

politicization, but we argue this trigger is necessary to protect against groundless, political charges (e.g., vs. U.S. military, or for "Israeli war crimes"). Tony says we will find appropriate opportunities to reinforce your support for the Court.

(D) **Stiglitz memo on household debt.** Household debt has grown rapidly this year, which could lead to decreased spending as consumers face paying off their debt. So far, households are managing without much strain -- delinquency rates on home mortgages, consumer loans and credit card loans are up a bit, but well below peaks of 1980s and early '90s. However, the following developments warrant monitoring: debt service as a percentage of income is up sharply; personal bankruptcy filings rose in the first half of this year, after going down for three years; 1994 mortgages are delinquent at 1.5 times the rate of 1993 mortgages; OCC believes banks have lowered their standards for making consumer loans; banks appear to have lowered their lending standards in the intensely competitive credit card business -- the credit available to consumers on bank-issued credit cards is way up this year.

(E) **John Young (PCAST) letter on academic health centers.** Young emphasizes great importance of academic health centers (AHCs) for research, education and care of the indigent and uninsured. Very worried that proposed cuts in Medicare, Medicaid and Disproportionate Share expenditures, plus erosion of clinical revenues resulting from shift toward managed care could have devastating impact. A PCAST health panel has concluded: (i) responsibility for supporting the mission of AHCs rests too much on federal government and should be shared more broadly; (ii) AHCs' disproportionate responsibility for indigent/uninsured will increase given current trends in medical marketplace; (iii) current climate of heated debate is not conducive to resolving these issues. Thus PCAST recommends: (a) appoint expert commission to make recommendations for preserving research and educational capacity of AHCs; (b) in interim, resist disproportionate decrease in Graduate Medical Education accounts; (c) provide adequate resources for AHCs to care for indigent/uninsured.

**John Young (PCAST) letter on 4th plenary session.** Reviews PCAST activities in its first year: reports on U.S.-Russian cooperation re protecting nuclear materials, U.S. Fusion Energy R&D program, Statement of principles on Science and Technology policy; op-eds and letters to editor; meetings with Hill; informal consultations with Administration. Two key questions guide Committee for future: (i) how can federal government protect and enhance nation's research enterprise, especially university network; (ii) how can federal government best manage its R&D programs in face of shrinking budgets. Young urges you to continue stressing importance of investing in science/technology and education and to embrace PCAST's Science and Technology principles. Young says direct contacts with you and VP have been very helpful and hopes to meet with you again, perhaps at March 7-8 PCAST meeting. I have sent a copy of this letter to Stephanie and Ann.

(F) **McGinty note on Superfund and dry cleaners.** Response to your note on Newsweek article by woman whose mother was hurt by costs of cleaning up toxic wastes generated by her dry cleaning business. Katie points out that this cleanup was required under Oregon, not federal, law. Your Superfund bill would have ensured that small businesses either wouldn't be liable or could settle quickly. EPA has