Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	John Podesta to William Itoh re: Security Clearance Request [partial] (1 page)	01/25/1993	b(6)
002. resume	[Personally Identifiable Information] [partial] (1 page)	02/00/1993	b(6)
003. memo	Douglas Fehrer to David Watkins re: Departing Staff Members Use of Leave Without Pay [partial] (2 pages)	02/08/1993	b(6)
004. memo	From Howard Paster re: February 17, 1993 Address to Congress [partial] (1 page)	02/08/1993	b(7)(E)

COLLECTION:

Clinton Presidential Records
Staff Secretary
John Podesta (Chron File)
OA/Box Number: 359

FOLDER TITLE:

February 1993 [7]

2018-0662-S
rs3032

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

THE WHITE HOUSE
WASHINGTON

DATE: 02/09/93

: FIRST LADY

HN D. PODESTA
;istant to the President and
Staff Secretary

: attached has been forwarded
ıe President.

THE WHITE HOUSE
WASHINGTON

DATE: 02/09/93

TO: THE VICE PRESIDENT

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

The att...

THE WHITE HOUSE
WASHINGTON

DATE: 02/09/93

TO: MACK MCLARTY

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

The attached has been forwarded
to the President.

THE WHITE HOUSE

WASHINGTON

February 9, 1993

MR. PRESIDENT:

Attached is a memo from Carol Rasco and Bruce Reed recommending that you, personally, chair the welfare reform working group.

George agrees with the recommendation for the reasons stated. I have forwarded a copy to Mack, the Vice President, and the First Lady.

John Podesta

THE WHITE HOUSE

WASHINGTON

February 9, 1993 P5:47

MEMORANDUM FOR THE PRESIDENT

FROM: **Carol Rasco** CHR
Bruce Reed BR

SUBJECT: **Welfare Reform Working Group**

I. ACTION-FORCING EVENT: In your speech to the NGA, you pledged to name members of the welfare reform working group within ten days. That informal deadline is this Friday, February 12.

II. BACKGROUND: We have asked heads of the departments with a major stake in welfare reform to designate a top official from their agency to serve on the working group. This group will include representatives from:

HHS	Agriculture	Domestic Policy Council
HUD	Education	National Economic Council
Labor	OMB	

Some departments, while eager to get started, do not have the appropriate people in place yet. HHS should officially announce David Ellwood and Mary Jo Bane this week, but Mary Jo does not plan to move to Washington until after she has been confirmed by the Senate.

III. RECOMMENDATIONS: We recommend that you announce the working group as soon as the key players are on board, and bring them to the White House for the group's first meeting within the next few weeks. We have asked HHS to recommend some real executive action you can take to coincide with that first meeting, such as granting a pending waiver for a promising state welfare reform program.

We recommend that you chair the working group and keep welfare reform as a Presidential initiative coordinated out of the White House. (Bruce Reed and Kathi Way will be staffing the issue for the White House.) Secretary Shalala has expressed a desire to run the working group out of HHS and chair it herself. Obviously, her Department should and will have a strong voice in welfare reform through Ellwood, Bane, and others. But for organizational as well as political reasons, we strongly believe the White House should take the lead. You won wide praise last week by making welfare reform one of your top five priorities for the next several months. You risk undermining those gains, both now and down the road, if you farm out that responsibility.

IV. DECISION:

___Approve ___Approve As Amended ___Reject ___No Action

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THE WHITE HOUSE

WASHINGTON

JANUARY 25, 1993

MEMORANDUM FOR WILLIAM ITOH

FROM: JOHN PODESTA JDP

RE: SECURITY CLEARANCE REQUEST

At the moment, Terry Good is the only member of the White House Office of Records Management [redacted] (b)(6) I believe that it would be prudent to give his deputy, Lee R. Johnson, similar clearances.

Let me know if
there is a problem
Lee has [redacted]

JDP
2.9.93

THE WHITE HOUSE

WASHINGTON

Seen 2.9.93

JAN 27 P7:29

January 27, 1993

MEMORANDUM FOR JOHN D. PODESTA

FROM: LEE R. JOHNSON

SUBJECT: PRESIDENTIAL INKS AND PENS

Attached is a letter from Norvell Jones of the National Archives outlining past testing of White House inks and pens and expressing a willingness to perform further testing. If you want to pursue this, I will be glad to act as courier of whatever pens or inks you wish tested.

One additional note: Norvell informed me by phone today that what pen manufacturers usually mean by the term "permanent" actually means waterproof. In other words, such inks may be neither fade or light resistant.

National Archives

Washington, DC 20408

January 26, 1993 BY FAX

Mr. Lee Johnson
Office Of Records Management
The White House
Washington DC 20500

Dear Lee:

In the past we have recommended to the White House ink that is non-acidic, does not fade when exposed to artificial light aging, and does not bleed in water.

In 1988 Susan Lee-Bechtold in the Research and Testing Laboratory tested three inks supplied by the White House. They were a commercially available ink from Parker and two unidentified inks supplied by Parker in cartridges directly to the White House. The third ink, which we believe was a suspension of finely ground pigment, tested very well. Owen Jones at Parker, (608) 755-7333, was the contact for this ink. We believe that it was the intention at the White House that the President use this ink for official signatures, but we had no further involvement after our testing.

In September of 1989 we again tested samples of ink, this time intended for use in the autopen. A copy of that information is attached.

At the National Archives we use a Sakura Pigma pen to enter declassification information. Although not of U. S. manufacture, it was the most permanent pen we were able to find on the retail market when we were looking several years ago. We can look at any other commercially available pens you would like us to test.

As I understand your most recent request, you are also interested in ink that could be used for informal writing and signatures including inscriptions on photographs. For permanence, the qualities you require for this ink are the same ones that are required for official signature ink. The ink must be non-acidic, and resistant to fading and bleeding. The other requirements are that the ink adhere to the substrate--some inks have a tendency to bead and/or flake on slick surfaces like photographs--and that the ink be deliverable in a writing instrument comfortable for the writer. These last two requirements combined with the first three apparently are sometimes a challenge for ink formulators.

If commercially available pens are not able to meet your needs including permanence, you may need to go directly to manufacturers to locate a suitable pen.

We can test any other ink samples that you wish for permanence, but you should probably determine first from the manufacturer that they can be delivered in a comfortable instrument. We can perform our tests most effectively if we have samples of the ink both in the delivery system (that is, either a cartridge or pen), as well as in a small bottle or jar as appropriate to the viscosity of the ink; however, we can perform tests with only the ink in a pen. The testing takes about three weeks for a group of three samples. Additional samples will take a little longer.

If you need additional information I can be reached at 501-5360.

Sincerely,

Norvell M. M. Jones

NORVELL M. M. JONES
Chief, Document Conservation Branch
Preservation Policy and Services Division

Mr. Jim Hastings
White House Office of Records Management
Washington, DC

Dear Jim:

The Research and Testing laboratory of the Document Conservation Branch tested the four inks which you sent us. To test the inks we covered sheets of a nautral pH paper with lines. We allowed the sheets to dry, then cut them and tested them for bleeding, fading and change in pH.

The two KIN pens were a fiber tip which wrote easily, bled badly in water and faded quite a bit when exposed to a sun lamp. They were also slightly acidic. The Staedtler and Koh-i-noor pens produced finer lines, did not bleed and did not fade appreciably. The Staedtler ink was slightly acidic but the Koh-i-noor was not. Thus we would recommend the Koh-i-noor pen for use in the autopen.

I have inclosed the bleeding samples so that you can see the results, as we do not have a means for measuring this. Fading results were; KIN (black) after 96 hours in the Sunlighter gained 13.+3.2 brightness units, KIN (blue) after the same time gained 3.0+0.5 units brightness, the Staedtler ink lost 1.7+1.6 units of brightness (it actually got darker) and the Koh-i-noor lost 1.5+1.7 units of brightness also. The pH of the water extracts were as follows; KIN (blue) 6.85, KIN (black) 6.75, Staedtler 6.65 and Koh-i-noor 7.15.

If you have any further questions give us a call.

Sincerely,

Susan Lee-Bechtold
Supervisory Chemist
Document Conservation Branch

cc: Official file - NNPD
Reading file - NNPD
Reading file - NNP
SL-Bechtold:ekt:9-15-89

CC: JOHN PODESTA -8/2

Clerk
2-9-93

MEMORANDUM

To: David Watkins
Janet Green

cc: Andy Aultz (OEOB #178)

FR: Bruce Lindsey

RE: Presidential Personnel Senior Staff and Equipment

DATE: January 25, 1993

The structure of the Office of Presidential Personnel (OPP) will be as follows:

Deputy Assistant to the President and Deputy Director, OPP
Jan Piercy

Deputy Assistant to the President and Deputy Director, OPP
John Emerson

Special Assistants to the President and Associate Directors, OPP
~~Peter Knight~~
~~Bob Nash~~
Maria Echaveste
Maria Haley
~~Michael Whouley~~
Shirley Clarkson

~~Please take~~ whatever steps necessary to confirm the above as commissioned appointments and advise me of any further action I may need to take. (Do not do the paperwork on Knight, Nash or Whouley until further advised).

In addition, the above individuals will each need a beeper, a cellular telphone, and the West Exec. parking to which they should be entitled as commissined appointees. Since I already have the phone and the beeper, we will need an additional eight.

I also request that televisions and fax machines be installed in Piercy and Emerson's offices (Rooms 151 and 155, OEOB, respectively).

TO MARSHA SCOTT

The woman I spoke to you about

JDP

2.9.93

STEPHANIE ANNSHERRIE OWENS
Stephanie Owens & Associates
5815 Doverwood #37 Culver City, CA 90230
310/410-4595

ECONOMIC DEVELOPMENT

Long Beach Neighborhood Entrepreneur Program *Program Manager*

- Responsible for development and implementation of federally-funded micro business entrepreneur program for targeted enterprise zone. Development of program structure and content of business workshops Supervised the identification and screening of program participants. Administered revolving micro-loan program.

Coalition for Women's Economic Development *Facilitator*

- Facilitator for 12-week micro-business workshops tailored to start-up and established businesses in South Central and East Los Angeles communities. Responsible for the development of class content focusing on participatory learning strategies which target the key elements of successful business. Provide technical assistance in marketing research, micro-loan packaging, administration and business plan development.

Southern CA Conference For Women Business Owners *Director*

- Developed a comprehensive annual event for entrepreneurial women in Southern California. Design and implementation of two-day program which examines critical issues confronting business owners. Responsible for overseeing all event components including: lectures, exhibits, marketing, media and event programming.

POLITICAL

Presidential Inaugural Committee	*Deputy Site Manager* *Opening Ceremonies - Lincoln Memorial*
Clinton/Gore '92	*National Advance Staff*
Saavedra for Assembly '92	*Fund-raiser*
Harvey Gantt for U.S. Senate '90	*Field Operations*
Coalition for Democratic Values	*Western Regional Coordinator*
Dukakis/Bentsen '88	*CA Administrative Manager* *National Advance Staff*
Jesse Jackson '88	*National Financial Administrator*
Maxine Waters for Assembly	*Field Operations*
Tom Bradley for Governor	*Fund-raiser*

Stephanie Owens
page two

MANAGEMENT/ORGANIZATIONAL

Nelson Mandela U.S.A. '90 *Deputy Planner*
- Responsible for national strategic and logistical planning for U.S. visit.

Earth Day '90 *Outreach Director*
- Developed and conducted a seven-city tour of low income and minority communities facing substantial environmental concerns.

Mobilize for Women's Lives '89 *Deputy Director*
- Managed a budget of over one million dollars. Developed merchandising, administrative and field reporting systems. Managed the development and staffing of several simultaneous state events and national rally.

Paul Quinn College '91 *Coordinator*
- Program coordination and talent acquisition for dinner/concert fund-raiser to benefit the newly restored 100-year-old black college. Responsible for obtaining corporate sponsorship.

FUNDRAISING

East Los Angeles Youth Activities Foundation
- Design annual development plan, carry out strategies designed to achieve project goals. Identify and cultivate major gift prospects through research, meetings and specially planned cultivation events.

National Rainbow Coalition
- Develop strategy for aggressive financial support targeted at corporations and foundations. Development and drafting of proposals. Coordinated fund-raisers in the corporate, labor and entertainment environments.

CORPORATE

IBM - Southwest Marketing *Systems Engineer* 1984-88

Peat, Marwick, Mitchell & Co. - Systems Development Group *Consultant* 1983-84

Xerox Corporation - Printing Systems Division *Systems Analyst* 1981-83

EDUCATION

University of Southern California 1982
Bachelor of Science:Business Administration

THE WHITE HOUSE

WASHINGTON

February 9, 1993

3 FEB 9 A10 : 35

MEMORANDUM FOR JOHN D. PODESTA

FROM: TIM SAUNDERS
Deputy Executive Clerk

SUBJECT: Kathleen McGinty's Title

As you know, yesterday the President announced that Kathleen McGinty will lead the new White House Office on Environmental Policy. In addition, a press release was issued stating her title as follows:

Kathleen McGinty	Deputy Assistant to the President and Director of the White House Office on Environmental Policy

Is she to be commissioned with this title? If so, what date should her commission be dated? Yes 2/8

We will also need to check her name and what State ~~she wants~~ to appear on her commission. We can do this if you prefer.

go ahead
JDP
2-9-93

The White House Office on Environmental Policy will be responsible for coordinating environmental policy within the federal government. The Director of the White House Office on Environmental Policy will participate in each of the major policy councils: the National Security Council, the National Economic Council, and the Domestic Policy Council and work closely with the relevant federal agencies.

"The American people understand how important it is to at the same time work to protect the environment and grow our economy. And, they have been waiting too long for leadership that will confront the global ecological crisis we face," said Vice President Gore. "That work demands a coordinated, focused effort all across the government."

The Office replaces the Council on Environmental Quality, expanding the influence of the Council with a more efficient and effectively focused mandate to coordinate and influence environmental policy. The Office will retain some of the responsibilities of the CEQ, while others will be returned more appropriately and effectively to the relevant federal agencies, creating at the White House a more effective means of focusing on policy making and development.

President Clinton today (2/8) named Kathleen McGinty as Deputy Assistant to the President and Director of the White House Office on Environmental Policy. McGinty, 29, a lawyer who has served as Vice President Gore's senior environmental advisor since 1990, first joined Gore's Senate staff in 1989 as an American Association for the Advancement of Science Fellow. She is a graduate of Columbia Law School in New York City where she earned a JD, and St. Joseph's University in Philadelphia where she earned a BS in Chemistry. She has broad experience on a range of environmental issues and served as the Senate's top staff advisor for the United Nations Conference on Environment and Development in Brazil. She also served as an official member of the U.S. delegation to the Antarctica Environmental Protocol Treaty negotiations.

##

THE WHITE HOUSE
OFFICE OF THE PRESS SECRETARY

FOR IMMEDIATE RELEASE February 8, 1993

WHITE HOUSE OFFICE TO COORDINATE ENVIRONMENTAL POLICY
President Designs New Office to Streamline, Strengthen Policy
FOCUS ON ENVIRONMENT AND ECONOMY, GLOBAL ISSUES

WASHINGTON -- Streamlining and improving the Administration's ability to coordinate and craft environmental policy, President Clinton today (2/8) announced the creation of the White House Office on Environmental Policy and reinforced his intention to elevate the Environmental Protection Agency to the cabinet.

"We face urgent environmental and economic challenges that demand a new way of thinking and a new way of organizing our efforts," President Clinton said. "This office represents in action our commitment to confront these challenges in a new, more effective way, recognizing the connection between environmental protection and economic growth and our responsibility to provide real leadership on global environmental issues."

President Clinton said he is working with Congress to pass legislation that will elevate the EPA to the cabinet, further reinforcing his Administration's commitment to real changes in environmental policy.

"We must move in a new direction, to recognize that protecting the environment means strengthening our economy, and creating jobs. And, we must be ready to take advantage of the enormous business opportunities that exist both here and around the world for new environmental technologies that protect the environment and increase profits," the President said.

"The days of photo-op environmentalism are over. The Competitiveness Council is closed and so is the back door the polluters used to use to get out from under our laws," he said.

"This office represents our commitment to the environment and to a new, more efficient and effective way to craft policies that work -- policies that recognize protecting our environment means strengthening our economy; policies that recognize global environmental problems that have too long been relegated to the bottom of the agenda; policies that renew for the American people a genuine commitment to their health, their safety, and their jobs," President Clinton said.

(MORE)

THE WHITE HOUSE

OFFICE ON ENVIRONMENTAL POLICY

The White House Office on Environmental Policy represents a bold, new effort to streamline and strengthen environmental policy-making, providing President Clinton and Vice President Gore a powerful and effective means to bring their commitment to environmental protection and economic growth to the American people.

The Office on Environmental Policy will be responsible for coordinating environmental policy within the federal government, allowing the Clinton-Gore Administration to provide real leadership on critical global environmental concerns such as climate change and ozone depletion.

The Office on Environmental Policy represents in action key elements of the Administration's environmental policy goals: integrating environmental and economic issues, recognizing that environmental protection and economic growth are related; providing leadership on global environmental issues that demand a new, international perspective; fairly enforcing existing laws and protections without special favor for narrow interests; and renewing for the American people a genuine commitment to the environment and their health and safety.

The Office will be led by the Deputy Assistant to the President, Director of the White House Office on Environmental Policy who will participate in each of the major policy councils: the National Security Council, the National Economic Council, and the Domestic Policy Council and will work closely with the relevant federal agencies on environmental policy.

The Office replaces the Council on Environmental Quality, expanding the influence of the Council with a more efficient and effectively focused mandate to coordinate and influence environmental policy. The Office will retain some of the responsibilities of the CEQ, while others will be returned more appropriately and effectively to the relevant federal agencies, creating at The White House a more effective means of focusing on policy making and development.

#

THE WHITE HOUSE

WASHINGTON

February 10, 1993

The Honorable Lloyd Bentsen
1810 Kalorama Square, NW
Washington, D.C. 20008

Dear Lloyd:

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

Thank you for your friendship, Lloyd.

Sincerely,

Bill

Thanks for adding
youth and vigor to
the cabinet —
It does seem to be
making you younger.

THE WHITE HOUSE

WASHINGTON

February 9, 1993

George Stephanopoulos
1840 California Street, #16A
Washington, D.C. 20009

Dear George:

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

Thank you for your friendship, George.

Sincerely,

Bill

I think you should
leak your advancing
age - It will greatly reassure
the rest of us.

To Bruce Lindsey

THE WHITE HOUSE

WASHINGTON

2-9

Bruce

Ted is a nice, smart Republican. I don't know if you're in search for Repubs. for seats on Commissions. My wife also knows him from the SEC + likes him

[redacted]

John

THEODORE C. BARREAUX
2910 QUE STREET, N.W.
WASHINGTON, D.C. 20007

WORK: 202/275-1939 HOME: 202/333-3795

PROFESSIONAL EXPERIENCE

GENERAL ACCOUNTING OFFICE,
Washington, D.C., September 1990 - Present

COUNSELOR TO THE COMPTROLLER GENERAL OF THE UNITED STATES. Serve as counselor to the Comptroller General in all areas of GAO's activities, with particular emphasis on Federal financial regulation and national security issues. Also direct special projects of immediate concern to the Comptroller General and deal directly with Members of Congress on his behalf.

THE WHITE HOUSE,
Washington, D.C., January 1989 - September 1990

SUPERVISOR OF DETAILED EVALUATION, OFFICE OF PRESIDENTIAL PERSONNEL. Supervised the unit that reviewed and evaluated the credentials of applicants for political appointments.

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS,
Washington, D.C., May 1976 - January 1989

GROUP VICE PRESIDENT - GOVERNMENT RELATIONS. The AICPA is the national professional organization of Certified Public Accountants in the United States with a membership of 300,000 CPA's. Developed and implemented AICPA policy on a wide variety of legislative and regulatory issues affecting the accounting profession and managed the Federal Government, Federal Tax, and Legislative Affairs Divisions.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION,
Washington, D.C., October 1972 - May 1976

DIRECTOR OF CONGRESSIONAL RELATIONS, OFFICE OF THE CHAIRMAN. As the Commission's first Director of Congressional Relations and assistant to the Chairman, implemented the Commission's legislative program and served as director of all liaison activities between the Commission and Members of Congress. Also performed a wide variety of internal management functions designed to improve the administration of the SEC.

Prior to this appointment, served as Deputy Director of the Office of Policy Planning. In this capacity, identified new trends in the financial markets, analyzing their public policy implications, and evaluating the adequacy of the SEC's statutory framework in meeting the agency's policy goals.

CITIZENS FOR JOHN PRICE AND GOOD GOVERNMENT,
New York, N.Y., January 1972 - October 1972

CAMPAIGN CHAIRMAN. Citizens for John Price and Good Government was formed to explore the possibility of John R. Price, Jr. entering a race for Congress in New York State.

DEVELOPMENT ALTERNATIVES, INC.,
Washington, D.C., December 1971 - January 1972

SENIOR CONSULTANT. This special assignment was a two-month project for the Appalachian Regional Commission. Developed policy and management strategy to improve the ARC's effectiveness in providing for the economic development of the thirteen Appalachian states.

OFFICE OF ECONOMIC OPPORTUNITY, EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, D.C., September 1970 - December 1971

VICE CHAIRMAN AND SENIOR ADVISOR, PLANNING AND REVIEW COMMITTEE, OFFICE OF THE DIRECTOR. Directed the development of an operational planning system. As part of the Executive Office of the President, coordinated liaison activities between the Planning and Review Committee and the White House Domestic Council.

UNITED STATES DEPARTMENT OF COMMERCE,
Washington, D.C., May 1969 - September 1970

SPECIAL ASSISTANT TO THE FEDERAL CO-CHAIRMAN OF THE FOUR CORNERS REGIONAL COMMISSION. Served as primary staff support to an Assistant Secretary-level Presidential Appointee. Coordinated policy decisions in this multi-million dollar federal grant-in-aid program for four states and managed project development, budgetary and personnel planning, and intergovernmental relations.

AMERICAN MANAGEMENT ASSOCIATION, INC.,
New York, N.Y., November 1965 - May 1969

PROGRAM DIRECTOR FOR BOTH THE INTERNATIONAL AND GENERAL MANAGEMENT DIVISIONS. Planned, developed and staffed over 50 management education seminars annually.

UNION CARBIDE CORPORATION,
New York, N.Y., April 1963 - November 1965

Worked as a staff assistant in several offices.

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BOARD MEMBERSHIPS

NATIONAL AIR AND SPACE MUSEUM

Member of the Advisory Board. 1991 to present.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

TRUSTEE. Appointed by President Jimmy Carter in 1979 and reappointed by President Ronald Reagan in 1985. The Wilson Center is the home of the Kennan Institute for Advanced Russian Studies and the International Security Studies Program. Member of the Fellowship, Finance, and Investment Committees; served as chairman of the Audit Committee. 1979 to 1992.

GENERAL ACCOUNTING OFFICE

Appointed to the Comptroller General's Panel, the top advisory board to the Comptroller General of the United States, by Charles A. Bowsher. 1981 to 1991.

UNITED STATES MARINE CORPS HISTORICAL FOUNDATION

Member, Board of Advisors. 1987 to Present.

UNITED STATES NAVAL UNDERSEA WARFARE FOUNDATION.

VICE PRESIDENT. 1988 to Present.

REGIONAL EXPORT EXPANSION COUNCIL.

Appointed by Secretary of Commerce C.R. Smith in 1968 and reappointed by Secretary Peter G. Peterson in 1972.

EDUCATION

Attended: Various senior management courses at the American Management Association; City University of New York.

SECURITY CLEARANCE

[redacted] (b)(6)

PERSONAL

Born on [redacted]

NATIONAL ASSOCIATION OF POLICE ORGANIZATIONS, INC.

Representing America's Finest

750 First Street, N.E., Suite 935 • Washington, D.C. 20002-4241

(202) 842-4420 • (800) 322-NAPO • (202) 842-4396 FAX

February 8, 1993

The Honorable William J. Clinton
The White House
Washington, D.C. 20050

Dear President Clinton:

I am writing to you in my new capacity as Executive Director of the National Association of Police Organizations ("NAPO") to seek a meeting with you on behalf of NAPO's Executive Board while it is conducting its annual Board meeting in Washington, D.C. from March 14 - 16, 1993.

As you will recall you and I met twice during the campaign while I served as NAPO's President, once at Pontiac, Michigan on August 20, 1992 and Romulas, Michigan on October 17, 1992, and at that time you indicated your firm commitment to the cause of improved law enforcement and crime prevention and control in America. The NAPO Board, which represents over 135,000 rank-and-file law enforcement officers in America is deeply interested in meeting with you to express our support and provide you with our views on the pressing law enforcement issues of the day.

I do hope your schedule will permit us such an opportunity.

Very truly yours,

Robert Scully

Robert Scully
Executive Director

cc: John Podesta

TO MARCIA HALE

THE WHITE HOUSE

WASHINGTON

53 : 53

February 5, 1993

Draft — for John's approval

OK
JDP

MEMORANDUM FOR THE WHITE HOUSE STAFF

FROM: MARSHA SCOTT MS

SUBJECT: Style Guidelines for Presidential Correspondence

Attached are some style guidelines we have developed for your use in drafting correspondence for the President's signature. We will be adding to this, but I hope that it will at least get you started for now.

If you have any questions don't hesitate to call and we'll work it out together.

STYLE GUIDELINES FOR PRESIDENTIAL CORRESPONDENCE (2/93)

President Clinton usually writes short letters (rarely more than three short paragraphs) with simple, declarative sentences. He rarely uses dashes or exclamation points, and he uses commas very sparingly.

The President also generally does not use flowery language or long words.

The following resources can be consulted for samples of his writing and speaking style:
-- approved form letters
-- the Weekly Compilation of Presidential Documents
-- position papers from the campaign

If you need to determine if a person who has written is a personal friend of the President, you can call Phyllis Anderson or Trey Schroeder in the Office of Personal Presidential Correspondence at x2957.

STYLE GUIDELINES FOR NAMES AND ADDRESSES (2/93)

NAMES

In general, letters signed by President Clinton should use informal saluations, using the writer's first name as signed on the original letter (including doctors, judges, professors, foreign citizens, etc.). The address block should contain the formal name as the writer uses it, and the salutation should be the same style as the signature.

For example, "Mr. Jonathan E. Arnold" may be used in the address block, with the salutation "Jon."

Exceptions to this rule include people with religious or military titles who clearly do not know the President. In these cases, use the title and last name in the salutation.

Acceptable Abbreviations:
Mr., Mrs., Ms., Dr.
Jr., Sr. (with preceding comma)
II, III, 2d, 3d (without preceding comma)
M.D., Ph.D., & other academic, religious, and professional titles

Do Not Abbreviate:
Professor
the Honorable
the Reverend

Examples:
Charles E. Morris, Jr.
David A. Jones III
Shahid A. Ansari, M.D.

D. Pressley	(salutation: Dear Friend)
The Meisser Family	(salutation: Dear Friends)
Mr. and Mrs. Bob Robins	(salutation: Dear Bob and June)

ADDRESSES

Acceptable Abbreviations:
N.W., N.E., S.W., S.E. (after a street address, with a preceding comma)
"No." may be used for a unit number. Do not use a pound sign (#).

Do Not Abbreviate:

Apartment	Lane
Avenue	Place
Boulevard	Plaza
Building	Post Office Box
Circle	Road
County	Route
Court	Square
Drive	Street
Highway	Terrace

In addresses and text, spell out numbers less than 10, except in street numbers:
1 State Street
23 Fourth Street
213 34th Avenue

Because the Post Office reads addresses from the bottom to the top, suite or apartment numbers should be entered before the street address if they don't fit on the same line. Also, use the full nine-digit zip code when it is available.

Examples:

Mr. Thomas Smithson
Apartment 87
324 South Lakes Boulevard
Phoenix, Arizona 85007

Mrs. Marianne Kennedy
16 Sixth Street, No. 45
New York, New York 10012

Mr. Robert Graham
The Desert Shamrock
Suite C-9
1801 South Jentilly Lane
Tempe, Arizona 85281

Consult the White House Correspondence Manual for other style questions, forms of address, and format issues.

If you have any questions about these guidelines, or suggestions for other information to include, please see Mark Miller.

February 83 1993

TO: David Watkins

FR: Marsha Scott

CC: John Podesta

Please insure that Monica Mullins receives a paycheck after the next pay period. She has completed all the necessary personnel forms and been approved by you and John Podesta.

Thank you.

TO Clarissa

JP

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/9

NOTE FOR: Mack Mark Howard

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
2/9/93

THE WHITE HOUSE

WASHINGTON

February 5, 1993

RECOMMENDED TELEPHONE CALL

Mack/Mark
I agreed with the
cuts + the increase
in treatment/rehab —
consider calling on
to speak out on, Rich
B

TO:	Congressman Charles Rangel
DATE:	February 5, 1993, (time TBD)
RECOMMENDED BY:	Mack McLarty, Mark Gearan
PURPOSE:	You are calling Congressman Rangel to discuss the appointment of a Drug Czar, the need to streamline the Office of Drug Control Policy, and your primary policy goals in the drug prevention area.
BACKGROUND:	The White House reorganization plan calls for a sizable reduction in staff in the Office of Drug Control Policy, consistent with your goal to restore the White House to a policymaking, coordinating and advisory function. Further, an article today in USA Today suggests that our silence on the drug issue could exasperate potential criticisms. Your call would help ease potential tensions.
TOPICS OF DISCUSSION:	1. You are committed to an aggressive drug strategy, with a greater emphasis on reducing the demand for drugs on the streets and in our neighborhoods. You understand the link between economic policy and drug policy and will make sure that no one is left behind as we rebuild America.

MEMORANDUM TO THE PRESIDENT
PAGE TWO

TOPICS OF DISCUSSION:

2. In next few days, you will announce a White House reorganization plan that refocuses the White House as a policymaking, advisory and coordinating body. All White House offices, including the Office of Drug Control Policy, will be streamlined, with program implementation shifted largely to the agencies. This plan does not diminish your intention to make drug control a high priority. You are placing the Office of Drug Control Policy on par with the NEC and DPC with respect to size and function.

Joe Califano
[illegible]

3. You agree with the Congressman that we need a Drug Czar with clout to make the office more effective. You are going to put your Drug Czar in the Cabinet. You might also want to mention that your two leading candidates for Drug Czar right now are Lee Brown and Janet Reno. His suggestions would be appreciated.

4. Based on an initial memorandum from the OMB director, we anticipate that overall funding for drug programs will grow marginally, with an expanded emphasis on drug treatment efforts. Your health care reform plan will work towards providing drug treatment for all who need it. You will also promote community policing, aid for communities hit hard by drugs, and programs for kids in trouble.

CONTACT PERSON: Mark Gearan

DATE OF SUBMISSION: February 5, 1993

ACTION: ______________________________

- Option to local comm-
- alter to [illegible]
- focus on big problem
-

The New York Times

August 4, 1992, Tuesday, Late Edition - Final

SECTION: Section B; Page 2; Column 1; Metropolitan Desk

LENGTH: 1078 words

accomplishment

HEADLINE: BROWN'S RESIGNATION;
Brown Legacy: Community Policing
Will Neighborhood-Patrol Concept Survive Commissioner's Departure?

BYLINE: By CRAIG WOLFF

BODY:

As Lee P. Brown steps down two and a half years into his term as Police Commissioner, he can boast of a number of accomplishments.

1 More police officers are on the force and more are walking beats. 2 Reports of serious crime are down. And as some city officials said at the time of the recent Los Angeles riot, 3 New York was spared the same kind of heated confrontations between police and residents.

Yet government officials and police experts say Mr. Brown's legacy will be defined by his unswerving belief in community policing, a program that aims to make officers problem solvers who are an integral part of the neighborhoods they serve. And officials wonder if the concept, still in the embryonic stage, will flourish after his departure.

By any measure, the mission that Mr. Brown brought to New York from his job as police chief in Houston was Gargantuan -- to take the country's largest police department and transform it at the core.

Though he remained a theoretician, somehow aloof to the traditional political wars, his task was not made any simpler by the dragons that have risen up to ensnare many a New York City Police Commissioner -- namely corruption and charges of brutality.

But Mr. Brown kept to a simple proposition: that officers care most and work best if they are a visible part of day-to-day neighborhood life. Community policing, which takes them out of patrol cars and puts them on the streets, forces them into a new identity.

'Got Us Off and Running'

"The great accomplishment of Lee Brown is that he got us off and running on community policing," said Thomas A. Reppetto, who as head of the Citizens Crime Commission has watched and assessed many police administrations. "If he stayed and was successful, it would have gone down in history books on law enforcement. That work has to be carried on by somebody else."

In announcing his resignation, it was clear that Mr. Brown wanted to be remembered for his work on community policing, calling New York City a place that is "made for community policing" because it can be tailored to address

Deliberative style
not spontaneous

Very reserved
not forceful enough
foot patrols

the needs of different neighborhoods.

"My agenda was clear," he said yesterday. "To implement a new style of policing, a new way of delivering services to the people of this great city."

Within the department, officials argue that most of Mr. Brown's top aides are committed to the concept and thus in a strong position to see that it continues. But whether they remain in leadership roles within the department is uncertain.

Some of the building blocks of community policing are not yet fully in place. Mr. Brown was still trying to improve recruiting to create a more representative force. Only one precinct -- the 72d in the Sunset Park section of Brooklyn -- has switched its entire force to the model. And Mr. Brown was still convincing the rank and file that the approach was in their best interest as officers and not just a method of placating residents.

Mr. Brown arrived in January 1990 from Houston with three graduate degrees and a thick portfolio of articles and papers on police management. The Mayor and others called him the sharpest police mind in the country, someone who could lead the department through major changes.

Indeed, when Mayor Dinkins was under pressure to do something about a surge in crime in 1990, Mr. Brown came up with the Safe Streets, Safe City proposal, which to date, has increased the number of officers from 25,465 to 29,144. Where there were 750 officers working foot patrols, there are now more than 3,000 citywide.

While few questioned his expertise on policing and at times his low-key demeanor seemed appropriate, Mr. Brown never seemed comfortable with joining the city's political mix and his deliberative style sometimes betrayed his goals. In the summer of 1990, he brought some of his closest aides upstate for a three-day management retreat to discuss the crime wave, a gesture that symbolized his methodical approach but also his lack of spontaneity that many believed the job requires.

Many critics said that the overall emphasis on stronger ties between the community and the police helped the department in dealing with violent disturbances, first last summer in Crown Heights and then recently in Washington Heights. But they also said that Mr. Brown's slow response and his keeping a low profile hurt his ability to quell the disturbances in the first place and caused morale to drop among the officers. In fact, Mr. Brown was out of town when the uprising in Washington Heights began to unfold. His aides said he was in touch with the Mayor while he was away.

As the city's second black police commissioner, Mr. Brown was criticized by some for not taking advantage of a chance to speak to the black and Hispanic residents in those neighborhoods in a more personal and direct way. If there was a contradiction in his administrative style, it was that a Commissioner who placed so much emphasis on communication often had difficulty in getting across the passion behind his ideas, at times to the communities and to his own officers.

"He tended to be a very reserved individual," Mr. Reppetto said. "There are times and places where that serves well, but there are times where you have to get a little angry. He wasn't forceful enough."

Internal Affairs

When six Brooklyn officers were arrested for cocaine trafficking on their beats, Mr. Brown at first defended the department. Then, only after others, including the Mayor, had called for a thorough investigation of corruption, did Mr. Brown release a plan for revising methods used by the department's Internal Affairs Division.

When the Mayor announced his support for an all-civilian complaint review board, which Mr. Brown opposed, Mr. Brown again seemed caught off-guard as he did the other day when the head of the board announced that complaints of brutality had risen dramatically in the first half of 1992.

Still, while Mr. Brown's tenure was as hectic as that of any police commissioner, filled with crime waves, scandals and street disturbances, he remained a figure of unflappable resolve. At news briefings, he kept his hands folded in front of him, smiled at the most searing questions and maintained a stay-the-course posture in confronting nearly every issue.

He will return to Texas very much the enigma he was when he arrived, respected for his reputation as a visionary in policing, but fated to keep his outsider status.

GRAPHIC: Table/Graph: "Police: Before and After Brown"

Officers

In January 1990, there were 750 foot officers on the street; now there are 3,000.

	Dec. 31, 1989	June 30, 1992	Percent Increase
Total	26,550	27,154	+2.3
Men	22,980	23,393	+1.8
Women	3,570	3,761	+5.4
White	19,973	20,098	+0.6
Non-Hispanic			
Black	2,997	3,121	+4.1
Other	235	247	+5.1
Hispanic	2,345	3,688	+10.3

Crime

In the first four months of 1992, all categories of violent crime in New York City were down from the same period two years ago.

Jan.-April 1990	Jan.-April 1992	Decline	Percent Increase
Murder	709	630	-11.1
Rape	1,023	939	-8.2
Robbery	31,982	29,260	-8.5
Assault	20,915	20,030	-4.2

Burglary	37,992	33,885	-10.5
Theft	87,850	74,060	-15.7
Vehicle Theft	46,020	40,537	-11.9

(Source: Police Department)

TYPE: Biography; News Analysis

SUBJECT: POLICE; SUSPENSIONS, DISMISSALS AND RESIGNATIONS

NAME: BROWN, LEE P (COMR); WOLFF, CRAIG

GEOGRAPHIC: NEW YORK CITY

Janet Reno

I. Introduction

Reno is an experienced prosecutor, having served as the state prosecutor for Dade County, Florida, since 1978.

Reno has been recommended by the Coalition for Women's Appointments for the position of Attorney General.

It is not clear from the public record that Reno has the depth of experience in non-criminal areas to be the best possible candidate for Attorney General.

II. Basic Biographical Information

Reno was born on July 21, 1938 in Miami, Florida. Reno received her A.B. in Chemistry from Cornell University in 1960, and obtained her LL.B from Harvard Law School in 1963. The public record does not contain any details pertaining to any educational honors or to her personal life.

III. Professional History and Comment on Professional Record

Reno is currently the state prosecutor, an elective position, for the Eleventh Judicial District of Florida, an area which covers Miami and Dade County. She has spent much of her legal career in the state prosecutor's office, serving first as an administrative assistant to the prosecutor from 1973 to 1976 before winning election as state prosecutor in 1978.

Prior to joining the state prosecutor's office, she was in private practice from 1963 to 1971 first as an associate at the Miami law firm of Brigham & Brigham and then as a partner at the firm Lewis & Reno. Reno left private practice in 1971 to serve as staff director of the Florida House of Representatives Judiciary Committee for one year. After her stint as an administrative assistant to the prosecutor (1973-76), Reno rejoined private practice as a partner at the Miami law firm of Steel, Hector & Davis for two years.

Since winning election in 1978 (as a Democrat), Reno has dealt with an entire panoply of high-profile criminal cases, including drugs, bribes, child abuse, and murders. During her tenure, Reno has also dealt with racial tensions provoked by several policemen who had killed African Americans. She came under fire for the unsuccessful prosecution of six white police officers who had killed an African American in 1980.

Among her other significant cases involved a report Reno did for the Governor in 1990, recommending that Florida release James Richardson who had been jailed (for 21 years) for a crime that Reno concluded Richardson had not committed. Richardson was later released.

It is not possible to determine Reno's success rate (or conviction rate) from the public record. Suffice to say, however, Reno has won re-election at least twice since she was first elected. She has been described by a newspaper writer as one of the "busiest, bravest and best" prosecutors. In addition, Reno also received an award from the American Judicature Society in 1981.

Nonetheless, the public record reveals several instances in which Reno appears to be insensitive to individual rights. In the wake of Hurricane Andrew, Reno sought sweeping suspensions of various statutory time limits -- including prisoners' right of speedy trials. The Florida Supreme Court rebuffed her and granted her only a two week stay.

In 1984, the Dade County Bar Association requested a special prosecutor to investigate allegations of official misconduct by the FBI and Reno. Reno had authorized the filing of fictitious charges in the hopes of luring a Miami attorney into a narcotics conspiracy. While the state judge refused to appoint a special prosecutor, he did urge Reno to adopt standards to govern future investigations. He referred to Reno as "widely respected as a public official of integrity and dedication to public service."

In addition to her professional duties, Reno has served on a number of committees, including counsel to the Florida Senate Criminal Justice Committee for Revision of Florida's Criminal Code (spring 1973), member of the judicial nominating committee for the Eleventh Judicial Circuit (1976-78), and Chairman of the Florida Governor's Council for Prosecution of Organized Crime (1979-80). In 1992, Reno served on an ABA task force along with members such as Lloyd Cutler and Judge Leon Higginbotham to suggest ways to remove racial and ethnic bias from the judicial system.

IV. Analysis

There is no doubt that Reno is well-versed in criminal law and is considered to be an able and respected prosecutor. However, it remains unclear whether she has the range and depth of experience in other areas of the law to be considered the best candidate for Attorney General. Moreover, the record does not reveal any publications or other thoughtful analyses by Reno regarding the legal system. Reno may be better suited for other positions such as Assistant Attorney General for the Criminal Division.

Michael Tecklenburg

704.

All's quiet on the president's drug-war front

By J. Scott Applewhite, AP

RANGEL: Drug problem is 'not going to simmer away.'

By Sam Vincent Meddis
USA TODAY

President Clinton's virtual silence on the drug war is raising concerns that the issue will receive reduced attention in his administration.

Among drug experts' fears: that the drug czar's office, a White House agency responsible for coordinating a wide array of anti-drug efforts, could be scrapped.

"The rumor out there is that (Clinton) wants to get rid of the drug czar's office as a way to cut his staff," says Michael Gimbel, director of the Baltimore County, Md., Office of Substance Abuse.

But Sen. Joseph Biden Jr., D-Del., chairman of the Senate Judiciary Committee, says the reverse may be the case: Clinton may give the drug czar greater authority.

The White House has asked Biden to suggest changes for the office. Among recommendations Biden is considering are to make the office "leaner," with fewer personnel, but to give the drug czar:

▶ Cabinet-level rank, something the Reagan and Bush administrations refused to do.

▶ New authority to reassign ~~different agencies'~~ personnel.

▶ Greater power over the drug-related budgets of numerous agencies, including the Justice Department and the CIA.

Other possible changes include spending a larger proportion of the anti-drug budget on treatment and education rather than overseas paramilitary ventures. Overall spending is not likely to increase.

Clinton has not said much about the drug war recently, Biden acknowledges, but only because he is carefully weighing the issue.

"He wants to get it right," Biden says.

Some see Clinton's reticence on the drug issue as a sign of indifference.

"It is clear this is very low on their priority list," says Peter Reuter of the Rand Corp., which studies policy issues.

The drug crisis, Reuter says, may come to be viewed as just another "center-city problem," a plague of the underclass along with other chronic social ills such as crime, poor housing, welfare and poverty.

But veteran drug fighters vow to oppose any move to put the issue on a back burner.

"There are some for whom it will be a big deal," says Rep. Charles Rangel, D-N.Y., an outspoken advocate of more action against drugs. "It's not going to simmer away."

USA TODAY 2/5/93

Dr. Leon Sullivan

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/9/93

TO: ANTHONY LAKE

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

For appropriate handling.

[redacted]

[redacted]

Reverend Leon H. Sullivan

Founder and Chairman
OIC's of America
OIC International

1501 N. Broad Street
Philadelphia, PA 19122
263-7578

FAXED

February 2, 1993

Honorable Anthony Lake
National Security Advisor
c/o John Podesta
Assistant to the President and Staff Secretary
Ground Floor, West Wing
The White House
Washington, DC 20500

My dear Mr. Lake:

I am aware how busy the President is these days and have hesitated to communicate with the White House because I am aware of the great limitations on his time. As a recent recipient though of the Medal of Freedom, and because I am aware of the compelling interest of the President in matters I will mention in this letter, I am taking the liberty of writing to you.

I am requesting a meeting with the President at his convenience to discuss several matters. For a number of years I have been deeply engaged in Africa establishing training and agricultural programs for the untrained and needy of that continent. The Opportunities Industrialization Centers (OIC) that I founded first in America and which are presently operating in seventy American cities, were extended a number of years ago to Africa where we have projects in sixteen African countries. Also, the Sullivan Principles for United States companies doing business in South Africa that I initiated in 1977 have occupied much of my attention and efforts to help bring an end to apartheid in that beleaguered country. During my many visits to Africa, I was requested by a number of African leaders to bring African Heads of State, and other governmental and private leaders together with African American leaders and other friends of Africa to focus on the future development needs of sub-Saharan African nations.

In 1991, I convened, and co-chaired with His Excellency Felix Houphouet-Boigny, President of Cote d'Ivoire, the First African-African American Summit which was attended by over 2500 participants, delegates and observers from the United States, Africa and throughout the world. The Summit was a great success. I am presently convening and chairing the Second African-African American Summit from May 24 through May 29, 1993 in Libreville, Gabon which is being hosted by His Excellency El Hadj Omar Bongo, President of the Gabonese Republic. Extraordinary interest has developed around this upcoming Summit throughout Africa, America and the world. We will be taking one thousand American governmental, business, health, youth and educational leaders to this Summit by chartered and commercial planes, including representatives from several hundred major American companies such as: General Motors Corporation, where I serve on the Board of Directors, Ford Motors Corporation, Bank of America, Citibank, International Business Machines, Mobil, American Express, Procter & Gamble, Mellon Bank, Pfizer, Sun Company, Upjohn, Westinghouse, Coca Cola, PepsiCo, Colgate-Palmolive, Electronic Data Systems, Cargill and

Hughes, just to name a few. Also many African American business people will be in attendance developing new business relationships with African industry leaders.

I have just returned from Africa where I met with several Heads of State to discuss and finalize plans for the upcoming Gabon Summit, including His Excellency General Ibrahim Babangida, President of Federal Republic of Nigeria (see enclosed); His Excellency Abdou Diouf, President of the Republic of Senegal and Chairman of the Organization of African Unity; His Excellency Niephore Soglo, President of Benin and Chairman of the Economic Community of West African States; His Excellency Felix Houphouet-Boigny, President of Cote d'Ivoire and Co-Chairman and Host of the First African-African American Summit; and His Excellency Joao Bernardo Vieira, President of the Republic of Guinea-Bissau. They all expressed their full support and committed to attend the Summit in May. We expect more than twenty African Heads of State to be present, along with Prime Ministers and other high level officials and business leaders from up to forty sub-Saharan African countries.

From America, there will be leaders such as Governor Douglas Wilder, Reverend Jesse Jackson, Honorable William Gray III, Mrs. Coretta Scott-King, Reverend Joseph Lowery, Dr. Benjamin Hooks, Ms. Rosa Parks, hopefully my friend the Honorable Ron Brown, along with the most prominent leaders of American churches, educational and health institutions. The focus of the Summit will be on education, debt relief, industrialization, democratization, health needs, and assistance with the overall human development of the people in hopes that, in time, situations like Somalia can be avoided. Our State Department is knowledgeable of this Summit, and I must say has given us wonderful support. We expect more than 5000 delegates, participants and observers to be present for the deliberations. It will be the largest gathering of African and African American leaders, and friends of Africa in history.

Prior to my trip to Africa, I went to Europe and had a lengthy meeting on January 8, 1993 with President Francois Mitterand in Paris who is fully supporting our Gabon Summit, along with our plans for debt relief for sub-Saharan Africa tied to education and responsibility. He also committed high level representatives from the French government to be present at the Summit to show their support. Prior to my meeting with President Mitterand I had a meeting on September 1, 1992 with Chancellor Helmut Kohl in Bonn who committed himself and Germany to support the work of the Summit and our efforts in sub-Saharan Africa. He also expressed his desire to work with us in joint ventures and other ways in Africa to assist our endeavors. Chancellor Kohl endorsed our efforts for debt relief for Africa tied to education and responsibility and is helping to arrange a meeting for me with Kiichi Miyazawa, Premier of Japan, to see that African debt relief tied to education and responsibility is placed on the agenda of the next G7 July meeting in Tokyo.

Former Secretary Lawrence Eagleburger assured the support of the United States government behind our objectives, but I think it most important that I now discuss with the President matters pertaining to the Summit, my meetings with President Mitterand, Chancellor Kohl and others, our debt relief efforts for Africa, and the great effect and importance the deliberations of the upcoming Summit will have on African and African American, and overall American thought and relationships in future years. There may be some ideas the President might have concerning the extent of our government's participation at this Summit that will be reported worldwide. Also, I would like to mention to the President my thinking regarding the Sullivan Principles in South Africa, in that this subject comes up whereever I go these days, with government and business leaders in Europe, as well as in America.

Another reason for wanting to see the President is to inform him of the initiation of a new OIC job training center, in cooperation with the business community, that will be opening on April 26, 1993 in South Central Los Angeles (see attached article). Once fully underway this new job training center will be one of the largest undertaking of its kind in the West, with skills training and job creation outreach services located in every section of South Central and Los Angeles county. It is possible the military might want to assist as counselors, vocational teachers, outreach workers and in other ways. Also, I am hopeful a high representative of our government will be present for the opening exercises which occurs one week before the anniversary of the South Central riots. The opening of the center will be heavily focused upon by the media. Too, I want the President to know that I want to be as helpful to him and his administration as possible, especially with skills training and job creation throughout America.

Please let me know if it is possible to get on the President's schedule. I will make myself available at any time suitable to him. I can be contacted at (602) 443-1800. If I am not in, please speak to Dr. C.T. Wright or Ms. Pearlena Jackson who will bring the response to my immediate attention.

Sincerely,

Leon Sullivan

Leon H. Sullivan

LHS:prj

enclosures

cc: Marcia Hall

DAILY TIMES ' ıesday, January 12, 1993 Page 17

IBB to deliver address at African-American Summit

PRESIDENT Ibrahim Babangida is to deliver a keynote address at the second African-American Summit scheduled for Libreville, Gabon in May.

He was invited to deliver the address by the convener of the summit, Rev. (Dr) Leon Sullivan, who called on him yesterday in Abuja.

In urging President Babangida to accept the invitation, Dr. Sullivan said that General Babangida was one of the best representatives of African aspirations at this point in time.

The summit, first held in Abidjan, Cote D'Ivoire, in 1991, seeks to explore ways of moving technical and educational assistance and support from African-Americans and other friends of Africa to assist the continent in its development efforts.

President Babangida praised the objectives of the summit and pledged Nigeria's support for the new debt-relief initiative proposed by Dr. Sullivan.

January 13, 1993

ETR

Volume 24, Number 18

EMPLOYMENT & TRAINING REPORTER

HIGHLIGHTS

Secretary of Labor-designate Robert Reich tells a Senate committee Jan. 7 that he will do everything in his power to enact President-elect Clinton's campaign pledge to levy a training tax on employers. The tax would force companies to spend at least 1.5 percent of payroll on employee training. (Page 357)

Outgoing secretary of labor Roberts Jones tells ETR that job training programs must be closely connected to schools and the workplace to have a lasting impact. Putting JTPA's budget into the nation's elementary schools would result "in a higher payoff than a second-chance system will provide," says Jones, who is set to become a vice president at RJR Nabisco. (Page 358)

Oversight of job training, vocational education and apprenticeship programs will be split between three House Education and Labor subcommittees, say congressional aides. New rules led panel members to scrap the Subcommittee on Employment Opportunities, which had primary oversight responsibilities for job training programs. (Page 363)

A three-phase training strategy to help states and service delivery areas implement the JTPA amendments is released by the Employment and Training Administration. The training, scheduled to occur throughout most of 1993, relies on state JTPA staffers to transmit information learned in training sessions to SDAs and other local program operators. (Page 363)

December employment improved very little from November, the Bureau of Labor Statistics' deputy commissioner tells Congress Jan. 8. The December jobless rate remains at November's 7.3 percent. (Page 364)

The federal deficit will hit $327.3 billion in fiscal year 1993, the Office of Management and Budget predicts. The new deficit figures, higher than the ones released by OMB before the November election, may cause President-elect Clinton to readjust his economic plans. (Page 364)

People who quit their jobs or are fired will find it harder to qualify for unemployment insurance benefits in Maryland and Massachusetts. Six other states may be forced to tighten their eligibility criteria because they either have borrowed or are at risk of borrowing federal funds to cover current obligations, according to an Urban Institute economist. (Page 359)

High school programs based on apprenticeships may be the best way to improve school-to-work transitions for students who do not plan to enter college, the General Accounting Office recommends in a Jan. 7 release. GAO also urges business and government to develop portable certificates that verify the attainment of vocational skills in such programs. (Page 360)

A new job training center, started with corporate funding, expects to serve 5,000 residents from riot-scarred sections of Los Angeles during its first four years of operations, says Hank Clemons, executive director for the L.A. Opportunities Industrialization Center. OIC will run the new center. (Page 362)

An employer violated Wisconsin's Family and Medical Leave Act by downgrading the status of an employee returning from pregnancy leave, despite retaining her previous salary and benefits, the state Supreme Court rules. (Page 365)

Family leave legislation, vetoed twice by President Bush, is the first bill introduced in the new House. The sponsor of HR 1 is Rep. William Ford (D-Mich), chairman of the Ed and Labor Committee. (Page 366)

December employment and unemployment figures begin on p. 367.

Job Training

OIC HOPES TO SERVE 5,000 IN L.A. CENTER LAUNCHED AFTER SPRING RIOTS

A new job training center, started with corporate funding, expects to serve 5,000 residents from riot-scarred sections of Los Angeles during its first four years of operations, said Hank Clemons, executive director for the L.A. Opportunities Industrialization Center. OIC will run the new center.

Set to open March 1, the center will offer a variety of programs, including industry-sponsored training and federally funded programs, said Clemons, an executive on loan from the Chevron Corp. Chevron, an international oil company, gave LA-OIC $1.3 million to buy a 20,000 square-foot building that will house the new center. OIC of America is a community-based organization with 70 affiliates across the country.

The idea for the center was developed by Rev. Leon Sullivan, founder of OIC of America and chairman of the board, after the riots that began April 30. Sullivan called several corporate executives to see if they were interested in sponsoring a new job training center for the area, Clemons said.

Sullivan's objective was not only to get corporate support for training, but to assure that jobs would be available once participants complete the program, explained Larry Robertson, OIC's field service coordinator for the Western region. Since OIC's inception 29 years ago, partnerships with business have been the "backbone" of the organization, he said.

Filling a Gap

Sullivan's proposal was part of an ongoing effort to help the disadvantaged in L.A.'s inner city. Two years earlier, OIC opened a Learning Opportunity Center in Los Angeles, which offered education and literacy programs, Robertson said.

OIC has a history of gaining corporate support and of working with Chevron Corp., Clemons said. Chevron contributes money to the OIC in Menlo Park, Calif., and a company executive serves on OIC's national industrial advisory board, he added.

Sullivan, who founded OIC 29 years ago, was building partnerships with corporations "long before it became fashionable," Robertson said. Before opening the first OIC in Philadelphia in 1964, Sullivan spoke to local businesses to find out what skills residents needed to become employed.

"After the L.A. riots, Sullivan saw a great need that was not being met in the community. He talked to the unemployed, small and minority business owners and large firms," said Robertson. The community residents cited a lack of jobs while businesses said that many of the job candidates from the inner city lacked needed skills, he said.

The new center will be open to all residents of the county, but will mainly serve those in low-income areas, Robertson said. In fiscal year 1991-92, the eight SDAs in Los Angeles County served 28,093 participants under Titles II-A, II-B and III, according to Suzanne Schroeder, spokesperson for the California Employment Development Department.

Both Robertson and Clemons said LA-OIC expects to work with the local JTPA service delivery areas once the center is up and running. To what extent the entities will coordinate is unknown, Clemons added. Attempts to contact the SDAs were unsuccessful.

Building a Framework

The center will take up an entire block just outside the city's southern border on Western Ave. at 111th St., just two and a half miles from the site where the riots began, Clemons said. The building, a former AT&T long distance operator facility, is currently being renovated.

The contractor will construct classrooms and administrative offices before March 1. Renovation costs will be paid for by industry contributions and "whatever other sources we can tap into," he added. Clemons is in the process of hiring staff but is uncertain how many staffers will be needed.

Some of the corporations that have signed on to support the new center include Texaco, Mobil and Marriott, Clemons said. Texaco and Mobil will support a retail training program to prepare participants to work in their gas station mini-marts. Marriott is considering sponsoring a culinary arts program because it has a growing catering and food service division.

The center will also offer an office occupations program and IBM has pledged to contribute the equipment for training, Clemons said. Nissan may operate an automotive training program, he added.

Everyone who enters the new job training center will go through an assessment, similar to those in the JTPA system, Clemons said.

The assessment will help staffers determine clients' needs, skills and interests so they can be directed to the right mix of training and services, he added.

Although the LA-OIC will open March 1, only assessments will have begun by then. When the center has its mid-April grand opening, retail sales, office occupations and literacy programs will be underway, Clemons said.

By the time the center is finished, Clemons said he hopes it will house a day care facility and serve as a community center. In addition, he envisions an expansion of the culinary arts program so that trainees serve lunch to local residents.

Day-to-day center operations will be funded through a variety of sources, including federal, state and corporate money, Clemons said. He is uncertain yet how much it will cost to run the center on an annual basis because it is unclear how quickly the center will grow.

— Anne Mytych-DelPonte

OUR WORLD

The Philadelphia Tribune
Friday, November 15, 1991
Page 3-B

Sullivan demands African debt relief at United Nations

Rev. Leon Sullivan at the United Nations in support for sub-Saharan Africa

NEW YORK — In a passionate plea before an audience of over 1,500 diplomats, governmental officials, corporate executives, organizational leaders, ministers, educators, students and people from all walks of life assembled at the United Nations, Rev. Leon H. Sullivan enthusiastically declared that "Africa may have been alone before, but Africa will never be alone again."

Appealing for unity among Africans and African-Americans, the Philadelphia minister spoke in a dramatic tone, unaccustomed at the United Nations, when he stated "the world should know that from this day forward, African-Americans and friends of Africa will support Africa as never before . . . they will never do to us again what they have done before."

This statement was followed by a 10 minute standing ovation from the overflowing crowd at the United Nations. This is perhaps the first time that this type of reaction had been observed during an address at the United Nations Headquarters.

Sullivan was speaking at the First United Nations Day for Africa hosted by Javier Perez de Cuellar, secretary general of the United Nations, and co-chaired by Sullivan, Antoine Blanca, director general of the United Nations, and Issa Diallo, executive secretary of the Economic Commission for Africa.

Sullivan, who convened the first African-African-American Summit, noted that the most ominous problem facing sub-Saharan Africa is the debt burden that weighs so heavily on the shoulders of these struggling nations. In a prepared statement, he indicated that the debt had increased from $8 billion 20 years ago to around $150 billion today. He also cited the fact that the total debt of Africa equals 102.3 percent of its gross national product and more than 300 percent of its total exports. Based on these statistics and others, Sullivan appealed to the Group of Seven nations to develop an immediate strategy to forgive the government-to-government debt.

During the session, held in the Trusteeship Council at the United Nations, the Sullivan Plan for debt relief for sub-Saharan African countries was unveiled. He called upon the industrialized nations of the world to immediately cancel 80 percent of all government-to-government debt, with the remaining 20 percent continuing on the books for 20 years with the interest in local currency being used to support human resource projects in the participating countries to help the children, the poor and the needy. At the end of the session, the Sullivan Plan was unanimously endorsed by those assembled. Sullivan noted that before Africa can successfully educate its people, create industries and businesses, treat and eradicate endemic diseases, and increase its food productivity, the debt burden must be removed. He pledged to lead a charge to ensure that this issue will be high on the agenda of the world leaders.

At the same setting, Perez de Cuellar declared that the debt crisis confronting Africa is of tragic proportions. He endorsed the concept that industrialized countries should cancel sub-Saharan African debt as has been done for other countries. In fact, following a private session with Sullivan, he agreed to send a letter to the leaders of the Group of Seven nations informing them of the success of the First United Nations Day for Africa and requesting them to discuss the debt issue with Sullivan.

In the midst of enthusiastic shouts and even tears, the participants heard Sullivan decry the educational plight of the Africans. To help with this problem, Sullivan announced his Teachers for Africa program, which is designed to recruit and place 1,000 teachers from the United States in Africa over a four-year period to help improve the quality of education on that continent. He also announced the Best and Brightest Program, which will provide for young African bankers to come to the United States and work in the banks, stock market, businesses and federal financial agencies. As the audience stood and cheered, Sullivan challenged the world, governments and businesses, "to lift the burden of African debt, assist with education, technical help and new investments, and Africa will match anyone anywhere and before the end of next century, will be competing industrially and educationally with the industrialized powers of the world."

The first United Nations Day for Africa also resulted in an announcement of a new partnership involving the first African-African-American Summit which was convened by Sullivan in Abidjan, Cote d'Ivoire, last spring and the United Nations through its Economic Commission for Africa, Organization of African Unity and African Development Bank. This unprecedented partnership will insure the success of the movement started by Sullivan to create a closer relationship between Africans, African-Americans and other friends of Africa.

CC Paster

THE PRESIDENT HAS SEEN
2/9/93

THE WHITE HOUSE

WASHINGTON

FEB 5 P7:10

Chafee
V. NORTH AFTA
talk SS benefits | MOON CONTS
D'Amato
hang tough; Think Wood would have been confirmed — should have hung in there —

February 5, 1993

RECOMMENDED TELEPHONE CALL

Senator Chafee, ~~Senator D'Amato~~, Senator ~~Durenberger~~, Senator Hatfield, Senator Jeffords, Senator Packwood, Senator Specter

DATE: February 5, 1993

RECOMMENDED BY: Howard Paster HP

PURPOSE: To thank Republican members who voted with the Administration position to table the Dole amendment (which would have frozen into place the ban on gays in the military as it existed before the present Administration).

Durenberger
good to talk on the issue
really wants to help on [illegible] —

BACKGROUND: The attempt, principally by Republicans, to divert attention and action on the Family and Medical Leave Act by attaching the Dole amendment nearly prevented the Senate from acting on Family and Medical Leave before the recess, in spite of overwhelming support for it in both the House and the Senate. These seven Republican votes were critical in securing action on the bill and are a promising sign of potential support when the issue is revisited in July.

Jeffords

TOPICS OF DISCUSSION:

1. Thank them for their support.

2. Point out that, although you may not agree on every issue, you're grateful they helped give us the opportunity to get off to a good start legislatively.

3. Indicate that you know that, in the Senate, bipartisanship is needed to move legislation.

4. State that you hope that they will feel comfortable working with the Administration and will contact you when there are issues of mutual concern.

CONTACT PERSON AND TELEPHONE NUMBER(S): Steve Ricchetti (x7054) or Howard Paster (x2230)

DATE OF SUBMISSION: February 5, 1993

ACTION: ______________________________

____

____

THE WHITE HOUSE
WASHINGTON

DATE: 2/9/93

TO: HILLARY RODHAM CLINTON

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

THE WHITE HOUSE
WASHINGTON

DATE: 2/9/93

TO: CAROL RASCO

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

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

February 9, 1993 -- 8:35 a.m.

Note For: Todd Stern

From: Jim Murr

Subject: HHS Memorandum to the President on Childhood Immunizations

In response to your request, attached is a draft of OMB staff comments on the subject memorandum. The Deputy Director, Alice Rivlin, is now working with HHS to address the concerns expressed in the attached. Accordingly, we request that the HHS memorandum not be forwarded to the President at this time. We will be following up to let you know the results of the HHS/OMB discussions. If you have any questions, please let me know.

Attachment

cc: Deputy Director

DRAFT

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

THE DEPUTY DIRECTOR

MEMORANDUM FOR JOHN D. PODESTA

FROM: Alice M. Rivlin
Deputy Director

SUBJECT: Your Request for Comments on Secretary Shalala's Memorandum to the President on Childhood Immunizations

Based upon a review within the short deadline given to us, OMB's initial reactions to the subject memorandum are summarized below:

- The scope of the proposed legislation is extraordinarily ambitious. The proposed legislation would include universal vaccine purchase, a nationwide tracking system, a new appropriated entitlement, and increased support for State and county public health infrastructure.

- The specific resource levels associated with this initiative are not identified. Preliminary OMB staff estimates indicate that the vaccine costs for universal purchase could range from $700 to $900 million annually, with additional amounts required for administrative costs, research, and infrastructure funding. This estimate assumes that the price negotiated under universal purchase is not significantly higher that the current price charged to the Federal Government.

- It is not clear whether the HHS proposal would fit within the resources allocated during preliminary FY 1994 budget decisions. Preliminary budget decisions addressing immunization-related stimulus and investment initiatives contain the following increases over the base (dollars in millions):

FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
+$200	+$300	+$400	+$400	+$500	+$500

- The HHS proposal also addresses financing for vaccine compensation claims payments as an immunization <u>access</u> issue. We believe that the retrospective vaccine compensation claims payment has little relationship to immunization access and should be considered separately.

DRAFT

- The proposal mentions the creation of a <u>new entitlement</u> for supporting vaccine purchasing, delivery, and infrastructure. The implications of this proposed increase in Federal health funds and the financing mechanism need to be assessed.

- The HHS proposal does not address its relationship to health care reform. This relationship should be considered carefully. It may be appropriate for the Council of Economic Advisors to undertake an assessment of the effects of making the Federal Government the sole purchaser of vaccine.

MEMORANDUM

93 FEB 8 A7:48

TO: The President

FROM: Nancy Hernreich

RE: BC Memo

DATE: February 4, 1993

Date	From
2-5-93	Bob Raymar
	Recommends William Drayton for Administrator/AID. Encloses letter from Prof. Muhammad Yunus, Grammen Bank, Bangladash

cc: JDPodesta

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. memo	Douglas Fehrer to David Watkins re: Departing Staff Members Use of Leave Without Pay [partial] (2 pages)	02/08/1993	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
John Podesta (Chron File)
OA/Box Number: 359

FOLDER TITLE:

February 1993 [7]

2018-0662-S
rs3032

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

David Watkins

I think we should approve these
John Podesta
12/9/93

THE WHITE HOUSE

WASHINGTON

February 8, 1993

MEMORANDUM FOR DAVID WATKINS
ASSISTANT TO THE PRESIDENT FOR
MANAGEMENT AND ADMINISTRATION

THROUGH: CLARISSA CERDA
SPECIAL ASSISTANT TO THE
ASSISTANT TO THE PRESIDENT FOR
MANAGEMENT AND ADMINISTRATION

FROM: DOUGLAS G. FEHRER
DIRECTOR, WHITE HOUSE PERSONNEL

SUBJECT: DEPARTING STAFF MEMBERS USE OF LEAVE WITHOUT PAY

Three members of the WHO staff that were given termination notices have made inquiries with our office regarding the possibility of staying on board in a leave without pay (LWOP) status. Two of these inquiries involved retirement eligibility and the third concerns eligibility for noncompetitive appointment based on White House service.

[redacted] (b)(6)
Office: Correspondence
Request: To be maintained on the rolls in a LWOP status
Circumstances: Eligible for retirement in approx. 10 months
Cost: Payroll - NONE; Social Security - NONE;
Health Benefits - Approx. $52.50 per Pay Period;
Life Insurance - Approx. $3.06 per Pay Period

(David Marchick in Marsha Scott's office has indicated that they are willing to keep [redacted] on board as a one day per week WAE.)

Approve:________________ Disapprove:________________

Comments:____

____

[redacted]
Office: Records Management
Request: To be maintained on the rolls in a LWOP status
Circumstances: Eligible for retirement in approx. 14 months
Cost: Payroll - NONE; Social Security - NONE;
Health Benefits - Approx. $52.50 per Pay Period;
Life Insurance - Approx. $3.06 per Pay Period

Approve:________________ Disapprove:________________

Comments:____

____

(b)(6)
Office: Correspondence
Request: To be maintained on the rolls in a LWOP status for 6 months
Circumstances: Would like to stay on the roles in a LWOP status in order to utilize the noncompetitive appointment authority which is based on White House service.
Cost: Payroll - NONE; Social Security - NONE;
Health Benefits - Approx. $52.50 per Pay Period;
Life Insurance - Approx. $3.06 per Pay Period

(A copy of the eligibility requirements for noncompetitive appointment based on White House service is attached.)

Approve:________________ Disapprove:________________

Comments:____
____

Based on your approval, we will complete the necessary paperwork.

Thank you.

Attachment

Comparison of Eligibility Requirements for Noncompetitive Appointment Based on Legislative/Judicial Service (Ramspeck Act) or White House Service

	Ramspeck	White House
Length of service	**3 years** (not necessarily continuous) in **legislative branch.** **4 years** (not necessarily continuous) in **judicial branch.** (Cannot combine service in the two branches.)	**2 years** (not necessarily continuous).
Qualifying positions	**Legislative:** Any position paid by the Clerk of the House, the Secretary of the Senate, or the Congressional Budget Office (service can be combined). **Judicial:** A secretary or law clerk to a Judge.	Any position in the immediate office of the President or Vice President or on the White House staff (<u>not</u> including positions in the Executive Office of the President or in the Office of the Vice President as President of the Senate).
Current employment status	Must have been (or be about to be) separated. Eligibility depends on <u>involuntary</u> separation without personal cause.	Must be currently employed. Eligibility terminates on separation.
Noncompetitive appointment must be <u>effected</u>	No later than 1 year following separation.	With <u>no</u> break in service of 1 full <u>work</u>day.

cc Betty —
John Podesta —
Dee —
Kelly —
Andrew

MEMORANDUM

TO: THE PRESIDENT

FROM: NANCY HERNREICH NH

RE: OFFICE PAPERS AFTER HOURS

DATE: FEBRUARY 3, 1993

Is there any place in particular you would like your papers placed in the evenings at the Residence? Do you want them on your desk, or do you want one of the Ushers or Stewards to find you and personally hand them to you?

Other options would be we could have them put on the place right on the elevator when you get off or have the Steward place them in your bathroom when we think they are incredibly important and you really need to see them. Any comments?

On desk or
when office is being
remodeled on table
right outside bedroom

~~Copies to~~
These should
go to ~~Jo~~ Rec
John Podesta
then
Staff Sec &
Records Mgts
Keep cc's here for me

THE WHITE HOUSE
WASHINGTON

DATE: 02/08/93

NOTE FOR: HOWARD PASTER

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

Information ☐

Action ☐ xxx

Thank you.

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

cc:

2/04/93 Time: 03:24

n-Congress

THE PRESIDENT HAS SEEN 2/8/93

President Clinton To Visit Capitol Hill Democrats, Ignoring Republicans

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(Washington) -- President Clinton is to pay another courtesy call on Capitol Hill this morning. But he'll be meeting only with Democrats, and that has Republicans miffed.

House Minority Whip Newt Gingrich thinks Clinton is making a mistake by ignoring Republicans. The Georgia Republican says Clinton's deficit-reduction measures are likely to be unpopular, and he'll need the support of G-O-P lawmakers.

However, House Majority Leader Richard Gephardt thinks Clinton's numerous trips to Congress are ''unprecedented'' and will ''pay dividends'' in getting things done.

(SOUND: 4:32 aes)

APNP-02-04-93 0322EST

Paster -

Newt invited me to his policy conference -

Can I do that soon?

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/8/93

NOTE FOR: HOWARD PASTER

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 WHITE HOUSE

WASHINGTON

2/8

Dear Sen. Danforth

I read the announcement of your retirement from the Senate.

I wanted to express my appreciation for your many years of service, and to voice my respect for the decision you have made. Important as it is, politics is by no means all there is to life —

I hope we get to visit before long —

Sincerely

Bill Clinton

The Washington Post
2/2/93

34

Missouri's Sen. Danforth to Retire in 1994 to Start 'New Phase of Life'

By Helen Dewar
Washington Post Staff Writer

Sen. John C. Danforth (R-Mo.), who played a key role in passage of the 1991 civil rights bill and in the confirmation of Supreme Court Justice Clarence Thomas, announced yesterday he will not seek a fourth term next year.

Unlike many of the large number of senators who retired last year, Danforth, 56, cited a desire to start "a new phase of life"—rather than job frustration—as the main reason for his decision to leave Capitol Hill.

"Public service, however enjoyable, is only a part of life. It has been important for me to see it that way. I do not want to cling to it as though my whole identity is decided by elections, for it is not," Danforth said in a statement issued from his Washington office and read at a news conference in St. Louis.

"I would rather start a new phase of life when I am 58 than when I am 64," he added, echoing a sentiment voiced by many lawmakers who decide to leave Congress before they are too old to begin a new line of work.

Danforth is the first senator to announce plans to retire before the 1994 elections, which Republicans have seen as an opportunity to regain control of the Senate. Danforth's retirement is a blow to GOP hopes because Democrats now may be able to compete for the seat, which probably would have been safe for the GOP as long as Danforth sought to fill it.

The retirement of Danforth, who was generally regarded as a moderate on most issues, also is a setback to the party's dwindling moderate wing in Congress, which is under strong challenge from conservatives in both houses.

An aide to Rep. Alan Wheat (D-Mo.), a black lawmaker who has won six terms in the predominantly white Kansas City area, said yesterday that Wheat "will be taking a serious look at making a run" for Danforth's seat.

Danforth, who is an ordained Episcopal priest and a lawyer, said he intends to pursue both callings after he returns to St. Louis.

He said he has talked with Hays Rockwell, Episcopal bishop of Missouri. "No decisions have been made yet, but 30 years ago I made a commitment to the ordinated ministry of the church which I have not adequately fulfilled," said the senator, who has been conducting Tuesday morning services at St. Alban's Church and communion services for shut-ins since coming to Washington.

Danforth also said he wants to "explore the possibility of being affiliated with a law office on some basis."

Danforth added that his three daughters and their families will be returning to St. Louis this spring.

Danforth, grandson of the founder of Ralston-Purina Co. and one of Congress's wealthiest members, was elected attorney general of Missouri in 1968. He was elected to the Senate in 1976, barely escaped defeat in 1982 but won reelection in 1988 by a ratio of more than 2 to 1.

In 1991, Danforth was the chief defender of Thomas, who was an assistant attorney general under him, during hearings on sexual harassment charges against the Supreme Court nominee by Anita F. Hill. Later, Danforth negotiated an end to the partisan deadlock that blocked passage of the 1991 civil rights bill, which expanded workers' rights to sue in job discrimination cases.

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/8

NOTE FOR: Bob Rubin

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

Information ☑

Action ☐

Thank you.

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

[redacted]

cc:

THE PRESIDENT HAS SEEN
2/5/93

THE WHITE HOUSE

WASHINGTON

5 P7:19

February 5, 1993

RECOMMENDED TELEPHONE CALL

very concerned
about Bosnia
Probs w/ Stimulus
wants him to come to
GOP meet him Tuesday
B.

TO: Senator Dole

DATE: February 5, 1993

RECOMMENDED BY: Howard Paster HP

PURPOSE: To thank Senator Dole for not holding up the Family and Medical Leave bill beyond the recess and for the positive nature of his meeting on health care with Mrs. Clinton.

BACKGROUND: Although Senator Dole disagreed with your position on gays in the military and Family and Medical Leave, he avoided engaging in parliamentary tactics to delay Senate consideration of the Family and Medical Leave bill until after the recess.

As you know, he probably had the votes to postpone for some time action on the bill.

TOPICS OF DISCUSSION:

1. You should thank him for cooperation in permitting the bill to go forward.

2. You should stress with him that you are anxious to have a constructive working relationship with him and that you hope to have a chance to meet with him privately in the near future to discuss your agenda and his.

3. You should also thank him for the positive reception and dialogue on health care with Mrs. Clinton.

CONTACT PERSON AND
TELEPHONE NUMBER(S): Steve Ricchetti (703) 841-0710
Howard Paster (202) 966-4195

DATE OF SUBMISSION: February 5, 1993

ACTION: ____

____

____

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/8

NOTE FOR: Howard Paster

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

Information ☑

Action ☐

Thank you.

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

cc:

[redacted]

THE PRESIDENT HAS SEEN
2/5/93

THE WHITE HOUSE

WASHINGTON

5 P7:19

February 5, 1993

RECOMMENDED TELEPHONE CALL

very concerned
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BTU w/ Senators
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CONTACT PERSON AND
TELEPHONE NUMBER(S): Steve Ricchetti (703) 841-0710
Howard Paster (202) 966-4195

DATE OF SUBMISSION: February 5, 1993

ACTION: ____

____

____

THE WHITE HOUSE
WASHINGTON

DATE: 2/8

NOTE FOR: HOWARD PASTER

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
2/8/93

THE WHITE HOUSE

WASHINGTON

MONDAY, FEBRUARY 8, 1993

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: Howard Paster

SUBJECT: Ambassador to Ireland

I. SUMMARY
Senator Kennedy called at the end of the day Friday (February 5) to press the case for his sister, Jean Smith, to be Ambassador to Ireland.

II. DISCUSSION
The Senator knows that the Speaker is supporting former Representative Brian Donnelly, but Senator Kennedy believes strongly his sister would be better received in Ireland. He suggested more than once that we ask the Irish for an opinion. Senator Kennedy also stressed Mrs. Smith's pro-choice position in contrast with Mr. Donnelly's intense anti-choice position.

The Senator specifically wanted me to pass along his interest in this to you, following up on an earlier conversation and a letter he sent to you. I assured him you would know of his call, which followed a conversation he had with the Secretary of State.

cc: The Secretary of State
Mack McLarty
Bruce Lindsey

Chron

THE WHITE HOUSE

WASHINGTON

Dear Byron:

Thank you for your letter concerning tax avoidance by foreign-based corporations operating in the United States.

As you know, I have argued vigorously that multinational corporations should pay their fair share of taxes. The tax laws should not encourage U.S. companies to export jobs or provide foreign corporations an unfair competitive advantage. I am grateful for the material you sent and look forward to working with you and other members of Congress to address these issues.

With best wishes,

Sincerely,

Bill

The Honorable Byron Dorgan
United States Senate
Washington, D.C. 20510

2/8/93

Bob Rubin

I find this very credible & don't understand why our people don't. Can you explain

B

CC0145

BYRON DORGAN
NORTH DAKOTA

United States Senate

WASHINGTON, DC 20510-3405

January 20, 1993

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

Dear Mr. President:

I wanted to provide you with some additional information relating to the important matter of preventing U.S. tax avoidance by foreign-based corporations operating here in the United States.

As you know, recent IRS statistics reveal that more than seventy percent of foreign-controlled companies now doing business in the U.S. are paying no U.S. income taxes. The major culprit in this revenue shortfall are the "so-called" transfer pricing rules that the IRS now follows.

I've worked on the issue for over twenty years -- eleven years as North Dakota State Tax Commissioner and ten years on the House Ways and Means Committee. Based on that experience, I also have no doubt that billions of dollars are lost each year because the IRS's archaic methods for measuring U.S. income for multinational companies have failed. And as you noted in the campaign, this tax subsidy unfairly undermines the competitiveness of job-creating American businesses.

I realize that representatives of these companies have launched an attack on your proposal, claiming that their tax subsidy is much smaller than you have suggested. It is true that, under the Reagan and Bush Administrations, the IRS has failed to develop good revenue estimates. But, it is also true that both anecdotal and available empirical data suggest that the losses are in the ten-to-thirty billion dollar range - not the three billion level claimed by the Bush Administration. The Multistate Tax Commission (MTC), an organization of state governments that I used to chair and in which Arkansas' Tim Leathers serves as Treasurer, has reviewed the public data and found your estimates of \$11 billion a year (\$45 billion over four years) to be more credible than the lower figure.

Whether the level of tax avoidance is \$3 billion or thirty billion a year, it's unfair to American producers and workers and it increases the budget deficit.

To regain fully the revenue currently lost through this breakdown at the IRS requires two major decisions:

* Appointment of tough, innovative men and women to key Treasury and IRS positions;

* Adoption of formula apportionment to measure the U.S. income of multinationals.

Unless your appointees as IRS Commissioner, IRS Chief Counsel, Assistant Secretary of the Treasury (Tax Policy), and International Tax Counsel have strong commitments to implement your proposal and the guts to resist the opposition of special interests, you will not raise close to $45 billion. As a former tax commissioner, I know how much people in these jobs can accomplish -- and its a lot. I have suggested to your staff several individuals for these positions, including Susan Work Martin, Jim Blanchard's outstanding former revenue director. I'd be happy to suggest some others, but the key point is that, whomever you chose, they need to be tough and persistent on this issue.

Of more significance over the longer-term, the IRS's current methods for measuring the U.S. income of multinational companies must either be updated or discarded. The separate accounting, or "arm's length pricing" standard that the IRS says it uses has failed. Essentially, this method requires the IRS to untangle millions of transactions among the subsidiaries of each multinational. Auditors must then second-guess these to create hypothetical "arm's length prices" that each subsidiary would have charged if they had not been part of same multinational. This archaic process bogs down the IRS in years of audits and litigation. It amounts to a public works program for tax lawyers, accountants, and expert witnesses who wrangle over the minute details of a corporation's international accounting.

The alternative, road tested successfully by the states over the decades and increasingly endorsed by scholars and practitioners, ~~is a simple~~ formula. Using a formula based upon a company's business activity (payroll, plants and ~~sales)~~ in the U.S., the IRS would look at the total worldwide income of a multinational company and then apportion to the U.S. its share of income for tax purposes. This approach is simpler, more predictable, less subject to manipulation, and much more effective than the IRS's traditional method.

The Multistate Tax Commission has prepared for your transition staff a proposal to enable the IRS to use this so-called "formula apportionment" as needed without new legislation. I've enclosed a copy of the paper's executive summary and a "Dear

Colleague" letter I have sent to my colleagues on this issue.

This is a problem that can be solved with the right people and the right policy. Having made it a national issue for the first time, you have a historic opportunity to solve it. I look forward to working with you in this endeavor.

Sincerely,

Byron

Byron L. Dorgan
U.S. Senator

BLD/ach

BYRON DORGAN
NORTH DAKOTA

United States Senate
WASHINGTON, DC 20510-3405

January 19, 1993

**End America-Last Tax Policies
That Push Jobs Abroad**

Dear Colleague:

Foreign-based multinationals have found a new tax haven. It's not the Caymen Islands or the Netherland Antilles. It's the United States.

The IRS has conceded to Congress that over seventy percent (70%) of the foreign-controlled corporations now doing business in the U.S. are paying no U.S. income taxes. This includes many of the Japanese automobile and electronics firms that are household names. By contrast, American-based automobile and electronics companies in a recent year paid an average of about 22% and 28%, respectively.

In other words, the IRS has become a twelfth man on the economic playing field, working against the American-based companies that are struggling to compete in world markets. The reason is that the agency has stubbornly refused to keep pace with a changing economic world.

For years, the IRS has persisted in using an antiquated, 19th century tax enforcement tool to deal with the sophisticated multinational companies of today. It treats the various subsidiaries of such companies as totally separate entities, thus enabling them to juggle income to the friendliest jurisdictions -- or into the black holes of their international balance sheets where their corporate profits are reported to no country at all.

The end result is a bureaucratic quagmire that accomplishes little besides lucrative employment for the Beltway tax lawyers and accountants who engage in endless litigation over line-by-line adjustments to a corporation's Byzantine accounting.

The Treasury Department has consistently understated this problem, loath to admit that it's not doing the job. Meanwhile our country is losing billions of dollars in tax revenue -- as much as $10 to $15 billion a year. Much worse than lost revenue, however, is the way this America-last enforcement policy puts our domestic producers into a competitive hole.

As though that weren't bad enough, the tax laws themselves dig the hole deeper. As things stand now, runaway factories get special tax breaks not available to those that stay in the United

States. In effect, the U.S. tax laws have turned the world beyond our shores into a global enterprise zone, to compete against jobs and production in the U.S.

The specific provision is called "deferral." Stripped of the complexity, it works basically as follows. If an American company operates a factory in, say, Fargo, North Dakota, it naturally pays federal income taxes on its profits.

But if this same company closes its factory in Fargo and moves the assembly line to, say, Singapore, it can <u>defer</u> any taxes it owes in the U.S. on its profits, until it sends them back home in the form of dividends. In other words, as long as the company keeps its production and profits out of the United States, it gets a special tax break from the federal government. The net result is an interest-free loan for investing and re-investing abroad. This bleed-America loan program costs the federal Treasury some $1.3 billion over five years, and it deprives the men and women of this country of tens of thousands of jobs.

*

As said, will do this

Before we can create new jobs in the U.S., we first have to hold onto the ones we already have. That means getting rid of the tax laws and enforcement practices that favor foreign corporations and foreign production. That's why I intend to introduce a bill to end tax deferral for U.S. corporations that move jobs abroad, but ship their products back into the United States. This legislation will help establish a level playing field for American companies that keep their jobs and production here at home.

The IRS already has authority under existing law to bring its multinational tax enforcement up to date. But if the agency ~~continues to balk,~~ then I intend to introduce separate legislation to compel it to adopt the latest methods and make sure that foreign-based corporations start paying their share of U.S. taxes on profits they have earned here

If you are interested in cosponsoring this legislation or would like more information, please contact me or Allen Huffman of my staff at <u>224-2551.</u>

Sincerely,

Byron L. Dorgan
U.S. Senator

BLD/ach

Multistate Tax Commission

EXECUTIVE SUMMARY

ASKING GLOBAL CORPORATIONS TO PAY THEIR FAIR SHARE OF U.S. TAXES—THE FORMULA APPORTIONMENT INCOME REPORTING—FAIR—OPTION

JANUARY 7, 1993

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Houston Audit Office:
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Telephone (713) 492-2260
Fax (713) 492-0335

Executive Summary

A. The Promise: Effective action against the foreign tax loophole

In the campaign, President-elect Clinton proposed that increased investment in America's public services be paid for, in part, by reducing tax privileges enjoyed by foreign multinational corporations. His proposal projected raising $45 billion over four years, an average of $11 billion a year.

In addition to noting the equity argument for reducing such tax avoidance, the President-elect specifically focused on the competitiveness benefits of his proposal -- leveling the playing field with U.S. businesses and funding improvements in American productivity. Since smaller, domestic firms are the primary engines of U.S. job growth, allowing foreign multinationals to underprice them through an unfair tax advantage undermines American job opportunities.

B. The Problem: Multibillion dollar foreign tax gap

Estimated federal revenue losses range from the Bush Administration's low number of three billion dollars a year to Representatives Jake Pickle's (D,TX) and Duncan Hunter's (R,CA) estimate of $30 billion. While lobbyists for foreign multinationals have attacked the President-elect's estimate of $11 billion a year as too high, in fact it is on the lower end of the range.

To independently test the validity of these various estimates, the MTC's staff reviewed newly-available IRS data on transactions by foreign multinationals. This analysis shows that annual taxes unpaid by such firms indeed maybe in the range of ten billion dollars or more a year. With about $180 billion in transfer prices claimed by these foreign firms, a moderate, 20% misstatement of transfer prices would cause a $12 billion federal revenue loss. Similarly, if the ratio of the "reported" cost of goods to final sales were the same for foreign multinationals as for U.S. companies, the federal government would collect an additional $11 billion a year.

Thus, based on publicly-available information, the President-elect's estimate of $11 billion a year of lost revenue from foreign multinationals is more than reasonable.

Keep in mind, however, that these estimates understate the total American revenue loss from transfer pricing problems. First, the reforms needed to curb the unfair tax privileges enjoyed by foreign multinationals must be implemented even-handedly. Thus, they are likely to find additional revenue owed by U.S.-based multinationals. Second, since 45 states have corporate income taxes largely based on the federal tax return, a federal revenue loss of $11 billion a year translates into a state revenue loss in the range of $2.4 billion annually.

C. SOLUTIONS: "MORE OF THE SAME" OR SERIOUS REFORM

In such a complex area, there are a variety of potential reforms. However, both conceptually and practically, the major approaches break down into two broad categories:

* More of the same: This approach would be to add resources (money, lawyers, economists, penalties, etc.) to the Reagan/Bush policy of pursuing transfer price abuses on a transaction-by-transaction basis. The major advantage of this approach is that it is the one developed by IRS over the past fifty years. Both IRS officials and lawyers representing foreign multinationals know "how the game is played." The major disadvantage is that it has demonstrably failed to minimize tax avoidance. As international trade increased in the 1980's, so did the costs of failure to protect American business and workers from foreign competition subsidized by transfer price abuses.

The practical failure of this traditional "separate accounting" method flows directly from its conceptual flaws. It assumes that the subsidiaries of integrated multinationals deal with each other just as independent firms do. Obviously, they don't. They are part of a multinational because the company sees economic advantages in not dealing at arm's length. Thus IRS' traditional search for "arm's length" prices against which to measure internal transfer prices is doomed to failure. Indeed, Congress' General Accounting Office reports that IRS could find such prices in only 3% of the cases it reviewed and even the Reagan Administration's Treasury Department admitted it had to use other methods in up to half the cases.

* Serious reform: The alternative is to recognize that, while the transaction-by-transaction method may have made sense when the U.S was largely isolated from world trade and thus the number of transactions was small, the globalization of the economy has changed the fundamentals. Just as state governments began abandoning separate accounting in the late 19th century as our economy integrated, leading economists from Lawrence Summers to Reagan Administration official Charles McLure are concluding that it "will prove increasingly unsatisfactory" in the international context.

An integrated world economy requires a tax accounting method that recognizes the new reality. That method is formula apportionment -- determining taxable U.S. income based on measures of overall business activity in this country (sales, payroll, and plant) rather than on millions of individual transactions within each multinational. By combining the activities of a multinational in one tax return and then apportioning its taxable income by formula among the countries in which it does business, this method nets out transactions among the company's subsidiaries.

Therefore it makes transfer price abuses impossible. Formula apportionment is the approach that state governments have used successfully for decades, that McLure and others have recommended to the European Community, and that a wide range of independent American scholars and practitioners recommend for the U.S.

D. THE FAIR PLAN: A MODERATE AND PROVEN ADMINISTRATIVE REMEDY

To modernize the federal approach on which billions of state tax dollars depend, the MTC has developed a specific proposal for the IRS to apply formula apportionment in appropriate circumstances.

Under FAIR (Formula Apportionment Income Reporting), when IRS finds it can not "clearly reflect income" of multinationals by separate accounting, the Service would use a formula similar to that used by state governments to apportion their taxable income among the states. FAIR would not require Congressional action since IRS has such authority under the plain language of the law: IRS may "apportion or allocate gross income" if it finds such "apportionment or allocation is necessary in order to prevent evasion of taxes or to clearly reflect the income..." This existing authority was recognized by Congress as long ago as the Conference Report on President Kennedy's 1962 tax bill! In addition, IRS regularly uses ad hoc formulas today and their use is a common international practice under the framework of U.S. tax treaties with other nations.

Defenders of the "more of the same" approach will claim that obtaining the data to calculate apportionment formulas for foreign multinationals will be difficult. In fact, both the state experience and common sense suggest that IRS can more easily obtain information on a company's aggregate revenues, payroll, and profits than on millions of individual transactions, many of which may be no more tangible than electronic impulses.

FAIR can work and it can help the new Administration keep the President-elect's promise because it is consistent with the changing world economy and has been road-tested sucessfully at the state level.

THE MULTISTATE TAX COMMISSION

The Multistate Tax Commission is an organization of State governments that supports the right and ability of States to tax equitably multistate and multinational enterprises that do business within their borders. Created by interstate compact, the Commission is comprised of nineteen Member States and fourteen Associate Member States. The Commission recommends uniform laws and regulations to promote proper State taxation of multistate and multinational enterprises, encourages business compliance with State tax laws through education, negotiation and enforcement, encourages practices to reduce administrative costs for taxpayers and States alike, and protects State tax sovereignty in Congress and the courts.

The Member States of the Commission, all of which have enacted the Multistate Tax Compact, include: Alaska, Arkansas, California, Colorado, the District of Columbia, Hawaii, Idaho, Kansas, Michigan, Minnesota, Missouri, Montana, New Mexico, North Dakota, Oregon, South Dakota, Texas, Utah and Washington.

Executive Committee of the Commission

Sharon Morrow, *Chair*	District of Columbia
Timothy J. Leathers, *Treasurer*	Arkansas
R.H. Hansen	Utah
Ron Schreiner	South Dakota
John Sharp	Texas
Dick Minzner	New Mexico
Gerald Goldberg	California
Larry Looney	Idaho
Ernest Dronenburg	California

Dan R. Bucks, Executive Director

THE WHITE HOUSE

WASHINGTON

January 28, 1993

Dear Senator Dorgan:

Thank you for your letter to President Clinton outlining your recommendations for outlawing tax deferral of foreign based U.S. corporations. I appreciate your bringing this matter to our attention.

I have taken the liberty of forwarding a copy of your letter to the Department of Treasury. An examination of this issue will begin as soon as possible, and a response from President Clinton will follow shortly thereafter.

If my office can be of assistance to you on other matters, do not hesitate to contact me.

Best wishes.

Sincerely,

Howard G. Paster
Assistant to the President
for Legislative Affairs

The Honorable Byron Dorgan
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

M E M O R A N D U M

TO: Michael Levy
Legislative Affairs
Department of Treasury

FROM: Howard Paster
Legislative Affairs HP

RE: Presidential Correspondence

DATE: January 28, 1993

Attached is a copy of a letter that was sent to the President, and the acknowledgement which I sent. President Clinton has requested that he see and sign every letter going to the Hill.

As indicated, we did not want to fully answer the questions addressed in the Member's letter without input from the Secretary. Please have a response drafted and returned to LeeAnn Inadomi (WH-East Wing) within 48 hours.

Thank you very much for your input. If you have any questions, please feel free to call LeeAnn at 456-7500.

Attachments

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/8/93

TO: Bob Rubin

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

This seems very dense to forward to POTUS. Perhaps you would want to do a one page summary.

[redacted]

[redacted]

Document No.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/8/93 ACTION/CONCURRENCE/COMMENT DUE BY:

SUBJECT: FRIDAY ECONOMIC AND FINANCIAL REPORT

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	PASTER	☐	☑
McLARTY	☐	☐	RASCO	☐	☑
GEARAN	☐	☐	RUBIN	☐	☐
PANETTA	☐	☐	SEGAL	☐	☐
EMANUEL	☐	☑	STEPHANOPOULOS	☐	☐
GIBBONS	☐	☐	VARNEY	☐	☐
HALE	☐	☐	WATKINS	☐	☐
HERMAN	☐	☐	WILLIAMS	☐	☑
LAKE	☐	☐	______	☐	☐
LINDSEY	☐	☐	______	☐	☐
MONTOYA	☐	☐	______	☐	☐
NUSSBAUM	☐	☐	______	☐	☐

REMARKS:

For your information.

RESPONSE:

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
Ext. 2702

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

February 5, 1993

MEMORANDUM FOR THE DIRECTOR

FROM: Joseph J. Minarik JJM

SUBJECT: Friday Economic and Financial Report

SUMMARY

The forward momentum of the second half of 1992 appears to be continuing, judging by today's labor market report for January and other recent economic and financial news.

- The unemployment rate edged down 0.2 percentage point to 7.1 percent in January, and nonfarm payroll employment increased 106,000. The job gains were widespread: 57 percent of all industries expanded their payrolls, the best performance in nearly three years.

- Manufacturing employment grew 34,000, the second increase in three months; the factory workweek rose to 41.4 hours, its highest level since 1966. On the basis of this labor market data, manufacturing production may have increased 3/4 percent in January.

- So far in the expansion, increased output has come from higher productivity rather than increased labor input, but that seems likely to be changing.

- Long-term interest rates fell to almost a 20-year low this week. Stock markets are at record highs.

- Germany lowered its discount rate by 1/4 percentage point to 8 percent and cut the Lombard rate by 1/2 percentage point to 9 percent in response to falling output. Further monetary easing is expected.

- Japan lowered its discount rate 3/4 percentage point to 2-1/2 percent, and plans to introduce a supplemental budget package of $40 to $80 billion on top of last year's stimulus package of $86 billion.

Got to admit things are getting better.
They're getting better all the time.

The Beatles lyric is an apt description of the most recent U.S. economic news. According to the labor market report for January released this morning, the pace of job creation is picking up and the unemployment rate is declining. Nonetheless, the improvement in the labor market has fallen well short of that in a typical recovery.

The view that the economy and labor markets are likely to get better still is reinforced by financial market developments. This week, long-term interest rates fell to nearly their 20-year lows, which will stimulate interest-sensitive sectors such as housing, consumer durables and business capital equipment. Investors are also signalling stronger economic growth and profits ahead as stock markets hit record highs this week.

January Labor Market

The unemployment rate in January fell 0.2 percentage point to 7.1 percent. The biggest improvement was for adult men, whose rate decreased 0.4 percentage point to 6.4 percent.

Unemployment Rates

	1992					1993
	Q1	Q2	Q3	Q4	Dec	Jan
Total	7.2	7.5	7.5	7.3	7.3	7.1
Adult men	7.7	7.9	7.2	7.0	6.8	6.4
Adult women	6.7	6.9	6.4	6.3	6.4	6.4
Teenagers	19.7	20.7	20.3	19.4	19.2	19.7

Over 100,000 new jobs were created last month. December's gain, originally reported at 64,000, was revised up to 90,000. The increase in payrolls in these two months is the largest since last spring.

Job gains in January were widespread, with 57 percent of all industries adding to their payrolls, the best performance in nearly three years. The private service sector continues to be the primary source of employment expansion, adding about 100,000 new jobs in both December and January. The gain in manufacturing employment in January (34,000) was the largest in 36 months, more than offsetting a small decline in December. Job losses continued, however, in mining and construction industries.

PAYROLL EMPLOYMENT
Average Monthly Change (1000s)

	1992						1993
	Q1	Q2	Q3	Q4	Nov	Dec	Jan
Total Payroll Jobs	15	74	25	80	75	90	106
Private	-4	64	-13	63	13	75	111
Manufacturing	-17	-14	-45	-14	22	-7	34
Mining	-4	-6	-5	-0	-1	-3	-4
Construction	4	-1	-9	2	-11	-9	-37
Services	14	85	45	75	3	94	118
Government	19	10	37	17	62	15	-5

In addition to increasing their payrolls, factories also lengthened their workweek by two-tenths of an hour to the highest level in over a quarter century. The combination of more people working longer hours suggests that manufacturing production may have risen about 3/4 percent in January, up from the 1/2 percent monthly average of the prior three months. (January production to be released February 18). The strength in manufacturing activity is confirmed by the January survey of the National Association of Purchasing Management. Its diffusion index moved up to 58 percent (a reading above 50 percent suggests an expanding industrial sector).

Productivity Growth and Labor Market

The productivity figures for the fourth quarter, released this weak, highlight an unusual feature of this recovery and one that explains the relatively slow improvement in the labor market. So far in the expansion, increases in output have been achieved through productivity gains rather than the typical combination of increases in labor input and productivity. Massive layoffs by major corporations have largely offset employment gains by small- and medium-sized firms.

As a result, corporate profits have grown rapidly while employment and wage gains have been meager. There is, however, a limit to how long this can occur. Before much longer, noticeably larger increases in labor input will be needed to achieve output gains.

- o During the first five quarters of this expansion (Q1/91-Q2/92), output in the nonfarm business sector rose at just a 1.3 percent annual rate. During that period, labor hours actually declined; the entire increase in output was accounted for by increases in output per hour (up at a 2.0 percent rate).

Productivity Growth, Income, and Profits
(Nonfarm business sector, percent annual rate)

	Q1/91-Q2/92	Q2/92-Q4/92
Output	1.3	4.0
of which:		
Productivity	2.0	3.3
Labor hours	-0.6	0.5
Total Profits*	7.3	22.3
Profit Margin*	6.1	17.8
Real Compensation*	0.5	1.8

*Total economy.

- o During the second half of last year, output rose at a faster 4 percent annual rate. Labor hours rose slightly, but the bulk of the output increase came from productivity gains at a strong 3.3 percent pace. Profits for the overall economy increased at a 22 percent rate during this period, as profit margins soared (up at an 18 percent rate). Real compensation (wages plus fringe benefits), however, rose at just a 1.8 percent rate.

Financial Markets Rally

Bond and stock markets are soaring as a result of good news in the U.S. and monetary easing in other major countries. All stock market indexes have surged to new highs, while Treasury bond yields are close to 20-year lows.

The Clinton Market -- The domestic markets have been driven by a raft of favorable economic indicators showing stronger growth and moderate inflation. All major stock price indexes hit new records this week. Since October, the equity price rise has been led by small stocks, which are perceived to be the primary beneficiaries of the Administration's stimulus package.

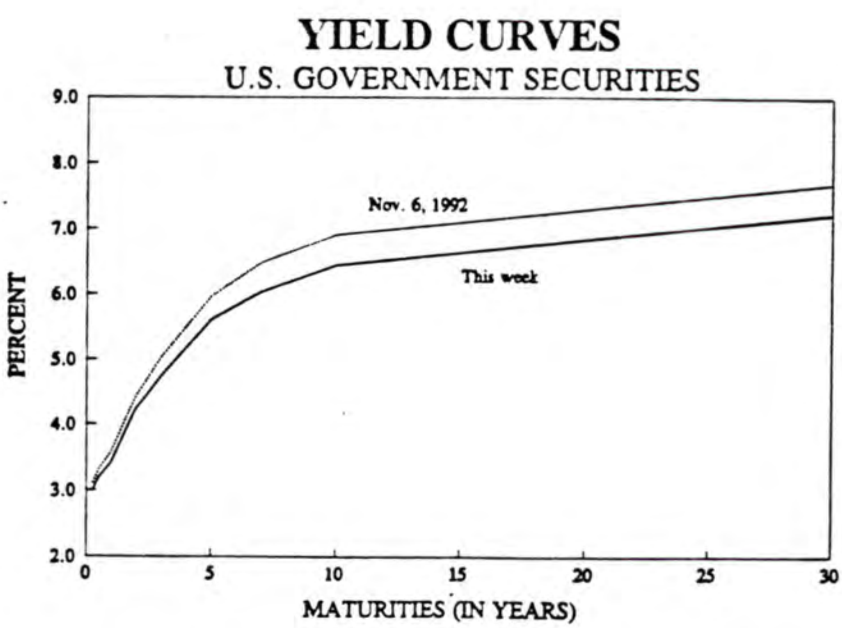
Stock Indexes	
	Percentage Change since October Trough
Dow Jones Industrial Average	+ 9.8%
S&P 500	+11.5%
NASDAQ Composite	+24.0%

The bond market rally has been fueled by continued low inflation, interest rate declines abroad, and expectations for deficit-cutting proposals by the President. In addition, the Treasury made a modest shift toward shorter maturities in its debt refunding this week.

o The amount of long-term bonds auctioned will be reduced from $10.25 billion to $9.25 billion.

o The Treasury will study the possibility of a further reduction in long-term debt issues before its May refunding operations.

So far, the reduction in long rates has not been associated with higher short-term rates. Since long-term yields peaked in November, the yield curve has flattened by more than 1/2 percentage point.



Foreign Central Banks Ease as Economies Slump

Yesterday, all my troubles seemed so far away.

The Beatles' lyric is an appropriate description of the developments in Europe and Japan. Japan and Germany experienced negative growth in the second half of 1992, with no signs of an immediate turn-around. Both will be forced to take further measures to revive their economies.

- o In western Germany, the seasonally adjusted unemployment rate jumped to 7.5 percent in January from 7.2 percent in December. A year ago, it was 6.2 percent.

- o German industrial production fell 4 percent in the fourth quarter, the largest decline since 1984.

- o In Japan, unemployment has barely edged up to 2.4 percent, but industrial production, retail sales and total output are declining.

- o The U.K. economy shows little evidence of economic recovery following two years of recession.

Central banks responded to the continued bleak news by a round of interest rate cuts.

- o Yesterday, Japan lowered its discount rate from 3-1/4 percent to 2-1/2 percent. Since mid-1991, the discount rate has been lowered by 3-1/2 percentage points.

- o Germany continued its incremental easing by lowering its discount rate by 1/4 percentage point to 8 percent and cut the Lombard rate by 1/2 point to 9 percent. Further cuts are expected in order to stimulate the weakening economy and to alleviate exchange rate pressures with Germany's trading partners.

- o The U.K. lowered its base lending rate last week by one percentage point to 6 percent, with speculation that further cuts are likely. Short-term rates have fallen by four percentage points since the U.K. withdrew from the European Monetary System (EMS) last September.

In addition to lowering interest rates, Japan plans to take additional fiscal stimulus measures for the fiscal year starting in April. Expectations are for a supplemental budget package of $40 to $80 billion, which may include personal tax cuts. Last year's $86 billion stimulus package was directed to infrastructure and land purchases.

While recessions abroad depress our exports in the near-term, they force stimulative measures that bode well for worldwide recovery in 1994. Of some concern is the recent dollar appreciation which, if sustained, could hurt our trade competitiveness. In the last two weeks, the dollar has climbed by 5 percent against the German mark and 8 percent against the British pound. The cumulative rise since September is 19 percent against the mark and 38 percent against the British pound. The dollar has been little changed versus the yen.

RECENT ECONOMIC INDICATORS AS OF FEBRUARY 5, 1993

(S.A. OR AS INDICATED)

	Dec-91	Jan-92	Feb-92	Mar-92	Apr-92	May-92	Jun-92	Jul-92	Aug-92	Sep-92	Oct-92	Nov-92	Dec-92	Jan-93
GDP (Quarterly Series, % A.R.)														
Nominal GDP	2.8			6.2			4.3			5.3			5.7	
Real GDP	0.6			2.9			1.5			3.4			3.8	
Implicit Price Deflator	2.4			3.1			2.7			2.0			1.7	
Fixed-Weight Price Index	2.4			3.7			3.0			2.0			3.3	
CYCLICAL INDICATORS														
Leading Index, Percent	-0.1	1.1	0.7	0.4	0.3	0.6	-0.3	0.1	-0.3	-0.1	0.5	0.7	1.9	NA
Coincident Index, Percent	-0.3	-0.4	0.5	0.0	0.0	0.0	-0.1	0.4	-0.5	-0.1	0.6	0.0	0.6	NA
Purchasing Managers' Diffusion Index	47.3	48.8	53.4	54.8	52.2	55.7	52.3	53.0	52.2	48.7	50.7	54.7	55.4	58.0
Percent	-5.4	3.2	9.4	2.6	-4.7	6.7	-6.1	1.3	-1.5	-6.7	4.1	7.9	1.3	4.7
Industrial Production	107.4	106.6	107.2	107.6	108.1	108.9	108.5	109.4	109.1	108.9	109.7	110.1	110.5	NA
Percent	-0.65	-0.74	0.56	0.37	0.46	0.74	-0.37	0.83	-0.27	-0.18	0.73	0.36	0.36	NA
Capacity Utilization, Manufacturing	77.7	77.0	77.4	77.5	77.7	78.2	77.8	78.1	77.9	77.5	77.9	78.2	78.4	NA
EMPLOYMENT INDICATORS														
Civilian Employment, Million	116.8	117.0	117.0	117.3	117.5	117.6	117.5	117.7	117.8	117.7	117.7	118.1	118.3	118.1
Nonfarm Payroll Employment, Million	108.2	108.1	108.1	108.2	108.4	108.5	108.4	108.6	108.5	108.5	108.6	108.6	108.7	108.8
Civilian Unemployment Rate, Percent	7.1	7.1	7.3	7.3	7.3	7.4	7.7	7.6	7.6	7.5	7.4	7.3	7.3	7.1
Employment/Population Ratio	61.3	61.4	61.3	61.4	61.5	61.5	61.4	61.4	61.4	61.3	61.3	61.4	61.5	61.3
Average Weekly Hours, Manufacturing	41.0	40.9	41.1	41.1	41.1	41.3	41.0	41.0	41.0	40.9	41.1	41.2	41.2	41.4
CONSUMER SECTOR														
Retail Sales, Billion $	154.4	157.8	159.8	157.9	158.4	159.1	159.0	160.8	161.0	162.2	165.6	164.8	166.8	NA
Percent	0.1	2.2	1.2	-1.2	0.3	0.5	-0.1	1.1	0.1	0.7	2.1	-0.5	1.2	NA
Total Auto Sales, Milion Units, A.R.	8.1	8.1	8.5	8.3	8.2	8.4	8.9	8.3	7.9	8.3	8.3	8.2	8.7	8.6
Domestic Auto Sales, Million Units, A.R.	6.0	6.0	6.2	6.0	6.0	6.3	6.7	6.4	6.0	6.3	6.3	6.2	6.7	6.6
Personal Income, Billion $, A.R.	4944.9	4943.2	4988.7	5009.6	5015.4	5032.7	5038.5	5048.7	5056.4	5080.9	5141.8	5137.5	5187.7	NA
Percent	1.2	-0.0	0.9	0.4	0.1	0.3	0.1	0.2	0.2	0.5	1.2	-0.1	1.0	NA
Disposable Personal Income, Billion $, A.R.	4320.9	4321.4	4360.8	4400.6	4400.7	4415.1	4419.5	4424.6	4426.3	4448.7	4503.7	4495	4538.8	NA
Savings Rate, Percent	4.8	4.9	4.9	5.3	5.5	5.3	5	4.8	4.6	4.6	4.4	4.5	NA	NA
Real Personal Income, Billion 87$, A.R.	4066.5	4058.5	4079.1	4076.2	4070.9	4078.4	4076.5	4078.1	4094.3	4090.9	4123.3	4113.3	4150.2	NA
Percent	1.0	-0.2	0.5	-0.1	-0.1	0.2	-0.0	0.0	0.4	-0.1	0.8	-0.2	0.9	NA
Real Disposable Personal Income, Billion 87$, A.R.	3552.5	3549.3	3565.9	3581.9	3573.3	3578.6	3576.1	3574.4	3585.5	3581.7	3612.4	3599.1	3631.4	NA
Percent	1.1	-0.1	0.5	0.4	-0.2	0.1	-0.1	-0.0	0.3	-0.1	0.9	-0.4	0.9	NA
Consumer Sentiment Index, U of Michigan	68.2	67.5	68.8	76.0	77.2	79.2	80.4	76.6	76.1	75.6	73.3	85.3	91.0	89.3
Percent	-1.3	-1.0	1.9	10.5	1.6	2.6	1.5	-4.7	-0.7	-0.7	-3.0	16.4	6.7	-1.9
HOUSING SECTOR														
Housing Starts, Thousand Units, A.R.	1118	1180	1257	1340	1086	1196	1147	1100	1233	1222	1223	1234	1302	NA
Single-Family Starts	972	989	1109	1068	933	1019	999	956	1042	1051	1077	1090	1130	NA

	Dec-91	Jan-92	Feb-92	Mar-92	Apr-92	May-92	Jun-92	Jul-92	Aug-92	Sep-92	Oct-92	Nov-92	Dec-92	Jan-93
BUSINESS SECTOR														
Nondefense Capital Goods Orders, Billion $	27.0	30.1	29.5	32.2	29.9	30.5	31.0	29.3	28.2	30.6	31.7	28.6	33.8	NA
Percent	−18.4	11.6	−2.1	9.2	−7.0	1.9	1.6	−5.4	−3.9	8.6	3.6	−9.7	18.3	NA
Nonresidential Construction Put in Place, Billion $	123.3	123.0	125.0	128.5	127.2	124.1	127.6	124.7	117.8	122.5	123.5	123.4	120.0	NA
Inventory Change Book Value, Billion $, A.R.	9938.2	−48.4	5.5	19.1	29.1	−7.2	46.1	42.0	19.2	−18.2	16.0	10.5	NA	NA
Inventory/Sales Ratio, Total Business	1.56	1.53	1.52	1.51	1.51	1.52	1.50	1.49	1.51	1.50	1.49	1.48	NA	NA
INFLATION INDICATORS														
CPI, Percent	0.2	0.1	0.3	0.5	0.2	0.1	0.3	0.1	0.3	0.2	0.4	0.2	0.1	NA
CPI Less Food and Energy, Percent	0.2	0.3	0.4	0.5	0.3	0.2	0.2	0.2	0.2	0.2	0.5	0.3	0.1	NA
PPI Finished Goods, Percent	−0.1	−0.2	0.2	0.2	0.3	0.2	0.2	0.0	0.1	0.3	0.1	−0.2	0.2	NA
PPI Less Food and Energy, Percent	0.2	0.5	0.1	0.3	0.4	0.3	−0.2	0.1	−0.1	0.2	−0.1	0.1	0.3	NA
Gold, $ per ounce	360.4	354.4	353.8	343.8	338.2	337.3	341.3	353.2	344.6	345.3	344.0	334.4	334.0	329.4
W. Texas Spot Oil Price, $/bbl	19.5	18.8	19.0	18.9	20.2	20.9	22.4	21.8	21.4	21.9	21.7	20.3	19.4	19.1
MERCHANDISE TRADE														
Exports, Billion $, A.R.	432.6	425.6	451.9	445.0	436.9	428.6	458.0	453.7	429.6	454.6	468.9	455.6	NA	NA
Imports, Billion $, A.R.	500.1	495.8	491.7	512.4	521.9	514.8	539.5	541.5	537.6	557.5	555.5	546.7	NA	NA
Deficit, Billion $, A.R.	−67.5	−70.2	−39.9	−67.3	−85.1	−86.2	−81.5	−87.9	−108.0	−102.9	−86.6	−91.1	NA	NA
U.S. EXCHANGE RATE														
Multilateral	85.7	86.1	88.0	90.4	89.8	88.3	85.9	82.6	81.0	82.0	85.0	90.0	90.5	92.4
Percent	−2.6	0.5	2.3	2.7	−0.7	−1.7	−2.7	−3.9	−1.9	1.2	3.7	5.9	0.5	2.1
Yen/$	128.0	125.5	127.7	132.9	133.5	130.8	126.8	125.9	126.2	122.6	121.2	123.9	124.0	125.0
DM/$	1.56	1.58	1.62	1.66	1.65	1.62	1.57	1.49	1.45	1.45	1.49	1.59	1.58	1.61
$/Pound	1.83	1.81	1.78	1.72	1.76	1.81	1.86	1.92	1.94	1.85	1.65	1.53	1.55	1.53
MONEY AND CREDIT														
M2, Billion $	3439.8	3447.6	3474.6	3475.7	3471.5	3473.0	3464.1	3461.6	3471.2	3481.9	3497.1	3507.3	3503.4	NA
Percent	2.9	2.8	9.8	0.4	−1.4	0.5	−3.0	−0.9	3.4	3.8	5.4	3.6	−1.3	NA
M3, Billion $	4171.4	4174.2	4199.2	4191.9	4179.2	4178.7	4166.7	4163.1	4176.8	4184.0	4185.8	4192.2	4176.9	NA
Percent	1.2	0.8	7.4	−2.1	−3.6	−0.1	−3.4	−1.0	4.0	2.1	0.5	1.9	−4.3	NA
C&I Loans & Commercial Paper, Billion $, N.S.A.	993.8	988.4	994.9	1000.0	996.8	1000.0	996.8	991.5	986.8	982.1	988.2	991.6	996.9	NA
Percent, A.R.	−7.1	−6.3	8.2	6.3	−3.8	3.9	−3.8	−6.2	−5.6	−5.5	7.7	4.2	6.6	NA
C&I Loans, Billion $	457.0	455.2	455.5	454.3	452.3	454.3	452.3	448.0	443.6	440.1	440.3	439.9	441.0	NA
Commercial Paper, Billion $	536.8	533.2	539.4	545.7	544.5	545.7	544.5	543.5	543.2	542.0	547.9	551.7	555.9	NA
INTEREST RATES														
Federal Funds Rate	4.4	4.0	4.1	4.0	3.7	3.8	3.8	3.3	3.3	3.2	3.1	3.1	2.9	3.0
T-Bill, 3 Month	4.1	3.8	3.8	4.0	3.8	3.6	3.7	3.2	3.1	2.9	2.9	3.1	3.2	3.0
T-Bond, 30 Year	7.7	7.6	7.9	8.0	8.0	7.9	7.8	7.6	7.4	7.3	7.5	7.6	7.4	7.3
Corporate AAA Bonds	8.3	8.2	8.3	8.4	8.3	8.3	8.2	8.1	8.0	7.9	8.0	8.1	8.0	7.9
Mortgage Commitment Rate	8.9	8.7	8.5	8.4	8.8	8.9	8.9	8.7	8.5	8.1	8.0	7.9	8.1	NA
STOCK MARKET														
Dow Jones 30 Industrials	2958.6	3227.1	3257.3	3247.4	3294.1	3376.8	3337.8	3329.4	3307.5	3293.9	3198.7	3238.5	3303.2	3277.7
Standard & Poor's 500	388.5	416.1	412.6	407.4	407.4	414.8	408.3	415.1	417.9	418.5	412.5	422.8	435.6	435.2

February 5, 1993

WEEKLY ECONOMY WATCH

(+++ = very favorable; --- = very unfavorable)

EMPLOYMENT

(+) The civilian unemployment rate was 7.1% in Jan., down 0.2% from Dec. (2/5)

(+) Payroll employment rose 106,000 in Jan. Private services gained 108,000 jobs. Manufacturing payrolls rose 34,000. (2/5)

(0) There were 384,000 initial claims for unemployment insurance in the Jan. 23 week, unchanged from last week. (2/5)

OUTPUT AND ORDERS

(++) Real GDP rose at an annual rate of 3.8% in Q4, the largest quarterly increase in 4 years. (1/29)

(++) Industrial production rose 0.3 % in Dec.; over the past 3 months, production is up 1.5%. (1/15)

(++) New orders for nondefense capital goods rose 18.3% in Dec. Excluding aircraft, orders were up 6.8%. (2/5)

(++) The Purchasing Managers' index stood at 58.0% in Jan., the highest in 4 years. A reading above 50% signals growth. (2/5)

(+++) The index of leading indicators jumped 1.9% in Dec., the largest increase since the 1983 recovery. (2/5)

INCOMES AND CONSUMPTION

(++) Partly due to special factors, personal income rose an unexpectedly large 1.0% in Dec. For the year, income increased 4.7%. (1/29)

(+++) Retail sales rose 1.2% in Dec. Gains have been very strong over the past 3 months, 2.8%. (1/14)

(+++) The U. of Mich. Consumer Sentiment Index held at 90% in Jan., after jumping from 73% to 91% between Oct. and Dec. (1/22)

HOUSING

(++) Housing starts rose 5.5% in Dec., reaching their highest level since Mar., following 3 months of no improvement. (1/22)

FOREIGN TRADE

(-) The merchandise trade deficit widened in Nov. to $7.6 billion, but the Oct-Nov. deficit was below Aug-Sept. (1/15)

INFLATION

(down) The Dec. CPI was up only 0.1% (0.8% at an annual rate), as was the CPI less food and energy. (1/15)

(no change) The Dec. PPI was up 0.2% (2.0% at an annual rate). Since December 1991, the PPI has risen only 1.6%. (1/14)

FINANCIAL MARKETS

(+) The yield on long-term Treasury bonds stabilized at 7.2% this week. Japanese, German and UK banks lowered their discount rates by 3/4%, 1/4% and 1%, respectively. (2/5)

(+++) The stock market rallied strongly, with blue chips leading the pack. All major stock indexes reached record highs. (2/5)

(-) M2 and M3 have declined by -0.8% and -4.0% over the past 3 months. Their weakness, however, is partly due to special factors and may not signal slower growth ahead. (2/5)

Newberry

THE PRESIDENT HAS SEEN
2/8/93

Report Faults CIA, Justice Dept. in BNL Probe

Senate Panel Says Officials Failed to Exchange Classified Information on Loans to Iraq

By R. Jeffrey Smith
Washington Post Staff Writer

The CIA and the Justice Department mishandled a probe of illicit loans to Iraq during the past three years by failing to pursue intelligence leads or exchange and disseminate classified information bearing on the case, the Senate Select Committee on Intelligence said in a report released yesterday.

Serious errors in judgment by CIA and Justice Department officials and poor administrative practices kept prosecutors from learning of information that bore on the central question of who was responsible for $4 billion in fraudulent loans made to Iraq from 1985 to 1989 by the Atlanta branch of an Italian government-owned bank, Banca Nazionale del Lavoro (BNL), the Senate report said.

The issue of who was responsible was a focus of considerable political speculation during last year's presidential campaign, amid allegations from some Democratic legislators that the Bush administration had attempted to cover up evidence of complicity by U.S. or Italian officials in the affair.

The Senate report said that some CIA officials, who claimed to be acting on the advice of officials at the FBI, decided to block distribution to the Justice Department of some classified documents about the case. The documents were considered politically embarrassing to the government or potentially damaging to the government's prosecution of the director of BNL's Atlanta branch, Christopher Drogoul.

One of these documents was a December 1990 intelligence report, partially disclosed in the Senate report for the first time. The intelligence report, from an unidentified agency, contained an unverified allegation that "U.S., Italian and Iraqi officials had engaged in unlawful conduct in connection with the BNL-Atlanta loan case."

The Senate inquiry did not substantiate this claim, but criticized the executive branch's failure to provide this report to federal prosecutors investigating this case in Atlanta.

The report attributed the failure to what a CIA official said was an FBI concern that "every paragraph contains damaging information which is clearly discoverable" in court if released to the Justice Department.

A September 1989 Defense Intelligence Agency report, which also never reached the prosecutors, contained an unverified allegation that the illicit bank loans were "part of a larger NATO strategy to ensure an Iraqi victory in its war with Iran," the Senate report disclosed.

At least seven other classified intelligence reports, which also never reached the prosecutors, suggested or contained allegations that the loans were authorized by officials at the BNL bank's headquarters in Rome, according to the Senate report. That claim conflicted with the prosecutors' long-standing contention that the loans were orchestrated by Drogoul without any knowledge by BNL officials in Rome.

Attributing these foul-ups to errors in judgment by CIA and Justice Department officials, the Senate report said a four-month study of classified government information had not turned up any evidence of criminal wrongdoing by career officials or political appointees in the Bush administration, which supervised the federal probe.

The report also said the committee's inquiry had turned up no evidence that the U.S. government had secretly authorized or participated in the loans, which were used by Iraq to buy food and arms before the Persian Gulf War. Some Democratic lawmakers had speculated that the Bush administration ordered prosecutors to make Drogoul the scapegoat to hide evidence of U.S. government involvement.

Two committee members, Sen. Howard M. Metzenbaum (D-Ohio) and Sen. Alfonse M. D'Amato (R-N.Y.), took issue with the report, voting against its release because they felt the staff's inquiry was not sufficient to reach the conclusions in the report. "This report is too narrow to make sense of this incredible botch by the U.S. government," Metzenbaum said in a statement released by his office. "I still believe that we need an independent prosecutor to get to the bottom of this entire fiasco"—a proposal rejected in December by Bush administration attorney general William P. Barr.

Committee Chairman Dennis DeConcini (D-Ariz.) said in an interview yesterday that he too was not fully satisfied by the report, which was prepared by the committee's bipartisan staff. "There are some unanswered questions," said DeConcini, who became chairman early this month as the inquiry was drawing to a close. "Overall, yeah, I think an independent prosecutor might be appropriate."

The Senate report is one of four major independent reviews of the Bush administration's conduct in the BNL affair.

CIA Inspector General Frederick P. Hitz, in a report also released yesterday, declared he found no evidence that CIA officials had deliberately withheld information from the Justice Department to obstruct the prosecution or keep the agency from becoming implicated in the BNL affair.

But Hitz added that "mistakes clearly were made by agency officers in their handling of events related to the BNL matter, and there was carelessness and a number of instances of poor judgment." He recommended disciplinary action against four individuals. But in a written reply released yesterday, former CIA director Robert M. Gates rejected Hitz's recommendation before leaving office last month.

Neither the Senate nor internal CIA studies support the allegations in a separate report last October by U.S. District Judge Marvin H. Shoob, who was then presiding over the BNL case, that the Bush administration failed "to investigate seriously" whether Rome officials knew of the loans because it wanted to "contain criticism of a failed foreign policy" toward Iraq before the Persian Gulf War.

That claim was also rebuffed by a special investigator appointed by the Justice Department who concluded last December that political considerations had not tainted the government's handling of the probe, but called the handling of classified information in the case "a fiasco."

Senate sources said the intelligence committee staff had based its conclusions about the lack of U.S. government complicity in the loans on assurances it received from officials of the CIA, the Defense Intelligence Agency and the National Security Agency, as well as on classified documents it reviewed—none of which, the report said, supported charges of a government-wide conspiracy.

The sources acknowledged that the staff did not conduct an independent inquiry into leads provided by the classified documents, which prevented it from reaching a conclusion about whether Drogoul was solely responsible for the loans.

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Bank Loan Regulators Get a 'D' Grade

Senate Subcommittee Says Agencies Fail on 'Redlining' Tests

By H. Jane Lehman
Special to The Washington Post

Federal regulators responsible for grading the efforts of banks at avoiding discriminatory lending practices recently came close to receiving a flunking score for their watchdog role.

In a report, the 16-member Senate Housing Subcommittee gave the four federal agencies a grade of "D" for failing to vigorously enforce the Community Reinvestment Act (CRA), passed 16 years ago to prohibit banks from "redlining." The term refers to the practice of denying credit, including mortgages, in a particular neighborhood solely because of race or area-wide income levels.

The "D" grade means the regulators are performing "below average and need to improve," according to an official with the Senate Banking Committee involved with the subcommittee's study.

To verify compliance with the fair-lending law, the agencies send examiners into the banks. to rate their lending performance on a four-point scale of "outstanding," "satisfactory," "needs to improve" and "substantial non-compliance."

During the past two years, several studies have documented widespread discrimination throughout the mortgage lending industry. But as recently as last year the federal financial regulators awarded 89 percent of banks an outstanding or satisfactory score for complying with the CRA.

"The regulators' record of inconsistent and lax enforcement has encouraged indifference and disinterest by the financial institutions," said former Sen. Alan Cranston, a California Democrat who until recently headed the housing subcommittee.

"As a consequence, the agencies bear significant responsibility for the poor performance of many of the financial institutions," Cranston said in the report.

CRA enforcement falls to four agencies. The three that supervise commercial banks are the Federal Reserve, the Comptroller of the Currency and the Federal Insurance Deposit Corp. A fourth, the Office of Thrift Supervision, oversees the savings and loan industry.

Mortgage bankers are among the lenders not covered by the CRA law, although some members of Congress have called for bringing them under the act.

The American Bankers Association, an industry trade group, defended the regulators. "As far as we are concerned the exams are quite rigorous," said association spokeswoman Virginia Stafford.

However, Caryl Austrian, a spokeswoman for the Federal Deposit Insurance Corp., said her agency is aware there is room for improvement. "There are certainly some gaps between the ideal enforcement of CRA and what actually happens. We are continuing to work to close that gap," she said.

The subcommittee also scolded the agencies for allowing some banks to escape frequent examination.

The Office of Thrift Supervision is "taking a look" at the report and declined comment on the matter, according to a spokesman.

The other two agencies either did not respond to inquiries about the report or declined to discuss the matter for the record.

After analyzing 284 recent CRA evaluations, conducting a day-long hearing into the matter and questioning the agencies at length, the subcommittee concluded the regulators are falling down on several counts.

To make CRA ratings more meaningful, the subcommittee recommended examiners give separate ratings to each factor that goes into assessing a bank's compliance. Expanding the rating system by one or two categories might also counter grade inflation, the report said.

The subcommittee also scolded the agencies for allowing some banks to escape frequent examination, in some cases for up to seven years. Most lenders, though, receive a visit from an examiner every 18 months to two years, according to the report.

The subcommittee also called on the regulators to grade bank branches separately. "Banks can have a lot of different branches

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(42)

THE PRESIDENT HAS SEEN
2/8/93

Bob Rubin
Someone needs
to get on this —

High Tech Is Oversold; Research What's Useful

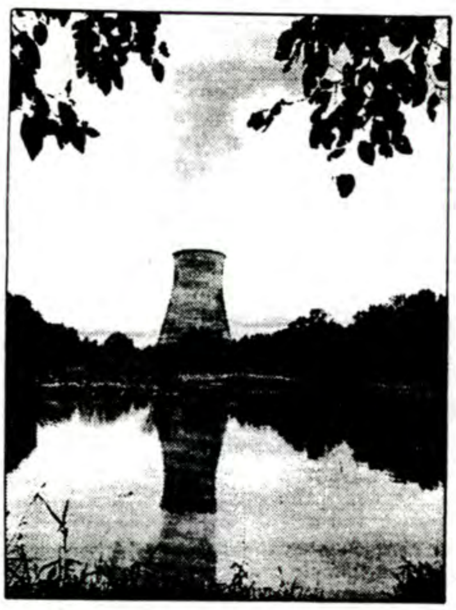
■ **Clinton agenda: His 'critical technologies' won't help the critical problems that need more simple technology.**

By DAVID EHRENFELD

If I knew their phone numbers, I would call Bill Clinton and Al Gore with a warning about their plans to boost economic growth by spending $30 billion on high-technology research during the next four years. Watch the high tech, Bill. Be careful, Al. High tech is not going to do what you think it will.

Super technology—the kind of high-budget technology that depends on elaborate, sophisticated instruments, squads of ultraspecialized scientists and a lot of administrative coordination—has a long history of creating super problems. The best example may be nuclear power, a high-tech "success" that has generated a nightmarish string of disasters starting with the mining of uranium fuel and never-ending with the disposal of the radioactive waste. High tech offers more unfulfilled promises and is less accountable for its consequences than any other area of our society.

High technology is expensive to buy because corporations need to recover their



Nuclear power (here the cooling tower of the Trojan Nuclear Plant near Portland, Ore.): a high-tech "success" has generated a nightmarish string of disasters.

enormous investment in equipment, facilities and research, and expensive to maintain because planned obsolescence forces constant replacement and upgrading. Costly replacement parts and services cannot be homemade or jury-rigged.

In addition, high tech frequently does not deliver the promised results. It may not work. One of the most dramatic examples of over-selling is artificial intelligence, which has been around for decades and has merely achieved big budgets.

High technology does not necessarily produce what people need. This is because the starting point for most high-tech research is a technical discovery, not a social problem that wants solving.

The push for high-definition television is a good example. If we spend a fortune to achieve a leadership position in HDTV technology, we will discover that our magnificent new receivers are still showing the same mind- and society-rotting trash.

A second example: agricultural biotechnology, which is absorbing most of the available funds for agricultural research and producing a meager harvest of pricey and dangerous products such as herbicide-resistant seeds, which do not work nearly as well as low-cost, ecological methods that a few poorly supported researchers are developing.

Because of its cash flow and complexity, high technology requires much administration and regulation to coordinate research and production and to control the use, side effects and ownership of products. One instance of the abuse is the socially irresponsible flood of applications for gene patents that has resulted from research in genetic engineering.

High technology is ruining higher education by siphoning off university resources to cover its fantastic expenses. These siphoned resources include student tuition dollars, faculty positions, maintenance and repair budgets, even parking fees. Meanwhile, academia sinks under a double burden of massive over-administration and corporate control. About half of the courses in the most affected universities are taught by poorly paid, temporary staff with teaching-supply budgets of only a few pennies per student.

With all these problems, what should the Clinton Administration do about funding technological research?

- Be more selective. Of the "critical technologies" listed in the Clinton plan—including computer programs, robotics, artificial intelligence and biotechnology—some are far more worthy of support than others. Waste management and pollution reduction (especially research on recycling) might make it onto my list for more money.
- Spend less. By all means take $30 billion out of the military research budget, but don't spend more than half on technology. The best science is often inexpensive. Too much money is as bad for research as too little.
- Control the amount of high technology going into health care. This is a key part of the medical price spiral, and it isn't making people feel better. The human side of health care is lost when medicine becomes a high-tech industry, when the needs of machines are more important than the needs of patients.
- Support what economist E.F. Schumacher called "intermediate technology," which provides sophisticated but socially useful and durable products that average wage-earners can afford and can repair using readily available materials. It is sustained by human energy, not by public debt—technology suited to moderate-sized workshops, even garages and basements. Our housing industry desperately needs this, as do agriculture and the new industry of energy conservation.
- Put more money into "small science"—research done by one or a few scientists with budgets of thousands, not millions of dollars. Small science is more creative and responsible. Some areas of small science that could use more research dollars are conservation biology and restoration ecology, which save species and habitats and are teaching us how to rebuild damaged landscapes.

The Human Genome Project, big science *par excellence*, should be scaled way back to its useful gene-mapping component. And it may not be too late, Bill and Al, to cancel the Supercollider, a super waste of money. You didn't win Texas anyway.

Above all, remember that America became rich because it has an industrious, diverse population and the best agricultural climates and soils in the world. We cannot afford to put more of our dwindling resources into any technology unless we are pretty sure of getting real value in return.

David Ehrenfeld, professor of biology at Rutgers University, is the author of "Beginning Again: People and Nature in the New Millennium" (Oxford Press, 1993).

Los Angeles Times
2/8/93

'Earth Budget': Waste Not, Want Not

Group Urges Redirecting $14 Billion in Spending

By Thomas W. Lippman
Washington Post Staff Writer

Since the first days of the administration, think tanks and interest groups hoping to shape the Clinton team's agenda have flooded members of Congress, their aides and reporters with policy papers, "alternative budgets" and issue analyses.

One example is the "Earth Budget" issued last month before Bill Clinton took office by Friends of the Earth, an environmental group.

According to this 208-page study, the federal government spends $34 billion a year for programs designed to protect the environment at the same time it spends or subsidizes $14 billion a year on programs that damage it.

Expenditures protecting the environment involve pollution control projects, mass transportation subsidies, agricultural conservation

IDEAS AND FINDINGS

programs and international assistance, such as Energy Department funding to clean up coal-fired power plants in Poland.

Not surprisingly, the Friends of the Earth study concludes that this $34 billion—"slightly more than two cents of each federal dollar spent"—is not enough. Stop spending the $14 billion a year on programs that actually damage the environment, the authors say, and more federal funds would be available.

That $14 billion can be found in low-cost access to federal grazing, mining, water and timber resources, unnecessary nuclear weapons activities, tax breaks for oil drilling and subsidies for heavy trucks, and civilian nuclear power, the study says.

Many groups, of course, will argue strongly to keep the expenditures Friends of the Earth proposes to cut. "Tax breaks for oil drilling," for instance, could be defended as aid to a troubled domestic industry and insurance against disruption of imported supplies.

Authors Ralph De Gennaro and Gawain Kripke maintain that "most of the subsidies in the anti-environmental budget" were well intended. Timber sales and irrigation projects, for example, were supposed to provide jobs and pay for themselves but may have lost more than $100 billion since they began. "Nuclear power was to be cheap. Rural electrification and irrigation were intended to help family farmers and rural folks of modest means. Many of these obsolete programs began during the nation's youth to encourage development of the West, and are no longer justifiable, they argue.

The list of "anti-environmental" federal expenditures and subsidies includes:

- $300 million annually spent by the U.S. Army Corps of Engineers and the Interior Department's Bureau of Reclamation for unnecessary dams and irrigation projects.
- A $173 million broadcasting tower that the Voice of America proposes to build in Israel "along one of the most important migratory bird flyways on Earth."
- The Forest Service's timber sales. Not only does the program lose about $400 million a year, but "thousands of miles of new roads" are being constructed through national forests each year, the report says.
- Pleasure boat exemption from the 20.1 cents a gallon federal diesel fuel tax. "Removing this tax break would encourage efficency and could raise about $144 million a year," the study says, citing research by the Congressional Budget Office.
- Free parking provided by employers, "a massive subsidy of $17 billion annually" that should be a taxable fringe benefit. Congress began dismantling this subsidy in the 1992 energy bill, which set a monthly limit of $155 on tax-exempt parking benefits.
- About $200 million a year in loan guarantees provided by the Rural Electrification Administration. This age[illegible] [illegible] "a noble mission of bring[illegible] [illegible]ght to rural areas which for-profit uti[illegible] refused to serve," but many of its below[illegible] [illegible]ket loans now go to profitable enterprises, [illegible]ding to the report.
- The 1872 federal mining law, "the granddaddy of the anti-environmental budget." This law has been denounced as "a license to steal" by Sen. Dale Bumpers (D-Ark.) but is fiercely defended by mining companies and western-state legislators. The law encourages mining companies to buy federal land at rock-bottom prices, and exempts them from royalties on much of the mineral wealth they find.

"Some companies," the report says, "have used the law to buy federal land and make large profits by converting the property to ski resorts, golf resorts and condominiums."

Similar conclusions about federal energy and environment spending were reached by a coalition of conservation and industry groups and published in December as a "A Sustainable Energy Budget." That report recommended that funds be cut from long-term programs such as fusion energy development for short-range benefits such as insulation of low-income housing.

At her confirmation hearing last month, Energy Secretary Hazel R. O'Leary promised to "closely examine the department's energy investment portfolio," but she said it would be premature to make specific commitments. The first test of the new administration's policy will be the fiscal 1994 budget, which is to be sent to Congress in late March.

FEDERAL ENVIRONMENTAL SPENDING

BY DEPARTMENT AND AGENCY

Figures in millions of dollars

DEPARTMENT/ AGENCY	1991 ACTUAL	1992 ESTIMATED	% OF 1992 TOTAL	1993 ENACTED	% OF 1993 TOTAL
EPA	6,094	6,645	21	6,862	20
Energy Department	4,554	5,194	16	6,296	19
Transportation Department	4,511	5,027	16	5,065	15
Agriculture Department	3,628	4,221	13	4,194	12
Defense Department	2,524	3,996	12	3,852	11
Interior Department	2,805	2,940	9	2,868	8
International Assistance	877	872	3	1,206	4
NASA	829	883	3	1,049	3
HHS	444	478	1	511	2
NOAA	474	523	2	507	1
HUD	245	359	1	426	1
Army Corps of Engineers	279	362	1	[illegible]	1
National Science Foundation	318	355	1	[illegible]	1
Labor Department/OSHA	100	100	0	[illegible]	0
State Department	42	39	0	[illegible]	0
Smithsonian Institution	40	45	0	47	0
General Services Administration	30	30		30	0
Justice Department	24	28		[illegible]	0
FEMA	5	5		[illegible]	0
Other	3	5			

SOURCE: Friends of the Earth/Earth Budget Fiscal Reform Project, Washington Post research

The Washington Post 4/4/

45

THE PRESIDENT HAS SEEN
2/8/93

AG

~~[illegible]~~
any good ideas here?

B.

A Delicate Operation

The AMA's James Todd Steps Up to the Table in the Health Care Debate

By Phil McCombs
Washington Post Staff Writer

When Donna E. Shalala was appointed secretary of health and human services, one of her first calls was to the big cheese at the American Medical Association. It was a Sunday morning, and James S. Todd (annual AMA pay: $421,542) was at church. But Shalala persisted, calling again later in the day.

They had what seemed to him a good talk. "She freely admitted she was not an expert in health care," he recalls. "Freely admitted she would like the advice, support and help of the AMA."

Hey, thought Todd, we're off to a good start.

Except that, since then, he hasn't heard from her. Not a word. "We had hoped to get together, and then her confirmation hearings came around." Now Todd can't get his calls returned. "We've not been able to get in to see her." His high-powered, high-paid lobbyists can't get through, either.

Hillary hasn't called.

Nobody has called.

At the big annual AMA dinner at the Hilton Tuesday night there were tons of members of Congress, senators, judges and whatnot—but nobody from the new administration.

"We've been trying to make contact with everybody," Todd says, "because our biggest concern is that this is going to be a behind-the-door health summit, and they will come walking out with a program . . . and say, 'Look, here it is.' "

He means the President's Task Force on National Health Care Reform, headed by Hillary Rodham Clinton. Shalala is a member. In 100 days, they aim to reshape the health care system, covering 35 million uninsured people while hacking billions from the total tab.

Todd and the nation's 600,000 other doctors want in on this. And the AMA is definitely a force to be reckoned with. Todd—smiling,

See TODD, C8, Col. 1

The Washington Post 2/4/93

The AMA's Agenda

TODD, From C1

starched, alert—is not just some guy shuffling through the corn.

"You have an entire profession of physicians," he complains, "who are anxious, uncertain, hassled, worrying about whether they will have any clinical autonomy left."

Speeding toward National Airport at dawn yesterday aboard the AMA's chauffeur-driven Caddy limo, Todd proclaims: "It's a mistake to think you can achieve an acceptable reform proposal without including those who must implement it."

"In 100 days," adds his wife, Pat. "They can't do it."

The Dollar Question

The AMA is very concerned about image. The limo and chauffeur, for instance. "Cost effective," says AMA flack James Stacey. "So many trips to the Hill," says Todd. With 1,200 employees and all this political heat, all this back-and-forth between the Chicago headquarters and the AMA building on Vermont Avenue here, chauffeur Samson Davis says it's his task "to see the board members and representatives are speeded to these very important meetings with the government."

But Todd is worried. If only he *could* meet with the government! Is image, perhaps, one of the problems? After all, before Todd took over, the AMA opposed virtually every health care reform idea in the history of the country. Health insurance was intrusive. Group practice was impersonal. Health maintenance organizations were socialistic.

And, as Todd himself says, there's the perception out there that "the AMA is the doctors' pocketbook-preservation organization. But it's not. Only a third of our resources head in that direction," says Todd, whose title is executive vice president. Resources have obviously been plunged into the plush AMA building, with its "Untitled" 1956 Al Held on the wall, its 1947 black lava-dribble by Louise Bourgeois on the floor, plants as big as Triffids in stainless steel tubs, a submarine-size marble conference table.

But let's cut to the chase: *Why do doctors make so damn much money?*

"They work hard," Todd says quickly, somehow prepared for this. He is in his office, which is high-ceilinged, wood-paneled. It's late afternoon. He's in town for the dinner, a nonpolitical awards affair, he says—though the awardees are well picked, including Sen. Robert Dole (R-Kan.), Sen. Dale Bumpers (D-Ark.), and Rep Charles B. Rangel (D-N.Y.).

"Okay, let me say this," he says. "There are physicians who make unconscionable incomes. I won't deny that for a moment. It is rumored—I don't have documentation—but it is rumored that some physicians net, before taxes, after expenses, half a million dollars a year. . . .

BY GERALD MARTINEAU—THE WASHINGTON POST

James Todd of the "new AMA."

"Now, they may work 40 hours a week, or they may work 100 hours a week. Remember, we're talking averages, and half of the doctors in this country take home less than $100,000 a year. . . . You know, when it comes to physicians' income, there are three things you need to ask yourself. Was the service necessary? Was it given efficiently and effectively? And was the fee reasonable? And if you answer 'yes' to all of those questions, physicians' income is none of your business!"

Here, truly, is a lobbyist worth every penny of his salary. Indeed, he's done much to lead the AMA out of the dark ages. "The new AMA," he calls it. "Our response to the environment that's out there."

That environment included candidate Bill Clinton proposing an overhaul of health care in America along lines of "managed competition," while the Bush forces tried to keep the lid on. Todd and his allies within the AMA saw that major change was inevitable, and the May 15, 1991, Journal of the American Medical Association was devoted to ideas for reform. No less a personage than then-White House chief of staff John H. Sununu called him on the carpet for this new drift.

But in Todd's view it was change or be ignored. The numbers were becoming numbing: Health care costs are now 14 percent of gross domestic product, and rising. They represent about $1 in every $7 that Americans spend.

By last June Todd was telling the nation's largest HMO trade group that its way of delivering care had some advantages, and in September he told reporters that Clinton was more serious about reform than Bush.

The Bush people, he said, "they didn't want to stir the pot."

This is the AMA?

Then last December, after the organization's board of trustees issued its limited endorsement of "managed competition," an editorial in the New York Times hailed the "dramatic about-face." It noted, however, that the AMA embraces competition "piously" while still saying doctors should be free to join several health plans—not exactly very competitive.

Managed competition—who knows what this really means? The details are still to be worked out. "Everybody defines it differently," Todd says. He just wants to make sure that doctors keep a degree of clinical control. That they get paid fairly. That "fee for service"—whereby patients choose their own doctors—remains a possibility, even if they have to pay for it out of their own pockets. And he wants to get the monkey of blame off the doctors' backs by setting up standards that will protect them from liability.

"We've got to to develop a system," he once said, "that says it's okay to omit treatment on occasion, that it's all right on occasion to let people die gracefully."

Die gracefully?

Yep. That's a new theme of the new AMA, that medical costs are out of control because of, among other things, unnecessary procedures, "futile" procedures. Which are ordered by doctors frightened that, if they don't try everything, they'll be sued. And since insurance is paying for most everything anyway, patients and doctors often go overboard.

To correct this, Todd says, we "need to involve everybody in the economic consequences of their health care decisions. And this has been part of the problem over the years: The patient and the doctors and the hospitals have been so well isolated from those consequences that they've lost sight of individual responsibility."

Which brings him, finally, to this somewhat chilling analysis: "We've got 87 percent of the population covered by some kind of insurance, and 13 percent of the population that are just adrift. And we need to find ways to bring them in. And it seems inconceivable to us that you can bring 35 million people into a health care system and expect expenditures to drop, or even to stabilize.

"What it indicates is—and I don't think we disagree with this—that we have to give less health care."

Ouch.

Because, let's face it, while it's the right thing to begin caring for those who haven't been cared for, the truly burning if unspoken question for the American middle class is:

How am I going to get shafted by all this?

This time, Todd stumbles a little. "Well," he says, "I think you, I, I, not from what the AMA's talking about! You know, I think the public's ready for this. Look at the growth of living wills, durable power of attorney. . . . I think we're going to have to stop doing those things that are large [expensive] enough, or even futile in some instances, that are done because of professional liability, regulations and so on. That is not saying we're going to deny appropriate treatment to those who will benefit from it."

But: "Take the patient who has cancer of the bowel, it's spread to the liver, spread to the lungs, spread to the brain. God incarnate could not save that patient, yet we continue to use radiation, we continue to use chemicals, and other supportive measures, because that's what medical students are taught. . . .

"These are the kinds of things that can be eliminated. You're not doing violence to anybody."

Stacey, the public relations man, sits quietly listening to this. He's written a book, and is thrilled because the galleys have just arrived. It's called: "Inside the New Temple: The High Cost of Mistaking Medicine for Religion."

Contacts

As it happens, a top spokeswoman for Donna Shalala was easily reached yesterday, and Todd needn't worry. "She's just very, very busy," said the spokeswoman. "She's only been the secretary eight days, and she's been out of town all weekend. It says a lot about her esteem for him that he was one of the first calls she made. This is not an issue of being shut out, or lack of access. I'm sure that the AMA will have their voices heard. Their input is welcome."

Somehow, you can't help but feel that Todd probably already knew this. He's a well-connected guy, comes to Washington all the time. The Tuesday before last, for example, "I saw Henry Waxman, Pete Stark, Ron Wyden, Mike Andrews and Bill Rogers, and was in in the morning and out in the afternoon. I didn't go and ask them to *do* anything specifically . . . " Even if they are all health honchos on the Hill.

Just keeping up the contact.

And, at the dinner this week, more contact.

"We should have about 40 members of Congress here tonight," confided the smiling Todd as he headed the receiving line.

And, later: "I can't tell who knows me and who doesn't!"

"I appreciate all the help you gave me during the election," said Rep. James H. Bilbray (D-Nev.), coming along the line. Sen. Strom Thurmond (R-S.C.) was there. Sen. Jay Rockefeller (D-W.Va.) gave the invocation.

Next to Todd in the receiving line stood Raymond Scalettar, a practicing Washington physician and chairman of the AMA board. He hasn't heard from the First Lady or Shalala either, but he's not concerned.

"I saw the president at the White House when he signed the executive order on fetal [tissue] research," Scalettar said, "and he was hoarse. I said, 'As a fellow saxophonist, I can tell you it's not good for you.' He indicated he would work with the AMA in seeking health care reform. He said, 'We plan to work with you,' and I said, 'We want to cooperate with the administration.' . . .

"We will be at the table."

The Washington Post 2/4/

57

THE PRESIDENT HAS SEEN
2/8/93

Hillary
someone should call him
B.

2/04/93 Time: 03:24

n-Congress

THE PRESIDENT HAS SEEN 2/8/93

President Clinton To Visit Capitol Hill Democrats, Ignoring Republicans

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(Washington) -- President Clinton is to pay another courtesy call on Capitol Hill this morning. But he'll be meeting only with Democrats, and that has Republicans miffed.

House Minority Whip Newt Gingrich thinks Clinton is making a mistake by ignoring Republicans. The Georgia Republican says Clinton's deficit-reduction measures are likely to be unpopular, and he'll need the support of G-O-P lawmakers.

However, House Majority Leader Richard Gephardt thinks Clinton's numerous trips to Congress are ''unprecedented'' and will ''pay dividends'' in getting things done.

(SOUND: 4:32 aes)

APNP-02-04-93 0322EST

Paster -

Newt invited me to his policy conference - Can I do that soon?

8

FRIENDS OF THE EARTH℠

THE PRESIDENT HAS SEEN
2/8/93

CC
to Rubin
Roger Martin

February 7, 1993

President Bill Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, DC

Dear President Clinton:

Having never been invited to the White House before and having never been asked to share what I think with the President directly, I'm leaving this letter in case I don't convey this in the group!

Here are the six things I most want to share:

(1) It is clear that Hillary Clinton is a woman with a mission. Vice-President Gore needs an equally clear mission--hopefully to start fixing the awful mess you have inherited which he describes so eloquently and compellingly in his book. Ask him to do for the environment what Hillary is doing for health care reform, with your blessing, and with much fanfare.

(2) In the same way that your cabinet appointees "get" the importance of diversity in personnel appointments, they must understand similarly that their decisions and recommendations to you have to be environmentally sound--both for the public and private sectors. You can make early, clear examples and set the tone so that people know what are the right things to do--from mayors and governors to cabinet heads and Congress.

forwarded to Rubin w/note from president

(3) Our EARTH BUDGET is a valuable source of information about big-picture environmental spending, how we undermine good spending with bad practices, and it can help your staff zero in on easy, defensible ways to cut the bad spending in favor of the good. We want to work with Mr. Panetta and Mr. Rubin to find the budgetary ways to change direction without increasing the deficit. It can be done. You can begin to turn around decades of neglect.

(4) The NAFTA and GATT packages negotiated by Mr. Bush do not reflect your vision. These agreements--two or three generations

Jane Perkins
President
218 D Street, SE
Washington, DC 20003
202-544-2600
202-543-4710 (fax)
650-192-5483 (telex)
foedc (EcoNet ID)

from now--could create a burden the equivalent of the national deficit on our generation. People will wonder how in the world we got into such a regulatory and job-export mess, and these trade agreements will be at the source. These two really need <u>your</u> fingerprints on them. Start over, your way.

(5) My hat is off to you and Hillary on the health care reform efforts, as this is a critical problem. In the effort to fix the immediate problems, however, please do not overlook the significance of the long-term problem--environmental pollution. This makes us sick, and fundamental change is needed in the policies that permit us to poison ourselves. If we don't tackle this, the health crisis will last forever. Please include folks who can speak to this in the task force.

(6) Finally, having spent twenty years in the labor movement, I am interested in both improving the environment and protecting workers and jobs as a needed shift occurs to "clean, green jobs". Bring together the best thinkers on these subjects. Make the environment the centerpiece of both infrastructure efforts and what makes the economy move again. Link these issues and change things in a win-win way.

Thank you very much for the opportunity to participate in my government in this direct way--and good luck as you try to fix so many big, ugly problems. Take care of yourself.

In friendship,

Jane Perkins

Jane Perkins

THE WHITE HOUSE

WASHINGTON

February 5, 1993

2-6 - Sent via Tim to Jeff in Marsha's ofc. PF

MEMORANDUM FOR WHITE HOUSE STAFF OFFICES

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

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

RE: Contact for policy issues

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

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

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

Thank you.

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 7/8

TO: Howard Porter

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

The attached has ~~been~~ not been forwarded to the President.

return

[redacted]

[redacted]

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
004. memo	From Howard Paster re: February 17, 1993 Address to Congress [partial] (1 page)	02/08/1993	b(7)(E)

COLLECTION:

Clinton Presidential Records
Staff Secretary
John Podesta (Chron File)
OA/Box Number: 359

FOLDER TITLE:

February 1993 [7]

2018-0662-S
rs3032

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

THE WHITE HOUSE

WASHINGTON

MONDAY, FEBRUARY 8, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: Howard Paster HP

SUBJECT: February 17, 1993 address to Congress

1. We have made arrangements for those persons you have designated as holding Cabinet rank, including Mack McLarty, to be invited to sit on the House Floor during your address to the Joint Session on February 17.

2. We have 22 Gallery seats, 4 spots on the steps of the Gallery [redacted] (b)(7)e

3. I am told the tradition is that the First Lady is escorted by the Assistant to the President for Legislative Affairs, but we can certainly adopt a different approach if you and Mrs. Clinton prefer. In any event, I think it essential that Mrs. Foley be invited to sit in the front row with Mrs. Clinton.

4. Because the Vice President does not receive tickets in the Executive Gallery you need to decide how many tickets we should give to the Vice President for Mrs. Gore and others he wants to invite.

5. Of the seats you retain for your use, we need guidance on family and personal friends you want definitely to include. In making your plans, please bear in mind there are no provisions for the spouses of Cabinet members and we lack sufficient tickets to accommodate all of them. Also, the Legislative Affairs office is securing 10 passes to the Floor so Susan and the others who work in Legislative Affairs will be among the Members of Congress.

6. I will make the necessary arrangements with Mack after receiving initial guidance from you and Mrs. Clinton.

THE WHITE HOUSE

WASHINGTON

February 6, 1993

MEMORANDUM FOR BERNARD NUSSBAUM

FROM: JOHN PODESTA

SUBJECT: REQUEST FROM INSIDE WASHINGTON PUBLISHERS

Attached is a Freedom of Information Act request addressed to me from Jim Rogers, Associate Editor of Inside Washington Publishers. I think you should handle this request. It appears that he should have directed the request to the Federal Communications Commission and the National Telecommunications and Information Administration rather than to the White House Office. You may want to include that in your response to Mr. Rogers.

You should be aware that in my past life I was a leading public interest advocate of public access and a strong FOIA, and therefore, a lot of individual requests, as well as attempts to influence access policy, are likely to find their way to me.

Inside Washington Publishers

PO Box 7167, Ben Franklin Station • Washington, DC 20044 • 703-892-8500
Toll-free: 800-424-9068 • Facsimile: 703-685-2606

FEB 2 P5:59

January 28, 1993

The White House
ATTN: John Podesta, Staff Secretary
1600 Pennsylvania Avenue NW
Washington, D.C. 20500

Dear sir:

I am a reporter for a publication based in Arlington, VA, called Washington Telecom Week. I am requesting, under the Freedom of Information Act, a copy of the transition papers prepared by (1) the Federal Communications Commission, as well as (2) a copy of the transition papers prepared by the National Telecommunications & Information Administration. These documents, I am told, were turned over to representatives of the Clinton Administration sometime in December.

I understand there may be costs associated with this request. You are authorized to bill me for fees up to $25. If costs should go above that, please contact me at (703) 892-8509. My facsimile number is (703) 685-2606. Following is my address:

Jim Rogers
Associate Editor
Washington Telecom Week
1225 Jefferson Davis Highway, Suite 1400
Arlington, VA 22202

Thank you for your assistance in responding to this request.

Very sincerely,

Jim Rogers

Jim Rogers
Associate Editor

THE WHITE HOUSE

WASHINGTON

2/7

Dear Dixie —

It was wonderful having your parents here for signing the Family and Medical Leave Act. Your mother spoke very well. And your father showed me some beautiful pictures of you.

I'm sorry you couldn't be with us. I want to encourage you to keep fighting. My best wishes and prayers are with you, and I hope to meet you someday.

Sincerely

Bill Clinton

THE PRESIDENT HAS SEEN
2/8/93

VICKY YANKLE REMARKS

THANK YOU, MR. VICE PRESIDENT. MY HUSBAND AND I THANKS THE CONGRESS FOR PASSING THE FAMILY AND MEDICAL LEAVE ACT AND THE PRESIDENT FOR SIGNING IT. OUR FAMILY NEEDED PROTECTION LIKE THE ONES PROVIDED IN THIS LAW.

OUR FAMILY HAS FACED A TERRIBLE TRAGEDY. BUT THIS TRAGEDY WAS MADE UNNECESSARILY HARDER FOR US BY THE FACT THAT GEORGE DID NOT HAVE JOB SECURITY DURING THIS TIME. IN TIMES OF FAMILY CRISES, PEOPLE SHOULD NOT HAVE TO WORRY ABOUT KEEPING THEIR JOBS -- THEY SHOULD NOT BE FORCED TO CHOOSE BETWEEN THEIR LOVED ONES AND THE JOBS THEY NEED. THANKS TO PRESIDENT CLINTON, OTHER FAMILIES WILL NOT HAVE TO FACE THIS TERRIBLE CHOICE (look towards President).

I HAVE THE GREAT HONOR OF INTRODUCING THE MAN WHO MADE THIS LAW HAPPEN, THE PRESIDENT OF THE UNITED STATES, BILL CLINTON.

Miss Dixie Yandle
2960 Wood Forest Road
Marietta, Georgia 30066

VICKY YANKLE REMARKS

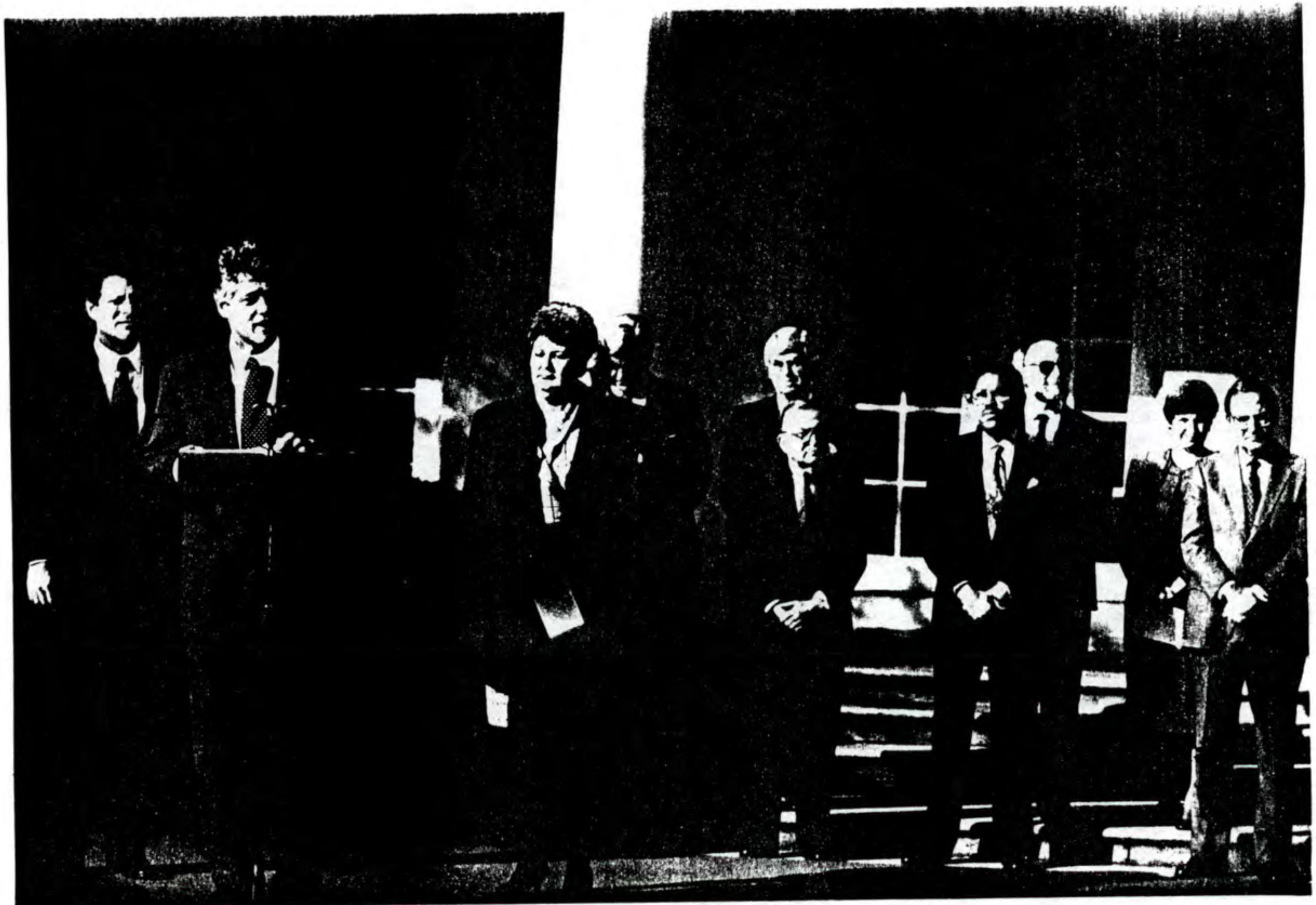
THANK YOU, MR. VICE PRESIDENT. I CANNOT TELL YOU HOW MUCH THE SIGNING OF THE FAMILY AND MEDICAL LEAVE ACT MEANS TO MYSELF, MY HUSBAND, AND MY CHILD. THANKS TO THE EFFORTS OF YOU AND

SENATOR DODD'S CLOSING REMARKS

THIS VICTORY WOULD NOT HAVE BEEN POSSIBLE WITHOUT THE SUPPORT OF ALL THE MEMBERS OF THE COMMUNITY, INCLUDING OUR BUSINESSPEOPLE.

PAUL LEHMAN REMARKS

JUDY LICHTMAN REMARKS



To Vicki Yandle — Thanks for your long struggle
and the great introduction —
Bill Clinton

To the Yandle family — with best wishes
Bill Clinton

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/8

NOTE FOR: Tony Lake

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

Information ☑

Action ☐

[redacted]

I thought you'd be interested in this discussion.

John

Thank you.

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

[redacted]

cc:

Successful Latin Economies Show the Gain Before the Pain

The Americas

By David Malpass

President Clinton, Lloyd Bentsen, Robert Reich et al. take note: Latin politicians who have raised gasoline and consumption taxes and cut government subsidies merely to reduce their budget deficits have failed both politically and economically. However, when Latin leaders unleash the growth potential of all levels of the economy through liberalized fiscal policies built on a solid currency, they get public support and achieve lasting change.

Like the incoming administration, Latin America is seeking a sweeping change in its political economy. In a very short period of time, Latin America adopted democracy as its preferred form of government, and market-based economics as its preferred economic system. In countries such as Mexico, Argentina, El Salvador and Chile, governments promoted policies that led to an almost immediate improvement in the growth potential of the average citizen. However, in Venezuela, Ecuador, Brazil, Nicaragua and others, the consensus movement toward a market-oriented economy was slowed by leaders who focused on deficit reduction without first declaring a program designed to improve the people's economic situation.

Most of Latin America's unsuccessful attempts at economic change rely on austerity – the "no pain, no gain" recipe. In this recipe, "courageous" politicians use up their political capital getting their people to accept economic slowdown, tax increases and public sector layoffs. It's hard enough to sell that message in developed countries like the U.S., but in poor Latin countries – where mere survival is a challenge for most – it can be a political death sentence. Leaders who promote these policies are left with political instability, a deep recession and higher, not lower, deficits. Nevertheless, many economists laud this policy of impoverishment, and urge Latin politicians to "stay the course" as their popularity erodes and per capita incomes sink further.

The examples build a clear case that deficit reduction must be kept in the context of improved living standards. While deficits do impede growth and should be reduced, sound deficit reduction programs must be built on creating an environment for private sector growth. Deficit reduction cannot be pursued as an end in itself.

When President Carlos Salinas set about revolutionizing the Mexican economy, he first promised, and achieved, economic stability and the prospect of rapid growth. Taxes on production, capital formation, international trade and internal commerce were radically reduced. Almost immediately, the economy began to expand and tax revenues increased rapidly. This gave government the revenue it needed to pursue far-reaching efforts at modernizing Mexico's infrastructure and reaching out to the most impoverished (most notably through the multibillion-dollar Solidarity program).

The expanding economy and increased social spending gave President Salinas the popularity he needed to enter into a trade agreement with the U.S., embark on agricultural reform and sell off state enterprises. Only after the fruits of this growth strategy were harvested was significant revenue allocated to retire Mexico's internal and external debts. If Mexico's original policy objective had been merely deficit reduction, rather than improved living standards, these radical changes might never have occurred.

Similarly, Argentina's budget deficit has fallen sharply not because the government imposed deficit reduction and austerity on its people but because it imposed a sound currency and very rapid growth. Yet conventional wisdom increasingly attributes its success to deficit reduction. A report in the Financial Times earlier this month claimed that "virtual elimination of the budget deficit has already cut inflation to less than 20% a year." But Argentina's budget-balancing revenue surge began in April 1991, just after it embarked on its growth policy based on a sound, freely exchangeable currency combined with dramatic fiscal incentives for growth (income tax rates were lowered to 20% on incomes up to $60,000 with no tax on capital gains).

Argentina's treasury income rose from under $400 million monthly between January and March 1991 to $618 million in April and nearly $1 billion per month in 1992. Beginning in June 1991, the budget was practically in balance. In the meantime, Argentina's rapid growth began almost precisely in April 1991, the result of a stabilization program reliant on growth, not on economic contraction.

Sound deficit reduction programs must be built on creating an environment for private sector growth.

In contrast, Brazil has spent nearly three years blindly pursuing deficit reduction while its economy continues to sink. Brazil's January 1992 standby arrangement with the IMF agreed on another vigorous attack on the deficit as the primary thrust of economic reform. The Economic Commission on Latin America noted in its September 1992 report that "Brazil's federal government cut back sharply on expenditure in response to a decrease in its revenues, and managed to generate a surplus as a result."

Of course, during this attack on the deficit, the government was printing so much money that inflation stayed above 20% a month. Yet the Jan. 6 editorial in the Financial Times claimed modestly that "although he may not realise it, fiscal reform should be [Brazil's new President Itamar] Franco's priority. Only through such reform will the budget deficit be closed, inflation subdued, interest rates lowered and confidence restored." No mention of the importance of monetary policy in fueling inflation or of reducing subsidized credit to farmers, states and state enterprises.

In Venezuela, Peru and Ecuador, government-led austerity programs – the blind pursuit of deficit reduction with little regard to growth – has brought falling political fortunes, economic hardships on the people, and a faltering desire to continue with economic change. Peru's real GDP may have fallen as much as 3% in 1992 with inflation still above 40% in spite of a "successful" deficit reduction effort.

Ecuador's new president entered office last August with 90% public approval. He immediately set bout fixating on his government's too-high deficit by increasing gasoline taxes and devaluing the currency. His popularity plummeted, much-needed economic reform plans were shelved, and growth remained stagnant.

Before the new U.S. administration turns the helm point blank at deficit reduction, it should tell the average American exactly what the benefit will be. Above all, countries end up with smaller deficits when their economies expand, not when they contract, so deficit reduction measures should promote growth.

Mr. Malpass was deputy assistant secretary of state for Latin America during the Bush Administration.

THE WALL STREET JOURNAL

1/29/93

To Laura T, Bob Rubin — What's your comment on this? BC

THE PRESIDENT HAS SEEN 2/8/93

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/8

NOTE FOR: Tony Lake

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 WHITE HOUSE

WASHINGTON

[redacted]

February 5, 1993

Mr. President:

I am forwarding to you per Mack's request. I have also sent copies to Bob Rubin, Tony Lake and Howard Paster to coordinate a response.

John Podesta

To Tony Lake
This is [illegible]
not all good advice
to me - Pls advise

[redacted]

THE PRESIDENT HAS SEEN
2/8/93

P1:33

February 5, 1993

TO: John Podesta

FROM: Marilyn Yager

Mack has requested that the attached Rostenkowski letter be forwarded to the President.

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

Dan Rostenkowski
Illinois

Chairman
Committee on Ways and Means

February 4, 1993

Dear Mack:

I know that China's Most-Favored-Nation status is not the President's first priority, but I hope he finds this memorandum helpful in determining his best strategy on this issue.

Thanks for passing these thoughts on.

Sincerely yours,

Dan

Dan Rostenkowski
Chairman

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

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6348

February 4, 1993

MEMORANDUM

TO: President Bill Clinton

FROM: Dan Rostenkowski

RE: Policy on most-favored-nation (MFN) status for China

As I am sure you are aware, U.S. policy on trade with the People's Republic of China (PRC) has been among the thorniest and most controversial trade matters the Ways and Means Committee has faced in recent years. Judging from discussions I have already had with U.S. business representatives and with others interested in this issue, MFN for China will again become a lightning rod for impassioned legislative activity during the 103rd Congress. I, therefore, thought it wise to put my views on this matter in writing.

As you know, technically, the extension of China's MFN status does not come up until June 3, at which time you are required to make a decision on whether to give the PRC a 12-month extension of this preferential trade status. The current extension is good through July 3; however, notification of the extension must be made at least 30 days prior to expiration.

In practice, much will be done in Congress and much could be done in the Executive branch well in advance of the actual expiration of the extension. There is already significant Congressional movement toward formally conditioning the extension of MFN for China on Beijing's meeting codified conditions on human rights, trade, and weapons proliferation policies.

Specifically, Congresswoman Nancy Pelosi (D-CA) and Senate Majority Leader George Mitchell (D-ME) are crafting legislation that would specify conditions the President would have to consider in determining whether China deserves MFN for another year. I understand that you have had conversations with Congresswoman Pelosi regarding her plans on this matter. You are no doubt aware then that she is one among many who fear that your position on China's trading status has grown more conciliatory since the election in November.

Many of those who have supported conditional China-MFN bills in the past are likely to be willing to force your hand on this matter by pushing for passage of a bill this year. Keep in mind that during the 102nd Congress alone, two conditional MFN bills passed both the House and Senate by comfortable margins: (1) H.R. 2212 passed the House initially by a vote of 313 to 112 and the Senate by a vote of 55 to 44; and (2) H.R. 5318 passed the House initially by a vote of 339 to 62 and the Senate by voice vote. In both instances, I joined with a sufficient number of House colleagues to override the President's veto, but the Senate fell several votes short of an override.

Although a number of other Democrats, who supported the Pelosi bill in the past, and I would be willing to follow your lead on this issue, this may well be offset by a swing of Republican votes, who had supported President Bush but now would support a tougher stance on China. In light of this, I believe that you will be facing a potentially hostile Congress toward preserving China's MFN status by this summer, unless you take some rather aggressive steps in the months leading up to your June 3 notification.

In my judgment, you must use the next several months to demonstrate to the Chinese Government, the Congress, and the American people, that you are not willing to accept business as usual in China as it pertains to the important issues of human rights, weapons proliferation, and trade. The Chinese Government must be made to understand that they must take significant and tangible steps before June 3 in these areas in order for you to advocate, with credibility, continuing China's MFN status.

Furthermore, because they have so much at stake in this issue, you should strongly encourage the American business community to work with you to pressure the Chinese Government to make tangible progress in addressing these concerns. The last thing in the world U.S. companies want to see is the signing into law of legislation that would circumscribe the U.S.-China trade relationship. Maintaining close commercial ties with China not only means a great deal to those U.S. firms that source from this Asian nation, but also to those interested in selling to China and even investing in this market.

I, therefore, think it essential that business be co-opted into any and all efforts made by your Administration to persuade the Chinese Government to release political dissidents; refrain from illegal trading practices, such as transshipment to avoid textile quotas; and cease transfers of weapons and weapons technology to terrorist states, such as Syria and Iran.

In conclusion, I think you are in a strong position to effectuate change in China's policies. We have already seen evidence in recent months, due largely to apprehension in China about the direction that your Administration may take in our bilateral relationship, that the Chinese Government is willing to take some positive steps in the areas of trade and human rights. On trade, for example, in October of last year, Beijing agreed to a Memorandum of Understanding that settled a U.S. Section 301 investigation into China's failure to provide U.S. firms with fair access to its market. On human rights, *The New York Times* reported this week that Beijing has announced the release of two prominent political prisoners before the completion of their sentences.

I am convinced that China is likely to do even more if you send a clear and direct message to Beijing that MFN extension in July will come only in exchange for China's demonstrating significant progress on human rights, trade, and weapons proliferation issues.

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/8/93

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)

[redacted]

cc:

cc's: Bruce | John Podesta

BC.

H. ALSTON JOHNSON
2565 KLEINERT AVENUE
BATON ROUGE, LOUISIANA 70806

February 3, 1993

Dear Bill:

I want to thank you very much for the invitation to consider a position on the White House legal staff. I am very honored to know that you feel that I might be of some assistance in your very difficult tasks. Taking you at your word that the invitation was declinable, I would like to decline.

Margaret and I have discussed these issues at great length. (Incidentally, she is quite supportive of whatever I want to do, including coming to D.C.) For a variety of reasons, I would like for you to consider nominating me for one of the existing vacancies on the Fifth Circuit. Appointment of qualified judges is clearly a very important part of your agenda, and I would hope that I could make some contribution in that respect. With my background in academics and in active practice, I might also be able to play a role beyond the actual judgeship in legal and judicial system reform.

I have informed Bennett Johnston and John Breaux of my interest. Whether they will recommend me to you, I do not know; but I am confident they would not oppose my nomination.

If you have other plans for these vacancies — or other plans for me — I fully understand. You know that our friendship will not be affected by whatever decision you make.

Keep up the good work.

Sincerely,
Alston

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/8

NOTE FOR: MACK

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

Information ☑

Action ☑

Thank you.

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

cc: [redacted]

...rought s... ... Round, completed a NAFTA accord and avoided a trade war with the European Community by negotiating a compromise on agriculture policy.

The Uruguay Round would for the first time

...he proclaimed throughout the campaign — or will pander to powerful constituents clamoring for protection. Mr. Kantor can do his boss, and all Americans, immeasurable good by pushing Mr. Clinton to live by his lofty pro-growth rhetoric.

The President and America's Children

With a dramatic proposal that champions America's youngest, most vulnerable citizens, the Clinton Administration would re-establish values lost during 12 years in which "getting the Government off people's backs" really meant cutting social services till it hurt.

The Administration's plan to provide free vaccinations for all youngsters would put childhood immunization on a par with clean water and a public school education — something government guarantees to every child, rich, poor and in between. That's a laudable goal, with as much appeal for the head as for the heart.

Because vaccination is virtually mandatory for public school entrance, most 5-year-olds are vaccinated. But as many as 40 to 60 percent of preschool kids — and 90 percent in some inner-city neighborhoods — don't get their shots. The reason, for the most part, is money. During the Reagan years the price of vaccine went up, and Federal funding for childhood immunization went down.

That turned out to be shortsighted and expensive. When Dallas experienced a measles epidemic in 1991, for instance, 95 percent of the children who got the disease had been taken to doctors, nurses or health clinics. But they hadn't been vaccinated because they were too young for school enrollment and their health providers did not have enough free vaccine for everyone.

To have provided enough would have cost about $45,000 in public funds. Not having done so cost at least $1 million in public funds as Medicaid paid for treatment of a childhood disease that immunization would have prevented.

In reaction to the Reagan Administration's callous inattention to the health of poor children, Congress, and eventually President Bush, pushed to increase money for vaccination programs. Now the Federal Government buys from one-fourth to one-third of all childhood vaccine bought in the United States. President Clinton, to his enormous credit, wants the Government to buy up the industry's entire production.

The vaccine would then be distributed free to public clinics and private doctors all over the country. To keep track of which children got which shots, the Administration also proposes a national immunization registry. The plan would expand upon similar programs in place in three states.

The initiative is bound to raise questions. Why, some Americans will ask, should Washington provide free immunization for children whose parents can afford to pay for it themselves? Given the often chaotic delivery of medical services in poor neighborhoods, how to insure that poor children would actually be immunized? And the drug companies are already howling that widespread Government buying at discount would threaten research funding.

Each of those questions deserves debate. But no one of them should prohibit a proposal that defines a country's values as clearly as it would improve its children's health.

Mack
ur need
this week
B.

The New York Times
2/2/93