THE WHITE HOUSE

WASHINGTON

February 5, 1993

MEMORANDUM FOR WHITE HOUSE STAFF OFFICES

FROM: MARSHA SCOTT
Deputy Assistant to the President
& Acting Director of President Correspondence

THROUGH: JOHN PODESTA JDP
Assistant to the President
& Staff Secretary

RE: Contact for policy issues

The Office of Correspondence responds to thousands of letters on behalf of the President everyday. It is important that the text of these letters reflect the Administration's policy on the issues involved in the letter, especially in individual special letters and Presidential messages for mass consumption.

Therefore, it is important that someone on your staff be designated to review and provide direction to a representative of our office when a question on policy arises. As you know, time will often be of the essence.

Roger Martin on extension 2276 will act as the liaison from our office. We would appreciate it if you would provide him with the name and extension of the person designated for this responsibility.

Thank you.

THE WHITE HOUSE

WASHINGTON

February 5, 1993

Members of
The Native American Alliance of Ohio
Hilliard, Ohio

Dear Friends:

Thank you for the beautiful medicine bag that Sharlyn Hunter forwarded to me. It is a wonderful example of Native American art, and I am honored to receive the eagle feathers that Barbara Crandall used to create it.

As we display your gift in the White House, it will be an ever-present reminder of the rich heritage of our Native Americans and their contributions for the future.

I appreciate being remembered in this special way.

Sincerely,

Bill Clinton

This is my sister!
President's signature, please.
Phyllis A.

THE WHITE HOUSE

WASHINGTON

February 5, 1993

Barbara Schumacher
29107 9th Place South
Federal Way, WA 98003

Dear Barbara:

I want to give you my best wishes on your birthday. I hope your day is filled with joy and happiness.

Thank you for your friendship.

Sincerely,

Bill

O R D E R

\- - - - -

I hereby designate Laura D'Andrea Tyson as Chair of the Council of Economic Advisers.

William J Clinton

THE WHITE HOUSE,

2593

THE WHITE HOUSE

WASHINGTON

February 5, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA

SUBJECT: Presidential Memorandum to Secretary Cisneros

Attached is a memorandum which Secretary Cisneros would like you to issue today and discuss at today's 3 p.m. meeting with various mayors. The talking points for that meeting, which are also attached, track the language of this memorandum.

The memorandum directs Secretary Cisneros to (1) create a mechanism for weekly meetings between him and state and local leaders; and (2) expedite the expenditure of HUD funds appropriated for FY 1992.

The memorandum, which was reviewed by the HUD office of General Counsel, has been approved by OMB and concurred in by senior staff. White House Counsel has no objections.

THE WHITE HOUSE

WASHINGTON

February 5, 1993

MEMORANDUM FOR THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT

SUBJECT: Expedited Expenditure of Public Housing Modernization and HOME Program Funds

The Department of Housing and Urban Development is critical to the health and vitality of our communities. Given the housing and other needs of America's communities, HUD must become an effective facilitator of change. Accordingly, I direct you to intensify your efforts to reinvigorate HUD and to transform it from a barrier to an enabler of innovative and lasting solutions.

One component of the Federal Government's new approach must include listening to the needs, concerns, and ideas of those who manage and interact with governments on the State and local levels. Accordingly, I hereby direct you to establish and implement a procedure for regular weekly meetings between you and delegations from individual States and localities. These meetings will enable HUD to incorporate into its decisions the varied perspectives of local communities. Furthermore, I direct you to invite to these meetings such representatives from other executive departments and entities as are necessary to ensure that the Federal response to community problems addressed by HUD is coordinated and integrated.

With respect to certain HUD programs, it has come to my attention that a significant amount of the Public Housing Modernization Funds approved by the Department have not been obligated by Public Housing Agencies, and that only 4 percent of HOME program funds made available by the Department in FY 1992 have been committed to affordable housing projects, with only 2 percent of the funds expended. I understand that you have already begun a comprehensive process to expedite the expenditure of these funds for both the Modernization program and the HOME program.

I commend your actions, and direct that you continue this effort and undertake other appropriate measures to ensure the expeditious expenditure of these funds. Timely action is essential to provide construction industry jobs and to stimulate our overall economy, as well as to fulfill our responsibilities to provide decent, safe, sanitary, and affordable housing for the Nation's lower income citizens.

THE WHITE HOUSE

WASHINGTON

February 5, 1993

MEMORANDUM FOR JOHN D. PODESTA

THROUGH: RONALD GEISLER RG

FROM: DAVID KALBAUGH DK
Assistant to the
Executive Clerk

Attached for the President's signature are the certificates for the winners of the Presidential Award for Excellence in Science and Mathematics Teaching. The President approved the nominees on 2/4/93 (copy attached).

Please note that these certificates are for the winners in the secondary school category. These teachers will be in town early next month. The winners in the elementary school category will not be in town until late April, their certificates will be presented to you shortly.

WJC

AP

JDP

2.5.93

THE PRESIDENT HAS SEEN
2/4/93

THE WHITE HOUSE

WASHINGTON

February 4, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA
SHERYLL CASHIN

SUBJECT: Presidential Awards for Excellence in Science and Mathematics Teaching

Attached is a memorandum from John Gibbons which recommends that you approve listed nominees for the annual Presidential Awards for Excellence in Science and Mathematics Teaching.

Established by Congress in 1983 to recognize secondary school math and science teachers, and amended in 1988 to include elementary school teachers, the awards are given annually to 216 teachers -- four from each state, the District of Columbia, the U.S. territories, Puerto Rico, and the Defense Department Schools. The teachers will be invited to Washington in March and April to receive the awards.

For your information, the Arkansas nominees are Peggy Covington (math, College Station Elementary, College Station); Betty Carolyn Hill (science, Central Elementary, Jacksonville); Jane Jones (math, Goza Junior High, Arkadelphia); Judy Smith (Bismarck High, Bismarck).

Bernie Nussbaum and George Stephanopolous have approved the recommendation. If you approve the recommendation, George will place the awards on the press schedule, particularly for local coverage.

_✓_ Approve ____ Reject ____ Discuss

THE PRESIDENT HAS SEEN
2/5/93

THE WHITE HOUSE

WASHINGTON

P8:30

MEMORANDUM TO THE PRESIDENT

FROM: Bruce Lindsey

DATE: February 3, 1993

RE: FEDERAL COMMUNICATIONS COMMISSION--ACTING CHAIR

METHOD OF DESIGNATION: The chair of the FCC is designated by the President.

DISCUSSION: The position of chair of the FCC is vacant. It is important to designate an acting chair prior to the next meeting of the commissioners, scheduled for February 11, 1993. Congressman Dingell (Michigan) has requested that the senior Democratic commissioner, James H. Quello, be designated as acting chair, pending appointment of two new commissioners and designation of a permanent chair. Further inquiry supports this request. While it is clear that in the absence of a designation by the President, the remaining commissioners could designate Mr. Quello as interim chair, designation of an acting chair by you would establish your interest in the agency and support Mr. Quello's role as chair.

RECOMMENDATION: I recommend that you approve the appointment of James H. Quello, of Michigan, to be Acting Chairman, Federal Communications Commission.

Approve ✓__________________________
Disapprove __________________________
Continue search __________________________
Appoint __________________________ instead.

THE WHITE HOUSE

WASHINGTON

February 5, 1993

I am pleased to learn that, as part of its 1993 Winter Tour, the United States Army Field Band is performing in my birthplace, Hope, Arkansas.

Since 1946, the U.S. Army Field Band has carried, through music, a message of goodwill all across our Nation and into many foreign lands.

As an amateur musician, I appreciate the long hours of practice and dedication it takes to create a national showcase of talent. You proudly represent the Army and the entire United States. I commend you on your civic devotion and musical excellence.

I know that the people of Hope will thoroughly enjoy your performance. Best wishes on the rest of your tour.

Bill Clinton

Congress of the United States
House of Representatives
Washington, DC 20515–2207

OFFICIAL BUSINESS

Dale E. Kildee
M.C.

President William J. Clinton
1600 Pennsylvania Avenue
Washington, D.C. 20500

THE PRESIDENT HAS SEEN
2/5/93

Bruce R
We need to
Decide on this

2239 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-2209
(202) 225-3611

DISTRICT OFFICES:
316 WEST WATER STREET
FLINT, MI 48503
(313) 239-1437
TOLL FREE TO FLINT OFFICE
1-800-662-2685
1829 N. PERRY STREET
PONTIAC, MI 48340
(313) 373-9337

DALE E. KILDEE
9TH DISTRICT, MICHIGAN

Congress of the United States
House of Representatives
Washington, DC 20515-2209

COMMITTEES:
COMMITTEE ON THE BUDGET
EDUCATION AND LABOR
CHAIRMAN:
SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION
CO-CHAIR:
CONGRESSIONAL AUTOMOTIVE CAUCUS

February 4, 1993

President William J. Clinton
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear President Clinton:

It was a pleasure to talk to you this morning at the House Democratic Whip meeting concerning the "MPV" tariff issue. I deeply appreciated hearing your concern for an early resolution to this issue.

As you requested, I am enclosing a copy of the House Budget Committee hearing in which former Secretary of Treasury, Nicholas Brady, stated the Treasury Department overturned the U.S. Custom's Service ruling because "there was enormous pressure from our partners overseas to do this." I think you will agree that this was a pathetic response from a U.S. Government official. I know your Administration will do better.

I am also enclosing a chronology of Congressional involvement in legislating a solution to this question. Not only is reinstating the initial Custom Service ruling good policy, but according to CBO, it will also raise $1.1 billion over a five-year period. Clearly, a swift resolution to this issue would be a "nice, early shot" for your administration.

Again, I enjoyed talking to you this morning, and I look forward to working with you and your administration to improve the quality of life for the citizens of our country.

Sincerely,

Dale

Dale E. Kildee, M.C.

when the FHLB indicated to the board of directors of the Seattle Regional Bank that we in fact should sell our low-rate mortgages to them basically through what I suppose would be known now as a LBO. They gave us money, and we went out and were ordered to reinvest that in some other part of the country.

In my area, not in this particular savings and loan, but in my area there are a number of savings and loans whose directors are being sued in civil court, now mainly to try to get the triggering of the directors and officers liability insurance premiums back into the system.

I would urge that you look at that very carefully. Because I think that it is an ill wind that would go after people who did not benefit. My urging with both FLSIC and the FHLB is if you have got somebody who has done something criminally that you haul them into criminal court and I will back you, but just do not go after these people in a civil manner. I do not think that it is appropriate, and I think that it is destructive. There are a number of these situations where they should be changed.

The other part of your reorganization that I like is that I understand that you are going to remove the regional banks and basically remove a so-called private system that has gotten out of hand where their salaries are well above the $89,500 that they pay Congressmen. I would tell you that there would be a number of people who would be willing to take that job at that rate. And they are making over $200,000 a year as head of these regional banks. So I would just appreciate your comment there.

Mr. BRADY. Well, Congressman, it is my understanding that the FDIC and the FSLIC no longer allows those suits, Congressmen.

Mr. SMITH. Well, you better go back in and stop the ones that have already started unless there is criminal activity.

Mr. BRADY. What I better do is check with Chairman Seidman and get back to you with an answer.

Mr. SMITH. This is mostly FSLIC. But I do think that they have been ill-conceived and have not been handled properly. Thank you, Mr. Secretary.

The CHAIRMAN. Thank you, Mr. Smith. Mr. Kildee.

Mr. KILDEE. Thank you, Mr. Chairman. Mr. Brady, in response to Mr. Houghton, you said that we should get tough with our international trade partners. With that in mind, I am concerned with a possible revenue loss resulting from your recent decision to overturn the Custom Service's ruling on tariffs charged on imports of foreign made sports utility vehicles and vans.

As you know, this January, the Customs Service ruled that such vehicles should pay the 25-percent duty imposed on truck imports rather than the 2½ percent tariff charged on car imports. But your decision 10 days ago to overturn that ruling would only impose a higher duty on two-door sport trucks and certain types of vans. Have you estimated the revenue implications to the Treasury on that overruling of the Customs Service?

Mr. BRADY. Congressman, probably the ruling that we finally put into place on those tariffs probably lost revenues as compared to the original ruling. However, what we were trying to do was make sure that the ruling that was originally set forth had a sound base upon which to come up with the decision as to which was a people mover and which was a goods mover.

So we spent an enormous amount of time. We went up to Baltimore and looked at the cars as they came off the ships from overseas manufacturing plants, and we went out to Detroit and looked at the designs that were on the drawing boards for next year. And what we basically tried to do was cut the baby in half, and I think that we made some people mad as we did it. We tried to find out which are people movers and which are goods movers.

Mr. KILDEE. Solomon made the decision not to cut the baby in half, did he not?

Mr. BRADY. I beg your pardon.

Mr. KILDEE. Solomon decided not to cut the baby in half.

Mr. BRADY. Well, that is probably right. Maybe he had more sense.

Mr. KILDEE. We give him great credit for that, do we not?

Mr. BRADY. Yes.

Mr. KILDEE. Well, you looked at this issue, but why did you not look at the fact that these vehicles, on which you lowered the tariff through your ruling to 2½ percent tariff rather than 25 percent, do not have to meet the emission standards or the safety standards for cars but only for trucks. To my mind, that is more basic—the emission standards and the safety standards which the Congress has put in place and has given agencies of Government the right to enforce and the duty to enforce—to determine whether it is a truck or a car than what the windows look like or how many doors are on it.

Mr. BRADY. Well, we felt that if we could really honestly come up with a conclusion that it was a goods mover instead of a people mover, then the emission standards that Congress have set forth were the ones that they should meet. But I can understand your point of view.

Mr. KILDEE. To my mind, really the emission standards and the safety standards determine more whether it is a car rather than just the windows or the number of doors. I think that is basic. Congress has not talked about doors or windows. We talked about emission standards and safety standards. That is basic. We have never gotten into a policy on doors and windows.

That was your idea, was it not?

Mr. BRADY. Well, I believe that the cars that are coming in, as we understand it, meet the emission standards that we have in this country for emissions, and the trucks meet those emission standards, and it is the question of which one.

Mr. KILDEE. But you are calling it a car for the sake of tariff, but a truck with regard to the emission standards and the safety standards.

Mr. BRADY. Well, that is exactly what we were trying to determine, is it a car or is it a truck.

Mr. KILDEE. Well, I think that you looked at windows and doors and not at standards set by Congress. What was the loss of revenue to the Federal Government, what is your estimate?

Mr. BRADY. I would have to supply that to you, but it was probably $100 million. But can I get that figure and give it to you accurately?

Mr. KILDEE. I would like it. That is quite a bit of money, is it not?

Mr. BRADY. It is quite a bit of money.

Mr. KILDEE. Are there any other plans to reduce revenue while we write this budget?

Mr. BRADY. No.

Mr. KILDEE. Well, if you are, kind of warn us, because we are in the process of writing a budget and we hate to be blind-sided by your giving revenue away to help a foreign manufacturer.

Mr. BRADY. That is right, and I do not mean to get into an argument with you. But we do have to be careful that we do not start a trade war going on that we did not have before. There was enormous pressure from our partners overseas to do this. That was not the reason that we did it. We are still getting an enormous amount of gripes from them.

Mr. KILDEE. How often do you overrule your Customs Service, is that a common thing or not? Because the Customs Service has the expertise usually in determining these things. Is it often that you would overrule them?

Mr. BRADY. No. It was the first time. I have been here for 5 months, and it was the first time that we did it. But you know, I would have to go back and get a list of that. Again I do not know.

Mr. KILDEE. Is that being tough with our international trade partners as you indicated to Mr. Houghton that we should be doing?

Mr. BRADY. I am sorry.

Mr. KILDEE. Is that being tough with our international trade partners?

Mr. BRADY. Well, if the phone calls that I have gotten from the overseas people do not like what we did is any indication.

Mr. KILDEE. They wanted more, I know.

But did the finance ministers when you met with them raise this issue with you, when you met with the finance ministers of Japan, West Germany, and Great Britain shortly before the Customs Service made its ruling in January?

Mr. BRADY. Not during that meeting, no. But obviously, we hear a lot about it on a day to day basis.

Mr. KILDEE. I think that you made a fundamental mistake, and you gave some revenue away at a time when we are really fighting for revenue. I think that you made a determination on configuration of doors and windows rather than what Congress set as policy, the emissions standards and safety standards. I think that really was a fundamental mistake. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Kildee. Mr. McCrery.

Mr. MCCRERY. Mr. Secretary, I was amused a few minutes ago when one of my colleagues on the one hand was a populist in saying that in his town meetings that people had clamored in the town meetings to protest the cut in the capital gains rate as a give-away to the rich. But on the other hand, he was what in its best light I could describe as a Hamiltonian Democrat in saying that he knew what was best for the country, and that was a tax increase.

I suspect that those same people who objected to the capital

If we were to have a revenue increase, a tax increase, do you have any idea what the history is of the Congress in applying those tax increases to fighting the deficit?

Mr. BRADY. No, I do not have a record of that, Congressman. I would just hope that that is where they would be applied.

Mr. MCCRERY. I would, too. But there was a report issued a couple of years ago by several economists, one of whom is on the Joint Economics Committee which indicated that for every dollar increase in revenues passed by the Congress that there was a $1.58 increase in spending.

I was home myself this past weekend not in a town meeting but in a meeting of the emerging poor, the oil and gas folks in my district. They used to hire lots of folks. Now, however, we have 10-percent unemployment and have had for several years. We do not have people making $20,000 a year and worrying about a capital gains cut. We have people unemployed who never have before been unemployed, and are looking for people to save and invest and create jobs so that they might go back to work.

I asked them about the Administration's proposals for oil and gas incentives in the tax code. And they said while certainly they would like to have more incentive, but what is being proposed by the Bush Administration certainly would help. And they thought that those incentives would in fact have a positive impact on their industry. These were primarily independent producers that I was talking with.

They seem to think in fact that with those incentives that they could put enough people back to work that would pay income taxes, get the folks off the unemployment rolls, the unemployment comp rolls, so that in fact instead of having a billion dollar negative impact that it might in fact have a positive impact on the amount of revenues produced in this country. Do you have any thoughts on that?

Mr. BRADY. Congressman, only to the extent that in this proposal by President Bush that we have some energy tax incentive proposals. They do reduce revenues, as I am sure you know. And we hope that they will go somewhere along the way to increase the activity that you referred to in your district to provide some jobs, so that people who want to work can get back to work.

Mr. MCCRERY. Thank you, Mr. Secretary. I encourage you to pursue that.

Mr. Chairman, I would like to be able to submit some questions in writing to the Secretary for his response.

The CHAIRMAN. Without objection, you may do that. Also Congressman Buechner has given me a set of questions that he would like to be made part of the record and forwarded to the Treasury Department. And without objection, that will be done.

Mr. MCCRERY. Thank you, Mr. Chairman. Thank you, Mr. Secretary.

The CHAIRMAN. Mr. Wise.

Mr. WISE. Mr. Secretary, listening to your response to Mr. Kildee's question, I was struck by something, because it seems like you are constantly having to make differentiations, and is it more difficult determining the difference between a car and a truck than [illegible] increase and a duck? [Laughter.]

THE HISTORY OF CONGRESSMAN DALE E. KILDEE'S INVOLVEMENT WITH THE TARIFF CLASSIFICATION OF MULTIPURPOSE VEHICLES (MPVs) AND MINIVANS

Chronology of Truck Tariff Rulings:

- **October 5, 1988**, Kildee co-signs letter from the Congressional Automotive Caucus to U.S. Customs Service Commissioner William Von Raab urging that MPVs are trucks. The letter argues that by "all conventional definitions used by industry and government in the United States -- from the design, engineering and structure of the vehicle to marketing and advertising -- sport utility vehicles are trucks" and should be classified as such by the Customs Service.

- **January 4, 1989**, the U.S. Customs Service issues a ruling classifying MPVs and minivans as trucks.

- **January 25, 1989**, Kildee writes to U.S. Treasury Secretary Nicholas Brady urging him not to overturn the Customs Service ruling consistently classifying MPVs as trucks.

- **February 16, 1989**, for the first time in history, Treasury Secretary Brady overturns the Customs Service and issues the present classification that favors foreign importers.

- **February 28, 1989**, Kildee confronts Secretary Brady in a House Budget Committee hearing about this decision to overturn Customs. He responded by saying that he sent personnel "to Baltimore to look at cars as they came off the ships" and to Detroit to look at the designs for next years models. That was the basis of his decision.

- **February 7, 1991**, Kildee again confronts Secretary Brady at a Budget Committee hearing about his decision to overturn Customs. Brady does not alter his position and responds that consumers benefit from Treasury's current classification; but statistics show importers never gave American consumers a break.

- **August 2, 1991**, Kildee introduces H.R. 3250, The Trade Equity Act, clarifying the U.S. tariff classification of motor vehicles for the transport of goods (trucks). Kildee's bill would consistently classify MPVs and minivans as trucks.

- **January 22, 1992**, H.R. 3250 is included in H.R. 4100, the Trade Enhancement Act, that Majority Leader Gephardt introduces. This bill addresses the Japanese auto trade deficit with the United States.

- **February 7, 1992**, under questioning by Kildee at a Budget Committee hearing, Secretary Brady acknowledges that there may be problems with the current policy and that Treasury is reviewing it.

- **March 11, 1992**, Kildee sends a letter to Secretary Brady to follow up on Brady's intention to review the current tariff classification for MPVs and minivans. No response from Treasury yet about the review of the MPV tariff classification.

- **March 18, 1992**, amended version of H.R. 3250 is included in the Senate tax bill. Kildee sponsors letter sent by 24 House Members to Rep. Rostenkowski urging that the provision not be taken out of the conference report. However, the provision is ultimately removed.

- **June 24, 1992**, the full Ways & Means Committee approved a modified version of H.R. 3250 by 24-12. Rep. Sander Levin offered this version of H.R. 3250 as an amendment to H.R. 4318, the Miscellaneous Tariff Bill.

- **July 31, 1992**, the full House passes H.R. 4318 by a vote of 273-112.

CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Robert D. Reischauer
Director

November 7, 1991

Honorable Dale E. Kildee
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman:

The Congressional Budget Office has reviewed H.R 3250, the Trade Equity Act of 1991. CBO estimates that enactment of H.R. 3250 would increase revenues by $220 million each year in fiscal years 1992 through 1996.

At present, the Customs Service classifies multi-purpose vehicles (MPVs) according to the number of doors on the vehicle. Two-door MPVs are classified as trucks under heading 8704 of the Harmonized Tariff Schedule, making them subject to a Column 1 (most-favored-nation) tariff rate of 25%, while MPVs with four doors are classified as passenger automobiles, facing a Column 1 tariff rate of 2.5% under heading 8703. However, under Environmental Protection Agency (EPA) and Department of Transportation (DOT) definitions, many of the four-door vehicles are classified as light trucks.

H.R. 3250 would alter the tariff classification of four-door MPVs by requiring that any vehicle considered a light truck under either the EPA definition (section 86.082-2 of title 40 of the Code of Federal Regulations) or the DOT definition (section 523.5 of title 49 of the Code of Federal Regulations) would be classified as a truck under the Harmonized Tariff Schedule. If classified as trucks, these vehicles would face a 25% tariff rate instead of the 2.5% tariff rate applicable to passenger automobiles.

CBO estimates that the increase in tariff rates from the changed classification of these vehicles would increase customs duty revenues. While imports would drop in response to the higher domestic price resulting from the higher tariffs, the positive effect on duty collections of the higher tariff rates would outweigh the negative effect on duty collections of the lower volume of imports. CBO estimates that, net of income and payroll tax offsets, federal government revenues would increase by $220 million each fiscal year, 1992 through 1996.

H.R. 3250 would affect receipts and thus would be subject to pay-as-you-go procedures under Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.

Pay-as-You-Go Considerations
(by fiscal year, in millions of dollars)

	1992	1993	1994	1995
Changes in Outlays	Not Applicable			
Changes in Receipts	220	220	220	220

If you wish further details, please feel free to contact me or your staff may wish to contact John Stell at 226-2720.

Sincerely,

Robert D. Reischauer
Director

cc: Honorable Dan Rostenkowski
Chairman
Committee on Ways and Means

Honorable Bill Archer
Ranking Minority Member
Committee on Ways and Mean

2/4/93

TO: The White House Press Corps

FR: The Press Office

RE: Phone Directory

In order for us to update our Phone Directory please fill out the following information. This directory is for internal use only.

NAME ______________________

ORGANIZATION ______________________

W H BOOTH PHONE NUMBER ______________________

OFFICE DESK NUMBER ______________________

DIRECT OFFICE NUMBER ______________________

HOME PHONE NUMBER ______________________

PAGER NUMBER/PIN ______________________

PLEASE RETURN TO **CHAD GRIFFIN** IN THE LOWER PRESS OFFICE AS SOON AS POSSIBLE.

THE WHITE HOUSE

WASHINGTON

February 4, 1993

3 FEB 4 P4: 40

MEMORANDUM FOR THE PRESIDENT

FROM: HOWARD G. PASTER HP

SUBJECT: Letters to Members of Congress

Attached are letters for your signature which respond to various letters from members of Congress.

The following is a brief description of each letter:

1) William Ford (D-MI), thanking for meeting with Eli Segal concerning national service; and

2) Cleo Fields (D-LA), concerning FEMA assistance for Louisiana; and

3) Tim Johnson (D-SD), concerning line-item rescission authority and water projects in his district.

THE WHITE HOUSE

WASHINGTON

Dear Congresswoman Dunn:

Thank you very much for writing to express your support for the difficult task at hand of reducing the federal budget deficit.

The job we have will require many hard decisions. 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.

[redacted]

With best wishes,

Sincerely,

The Honorable Jennifer B. Dunn
House of Representatives
Washington, D.C. 20515

ROD GRAMS
6TH DISTRICT, MINNESOTA

Congress of the United States
House of Representatives
Washington, DC 20515-2306

January 21, 1993

Dear President Clinton,

As newly-elected members of Congress, we look forward to working with you on many issues of vital importance to our country. We are ready to join you in making the tough decisions necessary to solve our nation's fiscal problems and reinvigorate the American economy.

One of the first and most important issues we must address is the federal budget deficit. The deficit is sapping our nation's economic strength, wasting billions of taxpayer dollars on interest payments, and leaving a legacy of financial hardship to future generations. It must be addressed now.

In working to eliminate the budget deficit, we must find solutions that provide genuine and long-term deficit reduction without harming our economy and putting Americans out of work.

There are many voices in Washington calling for higher taxes to solve the deficit problem. We strongly reject such proposals. Higher taxes would harm the economy, provide fuel for future increases in federal spending, and fail to provide real, long-term deficit reduction.

As new members, we stand ready to cast the tough votes necessary to reduce the deficit without increasing taxes. We stand ready to cast votes to control federal spending. We will support proposals to generate new revenues through economic growth. And, we stand ready to vote for a balanced budget amendment and a line-item veto.

We are extending an invitation to work cooperatively with you for real deficit reduction without tax increases. We hope you take advantage of this opportunity to join us in a spirit of bipartisan cooperation and in the interest of the American people.

Sincerely,

Rod Grams

Jennifer Dunn

Nick Smith

Ed Royce

Jack Quinn

[illegible]

[illegible]

[illegible]

[illegible]

Dan Miller

Jack Kingston

[illegible]

Steve Buyer

Chas. T. Canady

Bob [illegible]

Ernest Istook

James M. Talent

Martin R. Hoke

Tim Hutchinson

Pete [illegible]

Howard P. "Buck" McKeon

Terry Everett

James Greenwood

Jay Kim

Donald A. Manzullo

Kenneth S. Calvert

Joe Knollenberg

Mike Crapo

Pete Hoekstra

[illegible]

Richard Pombo

Scott Klug

Bob Goodlatte

Stephen Horn

[illegible]

Tillie Fowler

[illegible]

[illegible]

Bill Baker

[illegible]

Bob Franks

Mike Castle

Henry Bonilla

Mac Collins Ga.-3

Lincoln Diaz-Balart

FRESHMEN WHO HAVE SIGNED THE GRAMS LETTER (as of 1/21/93)

1. Rod Grams (MN)
2. Spencer Bachus (AL)
3. Bill Baker (CA)
4. Roscoe G. Bartlett (MD)
5. Steve Buyer (IN)
6. Ken Calvert (CA)
7. Charles Canady (FL)
8. Michael D. Crapo (ID)
9. Jennifer Dunn (WA)
10. Tillie Fowler (FL)
11. Robert W. Goodlatte (VA)
12. Jim Greenwood (PA)
13. Peter Hoekstra (MI)
14. Martin R. Hoke (OH)
15. Steve Horn (CA)
16. Tim Hutchinson (AR)
17. Bob Inglis (SC)
18. Ernest Jim Istook (OK)
19. Jay C. Kim (CA)
20. Peter T. King (NY)
21. Jack Kingston (GA)
22. Joe Knollenberg (MI)
23. Rick Lazio (NY)
24. David A. Levy (NY)
25. John Linder (GA)
26. Donald Manzullo (IL)
27. John McHugh (NY)
28. Scott McInnis (CO)
29. John Mica (FL)
30. Dan Miller (FL)
31. Richard Pombo (CA)
32. Deborah Pryce (OH)
33. Jack Quinn (NY)
34. Ed Royce (CA)
35. Nick Smith (MI)
36. James Talent (MO)
37. Peter G. Torkildson (MA)
38. Peter Blute (MA)
39. Terry Everett (AL)
40. Howard "Buck" McKeon (CA)
41. Bob Franks (NJ)
42. Mike Castle (DE)
43. Henry Bonilla (TX)
44. Mac Collins (GA)
45. Lincoln Diaz-Balart (FL)

ORGANIZATIONS ENDORSING THE GRAMS LETTER

1. Citizens Against Government Waste
2. American Association of Boomers
3. American Furniture Manufacturers Association
4. American Legislative Exchange Council
5. American Pulpwood Association
6. American Rental Association
7. Americans for a Balanced Budget Amendment
8. Americans for Tax Reform
9. Amusement Machine Association
10. Armstrong World Industries, Inc.
11. Beer Drinkers of America
12. Citizens for a Sound Economy
13. Coalitions for America
14. Dairy and Food Industries Supply Association, Inc.
15. Distilled Spirits Council of the United States
16. National Association of Truckstop Operators
17. National Taxpayers Union
18. Truck Renting and Leasing Association
19. The Tobacco Institute

[redacted]

THE WHITE HOUSE

WASHINGTON

February 4, 1993

MR. PRESIDENT:

The attached February 3 memo supplements the earlier Canada memo from Mickey that you have already seen and that is in this briefing book behind the February 3 memo. Mickey has also sent a longer supplemental memo on Canada which goes over the same ground at greater length. I spoke with Mickey who does not believe you need to see the longer memo unless you so request.

[redacted]

Tony Lake concurs in our adding Mickey's shorter supplemental memo to the NSC briefing book.

John Podesta

[redacted]

orig added to POTUS b.b.

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

FEB 3 1993

MEMORANDUM FOR THE PRESIDENT

FROM: Michael Kantor

SUBJECT: Further Information for Your Meeting With Canadian Prime Minister Mulroney

Prime Minister Mulroney's major interests on trade are to gain a sense of your intentions on the GATT Uruguay Round and the NAFTA. He may also flag a few bilateral trade concerns. I am scheduled to have my first meeting with Trade Minister Michael Wilson on Monday, February 8, and will pursue these and other topics with him in greater detail.

THE URUGUAY ROUND: Mulroney will ask about the timing of the end of the negotiations, including your intention on fast-track extension. Mulroney has championed an early conclusion to the round, but he will not want to make tough, domestically controversial concessions now or during his election campaign later this year if the conclusion of the Round is likely to be deferred.

Recommended Points:

- The United States is committed to a strong international trading system and a good agreement in the GATT. To accomplish this, we need to finish the access negotiations and other specific areas of disagreement.
- This cannot be done before March 2, the deadline for fast track, and we are reviewing our options regarding fast track.
- I promise to keep in close touch on the timing issue.

Mulroney may seek your support for an exception to "comprehensive tariffication", which would convert every country's quotas and other non-tariff barriers into tariffs, which could then be reduced over time. For Mulroney, tariffication means giving up barriers protecting the Canadian supply management system for its dairy and poultry sectors, which are extremely powerful in Quebec and Ontario.

Recommended Points:

- An exception for Canada is difficult because it would likely lead lead other countries to seek exceptions, which in turn would unravel the entire agricultural deal.

Should Mulroney raise the subsidies issue, I recommend you agree to have your negotiators look into it, and note that we have a wide range of concerns about the draft final agreement's provisions in the area of subsidies and countervailing duties.

NAFTA: Mulroney may ask about your intentions regarding negotiation of parallel agreements on the environment, labor, and import surges, as well as the timing for submitting NAFTA implementing legislation to the Congress. Mulroney is ready to submit legislation for NAFTA implementation to the Canadian parliament--perhaps as early as this month--in order to have parliamentary approval out of the way well before Canadian elections later in the year. He will not want to do so if there might be a risk of the U.S. subsequently re-opening the NAFTA text or doing something else that would be an embarassment to him, and he will be looking for some reassurances from you.

Recommended Points:

- o We are not seeking to re-open the NAFTA, and our goal remains having the NAFTA take effect on January 1, 1994.

- o We believe it is essential to address concerns in supplementary agreements and in our domestic legislation. Canada is not the focus of our concerns. [For your information, Canada sees side agreements on the environment and labor with Mexico as being in their interest as well, though they have some concerns similar to Mexico's about international mechanisms that are too intrusive on their domestic prerogatives.]

- o Mickey Kantor will coordinate the parallel discussions working with Carol Browner, Bob Reich and others, and we will welcome Canadian participation as appropriate.

Mulroney may be most perplexed as to our intentions on import surges, and you may want to acknowledge that the NAFTA already has some safeguards against surges, but that we are exploring what further steps might usefully be added to allay domestic fears of major surges.

MANAGEMENT OF THE BILATERAL RELATIONSHIP: Canada is keen on institutional mechanisms for "managing" their bilateral trade relationship with us. Canada has periodically complained that disputes have developed in part because regulatory agencies have been left to take trade actions without strong political oversight from the White House. Mulroney may seek continuation of some White House-led U.S. government mechanism to centralize management of bilateral trade and economic issues.

Recommended Points

- o I intend to maintain personal involvement in the management of our trade relations. USTR will continue to coordinate trade policy.

STEEL: The Canadian and U.S. steel industries have outstanding antidumping complaints against each other. Our steel industries are highly integrated, and the Canadians argue that we thus should exempt each other from antidumping and countervailing duty actions.

Recommended Points:

- o Preliminary determinations on the antidumping cases against Canada were relatively small.

- o Our industry is strongly opposed to any modification to our existing trade laws, and we must let these cases run their course.

- o We are prepared to continue discussions on a multilateral steel accord, which we believe is the best way to minimize trade distortions in the steel sector and expand both U.S. and Canadian export opportunities.

SOFTWOOD LUMBER: A U.S. Commerce Department countervailing duty on Canadian softwood lumber, imposed following Canada's termination of a Memorandum of Understanding providing for collection of export taxes to offset their lumber subsidies, is currently under review by a binational panel established under the Free Trade Agreement (FTA). Result are due in May-June.

Recommended Points:

- o I understand this issue is in an FTA panel review process.

- o Both our industries are sensitive on this issue, and we will need to consult closely to minimize any negative political fallout, whatever the panel results may be.

THE WHITE HOUSE

WASHINGTON

February 3, 1993

93 FEB 3 P9:38

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: KATHY ROTH KR

SUBJECT: Gift for Prime Minister Mulroney
Working Visit, February 5, 1993

The following gifts may be obtained for your visit with Prime Minister Mulroney:

1. **A mounted reproduction (or excerpts) of a historical speech** given by FDR on the occasion of the dedication of a bridge between U.S. and Canada. Includes FDR's comments and signature. Excerpts of the speech are attached.

2. **A Dallas Cowboy jacket or helmet** signed by some of the Cowboy players. Mulroney is a big sports fan.

3. **Boehm "Rainbow Trout" or "Pink Salmon"** fine porcelain sculptures.

Background

Past gifts from the U.S. to PM Mulroney include a mahogany box, a brass box, a leather bookcase, six or seven books, a Camp David jacket.

cc: Nancy Hernreich
Nancy Soderberg

This speech has better [illegible]

SPEECH OF THE PRESIDENT

QUEENS UNIVERSITY

KINGSTON, ONTARIO, CANADA

AUGUST 18, 1938

MISTER CHANCELLOR, MISTER PRIME MINISTER, MY NEW FOUND ASSOCIATES OF QUEENS UNIVERSITY:

To the pleasure of being once more on Canadian soil, where I have passed so many of the happy hours of my life, there is added today a very warm sense of gratitude for being admitted to the fellowship of this ancient and famous university. I am glad to join the brotherhood which ~~this~~ Queens ~~university~~ has contributed and is contributing not only to the spiritual leadership for which the college was established, but also to the social and public leadership in the civilized life of Canada.

An American President is precluded by our Constitution from accepting any title from a foreign Prince, potentate or power. Queens University is not a Prince, as a [illegible] but it is a power. Yet I can say, without constitutional reserve, that the acceptance of the title which you confer on me today would raise no ... the august breast of ~~my~~ our own Supreme Court.

We as good neighbors are true friends because we maintain our own rights with frankness, because we refuse to accept the twists of secret diplomacy, because we settle our disputes by consultation and because we discuss our common problems in the spirit of the common good. We seek to be scrupulously fair and helpful not only im our relations with each other but each of us at home in our relations with our own people.

But there is one process which we certainly cannot change and probably ought not to change. This is the feeling which ordinary men and women have about events which they can understand. We cannot prevent our people from having an opinion in regard to wanton brutality, in regard to undemocratic regimentation, in regard to misery inflicted on helpless peoples, or in regard to violations of accepted individual rights. All that any government, constituted as is yours and mine, can possibly undertake is to help make sure that the facts are known and fairly stated. No country where thought is free can prevent every fireside and home friend, the Governor General, in receiving an honorary degree in June at that university at Cambridge, Massachusetts, to which Mackenzie King and I both belong, suggested that we cultivate three qualities to keep our foothold in the shifting sands of the present -- humility, humanity and humor. All three of them, imbedded in education, build new spans to reestablish free intercourse throughout the world and bring forth an order in which free nations can live in peace.

Franklin D Roosevelt

****

Orig. reading copy

This speech would be excerpted - much of it is too specific

SPEECH OF THE PRESIDENT
AT THE DEDICATION OF THE
THOUSAND ISLANDS BRIDGE

Wednesday, August 18, 1938.

Mr. Prime Minister, it has always seemed to me that the best symbol of [redacted] common sense was a bridge. Common sense is sometimes slow in getting into action, and perhaps that is why we took so long to build this one.

It is a particular pleasure to me to meet you here, where a boundary is a gateway and not a wall. Between these islands an international gap, never wide, has been spanned, as gaps usually are by the exercise of ability, guided by cooperative common sense. I hope all our countrymen will use it freely. I know that they will find, as I have done, a happy welcome on either shore, and forthright fellowship from neighbors who are also friends.

The St. Lawrence River is more than a cartographic line between our two countries. God so formed North America, that the waters of an inland empire drain into the Great Lakes Basin. The rain which falls in this vast area finds outlet through this people outside, as well as inside any one country. To my mind, the development of St. Lawrence navigation and power is such a problem.

I look forward to the day when a Canadian Prime Minister and an American President can meet to dedicate, not a bridge across this water, but the very water itself, to the lasting and productive use of their respective peoples. Until that day comes, and I hope it may be soon, this bridge stands as an open door. There will be no challenge at the border, and no guard to ask a countersign. Where the boundary is crossed the only word must be, "Pass, friend."

Franklin D Roosevelt

*****

Orig. reading copy

Clinton Copy

POLITICAL SITUATION

Q: Last October, Canada's most recent attempt at constitutional reform failed. Does the U.S. worry that Quebec may separate from Canada within the next few years?

A: I don't think it would be appropriate for me to comment on the internal affairs of Canada. We have long enjoyed excellent relations with a strong and united Canada. How Canada crafts constitutional change is a matter for Canadians to decide.

Q: How would Quebec's separation affect the Free Trade Agreement or the NAFTA?

A: That is a hypothetical question, and I don't think it would be appropriate for me to respond.

Q: Prime Minister Mulroney is unpopular back home, and may not be re-elected. Why are you bothering to meet with him?

A: My meeting with the Prime Minister shows the importance we attach to friendly relations with Canada, our neighbor and number one trading partner. Canada and the U.S. share many interests, bilaterally and globally, and our meeting provided a useful opportunity to discuss these interests.

HAITI

Q: What is U.S. policy with respect to the return of President Aristide?

A: We strongly support the restoration of the democratically elected government of President Aristide, including his return to Haiti to serve out the remainder of his term.

Q: When should that return take place?

A: The UN and the OAS are now engaged in a serious negotiating effort. The timing and circumstances of President Aristide's return are part of that negotiation process.

Q: Do you plan to meet with President Aristide?

A: Yes.

Q: When?

A: Secretary Christopher is meeting with President Aristide today [Friday]. No date has yet been set for out meeting, but we will be looking to find an appropriate time for such a meeting. As you may know, I spoke to President Aristide on January 13, and assured him that my Administration would support promotion of democracy and the restoration of his government.

Q: Human rights groups claim that you have reversed your position on refugees from Haiti, and that the Coast Guard is putting people in harm's way by returning them without hearings? Have you indeed reversed your position?

A: I acted in order to avert a humanitarian tragedy in which thousands could have lost their lives at sea. At the same time, we are undertaking a range of efforts to make in-country refugee processing in Haiti safer, faster, and more accessible to applicants. We are, for example, doubling the rate at which applicants are interviewed for refugee status in Haiti. In addition, just after I assumed office, I sent a technical team down to Haiti to investigate how we could improve in-country processing, and they will be presenting their recommendations to the White House today.

Q: Will you ever end the practice of direct return of boat people?

A: As I have said, I will end the practice of direct returns when I can do so without contributing to a humanitarian tragedy.

SOMALIA

Q: Is it true that you have serious disagreements with the UN about Somalia?

A: We are working very closely with the UN on a smooth transition from the U.S.-led coalition force to a UN-led force that will have the capability to maintain a secure environment for the delivery of humanitarian relief.

Secretary Christopher and Ambassador Albright had a very good meeting with UN Secretary General Boutros-Ghali on Monday, and they agreed on a common approach for this transition.

We anticipate that the Security Council will authorize the new UN force in the next few weeks, and we can then begin a phased transition on the ground in Somalia.

Q: When will all the U.S. troops be out?

A: The transition will be phased over time, and we really can't say specifically when it will be completed and all U.S. combat troops will have left Somalia.

The U.S. has agreed, in principle, to participate in the UN force in a non-combat role. We are still working with the UN to determine the nature and size of any U.S. components.

FORMER YUGOSLAVIA

Q: Is it true that the US will not press the Bosnian government to accept the Vance/Owen plan?

A: We have neither embraced nor rejected the Vance plan. We continue to support negotiations to achieve a fair settlement and have supported efforts to encourage the parties to negotiate seriously.

Q: Will you be proposing an alternative formulation to the plan as it stands?

A: We support the process that has been underway in Geneva. We remain hopeful that the parties will come to an agreement.

Q: How can you remain neutral on the Vance/Owen peace plan?

A: We are in the midst of a serious policy review of this very important and difficult issue. We intend to play a constructive role in efforts to bring the parties together in a way that will reduce the fighting and ease the humanitarian crisis.

Q: Use of US ground troops?

A: We are reviewing our policy toward the situation in the former Yugoslavia. I will not comment on the specifics of this or any other issue until decisions are made.

Q: When will a decision be made?

A: Relatively soon.

<u>BELARUS PARLIAMENT APPROVES START AND NPT</u>

Q: How do we stand on START and the NPT?

A: The Supreme Soviet of Belarus yesterday ratified the START Treaty and voted to adhere to the Non-Proliferation Treaty as a non-nuclear weapons state.

The United States welcomes these actions which are another positive step in the growing relationship between our two countries. We will be talking to the Belarus Government about the details of ratification.

Q: How does this affect START II?

A: With yesterday's action by Belarus, all parties to the START Treaty, with the exception of Ukraine, have ratified the Treaty.

We also look forward to Ukraine's prompt ratification of the START Treaty that will facilitate implementation of both START and START II.

<u>PALESTINIAN DEPORTEES</u>

BACKGROUND: Decision will allow 100 deportees to return immediately; will halve the sentences for the rest (all will be returned by Dec); establishes a review process that may allow additional deportees to return sooner; and provides for the delivery of humanitarian relief.

Q: Do you consider the deportation issue resolved?

A: We are pleased that Israel is taking significant action towards resolving this issue. As a result, a process has now begun that is consistent with the objectives of UNSC resolution 799.

We believe that further action in the UNSC is unnecessary and could undercut this process. We should now turn our attention to resuming the Middle East peace process.

IRAQ

Q: What is the Administration's Iraq policy?

A: As I've said before, we are firmly resolved to ensure Iraq full compliance with all relevant United Nations Security Council resolutions. I have no intention of seeing our nation back away from adherence to those standards.

MIDDLE EAST PEACE PROCESS

Q: Where do we stand on the peace process?

A: The United States believes it is time to look ahead and to concentrate our efforts on invigorating the Arab-Israeli peace negotiations.

After contacts with the parties in the region, the United States and Russia as co-sponsors of the Madrid process, have decided to reschedule the next round of multilateral negotiations in mid-April.

This decision was based on a number of factors, including our decision to send Secretary Christopher to the region in February and the importance of getting a first-hand assessment of the situation and appropriate next steps in the peace process.

MILITARY BUDGET CUTS

Q: Do you support Secretary Aspin's directive to reduce the FY94 defense budget by $10.8 billion?

A: Yes. During the campaign, I said that I would seek to reduce the defense budget prudently over coming years. Secretary Aspin's directive represents the first installment in meeting this goal.

The end of the Cold war requires that we restructure our armed forces to reflect the new international security environment. We plan to do this by prudently reducing our personnel and forces, while maintaining a credible military capability.

Q: Is Aspin's outlay of $4.1 billion for SDI consistent with your pledge to reduce this program?

A: Yes. That is a reduction of the $6.6 billion originally proposed by the Bush Administration for SDI. I believe we can shift the focus of our program to emphasize theater missile defense systems and achieve savings from the Cold War focus.

Q: Do you think Bush "cooked the book" on the Defense budget?

A: I am not going to comment on intentions. We have different priorities and will shift our budget accordingly.

NEXT STEPS ON NAFTA

Q: What did you tell Prime Minister Mulroney about your intentions with regard to NAFTA?

A: We had a good discussion on NAFTA. I told Prime Minister Mulroney that I support the agreement and that I have no intention of reopening the NAFTA text. But I also told the Prime Minister, as I told President Salinas, that I believe supplemental agreements are needed to address concerns about labor standards and safety, the environment and possible import surges. We have already begun to examine these issues within the Administration. I hope we can start talks with Mexico and Canada soon.

Q: When will you start talks with Canada? With Mexico?

A: Ambassador Kantor will hold informal talks with Canadian Trade Minister Wilson on Monday February 8 and Mexican Secretary of Commerce Ferra Puche on Wednesday February 17.

APPROACH TO URUGUAY ROUND TRADE NEGOTIATIONS

Q: Have you and Prime Minister Mulroney agreed to seek an early conclusion of the Uruguay Round trade negotiations?

A: The Uruguay Round represents a very important effort to liberalize trade and establish fair trade rules. I would like to see it come to a successful conclusion. The United States plans to continue its close cooperation with Canada on the Round to ensure its success. We both agree that there are major benefits to be derived from a new GATT agreement. Whether we will be successful depends on the willingness of some of our other trading partners (e.g., the EC and Japan) to make the necessary concessions for a good agreement.

CANADA'S PARTICIPATION IN ENVIRONMENTAL ACCORD

Q: Why is Canada being asked to negotiate a new environmental accord when it already has high environmental standards?

A: All three governments have set high environmental standards and agree that they should work together to enhance the North American environment. There are additional issues that I believe need to be addressed, many of which involve Mexico and some which need to be approached on a trilateral basis. I welcome Canadian participation where appropriate in this exercise.

STEEL DUMPING IN CANADA AND THE U.S.

Q: Did you and Prime Minister Mulroney work out an agreement to resolve the dumping complaints raised by U.S. and Canadian firms against each other?

A: Both the U.S. and Canadian steel companies have expressed concern about steel dumping in their respective markets and are seeking relief from unfair trade practices under U.S. and Canadian laws. That is their right. I assured Prime Minister Mulroney that U.S. proceedings are being conducted in strict accordance with U.S. law and regulations, and that all interested parties are being given an opportunity to participate. We expect that U.S. companies will receive similar treatment in Canada. If parties on either side feel that they have been treated unfairly, they can take their case to a binational panel under the U.S.-Canadian free trade agreement.

SOFTWOOD LUMBER DISPUTE

Q: Did the softwood lumber dispute come up in your talks?

A: I understand that this issue is now in the panel review process established by the U.S.-Canadian Free Trade Agreement. It would not be appropriate to comment on this issue, or get directly involved, while this process is underway. I recognize, however, that it is an important issue for the lumber industry on both sides of the border.

CANADA'S PARTICIPATION IN ENVIRONMENTAL ACCORD

Q: Why is Canada being asked to negotiate a new environmental accord when it already has high environmental standards?

A: All three governments have set high environmental standards and agree that they should work together to enhance the North American environment. There are additional issues that I believe need to be addressed, many of which involve Mexico and some which need to be approached on a trilateral basis. I welcome Canadian participation where appropriate in this exercise.

World Economic Growth and the G-7 Process

Q: Did you discuss the problem of weak world economic growth with Prime Minister Mulroney?

A: The Prime Minister and I agreed on the importance of a strong world economy to both the U.S. and Canada.

The Administration's economic program which we are now formulating will make an important contribution to world growth.

The recent interest rate cuts by Germany and Japan are also helpful.

Senior Treasury officials will be having discussions with their counterparts in other major industrial countries in coming weeks.

Taxation of Foreign Corporations

Q: Will the U.S. raise taxes on Canadian firms doing business in the U.S. by changing transfer pricing rules?

A: We believe that some foreign-controlled corporations reduce their U.S. taxes through transfer pricing. Treasury is working on an estimate of this "tax gap."

We are reviewing a number of legislative options. However, any legislation will put foreign and U.S.-owned firms on a level playing field rather than discriminate against foreign-owned firms.

The U.S. recently released new transfer pricing regulations that are consistent with the international norms in this highly technical area.

The U.S. and Canada have worked closely together in the past to ensure that their international taxation provisions do not place unfair burdens on the other country's corporations. We intend to continue this cooperation.

Background

Corporations -- both U.S.- and foreign-controlled -- can reduce their U.S. tax liability by transferring goods to or from related corporations at non-"arm's length" prices.

DATE: 2/5/93

TO: George S.

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

DATE: 2/5/93

TO: Dee Dee Myers

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

[redacted]

THE WHITE HOUSE

WASHINGTON

February 3, 1993 P5:27

MEMORANDUM FOR: JOHN PODESTA

THROUGH: RON GEISLER Ron Geisler

FROM: SARA EMERY

Assistant Executive Clerk

SUBJECT: Speed of Confirmation of Cabinet Nominees

We have seen a couple of references lately about the fact that the President's Cabinet nominees were confirmed in "record time." (See Stephanopoulos briefing #11 of 2/1/93, p. 12, attached) While the President's record was excellent, he does not hold the record, unless you say a record for 14 Cabinet departments.

President Kennedy's entire Cabinet was confirmed the day after nomination and all of President Nixon's Cabinet was confirmed the day they were nominated, with the exception of the Interior nominee who was confirmed 3 days after nomination.

Attached is a table with the dates of nomination and confirmation of Presidents Clinton, Bush, Reagan, Carter, Nixon, and Kennedy. We have not included Presidents Ford and Johnson because they assumed office during their predecessor's term.

We know this is picayunish, but we wanted to bring it to your attention in the event you see it used elsewhere.

SPEED OF CONFIRMATION FOR CABINET NOMINEES

Nominee for Department of:	CLINTON Nom.	CLINTON Conf.	BUSH Nom.	BUSH Conf.	REAGAN Nom.	REAGAN Conf.	CARTER Nom.	CARTER Conf.	NIXON Nom.	NIXON Conf.	KENNEDY Nom.	KENNEDY Conf.
STATE	1/20/93	1/20/93	1/20/89	1/25/89	1/20/81	1/21/81	1/20/77	1/20/77	1/20/69	1/20/69	1/20/61	1/21/61
TREASURY	1/20/93	1/20/93	(Brady held over from Reagan)		1/20/81	1/21/81	1/20/77	1/20/77	1/20/69	1/20/69	1/20/61	1/21/61
DEFENSE	1/20/93	1/20/93	1/20/89 3/14/89	Rejected-3/9/89 3/17/89	1/20/81	1/20/81	1/20/77	1/20/77	1/20/69	1/20/69	1/20/61	1/21/61
JUSTICE	1/20/93	Withdrawn-1/26/93	(Thornburgh held over from Reagan)		1/20/81	1/22/81	1/20/77	1/25/77	1/20/69	1/20/69	1/20/61	1/21/61
INTERIOR	1/20/93	1/21/93	1/20/89	2/2/89	1/20/81	1/22/81	1/20/77	1/20/77	1/20/69	1/23/69	1/20/61	1/21/61
AGRICULTURE	1/20/93	1/21/93	1/20/89	2/8/89	1/20/81	1/22/81	1/20/77	1/20/77	1/20/69	1/20/69	1/20/61	1/21/61
COMMERCE	1/20/93	1/21/93	1/20/89	1/31/89	1/20/81	1/22/81	1/20/77	1/20/77	1/20/69	1/20/69	1/20/61	1/21/61
LABOR	1/20/93	1/21/93	1/20/89	1/25/89	1/20/81	2/3/81	1/20/77	1/26/77	1/20/69	1/20/69	1/20/61	1/21/61
HHS (HEW)	1/20/93	1/21/93	1/20/89	3/1/89	1/20/81	1/21/81	1/20/77	1/24/77	1/20/69	1/20/69	1/20/61	1/21/61
HUD	1/20/93	1/21/93	1/20/89	2/2/89	1/20/81	1/22/81	1/20/77	1/20/77	1/20/69	1/20/69	1	
TRANSPORTATION	1/20/93	1/21/93	1/20/89	1/31/89	1/20/81	1/22/81	1/20/77	1/20/77	1/20/69	1/20/69	2	
ENERGY	1/20/93	1/21/93	1/10/89	3/1/89	1/20/81	1/22/81	8/4/77[3]	8/4/77	3		3	
EDUCATION	1/20/93	1/21/93	(Cavazos held over from Reagan)		1/20/81	1/22/81	4		4		4	
VETERANS AFFAIRS	1/20/93	1/21/93	1/20/89	3/2/89	5		5		5		5	

1 Department of Housing and Urban Development was established 9/9/65, effective 11/9/65.
2 Department of Transportation was established 10/15/66, effective 4/1/67.
3 Department of Energy was established 8/4/77, effective 10/1/77.
4 Department of Education was established 10/17/79, effective 5/4/80.
5 Department of Veterans Affairs was established 10/25/88, effective 3/15/89.

think that Secretary Christopher will have something to say on that later this afternoon.

Q Do you know about this? Is this true?

MR. STEPHANOPOULOS: It sounds -- it sounds like a step in the right direction. But Secretary Christopher will have something to say later on.

Q George, as part of the personnel process, a lot of these folks need to go through security clearances, and a lot of them haven't completed security clearances. Could you talk a little bit about how this complicates decision-making in some of the areas that you're dealing with, both domestic and foreign?

MR. STEPHANOPOULOS: We're trying to get through the security clearances as quickly as we can. And I believe we've made good progress. I don't know exactly what you're or who you're referring to.

Q Well, for example, some of the NSC folks that are newly on board but not have a clearance to deal with top secret material.

MR. STEPHANOPOULOS: Those clearances always take several weeks to several months to complete. And this isn't out of the ordinary at all. We try to make sure we have the best information we can. And I think that the very top officials have their clearances completed, so it's not hampering us in any way.

Q George, as you know, this weekend has unleashed a rash of punditry about how the Clinton administration, albeit in its infancy, is doing, and so far it has not gotten very high marks.

MR. STEPHANOPOULOS: Well, it depends on who you read.

Q Who do you read? (Laughter.)

Q My question is, considering how sensitive the President to his imagery, to his public image, how is he taking it?

MR. STEPHANOPOULOS: Well, I think the President feels good about the direction we're moving and in the plans he's laid for the success of his administration.

I think when you look back over the first couple of weeks, you find, number one, that he had a successful inaugural; number two, that he had all but one of his Cabinet conferees confirmed and through the Senate in record time. He's appointed a health care task force to get to work on one of the most important issues facing the American people. He's spent hours and hours working on the economy and preparing his jobs program that will be presented to the Congress on February 17th. He's met with dozens of members of Congress and talked to others to make sure that we can do everything we can to break the gridlock and pass those important legislative proposals. He had an unprecedented meeting with his Cabinet members at Camp David this weekend, which again, lays the groundwork for building the kind of team and the kind of teamwork that it's going to take to get these important initiatives through.

I would also point you to the things that the Cabinet secretaries have done on their own: when you see Mike Espy freezing the employees at his department; when you see -- I know that over at the Department of Veterans Affairs they've closed down the executiving dining room. And we're trying to change the way we do business here in Washington. The President has done -- feels good about that, feels good about the progress that he's made. He hopes that we can continue to build on that progress this week by passing

[redacted]

3 FEB 5 A8:31

MARSHA SCOTT

Can you take care of this

c.c. me on message

JOHN

[redacted]

[redacted]

Palumbo & Cerrell, Inc.

Public Affairs Counselors

1000 Connecticut Avenue, N.W.
Suite 706
Washington, D.C. 20036
(202) 466-9000
(202) 466-9009 FAX

3 FEB 3 A9:25

February 2, 1993

Mr. John Podesta
Assistant to the President
The White House Office
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear John:

Enclosed is the material we discussed. Rather than recreate a memorandum, I simply scratched out my name and substituted yours in the ASCAP memorandum to me. The accompanying material gives you all the information you require. Please let me know as soon as you can.

Best wishes.

Sincerely,

Benjamin L. Palumbo

BLP/mlr
Enclosure

ASCAP
AMERICAN
SOCIETY OF
COMPOSERS
AUTHORS &
PUBLISHERS

Lauren Iossa
MANAGER OF PUBLIC RELATIONS

January 27, 1993

Fax to: ~~Ben Palumbo~~ John Podesta

Re: ~~Telegram~~/letter from President Clinton to ASCAP member Benny Carter

Dear ~~Ben,~~ John

Morton will be presenting the ASCAP Duke Award, named in honor of Duke Ellington, to jazz legend Benny Carter at our West Coast membership meeting on February 17th in Los Angeles. Benny is also a sax player. It would fabulous if we could have a congratulatory letter or telegram from President Clinton to be delivered to Benny at the award presentation. Can you arrange that? The presentation will be made before an audience of 500 ASCAP members, members of the press and other invited jazz luminaries. I spoke about this to Paul Skrabut and he suggested we draft something. A draft, therefore, is attached along with Benny Carter's biographical information and the text of the award which will be presented.

The actual event will be at 5:00 p.m. in the Grand Ballroom of the Beverly Hilton Hotel in Beverly Hills (9876 Wilshire Boulevard).

The letter to Benny could be addressed to his home at: 8321 Skyline Drive, Hollywood Hills, California 90046, or care of ASCAP, One Lincoln Plaza, New York, NY 10023.

Benny is in his 90's and this letter would mean so much to him.

~~By the way, are there any L.A. politicians you think we should invite or approach about congratulatory notes?~~

Many thanks for your help.

Regards,

~~Lauren Iossa~~
Ben Palumbo

DRAFT: Congratulatory letter from
President Clinton to Benny Carter

Mr. Benny Carter
8321 Skyline Drive
Hollywood, CA 90046

Dear Benny:

I am pleased and proud to salute you as you are honored today by your fellow creators in the American Society of Composers Authors and Publishers with the ASCAP "Duke" Award.

For those of us who love the saxophone, you are revered as a magician of that instrument. As an arranger and bandleader, your masterful contributions helped define a style and have been a major part of development of jazz. Your musical activities abroad have help make jazz a truly international music. And as a leader of the music community, you've done much to break down the racial barriers separating musicians.

As a composer, you have delighted millions with such songs as "Cow Cow Boogie," "When the Lights are Low," and the recent Grammy nominated "Harlem Renaissance Suite." Like the great innovators of the Renaissance, you have succeeded at many different things, with excellent results.

On behalf of all Americans, I thank you for your important contributions to the musical heritage of our nation.

THE AMERICAN SOCIETY OF

COMPOSERS, AUTHORS AND PUBLISHERS

PRESENTS

THE ASCAP "DUKE" AWARD

TO

BENNY CARTER

FOR HIS

MANY MUSICAL ACHIEVEMENTS AND CONTRIBUTIONS

AS COMPOSER, ARRANGER, INSTRUMENTALIST,

BANDLEADER

AND INFLUENTIAL FORCE IN MUSIC.

FEBRUARY 17, 1993

MORTON GOULD
PRESIDENT, ASCAP

girl; *Candy-o* (507, 1979), incl. It's all I can do, Let's go; *Panorama* (514, 1980), incl. Touch and go; *Shake it Up* (567, 1981), incl. Shake it up, Victim of Love; *Heartbeat City* (60296, 1984)

JON PARELES

Carson, "Fiddlin'" John (*b* Fannin Co., GA, 23 March 1868; *d* Atlanta, GA, 11 Dec 1949). Country-music fiddler and singer. He was a well-known fiddler and balladeer in northern Georgia before World War I, and was particularly popular as a contestant at the annual Georgia Old-Time Fiddlers' Association convention in Atlanta; he was seven times voted state champion fiddler. He often performed for political campaigns in Georgia, and was an associate of the political leaders Tom Watson and Herman and Eugene Talmadge. He was one of the first white folk musicians to appear on radio, making his début on WSB in Atlanta on 9 September 1922. In June 1923 he recorded two of his best-known songs, ***The little old log cabin in the lane*** and ***The old hen cackled and the rooster's going to crow***, for Okeh Records, a recording session that is considered to have marked the beginning of the hillbilly music industry. Carson was affiliated with Okeh until 1931; he recorded nearly 150 songs. In 1934 he signed with RCA Victor, for which he rerecorded some of his earlier repertory; often he was backed by a string band, the Virginia Reelers, whose personnel included his youngest child, Rosa Lee ("Moonshine Kate") Carson. He was noted for his elaborate vocal ornamentation as much as for his fiddling skills. His repertory included traditional American ballads, popular songs from the 1890–1910 era, and topical political songs, many dealing with the plight of the farmer.

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M. Wilson: Liner notes, *The Old Hen Cackled and the Rooster's Going to Crow* (Rounder 1003, 1973)

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G. Wiggins: "John Carson: Early Road, Radio, and Records," *Journal of Country Music*, viii/1 (1979), 20

BILL C. MALONE

Carter, Benny [Bennett Lester] (*b* New York, 8 Aug 1907). Jazz instrumentalist, arranger, composer, and bandleader.

1. Life. 2. Music.

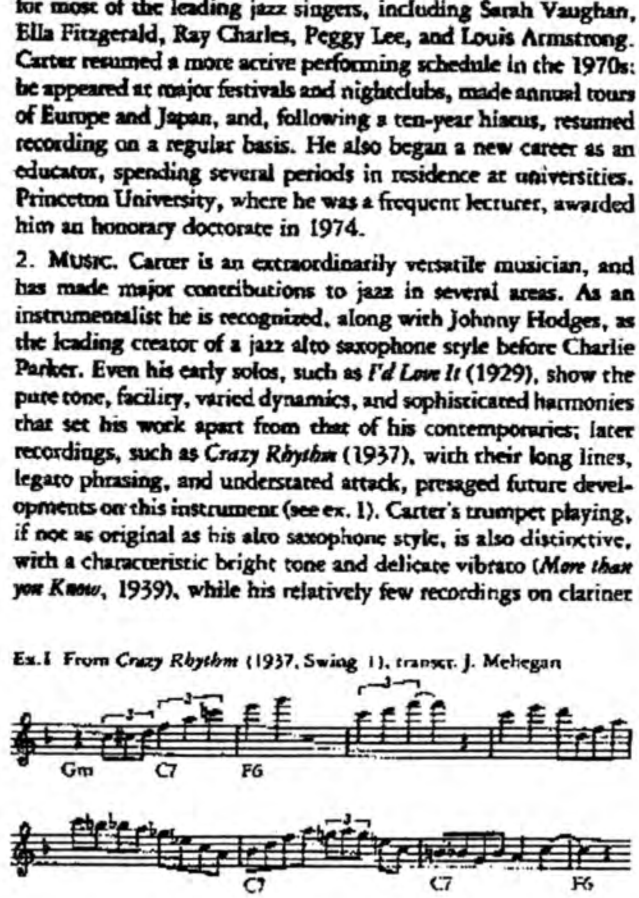
1. Life. Carter received early musical training from his mother and several neighborhood teachers, but was primarily self-taught. He first played trumpet, then tried the C-melody saxophone, and shortly thereafter changed to alto saxophone, which became his principal instrument. From 1923 to 1928 he played in the bands of June Clark, Earl Hines, and others, but first attracted widespread attention during a year in Fletcher Henderson's orchestra (1930–31), to which he contributed many important arrangements. After leaving Henderson he succeeded Don Redman briefly as music director of McKinney's Cotton Pickers in Detroit, then returned to New York to form his own highly respected orchestra in 1932. This group included at various times several major innovators in the early swing style: Bill Coleman (trumpet), Dicky Wells (trombone), Ben Webster and Chu Berry (tenor saxophone), Teddy Wilson (piano), and Sid Catlett (drums). Carter disbanded his group in late 1934 and moved the following year to Europe; he settled in London, where he served as staff arranger for the BBC dance orchestra (1936–8). During these years he met with resounding acclaim and did much to advance the cause of jazz, playing and recording with local musicians in England, France, and Scandinavia and leading his own interracial, multinational band in the Netherlands (1937); he regularly played alto and tenor saxophone, trumpet, and clarinet, and occasionally played piano and sang.

Carter returned to the USA in 1938 and formed a new orchestra which took up a residency at the Savoy Ballroom in Harlem through much of 1939 and 1940. After briefly leading a sextet, he traveled with a new big band to the West Coast, settling permanently in Los Angeles in 1942. There he continued to lead his orchestra (which in the mid-1940s included such modern jazz musicians as Miles Davis, J. J. Johnson, and Max Roach), but otherwise turned increasingly to studio work. Beginning with *Stormy Weather* (1943), he composed and arranged for several major films and, later, television productions. One of the first black musicians to find acceptance in the Hollywood studios, Carter was instrumental in facilitating the entry of other talented Blacks, and was a leading force in the amalgamation of the black and white Musicians' Union locals.

From 1946 Carter no longer led a regular orchestra, though he continued to be active in jazz through tours with Jazz at the Philharmonic, occasional big-band engagements, and many recordings. In the 1950s and 1960s he also wrote arrangements for most of the leading jazz singers, including Sarah Vaughan, Ella Fitzgerald, Ray Charles, Peggy Lee, and Louis Armstrong. Carter resumed a more active performing schedule in the 1970s: he appeared at major festivals and nightclubs, made annual tours of Europe and Japan, and, following a ten-year hiatus, resumed recording on a regular basis. He also began a new career as an educator, spending several periods in residence at universities. Princeton University, where he was a frequent lecturer, awarded him an honorary doctorate in 1974.

2. Music. Carter is an extraordinarily versatile musician, and has made major contributions to jazz in several areas. As an instrumentalist he is recognized, along with Johnny Hodges, as the leading creator of a jazz alto saxophone style before Charlie Parker. Even his early solos, such as *I'd Love It* (1929), show the pure tone, facility, varied dynamics, and sophisticated harmonies that set his work apart from that of his contemporaries; later recordings, such as *Crazy Rhythm* (1937), with their long lines, legato phrasing, and understated attack, presaged future developments on this instrument (see ex. 1). Carter's trumpet playing, if not as original as his alto saxophone style, is also distinctive, with a characteristic bright tone and delicate vibrato (*More than you Know*, 1939), while his relatively few recordings on clarinet

Ex.1 From *Crazy Rhythm* (1937, Swing 11), transcr. J. Mehegan



reveal him to be an accomplished player with a full, rich tone in the instrument's chalumeau register (*Shoe Shiner's Drag*, 1938). Carter has also recorded competent solos on piano, tenor and soprano saxophone, and trombone.

As an arranger, Carter was a principal architect of the big-band swing style; his arrangement for Fletcher Henderson of *Keep a Song in your Soul* (1930) in particular is often cited as a landmark in the evolution of jazz arranging. *Lonesome Nights* and *Symphony in Riffs* (both 1933) display the innovative block-chord writing for reed instruments that marked his early scores and later became part of the stock in trade of most swing arrangers. His later work of the 1940s is more balanced, while still containing flowing choruses for the reed instruments. Carter also composed a wide range of works, from popular novelty items to extended pieces and dramatic scores. His later recordings, such as *Further Definitions* (1961), continue to show his masterly writing for the reed section, as well as a new drive and momentum in his solo playing.

RECORDINGS
(selective list)

As leader: Lonesome Nights (1933, OK 41567); Symphony in Riffs (1933, Col. 2898D); More than you Know (1939, Voc. 5508) [tpt]; Sleep (1940, Voc. 5399); O.K. for Baby (1940, Decca 3294); I Surrender Dear (1944, Cap. 200) [tpt]; I Can't Escape from You (1944, Cap. 40048); Malibu (1945, Cap. 200); *Further Definitions* (1961, Imp. 12); *Benny Carter 4 – Montreux '77* (1977, Pablo Live 2308–204) [a sax, tpt]

As sideman: McKinney's Cotton Pickers: I'd Love It (1929, Vic. 38133) [a sax]; F. Henderson: Keep a Song in your Soul (1930, Col. 2352D); The Chocolate Dandies: Dee Blues (1930, Col. 2543D) [cl]; Once Upon a Time (1933, OK 41568) [tpt]; C. Hawkins: Honeysuckle Rose/Crazy Rhythm (1937, Swing 1); L. Hampton: I'm in the Mood for Swing [a sax]/Shoe Shiner's Drag [cl] (1938, Vic. 26011); The Chocolate Dandies: I can't believe that you're in love with me (1940, Com. 1506) [a sax]

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S. Dance: *The World of Swing* (New York, 1974), 135
H. Lyttelton: *The Best of Jazz II* (New York, 1982), 132–56
J. Evensmo and others: *The Alto Saxophone, Trumpet and Clarinet of Benny Carter, 1927–1946* (Hosle, Norway, 1982)
M. Berger and others: *Benny Carter: a Life in American Music* (Metuchen, NJ, 1982)
E. Okin: "Benny Carter: the Cat with Nine Lives," *The Wire*, no.9 (1984), 16

EDWARD BERGER

Carter, Betty [Jones, Lillie Mae] (*b* Flint, MI, 16 May 1930). Jazz singer. She grew up in Detroit, where as a teenager she sang with Charlie Parker and other visiting bop musicians. In 1948 she began touring with Lionel Hampton's band, which brought her to New York in 1951. She worked intermittently for the next two decades, appearing frequently at the Apollo Theater, singing in Ray Charles's touring show (1960–63), and visiting Japan (1963), London (1964), and France (1968). In the late 1950s and early 1960s she was associated with several recording companies, but refused to make the concessions to popular taste that they demanded of her; instead she preferred complex renditions of popular songs which, though often carefully planned, captured the spirit of bop improvisation. In 1971 she founded her own recording company, Bet-Car Productions. Her appearance in 1975 in Howard Moore's musical *Don't Call Me Man* prompted a number of club engagements and enabled her to form her own trio (1975–80), led by the pianist John Hicks.

RECORDINGS
(selective list)

Betty Carter and Ray Bryant (1955, Epic 3202); *Out There* (1958, Progressive Jazz 90); *The Modern Sound of Betty Carter* (1960, ABC-Para. 363); *Ray Charles and Betty Carter* (1961, ABC-Para. 385); *'Round Midnight* (1962–3, Atco 33–152); *Finally Betty Carter* (1969, Roul. 5000); *Now it's My Turn* (1976, Roul. 5005); *Betty Carter and the Audience* (1979, Bet-Car 1003)

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H. Nolan: "Betty Carter's Declaration of Independence," *Down Beat*, xliii/14 (1976), 23
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M. Ullman: *Jazz Lives: Portraits in Words and Pictures* (Washington, DC, 1980/*R*1982)

BARRY KERNFELD

Carter, Bo [Chatmon, Armenter] (*b* Bolton, MS, 21 March 1893; *d* Memphis, TN, 21 Sept 1964). Blues singer and guitarist. He came from a large musical family, and during World War I formed a family string band, the Mississippi Sheiks, which played for country dances and at functions for Whites. Its members included at various times his brothers Sam (guitar), Lonnie (violin), and Harry (piano), as well as another relative, Walter Vincson, on guitar and the mandolin and guitar player Charlie McCoy. The group's many recordings sometimes included Carter, examples being *Loose like that* (1930, OK 8820) and *Sales Tax* (1934, Bluebird 5453) which, despite their "hokum" elements, give a good impression of rural string-band music. Although Carter was a skilled carpenter, failing eyesight led him to take up music professionally, and he recorded extensively in the 1930s. His traditional Mississippi origins are evident in his guitar accompaniment to *Bo Carter's Advice* (1936, Bluebird 7073) and *New Stop and Listen* (1932, Para. 13134), both of which bear close stylistic similarities to Tommy Johnson's recordings. Carter's solo recordings were numerous and consistently good, ranging from the delicate song *I get the blues* (1936, Bluebird 6589), with its sensitively timed accompaniment, and *Shake 'em on down* (1938, Bluebird 7927), a resonant interpretation of a blues standard, to his many erotic songs and blues such as *Ram Rod Daddy* (1931, OK 8897) and *Pussy Cat Blues* (1936, Bluebird 6735), both distinguished by his engaging singing and excellent playing.

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S. Calt and J. Miller: Liner notes, *Bo Carter 1931–1940* (Yazoo 1034)

PAUL OLIVER

Carter, Elliott (Cook, Jr.) (*b* New York, 11 Dec 1908). Composer and writer on music. His reputation, which grew steadily from the 1950s, rests squarely on a cumulative sequence of large-scale works; at its best his music sustains an energy of invention that is unrivaled in contemporary composition.

1. Life. 2. Early works. 3. Transition. 4. Works of 1948–59. 5. The concertos. 6. Later works.

1. Life. Carter was educated at the Horace Mann School and at Harvard (1926–32, BA in English, MA in music). From 1932 to 1935 he studied at the Ecole Normale de Musique in Paris and privately with Boulanger. After returning to the USA he

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.

NASAA

One Massachusetts Avenue, N.W., Suite 310
Washington, D.C. 20001
202/737-0900
Telecopier: 202/783-3571

February 2, 1993

to Clark?

yes

Ron - can you take care of this

John

2-4-93

Mr. John Podesta
Assistant to the President
and Staff Secretary
Ground Floor, West Wing
White House
Washington, DC 20500

Dear John:

When I resigned from the Commodity Futures Trading Commission I wrote the President the enclosed letter. I know it should have been addressed simple to "The President," but, John, I wanted it clearly known that I resigned to President Clinton since there were two presidents on the 20th.

I would be honored if I could receive an answer from the President, recognizing my efforts on behalf of consumer welfare and industry integrity.

If this request is too far afield, I understand. I know it is frivolous compared with all you have before.

Thanks, John.

Sincerely,

Fowler C. West
Executive Director

Enclosure

COMMODITY FUTURES TRADING COMMISSION
2033 K Street, N.W., Washington, D.C. 20581

Fowler C. West
Commissioner

(202) 254-8541

January 20, 1993

President William Jefferson Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

After serving two full terms as a Democrat on the Commodity Futures Trading Commission, I am resigning effective at the end of today. It is with my very best wishes for your future success that I submit my resignation to you.

For the past several weeks it has been my honor to work with the transition team assigned to our agency. I am delighted to have been of some small assistance to them. Indeed there are critical issues to be faced by this agency in the near future.

Mr. President, you will have the opportunity to make several key appointments at the CFTC, including naming a Chairperson. Respectfully, I urge you to carefully consider any applicant's commitment to consumer protection and effective yet fair regulation when you make these appointments. Certainly there are able Commissioners and staff remaining here at the Commission.

As I begin a new career as Executive Director of the North American Securities Administrators Association, I stand ready to be of any assistance to your administration in the future.

Sincerely,

Fowler C. West

Fowler C. West
Commissioner

THE WHITE HOUSE
WASHINGTON

DATE: 2/4

NOTE FOR: Will Itoh

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

Information ☐

Action ☑

[redacted]

See the President's note

Thank you.

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

cc:

UNCLASSIFIED WITH
~~CONFIDENTIAL~~ ATTACHMENTS

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

0280

THE PRESIDENT HAS SEEN
2-3-93

February 3, 1993

MEMORANDUM FOR JOHN PODESTA

FROM: WILLIAM H. ITOH WI

SUBJECT: President's Meeting with Foreign Guests at the National Prayer Breakfast

The President will be meeting with approximately 30 international guests just prior to the National Prayer Breakfast at the Washington Hilton. The schedule calls for the President and Mrs. Clinton to join the international guests in the Cabinet Room of the Hilton at 7:43 a.m. until 7:55 a.m. when they proceed on to the Ballroom.

We would suggest that the President make a point of meeting Prime Minister Eugenia Charles of Dominica and Prime Minister Erskine Sandiford of Barbados, both of whom have been supportive of our policies in Latin America and the Caribbean. Also among the overseas guests will be German Foreign Minister Klaus Kinkel, who will be meeting the President for a photo opportunity later in the day at 4:00 p.m.

Attachment
Tab A Biographies

I met the 2 PMs -
Also do follow up
letter

UNCLASSIFIED WITH
~~CONFIDENTIAL~~ ATTACHMENTS

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

February 4, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA

Nancy tells me that you are concerned that your notes are not being distributed quickly enough. They generally never sit in my in box for more than an hour after I get them out of the Oval Office. To speed the process even more, I've asked my assistant to copy notes to Rubin, Rasco, and Lake and deliver before I review them. That will mean these notes will get to their offices very shortly after we receive them and they will still be retained for the permanent records and for tracking purposes in the event that you have asked for action or further information.

Let me know if you're still having problems.

THE WHITE HOUSE

WASHINGTON

FEBRUARY 4, 1993

OK

JDr

MEMORANDUM FOR JOHN PODESTA

FROM: STEPHEN B. SILVERMAN SBS
Deputy Secretary to the Cabinet

SUBJECT: PHOTOGRAPHS OF CABINET SECRETARIES FAMILIES FOR SIGNATURE BY THE PRESIDENT

Attached are photographs taken by White House photographers at the swearing-in ceremony of certain Cabinet Secretaries. We encourage you to have the President sign these photographs in his own hand because they are for the Secretaries themselves. We have forwarded additional copies of these photographs for family members to the calligraphy and correspondence departments to make the process more efficient.

Below is a list of the Cabinet Secretaries whose photographs are attached in the order listed.

1) The Honorable Madeleine Albright

2) The Honorable Les Aspin

3) The Honorable Mike Espy

4) The Honorable Donna Shalala

5) The Honorable Carol Browner

6) The Honorable Bruce Babbitt

7) The Honorable Richard Riley

8) The Honorable Jesse Brown

9) The Honorable Carol Browner

10) The Honorable Leon Panetta

11) The Honorable Henry Cisneros

12) The Honorable Mickey Kantor

13) The Honorable Ron Brown

14) The Honorable Lloyd Bentsen

15) The Honorable Robert Reich

16) The Honorable Hazel O'Leary

17) The Honorable Warren Christopher

18) The Honorable Federico Pena

THE WHITE HOUSE
WASHINGTON

February 4, 1993

MR. PRESIDENT:

Attached is a memorandum from Mickey Kantor in response to your request for reactions to USTR's response to discriminatory EC procurement practices. The memo has been circulated to the Vice President, Bob and Tony.

JDP

John Podesta

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

FEB 3 1993

MEMORANDUM FOR THE PRESIDENT

From: Michael Kantor

Subject: Reactions to Announcement of Action in Response to Discriminatory EC Procurement Practices

As you know, I announced Monday morning our intention to take action in response to discriminatory EC procurement practices that took effect on January 1. I considered three options: 1) do nothing, 2) impose immediate trade sanctions, or 3) announce my intent to take resolute action in 45 days with the possibility of additional action later if the issue remains unresolved.

I recommended the latter course for two primary reasons: 1) it contains a 45-day "trigger" rather than firing an immediate shot, and thus offers a good incentive for the EC to negotiate an agreement that would end its discriminatory practices; 2) it sends an important first signal to Congress and to the American public that this Administration takes enforcement of our trade laws seriously.

This decision should not be misconstrued as a sign that we are disinterested in pursuing global trade talks (as, for example, on the GATT Procurement Code). Our action was fully GATT-consistent. I have stated clearly, on the record to the press as well as in my phone conversation with the EC's trade minister, Sir Leon Brittan, that we took this action to underscore our commitment to open markets and expanded trade, and that we cannot open markets without enforcing our trade laws in this case. (By the way, EC utilities procure about $15 billion worth of goods each year, a market from which we are virtually excluded.)

When I spoke to Sir Leon, he indicated that he would have to criticize this action publicly, and he has done so. But we should not misjudge his posturing: he indicated to me that he looked forward to his meeting with me on February 11, and we discussed an agenda for this meeting.

I noted in my weekly summary to Mack McLarty last Friday that I had consulted with Senators and Congressmen from both parties last week before making my recommendation, and that support for this course of action had been unanimous. I have spoken to additional Members of Congress since making the announcement, and this consensus holds. I also spoke with CEOs from the two U.S. firms most affected by the discriminatory EC practices. Bob Allen of AT&T and Jack Welch of GE heartily endorsed this action.

MEMORANDUM FOR THE PRESIDENT
February 3, 1993

I am pleased with the initial reactions from European capitals to our announcement. We must move the Uruguay Round discussions forward, and yet a score of difficult issues remain for us to resolve. This action is one way to establish our "negotiating personality."

THE WHITE HOUSE
WASHINGTON

February 4, 1993

MR. PRESIDENT:

Mack asked that this be forwarded to you. I have not copied Panetta or Rubin because it does not represent Rostenkowski's public opinion.

John Podesta

Congress of the United States
House of Representatives
Washington, D.C. 20515

Dan Rostenkowski
Illinois

Chairman
Committee on Ways and Means

February 3, 1993

Dear Mack:

As you and I discussed yesterday, this memorandum does not necessarily represent my public position. It is meant merely as an observation that I think may prove useful to the President.

Sincerely yours,

Dan

Dan Rostenkowski
Chairman

Thomas F. "Mack" McLarty, III
Chief of Staff
The White House
Washington, D.C. 20500

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6348

February 2, 1993

MEMORANDUM

TO: President Bill Clinton

FROM: Dan Rostenkowski

SUBJECT: Proposed Increase in the Social Security Retirement Age

During our discussion last week about deficit reduction, I noted some enthusiasm in your voice for the proposal to accelerate the increase in the Social Security retirement age.

In my view, there are several reasons why this proposal is unwise. First, such a plan would impose deeper Social Security benefit cuts than those already imposed by the currently-scheduled increase in the Social Security retirement age. Second, this additional benefit cut will affect millions of workers who, due to ill-health or strenuous jobs, have no choice about the age at which they retire. Third, while considerable savings could be achieved, such savings would be offset by financial and administrative burdens on the Social Security disability system.

I hope that you will give careful consideration to the following effects of the proposal:

1. Deeper Cuts on a Larger Number of People

   - The proposal would cut benefits for people who are close to retirement. Current law already affects those now age 55 and the proposal would affect those even closer to retirement, leaving you subject to the charge that you have changed the rules without giving adequate warning.

   - The proposal would impose a larger benefit cut on middle-age workers (age 34-55) than the cut scheduled in current law. For example, under current law, a person now age 45 would experience a reduction of one year's worth of benefits when compared to a current retiree. Under the proposal, that same 45-year-old would receive two years less in benefits -- nearly $24,000 less in lifetime benefits for an average worker.

2. An Additional Benefit Cut for People Who Have No Choice About the Age At Which They Retire

- <u>The proposal would negatively affect millions of workers who retire before age 65 due to ill-health</u>. Some proponents of the proposal have argued that the retirement age should be raised further because people are living longer. While it is true that life expectancy has increased, there is no conclusive evidence that people are able to work longer because they are healthier.

  About one-third of the people who retire at age 62 retire because of ill-health. In contrast, only 15 percent of those who retire at age 65 cite ill-health as their reason for retiring.

  A very large proportion of American workers -- 75 percent -- now retire before the age of 65. In view of the data on the number of people retiring early due to ill-health, there is little reason to believe that large numbers of people will be able to delay their retirement. They will simply suffer the benefit reduction.

- <u>The proposal would impose additional benefit cuts on early retirees, who are less well off than other workers</u>. Social Security Administration data shows that the income of people who retire at age 62 is 25 percent less than the income of those who retire at age 65. In addition, early retirees are much less likely to have significant assets. While the currently-scheduled increase in the retirement age reduces benefits for early retirees, the proposal would reduce benefits further and would subject millions of additional workers to more severe cuts.

3. Burden on the Current Disability System

- <u>The proposal would increase the costs of the Social Security disability system and clog an already overburdened program with new applications</u>. Because retirement benefits would be less generous under the proposal, more workers would have an incentive to apply for disability benefits in their later years. This will offset some of the savings from the proposal and place addition financial pressure on an already troubled Disability Insurance Trust Fund. More importantly, however, it will clog the disability application process at a time when many workers are already waiting a year to receive disability benefits.

I wish to stress one point. This further increase in the retirement age will be portrayed as a benefit cut. News reports of the current-law increase in the retirement age have described the law in the following way: "Did you know that people born in 1938 will have two months of their Social Security benefits taken from them when they retire?" One should not operate under the misconception that the public will not see this as an additional cut in their Social Security benefits.

As you know, I believe everything needs to be on the table during the discussion of deficit reduction. For example, I have been outspoken about the need to include the Social Security cost-of-living adjustment in these discussions. While I am not arguing that the notion of raising the retirement age should be excluded from the discussion, I believe it would be a major mistake ultimately to embrace this change.

THE WHITE HOUSE

WASHINGTON

[redacted]

February 4, 1993

MR. PRESIDENT:

Attached is a letter from Mayor Dinkins which was forwarded by hand through Bob Rubin. I just received it. I thought you should see it directly.

John Podesta

[redacted]

Mack

we need attention this
in terms of how to handle

John Podesta

[redacted]

THE PRESIDENT HAS SEEN
2/4/93

THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

January 25, 1993

PERSONAL AND ~~CONFIDENTIAL~~

The Honorable Bill Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

Let me take this opportunity to applaud this important moment in our country's future. As was so evident during Inauguration Week, hope has once again taken up residence at 1600 Pennsylvania Avenue and once again taken root in America. And, of course, as a New Yorker I am particularly proud that my city was the site of some critical achievements along your path to victory.

I write also to express concern about my dear friend and trusted counselor, Harold Ickes. I am not familiar with all of the circumstances which may have contributed to his decision to withdraw from consideration as a member of your staff and I would not presume to second guess the decision he ultimately made. Obviously, however, it was a very real disappointment to me.

I also need not write to you about that which you must already know: that Harold is a man of high integrity, sound judgement and a sure commitment to the fundamental change Americans seek and that you, as President, will achieve.

Simply put, Harold has more sheer guts than anyone I know. For many years, through both good times and bad, he consistently has offered me outstanding counsel. Serving in such a capacity is never easy, but the advice Harold has given me always has been right. He has served me tirelessly and he has served me well. I know he would have done the same for you.

What you may not know, and why I write, is that a wide range of distinguished New Yorkers are very distressed that so fine a man should have suffered so grievous an injury. Elected officials, labor leaders, community activists, members of the press, people of every political persuasion and, of course, members of your own campaign and government all have expressed deep concern and pain that Harold should have come to this pass and that your government would be without so valiant and valuable a public servant.

Harold is universally admired, so much so that I fear our political foes -- both yours and mine -- may have orchestrated a smear campaign to eliminate him from future public service. Such a result would ill serve this city, this state and our nation. I can only hope that at an appropriate time in the near future, Harold Ickes will be able to serve you and our country in whatever capacity you see fit.

I hope you will take these words not as criticism but as concern from a friendly quarter. You know that Harold would be furious with me if he knew I was writing on his behalf. Indeed, he has actively tried to prevent the many, many people who have wanted to speak out from doing so. Please do not mistake their silence as contentment with the situation.

If there is any way I can be of assistance in this matter, please let me know. Thank you for your consideration.

My best to you and your family.

Sincerely,

David N. Dinkins
MAYOR

THE WHITE HOUSE

WASHINGTON

[redacted]

February 4, 1993

MR. PRESIDENT:

Attached is a letter from Mayor Dinkins which was forwarded by hand through Bob Rubin. I just received it. I thought you should see it directly.

John Podesta [redacted]

John Podesta

[redacted]

THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

January 25, 1993

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President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

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DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: PB **DATE:** 5/3/18

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My best to you and your family.

Sincerely,

Dave

David N. Dinkins
MAYOR

Roy M. Neel
393 Russell Senate Office Bldg.
Washington, DC 20510
(202) 224-4944

Tony
Rubin

[redacted]

JOHN -

The Vice President is giving a copy of this directly to the President during his luncheon at noon.

Roy

[redacted]

[redacted]

OFFICE OF THE VICE PRESIDENT

WASHINGTON

February 3, 1993

Memorandum for the President

From the Vice President

Subject: U. S. Retaliation over EC telecommunications policy

Per your request for my perspective on the attached article, I have been able to determine that the concern about closed European telecommunications markets is still substantial within U.S. industry circles, but more intense within Congress.

As you know, our domestic communications industry -- hardware and software -- has been a bright spot in an otherwise dismal trade environment over the past decade. We have even begun to make progress in penetrating Japanese markets for some major projects such as telecommunications switching equipment. However, the EC is posing unexpectedly tougher challenges.

The U.S. will continue to be a leader in both research and product development for telecommunications equipment worldwide, but these EC barriers will significantly restrict manufacturing job growth within this industry.

Recommendation

I strongly concur that we should call a meeting of the NEC, the NSC, the USTR to address the integration of both the long and short term trade matters into our economic plans.

To Bob Reich → [illegible] meeting [illegible] [illegible]

THE P[illegible]

The Washington Post

1/29/93

cc: AG → do you agree with this?
B

U.S. Weighs Retaliation Over EC's Telecommunications Polic[y]

By Peter Behr
Washington Post Staff Writer

The Clinton administration is considering imposing stiff sanctions on the European Community in retaliation for a new policy that gives European telecommunications and power equipment manufacturers the inside track in bidding on government contracts within the community, industry and congressional sources said yesterday.

Mickey Kantor, the new U.S. trade representative, met Wednesday with several members of Congress to review the options under consideration, congressional sources said. Options reportedly include orders barring European firms from bidding on a limited array of federal contracts here, as an initial step, and the possibility of more sweeping sanctions if the administration and European Community officials cannot resolve the dispute, these sources said.

An official of a U.S. telecommunications company that was contacted by the administration said, "They asked us how we felt about retaliation. . . . It's time to draw a line in the sand."

The sources expect President Clinton to send a strong signal about the new administration's trade policy with his decision, which they expect within days. Industry officials have hoped the administration would use this issue to show its willingness to risk confrontations to obtain greater access to foreign markets for U.S. exporters.

A spokesman for the Office of the U.S. Trade Representative declined to comment. An official speaking for the EC said retaliation would be unfair and counterproductive, inflaming trade relations.

The Clinton administration and its European allies crossed swords earlier this week when the Commerce Department ruled that 19 nations, including Europe's major industrial powers, had violated U.S. trade laws by dumping steel exports in the United States at less than "fair market value."

The confrontation over government purchasing has been building for nearly a year, after the Bush administration warned the 12-nation European Community that its proposed di[illegible] [illegible] [illegible] criminated against U.S. companies.

The EC directive "would require EC utilities to favor EC goods and services over U.S. and other foreign ones" and create "official discrimination in all EC utilities markets," according to the Bush administration's statement a year ago.

EC officials said their directive was, in fact, a step toward more [illegible] practices because it created a single [illegible] for all 12 EC nations—one that could be improved upon in subsequent negotiations. Most of the individual European legislatures have not yet [illegible] it, although all are expected to.

The "buy European" preference in the directive was necessary, an EC official said, to get a formal guarantee from the United States, enforceable under international trade law, that EC manufacturers would not be discriminated against in bidding for the business of private U.S. telephone companies. The Bush administration refused to enter into such an agreement because it went beyond government [illegible] to include the private telephone [illegible]

[illegible] statement last year, Kantor's predecessor, Carla A. Hills, said the United [States] would retaliate immediately if the [illegible] [illegible]

[illegible] Kantor's Senate confirmation [illegible] last week, several Finance Committee members pointedly asked whether K[antor] would do the same, intent on setting [the] [illegible] of the new administration['s re]solve.

"It was common for us to [illegible] [illegible]," said [illegible] (R-Mo.).

Kantor [illegible] that [illegible] [illegible] lem: "What I hope to do . . . [illegible] force the law, enforce our agreements . . . make any bold . . . statements that [I can't] stand behind." The issue, he said, [is on the] front burner."

Until the very end of the Bush administration, Hills and her colleagues bargain[ed with] European officials to resolve the [illegible]

Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/3

NOTE FOR: David Dreyer

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
2/1/93

TALKING POINTS

Run 83-90's – Wages Decline Lives

* Good morning. At a time when literally no one in the Administration is working harder than you are to help me formulate my plan for economic growth and rising living standards, I wanted to meet you, thank you, and share with you my thinking about the task that lies before us, and the opportunities which lie before our nation.

* I want to begin by relating an experience I had during the last year which affected me deeply. Benjamin Edwards is a 52-year-old man who lives in the Germantown section of Philadelphia. The night of the first Presidential debate, he had a viewing party at his house. Benjamin was out of work. Neighbors brought over televisions sets and lamps and ran extension cords from a nearby apartment because his electricity had been shut off. About 100 people watched. The next day, he took a bus 15 miles to attend one of my campaign rallies. As I came down the line, Benjamin grabbed my hand. He told me I had to win the election because, as he said, "I need a job." "I will, I will," I said. Benjamin is now employed. But there are millions and millions of other Americans whose names we do not know who are counting on us none the less.

* Budgets, ultimately, are not about numbers -- they are about people. Budgets mean jobs and health care; they mean educating our children and training our workers. We cannot let the American people be lost in a blizzard of statistics.

Ec Stats – Growth – Hours – Prod – Downsizing – Health, Surplus

* Since the election, we've learned more and more about the need for an economic program that delivers fundamental change. Some of the largest corporations in our nation are laying off people who expected to work at those companies for the rest of their lives. General Motors Corporation had to take a record-setting write-off in large part to finance their health care expenses. Projected deficits in both the short term and the long term are rising fast. These deficits are robbing the resources we need to invest in our people, our businesses, and our communities. You know what's happening as well as I do.

Jobs / Inc → Jobs I Deficit

* That's why, on February 17, we are going to start anew. We're going to turn America around. We're going to revive living standards. We're going to put our house in order. We're going to create jobs. And we're going to restore the financial security of every American household by arresting the growth in health care costs. I will be asking our people to join me in having the courage to change.

New Chance for Am

Jobs → Inc: Growth / ...

I / Def / ...

* But for too long, every time a political leader has asked the nation to sacrifice -- that sacrifice has started and ended with sacrifices by the middle class. And that too must change.
↳ taxes, health, ed. [illegible]

* So, before I ask the beleaguered middle class to do more, I will demand that ~~bloated~~ government make do with less. Before I ask working Americans to work harder, I will demand the economic elite to pull their own weight.
└ well in 80s pay fair share

* Let's get down to brass tacks. For too long, our government has been part of the problem and not the solution. Bureaucracies have exploded. States were prevented from innovating and experimenting due to a straight-jacket of red tape foisted on them by the federal government. And even as it has gotten bigger, government hasn't gotten better. I see more clearly now than ever before that too much of our federal government exists to serve a privileged elite.

[illegible] Tennessee [illegible] Mgt Δs [illegible]

* Up until a few days ago, the Labor Department had a posh executive dining room, at the same time worker retraining programs were starved for funds.

* These are my priorities. First, we must reinvent government. It must be made more lean, more efficient, and oriented to serve our "customers" -- the American taxpayers. It won't be easy, and it won't be quick. But government must be changed; and change starts at the top.

* In the next several days, I will be finalizing sharp reductions in spending at the White House, reversing many years of growth in the services and personnel provided to the President. We are tightening our belts at 1600 Pennsylvania Avenue, and the other agencies of government will be doing the same. I will also be ordering the departments and agencies to cut their administrative costs, eliminate wasteful perks, and terminate needless commissions.

* Second, we must change by asking the richest members of our society -- those who benefitted the most from the policies of the 1980s -- to contribute more to make our economy grow.

* Third, we must offer the American people a clear plan for ~~re~~igniting growth, lowering interest rates, ~~and~~ raising living standards. Long-term investments and deficit reduction are important to every person in this country, whether they work on Wall Street or on Main Street, but they are particularly important to our children.

* Whether the son of a stenographer or the daughter of a steelworker, it is their future we are seeking to build in this budget; it is their economic opportunities we intend to expand; it is their standards of living we will raise.

* This is the mission in which I am asking you to enlist today. I have special respect for the people who have made public service the work of their lives, as you have with yours and as I have with mine. We know that, at its best, our government can be an engine for economic growth and a force for social justice.

* One citizen recognized that, when he wrote me the other day, and said: "It's not easy being a little people." If I do my job and you do yours, I hope that one day he can say, "it's a little bit easier to be a little people these days. Because there are folks in Washington, now, who are fighting for me."

(1) All Gov't
Where The $ is

(2) P-VP [illegible]

Dir of OMB
Because we were slaves to the budget hoping to hang it on a [illegible]

(3) Promise [illegible]
Pay it for Freedom

(4) Gun

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 2/3

NOTE FOR: George S

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

Information ☑

Action ☐

I think you've gotten this already — but I wanted to make sure

John

Thank you.

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

cc:

THE WALL STREET JOURNAL

1/29/93

REVIEW & OUTLOOK

Families First

The family leave bill is mostly about enacting another set of rules handed down by Washington. But at least it gets the subject of family life in America onto the table.

The bill has been hurtling through Congress this week as fast as a reckless kid on roller blades. The full Senate may vote on it today and it could reach the House as early as next week. President Clinton, who asked Congress for the quick action, vows to sign the bill, which is nearly identical to the one President Bush vetoed twice. The bill would require all employers with more than 50 workers to provide up to 12 weeks of unpaid leave for employees to care for newborns, newly adopted children or sick relatives.

Many employers have discovered for themselves that family-leave policies make good business sense; they can help attract and keep workers. But it's not self-evident that saddling business with mandatory extra expenses is the best way to help the family. How does it help kids if Mom or Dad gets laid off, or more likely isn't hired, because the boss is diverting what would have been their salary into another mandated benefit cost? American families are indeed in distress, but the problem isn't lack of new benefits; it's lack of respect.

This is the message of "Families First," a report issued earlier this month by the National Commission on America's Urban Families. "The family trend of our time," it says, "is the deinstitutionalization of marriage and the steady disintegration of the mother-father child-raising unit." All too often government policies undermine the authority of the family, it found. To reverse that trend, the commission outlines a detailed strategy for strengthening the family as our central social institution.

Its recommendations are aimed at encouraging marriage and increasing the proportion of children who live in intact, two-parent homes. Unless we fix the family, it says, we can't solve the problems of education, crime or poverty. This is not a new idea. As demographers have demonstrated again and again, children from single-parent homes are far more likely to be poor, have trouble in school and turn to crime.

The commission, appointed by President Bush, was bipartisan, and many of its recommendations are similar to those of the Progressive Policy Institute, the think tank of the Democratic Leadership Council, of which President Clinton was a founding member. Among the commission's recommendations:

1 • Ease the tax burden on families. Increase the tax differential between single earners and married couples. Either significantly increase the tax exemption for children or introduce a child tax credit.

2 • Increase parental authority in education. Establish school choice and seek parents' guidance in sex education curricula. When sex education is taught, stress abstinence as the best protection against pregnancy and sexually transmitted disease. Do not distribute condoms in schools unless parents approve.

3 • Reform state laws on divorce. Reconsider the no-fault divorce laws, now the norm in 40 states.

4 • Identify the father of every child. All states should ensure that a document exists at birth to identify the name and Social Security number of both parents. If a mother applies for welfare, failure to identify the father should result in lower benefits.

Family Strength Index

INDICATOR	1970	1980	1990
Married adults	71.7%	65.5%	61.9%
First marriages intact	73.3	67.7	62.5
Births to married parents	89.3	82.2	72.9
Children living with *their* married parents	68.7	64.0	60.8
Children living with two married parents	85.2	76.7	72.5
Index	78	71	66

Sources: Census Bureau, National Commission on America's Urban Families

5 • Improve efforts to collect child-support payments. Require parents to report child-support obligations to the IRS, which will deduct delinquent payments from tax refunds. Speed up efforts to create a nationwide child-support computer network, expanding it to include IRS information to help in locating absent parents.

Ideas like this are likely to be unpopular among liberal sophisticates, who maintain that "family values" is code for racism, sexism and homophobia. That is hyperbolic; there are simply far too many people who feel families are under undue pressure these days.

The Administration will soon be drafting its social legislation. We suspect that both the Clintons and Gores are well aware of what has a lot of people worried about family life today. The national commission has come to some very sensible conclusions about how we've gone off the track and how to get back on it. We will have to see if any of it finds its way into the Clinton proposals.

GS
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1, 4, 5
2 is law in Ark
3 I've said we need reviewing

84

Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/3

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:

In Pursuit Of Pension Solutions

Fears of a Crisis Spur House Debate Over Agency Reform

By David A. Vise
Washington Post Staff Writer

A pair of congressional hearings beginning today will focus on problems at the federal pension insurance agency and reforms that some experts say could prevent its multibillion-dollar financial problems from mushrooming out of control.

The hearings, which will examine the risks faced by the Pension Benefit Guaranty Corp. (PBGC), were sparked by controversy late last year over the agency's highly publicized battle with Trans World Airlines Inc.'s then-chairman Carl Icahn and by the desire of some legislators to move quickly to deal with the potential risks to taxpayers and retirees.

"It is irresponsible to continue to allow a few companies to run up tens of billions of dollars in potential claims against the American taxpayer by shirking their responsibility to properly fund their pension promises," said Rep. J.J. Pickle (D-Tex.), who introduced pension legislation on the first day of the new Congress and who will chair one of the hearings this week.

"Unless Congress and the administration act now, these problems will worsen, and this country's pension-guarantee program will become the next savings and loan bailout," he warned.

Former Pension Benefit Guaranty Corp. (PBGC) chief James B. Lockhart III, who will testify today at a House labor-management relations subcommittee hearing, said that while he and Pickle disagree on how to fix the pension insurance system, they agree on the problem's nature and severity.

"If we don't get a handle on this problem, millions of people will not have pension benefits," Lockhart said. "We have $50 billion of under-funded plans out there, $10 billion to $13 billion of which are in financially troubled companies . . . The problem is serious. The way to fix it is our legislative reforms."

The PBGC insures payment of pensions to about 40 million U.S. workers. When companies run into financial problems and are unable to make good on pension promises, the PBGC steps in, paying as much as $29,250 per person annually.

If the federal pension insurance fund ran out of money, taxpayers would have to make up the difference, Pickle and Lockhart said.

While it has sufficient cash to continue paying benefits, the pension insurance fund has billions of dollars less than it will need to meet escalating long-term obligations to retirees, according to the General Accounting Office. A major goal of both Pickle's and Lockhart's legislative proposals is to prevent that funding gap from growing larger.

Pickle said cash-strapped companies frequently make pension promises that far exceed the money they set aside to cover them, knowing that if the company doesn't survive, federal insurance will cushion the fall.

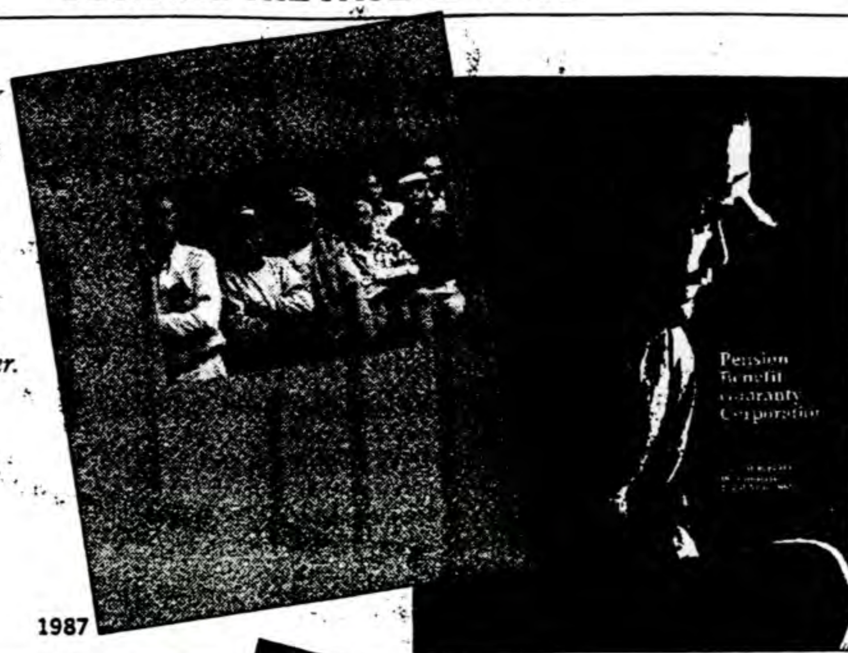
Pickle's proposal, which has a companion bill in the Senate, would impose greater financial discipline by tightening pension funding rules and requiring most companies that increase pension benefits to pay for them up front.

Companies with under-funded pension plans would be required to set aside cash or collateral to pay for any future pension benefit in-

See PENSIONS, D4, Col. 1

DECIDING THE FACE OF PBGC

Only a few years ago, the Pension Benefit Guaranty Corp.'s annual reports reflected its mission as a social welfare program, with the main objective of protecting the worker.



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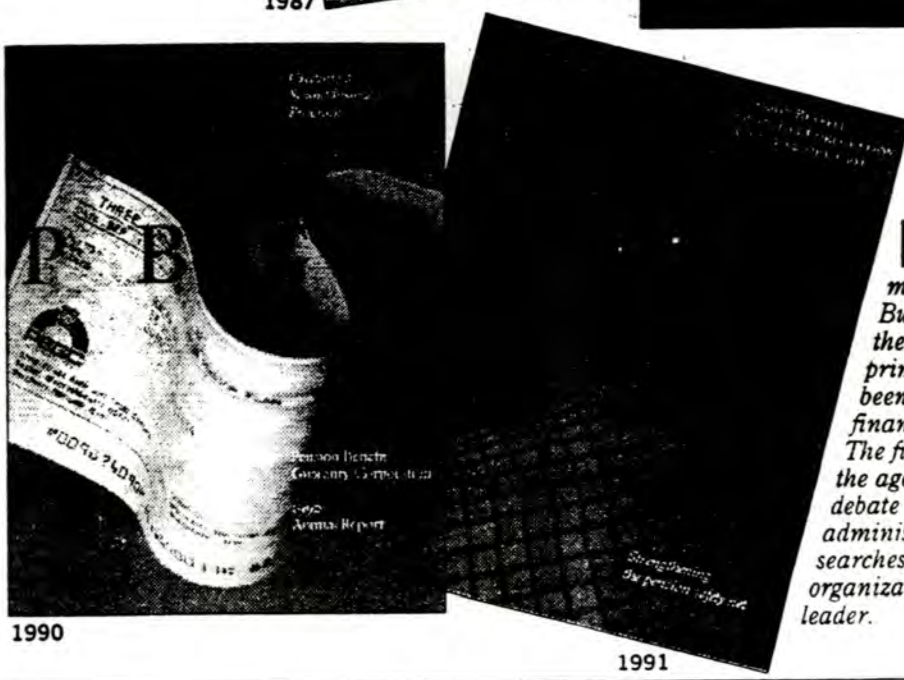

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In recent years, under the management of a Bush appointee, the PBGC's primary focus has been to achieve financial solidity. The future focus of the agency is under debate as the Clinton administration searches for the organization's new leader.

THE WASHINGTON POST

1/2

The Washington Post
2/2/93

35

Pension Agency Reform Eyed

PENSIONS, From D1

creases. Under his plan, employees would still be fully covered by the federal pension insurance system.

Lockhart wants to attack the problem by putting a ceiling on federal insurance. Under his proposal, the PBGC would only provide insurance for new pension promises that were fully funded. The biggest under-funded pension plans tend to be concentrated in a handful of industries, including airlines, autos and steel.

And new pension benefits tied to unpredictable events—such as plant shutdown benefits—would not be guaranteed by the PBGC at all.

Pickle said he fears that political pressure could undermine Lockhart's solution, since some pension plans would be covered by federal insurance and others would not. When companies with uninsured pension benefits failed, Congress might force the PBGC to pick up the tab anyway, he said.

Lockhart's legislative proposal also includes beefing up the PBGC's legal status in bankruptcy. He said the agency frequently is among the biggest creditors of bankrupt companies, and its uncertain legal status hampers its ability to recovery pension money.

Lockhart's proposals stem from his view that the PBGC should be viewed as an insurance company, with its primary emphasis on financial strength.

Pickle, who will chair the House Ways and Means oversight subcommittee hearing Thursday, agrees with Lockhart's insurance model, and his hearing will examine whether the system of annual premium payments by companies to the PBGC needs to be altered.

Other experts, ranging from former PBGC chief Kathleen Utgoff to some members of the House Labor subcommittee that will hold hearings today, said the PBGC should be viewed more from a social welfare perspective. That means greater concern with protecting retirees and less with finances.

When the PBGC was created, "they were focused not on creating an insurance system but on making sure people got pension benefits they had been promised," said Nell Hennessy, an attorney in Washington at Wilkie, Farr & Gallagher.

Despite numerous GAO and other studies that bolster Lockhart's warnings, some argue that he has overstated the magnitude of the agency's problems. Lockhart has been "needlessly scaring Congress about the financial situation at the PBGC in order to get them to pass laws that would minimize the risk to the PBGC," said Leon Irish, a partner in the Washington office of Jones, Day, Reavis & Pogue.

Asked about pension reform, Rep. Pat Williams (D-Mont.), who will chair the Labor subcommittee hearing today, said he was "guarded" about Pickle's legislation. He said he wanted "more information and better information," but added, "We ought to move in this Congress."

His hearing is expected to explore whether the PBGC has accurate financial records upon which to base its estimate of the pension problem and whether further study is needed before Congress can act.

Lockhart, a Republican appointee, generally is given high marks for giving the agency a clearer sense of mission and for improving internal management controls. "He is extremely competent," said Myron Mintz, chairman of the PBGC's advisory committee. "Jim has taken the job extremely seriously and he has created an awareness on the Hill and in the public which was not there before."

Lockhart said his major regret was not spurring Congress to act while he was still in the job. "We have laid the groundwork for major legislative reform and that is good," he said.

Congressional sources said legislation is unlikely to move through Congress until after the Clinton administration names a new PBGC chief to replace Lockhart. Sources said the administration is looking for someone with strong financial skills. "A lot will depend on what kind of position is staked out by the Clinton administration," said James Klein, executive director of the Washington-based Association of Private Pension and Welfare Plans.

2/2

The Washington Post

2/2/93

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PAUL CRAIG ROBERTS

Clintonomics rescue intrigue

With any luck, the economy will stumble before President Clinton and his confused advisers can sort out their conflicting goals of fiscal stimulus and deficit reduction. That will let Treasury Secretary Lloyd Bentsen step in and save Mr. Clinton's bacon by using the Treasury's authority to index the cost basis of capital gains for inflation.

Last year, George Bush refused to save his presidency by taking this step. He was deterred by Treasury and Justice Department officials who claimed it would not be proper, although they admitted that he could get away with it.

Mr. Bentsen does not share the Bush administration's very narrow view of regulatory authority. Indeed, even while the Bush Treasury was decrying its inability to index capital gains, Mr. Bentsen and House Ways and Means chairman Dan Rostenkowski were convincing Mr. Bush to use Treasury's administrative authority to renew a research and development tax credit for multinational corporations.

The tax credit was slated to expire last June, and under the 1990 budget deal its renewal by legislation would have required the static revenue loss (about $1 billion) to be offset by a spending cut or a tax increase on some other activity. Congress did not want the credit to expire, but it did not want to face the problem of cutting spending or raising someone else's taxes.

The solution was for the Democrats to conspire with the Bush administration to evade the budget controls. Congress argued that Treasury had the authority to preserve the tax break through regulation and urged Secretary Nicholas Brady to use his authority. Messrs. Bentsen and Rostenkowski sent Mr. Brady a letter in which they wrote: "We expect and in the strongest possible terms urge that the Treasury Department permanently amend its allocation regulations consistent with stated administration policy."

Similar letters poured in from Republicans, some of whom were arguing out of the other side of their mouths that Treasury lacked any such authority with regard to capital gains.

The Bush administration was willing to provide a research and

Before Dec. 31, we will know whether the Clinton Treasury is willing to use its authority to benefit the economy generally by indexing capital gains.

Paul Craig Roberts, an economist at the Center for Strategic and International Studies, is a columnist for The Washington Times and is nationally syndicated.

[illegible]
Is this a good idea?
How much does it cost?

The Washington Times
2/3/93

deveopment tax credit through regulatory authority, but was not willing to use the same authority to protect investors against inflation. The reason is simple. The R&D tax credit had a formidable lobby behind it consisting of specific companies that would directly benefit, while the benefits of capital gains indexation are not specific to a special interest.

The decision is interesting for two other reasons. The Bush administration argued that indexing capital gains was properly a statutory matter and, thus, a legislative issue. Yet, it was willing to assume the administrative authority to preserve an expiring statutory tax break that had previously been renewed only through legislation.

The Treasury regulation that preserved the R&D credit expires at the end of this year. At that time, Mr. Bentsen certainly cannot challe the Treasury's authority to rene Neither would he be able to deny the same authority gives him power to index capital gains fo flation. Before Dec. 31, we will k whether the Clinton Treasury is ing to use its authority to benefit economy generally by index capital gains, or whether its po will be restricted to benefiting c organized special interests.

The Washington Times
2/3/93

2/2

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B Rubin
How much $ here?

Soak the Rich, Not the Elderly

By Jim Sasser

WASHINGTON

The Clinton Administration has hit the ground with a couple of pardonable stumbles, but in considering a freeze on cost-of-living adjustments for Social Security recipients it appears headed for a serious fall.

Yes, the deficit must be addressed and, yes, it will require sacrifice. But no logic of equity or history dictates that sacrifice fall equally on the rich and poor alike.

Equity, in fact, says the reverse. And so does the sorry fiscal history that got us into the mess we're in. The 1981 Reagan tax cut not only cost the Federal Treasury $2 trillion to date, it also distributed its benefits disproportionately among the rich and the very rich.

Last week, the Congressional Budget Office confirmed that the wealthiest 1 percent of Americans today pay an effective tax rate that is 5.3 percent below what they paid in 1979. An individual earning $1 million in 1979 would have sent $337,000 to the Treasury. In 1993, the same individual sends only $284,000.

Certainly, that's paying plenty. But keep in mind what happened to the other 99 percent after the 1981 tax cut radically reduced the progressiveness of our income tax code. Presumably to sustain the benefit structure of the threatened Social Security Trust Fund, we had a massive payroll tax increase in 1982 — an increase that disproportionately affected those workers making less than the F.I.C.A. tax ceiling of $52,000.

So, the 1980's gave us income tax cuts largely at the top and payroll tax increases at the bottom. The higher payroll tax was justified on the grounds that the Social Security benefits it finances are strongly weighted toward helping middle-income and poor workers.

But now we get a proposal that would close the story on a perverse note: to cure a deficit hemorrhage partly caused by the 80's shift from progressive income taxes to regressive payroll taxes, we are contemplating a freeze on the progressive Social Security benefits that purportedly helped correct income disparities. In the 80's, we cut income taxes on the rich and raised payroll taxes on the middle class. Now we are proposing to make up the difference by punishing elderly people on fixed incomes.

Such a policy violates the "new covenant" that brought the President to office. I won't support the cost-of-living freeze and I don't believe we should be considering it or middle-income tax increases until we have first restored the tax share paid by those most able to afford it.

Forget the freeze on Social Security.

The Congressional Budget Office has calculated that, if the 1979 effective tax rate of 33.7 percent were still in place on the top 1 percent of Americans, we would be getting an additional $32.6 billion in 1993 revenue. Over five years we could expect roughly $181 billion more in revenue if we restored the 1979 effective tax rate.

Let's be clear about what group we're discussing: The top 1 percent begins with single individuals making $161,364, families of two making $206,492, and families of four making $324,083.

President Clinton has already proposed raising the cumulative tax rate on this group to 36 percent, but that would not get us back to equity. The marginal rate could go higher but there are other ways to achieve our goal. For example, the wage cap on the Medicare tax could be eliminated. Right now only wages below about $130,000 are taxed. Why not above $130,000?

$?

The nation has an almost sacred tradition of encouraging home ownership. But allowing interest deductions for mortgages of up to $1 million goes too far.

President Clinton has proposed a 10 percent surtax on taxable income over $1 million. Why not lower it to $750,000?

$?

All of these are rational, fair and effective alternative revenue sources. Restoring the rich to their 1979 tax rate would bring in nearly four times as much as a freeze on Social Security cost-of-living adjustments, which would push roughly 500,000 senior citizens below the poverty level. The choice should be clear.

Jim Sasser, Democrat of Tennessee, is chairman of the Senate Budget Committee.

The New York Times
2/2/93

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 2/3

NOTE FOR: Carol Rasco

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:

Do We View Youths as Victims, or as Resources?

■ Policy: Those who participate in decisions affecting their lives are more effective in building healthier communities.

By BARRY CHECKOWAY

Child advocates have high hopes for new national efforts under the Clinton Administration to help America's youth, but which "image of youth" will prevail?

As governor of Arkansas, Bill Clinton served on the National Commission on Children, whose agenda called for child and dependent-care tax credits and full funding for Head Start. Along the campaign trail, he endorsed child health, prenatal care, preschool programs and other federal initiatives.

Hillary Rodham Clinton chaired the Children's Defense Fund, whose agenda includes increases in education, housing, health care and other human services reduced by cutbacks in the 1980s.

These initiatives are long overdue, but it is important to remember that they represent a particular perspective or "image of youth" and that there is another image with an action agenda of its own.

What are these two images? First is an image of "youth as victims." This view assumes that young people are vulnerable members of society—too often neglected or abused by adults or victimized by poverty, racism or other forces beyond their control. Proponents of this view want to "save the children," "defend their rights" and protect them from worsening conditions. Child-protection providers are a vocal presence in Washington, where they promote federal programs to expand needed services for youth.

'When young people become active participants (rather than passive recipients of services), they can alter their personal lives and build healthier communities.'

The second image is "youth as resources." This view assumes that young people are competent citizens with a right to participate in the decisions that affect their lives and a responsibility to serve their communities. Proponents of this view want youth to build on their strengths by "making a difference" in ways that provide them with tangible benefits and develop healthier communities. Youth advocates abound in small towns, suburbs, large cities and wherever they work with community-based programs.

In "Young People as Community Builders," a new report funded by the W.K. Kellogg Foundation and published by the Center for the Study of Youth Policy at the University of Michigan, Janet Finn and I describe increasing efforts by young people to solve problems, plan programs and create community change, including these:

- New York youth are rehabilitating housing for homeless families.
- Minneapolis youth are reaching out to gangs and challenging the forces of poverty.
- Indianapolis youth are assessing local needs and awarding grants to community youth projects.
- Selma, Ala., youth are forming leadership groups for civil rights and social change.
- South Dakota youth are turning school classes into small-town development.

These initiatives vary from place to place, but generally operate in communities that are economically disadvantaged or socially oppressed. Such programs show that when young people become active participants (rather than passive recipients of services), they can alter their personal lives and build healthier communities.

Bill Clinton himself is an example of "youth as resources." He speaks frequently of his own experience as a youth whose active involvement in community service—and whose trip to meet President Kennedy at the American Legion's Boys Nation in 1963 had a lasting, positive impact on his personal life and political career. He campaigned for a National Service Trust Fund that would finance college education through significant community service by young people.

Both child-service providers and youth-participation promoters will scramble for scarce resources and seek a sympathetic ear in the Clinton White House. The voices of the service providers are louder in Washington than those of their community-based counterparts, but the hope is that both will be heard.

Which image will prevail? It would be as mistaken for Bill Clinton to overcompensate for past national neglect by proposing programs that view youth solely as clients of services, as it would be to expect young people to shoulder the burden of community problems whose causes and solutions are beyond them.

It would be mistaken to synthesize these two images of youth into one piece of omnibus legislation. There is no single approach to public policy or program planning that encompasses all images of youth in society. These are separate movements that could possibly be used in mutually reinforcing ways, but the challenge is to develop both simultaneously without focusing exclusively on one.

As the United States emerges from the neglect of the '80s, both agendas are important and affordable in a "peace dividend" economy. We can only hope that the new national efforts to help children will reflect the realities of young people themselves, rather than the professional ideologies of the adults who advocate for them.

Barry Checkoway is a professor of social work and urban planning at the University of Michigan, and faculty associate in the Center for the Study of Youth Policy there.

Paul Conrad has the day off.

Los Angeles Times
2/3/93

Whither on Welfare?

Even Though They Please Moynihan, Clinton's Actions Are Far From Bold

By JASON DePARLE
Special to The New York Times

WASHINGTON, Feb. 2 — President Clinton used a speech to the nation's governors today to insist that he is serious about his plan to "end welfare as we know it," promising, as he has in the past, "a dramatic breakthrough" in changing public assistance programs.

News Analysis

But while his talk of pushing people from welfare after two years seemed bold, his actions were not. He has yet to spell out the policies that would transform his ideas into programs, and he did not even form a task force, as previous Presidents have done when they wanted to buy a delay. Instead, he merely promised to form one, saying the members would be appointed in the next 10 days.

Whatever else the events accomplished, they mollified the chairman of the Senate Finance Committee, Senator Daniel Patrick Moynihan, who only two weeks ago accused the Administration of abandoning welfare reform amid "a clatter of campaign promises being tossed out the window."

Today Senator Moynihan said Mr. Clinton had given "a superb speech" that indicates his commitment is real. "I'm just very happy with the President," the New York Democrat said.

For now, no one can know whether the study group will, as Senator Moynihan and White House officials predict, produce a bill that Congress can debate this year, or become another in welfare's long history of dead-end study groups.

> Two gigantic problems: poverty and inertia.

But the group is being formed after weeks of behind-the-scenes bickering and public statements that indicate an Administration with split loyalties on welfare policy. And truly ending "welfare as we know it," is likely to be more expensive, technically difficult, and politically divisive effort than the President's statements indicate.

"Formidable! Formidable!" was how Senator Moynihan today described the obstacles.

A number of welfare scholars doubt that the centerpiece of Mr. Clinton's promises, a two-year time limit on welfare, will ever come to pass.

"There is simply no stomach for a program that would depend on the mechanism of kicking people off welfare.," said Charles Murray, a scholar at the American Enterprise Institute who predicted that the Clinton program will simply become "a glorified job-training program."

Giving and Demanding

Mr. Clinton's speech today was simply a reiteration of familiar campaign promises, which stress his desire both to give more to welfare recipients and to demand more from them in return.

He talked of expanding the education and training programs now available to the roughly 4.5 million families who receive Aid to Families with Dependent Children, the main Federal welfare program. The vast majority of those families are headed by single women.

He also talked of expanding health insurance and child-care programs, to make it easier for single parents to leave home and work. He would give the working poor additional income through tax credits, and he would try to crack down on absent fathers who do not pay child support.

Those policies all fall under the rubric of traditional liberalism. But Mr. Clinton also repeated the pledge of a two-year limit, which is at the heart of his claim to be a new Democrat. "Two years after a training program is completed, you have to ask people to take a job," he said.

But what kind of job?

That is among the many huge questions that remains unanswered.

Mr. Clinton could resort to the kind of public works programs hinted at in the past by David Ellwood, a Harvard professor from whom Mr. Clinton has borrowed many ideas. Mr. Ellwood is expected to gain a senior policymaking job at the Department of Health and Human Services.

Public works programs would create real jobs, at a level above the poverty line. Mr. Ellwood has advocated only a small program, but one large enough to cover the millions of people on welfare could cost $40 billion or more a year, and like previous government jobs programs it would likely be denounced by conservatives as a boondoggle.

More likely, Mr. Clinton will opt for a "work experience" program, one that continues to pay welfare grants but requires some community service in exchange. While these programs may satisfy the public's enthusiasm for work ethics, they do nothing to raise a family's income. Rather than "end welfare," they often just make it a busier life style.

What Kind of Enforcement?

Mr. Clinton has not yet specified who would be exempt from the program. The current welfare laws, which he helped design as head of the National Governors' Association, exempt mothers with children age 3 or younger from work requirements. That exempts about half the nation's families.

Similarly, Mr. Clinton has never spelled out what he would do to mothers who do not show up for work. Current laws provide for modest reductions in their grants, but do not eliminate them, and the reductions are notoriously hard to enforce.

Mr. Murray predicts that any effort to establish more serious penalties will be vigorously resisted by liberal lobbies, who will say they hurt innocent children. "And to some extent they're right — those penalities will penalize children," he said. "There's no way around that."

Evidence of an ideological division within the Government, simmering in the background, seemed to come into view with Mr. Clinton's appointment of Donna E. Shalala as Secretary of Health and Human Services, which runs the nation's welfare programs.

Ms. Shalala is a former chairwoman of the Children's Defense Fund, a liberal advocacy group that has long opposed precisely the kind of work requirements that Mr. Clinton advocates. Another past chairwoman is Hillary Rodham Clinton, the President's wife.

In her opening remarks at her confirmation hearing on Jan. 14, Ms. Shalala promised action on everything from Head Start to osteoporosis, but was notably quiet about welfare reform, drawing Senator Moynihan's ire.

He reminded her that the Children's Defense Fund had opposed previous work requirements and accused her of ignoring "the largest commitment the President made."

Ms. Shalala responded that she would be "changing hats" and "trying to build a kind of compromise and consensus." That was hardly an endorsement of strict time limits and work requirements.

Bruce Reed, a White House domestic policy adviser, said today that the task force "is not to delay action" but to work out the many technical details that remain. Mr. Reed said there is no deadline for the task force to produce a report, but he anticipated legislation would be introduced this year. A group of House Republicans were moving faster. Led by Representative Richard J. Santorum of Pennsylvania, they introduced a bill to install a two-year time limit on welfare. Citing Mr. Clinton, they labeled their release "ending welfare as we know it."

The New York Times
2/3/93

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 2/3

NOTE FOR: MARCIA HALE

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:

THE PRESIDENT HAS SEEN 2/3/93

Oct. 12, 1993

200th anniversary
of Univ. of N.C.
at Chapel Hill —
the first public univ.
in America.

Jim Hunt

Marcia Hale
Request from
Gov. Jim Hunt

Cnreaw

THE WHITE HOUSE
WASHINGTON

DATE: 2/3

NOTE FOR: Bob Rubin; Howard Paster

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

Information ☐

Action ☑

This was handed to the President -- can you two coordinate a response

John

Thank you.

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

cc:

GEORGE J. MITCHELL
MAINE

THE PRESIDENT HAS SEEN

Bob Rubin
Mitch good letter

United States Senate
Office of the Majority Leader
Washington, DC 20510-7010

January 29, 1993

President William J. Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

There are forty-one million Americans who rely on Social Security benefits, including nearly five million who are disabled and an additional five million who are widows and widowers. According to the Social Security Administration, 14 percent of Social Security recipients older than 65 years of age are living in poverty. About 21 percent of Social Security recipients between the ages of 55 and 61 are living in poverty and 13 percent of Social Security recipients between the ages of 62 and 64 are living in poverty. Some 24 percent of Social Security recipients rely on Social Security for 90 percent or more of their income.

About seventy-five percent of those who are receiving Social Security are older than 65 years of age. In fact, there are 2.1 million men older than 80 and another 2.6 million women older than 80, which includes 402,000 women older than 90. These elderly individuals often live alone and have a difficult time making ends meet as they allocate their fixed income among competing necessities.

As you can see from the chart below, about two-thirds of Social Security recipients have income below $30,000.

Category	# Recipients	% of All Recipients
Under $10,000	8.9 million	23.8%
$10,000 - 15,000	5.6 million	13.8%
15,000 - 20,000	4.6 million	12.3%
20,000 - 25,000	3.9 million	10.6%
25,000 - 30,000	3.2 million	8.7%

When the average monthly Social Security benefit is $653 or $7,800 annually, a COLA of 3% (such as the COLA for 1993) can mean an extra $19.59 per month or $235.08 per year. To a very wealthy person, these dollars may not seem important. However, to an elderly widow struggling to make ends meet, every dollar is important. With gas at about $1.18 per gallon, milk at $2.35 per gallon, hamburger at $1.78 per pound, bread at $1.25 per loaf, cereal at $2.79, potatoes at $2.69, and eggs at 85 cents per dozen, it doesn't take long before that 3 percent COLA is gone and the individual or family must continue to juggle rent, utilities, and other costs of living.

With the cuts in the Low Income Home Energy Assistance program (LIHEAP) and federally assisted housing programs during the last decade, Social Security benefits have also played a critical role in assisting the elderly to retain their homes and to weather the cold winter months in many states. Utility rates continue to rise, particularly electricity rates, and yet, the elderly must balance rent, groceries, utilities, and other items most often with much less money than when they were working.

In 1972 Congress enacted legislation that would provide automatic cost-of-living adjustments beginning in 1975 to ensure that the elderly's standard of living would not erode. As you know, the Social Security trust fund can afford COLAs. In fact, for the next several years, the trust fund surplus is expected to grow as exhibited in the chart below.

Year	End of Year Balance/Reserve	Annual Surplus Added to Reserve
1992	$328 billion	$47 billion
1993	384	56
1994	447	63
1995	516	69
1996	594	78

While it is clear that the federal budget deficit is much larger than you or Members of Congress were lead to believe, Social Security is currently paying for itself. Since the Social Security retirement system is expected to raise much more than it expends throughout the decade, it makes no sense to impose hardship on the millions of elderly who have no other means of survival. Again, the average Social Security benefit is $653 per month. For the disabled, the average monthly benefit is $627. Retired workers in Maine average $578 per month; the disabled in Maine average $556 per month. This is very simply not much to live on to meet the costs of basic necessities.

For your information, I have attached a chart which lists the number of Social Security recipients by state in declining order based on the number of Social Security recipients who reside in each state as a proportion of each state's population. In Maine, nearly 18 percent of the population receives Social Security. In other States, the proportion is even higher: 21% in Florida, 20.8% in West Virginia, 20.1% in Arkansas, and 19.06% in

Pennsylvania.

Deficit reduction will be a difficult task. Social Security retirement, however, is not part of the deficit problem today. The system is working as intended and I believe that COLAs ought to be paid as intended. The elderly ought not bear the burden of reducing the deficit when the system is in surplus.

I urge that you give every consideration possible to the impact any proposal affecting COLAs would have on our nation's elderly before you request our assistance in joining with you.

With best regards,

Sincerely,

George Mitchell

Enclosure

SOCIAL SECURITY RECIPIENTS BY STATE, 1991

State	# Recipients	State Pop.	Percentage
Florida	2,727,810	12,937,926	21.08%
West Virginia	373,050	1,793,477	20.80%
Arkansas	472,940	2,350,725	20.12%
Pennsylvania	2,264,790	11,881,643	19.06%
Iowa	526,840	2,776,755	18.97%
South Dakota	130,490	696,004	18.75%
Rhode Island	184,110	1,003,464	18.35%
Missouri	922,240	5,117,073	18.02%
Oregon	508,530	2,842,321	17.89%
Alabama	722,030	4,040,587	17.87%
Kentucky	658,300	3,685,296	17.86%
Mississippi	459,290	2,573,216	17.85%
Montana	142,060	799,065	17.78%
Maine	218,170	1,227,928	17.77%
North Dakota	112,320	638,800	17.58%
Wisconsin	849,870	4,891,769	17.37%
Tennessee	845,500	4,877,185	17.34%
Nebraska	271,560	1,578,385	17.20%
Oklahoma	538,560	3,145,585	17.12%
Ohio	1,827,270	10,847,115	16.85%
North Carolina	1,111,110	6,628,637	16.76%
Kansas	413,700	2,477,574	16.70%
Arizona	608,920	3,665,228	16.61%
Indiana	919,350	5,544,159	16.58%
Massachusetts	989,250	6,016,425	16.44%
Michigan	1,514,690	9,295,297	16.30%
Delaware	108,450	666,168	16.28%
Connecticut	534,460	3,287,116	16.26%
Puerto Rico	569,940	3,522,037	16.18%
New Jersey	1,242,420	7,730,188	16.07%
South Carolina	558,410	3,486,703	16.02%
Idaho	161,060	1,006,749	16.00%
Vermont	89,770	562,758	15.95%
New York	2,867,590	17,990,455	15.94%
Louisianna	662,860	4,219,973	15.71%
Illinois	1,771,680	11,430,602	15.50%
Minnesota	676,750	4,375,099	15.47%
New Hampshire	166,940	1,109,252	15.05%
Washington	728,380	4,866,692	14.97%
New Mexico	226,510	1,515,069	14.95%
Nevada	177,890	1,201,833	14.80%
Wyoming	64,160	453,588	14.14%
Georgia	905,320	6,478,216	13.97%
Virginia	856,650	6,187,358	13.85%
Hawaii	151,390	1,108,229	13.66%
Texas	2,249,080	16,986,510	13.24%
Colorado	434,310	3,294,394	13.18%
Maryland	624,800	4,781,468	13.07%
D.C.	78,480	606,900	12.93%
California	3,737,710	29,760,021	12.56%
Utah	197,540	1,722,850	11.47%
Alaska	35,470	550,043	6.45%

MEMORANDUM

TO: LARRY STEIN

FROM: BILL DAUSTER

DATE: JANUARY 27, 1993

SUBJECT: SOCIAL SECURITY IN RECONCILIATION

Changing the Social Security program in reconciliation presents opponents of the reconciliation bill with the option of attacking either the provision itself or the entire bill with a point of order that would require 60 Senators to waive.

Section 310(g) of the Congressional Budget Act prohibits changing Social Security in reconciliation:

> (g) LIMITATION ON CHANGES TO THE SOCIAL SECURITY ACT. -- Notwithstanding any other provision of law, it shall not be in order . . . to consider any reconciliation bill . . . or any amendment thereto or conference report thereon, that contains recommendations with respect to the old-age, survivors, and disability insurance program established under title II of the Social Security Act.

2 U.S.C. § 641 (Supp. III 1991). (Title II of the Social Security Act appears at 42 U.S.C. §§ 401-433 (1988 & Supp. II 1990).)

Note that under the terms of section 310(g), it is out of order for the Senate to consider a reconciliation bill that contains Social Security program changes. Consequently, if a Senator brings a point of order under section 310(g) against a bill that contains Social Security changes and the Senate fails to waive the point of order, the entire bill falls.

Section 313(b)(1)(F) of the Congressional Budget Act (part of the Byrd Rule on reconciliation) provides that "a provision shall be considered extraneous if it violates section 310(g)." 2 U.S.C. § 644(b)(1)(F) (Supp. III 1991). Under section 313(a), if the Senate fails to waive the point of order and the Presiding Officer rules that a provision is extraneous, the provision itself falls from the bill. What constitutes the provision ruled extraneous is in large part a function of how the opponent of the provision raises the point of order. Thus, in most circumstances, the Senator raising the point of order could probably choose to attack a paragraph, a subsection, a section, a number of sections, or a larger part of the bill under section 313(b)(1)(F), or the entire bill under section 310(g).

RM

THE PRESIDENT HAS SEEN

:al Memo

he Catholic Hierarchy and Clinton: Already a Complicated Relationship

X

By ROBIN TONER
Special to The New York Times

WASHINGTON, Feb. 2 — For 12 years the Roman Catholic Church enjoyed a happy solidarity with the White House on the issue of abortion. It was an emblematic alliance of the politics of the 1980's: Presidents Ronald Reagan and George Bush, shoulder to shoulder with cardinals and bishops from Democratic redoubts like New York and Boston, standing firm on the issue that has consumed the church hierarchy in recent years.

Now the bishops have a new President, one who carried the Catholic vote last fall, who is a graduate of a Catholic university and who has endorsed much of the social welfare agenda that the National Conference of Catholic Bishops has advocated for years. But this President also chose, as one of his first acts, to begin to roll back 12 years of Republican abortion restrictions, and he has promised to do more.

The relationship between President Clinton and the Catholic Church will be very, very complicated.

Different Responses

The Vatican's response to Mr. Clinton's abortion orders was quick and unequivocal, a thundering editorial in its semi-official newspaper, L'Osservatore Romano, denouncing the new President for putting the United States on "the paths of death."

But the response of the American bishops to the Clinton Administration is more complex. They are struggling to maintain an unwavering stance on abortion while trying to adjust their strategy to a political scene that makes the outlawing of abortion increasingly unlikely.

They are trying, their spokesmen say, to preserve a relationship with Mr. Clinton that would allow them to work with his Administration on other issues. They note that they had their differences, as well, with the Reagan and Bush Administrations, and that they always approach their work in a bipartisan spirit.

They are trying, in short, to avoid open warfare with the President.

'Crunch Moment' on Abortion

"The expressed goals of the Clinton Administration include things we're very interested in, such as universal entitlement to health care," said Msgr. Robert N. Lynch, general secretary of the National Conference of Catholic Bishops. "Obviously, the crunch moment came very quickly on abortion. But we will continue to try to work with the Administration on those things we agree on, and voice our disagreement on those things we disagree on."

Clinton won over many Catholics. The Vatican is another story.

An equally diplomatic response comes from the White House. "President Clinton, who as you know is Jesuit-educated, has a lot of close relationships with Catholics and Catholic priests," said Dee Dee Myers, the White House press secretary, alluding to Mr. Clinton's undergraduate degree from Georgetown University. "They share many goals, including social and economic justice and religious freedom."

And Catholic Democrats on both sides of the abortion issue say it is in the interest of the bishops and Mr. Clinton, a Southern Baptist, to get along.

Still, the abortion issue is already causing major strains. Mr. Clinton was seen by some in the church as needlessly provocative when he chose to sign his abortion-related orders on Jan. 22, the anniversary of Roe v. Wade and the day abortion opponents descended on the nation's capital for their annual protest against the Supreme Court ruling that established a constitutional right to abortion. More than a dozen bishops and cardinals attended that event, along with a crowd estimated by the police at 75,000.

"It showed a real political insensitivity to these folks who care about this issue very strongly," said the Rev. Thomas J. Reese, a Jesuit who is a senior fellow at the Woodstock Theological Center at Georgetown. "He could have at least waited until they left town."

But critics of the Catholic hierarchy contend that it is simply getting a taste of what it is like to play politics and lose.

"The bishops simply do not have the Catholic constituency behind them on this," said Frances Kissling, president of Catholics for a Free Choice. "That is known to Catholic politicians. There are none left who believe the bishops can deliver the Catholic vote on this issue."

Support at the Polls

That view was supported by a poll conducted last November by Voter Research and Surveys, a consortium of the four major television networks. It showed that voters who identify themselves as Catholics hold about the same views on abortion as the population at large: a strong majority want to see it available in most cases. Indeed, Mr. Clinton's support for a woman's right to choose abortion did not prevent him from receiving the support of 44 percent of Catholic voters in the November election, to Mr. Bush's 35 percent.

"American Catholics, knowing full well Clinton's pro-choice position and the quite blatantly pro-choice tone of the Democratic convention, nevertheless voted for Clinton at slightly higher levels than the population at large," said the Rev. Richard McBrien, a theology professor at the University of Notre Dame.

Adding to the political difficulties of the church hierarchy, some of the most prominent Catholic politicians support abortion rights and criticize the church's handling of the issue, even though some have been publicly rebuked in recent years from Catholic leaders like John Cardinal O'Connor, the Archbishop of New York.

In an interview last week, Gov. Mario M. Cuomo of New York said, "For the Catholic Church to try to win the United States of America over to the Catholic position on abortion — which is no abortion, period, not even to save the life of the mother, not for rape or incest — for the Catholic Church to say that is what you must believe and that is what you must legislate, I don't think it's appropriate and I don't think it will work."

"As I said at Notre Dame," Mr. Cuomo added, alluding to his seminal speech there in 1984, in which he sought to draw the line between an elected official's personal faith and public responsibility, "you cannot stop abortion by prohibiting it. You can curtail abortions by helping men and women avoid unintended pregnancies."

Political Counterpressures

There are some strong political counterpressures. Representative Henry J. Hyde, an Illinois Republican who is a Catholic and one of the Congressional architects of anti-abortion strategy, says his church should be taking an even stronger stance against abortion. "I think the church ought to take on anybody and everybody if they're wrong," Mr. Hyde said in an interview. "The church's mission has been muted, it seems to me, by their failure to be more involved in this issue."

There are few signs that the church

The New York Times
2/3/93

THE PRESIDENT HAS SEEN

1/2

NH / Al Hale

Bill Brady contacted me weeks ago about meeting w/ them - I OK'd it - it has never been done - why?

BG

Wants explanation

THE PRESIDENT HAS SEEN

The Washington Times

1/29/93

PAUL CRAIG ROBERTS

Pressures that will undermine your income

Grim fiscal policies

If Federal Reserve policymakers have their way, Americans can expect stagnant incomes over the next four years. Both monetary and fiscal policy are shaping up to prevent growth in personal and family incomes.

Federal Reserve Chairman Alan Greenspan has said repeatedly that inflation cannot accelerate while total income of workers remains level or grows slowly. In other words, his goal is to hold inflation down by holding incomes down.

In its latest Beige Book, a report that it issues every six weeks, the Federal Reserve warned that the current economic recovery may not create many new jobs. What the Fed means is that it doesn't want any big jump in employment or income that could fuel inflation. Judging by the latest lay-offs, — 50,000 at Sears, 25,000 at IBM, and thousands at Boeing — the Fed will get its way.

Fiscal policy also carries a grim message for most Americans. The Democrats, who now control both the legislative and executive branches of government, maintain that the budget deficit and "unmet social needs" require higher taxes.

With monetary policy restraining the growth in wages, salaries and employment, and higher taxes reducing take-home pay, Americans will be treading water at best.

The deficit, however, will grow for two reasons:

— Restrictive economic policy will hold down the growth of taxable private-sector income, while the government spends more. Whenever government spending grows faster than the economy, the deficit rises.

As the deficit rises, policymakers will demand yet higher taxes that, in turn, will further slow the economy.

Americans are stuck with this policy, because the Federal Reserve is committed to the belief that inflation is fueled by private-sector growth and politicians believe that all "unmet needs" are in the public sector. Few in the government believe there is any such thing as an unmet private or family need.

Government policy-makers are convinced that people use much of their incomes wastefully or destructively — for example, on oversized cars that are not fuel-efficient and on fatty diets, boomboxes, alcohol and tobacco.

In their view, higher taxes curtail wasteful and harmful private spending and allow pressing social needs, such as drug rehabilitation and medical care for the uninsured, to be met.

And the continuing failure of public schools means that more money is always needed for education.

People were doomed to see their incomes squeezed once they accepted the view that more good is done in the public sector than in the private sector. The kid who needs braces has less demand on the parents' income than the public school teacher who needs a raise, the unemployed who needs job training, or the unwed mother who needs public assistance.

Moreover, public needs are all strengthened by powerful lobby groups, while unmet private needs are individual and unorganized.

When unmet private needs, such as child care, become too pressing, the government organizes a new program to meet them. Thus, as time passes, more and more family and personal responsibilities pass to the government, along with a larger chunk of our incomes to pay for them.

For many decades, government has been growing faster than the economy despite the failure of government programs. We still think of ourselves as citizens, but, in fact, we are viewed by "public servants" as subjects.

We exist in order to provide rev-

see ROBERTS, page F4

Paul Craig Roberts is the William E. Simon professor of political economy at the Center for Strategic & International Studies in Washington and is a former assistant secretary of the U.S. Treasury.

ROBERTS

From page F1

enues for the government. It is going to get worse. The media are euphoric that President Clinton in his Inaugural asked the public to sacrifice. Somehow, yet more growth of government is going to lead to "renewal."

This means, of course, that the government is not going to sacrifice by curtailing its activities.

Rather, the Fed is going to sacrifice the growth of private income and employment to its anti-inflation monetary policy, and federal, state and local governments bent on self-expansion are going to attack our incomes with higher taxes.

As long as moral progress is equated with the growth of government, there can be no other result.

This means that the government is not going to sacrifice by curtailing its activities.

Bob Rubin

Rubin copied FW

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THE WALL STREET JOURNAL

1/29/93

California Economy Increasingly Shows Signs of Dragging Down U.S. Recovery

By LUCINDA HARPER
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON – The nation's economic landscape would look much better if California were floated out to sea.

Usually the shining star of the U.S. economy, California is now in the position of dragging the nation down with its mounting job losses, failing banks and declining manufacturing sector.

"California has become the difference between a reasonable recovery and a disappointing one like the one we're in now," says Mark Zandi, chief economist for Regional Financial Associates in West Chester, Pa.

Roughly one out of every six of the nation's jobless live in California. And without California, whose unemployment rate stood at 9.7% in December, the nation's unemployment rate would have been 6.9% for the month instead of 7.3%.

The Commerce Department said this week that California was among the 10 slowest growing states for personal income since the recession's trough. Personal income in the state rose only 3.8% through last year's third quarter from the 1991 first quarter, compared with 4.4% for the entire nation.

It's hard to imagine how one state could hurt the nation so much – no matter what its ills. But consider the fact that California represents about 14% of all U.S. economic activity and 15% of the country's industrial production.

"Just the sheer mathematics" of it shows that California affects the U.S. economy a great deal, says David Hale, chief economist for Kemper Financial Services in Chicago.

The U.S. economy, excluding California, is far from going great guns. But there has been moderate improvement in factory output, job creation, loan demand and consumer spending – areas in which California is still stagnant or contracting. California is impossible to ignore when evaluating the strength of the nation, and it has become increasingly clear that it's dragging down the momentum gathering in the rest of the country.

Robert Reischauer, director of the Congressional Budget Office, said in congressional hearings this week, "Some rebound in California probably is necessary to sustain this recovery."

Mr. Hale estimates that California's wayward economy lowered by one-quarter percentage point the growth of fourth-quarter gross domestic product, which the Commerce Department said jumped at an annual rate of 3.8%.

But the implications of a weak California go beyond GDP. The state is restructuring and people, who once flocked to California as a place of opportunity, are leaving. "California has helped to lead a technology boom in this country. Now there will be delays in technological advancement and the contributions made to the whole economy," says Mr. Zandi. "It's impossible to measure, but there nonetheless."

The California Factor

Unemployment rate in California, and in the country, excluding California

Source: Regional Financial Associates Inc.

Economists say California's problems are likely to continue to hinder the entire country in the short term. Companies in Arizona, Washington and Oregon, which rely heavily on California business, have also been hurt. "It's likely that 1993 will be a rough year for California," says Frederick Cannon, an economist for Bank of America in San Francisco.

Mr. Cannon says California now relies on the rest of the U.S. economy to improve economically. "With the U.S. economy improving, California's cyclical businesses should pick up," he says. "That will help offset the continuing weakness in the aerospace and defense industries, which are facing more long-term and permanent problems."

THE PRESIDENT HAS SEEN

Bob Rubin

I think we should consider whether some of the stimulus should be directed at Calif—

BC

Home Mortgage Rates Slip Below 8%, Causing Flurry of Buying, Refinancing

By JIM CARLTON
Staff Reporter of THE WALL STREET JOURNAL

Residential fixed-rate mortgages have fallen below 8% for the first time since October, fueling substantial increases in both refinancing and home buying activity as the crucial spring housing season nears.

The average rate on a 30-year conventional mortgage dropped to 7.94% yesterday from 8.09% last week, following its downward trend since the election and approaching the 20-year low of 7.89% reached last September, according to a preliminary survey of lenders by HSH Associates Inc., a Butler, N.J., mortgage publishing firm.

One-year adjustable rate mortgages have been tumbling for two months, and as of yesterday had fallen to 5.05% from 5.15% a week ago, according to the survey.

Mortgage lenders, meanwhile, report huge gains in lending activity. A weekly index of mortgage applications by the Mortgage Bankers Association is more than five times its normal level for refinancings, and up 60% for home purchases. "If rates stay where they are or even go down a hair trigger, we could see another 'refi-mania,' " said Howard Culang, managing director of Prudential Home Mortgage Co., an Edison, N.J., unit of Prudential Insurance Co. of America.

David Lereah, chief economist for the Mortgage Bankers Association, said the surge in home purchase applications is a good sign for the spring buying season. "We anticipate some healthy gains," he said.

The rate declines confound many analysts who last fall had predicted a surge in mortgage rates, in what was expected to be an inflationary fiscal spending program by the new Democratic administration. They also predicted that inflationary pressures to increase rates would come about as the economy inevitably strengthened.

But to their surprise, President Clinton until now has backed off any big stimulus and emphasized cutting the federal budget deficit. In recent weeks, his administration has sent up trial balloons on such deficit-reduction measures as lowering the rate of increase in Social Security benefits and enacting energy-use taxes. Heartened by this fiscal conservativeness, investors in the long-term government bonds that tend to set mortgage rates bought into the market in a weeks-long binge that only now is showing signs of cooling.

"It's the Clinton bond rally," said Paul Getman, an economist for consulting firm Regional Financial Associates Inc., West Chester, Pa.

With job growth still anemic, there is also not enough strength in the economy to support any significant increase in inflation. Barring any unforeseen actions by the administration or an unexpected upturn in the economy, analysts are betting mortgage rates will stay at their current low levels or even drop more.

Given the near-historic spread of four percentage points between short term and long-term bond yields, Jonathan E. Gray, analyst for Sanford C. Bernstein & Co., said there will be strong pressure on long bonds to fall further, [illegible] mortgage rates below [illegible] from my mother that her CDs [illegible] and she's only getting [illegible] tremendous incentive to buy [illegible] term bonds," Mr. Gray said.

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THE WHITE HOUSE
WASHINGTON

DATE: 2-4-93

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

February 3, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: HOWARD PASTER HP

SUBJECT: Letters to Members of Congress

Attached are letters for your signature which respond to various letters from members of Congress.

The following is a brief description of each letter:

1) Bob Krueger (D-TX), concerning the ban on gays in the military;

2) Barbara Mikulski (D-MD), thanking for meeting with Eli Segal concerning national service;

3) William Ford (D-MI), thanking for meeting with Eli Segal concerning national service;

4) Patty Murray (D-WA), concerning the ban on gays in the military, the letter was also signed by:

Dianne Feinstein (D-CA),
Barbara Boxer (D-CA),
Barbara Mikulski (D-MD), and
Carol Mosely-Braun (D-IL);

5) Richard Gephardt (D-MO), concerning the reorganization plan of the Army Corps of Engineers, the letter was also signed by:

James Talent (R-MO),
Jerry Costello (D-IL),
William Clay (D-MO),
Bill Emerson (R-MO),
Richard Durbin (D-IL), and
Harold Volkmer (D-MO);

6) Bob Wise (D-WV), concerning the reorganization plan of the Army Corps of Engineers;

7) Paul Gillmor (R-OH), birthday greeting;

8) Jack Fields (D-TX), birthday greeting;

9) Rod Grams (R-MN), birthday greeting;

10) Sanford Bishop (D-GA), birthday greeting;

11) Michael Andrews (D-TX), birthday greeting.

THE WHITE HOUSE
WASHINGTON

DATE: 2.4.93

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

3 FEB 3 PM : 27

February 3, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: HOWARD PASTER HP

SUBJECT: Letters to Members of Congress

Attached are letters for your signature which respond to various letters from members of Congress.

The following is a brief description of each letter:

1) Dianne Feinstein (D-CA), concerning FEMA assistance for California;

2) Randy Cunningham (R-CA), concerning FEMA assitance for San Diego County, letter was also signed by:

   Duncan Hunter (R-CA), (also requested for Imperial County),
   Bob Filner (D-CA),
   Ron Packard (R-CA),
   Lynn Schenk (D-CA);

3) Cleo Fields (D-LA), concerning FEMA assistance for Louisiana.

THE WHITE HOUSE

WASHINGTON

February 3, 1993

I was deeply saddened by the tragedy at the Central Intelligence Agency Headquarters last Monday which took the lives of two innocent people. My sincere sympathy goes to the families of Lansing Bennett and Frank Darling. To their wounded colleagues, I send my heartfelt wishes for a complete recovery. I deeply regret the sorrow and the loss you have experienced.

The CIA provides a unique service to this Nation. I know the risks that CIA officers are frequently asked to take in hostile environments far from home. It is particularly shocking when an act of senseless brutality, not unlike the terrorism we seek to combat throughout the world, strikes at home. As we mourn the death of these brave men, we remember their lives and the cause they served. This Nation is forever grateful for their service and for the continuing service of all CIA employees.

Bill Clinton

2/3
copy for our chron/
autopenned signature

THE WHITE HOUSE
WASHINGTON

DATE: 2.3.93

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: 2.3.93

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

February 3, 1993

MR. PRESIDENT:

Attached is a memorandum from Bruce Lindsey concerning the appointment of James Quello as Acting Chair of the FCC. There is strong support for this on the Hill. The Vice President and Paster recommend the appointment.

John Podesta

THE WHITE HOUSE

WASHINGTON

3 FEB 3 P8: 33

MEMORANDUM TO THE PRESIDENT

FROM: Bruce Lindsey

DATE: February 3, 1993

RE: FEDERAL COMMUNICATIONS COMMISSION--ACTING CHAIR

METHOD OF DESIGNATION: The chair of the FCC is designated by the President.

DISCUSSION: The position of chair of the FCC is vacant. It is important to designate an acting chair prior to the next meeting of the commissioners, scheduled for February 11, 1993. Congressman Dingell (Michigan) has requested that the senior Democratic commissioner, James H. Quello, be designated as acting chair, pending appointment of two new commissioners and designation of a permanent chair. Further inquiry supports this request. While it is clear that in the absence of a designation by the President, the remaining commissioners could designate Mr. Quello as interim chair, designation of an acting chair by you would establish your interest in the agency and support Mr. Quello's role as chair.

RECOMMENDATION: I recommend that you approve the appointment of James H. Quello, of Michigan, to be Acting Chairman, Federal Communications Commission.

Approve ______________________

Disapprove ______________________

Continue search ______________________

Appoint ______________________ instead.

THE WHITE HOUSE
WASHINGTON

DATE: 2.4.93

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: 2.4.93

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

0278

February 3, 1993 93 FEB 3 P9:27

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE

SUBJECT: CLASSIFICATION PROCEDURES FOR NATIONAL SECURITY INFORMATION

You asked Sandy about our procedures for classifying information within the Office of the Presidency. In particular, you asked about the steps we are taking to prevent the problem of overzealous classification, so that efforts to assure confidentiality of legitimately classified material are credible.

Current classification procedures are governed by a Reagan Administration Executive Order from 1982. The order contains the following general limitation:

> "In no case shall information be classified in order to conceal violations of law, inefficiency, or administrative error; to prevent embarrassment to a person, organization, or agency; to restrain competition; or to prevent or delay the release of information that does not require protection in the interest of national security."

Following your discussion, I issued a memorandum on classifying information to NSC staff. I have limited "top secret" classification authority to four individuals in the NSC. I have limited "secret" classification authority to NSC's directors and senior directors.

My memorandum established the following additional guideline: "In exercising [classification] authority, you are instructed to use the lowest classification level necessary to protect the national security, lest the system of classification itself be degraded." When classifying information, I also encouraged the NSC staff to list a specific date for declassification.

In addition to reviewing the NSC's classification procedures, we are examining procedures at other agencies.

cc: Vice President
Chief of Staff

0123

THE PRESIDENT HAS SEEN
2-3-93

THE WHITE HOUSE

WASHINGTON

93 FEB 3 P6:26

February 3, 1993

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK RG

FROM: ~~ANTHONY~~ LAKE Nancy Soderberg

SUBJECT: Delegation of Authority on Reports Concerning Russian Military Exports

Purpose

To delegate to the Secretary of State the authority to submit a report to Congress stating that the United States is engaged in serious and substantive discussions with Russia about limiting exports to Iran. Further delegates to the Secretary the authority to waive the reporting requirements and to continue assistance if it is judged in the national interest.

Background

Congress has required that the President submit a report on Russian arms sales to Iran. If that report is not submitted by the date required, then all foreign assistance to Russia authorized under the Act is discontinued, except for certain humanitarian aid. Assistance can be continued, however, if the President determines it is in the national interest.

Delegating the authority to submit the report and to make a finding on national interest will streamline reporting.

RECOMMENDATION

That you sign the Delegation of Authority at Tab A.

Attachment
Tab A Delegation of Authority

THE WHITE HOUSE

WASHINGTON

February 3, 1993

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Delegation of Authority with Respect to Reports Concerning Russian Military Exports

By virtue of the authority vested in me by the Constitution and laws of the United States of America, including Section 301 of Title 3 of the United States Code, I hereby delegate to the Secretary of State all functions vested in me by Section 599B of Title V of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, Fiscal Year 1993 (Pub. L. 102-391). These functions shall be exercised in consultation with appropriate departments and agencies.

The Secretary of State is authorized and directed to publish this memorandum in the Federal Register.

William J. Clinton