkansas thrifts with much greater losses.

And an analysis in February 1993 by a career lawyer in the Justice Department's criminal fraud section concluded the referral didn't provide enough factual support to warrant any prosecutions under bank-fraud laws. He also wrote: "No facts can be identified to support the designation of President Bill Clinton, Hillary Rodham Clinton or [Arkansas] Gov. Jim Guy Tucker as material witnesses to the allegations made."

At a separate Senate Whitewater hearing yesterday, Susan Thomases, a friend of the Clintons, denied that she had told former White House counsel Bernard Nussbaum that she was concerned about investigators' having unfettered access to Vincent Foster's office after his death. She recalled a phone call in which Mr. Nussbaum was "venting" about how he planned to protect the papers found in the deputy White House counsel's office. "I said, sounds good to me," said Ms. Thomases.

Ms. Thomases' testimony contradicts Mr. Nussbaum's recollection of their phone conversation. In his deposition, Mr. Nussbaum said that Ms. Thomases raised the issue and said that some unidentified "people" were concerned about unrestricted access to Mr. Foster's office, where Whitewater documents were filed.

Mr. Nussbaum has been attacked repeatedly by Republican senators, as well as some witnesses, for refusing to allow law-enforcement officials to look at documents in the office.

The conflict goes to the heart of some Republicans' theory that Ms. Thomases was conveying Mrs. Clinton's wishes to Mr. Nussbaum and other White House aides. White House lawyer Stephen Neuwirth has testified that he was left with the impression that Ms. Thomases had conveyed both Mrs. Clinton's and her own concerns to Mr. Nussbaum.

Clinton Signs Order Requiring Continued Emissions Disclosure

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON — President Clinton, countering an effort in Congress to limit manufacturers' legal requirement to disclose data on toxic emissions, signed an executive order requiring federal contractors to continue to make the data public.

At issue is an amendment to last week's House appropriations bill. The rider states that no funds may be spent to require businesses to submit data to the U.S. government "that is not specifically enumerated" in the 1986 Emergency Planning and Community Right-To-Know Act. The 1986 law established the annual Toxic Release Inventory, which collects and releases to the public data on toxic emissions from large manufacturers.

The White House is attempting to de-

fend the environment without appearing to back intrusive regulation. In a speech in Baltimore, President Clinton noted the disclosure law "does not tell companies what they can and can't produce" and "doesn't require massive bureaucracy."

The administration maintains that if the House language becomes law, it will block the Environmental Protection Agency's plan to extend the law's disclosure requirements to certain toxic chemicals used in manufacturing.

The proposed language would probably also block the EPA's plans to extend the law to nonmanufacturing facilities such as electric utilities or mines, and may also block implementation of an EPA regulation, issued last December, that nearly doubled the number of chemicals whose release must be disclosed, to 286.

In addition to yesterday's order, administration officials say that if the House measure becomes law the president will sign a second executive order expanding disclosure requirements along the lines planned by the EPA.

Philip Morris Unit's Labels To Display Sales Warning

By a WALL STREET JOURNAL Staff Reporter

NEW YORK — Philip Morris Cos. said its U.S. unit began producing cigarette packs and cartons labeled "Underage Sale Prohibited."

The move comes as President Clinton is widely expected to announce federal regulations of cigarette sales to minors, perhaps as early as this week. His action follows the Food and Drug Administration's determination that nicotine can be regulated as a drug.

The label appears in small print on the side of the package, above the surgeon general's warning that "quitting smoking now greatly reduces serious risks to your health." The new labels will start appearing in stores in six to eight weeks, the company said.

In June, amid mounting pressure over youth smoking, Philip Morris unveiled several measures to discourage cigarette sales to minors, including banning free samples and pushing to license cigarette retailers. The company said the label will be on all its U.S. cigarette packages by the end of the year.

Welfare Bill Is Put on Hold Until September

Split Among GOP Leaders Delays Senate Action; Medicare Cuts Are Issue

By CHRISTOPHER GEORGES
And DANA MILBANK

Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON — Senate Republicans yesterday abandoned any hope of completing welfare-overhaul legislation before the summer recess. At the same time, some key party members signaled a desire for smaller cuts in Medicare than the budget assumes.

The decision to postpone action on welfare until September reflected divisions in the party that continue to frustrate Majority Leader Robert Dole of Kansas. Senate GOP moderates, who had won several concessions in the measure in the past few weeks, were still pushing yesterday for stronger guarantees of child care for welfare mothers. They also sought stronger assurances that states would put up at least some of their own funding to complement federal welfare outlays, which the Dole measure didn't require.

Conservatives, meanwhile, led by Sen. Phil Gramm of Texas, were seeking stronger restrictions on aid to mothers who have children out of wedlock, as well as limits on aid to teenagers and those already on welfare who have additional children.

With time running out before the August recess that is scheduled to begin at the end of the week, Sen. Dole pulled the bill, in favor of moving on to other measures.

In the case of Medicare, members of two Senate committees charged with re-vamping Medicare suggested growing support for cutting Medicare spending less than was proposed. The current proposal would reduce Medicare spending by \$270 billion in seven years. While senators declined to suggest a new spending target, some suggested the proposed spending cuts might be scaled back by billions of dollars.

Several said funding for Medicaid, the health-care program for the poor, might be reduced more than the proposed \$180 billion in seven years, to help make up

Please Turn to Page A4, Column 1

Continued From Page A2

for smaller cuts in Medicare spending.

"There will continue to be a debate over the relative proportion on how much Medicare and Medicaid savings there will be," said Tennessee Sen. Bill Frist, who leads the Senate Medicare task force established by Sen. Dole last week. "Over the next few weeks, the numbers may well shift." The 13-senator task force is expected to be a liaison between the Finance Committee, which has direct jurisdiction over both Medicare and Medicaid, and the rest of the Senate on the issue.

Meanwhile, Bob Packwood, (R., Ore.), chairman of the Senate Finance Committee, said he "wouldn't dismiss the idea" of cutting less from Medicare and more from Medicaid to meet spending targets. Other senators on the Medicare task force, such as Majority Whip Trent Lott of Mississippi, said proposed Medicare cuts could be tempered. Sen. Lott said he would "be inclined to support" a plan to spend more on Medicare and less on Medicaid, but added that the task force "has not yet come to that conclusion."

Sens. Packwood and Frist also said their committees were far from any final decisions on Medicare spending levels. The Finance Committee, for example, won't formally take up the issue for several weeks. Sen. Frist said the task force, which has met almost daily since being formed, is still only in preliminary discussions.

Other key senators, however, brushed aside the notion of scaling back proposed Medicare spending reductions. "We have to stick with \$270 billion," said New Mexico Sen. Pete Domenici, chairman of the Budget Committee which helped set the Medicare target this year. A spokesman for Sen. Dole said the majority leader hadn't indicated support for reducing Medicare spending by less than \$270 billion.

Compared with the looming Medicare battle, the welfare debate is little more than a warm-up. Even so, yesterday's action was clearly a GOP setback both politically and logistically. The Senate faces the prospect of attempting to pass several disputed bills, including welfare, and Medicare and Medicaid reform, in the span of a few weeks this fall.

Miners Win Senate Victory On Land Claims

By DAVID ROGERS

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — The Senate, in a victory for Western mining interests, voted to renew the practice of the government processing "patent" applications that allow companies to take title to federal lands where they have staked mineral claims.

By a 51-46 vote, senators chose not to extend a moratorium enacted last year and due to expire Sept. 30, the end of the fiscal year. Only last month, 95 Republicans joined Democrats in the House in support of continuing the ban, but the picture was very different in the Senate last night, when all but eight GOP senators voted en bloc with Western colleagues and mining interests.

In a subsequent 53-46 roll call, the Senate agreed to impose new restrictions requiring companies to pay fair market value for the surface land on the claims. But critics argued that the reforms were a "sham" and fell far short of what is owed the government—and taxpayers.

"They say fair market value and never say that's the surface," said Sen. Dale Bumpers (D., Ark.), who has supported the moratorium as part of a larger struggle to revise the current system of 19th-century mining laws. These statutes, dating to the post-Civil War period, have allowed miners to take title to land for as little as \$2.50 to \$5 an acre. In some cases, this has led to speculation embarrassing to the industry, and the issue has been seized upon by those such as Mr. Bumpers who want companies to pay higher royalties as well for the ore taken out of the lands.

Senate Energy Committee Chairman Frank Murkowski (R., Alaska), who opposed the moratorium, promised to act on mining reform legislation in this Congress. But a major effort last year collapsed amid wrangling, and the issue is aggravated by tensions between Republicans and Interior Secretary Bruce Babbitt, who had slowed the issuing of patents by the department even before the moratorium was imposed.

Last night's mining debate came as the Senate took up a \$12.05 billion natural-resources bill that cut almost \$1.5 billion from current spending. Senate Budget Committee Chairman Pete Domenici (R., N.M.) protested the cuts from Bureau of Indian Affairs programs, and the National Endowments for the Arts and Humanities also face major reductions.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
NATURAL RESOURCES DIVISION

INTERIOR BRANCH

FAX COVER SHEET

FAX NUMBER: (202) 395-8899
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DATE:

7 / 27 / 95

61647

TO:

Elena Kagan

FROM:

Janet MINKLER

Number of pages being transmitted
(including cover sheet): 5

COMMENTS:

Per our discussion on November ~~27~~
Patent Claim Modification
attached is our draft letter
(see page 2)

Honorable Mark O. Hatfield
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

DRAFT

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on H.R. 1977, the Department of the Interior and Related Agencies Appropriations Bill, FY 1996, as reported by the Senate Subcommittee. The Administration has just recently received the Subcommittee bill; therefore these views should be considered preliminary. Your consideration of the Administration's concerns presented below would be appreciated.

The Administration is pleased that the Senate Subcommittee has improved funding levels over the House-passed bill for several key investments and agencies. Notably, the Administration commends the Subcommittee for: increasing funds for science in the Department of the Interior, including funding for the Natural Resource Science Agency, the Bureau of Mines, and the U.S. Geological Survey; implementing the 1994 California Desert Wilderness Act by restoring FY 1996 funding requested for the East Mojave National Preserve to the National Park Service; and increasing funding for Energy Conservation programs.

Despite these improvements, our preliminary review has uncovered several new legislative restrictions, reductions in investment programs, and continued funding for low-priority items, such as earmarking for construction projects. In addition to these changes, many of the previously stated objections to the House-passed bill have not been addressed. For the reasons outlined in this letter, I would recommend that the President veto the bill if it were presented to him as reported by the Senate Subcommittee.

Native American Programs

DRAFT

While the Administration commends the Senate for increasing funds for the Indian Health Service, the 23-percent reduction to Bureau of Indian Affairs' (BIA's) programs would devastate tribal governments and other basic services to reservations, reversing progress that has been made towards meaningful self-determination. The Administration strongly opposes the 35-percent cut for Tribal Priority Allocation (TPA) programs, which include basic tribal government operations, law enforcement, housing improvement, general assistance, child welfare, and vocational training. The TPA programs are the Tribes' highest priority. These cuts demonstrate the inadequacy of the total allocation for the Interior bill.

The Administration strongly opposes the transfer of responsibility for all trust programs from the Assistant Secretary - Indian Affairs to a special trustee's office in the Office of the Secretary of the Interior. This action, coupled with an \$18 million reduction for trust operations, would impair ongoing efforts to improve the management of trust funds.

Patent Moratorium

The Administration opposes the provision of the Subcommittee bill that would delete the current moratorium on patenting mining claims on Federal lands. Patenting means privatizing valuable Federally-owned mineral deposits, with only minimal returns to taxpayers, and putting these deposits beyond the reach of any royalty payment to the Federal treasury.

Endangered Species Act

The Administration strongly objects to the severe, 29-percent reduction to the request for Endangered Species Act (ESA) activities. The Subcommittee puts a moratorium on Endangered Species listings, and also reduces funds for consultation,

DRAFT

prelisting, and recovery activities. These activities are preventive measures that help keep species off of the endangered or threatened species list so that local communities will not be negatively affected by the Act. Reducing the Fish and Wildlife Service's ability to work with States, local communities, and private citizens at an early stage outside of the regulatory environment would simply cost more money and cause more economic, social, and environmental conflicts in the long run.

Pacific Northwest

The Administration strongly objects to the reduction in funding for economic and environmental activities in the Pacific Northwest. These reductions would severely undermine the implementation of the Forest Plan, which will achieve a reasonable balance between resource use and conservation. Excessive language requirements also impinge upon the ability of the Fish and Wildlife Service and the Forest Service to implement and monitor the plan.

Columbia River Basin Ecoregion Assessment Project

The Administration is opposed to the appropriations language and funding restrictions of the House bill that would discontinue the Interior Columbia River Basin Ecoregion Assessment Project. This comprehensive plan uses an innovative, multi-agency, coordinated approach to the management of public lands to improve salmon habitat, forest health, and multi-species protection within the Columbia River Basin.

Tongass National Forest

The Administration strongly opposes the language in the bill that would prohibit the use of funds for activities that are not in compliance with the 1991 Alternative "P" Forest Management

DRAFT

Plan for the Tongass, which may impede the appropriate management of these forest resources based upon the most recent and up-to-date information.

Department of Energy

The Administration supports the decision of the Subcommittee to delete the language that would restrict the Department of Energy (DOE) from issuing appliance efficiency regulations. However, we urge the Committee to eliminate the revised Section 320, which would still prohibit DOE from issuing standards for high-efficiency ballasts for fluorescent lights.

We look forward to working with the Committee to address our mutual concerns.

Sincerely,

Alice M. Rivlin
Director

Identical Letters Sent to Honorable Mark O. Hatfield,
Honorable Robert C. Byrd, and Honorable Slade Gorton

T.J. Gauthier -

Last yr. Babbit held up issuing patent
We lost the case
Press event - oversized 105. check
(sipping over 106. land)

Active role in supporting m. politically
- ref in 87.
citing it as an example of
perk for corps, many of
whom are foreign owned.

Surprised it it
survives the Senate

G. Miller
v.
Simpson

1. What prospects are in the Bill.
2. What the Pres could do if wanted to vote but up.
3. Current mining controls??

Bruce Beard -

Chute / subcommittee active?
when to floor?

ME -

what happened on H floor?
where do mems stand in the
Senate?
Who are our allies - in both H + S?
Who's taking the lead?
Anything else we can be doing?

what of comprehensive reform?
what's the history?
what kind of net?
back-barrier - how as mems?
1st?

Tamir Minkler

In H. subcommittee - lifted unrat
cube

reinstated in H. floor.

freshman Repuss gotten - looked at
from revenue standpoint.

S. subcommittee taken it out if.

2 Approps.

drafted a ltr - when do you
to think expect to go out?

soon.

W. Sims agr us

//

G. Miller

Byrd

Chuck Keenleyside
(Jack Lira)

54790

Bruce Brand

Send markup in subcate - yesterday
↳ full cate " throw at 10:00

now working to put together a letter to
full cate -

-[TJ-Gauthier] 2

Put in mail
bring copies to West
Wing office

4-2230

Tim Keating / Paul Carey / Susan Brophy

What's going on in appropri process?

→ sthng we should be doing/saying?
allies?

History from last year?

Lydia Muniz —

Brue Brand
Branch Chief
54806

SAP went to H. floor

letters

SAP (to H)

new
sec.

— testimony —

243

Examiner → ?

↓

→ Branch chief - see above

PAD - take it to - TU 6/05/81

62280

Time Keeping

Admin - SAP continuing ^{the patent} mechanism on 70th in
mining claims on Fed'l lands.

supports H. action to renegotiate

supports house action

SAP done? when? copy?

Tell him of Pres.

Something else we can be doing / saying?

Who's taking the lead?

What of comprehensive reforms?

1872 Mining Law

- gives legal title to life, taking care, paying no royalty w/ no oblige to restore.
- power to patent (purchase) mine rights for \$5 per acre.

Comprehensive reform blocked last year.

Today stalled in Senate Energy Committee.

Last Sept - 1-yr moratorium on patenting.

Must be renewed in Interior's pending funding bill.

June 20 - House Appropriations ~~and~~ subcommittee voted to let moratorium expire.

- restores patenting privilege

- directs ID to issue patents on accelerated basis

ID's appropriations bill in House

already?

Senate?

Pres asks: can't we do more w/ this?



July 12, 1995
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1977 -- DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996

(Sponsors: Livingston (R), Louisiana; Regula (R), Ohio)

This Statement of Administration Policy provides the Administration's views on H.R. 1977, the Department of the Interior and Related Agencies Appropriations Bill, FY 1996, as reported by the House Appropriations Committee.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by \$5 billion in outlays below the FY 1995 enacted level. The Administration supports reducing spending but does not share the priorities reflected in the Committee's mark or support the level of funding assumed by the Committee's 602(b) allocations.

For the reasons discussed below, the Secretary of the Interior and the Director of the Office of Management and Budget would recommend that the President veto the bill if it were presented to him in its current form.

Department of the Interior

While the Administration recognizes the funding constraints the House faces, the Committee's proposed cuts in science and research, particularly for the National Biological Service (NBS) and the Bureau of Mines, would cripple effective operation of the land management agencies' programs that the Committee has tried to protect. The 35-percent reduction to the NBS request would devastate the research that has been conducted for years and supported land management decisions before the NBS was ever conceived. These reductions and eliminations would cause nationwide reductions-in-force and the closure of major research centers with unique expertise and capabilities. The ability of the land management agencies to make resource decisions on an objective scientific basis would be severely reduced.

Likewise, the Administration does not support the Committee's action that would underfund natural resource protection and land management operations in the National Park

Service, Bureau of Land Management, and Fish and Wildlife Service. Operating programs in these three bureaus would be reduced \$174 million, or seven percent, below the President's request. Specifically, the Administration strongly objects to the severe, 31-percent reduction of funding below the request for Endangered Species Act (ESA) activities -- with no funding for species prelisting or listing. ESA consultation, prelisting, and recovery activities are preventative measures that help keep species off of the endangered or threatened species list so that local communities will not be negatively affected by the Act. Reducing the Fish and Wildlife Service's ability to work with States, local communities, and private citizens at an early stage outside of the regulatory environment would simply cost more money and cause more economic, social, and environmental conflicts in the long run.

The Administration also objects to the Committee's decision to undo the 1994 California Desert Wilderness Act by transferring FY 1996 funding requested for the East Mojave National Preserve to the Bureau of Land Management and, therefore, not providing full funding for the Act's implementation. The Act established the largest addition to the National Parks System since the passage of Alaskan parks legislation in 1978 and 1980, and placed these unique lands under the management of the National Park Service. The Committee's action would essentially rewrite the authorization bill enacted in the last Congress.

The Administration is strongly opposed to language provisions that would prohibit any new surveys on private lands and prohibit the use of volunteers. The National Biological Service has always followed State laws with respect to private property, and congressional direction to obtain written permission from the affected landowners to conduct new surveys. Furthermore, volunteers are necessary to conduct key migratory and game bird surveys, including the Breeding Bird Survey. Because States depend on these survey data to establish hunting regulations, the restriction on volunteers could threaten future hunting seasons.

The Administration is opposed to the appropriations language and funding restrictions that would discontinue the Interior Columbia River Basin Ecoregion Assessment Project. This comprehensive plan uses an innovative, multi-agency, coordinated approach to the management of public lands to improve salmon habitat, forest health, and multi-species protection within the Columbia River Basin. Failure to proceed with the plan would jeopardize the ability of the Forest Service and the Bureau of Land Management to maintain a sustainable flow of timber and the production of other goods and services generated by the forests in the affected area.

The Administration strongly opposes the reduction of funding for other economic and environmental activities in the Pacific Northwest. Reduced funding would decrease the Department of the

Interior's ability to perform critical consultations with other land management agencies as well as with private landowners under the Endangered Species Act's "4(d) rule," which was proposed by the Administration to ease spotted owl taking prohibitions on private lands. The lower level of funding would also impair the ability of the Administration to meet its timber harvest goals under the rigorous criteria of the Forest Plan and maintain momentum with ongoing watershed analysis. The reduction in requested funding would also decrease the number of jobs associated with project work under the "Jobs in the Woods" program and the rate of recovery for impaired watersheds.

The Administration also opposes congressional add-ons for unrequested, low-priority items, such as the Water Resources Research Institutes, at the expense of higher-priority needs like the national parks and sound science.

The Outer Continental Shelf

The Administration strongly supports the Committee's decision to reinstate the long-standing legislative moratoria on oil and gas leasing and drilling on certain lands of the Outer Continental Shelf (OCS). Maintaining these moratoria will protect the environment and economies of California, Florida, the Pacific Northwest, Alaska, and other coastal states. It will also aid Administration efforts to resolve disputes involving OCS policy and base that policy on sound science protecting America's sensitive coastal ecosystems.

Funding for Native American Programs

The Administration opposes the Bureau of Indian Affairs (BIA) reductions proposed by the Committee. The President's request for BIA recommends \$1.9 billion (nine percent over FY 1995) to fund critical education, law enforcement, health and safety, and other services on reservations. The proposed 12-percent reduction below the request would threaten or eliminate these services. The Administration urges the House to restore BIA funding to the President's requested level.

The Administration also opposes the Committee's proposed elimination of Indian Education programs and the Office of Indian Education within the Department of Education. Funds provided by this office serve the 90 percent of Indian children who attend public rather than BIA-funded schools. These programs provide academic and enrichment services that would otherwise be unavailable to Indian students.

For Indian Health Services (IHS), the Administration has proposed \$1.8 billion for FY 1996, a \$106 million (six percent) increase over FY 1995. The requested funding level would support staffing at new health facilities and allow expansions in women's and elderly health, child abuse, and urban Indian health care. The Committee mark would fund no expansions and would require the IHS and tribal health care programs to absorb \$90 million in expected increases for current program activities. The Administration urges the House to restore IHS funding to the President's requested level.

Forest Service (USDA)

The Administration supports the Committee's decision to increase funding for recreation and rangeland management, and maintain funding for forest health and fire management under State and Private Forestry. However, the reductions to trails and facilities construction would not allow the Forest Service to rehabilitate decaying infrastructure and would lead to further resource damage to National Forest lands. The elimination of funding for the Stewardship Incentives Program would cause a subsequent loss of leveraged funding from private landowners and States of \$27 million. This would curtail the implementation of stewardship practices, such as reforestation and timber stand improvements, on thousands of acres of non-industrial private forestlands. The Administration urges the House to restore funds partially for these programs by reallocating funding provided above the requested level for timber sales management.

Department of Energy (DOE)

The Administration strongly opposes the 40-percent overall reduction in Energy Conservation programs, which would seriously disrupt several high-priority Administration initiatives. The 50-percent cut in the State Grants program would mean that 50,000 to 60,000 low-income homes would not be weatherized and that numerous State energy initiatives would not be funded through DOE block grants. The cuts in Energy Conservation research and development would make meeting climate change and greenhouse gas reduction goals difficult and would impair future improvements in the energy efficiency of buildings and the industrial sector. The 23-percent reduction to the request for the Partnership for a New Generation of Vehicles would impede progress toward vehicle efficiency and emission reductions. These sectors hold great promise for efficiency improvements but are targeted for the largest reductions by the Committee mark.

The Administration's efforts to reduce emissions of greenhouse gases would be further impeded by the Committee's action to eliminate funding for the extraction and use of coal-bed methane.

The Administration opposes funding the Clean Coal Technology program at \$140 million over the request, particularly at the expense of higher-priority needs like energy conservation. As part of Reinventing Government, the Administration has proposed no new starts for the clean coal program, and plans to terminate the program once ongoing projects are completed.

The Administration would oppose any amendment offered on the floor that would prohibit the sale or scoring of the sale of oil from the Strategic Petroleum Reserve for the purpose of decommissioning Weeks Island.

AmeriCorps

The Administration objects to language included in the Committee bill that would prohibit the use of funds provided in the bill for AmeriCorps national service projects. Although it has been in existence for less than a year, the Americorps program has had remarkable success in terms of providing national service opportunities, with an impressive return on investment for taxpayers. For example, at the Everglades-South Florida project, 110 AmeriCorps members have worked on 55 individual projects at four National Parks and six Fish and Wildlife units. Thirty of the 40 planned water monitoring stations have been installed, calibrated, and placed in operation, saving \$250,000 annually. The House is urged to delete this language from the bill.

Section 2477 of the Revised Statutes (RS 2477)

The Administration objects to the moratorium on implementing Interior's final regulation to resolve RS 2477 disputes. This regulation would provide a process to resolve legal questions concerning rights-of-way on public lands. A moratorium would maintain the status quo and uncertainty about which rights-of-way represent valid claims.

Patent Moratorium

The Administration strongly supports continuing the moratorium on patenting mining claims on Federal lands. Patenting means privatizing valuable Federally-owned mineral deposits, with only minimal returns for taxpayers, and putting these deposits beyond the reach of any royalty payment to the Federal treasury. The Administration consequently opposes the Committee's action that would lift the current moratorium.

Cultural Agencies

The Administration opposes the drastic cuts in funding for the arts and humanities and museum services recommended by the Committee. The National Endowment for the Arts (NEA), the National Endowment for the Humanities (NEH), and the Institute for Museum Services (IMS) play an important role in the

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preservation of American artistic and cultural heritage and expression. The NEA ensures that arts programs can be brought to a wider audience, including inner-city youth; major research and educational projects depend on support from the NEH; and the IMS provides critical resources to small and rural museums. In addition, these agencies have a positive impact on regional economies and in leveraging private funds for the Federal funds invested.

The Administration also objects to the Committee's reduction in funding for the Smithsonian Institution, National Gallery of Art, and the Woodrow Wilson Center. The elimination of funding for the Smithsonian's National Museum of the American Indian would result in construction delays and jeopardize the safety of many artifacts stored in substandard conditions. In addition, reductions in the funds for Repair and Restoration (27 percent for the Smithsonian and 44 percent for the National Gallery of Art) would exacerbate declining conditions in the Mall museums. For the Woodrow Wilson Center, a 39 percent reduction in requested funding would prolong the current inadequate space and facilities used by the Center in the Smithsonian Castle. The Administration urges the House to restore funding for these programs.



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

THE DIRECTOR

June 21, 1995

Honorable Bob Livingston
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on the Department of the Interior and Related Agencies Appropriations Bill, FY 1996, as reported by the House Subcommittee. The Administration has serious objections to the legislation in its current form. Your consideration of the Administration's concerns presented below would be appreciated.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by \$5 billion in outlays below the FY 1995 enacted level. While the Administration supports reducing spending, we do not share the priorities reflected in the Subcommittee's mark or support the level of funding assumed by the Committee's 602(b) allocations.

The Outer Continental Shelf

The Administration strongly opposes the provision of the Subcommittee bill that would eliminate the long-standing legislative moratoria on oil and gas leasing and drilling on certain lands of the Outer Continental Shelf (OCS). The President noted yesterday that lifting these moratoria would endanger the environment and economies of California, Florida, the Pacific Northwest, Alaska, and other coastal states. It would also undermine Administration efforts to resolve disputes involving OCS policy and base that policy on sound science protecting America's sensitive coastal ecosystems. The Administration urges the Full Committee to reinstate the moratoria.

Department of the Interior

While the Administration recognizes the funding constraints the Subcommittee faces, the Subcommittee's proposed cuts in science and research, particularly for the National Biological Service (NBS) and the Bureau of Mines, would cripple effective operation of the land management agencies' programs that the Subcommittee has tried to protect. The 35-percent reduction to

the NBS request would devastate the research that has been conducted for years and which has supported land management decisions before the NBS was ever conceived. This reduction, coupled with the proposed elimination of the Bureau of Mines, would cause nationwide reductions-in-force and the closure of major research centers with unique expertise and capabilities. The ability of the land management agencies to make resource decisions on an objective scientific basis would be severely reduced.

Likewise, the Administration does not support the Subcommittee's action that would underfund natural resource protection and land management operations in the National Park Service, Bureau of Land Management, and Fish and Wildlife Service. Operating programs in these three bureaus would be reduced \$174 million, or seven percent, below the President's request. Specifically, the Administration strongly objects to the reduction of funding for Endangered Species Act prelisting and recovery activities. These activities are preventative measures that help keep species off of the endangered or threatened species list so that local communities will not be negatively affected by the Act. Reducing the Fish and Wildlife Service's ability to work with States, local communities, and private citizens at an early stage outside of the regulatory environment would simply cost more money and cause more conflicts in the long run.

We also object to the Subcommittee's decision to undo the 1994 California Desert Wilderness Act by transferring FY 1996 funding requested for the East Mojave National Preserve to the Bureau of Land Management and, therefore, not providing full funding for the Act's implementation. The Act established the largest addition to the National Parks System since the passage of Alaskan parks legislation in 1978 and 1980, and placed these unique lands under the management of the National Park Service. The Subcommittee's action would essentially rewrite the authorization bill enacted in the last Congress.

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Funding for Native American Programs

The Administration opposes the Bureau of Indian Affairs (BIA) reductions proposed by the Subcommittee. The President's request for BIA recommended \$1.9 billion (nine percent over FY 1995) to fund critical education, law enforcement, health and safety, and other services on the reservations. The proposed 12-percent reduction would threaten or eliminate these services. The Administration urges the Committee to restore BIA funding to the President's requested level.

The Administration also opposes the Subcommittee's proposed elimination of the Office of Indian Education within the Department of Education. Funds provided by this office serve the 90 percent of Indian children who attend public rather than BIA-funded schools. This program provides academic and enrichment services that would otherwise be unavailable to Indian students.

For Indian Health Services (IHS), the Administration has proposed \$1.8 billion for FY 1996, a \$106 million (six percent) increase over FY 1995. The requested funding level would support staffing at new health facilities and allow expansions in women's and elderly health, child abuse, and urban Indian health care. The Subcommittee mark would fund no expansions and would require the IHS and tribal health care programs to absorb \$90 million in expected increases for current program activities. The Administration urges the Committee to restore IHS funding to the President's requested level.

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The Administration's efforts to reduce emissions of greenhouse gases would be further impeded by the Subcommittee's action to eliminate funding for the extraction and use of coal-bed methane.

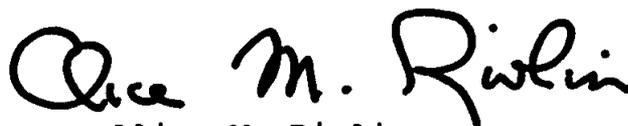
Other Independent Agencies

The Administration opposes the drastic cuts in funding for the arts and humanities and museum services recommended by the Subcommittee. The National Endowment for the Arts (NEA), the

National Endowment for the Humanities (NEH), and the Institute for Museum Services (IMS) play an important role in the preservation of American artistic and cultural heritage and expression. NEA ensures that arts programs can be brought to a wider audience, including inner-city youth; major research and educational projects depend on support from the NEH; and the IMS provides critical resources to small and rural museums. In addition, these agencies have a positive impact on the arts economy and in leveraging private funds for the Federal funds invested.

We look forward to working with the Committee to address our mutual concerns.

Sincerely,

A handwritten signature in black ink that reads "Alice M. Rivlin". The signature is written in a cursive, flowing style.

Alice M. Rivlin
Director

Identical Letters Sent to Honorable Bob Livingston,
Honorable David R. Obey, Honorable Ralph Regula,
and Honorable Sidney R. Yates

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THE WASHINGTON POST
FRIDAY, JULY 7, 1995

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Philip M. Hocker Digging a Gold Mine From the Treasury

This 104th Congress rode into Washington with reform guns blazing, pledged to shrink government, balance the federal budget and place the public's interest above traditionally powerful special interests. Is all this the aura of true fiscal conservatism? Or will the new Congress succumb to baser motives and resume the fiscal folly of favors for the same influential companies who have dug a gold mine from the Treasury in the past?

The law is more than a century out of date.

The test is reforming the 1872 Mining Law. That law was passed 123 years ago to legalize miners' diggings in the American West. Mining companies could not have asked for more: The Mining Law gave, and still gives, mining companies an automatic legal right to dig gold, silver or other metals anywhere on public land where they can make a profit. It lets them take the ores for free and pay no royalty to the public. It lets them mine without restoring the land and waters they foul to original condition when they finish. And it gives them power to "patent," or purchase, mineral-rich mine sites from the federal government for \$5 or less per acre, no matter what El Dorado lies beneath the surface.

None of this makes any sense in 1995. Our frontier is settled. Mining is run by huge multinational corporations, not lonesome sourdoughs. The pick, shovel and mule of 1872 have been replaced by trucks the size of three-story houses, excavators that take 40-ton bites from the land and annual doses of millions of tons of toxic mining chemicals like cyanide. This highly profitable industry neither needs nor deserves the special corporate welfare system Congress created for it 123 years ago.

Amazingly, though, the subsidies of 1872 are still the law today. And today's large-scale mining companies are exploiting the Mining Law in a very big way. In May 1994 a Canadian mining company, Barrick Gold Corp., patented 1,038 acres of land in Nevada—land that until then had been owned by all Americans. Barrick paid U.S. taxpayers \$5,190 for the mine site. It got clear title to the Goldstrike Mine, an ore deposit that holds more than

\$10 billion in gold.

A few months later, Santa Fe Pacific Gold Co., one of the largest holders of Mining Law claims in the country, bought 344 acres of federal land containing the Mesquite Mine in California. The site contains more than \$266 million in gold. The company paid \$1,725 for the patents.

Those are just two recent examples. Since 1872, by use of the Mining Law, more than 3.2 million acres have been patented, and \$273 billion worth of minerals have been taken from America's lands. The public's return? Five dollars per acre, at best.

The Mining Law's corporate welfare program has many facets besides patenting: its free grant to miners of the right to denude sensitive wild lands, its absence of environmental provisions tailored to the massive impacts of billion-ton open pits ("we're not just impacting the environment, we're removing it," an industry attorney exclaimed), its royalty-free annual giveaway of billions in valuable ores. All of these giveaways should be ended through comprehensive reform of the 1872 law. However, industry-friendly Western senators blocked comprehensive Mining Law reform last year, and it is stalled in the Senate Energy Committee today. The immediate test that confronts Congress is the patenting privilege.

Last September, Congress halted Mining Law patenting with a one-year moratorium. Not a moment too soon. Because, though much has been handed away, much remains. The moratorium blocked immediate giveaway sales of 235 more mine sites around the country, sites that contain \$15.5 billion in additional gold, silver and other minerals. Beyond those sites, the other lands that are still public and that have still not been patented hold more vast mineral riches: riches that belong to all Americans and that can help balance the federal budget. These are riches Congress should preserve, not patent.

But the moratorium passed last year was only a one-year halt, and now it must be renewed in the Interior Department's pending funding bill. Sadly, on June 20 the House Appropriations subcommittee voted to let the moratorium expire.

It gets worse: Not only does the subcommittee's bill restore the miners' special patenting privilege, but its report even includes a provision that directs the Interior Department to issue Mining Law patents on an accelerated timetable. The provision was written by large gold mining companies and promoted by Rep. Barbara Vucanovich (R-Nev.).

The full House of Representatives can still restore it. An amendment to reinstate the moratorium will be offered when the Interior Department's appropriations bill comes before the House in a few days.

There is little hope that the Senate will pass a moratorium if the House falters. The representatives will be tested by whether they stand up against one of the most egregious examples of corporate welfare on the books, the 1872 Mining Law's patenting legacy.

The writer is president of Mineral Policy Center, a nonprofit organization.

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Clinton to Unveil Bid to Save Taxpayers Total of \$3.7 Billion

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON — President Clinton plans to unveil today a series of government reforms aimed at saving taxpayers more than \$3.7 billion over five years.

The measures, part of the administration's drive to "reinvent" government, involve the Agriculture and Commerce departments and intelligence agencies.

The White House announcement is timed to celebrate the second anniversary of Vice President Al Gore's reinventing government report, formally known as the National Performance Review. A Clinton aide said the president also hopes to underscore attempts to shrink the deficit as the White House gears up to confront Congress over the budget.

At the Agriculture Department, the new measures are aimed at reducing spending by \$2.7 billion over five years. Among the steps: consolidating the processing of single-family housing loans, which the administration claims will save \$250 million over five years; terminating the emergency farm loan program, for a savings of \$142 million over five years; and reducing fraud in the food stamp program, saving \$40 million over five years.

The Commerce Department proposals, which the administration says would save more than \$1 billion, include privatizing portions of the National Weather Service, and altering methods for taking the next nationwide census.

Teamsters Threaten Ryder With Car-Hauling Strike

By a WALL STREET JOURNAL Staff Reporter

The Teamsters threatened to strike Ryder System Inc.'s large car-hauling operation beginning at 6 a.m. today, sending the Big Three auto makers scrambling to make other arrangements for transporting their new vehicles.

Ryder, the nation's largest highway carrier of autos with about 5,000 unionized employees, is one of numerous haulers that have been in negotiations with the Teamsters since January over a contract that expired in May. The talks, which hit an impasse over "work preservation" guarantees addressing the transfer of jobs to non-Teamster operations, broke off Sept. 1, according to the Teamsters, whose members last spring voted to authorize a strike if necessary.

Late yesterday, both sides said they were "hopeful" that a resolution could be reached before the deadline. The immediate dispute hinges, a Teamsters spokesman said, on a technicality: Ryder's refusal to provide information on certain of its operations.

The strike is targeted only at Ryder, which, the union spokesman said, is the remaining holdout on key issues among the eight participating auto haulers.

Babbitt Grudgingly Approves \$275 Sale Of Land Holding \$1 Billion in Minerals

By CHARLES MCCOY

Staff Reporter of THE WALL STREET JOURNAL
The Interior Department grudgingly sold 110 public acres in Idaho that's believed to hold more than \$1 billion of minerals to a Danish mining concern. The price: \$275.

Interior Secretary Bruce Babbitt immediately denounced the sale as "corporate welfare" and further evidence the 1872 law governing such sales is a "rip-off" for U.S. taxpayers. He said he had no choice but to approve the sale because his "hands were tied" by the law, which allows anyone to claim and acquire public land for hardrock mining for as little as \$2.50 an acre. Under the law, no royalties are paid on the gold, silver or other hardrock minerals extracted from public lands.

In the sale announced yesterday, Copenhagen-based Faxekalk Inc., a producer of calcium carbonate and related minerals, acquired public land in Clark County, Idaho, that contains about 14 million tons of high-grade travertine. Travertine is used to whiten paper. Mr. Babbitt and mining consultants estimated the value of the deposit at more than \$1 billion.

Faxekalk paid the minimum under the 1872 law: \$2.50 an acre. It will pay no royalties. The deal isn't particularly large compared to others under the law: Last year, Canadian mining concern American Barrick Resources Inc. obtained gold deposits in Nevada with an estimated value of \$10 billion by paying about \$10,000.

Faxekalk couldn't be reached to comment. Mining interests defend the 1872 law on the grounds that it creates jobs and stimulates mining that otherwise wouldn't take place because of the high risks and heavy capital costs mining entails.

But Mr. Babbitt said the Faxekalk sale underscores the need to reform the law, which was passed during the administration of Ulysses S. Grant to spur develop-

ment of the West. Mr. Babbitt said the federal government is losing out on an estimated \$100 million in annual royalties because of the law. The estimate is based on royalty rates charged by private landowners for hardrock minerals.

In addition, the government has been stuck with enormous cleanup costs for pollution at mines opened under the law, many of which are Superfund sites.

Numerous attempts to amend the law, raise fees and impose royalties on hardrock mining have been beaten back by mining companies and sympathetic Western congressmen. Mr. Babbitt made reforming the law one of his main priorities when he was named Interior Secretary in 1993, but an overhaul effort died last fall amid opposition from mining interests. Congress last year slapped a moratorium on issuing mining patents, which expires Oct. 1. (Faxekalk's Idaho patent had been exempted from the moratorium.)

The Republican-controlled Congress has proposed various bills that keep most of the 1872 law's provisions favoring mining interests intact. For example, an industry-supported bill before Congress would impose a 2% royalty on profits on federal land minerals. That compares to the 12.5% royalty on oil, natural gas and surface-mined coal.

Meanwhile, Sen. Larry Craig of Idaho and several other Republicans are calling for the Interior Department to speed approval of mining claims. Other proposals would require companies to pay "fair market value" for the land, but nothing for the minerals and no royalties. Under that proposal, Mr. Babbitt said, Faxekalk would have been required to pay only \$20,000 for the estimated \$1 billion of minerals.

Mr. Babbitt blasted those proposals, saying they "simply serve the purpose of guaranteeing [mining companies'] future profit at public expense."

FCC Scrapping Rules That Keep Networks Out of Syndication

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON — The Federal Communications Commission scrapped the last rules keeping networks out of the syndication business, hastening the end of a long battle between television networks and studios.

The remaining financial-interest and syndication rules will expire immediately, instead of in November as the FCC had planned. The rules restricted networks from actively participating in the sales of reruns, as well as original syndicated shows, and prevented them from withholding programs from syndication to increase their value.

FCC Chairman Reed Hundt called the rules "mindless meddling." He said the FCC's decision to scrap the rules ahead of schedule wasn't prompted by recent media-merger announcements, but said the FCC's long push to eliminate such rules did make network-studio mergers possible.

Following court decisions in the networks' favor, the FCC in 1993 eliminated rules barring networks from producing their own shows. Several big movie studios decided to join the networks if they couldn't beat them. The Warner Brothers studio, owned by Time Warner Inc., and Paramount Pictures, now owned by Viacom Inc., both launched TV networks, and Walt Disney Co. moved to acquire Capital Cities/ABC Inc.

Still, studios kept alive a group called the Coalition to Preserve the Financial Interest and Syndication Rule, which pleaded for the FCC to extend the rules beyond this year. Dianne Killory, a lawyer for the group, said the FCC's decision marked a "sad day for diversity," because many small, independent producers will have to work directly for networks instead of supplying them from the outside. She said the group may appeal the decision.

Fight Looms Over Welfare Provisions That Funnel Aid Through Churches

By VIVECA NOVAK

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — The next welfare battle could have the feel of a holy crusade.

The combat zone is girded by two provisions buried deep inside Senate Majority Leader Robert Dole's welfare-overhaul bill. Together, they would allow states to funnel some of their welfare funds directly to religious groups, including churches, to provide services and cash to the poor.

Dropped into the bill just before Congress's August recess at the urging of Missouri GOP Sen. John Ashcroft, the provisions got little notice at first. But opponents, including the Baptist Joint Committee, the American Jewish Congress and the American Civil Liberties Union, have kicked off a campaign to delete the language from the measure. The Senate, which took up welfare legislation yesterday, must now add this dispute to the larger controversies, such as aid to unwed teenage mothers, that derailed the bill before the August break.

Presidential Jockeying

For members of the more conservative flank of the Republican Party, Mr. Dole's willingness to fight for the measures could be a test of his sincerity in appealing to their interests as he duels for the GOP presidential nomination. Two of his rivals, Sen. Phil Gramm of Texas and former Tennessee Gov. Lamar Alexander, support the language. It has drawn applause, too, from conservative pundit William Bennett and the Christian Coalition. And even as this new battle brewed, GOP presidential hopeful Gov. Pete Wilson of California yesterday joined conservatives in charging that the overall welfare changes that Mr. Dole proposes are too tame.

Opponents of the provisions on reli-

gious groups are hoping to get Sen. Arlen Specter of Pennsylvania, another GOP presidential candidate, in their corner. Sen. Specter, a strong advocate of church-state separation in previous battles, hasn't yet commented on the provisions. Last month, a coalition of 21 religious groups and civil-liberties advocates circulated a letter on Capitol Hill asking senators to oppose the welfare bill as long as it contains the measures, which they maintain go beyond any current law in allowing the relatively unfettered use of taxpayer funds by overtly religious groups. The provisions, if they became law, "could lead to the creation of an unprecedented church-government relationship," says Liz Symonds, an ACLU lobbyist.

For supporters of the measures, that's just the point. The language would give practical effect to a growing belief among some conservative Republicans that government welfare should be replaced with a system of private charity — a return to what some see as the halcyon pre-War-on-Poverty days, when churches were the main safety net for the poor.

Olasky's Ideas Play Big Role

The movement stems from the ideas of writers such as Marvin Olasky, a Texas journalism professor whose book, "The Tragedy of American Compassion," has been widely praised by House Speaker Newt Gingrich and others. Mr. Olasky, a chief proponent of the notion of a privatized system of "effective compassion," was among those consulted by Sen. Ashcroft as he fashioned the language for the provisions that went into the Dole bill.

"There's a real need for us to do something very different" in the welfare area, Sen. Ashcroft says. "Something that embodies some passion, caring and love, as well as capacity in terms of resources."

In essence, the provisions would allow states, which would receive welfare block grants with few strings attached, to contract with charitable, religious or other private groups to provide services, or to give people vouchers that they could redeem with such groups. Religious organizations, including churches, could receive the money without altering their "reli-

gious character." They could deliver federally funded services in rooms crowded with religious icons and symbols, and they could refuse to hire nonbelievers to administer the programs.

Yesterday, some of those aspects of the measures were stirring concern among staff members for some Republicans, such as Sen. Bob Packwood of Oregon, and even within Sen. Dole's office. But Sen. Ashcroft promises to stand firm.

The provisions' supporters vow that there are sufficient safeguards in the bill to protect welfare recipients: Groups couldn't discriminate against recipients based on their religion; and if a recipient objected to getting benefits at a given religious site, the state would have to provide an alternative location. In addition, using government funds for "sectarian worship or instruction" is barred under some programs covered by the bill — though apparently not under others.

Most critics say the safeguards don't fix the basic problem. For example, they note, the mechanism for offering alternative sites isn't spelled out, and the idea may be unrealistic anyway. "No welfare mother is going to persuade the state of Mississippi to provide nonsectarian services if it's contracted with the Southern Baptist Convention," according to Marc Stern, a lawyer with the American Jewish Congress.

Ambiguous Supreme Court Ruling

Both sides cite the same 1988 Supreme Court decision, which involved grants under the Adolescent Family Life Act, as support for their positions. Indeed, the 5-4 decision in *Bowen v. Kendrick* isn't crystal clear. While seeming to say that government funds can't go directly to "pervasively sectarian" groups, the justices also said that the mere possibility that funds would go to such groups wasn't enough to throw out the law. The White House hasn't taken a position, though an early analysis of the measures by administration lawyers indicates that the provisions appear to be unconstitutional.

But what opponents fear — the infusion of religion into government-funded services — seems to be just what proponents of the measures want. "We should not continue to disqualify some of the most effective and efficient and motivated social-service providers from welfare delivery just because of extreme hypotheticals or exaggerated fears. The church has been in this business for millennia," says the Christian Legal Society's chief counsel,

Steve McFarland.

The language evolved from wording in a package of bills that Mr. Ashcroft introduced earlier this year dealing with such programs as Aid to Families with Dependent Children. Critics accuse Mr. Dole of kowtowing to the party's religious right by patching the proposals in late in the game. "It was clearly a concession done with an eye to making sure the right wing of the Republican Party tucks into Dole's bill," says Brent Walker, general counsel of the Baptist Joint Committee. But Mr. Ashcroft declines to second-guess Mr. Dole's motives. "If someone will embrace an idea that I think is good for the country, I'm not going to question it," he says.

The measures will make for tricky navigating by Mr. Dole. It was bickering among Republicans that led him to postpone action on his welfare bill last month. Yesterday, Gov. Wilson charged that the Dole measure would force states to keep up spending on welfare, would require continuation of benefits to alcoholics and drug addicts and would "reward" women on welfare who have more babies by giving them additional benefits. In a direct criticism of the Senate majority leader, he charged: "I regret to say it is not leadership to settle for less than the fundamental change we need by cutting deals which compromise our values."

After Mr. Dole last month finished in a disappointing first-place tie with Sen. Gramm in an Iowa straw poll, speculation has grown that he will turn even more rightward on issues such as welfare. As one of his campaign operatives vows, "We need to be seen as a consistent conservative — and we will be that."

And many on the right are watching the battle over the provisions for religious groups as a test of Mr. Dole's true mettle. If he jettisons these sections of the welfare bill, says Mr. McFarland, "it will not go unnoticed by seriously religious Americans."



Sen. John Ashcroft

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
NATURAL RESOURCES DIVISION

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E N V I R O N M E N T

National
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Hard Rock Realities

No royalties, and only nominal land fees, are paid by miners of gold, silver and other valuable minerals found on federal lands. Revision of a 119-year-old federal mining law may be near.

BY MARGARET E. KRIZ

When complaints arose several years ago that disciples of a New Age religious movement, popularized by actress Shirley MacLaine, were tearing up the mineral-rich Ouachita National Forest in his state, Sen. Dale Bumpers, D-Ark., became an instant critic of the antiquated law that governs the exploration and extraction of metals and minerals on federal lands.

Cultists, who believe that quartz crystals contain special powers that can cure everything from cancer to diabetes, were taking advantage of the prospecting provisions of the 1872 Mining Act to chip away at deposits found in the Ouachita Forest. As chairman of the Energy and Natural Resources Subcommittee on Public Lands, National Parks and Forests, Bumpers responded quickly by moving a bill through Congress in 1988 that exempted Arkansas quartz from the mining law.

The episode also motivated Bumpers to take on the nation's hard rock mineral industry—the miners of both precious and industrial ores, ranging from gold and silver to copper, iron and zinc—and the 119-year-old law that is vital to its

operations. The vast bulk of U.S. metal mining occurs on federal lands.

Along with Rep. Nick Joe Rahall II, D-W.Va., chairman of the House Interior and Insular Affairs Subcommittee on Mining and Natural Resources, Bumpers is leading a battle to increase fees and impose modern land use controls on an industry atuned to the laissez-faire frontier standards of the 1800s.

Other extractive industries, including coal, oil and timber, operate under complex regulatory constraints, and their requests to tap federal resources must be weighed against other possible uses of the land affected, such as for recreation or scenic preservation. But the 1872 act gives hard rock mineral miners primary rights on 285 million acres of public land—most of it located in western states—that is now open for prospecting.

No permits are needed to search for minerals, and—after a certain amount of investment in working a claim—ownership of land containing extractable resources is transferred at minimal fees of \$2.50-\$5 per acre to the miner. At least three million acres of federal public lands have been converted to private property



in this manner, the Bureau of Land Management (BLM) says.

The Mining Act has been manipulated by speculators, who have obtained parcels of federal property—ostensibly for mining purposes—near ski resorts or other desirable locations and resold it at huge profits to commercial developers. A 1989 General Accounting Office (GAO) report cited several instances in which federal lands valued at up to \$200,000 an acre were granted to "prospectors" for \$5 an acre or less. The report is hotly repudiated by industry and BLM officials, who maintain that the GAO exaggerated the extent of the abuse.

Another criticism of the mining law is that it does not require mineral extractors to pay royalties. Bumpers, noting that the United States is currently the third-largest gold producer in the world, estimates that royalties for minerals recovered from claims on federal lands could mount to \$4 billion-\$8 billion per year; industry spokesmen say such royalties would be less than a quarter of that amount.

Much of the profit from today's Nevada gold rush—a resurgence in gold production in that state over the past five years—is going to foreign investors, according to the Mineral Policy Center, a Washington-based conservationist group. A center study found that 18 of the 25 largest gold mines in the country are 40 per cent or more foreign-owned.

Bumpers contends that the ancient law has also created an environmental nightmare, because some miners have ravaged the landscape to get to precious minerals and have left behind toxic dumps. About 50 mining sites are so dangerously polluted that they are included in the Environmental Protection Agency's superfund list and slated for federally financed cleanup. "In the long run, the failure to get hold of these environmental issues is going to cost far more than the dollars lost because of royalties or lack of getting fair market value for the land," Philip M. Hocker, president of the Mineral Policy Center, said.

"I have nothing against mining federal lands as long as it's done responsibly," Bumpers said in an interview. "But all the federal land in this country belongs to everybody. The federal government saved that land for the people. It is grossly wrong to allow one segment of our economy to rape and pillage and plunder the land with no responsibility for it, to not pay for mining and not pay to clean up the damage they do."

INDUSTRY DIGS IN

Bumpers has proposed legislation that would maintain federal control over pub-

lic lands by allowing miners to purchase mineral rights, but not surface rights. His bill would impose a 5 per cent royalty on gross income from mineral production and set a graduated holding fee for undeveloped mining claims. Mineral claims would expire if no production occurred within 20 years. The measure would also strengthen environmental regulations governing mining.

Rahall's bill is similar, proposing that miners no longer be granted title to federal lands. It would impose no royalties but would set a \$1.50 per acre rental fee that would increase to \$5 once mining began. The bill would also toughen environmental controls.

The proposed changes are opposed by mining interests, who contend that tougher federal controls could bring a halt to the extraction of metals and other valuable minerals in this country. "The net result of this kind of legislation will be to push mineral development offshore," said Patrick J. Garver, a partner with Parsons Behle & Latimer, a Utah law firm that represents mining companies and trade groups. "This will increase the costs and risks, and there will be less domestic production and fewer jobs in the rural West."

An Idaho member of the Northwest Mining Association, an industry trade group, wrote an angry letter to the group complaining that "Rahall has two industries in his state of West Virginia, which are coal mining and welfare and low wages. He is attempting to inflict upon the United States, in particular the Northwest, what he has accomplished within his own state."

Despite such vitriolic rhetoric, many miners now concede that the 1872 law is flawed. The American Mining Congress, the top Washington lobbying arm of the hard rock mineral industry and historically a powerful roadblock to any legislative changes, has recently taken the position that some fine-tuning of the mining statute may be in order.

The industry is willing to discuss proposals to change the way federal land is parceled out and to tighten environmental controls. The Mining Congress, for example, has suggested a plan to give



Sen. Dale Bumpers, D-Ark., public lands panel chairman
"The federal land in this country belongs to everybody."

Richard A. Horen

miners ownership of minerals beneath the ground, while requiring them to pay fair market value for the land above the ore vein. A few larger companies have even entertained the notion of paying a federal royalty for minerals taken from federal lands.

But miners react like injured grizzlies to legislative proposals that would empower federal land managers to prohibit mining public land they deem more appropriate for other uses.

"Companies typically spend years and many millions of dollars establishing a land position and exploring for minerals," John McDonough, vice president and general manager of Barrick Goldstrike Mines in Elko, Nev., explained at an April congressional hearing. "The industry cannot bear these kinds of costs if [the government] retains the right . . . at the end of this multimillion-dollar process, to say no."

Miners also fear that opening the mining process to legislative review will make them sitting ducks for aggressive environmental organizations that have skillfully used land use laws to stop oil and gas exploration in many areas and to halt logging operations in the Pacific Northwest.

"If you look at the onshore and offshore oil and gas leasing and coal leasing



Conservationist leader Philip M. Hocker. He wants a modern mining law that works.

programs, they're all essentially dead" because of environmental challenges, Keith Knoblock, vice president of the Mining Congress, said. "The public has to decide if it wants mineral development or preservation. I firmly believe that the environmental groups who are pushing so hard to get Bumpers or Rahall enacted just don't care to have mining."

Environmentalists reject such assertions. "We're not trying to put miners out of business," Hocker said. "We're trying to find a law that works in a modern public policy sense."

DEFENDING TRADITION

During field hearings this spring in western states, Rahall's subcommittee drew standing-room-only crowds of miners and independent prospectors who demanded that Congress keep its nose out of the mining industry's business.

A June hearing in Washington on Bumpers's bill attracted a full complement of western Senators who testified against the proposed changes. Even Jeff Bingaman, D-N.M., who presided over the hearing and is customarily a friend of environmental causes, used the opportunity to declare his opposition to wholesale revisions of the mining law.

Many westerners take criticism of the 1872 Mining Act personally. They characterize reform proposals as attacks, by

ism of the unshackled West. Miners revel in the notion that a single prospector can go out with a pick and shovel, freely roam federal lands and maybe even hit "the big one." It's more than Americana; it's their lives.

"My family has prospected and mined on federal public lands for over 100 years," Jim Collord, mine operations superintendent at an Independence Mining Co. project in Elko, Nev., said at a June House hearing. "I have had the rare opportunity to see an operating mine develop from a mere hunch that certain 'interesting rocks' might be the key to a valuable mineral deposit."

The mining law, the last of the homestead acts of the 1800s, evolved slowly after the California gold rush of 1848, which saw hundreds of thousands of hopeful prospectors descend upon the state trying to stake claims on promising parcels of land. In the absence of state or federal laws to clarify conflicting claims, chaos was

inevitable.

In a 1987 publication, *Self Initiation: The Hardrock Miner's Right*, Thomas S. Barrett, observed that in the mid-1800s, "if order was to prevail in the diggings, it would have to be an order imposed by the miners themselves." Barrett, an attorney for the Public Resources Foundation, a nonprofit mediation group founded four years ago with both industry and environmentalist backing, wrote that "from the start, miners organized their scattered camps into districts to govern themselves according to rules and customs arrived at by mutual consent."

The 1872 Mining Act basically was a codification of the practices worked out by the miners, essentially giving them carte blanche to extract minerals on federal lands. It was also designed to entice adventurous easterners to migrate to the wild West.

"It is an act of ancient vintage which was designed to enhance development and economic growth in the West at a time when you had to practically use bayonet point just to get people to go out there," said Lynn A. Greenwalt, vice president of the National Wildlife Federation who served as an Interior Department official during the Carter Administration.

Ironically, the Mining Act was signed into law in the same year that Congress set aside Yellowstone National Park as the nation's first federal land preserve

The mining law has long been under siege. In the early 1900s, Congress amended it to impose stronger controls on oil and gas development and coal mining on federal lands. The hard rock mining industry has also sought clarification of some of the act's archaic provisions. But fundamental change has been thwarted by western Members, who have gravitated to the House and Senate committees with jurisdiction over mining. "It's one of those laws that nobody paid any attention to because the people that knew about it liked it, and nobody else cared because it wasn't in their backyard," Bumpers said.

The occasional westerners who dared to challenge the mining interests have scars to show for their efforts. In 1977, former House Interior Committee chairman Morris K. Udall, D-Ariz., abruptly dropped a crusade to overhaul the law when miners in his state initiated a campaign to recall him from office. In bowing to the pressure, Udall responded: "I may not have seen the light on the issue, but I have felt the heat."

Former Sen. John Melcher, D-Mont., fared less well. He lost his 1988 bid for reelection after miners and other supporters of resource development led an aggressive campaign against him. They said Melcher wanted to preserve too much Montana land for wilderness, putting it off limits to mining and grazing. Little wonder, then, that Republican Conrad Burns, who defeated Melcher, is sponsoring legislation to simply study the Mining Act.

PROSPECTS FOR REFORM

For the mining industry, the 102nd Congress may be a turning point. The political balance that traditionally favored the miners has begun to shift. When Udall retired this year as chairman of the Interior Committee, he was replaced by George Miller, a California liberal who is hell-bent to make sure that the government gets a fair price for its resources. Miller strongly favors mining law reform, and committee aides predict that a bill will be approved by the committee, and most likely by the House during this Congress.

In the Senate, Bumpers's bill faces the threat of a filibuster by westerners, although environmentalists hope that conservation-minded Majority Leader George J. Mitchell, D-Maine, will bring his influence to bear on behalf of the measure.

Bumpers said some western Senators are telling miners that the time has come to update the 1872 law. "The changes they're talking about are not all that dramatic," Bumpers said. "But at least some

Members are beginning to come around and deal with it as circumspectly as they can and still maintain their seats in the Senate."

Strong support for mining reform was shown in the Senate last year when a House-approved proposal of a 12-month moratorium on awarding federal lands to miners failed by a 48-30 vote. This year, a similar amendment—tacked on to the Interior Department's appropriations bill—has been approved by the House Appropriations Committee.

Mining law reform also received an unexpected boost from the conservative press. In recent months, articles about mining law abuses, highlighting egregious examples of land speculation and environmental damage, have appeared in *Reader's Digest* and in *Insight*, a magazine published by *The Washington Times*.

The Bush Administration has taken a backseat in the debate. The White House opposes the Bumpers and Rahall bills, but favors limited legislation that would require miners to pay more for federal land and would impose a \$100 per year holding fee for each mineral claim. BLM director Cy Jamison argues that other Mining Act abuses can be corrected through new bureau regulations and more-aggressive federal oversight of the industry.

Still, pressure for reform is mounting. Mining industry officials are being forced to give serious consideration to potential changes in the law, although reformers and miners remain miles apart on the substance of those changes.

An aide to a western Senator noted: "Instead of the kind of holy war that was being fought last year, this year people are discussing it in a less emotional, more pragmatic view of what is wrong with the law and what needs to be done."

AN INDUSTRY DIVIDED

It was one of those moments of truth that industry officials may live to regret. Testifying before the Senate Energy Subcommittee on Mineral Resources Development, Milton H. Ward, president of Freeport-McMoran Gold Co., a New Orleans-based mining firm, and American Mining Congress chairman, read a prepared statement opposing royalties on hard rock minerals and supporting the policy of giving miners the first crack at all open federal lands.

During the subsequent questioning, Ward debated with Bumpers about the effect royalties would have on the industry. "I do not think that the mining industry will go under if we put a royalty on mining," Ward said. "I think that there will be a lot of mines that are not developed. It's a matter of what the break-



American Mining Congress vice president Keith Knoblock
He says it's not true that miners pay just \$2.50-\$5 an acre "and make a million."

even cost is, and whether you can make a profit."

Afterward, in the hall outside the hearing room, Ward was besieged by small miners who view a royalty as a back-breaking expense that could put them out of business. Three days later, the Northwest Mining Association fired off a heated letter demanding that Ward clarify his statement.

But Ward's comment has been privately echoed by other large mining companies. "I have had mining company officials say, 'We would rather pay a royalty on stuff coming from mines than pay a \$100 annual fee' " on untapped mining claims, an aide to a western Member of Congress said.

The difference of opinion exposes a conflict between small miners and prospectors, who discover the ore veins, and the larger mining companies that dig up the minerals and process them. The Mining Congress's Knoblock said that 70-80 per cent of all suspected mineral finds are brought to the attention of the larger firms by small miners or prospectors. In return for the mineral rights, large mining firms pay royalties and rent to the finder. Knoblock noted, however, that big mining firms are increasingly conducting their own exploration.

Small miners and prospectors are fearful that new federal controls will forever alter the complicated balance between individual enterprise and corporate mineral development that has evolved over the past 119 years. They fear that the little guy will be wiped out by a federal government that has no understanding of how the industry works.

"A lot of miners feel that there are relatively few people in Washington who

are taking the time to study the details of the mining law and the industry, and to discuss it on its merits," mining lawyer Garver said. "Most of the discussion is superficial, 30-second soundbite stuff."

Knoblock added: "The impression is left that you can just go down to the Bureau of Land Management and stand in line, pay your \$2.50-\$5 per acre and make a million. That's a misconception that we've not been able to turn around." He argued that large investments in science and engineering are typically made before a profitable mine is developed.

But environmentalists maintain that major reform is necessary. "We're the only country in the world that gives away our federal land and then gives away the minerals as well," said Brock Evans, National Audubon Society vice president for national issues. "It's time for fundamental reform."

Bumpers compared today's mining law campaign to his successful fight to change the way onshore federal oil and gas leases are handed out. "It took me eight years to get that law changed," he said, "because nobody could believe that we were actually giving away the resources of this country by a lottery." Thanks to his 1987 law, federal oil and gas sites are now leased by competitive bid.

Today, Bumpers finds himself in the middle of a similar uphill battle to change age-old federal land use policy. And he says he is in the fight for the long haul. "This thing is not going to go away, whether Rahall and I prevail this year or not," he said. "I think it would be in the miner's interest to come up with a comprehensive bill, because they need some certainty. As long as this thing stays like it is, it is just like a canker sore."

GOVERNMENT & COMMERCE

ENVIRONMENT

Economic, Ecological Climate Favors Mining Law Overhaul

An effort to overhaul the 1872 Mining Law has become a perennial battle, pitting Western mining-state lawmakers against policy advocates passionate about reaping more money from those who use federal land for commercial enterprises.

But this year the terrain is different. Legislation to require miners to pay substantially more to extract hard-rock minerals is gaining momentum after five years of deadlock.

In part, the Clinton administration's vow to charge fair market value for the use of public lands is propelling the bill. The outlook also is helped by a steady shift in public land policy toward preservation and away from extractive uses that have long favored miners, ranchers and farmers.

President Clinton's budget proposal charts this trend, calling for increases in grazing fees, an end to below-cost timber sales from federal lands and the imposition of a surcharge on federally subsidized water.

The administration also has come into office with a stronger environmental agenda than recent Republican administrations. Interior Secretary Bruce Babbitt has emphasized that preservation of federal land is as important as allowing mining or grazing on those lands.

The soaring budget deficit, too, has prompted a review of what industry is charged to use federal resources. Administration officials have joined critics in Congress who complain that the 121-year-old mining law amounts to a subsidy that cheats taxpayers.

Both sides took up arms the week of March 15, when the Senate Energy Subcommittee on Mineral Resources held its first hearing this year on the bill (S 257) by Dale Bumpers, D-Ark., to overhaul the law.

Bumpers has long been the Senate's strongest voice for changing the



NEVADA BUREAU OF LAND MANAGEMENT

Operations such as this hard-rock mine along the Carlin Trend in Nevada would pay royalties if the 1872 Mining Law is altered.

1872 Mining Law, which he says amounts to a valuable giveaway of public land. Since 1988, his effort has run up against the political clout of Western senators whose states are heavily dependent on the mining industry. (Box, p. 663)

The mining law was intended to attract prospectors and settlers to the nation's rugged Western frontier. The law allows miners to "patent," or take ownership of, federal land — for \$2.50 to \$5 an acre. Miners also can extract minerals without paying any royalties to the Treasury. The law lacks specific environmental standards.

"Time is running out," Bumpers said at a March 16 hearing packed with mining industry representatives. "The president and secretary [of the Interior] favor reform, the American people favor reform."

Senate, House Versions

As introduced by Bumpers, S 257 would bar miners from patenting or converting federal land to private property and require them to rent the lands. It also would require miners to pay an 8 percent royalty on the gross value of their mineral sales and restore the environment to its original condition.

In the House, Nick J. Rahall II, D-W.Va., has introduced a companion bill (HR 322). Past efforts to reform

the mining law have gotten further in the House than in the Senate. Late in the 102nd Congress, the House took up an earlier version of the Rahall bill, but that effort stalled during the crush of year-end business. (1992 Weekly Report, p. 3153)

The bill Rahall introduced in early January is essentially the same as the one that came to the House floor last October. It would eliminate the patenting process, set new environmental standards and would impose an 8 percent royalty on mineral sales.

Among the Senate bill's supporters is Energy Committee Chairman J. Bennett Johnston, D-La. Johnston said he wants his committee to act on the bill as soon as possible and leave any fine-tuning until a conference with the House.

Babbitt also has expressed support for the Bumpers bill. Repeating what he told a House Natural Resources subcommittee March 12, Babbitt told the Senate panel four days later that taxpayers should get a fair return for the development of public resources and mining companies should be forced to adhere to new federal environmental standards. Babbitt also said the patent law should be altered so that public lands do not unnecessarily move into private hands.

Echoing environmental concerns, Philip M. Hocker, president of the Minerals Policy Center, an environmental group, said that since 1987 the mining program has created "billions of tons of solid waste ... without responsible cleanup plans."

Hocker cited one example of a mine that has leaked toxic substances into Colorado's Alamosa River. Seventy abandoned hard-rock mines are on the Environmental Protection Agency's "superfund" list of the nation's most pressing toxic waste sites.

The Industry's Argument

The mining industry argues that the legislation would force mines to

By Laura Michaelis

Bumpers Goes After 'Giveaways'

It was 1988 when Sen. Dale Bumpers, D-Ark., first took a public stance against the 1872 Mining Law. Fresh from a successful eight-year crusade to overhaul the way the federal government distributed leases to drill for oil and gas on federal lands, Bumpers latched on to a new effort to overhaul a mining law he considered a "giveaway" of public resources.

Bumpers was first drawn into debate over the oil leasing program in the late 1970s after discovering that federal land in Arkansas was being sold for \$1 an acre. Then chairman of a Senate Energy public lands panel, Bumpers took the lead in pushing a bill — later law — that installed a competitive bidding process for drillers to gain rights to such land. The language was included in the 1987 Omnibus Budget Reconciliation Act (PL 100-203). (1987 Almanac, p. 617)

Similarly, the effort to update the mining law launched Bumpers on a drive to win the government a "fair return" from those who use public lands.

"This is the ultimate real estate bargain," Bumpers said of the mining law in 1988. Bumpers said it was unfair to allow miners to tap hard-rock minerals such as



Sen. Bumpers believes the time may be ripe to "bring some sanity to mining law reform."

gold and silver without paying royalties, while those who extract oil, gas and coal from federal lands must pay royalties and lease the land under which they are found. Since the fall of 1988, Bumpers has introduced three bills to update the mining law, including his most recent (S 257). As a member of the Senate Appropriations Interior Subcommittee, Bumpers also has tried to accomplish his aims with amendments to the annual spending bills. In 1990, for example, he offered and won in committee an amendment that placed a one-year moratorium on mining patents on the fiscal 1991 Interior Appropriations bill. The moratorium was later removed on the floor when Ted Stevens, R-Alaska, threatened to filibuster the legislation. In 1991, the Senate again defeated an effort to attach similar provisions to the fiscal 1992 appropriations bill. (1990 Almanac, p. 875; 1991 Almanac, p. 565)

But even this veteran of prolonged and controversial legislative battles said 1993 seems different. "I have worked diligently for the past four years ... to try and bring some sanity to mining law reform," he said March 16. "The witching hour is nearing."

—Laura Michaelis

close, put thousands of workers out of jobs and encourage U.S. mining companies to set up operations overseas — where the environmental laws are looser and royalty payments less burdensome.

In particular, industry officials and mining-state lawmakers oppose efforts to impose a royalty on hard-rock mineral extractions, arguing that they have little control over world minerals prices and that the royalties would cut profits.

Industry officials also say that without the ability to convert federal land to private property, the industry will face difficulty in getting banks to extend loans to finance mining operations. They also say there are plenty of environmental protections in place, even if they are not spelled out in the 1872 law.

The industry has commissioned several studies. One study, conducted by a University of Nevada economist for the Gold Institute, concluded that an imposition of an 8 percent royalty would cost nearly 7,000 jobs in Nevada alone and would "threaten the economic viability" of 20 percent of U.S. gold mines. Advocates of the overhaul legislation say those predictions are exaggerated.

The level of any new royalty charge

is already attracting heated debate. In the administration's budget proposal, the Office of Management and Budget (OMB) calls for instituting a 12.5 percent royalty on hard-rock mineral sales. The administration estimates that the tax would bring in \$748 million in new revenues through fiscal 1998.

The House Budget Committee has included that expectation in the budget resolution, passed by the House on March 18, though it used different assumptions about mine production and came up with a lower overall figure: \$380 million in additional revenue over five years. (Story, p. 653)

Johnston has expressed concern that his committee would be held to the 12.5 percent revenue estimate even if there was little chance of passing a bill with such a royalty level.

Babbitt also has said he is feeling some pressure from OMB Director Leon E. Panetta to meet those revenue estimates. But Babbitt indicated March 16 that he may agree to a lower royalty level in order to keep the bill on a fast track. "I think you can hear me edging away from 12.5 percent," Babbitt said. Johnston said March 16 that he

was uncertain whether his committee would approve even an 8 percent royalty fee. "It's not the purpose of mining law reform to close mines and put people out of work," Johnston said. "I'd like to see a strong bill, I'd like to see us maximize revenues and charge what the traffic will bear ... but let's don't bankrupt companies."

Mining-state lawmakers said the legislation would doom mining communities in the West. Sen. Frank H. Murkowski, R-Alaska, said March 16 that any hope of using the bill to raise money for the Treasury was shortsighted, because the royalties would do away with the mining industry.

Opponents counter that any bill should charge royalties on the net value of the minerals produced, not the gross receipts.

As a compromise, some mining-state senators back a proposal that Nevada Democrat Harry Reid has advocated. It would require companies to pay fair market value for mining rights on federal land but would not impose royalties. Reid's plan also would impose environmental standards and require that land revert to federal ownership. ■

MINERAL POLICY CENTER

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THE PATENTING GAME

ANTIQUATED MINING LAW GIVES AWAY BILLIONS IN TAXPAYER-OWNED LANDS

One of the worst outrages sanctioned by the General Mining law of 1872 results from the practice of "patenting." A miner or speculator who wants to patent, or buy, a parcel of public land belonging to the federal government, needs only to follow these simple steps:

First, the miner files a \$10 claim to public land, and spends \$500 "developing" the minerals there. Then, he proves that the minerals are valuable enough that a "prudent person" (whoever that is) would extract and market them. Now comes the big day: buying the land. No matter how valuable the land, the Mining Law forces the federal government to sell it for no more than \$5.00 per acre.

Millions of acres of land formerly held in trust for the American public by their government has passed into private hands. The public receives no compensation aside from the \$5 per acre price, even though the minerals underneath might be enormously valuable. Nor can a mining company be required to reclaim the land after leaving. In fact, nothing requires a buyer even to mine the land -- and patented properties are frequently resold for other purposes.

The General Accounting Office (GAO), the investigative arm of Congress, reviewed 10 patented mining claims in 1989. According to GAO, the government received \$4500 for land that had been appraised at upwards of \$47.9 million.

Here are some examples of how the "patenting" game works:

- **Montana:** Owners of the Stillwater platinum mine near Yellowstone National Park are seeking title to more than 2000 acres of federal lands. Based on Stillwater's own application documents, the platinum and palladium under their feet -- the only such mine outside of South Africa -- is worth over \$32 billion. Yet Stillwater will get it from the American people for approximately \$10,180.
- **Colorado:** In 1983, a gold miner bought 160 acres of public lands for \$400. According to the Forest Service, no gold was ever mined. But six years later, the miner struck real gold by selling out for \$1 million. His property was located just outside a popular ski resort.

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- **Arizona:** In 1970, a farsighted entrepreneur patented land on a rocky hillside outside Phoenix for \$2.50 an acre. Ten years later, he sold out for a healthy sum up-front and a share of future profits. What happened to the land? It is now home to a posh \$180-a-night vacation resort.

While these examples clearly illustrate the problem, they are not isolated. According to GAO, 156,919 acres were patented in the decade leading up to 1987.

THE NEW GOLD RUSH

As Congressional determination to reform abusive Mining Law provisions has taken shape, holders of patentable claims have rushed to apply for their patents. The pace of patent application has surged dramatically since last year's narrow defeat of a patenting moratorium. One Nevada BLM official exclaimed: "I have been adjudicating mineral patents for twenty-some years, and this is the most I've ever had pending!"

As of March 31, 1992, pending patent applications cover 140,900 acres, more than three times the size of Washington D.C. Applications submitted last year alone cover 17,424 acres. Some sample states are listed below.

CALIFORNIA:	16,334 acres under application, 2669 submitted last year.
COLORADO:	33,524 acres under application, 3210 submitted last year.
IDAHO:	9,770 acres under application, 2082 submitted last year.
NEVADA:	16,067 acres under application, 4972 submitted last year.

HOW CAN PATENTING BE STOPPED?

A wide coalition of citizen groups from around the U.S. is seeking to reform the antiquated Mining Law of 1872. They have rallied together behind two bills now working their way through Congress: H.R. 918, sponsored by Rep. Nick J. Rahall (D-WV), and S. 433, sponsored by Senator Dale Bumpers (D-AR). Among many other much needed reform provisions, both of these bills, as currently written, will end the patenting game.

In addition, Congress should act immediately to impose a patenting moratorium. Only such a moratorium can block the "land-rush" to patent until comprehensive reform is enacted.

Write or call your representative to Congress. Tell them that you support reform of the Mining Law. And tell them to stop the patenting game.

For more information, call Jim Lyon, Mineral Policy Center.

* * *



THE SECRETARY OF THE INTERIOR

WASHINGTON

MAY 22 1995

FINAL

Honorable Frank Murkowski
Chairman, Committee on Energy
and Natural Resources
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

As the Committee on Energy and Natural Resources begins its consideration of legislation pertaining to the 1872 Mining Law, I write to reiterate the views of the Administration on this important public land management issue:

We believe any legislation to reform the 1872 Mining Law must meaningfully address the following issues: the abolition of patenting; the adoption of strong, enforceable reclamation standards; the imposition of a fair royalty based on the gross value of minerals extracted from the public lands; and the establishment of a program, financed by royalty receipts, for reclaiming abandoned mined lands.

S. 506 simply does not measure up as true reform. For example, if it were to become law, several hundred thousand mining claimants could apply for patents to valuable Federal mineral lands and pay bargain-basement prices. Moreover, S. 506 contains no reclamation standards; indeed, S. 506 seems to deprive Federal land managers of the authority they have long had to adjust operating standards to better protect the environment. S. 506's net royalty provision would result in little or no return to the Federal taxpayer for the extraction of publicly-owned mineral deposits.

I am therefore strongly opposed to S. 506, and urge that the Committee not use it as a vehicle for reforming the 1872 Mining Law. I would recommend to the President that it be vetoed were it to emerge from the Congress. Provisions of two other measures before the Committee, S. 504 and S. 639, would make genuine reforms of the 1872 Law. We stand ready to work with you toward that end.

Sincerely,

THE WHITE HOUSE
WASHINGTON

AUGUST 24, 1995

MEMORANDUM FOR THE PRESIDENT

THROUGH: HAROLD ICKES

CC: LEON PANETTA
ERIKINE BOWLESFROM: STEPHEN SILVERMAN *SS*
CABINET AFFAIRSSHELLEY FIDLER *SS*
CEQT.J. GLAUTHIER *SS*
OMB

RE: NEW WORLD MINE

On Friday, August 25, you may be traveling to Yellowstone National Park. As you know, Crown Butte Mines, Inc., a Canadian company, is seeking to develop the large New World Mine, which contains gold, silver, and copper ore deposits potentially worth up to \$1 billion. In 1988 Crown Butte purchased most of the lands on which the minerals are located from another mining company at market value. Pending approval from the Department of Interior, which has no discretion to deny the application in this case, Crown Butte will purchase the remaining ten percent of the proven mineral deposits, which is 27 acres of Forest Service land, for \$5 per acre, for a total of \$140 dollars. Since the mine is sited less than 3 miles from the northeast border of Yellowstone, concerns have been raised over possible impacts to the park and surrounding waters and fisheries. A draft environmental impact statement is being prepared primarily by the U.S. Forest Service and the state of Montana, and should be released for public review by January.

You have expressed an interest in making a strong statement about the proposed mine. To that end, you have asked us if several issues raised in an August 14 New York Times editorial are appropriate topics to address while you are in Yellowstone. The issues are: 1) a government buyout of the mine; 2) An EPA/Army Corps of Engineers veto of a wetlands permit; and 3) a recent government settlement agreement involving the buyout of oil and gas leases.

White House staff from Cabinet Affairs, Legislative Affairs, NSC, NEC and Office of the General Counsel coordinated with senior

agency representatives from the Departments of Interior, Agriculture, and Justice, as well as the Council on Environmental Quality and the Office of Management and Budget, to review the matter. While the White House and the agencies unanimously recommend that the issues raised in the editorial should not be addressed on Friday, we offer two options for your consideration, as set forth in the attached memorandum.

ISSUE 1: Should you endorse the New York Times editorial dated August 14, which strongly urges the Administration to buy out New World mine for \$50 million?

White House/Agency Recommendation 1: The agencies unanimously recommend against this action for 4 key reasons:

- 1) The Department of Interior believes that the \$50 million figure cited in the New York Times editorial may be too low. There is a non-published, non-vetted study within the National Park Service which cites a figure of \$35-\$70 million. The Department of Interior expects that the mining company would start negotiations at \$1 billion, based on the potential lode. Regardless of the actual cost, it is not known where the money would come from, much less if any agency has the funds;
- 2) A buyout prematurely ends longstanding review processes set forth in environmental laws, including the Clean Water Act and the National Environmental Policy Act, thus potentially sending a message that these laws are weak;
- 3) A buyout may not be necessary, but at this time, it would preclude future options, including the potential that public opinion will stop the mine;
- 4) A buyout is always an option if it ultimately proves necessary.

ISSUE 2: The New York Times editorial also urges an EPA/Army Corps of Engineers veto of a wetlands permit.

White House/Agency Recommendation 2: The agencies unanimously agree that for the purposes of Friday's event, the permit issue is premature. We have consulted with EPA, and they agree that the mining company's application for a section 404 permit under the Clean Water Act is incomplete, therefore the Corps of Engineers and EPA have yet to review it. It would be premature to say anything about the application for the permit since no decision to issue or deny it could be made until a decision is reached on the environmental impact statement (EIS). It is expected the draft EIS will be issued in January. It will occasion much comment, which will result in a period of review before a final EIS is issued.

ISSUE 3: The New York Times editorial compares a "buyout" of New World Mine with a recent settlement agreement by which the U.S. bought back from several oil companies oil and gas leases off Florida and Alaska.

White House/Agency Recommendation 3: The situations are not directly comparable, since the recent agreement was a settlement of longstanding litigation by oil companies challenging congressional moratoria preventing them from developing federal leases they had acquired in the previous Administration, and the settlement money came from the Justice Department's litigation judgment fund. In the New World case, there is no litigation, no congressional appropriation available to provide compensation, and the mining company has not even received any permits, nor has the EIS process concluded. Thus, the

two situations are not comparable at this point.

For these reasons the agencies recommend against this suggested course of action.

ISSUE 4: In order to send a strong Presidential message regarding New World Mine, the agencies discussed two possible choices: first, either a stand-alone statement should be issued, or second, a statement along with an announcement of withdrawal of lands from future mining claims in the vicinity of the northeast corner of Yellowstone. These two choices are listed below as recommendations four and five.

White House/Agency Recommendation 4: The agencies unanimously agree that, at a minimum, you issue a strong statement affirming your commitment to the protection of Yellowstone National Park, and that the mine, if it goes forward, meets the highest standards for environmental protection that this majestic American park deserves. You should emphasize that the protection of Yellowstone is extremely important to you and to the nation. A draft of a proposed statement is attached.

Pros o Sends strong message about your concerns over environmental degradation of Yellowstone;

o Preserves future options;

Cons o May be perceived as not enough action;

o If statement regarding the project is too strong, it may be perceived as bias against the mine, thus prejudicing the ongoing environmental review process

White House/Interior/Justice/OMB Recommendation 5: In addition to Recommendation 4, you call for immediate withdrawal of lands from future mining claims in the general vicinity of the New World site, citing the need for maximum protection of Yellowstone, regardless of the outcome of the environmental impact statement. While a withdrawal of lands in this vicinity will not stop New World Mine, it will prevent Crown Butte and other mining companies from proposing new mines in the area, thus preventing additional harm to the northeast portion of Yellowstone.

Under the 1872 Mining Law, a mining company can literally drive a stake in the ground of any federal land that has not been withdrawn from mining claims. The company need only to record the claim with the appropriate federal agency, such as the Bureau of Land Management. The federal government cannot reject the claim since it has no control over claim locations. Since there is potentially a \$1 billion lode at the New World site, and new roads and other infrastructure are being built to facilitate access to the area, other mining companies may be drawn to the area to stake their own claims. The Department of Interior estimates between 4,000 and 6,000 acres of federal lands would have to be withdrawn in order to effectively protect the northeast portion of Yellowstone.

Once the Secretary of Interior, with concurrence from the Secretary of Agriculture, decides to withdraw lands, they would be temporarily withdrawn from any potential mining claims for up to two years, during which time decisions would be made regarding which of those lands should be permanently withdrawn from future mining claims, and which of those lands, if any, should be released to allow for future mining claims. While there is no legal reason why lands could not be withdrawn around the entire perimeter of Yellowstone, to do so would create a significant backlash throughout the west. Historically, there has been bipartisan concern, particularly among Western members of Congress, that no buffers be created outside of the boundaries of parks or other federally designated lands.

Since the early 1900's thousands of land withdrawals have been made involving millions of acres of federal lands. The withdrawals traditionally have been used to prevent mining claims in specific areas, to prevent specific problems. For example, the Secretary of Interior recently announced a final land withdrawal in central Montana in a beautiful area which is used for recreational purposes, and is considered a piece of the "Old West." When mining companies became interested in the lands, a withdrawal was proposed two years ago, during which time the companies were prevented from making mining claims. The withdrawal is now final.

The White House, Departments of Interior and Justice, and Office of Management and Budget recommend that you announce a land withdrawal because of the following "Pros," developed by Department of Interior:

- Pros**
- o The withdrawal is a tangible forward step that sends a stronger message about protecting Yellowstone;
 - o Preserves future options, including a buyout, and may be easily modified if environmentally desirable;
 - o Does not derail the EIS decisionmaking process nor take valid existing property rights, which means any mining claims which have already been made;
 - o Helps focus attention on defects of 1872 Mining Law;
 - o Is supported by Senator Baucus and Congressman Pat Williams.

Department of Agriculture Recommendation: Agriculture does not recommend this action because of the following "Cons," developed by the agency:

- Cons**
- o Withdrawal has no substantive effect on the immediate issues and decisions at hand;
 - o Many stakeholders were heartened by your affirmation of the environmental impact statement (EIS) process to make decisions about the mine. A copy of your statement is attached. Agriculture believes that

withdrawal early in the process may prejudice or upset the current NEPA process that is perceived as credible, orderly and legally defensible;

o Agriculture believes you may be perceived as changing positions midstream given your previous statement to set high standards for the EIS process;

o The Administration has built credibility by resolving natural resource issues through a scientific approach. In this case, withdrawal before the science is in could be perceived as prejudging the results of the EIS.

PROPOSED DRAFT STATEMENT OF THE PRESIDENT NEW WORLD MINE PROJECT

I have followed the development of the New World Mine project closely over the past several months, and remain concerned about the threats it may present to Yellowstone National Park.

As I stated in Billings, Montana this past June, I fully support Senator Baucus' five-point plan for maximum protection of the park. To that end, an Environmental Impact Statement on the proposed mine is being prepared by the U.S. Forest Service and the State of Montana, and that process—with its opportunities for public comment—will continue as scheduled. It is extremely important to me that a gold mine of this size, located near the border of Yellowstone National Park, meet the highest standards for environmental protection that this majestic American treasure deserves and that this Administration will enforce. We simply will not allow our nation's first national park to be placed at risk. [for the financial gain of a foreign mining company.]

I have directed the Forest Service to complete the EIS on the project as required by law, and to work closely with the States of Montana and Wyoming, the National Park Service and other federal agencies, to ensure that they hold the project to the highest environmental standards in their evaluation of the mine. We will provide whatever assistance we can to state and local governments, members of Congress, conservation groups and other friends of the park in their efforts to make sure that Yellowstone's treasures are never compromised by this project, if it goes forward.

[I have also instructed the Forest Service and the Department of Interior to immediately propose a temporary withdrawal of federal lands in the vicinity of the proposed mine site from any future mining claim locations as necessary to avoid new mining proposals. This would create a two year moratorium on new claim locations, which will not affect valid and existing rights to these lands, yet it can help prevent activities that may be harmful to this ecologically sensitive area.]

This Administration will use all its administrative authorities to protect Yellowstone National Park. It is important to understand that proposals like the New World Mine are made possible by the 1872 Mining Law, which allows mining companies to obtain publicly owned minerals worth billions of dollars essentially for free, and to trample on our natural heritage in the process. This Administration has argued vigorously for reform of the Mining Law, and will continue to fight its abuses. Unfortunately, sensible reform of the Mining Law has met with a stubborn resistance from certain factions of the mining industry and other special interests.

THE NEW YORK TIMES, MONDAY, AUGUST 14, 1995

Mr. Clinton Can Save Yellowstone

Later this month President Clinton will vacation on a ranch near Jackson Hole, Wyo. Here is a modest suggestion for him. The President should take a short flight in one of his military helicopters to the upper reaches of Henderson Mountain in Montana, just over the Wyoming border. There he will discover a beautiful and fragile wilderness. He will also see the proposed site of a huge gold, silver and copper mine that a Canadian conglomerate wants to build.

This mine and its lethal wastes will threaten not only Yellowstone National Park, which lies three miles away, but also the adjacent wilderness. This is a catastrophe-in-waiting. The risks to the crown jewel of the national park system are so grave that Congress should appropriate \$35 million to compensate the mining company, Noranda, for its exploratory expenses and then tell it to go away.

The present anti-environmental Congress is unlikely to take such a step. It is also unlikely to pay much attention to an imaginative proposal offered by Representative Bill Richardson, Democrat of New Mexico, to put the area off limits to mining by establishing a national recreation area.

That is where Mr. Clinton comes in. If Congress will not stop this mine, he must. The Federal Government cannot simply seize the property; Noranda has established lawful title. But it has enough regulatory authority to make it onerous for the company to proceed. So far, the officials who have those powers have been reluctant to exercise them. Mr. Clinton needs to see that they do.

Under the 1972 Clean Water Act, for example, the Environmental Protection Agency and the Army Corps of Engineers can prohibit development on wetlands. Noranda proposes to dig out 50 acres of wetlands high on the mountain, where it would then build a deep reservoir the size of 70 football fields to store acid wastes. Geologists say any such struc-

ture, no matter how beautifully engineered, is bound to crack at some point given the region's extreme weather and its history of earthquakes. That would send poisons directly into the watershed. If the E.P.A. and the Corps deny Noranda the necessary permits, the company will have to look elsewhere to store its toxic material. Alternative sites could be prohibitively expensive and the company might simply fold its tent.

On June 1, Mr. Clinton told a town meeting in Billings, Mont., that he was "very worried" about the mine but that he wanted to let negotiations between Noranda and various state and Federal agencies run their course. The way things look now, the agencies are likely to give Noranda the go-ahead in exchange for pledges that the company will spend whatever is required to prevent environmental damage. That would be good but not good enough. Even if the company takes extraordinary precautions every step of the way, it cannot guarantee that the poisons produced now can be safely contained for future generations.

Mr. Clinton or his Vice President should summon the key players — Interior Secretary Bruce Babbitt, the E.P.A. administrator, Carol Browner, and Jim Lyons, who heads the Forest Service — and tell them to work out a plan. He may also have to come up with some money, but geologists say fair compensation to Noranda should not amount to more than \$50 million. That is a good deal less than the \$200 million Mr. Babbitt recently paid to major oil companies to buy out drilling leases in sensitive coastal waters.

Mr. Clinton has been making an effort in recent days to polish up his environmental credentials. Figuring out a way to stop this mine would surely help. He alone can make this the national issue it deserves to be. At risk is the oldest and greatest of our national parks.

Administration of William J. Clinton, 1993 / June 1

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The President. All I can tell you is, I'll be glad to look into it. I tried to prepare for this, and I tried to think of every issue I might be asked about. I don't know the answer to it, but I will get back to you with an answer. I will look into it, and I'll get back to you with an answer.

Let me just make a general comment, and you may have other questions about this. There are problems in the application of all of our environmental laws because people are applying them and because we have followed a regulatory model that might have made sense 20 years ago that I don't think makes as much sense anymore. So nearly everybody maybe could cite his case where we have—you don't think we've gone far enough, somebody else thinks we've gone way too far with it, whether it's clean air, clean water, the Endangered Species Act, you name it.

But I would remind you, just running through the question you asked me, the thing we have to do for Montana is to permit people to make a living and preserve the quality of life, because that's why people want to live here and that's why people pour in here by the millions every year, to see what you've got they don't have. And that's why we have to try to do that for everybody in America, and we've got to try to find the right way to do it. But you made the point. I'll look into it. I can't answer the question specifically.

[A participant asked about protection of Yellowstone National Park in view of a proposed gold mine 2 1/2 miles from the park.]

The President. Well, first of all, let me thank you for the question. I'm very worried about it because of the site. I know it's on private land, but it's only a couple of miles from Yellowstone and from Clark Fork. I spoke with Senator Baucus today at some length about this. I asked him to take a car ride with me for about 15 minutes so he could walk me through this and all of his concerns.

What I believe we have to do now is, you know, they—there has to be an environmental impact statement filed on this. And Senator Baucus has set out five very specific extra high standards he thinks ought to have

to be met before they get approval under any environmental impact statement. And I guess I would have to tell you that's the way I feel.

I think that the people of Montana are entitled to know that we have gone the extra mile because of the unique place where this site is. And I don't want to prejudge the environmental impact statements. I believe most of these decisions should be made on the merits. But it just stands to reason, given the tailings and the other dimensions of the mining project, that it's going to have to meet a very high standard before you can be absolutely certain you're not doing anything to Clark Fork or to Yellowstone. And no amount of gain that could come from it could possibly offset any permanent damage to Yellowstone.

So you just need to be sure and you need to watch this, and I will watch it. I assure you I will, and I know that Senator Baucus and others will.

Agriculture Policy

[A farmer asked about the 1995 farm bill and farm loan rates.]

The President. First of all, since I've been President we've raised the loan rate once, as you probably know. I have also tried to do two other things for farmers, particularly farmers in this part of our country. One is to find more markets to sell products and to use things like the Export Enhancement Program, the EEP program, to help to facilitate those sales. The other is to try to give you some protection from unfair competition. You know, our administration moved to get that moratorium on increased imports from Canada, and we set up that commission to work on that problem, on the wheat issue. So I have tried to be responsive to the problems here. It is going to be difficult to get a big increase in the loan rate because of the budgetary situation we're in.

I don't agree that the trade deals are necessarily bad. There are some—the Senators from North Dakota think that the agreement the United States made with Canada before NAFTA and before I became President had something to do with what you're dealing with, with the wheat issue. I wasn't there. I can't comment on it; I don't know. But our agricultural exports this year will be the larg-