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

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

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

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.

[redacted]

DATE: 02/03/93

TO: MARSHA SCOTT

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

[redacted]

For your handling.

[redacted]

~~signature requests for photos~~

MARSHA Scott
for handling

M E M O R A N D U M

TO: John Podesta

FR: Lorraine Miller
Legislative Affairs

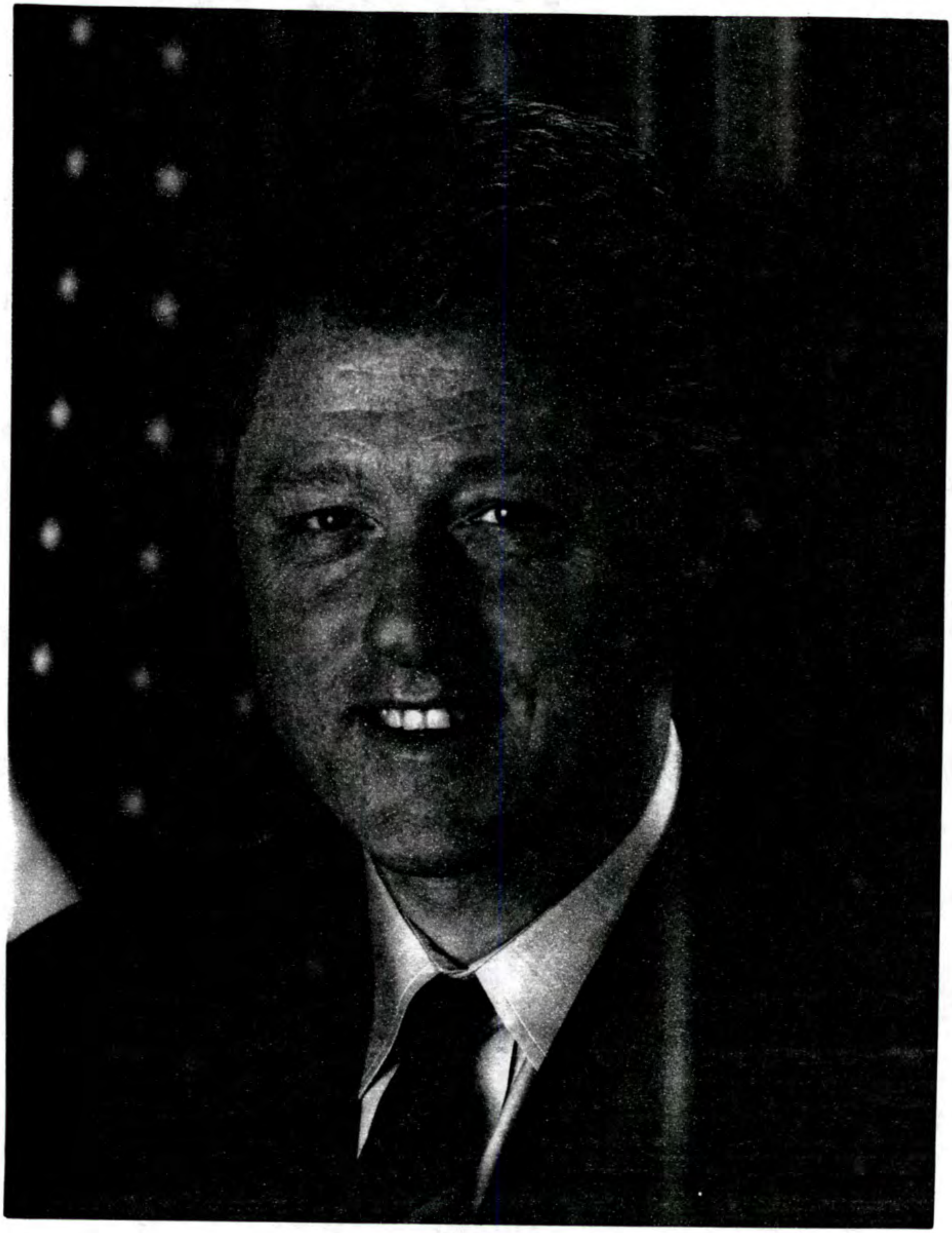
DT: 2/3/93

RE: Signing of Photo

Please provide a comment and signature from the President on the attached photograph for Congressman Bob Clement (TN), who was an early supporter.

Please return the photo to my attention in Room 112 of the East Wing and I will make sure that the Congressman receives it.

Thank you very much for your assistance in this matter.



To: John Podesta

From: Howard Paster HP

The following photograph was given to me by Bob Bean deputy Sergeant at Arms for the Senate. The person in the photo with the President is Danny Pelham an employee of the Sergeant at Arms. Bob has asked our assistance in getting this photograph signed. It is my belief that an auto-pen could be used for this purpose. Thank you for your cooperation in this mattter.

P3:02

cc: John P

Records vt.

THE WHITE HOUSE

WASHINGTON

February 3, 1993

John, I sent this memo to Bernie & he called me back & cleared the nominees SDC

~~PS - I sent the decision memo on to BF w/ our revised memo updated today~~

MEMORANDUM FOR BERNARD NUSSBAUM

FROM: SHERYLL CASHIN
Deputy Staff Secretary

SUBJECT: Previous clearance of 1992 Presidential Awards for Excellence in Science and Math Teaching

Attached hereto is a copy of a memo that was written last August by the White House Counsel's office concerning its review of the nominees for the above-mentioned awards. The memo was sent to Damar Hawkins, a career staffperson in the Office of Science and Technology Policy who has overseen this program and who is currently an executive assistant to John Gibbons, the current Assistant to the President for Science and Technology.

Ms. Hawkins explained to me that because the nominees receive a grant of $7500 from the U.S. government <u>payable to the teacher's school</u>, and because they attend a ceremony in the Rose Garden, they are subject to an FBI check. As the memo explains, and Hawkins confirmed, all 215 nominees were cleared by the prior Administration.

Also attached hereto are: (1) a brief outline of the program explaining the non-partisan nominations process; and (2) copies of the letters that were sent to secondary and elementary school nominees in September 1992, notifying them that they would receive the award and would be treated to an all-expense-paid trip to Washington in March or April of 1993.

Normally, these awards are given in October but the Bush Administration decided that it would be more appropriate to delay granting the awards until the spring of 1993 because of the election. According to Hawkins, the grants have already been allocated from 1992 funds.

The secondary school teachers' trip is scheduled for the week of March 9, 1993 and the elementary teachers' trip is scheduled for the week of April 27, 1993. Planning for these trips begins almost a year in advance. The week-long trip, which includes numerous lectures, seminars and events, customarily features a ceremony in the Rose Garden to receive the Presidential awards.

Please advise me as soon as possible on how you feel we should proceed on this matter. Gibbons' Office is anxious to get the President's approval so they can proceed with their plans.

THE WHITE HOUSE

WASHINGTON

August 19, 1992

MEMORANDUM FOR DAMAR HAWKINS
OFFICE OF SCIENCE AND TECHNOLOGY POLICY

FROM: JANET REHNQUIST JR
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Nominees for the 1992 Presidential Awards for <u>Excellence in Science and Mathematics Teaching</u>

In response to your requests of July 7, and August 7, 1992, this is to inform you that Counsel's Office has completed its review of the 215 nominees for the 1992 Presidential Awards for Excellence in Science and Mathematics Teaching. We have no legal objections to this list of nominees.

If the event scheduled to present these Awards is more than three months from the date of this memo, please inform us, so that an updated clearance can be arranged.

Thank you for the opportunity to review this matter.

Presidential Awards for Excellence in Science and Mathematics Teaching

Brief Program Outline

- o Annual, non-partisan program devoted to recognizing and fostering excellence in the teaching of science and mathematics at the elementary and secondary school levels

- o Annual nomination process begins in December/January at the state level

- o Each state (and DC, Puerto Rico, the U.S. territories, and DOD schools) runs a nomination process to select 12 nominees to forward to the national level (3 elementary science teachers, 3 elementary mathematics teachers, 3 secondary science teachers, 3 secondary mathematics teachers = 12)

- o A national panel then selects awardees from the state nominations (goal is to select 4 awardees from each state, DC, PR, territories, and DOD schools; one in each teaching area, totalling 108 elementary and 108 secondary school teachers)

- o Awardees are notified at the beginning of the school year to maximize program impact, press coverage

- o Traditionally, at least one award ceremony is held in October; however, in 1992, because of the campaign and election, it was decided that spring 1993 award ceremonies would be most appropriate

THE WHITE HOUSE

WASHINGTON

September 1, 1992

Dear Ms. Gerking:

On behalf of the President, it gives me great pleasure to inform you that you have been selected for a Presidential Award for Excellence in Science and Mathematics Teaching. Through your outstanding accomplishments as a teacher, you exemplify the excellence this program is designed to recognize and encourage. You have both the President's and my warmest congratulations and appreciation for your vital contributions to the future of this Nation.

As The Assistant to the President for Science and Technology and Director of the Office of Science and Technology Policy, I am acutely aware of the importance of attractive high quality education in science and mathematics for all students. I am also fully aware of the central role of the teacher in that education. No profession is more important to the future of science and mathematics in this country than yours. For that reason, I am delighted to have the honor of inviting you to participate with your fellow awardees as representatives of the outstanding science and mathematics teachers of this Nation, in a week of activities that we have planned.

You are invited to spend the week of March 9, 1993 as guests of the President, here in Washington, to participate in a series of activities designed to recognize each of you personally for your teaching contributions, and to focus public attention on the importance of science and mathematics in our schools.

You will be notified shortly by staff of the National Science Foundation and the National Science Teachers Association with more specific information on your visit to Washington. I shall look forward to meeting you personally.

Sincerely,

Bromley

D. Allan Bromley
The Assistant to the President
for
Science and Technology

Ms. Janet Lynn Gerking
2526 Mountain Shadow Lane
Laramie, WY 82070

THE WHITE HOUSE

WASHINGTON

September 1, 1992

Dear Ms. Macks:

On behalf of the President, it gives me great pleasure to inform you that you have been selected for a Presidential Award for Excellence in Science and Mathematics Teaching. Through your outstanding accomplishments as a teacher, you exemplify the excellence this program is designed to recognize and encourage. You have both the President's and my warmest congratulations and appreciation for your vital contributions to the future of this Nation.

As The Assistant to the President for Science and Technology and Director of the Office of Science and Technology Policy, I am acutely aware of the importance of attractive high quality education in science and mathematics for all students. I am also fully aware of the central role of the teacher in that education. No profession is more important to the future of science and mathematics in this country than yours. For that reason, I am delighted to have the honor of inviting you to participate with your fellow awardees as representatives of the outstanding science and mathematics teachers of this Nation, in a week of activities that we have planned.

You are invited to spend the week of April 27, 1993 as guests of the President, here in Washington, to participate in a series of activities designed to recognize each of you personally for your teaching contributions, and to focus public attention on the importance of science and mathematics in our schools.

You will be notified shortly by staff of the National Science Foundation and the National Science Teachers Association with more specific information on your visit to Washington. I shall look forward to meeting you personally.

Sincerely,

D. Allan Bromley
The Assistant to the President
for
Science and Technology

Ms. Debra J. Macks
7550 Blue Lake Cove Lane
Minocqua, WI 54548

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 2/3

NOTE FOR: Rattner

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:

THE PRESIDENT HAS SEEN

MEMO

To: President Bill Clinton
Fr: David Wilhelm
Re: Campaign Finance Reform
Dt: February 3, 1993

A few thoughts before your meeting with Congressional leaders on the topic of campaign finance reform:

Please be very, very careful with regard to any statements on the issue of "soft money."

--Without some capacity to raise and spend "soft money," presidential campaigns will cease to devote funds to grassroots efforts (since the strategic imperative of spending "hard money" on TV and radio advertising overwhelms all other considerations).

--"Soft money" has in fact strengthened parties--and the "coordinated campaigns" which are financed by these contributions have greatly increased the ability of volunteers and other party activists to play meaningful roles in presidential and other federal campaigns.

--All of us recognize, however, that soft money has sometimes served as a means for the circumvention of federal campaign contribution and spending limits--and that reform is needed. There is something wrong, for instance, with a system that permits unlimited soft money contributions up until the very day of a general election.

--But we must strive to find a reasonable balance between the goal of building parties (and providing mechanisms for grassroots participation in campaigns) and the goal of limiting contributions to federal candidates.

--We need to consider the possible unintended consequences of reform efforts: in denying parties the benefit of soft money, we will not stop all soft money dead in its tracks; we will simply reroute it in many cases to not-for-profits and other "non-partisan" entities (like the Christian Coalition).

--We must also strike a balance between discouraging soft money contributions and encouraging hard money contributions. We should consider ways of matching small-dollar contributions to the national and state parties, of boosting the amount of hard money which an individual would be permitted to contribute to political parties, and so on.

--We should also very carefully consider the need for a reasonable period of transition from one financing regime to another: the DNC would be in an almost impossible financial bind in the absence of a sufficient transition period, and 1994 Congressional races could be jeopardized.

This is a very difficult and complex issue. Soft money is not all evil; in fact, it has had the salutary effect of permitting significant grassroots participation in our campaign and other campaigns. Reform is needed, but should be done with an eye to strengthening, not weakening political parties--and to encouraging, not discouraging grassroots participation in our political process.

cc: Mack McLarty

Democratic National Committee

FAX

DATE 2/3 PAGES (INCLUDING COVER SHEET) 3

TO Mack McLarty

COMPANY

FAX # 456-1121

[redacted]

FROM David Wilhelm

COMMENTS Please deliver ASAP

IF THERE ARE ANY PROBLEMS WITH THIS FAX, PLEASE CONTACT

(Name)

PHONE # (202) 863-8000

FAX # (202) 863-[redacted] 8081

Chron

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

0277

February 3, 1993

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: NANCY SODERBERG

SUBJECT: Rex Horne and Saudi "Prince Rakon"

I understand that Rex Horne may raise with you tonight the situation of an alleged Saudi citizen, Prince Rakon Mohammad Bin Feisal Abdul Aziz al-Saud, who was arrested in Texas as an illegal alien on January 26, 1993. We have looked into this matter and Justice informs us that the individual was released on Monday, February 2, 1993, after his family produced documentation to prove that Prince Rakon is, in fact, an American citizen, Mr. Gary Matthew Berden.

You should be aware, however, that Mr. Berden claims to be Saudi King Fahd's stepson and the FBI is reviewing the case.

You should not get involved.

Attached at tab A is a letter forwarded to you by Rex.

JAN-28-1993 07:20 FROM TO 15013763837 P.02

cc Nancy Soderberg

FIRST BAPTIST CHURCH

DR. CLAUDE THOMAS
PASTOR

1-28-93
It is my understanding
this man desires political
asylum. More information
could be supplied by
Claude Thomas of
Euless, TX.
Thank you,
Rex Ho

January 27, 1993

Dr. Rex Horne
Immanuel Baptist Church
1000 Bishop St.
Little Rock, AR 72202

Dear Rex:

Thank you for your willingness to help in this matter. I met Rakon through a man who was visiting our congregation and developed a relationship with him. He is in a difficult position. His relationship as step-son to King Fahd makes his desire to stay in this country a delicate matter. However, it is his desire to do so. I would appreciate any investigation into this matter.

I continue to pray for you, your family, the church and your most famous member, President Bill Clinton, and his family.

Sincerely in Christ,

Claude Thomas

Claude Thomas

CT/mn

P.O. BOX 400
EULESS, TX 76039
(817) 283-6681

THE WHITE HOUSE
WASHINGTON

DATE: 2/3

NOTE FOR: Bob Rubin

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

Information ☑

Action ☐

[redacted]

This struck me as substantive as well as personnel related

JDP

Thank you.

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

cc:

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/3

NOTE FOR: Bruce Lindsey

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:

riorate. They lose their bearings. And the only thing that can effect the needed

times years—until the new business theory has been formulated, tested, accepted and

central challenges are, however, neither things to be abandoned nor successes to be

ences at the Claremont Graduate School in California.

THE PRESIDENT HAS SEEN

Blocking Bias Via Proxy

By John C. Coffee Jr.

President Clinton will soon appoint a new chairman of the Securities and Exchange Commission. Among the issues the new chairman must face is an SEC staff policy, announced quietly in mid-October, that effectively denies shareholders the right to use their corporation's proxy statement to challenge allegedly discriminatory corporate employment practices.

Mundane as this latest shift in an often-changed SEC policy may seem, it ultimately involves a broader issue: the right of shareholders, as owners, to impose normative constraints on their company's behavior. In practice, they may rarely wish to do so, but it is puzzling to have a government agency telling them that they may not do so.

The adversaries in this latest battle over shareholder power were Cracker Barrel Old Country Store Inc., a Tennessee-based restaurant chain with more than 14,000 employees, and the New York City Employees' Retirement System (Nycers). In January 1991, Cracker Barrel issued a news release in which it said that it would not "continue to employ individuals . . . whose sexual preferences fail to demonstrate normal heterosexual values."

Based on this policy, Cracker Barrel terminated several gay employees. An uproar ensued, and Cracker Barrel backed off from its formal policy, but not before gay activists initiated a nationwide boycott of the company. Then, in June 1992, Nycers submitted a shareholder proposal asking Cracker Barrel's board "to implement nondiscriminatory policies relating to sexual orientation."

Normally, SEC Rule 14a-8 requires a corporation to include such a proposal in its proxy statement and to schedule a vote on the matter at its annual meeting of shareholders, unless certain exceptions apply. As a result of this procedure, shareholders are spared the cost of preparing their own proxy statement and can instruct the corporation's management to vote the shareholders' proxies in favor of the proposal.

The major exception to this SEC-created shareholder right is an exclusion for shareholder proposals "relating to the conduct of ordinary business operations." Over the years, the scope of this exclusion has expanded and contracted like an accordion as SEC policy toward shareholder proposals has shifted with the arrival of each new administration.

Predictably, Cracker Barrel requested permission from the SEC staff to exclude the Nycers proposal and argued that this "ordinary business" exclusion applied to its employment policies (at least where no federal or state antidiscrimination law had been violated). Equally predictably, Nycers responded that discrimination could not be a matter of "ordinary business" and that the exclusion existed only to spare the corporation pointless debate over noncontroversial, pedestrian issues. In addition, Nycers noted that Cracker Barrel's policy had generated sufficient controversy and adverse publicity to be of concern even to those shareholders interested only in profit maximization.

Less predictable was the SEC staff's decision. In October, the staff issued a "no action" letter to Cracker Barrel, permitting it to exclude the Nycers proposal. Rather than narrowly distinguish this particular case, the staff announced a change in policy. In the future, it said, "the fact that a shareholder proposal concerning a company's employment policies and practices for the general work force is tied to a social issue will no longer be viewed as removing the proposal from the realm of ordinary business operations of the registrant."

In short, no matter what the form of discrimination (against gays, women, racial minorities or religious groups), the subject of employment policies is now seemingly off-limits for shareholders seeking to use Rule 14a-8.

What led the SEC's staff to this position? In part, it had found it increasingly difficult to draw any intellectually valid line between those employment practices that were legitimately tied to an important social policy, which shareholders ought to be able to resolve, and those that were not. In part, it feared that ideologically motivated shareholders owning only a trivial number of shares could overload the corporation's proxy statement with idiosyncratic proposals, distracting shareholders from the company's own disclosures. Finally, the SEC had just won an important judicial victory in which the D.C. Circuit Court of Appeals had indicated that it would defer to the SEC's definition of the boundaries of "ordinary business operations." In short, the SEC felt confident.

Although a broad exclusion makes life easier for the SEC, it never answers the basic question of why shareholders, as the owners of the company, should not be able to impose normative restrictions on their corporation's behavior.

The only coherent objection to a broad reading of Rule 14a-8's grant of authority to shareholders is the danger of the rule's misuse by zealot shareholders with no real economic stake in the corporation. Admittedly, unless the rule is somehow limited, corporation proxy statements could come to resemble the cluttered bulletin boards one sees in academia — so overloaded with placards and notices that essential information is obscured.

But if this is the problem, less drastic means are available to deal with it. For example, the SEC could raise the level of share ownership necessary to submit a shareholder proposal (which is today a mere $1,000) so that only proposals that attracted some minimal level of support among the shareholders could be included (a 1% ownership share or $100,000 hurdle would disqualify most student activists). Such a test would hardly chill public pension funds, which are short of neither morals nor money (Nycers, for example, held nearly $4.5 million in Cracker Barrel stock).

Ultimately, the SEC's staff is both right and wrong. It is right that a government agency cannot (and should not) attempt to draw a line between moral, social and political controversies of greater and lesser importance. But it is wrong not to recognize that shareholders can and should do this. Ruling an entire area of corporate activity (here, employee relations) off-limits to moral debate effectively disenfranchises shareholders.

If President Clinton is to be faithful to his campaign promises (to gays, women and minorities), he and his staff should look for an SEC chairman more tolerant of shareholder attempts to influence their own corporation. This is an area where a single stroke of a pen (or, more accurately, a single phone call to the staff) can truly change the law—by allowing shareholders to oppose bias and discrimination.

Mr. Coffee is a professor of law at Columbia University Law School.

THE WALL STREET JOURNAL.

The Myth of the Dumb Jock

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/3

NOTE FOR: Bernie Nussbaum

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

Information ☑

Action ☑

[redacted]

will you take this up with new AG

JDP

Thank you.

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

[redacted]

cc:

U.S. Attorney Is Ordered to Explain Apparent Leaks About Rostenkowski

By Joan Biskupic
Washington Post Staff Writer

A federal district judge has ordered U.S. Attorney Jay B. Stephens to explain apparent leaks from a grand jury investigation of House Ways and Means Committee Chairman Dan Rostenkowski and misconduct at the House Post Office.

Federal law bars prosecutors from disclosing grand jury proceedings, and if Stephens or his assistants are found in violation, they may be held in contempt of court. The resulting civil penalty could be an order to stop the leaks, a fine or, unlikely in this case, imprisonment.

Stephens, chief federal prosecutor in the District of Columbia, yesterday contended that the news stories at issue did not disclose grand jury material, but added, "In any event, we expect to establish to the satisfaction of the court that this office is not the source of those comments." No hearing date has been set.

Since the fall of 1991, a federal grand jury has been investigating whether Rostenkowski (D-Ill.) used large purchases of stamps from the House Post Office to convert campaign contributions and office expense vouchers into personal funds. Rostenkowski has denied any wrongdoing.

Nonetheless, Rostenkowski's legal problems and ethics questions have made headlines in Washington, his home town of Chicago and around the country.

Public officials under investigation typically decry news stories containing inside information about their cases, but it is rare that an individual will bring a legal challenge. It is even rarer that a judge will order a hearing at which the government must respond to the allegations that officials gave out secret information.

But after reviewing 15 exhibits submitted by Rostenkowski in a motion to compel government compliance with grand jury rules, Judge John Garrett Penn concluded in an order late Monday that six news articles and one videotaped news report contained information that revealed matters before the grand jury.

Among the reports Penn cited were articles in The Washington Post, the Chicago Tribune, Time, Newsweek and the Washington Times and a broadcast on Cable News Network.

The order from Penn, who is chief judge for U.S. District Court here, included a detailed reading of all the Rostenkowski exhibits and Penn's account of why the information likely came from grand jury proceedings or sources outside the government team directing the grand jury.

Penn referred to a May 28, 1992, Washington Post story that quoted "sources familiar with the grand jury investigation" saying "a supervisor at the House Post Office has told federal prosecutors that he improperly exchanged postage vouchers . . . from Rostenkowski . . . for cash, in amounts that varied from several hundred dollars to more than $2,000." The judge said revelation of such testimony violates federal rules.

CNN reported sources saying "the investigation has now widened even more to include possible violations of tax law" by Rostenkowski.

Commented Penn, "A statement such as this, revealing the specific nature of the investigation, would tend to reveal matters occurring before the grand jury."

Responding yesterday to the court order, Rostenkowksi aide Pat Jones said only that the congressman was pleased with the order.

Plato Cacheris, a Washington lawyer who has defended several high-profile criminal defendants, said, "People do have complaints about leaks a lot, but it's not very often that judges go to these lengths" ordering the government to respond.

Such challenges usually are not successful.

In 1990, a federal judge threw out a lawsuit brought by former D.C. mayor Marion Barry against federal prosecutors, ruling that federal officials did not disclose secret grand jury information. That case involved a 1987 investigation of alleged corruption in city government and a 1984 probe of Barry's relationship with convicted cocaine distributor Karen K. Johnson. It did not involve the grand jury investigation that led to Barry's indictment in 1990.

Bernie Nuss
New AG, New US Atty
No Stop Leaks

Espy May Beef Up Meat Inspection

■ OLYMPIA, Wash.—Agriculture Secretary Mike Espy said the nation's meat inspection system may be inadequate to detect contamination such as the bacteria in fast-food hamburgers that sickened hundreds of people in Washington state.

USDA may add certain scientific tests to detect bacterial contamination, he said at the state capitol where he and other federal officials testified before the state Senate on the issue.

The outbreak of food poisoning linked to bacterial contamination of hamburgers served at Jack in the Box fast-food restaurants made more than 300 people ill, including two children who died.

Espy said investigation shows that "the meat in question was properly inspected according to our current laws and authority. . . . in my opinion, that is simply not enough."

The Washington Post
2/3/93

THE PRESIDENT HAS SEEN

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 ☐

Thank you.

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

cc:

GS - good piece B

THE PRESIDENT HAS SEEN

E. J. Dionne Jr.

Clinton and the Art of Maneuver

BY OHLSSON

Politics is largely about the art of maneuver. Those who manage to occupy the strategic ground usually win.

In his first 10 days in power, President Clinton was surprised to find himself on singularly unfavorable terrain on both gay rights and the economy. This was an unusual experience for a man who was the master of positioning during last year's campaign.

For Democrats, one of the conspicuous triumphs of 1992 lay in the extent to which the "social issues" turned on the Republicans with a vengeance. That happened because the Republicans misunderstood why those issues worked for them in the 1980s. Republicans won on the social issues before not because they ran as cultural conservatives but because they successfully painted the Democrats as cultural "radicals" who favored all sorts of "permissiveness."

In 1992 Republicans threw that advantage away by painting themselves as cultural radicals of the right. The signal event was Patrick J. Buchanan's prime-time speech pronouncing us in the midst of a "cultural war" and a "religious war." Buchanan thought he was only describing reality. Many voters thought they had just witnessed a verbal Pearl Harbor.

At a conference of conservatives last month sponsored by National Review magazine, writer Richard Brookhiser picked up on what went wrong. "Americans don't like to start fights and start wars," Brookhiser said.

Exactly. The lesson of Buchanan's failure is that most Americans don't want a culture war at all. They'd prefer something closer to cultural peace, which often travels under the name "civility."

Having learned this lesson, Republicans (with some help from the military and Sen. Sam Nunn) used Clinton's effort to end the ban on gays in the military to recast Democrats as the aggressors in the culture war. The president's reasonable initiative became, in Republican hands, a national referendum on the moral meaning of homosexuality.

This is exactly how Clinton and gay rights supporters should not want the issue framed. Their high ground is simple fairness. It isn't right to throw people out of the services (or other jobs) just because they're gay or lesbian. Most Americans believe this.

But large numbers of Americans are uneasy with the whole subject of homosexuality. Clinton's own polls show that a great swath of the public doesn't want to deal with the matter at all, especially in relation to politics. Some who think that discrimination against gays is wrong don't want that position to be interpreted as a moral judgment about homosexuality one way or the other.

Opponents of gay rights are trying to say that's just what it is. They've tried to give that claim emotional resonance by painting horrific pictures of a military overrun by gay people. (Rep. Barney Frank, always skilled at calling the bluffs of his foes, wondered on CBS's "Face the Nation" about the new obsession with gays in showers. "We don't have ourselves dry cleaned," said Frank, who is gay. "We've been taking showers for a long time.")

Clinton was smart to stage a partial retreat last week. He and the friends of gay rights need to use the next six months to reoccupy the terrain the Republicans handed them at Houston. To triumph, the gay rights cause needs to be about "live-and-let-live," the one viewpoint on this issue that has the potential of commanding a broad majority.

But gay rights may be a piece of cake compared with the economy. Thus the second set of questions that came up repeatedly over the last week: Why did Clinton allow gay rights to dominate the public agenda? Where was the economy?

The reasons are simple: Stories involving sex almost always get good play, and Clinton didn't have an economic plan ready yet. Since the election, Clinton has realized just how complicated the budget deficit has made his political and policy tasks. So he went back to the drawing board.

Clinton's own supporters are divided into two camps on the deficit. On the one side are those "deficit hawks" who see all that red ink as the major issue of the day. They are often cast as "conservative," but that's not strictly true. Many deficit hawks argue that as the party supporting active government, Democrats need the books to be closer to balance. The deficit discredits the way government works and gets in the way of new programs.

On the other side are those who say the highest priority should be to spur economic growth through government spending and to create broadly popular programs that will remind people why they were once enthusiastic about government. Without growth, this side argues, the budget gap will never close. Once growth happens, the rest will be much easier.

Here's the first problem: Clinton agrees with both sides. Here's the second problem: He's right.

During the 1992 campaign (thanks to Ross Perot) and since then (thanks to the awful new budget numbers and Clinton's economic summit), popular concern about the deficit grew steadily, and so did Clinton's.

The reasoning inside the Clinton camp now is that he simply can't afford to ignore the deficit, and that current public worries give him some latitude to do hard things.

Yet Clinton remains skeptical of "sacrifice for its own sake," as he put it in his inaugural address, especially if it comes out of the hides of people who didn't do so well in the 1980s. He also knows he will be ridden out of town if he doesn't produce real economic growth and also deliver on some rather expensive promises—above all, a national health system.

Clinton's lack of an economic plan could thus turn out to be a good sign: He's trying to cook up something big and politically daring that simultaneously addresses the need for growth, deficit reduction and new programs.

No, of course that's not easy. If Clinton pulls it off, he will be playing a long game for large stakes, and he will end up facing a lot of weeks even rougher than the ones just past. But he will do so from a much stronger position than he's in today. As both Franklin Roosevelt and Ronald Reagan showed, a president trying to do big things occupies the highest ground of all.

So before you write him off, give Clinton two weeks to come up with his plan. It will set the tone for the rest of his presidency.

The Washington Post

2/2/93

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THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/3

NOTE FOR: HRC THROUGH MAGGIE WILLIAMS

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:

HYSTERECTOMIES LIKELIER FOR POORER WOMEN

Women with less education and lower incomes are much more likely to undergo hysterectomy, according to a study of more than 12,000 women in 15 states and the District of Columbia.

Among women without a high school degree, the rate of hysterectomy is more than double the rate among women with a college degree, the study found.

Women with incomes of less than $10,000 a year are the most likely to have had the procedure; their rate of hysterectomy is 1.6 times that of women whose incomes exceed $35,000.

Hysterectomy, surgical removal of all or part of the uterus, is the second most common major operation performed in the United States (Caesarean section birth is No. 1).

One reason for the higher rates of hysterectomy among women of lower socioeconomic status, researchers suggested, is that poor women are less likely to receive regular gynecological checkups and care. Thus they are less likely to catch uterine medical problems—such as cervical cancer, benign fibroid tumors or slippage of the uterus—in time to prevent the need for removal of the uterus.

Race does not appear to be a factor in hysterectomy rates, the study found. The proportions of women having had a hysterectomy were nearly identical for African Americans, Hispanics and whites.

The study, based on an analysis of 12,465 women who were screened for cervical cancer in 1988 as part of the federal Risk Factor Surveillance System, was conducted by a team from the University of Maryland School of Medicine in Baltimore. Results were reported in the American Journal of Public Health.

Rates of hysterectomy vary widely from state to state. In the University of Maryland study, 22.5 percent of the women 18 and older, nearly one in four, said they had undergone a hysterectomy. But the rate ranged from a low of 14.2 percent in New York to 29 percent in Oklahoma. Maryland's rate was 19.2 percent and the District's was 23 percent. Virginia was not included in the study.

— Don Colburn

CDC WANTS AN ACCURATE COUNT OF HIV PATIENTS

The AIDS experts trying to come up with a more accurate picture of the epidemic were warned that infected Americans may not trust the government enough to let it count them by name.

"When do they hear the CDC is interested in them? When they want their names," Jeffrey Levi of the AIDS Action Council told the Centers for Disease Control and Prevention. "They have to feel they're going to get something back in return."

The CDC convened a meeting of AIDS experts in suburban Atlanta last week to help it set guidelines to find out just how many Americans are infected with HIV, the AIDS virus. Its estimate of 1 million is a rough guess.

The CDC is considering whether to advise states to report cases by identifying patients, either by name or special code. Identification would ensure that patients aren't counted twice and would enable doctors to get them appropriate care, the agency said.

Since the start of the epidemic, state health departments have collected the names of patients with full-blown AIDS and forwarded that number to the CDC. The tally is now about 240,000. Only 24 states count by name the people who have HIV but not AIDS itself, so there's no real data on HIV cases.

In AIDS counting, the names are tightly guarded. Not even the CDC sees them, and the CDC and AIDS activists agree there have been no breaches of confidentiality. But because many people still fear a breach, they might avoid identified testing, Levi said. He encouraged the CDC to push for a federal confidentiality law that would be stronger than CDC regulations or state laws.

James Curran, the CDC's associate AIDS director, said the Bush and Reagan administration policy against expanding AIDS services had caused concerns among many AIDS patients who wanted more attention focused on the epidemic. But he said the agency could improve its work with better knowledge of the prevalence of the AIDS virus.

"We don't have the old administration anymore, so let's not kick it around," Curran said. "Let's kick the new administration around."

Whatever the CDC decides will be merely guidelines, not an edict. But the decision is important because states that follow its guidelines get more CDC funding.

— Associated Press

The Washington Post
2/12/93

HORC

CUTTING HOSPITAL COSTS WITH A COMPUTER SYSTEM

A computerized order-writing system allowed patients to be discharged from an Indianapolis hospital nearly a day earlier by eliminating the need for putting pen to chart, according to a study.

The electronic system allowed doctors to write orders, request prescription drugs and check patients' medical records at hospital offices rather than through paper charts.

"These systems close the loop between doctor and patient, minimizing, for example, the time it takes for a drug to get from the pharmacy to the ward and then be administered by a nurse to a patient," said William Tierney of Indiana University, chief author of the study in the Journal of the American Medical Association.

The 16-month study involved more than 5,000 patients and 150 doctors at Wishard Memorial Hospital, which is part of the Indiana University Medical Center in Indianapolis.

The computerized system allows doctors to check a patient's up-to-date vital signs and order tests or prescriptions through the computer. The computer has access to the patient's medical records and can warn physicians about allergies. It can also warn doctors about potential interactions with other drugs and suggest less expensive brands of drugs.

The system costs more than $20,000; estimated savings per patient is $900.

— Associated Press

ON THE PULSE

Two University of Washington researchers have found a new link between alcohol and . . . mud wrestling?

Amanda Adler and Jeff Altman tackled the messy subject after 24 university students developed severe rashes a few days after engaging in a "mud-wrestling social event" in Seattle.

Their findings appeared in a somewhat tongue-in-cheek report in the Journal of the American Medical Association last week.

"While drinking alcohol at the event was not an independent risk factor for the development of the rash, it was a significant risk factor for getting into the mud," they wrote.

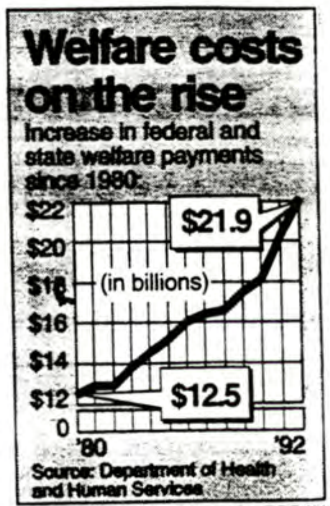
As for the rashes, the doctors, who work at the campus health center, said they usually result from exposure to fecal matter.

The researchers said they suspected the topsoil used to make the mud contained manure, a conclusion the supplier of the soil denied. Asked why she and Altman decided to study the problem, Adler laughed and said: "It was too good an outbreak to pass up."

— Associated Press

Fixing system may have to wait

By William M. Welch
USA TODAY



By Nick Galifianakis, USA TODAY

Congress is eager to overhaul the U.S. welfare system, but reforms are likely to be delayed by other priorities.

Rep. Robert Matsui, D-Calif., chairman of the House Ways and Means subcommittee that handles welfare, says welfare reform is secondary to deficit reduction, stimulating the economy and reforming the health-care system.

"Our committee is not in a position, nor is any other committee, to move forward on welfare reform in the first six months," says Matsui, chairman of the subcommittee on human resources.

"I would suspect we're really looking at acting on a package for adoption in 1994," he says.

House Republicans today will demonstrate their support for welfare reform, getting the jump on President Clinton by introducing their own welfare reform bill, aimed at getting recipients off welfare within two years.

Almost 5 million families receive benefits under Aid to Families With Dependent Children, the primary federal welfare program.

That number has increased from 3.7 million just since 1989, according to the subcommittee.

Total cost to the federal government and the states is expected to reach $25.2 billion this year, of which $15 billion is federal money. States pay a portion of welfare costs.

Total federal spending on the poor is far greater, including Food Stamps, Medicaid and other programs.

Rep. Clay Shaw, R-Fla., says the bill he is introducing would provide welfare parents with job training and assistance in finding a job. But the benefits would end after two years, when the parents would go to work.

Exceptions would be provided for women with newborn children, but the aim of the bill is to get even welfare mothers onto the work rolls.

"What we're trying to do is sort of a carrot and stick," Shaw says. "The stick is they know after two years that they're going to have to take a job or they're off welfare."

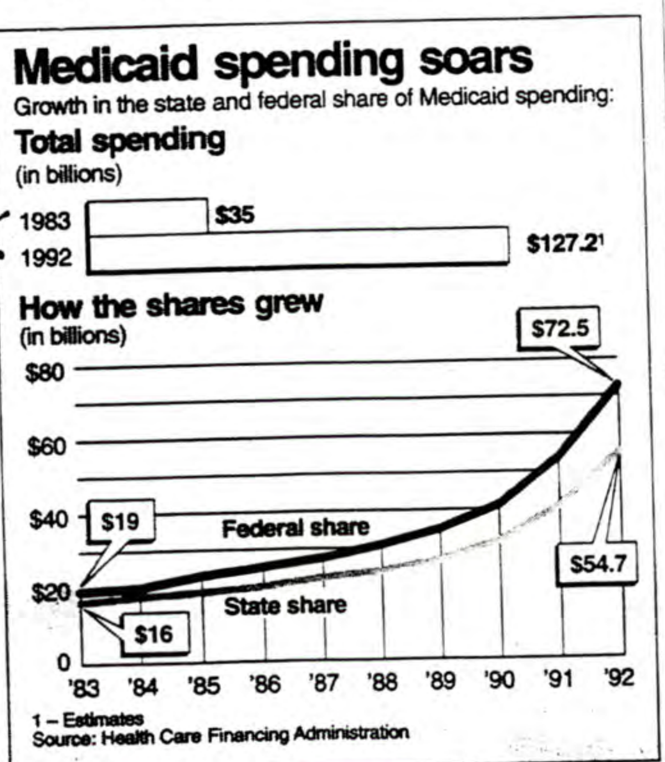
The Republican bill calls for $3.6 billion in new spending over five years for job training and other assistance.

Matsui says the Republican bill doesn't say where job-training money would come from — and doesn't provide enough.

Republicans acknowledge Democrats will set the schedules in Congress, but they say they're ready to go. "This is one of the things that's doable," Shaw says. "And it's one thing the majority of Republicans are willing to join hands with (Clinton) on."

Carol Rasco

CR get their plan — maybe we can get some help from them



By Marty Baumann, USA TODAY

We really need to analyze the component parts of this

THE NATION'S NEWSPAPER
USA TODAY
NO. 1 IN THE USA . . . FIRST IN DAILY READERS

2/2/93

THE PRESIDENT HAS SEEN

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The Washington Times 2/2/93

L. BRENT BOZELL III

The rewards of memory lapses?

President Clinton has graciously appointed his friend Strobe Talbott, Time magazine's editor-at-large, as an ambassador-at-large and special adviser on the former Soviet Union. It's a meaty, important job and not a bad quid pro quo for Mr. Talbott's contribution to the presidential campaign.

Mr. Talbott, an Oxford roommate of Mr. Clinton's, labored mightily in the crucial primary season to defend Mr. Clinton's record on the draft. His first tactic was to call attacks a political dirty trick. On the talk show "Inside Washington" March 7, Mr. Talbott declared: "It would have been outrageous if he had been done in by the draft thing, because that was a bum rap. The word 'draft dodging' does not belong in any sentence with Bill Clinton's name in it."

But Mr. Talbott knew better. The issue wouldn't die, because conflicting versions of the story kept emerging. In a breach of journalistic ethics, Mr. Talbott cast all semblance of objectivity aside and wrote a dramatic apologia for his friend in the April 6 issue of Time. Claiming the time had come for "full disclosure," he asserted that his Oxford roommate Bill Clinton came to London in the fall of 1969 unsure whether he would be drafted.

Strobe Talbott

Mr. Talbott took the offensive, hurling this grenade at the media: "I've been disappointed to see how many of my colleagues in the press, in their coverage of Clinton, have referred to the matter as though draft dodging were proved. Well, it's not, and it can't be, because it's not true."

He continued: "At issue here is what lawyers call state of mind: How real was Clinton's concern that he might be drafted? The surmise that Clinton had nothing to worry about is based on more than 20 years' hindsight. It's a perfect example of how a partial recitation of the facts can lie."

The Time article also contained a large black box quoting a letter Mr. Clinton wrote to his friend Richard Stearns in September 1969: "I am about resolved to go to England come hell or high water and take my chances." Mr. Talbott added: "He is not referring to the risk of being run over by a double-deck bus on the Oxford High Street."

Near the end of the article, Mr. Talbott lobbied again: "In the spring of 1970, the Rhodes administrators circulated a questionnaire to determine which scholars were planning to return for a third year. Clinton's answer: 'Perhaps. If not, will be entering Yale Law School, or getting drafted.' "

But days after the magazine came out, Cliff Jackson, a friend of Bill's in the '60s, produced a letter showing Mr. Clinton had received a draft induction notice in April 1969, proving Time completely wrong. Mr. Talbott's credibility had been shot.

Was Mr. Talbott duped by Mr. Clinton? Perhaps, but that would fly in the face of Mr. Talbott's own article, where he claimed he "sat in on many long, intense discussions" with Mr. Clinton and roommate Frank Aller about resisting the draft. It's much more likely that Mr. Talbott knowingly excluded that Mr. Clinton received an induction notice in his every public pronouncement, even as he claimed "full disclosure."

Late in the campaign, Cliff Jackson wrote Time Managing Editor Henry Muller, demanding space to challenge Mr. Talbott's historical memory. Mr. Jackson claims Mr. Talbott not only knew about Mr. Clinton's draft dodging, but actively helped Mr. Clinton: "I know that Strobe was one of the chief architects of Bill Clinton's scheme to void his draft notice, avoid reporting on his scheduled (postponed) July 28 induction date and to secure a 1-D deferment, yet nowhere in his personal testimony does Strobe mention his involvement."

Mr. Jackson continued: "I have a crystal-clear recollection of Strobe and Bill standing in my office door at Republican State headquarters in the summer of 1969 and discussing the plan, devised by Bill with the able assistance of friends, to kill his draft notice and secure a deferment."

Mr. Jackson received no reply from Time. Repeated calls to Mr. Muller went unreturned before a secretary told him the magazine was "not interested" in an article challenging Mr. Talbott's credibility. For his part, Mr. Talbott stonewalled, refusing to talk to anyone in the press about his role. While the campaign was on, reporters let him get away with that.

Now that Mr. Talbott has been rewarded for his actions, it's time for his colleagues in the press to demand answers: Why did Mr. Talbott participate in covering up Mr. Clinton's draft record? Surely, if a Republican journalist had helped George Bush cover up details of the Iran-Contra affair, the reaction would have been a trifle different. If the media let Mr. Talbott (and Time) slide by, they'll prove that their concern about lying public officials only worries them when the liars are Republicans.

L. Brent Bozell III is chairman of the Media Research Center.

THE PRESIDENT HAS SEEN

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FYI

Strobe was never there — didn't even come to Ark at that time I'm almost sure

DAVE MASON

Reform at the starting gate

If Congress is serious about reforming itself, there could be no better place to start than by eliminating "select committees." These bodies, organized around hot-button issues, have no authority to pass legislation to solve the problems they examine. They have large staffs, cost lots of money, serve only as platforms for reelection posturing, and take precious time away from what members of Congress are supposed to be doing — solving problems through legislation.

Soon the House of Representatives will have a chance to abolish the four select committees. It was scheduled to consider today House Resolution 52, which would authorize their funding for one more year, but at the last minute action was postponed. A week ago, the House voted not to reauthorize funding for one, the Select Committee on Narcotics, by a vote of 237-180. The vote so surprised House leaders that they immediately pulled resolutions to reauthorize the other three committees off the House schedule. They then drew up H.R. 52, a compromise designed to keep all four select committees alive until the Joint Committee on the Organization of the Congress pulls together its total reform package. But there are convincing arguments to abolish the select committees now.

The House began creating these bodies, with vague mandates to look into broad social problems, in the mid-1970s. The result was the four select committees on Aging; Narcotics; Hunger; and Children, Youth and Families. Rather than forming plans of action in their respective areas, the committees have merely renewed their funding, some for as long as 18 years.

The committees' lack of clear purpose has enabled members to expand the scope of committee inquiry far beyond the original mandates. The Aging Committee, for instance, is now involving itself in health care for all ages, environmental issues and even in programs for farm workers.

Congress already has too many committees, often with overlapping or conflicting jurisdictional responsibilities, one of the main reasons for legislative "gridlock." It only makes matters worse that members' assignments on select committees take precious time away from the real work they should be doing in the committees that actually legislate.

Because the select committees don't legislate, they have become publicity and lobbying organizations, often allied with special interest groups that benefit from the programs the committees push. A large budget item for most select committees is for "field hearings." These traveling shows are more about publicity and members getting reelected than about legislation.

Members of the select committees visit sites outside Washington, supposedly to hear from ordinary citizens. But the real objective is for constituents to hear from their congressional representatives — almost all field hearings are in districts represented by members of the select committee. The shows dominate local media on the day they are in town and give members a chance to show how concerned they are about a particular issue.

So attractive is this opportunity for posturing that the select committees have swollen to become among the largest in Congress. The Select Committee on Aging, with 69 members, is larger by far than any of the House's standing committees.

President Clinton has called for reform of the committee system in Congress, and for a 25 percent congressional staff cut. The select committees employ 91 staffers, with combined budgets of $3.65 million. Eliminating select committees would trim House staffs by 4.5 percent. This would represent a useful first step toward Mr. Clinton's target.

Also, since the select committees have a total of 172 House members, their elimination would be a major step in reducing scheduling conflicts and dissipation of member and staff efforts.

On the other hand, reauthorizing funding for the select committees, in hopes that the clamor for reform will subside, will send an unmistakable signal that Congress is digging in for business as usual. Tuesday's vote on H.R. 52 will reveal whether the congressional reform movement is real, or just talk.

David M. Mason is director the U.S. Congress Assessment Project at the Heritage Foundation in Washington.

GS -> any chance of progress on this if we cut our staff?

The Washington Times
2/2/93

THE PRESIDENT HAS SEEN

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[redacted]

To Bob Rubin

Is Sec. B. taking care of tax cuts?

This looks like a pretty good approach but it's a policy decision I wouldn't say signing off on. BC

[redacted]

[redacted]

THE PRESIDENT HAS SEEN

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Willie Nelson Settles With IRS, Signaling Less Punitive Policy

* * *

Compromise on Taxes Reflects A New Department Tack: 'To Be More Reasonable'

By LEE BERTON

Staff Reporter of THE WALL STREET JOURNAL

A settlement with country music star Willie Nelson that the Internal Revenue Service is expected to make today signals a much less punitive IRS policy toward all tax delinquents.

Three years ago, the IRS hit Mr. Nelson with a $16.7 million bill for back taxes, penalties and interest resulting from several collapsed tax shelters in which Mr. Nelson had invested.

Until recently, the IRS had insisted on collecting the full amount. It even auctioned Mr. Nelson's major possessions and took the proceeds of tapes he was making. So far, the IRS has collected only $3.6 million from Mr. Nelson.

But today the IRS is scheduled to conclude a settlement that permits Mr. Nelson to pay only a total of $9 million, with $3 million of this sum to be paid over the next five years, according to Mr. Nelson's current tax advisers. In addition, under the agreement, there wouldn't be any future liens on Mr. Nelson's assets or earnings.

The $3 million to be paid over the next five years could be offset by any settlement that Mr. Nelson receives from **Price Waterhouse**, his former accountants. He accuses the firm, in a federal court lawsuit filed in Dallas in 1990, with giving him bad advice about the shelters. Price Waterhouse says that Mr. Nelson himself made the decision to invest in the shelters; the firm denies any professional lapses in advising the singer.

Starting early last year, the IRS instituted a new "offers in compromise" policy that points toward less punitive settlements than in the past with tax delinquents and with all tax payers who have disputes with the IRS. The new policy got relatively little attention. The Nelson settlement is the first major application of the policy.

"Under these new proceedings, we're willing to settle for something less than the entire amount and we want to be more reasonable with taxpayers," says Sally Sassen, a spokesman for the IRS in Austin, Texas.

Ms. Sassen won't specifically discuss the Nelson settlement because it hasn't yet been made public. But she says that in light of current economic conditions, the IRS wants to be perceived as being "fairer and more equitable with taxpayers" who can't pay everything they owe.

Mr. Nelson's current tax adviser, Laurence Goldfein, an attorney with the New York accounting firm of **Richard A. Eisner & Co.**, says the settlement with Mr. Nelson signals that the IRS "is taking a much

Please Turn to Page A6, Column 3

Chron
Rubin - copied

PAUL CRAIG ROBERTS

Pressures that will undermine your income

The Washington Times

1/29/93

Grim fiscal policies

If Federal Reserve policy-makers 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, policy-makers 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

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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.

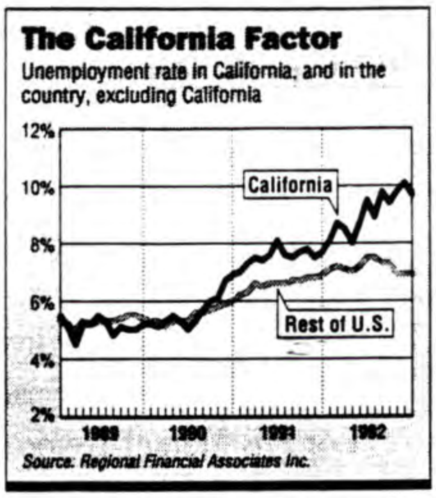
"Just the sheer mathematics" of it shows that California affects the U.S. economy a great deal, says David Hale, chief economist for Kemper Financial Services in Chicago.

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."



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."

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, possibly pulling mortgage rates below 7%. "I get calls from my mother that her CDs are maturing and she's only getting 3%, so there's tremendous incentive to buy longer-term bonds," Mr. Gray said.

83

RM
Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/3

NOTE FOR: TOM KALIL

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

THE WHITE HOUSE
WASHINGTON

DATE: 2/3

[redacted]

NOTE FOR: The Vice President

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

To Al Gore

FYI

maybe but I

still like our

technology policy

High-Tech Industry Is Hard To Help

Clinton favors Government action, but economists are skeptical.

By PETER PASSELL

IS Washington about to make a grand splash in aid of commercial innovation? Bet on it.

The Bush Administration stuck its toe in the waters, offering modest technology grants through the Commerce Department and encouraging Federal laboratories to strike deals for cooperative research with private concerns. But President Clinton seems determined to plunge, and there is little opposition in Congress to the notion that the Government should put more money behind projects that generate high-technology exports and high-paying jobs.

The unanswered question is whether a far more intimate alliance between government and private producers of what enthusiasts call "critical" technologies can meet expectations. Paul Krugman, an economist at the Massachusetts Institute of Technology, and most other economists agree that there is "an ironclad theoretical case" for believing free market incentives alone cannot sustain adequate spending on research and development.

Laura D'Andrea Tyson, the new chairwoman of the President's Council of Economic Advisers, goes much further, asserting that an activist technology policy is crucial to maintaining the nation's global lead in science-based industries.

But both history and cool-eyed analysis suggest that a new public-private partnership forged with billions of dollars more in Federal subsidies will be anything but problem-free. To be sure, there have been plenty of success stories. Postwar American prowess in both electronics and aviation was certainly nurtured with Defense Department dollars. But two economists, Linda Cohen of the University of California at Irvine and Roger Noll of Stanford University, have documented a doleful list of Federal efforts to develop commercial technology that were undermined by interest-group politics and bureaucratic imperatives.

The foreign experience, moreover, is not

Continued on Page C8

The New York Times
2/2/93

1/3

Continued From Page C1

confidence-building. The Economist magazine recently concluded that Europe's hands-on support of cutting-edge technologies looks "increasingly out of date." And after a mixed record punctuated by the collapse of the much vaunted fifth-generation computer project, even the Japanese are having second thoughts. Indeed, notes Gary Saxonhouse, an economist at the University of Michigan, "just as Washington is moving downstream toward commercial development, Tokyo is moving upstream toward basic research."

The Background

Glorious Past, Dubious Future

American support of commercial research and development has a long and sometimes glorious history. In 1836 Congress gave Samuel Morse $30,000 to subsidize an experimental telegraph line linking Baltimore to Washington. And agricultural research sponsored by the Federal Government helped turn the country into the bread basket of the world.

In the postwar decades, roughly half of all financing of research and development has come from Washington. And although more than half of that money went into military-related projects, there were important spillovers into commercial aircraft, computers, energy and telecommunications in the 1950's and 1960's. For example, the phenomenally successful Boeing 707 was underwritten by military orders for a flying tanker. And all the jumbo jets use engine technology developed for the giant C-5A military transport.

Just how much Americans' rise in living standards can be attributed to technological advancement in general and the Federal contribution in particular is a matter of dispute. F. M. Scherer, an economist at Harvard University's Kennedy School of Government, estimates that half the growth in average hourly output in the postwar years is linked to new technology. While other estimates are considerably lower, there is little doubt that technology matters a lot. Hence the worry that the engine powering innovation is out of tune, and the enthusiasm for a Federal fix.

Paradoxically, this concern seems to have peaked at a time when high-technology companies like Intel, Motorola and Hewlett-Packard are overwhelming foreign competitors, and the United States is exporting a record $35 billion-plus a year more in advanced technology products than it imports.

But other trends are disturbing. The flow of technology from military research to private commerce has slowed, and perhaps on balance even reversed. Most microprocessors in weapons, for example, are now derived from civilian designs. And the portion of national income spent on nonmilitary research and development is considerably lower in this country than in Japan or Germany.

The Theory

When Industry Is Reluctant

A skeptic might still ask why economists are so ready to second-guess business on research and development spending when they seem content to let the hidden hand of the market determine the output of, say, corn flakes or drill bits. There is an answer — or rather, many answers.

The most venerable, which goes by jargon "appropriability," holds that an innovative company may fail to invest for fear it will not capture the full fruit of its labors. Despite patent and copyright protection, much of the gravy from private innovation ends up on the plates of imitators and consumers.

Martin Baily, an economist at the University of Maryland, estimates "with great confidence" that society's overall return on research and development is at least twice the private return. Thus Consolidated Widget may find that it does not pay to invest that extra $20 million in developing a laser-powered bread knife even though the new technology would add $30 million to total output.

Then there is the problem of risk. When businesses jump into unexplored technology they generally do so only if the potential rewards are very large. Well-heeled giant corporations like A.T.&T. can afford a half-dozen losers in order to come up with one huge winner. But William Baumol, an economist at New York University, notes that an important and perhaps increasing share of technology comes from small companies that cannot bet the ship on one idea.

Even big companies may be biased toward technological conservatism, since the careers of individual managers often turn on the outcome of a single project. Thus innovation, particularly the costly process of commercializing technology, may be slowed unless it is subsidized.

This brief for Government intervention can be found in any Economics 101 textbook, and could have been made with as much force in 1953 as in 1993. But other arguments for research and development subsidies, arguments with enormous political weight, have only emerged in the last few years.

Start with the New Trade Theory. Classic international trade theory is built on the idea that countries specialize in goods that exploit their most abundant human and physical resources, and then gain through exchange with others. Argentina, for example, grows grain and cattle on empty, fertile pampas and trades them for shirts sewn by the teeming multitudes of Bangladesh.

But resource abundance seems only weakly related to the pattern of trade specialization in a vast array of modern products — everything from automobiles to memory chips to video recorders. And here, many economists believe that the simple rules underpinning free market competition do not apply. Being first or most aggressive in marketing a new product can generate unassailable production cost advantages, they argue, perhaps deterring competition for years.

By this "strategic trade" logic, most prominently embraced by Ms. Tyson, the Presidential adviser, subsidies for research and development can pay off in two ways. Rapid commercialization aided by government can give domestic companies and their workers exceptional profits and wages at the expense of foreigners. Or, looking at the other side of the coin, subsidies can prevent foreigners from gaining the power to exploit consumers back home.

Yet another very modern argument for subsidies is linked to military conversion. With the end of the cold war, the Pentagon is under great

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Exporting the Fruits Of High Technology

Percentage shares of total world high-technology exports for selected countries.

COUNTRY	1970 – 73	1977 – 89
U.S.	29.54%	20.64%
Canada	4.25	2.65
Japan	7.07	16.01
Common Market (total)*	46.38	37.38
Germany	16.59	12.52
France	7.22	6.80
Britain	10.12	7.64
Italy	4.41	3.41
Hong Kong, Korea, Taiwan, Singapore	1.30	8.76

* Belgium, Britain, Denmark, France, Germany, Ireland, Italy, Luxembourg, the Netherlands

Source: "Who's Bashing Whom? Trade Conflict in High-Technology Industries," Laura D'Andrea Tyson (Institute for International Economics)

pressure to cut research on weapons and military technologies, most notably the "Star Wars" antimissile research project. That will free tens of thousands of scientists and engineers who will presumably be absorbed by private industry in the long run.

But the long run could prove a very long time. And during the Presidential campaign, Bill Clinton proposed to short-circuit the process by shifting roughly 10 percent of the $70 billion Federal budget for research and development from military to civilian research.

Ira Magaziner, an influential member of President Clinton's kitchen cabinet, wants to go further, converting military contractors to producers of high-technology public investment like magnetic levitating trains.

The Skeptics

Nationalistic Way Called Obsolete

The collective weight of these arguments is certainly sufficient to nudge policy makers in the direction of spending more on technologies that can be commercialized. But it has not silenced the skeptics.

One problem, write the economists Richard Nelson of Columbia University and Gavin Wright of Stanford University, is that much of the benefits could end up in the pockets of foreigners because national borders are becoming ever more porous to technology flows between enterprises and within multinational firms. Once nations create an adequate base in science and engineering, they argue, foreign innovation is easily appropriable. Thus, they wrote in a recent journal article, "techno-nationalism policies" do not work very well anymore.

Both the United States and Europe, for example, used a combination of subsidies and threats of trade retaliation to prevent Japan from gaining a dominant market share in computer memory chips. In the meantime, South Korea has used knowledge generated elsewhere to become a formidable low-cost competitor.

Surprisingly, another skeptical voice belongs to Mr. Krugman of M.I.T., who was a pioneer of the New Trade Theory. Mr. Krugman believes that a good chunk of the external benefits from innovation end up close to home, spawning higher national productivity. "Otherwise," he asks, "why the success of Silicon Valley" and other pockets of immensely successful high-tech firms? But Mr. Krugman doubts that the gains from strategic trade, of getting there first in critical technologies, can mean a big difference in wages or living standards.

The very idea of "critical technologies" bothers Ms. Cohen of the University of California. Many groups have indeed pondered what critical means. But when examined closely, Ms. Cohen argues, their conclusions are disturbingly vague. "Most lists," she said, "turn out to contain everything."

Perhaps the most tangible idea of "critical" is technology with a very high rate of return that is also hard to protect with patents or copyrights. That explains why many advocates of increased Federal intervention are focusing on "generic" or "precommercial" technologies. For example, the design of a new pain-killing drug is commercial technology. By contrast, the design of computer software for searching for synthetic chemicals that inhibit the body's pain receptors is very difficult to protect, and thus a better candidate for subsidy.

But Ms. Cohen's and Mr. Noll's book, "The Technology Pork Barrel" (Brookings Institution, 1991) does not encourage optimism that Washington has the will or the knowledge to choose well. Four major Federal efforts at precommercial and commercial technology of the last two decades — the supersonic transport, the Clinch River breeder reactor, the space shuttle and synthetic fuels program — proved economic failures.

Arguably, they were worth less than nothing because they diverted money from promising competing technologies or pushed efforts toward premature commercialization that discredited the whole concept. The one project studied that seemed destined to generate a major social payoff, NASA's work in communications satellites, was aborted by Congress in 1973 after the project was challenged by private satellite manufacturers.

The Alternatives

Taking the Cue From the Military

One alternative would be to subsidize all private research and development rather than try to pick winners. Such a program, a Federal tax credit for research and development, was on the books until last summer; the renewal effort fell victim to partisan maneuvering. And the credit is reportedly almost certain to be included in President Clinton's economic stimulus package, expected this month.

But even enthusiasts like Mr. Baily concede that a tax credit is not a substitute for a more targeted subsidies. A very generous credit covering every form of research and development would be too costly. A modest credit, like the one that just expired, would not generate the kick that engineers dream about.

The model more widely favored is a civilian equivalent to the Defense Advanced Research Project Agency (Darpa), the small, apparently unbureaucratic group within the Pentagon that has subsidized successful "dual use" civilian and military technologies ranging from packet-switched data networks to carbon fiber materials. A 1992 report from a National Academy of Sciences panel headed by Harold Brown, the former Defense Secretary, proposed to create a civilian technology corporation, which would operate with great independence from Congress.

Something along these lines is likely to emerge from the White House. But Ms. Cohen cautions against high expectations. She pointed out that Darpa worked in the rarefied world of military procurement, where there was a single giant client and little real intraindustry competition. An agency dealing in the fragmented commercial marketplace would have a far tougher time remaining above the political fray.

Almost everyone agrees, though, that adhering to a few basic principles could reduce the risk of boondoggles. One is cost-sharing, in which private money is always at risk. Another is broad diversification, reducing the chance that the Government will be mesmerized by any particular technology or approach to research. Still another is regular, independent evaluation, which would help insulate the agency from politics.

Mr. Wright of Stanford, who doubts that interventionist schemes in the works will generate a big payoff, still sees a silver lining. This is an era, he notes, in which Americans increasingly view the gains of Japan and Europe as their own losses, and are tempted to declare economic cold war. Government aid to research and development, he argues, may prove the least provocative and least costly political response to the frustrations of global competition.

The New York Times
2/2/93

2/3

Research Priorities Nation by Nation

Government research and development appropriations, by socioeconomic objective, in selected countries in 1987, as a percentage of the national budget

	FRANCE	GERMANY	JAPAN	BRITAIN	U.S.
Agriculture	3.6%	2.0%	4.0%	4.2%	2.3%
Industry	10.6	15.3	4.8	8.7	0.2
Infrastructure	3.2	1.9	1.8	1.5	1.8
Environment	0.4	3.3	0.5	1.0	0.5
Health	3.6	3.2	2.4	4.3	11.9
Education	26.6	43.8	50.8	20.2	3.6
Civil space and space science programs	5.9	4.9	6.1	2.7	6.0
Energy	6.7	8.7	23.2	3.5	3.6
Defense	34.1	12.5	4.5	50.3	68.6

Percentages do not total 100 because some categories have been omitted.

Source: National Science Board, in "Setting Domestic Priorities," Cohen and Noll, edited by Charles Schultze (Brookings)

66

Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/3

NOTE FOR: George S

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:

THE PRESIDENT HAS SEEN

Governors return home feeling less federal load

By Donald Lambro
THE WASHINGTON TIMES

America's governors returned home yesterday, satisfied they will be getting new federal regulatory relief to help them control skyrocketing Medicaid and welfare programs that are busting their budgets.

NEWS ANALYSIS

After receiving the red-carpet treatment from President Clinton, who will need their support to get his legislative programs through Congress, the National Governors' Association ended its four-day winter conference preaching the virtues of federalism and experimentation in state policy-making.

Among other things, the governors came here calling for action on cutting the federal deficit, initiating health care reform and obtaining waivers from federal mandates governing Medicaid, which is eating up an increasingly larger share of state budgets.

Notably, among the resolutions they passed and the appeals they made to Mr. Clinton during a 3½-hour meeting at the White House Monday, there were no ringing calls for big new federal spending and public-service jobs programs of years gone by.

Instead, the governors called for new constraints on Medicaid, the joint federal-state medical care program for poor and low-income people, within the context of a "restructured health care system."

They also embraced Mr. Clinton's health care concept of managed competition, although many said such an approach would not work everywhere, especially in rural and sparsely populated states.

And they called for a program that would eliminate the deficit over the next eight years, with the emphasis on spending cuts over tax increases. They urged that any new taxes be limited to "no more than $1 for every $2.75 of net permanent spending reduction."

But unlike the Clinton administration, which has signaled that everything is on the deficit-cutting table, including Social Security cost-of-living adjustments (COLAs), the governors reversed themselves and took Social Security off the table.

A last-minute amendment was added to a deficit-cutting resolution approved yesterday that deleted language calling for cutting Social Security COLAs to achieve deficit-cutting targets. Separate language proposing that Social Security benefits should be reduced for future retirees and that benefits should be taxed was also deleted.

NGA Chairman Roy Romer of Colorado, a Democrat, insisted the governors "took tough positions" on health care reforms and deficit reduction but said he and the other governors want "to see the whole package" that Mr. Clinton will propose before fully embracing his policies.

"I don't think we want to see the taxes before we see the spending cuts," Mr. Romer said.

Throughout the conference, the governors' focus was largely on controlling federally mandated costs that have forced them to make unpopular budget cuts as a result of shrinking state and local revenues from the economic slowdown of the past three years.

Significantly, the governors were following the federalism policies that really got their start under the Reagan administration, which began promoting waivers from welfare regulations to encourage cost-cutting innovation among the states. Mr. Reagan also sought to consolidate many federal grants into block grants that gave the governors broader leeway on how they could use the funds.

"We've been recipients of several waivers on welfare reform already," said Wisconsin Gov. Tommy Thompson, a Republican, whose state has been a leader in fostering "workfare" programs for welfare recipients. "We're one of the few states where we've been able to achieve reductions in our welfare rolls."

South Dakota Gov. George Mickelson, a Republican, said Mr. Clinton's address to the governors yesterday on welfare reform "was very well received. We're singing the same tune and many of the governors are already doing the same thing in their states."

~~[illegible]~~ GS

fyi

B.

The Washington Times

2/3/93

Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/3

NOTE FOR: The Vice President

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

Information ☐

Action ☑

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 2/3

NOTE FOR: Tony Lake

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

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Information ☑

Action ☐

TONY — Is this a good thing to do? BC

Administration to Study Sharing Economic Spy Data With Business, Woolsey Says

/ (2)

WOOLSEY, From A1

that decision, citing increased efforts by foreign intelligence organizations to obtain industrial secrets from major U.S. corporations. A 1987 classified CIA survey, for instance, estimated that 80 percent of Japan's intelligence assets were directed toward gathering intelligence on the United States and Western Europe, according to a recent book entitled "Friendly Spies" that discusses this problem.

"Some of our friends and allies . . . are involved in economic intelligence operations" against U.S. firms, Woolsey told the Senate Select Committee on Intelligence without elaboration. Four committee members questioned Woolsey about the issue, although none stated support of a shift in CIA policy.

Woolsey said he decided to seek the review after consulting with national security adviser Anthony Lake and National Economic Council Director Robert E. Rubin. But Woolsey declined to state his personal view about sharing intelligence with private firms, saying he preferred to address it in a later closed-door session with the committee.

Gates supported limiting the CIA's activities in this area to analyzing broad economic trends, keeping track of new technological developments that have far-reaching implications and warning U.S. corporations of specific, foreign intelligence-gathering efforts directed against them—missions that Woolsey said he also endorses.

But Gates opposed helping individual U.S. firms compete, arguing that it was not the government's responsibility and would pose questions of fairness. He also said disclosing information to private firms could compromise secret intelligence sources and methods.

Woolsey deflected the panel's questions on several other topics, including the CIA's future budget and its efforts to bolster intelligence-gathering from human sources, explaining that he needed time to conduct more study. Sen. Dennis DeConcini (D-Ariz.), the panel's chairman, reiterated his intention to press the CIA for new savings, but Sen. John Glenn (D-Ohio) said he opposed additional cuts.

The economic plan that President Clinton put forward as a candidate during last year's campaign called for $1 billion in "intelligence cuts" during 1993 out of current intelligence spending of more than $28 billion, and stipulated another $4.5 billion in such reductions by 1997, but the plan did not say how those cuts would be achieved.

"I do not see my role, nor does the president, as a policy adviser," said Woolsey, an attorney who has long been active in Washington debates on defense matters. He said, however, that he would resist disruptive cutbacks in CIA personnel.

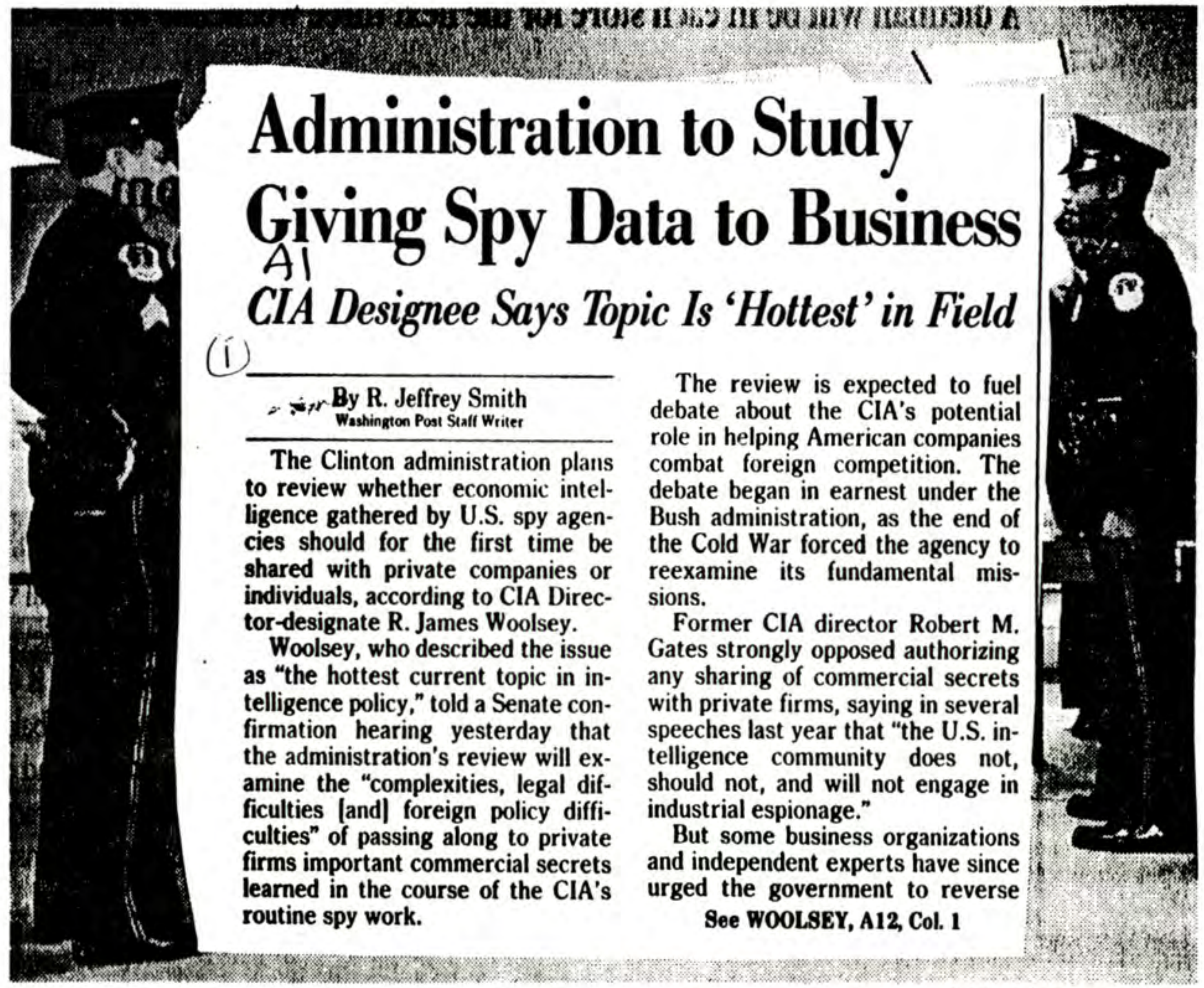
"Although the risk of a single cataclysmic threat to the United States is substantially lower than it was during the Cold War, the number and complexity of very serious threats to major aspects of our nation's security and interests has grown, not shrunk," Woolsey said.

Asked if he would promise to notify Congress of covert action within 48 hours after presidential approval, Woolsey offered less than the blanket pledge sought by some lawmakers.

"I find it extraordinarily difficult to come up with a hypothetical in which there could be any reason for a delay longer than a very few days," Woolsey said, adding that Clinton had expressed a desire for "full candor and cooperation" with Congress.

Woolsey said the administration had not yet formulated a position on whether the 48-hour notification demand was constitutional. Former president Ronald Reagan stirred controversy over the notification issue by failing to report promptly his administration's covert arms sales to Iran.

Woolsey, 51, was generally praised at yesterday's hearing and is expected by senators to win confirmation as the CIA's 16th director without difficulty.



Administration to Study Giving Spy Data to Business

A1

CIA Designee Says Topic Is 'Hottest' in Field

(1)

By R. Jeffrey Smith
Washington Post Staff Writer

The Clinton administration plans to review whether economic intelligence gathered by U.S. spy agencies should for the first time be shared with private companies or individuals, according to CIA Director-designate R. James Woolsey.

Woolsey, who described the issue as "the hottest current topic in intelligence policy," told a Senate confirmation hearing yesterday that the administration's review will examine the "complexities, legal difficulties [and] foreign policy difficulties" of passing along to private firms important commercial secrets learned in the course of the CIA's routine spy work.

The review is expected to fuel debate about the CIA's potential role in helping American companies combat foreign competition. The debate began in earnest under the Bush administration, as the end of the Cold War forced the agency to reexamine its fundamental missions.

Former CIA director Robert M. Gates strongly opposed authorizing any sharing of commercial secrets with private firms, saying in several speeches last year that "the U.S. intelligence community does not, should not, and will not engage in industrial espionage."

But some business organizations and independent experts have since urged the government to reverse

See WOOLSEY, A12, Col. 1

BY RAY LUSTIG—THE WASHINGTON POST

U.S. Capitol Police take extra security precautions for the Senate intelligence committee hearing on CIA Director-designate R. James Woolsey. A gunman who killed two CIA employees outside headquarters last week remains at large.

Chron
THE PRESIDENT HAS SEEN
2/3/93

— Kantor
— Rubin
— Lake
— Berger

THE WHITE HOUSE

WASHINGTON

February 2, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA JDP

SUBJECT: USTR Memo on Mulroney Meeting

Attached is an information memo from Mickey Kantor concerning your meeting with Prime Minister Mulroney of Canada, currently scheduled for Friday morning. The memo underscores Mulroney's interest in completion of the Uruguay Round GATT talks; potential NAFTA side agreements; and bilateral issues, the specifics of which Kantor recommends referring to the ministerial level.

NSC, in coordination with NEC, is preparing a briefing book for your meeting with Mulroney and would prefer that this Kantor memo be incorporated into that book. However, inasmuch as you said that you would look at anything members of the Cabinet sent to your personal attention, I am forwarding the memo to you.

Note that Bob Rubin has approved the Kantor memo, which has also been circulated to the Vice President, Mack McClarty, Howard Paster and Maggie Williams.

This needs to get back to Mickey Kantor ASAP

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

JAN 29 1993

Mickey
We need to discuss what I can say back to him on GATT, NAFTA & what we're going to do — Pls call me Thurs. or Wed pm

MEMORANDUM FOR THE PRESIDENT

FROM: Michael Kantor

SUBJECT: Your Meeting with Canadian Prime Minister Mulroney

Because trade issues loom large in Canadian politics, Mulroney has often said that trade issues are his number one priority with the United States; as such he is wont to raise not only global and regional trade matters, but more narrow bilateral frictions as well. Canada and the United States are each others' largest trading partners, with total two-way trade of approximately $200 billion. The trading relationship is remarkably smooth for its size, but even relatively small bilateral trade frictions can loom large in Canadian politics and media.

Of most concern to Mulroney now is the prospect for completion of the Uruguay Round. He is likely to urge that you move quickly and firmly to bring it to a conclusion, and may query you in that regard on timing and your intentions for seeking an extension of fast track. In most aspects of the Uruguay Round negotiations, Canada and the United States have been close allies; we do, however, have differences, and Mulroney may raise agriculture (their desire to make exceptions to comprehensive tariffication) and provincial subsidies issues, both of which create large problems for Mulroney in relation to local Canadian interests.

Mulroney will also most certainly use this first meeting to discuss the NAFTA, in particular to sound out your intentions with regard to parallel agreements on the environment, labor, and import surges, as well as the timing for submitting NAFTA implementing legislation to the Congress.

On bilateral trade issues, there can be a dozen or more disputes on the agenda at any given time, a rather small number given the large size of the trade relationship. Nevertheless, Mulroney may feel a political necessity to raise at least one or two of the current bilateral issues with you, most likely the recent Commerce Department preliminary determinations on steel antidumping cases, and perhaps softwood lumber. I would urge that on bilateral issues you reaffirm U.S. intentions to work hard to "manage" the trade relationship, while deferring discussion of specific trade irritants to the ministerial level. I will be meeting with Trade Minister Michael Wilson shortly.

We have available further background materials on these issues, which we can provide if you wish.

THE WHITE HOUSE

WASHINGTON

January 28, 1993

JAN 28 A8:54

MEMORANDUM FOR: JOHN PODESTA

FROM: MARSHA SCOTT MS

SUBJECT: President's Autograph

I concur with Nancy that President Clinton only sign photos and letters.

If you agree, I'll send out a memo to all staff to that effect. It is the policy I'm now using.

please send the memo
I sent to Marcie Hale
for the advance staff to
MARSHA Scott

JW
2/3

THE WHITE HOUSE

WASHINGTON

January 28, 1993

MEMORANDUM FOR ADVANCE STAFF

THROUGH: MARCIA HALE

FROM: JOHN PODESTA JDP

SUBJECT: Presidential Autographs

When the President moves among people he is inevitably going to be confronted by eager autograph seekers.

The Bush Administration had a firm policy that President Bush only signed photographs and letters, not the myriad articles and mementos that people gave him or sent to him.

We should follow the same policy. The reason is simple -- the President should not lend his signature to those who want to create things of value. Since it is impossible to distinguish those who want to do this from those who don't, the only sound policy is to limit signatures to photos and letters.

[redacted]

DATE: 02/02/93

[redacted]

TO: HOWARD PASTER

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

For your appropriate handling.

[redacted]

J Podesta

ONE HUNDRED THIRD CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON GOVERNMENT OPERATIONS
2157 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6143

FACSIMILE COVER LETTER

TO: President Clinton

Fax No.: 456-2397

FROM: Representative Conyers

Fax No.: *(202) 225-4784*

Contents: Concern regarding Haiti

 # Pages: 4
(including this page)

If parts of this transmission are unclear or transmission was faulted, please call: **202-225-5051**

Thank You.

COMMENTS:

To Congressional

Please advise if someone else should get this kind of document - Thanks

Please Tell Deb

(P's secy sits aside Nancy's office)

Deb Coyle
x6508

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

January 29, 1993

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

Dear Mr. President:

We write to applaud your bold decision to schedule a meeting directly with Haitian President Jean-Bertrand Aristide. That gesture indicates to the nation and the world your deep commitment to protecting human rights and democracy in our hemisphere. Given the recent intransigence on the part of the Haitian military and continuing human rights abuses, we hope that this meeting will occur as soon as possible.

Millions of people in America and across the globe supported your campaign for change and hope. In contrast to the failures of the previous policy to restore democracy and a respect for human rights to Haiti, we believe your new and imaginative policy signals a worthy beginning that has persuaded the literally thousands of Haitians attempting to leave the embattled island to postpone their departure.

Press accounts indicate that the military leadership in Haiti is, at best, divided about accepting President Aristide's eventual return. They should not doubt the commitment and resolve of the United States in this matter. We urge you to send clear and unmistakable signals to Haiti's despots that President Aristide, as the only democratically elected leader in Haiti in over 200 years, is a friend and that the military junta are despots who will be treated as such.

We hope that a negotiated resolution of this situation will be possible. Should talks fail to begin within a short time, however, we hope that the United States will lead an international effort that will make clear the world community's intention not to tolerate this tyranny in our midst. Appropriate action should include consideration of targeted and graduated sanctions imposed by the U.N. Security Council as early as mid-February, in accord with Resolution 22 which the United States supported and the U.N. General Assembly adopted on November 22, 1992.

In addition, we hope that the refugee policy of the previous administration of saying to political refugees "not in my backyard", which is inconsistent with U.S. refugee law and with the symbol of the Statute of Liberty, will be reversed. Respect for our heritage and the Refugee Act of 1980 require as much.

We believe that the right course on Haitian policy is also a difficult one, but one on which the United States should embark. We support your fundamental belief that change here, too, must be realized.

In this respect, we would also like to request that, as representatives of key constituencies, we have the opportunity to meet with you to further express our beliefs and suggestions on this most important and timely matter.

Thank you for your attention to, and courage on, this matter.

Sincerely,

Rep. John Conyers, Jr.

Rep. Barbara-Rose Collins

Rep. Kwesi Mfume

Rep. Bob Carr

Rep. Benjamin Gilman

Rep. Edolphus Towns

Rep. Thoman Foglietta

Rep. Donald Payne

Rep. Carrie Meek

Rep. Charles Rangel

Rep. Louis Stokes

Rep. Ronald Dellums

Rep. Matthew Martinez

Rep. Paul Kanjorski

Rep. Neil Abercrombie

Rep. Walter Tucker III

Rep. Jose Serrano

Rep. Major Owens

Rep. Dale Kildee

Rep. Ron Klug

Rep. Patricia Schroeder

Rep. Corrine Brown

Rep. Nydia Velazquez

Rep. Eva Clayton

Rep. Timothy Penny

Rep. Albert Russell Wynn

Rep. Carol Maloney

Rep. Alan Wheat

Rep. Harold Ford

Rep. William Ford

Rep. Edward Markey

Rep. Henry Gonzalez

Rep. Andrew Jacobs Jr.

Rep. Diaz-Balart

Rep. Eleanor Holmes Norton

Rep. Cynthia McKinney

Rep. Michael Kopetski

Rep. Bernard Sanders

Rep. Lucien Blackwell

Rep. Robert Scott

Rep. Mel Reynolds

Rep. Nita Lowey

Rep. Bill Richardson

[redacted]

DATE: 02/02/93

[redacted]

TO: MARCIA HALE

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

For your appropriate handling.

[redacted]

In the Name of Allah

National Office
Community Outreach - Protocol

The Nation of Islam

IN THE NAME OF ALLAH, THE BENEFICENT, THE MERCIFUL.
I BEAR WITNESS THAT THERE IS NO GOD BUT ALLAH AND I BEAR WITNESS THAT MUHAMMAD IS HIS MESSENGER

route to Marcia Hale

John Podesta to determine response

January 28, 1993

Ms. Nancy Hernreich
White House
1600 Pennsylvania Avenue
Washington, DC 20005

As-Salaam Alaikum.
(Peace Be Unto You)

Dear Ms. Hernreich,

Please find the attached corrected letter of previous date to President Clinton.

I am asking you to personally extend my deepest apologies to the President for the incorrect copy that was sent by the Honorable Louis Farrakhan's secretary.

We look forward to a reply within the very near future. You may contact me at, 1325 Emerson Street N.W. Suite 302, Washington, DC 20011. My phone number is, (202) 723-9125. My fax is, (202) 723-5235.

God is Love.

Claudette Marie Muhammad

Claudette Marie Muhammad
Chief of Protocol to
The Honorable Louis Farrakhan

CM/pm

7351 South Stony Island • CHICAGO, ILLINOIS 60649 • (312) 324-6000
Post Office Box 55152 • WASHINGTON, DC 20040-5512 • (202) 723-9125

J F E I

Minister Louis Farrakhan

NATIONAL REPRESENTATIVE OF THE HONORABLE ELIJAH MUHAMMAD
AND
THE NATION OF ISLAM

*IN THE NAME OF ALLAH, THE BENEFICENT, THE MERCIFUL.
I BEAR WITNESS THAT THERE IS NO GOD BUT ALLAH AND I BEAR WITNESS THAT MUHAMMAD IS HIS MESSENGER.*

January 20, 1993

President William Clinton
White House
1600 Pennsylvania Avenue N.W.
Washington, DC 20005

As-Salaam Alaikum.
(Peace Be Unto You)

Dear Mr. President,

We, the Nation of Islam, extend our hand to you to help in anyway we can to solve the critical problems of the cities, health, education, and jobs.

I recognize the heavy schedule that you have, however, if you have any time available, that we might meet, it will be greatly appreciated.

Sincerely,

Louis Farrakhan

The Honorable Louis Farrakhan
Servant to the Lost Found
Nation of Islam in the West

HLF/pm

4855 South Woodlawn Avenue CHICAGO, ILLINOIS 60615

Minister Louis Farrakhan

NATIONAL REPRESENTATIVE OF THE HONORABLE ELIJAH MUHAMMAD
AND
THE NATION OF ISLAM

IN THE NAME OF ALLAH, THE BENEFICENT, THE MERCIFUL. I BEAR WITNESS THAT THERE IS NO GOD BUT ALLAH AND I BEAR WITNESS THAT MUHAMMAD IS HIS MESSENGER.

OPEN LETTER TO PRESIDENT CLINTON

January 20, 1993

Dear Mr. President,

May this letter find you in good spirit, filled with the zeal necessary to fulfill the heavy responsibility that lies in front of you and your administration.

As I watched your inauguration, I thought.... never in my years of watching inaugurations has there been one so filled with joy, hope and the high expectation of the broad mass of the American people that you and your administration will be able to turn this great ship of state in the right direction and fit her for the new world order, that is not designed by the old world rulers, but according to the Will and desire of Allah (God) spoken through the mouths of His Prophets.

As I listened to your words, and saw the tremendous support that you have, it is clear to me that if any person could effect a meaningful change for this Nation and world, it is you. You are faced with the awesome task and responsibility of saving this Nation from repeating the history of the ruin of Sister Nations that have gone before America; Ancient Egypt, Rome, Babylon, and Sodom and Gomorrah. All of the evils that brought these Nations and cities to ruin are present in America. However, also present is Divine Guidance that could perhaps save this Nation from repeating past history. In order to do this, you, Mr. President, must be imbued with extraordinary strength to resist the pressure coming from forces within and without the Government. These forces would hold you to failed policies and programs of the past and veil your vision of America for today and tomorrow.

America stands at the threshold of disaster or unlimited greatness. Your Presidency could be the turning point. America's most bitter "foes" are ready to follow your lead if your policies, foreign and domestic, reflect a greater measure of justice for the peoples of America and the peoples of the world. Saddam Hussein, Muhammar L. Qadhafi, Yasser Arafat, Fidel Castro, the Arab World, and the Governments and people of Africa, Central America, South America and the Caribbean are not angry with the American people. They are dissatisfied with the unjust policies of the government of the United States of America, that have led to the ruin of the legitimate aspirations of Third World Leaders and Nations.

4855 South Woodlawn Avenue CHICAGO, ILLINOIS 60615

It was the lack of justice in Pharaoh and Egypt that led to Egypt's fall and ruin and Pharaoh's destruction. It was the increased wealth and power of Babylon that increased her corruption that led to her ruin. Rome's power and wealth increased her inordinacy. All of these great Nations, Empires, and Cities received a Warner from Allah (God) giving them Guidance that could have saved them, but their power and wealth increased their pride and their pride blinded them to Right Guidance. Nineveh was the only one of the ancient cities that Allah (God) had promised to destroy that was saved, and her destruction delayed, due to the fact that she listened to the Guidance of Allah (God) coming from the Prophet Jonah.

If you would remember that you are chosen, not only by the people, but you are in power by Allah's (God's) permission for this time in history; and, if you would summon the strength to follow your vision and open your heart to the Guidance of Allah (God), then, history may record your Presidency as the greatest of them all.

May Allah (God) bless you with His Light and His Guidance. May He keep away from you the pride that attends the awesome power of your office and replace it with the humbleness of heart, making you to understand that we as human beings are only for a season and though history may record us and be kind to us for our good deeds, however, in every generation Allah (God) is well thought of and praised much. So, every generation should bow down and serve Allah (God) and submit to do His Will, remembering that He alone is the Sovereign of the Universe and the Only True and Lasting Reality.

Respectfully,

Louis Farrakhan

The Honorable Louis Farrakhan
Servant to the Lost Found
Nation of Islam in the West

HLF/pm

File

THE WHITE HOUSE

WASHINGTON

TO: John
FROM: Marsha
DATE: February 1, 1993

3 FEB 2 A9:34

RE: Correspondence

I've just finished the last of what I hope are the staff reductions. It was not a pleasant experience; however, I do agree that it needed to happen. Twenty-seven of our campaign people have been placed in those positions and an additional 87 volunteers are working to get the mail out.

As you can well imagine, morale has been running pretty low. I've got campaign people volunteering while looking for jobs, working alongside career people who are afraid of losing theirs. I have been emphasizing in all my meetings that this department is extremely important to the President; not only in what we do, but also by the example we set by working hard and working smart. Because the President is asking the entire country to make sacrifices, we must do it first and lead the way.

It sounds good but I know they find the staff cuts hard to justify when the volume of work is doubling and tripling. We're doing it; but it is a hard sell.

With that in mind, it came as a shock to me when you told me that the head of this unit will no longer be considered a Deputy Assistant to the President. I think that is a mistake as I told you, but I want to discuss it further. As I understand it, too many of those designations have been already handed out.

Unfortunately, as you reminded me, titles denote status in this small world where we are presently working. By changing the status of the Director, we have demoted the entire staff. This is not the time to do this nor should this Department take this kind of devaluation.

I firmly believe that this department is one of the most consistently productive and under-recognized groups in the White House. We are the largest staff and we do work for every department. We are often the only communication link the general public has to the Presidency in any personal sense. We set the tone for the general public and just as important we sense the public mood long before any other agency gets input.

As a support agency staffed primarily by women, the Correspondence Department is in danger of being marginalized and devalued. I am bringing men into this group in order to create gender equity as well as to symbolically elevate the status of those who work here.

Instead of demoting the Director of this office, he or she should at least be a Deputy Director and the deputy in this department should be a Special Assistant to the President. The Director also needs to be in on Senior Staff level meetings. We aren't a part of the process but are directly responsible for the results. That system does not inspire teamwork and innovative thinking. We need to become contributing partners in name as well as in deed.

John, I am also very concerned that if I leave before the job of restructuring and re-staffing is complete, the new person will find themselves in an awkward and unmanageable position. Give me a year and you'll have an outstanding Correspondence Department. I love what I am doing. It's challenging and personally satisfying. This has been a sleeping dinosaur and it's thrilling to see the resurrection.

The attached memo is to Bruce but in a much condensed version. I hope you will fill in the gaps when you talk with him about this. If I'm included in the dialogue, I will let him know. I sincerely appreciate your help on this.

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 2-2

NOTE FOR: MACK, CHRISTINE

[redacted]

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

THE WHITE HOUSE

WASHINGTON

'93 JAN 29 P3:52

January 29, 1993

Show this to Mack Abel

MEMORANDUM TO THE PRESIDENT

FROM: CHRISTINE A. VARNEY
Secretary to the Cabinet

SUBJECT: Secretary O'Leary's Memorandum Regarding
Department of Energy Reorganization

Secretary O'Leary has set forth some preliminary thoughts on reorganizing the Department of Energy in the attached memorandum. The Secretary suggests eliminating functions from the Department that are duplicative of those provided at the Department of Commerce and the Environmental Protection Agency.

I will work with Secretary O'Leary's office to develop a detailed proposal for your review.

Secretary O'Leary indicates that she would like to discuss her suggested reorganization this weekend during the Camp David Retreat.

Will that more
than pay for 2 mon
[illegible]?

Attachment

The Secretary of Energy
Washington, DC 20585

January 28, 1993

MEMORANDUM FOR **THE PRESIDENT**
VICE PRESIDENT

SUBJECT: DEPARTMENT OF ENERGY ORGANIZATION/MANAGEMENT

A "perfect" Department of Energy organization chart (see Figure 1) would reflect its responsibilities in

- Nuclear Weapons / clean-up / storage and disposal
- "Energy"
- Science and Technology

with the oversight, management, and operations functions reporting to the Office of the Secretary. The logic of such an organization would dictate a Deputy and three Under Secretaries. The Department currently has statutory authority for one Under Secretary.

The three responsibilities noted above represent the past (weapons), the present (energy), and the future (science and technology) of the country. By virtue of its National Laboratories and other technical facilities, The Department dominates basic science and technology efforts of the United States. Smaller programs exist in NASA, EPA, and Commerce. All of these programs will provide the basis for the Nation's economic stimulus and growth over the next several decades.

I believe that all the policy direction and coordination responsibilities of all government science and technology operations should be with Energy to minimize duplication and increase efficiency. I plan to disband Energy offices that duplicate Commerce functions such as the Office of Export Support.

If the future is to be successfully supported by the government's Science and Technology programs, the technology must be transferred to industry and not rest happily ever-after in the government. Therefore, I propose that the Director of Energy Research be responsible for the government's Science and Technology programs and their coordination, integration, and dissemination with and to the private sector. This individual should have significant private sector experience in technology transfer, venture capital or new business financing, and a proven record of success. I will have a list of names for your consideration next week. Over time I would hope that this position would be upgraded to an Under Secretary.

Under this proposal, and until and if Congress authorizes additional Under Secretaries, the existing Under Secretary would be responsible for the Nuclear weapons and waste program areas, which include the environment clean-up efforts. The Deputy Secretary would be responsible for the energy and Science and Technology efforts.

I hope this proposal can be discussed with you and the other members of the cabinet this weekend.

Hazel R. O'Leary

Attachment

cc: The Honorable Ronald H. Brown
Secretary, Department of Commerce

The Honorable Carol Browner
Administrator, Environmental Protection Agency

Bruce Lindsey
Director of Presidential Personnel

Department of Energy

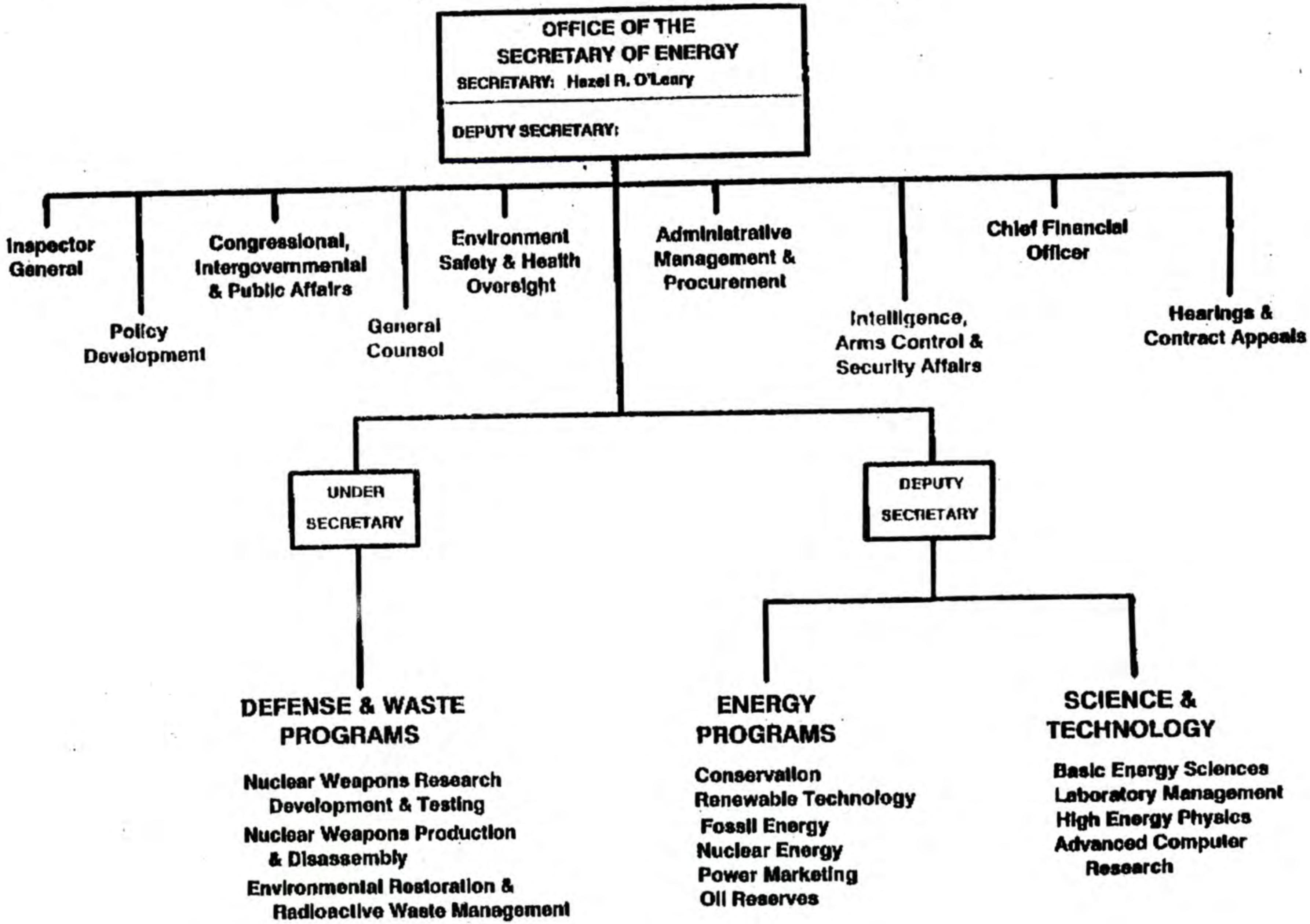


Figure 1

THE WHITE HOUSE
WASHINGTON

DATE: 2/2

NOTE FOR: HRC THROUGH M. Williams

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

THE

"USA TODAY hopes to serve as a forum for better understanding and unity to help make the USA truly one nation."
—Allen H. Neuharth
Founder, Sept. 15, 1982

THE NATION'S NEWSPAPER
USA TODAY
PUBLISHED BY GANNETT

Peter S. Prichard
Editor
Karen Jurgensen
Editor of the Editorial Page
Thomas Curley
President and Publisher

To HRC
Good

Today's debate is on **REFORMING HEALTH CARE** and whether the first lady is the best choice to lead the task force.

Hillary is good choice for health-care reform

OUR VIEW **The first lady's background and professional experience qualify her for this job.**

Finding an answer to the USA's health-care dilemma is one of the two pillars of President Clinton's domestic program. The economy is the other.

And largely for that reason, the president couldn't have made a better pick than his wife — whose judgment he so trusts — to run the critical task force on health-care reform.

Hillary Rodham Clinton isn't everybody's choice, as a USA TODAY/CNN/Gallup Poll reports today.

But time may well make the selection popular. She's succeeded at this kind of thing before.

Not long after becoming Arkansas governor, Bill Clinton decided any solution to the state's problems must begin with education. The state's students tested at the bottom nationally, yet Arkansans never had been willing to make the commitment necessary to turn things around.

Hillary Clinton spearheaded the reform effort, ably using her status as first lady to spur discussion, reach conclusions and eventually sell a plan.

It wasn't easy, just as health-care reform will not be easy. She had to overcome legislators' skepticism, teachers' objections and taxpayers' reluctance.

The reforms are now considered models for other states.

She has as much knowledge of health-care reform now as she had of education reform then.

She was a member of a regional Southern task force on infant mortality and has been on the board of the Children's Defense Fund since 1976, including six years as chairperson.

So far, two out of every three of those polled approve of the way the first lady has been handling her job. But many are wary of having her actively involved in making policy.

The reality is she'll help make policy whether she has an official role or not. This job puts her views in the public eye, where they belong.

Health-care reform is a role for which the first lady is uniquely suited. She deserves a chance to do what she can.

▶ Poll results, 1A

THE NATION'S NEWSPAPER
USA TODAY
NO. 1 IN THE USA ... FIRST IN DAILY READERS

2/2/93

[redacted]

DATE: 02/02/93

TO: MARCIA HALE [redacted]

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

For your appropriate handling.

[redacted]

YALE LAW SCHOOL
P.O. BOX 401A YALE STATION
NEW HAVEN, CONNECTICUT 06520

GUIDO CALABRESI
DEAN

January 18, 1993

William Clinton,
President Elect

Dear Bill,

The Yale Law School Alumni Association has voted unanimously and enthusiastically to award you the Law School Medal for 1993. This is the highest award that the Law School can confer upon a graduate. Previous recipients include Professors Arthur Corbin and Myers McDougal, Justices Potter Stewart and Byron White, Attorneys General Nicholas Katzenbach, Edward Levi, and Herbert Brownell, Chief Justice Ellen Peters, Secretary of State Cyrus Vance, Trade Negotiator Carla Hills, leaders of the bar like Lloyd Cutler, and, of course, the only previous Yale Law School graduate to be President of the United States, Gerald Ford.

The Award is always made on Alumni Weekend which this year will be on Friday, Saturday, and Sunday, October 8th, 9th, and 10th. Normally the Award takes place at lunch on Saturday, but in your case, of course, any time during the Weekend that you might be able to be here would be just fine.

Gerry Ford was awarded his Medal during his Presidency, in 1974, and did come for the Saturday lunch. It was, as you can imagine, a great affair. Yours would be many times greater! The fact that it coincides with your Class's 20th Reunion would make the whole thing even more joyous; for your classmates, as well as for all of us at the School.

I cannot tell you how important it is to me personally that you allow us to honor you for all you have done, of course, but also for all that you are. It would mean more to me than I can possibly say.

With great affection to you and to Hillary,

cc: Hillary Rodham Clinton

93 JAN 29 P4:03

January 29, 1993

MEMORANDUM FOR JOHN D. PODESTA
Assistant to the President and
Staff Secretary

FROM: RONALD GEISLER
Executive Clerk

SUBJECT: Request for President's Signature on American Red Cross Certificates of Merit

We have recently received the attached request for Presidential signatures on 19 American Red Cross Certificates of Merit.

This is the first request received by President Clinton for his signature on these certificates. For your review, we have had the American Red Cross prepare a brief history of the President's relationship with this organization.

As the attached memorandum will explain, this is a long established relationship, and an excellent program.

Providing Presidential signatures is in keeping with past precedent, and I recommend your approval of this request.

AP
Bill Clinton
— JDP
2-2-93

OK for signature -
Bill Clinton -
per John Podesta!
Sewagner
2-2-93

HISTORY OF THE AMERICAN RED CROSS CERTIFICATE OF MERIT

The custom of naming a United States President to the Honorary Chairmanship of the American Red Cross began in 1913 when William Howard Taft, as outgoing President of the United States, relinquished the Red Cross Presidency to which he had been elected in favor of newly elected United States President Woodrow Wilson, setting a precedent. It has remained an honorary title ever since.

The Certificate of Merit began in early 1911 when an anonymous donor contacted Ms. Mabel Boardman, volunteer leader for the American National Red Cross, regarding a $5,000 donation he wished to make to the American National Red Cross specifically for the recognition of first aid work rendered by railway men. After acceptance of the money and the establishment of a trust fund for such an award program, this fund was named after the then current President of the United States and the American National Red Cross, the Honorable William Howard Taft.

This fund was officially initiated on April 11, 1911. It was determined that the fund would recognize four individuals each year who exemplified the best first aid skills among railway men. The William Howard Taft Fund issued cash awards of $50.00 to the first place recipient, $25.00 to the second place recipient, $15.00 to the third place , and $10.00 to the fourth place. The first recipient of the Taft Fund cash award was Mr. Chris D. Fisher of Camden, New Jersey on July 16, 1912. At the same time, the American Red Cross appropriated money to recognize four additional individuals from the remaining population who exemplified the best use of first aid skills. Cash awards were given from 1912-1914 only to first aid related actions. Beginning in 1915, water safety accidents and resulting lifesaving actions were included in this cash award program. The first recipient of a water related rescue award was Mr. Charles T. Snedeker of Springfield, Massachusetts. Cash awards were given from 1912-1925 to sixty-six (66) individuals.

During the period from 1925 to 1928, the American Red Cross determined that the cash award program was inappropriate for a number of reasons including:

- A maximum of 12 cash awards were given in three categories (W.H. Taft Fund, first aid, and lifesaving).
- The rescuers did not receive any lasting reminder of the award.

Because of these limitations, on September 17, 1928, as a result of an executive action, the Certificate of Merit was established. From 1928 to the present, the Certificate of has borne the signatures of 12 Presidents of the United States (including President Bush), 7 Chairmen of the American Red Cross and has survived numerous revisions of the design for the Certificate and the lapel pin. From 1911 to 1989, over 10,000 Certificates of Merit (or its predecessor) have been issued to individuals who saved or sustained a life as a direct result of American Red Cross training in its Health and Safety programs.

American Red Cross

National Headquarters
Washington, DC 20006

January 22, 1993

Dear Mr. Geisler:

Attached please find a listing of Certificate of Merit recipients for your records. This list accounts for 19 new certificates.

We would appreciate you having them signed with President Clinton's signature. The signature should be affixed above the words "Honorary Chairman."

If you would please call Jackie Harris at 639-3617 when the certificates are signed, we will arrange to have them picked up.

Thank you very much for your assistance.

Sincerely,

Jøn J. Martindale
Health and Safety

Mr. Ron Geisler
Chief Clerk
The White House
Washington, DC 20500

Attachment

Certificate of Merit Nominees
Sent to White House
For Presidential Signature
January 22, 1993

Name of Rescuer	State	REG	Red Cross Unit
Robert King	OH	4	Lorain County Chapter
Cathie Lindner	OR	8	Klamath Basin Chapter
Michelle S. League	SC	3	Greenville County
Loren Angelo Poncia	CA	8	Sonoma County
Larry W. Chrisman, Jr.	FL	3	Northeast Florida
Tamera Nansteel	JP	FEA	Camp Courtney, Japan
David Jones	MO	5	Greater Kansas City
James R. Evans	MO	5	Greater Kansas City
Russell A. Molnar	CT	1	South Central CT
Patrick J. Hickey	NY	1	Black River Valley
Lois Schnitta	FL	3	Southwest Florida
Joseph Brautman	NY	1	Niagara Falls Chapter
Glenda Barber	IA	5	Pottawattamie County
Officer Robert L. Lucas	CA	8	East Bay Chapter
Officer Traci Rebiejo	CA	8	East Bay Chapter
Officer Robert L. Tarte	CA	8	East Bay Chapter
Jack E. Murray	VA	2	Greater Richmond
Donald E. West	VA	2	Greater Richmond
Jeffrey Kandler	VA	2	Greater Richmond

Certificate of Merit

is awarded to

Robert King

for selfless and humane action

in saving a human life

Issued at Washington, D.C.

Honorary Chairman

Chairman

American Red Cross

THE WHITE HOUSE
WASHINGTON

DATE: 2/2

NOTE FOR: MACK/Marcia Hale

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:

THE WHITE HOUSE
WASHINGTON

Mack/McLarty

MUST SEE
DIANE FEINSTEIN
BEFORE SHE
LEAVES THURS.

B

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 2/2

TO: TONY LAKE

[redacted]

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

The attached has been forwarded to the President, but please tell me why is this classified? what in the E.O. permits classification?

John

[redacted]

~~CONFIDENTIAL~~ ~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

February 2, 1992

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE

SUBJECT: Your Questions Regarding Presidents and Prime Ministers letter to be dated 2/2/93

THE WHITE HOUSE

WASHINGTON

Mr. John F. Welch, Jr.
Chief Executive Officer and
Chairman of the Board
General Electric
3135 Easton Turnpike
Fairfield, Connecticut 06431

Dear Jack,

Many thanks for your kind note about my Inaugural speech, which Bob Rubin forwarded to me. This is a time of change, a time for new ideas, a time for all of us to pull together and revitalize our country and our economy. I am pleased to have your support as our Administration takes its first steps, and I look forward to working with you and other leaders in all fields as our plans take shape.

Sincerely,

Bill Clinton

Thanks for coming too

THE WILLARD INTER·CONTINENTAL
WASHINGTON, D.C.

1/20/93

Mr. President,

Congratulations on a great start. Your speech today... change, globalization, the power of ideas and renewal are wonderful themes ---- themes we in GE are totally committed to.

While admittedly loyal to President Bush, I am impressed by your themes and your style, and we at GE look forward to playing a positive role in your vision for tomorrow.

Best Wishes,
Jack Welch

[redacted]

[redacted]

[redacted]

DATE: 2/2/93

TO: Leon Panetta

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

[redacted]

[redacted]

Paper?
Freshman Rep. Leslie Byrne (D-Va) is still scram-
Continued on page 47

Alumni of the past Administration could prove to be formidable Senate candidates next year, page 18.

Kondracke fumbles, page
middle grounc
finance reform

Photo by Maureen Keating

Rep. Buddy Darden demonstrates "The Gator" to colleagues Thursday night.

Democrats Blow Off Steam

At Meeting, Panetta Also Calls for Hill Staff Cuts

By Timothy J. Burger

BALTIMORE — Budget Director Leon Panetta, until two weeks ago a Member himself, told House Democrats gathered here for their annual issues conference on Friday that they should do their part for deficit reduction by cutting Hill staff.

He still received a standing ovation.

Assuring Members that there would be cuts in White House and other executive branch staffing, as President Clinton repeatedly promised during last year's campaign, Panetta told Members, "I would urge you to [enact] some savings in the legislative" branch staff, as well.

Panetta was one of several high-ranking Administration officials who are former Members — including Vice President Al Gore and Treasury Secretary Lloyd Bentsen — to address the Democrats as they mixed policymaking and partying at the Johns Hopkins University campus in a two-day retreat from the controversies that have gathered quickly at the beginning of the 103rd Congress.

Continued on page 46

Leon — really reading the riot act — Podesta

Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/2

NOTE FOR: George S; Kusnet

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:

THE PRESIDENT HAS SEEN
2-2-93

Talking Points
President Bill Clinton
National Governors Association, Plenary Session
February 2, 1993

o I am pleased and proud to meet with men and women who are on the front lines of public service; governors who deal every day with problems like health care, welfare, education, and the ways that national economic trends affect people's lives and livelihoods.

o You deal with real people with real problems in the real world. When I was a Governor, every day I would hear from people who had lost their jobs in layoffs; people who were afraid that their health care coverage would be cut back; people who wanted to improve their children's schools.

o As you and I learned from the elections last year, the American people want their political system -- and their government -- to address the real problems of real people. They're tired of a political process too often divided by partisanship or dominated by special interests or driven by short-term advantage instead of longterm gains.

o The people know something that, over the past 12 years, Washington too often forgot: the values that are central to the American character must be central to America's government -- work, faith, and family; opportunity, responsibility, and community.

o And what I appreciate about this meeting is that -- no matter what our party or our region -- we've gotten together and paid serious attention to the problems facing our country and our people. You are ready for what Franklin Roosevelt called "bold, persistent experimentation" at every level of government -- from the state house to the White House. And I am here to tell you that this Administration is prepared to work with you, in partnership, sharing ideas, pooling our energies, and enlisting your intelligence and energy and experience.

]Welfare Reform[

o Yesterday, we discussed health care and my economic package. Today, I want to pay particular attention to welfare.

o As have many of you, I've often spoken of the need to end welfare as we know it; to make it a program that supports people who have fallen on hard times -- but, even more importantly, a program that helps them get on their feet, through health care, child care, job training, and, ultimately, a productive job.

o I've said the same thing everywhere -- and I've heard the same things you've heard. Nobody likes the welfare system as it currently exists -- not the taxpayers, not the social service employees, and, most of all, not the welfare recipients themselves.

o Most people on welfare are yearning for another alternative, aching for the chance to move from dependency to dignity. And we owe it to them -- and we owe it to ourselves -- to give them that chance.

~~o Over the last twelve years, political leaders have done a lot of talking about welfare reform. But, unfortunately, there's been a lot more rhetoric than accomplishment.~~

o In the middle of the '80s, I worked with many of you on welfare reform. And, with the help of Senator Moynihan and others, we helped write the Family Support Act of 1988, which President Reagan signed into law.

o The Family Support Act was the first major reform in the welfare system in more than a generation. It embodies a principle which I believe is the basis of an emerging consensus among Democrats <u>and</u> Republicans, liberals <u>and</u> conservatives: We must provide people on welfare with more opportunities for job training; with the assurance that they will receive health care and child care when they go to work; and with all the opportunities they need to become self-sufficient. But then we have to ask them to make the most of these opportunities, and take a job.

o As you know, the states never had ~~the~~ the chance to put these ideas completely to work i~~n the ways that they should have been put to work~~. Because Over the past four years, the welfare rolls have exploded because health care costs have gone up, the job market has declined, and the economy has grown at the slowest rate in half a century.

o And the weak economy left millions in poverty. That is why the welfare rolls increased five times faster during the previous Administration than under the Reagan and Carter Administrations combined. That meant, when you tried to make welfare reform work, you had one hand tied behind your back.

o In spite of it all, you have tried to make welfare reform a reality. From New Jersey to Georgia to Wisconsin -- and in other states all across this country -- you have tried innovative approaches to help people get off the welfare rolls and onto payrolls. In Arkansas, through Project Success, we helped more

rolls grew at less than nat'l avg

than 17,000 people move from welfare to work; and I know that many of you also have your own success stories to tell. I also know that you and I want to do more. And this Administration is going to work with you, not against you.

o I salute you for forming a state officials advisory group on welfare reform, with governors, legislators, and health and welfare directors from ten states.

Within the next ten days, I will announce a welfare reform group to work with you. I will ask **~~have asked~~ top officials from the White House, Health and Human Services and other agencies to sit down with the governors and with Congressional leaders and** best people in nation and then **develop a welfare reform plan that will work. The day I took office, I promised the American people that I would fight for more opportunity for all, but**

demand more responsibility from all. I'm going to keep that promise. And, with your help, the Clinton Administration will put an end to welfare as we know it.

o Our working group will learn from and work with state and local officials, business and labor, and leaders from every walk of life. On welfare reform as on health care reform, there are no top-down, made-in-Washington solutions; the problems -- and the progress -- are in communities all across this country.

o This morning, I want to tell you the principles that will guide this Administration as we work with you to reform the welfare system:

o First, we believe that welfare should be a second chance, and not a way of life. I want to give people on welfare the education and training and every other opportunity they need to become self-sufficient. I want to make sure that they can be sure that, after they go to work, they will still have the health care and the child care that they need. But, after two years, we're going to ask people to go to work, either in the private sector or in public service. We need a time limit on welfare to help break the cycle of poverty that now traps one in every four AFDC recipients for eight years or longer.

o <u>Second, we need to make work pay</u>. We've got to make sure that every American who works fulltime and has a child at home will no longer live in poverty. There is dignity in all work, and there must be dignity for every worker. We've got to expand the Earned Income Tax Credit, which supplements the income of the working poor. And we've got to control health care costs and expand health care coverage, so that no one has to stay on welfare just to make sure that their children can get medical care.

o <u>Third, we need tougher child support enforcement</u>: An estimated 15 million children have parents who could pay child support -- but don't. We've got to make sure that they do. Deadbeat parents owe billions of dollars in unpaid child support -- and that money could go a long way to cut the welfare rolls and lift single-parent families out of poverty. We've got to toughen child support enforcement by creating a national data bank to track down deadbeat parents; by requiring the states to establish paternity at the hospitals when children are born; and by using the IRS to collect unpaid support in seriously delinquent cases.

I've said it before, because it's the simple truth: Governments don't raise children. Parents do.

o <u>And, fourth, we need to encourage experimentation in the states</u>. As you know so well, there are many promising welfare reform initiatives at the state and local level. We will work with you to encourage the "bold, persistent experimentation" that must be the guiding spirit of government at every level, for us to do right by the people we serve.

o Together, we can make restore the dignity of work, strengthen American families, and make welfare what it was originally supposed to be: not a hand-out, but a hand-up. I know we can do this, and I ask your help.

o We don't have a person to waste in this country. We need the talent, the energy, and the skills of every man and woman, every boy and girl, in this country. Because America will not achieve its potential until every person in this country achieves their full potential.

o Of all my moments as Governor, one that I remember with the most pride was when I spoke with a woman whom we had helped to move from welfare to work. She told me that, now that she has a job, many things make her proud. But, most of all, she is proud that when the other children at school ask her son what his mother does, he can give them an answer that makes him proud.

o We can make that happen all across this country.

And that will be good for every American, and especially for those who are on welfare today and who urgently want to build a better tomorrow for themselves and their families.

2/2/93

THE WHITE HOUSE

WASHINGTON

Dear Larry:

Thank you for your letter regarding the Interstate Commerce Commission. I appreciate your taking the time to alert me to your concerns.

The policy set forth by the ICC is crucial to the success of America's transportation system. At this time, I am carefully reviewing nominees for the Commission, and I will certainly keep your advice in mind as I seek to nominate the best individuals to direct America's transportation policy.

[redacted]

With best wishes,

Sincerely,

The Honorable Larry LaRocco
House of Representatives
Washington, D.C. 20515

CO 410

LARRY LAROCCO
1ST DISTRICT, IDAHO
COMMITTEE ON INTERIOR
COMMITTEE ON BANKING

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

1117 LONGWORTH BUILDING
WASHINGTON, DC 20515-1201
(202) 225-6611

DISTRICT OFFICES:

304 NO. 8TH STREET
BOISE, IDAHO 83702
(208) 343-4211

109 SO. KIMBALL AVENUE
CALDWELL, IDAHO 83605
(208) 459-2362

621 MAIN STREET
LEWISTON, IDAHO 83501
(208) 746-6694

408 SHERMAN AVENUE
COEUR D'ALENE, IDAHO 83814
(208) 667-2110

January 25, 1993

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

Dear Mr. President:

Because the Interstate Commerce Commission plays such a key regulatory role in setting national transportation policy, I am concerned that unless changes are quickly made at the ICC, the policies of the last twelve years will continue.

I am particularly concerned, Mr. President, because of the "eleventh hour" Presidential appointment to the ICC shortly before the 103rd Congress convened. The appointment was an obvious attempt to prevent you from making your own appointments to the Commission and to circumvent Congressional confirmation.

For these reasons, I respectfully ask you to remove the current Chairman and take appropriate steps to allow the ICC to reflect the current Administration.

Thank you for your attention.

Sincerely,

Larry LaRocco

Larry LaRocco
Member of Congress

cc: Congressman Al Swift

THE WHITE HOUSE

WASHINGTON

February 2, 1993 3 FEB 2 P2:01

MEMORANDUM FOR THE PRESIDENT

FROM: CHRISTINE A. VARNEY
Secretary to the Cabinet

SUBJECT: Louisiana FEMA Recommendation

The Federal Emergency Management Agency ("FEMA") has forwarded to the Office of the Cabinet Secretary a recommendation that you declare a major disaster in Louisiana at the request of Governor Edwin Edwards.

Facts: Severe storms swept across the southern portion of Louisiana beginning January 20, 1993. Flooding resulted when 12 inches of new rainfall combined with already saturated ground and swollen rivers.

Request: Governor Edwards requests Individual Assistance programs, including Temporary Housing, Disaster Unemployment Assistance, and the Individual and Family Grant program. The Governor also requests the disaster loan programs from the Small Business Administration. No Public Assistance has been requested. FEMA estimates that the Individual Assistance needed will be $1,041,875.

Conclusions: FEMA has concluded that:

1) the situation is of such severity and magnitude that effective response is beyond the capabilities of the state and local governments, and supplemental Federal assistance is necessary;

2) the situation warrants a major disaster declaration;

3) that Individual Assistance be provided to Ascension, St. Martin, Lafayette, East Baton Rouge, and Livingston Parishes; and

4) Public Assistance may be awarded at a later date, if requested and warranted.

Recommendation: FEMA has recommended that you grant the Governor's request for Individual Assistance. White House staff concur.

Action: Attached are letters for your signature to the FEMA Acting Director and Governor Edwards notifying them of your declaration of a major disaster in Louisiana.

Attachments

THE WHITE HOUSE

WASHINGTON

February 2, 1993

The Honorable Edwin W. Edwards
Governor
State of Louisiana
State Capitol Building
Baton Rouge, Louisiana 70804

Dear Governor Edwards:

As requested, I have declared a major disaster under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (the Stafford Act) for the State of Louisiana due to damage resulting from severe storms and flooding on January 20 through January 25, 1993. I have authorized Federal relief and recovery assistance in the affected area.

Individual Assistance will be provided. Public Assistance may be added at a later date, if requested and warranted. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs in the designated areas.

The Federal Emergency Management Agency ("FEMA") will coordinate Federal assistance efforts and designate specific areas eligible for such assistance. The Federal Coordinating Officer will be Mr. Leland R. Wilson of FEMA. He will consult with you and assist in the execution of the FEMA-State Disaster Assistance Agreement governing the expenditure of Federal Funds.

Sincerely,

THE WHITE HOUSE

WASHINGTON

February 2, 1993

The Honorable William C. Tidball
Acting Director
Federal Emergency Management Agency
Washington, D.C. 20472

Dear Mr. Tidball:

I have determined that the damage in certain areas of the State of Louisiana, resulting from severe storms and flooding on January 20 through January 25, 1993, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act ("the Stafford Act"). I, therefore, declare that such a major disaster exists in the State of Louisiana.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes, such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Individual Assistance in the designated areas. Public Assistance may be added at a later date, if requested and warranted. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs.

Sincerely,

THE PRESIDENT HAS SEEN
2/2/93

MEMORANDUM

TO: President Clinton
FR: Marcia Hale MH
RE: Scheduling
DT: February 1, 1993

In the fifth paragraph of the attached memorandum from Susan Brophy she suggests that you meet with the House whips on Thursday which we discussed in our scheduling meeting this morning.

Brophy also suggests that you attend the Senate Democratic Caucus luncheon following your leadership meeting tomorrow. You can do this if you leave immediately after lunch with Senator Mitchell and go to Capital Hill. We could push your economic meeting back if you plan to do this.

So that as many senators as possible will have input into your economic plan before they adjourn, we recommend that you do this meeting.

YES ✓ NO___

OK for forwarding
JDP

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO THE PRESIDENT P5:32

From: Susan Brophy, for Legislative Affairs

CC: Mack McLarty
Marcia Hale

Subject: Proposed Congressional Meetings

Date: February 1, 1993

We would appreciate your revisiting the issue of a meeting with new members before they go home for recess on Thursday.

We think the best use of the limited time you have available for congressional relations this week would be to convene a meeting of these folks so they will return to their districts as cheerleaders for the Clinton Administration and our legislative proposals. Most of these folks will be conducting town meetings and will be reaching a lot of voters and receiving much media attention. We think they will be more invested and engaged in your initiatives, and will communicate their enthusiasm in their districts.

In addition, we will be asking these members to cast tough votes in the upcoming weeks and we think it is essential to have them feel as if they are an integral part of the team and that their support is appreciated.

Although we don't expect to get many Republican votes on the economic package, we will need them on other issues, and it is important to lay the foundation for bipartisan communication.

Second, we think that it is a very good idea for you to meet with the House whips on Thursday and suggest briefly attending the Senate Democratic Caucus luncheon following your leadership meeting tomorrow. All Democratic members of the Senate attend. We think both of these meetings are helpful for the reasons identified above.

Finally, we advocate that you meet with Lane Kirkland (this request came through Howard Paster) before he goes to Florida for labor's winter meetings. Organized labor will be an important ally in getting our economic package through Congress. Labor leaders gathered in Florida will appreciate that you have reached out to the President of the AFL-CIO. The reason for doing this without other union presidents is that it would be very difficult to pick and choose among them, and inevitably people would feel left out. If it is impossible to do a meeting, we would advise that a phone call be made.

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/2

NOTE FOR: George S., Kasco

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

Information ☑

Action ☐

original to records mgt

[redacted]

Thank you.

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

[redacted]

cc:

THE PRESIDENT HAS SEEN

STATEMENT OF PRESIDENT BILL CLINTON
NATIONAL GOVERNORS' ASSOCIATION MEETING
FEBRUARY 1, 1993

Good morning. The day before my Inauguration, on one of the last days that people called _me_ "Governor," I had lunch with ~~just~~ many of you & many other ~~about every~~ governors I have served with over the past fourteen years. I indicated then that I was counting on a partnership between the country's governors and this Administration rooted in our common experience on the front lines of government. And I told my friends, my colleagues, that the one thing I would demand from them was a commitment to keep me rooted in that common experience, in the real problems of real people. The White House, after all, is nothing less than the _people's_ house.

Today our partnership continues in earnest. And we have agreed to challenge _together_ the one obstacle that could keep us from success in virtually every arena: the twin monsters of spiralling health care costs and agony of having no health care coverage or access of living in fear of losing it.

Left unaddressed, the health care crisis has had devastating impacts on families, businesses, and the fiscal condition of the state and local government. For 12 years, the fed'l gov't ~~previous~~ adm~~inistrations~~ has ignored the problem, and Americans are paying the price.

~~Over the last 12 years,~~ The amount we spend on health care has more than tripled ~~-- and yet through all that time, Washington did nothing.~~ We spend more on health care than any other nation on earth, and we get less for it. We send American companies out into the world with a 30% handicap, simply because of high health care costs. The average American car includes over $1,000 in health care costs -- twice as much as the average Japanese car. ~~And yet for 12 years, the last two administrations did nothing.~~

For too long, nothing done.

You know as well as I do who is paying the price: working families who live in fear of losing their health insurance; small businesses who must choose between dropping coverage for their employees or going broke; state and local governments who -- unlike the federal government -- have to balance their books every year, and are getting killed by rising health care costs as a result.

And all of this occurred because ~~no one in charge had the will~~ to break the gridlock, to tackle the tough choices.

If every person striving to overcome this challenge brings to his work the same depth of drive and determination as our nation's governors, the American people will never want for lack of commitment, and we will never fail for lack of concern.

This meeting was the model of everything I want my relationship with the nation's governors to be. It wasn't scripted. It wasn't staged. It was an honest discussion, where real work was done and real opinions were argued, in a room filled with men and women who left their partisan banners outside on the floor.

And in that spirit, in what I hope is the first of a series of announcements we will make together, I am announcing the following:

For years the nation's governors have been arguing that the process through which Medicaid waivers are granted is byzantine and counterproductive. They are right.

I am today directing the Department of Health and Human Services and the Health Care Financing Agency and to take immediately a series of actions to streamline the Medicaid waiver process. These include a requirement that, from now on, HCFA and its regional centers will have only one opportunity to ask for additional information and clarification on Medicaid waiver requests. I also want HCFA to examine the development of a list of standard initiatives for automatic approval. In consultation with the NGA, I want a rapid review of the entire waiver request process that produces a list of additional streamlining recommendations within 60 days.

I am also directing HCFA to reopen negotiations with the National Governors' Association and to issue new provider tax and disproportionate share reimbursement regulations.

Finally, I am directing the Department of Health and Human Services to conduct a similar review of the non-Medicaid waiver submissions not addressed in the instructions I just described.

I am also very happy to announce that Hillary and the NGA leadership have agreed on a formal process for the governors to provide the Health Care Task Force with the input, advice, and perspective that is absolutely essential to the Task Force's success. They will be having their first meeting tomorrow.

Governor Romer.

THE WHITE HOUSE
WASHINGTON

DATE: 2/2

NOTE FOR: Bruce Lindsey

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:

White House Daily News Briefings Go Dark

Back to where we started? White House communications director **George Stephanopoulos**, who broke with tradition to allow his daily briefings to be broadcast on television and radio, pulled the plug yesterday.

Without explanation, or even much warning, the White House returned to the pattern of previous administrations, in which the daily briefings were for the record but not on camera or with live sound.

Actually, no explanation was needed. It is a truism of media coverage that television needs pictures for many of the stories it does, and pictures of Stephanopoulos explaining the withdrawal of **Zoe E. Baird** as attorney general designate, explaining homosexuals in the military several days running, and yesterday, talking about Social Security benefits cuts are not the kinds of pictures any White House wants.

What White House officials want is the president doing presidential things on camera, like meeting with the governors to discuss health care issues, as Clinton did yesterday.

Stephanopoulos said after the briefing he may occasionally appear on camera, but not routinely. The plug was pulled so quickly yesterday that radio stations nationwide, which had been carrying the briefings live, found themselves with dead air and probably a few perplexed listeners.

It had been widely predicted in political circles that the live briefings would stop, if not sooner, then later because it would eventually occur to someone that candidate Clinton's need to solicit any and all coverage would be replaced by **President Clinton's** need to focus coverage on his preferred message. It took only eight televised briefings—weekend briefings were not on camera—for someone to figure this out and return to the old order.

Democratic Jobs Galore

■ Haven't gotten The Call yet? Not to worry. The Democratic National Committee is holding a job fair today at the National Education Association headquarters, trying to help the hundreds of people who worked on the Clinton-Gore and other campaigns get work.

The DNC said it expects about 100 organizations to be represented, ranging from federal agencies to the accounting giant Price Waterhouse to the National Association of Home Builders.

Many of the job-seekers are expected to be people from out of town who worked on the transition or the inauguration and have not landed jobs in the government. "Several hundred campaign workers are still out there looking," said DNC spokesman **Simon Rosenberg**.

Rosenberg was optimistic about placing people either in the public or private sector. "Each of the departments is going to have to hire many, many people."

One "department" may be hiring but is apparently paying less than before. White House sources say the administration is trying to keep Clinton's pledge to cut the staff by 25 percent. But if the number of bodies cannot be reduced that much the administration may try to cut the budget by 25 percent by paying less money for comparable work than the Republicans did. Sources say there are cases where people have been offered substantially less—say, $20,000 less—to work in the White House than they had been getting on the Hill.

There wasn't that much confidence over at the Republican National Committee. Although Republicans had a daylong seminar on helping people write résumés and get in touch with headhunters, "The difference is they have 4,000 jobs they have to fill and we don't," said RNC spokesman **B. J. Cooper**. Cooper himself likely will move on so new chairman **Haley Barbour** can hire his own team.

U.N. Post for Former Hostage?

■ **Terry Anderson**, the longest-held U.S. hostage in Lebanon until his release 14 months ago, has met **Madeleine K. Albright**, Clinton's U.N. ambassador, to discuss signing on as her deputy, Anderson's agent said yesterday.


TERRY ANDERSON

The agent, **Don Epstein**, told Reuter news service that no decisions had been made yet after the meeting, which was reported in the Los Angeles Times. "The two met about the possibility of Mr. Anderson coming on board to work," he said. Anderson is working in New York, writing a book on his 2,454 days in captivity.

Anderson, the former Associated Press chief Middle East correspondent based in Beirut, left journalism last year and said he might run for office after completing his book.

Learning the Ropes . . .

■ Senate Minority Leader **Robert J. Dole** (R-Kan.) took the five freshmen GOP senators to New Jersey to discuss foreign policy with the GOP's venerable international sage, former president **Richard M. Nixon**.

Seen Around Town . . .

■ **Skip Rutherford**, a top aide to White House Chief of Staff **Thomas F. "Mack" McLarty** when McLarty ran his natural gas company in Little Rock, Ark. Sources said Rutherford declined to move here. Although he has been in Washington this week and last helping out, he is still not a full-time resident.

—Al Kamen

BC
We might use
I'd like this
B

The Washington Post
2/2/93

THE PRESIDENT HAS SEEN
2/2/93

10

THE WHITE HOUSE
WASHINGTON

DATE: 2.2.93

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: 2.2.93

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 2, 1993

FOR:	THE PRESIDENT
FROM:	ANTHONY LAKE
SUBJECT:	Telephone Call to Harry Belafonte
DATE:	To be Determined
PURPOSE:	To return the phone call from Harry Belafonte
SECURE OR OPEN:	Open
INTERPRETER:	None required
PHONE NUMBER:	To be Determined
CONTACT PERSON:	To be Determined
TIME DIFFERENCE:	To be Determined
SUGGESTED TIMES:	To be Determined
TOPICS OF DISCUSSION:	Haiti
Date of Submission:	
Action:	

Attachment
Tab A Points to be Made

POINTS TO BE MADE FOR TELEPHONE CONVERSATION WITH HARRY BELAFONTE

THE DIPLOMATIC INITIATIVE:

-- I am strongly committed to the restoration of the democratically elected government of President Aristide.

-- Even before I came into office, I publicly endorsed the UN/OAS negotiating effort, and spoke by phone with the UN's chief negotiator on Haiti, Dante Caputo.

-- I also spoke by phone with President Aristide on January 13, and assured him of my support for democracy in Haiti.

-- The first step in this process will be the deployment of substantial numbers of human rights monitors from the OAS and the UN.

-- While the cost of this operation will be substantial, my Administration is prepared to do its fair share, and we are looking to other nations for contributions as well.

-- As the negotiation process moves forward, I will continue to be personally engaged in the effort to promote a resolution of this crisis.

MEETING WITH ARISTIDE (if asked):

-- I do indeed intend to meet with President Aristide, but a precise date for the meeting has yet to be decided.

THE BOAT PEOPLE (if asked):

-- I maintained direct return as I believe this was necessary to avert a humanitarian tragedy.

-- Our policy, however, is to permit safe and accessible processing of refugees, and the State and Justice Departments are right now exploring ways to expand "in-country" refugee processing and make it more secure.

-- At the same time, we are reviewing the refugee problem in general, and are trying to find solutions that are fair and humane.

-- As I have said before, I will end the practice of direct return when I can do so safely.

THE WHITE HOUSE
WASHINGTON

[redacted]

February 2, 1993

MR. PRESIDENT,

Attached is decision memorandum from Christine Varney concerning FEMA's recommendation that you declare a major disaster in Louisiana.

All senior staff have approved and Counsel has no objections. Please indicate your decision here.

If you approve, please sign the attached letters.

[redacted]

___Approve ___Reject ___Discuss

John Podesta

[redacted]

THE PRESIDENT HAS SEEN
2/2/93

THE WHITE HOUSE

WASHINGTON

February 2, 1993

3 FEB 2 P2:01

MEMORANDUM FOR THE PRESIDENT

FROM: CHRISTINE A. VARNEY
Secretary to the Cabinet

SUBJECT: Louisiana FEMA Recommendation

The Federal Emergency Management Agency ("FEMA") has forwarded to the Office of the Cabinet Secretary a recommendation that you declare a major disaster in Louisiana at the request of Governor Edwin Edwards.

Facts: Severe storms swept across the southern portion of Louisiana beginning January 20, 1993. Flooding resulted when 12 inches of new rainfall combined with already saturated ground and swollen rivers.

Request: Governor Edwards requests Individual Assistance programs, including Temporary Housing, Disaster Unemployment Assistance, and the Individual and Family Grant program. The Governor also requests the disaster loan programs from the Small Business Administration. No Public Assistance has been requested. FEMA estimates that the Individual Assistance needed will be $1,041,875.

Conclusions: FEMA has concluded that:

1) the situation is of such severity and magnitude that effective response is beyond the capabilities of the state and local governments, and supplemental Federal assistance is necessary;

2) the situation warrants a major disaster declaration;

3) that Individual Assistance be provided to Ascension, St. Martin, Lafayette, East Baton Rouge, and Livingston Parishes; and

4) Public Assistance may be awarded at a later date, if requested and warranted.

Recommendation: FEMA has recommended that you grant the Governor's request for Individual Assistance. White House staff concur.

Action: Attached are letters for your signature to the FEMA Acting Director and Governor Edwards notifying them of your declaration of a major disaster in Louisiana.

Attachments

THE WHITE HOUSE

WASHINGTON

February 2, 1993

The Honorable Edwin W. Edwards
Governor
State of Louisiana
State Capitol Building
Baton Rouge, Louisiana 70804

Dear Governor Edwards:

As requested, I have declared a major disaster under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (the Stafford Act) for the State of Louisiana due to damage resulting from severe storms and flooding on January 20 through January 25, 1993. I have authorized Federal relief and recovery assistance in the affected area.

Individual Assistance will be provided. Public Assistance may be added at a later date, if requested and warranted. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs in the designated areas.

The Federal Emergency Management Agency ("FEMA") will coordinate Federal assistance efforts and designate specific areas eligible for such assistance. The Federal Coordinating Officer will be Mr. Leland R. Wilson of FEMA. He will consult with you and assist in the execution of the FEMA-State Disaster Assistance Agreement governing the expenditure of Federal Funds.

Sincerely,

Bill Clinton

THE WHITE HOUSE

WASHINGTON

February 2, 1993

The Honorable William C. Tidball
Acting Director
Federal Emergency Management Agency
Washington, D.C. 20472

Dear Mr. Tidball:

I have determined that the damage in certain areas of the State of Louisiana, resulting from severe storms and flooding on January 20 through January 25, 1993, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act ("the Stafford Act"). I, therefore, declare that such a major disaster exists in the State of Louisiana.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes, such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Individual Assistance in the designated areas. Public Assistance may be added at a later date, if requested and warranted. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs.

Sincerely,

William J Clinton