Chron

[redacted]

DATE: 1/29/93

TO: MARSHA SCOTT

FROM: **JOHN D. PODESTA**
Assistant to the President and
Staff Secretary

Please respond over your signature,
sending a copy of file to Nussbaum.

[redacted]

[redacted]

JAN-26-93 TUE 13:57 P.01

SALVATORE AMENDOLITO
INTERNATIONAL CORPORATE FINANCE
CONSULTANT

1730 K Street N.W.
Suite 304
Washington, D.C. 20006

Incoming

entire pkg not copied 1-27-93 fw

Let's send to John Podesta —

January 26, 1993

Mr. Bill Clinton
President of the
United States of America
White House
Washington, D.C. 20500

Fax # (202) 456-6244

Transmission of the following documents:

- Introduction to my allegations
  - Memorandum dated December 12, 1992 **(the events surrounding the second conspiracy indicate that the second attempt of assassination was fully conceived by the executive management of the FBI);**
  - Letter by the Chief of Staff of Senator Charles S. Robb;
  - Letter by Representative Don Edwards;
  - Letter by Amnesty International.

- Complaint filed with Director William Sessions concerning the contamination of evidence on the part of the Swiss legal system. In response to that complaint both the FBI and the prosecutors in charge of the "Pizza" case distorted the judicial process in an effort to silence me:
  - Two letters addressed to Judge Sessions;
  - Response from Mr. William Baker;
  - Presentation;
  - The Swiss Connection.

- Complaint filed with the Office of Professional Responsibility of the FBI:
  - 3 letters to Mr. John Roberts dated: October 15, October 16 & November 5, 1992.

- Personal file:
  - Background Information on Salvatore Amendolito;
  - Letter by Mr. Floyd Clarke;
  - Letter by Mr. Louis Freeh;
  - Professional Resume.

29 sheets including this cover

THE WHITE HOUSE

WASHINGTON

January 28, 1993

NOTE FOR MICHAEL WALDMAN

Michael Grant is going to call you. He is helping Jim King at OPM. They need to be in the loop on personnel cuts, reorg, Hatch Act, etc. Please talk to him.

John Podesta

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 1/28

NOTE FOR: Bob Rubin

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

Information ☐

Action ☑

will you forward to Bentsen + Kantor?

JDP

[redacted]

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:

Industry May Get Boost From Clinton

Higher Tariffs on Minivans, Sport Utility Vehicles From Japan Are Mulled

By Douglas Lavin
And Bob Davis
Staff Reporters of The Wall Street Journal

In the first step by the Clinton administration to offer trade protection to the domestic auto industry, the Treasury Department has begun a proceeding that could lead to a tenfold increase on the tariffs on foreign minivans and sport utility vehicles and potentially raise prices by thousands of dollars.

The Treasury's move comes as the Big Three are amassing allegations to support a sweeping dumping case that could impose duties on all Japanese passenger cars.

Big Three officials confirmed yesterday that they are "seriously studying" asking federal trade officials to find that Japanese auto makers are illegally selling cars in the U.S. at prices lower than those charged in Japan. But officials of General Motors Corp., Ford Motor Co., Chrysler Corp. and their lobbying arm, the American Automobile Manufacturers Association, insisted they haven't reached a decision on whether to file an antidumping case.

However, even the threat of such action, first reported in yesterday's New York Times and Detroit News, puts pressure on Japanese auto makers to raise prices and cut shipments to the U.S., analysts and government officials said.

The proposed moves "seem to be a part of efforts to seek a protectionist solution to issues of competitiveness of the U.S. auto industry," said an official at Nissan Motor Co.

May Seek New Tax

In addition, the auto makers are considering whether to ask the administration to levy a tax on autos sold in the U.S., an industry official said, with the proceeds largely going to defray Big Three health and pension costs. The U.S. auto makers complain that they have a $600-a-car disadvantage in "social costs," compared with Japanese companies that have plants in the U.S., because such "transplants" employ a younger work force and have lower health and pension costs.

"They want to make sure the transplants are as uncompetitive as their older plants," said Jim Olson, group vice president, external affairs, for Toyota Motor Co.'s U.S. sales arm.

A showdown over U.S.-Japan auto trade has been looming since Mr. Clinton was elected with a big boost from the United Auto Workers union and other groups that saw him as more willing than former President Bush to give a hearing to protectionist appeals.

Indeed, Big Three and UAW leaders were all smiles when they emerged from a meeting with Mr. Clinton and Vice President Albert Gore in Little Rock, Ark., earlier this month. Raising the 2.5% tariff on imported minivans and sport utility vehicles to 25% was a top item on the Big Three agenda. A few weeks afterward, Mr. Gore said, during a television news show: "Don't be surprised if you see a change" in minivan tariffs.

Minivans and sport utility vehicles currently are classified as cars and are subject to 2.5% tariffs. The Treasury has begun a proceeding to consider whether to act on its own to reclassify the vehicles as trucks, which are subject to 25% tariffs. As a first step, a Treasury spokesman said, the agency was reviewing how the Bush administration decided to classify the vehicles as cars. A separate congressional effort to legislate the higher tariff also is under way.

In 1989, the Bush Treasury, overturning a Customs Department decision, ruled that Japanese minivans qualified for the automobile tariff rate of 2.5%. During the presidential campaign, Mr. Clinton ran commercials attacking the decision for saving "the Japanese millions and [giving] the Japanese an unfair advantage over our trucks and workers."

Warning From Japan

During the campaign, Mr. Clinton studiously avoided taking detailed positions on nearly all trade disputes except the North American Free Trade Agreement, which he cautiously endorsed. But now he faces protectionist pressures from a host of industries. "Either the Clinton administration sets its trade agenda soon or you'll have other powerful interests set the agenda for it," warned Paula Stern, former head of the International Trade Commission and a Clinton trade adviser.

Acceding to Detroit's wishes may not be a simple matter. Japanese officials have warned in recent weeks that protectionism from Washington could prompt retaliation from Tokyo. Moreover, reclassifying mini-

Please Turn to Page A6, Column 1

Continued From Page A2

vans as trucks also could run afoul of the General Agreement on Tariffs and Trade, where the U.S. commits itself to certain tariffs, a U.S. trade official said.

"We are very concerned about the U.S. movement and we hope the new U.S. administration will show a reasonable attitude" about the minivan tariff, said Hirokazu Hayashi, director of the automobile-industry division at Japan's Ministry of International Trade and Industry. On the possible dumping case, Mr. Hayashi noted that "Japanese car manufacturers raised their prices for exporting cars several times last year; in that sense I believe Japanese car makers in general don't dump their exported cars."

THE PRESIDENT HAS SEEN
1/28/93

Acceding to Detroit's wishes... tion won't really help. The Japanese have rebounded from each successive round of trade restrictions stronger than they were before. The import quotas of the early 1980s, for example, led the Japanese to build the U.S. factories that fueled their explosive market-share growth in the latter part of the decade.

Ultimately, of course, any increase in tariffs will come out of consumers' pockets.

Higher prices were the result in the early 1980s when Detroit sought and won restrictions in the number of Japanese vehicles exported to the U.S. Similarly, last year, Detroit accused Japanese manufacturers of dumping minivans in the U.S. They lost the case, because they weren't able to prove any damage. The case is on appeal. But the issue is almost moot. Toyota sharply raised the price of its Previa vans, and Japanese auto makers saw their share of the minivan segment fall to 8% from about 13%.

Gary Hufbauer, a trade expert at the Institute for International Economics, a Washington think tank, estimated that increasing minivan tariffs would cost consumers $1 billion annually in higher prices. That could inflate sticker prices for both U.S. and Japanese cars an additional $1,000 to $2,500 a vehicle, said David Sowerby, an economist with Comerica Bank in Detroit.

"That's a tough sell to consumers who repeatedly, in surveys, list sticker shock as the major reason for their restraint in car purchases," Mr. Sowerby said. In past economic recoveries, car sales have jumped nearly 20% from the recession trough. But last year, technically the first year of a recovery, auto sales rose only 3%, he said.

Japanese auto makers are sure to highlight the impact on consumers as they counterattack.

"The Big Three want the American consumer to pay the price to isolate them from competitive pressures," said Dick Recchia, chief operating officer for Mitsubishi Motors Co.'s U.S. arm. "In 1981 through 1985, they raised their prices as Japanese supplies were restricted, and they had record profits."

Even Michigan Rep. Sander Levin, a big booster of the auto industry, said a dumping case "may raise prices for consumers." But the Democrat said tough action is needed to head off auto-industry layoffs resulting from Japanese competition. "The worst consumer is the unemployed consumer," he maintained.

THE WALL STREET JOURNAL
1/27/93

Bob Rubin - un memo to decide on this B

Bob Rubin

United Technologies Posts Big Loss For 4th Quarter, Plans to Cut More Jobs

By AMAL KUMAR NAJ
Staff Reporter of THE WALL STREET JOURNAL

United Technologies Corp., citing a bleak sales outlook for its jet-engine unit, posted a $333 million fourth-quarter loss after a larger-than-expected charge and announced plans to cut as many as 7,000 more jobs.

The $701 million charge was significantly larger than the $500 million Wall Street analysts expected and included $85 million for accelerating a companywide restructuring plan put in place early last year. Much of the new cost-cutting will focus on the company's Pratt & Whitney jet engine unit. The company said it will eliminate 6,000 to 7,000 additional jobs at the unit, reducing employment there to 30,000 employees by the end of 1994.

"We continue to see unprecedented turmoil and financial losses in the commercial airline industry," said Robert F. Daniell, chairman and chief executive officer of United Technologies. Mr. Daniell, who put in place a new management team at Pratt & Whitney late last year, said the additional cost-cutting efforts will help United Technologies "achieve its performance objectives in the years ahead."

Reacting to the United Technologies' announcement, Moody's Investors Service placed the company's $2.3 billion in long-term debt under review for possible downgrade.

In composite trading on the New York Stock Exchange yesterday, United Technologies' stock closed at $47.50, down 12.5 cents.

United Technologies also disclosed that the U.S. government is seeking $370 million in penalties and interest to settle certain civil claims against the company's Sikorsky helicopter unit. In 1988 the company disclosed to the government that due to an error it had been collecting payments from the government ahead of completed work. The company said the amount it owes is "substantially below" the government's claim and that it is prepared to take the matter to court if a settlement isn't reached.

Although some analysts were surprised at the extent of the charge, they applauded the company's action. "It says that the new management team at Pratt & Whitney is truly looking to clean up the act of the jet engine supplier," said Steve Binder, an analyst with Bear, Stearns & Co.

In reporting its latest results, the company said it adopted new accounting standards, including one to reflect provisions for post-retirement benefits.

United Technologies' fourth-quarter loss of $333 million amounted to $2.77 a share. Without the charge and accounting changes, the company would have posted a profit of 77 cents a share. In the year-earlier fourth quarter, it had a loss of $1.22 billion, or $10.33 a share, after restructuring and environmental charges totaling $1.53 billion. Revenue for the quarter was $5.8 billion, the same as a year earlier.

For all of 1992, the company posted a net loss of $287 million, or $2.67 a share.

Without the charges and acc[illegible] changes, the company's 1992 pro[illegible] $3.60 a share. In 1991, the company loss of $1.02 billion, or $8.91 a share. Revenue for the year was up slightly to $22 billion from $21.3 billion in 1991.

The company's performance was in line with analysts' expectations, primarily because late last year the company announced that it was scaling back its earnings estimates. Besides jet engines, United Technologies, based in Hartford, Conn., makes automotive products, elevators, and heating and air conditioning systems.

Mr. Daniell said that except for Pratt & Whitney, all segments of United Technologies posted significantly improved operating results despite a continuing recession in those markets.

Pratt & Whitney last year had a loss of about $500 million. The company's Power division, which largely includes Pratt & Whitney, had operating profit of $28 million in the fourth quarter of 1992, before the charge and accounting changes. That was down substantially from $138 million in the year-earlier quarter, as a result of sharp declines in spare parts sales to airlines and reduced engine shipments. The jet engine unit and spare parts business accounted for $6.94 billion, or 32% of United Technologies' 1992 revenue.

Pratt & Whitney's new president, Karl J. Krapek, said, "These losses cannot continue." He said the layoffs, deeper and sooner than previously targeted, will help Pratt & Whitney become "a smaller, highly profitable" company.

The company had planned to eliminate 5,000 jobs at the jet engine unit by 1995 under last year's companywide restructuring plan. The company had already accelerated the job cutbacks, and the additional dismissals of as many as 7,000 employees by 1994 will make the retrenchment deeper and sooner than previously scheduled. Mr. Krapek said that 60% of the new job reduction will be in salaried and executive ranks.

The company said $447 million of the $701 million in charges are to cover risks in its engine-financing arrangements with customers and an additional $169 million for losses where customers may not take delivery of orders under existing contracts.

THE WALL STREET JOURNAL
1/27/93

Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 1/28

NOTE FOR: TONY LAKE

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

Information ☑

Action ☐

Please share with the agencies at your discretion.

[redacted]

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

[redacted]

cc:

THE PRESIDENT HAS SEEN
1/28/93

Anthony Borden and Zoran Pajic

The Vance Plan Won't Work

It is time for the United Nations and the European Community to change their policy on the Balkans.

The Geneva settlement in which some now put their hopes—an agreement brokered by peace conference chairmen Cyrus Vance and Lord Owen—has huge problems. For one thing, there is no cause to have confidence in the signature of Bosnian Serb leader Radovan Karadzic. There is also little reason to claim, as Vance has, that in pressuring Karadzic to sign, Serbian President Slobodan Milosevic has undergone a conversion to Balkan peacemaker.

But the biggest weakness of the agreement is on the ground. The outlines of the proposed "ten-provinces plan" recognize the war gains by both Serb and Croat extremists. A peace on these terms could never be stable, as disgruntled forces will continue to fight over disputed territory.

Recent complications in Croatia are just the consequence of an attempt to freeze the political situation after the territorial gains and not to foresee a long-term political solution. In addition to that, an inadequate mandate given to the U.N. forces in the area encourages both sides to go after their goals, frozen a year ago.

Expectations are further tempered by the little-reported but unsurprising fact that the parties in Geneva have signed only the first of the settlement's three provisions, one regarding the general principle that no states should be created within the state of Bosnia. The crucial sections on the maps themselves and on the specifics of the structure of the new constitution are still not agreed.

Most fundamentally, the provinces' designations as Serb, Croat or Muslim contradict the negotiators' claim that these areas can be multi-ethnic. In fact, the provinces are little more than variations on the widely discredited "cantonization plan" of former EC peace conference chairman Lord Carrington. These provinces will likely lead to further large-scale displacement, as minority populations will flee.

Whatever political resolutions emerge during the next few weeks, the international community must adopt a broader and more long-term view of the Balkans. A new approach would mean comprehending extreme ethnic politics not as an inevitable result of historic animosities and post-Communist transformation but as deliberately manufactured politics by vicious populist leaders on all sides. It would mean spending as much time and political capital locating and nurturing forces for progressive civil politics as has been expended identifying primary individual culprits.

While Milosevic and Karadzic have become internationally isolated, the focus of the peace process as a warlords' convention has in fact served to legitimize these leaders at home as the sole representatives of their respective ethnic nations. Milosevic certainly deserves the bulk of the blame, but the attention on him has distracted attention from the less explicitly vicious but no less chauvinistic regime of Croatian President Franjo Tudjman. It has also prevented a proper understanding of the culpability of the Bosnian Muslim party, which originally supported cantonization (and is now facing severe questioning from many Bosnians for signing the ten-provinces plan), and portions of which have also exhibited extreme intolerance.

A positive Balkan policy does not necessarily mean a massive guns-blazing Western intervention. Concrete steps could include:

- Supporting the beleaguered independent media throughout the region, which are opposing the propaganda of war and hate.
- Restoring basic communications, a precondition for the reduction of fear and the reorganization of any progressive efforts.
- Nurturing moderate forces, including officially recognizing the many opposition figures and non-governmental peace, human rights and other professional organizations that have refused to become ethnic protagonists.
- Increasing and improving the provision of humanitarian aid and establishing a comprehensive European policy on accepting refugees.
- Naming names, through a permanent and forceful war-crimes tribunal.

If the peace process does not bring immediate results, the United Nations should militarily relieve Sarajevo. The siege by Serbian extremists aims not only to destroy the seat of the central government but also to destroy the historical example of multiculturalism and coexistence the capital still represents. Sarajevo is an irrefutable contradiction of the claims of Karadzic that the south Slav people cannot live together. As such, liberating the city (which some military planners argue could take less than 24 hours) offers the perfect political aim of intervention that has been so elusive.

Finally, the United Nations must help the refugees and must consider establishing an international protectorate over the whole of the territory of Bosnia-Herzegovina. Refugees have not been the result of the war but its explicit aim—the means by which division and conquest have been achieved. The United Nations must create conditions for their return, or else simply declare Serbia and Croatia the victors and help them divide the spoils.

A protectorate is the only way to repair the fiction that the Vance/Owen plan does not represent the de facto ethnic division of Bosnia. It would be expensive and dangerous. But no more so than a renewed Serb-Croat war, a fresh southern Balkan conflagration or the likely spread of the disease of nation-based states farther eastward.

Anthony Borden is editor of WarReport, a London-based news bulletin on the Balkan crisis. Zoran Pajic, a longtime professor in international law at Sarajevo University, is a visiting professor at the University of Essex.

The Washington Post
1/27/93

Tony Lake et al
NSC
Interesting

Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 1/28

NOTE FOR: CAROL RASCO

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

Information ☑

Action ☐

[redacted]

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

[redacted]

cc:

[redacted]

THE PRESIDENT HAS SEEN

1/28/93

PEOPLE PATTERNS

Carol Rasco

Intact Families Dominate Poverty Rolls in the U.S.

NEWLY SINGLE mothers may have the highest poverty rates in the population, but unchanged families make up the great majority of households that become poor during a given year.

Of the 14.4 million households that became poor during any one-year period between 1983 and 1988, 32% saw their family status change during that year through marriage, divorce, death or other reasons. The other 68% stayed as they had been before poverty struck, according to a Census Bureau study.

Nearly half of unchanged families that entered poverty, or 32% of the newly poor, were married couples. In nearly two-thirds of the married couples, one or both spouses were working less than before.

About 37% of the couples saw an increase in one spouse's work hours and a decrease in the other's. This could happen if a husband lost a job and his wife tried to make up for it by working more hours at a lower-paying job.

About 38% of the couples entered poverty without any change in work hours by the husband or wife. Some of these spouses worked the same hours, but for less pay. Some families had additional earners who lost jobs or income, and other families added members without adding income.

While 11% of poor households were headed by newly single women, unchanged families headed by women made up another 12% of the total. More than half of those families became poor without any change in the women's work hours.

Odds and Ends

ELEVEN percent of employers provide direct child-care benefits such as employer-sponsored day care, assistance with child-care expenses and referrals, according to a 1990 National Child Care Survey conducted by the Urban Institute in Washington. About 61% offer flextime, job sharing or other policies that help parents take care of children. . . . **About 35% of Americans** spent more than they planned on Christmas gifts, says Maritz Marketing Research of Fenton, Mo.

—By Diane Crispell of American Demographics magazine

THE WALL STREET JOURNAL

1/27/93

Report

A Summary and Forecast Federal and State Tax Developments

MEDICAID STRAINS prompt many states to broaden taxes on health care.

The more that states spend on Medicaid, the more they get in federal matching funds. And what better sources of state revenue for Medicaid spending than hospitals, nursing homes and other care providers? Over a dozen states enacted, raised or broadened health-care taxes in 1992. For one thing, notes Larry Fee of Deloitte & Touche, CPAs, states had to satisfy new U.S. law requiring such taxes to apply uniformly, not just to providers of Medicaid care to the poor.

Last month, Arkansas became the latest to levy health-care taxes; more state budget proposals include them. In fiscal 1992, says the National Conference of State Legislatures, states' general-fund spending grew by 5.6% instead of an expected 4.9%, owing mainly to Medicaid. In fiscal 1993, states' Medicaid spending is expected to rise by 6.2% to $40.2 billion – well under increase rates of recent years, but over twice the 3% rise in expected general-fund spending.

If care costs aren't restrained, the NCSL says, "states will continue to struggle" with Medicaid budgets.

CAREER CIVIL SERVANTS will head the IRS temporarily, until the Clinton administration picks its own officials. Michael Dolan, the deputy commissioner, is serving as acting commissioner; and David Jordan, the deputy chief counsel, is now the acting chief counsel.

THE MAXIMUM PAYMENT into a 401(k) retirement plan allowed in 1993 rises to $8,994 from $8,728 in 1992, IRS Information Release IR 93-2 says. Adjustments for inflation also raise the maximum annual amount that may be withdrawn from a defined-benefit pension plan to $115,641 from $112,221.

TENNESSEE'S DEMAND that Bloomingdale's By Mail collect state sales taxes on mail-order business was struck down by the state's Supreme Court. The ruling had been expected since the U.S. Supreme Court held last May that such state laws are unconstitutional. But the Tennessee court also ordered that state to pay legal fees under federal rules more generous than state law.

BRIEFS: James Bruton plans to return to the law firm Williams & Connolly from his post as acting assistant attorney general for tax matters. . . . Jay Leno on President Clinton's proposed consumption tax: "How would he like it if we raised his taxes on Big Macs, ugly jogging shorts and out-of-tune saxophones?"

–SCOTT R. SCHMEDEL

Sen. Bryan Is Selected To Head Ethics Committee

By a WALL STREET JOURNAL *Staff Reporter*

WASHINGTON – The Senate Democratic leadership prevailed on Nevada Sen. Richard Bryan to lead the chamber's ethics committee, which has seen a wholesale change in its makeup since the previous Congress.

Five of the six members will be new to the panel, which already faces a sexual harassment case involving Sen. Bob Packwood (R., Ore.). The last chairman, Sen. Terry Sanford (D., N.C.), was defeated for re-election in November, and there have been a series of departures as members in both parties have sought to avoid duty on the committee.

Mr. Bryan, still in his first term and facing election himself next year, is the sole holdover. He will be joined on the Democratic side by Sens. Barbara Mikulski of Maryland and Thomas Daschle of South Dakota. Republicans recently named Sens. Mitch McConnell of Kentucky, Ted Stevens of Alaska, and Bob Smith of New Hampshire to the committee, with Mr. McConnell designated as the ranking Republican and vice chairman.

Clinton Seeks to Cut Jobs, Salaries at the White House

By a WALL STREET JOURNAL *Staff Reporter*

WASHINGTON–President Clinton is seeking to slash salaries and jobs in the White House in an effort to keep his campaign pledge to cut executive-office expenses 25%.

Administration sources said salaries for many White House employees are being set lower than what President Bush paid his aides to perform the same duties. In addition, most White House jobs below the level of assistant to the president are being capped at $95,000 a year "unless there are extenuating circumstances," said one person interviewed for a position.

While staff cuts are expected in many White House offices, including communications, political affairs and public liaison, the White House also has created new positions. That could make it difficult for Mr. Clinton to achieve his goal of cutting the overall White House staff.

Some White House employees have voiced concern that they may make less money than people doing the same jobs in various government agencies. And some government officials are concerned that people won't take jobs because of the pay level.

THE WALL STREET JOURNAL
1/27/93

Federal Health Care Costs Rising Sharply, Hill Is Told

CBO Chief Sees Doubling Within Six Years

By Eric Pianin
Washington Post Staff Writer

The cost of federal health care programs will more than double within six years unless Congress and the Clinton administration agree to dramatic reductions in funding, Congressional Budget Office Director Robert D. Reischauer said yesterday.

Massive federal deficits, touched off in the early 1980s by Reagan administration tax cuts, are being fueled by Medicaid and Medicare costs that are increasing faster than revenues.

"The costs of the two major health care entitlements are expected to continue to explode," Reischauer told the Senate Budget Committee. "Medicare next year will grow by $21 billion, or [the equivalent of] the entire farm price support program."

President Clinton on Monday appointed his wife, Hillary Rodham Clinton, to lead a Cabinet-level task force to devise a plan for cutting health care costs and providing universal coverage.

Health care reforms to control costs and hold down federal spending are a major element in Clinton's plan to make good on his campaign pledge to reduce the deficit by half within four years. The Clinton deficit-reduction program also envisions higher taxes on the wealthy and steps to get the economy growing faster to generate more tax receipts.

But Reischauer, who delivered the CBO's annual economic and budget outlook, said that most of the savings from the health care reforms won't be realized until the next century. And even then, he said, they presumably would be used to extend health insurance to the 37 million Americans who don't have it.

Federal spending for Medicare programs for the elderly, totaling $129 billion in 1992, will rise to $259 billion by fiscal 1998, while Medicaid spending for the poor, totaling $68 billion last year, would total $146 billion by 1998 if spending policies are left unchanged, he said.

Sen. Jim Sasser (D-Tenn.), chairman of the Budget Committee, noted that by 1998, the combined cost of the two big health care programs will surpass Social Security.

"The long-term fiscal crisis of this country is a health care crisis," Sasser said.

The federal budget deficit, which was $290 billion in fiscal 1992, will grow to $310 billion this year, then dip to $291 billion in fiscal 1994 and to $284 billion in 1995 before climbing again to $357 billion by fiscal 1998, according to the latest CBO projections.

Reischauer also cast doubt on Clinton's hopes to "grow" his way out of the deficit. He asserted that "more rapid economic growth is also not going to slay the deficit dragon." In the unlikely event that output grew 1 percent faster than projected, the deficit would be much smaller, but still $230 billion in 1998.

While the economy appears to have emerged from the recession, it will grow at only three-fourths the pace that is typical for this stage of the business cycle, according to the CBO. Reischauer said the projected annual rate of economic growth—3 percent in 1993 and 1994—will be insufficient to put a dent in the deficit.

DIGEST

DOW
3298.95
UP 6.75
DETAILS ON PAGE 2

DOLLAR
VS. JAPANESE YEN (N.Y.)
123.55 YEN
+ 0.10 YEN

VS. GERMAN MARK (N.Y.)
1.5770 MARK
+ 0.0095 MARK

GOLD
COMEX SPOT
$331.10 PER OUNCE
+ $2.30

BONDS
30-YEAR TREASURIES
7.25% YIELD
+ 0.06

CRUDE OIL
NYMEX CURRENT CONTRACT
$19.64 PER BARREL
− $0.02

The Washington Post
1/27/93

Carol Parco

JOHN F. AKERS
... will leave within three months

IBM Chairman to Resign On Heels of Massive Loss

A1

By John Burgess
Washington Post Staff Writer

The boardroom turmoil that is transforming America's old blue-chip companies reached IBM yesterday with the surprise announcement that its chief executive, John F. Akers, would step down within three months.

International Business Machines Corp.'s board of directors approved his departure at a sometimes emotional meeting on Monday in Manhattan, abandoning previous declarations that the one-time computer salesman was the company's best hope. They also agreed to junk eight decades of tradition and consider candidates from outside the company to replace him.

Officials at the world's largest computer maker, which lost $5 billion last year, said Akers made the decision on his own and was not being fired. But the 58-year-old executive joins the ranks of corporate leaders who have lost their jobs because they couldn't bring their companies back to health.

In command since 1985, Akers will remain chief executive and chairman while the search goes on, the company said. But two close contemporaries will go immediately: IBM President Jack Kuehler will give up that post to become a vice chairman, while chief financial offi-

See IBM, A9, Col. 1

1/2

The Washington Post
1/27/93

Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 1/28/93

NOTE FOR: Bob Rubin

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

Information ☑

Action ☑

[redacted]

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

[redacted]

cc:

Boeing, Pratt & Whitney Plan Huge Job Cutbacks

THE PRESIDENT HAS SEEN

Aerospace Companies to Slash Production

By Richard M. Weintraub
Washington Post Staff Writer

Two of the nation's most prominent aerospace manufacturers announced huge job cutbacks yesterday, indicating deep problems in a high-tech industry that had been largely immune to the country's economic troubles.

Boeing Co. of Seattle said yesterday it is slashing production for next year by 25 percent, a step that will lead to job cuts of 10,000 to 20,000, according to industry experts. Boeing makes about 60 percent of all commercial airliners sold.

United Technologies Corp. announced that its Pratt & Whitney division, which makes the engines that power many large airliners, will cut 10,000 jobs.

These cuts, coming on top of an announcement last Friday by McDonnell Douglas Corp. that it will eliminate another 5,000 workers from its commercial aerospace division, mean the loss of 30,000 to 40,000 high-paying manufacturing jobs in the civilian aerospace industry, which had been one of the few industries to show strength during the country's prolonged economic downturn.

The announcements prompted calls from industry and political leaders for government action. President Clinton and many of his advisers have spoken of the need for government and industry to work together, but with the administration still seeking key policy makers, there is no announced program.

See AEROSPACE, F3, Col. 1

The Washington Post
1/27/93

B Rubin

AEROSPACE, From F1

"The aerospace/defense business already had been affected by the downsizing of defense budgets," said Don Fuqua, president of the Aerospace Industry Association. "This is one of the few times in history that both [defense and commercial aircraft manufacturers] have been on the downswing at the same time. It is a double whammy."

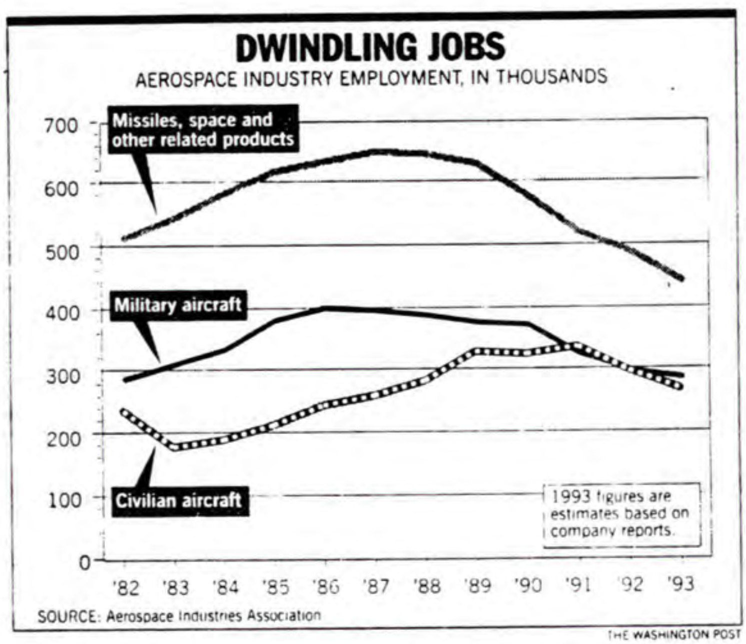
Fuqua added, "We are very concerned about what is going to happen to the industry, and I hope this is a high-priority item for the new administration. A turnaround in the economy would be helpful."

The job cuts will fall most heavily on Connecticut (Pratt & Whitney) and Southern California (Douglas Aircraft), two areas already struggling under the impact of the recent recession, and on the Seattle area, where Boeing's presence dominates the economy.

Connecticut's two Democratic senators, Christopher J. Dodd and Joseph I. Lieberman, both urged immediate action.

"I continue to be concerned about the constant decline in the aerospace industry and the absence of a comprehensive response to their financial difficulties," Dodd said.

Dean Thornton, president of the Boeing Commercial Airplane Group, said, "while we remain optimistic about the longer-term prospects for our business, the present reality is sobering. . . . There's no escaping that this will mean hardship and job losses."



Boeing said it will slash production in the full range of its aircraft—the 737, 747, 757 and 767—because of the "sustained financial problems of many of the world's airlines."

Boeing, the world's biggest aircraft maker, said its fourth-quarter profit before accounting changes was down 9.2 percent. It earned $377 million ($1.11 a share), compared with $403 million, ($1.17) a year earlier.

Its quarterly profit slid to $357 million ($1.05) after an adjustment for new accounting standards covering health-care benefits for retirees. Revenue was down to $7.5 billion from $7.8 billion.

Pratt & Whitney's parent, United Technologies Corp., said it lost $333 million in the fourth quarter of 1992, almost all due to the performance of the giant aircraft engine company.

"We continue to see unprecedented turmoil and financial losses in the commercial airline industry," said Robert F. Daniell, UTC's chairman and chief executive.

"Our goal is to make ourselves recession-proof," Daniell said in a letter to employees in which he outlined cuts that will bring the work force down to 30,000 by the end of 1994 from its present level of 40,664. Sixty percent of those cuts, he said, will be white-collar workers.

The "double whammy" of post-Cold War defense restructuring and tough times in the passenger aircraft business is most pronounced at McDonnell Douglas. Its Douglas Aircraft unit already has cut 21,000 jobs over the last three years as its share of the commercial aircraft business dwindled.

Now the troubles in the industry are forcing deeper production cuts in the company's already modest schedule.

McDonnell Douglas said that in addition to the 5,000 jobs it plans to eliminate in its commercial aerospace division, it will also cut 3,700 jobs in other divisions.

The stocks of all three companies suffered yesterday on Wall Street.

Boeing declined $1.37½ to $35.50 per share. McDonnell Douglas finished at $63.50, down $3.37½. United Technologies closed at $47.50, down 12½ cents.

Chauffeur For Baird Leaves U.S.

Associated Press

STAMFORD, Conn., Jan. 26—An illegal immigrant who worked as a chauffeur for President Clinton's unsuccessful nominee to be attorney general left the United States to return to Peru, his attorney said today.

Victor Cordero, 26, went into hiding after Zoe E. Baird withdrew her nomination last week amid a public outcry over her illegal hiring of Cordero and his wife as household help.

On Monday, Cordero told a television interviewer that he would face questioning from immigration officials so he could stay in the United States.

But today, his attorney, Helene Pepe, said in a statement: "Victor Cordero has voluntarily departed the United States to return to Peru." Pepe could not be reached to elaborate.

Immigration and Naturalization Service officials had asked Cordero and his estranged wife, Lillian Cordero, 32, a former nanny in Baird's New Haven house, to appear in Hartford for questioning this week to determine whether they should face deportation proceedings.

In an interview taped Monday and broadcast today on "CBS This Morning," Victor Cordero said he did not believe he did anything wrong, but was afraid he would be deported because of the attention the case received.

Immigration officials insisted that the Corderos are being treated like any other illegal aliens.

Baird and her husband, Yale University law Prof. Paul Gewirtz, hired the Corderos in 1990 to work at their New Haven house. She paid a $2,900 fine for employing the couple and $12,000 in delinquent Social Security taxes and penalties.

The Washington Post
1/27/93

WASHINGTON POST-ABC NEWS POLL

GAYS IN THE MILITARY

Q. Do you think homosexuals should or should not be allowed to serve in the military?

Should serve	47%
Should not serve	47
Don't know	6

Q. What's the main reason you feel that way? (Asked only of those who felt homosexuals should not be allowed serve in the military.)

Gays could not serve effectively	10%
It would undermine the morale of other soldiers	30
Homosexuality is wrong/immoral	17
Military leaders oppose it	2
Concerns about AIDS	4
Housing issues	10
Other	25
Don't know	2

Q. Do you think people who join the military should be asked if they are homosexual?

Should be asked	44%
Should not be asked	53
Don't know	3

Q. Do you approve or disapprove of the way Bill Clinton has handled the issue of gays in the military?

Approve	44%
Disapprove	42
Don't know	14

Q. Regardless of whether or not you approve of Clinton's handling of the issue of gays in the military, do you think he's spending too much time on the issue, too little time or about the right amount?

Spending too much time	38%
Spending too little time	6
About the right amount	47
Don't know	9

Figures based on a Washington Post-ABC News telephone poll conducted yesterday with 549 randomly selected adults nationwide. Margin of sampling error for the overall results based on a sample of this size is plus or minus 5 percentage points. The practical difficulties of doing a survey in a single night represent another potential source of error in this survey. Interviewing was conducted by Chilton Research of Radnor, Pa.

THE WASHINGTON POST

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McDonnell Finds It Ever Harder to Cope In Airliner Business

Lack of Orders, New Models Raises Doubts on Future Of Commercial-Jet Unit

Chairman: We're in It to Stay

A1

By JEFF COLE
Staff Reporter of THE WALL STREET JOURNAL

The news on the global aviation front is growing grimmer. Carriers are slashing routes, airplane orders and jobs. Aircraft and engine manufacturers are cutting production and idling workers. Even the largest of the old-standby leasing companies, which in tough times usually bridge the financing gap between buyer and seller, is tottering.

The bleak news inevitably raises questions about the staying power of the weakest manufacturer of commercial jetliners, McDonnell Douglas Corp.

Its venerable Douglas Aircraft Co. division has been losing orders month after month to Boeing Co. and the European Airbus Industrie consortium. Last year, in fact, it managed to pick up only a single net order for its flagship MD-11. But beyond the current order book lie a plethora of other problems for McDonnell Douglas:

Joining Forces for a Jumbo
Boeing and four European aircraft makers agreed to set aside rivalries to study the feasibility of a 550-seat super-jumbo jet. See article on page A10.

- The collapse last year of its deal to get as much as $2 billion in Taiwanese investments.
- Delay after delay in plans to offer new models to fill in its product line, and a general unwillingness to plan the new-generation airliners that entail the greatest development expense.
- The failure to match the financial enticements of its wealthy rivals in the sale of aircraft in an increasingly competitive market.
- The prospect that its original plan, to cut back production and hold it at low levels until world-wide orders turn up again, could be ruined by an extended recession in the airline business.

McDonnell Douglas says emphatically that it is in the airliner business for the long haul. "I recognize the perception out there is we're going out of [the] business," says Chairman John F. McDonnell. But he declares: "We're not in the process of going out of the business. We're in the process of constructing the business in a way that we can stay in in the longer term."

Yet industry observers note that Lockheed Corp., just months before pulling out of the jetliner business in late 1981, was giving public assurances similar to Mr. McDonnell's.

Doubts about McDonnell's staying power might seem strange at a time when the company's airliner unit remains profitable, except that some of the reasons for the profitability aren't encouraging: production based on a backlog of aircraft orders taken years ago, cutbacks in current spending on development of new jetliners and substantial layoffs, among other cost-shaving measures. The future of operations in Long Beach, Calif., the nexus of Douglas Aircraft facilities, looks dim.

THE PRESIDENT HAS SEEN

Earlier this month, for instance, the unit lost a hard-fought contest for one of the year's biggest orders — one it should have had a good chance to win — from United Parcel Service of America Inc. The package hauler elected to buy 30 Boeing jets valued at $2.4 billion, instead of MD-11s. Two months ago, Douglas was nearly shut out of a huge $4.6 billion order by leasing giant International Lease Finance Corp., a Beverly Hills, Calif., unit of American International Group Inc.

John F. McDonnell

While Boeing and Airbus logged an estimated 270 orders last year, even after accounting for numerous order deferrals and cancellations from recession-struck carriers, harder-hit Douglas ended 1992 with only 36 orders — the lone MD-11 and 35 smaller twin-jets.

Scaling Back

With its order book and backlog drying up, the Douglas unit has feverishly chopped 21,000 jobs in the last three years, and it plans to cut as many as 5,000 more jobs from the work force this year. It also has sharply scaled back efforts, once described as crucial, to fill gaping holes in its product line with a long-range 430-seat MD-12 jumbo jet and a smaller 100-seat plane.

Such moves raise a special kind of problem with customers. "Not only do they have to convince the airlines that their hardware is good," says Steven Udvar-Hazy, president of International Lease, but they also must convince them that the company "has a long-term commitment to commercial aviation and will stand behind the product — and that is sometimes tougher."

Making the commercial business look even more problematic is the fact that St. Louis-based McDonnell Douglas's other businesses seem to be stabilizing. As

Please Turn to Page A6, Column 1

Continued From First Page

maker of the F-15 and F/A-18 fighters, among other warplanes, the company remains the nation's largest contractor in the consolidating defense industry.

Douglas Aircraft, founded in California more than 70 years ago, was a leader in the jetliner industry through the 1970s, thanks to its venerable DC-8s, DC-9s and DC-10s. The years since its 1967 merger with McDonnell Aircraft Co., known mainly for its production of fighters, have been marked by a repeated failure of the St. Louis managers to run Douglas's West Coast operation efficiently. It wasn't long after the merger that Douglas quit investing in all-new aircraft types.

Venture Delayed

McDonnell Douglas settled instead for upgrading the three-engine DC-10 into the MD-11, and for souping up the DC-9 to produce the MD-80 derivative, and a larger MD-90 cousin now entering production. Another jet on the drawing board, a 100-seat MD-95 airliner that Douglas Aircraft planned to co-produce with China, has been placed "on hold," according to Robert Hood Jr., president of Douglas Aircraft.

Boeing and Airbus, meanwhile, have expanded aggressively into new jet models. Boeing and the four partners in Airbus, acting independently, unveiled yesterday a plan to join in studying development of a 600-seat super-jumbo jet.

And the new Boeing and Airbus products have attracted the world's airlines, even as the carriers have had to make hard decisions about slowing down delivery schedules and canceling excessive orders. When McDonnell Douglas balked at a financial restructuring proposal for Irish aircraft leasing company GPA Group PLC, for instance, its objections didn't derail the lessor's advancing plans. That's because of the 250 large jetliners GPA has on order, only 27 are McDonnell Douglas planes.

To lead the marketing push for its commercial jets, McDonnell Douglas has made an unusual choice. For what is arguably the commercial aircraft industry's toughest job, it selected David Hinson, the 59-year-old former chairman of failed Midway Airlines. His outlook is glowingly positive.

"Let's look at the facts," he urges, "not wishful thinking." Mr. Hinson says Douglas's sturdy jets invite less concern as fleets age than do planes of any other manufacturer. Older MD-11s are steadily increasing in value because of their usefulness to airlines, he adds, and not a single one of the 518 DC-10 and successor MD-11 jets is grounded today, despite the financial pressure on carriers. Narrow-body DC-9s and MD-80s, meanwhile, have the highest rating—"period," he says—when it comes to being mechanically ready for takeoff.

"Douglas probably builds airplanes better than anybody else, and always has," he says.

His enthusiasm for McDonnell Douglas products is evident in the field, as Mr. Hinson trots the globe in search of business. Last June, for instance, he flew a small team of Douglas executives, including a celebrity marketer in the larger corporation, former astronaut Pete Conrad, on a costly flight from Zurich to Saudi Arabia in an MD-11 borrowed from Swissair. There the team extolled the jet's virtues before more than 50 officials who have influence over the state-owned Saudia airline. After a full day of briefings, they were still fielding queries at 1 a.m. from a high-level ministry official who dropped by on short notice.

'More Aggressive'

Adnan Dabbar, executive vice president of the prosperous Saudi airline, was somewhat impressed. "I think McDonnell Douglas management at this time is perhaps a bit more aggressive than previously," he says. But, he warns, "competition is fierce."

Indeed, for all the tenacity of the McDonnell Douglas sales team, an MD-11 sale to Saudi Arabia would be a surprise. Perhaps the only big order on the horizon this year, the Saudi contract for as many as 60 jets valued at about $5 billion is widely expected to go to either Boeing or Airbus, or be split between the two.

Competitors say that Mr. Hinson's arguments are hardly what it takes to sell airplanes in these harsh, competitive times.

THE WALL STREET JOURNAL
1/28/93

Bob Rubin
→ we want to
go an airline
project → commercial
service + manufacture
B5

1/2

gram of slashing costs and seeking fi-nancial partners. "Those who can get their fixed costs down have a chance as the volume slides away, which it is inevitably going to do," he adds. American is a longtime buyer of Douglas jets.

But Mr. Baker worries that Douglas is cutting too deeply into the ranks of experienced personnel, and will suffer in the long run for delaying new-airplane development. "At some point, in theory, it gets to where you can't build an airplane," he says. And without building jets for the future, "you may survive the first round of bombs, but not be able to breathe when you come out the other side."

McDonnell Douglas did set its sights last year on one all-new model: a super-jumbo MD-12 to be built in Taiwan with the benefit of that country's investment. But plans for early development of the double-deck MD-12 fell through not long after the Taiwan deal itself failed, reflecting concerns about the exposure of any equity investment from the Asian nation.

Seeking Investors

McDonnell Douglas is still engaged in an all-out effort to get an outside investment partner. Some industry people say the company has asked its Italian parts supplier, Alenia, to buy a minority slice of Douglas Aircraft and help it meet the $1 billion cost of developing a stretched MD-11, instead of the bigger, more-expensive MD-12. Longtime supplier Mitsui of Japan and some Taiwan interests are said to be other targeted minority investors. An Alenia spokesman says such an investment isn't being contemplated.

Mr. McDonnell says he believes the perception that his company may abandon the jetliner business "will be significantly changed once the initial partner comes on board." He declines to discuss specific potential deals.

The chairman still hopes Douglas will one day resume a leading role in the jetliner industry. Perhaps, he suggests, it may even oust Airbus from the No. 2 slot, behind Boeing – a goal it had hoped to reach with a multibillion-dollar Taiwan investment. Privately, Airbus managers guffaw at the notion.

Nonetheless, despite all the bumpy flying recently, the MD-80 and MD-11 product lines both are making money as Douglas delivers planes ordered several years ago. Mr. Hood, the Douglas president, notes that the division has been profitable overall for nine consecutive quarters, and predicts ever-better results ahead as costs drop with the shrinking payroll.

But to date, only 173 firm orders for the MD-11 have been taken in its seven years on the market, and 76 of those have already been delivered. And last week McDonnell Douglas reported 1992 operating earnings of $151 million for the Douglas unit, off 48% from the prior year. By the end of 1994, the production rate for MD-11s – currently at 42 planes a year – is expected to be halved, with MD-80 output falling even more sharply.

analyst for Moody's Investors Service Inc., says weak cash flows keep Douglas from offering sorely needed customer financing, such as valuable loan guarantees or favorable leases that keep aircraft debt off the books for financially pressed airlines. "They do not have the financial flexibility to be a strong participant in this market," he says. Boeing increased customer financing by $1.2 billion last year alone.

Indeed, perhaps the darkest aspect of losing the UPS order was that the package carrier required little in the way of easy terms, leases or financial backing – something that should have provided McDonnell Douglas with a level playing field in its duel with Boeing.

Herbert J. Lanese, McDonnell Douglas's chief financial officer, personally wooed the president of UPS's airline, Dick Oehme. Though Mr. Lanese was optimistic before the UPS decision, he now reasons that UPS simply needed a smaller jet, and found it in Boeing's new cargo version of the 767. UPS says simply that it made the most prudent long-term fleet decision.

Mr. Lanese is widely perceived inside McDonnell Douglas as being reluctant to give away the store through financial incentives for customers. Some managers, in fact, suspect he wants to wind down the remaining jetliner production and quietly end it entirely, squeezing out the highest possible profit along the way. That perception has led to some friction with the sales crew at Douglas, people there say.

'No Secret Agenda'

"I have no secret agenda," Mr. Lanese says. "But you have people in the company, as you do in life, who want to take the easy path." He maintains that the only deals Douglas makes are those that promise solid profits in advance. "I am absolutely the least understanding guy you'll ever meet about selling products at a loss," he says.

At McDonnell Douglas, the falloff in commercial jet orders is taking place against a backdrop of corporate reorganization that has streamlined its defense and aerospace businesses. The company's cost-cutting efforts follow five years in which $5 billion drained from the company – $3 billion to build up inventory for programs such as the MD-11, and $2 billion more for growth on fixed-price contracts such as its loss-plagued and still-controversial C-17 military-transport program.

Asset sales and $1 billion in new debt have helped pay the bills, with a 20% companywide cut in employment making up the rest. Another 8,700 jobs, 10% of the total McDonnell Douglas work force, are to be cut in the year ahead. Says Mr. McDonnell: "I don't know of any other company that has taken these dramatic actions for the future."

Perhaps the most dramati
a defense-side turnaround i
sion that makes fighters,
icopters and Tomahawk missile

Ignoring the C-17, which the c
vows will be profitable this year, op
profits for military aircraft in that di
leapt 46% last year, and there was a
of big contract wins. John P. Capel
executive vice president for the divi
says plant costs dropped about 5%
year, and expenses for overhead and la
not directly involved in production plunge
by more than 20%.

So the world's airlines and industry analysts are asking: Mightn't the parent company be justified in shuttering the airliner business – or just wringing it for the money to be made on ever-dropping production – and sticking to its guns in the defense business?

Mr. Lanese swears he stands fully behind the boss's plan to stay in the jetliner game, and he supports worthwhile efforts to land profitable sales – including the Saudi sales trip, even though "it costs a lot." But the financial officer adds that as McDonnell Douglas rebounds, "if you can't carry your own weight, we don't need you. . . . The rest of the company should not have to make up for the poor performance of Douglas Aircraft."

THE WALL STREET JOURNAL 1/28/93

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THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 1/28

NOTE FOR: Bob Rubin

THE WHITE HOUSE
WASHINGTON

DATE: 1/28

[redacted]

NOTE FOR: Alexis Herman

The President has reviewed the attached, and it is forwarded to you
foı

DATE: 1/29/93

[redacted]

TO: RON BROWN

FROM: JOHN D. PODESTA
Assistant to the President and
Staff Secretary

The handwritten note is by the
President.

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THE PRESIDENT HAS SEEN 1/28/93

ENTERPRISE

More Black Churches Go Into Business

By Krystal Miller
Staff Reporter of The Wall Street Journal

Entrepreneurs seem to be abandoning inner-city neighborhoods, but black churches are investing more heavily than ever there, opening businesses to help revitalize their struggling communities.

"Churches are clearly becoming more involved in economic development," says Dr. Gladys Lyles-Gray, a professor of sociology at Tuskegee University in Alabama. "There are too many problems in the black community for churches to be isolated."

The black church has always been a force in the economic development of inner-city neighborhoods, Dr. Lyles-Gray notes. But she says churches are taking on increasingly ambitious and creative ventures as the need for community development grows and black congregations become more business savvy.

New Sunny Mount Baptist Church in St. Louis has created 15 jobs in its struggling community. The church owns a bus rental company and a parking lot that it leases to schools and businesses. It also owns a 328-acre retreat that it rents to various groups.

In Chicago, Christ Universal Temple owns a large banquet facility that it rents to businesses, schools and others. The church is also building a school and a bookstore. "We believe that being a spirit-based individual means you have the responsibility to improve the quality of life for people in general," says Joe Hill, a pastor and the church's chief operating officer.

The effort at Greater Christ Temple Church in Meridian, Miss., dates back to 1977, when Bishop Luke Edwards gathered his 200-member congregation to discuss salvaging his parishioners' pride and their decaying community.

'I talked to them about helping themselves,' says Bishop Luke Edwards, pastor of Greater Christ Temple Church in Meridian, Miss. 'I showed the congregation that they have the buying power to deliver themselves if they spend their money right.'

The bishop's task was formidable. Back then, 96% of the Greater Christ Temple Church congregation was on welfare. "I talked to them about helping themselves," says Bishop Edwards, the church's pastor for 20 years. "I showed the congregation that they have the buying power to deliver themselves if they spend their money right."

Bishop Edwards combined church members' food stamps and purchased items from a wholesale grocer. The church then began running a grocery store out of its auditorium. After four months, the members had earned enough money to purchase a supermarket.

Today, the church owns a 4,000-acre farm, seven tractors, hundreds of cattle, two meat processing plants, a bakery, three restaurants and an auto repair shop. It has expanded its ministry to Alabama. And none of its members are on welfare because they have been given jobs by the church.

Black churches would own more businesses if banks were less hesitant about lending them money, says John W. Handy, chairman of economics at Morehouse College in Atlanta. "Churches have the same problem that all black entrepreneurs have: Financing is limited," he says.

But bank financing isn't the only problem confronting black churches when they undertake entrepreneurial ventures. Many pastors find that certain members don't want them to journey beyond the spiritual arena to operate for-profit companies. "There are members who don't believe the church should operate money-

Please Turn to Page B2, Column 3

Bob Rubin

Bob Rubin / 2

Neal
Opportunity
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THE WALL STREET JOURNAL
1/27/93

ng Reduces Its Production Of All Jetliners

Lack of Demand Is Cited; Company Says Net Fell 11% for Fourth Quarter

By Jeff Cole
Staff Reporter of The Wall Street Journal

Boeing Co. finally gave in to the staggering pressure of the airline-industry recession, sharply chopping production rates for all its aircraft models, including a 40% reduction for the highly profitable 747 jumbo jet line.

Word of the planned cutback, which could trim at least 15,000 more jobs by mid-1994 by some estimates, came as the Seattle-based company reported that fourth-quarter net income slid 11% to $357 million, or $1.05 a share, after an accounting adjustment for retiree health-care costs. In the year-earlier period, net was $403 million, or $1.17 a share. Sales were $7.49 billion, a 4% decrease from $7.75 billion a year earlier.

For the year, Boeing said it had net income of $552 million, or $1.62 a share, a drop of 65% from $1.56 billion, or $4.56 a share, a year earlier. Boeing said that without the accounting changes, including a one-time adjustment of more than $1 billion, it would have had 1992 earnings of $1.63 billion, or $4.81 a share, and earnings for the latest quarter of $377 million, or $1.11 a share. Sales for the year topped $30.18 billion, an increase of 2.9% from $29.31 billion a year earlier.

Boeing shares fell $1.375 to $35.50 in New York Stock Exchange composite trading.

The company's financial news was overshadowed by its announcement that it will reduce production of its 737, 747, 757 and 767 models "because of the sustained financial problems of many of the world's airlines."

The company said 737 production will decrease to 10 from 14 a month in October, while 747 production will be cut to three from five a month in the second quarter of 1994.

Boeing also said 757 production, which already was to be reduced to five a month this November from the current rate of 8.5 a month, will now reach the new level in September. The 767, now produced at a rate of five a month, was scheduled to fall to four a month in November. It now will drop to three a month in October.

A Boeing statement said the company hasn't yet determined the impact on its work force, which includes about 99,000 employees in Washington. It said only that "it is expected to be significant," and that details will be announced as soon as possible. Several estimates suggest the company, which already has been reducing its work force, could eliminate as few as 15,000 or as many as 20,000 jobs, based on the size of the production slowdown.

"While we remain optimistic about the longer-term prospects for our business, the present reality is sobering," said Dean Thornton, president of the Boeing Commercial Airplane Group. "As painful as these cuts are, they are critical to helping our customers regain their financial health." Mr. Thornton added, "There's no escaping that this will mean hardship and job losses, and we'll do everything we can to minimize the impact."

Boeing said its cuts "are not tied to any particular customer." However, recent or impending order deferrals and cancellations by big carriers such as United Airlines, Japan Air Lines and by Irish lessor GPA Group PLC are among those that have had an effect.

Separately, AMR Corp.'s American Airlines unit announced that it is deferring orders for four Boeing 767s and four 757s.

Boeing also has completed talks on a second round of delivery deferrals from United Airlines, which has said it is contemplating further delays in delivery of its biggest Boeing jets, and possible further orders from Europe's Airbus Industrie consortium. A person familiar with the talks said the UAL Corp. unit has agreed to no further delays in delivery of the Boeing's new 777 wide-body jets, but deferrals of its 747 jumbo jets greatly affected Boeing's latest decisions on production rates.

In reporting earnings, Boeing said it

Please Turn to Page A5, Column 1

Boeing Co. Reduces Rates of Production For All Its Jetliners

Continued From Page A3

had delivered 446 jets last year, up from 435 in 1991. Approximately 60% went to non-U.S. customers, underscoring concerns about how sharp Boeing production cuts might affect U.S. balance-of-trade figures for the year ahead. Fourth-quarter deliveries dropped to 102 from 109.

The company said heavy costs for development for its new 777 model, which it is scheduled to begin delivering to United in 1995, pushed research and development costs up 31% last year to $1.84 billion. Boeing projected that such expenses would rise to more than $1.7 billion in 1993, including early design costs for 767 cargo jets recently ordered by United Parcel Service.

Boeing noted that as airline-industry problems multiplied, the company's backlog of firm orders had slipped to $82.6 billion at the end of 1992 from $92.8 billion a year earlier. Operating profit for its commercial jet division was about $1.99 billion, down 11% from $2.24 billion a year earlier, it said.

Another trend was more than a doubling of last year's "customer financing," such as loan guarantees to help hard-pressed carriers buy jets, to $2.3 billion from $1.1 billion in 1991.

The company said its Defense & Space Group returned to profitability in 1992, with operating earnings of $204 million on sales of $5.4 billion. Boeing said the unit's sales are likely to decline to about $4.5 billion range for the next several years.

THE WALL STREET JOURNAL
1/27/93

Hispanic Association of Colleges and Universities

marsha scott please handle

FAX TRANSMISSION COVE

To : Christiana Lin

Co. : White House-Public Liaison

Phone # : (202) 456-7620

Fax # : (202) 456-6218

From :

Phone # :

Fax # :

Date :

NUMBER OF PAGES, INCLUDING COVER SHEET : 7

COMMENTS :

Christiana - Per our conversation, here is the background material on the Hispanic Association of Colleges and Universities and its Federal summer job campaign. The campaign features a poster showing President Clinton. I've enclosed a rough sketch of the poster; the actual poster is quite nice and more flattering than the sketch.

Thanks for offering to help us! The problem is that we're under a tight deadline -- and under the law -- the Government Printing Office can't print a picture of the President without written permission from the White House.

We are therefore requesting this written approval as soon as possible and that it be sent (or preferably faxed to HACU's Washington Office (202) 833-8367). I'll be traveling in Texas next week but in my absence, please get in touch with Isabel Flores at (202) 833-8361.

If you do not receive all the pages as indicated above, please call (202) 833-8361.

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Chron

THE WHITE HOUSE

WASHINGTON

January 27, 1993

MEMORANDUM FOR THE WHITE HOUSE SENIOR STAFF

FROM: NANCY HERNREICH
DEPUTY ASSISTANT TO THE PRESIDENT

SUBJECT: The President's Box, The Kennedy Center

The President and First Lady have available for their use 3 boxes at the Kennedy Center:

(1) Eisenhower Theater
(seats 8)
(2) Opera House
(seats 8)
(3) Concert Hall
(seats 12)

When the President and First Lady and their family members are not using these boxes, they have asked that the tickets be made available to the White House staff for official and personal use. It would be helpful if you would designate one contact on your staff to work with my office in the allocating of these tickets. All requests (official and personal) should come through your designated contact in writing. The responsibility for prioritizing requests belongs to your office.

For official requests, we will try to confirm a week in advance. Personal requests cannot be confirmed until 24 hours in advance of the performance. (The First Family and official requests have "bumping" rights over personal requests; however only under unusual circumstances would someone be "bumped" at the last minute.) If you find that you must cancel at the last minute, please notify my office immediately. We will keep a list of names of staffers who would be available on short notice, thus ensuring that all tickets are used.

Please remind your staff that while using the Kennedy Center they are representing the President and First Lady at all times. There must be a White House host in attendance for all performances.

While there is a sitting room equipped with a small refrigerator stocked with refreshments, no food or drinks are permitted in the theater or outside the sitting room area. A key will be provided for the refrigerator at the time your receive your tickets. (This key must be returned to my office the day after the performance.) There is no charge for these tickets.

Attached is a current schedule. A more detailed schedule will be sent to your office later this week.

SCHEDULE OF KENNEDY CENTER ACTIVITIES

WEDNESDAY, JANUARY 27, 1993

7:30 p.m.	EISENHOWER THEATER (seats 8) The Washington Opera (The Pearl Fishers)
8:00 p.m.	OPERA HOUSE (seats 8) The Secret Garden
	CONCERT HALL (no performance)

THURSDAY, JANUARY 28, 1993

7:30 p.m.	EISENHOWER THEATER (seats 8) The Washington Opera (La Cenerentola)
8:00 p.m.	OPERA HOUSE (seats 8) The Secret Garden
8:30 p.m.	CONCERT HALL (seats 12) National Symphony Orchestra Paavo Berglund, Conductor

FRIDAY, JANUARY 29, 1993

7:30 p.m.	EISENHOWER THEATER (seats 8) The Washington Opera (The Pearl Fishers)
8:00 p.m.	OPERA HOUSE (seats 8) The Secret Garden
8:30 p.m.	CONCERT HALL (seats 12) National Symphony Orchestra Paavo Berglund, Conductor

SATURDAY, JANUARY 30, 1993

7:30 p.m.	EISENHOWER THEATER (seats 8) The Washington Opera (Don Pasquale)
2:00 p.m. and 8 p.m.	OPERA HOUSE (seats 8) The Secret Garden
8:30 p.m.	CONCERT HALL (seats 12) National Symphony Orchestra Paavo Berglund, Conductor

THE WHITE HOUSE

WASHINGTON

January 28, 1993

MEMORANDUM FOR THE SENIOR STAFF

FROM: JOHN PODESTA JDP

As you comtemplate sleeping in the President's box at the Kennedy Center, read the attached.

THE GREAT WHITE HOUSE BURNOUT

And the Heady Rush of Power That Clouds the Price of Glory

Gergen Deaver Duberstein Schlesinger Clifford

By Elisabeth Bumiller

This is David Gergen's last day as communications director at the White House, a final 15-hour stretch of jokes, long goodbyes and a big, noisy party that will mask the frustrations and emotional numbness he came to feel in his job. He is leaving to teach, to write and to convince himself that he can walk away from the seductions of power. "It's so easy to become a more warped person, to become so wrapped up in the success of a president," he says. "I think you close up some inside."

He's not the only one who's tired. Friends say aides James Baker and Michael Deaver have both aged at the White House, and that the two are expected to leave soon after the election. In the past three years, there have been days when Deaver got into his car and went home at 4 in the afternoon. "I just said, 'I can't,'" he recalls. "'It's just too much today.'"

Even Clark Clifford, who served five years in the Truman White House, says of the 1948 campaign: "After that, I knew I would have to go. I was about as exhausted as a human being could get." Or as David Rubenstein, a domestic aide to Jimmy Carter, remembers: "By the time of the general election, we were so tired we almost didn't care who won. Although I'm not sure that was true for Carter."

This is the season of the White House whine, a time when battered presidential advisers take their last big gasp before the final crush toward Election Day. They're like the distance runners who see a marathon as divided into two parts—the first 20 miles and the last, excruciating 6.2. Some, like Gergen and congressional liaison Kenneth Duberstein, have already left, considering it the last chance to drop out gracefully before the president announces for reelection a little more than two weeks from now.

Those who stay are working in an administration that has expended much of its intellectual capital: Lebanon and the arms talks are each at a stalemate, and there are likely to be few policy innovations in a political year. Ask them how they can get out of bed in the morning and most will tell you about loyalty to the president and a devotion to public service, and to be fair, there is some truth in that.

But what they don't articulate is something more powerful: the euphoric, addictive White House high, a psychological and physiological state that compels them, no matter how bad things get—and no matter how much they complain—to come back for more.

"There is an adrenaline-like compound called noradrenaline, or norepinephrine," says Dr. Frederick Goodwin, scientific director of the National Institute for Mental

See WHITE HOUSE, C8, Col. 1

PHOTOCOPY PRESERVATION

White House Aides: Agony & Ecstasy

WHITE HOUSE, From C1

Health. "It is one of those that are important in arousal mechanisms. Under stress, when more of it is manufactured by the brain, blood flow increases, body temperature goes up slightly, the senses get sharper, memory gets sharper, the speed of thinking is accelerated and the ability to make rapid associations is greater—up to a point. Sleep deprivation probably contributes to some of this effect. It enhances the manufacture of noradrenaline, and at least transiently in some individuals, produces increased energy and exhilaration."

"When things are tough, it's the most exhilarating place in the world," says Gergen. He is a veteran of the Nixon and Ford White Houses, but says it's wrenching to leave even the third time around. He'll be teaching at Harvard University's John F. Kennedy School of Government, spending some time at the American Enterprise Institute and is thinking about writing a book. Colleagues say what finally convinced him the high wasn't worth it was last fall's FBI investigation into White House staff leaks to reporters, which enraged him.

James Baker almost left last fall, too. After losing out in a scheme that would have made him national security adviser, friends say, he very seriously considered taking a job as baseball commissioner. Now he's so sensitive about coworkers who say he's worn out that he refuses to talk about it, insisting through an aide that he's looking forward to the campaign and feels "terrific."

It's a lot easier to talk when you're out. In the glow of retrospection, memory becomes a great editor. Just listen to those who'll never forget the high:

"It was probably the most exciting, the most maturing and the most important period in my life out of all these many years," says Clifford, who, at 77, has been secretary of defense and an adviser to four presidents.

"The exhilaration that you get from working at the White House more than makes up for the long hours," says Arthur Schlesinger Jr., the historian and Kennedy White House adviser.

"I loved it," recalls Christopher J. Matthews, a former Carter speech writer. "When we were riding around on Air Force One the week before the election, I had no doubt in my mind that everything I'd done in my life up to that point had been right. Because how else could I have gotten there?

"There was one time I was miserable—but it was like having a fight with a woman you're in love with."

As the Whirlwind Blows

Ken Duberstein had the White House high like no one else. As congressional liaison, his job was pushing Reagan's legislative program on Capitol Hill, making deals and, not to be underestimated, holding the hands of 535 members of Congress. Knowing that in a political year there would be little action on the budget, Duberstein left the White House at the end of 1983 to become a partner with Timmons & Co., an influential Washington lobbying firm.

But consider just one week in his White House life:

- Sunday, Aug. 28, 1983:

Duberstein returns to Washington from California with his wife, Sydney, having just completed his turn at staff duty in Santa Barbara during Reagan's vacation. Congress is in recess. He expects the week before Labor Day to be a quiet one. He is looking forward to long lunches, and maybe an afternoon of golf or tennis.

- Monday, Aug. 29:

The White House Situation Room calls Duberstein at home, 5 a.m. Two Marines dead in Lebanon. Duberstein immediately calls Senate Majority Leader Howard Baker (R-Tenn.), Minority Leader Robert C. Byrd (D-W.Va.), House Speaker Thomas P. (Tip) O'Neill (D-Mass.) and Minority Leader Robert Michel (R-Ill.). Lots of urgent talk. Spends day at office, then leaves the White House at 6 p.m. for Cape Canaveral to see the space shuttle take off, a prearranged trip compliments of NASA. Is pleased because a half-dozen congressmen are aboard and he can do some business. Spends four hours waiting for plane to be fixed.

- Tuesday, Aug. 30:

Arrives at Cape Canaveral 1:45 a.m. Is immediately told there's an urgent call from the White House. He's out in a grassy field, but finds a phone in a nearby tent. Urgent call turns out to be a congressman who phoned the White House needing to speak to Duberstein on "a farm matter." (At 1:45 in the morning? "It was important to the congressman," says Duberstein, rolling his eyes.) Sees shuttle take off, arrives back in Washington 7 a.m. Sleeps and takes phone calls for a few hours, then heads for office.

- Wednesday, Aug. 31:

Uneventful.

- Thursday, Sept. 1:

White House phone wakes Duberstein again, around 5 a.m. The Situation Room. A Korean commercial airliner has been shot down, some Americans believed aboard, and some reason to think Russians did it. "Oh, my God," Duberstein says to his wife. Calls the congressional leadership, goes to office at 8 a.m., takes several hundred calls from Congress and staff. Many say president should come back to Washington. Talks to Baker in Texas, White House counselor Edwin Meese in California. President decides to come back early for crisis meetings. Duberstein goes to Kennedy Center that night. "I can't remember the show," he says, "but I do remember we took Senator and Mrs. Tower." (A check reveals the show to have been "Private Lives." Informed of this, Duberstein says: "You want to talk about irony, there it is.")

Home at midnight. White House phone rings at 1 a.m. The Situation Room once again. Sen. Henry (Scoop) Jackson has had a heart attack. Duberstein calls Howard Baker for the third time that week in the middle of the night. "Yep, it's me again," he says.

- Friday, Saturday and Sunday, Sept. 2-4:

President returns. Duberstein plans for bipartisan congressional meeting with president. Works out who will attend, who will say what. Meeting goes smoothly. "Then they did their wrangling out in front of the West Wing," he says.

Through it all, he averaged four to five hours of sleep a night.

"But I wasn't tired," he says cheerfully. "I felt sort of upbeat. It was a bonkers week."

The Home Front

The families have a different story. The White House adviser is most [illegible] a type A personality, more frenetic than cerebral, a hamster on an exercise wheel who makes daily lists and usually puts the wife (at this point, most spouses of White House aides still are wives) at the bottom.

"It must have some similarity to being married to a rock star," says Carolyn Deaver, a White House wife who is now working full time as a consultant to a public relations firm. "There's a sudden rush of attention, of fame, of glamor. You run into the syndrome of 'wife of' or 'daughter of' or 'son of.'"

"For men, it's the ultimate seductive toy," says a woman who's married to a former Carter administration official. "I think anybody who's leaving because he says he's burned out is actually leaving because his power base has been diminished in some way. Nothing can equal the high of making a phone call from a plane that is carrying the leader of the free world. When my husband got to Washington, it was like someone had given him speed pills. He'd wake up in the morning and just shoot out of the house because he was having a 9:15 meeting with the president of the United States. And Air Force One—he would happily have had it parked in the back yard if he thought it were possible."

"He was totally withdrawn from normal life," says another Carter administration spouse. "Everything he did centered on Carter winning again. You pull away from all your other friends. There's a retreat into the camp, because they're the only people who feel what you're feeling. There was a certain paranoia that everyone else was the enemy."

In every administration, there are always a number of divorces in the upper echelon. Carter's chief of staff, Hamilton Jordan, split from his wife, Nancy, in 1978; last year, Craig Fuller, Reagan's cabinet assistant, and his wife, Norine, were divorced. "I'm not sure it occurred because I came to the White House," Fuller says, "but the conditions here certainly made things more difficult."

With the exception of Carter aide Anne Wexler, whose husband, Joseph Duffey, was then the chairman of National Endowment for the Humanities, every one of the two dozen current and former White House aides and spouses interviewed said the experience put their marriage under strain. The wife is left to bring up the children alone, neglected by a husband who fulfills many of his emotional needs at the office. The balance of the marriage changes: at parties, people wait in line for a word with the husband, while the wife stands by, a mute adjunct. The thrill of attending White House functions usually wears off after the first year. In the Reagan administration, there are several wives who now refuse to attend White House social events, in part because they don't like the president's policies, and in part because they're tired of it.

"I got divorced years later, but it was rough," says Harry McPherson, a Johnson White House aide. "If you were to go to work in the Department of Commerce, you might have a great interest in export trading. You'll do the best job you can, but you won't think of the world and events in terms of how they are going to affect your boss, the secretary of commerce. In the White House, you do. It's an experience that involves a sense of commitment to a person that you're likely to feel only once."

"You become restricted, intellectually and emotionally," says Gergen. "You lose track of your kids, and you begin drifting away." Gergen's wife, Anne, a teacher at a private school, was never happy with her husband's job, and when he finally told her he was leaving, she was so happy she wept. "The bottom line is that I'm glad it's over," she says. "And that's all you're going to get from me on the record."

"A woman from the Johnson administration gave me the best piece of advice I ever got," says Carolyn Deaver. "Although at the time, I was puzzled by it. She said, 'You have to find something that you're interested in because he won't have time for you.' It was when we first got here, and Mike and I were going to parties and doing all these things together. But it was an accurate observation. Otherwise, you'll be left in the dust."

The Gut Wrench

There is a prevailing argument in Washington that the nature of the modern presidency makes it almost impossible for White House advisers to last longer than four years, no matter how intense their high. Power has shifted from the Cabinet to the president's desk in the last three or four decades, partly because the decision-making process is faster at the White House and partly because the more complicated issues of the modern world now involve several departments. In those cases, the White House must be the final arbiter.

"Even during the Truman and Eisenhower administrations, the presidency was not looked to as the central focus for every answer," says former Carter adviser Stuart Eizenstat, who teaches a course in presidential decision-making at Harvard University. "As more and more gets imposed on the presidency, it imposes more and more pressures on the staff."

Arthur Schlesinger Jr., the author of "The Imperial Presidency," disputes this. "Apart from nuclear weapons, no president has had to deal with worse problems than Franklin Roosevelt," he says. "He faced the worst depression in our history, and the worst war in our history." Roosevelt, Schlesinger says, ran the government with a smaller staff than the one Vice President George Bush has today (61, including Bush's White House office, his Senate office, his Houston office and the office of his wife Barbara.) According to the Office of Personnel Management, Roosevelt's staff averaged 55 people. Today the White House staff numbers 322.

"The larger the staff gets," Schlesinger says, "the more infighting you get, the more paperwork you get, the more isolated the president gets and the more general trouble it causes."

And the more meetings you have to have. In the Reagan White House, staff members often spend up to six hours a day in back-to-back meetings, many of them informational where few decisions are made. "You go just because you don't want to be excluded," says Ed Rollins, the former White House political director who's now running the president's reelection campaign. "It sounds petty, but that's the reality of it. Then at 4 you get back to the office and there are 30 or 40 phone calls to return and a 12-page memo that needs your comments by 5 o'clock because it has to be on the president's desk the next morning. You don't even have time to read it, let alone comment on it."

"When a decision needs to be made, you don't have time to read three government studies and consult two experts," says Gergen. "You operate on the basis of the knowledge you bring with you, but that's very quickly depleted. Then you operate on the basis of experience, on the basis of instincts and the quality of advice from outside the system. Frequently, a major editorial or a column in a newspaper will have a major impact on the thinking. It's like another voice at the table."

"Everything is a gut wrench," says Rollins, who at age 39 had a mild stroke in his White House office. After recuperating several months, he came right back.

"People come into these jobs with a commitment to a mission," says Dr. Frederick Goodwin, "and they usually have enough leverage and power within the system to see a relationship between their actions and the effect of their actions. That usually strengthens motivation." The truth is that on some days the only effect of their actions the advisers see is watching the day's White House events on the network news. Privately, they'll tell you that television validates the experience.

Many of the aides will say the White House made them less cynical, at least in some ways. "People are more conscientious than I thought, or at least more inclined to do the right thing than I would have been willing to give them credit for," says Hendrik Hertzberg, Carter's former chief speech writer. "It made me less cynical about people, and maybe more cynical about the system. The system is basically unworkable."

Typically, few advisers say the White House experience changed their personality, preferring to believe that they remain as humble and decent as they ever were.

A few tell the truth.

"I think I was probably a nicer person in 1976 than I am now," says Jody Powell, Carter's former press secretary.

"It gave me more self-confidence because you find you can play with the big boys," says Hertzberg.

"While you're there, you become much more brusque with people," says Rep. Dick Cheney (R-Wyo.), who was Gerald Ford's chief of staff. "I always thought of myself as a calm, pleasant, warm, lovable [illegible] but after the '76 convention, [illegible] people in the press began calling [illegible] 'the Grand Teton.' I can remember being short with people and, in the eyes of some, abrasive. But that's [illegible] I had time for."

The Danger Signs

How a White House adviser knows it may be time to quit:

- When he begins to think [illegible] can do his job. "My [illegible] point was the summer of 1978," [illegible] members Jody Powell. "The press coverage had been negative all summer, and then even the coverage [illegible] the Salmon River trip was mildly negative. I thought, 'My God, you can't even get neutral stories off a damned fishing trip. Any fool can do that. He may as well have had [illegible] monkey.'"
- When he yells at the president. "He and I 'had words,'" recalls Dick Cheney of Gerald Ford. "I blew up and I had to take a half-hour walk along the driveway to cool off."
- When he finds himself on both sides of an issue. "In the early 1970s in the Nixon administration," says Gergen, "there was a major fight about the need to index Social Security and take it out of politics. I poured a lot of energy into the fight, and when it was over and we had won, I wrote a lot of speeches about the courage of the Congress and the president. Well, the indexing didn't work out very well, and the costs of Social Security skyrocketed. By the Reagan administration, it had become clear that it had to be modified. People here poured an awful lot of energy into getting it modified, and then we wrote a lot of speeches about the courage of the Congress and the president. You learn over time to be humble about how much you really know."
- When he begins repeating himself. "Everything I wrote ended up sounding like something else I'd written," says Clark Clifford. "After four years in that kind of job, you enter a period of diminishing returns."

But All in All ...

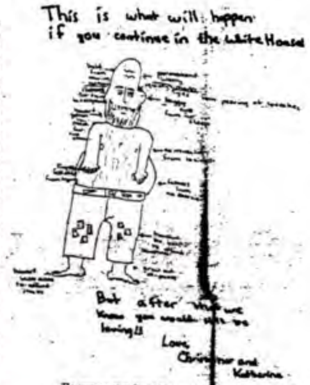
In Gergen's White House office, there is a framed cartoon from his two children, Christopher and Katherine, illustrating "What will happen if you continue in the White House." They have drawn their father as a fat, balding and frazzled man, with a "flattened ear from the telephone," "squinty eyes from peeking at speeches" and, on his forehead, "permanent worry marks."

Gergen knows he'll miss every minute.

"There is an inevitable feeling [illegible] being out of the loop," he says, [illegible] losing touch with the excitement. But you get over it very quickly."

How long does he think withdrawal from the high will take?

"Oh," he says laughing, "about five years."



The cartoon that David Gergen's children drew for their father

Chron

THE PRESIDENT HAS SEEN
01 28 93

THE WHITE HOUSE

WASHINGTON

January 28, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA JDP
SHERYLL CASHIN DC

SUBJECT: Awarding Presidential Medal of Freedom Posthumously to Justice Marshall

I. BACKGROUND/ANALYSIS: The Presidential Medal of Freedom, the highest civil award of the U.S. Government, may be awarded only by the President of the United States. Created by an executive order issued in 1945 by President Truman, and revised by President Kennedy in 1963 to add the prefix "Presidential," the Medal may be awarded to persons who have made especially meritorious contributions to the security or national interests of the United States, to world peace, or to cultural or other significant public or private endeavors.

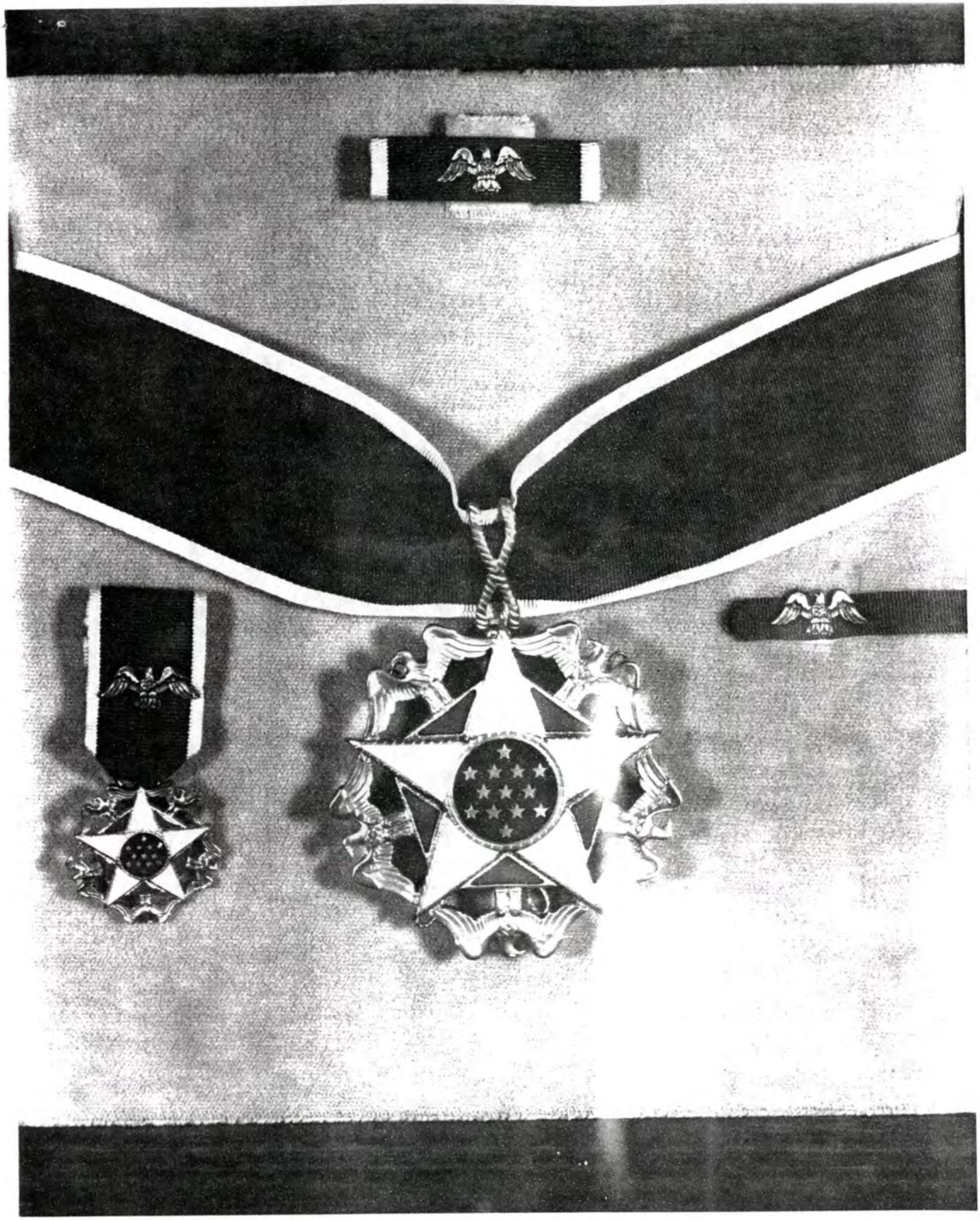
Although a sitting judge may not receive the award, retired or deceased judicial figures who have been honored with the medal include, former Chief Justices Burger and Warren (posthumously), former Supreme Court Justices Arthur Goldberg and Felix Frankfurter, and retired Judges Henry Friendly, Elbert Tuttle, and Irving Kaufman.

Attached for your information is a picture of the medal.

II. RECOMMENDATION: We recommend that you award the medal posthumously to Justice Thurgood Marshall. The senior staff heartily endorses this proposal. Howard Paster suggests that the medal be awarded at the same time of the signing of the Act that names the new Federal Judiciary Building after Thurgood Marshall.

III. DECISION:

√ Approve ___Discuss further ___No action



Chron

THE PRESIDENT HAS SEEN
01-28-93

THE WHITE HOUSE

WASHINGTON

January 27, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: HOWARD PASTER

SUBJECT: Letters to Members of Congress

Attached are letters for your signature which respond to a joint letter from several members of Congress that recommended George Weise for Commissioner of the United States Customs Service.

We have adopted a system whereby Republicans and members in leadership positions are addressed by title, while all remaining Democrats are addressed by their first names. A yellow post-it with the member's first name is placed below salutations using a leadership title as a reminder that you may want to strike through the title and add the first name.

[redacted]

THE WHITE HOUSE

WASHINGTON

Dear Mr. Leader:

Thank you for writing to express your support for George Weise as Commissioner of the United States Customs Service. I also appreciated learning of your concerns regarding the role the Customs Service plays in the global market.

Mr. Weise's qualifications are certainly impressive. I have forwarded your letter to Bruce Lindsey, Director of the Office of Presidential Personnel, and have asked that he give it immediate attention.

With best wishes,

Sincerely,

The Honorable George J. Mitchell
Majority Leader
United States Senate
Washington, D.C. 20510

[redacted]

THE WHITE HOUSE

WASHINGTON

[redacted]

Dear Mr. Chairman:

Thank you for writing to express your support for George Weise as Commissioner of the United States Customs Service. I also appreciated learning of your concerns regarding the role the Customs Service plays in the global market.

Mr. Weise's qualifications are certainly impressive. I have forwarded your letter to Bruce Lindsey, Director of the Office of Presidential Personnel, and have asked that he give it immediate attention.

With best wishes,

Sincerely,

Bill

The Honorable Daniel Patrick Moynihan
United States Senate
Washington, D.C. 20510

[redacted]

THE WHITE HOUSE

WASHINGTON

Dear Senator Packwood:

Thank you for writing to express your support for George Weise as Commissioner of the United States Customs Service. I also appreciated learning of your concerns regarding the role the Customs Service plays in the global market.

Mr. Weise's qualifications are certainly impressive. I have forwarded your letter to Bruce Lindsey, Director of the Office of Presidential Personnel, and have asked that he give it immediate attention.

With best wishes,

Sincerely,

Bill Clinton

The Honorable Bob Packwood
United States Senate
Washington, D.C. 20510

[redacted]

THE WHITE HOUSE

WASHINGTON

Dear Max:

Thank you for writing to express your support for George Weise as Commissioner of the United States Customs Service. I also appreciated learning of your concerns regarding the role the Customs Service plays in the global market.

Mr. Weise's qualifications are certainly impressive. I have forwarded your letter to Bruce Lindsey, Director of the Office of Presidential Personnel, and have asked that he give it immediate attention.

With best wishes,

Sincerely,

Bill

The Honorable Max Baucus
United States Senate
Washington, D.C. 20510

[redacted]

THE WHITE HOUSE

WASHINGTON

Dear Mr. Chairman:

Thank you for writing to express your support for George Weise as Commissioner of the United States Customs Service. I also appreciated learning of your concerns regarding the role the Customs Service plays in the global market.

Mr. Weise's qualifications are certainly impressive. I have forwarded your letter to Bruce Lindsey, Director of the Office of Presidential Personnel, and have asked that he give it immediate attention.

With best wishes,

Sincerely,

Bill

The Honorable Dan Rostenkowski
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

Dear Sam:

Thank you for writing to express your support for George Weise as Commissioner of the United States Customs Service. I also appreciated learning of your concerns regarding the role the Customs Service plays in the global market.

Mr. Weise's qualifications are certainly impressive. I have forwarded your letter to Bruce Lindsey, Director of the Office of Presidential Personnel, and have asked that he give it immediate attention.

With best wishes,

Sincerely,

Bill

The Honorable Sam M. Gibbons
House of Representatives
Washington, D.C. 20515

[redacted]

THE WHITE HOUSE

WASHINGTON

Dear Congressman Archer:

Thank you for writing to express your support for George Weise as Commissioner of the United States Customs Service. I also appreciated learning of your concerns regarding the role the Customs Service plays in the global market.

Mr. Weise's qualifications are certainly impressive. I have forwarded your letter to Bruce Lindsey, Director of the Office of Presidential Personnel, and have asked that he give it immediate attention.

With best wishes,

Sincerely,

Bill Clinton

The Honorable Bill Archer
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

Dear Congressman Crane:

Thank you for writing to express your support for George Weise as Commissioner of the United States Customs Service. I also appreciated learning of your concerns regarding the role the Customs Service plays in the global market.

Mr. Weise's qualifications are certainly impressive. I have forwarded your letter to Bruce Lindsey, Director of the Office of Presidential Personnel, and have asked that he give it immediate attention.

With best wishes,

Sincerely,

Bill Clinton

The Honorable Philip M. Crane
House of Representatives
Washington, D.C. 20515

Congress of the United States
Washington, DC 20515

January 22, 1993

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

Dear Mr. President:

As senior members of the House Committee on Ways and Means and the Senate Committee on Finance, the two committees in the Congress primarily responsible for oversight of the U.S. Customs Service, we are writing to urge you to select George J. Weise as the new Commissioner of Customs.

Recent reports have indicated that there is some disagreement within your transition team as to whether the primary focus of the Customs Service should be narcotics interdiction or trade law enforcement. Obviously, from our perspective, both are important missions and we believe that George has the background and experience to carry out Customs' diverse responsibilities in a balanced way.

In the increasingly global market in which it operates, the role and visibility of the Customs Service is changing and expanding as we approach the twenty-first century. The implementation and enforcement of trade agreements, such as the North American Free Trade Agreement and the Uruguay Round, the aggressive enforcement of U.S. trade laws, such as those designed to protect U.S. interests from unfairly dumped or subsidized imports and those imported in violation of U.S. intellectual property rights, and the transition to modernized computer techniques to process shipments, are all important challenges facing the Customs Service.

In light of this, it is essential that the new Commissioner of Customs not only have a thorough knowledge of customs, tariff, and trade laws and procedures, but also a keen appreciation of the important role that the Customs Service plays in carrying out Administration trade policy.

George Weise is uniquely qualified for this position. He is a recognized expert on customs and trade law, having begun his career as an import specialist with the Customs Service. Further, as a staff member of the Subcommittee on Trade of the Committee on Ways and Means for the last nine years, and staff director for the last four years, he has worked closely with us to pass legislation to establish an effective U.S. trade policy. He has also worked on numerous anti-crime and anti-drug bills, with particular emphasis on provisions to enhance Customs' interdiction capabilities.

For all of these reasons, we highly recommend him for the position of Customs Commissioner.

Sincerely yours,

George Mitchell

George J. Mitchell, U.S.S.

Dan Rostenkowski

Dan Rostenkowski, M.C.

D P Moynihan

Daniel Patrick Moynihan, U.S.S.

Sam M. Gibbons

Sam M. Gibbons, M.C.

Bob Packwood

Bob Packwood, U.S.S.

Bill Archer

Bill Archer, M.C.

Max Baucus

Max Baucus, U.S.S.

Phil Crane

Philip M. Crane, M.C.

Gearan

THE WHITE HOUSE

WASHINGTON

January 28, 1993

MEMORANDUM FOR MACK McLARTY
MARK GEARAN
GEORGE STEPHANOPOULOS
RAHM EMANUEL
MARCIA HALE
ALEXIS HERMAN
REGINA MONTOYA
BERNARD NUSSBAUM
CHRISTINE VARNEY

FROM: JOHN PODESTA JDP
TODD STERN

SUBJECT: Upcoming Presidential Actions and Initiatives

A number of agencies have now responded to Christine Varney's request for a list of possible upcoming executive actions. Most of what's been received is thin gruel and of no particular interest in terms of generating a set of presidential actions with some dynamism and punch for the next 60 days. There are, however, some worthwhile proposed actions or initiatives that the President could move on in the coming days or weeks. Some have already been the subject of active discussion and are in the on-deck circle waiting to go. This memo sets forth the proposed actions that, in our opinion, the President should undertake:

Staff Reductions and Administrative Savings

- Cut the White House staff by 25%. This will be ready soon. Everyone agrees we need to do it.

- Require federal managers to achieve 3% across-the-board administrative savings.

- Order a cut of 100,000 federal government positions through attrition.

Perks

o Eliminate the use of certain perks for government officials including portal-to-portal car service and the use of civilian aircraft. This is good, strong symbolism and we should cut through the bureaucratic underbrush and move forward on it ASAP.

Labor

There are three executive actions which Bob Reich recommends accomplishing promptly. These actions make sense on the merits and would be warmly received by labor.

o Revoke the Bush Executive Order requiring federal contractors to post a notice that workers are not required to join unions.

o Revoke the Bush Executive Order prohibiting the use of project agreements on federal construction projects.

o Lift the lifetime ban on PATCO workers -- repealing President Reagan's directive and permitting strikers to apply for reemployment with the FAA. Without condoning the PATCO strike, the President could take the humane position that a 12-year banishment is more than enough.

We should consider revoking the two Bush Executive Orders now, but delaying the PATCO memorandum until after the economic speech where our broader economic and reinventing government themes will be laid out.

Quest for Excellence Conference

The President and Vice President have been invited to address the "Quest for Excellence V" conference put on by the Commerce Department's National Institute for Standards and Technology. The conference begins February 15, nearly dovetailing with the President's announcement of his economic plan. NIST is one of the leading players in the effort to improve U.S. performance in civilian technology. This is a major conference on quality to be attended by around 1000 industry executives. It could provide a perfect forum for the President to demonstrate his commitment to, and showcase his ideas about, boosting civilian hi-technology, if we can follow through with some executive action -- Presidential memoranda or E.O.'s on redirecting R&D spending, procurement reforms etc. -- all things the President promised in the campaign, but not proposed by Commerce.

Council on Aging Appointments

HHS reports that, as a result of recent legislation, all 15 members of the Federal Council on Aging, which reports to the President, the Secretary of HHS and Congress on the special needs of older Americans, will be turned out. New members, with staggered terms, need to be appointed by April 1. The President will make 5 appointments, as will the Speaker of the House and the Majority Leader of the Senate. The President could use these appointments to reconfirm his connection with and feeling for older Americans.

Upcoming Legislative Actions

In addition to family leave and motor voter, other "fast track" legislation on the Departments' lists include:

NIH Reauthorization

HHS expects rapid congressional action on S. 1, the NIH reauthorization bill, which reauthorizes NIH research programs, enhances women's health initiatives and strengthens AIDs research. It also codifies the Presidential Memorandum lifting the ban on fetal tissue research.

Family Planning Reauthorization

HHS believes that the Title X reauthorization bill may move quickly in both houses. The bill provides federal funding for family planning clinics for low-income patients and will codify the Presidential Memorandum lifting the "gag" rule.

Conclusion

It is pretty clear that in the short run, generating good ideas is going to be a top down operation. Rahm Emanuel and Bruce Reed have been developing a broader list of domestic policy ideas which could be done in the next several weeks. We should also schedule a policy brainstorming session in areas beyond the budget and government reform areas to generate some ideas for strong action.

Chron

THE WHITE HOUSE

WASHINGTON

January 28, 1993

MEMORANDUM FOR: BRUCE LINDSEY
GEORGE STEPHANOPOULOS
BERNARD NUSSBAUM

cc: RON GEISLER

FROM: JOHN PODESTA JDP

SUBJECT: Nominations and Appointments

This memo is an effort to establish a routine process for handling nominations. Although there are a number of steps in the process, most can and should be accomplished very rapidly. The idea is to set up a predictable, regular process that will help us all. Let me suggest the following:

1. Bruce clears any proposed nominations with the President;

2. Bruce forwards to me paper with names and positions and either the President's signoff or Bruce's initials, so that we can see that the nomination has been approved;

3. I double check with Bernie that the names in question have received initial clearances;

4. Ron Geisler, the Executive Clerk, prepares the initial part of the "intention to nominate," which includes the nominee's proper name and the position for which he or she has been nominated and the vacancy which exists;

5. Ron then forwards this paper to the press office, which completes the "intention to nominate" announcement by adding whatever biographical information it deems appropriate and then puts the announcement out;

6. Full-scale clearances including OGE review are done;

7. Bernie informs me when all necessary clearances are completed;

8. I inform Bruce that all clearances are complete and make a final check that we are going forward with the nomination;

9. Ron Geisler prepares the nomination paper, which in nearly all cases can be autopenned, and forwards it to the Senate for action.

The only one of these steps that should take any real time is number 6. The turnaround on every other step should be very brief.

THE WHITE HOUSE
WASHINGTON

DATE: 1-28-93

TO: MACK MCLARTY
MARK GEARAN

FROM: **JOHN D. PODESTA**
Assistant to the President and
Staff Secretary

The attached has been forwarded
to the President.

THE WHITE HOUSE
WASHINGTON

DATE: 1-28-93

TO: THE VICE PRESIDENT

FROM: **JOHN D. PODESTA**
Assistant to the President and
Staff Secretary

The attached has been forwarded
to the President.

THE WHITE HOUSE

WASHINGTON

January 28, 1993

MR. PRESIDENT:

I've informed Alexis Herman about the attached proposed call. She wanted me to remind you that you told Caucus members during the campaign (on your bus trip in North Carolina) that you would meet with the them early in the Administration.

John Podesta

THE WHITE HOUSE

WASHINGTON

JAN 28 P7:22

THURSDAY, JANUARY 28, 1993

RECOMMENDED TELEPHONE CALL

TO:	Congressman Kweisi Mfume (D-MD07), Chair, Congressional Black Caucus
DATE:	Thursday, January 28, 1993 after 10:00pm, at home -- or -- Friday, January 29, 1993 in Baltimore at his district office or at the Democratic Issues Conference
RECOMMENDED BY:	Howard Paster HP
PURPOSE:	The Congressman has a problem that he wants to discuss with you personally.
BACKGROUND:	The Congressman is calling in his role as the Chair of the Congressional Black Caucus, at the behest of his colleagues. He said the Caucus asked him to speak with you personally.
CONTACT PERSON AND TELEPHONE NUMBERS:	Congressman Mfume at home after 10:00pm this evening at (410) 788-0707 -- or -- Congressman Mfume in his district office intermittently tomorrow (410) 367-1900 -- or -- Congressman Mfume at the House Democratic Issues Conference being held in Baltimore at (410) 516-4287 (Capitol Police Command Post)
DATE OF SUBMISSION:	Wednesday, January 28, 1993

ACTION: ______________________________

____

____

THE WHITE HOUSE

WASHINGTON

January 28, 1993

MR. PRESIDENT:

I've informed Alexis Herman about the attached proposed call. She wanted me to remind you that you told Caucus members during the campaign (on your bus trip in North Carolina) that you would meet with the them early in the Administration.

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THE WHITE HOUSE

WASHINGTON

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DATE OF SUBMISSION:	Wednesday, January 28, 1993

ACTION: ______________________________

0096

1/28 Autopenned OK'd per JP ret'd to NSC S

THE WHITE HOUSE

WASHINGTON

January 28, 1993

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY ~~LAKE~~ AL

SUBJECT: Letters of Condolence to President of the Philippines and the Family of the Late Philippine Ambassador

Purpose

To send letters of condolence to the widow of Ambassador Pablo Suarez of the Philippines and President Fidel V. Ramos on the death of Ambassador Suarez. The letter to President Ramos is identical to a cable sent earlier this week on your behalf.

Background

Ambassador Pablo Suarez of the Philippines died recently in Washington following a brief illness.

RECOMMENDATION

That you sign the letters to President Ramos and Mrs. Suarez.

Attachments
Tab A Letter to President Ramos
Tab B Letter to Mrs. Suarez

cc: Vice President
Chief of Staff

T
A
B

A

THE WHITE HOUSE

WASHINGTON

Dear Mr. President:

I want to convey to you and to the Philippine people my deepest sympathy on the death of Ambassador Suarez. Although he was in Washington only a short time, his long years of previous service in the United States had won him innumerable friends and great respect.

In Washington, he quickly established himself as an activist envoy on behalf of Philippine interests and a highly regarded representative of your government. His work demonstrated the strongest sense of professionalism and dedication, and we are indebted to the personal contribution he made to strengthen the ties between our peoples.

Sincerely,

His Excellency
Fidel V. Ramos
President of the Republic
  of the Philippines
Manila

TAB B

THE WHITE HOUSE

WASHINGTON

Dear Mrs. Suarez:

Please accept my deepest sympathy on the death of your husband. Ambassador Suarez' many years of service in the United States on behalf of the Philippines won him innumerable friends and great esteem here. His work demonstrated the strongest sense of professionalism and dedication. We are especially indebted to the personal contribution he made to strengthen the ties between the Philippine and American peoples.

Please convey my sympathies to your children and other members of your family. Our prayers are with you.

Sincerely,

Mrs. Pablo Suarez
Embassy of the Republic
of the Philippines
1617 Massachusetts Avenue, N.W.
Washington, D.C. 20036

THE WHITE HOUSE

WASHINGTON

1-27

Dear Terry—

I am sitting here in the Oval Office, having just finished a meeting with Democratic members of Congress.

I really wish you were here, and I just wanted to say that. I'm so sorry about what happened in the last election — you have been great for America and I hope my work here is worthy of the example you set.

I hope too that you're feeling better.

Sincerely

Bill

THE PRESIDENT HAS SEEN
1/28/93

THE WHITE HOUSE

WASHINGTON

3 JAN 27 A7:53

January 27, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: CHRISTINE A. VARNEY
Cabinet Secretary

SUBJECT: Note to Chief Justice Rehnquist

Attached is a note of thanks from you to Chief Justice Rehnquist for administering the Oath of Office to the Cabinet on January 22.

Thank you.

O.C.
JDP

THE WHITE HOUSE

WASHINGTON

January 27, 1993

Dear Mr. Chief Justice:

I am pleased that you were able to join us on January 22 and administer the Oath of Office to the members of my Cabinet.

I know that the members of the Cabinet join me in expressing their gratitude for your taking the time to participate in the ceremony.

Hillary and I look forward to seeing you again soon.

Sincerely,

Bill Clinton

And thank you for administering the oath to me.

The Honorable William Rehnquist
The Chief Justice
of the United States
Washington, D.C. 20543

DATE: 01/28/93

TO: NSC
Christine Varney

FROM: **JOHN D. PODESTA**
Assistant to the President and Staff Secretary

This just came off my fax machine.

3 JAN 28 P4:06

To: Christine Varney, Cabinet

From: John Leshy, Special Assistant to Secretary Babbitt, DOI

Re: Palau Presidential inauguration letter

At the suggestion of Stephanie Solien, I am sending you the attached draft communication from President Clinton to the president of Palau, who is being inaugurated tonight. We don't have a recommendation on whether it should be sent; Secretary Babbitt has sent his own communication, copy attached.

to NSC
Christine
Varney

This just came off my fax
machine.

January 28, 1993

The Honorable Kuniwo Nakamura
President
Republic of Palau
Koror, Palau 96940

Dear Mr. President:

It is a pleasure to extend my congratulations to you on your inauguration as President of Palau and my best wishes for success in office.

On this inauguration day, I want to recognize Palau's cultural heritage and traditions, which have enriched the lives of the people of Palau. I also want to express my admiration for your dedication to democratic processes and principles of self-government.

I applaud your achievements. The government's financial health is being restored. You have begun to deal with the problems of education, health care, jobs, transportation and environmental protection. A great deal remains to be accomplished, however, and my Administration will work with you, other leaders of Palau, and the United States Congress to address these and other challenges.

Finally, it is time, at long last, to resolve Palau's political status. I hope we can look forward soon to the happy day when Palau takes its rightful place among the society of nations.

President Nakamura, I appreciate your attending my inauguration. On the occasion of yours, may God bless the people, the islands and the government of the Republic of Palau.

Bill Clinton

United States Department of the Interior

TAKE PRIDE IN AMERICA

OFFICE OF THE SECRETARY
Washington, D.C. 20240

January 27, 1993

MEMORANDUM

To: John Leshy

From: Acting Assistant Secretary
Territorial and International Affairs

Subject: Draft Letter of Congratulations to President of Palau Nakamura from President Clinton

Attached is draft letter of congratulations to the President of Palau, Kuniwo Nakamura, from President Bill Clinton. If you find it satisfactory, I propose that it be sent to the White House for consideration.

President Nakamura will be inaugurated in Palau at 10:00 p.m., Thursday, January 28, 1993, Washington, D.C. time.

Ruth G. Van Cleve

Ruth G. Van Cleve

THE SECRETARY OF THE INTERIOR

WASHINGTON

JAN 27 1993

The Honorable Kuniwo Nakamura
President
Republic of Palau
Koror, Palau 96940

Dear Mr. President:

On the occasion of your formal inauguration as President of Palau, President Bill Clinton and I wish to convey warm congratulations from the United States.

You and former President Etpison are to be commended for the cooperation evident in transfer of power from one elected President to the other. We look for this peaceful process to become a tradition in Palau. Such stability bodes well for the future, when Palau takes its place among the nations of the world.

Your personal experience with business, legislative, and administrative matters will give you keen insight for making wise decisions during these crucial times for Palau. We know that the people of Palau have high hopes for the success of your administration, as do your friends in the Government of the United States.

We join with the people of Palau in wishing you the best during your next four years as President of Palau.

Sincerely,

URGENT

To: FRAN

FROM: MARY Thomas (208-7351-4203)

456-2215

Pres. Ofc fax 011-680-488-1662

V.P. Ofc fax 011-680-488-1310

please cc our ofc.

THE WHITE HOUSE

WASHINGTON

January 28, 1993

MEMORANDUM FOR NANCY HERNREICH

FROM: JOHN PODESTA

SUBJECT: Presidential Autographs

My advice is that we should continue the Bush policy of only signing photographs and letters since that policy was based on the sound principle that the President should not be party to creating things of commercial value for autograph seekers. I will circulate a memo to the advance staff spelling that policy out.

In the meantime, I am going to send out the mementos you forwarded to me. I don't regard these as setting a precedent, since they were signed as part of the Inaugural festivities. But the "no autograph" policy should be firm and enforced from now on.

Thanks.

THE WHITE HOUSE

WASHINGTON

January 28, 1993

MEMORANDUM FOR SENIOR STAFF

FROM: JOHN D. PODESTA
Assistant to the President
and Staff Secretary

SUBJECT: SERVICES AVAILABLE FROM THE WHITE HOUSE OFFICE OF RECORDS MANAGEMENT (ORM)

Under my vast domain, is a unit called the White House Office of Records Management (ORM) which you should be aware of and which can be quite helpful to you. ORM is run by Terry Good and Lee Johnson, Director and Deputy Director, respectively. As the name implies, ORM handles the filing, retrieval, tracking and handling of the vast bulk of paper which is handled by the White House. It is staffed by excellent career people who can provide a variety of services for the policy staff such as:

- serving as central file for all papers sent to ORM
- providing rapid retrieval of files and/or information from files sent to ORM, using a sophisticated computerized tracking and filing system
- reviewing outgoing correspondence from all White House offices and dispatching through the White House mail room
- maintaining data bases of names and addresses for mailing lists
- producing machine-signed signatures for the President, the First Lady, and for commissioned officers

Terry and Lee are ready to meet with you to discuss these and other services and they welcome you to visit them and tour their operation. I encourage you to take advantage. You can contact them through me or call them directly on x2240.

Chron

THE PRESIDENT HAS SEEN
1/27/93

THE WHITE HOUSE

WASHINGTON

January 26, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA JP

SUBJECT: Letters to Members of Congress

Attached are letters forwarded by Howard Paster for your signature which respond to letters from members of Congress. Unfortunately, because some responses are more than a month overdue, some recipients are no longer in Congress.

We have adopted a system whereby Republicans and members in leadership positions are addressed by title, while all remaining Democrats are addressed by their first names. If this system is problematic, we can arrange to use first names only with those persons for whom you feel it would be appropriate.

The following is a brief summary of each letter:

too late ~~1)~~ Jill Long (D-Ind.), thanking for congratulations;

ok 2) Robert Livingston (R-LA), concerning the National Satellite Summit on Children's Issues Report;

ok 3) Beryl Anthony (former, D-Ark), concerning the International Management and Development Institute Report;

wrong address get right one 4) Harley Staggers (former, D-WVA), concerning the WTI incinerator in East Liverpool, Ohio;

5) Larry Craig (R-Idaho), concerning the withdrawn nomination of Zoe Baird.

letter doesn't say what I announced & our policy does it

THE WHITE HOUSE

WASHINGTON

January 26, 1993

Dear Jill:

Thank you very much for your warm note of congratulations. Hillary, Chelsea and I want to thank you for your support and friendship during the campaign. As we move forward and begin our new life in Washington, we look forward to seeing you.

With best wishes,

Sincerely,

Can't send
(i.e. seen her
2 days too
late —.
unacceptable delay)

The Honorable Jill Long
U.S. House of Representatives
Washington, D.C. 20515

Jill Long

Working for us.

Indiana's 4th Congressional District

124 West Wayne Street
Fort Wayne, IN 46802
(Voice) 219/424-0900
(Fax) 219/424-1813

November 4, 1992

12-4

2nd / cs...

The Honorable Bill Clinton
Governor's Mansion
1800 Center
Little Rock, AR 72206

Dear Governor:

Congratulations to you, Hillary, and Chelsea - what a well deserved victory!

This is a great victory for Democrats and an even greater victory for our country. You will be one of the greatest presidents of our century; and it will be such an honor to serve with you.

Sincerely,

Jill Long

Jill Long

JL:vmg

THE WHITE HOUSE

WASHINGTON

January 26, 1993

Dear Representative Livingston:

Thank you very much for sharing the report of the National Satellite Summit on Children's Issues. As you know, Hillary and I are committed to improving the lives of our children. I look forward to working with you.

[redacted]

With best wishes,

Sincerely,

Bill Clinton

I read the materials with great interest. Thanks

The Honorable Robert L. Livingston
U.S. House of Representatives
Washington, D.C. 20515

ROBERT L. LIVINGSTON
1st District, Louisiana

APPROPRIATIONS COMMITTEE
SUBCOMMITTEES:
DEFENSE
FOREIGN OPERATIONS

HOUSE ADMINISTRATION
COMMITTEE

WASHINGTON OFFICE:
Room 2368
Rayburn House Office Building
Washington, DC 20515-1801
(202) 225-3015

DISTRICT OFFICE:
111 Veterans Blvd.
Suite 700
Metairie, LA 70005
(504) 589-2753

Congress of the United States
House of Representatives
Washington, DC 20515-1801

January 6, 1993

The Honorable Bill Clinton
Presidential Transition Office
1120 Vermont Ave., N.W.
Washington, D.C. 20270

Dear Mr. President-Elect:

I have enclosed a copy of the comments made by participants of the National Satellite Summit on Children's Issues, held at Children's Hospital on September 24, 1992.

Knowing of your interests and comments during the campaign concerning our nation's children I would appreciate your attention to this document.

Sincerely,

BR Livingston

ROBERT L. LIVINGSTON
Member of Congress

RLL/pc

REPORT ON THE

COALITION FOR AMERICA'S CHILDREN'S

NATIONAL SATELLITE SUMMIT ON CHILDREN'S ISSUES

SEPTEMBER 24, 1992

THE WHITE HOUSE

WASHINGTON

January 26, 1993

Dear Beryl:

Thank you for forwarding Mr. Gene Bradley's and former Representative Don Bonker's letter regarding the International Management and Development Institute (IMDI). Your input on this matter is important to me.

The concepts outlined in the IMDI pamphlet are innovative and informative, and I have shared a copy of the letter with Bob Rubin, director of the National Economic Council. As we begin to rebuild America, many partnerships will be evaluated and examined. Be assured I will keep IMDI's recommendations in mind.

Best wishes for your new job at Winston and Strawn.

Sincerely,

Bill

The Honorable Beryl Anthony, Jr.
Winston and Strawn
1400 L Street, N.W.
Washington, D.C. 20005

.ONY, JR.
.ICT, ARKANSAS

COMMITTEES
WAYS AND MEANS
SELECT COMMITTEE ON CHILDREN, YOUTH, AND FAMILIES

1212 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-3772

Congress of the United States
House of Representatives
Washington, DC 20515

DISTRICT OFFICES:
206 FEDERAL BUILDING
P.O. BOX 2021
EL DORADO, AR 71730
(501) 863-0121

100 EAST 8TH AVENUE, ROOM 2521
PINE BLUFF, AR 71601
(501) 536-3376

201 FEDERAL BUILDING
P.O. BOX T
HOT SPRINGS, AR 71901
(501) 624-1011

December 15, 1992

The Honorable
Bill Clinton
President-Elect of the United States
The Governor's Mansion
Little Rock, Arkansas 77203

Dear President-elect Clinton:

As a Member of the Washington Policy Council of the International Management and Development Institute (IMDI), I told Gene Bradley, IMDI's Chairman, and former Congressman Don Bonker, the Institute's President, that I would be pleased to place their letter (enclosed) in your hands. I believe it is important.

As an IMDI Congressional Member, I can verify that the Institute is unique as an educational "neutral forum", or partnership, between government and business, and at the highest levels of management and policy. Their corporation membership, especially within our Atlantic Corporate Committee, is all at the level of Chairman, President, and Board of Directors. We are a unique government-business "linkage" between the U.S. and Europe. Through our Diplomatic Council, we have an outreach to about 50 trading nations. We are equally strong on Capitol Hill.

I advised Gene Bradley and Don Bonker that I would be pleased to help with their own "transition plans," so your Administration can receive maximum support from the outset. Indeed, we already have a great deal of momentum underway, as Gene and Don bring out in their letter to you.

With best wishes.

Cordially,

Beryl

Beryl F. Anthony
U.S. House of Representatives

THE WHITE HOUSE

WASHINGTON

January 26, 1993

Dear Harley:

Thank you for your letter concerning the WTI incinerator in East Liverpool, Ohio. This is an issue that came to my attention during the campaign. As I am sure you are aware, the General Accounting Office is reviewing the safety and legality of the WTI facility. Please be assured I will continue to monitor this situation very carefully.

You will certainly be missed by your colleagues in Congress, and I wish you the best of luck with your future endeavors.

With best wishes,

Sincerely,

The Honorable Harley O. Staggers, Jr.
c/o U.S. House of Representatives
Washington, D.C. 20515

HARLEY O. STAGGERS, JR.

COMMITTEES
AGRICULTURE
JUDICIARY
VETERANS AFFAIRS
CHAIRMAN
HOUSING AND MEMORIAL AFFAIRS
SELECT COMMITTEE ON AGING
CONGRESSIONAL RURAL CAUCUS
CHAIRMAN

Congress of the United States
House of Representatives
Washington, DC 20515

WASHINGTON, DC 20515
(202) 225-4331

DISTRICT OFFICES
LEWISBURG
(304) 645-3188
MARTINSBURG
(304) 267-2144
MORGANTOWN
(304) 291-6001

November 16, 1992

President-elect Bill Clinton
1120 Vermont Avenue, N.W.
11th Floor
Washington, D. C. 20005

Dear President-elect Clinton:

As you are aware, I will be leaving the United States House of Representatives at the end of the year. It has been a great ten years and I have served the citizens of West Virginia with great pride in what we have been able to accomplish together. I have been pleased with the legislation I have authored to improve benefits for veterans, and in particular homeless veterans. However, one of my biggest disappointments has been actions taken by the Environmental Protection Agency (EPA) to look past the law and ignore their own regulations to allow and encourage the locating of what is potentially one of the largest hazardous waste incinerators (WTI in East Liverpool, Ohio) on a flood plain, next door to an elementary school, adjacent to the Ohio River, which is a source of drinking water for hundreds of thousands of people downriver.

I became involved with the people of Ohio and West Virginia because it appeared that their government was simply going through the motions of protecting the public interest. There is volumes of information that I have looked over, a hearing of the House Judiciary Committee this Spring, several meetings with residents in the community, meetings with representatives of the federal government and hundreds of letter from people on both sides of the issue.

All of my research and reviews have led me to one inexplicable conclusion, the govenment has failed to protect the interests of the public and should be required to reevaluate this matter. There seem to be serious allegations that the Vice President's Council on Competitiveness was lobbied to support the WTI facility in East Liverpool. My firm belief is that the EPA has consistently refused to do what the law and its own regulations have required.

I have no political axe to grind, I have no representational or financial interest in this matter. I do have a deep and abiding sense that government should work to protect society against things that are harmful. Basic decency requires that WTI's present operating permit be denied. Thousands of people in West Virginia, Pennsylvania and Ohio will be watching to see if there will be a change in government after you are sworn into office.

There is a strong belief that you represent a challenge of ...ernment status quo and a willingness to bring the average citizen's ...terests to bear against the monied interests who seemingly received such favorable treatment under the last two administrations.

On behalf of thousands of citizens who have looked into this matter and feel their lives and property are at risk, I am asking that you review the permitting process of the WTI facility and not allow the incineration of hazardous waste until your administration has time to review what I believe to be a flawed process that puts the people of the region at risk.

Please feel free to contact me if there is any additional information or question that you have regarding this letter.

With warm regards, I remain

Sincerely,

Harley O. Staggers Jr.

Harley O. Staggers, Jr.
Member of Congress

THE WHITE HOUSE

WASHINGTON

January 26, 1993

Dear Senator Craig:

Thank you for your letter welcoming me to Washington. As you stated, these will certainly be the most challenging and rewarding years of my life.

In reference to your comments concerning the nomination of Zoe Baird as Attorney General, I am sure you are well aware that Ms. Baird withdrew her name from nomination on the morning of January 22.

An escalating crime rate, the deterioration of our inner cities, and increased drug use are the substantive problems plaguing America. Our Attorney General must possess the strength and knowledge to fight these concerns, and I pledge to nominate the most qualified and experienced individual to tackle these issues.

I look forward to working with you during the 103rd Congress.

With best wishes,

Sincerely,

Bill Clinton

The Honorable Larry Craig
United States Senate
Washington, D.C. 20510

LARRY E. CRAIG
IDAHO

United States Senate

WASHINGTON, DC 20510-1203

January 21, 1993

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

Dear Mr. President:

I want to take this opportunity to welcome you to Washington, D.C. for what will obviously be the biggest and most important challenge of your life.

While we are members of opposing parties, I sincerely wish you the best of luck. The nation is depending upon your good judgement and leadership in a host of important areas.

Reluctant as I am to give advice, I must do so in one case.

Given the high ethical principles you outlined during the transition and in your fine speech yesterday, I hope you will reconsider the nomination of Zoe Baird to serve as Attorney General.

While she has some of the qualities my party would like to see in your nominee, her willful violation of U.S. immigration and tax laws makes her a poor choice to serve as the nation's "top cop."

I urge you to reconsider this nomination.

Please know that, if Zoe Baird is confirmed, I will be compelled to request your pardon of one young man in Idaho who is now a felon for unknowingly committing a similar offense. Add to his name the hundreds of other small business people who have unintentionally run afoul of immigration laws. Surely they merit the same forgiveness and "clean slate" granted your nominee.

The people of Idaho are calling my offices with very strong words about this issue. I cannot ignore them, and I should not.

That, and no sense of partisan rancor, has prompted me to make this personal appeal.

Thank you, Mr. President, for your attention to this matter.

Sincerely,

Larry E. Craig

LARRY E. CRAIG
U.S. Senator

THE WHITE HOUSE
WASHINGTON

DATE: 01/27/93

NOTE FOR: THE VICE PRESIDENT
ROBERT RUBIN

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

Information ☒X

Action ☐

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:

THE PRESIDENT HAS SEEN
1/27/93

To AG fyi
cc Bob Rubin

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

MEMBER

January 25, 1993 JAN 25 P7:24

MEMORANDUM FOR THE PRESIDENT

FROM: ALAN S. BLINDER, CHIEF ECONOMIST AB

SUBJECT: Employment Cost Indexes for December 1992, Labor Department Release, Tomorrow Morning, 8:30 a.m.

The employment cost index (ECI) is a measure of wage, salary, and benefit costs for workers in nonfarm private industry and State and local governments that is generally considered the best measure of labor costs available. The new data (to be released tomorrow at 8:30 a.m.) show modest increases in labor costs for the fourth quarter of 1992, in line with the behavior of the index for the past year and a half. Specifically:

- The ECI rose 0.9 percent during the fourth quarter and 3.5 percent for the year ending in December of 1992. Gains in compensation were roughly the same for State and local government employees as for private industry workers.

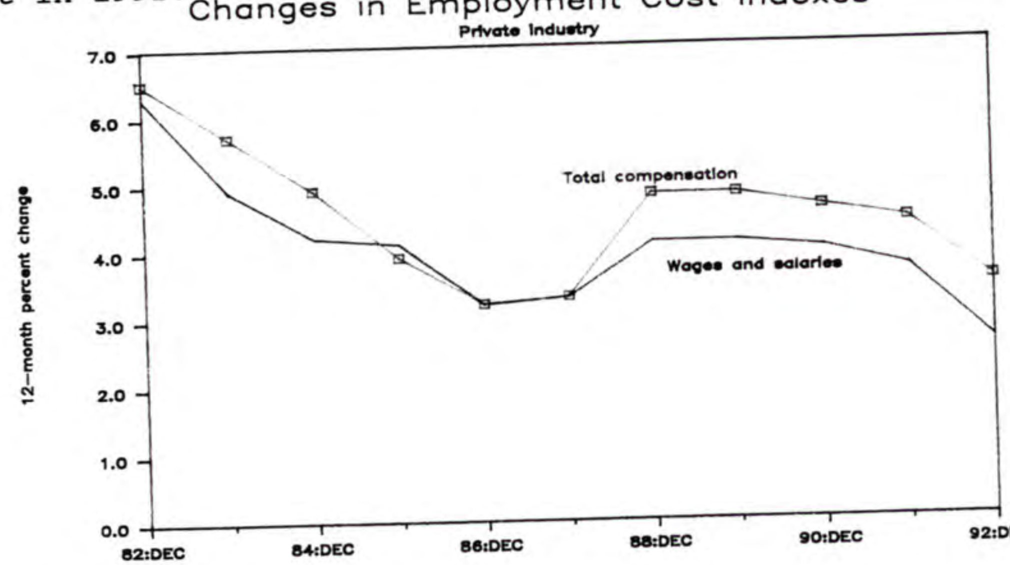
PROBLEM: if money [illegible] health care no increase to employees

- Benefits continued to rise faster than wages and salaries. Benefit costs rose 1.2 percent for the quarter and 5.3 percent for the year, while wage and salary costs rose 0.8 percent for the quarter and 2.7 percent for the year.

- Looking across occupations, the ECI rose 3.7 percent for blue-collar workers, 3.4 percent for white-collar workers, and 3.2 percent for services workers during 1992.

The chart shows a clear downward trend in recent years, which signals declining and durably low inflation. The bad news is that this implies real wages and benefits rose less than 1 percent in 1992.

Changes in Employment Cost Indexes



[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 01/27/93

TO: MACK MCLARTY
MARK GEARAN

FROM: JOHN D. PODESTA
Assistant to the President and
Staff Secretary

[redacted]

The attached has been forwarded to the President.

THE WHITE HOUSE
WASHINGTON

DATE: 01/27/93

TO: THE VICE PRESIDENT

[redacted]

FROM: JOHN D. PODESTA
Assistant to the President and
Staff Secretary

The attached has been forwarded to the President.

THE WHITE HOUSE

WASHINGTON

JAN 27 A7:53

January 27, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: CHRISTINE A. VARNEY
Cabinet Secretary

SUBJECT: Note to Chief Justice Rehnquist

Attached is a note of thanks from you to Chief Justice Rehnquist for administering the Oath of Office to the Cabinet on January 22.

Thank you.

THE WHITE HOUSE

WASHINGTON

January 27, 1993

Dear Mr. Chief Justice:

I am pleased that you were able to join us on January 22 and administer the Oath of Office to the members of my Cabinet.

I know that the members of the Cabinet join me in expressing their gratitude for your taking the time to participate in the ceremony.

Hillary and I look forward to seeing you again soon.

Sincerely,

The Honorable William Rehnquist
The Chief Justice
of the United States
Washington, D.C. 20543

THE WHITE HOUSE

WASHINGTON

January 27, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: CHRISTINE A. VARNEY Cabinet Secretary

SUBJECT: Note to Chief Justice Rehnquist

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Thank you.

THE WHITE HOUSE

WASHINGTON

January 27, 1993

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Hillary and I look forward to seeing you again soon.

Sincerely,

The Honorable William Rehnquist
The Chief Justice
of the United States
Washington, D.C. 20543

THE WHITE HOUSE
WASHINGTON

January 25, 1993

NOTE FOR LEON PANETTA

We need to discuss.

John Podesta

[redacted]

THE WHITE HOUSE
WASHINGTON

January 25, 1993

NOTE FOR ROBERT E. RUBIN

We need to discuss.

John Podesta

[redacted]

THE PRESIDENT HAS SEEN
1/25/93

THE WHITE HOUSE

WASHINGTON

January 24, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: Thomas M. McLarty Mack

SUBJECT: Membership of the National Economic Council

Attached is a memo from Mark Gearan outlining options for the membership of the National Economic Council. We are planning to have the Executive Order creating the Council prepared for your signature on Monday morning.

Mark has spoken with Mrs. Clinton, Bruce, George, and Bob Rubin, and all agree that the Executive Order should be drafted to:

■ limit Council membership to the following group:

(1) President
(2) Vice President
(3) Secretary of State
(4) Secretary of the Treasury
(5) Secretary of Commerce
(6) Secretary of Labor
(7) Secretary of Energy
(8) Chair of the Council of Economic Advisors
(9) Director of the Office of Management and Budget
(10) U.S. Trade Representative
(11) Administrator of the Environmental Protection Agency
(12) Assistant to the President for Economic Policy
(13) Assistant to the President for Domestic Policy
(14) National Security Advisor; and

Ag
HUD
Trans

■ empower you to appoint new members on an ad hoc basis to address specific issues. Ad hoc membership could include, for example, Secretary Cisneros for addressing the issue of rebuilding American cities.

This would protect the Council's decision making capacity, while providing you a tool to reach out to a diverse group of interests when helpful in policy formulation and/or consensus building.

I agree with the recommendation of Mark et al. Please review the attached memo outlining other options and let me know how you would like to proceed.

[ ] Approve staff recommendation

[✓] Require further discussion

How come
leave Ag out
sends a terrible
signal to rural
America, regions
Econ. realities
but same
about
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could
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add them on
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exception at State
army

As much
Ag should be
as staff intimate
much and as
Bruce as
anyone

THE WHITE HOUSE

WASHINGTON

January 27, 1993

NOTE FOR THE FILES

FROM: JOHN D. PODESTA
Assistant to the President
and Staff Secretary

The attached military nominations were approved by President Bush but not processed before he left office. They should be returned to the Executive Clerk to forward to President Bush's files.

cc: John Gaughan
Keith Hahn

THE WHITE HOUSE

WASHINGTON

December 30, 1992

MEMORANDUM FOR THE PRESIDENT

Forwarded for your approval and signature is the nomination of Lieutenant General Joseph S. Laposata, United States Army, for appointment to the grade of lieutenant general on the retired list.

This nomination has been staffed by the Secretary of the Army and approved by the Secretary of Defense.

Recommend you approve and sign the attached.

for: Samuel C. Raines, Col, U.S.A.
JOHN A. GAUGHAN
Deputy Assistant to the President

Approved for signature.
(1/6/93)

Attachment

1/6/92

THE WHITE HOUSE

WASHINGTON

December 30, 1992

MEMORANDUM FOR THE PRESIDENT

Forwarded for your approval and signature is the nomination of Major General Marvin L. Covault, United States Army, for appointment to the grade of lieutenant general and a recommendation for his assignment as the Chief of Staff, Allied Forces Southern Europe.

The Secretary of Defense has attached an evaluation of General Covault's performance in a joint duty assignment from the Chairman of the Joint Chiefs of Staff.

This nomination was staffed by the Secretary of the Army and approved by the Secretary of Defense.

Recommend you approve and sign the attached.

for: Samuel C Raines, COL, U.S.A.
JOHN A. GAUGHAN
Deputy Assistant to the President

Attachment

1/4/93

THE WHITE HOUSE
WASHINGTON

DATE: 1/27/93

NOTE FOR: ELI SEGAL

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

Information ☒X

Action ☐

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:

THE PRESIDENT HAS SEEN
1/27/93

M E M O R A N D U M

TO: President Bill Clinton   93 JAN 25 P5:12

FROM: Eli J. Segal

DATE: January 25, 1993

RE: National Service

The SEASON FOR SERVICE is upon us.

Your call for integrating national service into the fabric of American life now needs to be translated into action. Hence, this first memo on where we stand and a request for a meeting within the next day or two.

Where we are now

The environment for national service is positive -- For the most part, there is a growing consensus in the Senate on what a "Clinton Service" bill would look like, and the experience with the National and Community Service Act has been comforting to many who might otherwise be skeptical of a new federal program. Most editorials and comments have strongly urged you to take your time and "grow" a program after thorough analysis and investigation.

Challenges

We need to:

Simon
Sawing

A. Make sure that service does not get bogged down in the direct lending/income contingent repayment debate about college loan programs;

Boren
Wofford

B. Cultivate relationships with Congressman Bill Ford and other key members in the House. Currently, there is much greater support, interest, and knowledge on the Senate side;

C. Nurture relationships with mayors, governors, unions, the education community and other "interest" groups;

D. Be especially sensitive to service providers who are not eligible to receive "benefits" from a trust fund;

President Bill Clinton
January 25, 1993
Page Two

E. Create a program which resonates with citizens without unduly frightening deficit "hawks" and/or those who saw the bureaucratic excesses of other federal service programs; and

F. Beyond any legislative proposal, develop a communications and outreach strategy to build national service into the everyday life of every American.

More generally, while there are no major land mines at this time of which I am aware, I just have this sense that support for service in Washington is a mile wide and an inch deep, and that we need to educate and encourage Washington publicly and privately right away. This will require both the carrot and the stick, utilizing the full weight of your office as we go forward.

Key Policy Issues

In the next day or two, we will have for you a summary of draft legislation from the Senate Labor Committee. While helpful, it will leave many questions to be decided by you. Among them:

post coll
pre coll
2 yr inst
< 15 yr worth

A. <u>Who is eligible?</u> While "Putting People First" emphasized college kids, for reasons of fairness and greater life-transformation, the consensus is that the program should be available (if not weighted) to pre- and non-college youths, and part-time servers. We need to decide whether and how to specify eligibility.

must do ring
nr 50-com,
film - can cut
weeks earlier
thru effort
camps

B. <u>What types of service?</u> Youth corps, individual placements in nonprofits, regular job placements (e.g., teachers), and public service entrepreneurs will all want recognition.

C. <u>How much will the post-service benefit be worth?</u> There is a lot of debate: $5,000, as under present legislation, or as high as $10,000, as many providers recommend. At $7,500, the overall cost of a slot is about $20,000 (exclusive of a "local" contribution).

D. <u>How many slots will be available?</u> Most people believe a first year goal that will not overwhelm local efforts is 25,000 new slots -- about $500 million in outlays, apart from state contributions and hard-to-quantify "savings" on the back end. With more than 16 million young people in higher education and untold more in training programs, this start-up will create extraordinary demand -- which, from a business perspective, is great, but from a political perspective, may project some problems.

Direct acc to fed sta- cept loan progm-

E. <u>Should the program be federally run, like the old CCC, or decentralized, like current efforts?</u> There is widespread support for the latter. However, within this framework there remain questions about precise state and local roles, about matching levels from nonfederal sources, and about a small federal pilot.

all agencies 65% program chels control

F. <u>What will the federal administrative structure look like?</u> The relationship between the White House Office of National Service, the Commission on National and Community Service, ACTION, and many agency programs remains uncertain. This is a prime opportunity to reinvent government by consolidating agencies.

G. <u>What happens to K-12, in-school, and older Americans programs?</u> You have invited all Americans to serve. We must ensure that those not covered by the Trust are widely encouraged to do so.

1 March 80

H. <u>Should income contingent and direct lending issues be connected to service legislation?</u> You made the link in the campaign, and the combination draws support from a wide variety of interests, but might slow down passage of the service component.

With your leadership and guidance, I believe we can put a bill before the Congress within a month. We need not move faster -- you don't face a pent-up demand, you can continue to use the bully pulpit in the meantime, and you want to get it right.

Needed Action

A. I would like to review this memo with you on Tuesday to get some general direction.

B. You need to be brought up to date on the work product of your transition team, post transition developments and draft legislation.

C. Once I have a gauge on your reaction, we can move the legislative agenda forward including the framework, the substance and the timing.

D. I would like to place on the Cabinet retreat agenda several items to promote the visibility and cost-effectiveness of national service, including building actual service into the surrogate roles of Cabinet officers.

E. We are in the process of developing a political and communications strategy, but again, it follows from the above.

F. The budgetary impact of whatever we undertake is vital. We have set up a task force on pricing and cost/benefit with outside experts and OMB professional staff.

G. There are several vacancies on the Commission for which we will make recommendations shortly. I foresee, at least, one young service provider, and perhaps someone like Will Marshall and someone like Alan Patricoff as likely appointees.

H. We need to undertake a thorough review of ACTION which is now a demoralized overly bureaucratic agency (on a budget of $200 million, it has 50 state offices, and a number of regional offices; our best guess is that overhead is well in excess of the already too high reported figure of $30 million). While it is too early to say for sure that we should take it on (we may want to leave alone rather than reorganize ACTION in the short term), cutting the fat here will be a valuable message.

I. We need to decide what to do with the Points of Light. This is one of the few undertakings which really matters to former President Bush. With some change in mandate from us (moving it away from volunteers to service), it might be a convenient way to build some support with Republican legislators.

Overall Conclusion

The outpouring of support for national service is truly breathtaking. I have literally hundreds of people who want to and/or are helping us now, without any assurances of a job down the road. You have struck a chord. I think we are moving in the right direction, and I am cautiously optimistic that we can show real success soon.

EJS:ke

THE WHITE HOUSE
WASHINGTON

DATE: 1/27/93

[redacted]

TO: Nancy Hernreich

FROM: **JOHN D. PODESTA**
Assistant to the President and
Staff Secretary

~~The attached has been forwarded~~
~~to the President.~~

These are being returned for your files. If you have copies, please toss. You might mention to the President to put the year on his personal notes -- they are now historic.

[redacted]

John

[redacted]

WASHINGTON, D.C.

Mr. and Mrs. Nathaniel Coleburn
7809 14th Street, N.W.
Washington, D.C. 20012

THE WHITE HOUSE

WASHINGTON

1-25

Dear Mr & Mrs Coleburn

Thanks so much for having Hillary and me and our old classmates into your home. We had a wonderful time. It was especially nice to see your daughter and your delightful grandchildren.

Sincerely

Bill Clinton

cc: Podesta

THE WHITE HOUSE
WASHINGTON, D.C.

Ms. Nancy Gist
90 Worcester Street
Boston, Massachusetts 19144

THE WHITE HOUSE

WASHINGTON

1-25

Dear Nancy –

Thanks for the party.
We loved it — and
we needed it.

Best,

Bill

cc: PODESTA

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Ms. Lila Coleburn
Apartment 3C
395 Riverside Drive
New York, New York 10025

THE WHITE HOUSE
WASHINGTON

1-25

Dear Lila

Thanks for the parody. We loved it. It was great to see John and your kids and to be out of the pressure cooker for a while —

Best,

Bill

CC: PODESTA

THE WHITE HOUSE
WASHINGTON, D.C.

Ms. Lani Guinier
448 West Schoolhouse Lane
Philadelphia, Pennsylvania 19144

THE WHITE HOUSE

WASHINGTON

1-25

Dear Lani

Thanks for the party.
We loved it.

Tell Nolan not to forget
about the stuff he promised
to send —

Hope to see you soon

Best,
Bill

cc: [illegible]

THE WHITE HOUSE
WASHINGTON, D.C.

Mr. James E. Moore
President
ContiFinancial Services Corporation
277 Park Avenue
New York, New York 10172

THE WHITE HOUSE
WASHINGTON

1/25

Dear Jim

I'm so glad you were a part of the Inaugural. I never acknowledged your letter of Nov. 9 but I was moved by it and really appreciate your offer to help —

Best,

Bill

CC: PODESTA

January 26, 1993

NOTE TO NANCY HERNREICH:

FYI

Per Tony Lake's office, any papers that you get from the President from either his morning CIA Briefing or National Security Briefing should be given directly to his office. If this office should inadvertently receive any papers that the President has seen pertaining to these meetings we will deliver them to Tony Lake's office.

Thanks.

Sharon/
John Podesta's office

Chron

THE WHITE HOUSE
WASHINGTON

January 25, 1993

MR. PRESIDENT:

Attached are letters prepared by Howard Paster to Senators Dole and Domenici answering their January 21 letter. In that letter (attached), they urged you not to notify Congress of your intention to modify the maximum deficit amounts under the Budget Enforcement Act.

Please sign both letters. Thank you.

John Podesta

THE WHITE HOUSE

WASHINGTON

January 25, 1993

Dear Senator Dole:

Thank you for your letter of January 21, 1993 urging a shift to fixed deficit targets. As you know, I notified Congress last week of my intention to retain the current system of adjustable deficit maximums.

Like you I am appalled with the burgeoning federal deficit and the ill effects it has already had on the U.S. economy. During my campaign and as President, I have made a commitment to the American people to reverse this destructive trend. Our task has been made more difficult in recent months by a deteriorating deficit outlook, but I am confident that this goal is achievable with your help and the assistance of the bipartisan leadership of Congress.

I agree with you that cutting the deficit will present a formidable challenge. However, fixed deficit maximums enforced by arbitrary across-the-board cuts are not the answer. The achievement of a healthy economy accompanied by meaningful deficit reduction is the only long-term solution to our Nation's problems. With your support we will regain our economic momentum.

With best wishes,

Sincerely,

Bill Clinton

The Honorable Robert Dole
Minority Leader
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

January 25, 1993

Dear Senator Domenici:

Thank you for your letter of January 21, 1993 urging a shift to fixed deficit targets. As you know, I notified Congress last week of my intention to retain the current system of adjustable deficit maximums.

Like you I am appalled with the burgeoning federal deficit and the ill effects it has already had on the U.S. economy. During my campaign and as President, I have made a commitment to the American people to reverse this destructive trend. Our task has been made more difficult in recent months by a deteriorating deficit outlook, but I am confident that this goal is achievable with your help and the assistance of the bipartisan leadership of Congress.

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With best wishes,

Sincerely,

Bill Clinton

The Honorable Pete V. Domenici
United States Senate
Washington, D.C. 20510

B DOLE
ANSAS

United States Senate

OFFICE OF THE REPUBLICAN LEADER
WASHINGTON DC 20510-7020

January 21, 1993

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

Dear Mr. President:

Section 254 of the Budget Enforcement Act requires that you notify Congress today of your intention to modify the Gramm-Rudman-Hollings maximum deficit amount (MDAs) for 1994 and 1995 in your upcoming budget submission. We urge you to stick with the current deficit targets.

Your eloquent inaguration speech talked about hope for the future, action on the nation's problems, shared sacrifice, and the need "to break the bad habit of expecting something for nothing." Last year, you promised to cut the deficit in half over four years. Together with Bob Michel, John Kasich, and a number of our Republican colleagues in the House and the Senate, we are willing to work with you to fulfill that goal. Today, in your first full day as President of the United States, you have an opportunity to demonstrate your commitment to reducing the deficit over the next four years.

Sticking with the current Gramm-Rudman targets may be tough medicine, but, we believe that it is the right medicine. Your decision will send a signal about your willingness to tell the American people what they need to know, not what they want to hear. Failure to do so will increase the deficit by at least $26 billion in 1994 and $47 billion in 1995.

Cutting the deficit will not be easy. It will require sacrifice. Today, relaxing the Gramm-Rudman-Hollings deficit targets may look like the easy way out, but failure to make the tough choices now will make it even harder for us to control the deficit in the future.

We sincerely hope that working together, we can do what is right for our children and our grandchildren.

Respectfully,

Bob Dole
Republican Leader

Pete Domenici
Ranking Member,
Senate Budget Committee

Chron

THE WHITE HOUSE

WASHINGTON

1/26/93

Dear Ted—

Thanks for your letter and for going to Arlington with Hillary and me—

As you know I very much wanted to visit your brothers' memorials as a way of showing respect and rekindling energy and dedication to our common challenges—

It meant more than I can say to have you and so many of your family there.

Sincerely

Bill

Jan 21. 1992

Edward M. Kennedy

Dear President and Mrs Clinton

I'm very grateful to both of you for your visit to Arlington Cemetery on Tuesday morning. All the members of the Kennedy family have been deeply moved by the way you have reached out to the memory of my brothers. I know that they would be proud of the way you have picked up their fallen standard, and that they would share our high hopes for your success in leading America to a brighter future.

With my thanks and respect

Ted Kennedy

Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 01/26/93

NOTE FOR: HOWARD PASTER

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

Information ☒ XX

Action ☐

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

[redacted]

cc:

THE WHITE HOUSE

WASHINGTON

1/26/93

Dear Ted—

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Sincerely

Bill

Jan 21. 1992

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With my thanks and respect

Ted Kennedy

Chron

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 1/26

NOTE FOR: MARSHA Scott

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

Information ☐

Action ☑

[redacted]

reply for The Presidents
signature asap

[redacted]

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:

THE PRESIDENT HAS SEEN
1/26/93

November 20, 1992

Governor William Clinton
The Governor's Mansion
Little Rock, Arkansas 72201

Dear Bill,

Boy, is this ever going to be a long shot! Asking you to remember old acquaintances from the past who now want YOU to know THEM, must be a constant annoyance of victory. I was a member of Father Joseph Sebes's School of Foreign Service office staff over at 2nd Nevils at Georgetown, and knew you back in 1968. (I was the receptionist at that time.) So what, you're thinking? Well, watching you over the years has been very satisfying and I did my part "bragging" about you in the 1992 Presidential race to all who would listen. I remember you well as a friendly, courteous young person who Miss Chambers sent over to Charlie's on a few occasions to get black coffee for Father when an interview was scheduled. She said the priest would like the jesture, but many students paid this no heed. I recall your warmth and consistent good manners, so that the SFS Office was always glad to see your face. (Joan McGonigal was a charming addition also!)

My son Patrick, 16, is impressed by my good timing of having worked at Georgetown when you happened to be there, and your meeting President Kennedy at this same tender age is not lost on him. Sixteen year old kids are neat. I have a daughter your Chelsea's age too, and I wish her, you and all your family the very best luck at making our country get back

John Podesta

Mrs. Gerald A. Bryan
208 West Street, NW
Vienna, VA 22180

it's own better self. A tough job, no doubt, but if it's possible to fix, I'm sure you will.

Living now as a homemaker and part-time library assistant in Vienna, Virginia, I send you my family's congratulations, our very best wishes for success, and a fond WELCOME HOME.

Most sincerely,

Joanne Bryan

Joanne Bryan

Dean's Office
School of Foreign
Service 1967-71

School of Business
Administration
1971-76

P.S. Everyone is giving you advice, so here's my bit:

Remember to keep your friends close, but your enemies even closer.

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 1/26

NOTE FOR: Gene Sperling

[redacted]

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

Information ☑

Action ☐

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:

National Rainbow
Coalition, Inc.

Gene Sperling

Reverend Jesse L. Jackson
President and Founder

25/25/25
A PROGRAM TO SAVE OUR CITIES

PART I: OVERVIEW -- THE URBAN CRISIS

America's cities are suffering from a lack of national vision at the highest levels of government leadership. In the longest recession since the Great Depression, with 9 million unemployed, 34 million people in poverty, and a record number of Americans on food stamps -- 25 million, one in ten -- there is no plan to rebuild the nation. Even as the Soviet Union dissolves, and cuts its military budget by 80%, there is no corresponding vision to reduce our military spending and invest in our needs at home. In the midst of a presidential campaign, the candidates are preoccupied with sound bites, one-liners, attacking each other instead of unmet needs, and offer no panacea for the people's pain.

The failure of vision is expressed in the pain and violence that plague our cities. People are dying from crime, drugs and guns, children killing children, AIDS and lack of options. Cities are experiencing an economic and infrastructural collapse. Our communities are experiencing economic and ethical collapse.

We must assert a plan to rebuild our cities, to heal the people. Capital is to the economy what blood is to the human body. Without the circular flow you will die from anemia, and clots. The cut of urban support has created shock, trauma, and strokes -- buildings are decaying, people are suffering.

25/25/25 -- A MORAL MOBILIZATION

It is time that the people who are most affected by this failure come together to expand the debate, and put forward a concrete plan to rebuild our cities. We must demand responsible long term policies from government and business. But we must also take it upon ourselves to change the environment in our communities, in our schools and in our homes, and stop the violence and immorality that is eating away at our children.

The National Rainbow Coalition, in conjunction with mayors, ministers, labor unions, community activists, and elected officials from across the country, has put forward the

P.O. Box 27385 • Washington, D.C. 20005 • (202) 728-1180 Fax (202) 728-1192

"25/25/25" Program -- a plan to increase voter registration by 25%, decrease crime by 25%, and decrease illiteracy by 25% in 50 major cities. The program is designed to address the crises that afflict our communities -- in empowerment, education, and security -- and create ways for people to take back their cities and their lives.

The 25/25/25 Plan has major implications for national politics, public policy, and the urban budget. A 25% increase in voter registration in 50 major cities could mean as many as 9-10 million new voters. Those voters would affect public policy in every state, every county, and every jurisdiction in the entire nation.

A 25% decrease in crime in those cities will enable a shift of resources from jails to schools, from prison wardens to teachers, from fear to hope. Finally, a major literacy drive will help save our children on the front side of life. It is time for solutions that match the scale of our problems.

VOTER REGISTRATION

The 25/25/25 Plan begins with a 25% increase in voter registration in 50 major cities. This could mean as many as 9 million people added to the roles. Those voters would affect public policy in every state, every county, and every jurisdiction in the entire nation.

Every vote counts. Kennedy beat Nixon by 112,00 votes, less than one vote per precinct. Mayor Willie Herenton in Memphis won his historic victory by 132 votes out of 250,000 cast. David Duke was stopped in Louisiana, even as he won 55% of a frightened white vote. Michael Dukakis needed only 650,000 more votes in 12 key states to win, and he lost in large part by the margin of urban non-participation. The burden is upon us.

The focus on voter registration is essentially a redefinition of power. Today, our youth have a distorted understanding of power and responsibility. Teenage pregnancy, juvenile crime, children carrying guns, all reflect a false notion of strength. Five thousand youth on the streets with guns is not power, it is death. Five thousand youth with voter cards, on the other hand, deputized to register others, is real power, the power to change loans to grants, the power to put cities back into the debate, the power to turn water into wine.

In New York City alone, there are 2 million unregistered voters, 950,000 of them African American, and 750,000 Hispanics. There are 26,000 high school seniors -- David Dinkins won by 47,000 votes.

In California, with the state cutting back on education and public assistance, there are 260,000 high school seniors, and 2 million college students in the higher education system, mostly unregistered. Those voters could change the debate. After all, Humphrey lost to Nixon by the margin of 200,000 California votes.

The 25/25/25 Plan advocates several steps to increases voter registration, including:

* An Empowerment Corp -- every city should recruit a corp of youth deputy registrars.

* Registration at Graduation -- every high school senior should walk across the stage with a diploma in one hand and a voter card in the other. There are 4 million high school seniors in the country.

* Same Day On-Site Registration -- cities should lobby for same-day legislation, and where possible, institute city-wide arrangements for same-day voter registration in the city.

CRIME AND LITERACY

The twin diseases of crime and illiteracy must be attacked together. Ninety-five percent of youth in jail are functionally illiterate, walking around at high noon in the dark. People who cannot read behave differently. Their life options are limited, for they live in constant insecurity and ignorance.

A 25% reduction in crime in 50 major cities will enable a shift of resources from jails to schools, from prison wardens to teachers, from fear to hope. Parents, teachers, police, and religious leaders must take the initiative and walk the streets, and stop violence from ruling our lives. Community street patrols can set the tone for the community. We must teach alternatives to violence in the schools, and open up new options for our children. The emphasis must be on jobs, recreation, and community activities, to create an atmosphere in which violence is not tolerated.

When 29 children were killed in Atlanta, there was national outrage. When Emmet Till was killed, there was national outrage. There must national outrage today, to turn the paralysis and fear and implosion into a national rage and a demand for a shift in power.

There are 177,000 youth in state and federal prisons. The nation spends over $47 billion on police protection and corrections -- cities alone spend nearly $18 billion. In Washington DC, Howard University has 12,000 students -- Lorton Penitentiary has 13,000, and a $261 million budget. In Connecticut, they are laying off teachers and closing libraries, while they build 6,000 new jail cells at $85,000 a cell, and $24,000 to maintain them. A 25% shift from the crime budget to the education budget could mean $12 billion to invest in the future. We need new priorities.

Our failure to teach our children alternatives to violence and life options is reflected in the failure of literacy in this country.

* Twenty-seven million Americans lack basic literary skills.
* 45-50 million Americans are functionally illiterate.
* Twenty percent of our students drop out each year, 600,000-700,000 youth, and up to 50% in some inner cities.
* Surrounded by violence and lack of options, 135,000 high school students bring a gun to school every day, and every day, 1,629 children are in adult jails.

What can we do? Parents, teachers, ministers, and other leadership must come together to work the schools and the jails. DJs, entertainers, and other high-impact educators must be part of a broad effort to made literacy and excellence in education a part of youth culture.

Parents must take responsibility for their children's education, and take them to school on the first day, pick up their report cards, and get to know their teachers. Parents, teachers and religious leaders must form a safety net of caring, beneath which children know they will not be allowed to fall.

In the final analysis, violence is not about black and white as much as it is about wrong and right. Last year, nearly 500 people were killed in Washington, 900 in Chicago, 1,000 in Los Angeles, and 2,000 in New York. We know that if hundreds of blacks were killed by whites in any city, there would be riots. If hundreds of whites were killed by blacks, there would be a national call for the death penalty. Neither situation would be tolerated. And yet, when it is black-on-black violence, there is a zone of permissiveness that reduces everyone's humanity. We must take back our cities, stop the violence, come together, and chart a course for a better future.

Moses had this same problem of the urban crisis, moral decay, and ethical collapse when the children of Israel came to Canaan. They hit bad times, high unemployment, recession, and immorality. They began worshipping idols, disrespecting each other. So Moses went to the mountain and told God about it. God sent him back with a ten-point urban policy plan. He didn't send a committee, or a budget, but a ten-point plan for ethical behavior. People who respect their creator behave differently. People who do not respect their mother and their father will not respect your mother and father. It is up to us.

The ethical collapse is indistinguishable from the economic failure. In addition to creating pain, it costs us precious resources. It is time to re-assert the character of our nation, our national priorities, and work together to bring back our greatness, rebuild our country, and make America great again.

For more information on the 25/25/25 Program, please contact the National Rainbow Coalition at (202) 728-1180.

D.P.: Call Kathy regarding this. FW

MEMORANDUM

TO: John Podesta

FROM: **Kathy Roth** @ 7565 93 JAN 26 P12:49

RE: **Approval process for BC letters**

DATE: **Jan. 26, 1993**

I have a number of drafts I have written, approved by Nancy Soderberg, for BC's signature. I expect these letters need further approval. Is the proper process that I secure the approval, make the necessary changes, then pass them to the staff secretary's office, or does the staff secretary handle these issues?

The following is my understanding of the approval likely to be needed for the letters I have.

Subject	**Approval Needed**
Salinas Thank you	Sandy Berger ✓
Gov. Richardson Thank you	Intergov't affairs
Eizenstat on Haiti	?
Family of civilian killed in Somalia	?
Gov. Rudy Perpich (former)	?
Lord Jenkins, UK	?
Rep. from Macedonia	State Dept.

THE WHITE HOUSE
WASHINGTON

[redacted]

January 22, 1993

MR. PRESIDENT:

Following discussions with Mack, Mark, Bruce, Nancy, and George, I drafted the attached and circulated it to Senior Staff. It is a start at implementing a quality paperflow system.

It must meet <u>your</u> needs, so I am forwarding it to you for your review and consideration.

[redacted]

Thank you.

John Podesta

Looks good to me - let's see how it works - may have to modify

[redacted]

THE PRESIDENT HAS SEEN
1/25/93

THE WHITE HOUSE

WASHINGTON

January 22, 1993

MEMORANDUM FOR SENIOR STAFF

FROM: JOHN D. PODESTA
Assistant to the President
and Staff Secretary

SUBJECT: PAPERFLOW

This memo sets forth the procedure for all White House staff to follow in sending paper to the President for signature or review. It is an initial cut at establishing a smoothly working paper flow system and I expect that it will require some refinement.

At the outset, it is important to emphasize that all paper going to the President should come through the Staff Secretary (with certain exceptions for the NSC). All paper leaving the President's office should go back to the Staff Secretary to ensure that decisions will be implemented, the appropriate people notified, and good records maintained.

Daily Briefing Book

Marcia Hale will be responsible for putting together the President's schedule and informing the appropriate offices what their responsibilities are for producing background memos, talking points, etc. (Full speeches are discussed below.) Marcia will distribute a draft of the next day's schedule at noon. All offices will be responsible for forwarding briefing book materials to my office not later than 4:30 pm the night before the day in question.

My office will review such materials for quality, completeness, etc. and produce the President's book. Briefing books will be distributed by 8:00 pm.

Decision Memo Clearance

Perhaps the most important function of the Staff Secretary's office is to ensure that decision memoranda are properly staffed before reaching the President. That will require cooperation of all staff. The following procedures should be followed:

o Unless a real emergency exists, decision memos must be forwarded to the Staff Secretary at least 48 hours in advance of presenting the document to the President.

Realistic?

o I will route the memo to relevant White House Staff for comment. The Chief of Staff and Vice President will receive all draft decision documents for comment. I will also route such drafts to Bernie Nussbaum and to Maggie Williams. Other offices will be routed as appropriate.

o Routing will be Assistants to the President. It will be up to each Assistant to decide proper routing procedures within his or her own office.

o As a general rule, staffing to Cabinet agencies will be done through the Councils. In the event that comment from Cabinet officers is required that cannot be handled through the regular Council process, paper will be routed through the Cabinet Secretary, who will also serve as a collection point for comments coming back from the Cabinet in those circumstances.

o My office will serve as a collection point for all comments from the White House Staff and in the circumstances described in the above bullet from the Cabinet (via the Cabinet Secretary) and will attempt to facilitate consensus, prior to presentation of the matter to the President. Where no consensus can be formed, I will ensure that individual views are noted and accurately presented.

Background Memos

Briefing papers, where no formal action is requested, will be handled in the same general manner as decision memos. My office will be responsible for preparing or editing summaries of all general briefing papers.

Speeches

Different administrations have handled the speech clearance process differently, with some vesting principal clearance responsibility in the Staff Secretary, and others in the speech writers themselves. We are going to try out a process under which the Communications staff will have primary responsibility for clearing all speeches and statements of the President released to the press, provided that these procedures are followed:

o My office must be on and see the original distribution list of draft speeches to ensure that all offices with a need to review have received a copy.

o Comments to speech writers should be cc'd to me, to ensure that those views have been appropriately considered before forwarding a draft to the President.

o Drafts of speeches to be presented to the President should flow to and from the President through my office, so that they can be properly handled and archived.

Report to Congress

The Administration prepares over 300 reports to Congress each year, as a result of statutory requirements. Many are submitted under the President's signature. They are frequently thick documents and often come to us with short deadlines. We will try to ensure that agencies submit reports in a timely fashion to give White House staff a meaningful chance to review these reports. We will route them for clearance to the appropriate people.

Legislation

Enrolled legislation (passed by both houses) is received and time stamped by the Executive Clerk. OMB has responsibility for interagency review of the legislation. The Staff Secretary's office will handle clearance of the legislation, signing statements and veto messages amongst the White House staff. The same procedures outlined for clearance of decision memos should be followed.

Correspondence

Congressional correspondence as a rule will be reviewed, personally, by the President. Staffing of letters to the Hill will follow the same procedures as outlined for clearance of decision memos. Other correspondence will be routed initially through Marcia Scott, the Acting Director of Messages and Correspondence who is working furiously to bring up our system for answering mail, whether for the President's or First Lady's signature, or for staff signature. A memo laying out the correspondence system will follow shortly.

Sequencing and Timing

It can be anticipated that staff sending paper to my office will frequently feel that the President must see it in the next 10 minutes. Barring real emergencies, that will generally not be possible. I will be working with Nancy Hernreich to develop a system that will make the President's day work for him.

<u>Morning</u>. With regard to paper, my expectation is that the President will have a short time in the morning to review his briefing book and paperwork, including (i) papers and letters he must review and sign; (ii) decision memos, briefing memos and others matters which he can review that morning or hold for evening review; (iii) a summary of documents and important correspondence received, which he can review in more detail if he wishes.

<u>Daytime Period</u>. The President wants to limit review of paper during daytime working hours. Only essential items which must be signed or reviewed, will be brought to his attention during those hours. I will forward essential items to the President through Nancy Hernreich who will be responsible for fitting review of essential items into the day's schedule.

<u>Evening</u>. After the President's morning work period all <u>non-essential</u> paperwork will be held until the evening. In the evening, we will give the President a manageable amount of reading -- no more that 45 minutes to an hour's worth. We will include in these materials all important decision memos which will be discussed the next day.

<u>Weekend</u>. Longer policy papers and think pieces will be held for weekend review, where possible. That will give the President more time to reflect and comment.

<u>Following Week</u>

By the close of business each Friday, senior staff -- and expecially the councils -- should forward to me a list of any important decision memos that they expect to have presented to the President the next week so that we can build adequate time into the schedule for review at the staff level and by the President.

<u>Style</u>

Some changes may be made to the current style of documents intended for the President, but, for now, please use current style forms.

In closing, let me say that my office has a straightforward goal -- to protect the President and his decision-making process. Paper coming to him must meet the highest standards of excellence. Papers must be well written. Options must be clearly stated. Those who need to see it must have seen it. Views of advisors must be accurately reflected. Summaries must be brief and accurate. We cannot let the pressure of time compromise those standards.

THE WHITE HOUSE
WASHINGTON

DATE: 1/26/93

: MARK GEARAN

ROM: **JOHN D. PODESTA**
Assistant to the President and
Staff Secretary

The attached has been forwarded
to the President.

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 1/26/93

TO: MACK McLARTY

FROM: **JOHN D. PODESTA**
Assistant to the President and
Staff Secretary

The attached has been forwarded
to the President.

THE WHITE HOUSE

WASHINGTON

January 25, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA JDP

SUBJECT: National Service

Attached is a background memo from Eli Segal on national service, outlining some of the key policy issues and suggesting steps that need to be taken to move the ball forward. It is not a decision memo, but rather seeks your guidance on how you want to proceed. It makes the following main points:

o That relationships need to be developed with (i) key members in the House, where there is less interest and support than in the Senate; (ii) interested parties like mayors, governors, unions and educators; and (iii) service providers not eligible to receive trust fund benefits;

o That a communications and outreach strategy need to be developed to build broad support;

o That many issues remain open including who will be eligible; what kind of service will be covered; how much the post-service benefit will be worth; how many slots will be available.

One point you should be aware of concerns the Points of Light Foundation, which Eli discusses on page 4. One option for meeting your target of reducing White House staff by 25% includes eliminating the Foundation and its 42 jobs.

I have shared this memo with Mack McClarty and Mark Gearan.

Eli has requested a meeting to discuss the memo.

M E M O R A N D U M

93 JAN 25 P5: 12

TO: President Bill Clinton

FROM: Eli J. Segal

DATE: January 25, 1993

RE: National Service

The SEASON FOR SERVICE is upon us.

Your call for integrating national service into the fabric of American life now needs to be translated into action. Hence, this first memo on where we stand and a request for a meeting within the next day or two.

Where we are now

The environment for national service is positive -- For the most part, there is a growing consensus in the Senate on what a "Clinton Service" bill would look like, and the experience with the National and Community Service Act has been comforting to many who might otherwise be skeptical of a new federal program. Most editorials and comments have strongly urged you to take your time and "grow" a program after thorough analysis and investigation.

Challenges

We need to:

A. Make sure that service does not get bogged down in the direct lending/income contingent repayment debate about college loan programs;

B. Cultivate relationships with Congressman Bill Ford and other key members in the House. Currently, there is much greater support, interest, and knowledge on the Senate side;

C. Nurture relationships with mayors, governors, unions, the education community and other "interest" groups;

D. Be especially sensitive to service providers who are not eligible to receive "benefits" from a trust fund;

E. Create a program which resonates with citizens without unduly frightening deficit "hawks" and/or those who saw the bureaucratic excesses of other federal service programs; and

F. Beyond any legislative proposal, develop a communications and outreach strategy to build national service into the everyday life of every American.

More generally, while there are no major land mines at this time of which I am aware, I just have this sense that support for service in Washington is a mile wide and an inch deep, and that we need to educate and encourage Washington publicly and privately right away. This will require both the carrot and the stick, utilizing the full weight of your office as we go forward.

Key Policy Issues

In the next day or two, we will have for you a summary of draft legislation from the Senate Labor Committee. While helpful, it will leave many questions to be decided by you. Among them:

A. <u>Who is eligible?</u> While "Putting People First" emphasized college kids, for reasons of fairness and greater life-transformation, the consensus is that the program should be available (if not weighted) to pre- and non-college youths, and part-time servers. We need to decide whether and how to specify eligibility.

B. <u>What types of service?</u> Youth corps, individual placements in nonprofits, regular job placements (e.g., teachers), and public service entrepreneurs will all want recognition.

C. <u>How much will the post-service benefit be worth?</u> There is a lot of debate: $5,000, as under present legislation, or as high as $10,000, as many providers recommend. At $7,500, the overall cost of a slot is about $20,000 (exclusive of a "local" contribution).

D. <u>How many slots will be available?</u> Most people believe a first year goal that will not overwhelm local efforts is 25,000 new slots -- about $500 million in outlays, apart from state contributions and hard-to-quantify "savings" on the back end. With more than 16 million young people in higher education and untold more in training programs, this start-up will create extraordinary demand -- which, from a business perspective, is great, but from a political perspective, may project some problems.

E. <u>Should the program be federally run, like the old CCC, or decentralized, like current efforts?</u> There is widespread support for the latter. However, within this framework there remain questions about precise state and local roles, about matching levels from nonfederal sources, and about a small federal pilot.

F. <u>What will the federal administrative structure look like?</u> The relationship between the White House Office of National Service, the Commission on National and Community Service, ACTION, and many agency programs remains uncertain. This is a prime opportunity to reinvent government by consolidating agencies.

G. <u>What happens to K-12, in-school, and older Americans programs?</u> You have invited all Americans to serve. We must ensure that those not covered by the Trust are widely encouraged to do so.

H. <u>Should income contingent and direct lending issues be connected to service legislation?</u> You made the link in the campaign, and the combination draws support from a wide variety of interests, but might slow down passage of the service component.

With your leadership and guidance, I believe we can put a bill before the Congress within a month. We need not move faster -- you don't face a pent-up demand, you can continue to use the bully pulpit in the meantime, and you want to get it right.

Needed Action

A. I would like to review this memo with you on Tuesday to get some general direction.

B. You need to be brought up to date on the work product of your transition team, post transition developments and draft legislation.

C. Once I have a gauge on your reaction, we can move the legislative agenda forward including the framework, the substance and the timing.

D. I would like to place on the Cabinet retreat agenda several items to promote the visibility and cost-effectiveness of national service, including building actual service into the surrogate roles of Cabinet officers.

E. We are in the process of developing a political and communications strategy, but again, it follows from the above.

F. The budgetary impact of whatever we undertake is vital. We have set up a task force on pricing and cost/benefit with outside experts and OMB professional staff.

G. There are several vacancies on the Commission for which we will make recommendations shortly. I foresee, at least, one young service provider, and perhaps someone like Will Marshall and someone like Alan Patricoff as likely appointees.

H. We need to undertake a thorough review of ACTION which is now a demoralized overly bureaucratic agency (on a budget of $200 million, it has 50 state offices, and a number of regional offices; our best guess is that overhead is well in excess of the already too high reported figure of $30 million). While it is too early to say for sure that we should take it on (we may want to leave alone rather than reorganize ACTION in the short term), cutting the fat here will be a valuable message.

I. We need to decide what to do with the Points of Light. This is one of the few undertakings which really matters to former President Bush. With some change in mandate from us (moving it away from volunteers to service), it might be a convenient way to build some support with Republican legislators.

Overall Conclusion

The outpouring of support for national service is truly breathtaking. I have literally hundreds of people who want to and/or are helping us now, without any assurances of a job down the road. You have struck a chord. I think we are moving in the right direction, and I am cautiously optimistic that we can show real success soon.

EJS:ke

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 1-25

NOTE FOR: Will Ito

[redacted]

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

Information ☐

Action ☑

If you think this should be handled by the President's personal correspondence unit, please call me

Thank you.

JOHN D. PODESTA
Assistant to the President
~~and Staff~~ Secretary
(x2702)

cc:

THE WHITE HOUSE
WASHINGTON

JOHN PODESTA –

JAN 25 P6:54

BC would like us to do a brief reply on this letter!

[redacted]

NANCY HERNREICH

N- [illegible]
[illegible]

Governor and Mrs. Clinton,

Happy Christmas

Andrew Sarah,

BEATRICE EUGENIE

7th Dec 1992

BUCKINGHAM PALACE

Dear Governor and Mrs. Clinton,

I wanted to write and congratulate you on your election. I have followed the progress of your campaign closely and with great interest.

It has been of particular interest to me to observe how effectively you have dealt with the media's focus on your private life! It is, indeed, a difficult aspect of public life today — one over which you have triumphed. I admire your courage and perserverence.

Through my charities, I am deeply committed to working to solve many of the pressing educational and medical issues which both of you raised during your campaign.

When you come to England I would welcome an opportunity to show you some of the work that is being done here.

Good luck to you both - and Well Done.

Sarah,

(The Duchess of York)

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 1-25-93

NOTE FOR: MACK
George

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

Information ☑

Action ☐

[redacted]

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:

19

PHILADELPHIA INQUIRER DEC 0 2 1992

What ex-chiefs could tell Clinton

By **ROBERT BRESLER** p A15

As Bill Clinton assumes office, he should be humbled by a simple fact. We have five living ex-presidents. Of the five (Nixon, Ford, Carter, Reagan and Bush), only one (Reagan) left the office voluntarily and to the general applause of the nation.

In fact, since World War II only two presidents (Eisenhower and Reagan) were elected to and completed two full terms. In this lies an important cautionary tale. Simply put, most contemporary occupants of the White House have been mastered by the office rather than having been its masters. George Bush became another case study in the saga of the disappointing presidency.

President Clinton no doubt will try to learn from the misfortunes of his predecessors. The challenge will be, as it is for any student of history, to find what lessons of the past can apply to the future. Here are a few suggestions:

■ Administer strong economic medicine early, while the patient still has your trust. Jimmy Carter never took this advice, overstimulating the economy early in his term, thereby inducing inflation later in his term, and then having to step on the economic brakes. The result was defeat. Clinton should deal with the deficit issue and introduce measures to cap entitlement spending in his first 100 days. By getting an early handle on the deficit problem, he may have some fiscal maneuverability in the event the economy turns downward as he heads for re-election.

■ Set your priorities so that they are clear and broadly understood by the general public. Reagan had only three ideas — cut taxes, strengthen the military and reduce domestic spending. He focused upon them relentlessly in his first term and was at least successful in achieving the first two. Carter had a laundry list of ideas, and no one could discern which was more important than the other. Bush waited until late in his term to articulate a domestic agenda, and by then he had lost his credibility. If economic growth is Clinton's objective, then all other matters should be made secondary to that aim.

■ Learn to say no and mean no. A president who talks tough and then caves in will have spent an enormous amount of time regaining his credibility. Bush's reneging on his "no new taxes" promise proved to be a fatal error. Not only did it make little economic sense to raise taxes on a weak economy, but it cut at the core of his believability and only whet the appetite of his opponents. Compromise is the glue of politics. Yet, when one compromises on his core beliefs, the glue has no adhesion for other matters. After Bush signed the 1990 budget agreement, the Congress became more confrontational with Bush rather than less, sensing his weakness.

There soon will be five living ex-presidents. They all made mistakes that the newly elected president can learn from.

■ Remember this is your administration — not the vice president's and not that of the cabinet members. They all work for you. Carter gave his cabinet members broad discretion in picking their assistants, and many of them were closer politically to Vice

1810

1/2

20

President Mondale than to Carter. Consequently, the Carter administration was headed by a Southern moderate, but staffed with Northern liberals. The result was ideological confusion and sometimes programmatic chaos. Carter had to involve himself in the details of policy if he wanted to set direction. No president can run the government that way. Reagan, on the other hand, had subjected both his cabinet and subcabinet officials to an ideological litmus test. In fact all sub-cabinet appointments had to be cleared by the White House. The result was greater cohesion and less need for the president to intervene on minor policy matters.

■ Capture the rhetorical dimension of leadership. Some presidents — Ford, Carter and Bush — governed as if words did not matter. Their speeches were prosaic and unmemorable. Ford put people to sleep, Carter was lugubrious and preachy, and Bush without a script often made no sense. The great leaders of our century — Wilson, Churchill, FDR, de Gaulle — understood that the ability to govern is related to the ability to persuade through language and a sense of the moment. Reagan may not have been in the same league, but he understood the lesson and spoke with conviction and grace. Clinton must remember that neither campaign stump speeches nor details of policy papers is what the public expects to hear from a president. In his brief time as president, John Kennedy brought an appreciation for both the elegance and the simplicity of language. He moved people and affected history.

■ Co-opt the center. If you want to throw conservatives off their stride, adopt some of the nonbureaucratic proposals of the Jack Kemp Republicans. Propose housing vouchers, urban free-enterprise zones and school choice. This may upset the teachers union and the municipal workers union, but so what? The political gains you will accrue from stealing the most imaginative parts of the conservative agenda will far outweigh having to suffer some bleating.

■ Military power should not be an end in itself, but a means to achieve a political end. This is the Weinberger Doctrine and should not be discarded. Former Secretary of Defense Caspar Weinberger recommended, "If we do decide to commit force to combat ourselves, we should have clearly defined political and military objectives. And we should know precisely how our forces can accomplish those objectives."

This was a lesson Lyndon Johnson never absorbed in Vietnam, but one that Bush, to his everlasting credit, applied to the Gulf War. Democratic presidents have often fallen victim to their own messianic language in foreign policy and became involved in wars the outcome of which they could not control. Clinton should follow a more conservative calculus in foreign policy, making sure his ends do not outrun his means.

In the end, the key to success is a sense of history. The great leaders do stumble over the furniture, but they eventually get across the room. The mediocre ones are always arranging the furniture so they don't stumble over it, but they never go anywhere.

Robert Bresler, professor of public policy at Penn State-Harrisburg, is the author of the textbook "American Government."

2 of 10

2/2

THE WHITE HOUSE
WASHINGTON

DATE: 1-25

NOTE FOR: TONY LAKE

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

- Information ☑
- Action ☐

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:

Save the Peace Dividend

Governer - I think this is a very thoughtful piece. Nancy

To Tongestal USC

11/19 The New York Times

By Richard Nixon

WOODCLIFF LAKE, N.J.

President-elect Bill Clinton deserves high marks for aggressively addressing a number of important issues during the transition period. But as was the case during the campaign, the most important issue since the end of World War II has received minimal attention.

It may be politically shrewd to give domestic policy, as it affects an economy just beginning to recover from recession, a higher priority than foreign policy. But the collapse of Boris Yeltsin's pro-Western, democratic Russian Government would have a far greater impact on the American economy than anything the new Administration could do at home.

The Yeltsin Government is in mortal danger. The National Salvation Front, an unholy alliance of ex-Communists and ultra-nationalists, have boldly demanded Boris Yeltsin's resignation, a return to authoritarian rule and the restoration of the Soviet Union within its 1991 borders. That would be a prescription for the beginning of cold war II.

The peace dividend, which the Clinton Administration is counting on to help finance its new domestic policies, will be down the tube. Instead of cutting the defense budget, it will be necessary to increase defense spending by billions of dollars.

It has been projected that the United States over the next 10 years can save between \$250 billion and \$300 billion in defense expenditures if present trends continue. A new Russian nationalist authoritarianism government, heavily controlled by the military and shorn of the failed faith of Communism, would be a greater threat to the forces of peace and freedom in the world than the old Soviet totalitarianism.

What are the chances that the Yeltsin Government will survive? On the minus side, Russia is plagued by massive corruption and runaway inflation. Bloody ethnic conflicts are on the rise. The gridlock in Moscow between President Yeltsin's Cabinet and the heavily Communist Parliament he inherited from the Soviet era is much worse than anything ever witnessed in Washington.

On the plus side, Mr. Yeltsin has proved to be a skillful politician and formidable statesman. His popularity, at a time when his country is suffering not just from a recession but from a deep depression, is still above 50 percent.

Russia is a rich country; we are not dealing here with a nuclear-armed Bangladesh. Ninety-five percent of the Russian people are literate, and 90 percent of the Russian work force has graduated from high school. The press is free, and Mr. Yeltsin has acted as its greatest defender against undue interference from both conservatives in the Parliament and his own Government. There is considerable progress in overall judiciary reform. Most important, in foreign policy, both vis-à-vis the West and the newly independent post-Soviet states, Mr. Yeltsin has consistently acted with enlightened moderation. He needs our help and he deserves it.

It is essential that we be understanding and tolerant as he tries to find a new way of ruling the country through a compromise with the centrist forces organized under the umbrella of the Civic Union. I personally know some of the top leaders in this diverse coalition. While questioning many of the current Government tactics, they have a fundamental commitment to democracy and a free-market economy and are loyal to Mr. Yeltsin as the Russian President. If he makes a compromise with the Civic Union, there is no need to panic and to perceive it as a mortal blow to the Russian democratic experiment.

One of the most effective ways we can help Mr. Yeltsin survive is to champion the rights of the 25 million Russian-speaking people in the Baltic and the other post-Soviet states — both bilaterally and in international forums. The Russian people should be able to feel that their human rights are a priority for American diplomacy. This will be a constructive way to respond to xenophobic Russian nationalists who are paranoid and suspicious of the West and violently opposed to President Yeltsin.

The Yeltsin Government will not survive unless it receives a major new economic assistance package. The Freedom Support Act was a positive first step, but it has been overtaken by events. Urgent action on three fronts is required.

1. The \$80 billion debt that Mr. Yeltsin inherited from Mikhail Gorbachev must be rescheduled for 15 years as Mr. Yeltsin has requested.

2. There must be a substantial bridge loan from Western governments to help the Russian people through a cruel, cold winter and to assist the transition from a command to a free-market economy that is unprecedented in a major country.

3. Russia needs massive investment from the private sector in the West. Government aid is limited by budgets. Investment from the private sector is limited only by opportunity. If Russia adopts the same legal guarantees for private property as we have in the West, it has been estimated that \$300 billion would be invested over the next five years, dwarfing the \$25 billion in Western government aid currently allotted.

4. As Senator Sam Nunn has recommended, responsibility for the aid program should be given to one high-level individual reporting directly to the President who would act as the principal coordinator of all U.S. Government efforts. This individual should be of sufficient stature so that he can talk to Mr. Yeltsin and to Western leaders as an equal.

None of these things will happen unless the President plays a direct role. Only he can persuade the Europeans to accept debt relief, force the American bureaucracy to shape up and get Congress to approve foreign aid appropriations.

> If we don't help Yeltsin, it will cost us plenty.

What's in it for us? If Mr. Yeltsin falls, we will again live in a dangerous world with the threat of nuclear war hanging over our heads. The wave of freedom sweeping the world will ebb and we could get caught in the undertow. If Mr. Yeltsin survives, and freedom and democracy succeed in Russia, we will live in a safer world.

We will also live in a richer world. A vigorous free-enterprise economy in Russia will mean billions of dollars in trade and hundreds of thousands of jobs for American workers. We will live in a freer world, because the success of democracy and free markets in Russia will be an example for China and other dictatorships around the world to follow. □

Richard Nixon, the former President, is honorary chairman of the Fund for Democracy and Development.

Bill's List

Essay

WILLIAM SAFIRE

Eight Rounds To Go

WASHINGTON

Having inundated journalists with misinformation for more than a decade, James Baker and his amazing leakage machine are down to their last piteous squirt: that the cause of Middle East peace would best be served by appointing Baker and his "strongly-condemn-Israel" crowd as special envoys. He even sounded out the Israelis to see if they would object.

Don't worry; it won't happen. Nor will former President Jimmy Carter, the second choice of American Arabists, get the assignment. The perfect choice for Clinton Administration Special Middle East Envoy, Extraordinary and Plenipotentiary: nobody.

That's because this is the moment to discover whether direct negotiation between Arabs and Jews has a future. Syria especially wants an active American mediator, both as a barrier and a source of pressure; Israel prefers to deal directly with its neighbors until an agreement is in sight, at which time an American Secretary of State ought to be able to walk and chew the gum of closure at the same time.

Here is where matters stand in the middle of Round Seven:

Israel's new Prime Minister, Yitzhak Rabin, stunned the world with two pre-emptive concessions — a political settlements freeze, a step toward statehood long demanded by Mr. Bush and the Palestinians, and an offer of territorial compromise on the Golan Heights, the strategic spot that was so often used to attack Israelis below. And in payment to the Bush campaign for helping the Rabin campaign against Mr. Shamir, Mr. Rabin did not object to the arming of Saudi Arabia with our latest F-15's.

What have these concessions produced in return? From the Americans, something: a loan guarantee to help settle refugees, and more access to U.S. technology.

But from the Arab leaders, Rabin's demarches have evoked little progress. He has won the privilege of talking face to face in public with Arabs willing to use the word "peace," with a recording of the sessions played for Assad himself. But the Syrian has offered no restraint on Hezbollah terror, nor have the Saudis ended the economic boycott in response to a settlement freeze.

In anticipation of a Bush victory, the Arabs played a waiting game; one can imagine the ferocity with which Mr. Baker would have pounded on Israel had he returned to Foggy Bottom. But without an Administration in Washington determined to force Israel out of the disputed territories, Arab leaders who have been demanding "every inch" are now faced with the need to negotiate.

They know that Mr. Rabin is already overextended; last month, an uproar at home required him to tell the Knesset: "I emphasize: We are speaking of withdrawal *on* the Golan Heights, not *from* the Golan Heights."

Sensing this, and perhaps seized with intimations of his own mortality, Jordan's King Hussein belatedly berated Iraq's Saddam Hussein and expressed interest in an Egyptian-style peace treaty with Israel. But Jordan's King is not the key player; the man who could break the generational logjam is Assad, dictator of Syria.

Nobody expects Assad, having absorbed Lebanon into a Greater Syria, financed by expansionist Iran and armed with Chinese missiles, to pull a Sadat. But Rabin is entitled to at least the assurance of atmospherics: Assad toning down the hate propaganda in his media, and inviting the Israeli media to Damascus for an interview.

Rabin knows the Syrian's double game does not include signing a treaty, opening borders or building a hangar for El Al planes; that's why total transfer of the Golan is not in the cards. Same with the Palestinians: if they insist on all or nothing on sovereignty, nothing is what they'll get.

Arabs fail to grasp Rabin's democratic vulnerability. If his pre-emptive concession strategy fails, the 70-year-old Rabin will be challenged by the new Likud. Republicans in the U.S. could learn from Likudniks who made their coalition more inclusive and are swinging behind Benjamin Netanyahu, 43, a shorter, more handsome, hard-line version of Clinton.

Rabin's chief negotiator, Itamar Rabinovich, is ready for the eighth round in December, before becoming Israel's Ambassador in Washington. But the Arabs delay — they cannot see their golden moment passing. Assad lost his negotiating edge with the passing from power of Bush and Baker; he'll never get back on the Golan if he loses Rabin. ☐

The New York Times 11/19

Cohen/Safire

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 1-25

[redacted]

NOTE FOR: Bob Rubin

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

Information ☐

Action ☒

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:

[redacted]

[redacted]

To Bob Rubin

I've met with him 2 days ago - I think he should be consulted on specific questions and other micro economic issues like credit crunch -

He's good -

B

President of the United States of America

[redacted]

JOSEPH I. LIEBERMAN
CONNECTICUT

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TO: THE PRESIDENT-ELECT

FROM: SENATOR JOSEPH I. LIEBERMAN

RE: TRANSITION THOUGHTS - ECONOMIC ISSUES

DATE: NOVEMBER 12, 1992

It's a week since I spoke to you on election night and I can tell you that the thrill of victory has not diminished, even if it is mixed now with thoughts of the responsibility of governing. I am extremely proud of you and want to help you from the Senate in any way you want during the transition and afterward. I am confident you will be a great President.

I hope you will call on me as an old friend and loyal ally. In that spirit, I want to pass along some thoughts on the economic policy initiatives you are contemplating. These thoughts build on conversations you and I have had over the last year.

THOUGHTS ON ECONOMIC GROWTH:

As you realize better than the rest of us because of your year of travels through an agonizing America, the economy must be turned around, both long term and short term.

Let me talk about the mid and longer term first. A stimulus package (tax incentives and infrastructure) will be weakened if it is not accompanied by a longer term vision of steps we need to take to fix the structural weaknesses in our economy. If you do both together at the outset of your Administration, they reinforce each other, build on one another. Fortunately, you are way ahead on the long term steps: your issue papers on manufacturing, technology, and small business were terrific and provide an excellent base for early legislation. And they are on precisely the same wavelength as the Congressional Committees.

This past year I headed a task force in the Senate Democratic Caucus, working with Senators Gore, Rockefeller, Bingaman, and eight others. The leadership of the key authorizing Committees worked closely with us; we hammered out a program of 30 initiatives in manufacturing, technology, and small business; got excellent House cooperation; passed 23 of the 30 initiatives despite the Administration's opposition, and reallocated $1.6 billion in new funding to these programs. The strategy we assembled is very complementary to yours and can serve as a foundation for you to build on. It is, in fact, a program in place waiting for you to pick up, coordinate, and promote right after you take office. Our work this past year means that the Senate leadership and Committees are ready for additional proposals from you, and can gear up immediately to enact them. The key House Committee -- Science, Space, and Technology -- is in close contact with us and also ready to move.

So I believe you can show dramatic action and results in an area which will create jobs and where you have very strong support in the high-tech business community. If you like, we could showcase your proposals in pre-inauguration hearings in December and have a legislative package ready to go to the floor shortly after Congress returns in January. This could give you a dramatic early victory in the economic area. Let me know if you want to pursue this -- I know George Mitchell is ready to assist.

Your recommendation of an Economic Security Council is also an important step. To really make these high-tech manufacturing issues your own, you need to raise a banner over them, to make them visible, and put someone in charge of coordinating them. There is much to be done in ensuring cooperation between the agencies involved which the Council can help ensure. The established manufacturing programs at Defense, for example, need to be linked much more closely with the new ones at Commerce.

The worst coordination problem is in trade promotion. Exports, as you stated during the campaign, are key to emerging from this recession, yet our export promotion programs are divided among 16 often warring agencies. The State Department is the worst culprit, systematically failing to consider U.S. economic concerns while pursuing its diplomatic agenda. Now that the Cold War is over, State's priorities need to be readjusted, starting with making trade a priority for each Ambassador, and, hopefully, putting more commercial officers in each embassy (we are shockingly outnumbered in this by the Japanese). Governmental reorganization should not be a priority for your first 100 days -- you need to get too much accomplished to get bogged down in this. But when your Council does get to it, trade promotion is a top clean-up priority. And that might mean creating a new Department of Trade.

The deficit: I don't think you can announce a program to solve it on day one or day one hundred. And you don't want to burden the economy with fixing it until you are past the recession. But the public now understands the seriousness of the problem. Doing something about it will become a test of your leadership. And the financial markets need reassurance that there will be progress. I like the idea of a super blue ribbon Commission, announced before the end of this year and charged to develop the options in detail and report back to you by day 100. Announce it early after your economic summit, and charge it to consult with Perot, too, to get him inside the tent and cooperating. This gets the issue off your back, and buys you time to get your economic growth program package through Congress and into your agencies, as well as time to develop a sensible deficit approach. A good goal would be to have your economic growth program adopted in the first 100 days, and your deficit reduction program by July 4, even if much of it doesn't kick in until 1994.

On infrastructure: Classic economic thinking says that a public works jobs program delivers not just short term jobs but is an investment in economic growth and accompanying long term jobs. Through my work on the Environment and Public Works Committee, I have come to learn that much of this thinking is out of date. Public works funding may create short term construction jobs if it is structured right, but we have mature transportation systems now and the longer term job creation potential is limited.

In the post-WW II period, we were able to use transportation investments to leverage long term job creation. The construction of the interstate highway system after 1952 not only spawned suburban sprawl and accompanying construction but it provided a platform for the boom in the auto industry. The federal programs to construct hundreds of airports enabled a huge commercial airline and travel industry to evolve. These federal programs were true investments that fostered new industries and growth. But we don't need a second interstate system and 100 new metropolitan airports. We need to fix up our infrastructure, but with some limited exceptions, spending on this is not going to create long term jobs and new industries. A $20 billion a year investment in traditional infrastructure will create short term jobs but only marginal productivity gains and will not leverage much longer term investment.

On the other hand, if you think about infrastructure in a new, non-traditional way, you can get a lot of investment from it. Your manufacturing extension center program is a new kind of infrastructure. Advanced electronic networking involving universities, labs and industry is infrastructure and already part of your program. Both of these can create whole new industries. The point is that infrastructure doesn't have to involve concrete. You can fund much of your manufacturing and technology program as infrastructure because, looked at in this way -- government as catalyst and enabler -- that's what it is.

Nonetheless, we still need some short-term job stimulus. Pat Moynihan and Norm Mineta understand both the limitations and potential of public works programs, and can help your staff through this thicket toward a sound, non-pork public works stimulus program in the transportation and water areas. I would urge that you ask them to get their ideas together.

The credit crunch remains a very serious problem. It is still having a devastating effect on small business, which usually leads an economic recovery as new firms are formed and existing ones expand. Banks are currently making record investments in government securities at the expense of small business loans. Last year, net new business formation was at its lowest point since 1975, and the credit crunch was a major culprit. As the economy begins to recover and loan demand begins to increase, the credit crunch will intensify.

Monetary and regulatory policy must be better coordinated than under Bush. There are a number of regulatory and legislative approaches worth examining: 1) revisions to the way the Basel risk-based international capital standards are applied, 2) lowering the bank leverage-capital requirements, 3) creating a secondary market for commercial and industrial loans, 4) better coordination between the Fed (charged with monetary stimulation of the economy), the regulators, and the SBA loan guarantee programs. I have an article on this in this Sunday's New York Times Business Section and would be glad to work with your economic policy people on it. If you can crack the credit crunch, you will expedite our economic recovery and earn the gratitude of America's small business people.

One final word on your personnel choices in the key economic policy positions. Don't let the choice of Treasury Secretary become too big. As you said so powerfully, you are going to be in charge of economic policy. You are going to chair the Economic Security Council. The Treasury Secretary obviously will be important, but so, too, will be your Commerce Secretary, your Economic Security Adviser, and others in relating differing perspectives.

Forward with hope!