to (P)

THE WHITE HOUSE
WASHINGTON

[redacted]

March 5, 1993

MR. PRESIDENT:

FYI -- William Perry was confirmed and appointed today.

John Podesta

[redacted]

[redacted]

THE WHITE HOUSE

WASHINGTON

March 5, 1993

93 MAR 5 P2:35

RECOMMENDED TELEPHONE CALL

TO: Roberto C. Goizueta
Chairman and Chief Executive of the Coca-Cola Company

DATE: Monday, March 8, 1993

RECOMMENDED BY: Alexis M. Herman

PURPOSE: You should call Mr. Goizueta to thank him for his words of support for the President's economic package.

BACKGROUND: On March 1, 1993, Mr. Goizueta's name appeared on the front page of the New York Times saying, "It behooves everybody, businessmen and average individuals alike, to really make this work."

Mr. Goizueta's support is crucial on two levels: he is sending a strong message to the corporate world as well as the Hispanic community (where our base is still weak).

TOPICS OF DISCUSSION:

1. Thanks for the work that he has done on your behalf.

2. Congratulations for award Mr. Goizueta received on 3/4/93 by the International Students Center.

3. Discuss the work that we still have before us to help pass the economic package.

4. Ask for ideas on how we can follow-through with our outreach (???).

CONTACT PERSON: Mike Berman (202) 728-1100

PHONE NUMBERS: office (404) 626-2263

DATE OF SUBMISSION: March 5, 1993

ACTION: ______________________________

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THE WHITE HOUSE

WASHINGTON

March 3, 1993

It is an honor for me to extend my congratulations to Roberto and Olguita Goizueta as they receive the 10th annual Neil H. Jacoby International Award. I commend you both for your many years of work in promoting international understanding. Thank you for your contributions to multicultural and civic activities dedicated to the benefit of all.

I am also happy to acknowledge the 30th anniversary of the International Student Center at UCLA. In its three decades, the center has brought together students of diverse cultures to exchange ideas and to benefit from informative cultural programs. The center's work promotes cultural enlightenment and increases understanding among people of many nations and cultures.

Hillary and I send our very best wishes for the future success of your endeavors.

Bill Clinton

The New York Times

THE NEW YORK TIMES, MONDAY, MARCH 1, 1993

Clinton's Economic Plan Finding Respect From Corporate America

By KENNETH N. GILPIN

When he was running for President, Bill Clinton had relatively little support from business outside the Silicon Valley and a few traditionally Democratic corners of Wall Street. But as President Clinton, he is being surprisingly well received in corporate board rooms across the country.

Since Mr. Clinton presented his economic blueprint to Congress and the nation 12 days ago, he has crisscrossed the country to meet with business leaders and seek their support. And so far, he seems to be getting it — even though the program will inflict pain on many rich business executives and on their corporations.

"It behooves everybody, businessmen and average individuals alike, to really make this work," said Roberto C. Goizueta, chairman and chief executive of the Coca-Cola Company, echoing a theme voiced by many executives in interviews the last few days. "If he succeeds, we all succeed. If he fails, we all fail."

Weighing the Consequences

Attitudes may change as more details of the program come out, or as executives have a better chance to weigh its consequences. For now, though, many executives say that any dissatisfaction they have over parts of the program is outweighed by the leadership Mr. Clinton has shown in addressing problems like the Federal budget deficit and health care.

"There are some things in the program that bite our company hard, and this is going to hurt today," said Vernon R. Loucks Jr., chairman and chief executive of Baxter International Inc., a health-care company. "But there isn't going to be a future if we don't get these things solved.

"I didn't vote for Clinton. But there is real deficit reduction in this program, and if we are disciplined enough, we could be pleasantly surprised three or four years from now."

Business leaders said their respect for Mr. Clinton began to rise at the economic summit meeting he held in Little Rock, Ark., in December. At that two-day meeting, some executives said, Mr. Clinton, then the President-elect, exhibited a broad understanding

Continued on Page D11, Column 1

Continued From Page A1

of many of the nation's economic problems.

"I have been impressed by this man," said Harold R. (Red) Poling, chairman and chief executive of the Ford Motor Company, who has met with Mr. Clinton three times since the election, including at the Little Rock meeting. "In my meetings with him, he exhibited a broad knowledge of a wide range of issues. He listens very carefully and is very much a people-oriented person. He pays attention to what you are saying, and he takes the time to do it. That not only impresses me, it literally amazes me."

Mr. Clinton's theme of shared sacrifice, which he struck in his speech to a joint session of Congress on Feb. 17, has also altered many executives' attitudes.

"The talk about shared sacrifice and fairness had an awful lot of appeal to the population and to the business population," said Paul H. O'Neill, chairman and chief executive of Alcoa.

Impact of Perot

Ian Arnof, president and chief executive of the First Commerce Corporation, Louisiana's largest bank holding company, struck a similar theme: "My sense is they are trying to put as much on the table as they can and to spread the cost as much as they can. His speech made a lot of sense."

Mr. Arnof said that business executives in his part of the country had paid more attention to Ross Perot's reaction to the Clinton proposals than they had to that of Alan Greenspan, chairman of the Federal Reserve.

"It appears that Perot has not been unhappy with what Clinton has been doing," Mr. Arnof said. "That has given him some more credibility."

Peter Yates

Harold A. Poling
Chief executive of Ford Motor Company
President Clinton "listens very carefully and is very much a people-oriented person. He pays attention to what you are saying, and he takes the time to do it. That not only impresses me, it literally amazes me."

Because the White House and both houses of Congress are controlled by Democrats for the first time since Jimmy Carter was President, at this juncture business would seem to have little tactical choice but to try to work with Mr. Clinton rather than confront him.

A key test for many executives will

Clinton Economic Blueprint Finds New Respect in Corporate America

be whether the President's health-care package alleviates what has become a millstone for many companies and to what extent it would be financed by a large tax increase.

"I know how much Intel pays per employee for our health plan every year," said Craig R. Barrett, chief operating officer of the Intel Corporation, the semiconductor giant. "And by simple math, it tells me it will cost $60 billion to $100 billion to provide universal health care. That is a big enough number to make me worry, and it smells like a big tax increase."

But for now, such concerns seem to be outweighed by the Clinton persona and the President's active approach to managing the economy, which is seen by some as providing aid long overdue to the private sector.

"There is a realization among business people that they want someone who is engaged in the activities of the economy," said Gail Fosler, chief economist at the Conference Board. "We reached the limits of laissez-faire economics after the first term of the Reagan Administration. The ideology of allowing business to compete totally without Government support is so in contrast with what businesses are encountering in the global marketplace that it creates a demand for a President who is engaged in making the U.S. economy the world's most competitive."

Mr. Barrett of Intel said "the true measure will come when we see how responsive Government is to being a fast-moving, just-in-time Government to the threats we in industry face. If Government can't move the regulatory environment and the bureaucracy with the speed the business world needs, the incentives this plan is offering us won't mean much."

Indeed, even as business, like much of the nation, seems ready to give Mr. Clinton the benefit of the doubt and its support, doubts about the man and his program linger. And skepticism about Congress remains deep-seated.

News accounts of the details of how the economic program took shape, for example, are a nagging source of worry for some executives. From those reports, some said, they saw a President who had too quickly allowed political arguments to dampen the degree of sacrifice that is necessary.

"I have one lingering uneasiness that the President's sense about what to do will be tempered by those who know too much about political suicide," said Mr. O'Neill of Alcoa. "I told him at the economic conference in Little Rock he ought to act like he was going to be a one-term President, and that by doing that, he would insure himself a second term."

Mr. O'Neill said he was bothered by Mr. Clinton's retreat from supporting a freeze on cost-of-living adjustment increases on Social Security checks.

Similarly, Mr. Barrett at Intel said he was annoyed that billions in financing for the supercollider and space station projects were left intact, apparently for political reasons.

Hope for Further Cutbacks

Calls for more spending cuts were a frequent refrain.

"There would be more support for a more aggressive attack on spending," said William D. Ruckelshaus, chairman and chief executive of Browning-Ferris Industries and a former official in the Nixon and Ford Administrations.

Marilynn K. Yee/The New York Times

Roberto C. Goizueta

Chief executive of Coca-Cola

"If he succeeds, we all succeed. If he fails, we all fail."

Jerry J. Jasinowski, president of the National Association of Manufacturers, credits Mr. Clinton with courage in proposing "a real budget deficit effort" and in changing the terms of the debate on that issue. But he predicted that the relatively minor annoyances business executives are now finding in the President's program will be eclipsed by much more profound ones when companies finally look at the fine print of the Clinton program. Its provisions are particularly onerous for small businesses, he said.

"The business tax burden is a lot larger than either business or the White House appreciates," Mr. Jasinowski said. "Business taxes are three times greater than the incentives the program is offering. And the biggest tax increase of all is on subchapter S corporations, who file individual tax returns."

According to Mr. Jasinowski, a third of the nation's 300,000 manufacturing concerns fall into this category. Under the Clinton program, their Federal income taxes would rise to just under 40 percent, well above the 36 percent level the President is asking larger companies to pay.

"The program needs to be restructured," Mr. Jasinowski said, "and Congress may substantially improve it."

That thought also occurred to Mr. Ruckelshaus.

"We could be looking at the reverse of what happened in the early 1980's with Ronald Reagan," he said, recalling that Congress tacked on far more tax cuts than Mr. Reagan had originally asked for.

"Once it is O.K. politically to talk about cutting, and the President has led the way," Mr. Ruckelshaus said, "it may be that Congress may be receptive to it and go ahead and take on these programs."

THE WHITE HOUSE

WASHINGTON

March 5, 1993

MEMORANDUM FOR TERRY GOOD

FROM: JOHN PODESTA JDP

SUBJECT: REDUCTION IN FORCE

Because of the serious limitation on staff positions resulting from the President's commitment to reducing the White House staff, I must ask you to reduce the workforce of the Records Mangement Unit by one additional slot.

I believe the fairest way to accomplish that reduction is through seniority, i.e. the last person hired should be let go. If you have a different view, please discuss it with me.

I hope that this slot reduction will be the last that your unit will have to absorb. I know that everyone there is working very hard and I appreciate all of their efforts to carry out their duties in support of the President.

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 3/5

NOTE FOR: Gene Sperling

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:

Rebuts great
B.

THE PRESIDENT HAS SEEN 3/5/93

3/1/93 g.s.

IN-DEPTH Q&A ON CLINTON-GORE ECONOMIC PACKAGE

1. Broder column and the deficit:

Q: Broder implied that the President knew about the deficit increase during the campaign and that thus he was not being straight in saying that it was the deficit that forced him to go beyond the campaign and raise energy taxes. What is your response?

A: The clear and undisputable facts show that he is wrong. It is the case that the deficit did deteriorate during the Presidential campaign. Everyone knew that. But it did not deteriorate enough to require us to have raised energy taxes to get our current deficit target for 1997.

But the undisputable fact is that after the election was over the deficit got far worse by any standard. The adjusted OMB shows that the deficit got worse by $70-100 billion after the campaign. The CBO showed that it go worse by well over $33 billion. When adjustments were made to our internal numbers, the deficit was $50 billion higher. So by any standard, it is a clear, objective and undisputable fact that the deficit got $33-$100 billion worse after the campaign. No one -- no one -- had the capacity to know what the January 1993 CBO and OMB numbers would be before they came out. Therefore, no matter whose numbers you believe, the facts are clear: the deficit is much higher than anyone could have known last summer.

2. Business Week Deficit "Prediction:"

Q: But last July, Clinton told Business Week the deficits would approach $400 billion.

Let me repeat, no human being could predict what the OMB or CBO would do with their January 1993 numbers until they came out.

The unexpected increase in the deficit was the rise in FY1997 to $346 billion -- more than $100 billion greater than when we first did our plan. When Clinton spoke to Business Week he was not even talking about the deficit baseline in 1996 or 1997. What he was referring to in that July 6, 1992 interview was that some were predicting that the 1992 budget might rise to near $400 billion because of RTC costs and other factors. When Congress did not deal with the RTC and technical changes were made, the deficit for 1992 ended up being $290 billion. As it turned out, the 1992 number was far lower than anyone expected, but the 1997 number that we have to live with was more than $100 billion worse than Clinton -- or anyone -- could have known in July 1992.

3. Bush Campaign Tax Commercial:

Q: When Bush did a commercial saying that people making $36,000 would pay higher taxes, the President said it was despicable. Yet, now it seems that Clinton intends to raise taxes on such families. Hasn't Clinton's critique of Bush's commercial proven to be unfair?

A: Absolutely not. Clinton stated that his income tax proposal would apply only to the top 1-2%. What he proposed in his budget was only on the top 1.2% of families making over $180,000. Almost 99% of Americans are untouched by increases in the income tax -- just as Clinton promised.

Even when the deficit increased after the campaign by an additional $50 billion, Clinton ensured that average families were touched as little as possible by overall tax package-- no more than $17 a month for an average family -- while millions of families will pay far less when you count their reduced mortgage costs.

4. Family Economic Income:

Q: David Broder says that the Clinton counts income in his figures of $30,000 and $100,000 is inflated and counts income that people normally do not count as income and that this is more smoke and mirrors. What is your response?

A: Those were the same Treasury calculations used in the Treasury for years -- by Republican Administrations. Only now is it challenged. If you look at the Reagan Administration's 1985 "Tax Proposals to the Congress for Fairness, Growth and Simplicity" or their 1984 report "Tax Reform for Fairness, Simplicity, and Economic Growth" -- they both use the same concept of "family income" and have an appendix that explained it in detail. Whatever differences there are between family income and adjusted gross income, that difference is minimal for the average middle class family.

In any case, objective studies by the nation's top tax and accounting companies completely confirm our estimates.

Arthur Anderson showed that a family of three making $25,000, would actually receive a $700 tax cut because the amount we increased the Earned Income Tax Credit is so much larger than the energy tax.

Coopers & Lybrand found that for a family of four making $55,000 adjusted gross income their tax rate would go up less than $11 a month.

[It should also be noted that, by any standard, objective study after objective study has shown that the average family pays only around $15 more a month in higher energy taxes, while a USA Today article this week showed that many middle class families will save over $1000 in mortgage costs from the reduced interest rates that have been brought about already from the seriousness of the Clinton plan. In addition, the worst distribution table shows that the top 10% pay 70% of all of revenues in the Clinton plan.]

5. Clinton Baseline and CBO Baseline:

Q: Isn't Clinton's baseline purposefully made more negative so that it looks like you are doing more on the deficit. After all, the CBO deficit is only $319, while his is $346?

A: The Administration had some slightly more conservative revenue calculations, but let's be clear: the plan achieves specific gross cuts of $195 billion in 1997. When you subtract $55 billion for new investments that comes to $140 billion in net deficit reduction.

We have been more conservative in all our numbers so that the American people know we are shooting straight with them. Remember, the Council of Economic Advisors came up with the same growth numbers as the Blue Chip. We could have used those numbers and no one could have assailed them. Yet, since the CBO numbers were more conservative, they used them so that there could be no chance that anyone could see them as getting out of the nation's problems with rosy scenarios.

6. Spending cuts:

Q: How do you reply to the claims by Pete Domenici that the Clinton is not really doing much on spending cuts?

A: If you look at his gross cuts, he is cutting $247 billion in spending and has $493 overall in gross deficit reduction. Even when you subtract all of the ~~tax~~ incentives and new investments, you still find $325 billion in net deficit reduction over four years and $473 in net deficit reduction over five years. Even with all of the new investments, this is still close to being the largest net deficit reduction package of all time.

In fact, if the Clinton plan is adopted, we will spend less -- as a proportion of our national income -- than either Bush or Reagan. [Government spending under the Clinton plan would average 22.7 percent. Under the Republicans, it averaged 23.3 percent.]

7. Tax and Spending Ratios:

Q: But doesn't he rely far more heavily on tax revenues and really far too little on spending cuts? Some -- like Rep. Kasich -- say the ratio is $3.60 cents to every $1 in spending cuts.

A: The long-term package over five years has $375 billion in gross spending cuts and $222 billion in cuts even if you subtract all of the new investments.

In gross terms, the overall plan relies more on spending cuts and has more spending cuts than revenue raisers by the second full year. Yet, even if you look at the net numbers -- even if you subtract all of the tax incentives and new investments -- there are more spending cuts than taxes by the fourth year out, <u>and most importantly, that pattern continues to grow with each year</u>. In other words, the percentage of spending cuts continues to exceed the revenue raisers by more and more each year starting in the fourth year.

So the plan will set the nation on a new path. We are turning around the pattern of high deficits and low investment and replacing it with lower deficit, higher investments and do so while setting a long-term pattern that relies more and more on spending cuts with each year.

[Note: In real terms, Treasury has calculated that the 1982 Reagan tax increase was larger and less fair than our tax package]

<u>Specific Spending Cut Issues:</u>

Q: Your numbers seem good from a distance, but what we are hearing is that you are inflating your spending cuts by counting things that are not really spending cuts. I would like to mention the charges one by one and have you respond as to why it is a spending cuts.

8: Interest Cuts?

Q: Both of the critique on the Clinton budget put out by Republicans on the House and Senate Budget Committees say that the Administration is wrong to count interest rate cuts as a spending cut. What is your response?

A: We knew that Washington was out of touch, but we never thought we would live to see the day when if we cut the tragic amount of interest we pay on the debt, we would be told that this is not cutting spending! Do the Republicans think that cutting interest payments on the debt is raising taxes?

We spend nearly $200 billion a year in interest payments on a national debt that has exploded over the last 12 years. We spend this money -- much of it to foreign bond holders -- instead of investing in America. Since, many of the people in Washington have never cut the interest payments we pay on the debt, I can understand that they do not know what to call it. But I think most people know that when they pay down their credit cards so they pay less interest, they are cutting their spending. When we finally have the courage to cut the deficit so that we are cutting the spending we pay on interests, we are cutting spending. Republicans can call this a Kangaroo or an orange or whatever they want, but common sense tell you that you are cutting spending not raising taxes.

9. Social Security?

Q: Many people have criticized the Administration for counting their Social Security provision as a spending cut when they are raising funds by including more Social Security benefits as taxable income?

A: Just Tuesday, at a Dole, Domenici, Packwood Press conference -- Senate Finance member Packwood stated clearly that this type of reduction in Social Security has been counted as a spending cut by both the Bush and Reagan Administration. [Reuters Transcript Report, 2/23/93] Former CBO director Rudy Penner has published an article stating that this reduction should be seen as a spending cut.

And as Herb Stein said in the Wall Street Journal, (1/24/93) there is no reason to call this a new revenue as opposed to a spending cut. The effect is exactly the same. However it is classified, we are spending less on entitlements by the same amount

The main thing is that it is too bad that people who don't have the courage to change are getting lost in form over substance. For years and years, we have heard that we have to cut what we spend on entitlements, and that we must have the courage to take on Social Security. If the Clinton plan had cut COLAs, it would have been regressive, but everyone would have called that a "spending cut." Yet, the Administration figured out a way to cut spending on Social Security entitlements by affecting only the top 19% of beneficiaries. That is an important, smart and fair way to reduce entitlements -- whatever you call it.

10. User Fees?

Q: Some are also saying that they are counting fees as cuts when they are really higher taxes:

> A: It has always been the standard rule that if a business or a person uses a government service -- paid for by the taxpayer -- and that business or person pays for a specific service and is charged for it in a business-like way, then it is counted as a reduction of the costs of the program. Why should a taxi cab driver have his tax dollars used to subsidize a wealthy person's use of a private jet? Making that private jet owner pay for his use of a taxpayer financed airport so that we can spend less on our airports is lowering the spending costs average taxpayers have to pay.

11. Earned Income Tax Credit:

Q: The House Budget Republicans say that it is wrong for the Administration to count all of the earned income tax credit as a tax cut, and that they should count part of it as a spending increase?

> A: That is a trickle-down definition if I've ever heard one. If a tax cut is given for a rich person it is called a supply-side miracle. When we give a tax cut for working people, they call it a spending increase. The fact is that President Bush and everyone else scored the earned income tax credit as a tax cut in the 1990 Budget Agreement. It is just one more attempt to distract attention from the fact that Bill Clinton has presented a real deficit package, and the Republicans have no reply.

12. Spending Cuts and Budget Agreement:

Q: What is your response to Domenici and others who say that many of the Administration's spending cuts were already in the 1990 budget agreement?

> Answer: No. Every single one of the 150 programs we cut is a new cut -- beyond what was implemented in the Bush Administration -- creating new savings. The 1990 Budget agreement had caps -- it didn't say what the cuts were, or who would have the courage to identify and call for them. By filling in the black box with real and specific reductions, the Clinton plan converts smoke and mirrors into concrete spending cuts.

13. Gross and Net Deficits:

Q: But didn't the OMB Director purposely mislead us by giving the impression that you were cutting $493 billion in net deficit reduction over four years?

A: No. There may have been some confusion over what was gross deficit cuts and what was a net deficit cut. The Administration has always made it clear that of the $493 billion in gross deficit reduction, 2 of every 3 dollars goes for deficit reduction and $1 goes for new investment. In his briefing on February 17th, Leon Panetta referring to the $493 billion said, "Two-thirds of that amount goes for deficit reduction, one-third of that amount goes for investments."

14. Social Security Thresholds:

Q: The President claimed that while he was going to ask for more from well-off Social Security recipients, that no one who did not pay tax on their Social Security now would not pay tax under his proposal. Yet, some claim this is not true. They say that the provision will reach below $32,000 and tax new people who never before paid tax on their Social Security benefits.

A: That is not true. We ask more from the top 19% of the Social Security recipients and that is all. The same 80% of Social Security recipients who don't pay a dime on their Social Security benefits will still not pay a dime.

[The formula to increase the amount of benefits subject to taxation, is phased in so that only those over the current threshold -- $25,000 for a single and $32,000 for couple --are affected. The claim that we are reaching deeper is not the case: the thresholds are intact under our plan. (If there are disputes on the revenue we raise, that is a technical issue)]

15. The Need for a Stimulus?

Q: Now that we see how great the growth was for the 4th Quarter of 1992, do we still need a stimulus package?

A: In light of the strong upsurge in consumer confidence that occurred in the last few months of 1992 because of optimism over President Clinton's election, we are gratified by the encouraging news. Yet, as we have said before, the President's criteria is jobs, and we still have a jobless recovery, with historically low job creation rates. If this were even an average recovery, we would have 3 million more jobs in the economy today. In fact, the unemployment rate is higher today than it was at the very bottom of the recession. So we are not satisfied, and we will not be satisfied until we get a job creating recovery.

16. Gramm-Armey?

Q: What about the Gramm-Armey plan? They call for a Balanced Budget Implementation Act that would put a cap on entitlements, used fixed deficit targets and sequestration to balance the budget by the year 2000. What is wrong with that, especially if they are only capping non-Social Security entitlements at inflation as they claim?

A: Their plan is just another gimmick designed to allow some members of Congress to hide behind a scheme that allows them to sound tough on the deficit, without having to summon the courage to specifically say what they would cut.

Gramm-Armey does not call for a single new dollar in training for laid-off defense workers, for anti-crime initiatives, for fixing the environment, for the best children's programs like Head Start and WIC or for welfare reform.

But far beyond that, their nice sounding plan could only be implemented with devastating cuts that could set our nation back decades. To reach their goal through across the board spending cuts, they would have to cut everything by 33%. That means brutalizing Medicare and Medicaid. That means, according to one Congressional study, that we would need a 33% cut in our veteran programs, a 33% cut in federal judges, a 33% cut in the FBI -- 3,000 less agents, a 33% cut in federal drug enforcement officials, and a 33% cut in programs like Head Start, child immunizations.

We have given every cut -- no matter how painful -- line by line, dollar by dollar, year by year. Others who don't have the cuts to follow course, throw out gimmicks that sound nice, but when you look behind them you find that they could only take place if we called for painful, dangerous cuts that these same people don't have the courage to be specific about.

17. Kemp-Weber?

Q: How about the Kemp-Weber proposal -- "Empower America?"

A: It is the same old thing: nice words, no courage, major deficit increases and a wish list with no specifics.

Mr. Kemp calls for hundreds of billions in all sorts of tax cuts to everyone imaginable. He would spend hundreds of billions reducing the payroll tax cut, increasing the personal exemption, while reducing every corporate tax imaginable. Some of this is nice -- I wish we could just give away hundreds of billions. And what is his only suggestion for paying for these massive new tax cuts? He calls for a line-item veto -- which we support -- and what he calls "strong budget caps." We really can't afford four more years just like the last 12 years with people like Mr. Kemp promising everything to everyone, saying we can cure all our problems without having the guts to come forward with even one specific tough choice. We gave America a real budget, with over a 150 specific cuts in program for each of the next five years so that we could both bring the down the deficit while we increased investments in our people. That is tough to do, but that is the type of change the American people want.

18. Marriage Penalty?

Q: Isn't there a marriage penalty in this package?

A: No. This plan doesn't even touch the incomes taxes of any other than the top 1.2% of all taxpayers. Some have complained that the surtax on those making over $250,000 is a marriage penalty for those in that bracket because it didn't distinguish between singles and married couples who are extremely well-off. That just goes to technical aspects of that provision and is a red-herring at best.

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 3/5

NOTE FOR: MARCIA HALE

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

Information ☑

Action ☐

Thank you.

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

cc:

THE PRESIDENT HAS SEEN 3/5/9

Midwood High School and Brooklyn College

present

City Wide Model Congress

SELECTED AS SCHOOL OF EXCELLENCE IN NATIONAL COMPETITION BY THE UNITED STATES DEPARTMENT OF EDUCATION

LEWIS FROHLICH, Principal
MARK WILLNER, Chairman, Social Studies
STUART A. ROTHSTEIN, Faculty Advisor

Chairpersons
DAVID FEIN
ZACHARY FREYBERG
DAVID SACKER
ILANA STANGER

February 22, 1993

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

Dear Mr. President:

The City-Wide MODEL CONGRESS invited you to attend this year's Session, yet your office has not responded to our invitation. A copy of the November 30, 1992 letter accompanies this one.

We believe that your presence at Congress will give you an opportunity to sell your new economic program to the inner city youth of America. Your Address to Congress Wednesday, February 17, showed the American people you wish to change our nation's direction. Mr. President, you say that you wish to emulate your hero Franklin D. Roosevelt and make your programs change America the way his New Deal did. You even made a pilgrimage to his ancestral home at Hyde Park on February 19. You are taking your show on the road to convince the American people who must pay the price if we wish to go forward. I ask you to bring your message to these young adults at our City-Wide MODEL CONGRESS. It begins on April 23 and runs through Sunday, April 25, 1993.

On a dreary, cold March 4, 1933, Franklin Delano Roosevelt became our Thirty-Second President. When Mr. Roosevelt took the Oath of Office, the United States, had been in the Depression, for almost four years. Twenty-five per cent of our work force was out of work. Millions of people were on soup lines. In short the United States was at its lowest. He stepped up to the microphone to deliver his Inaugural Address: "...So first of all let me assert my firm belief that the only thing we have to fear is fear itself-nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance..." So began the New Deal.

Why not expand your New Deal in the Auditorium of Midwood High School at the Twenty-Second City-Wide MODEL CONGRESS. They say that when Mr. Roosevelt addressed the American people, the streets were empty. You may well begin this anew if you speak at CONGRESS. The streets of the Midwood section of Brooklyn might be empty when you address CONGRESS

Midwood High School and Brooklyn College
present
City Wide Model Congress

SELECTED AS SCHOOL OF EXCELLENCE IN NATIONAL COMPETITION BY THE UNITED STATES DEPARTMENT OF EDUCATION

LEWIS FROHLICH, Principal
MARK WILLNER, Chairman, Social Studies
STUART A. ROTHSTEIN, Faculty Advisor

Chairpersons
DAVID FEIN
ZACHARY FREYBERG
DAVID SACKER
ILANA STANGER

February 22, 1993

Many Americans believe your plan is our only hope for the future. While others believe you are an old line Democrat who just taxes and spends. It will be interesting to see how our inner city youth respond to you in person.
Mr. President in the words of another of your heros: ... Let the word go forth from this time and place, to friend and foe alike, that the torch has been passed to a new generation of Americans.... Please show our next generation that this generation really cares about their future.

Please have someone from your office contact us to arrange the schedule.

Thank you Mr. President.

Yours truly,
Stuart Alan Rothstein

Stuart Alan Rothstein
Faculty Advisor

BEDFORD AVENUE AT GLENWOOD ROAD., BROOKLYN, NEW YORK 11210 - TEL: (718) 859-9200 EXT. 413

THE PRESIDENT HAS SEEN 3/5/93

THE WHITE HOUSE
WASHINGTON

DATE: 3/5

NOTE FOR: Tony Lake

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

Information ☑

Action ☐

Thank you.

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

cc:

THE PRESIDENT HAS SEEN 3/5/93

UNITED STATES SENATOR

LARRY PRESSLER

Washington
133 Hart Senate Office Building
Washington, D.C. 20510
(202) 224-5842

Aberdeen
1923 6th Avenue, S.E.
Suite 105A
Aberdeen, SD 57401
(605) 226-7471

Rapid City
Rushmore Mall
Rapid City, SD 57701
(605) 341-1185

Sioux Falls
309 South Minnesota Avenue
Sioux Falls, SD 57102
(605) 335-1990

Call Toll-Free to our Sioux Falls office from anywhere in the state
1-800-952-3591

FOR IMMEDIATE RELEASE **February 16, 1993**

SENATOR PRESSLER: RECOGNIZE VIETNAM -- SEND AN AMBASSADOR

WASHINGTON, D.C. -- In a speech on the Senate Floor and in a letter to President Clinton, Senator Larry Pressler (R-SD) became the first U.S. Senator to urge the United States to recognize Vietnam and give full diplomatic recognition to Vietnam. Pressler urged that an Ambassador be sent to Vietnam.

Senator Pressler was the first Vietnam veteran elected to the U.S. Senate. He served as a Lieutenant in the U.S. Army in Vietnam.

"I want to close the chapter on the Vietnam War. We need to move past isolation and establish normal relations with Vietnam. Yes, we must continue the search for any POW-MIA's and to work on human rights. We can do all of those things better with an Ambassador there," said Pressler. "With American tourists and business people on the ground there, we can do more than with the present state of isolation and non-recognition."

Senator Pressler has just returned from the Aspen Institute Conference with Vietnamese leaders.

--30--

To Tony Lake, NSC

Congressional Record

United States of America

PROCEEDINGS AND DEBATES OF THE 103d CONGRESS, FIRST SESSION

Vol. 139 WASHINGTON, THURSDAY, FEBRUARY 18, 1993 No. 17

Senate

NORMALIZATION OF U.S. RELATIONS WITH VIETNAM

MR. PRESSLER. Mr. President, I rise today to discuss United States policy toward Vietnam. I believe it is time to establish diplomatic relations with Vietnam. It is time that an American Ambassador be sent to Vietnam.

In March of 1988 I travelled to Vietnam. It was a return visit. My first sojourn in 1967-68 was not as a Senator, but as a soldier, serving my country as an Army Lieutenant. And like many of my fellow Vietnam veterans and Senators who have travelled to Indochina, my return trip was a very dramatic and emotional journey. The remains of 27 of my fallen comrades were returned to U.S. authorities during my visit, which was the largest number of American MIA remains released by the Hanoi government.

I returned home from my 1988 visit with a different view of American policy toward Vietnam. I concluded that the diplomatic and economic isolation pursued by our government in the 13 years since the Saigon airlift had become outdated. Indeed, complete isolation had reached a point of diminished returns for America's strategic, humanitarian, and international trade interests. Therefore, I called for a new and historic chapter in U.S.-Vietnam relations, one of regular official contacts, increased tourism, and growing economic and humanitarian cooperation.

That was five years ago. Since then, President Bush chipped away at isolationism, albeit cautiously. The President rightfully recognized that it's not easy to reverse 13 years of isolation with the stroke of a pen or handshake. This is particularly true given the emotional feelings millions of Americans have toward this remote region, whether they are veterans, family and friends of fallen or missing veterans, or refugees from Vietnam.

To his credit, President Bush made great strides in advancing U.S.-Vietnam relations. But the fact remains: there is still no regular American economic and diplomatic presence in Hanoi.

Last week, I had the opportunity to discuss current policies as a participant in a U.S.-Vietnam conference, which included official Vietnamese participants, businessmen, journalists and experts on Southeast Asia. These discussions of current events and their future implications once again have prompted me to reexamine American policy towards Vietnam.

It is time to usher in the next historic step in U.S.-Vietnam relations. We have had isolation. We have had a guarded transition. The time has come for normalization of relations. The time has come to send an American Ambassador to Vietnam.

Mr. President, let me briefly summarize the developments that have brought our nation to the doorstep of normalization, and the more recent events that make it imperative for President Clinton to establish diplomatic and economic ties with Vietnam.

As my colleagues know, since our evacuation of South Vietnam in 1975, the United States consistently has maintained a policy of diplomatic and economic isolation of Vietnam. When viewed from the larger context of the Cold War, this represented a textbook application of containment -- to stop the spread of communism in economically volatile regions of the world. This policy escalated in 1978, when Vietnam invaded Cambodia, deposed the Chinese communist-backed Khmer Rouge regime, and installed a Soviet-backed puppet regime.

Vietnam's alliance with the Soviets was evident when I visited Vietnam in 1988. Soviet personnel were stationed in facilities once used by the United States in Saigon and the harbor at Cam Ranh Bay. At that time, annual Soviet economic and military assistance exceeded 1.6 billion dollars.

All this changed with the collapse of the Soviet Union in 1991. Like her sister states in the Soviet empire, Vietnam is cut off from its once consistent supply of foreign aid. Yet, unlike Poland, Hungary, or East Germany, communism remains intact in Vietnam. The hard realities brought by the Soviet Union's demise and the effects of a U.S.-imposed trade embargo have compelled Vietnam to institute market-oriented economic reforms.

And indeed the Vietnamese do talk of privatization. However, I am not satisfied with the fact that there is still a communist government in Hanoi.
Since 1978, U.S. policy toward Vietnam was simple: Normal relations would not occur until Vietnam withdrew its forces from Cambodia, and cooperated with the U.S. in obtaining the fullest possible accounting of the more than 2,200 U.S. personnel listed as prisoners of war or missing in action (POW/MIAs). The fall of the Soviet Union did not change this general policy. Instead, it heightened the prospects of success.

First, with respect to Cambodia, Vietnam has insisted that Vietnamese personnel were withdrawn as early as 1989. In

October 1991, after two years of negotiations, the U.S. and Vietnam joined in a seventeen nation peace settlement for Cambodia.

With the October 1991 peace agreement, the Bush Administration announced the formal implementation of a plan to gradually tear down nearly 17 years of economic and political isolation. This plan, or "roadmap" as it is known, consisted of four "phases" toward normalization. Moving through each phase was contingent on continued Vietnamese cooperation in enforcing the terms of the Cambodian peace accords. However, the pace of this change would be dictated by Vietnamese cooperation on POW/MIA matters.

Again, the Vietnamese government has taken action designed to hasten the pace toward normalization. Since 1987, Vietnam has returned hundreds of remains of U.S. MIAs. In 1991, Vietnam agreed to host a U.S. office in Hanoi to handle POW/MIA affairs. In March 1992, a U.S. delegation headed by Assistant Secretary of State Richard Solomon visited Hanoi, and gained constructive breakthroughs on U.S. POW/MIA investigations, including agreements to

- o allow greater U.S. access to central records, archives, museums, and specific individuals with POW/MIA information;
- o implement a rapid-response mechanism for live-sighting investigations;
- o work on trilateral cooperation with Laotian and Cambodian authorities; and
- o reaffirm Vietnam's intention to search for and rapidly repatriate remains of American MIAs.

Since then, Vietnam has demonstrated its intent to follow through on these goals. The Vietnamese have permitted short-notice investigations of alleged live-sightings. It provided a private researcher with more than 4,600 photographs of live American POWs and dead soldiers. In October 1992, U.S. officials obtained additional archives on U.S. MIAs, and gained expanded access to archival information.

Pursuant to the Bush "roadmap," a number of reciprocal concessions have been granted to the Vietnamese government. The United States pledged $4 million in humanitarian aid, mainly for prosthetics and aid to abandoned or orphaned children. Direct communications to Vietnam have been restored, and U.S. commercial sales now can be made to meet basic human needs in Vietnam.

Finally, with one month remaining in his Administration, President Bush permitted U.S. business to open offices and sign contracts in Vietnam, but these contracts cannot be implemented unless the trade embargo is lifted. Today, the United States and Vietnam literally are on the doorstep of normalization.

President Clinton has inherited a policy in transition. He can opt for a continuation of the Bush roadmap, or chart a new course of his own. If he chooses the former, the trade embargo would not be lifted fully until a Cambodian settlement is well in place, and Hanoi has resolved the last of the known discrepancy cases and repatriated all U.S. remains. Full diplomatic recognition would not come until after a U.N.-certified free election takes place in Cambodia, and a Cambodian National Assembly is formed and writing a new constitution.

Though the roadmap has worked to achieve progress in U.S.-Vietnam relations, much has changed. First, recent instability in Cambodia makes prospects for a free and fair election there uncertain. That being the case, can the United States afford to postpone indefinitely diplomatic recognition of Vietnam?

Second, and most important, Vietnam is making the effort to privatize. I believe Vietnam will privatize, but not without help. Other western nations already have committed millions of dollars in humanitarian and economic support to Vietnam. That being the case, can the United States afford to take a back seat or play a distant participant in the privatization and trade expansion now occurring in Vietnam?

The answer to both questions should be, "NO!"

When it was first devised in 1991, the premise behind the Bush roadmap of isolation to normalization represented the ultimate leverage to push Hanoi to make concessions on two key issues: POW/MIAs, and Cambodian autonomy. I believe we have made the most of the Bush roadmap. It's time to change course. Today, if the United States is to retain leverage over Vietnam and achieve U.S. policy goals, President Clinton must plot a new course on the roadmap, with the first steps being the lifting of the trade embargo, and diplomatic recognition.

Mr. President, as I've stated, the trade embargo has been used to punish and contain the communists in Vietnam, and more recently, through the Bush roadmap, to extract concessions from Vietnam on Cambodia and the POW/MIAs. It's safe to say that the carrot-and-stick approach of the Bush roadmap has been a success. As a result, we've made progress in Cambodia, and we're moving toward the fullest accounting possible for POW/MIAs in Indochina. With these diplomatic gains, American business is poised for new markets and new opportunities in Vietnam.

However, we must not view the application and results of our policies in a vacuum. In recent weeks, western nations have opted to invest heavily in Vietnam's adolescent economy. Taiwan, Hong Kong, Australia, Holland, and Britain have invested hundreds of millions of dollars in capital for Vietnam. Last week, the Japanese Federation of Economic Organizations held a joint conference with Vietnamese authorities, with representatives of more than 100 Japanese firms in attendance. And French President Francois Mitterand became the first Western leader to visit communist Vietnam. With him was a guarantee of $65 million in aid and an entourage of 200 government ministers and leaders of business and finance.

Meanwhile, American business remains in the dugout, and off the playing field. As other nations seize the initiative to invest in Vietnam, the potential for strong U.S. involvement in economic reform and expansion declines. If President Clinton sticks to the Bush roadmap, the U.S. trade embargo loses its current value as a leveraging tool. More important, the embargo will reduce our future ability to influence Vietnam's economic, political, and human rights development.

For these and other reasons, I have written a letter to President Clinton, urging him to lift the trade embargo and establish diplomatic relations with the Vietnamese. An American Ambassador is needed to build diplomatic relations between the United States and Vietnam. American know-how is needed to privatize Vietnam, open markets for American exports, and lift the Vietnamese from the repressive weight of communism. More American tourists are needed to bridge our cultures and histories, which will enhance our cooperative diplomatic efforts.

Let me emphasize that I'm not advocating the abandonment of our progress in Cambodia or our gains with POW/MIA identification and repatriation. On the contrary, I am arguing that the best way to continue our progress in these areas is to exercise new tools of leverage as a full economic partner, not a potential one. We stand a better chance to further our gains, particularly with the POW/MIA issue, with a strong American presence in Vietnam. This American presence can come from many sources. It can come from our Ambassador in Hanoi, our businessmen, our tourists, our Peace Corps, or our fellow Americans who simply want answers from the Vietnamese government on the status of loved ones who did not return from the Vietnam war. Together, this American presence applies a different kind of leverage, which I believe will yield positive results to further American interests on the POW/MIA issue, as well as regional peace, and human rights gains in Southeast Asia.

We must not lose sight of Vietnam's potential importance in international trade policy. At present, Japan is Vietnam's leading trade partner, with 1.2 billion dollars in total volume in 1992. The continued absence of American investment affords more time for Japan to increase its economic and investment ties with Vietnam, enabling it to establish economic and political dominance in Southeast Asia.

Mr. President, the issue is timing. The economic, diplomatic and political costs of delaying normalization will continue to mount. The United States is poised to establish normalized relations with Vietnam. The question is when to do it. I say the time is now. Now is the time to close the chapter on the Vietnam War, and start a new chapter of cooperation and participation. Now is the time to move past isolation and establish normal relations with Vietnam.

Opponents will argue that rushing to normalization sacrifices our ability to leverage Vietnam on long-term peace in Cambodia, accountability of POW/MIA data, and human rights guarantees for political dissidents.

I disagree. The carrot and stick of normalization is losing its value as a leveraging tool, and is hurting this nation's ability to be a steady participant in Vietnam's growth toward privatization.

Further, normalization is not the last card in the U.S. diplomatic deck. The Vietnamese government has called on the U.S. for direct foreign aid assistance, which I am not calling for here today. Vietnam and American business will want most-favored-nation trade status. Both issues will require future discussion and debate, providing plenty of real leverage for Washington to extract concessions in issues of concern to the United States, whether it be POW/MIAs, Cambodia, or human rights. And as I stated earlier, the steady presence of Americans in Vietnam, on the ground, from the trade official to the casual tourist will open new diplomatic and cultural doors.

Mr. President, in conclusion, let me say that I feel very strongly that it is time to normalize relations with Vietnam. As other countries go into Vietnam with business, they are taking away the strength of our trade embargo. If we are to find any POW/MIAs, if there are any left there, they would better be found by having tourists, businessmen and others present. As I stated earlier, I had the pleasure of attending a conference in the state of the present presiding officer of the Senate and talked directly with several Vietnamese there. I found an eagerness on their part to privatize. They used the word privatize frequently in our meetings last week. They are looking for free enterprise. They want good relations with the United States. Therefore, I think the time has come to recognize Vietnam -- to give full diplomatic recogniztion. I urge the President to pursue this course of action.

THE WHITE HOUSE
WASHINGTON

DATE: 3/5

NOTE FOR: Bo Cutter

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: Bob Rubin

THE PRESIDENT HAS SEEN 3/5/93

PRESS RELEASE
JOHN WARNER
UNITED STATES SENATOR • VIRGINIA

United States Senate • Washington, D.C. 20510-4601 • (202) 224-2023 FAX (202) 224-6295

To Bob Rubin

March 2, 1993
CONTACT: Tracey E. Smith
202/224-6290-O
703/683-6576-H

FOR IMMEDIATE RELEASE

WARNER TO PRESIDENT: END SPACE STATION, SUPER COLLIDER

In a meeting with President Clinton at the U.S. Capitol, Senator John Warner urged termination of the space station and superconducting super collider projects. Late last week, Warner sponsored legislation to deauthorize both projects. The Senator also opposed the two projects during the previous Administration.

"I respectfully urge your support for elimination of the space station and superconducting super collider at this time. Perhaps the biggest payback to be gained by halting these programs would be the strong message to the American people that business as usual is over, that we are serious about healing the nation's problems, and that we have heeded their call for more budget cuts. Should you be successful in getting through a program of tax increases, Americans will want our personal assurance that the money will be used to reduce the budget deficit and the national debt, and not to fund more wasteful programs. I cannot defend to my constituents a single tax dollar increase to be used for costly and wasteful federal programs while the budget remains unbalanced," said Warner.

"You have asked the Congress to identify specific spending cuts beyond those included in your budget proposals. Two programs that stand out as never before are the space station and the super collider," he added.

The revised FY 94 budget requests $2.3 billion for the space station and $640 million for the super collider, nearly $3 billion for this year alone. Warner pointed out that current budgetary constraints make these programs "an extravagance that we cannot afford at this time."

- more -

Each job supported by the programs would cost $80-100,000. The $2.25 billion for the space station creates only 22-25,000 direct jobs. Warner stressed that eliminating these two programs would save $170 million in interest costs in the first year alone.

Senator Warner detailed his views in a letter to President Clinton, a copy of which is attached.

#####

Computer runs providing this information were given to Democratic and Republican Budget and Appropriations Committee staff in the House and Senate on February 18.

Furthermore, you may want to mention that the 1990 Budget Agreement, which President Bush endorsed and many House and Senate Republicans voted for, contained even less detail than President Clinton's February 17 plan but was used by the House and Senate Budget Committees to develop a congressional budget resolution.

Instead of listing specific discretionary spending cuts, the 1990 Agreement only proposed overall caps on defense, non-defense discretionary and international affairs spending. The Clinton economic plan has gone beyond the 1990 Agreement and proposed <u>specific</u> spending reductions and increases for many programs within the non-defense discretionary and international affairs spending categories.

ATTACHMENT

[illegible]

[redacted]

Margaret E. Bishop
3025 Porter Street, NW #34
Washington, DC 20008

THE PRESIDENT HAS SEEN 3/5/93

[illegible]

President William Clinton
1600 Pennsylvania Avenue
The White House
Washington, DC

Hand Delivered

[redacted]

[redacted]

THE PRESIDENT HAS SEEN 3/5/93

Margaret E. Bishop
3025 Porter St.,NW #34
Washington, DC 20008

March 4, 1993

President William Clinton
1600 Pennsylvania Avenue
The White House
Washington, DC

Dear President Clinton,

Having already missed an opportunity to add my thoughts and support to your efforts, I decided not to let this opportunity pass me by. As Jose Aparicio's English as a Second Language teacher at Rudolph Elementary School, I am privileged to be sending this letter with him on this, his first trip ever, to the White House. He is visiting your home in order to be recognized for his artistic input to a Rudolph Inaugural Banner made in your honor. The subtle, yet dramatic, irony of his visit moves me to share with you the story of how Jose's dreams have become as regulated as the governmental agencies that you are working to change.

To begin with, this is certainly not Jose's first chance to meet you. It is, however, the only opportunity for meeting you that will actually pan out. As a resident of your new home city and a member of the community that you visited near Georgia and Kennedy Streets, NW, Jose has had more opportunities to meet you than the average American child. However, due to local restrictions that force school administrators to control all of a child's movements from his trip to the lavatory to his trip home everyday, he was unable to even think about meeting you on the day of your visit. And so, Jose didn't. Your visit came and went and he didn't even dream of venturing into the crowds and through the metal detectors to catch a glimpse of the man who cares about his future.

Long before I had ever met Jose, I had unknowingly started to inspire him to dream as all children naturally should. It was his dreams that I had in the back of my mind when working under Dr. Sizer, an educational reformer, at Brown University. There, I both theorized about and assisted with Professor Sizer's "Re:Learning" initiative, an effort aimed at reversing the service structure of state educational agencies. Under the guidance of their motto, "From Schoolhouse to Statehouse," I formed an appreciation for the importance of allowing schools to develop the policies needed to foster an exciting, productive and safe learning environment for their students.

Now, through Jose's eyes, I live the despair of a still ineffective and unrelenting local school structure. Thus, I am reminded that all theoretical goals have concrete and real ramifications. In this case, the result of slow moving change has been to rob Jose, an eleven year old child, of his capacity to dream!

The second and perhaps most poignant irony of Jose's visit is that he has been openly opposed to your victory over former President Bush and your ultimate inauguration. When asked, he responds in adult tones that believes that you will not help "his people." For your sake and Jose's, I look forward to this visit as a chance for him to rethink his attitude toward your Presidency. For this reason, I ignored the restrictions in order to insure that he would be able to meet you today. Obstacles, both formal and informal, almost kept him from attending your reception. Due to drug-related violence in his neighborhood, Jose's father will not allow him to participate in any after-school programs--even a visit to the White House--unless he is escorted home. But escorting him means driving him, against school policy, in a teacher's car. Despite this, I arranged for him to get to the White House, to get in a teacher's car and to get him home safely in the end.

Until Jose is inspired to dream on his own, I will dream for him and with him. I hope this experience motivates him to inquire about your goals for this country, his family and for him--for the Jose who is an Hispanic American, the Jose who is a vital link to our vision of America's future and for the Jose who is a quite simply a dreamer who has lost all reason to dream.

Personally, I am continually inspired by your whole-hearted presence in our Nation's capital and your thoughtful approach to rebuilding America. The Rudolph School certainly invites you, a model example of a man who has realized his dreams, to inspire our visions with a visit to our school. Our doors are always open. I will continue to follow your progress and involve myself wholly in the challenges which your administration is addressing.

Sincerely,

Margaret E Bishop

Margaret E. Bishop
Teacher

[redacted]

[redacted]

THE PRESIDENT HAS SEEN /5/93

HRC

This guy is

a supporter [illegible]

[illegible]

[illegible]

B

TOMAS J. HERNANDEZ, M.D.
SUDHAKAR PUNJA, M.D., F.A.C.C.
FAYAZ A. SHAWL, M.D., F.A.C.C.
MARC H. WISH, M.D., F.A.C.C.
PRINCE GEORGES HOSPITAL CENTER
CHEVERLY, MARYLAND 20785

Ms. Hillary Rodham Clinton

[redacted]

Chron

THE PRESIDENT HAS SEEN 3/5/93

HERNANDEZ, PUNJA AND SHAWL, M.D., P.A.
CARDIOVASCULAR MEDICINE
PRINCE GEORGES HOSPITAL CENTER
CHEVERLY, MARYLAND 20785
341-2231

TOMAS J. HERNANDEZ, M.D.
SUDHAKAR PUNJA, M.D., F.A.C.C.
FAYAZ A. SHAWL, M.D., F.A.C.C.
MARC H. WISH, M.D., F.A.C.C.

14300 GALLANT FOX LANE
SUITE 126
BOWIE, MARYLAND 20715
262-6566

7219 HANOVER PARKWAY
SUITE B
GREENBELT, MARYLAND 20770
220-7200

March 3, 1993

Mrs. Hillary Rodham Clinton

Dear Ms. Clinton,

I share your deep concern that health care reform is vitally needed. I would like to offer my help to you and your committee in any way you might deem appropriate.

I am a cardiologist in private practice. Since I spent several years before that in academia and medical research, and I remain part-time medical school faculty, I feel I can offer a viewpoint from both the academic and private practice worlds.

I feel strongly that quality care for all Americans is a priority, and that the current costs are crazy. Reallocation of resources will require difficult decisions.

Please let me know if I can help. My office address and phone number are listed above. My home address and number: 11709 Dinwiddie Drive, Rockville, MD 20852. (301)770-3380, Fax (301)230-1877.

Sincerely,

Marc Wish

Marc Wish, MD
Assistant Professor of Medicine
Georgetown University

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
03-03-93

February 27, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA JDP

SUBJECT: Vessel War Risk Insurance

In December, former President Bush authorized the Department of Transportation to provide war risk insurance for the privately owned ships participating in Operation Restore Hope in Somalia. This resulted in substantial savings, as the Government would otherwise be liable for the war zone premium charged by commercial insurers.

The authorization was limited to 60 days, which ended on February 17. The attached memo from Secretary Aspin recommends granting open-ended authorization to continue to provide this insurance. The Department of Defense will formally terminate the authority when it is no longer necessary. The NSC concurs with this recommendation, especially in light of the low risk to commercial shipping off the coast of Somalia.

We recommend that you sign the attached memo approving the provision of war risk insurance for as long as necessary.

Copy to NSC
3/5/93

Noted:

THE WHITE HOUSE

WASHINGTON

March 2, 1993

MEMORANDUM FOR THE SECRETARY OF DEFENSE
THE SECRETARY OF TRANSPORTATION

SUBJECT: Insurance Under Title XII of the Merchant Marine Act, 1936

By virtue of the authority vested in me by section 1205 of the Merchant Marine Act, 1936, as amended (46 U.S.C. App. 1285), I hereby approve the procurement of any insurance within the scope of section 1205 from the Secretary of Transportation by the Department of Defense for vessels entering the territorial waters and coastal areas of Somalia excluded under commercial war risk trading warranties, for so long as the Secretary of Defense determines such insurance to be necessary.

William J. Clinton

No Announcement.
"Multilith" copies to Defense and Transportation: 3-2-93,
via receipted W. H. messenger.

Noted:
Wm. M. C.

THE WHITE HOUSE

WASHINGTON

March 2, 1993

MEMORANDUM FOR THE SECRETARY OF DEFENSE
THE SECRETARY OF TRANSPORTATION

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William J Clinton

THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA 93 FEB 24 P4:37

23 FEB 1993

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Vessel War Risk Insurance

Title XII of the Merchant Marine Act, 1936, as amended, 46 App. U.S.C. section 1281 et seq. authorizes the Secretary of Transportation, with the approval of the President, to provide war risk and marine risk and liability insurance. Section 1205 of the Merchant Marine Act, 1936, as amended, 46 App. U.S.C. section 1285, authorizes any department or agency of the United States, with the approval of the President, to procure such insurance from the Secretary of Transportation. Said section 1205 also authorizes the Secretary of Transportation, with the approval of the President, to provide such insurance without premium to the Department of Defense and such other agencies as the President may prescribe, in consideration of the Secretary of Defense or such agency indemnification of the Secretary of Transportation against all losses covered by such insurance, and authorizes the Secretary of Defense and such other agencies to make such indemnity agreements. These insurance programs are administered by the Maritime Administration, Department of Transportation.

This non-premium war risk insurance was recently used by the Department of Defense in connection with privately owned ships under contract or charter to the Department of the Navy in support of military operations in the Middle East war. Without Government provided insurance, the Government is liable for any increases in commercial insurance premia that result from ordering the ships into areas of the world which are designated "war zones" by commercial insurers.

In connection with operations in Somalia, it is anticipated that privately owned ships under charter or contract to the Navy, and ships operated for the Navy by contractors, will be ordered into areas classified as "war zones" for purposes of commercial war risk coverage. The use of Government provided war risk insurance in the Middle East resulted in direct savings to the Government of over $100 million. Presidential approval for Government war risk insurance for Operation Restore Hope was obtained by the Secretary of Defense on December 19, 1992, and was limited by the President to a 60-day effective period, which ended on 17 February 1993. Since operations in Somalia are continuing, additional insurance approval is requested.

The authority of the Secretary of Defense to act under section 1205 of the Merchant Marine Act, 1936, as amended, 46 App. U.S.C. section 1285, has been delegated to the Secretary of the Navy.

Enclosed herewith is a copy of an "Agreement of Indemnity Between the Secretary of Defense and the Secretary of Transportation," providing for the Secretary of the Navy's indemnification of the Secretary of Transportation and the Secretary of Transportation's agreement to provide insurance. In light of the foregoing, request that the subject Government provided vessel war risk insurance be approved for so long as the Secretary of Defense determines such insurance to be necessary.

Also enclosed for your signature is a memorandum for the Secretary of Defense and the Secretary of Transportation evidencing your approval of this request.

Very respectfully,

Les Aspin

Enclosures

AGREEMENT OF INDEMNITY
BETWEEN THE SECRETARY OF THE NAVY AND
THE SECRETARY OF TRANSPORTATION

WHEREAS, the Department of the Navy charters privately-owned ships, contracts for the operation of Government-owned ships, and enters into contracts on a common carrier or contract carrier basis, for the ocean transportation of military and humanitarian assistance cargo, and for other purposes.

WHEREAS, such operations may be jeopardized by reason of the unavailability of adequate insurance on reasonable terms and conditions to persons designated by the Department of the Navy to perform these operations;

WHEREAS, pursuant to Title XII of the Merchant Marine Act, 1936 (hereinafter referred to as the "Act"), section 1205(a), 46 App. U.S.C. section 1285(a), the Secretary of Defense has requested the approval of the President of the United States to procure from the Secretary of Transportation insurance authorized by Title XII of the Act, for vessels entering the territorial waters and coastal areas of the Somali Republic and contiguous regions excluded under commercial war risk trading warranties;

WHEREAS, pursuant to section 1205(b) of the Act, 46 App. U.S.C. section 1285(b), the Secretary of Transportation is authorized with such approval to provide such insurance without premium, at the request of the Secretary of Defense, in consideration of the agreement of the Secretary of Defense to indemnify the Secretary of Transportation against all losses covered by such insurance;

WHEREAS, pursuant to section 1205(b) of the Act, 46 App. U.S.C. section 1285(b), the Secretary of Defense is authorized to execute such indemnity agreement with the Secretary of Transportation;

WHEREAS, the Secretary of Defense has authorized the Secretary of the Navy to take any of the actions or perform any of the functions which the Secretary of Defense is or may be authorized to take or perform under section 1205 of the Act, 46 App. U.S.C. section 1285;

NOW THEREFORE, the parties hereto agree as follows:

1. The Secretary of the Navy, pursuant to section 1205(b) of the Act, 46 App. U.S.C. section 1285(b), requests that the Secretary of Transportation provide insurance as authorized by Title XII of the Act, without premium.

2. Upon approval of the President as set forth above, the Secretary of the Navy hereby agrees to indemnify the Secretary of Transportation under section 1205(b) of the Act, 46 App. U.S.C. 1285(b), against all losses covered by insurance made available by the Secretary of Transportation in connection with vessels entering the territorial waters and coastal areas of the Somali Republic and contiguous regions excluded under commercial war risk trading warranties.

3. In consideration of this agreement to indemnify, upon approval of the President as set forth above, the Secretary of Transportation hereby agrees to provide the insurance referred to herein, without premium and to the extent permitted by the Act and implementing regulations now or hereafter adopted by the Secretary of Transportation.

[redacted] Secretary of the Navy
Date: 12/11/92

Secretary of Transportation
Date: 12/11/92

THE WHITE HOUSE
WASHINGTON

John Podesta –

We concur w/ DOD recommendation in this matter. Thanks for checking with us.

Sandy

(See note, attached)

THE WHITE HOUSE
WASHINGTON

Sandy —

This seems necessary, but do we want to do it on an open-ended basis?

John

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

0914 ADD-ON

February 25, 1993

INFORMATION

MEMORANDUM FOR SAMUEL R. BERGER

THROUGH: RICHARD CLARKE

FROM: KEITH HAHN KH

SUBJECT: Vessel War Risk Insurance

You asked whether we saw any problems in providing an open-ended Presidential authorization for the Secretary of Transportation and the Secretary of Defense to provide war risk insurance for privately owned ships supporting Operation Restore Hope. This insurance would be provided to U.S.-chartered ships operating in areas designated "war zones" by commercial insurers until such time as these insurers discontinued charging war zone premiums.

U.S. military forces or U.S. supported humanitarian assistance efforts in Somalia will likely continue for some time. The $5 million savings realized over the initial 60-day authorized period indicate that there are significant savings to be gained by continuing this coverage.

Unlike the maritime security environment in the Persian Gulf, there are very few potential threats to commercial shipping off the coast of Somalia. It is, therefore, less likely that Transportation would be called upon to cover significant losses in this operation.

We recommend that Defense be granted the open-ended authorization requested.

SRB,

DoD will formally terminate the authority when they no longer need it.

PB

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 03/04/93

TO: THE VICE PRESIDENT
MACK MCLARTY
RAHM EMANUEL
ALEXIS HERMAN
HOWARD PASTER
GEORGE STEPHANOPOULOS

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

The attached has been forwarded to the President.

Document No.________________

WHITE HOUSE STAFFING MEMORANDUM

DATE: ____________________ ACTION/CONCURRENCE/COMMENT DUE BY: ________________

SUBJECT: ____

	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:

RESPONSE:

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

THE WHITE HOUSE

WASHINGTON

March 4, 1993 93 MAR 4 P6:23

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT E. RUBIN

SUBJECT: **British Air/U.S. Air**

The attached memorandum was written by Bob Kyle of the NEC, who staffed the NEC Deputies Committee on this matter. The views expressed were recommended by DoT and agreed to unanimously by the NEC Deputies.

I have no expertise in either the legal or economic issues involved, but, after discussion with the relevant people, I believe this almost certainly is the correct outcome. However, the large domestic airlines will object.

This isn't being submitted as a decision memorandum, but we do need to know whether you want us to proceed on the basis recommended or if you have some other view.

Attachment

THE WHITE HOUSE

WASHINGTON

March 3, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT E. RUBIN
ROBERT KYLE RK.

SUBJECT: British Airways/USAir

You requested additional information concerning the British Airways-USAir (BA/USAir) agreement - and the basis for the NEC Deputies Committee decision to approve the transaction.

The Transaction

As we discussed, the January 21 BA-USAir deal - recrafted after the campaign controversy - has several phases:

- Phase One: BA invests $300 million in USAir, gaining 20% voting stock and a code sharing arrangement (permitting passengers from one partner to book flights on the other as a direct flight).

- Phase Two/Three: BA invests an additional $450 million and acquires a total of 44% equity and integration of operations.

The issue at present is whether DOT should approve the code-sharing and other elements of Phase One -- and whether it should review the $300 million investment, which has already been made. Phase Two/Three will not be completed for three to five years.

Authority to Deny Transaction

As you recall, the NEC Deputies Committee concluded that the U.S. has no legal authority to reject Phase One of the transaction. There are really two parts to this transaction: 1) the $300 million investment; and 2) the code-sharing rights.

1. BA Investment/Control: U.S. law prohibits foreign ownership of U.S. airlines under two conditions. First, foreigners cannot own more than 25% of U.S. airlines. The BA/USAir deal was structured specifically to give BA 20% control, clearly under this limit. Second, foreigners cannot "control" U.S. airlines. However, the recrafted deal does deny BA certain elements of control that did exist in the original transaction (e.g., supermajority governance requirements, provisions giving minority shareholders disproportionate

influence, BA vetoes in certain areas). DOT believes this was sufficient to deny BA "control".

The Big 3 respond that BA will have effective control over USAir because the prospects of an additional $450 million investment in Phases Two/Three will confer disproportionate influence now on the BA-appointed directors. DOT believes this is a contrived and highly speculative argument that is not supported by existing law or precedent. For that reason, it does not believe it can deny the transaction. It would review this point in the comment period it proposes, but emphasizes that it is extremely unlikely that this would provide a basis for overturning the transaction.

2. Code-Sharing Agreement: BA is entitled to engage in code-sharing with USAir under the 1991 U.S.-U.K. Heathrow Succession Agreement, which specifically authorizes code-sharing arrangements between U.S. and British carriers. The Big 3 argue that, under international law, the doctrine of "changed circumstances" should permit the U.S. to renounce the 1991 agreement. However, this doctrine can be invoked only in highly unusual cases. Moreover, it is unclear how the circumstances have changed that much since 1991. BA already had substantial access to the market. The Big 3 might argue that the scope of the new BA/USAir relationship constitutes such a change, but such an arrangement would have been entirely plausible in 1991 - and the agreement specifically envisions code-sharing between British and U.S. carriers, the heart of the BA/USAir deal.

By the way, it should be noted that United strongly supported the 1991 Heathrow Agreement - and now wants to reject it. The U.S. entered into the agreement in return for giving United and American landing rights at Heathrow (in place of the struggling Pan Am and TWA). American supported the agreement when it feared United alone might be able to land in Heathrow. The Heathrow Agreement may have been a bad deal; the U.S. gave up code-sharing, but gained no net U.S. landing rights. But there is really no legal basis for not complying with the agreement.

3. Consequences of Denial: If the U.S. prohibits the transaction, BA/USAir could bring suit in the Court of Appeals to force DOT approval. DOT believes BA/USAir almost certainly would win. In addition, denial may be tantamount to renouncing the 1991 Heathrow Agreement, subjecting the U.S. to binding arbitration, as required by the Agreement. Our embassy in Britain also believes the U.K. might retaliate against U.S. carriers serving the U.K. (e.g., United, American). For these reasons, we continue to believe DOT has no legal option but to approve Phase One.

View of the Transaction Overall

Having reached this legal conclusion, the Deputies reiterate that they are frustrated by the position in which the code-sharing agreement puts the U.S. Granting code-sharing rights to BA gives it virtually all of what it seeks from USAir. In today's aviation industry, USAir's information network might be a more critical asset than its planes and other aviation hardware. For that reason, DOT's announcement should contain several elements:

- Approve the Code-Sharing: DOT would approve the code-sharing, emphasizing that the Clinton Administration feels compelled to adhere to the 1991 Agreement. The grounds for support would be narrow and legal. (The $300 million investment has already been made.)

- Object to Agreements: At the same time, DOT should make clear that the Administration is dissatisfied with the degree of access to foreign markets provided for in certain past agreements, including the 1991 Agreement.

- Comments on BA/USAir deal: DOT will call for public comment on the transaction, emphasizing that Phases Two-Three require changes in U.S. law. This also gives the Big 3 a chance to comment.

- Need for broader review: DOT will reiterate the need for a broader review of market access issues in the context of the Aviation Commission being formed.

The Deputies believe our entire approach to civil aviation access issues needs reconsideration, particularly in light of transactions like this one.

THE WHITE HOUSE
WASHINGTON

DATE: 3/4

NOTE FOR: MARSHA SCOTT

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

Information ☐

Action ☑

Can you take care of this right away.

Jonathan Prince in communications could probably help knock out a letter

Thank you.

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

cc:

The Washington Post

Isn't It Rich? A Letter to The President

This letter was sent to the White House yesterday. The writer thoughtfully provided a copy.

Dear Mr. President:

How are you? I was a schoolmate of yours, and an actual classmate of the First Lady's at Yale Law School. I was class of 1970. In fact, I was class of 1970 valedictorian, not by grades, but by election because of my fiery anti-establishment speeches in class, and I think this binds us in a certain way even though I went on to work for President Nixon and did not vote for you in November.

However, that's all somewhat beside the point. The point is that herewith I enclose a gift for you. It's a necktie from Hermes, and if I may say so, it's beautiful. It's made in France, so maybe you shouldn't let Professor Tyson see it. If she does, you might remind

See LETTER, C5, Col. 1

LETTER, From C1

ber that France buys a lot of old Jerry Lewis movies and many new TV series from the U.S.A.

I send you this tie for several reasons.

First you need it, if I may say so. Ties from Wal-Mart are fine for ordinary business, but for major speeches and affairs of state, you might want something with a little more authority. I think this tie, the favorite of your Wall Street pals like Mr. Rubin and Mr. Hilsman, the tie of the Lords of the Universe, to coin a phrase, will give you that edge next time you need it to buy or sell something.

Second, I want to thank you for something big you have already done in my life: You made me rich.

I have been a working stiff for twenty-three years now. I worked through RN, through Ford, Carter, and then through the roaring eighties under the raj of Reagan and Bush—***and I never got rich.***

On the other hand, you come to the office for four weeks or less, and suddenly I'm rich. True, my ATM told me I was overdrawn two nights ago. But by the standards you have enunciated to a waiting world, I'm rich. I will pay more in tax. I will be an object of mixed envy and scorn to the laboring masses. But inside, I will have a spring in my step, and a sneer of command on my face. I'm rich, now, thanks to you, Mr. President, and I don't forget my benefactors. I did not have to make one more penny (and a good thing, too) but with a stroke of the pen, you made me rich.

Thank you.

Now, as to the law and this tie . . . True, it cost more than fifty dollars or five dollars or whatever the statutory maximum you can accept. BUT, I wore it at the Hermes store in Beverly Hills, and therefore it might be considered used and therefore worth far less than fifty dollars.

Also, it's to be considered a loan. When you have left office some day in the future, you might donate it to Yale Law School, to be auctioned with the proceeds going to the school. (I might even buy it myself if I'm still rich.)

In fact, it might be a good idea for you to wear a different necktie every day and then have it auctioned to various charities across the country—sort of the way Old Glory flies day and night over the Capitol and then is sent to various patrons and civic boosters of Congress. Other rich people besides me will send you the ties and they don't necessarily have to be from Hermes.

Anyway, good luck in getting the economy started. Good luck in lowering the deficit. Good luck with health care. Please wear this tie in good health and think of palmy days in the Sterling Law courtyard, when we were all younger and life was green.

Best regards,
Benjamin J. Stein

Benjamin Stein is a lawyer, economist, writer and actor who lives in Malibu, Calif. He sent this letter and a tie to President Clinton yesterday. Stein is a native of Washington and graduate of Montgomery Blair High School who, in 1962, could never have imagined paying $110 (plus tax) for a tie.

THE PRESIDENT HAS SEEN
3/3/93

I'll return to
sender the tie —
& we should do a
funny reply;
He's Herb Stein's son.

39

HWPC

HOLLYWOOD WOMEN'S POLITICAL COMMITTEE

10536 Culver Boulevard, Suite I, Culver City, California 90232

310 559-9334
FAX 310 838-2367

TO: PATTI SOLIS —
Marge is an old friend. Any chance HRC might do this?
John Podesta
x 2702
3-4-93

February 19, 1993

Hillary Rodham Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Hillary Rodham Clinton:

Hillary's going to require a whole new style manual to be written.

Shortly after the founding of the Hollywood Women's Political Committee (HWPC) in 1984, the group determined that one of its most important activities would be to honor former Congresswoman Barbara Jordan, whose courage and commitment stands as a testament to our country's founding principles. Since that time we have created an ongoing award in her name, and have given this tribute to only two other individuals, Rosa Parks and Morris Dees.

This year, the HWPC, and the entertainment community it represents, is honored to present Marian Wright Edelman with the fourth Barbara Jordan Award for Political Courage and Commitment. From her days as a young civil rights lawyer in Mississippi to her current leadership of the Children's Defense Fund, she has made every day of her life count in service to others. As a dedicated servant to the children of this country, Marian has brought national attention to the needs of those least able to defend themselves. As an advocate for youth education, health care and welfare, she has truly become the champion of the rights of children. Not a day goes by when Marian Wright Edelman is not working to make this world a better place for all.

We would be delighted if you would agree to present keynote remarks at our Barbara Jordan Award Dinner as well as present this year's award to her. Your long standing commitment to educating America about the needs of children and your dedication to the protection of children's rights is why your presence would lend a special significance to the evening. In addition, your friendship and professional working relationship with Marian would give the evening a very special warmth.

The Hollywood Women's Political Committee is comprised of women leaders from film, television, and the arts. The organization is dedicated to supporting issues, legislative initiatives, and individual candidates which promote our founding principles: peace, racial and economic equality, freedom of speech, freedom of choice, a clean environment and access to care and protection for the most vulnerable among us. Enclosed with this letter is a copy of the history of the HWPC and a statement of the principles which guide all of our work.

Since our inception, the HWPC has raised over $5 million to support those issues and individuals who will make our goals a reality. Over $1.5 million of that was raised in this past election cycle. The HWPC carries no agenda dictated by professional self interest; we dedicate ourselves to ensuring that the riches and freedoms of this country are available to all its citizens. The funds raised from this Barbara Jordan Award Dinner will be dedicated to the 1993 and 1994 House and Senate races and to those issues to which the HWPC and Marian Wright Edelman are committed.

We would be honored if you would agree to be a part of this very special evening on Thursday, May 27, 1993. We greatly admire you for the commitment and courage you have shown throughout your career and in your present position as head of our nation's task force on health care reform. For us you are a living role model of the goals and ideals that we all seek to accomplish.

We look forward to hearing from you soon. We recognize that you receive numerous requests for your presence from around the country. However, we hope you will give this one your very special consideration.

Should you have any questions, please do not hesitate to call me at (310) 559-9334.

Sincerely,

Margery Tabankin

Margery Tabankin
Executive Director

THE WHITE HOUSE
WASHINGTON

DATE: 03/04/93

TO: RAHM EMANUEL

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

For your action.

cc: Howard Paster
Marcia Hale

Sched request

RICHARD BYRAN
NEVADA

United States Senate

February 24, 1993

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

Dear Mr. President:

I would be greatly honored by your presence in Nevada at an event to help raise funds for my re-election effort. As you are aware, I will be up for re-election in 1994.

This event could be held in May or June to accommodate your travel schedule. Many Nevadans supported your winning effort last November, and would be excited to have you back in the State.

Thank you for considering my request.

With best regards,

Dick Bryan

from oval ofc

3 MAR 4 P6:08

THE WHITE HOUSE
WASHINGTON

DATE: 3/4

TO: Bernie Nussbaum

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

for response

Urgent FAX

John Podesta

ENS WORLD NEWS, INC. • EDUCATIONAL NEWS SERVICE, INC.
445 W. 45th Street, New York, NY 10036 • 212-903-9722 • Fax: 212-489-7155

93 MAR 3 P1:35

Pages 4 (including Cover)

Date: 3/3/93

To: Nancy Hernreich for the PRESIDENT

Fax No: 202-456- 2397

From: Alan Freeman, President
ENS, Inc.
FAX No.: 609-823-1211
Phone No.: 609-823-1211

Dear Nancy,

Please give this correspondence to the President.

Thank you.

I will be leaving for New York at 7:40 AM and will be in meetings up until 1:00. If you wish, you can leave a message for my at my NY office and I'll call you as soon as I receive it.

On Thursday, I expect to be in NJ at 609-823-1211.

ENS WORLD NEWS, INC. • EDUCATIONAL NEWS SERVICE, INC.
445 W. 45th Street, New York, NY 10036 • 212 903 5722 • Fax: 212-489-7155

March 3, 1993

Via Fax
7:00 AM

President Bill Clinton
The White House

Dear Mr. President:

It is with sadness that I enclose a copy of my fax to the Senate Judiciary Comm. which I sent about 9:00PM last night.

I have held back taking this action for the past several weeks hoping that Ms. Reno and her associates would rectify the wrongs they committed against me personally and all that my profession stands for.

As I stated in my fax to Sen Biden I believe so much in you, your administration, your family that I can not stand idly by when I have information that I believe will eventually hurt you and our country with the confirmation of Ms. Reno.

I hope that you have enjoyed my other letters to you on helping revitalize our economy especially in bringing jobs back to America.

I think you have handled your first six weeks in office in an admirable way: your grace in fielding the student's abortion question; your genuine warmth in your press conference for children; your birthday cake yeaterday - you are a president of great intelligence and drive as well as charm and wit. I will do my role as a journalist in helping the American people understand your economic plan.

I wish you well. God bless you.

Very truly yours,

Alan D. Freeman
President

Urgent FAX

ENS WORLD NEWS, INC. • EDUCATIONAL NEWS SERVICE, INC.
445 W. 45th Street, New York, NY 10036 • 212-903-5722 • Fax: 212-489-7155

Pages 2 (including Cover)

Date: 3/2/93

To: Sen. Joseph Biden Att: Guy Molack
Chairman Senate Judiciary Comm.

Fax No: 202- 224- 9516

From: Alan Freeman, President
ENS, Inc.
FAX No.: 609-823-1211
Phone No.: 609-823-1211

Dear Sen. Biden:

I talked at length with Cuy Mollack about my apprehension of Janet Reno being Attorney Ceneral.

I ask to be a witness against her being confirmed.

As much as I dislike writing this letter as I think our new president, his cabinet, his ideas, his manner, his intelligence are the best, I feel her position will be the weak link. At a time when we need a super person to right the wrongs of our judicial system, I believe she is not that person due to the terrible experience that I have had with her top executives in the Fla. State Attorney's office about one year ago. They are her people, she probably hired them, and they are some of THE MOST INCOMPETENT LAWYERS AND CIVIL SERVANTS THAT I HAVE EVER ENCOUNTERED IN THIRTY YEARS OF JOURNALISM.

Guy Molack has all the details of my miserable experiences with her at first and then with top deputies, Sam Slom and David Paulus, which she assigned my case and evidently is still aware of the details as I contacted them again immediately after being aware of her nomination, as well as leaving messages for her personally.

Senators Metzenbaum and Simon know me personally as I covered them during the Carter Admin. Energy Hearings and Campaign '88.

ENS WORLD NEWS, INC. • EDUCATIONAL NEWS SERVICE, INC.
445 W. 45th Street, New York, NY 10036 • 212-903-5722 • Fax: 212-489-7155

ALAN D. FREEMAN
BACKGROUND

Freeman is celebrating 25 years in journalism. He is President of ENS World News and Educational News Service, companies that he founded that reach the nation's schools with in-depth television news programming. Recently, he launched a new video program for churches and synagogues throughout America, Europe and South America and is working on international distribution of the school news program.

Freeman has won five Gold Medals at the International Film and TV Festival of New York. He produced the first "Earth Day" filmstrip program for the nation's schools in 1970 and the Energy Conservation programs of the mid '70s. He produced the "Golda Meir–Israel's Woman of Valor" record album and book set in 1980 shortly after covering the Camp David meetings and the Israel–Egypt Peace Treaty Agreement in Washington.

In 1984 he pioneered free media programming in schools sponsored by commercials.

He covered all four Reagan–Gorbachev Summits from 1985 to 1988 and produced the Nuclear Disarmament Media Program that was used nationally in 18,000 schools.

During the Iceland Summit, Freeman was able to persuade the Soviets to release the sister of Mikail Shirman to go to Israel to donate bone marrow for her cancer-stricken brother.

Freeman covered the 1991 historic Middle East Peace Talks in Madrid. His questioning of the Jordanian Foreign Minister on "shaking hands with Yitzhak Shamir" was seen on all major networks world-wide. Freeman's company, ENS World News produced a one-hour video, "The Making of Peace" featuring highlights of that conference, as well as video clips that were not widely televised such as the All Arab Press Conference given by Israel's Deputy Foreign Minister, Benjamin Netanyahu. Freeman was one of only two non-Arab journalists permitted to attend.

Freeman has covered national elections since 1964 including twelve national party conventions.

THE WHITE HOUSE
WASHINGTON

DATE: 3/4

TO: PASTOR

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

for reply

MICHAEL G. OXLEY
4TH DISTRICT OHIO

2448 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3504
(202) 225-2676

COMMITTEE ON
ENERGY AND COMMERCE

SELECT COMMITTEE ON
NARCOTICS ABUSE AND CONTROL

CONGRESSIONAL RURAL CAUCUS

HOUSE RURAL HEALTH CARE COALITION

DISTRICT OFFICES:
3121 WEST ELM PLAZA
LIMA, OH 45805
(419) 999-6455

100 EAST MAIN CROSS
FINDLAY, OH 45840
(419) 423-3210

24 WEST THIRD STREET
ROOM 314
MANSFIELD, OH 44902
(419) 522-5757

TOLL-FREE IN OHIO:
1 800 472-4154

Congress of the United States
House of Representatives
Washington, DC 20515-3504

March 4, 1993

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

Dear Mr. President:

The purpose of this letter is to encourage you to make a higher priority of the problem of illegal drug abuse. While I understand that there are other pressing issues facing the nation, I am concerned that the drug issue is suffering from a significant degree of neglect -- by both political parties and from both ends of Pennsylvania Avenue.

As a former special agent of the Federal Bureau of Investigation, a former member of the Ohio General Assembly, and a member of Congress who has served for over a decade on the House Select Committee on Narcotics Abuse and Control, drug control has been a matter of urgency for me for most of my adult life. Even in my rural Ohio congressional district, drug abuse and drug-related crime are abiding concerns. I suspect that your experience in Arkansas has been similar.

To be quite frank, Mr. President, the dramatic staff cuts you have ordered for the Office of National Drug Control Policy and that fact that you have yet to nominate a Director for that office worry me. From my perspective, it appears that your administration has assigned the matter a relatively low priority. I hasten to add that the House of Representatives and Republican law-makers are hardly above criticism in this area, as it is members of my own party who are leading the fight to abolish the Select Committee on Narcotics. I am concerned that our legitimate desire for reform and cost savings is causing us to neglect a critical problem. While ignoring the drug problem may be the politically easy thing to do in the short run, the ramifications would be devastating.

Drug abuse costs our society upwards of $300 billion a year, a figure which does not take into account the value of the individual lives shattered by illegal drugs. As you are well aware, drugs add significantly to the country's health care costs and endanger the well-being of our youth.

I believe quite firmly that overlooking this issue sends the wrong message to the nation and to the world. So pervasive is the problem, that success in the war on drugs requires the daily involvement of our foreign allies and our citizens. From the foreign head of state, to the DEA agent assigned to front lines, to the public school teacher trying to educate his or her students about the hazards of drugs and alcohol, the world looks to Washington for leadership on this issue.

The President
Page 2
March 4, 1993

I thank you for your consideration of my thoughts. Please feel free to call on me if I may assist you in any way.

Yours truly,

Michael G. Oxley, M.C.
Fourth Ohio District

MGO/bf

John
P

THE WHITE HOUSE
WASHINGTON

DATE: 2/24/93

TO: 3-4-93 Vince Foster

TO: ~~Trey Schroeder~~

Does this need a reply from the President? If yes, please send text to my office. John

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

For appropriate response.

John —
I think Counsel's office should draft reply — NH

VINCENT FOSTER JR.

2/22

To Podesta

He has no
specific information
Knows Sessions' father
Appreciated the
call

Trey for
response
John

THE WHITE HOUSE
WASHINGTON

DATE: 2/21/93

NOTE FOR: Vince Foster

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:

1-25-93 to Vince Foster

Franklin Wilder - Attorney in Fort Smith

During World War II - while looking for a deferment, he joined the FBI. Wants you to hear all the facts before you act on Wm. Sessions. Session's father a retired minister in First Methodist Church in Ft. Smith.
Wm. Sessions born in Van Buren, AR.

2-5-93 to Ken Gurtels.

David Satter - Moscow

Thanks for contacting WChristopher re. job. Nothing offered, but touched by thought.

Process of completing book and write for editorial page of Wall Street Journal.

Would love to see you when you come to Moscow.

1-8-93 Show to Hollywood!

Zsa Zsa Gabor Von Anholt & Prince Frederick Von Anholt

Holiday card from lifelong Republican stating she thinks "Hillary and you" will do a wonderful job.

2/22

He understands
1. Barr mad because WS expanded activity in Atlanta
2. fence - govt consultant on bldg fence
get price of $10,000; WS got
price down to $10,000
3. people mad 'cause WS nicer to blacks
4. wrote editor of FBI Grapevine + former president
of FBI agents assn

FOB

P.A.

FRANKLIN WILDER
ATTORNEY AT LAW
FORT SMITH, ARKANSAS 72901

~~5 COURT STREET~~ XXXXXXXXXXXX
P. O. BOX 1143
#3 Riverlyn Terrace
Ft.Smith,Ark. 72903

PHONE 783-2041

January 25, 1993

452-2642

President Bill Clinton
White House
Washington, D.C.

PERSONAL AND ~~CONFIDENTIAL~~
DETERMINED TO BE AN ADMINISTRATIVE
MARKING INITIALS: OB DATE: 5/7/18

Dear Mr. President:

I used to know you as "Brother Bill" when I was trying to help you in Fort Smith, when you were campaigning for Congress against our common enemy, J.P. H! The way it turned out, you are better off by us not winning! Right?

Congratulations and Best Wishes to you and Hillary. Before you all left Arkansas I sent her a copy of my book on the Life of John Wesley, but I guess she was getting about 5000 letters a day, and one of her workers probably threw the book away. Anyhow it is out of print now..sold thru 33 Cokesbury stores ..so it doesn't matter..

During World War II, I was looking for a deferment as millions of others were. That is when I joined the FBI as a Special Agent, where I served during all that War. The one thing I learned was the FBI was "untouchable." It was independent. You couldn't pressure Hoover or the FBI. All other Federal agencies.. such as the ones who gave out gas stamps,etc. were. All were... except the FBI.

Now, I understand the followers of Bush are trying to ruin the FBI director, Sessions, because he would not bow to pressure. From what I hear, they wanted the FBI to "sweep under the rig" information about Bush..that is now coming out in Congress and in the Grand Jury at Atlanta..about Bush and his connection with the Iran contra affair,etc. Sessions would not surrender his integrity. Barr has tried to ruin him, for revenge, Now I hear others are trying to undermine Sessions, to force him to resign or on you to request it. I hope you will not surrender either!

Will S.Session's father, is Dr.Will Sessions, a retired minister in the Christian Church. He teaches Sunday School in our Church (First Meth.in Ft.Smith) at least once a week, and other Churches as well. His son, Will S., is his idol. Judge Will S. Sessions was a Federal Judge in Texas for many years. A gangster of the MFIA was to be tried in Texas. The Federal Judge who was to try him, was shot and killed. Judge Sessions volunteered to take his place. He did, tried the gangster, sent him to prison as he deserved. He is a man of great character, as hundreds of Former Agents of the FBI will tell you. They publish a monthly magazine, "Grapevine." I am sure you will be hearing from them. Sessions was born in Van Buren,Ark., just across the river from Fort Smith. He has many friends from here. Please let all the facts come out BEFORE you act. Thank you.

Sincerely your friend,
Franklin Wilder
Franklin Wilder

About the Author

Franklin Wilder is a former Arkansas chancery judge, a member of the First United Methodist Church, Fort Smith, Arkansas, and a member of the World Methodist Historical Society. A former president of the Sebastian County Mental Health Association, Mr. Wilder was also president-elect of the Arkansas Mental Health Association. Mr. Wilder graduated from the University of Arkansas with an LL.B. and J.D. degree, and he is a former special agent of the F.B.I. He is a member of the Arkansas and American Bar Associations and of the U.S. Supreme Court Historical Society. The author has written six other books: *Immortal Mother* (the life of Susanna Wesley), *Father of the Wesleys*, *Martha Wesley*, *The Remarkable World of John Wesley*, *The Methodist Riots* (the life of Charles Wesley), and *The Layman's Guide to the Life of Christ*. Mr. Wilder and his wife, Bernice, have three children.

THE WHITE HOUSE
WASHINGTON

DATE: 3/4

NOTE FOR: George S; LAURA TYSON; DAVID Dreyer

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
03.04.93

[illegible]

THE WHITE HOUSE

WASHINGTON

March 3, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA JDP
TODD STERN TDS

SUBJECT: Adelman Op-ed/Impoundment

In the realm of taking your notes seriously, we tracked down the facts on Ken Adelman's assertion that Lyndon Johnson cut federal spending by 6.7% in 1967 through use of his impoundment power. Adelman is basically right. A 1971 article in U.S. News & World Report -- using OMB figures -- indicates that Johnson impounded $10.6 billion in 1967, around 6.3% of budget outlays.

What's more, the U.S. News piece, which lists all presidential impoundments from 1959 to 1971, makes clear that 1967 was in no way aberrational. Republican and Democratic Presidents impounded between 3.5% and 8.7% of budget outlays every year through that period. (We attach the U.S. News article and a page from Congress and the Nation, listing budget outlays from 1954-68.)[1]

These numbers refute those who say that modified rescission would have little effect on your ability to control the deficit.

cc: Bob Rubin

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[1] Note that Congressional Quarterly reports a more conservative impoundment figure than U.S. News for 1966 -- the one year we have data from CQ. CQ says $5.3 billion was impounded; U.S. News says $8.7 billion. But, even the conservative figure is around 4% of budget outlays for 1966.

WHY NIXON REFUSES TO SPEND BILLIONS VOTED BY CONGRESS

It's a basic dispute between President and Congress—who controls spending? At stake: nearly 13 billions in projects sidetracked by Mr. Nixon.

Controversy is boiling up in Washington over who controls the Government purse strings.

President Nixon, Democrats charge, is freezing funds that Congress has voted and should be spent now for highways, urban renewal, public housing, irrigation projects and other public works.

Democratic leaders maintain that hundreds of communities and millions of people would benefit if the President would release more money to spur local economies and create jobs at a time when unemployment is a worry.

The White House makes no secret about the "frozen funds." Its Office of Management and Budget lists 12.8 billion dollars appropriated by Congress but still not committed to specific projects. Major categories of funds withheld are shown in the chart on this page.

In addition, another 10 billion dollars in revolving funds for programs such as mass transit and urban renewal is uncommitted.

President Nixon's budget managers say that this money is not actually frozen, but rather that it is "budget authority reserved." Presidents, they say, have long followed this practice. They hold that the reserved funds are being released as fast as prudent fiscal management permits and that if the federal money spigot is opened too wide, it will feed the forces of inflation.

"Executive fiat" hit. Top Democrats in Congress take issue with this. They say the amounts being withheld by President Nixon are unprecedented.

House Speaker Carl Albert has complained that the President is thwarting the will of Congress by "executive fiat" and that "the Administration should live up to its own rhetoric and release these important funds forthwith."

On April 5, Senate Majority Leader Mike Mansfield said that the House, which initiates appropriations bills, should go to court to force President Nixon to release the impounded funds. Senator Mansfield stated that a "grave constitutional question" is involved.

The Democratic leaders are getting strong support from many Governors and big-city mayors.

The U. S. Conference of Mayors, meeting recently in Washington, charged that Administration withholding of about 1 billion dollars in money earmarked for urban areas is having a crippling effect on vital big-city projects.

In a joint statement to the Senate Subcommittee on Housing and Urban Affairs early in March, Mayor Thomas J. D'Alesandro of Baltimore, and Mayor Lee Alexander of Syracuse, N. Y., said:

"Of the fiscal-year-1971 funds already made available by Congress, the following program amounts have been frozen: 192 million dollars in public-housing-contract authority, 200 million dollars in urban-renewal funds, and 200 million dollars for water and sewer grants—a total of nearly 600 million dollars in funds which could be utilized today."

At the same hearings, B. R. Stokes, general manager of the San Francisco Bay Area Rapid Transit District, said:

"The Urban Mass Transportation Assistance Act of 1970, authorized 3.1 billion dollars over five years. . . . The effect of reducing the first-year authorization to 289.7 million dollars [by the White House] is tragic for it virtually invalidates the contract-authority feature of the 1970 act."

"Unprecedented size." Complaints also poured in from private industries. Said John A. Stastny, president of the National Association of Home Builders:

"The number of programs affected and the amount of funds involved are of unprecedented size. Never before has HUD [Department of Housing and Urban Development] or its predecessor, the Housing and Home Finance Agency, in terms of dollar amounts, failed to such an extent to use the funding authority granted to it by Congress."

Officials of the National Housing Conference said on April 8 that public-housing projects all across the country are being stopped by the White House hold-down on funds.

In San Antonio, Tex., for example, said Housing Conference officials, 987 housing units and apartments for low-income families, elderly people and handicapped persons are caught in the slowdown. Because the housing project is stalled, they say, a 2-million-dollar model-city plan cannot move ahead.

"It is impossible to explain to families awaiting these units that Congress has provided the money, but the Administration is holding it up," said an official of the Housing Conference.

Among many other cities where housing or urban-renewal projects are stalled, according to the National Housing Conference, are Knoxville, Tenn.; Iowa City; Rochester, N. Y.; Houston, Tex.; San Francisco; and Los Angeles.

Senator Allen J. Ellender, chairman of the Senate Appropriations Committee, on March 30, said the President was showing a "complete and utter disregard for the expressed will of Congress."

Senator Ellender also published in "The Congressional Record" a long list of projects from which he said President Nixon was withholding appropriated funds.

On the Ellender list was a hurricane-protection project for New Orleans, with

FEDERAL PROGRAMS CAUGHT IN THE SLOWDOWN

The White House has ordered delays in spending nearly 13 billion dollars of funds appropriated by Congress. Among major programs involved—

Highway building	$6.3 billion
Navy shipbuilding	$957 million
Low-rent public housing	$942 million
Airports, aviation facilities	$862 million
Model cities	$583 million
Foreign aid, military and economic	$415 million
Military construction	$370 million
Farm Credit Administration loans	$260 million
Forest roads and trails	$217 million
Highway safety	$208 million
Water and sewage facilities	$200 million

Source: Office of Management and Budget

PRESIDENT'S "FROZEN FUNDS" —A LONG TRADITION

Amount of congressional appropriations impounded by the White House as of June in each year—

Under Eisenhower

1959	$ 6.9 billion
1960	$ 8.0 billion

Under Kennedy

1961	$ 7.6 billion
1962	$ 6.5 billion
1963	$ 4.5 billion

Under Johnson

1964	$ 4.2 billion
1965	$ 5.6 billion
1966	$ 8.7 billion
1967	$10.6 billion
1968	$ 9.9 billion

Under Nixon

1969	$ 9.6 billion
1970	$11.5 billion
Latest	$12.8 billion

Source: Office of Management and Budget

3 million dollars withheld. Another was an irrigation project for California's Central Valley, with an appropriation of 10 million blocked. The Columbia Basin Project in Washington State, involving about 1.5 million in appropriations, also was on the Ellender list.

Administration stand. Presenting the Administration viewpoint, HUD Secretary George Romney told the Senate Subcommittee on Housing and Urban Affairs that money was being held back because it could not now be used effectively.

Mr. Romney said that about 1.3 billion dollars for urban programs was in budget reserves, but that much of this would be released in the last half of 1971. His explanation:

"I am not going to be a party to throwing federal funds around just because they happen to be available. We are also looking into the possibility of folding any unused funds into the special revenue-sharing pot."

Caspar Weinberger, deputy director of the Office of Management and Budget in the White House, told Congress that it is the duty of the President to regulate the flow of money appropriated by Congress.

"A balance must be struck between bringing inflation under control and meeting other national needs," said Mr. Weinberger. "One way of doing this is by being selective in applying fiscal restraints."

The largest single category of money in the present budget reserve is 5.9 billion dollars in federal aid for highway construction. A White House aide says that releasing large amounts of this money now would be of little help to the States, because many do not have the matching funds on hand that are required to be eligible for federal highway grants.

Roosevelt quoted. Presidential withholding of funds is not new. It goes back at least to Franklin Roosevelt, according to Mr. Weinberger. He said that Mr. Roosevelt, in a 1942 letter to a congressional leader, said that "the mere fact that Congress by the appropriation process has made available specified sums for the various programs and functions of the Government is not a mandate that such ffinds must be fully expended."

The chart on this page shows that Presidents Eisenhower, Kennedy and Johnson impounded large amounts of appropriated funds. But the 11.5 billion dollars held back by President Nixon in 1970 was larger than the amount in any year under the three previous Presidents. The 12.8 billion on hand as of February, 1971, probably will be drawn down to about the 1970 level by the end of June, budget officials say.

Mr. Nixon's withholding of funds, however, has been smaller when measured as a percentage of total spending than the sums impounded in some years of previous Administrations. The 1970 reserve was 5.8 per cent of Government outlays for the year.

The amount held back by President Johnson in 1967 was 6.7 per cent of the total spending in 1967 and President Eisenhower's withholding was 8.7 per cent of 1960 outlays.

Political implications of the dispute between President Nixon and Congress are seen as far-reaching. "The Washington Post" stated on April 5:

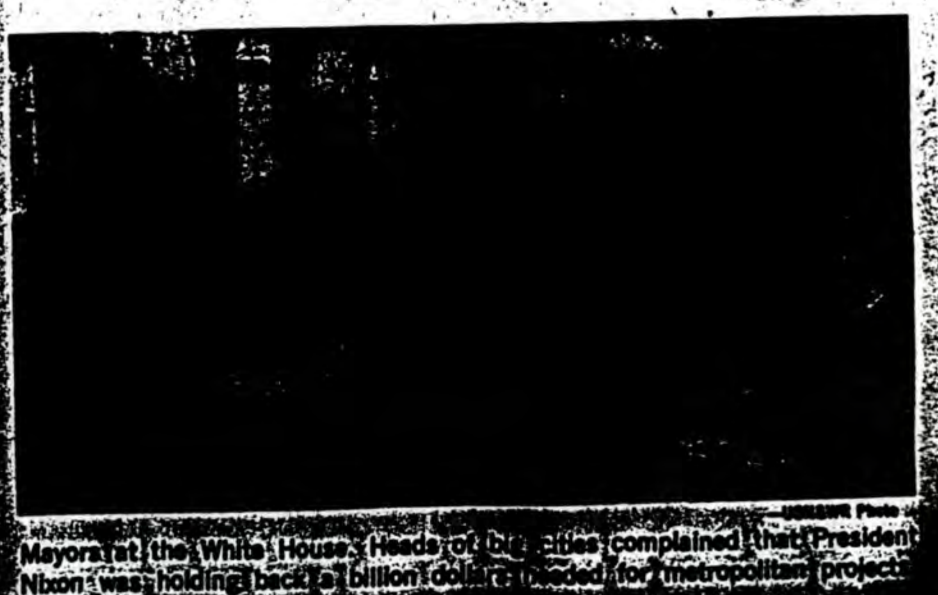
"Some critics . . . hint the Administration is holding back the money as bait for congressional enactment of revenue sharing or as a slush fund to pump up the economy in 1972 and help reelect Mr. Nixon on a wave of full employment."

Hints of loosening. By the end of the first full week in April, there were indications that Democratic complaints probably would bring some thawing of frozen funds. A White House aide said that sizable amounts of the budget reserve probably would be turned loose in the weeks ahead.

This official said that the spending slowdown was making it more difficult for President Nixon to win approval of his program from a Congress controlled by Democrats.

But the basic issue of who controls the Government's purse strings remains unresolved, and many in Congress are determined to bring it to a showdown. Said a Republican Senator, Charles McC. Mathias, Jr., of Maryland:

"The power of the purse—the power of Congress to determine the expenditure of public money . . . must be preserved if we are to preserve the fundamental balance between the legislative and executive branches."



—USN&WR Photo

Mayors at the White House: Heads of big cities complained that President Nixon was holding back a billion dollars needed for metropolitan projects

CONGRESS
AND THE
NATION

VOLUME II

1965 - 1968

A Review of Government and Politics

Published by

CONGRESSIONAL QUARTERLY SERVICE
1735 K Street, N.W. Washington, D.C., 20006

Federal Finances and the Gross National Product

(in billions of dollars)

Fiscal year	Gross national product	Budget Receipts		Budget outlays (expenditures and net lending): Total		Budget outlays: Budget expenditures (excludes net lending)	
		Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP
1954	$362.1	$69.9	19.3%	$71.1	19.6%	( )	( )
1955	378.6	65.5	17.3	68.5	18.1	( )	( )
1956	409.4	74.6	18.2	70.5	17.2	(1)	(1)
1957	431.3	80.0	18.5	76.7	17.8	(1)	(1)
1958	440.3	79.6	18.1	82.6	18.8	$81.0	18.4%
1959	469.1	79.2	16.9	92.1	19.6	89.5	19.1
1960	495.2	92.5	18.7	92.2	18.6	90.3	18.2
1961	506.5	94.4	18.6	97.8	19.3	96.6	19.1
1962	542.1	99.7	18.4	106.8	19.7	104.5	19.3
1963	573.4	106.6	18.6	111.3	19.4	111.5	19.4
1964	612.2	112.7	18.4	118.6	19.4	118.0	19.3
1965	654.2	116.8	17.9	118.4	18.1	117.2	17.9
1966	720.7	130.9	18.2	134.7	18.7	130.8	18.2
1967	766.5	149.6	19.5	158.4	20.7	153.3	20.0
1968	822.6	153.7	18.7	178.9	21.7	172.8	21.0

[1] Not available

SOURCE: BUREAU OF THE BUDGET

spending substantially in excess of the amount that Government officials and private economists believed the nation's economy—already under inflationary pressures—could absorb. Numerous public statements by the President criticizing the threatened additions resulted in Senate and House cutbacks which produced appropriation totals slightly under the Administration's final requests. However, Congress increased the amounts for new obligational authority beyond the President's requests. NOA, which generally includes appropriations but also includes other forms of authority for the Government to enter into obligations that will require expenditures sooner or later, are considered significant in estimating future federal spending plans.

The emphasis which Mr. Johnson placed on his fiscal 1967 Budget was basically different than that put on his fiscal 1966 Budget a year earlier. In the fiscal 1966 document, the President stressed health, education and welfare spending and de-emphasized defense expenditures. The expanded U.S. participation in Vietnam foreclosed this approach for fiscal 1967. The effect of rising defense costs was evident throughout the Budget. In numerous tables, figures were added to indicate what the Budget would have totaled in the absence of the Vietnam war costs. The Budget costs directly attributable to the war were estimated at $10.5 billion in 1967 (although Mr. Johnson's last Budget, sent to Congress in 1969, placed fiscal 1967 war costs at more than $20 billion).

Congress passed 15 appropriation bills providing $130,281,568,480 compared to requests of $131,164,926,586.

The increasing pinch on Government finances resulting from the war gave new impetus to Republicans and conservative Democrats to cut spending in other areas of the Budget. Attempting to reduce federal spending, particularly for domestic social programs, was nothing new for Congressional conservatives. But the financial pressures from the war were new and gave them an unexcelled opportunity to achieve their goals. Their efforts in 1966 were to lead in 1968 to enactment of a bill making a mandatory $6-billion cut in federal expenditures. The struggle in Congress over expenditures reductions was to dominate much of the last three years of Lyndon Johnson's Presidency and was to be the major Congressional controversy (save for the war itself) from mid-1967 until the following summer.

For 1966, however, Republicans were generally unsuccessful; they failed in their attempts to amend seven of the fiscal 1967 appropriation bills to limit spending in the agencies covered by each bill to 95 percent of the amounts estimated in the President's Budget. Six of these amendments were offered in the House by GOP Appropriation Committee members; the seventh was offered by a Republican who was not on that Committee. On the closest roll-call vote on the proposals, the GOP lost by 49 votes.

Efficient course elements

As President Clinton begins working with Congress, he should both reach out to work cooperatively and strike out for real reforms to make government work better.

Mr. Nice Guy will seek to enact family leave, health reform and economic legislation fast. Mr. Tough Guy can push four simple but long-overdue measures.

First, *stop congressional funding of pork-barrel projects.* Like Presidents Reagan and Bush, Mr. Clinton supported a line-item veto. "I strongly support the line-item veto because I think it's one of the most powerful weapons we could use in our fight against out of control deficit spending," he said. Mr. Clinton had such explicit authority as governor of Arkansas, as do 42 other governors.

Yet a constitutional amendment would be time-consuming and difficult. Good government means getting things done in the simplest way, not necessarily the neatest.

The simplest way here is to repeal the Budget Act of 1974, part of the backlash to the Watergate scandal. This legislative move would reinstate the president's authority to "impound" funds, in essence not to spend congressionally appropriated monies.

As the Heritage Foundation points out, even big-spender Lyndon Johnson used this traditional presidential power to cut 6.7 percent of all federal spending in 1967 — which translates now into nearly $100 billion, practically one-third of this year's deficit.

Second, *restrict executive testimony to congressional committees with a quorum present.* This would save top-level time and effort, besides adding to the sanity of his top team.

It is ridiculous that, on an ordinary day in which Congress is in session it holds more than 60 hearings in its 250 committees and subcommittees.

Defense Department witnesses alone average 14 hours of testimony each congressional day. Worse yet, before appearing, each official sinks around one work-week of personal and staff time to prepare.

I remember testifying before the Senate Intelligence Committee in closed session years ago. To hear about arms control verification — a hot topic then — were two senators at the table and 17 staffers lining the wall. While that's understandable — given how each member must scurry between his three or four committees holding hearings simultaneously — it's still ridiculous.

Administration officials have better things to do than to testify before staff. If they like that kind of thing, they can always go off and teach at the Kennedy School of Government at Harvard.

To halt this hearing proliferation, Mr. Clinton could simply instruct his team, and inform the Congress, that they will not begin or continue testifying before any congressional body that lacks a quorum.

Mr. Clinton could explain it easily: If a majority of committee members aren't interested enough to show up at a hearing, the scheduled official should return to his or her office and work. If, as usually happens, a majority walks out during an on-going hearing, then that session ends for the day. It can be rescheduled and reheld, but only if the majority comes and stays.

Third, *put a price tag on every congressionally-mandated report or letter.* On top of a crushing load of testimony are the mountains of paperwork Congress now generates.

This, along with congressional staff and offices, has mushroomed. In 1970, Congress mandated only 36 reports from the Pentagon. By 1990, it was 861 — an increase of 2,400 percent.

As then-Defense Secretary Dick Cheney documented, the average such report consumes 1,000 work-hours and costs the taxpayer some $50,000 to prepare. An avalanche of letters from the Hill to the Pentagon, some 450 each day, adds to this burden.

Mr. Clinton could simply instruct that the first paragraph of each report or letter indicate how much of our money went into the exercise. Lawyers, accountants — all professionals — cost out their services for clients. Why shouldn't administration officials do likewise to Congress?

Fourth, *order a quarterly report on "the state of the Congress."* Vice President Al Gore, as president of the Senate, could thereby track congressional progress on key legislation and list congressional resources doing the work.

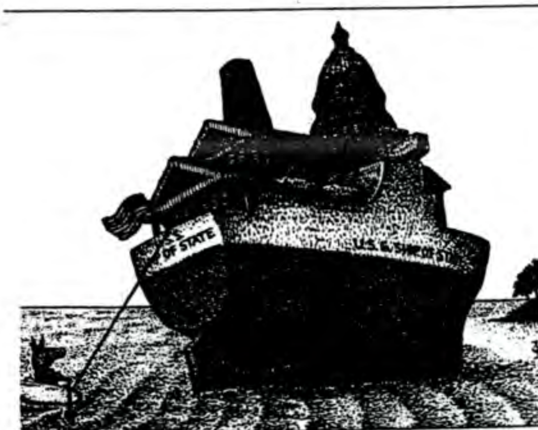


Illustration by Kevin Kreneck/Ft. Worth Star-Telegram/Special to The Washington Times

It's frightening enough to present Congress' small progress and big costs. For the Congress now employs some 20,000 professional staffers, three times the number in the mid-1970s. Expert Milton Gwirtzman figured that Congress' staff has grown six times faster than the U.S. population at large since 1970.

Mr. Gore could also report how Congress appropriates $1 billion to run itself — some six times more than the cost-of-living has increased since 1946.

And how Congress now has 250 committees and subcommittees — 12 different subcommittees on international economics alone. And how some 100 attendants work in the Senate parking garage. He could mention that 1,200 Capitol Hill police now stalk the grounds and that there are more House and Senate doorkeepers (72) than there are doors to keep.

If gutsy, he could chastise Congress for exempting itself from the ethical, civil rights, sexual harassment and other requirements it so nobly enacts for executive officials.

When James Madison wrote in the Federalist Papers of "the tendency to aggrandizement of the legislative at the expense of other departments," he was speaking of power.

Madison could never have imagined Congress' "aggrandizement" of the executive's time and energy, to say nothing of our wallets.

Ken Adelman is a nationally syndicated columnist.

The Washington Times
2/3/93

M E M O R A N D U M

TO: ~~JOHN PODESTA~~
FROM: PAUL BEGALA
RE: ~~PRESIDENT NIXON~~
DATE: MARCH 1, 1993

93 MAR 1 P1:42

A friend of former President Nixon called me to say that Nixon has written the President a letter and not received a reply. Nixon would very much like to talk with the President about his recent trip to Russia, and his thoughts on the new republics of Eastern Europe and the former Soviet Union.

I do know that Nixon spoke well of the President while he was in Russia, and the President expressed an interest in talking to him while we were flying to Seattle.

He spoke to him

3-4-93 JDP

Howard Porter

Someone should
visit w/ her —
she wants to be well I think
BC

THE PRESIDENT HAS SEEN

Clinton Urges Young to Heed Call to Service

THE NEW YORK TIMES P.3

New Brunswick, N.J. — President Clinton outlined a plan Monday for a national service program for college students that would combine broad ambitions, high ideals and a modest beginning.

The program, which would begin with a 1,000-student pilot project this summer and expand to 100,000 by 1997, would allow students to help pay off their tuition debts by working as teachers or police officers or with the homeless.

Speaking to a wildly enthusiastic Rutgers University audience on the 32nd anniversary of President Kennedy's founding of the Peace Corps, Clinton called on young Americans to "answer the call to service" at home with the same spirit that an earlier generation answered Kennedy's call for service abroad.

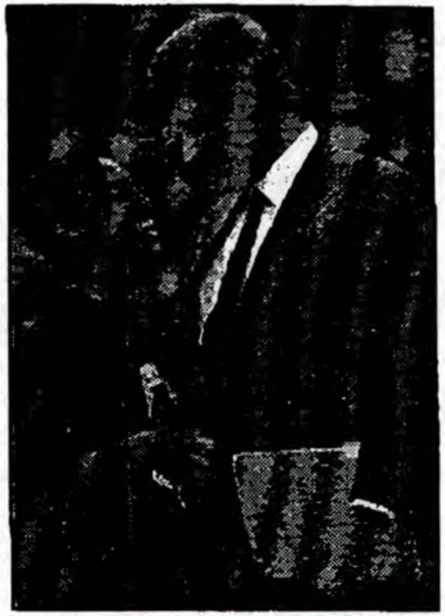
But reflecting some of the economic constraints that Kennedy did not have to worry about, Clinton insisted he was not proposing the creation of another "entitlement" program. He vowed that his initiative could be built around state and local institutions and would not require establishment of a costly federal bureaucracy.

But he did not explain how, as the details are being worked out by his advisers.

The president declared that in return for tuition loans, "we'll ask you to help our police forces across the nation, training members for a new police corps that will walk beats and work with neighborhoods and build the kind of community ties that will prevent crime from happening in the first place; we'll ask young people to work to help control pollution and recycle waste, to paint darkened buildings and clean up neighborhoods, to work with senior citizens and combat homelessness and help children in trouble."

After his speech, the president ducked into the men's locker room and taped an interview on national service with Tabitha Soren of MTV for broadcast late Monday night.

Clinton said his program would begin with a $15 million, eight-week "Summer of Service" program for roughly 1,000 disadvantaged teens.



THE ASSOCIATED PRESS

PLAN OUTLINED: President Clinton talks with freshman Nikia Tomlinson at Rutgers University.

OWH 3-2-93a 1-20

Lawmaker: Too Much Being Asked of Farmers

BY DAVID C. BEEDER
WORLD-HERALD BUREAU P.3

Washington — Rep. Jill Long, D-Ind., who heads the bipartisan, 110-member Congressional Rural Caucus, said Monday that farmers are being asked to contribute too much to President Clinton's deficit-reduction plan.

"I would like more of the cuts to come from some other area," she said at a press conference. "I think the package should be fairly balanced."

Rep. Long, who holds the House seat once occupied by former Vice President Dan Quayle, said she hadn't decided where cuts could be made to replace the cuts proposed in farm programs.

"There would have to be cuts in agriculture in order to be credible," she said.

Clinton's proposals for reducing the deficit over the next four years include an estimated $8 billion in combined spending cuts and user fees for Department of Agriculture programs.

Rep. Long said the Congressional Rural Caucus will concentrate on proposing legislation to make rural areas more attractive to industry through investments in water supplies and sewers.

Bereuter: Ag Spending Cuts Could Weaken Trade Talks

WORLD-HERALD BUREAU P.3

Washington — Rep. Doug Bereuter, R-Neb., said Monday that President Clinton's proposed cuts in spending for agriculture could weaken the United States in trade negotiations with the European Community.

Bereuter said the 12-nation EC spends more per farmer in agricultural subsidies than the United States does.

"We need to be extremely careful not to hamper one of the United States' most competitive industries," Bereuter said. "Our large agricultural trade surplus translates into hundreds of thousands of jobs, from agricultural producers to food processors to truckers and shippers."

Bereuter said the United States reported a $19 billion trade surplus last year in agricultural exports.

Exon Sees Personnel Cut If Osprey to Fly

WORLD-HERALD BUREAU P.3

Washington — Sen. J.J. Exon, D-Neb., said Monday on ABC-TV that development of the V-22 Osprey helicopter at a cost of more than $20 billion would require deep cuts in spending for Defense Department personnel.

Exon said: "We are going to have to reduce significantly, give pink slips to a lot of people in the military right now. I think that would be extremely unwise."

President Clinton has not announced his Defense Department budget yet but has indicated he will propose more than $80 billion in defense spending reductions over four years.

* Debt vs Deficit

Boren/Exon -> cuts

Ag ~~[illegible]~~ Deal

Ethanol
Methanol
Coal-Coking

Dig too deep

03/04/93

GS

Don't forget
to crow out
the Credit Crunch
announcement
by Treasury

BC

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 03/04/93

TO: LEON PANETTA

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

The attached has been forwarded
to the President.

THE WHITE HOUSE
WASHINGTON

Chron

DATE: 03/04/93

NOTE FOR: ROBERT RUBIN
HOWARD PASTER
LAURA TYSON
LEON PANETTA

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

Information ☒

Action ☐

Thank you.

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

cc:

THE WHITE HOUSE
WASHINGTON

March 3, 1993

MR. PRESIDENT:

Attached is an information memo from Laura Tyson on R&D subsidies and the commercial aircraft industry. We are circulating FYI copies of this memo to relevant senior staff at the same time we forward it to you.

Todd Stern

Laura

THE PRESIDENT HAS SEEN

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON, D.C. 20500

THE CHAIRMAN

THE PRESIDENT HAS SEEN

93 MAR 3 P5:34

March 3, 1993

This is very good memo. (I think leaders of our ec team should read this. – and when the [illegible] is forced [illegible] give them [illegible]

MEMORANDUM FOR THE PRESIDENT

FROM: LAURA TYSON Laura Tyson

SUBJECT: R&D Subsidies and the Commercial Aircraft Industry

The first part of this memorandum summarizes pros and cons on the general issue of government support for research and development. The second part summarizes pros and cons on the particular issues of R&D subsidies for the aircraft industry. The third part makes recommendations on how we should deal with the challenge of Airbus subsidies.

PUBLIC SUBSIDIES FOR RESEARCH AND DEVELOPMENT

PRO

- A significant portion of productivity growth in the post World War II period can be attributed to technological advancement. Research and development is an important source of technological progress.

- Left to themselves businesses may not generate adequate spending on research and development.

  - The first reason is the "appropriability" problem. An innovative company may fail to invest in R&D for fear that it will not capture all the returns from that effort. Even with patent and copyright protection, it is difficult to prevent other businesses from imitating these efforts.

  - A second reason is risk. R&D on new technologies can have a high payoff, but it can also fail, resulting in large losses. Large companies may be able to spread this risk over many projects. Smaller companies may be unwilling to take on risky projects. The desire to spread risk explains the increasing support for joint ventures, and changes in the antitrust laws to ease the establishment of joint ventures.

- o What the United States produces and trades matters. That is, particular technology-intensive industries generate positive benefits for the overall economy. These are industries that form the basis for a high-wage, high-skill economy and their technological advances affect the rate of progress in other industries. Because there are inherent cost advantages to being first to develop technology-intensive products, government subsidies may be appropriate to insure that the U.S. captures the economic benefits of these industries vis-a-vis other nations.

- o Defense conversion will free up many engineers and scientists. In the long run they will be absorbed by the private sector. Shifting public expenditures from military to civilian research could jump start this process.

CON

- o Trying to generate a technological lead over other nations is very difficult. Many of the benefits from a science and engineering base are easily appropriable by foreign enterprises and through multinational firms.

- o What are the critical technologies that are appropriate for targeting? Certainly, they include "generic" technologies that are difficult to protect through patents or copyrights. Beyond this, however, little is known. The critical technology lists of most nations, including the United States, are remarkably similar and encompass a wide range of industries and technologies.

- o Investments in generic technologies can become expensive boondoggles. The choice of who receives government subsidies can easily become subject to interest group politics rather than to objective cost-benefit tests.

- o Choosing technologies for support is an inherently risky and uncertain process. Try as they might, neither public nor private investors will always pick winners. But the government can be cheered by the fact that the social benefits to funding research appear to be so great as to provide a substantial margin for error.

- o The U.S. high technology sector is booming. The United States now has a record $35 billion trade surplus in advanced technology products. On the other hand, the United States has lost global market share in a large number of high-technology industries, including computers, telecommunications, and aerospace.

R&D SUBSIDIES IN THE AIRCRAFT INDUSTRY

PRO

- The characteristics of the industry are such that to develop a new commercial jet, the up front R&D expenditure is huge. One study shows that such expenditure is $4 to $6 billion. At the same time, however, there is great technological uncertainty associated with the development of a new aircraft. Unexpected defects are often discovered in test flights. The high risk and high R&D cost may lead to insufficient R&D activities compared to the level that is optimal from the viewpoint of the whole economy. A research and development subsidy would increase the level of R&D activities.

- The aircraft industry has made major contributions to the American economy in the form of high-wage and high-skill jobs, R&D support and exports throughout the postwar period. The continued vitality of the industry depends on continued innovations and development of new jets. As the industry is negatively affected by the shrinking of the defense budget, a research and development subsidy for developing commercial rather than military aircraft will help maintain the competitiveness of the industry.

- Although there is some disagreement among economists about whether European subsidies to Airbus have benefitted Europe, there is widespread agreement that they have harmed U.S. economic interests in the commercial aircraft industry. This leaves open the question of how we should respond to these subsidies. In general, an offsetting subsidy would be preferable to a trade policy action that results in barriers to trade in aircraft. Because between 60 and 70 percent of the world aircraft market is outside the United States, a subsidy will be a more effective response to EC support for Airbus than a countervailing duty. A subsidy can improve the American industry's export capability relative to Airbus, but a countervailing duty may lead to retaliation by Europe and reduced sales by American producers in European markets.

- Development subsidies in the current Airbus agreement are capped at 33 percent of total development costs for a new aircraft. Use of a domestic development subsidy below that level would be consistent with the current Airbus agreement and would not require its renegotiation with the EC.

CON

- o A large R&D subsidy to the aircraft industry has budgetary implications. To stay within our budgetary caps, other programs would need to be cut, or taxes would have to be raised. Any subsidy to the aircraft industry may also be seen to be subsidizing rich corporations and high-wage workers out of the pocket of the average citizens.

- o There is no guarantee that a development subsidy would generate more innovations. Given the uncertain nature of the development process, it is also difficult to condition any subsidy on required future performance of the companies receiving government support. It is possible that the net result may only be a transfer of funds from the taxpayers to the industry.

A SUGGESTED POSITION ON THE AIRBUS DISPUTE AT THIS POINT IN TIME

It took the United States more than a decade of negotiating to get the Europeans to sign the 1992 bilateral deal capping subsidies for future aircraft development and precluding production subsidies and sales inducements in the aircraft industry. Although U.S. negotiators were forced to compromise by accepting a more generous cap than they originally sought, they nonetheless realized much of what the United States wanted in terms of conditions on subsidy repayments and transparency and monitoring mechanisms. Overall, the 1992 agreement is a noteworthy accomplishment and a major improvement over the previous 1979 GATT agreement on civil aircraft.

I believe that it is inadvisable to suggest to the Europeans that we have reservations about the 1992 agreement or that we wish to renegotiate it. I do not believe that we will be able to get a better agreement, and in the absence of any agreement at all, we are likely to see larger European development subsidies on the next family of jumbo aircraft later this decade.

The current problems of Boeing are largely the result of a cyclical slowdown in the demand for commercial aircraft, domestic airline deregulation and excess supply in the global aircraft industry. Certainly, the long history of Airbus subsidies has trimmed Boeing's (and McDonnell-Douglas's) market share and contributed to the global glut, but there is little we can do to reverse the damage that has already been done. Our challenge instead is to limit further damaging subsidies in the future--something which the 1992 agreement does--and to make sure that the Europeans abide by the agreement while we take advantage of the flexibility and scope it offers us to subsidize our own producers.

With these objectives in mind, I support our decision to call for consultations with the Europeans, as allowed by the 1992 agreement, to make sure that it is being enforced and to address industry concerns that have arisen about the terms of recent

Airbus leasing deals with American carriers. If the Europeans are found to be in compliance with the 1992 agreement and with their other GATT and OECD obligations vis-a-vis the commercial aircraft industry, then we should express our support for the 1992 agreement and these other multilateral rules. We should also cooperate with the Europeans to encourage other signatories to the 1979 GATT agreement on civil aircraft to sign on to the 1992 agreement as well. Finally, at home we should consider possible options for addressing the short-run and long-run problems confronting both our aircraft and airline industries.

THE WHITE HOUSE
WASHINGTON

DATE: 3/3

NOTE FOR: Mack, Bruce Lindsey

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

Information ☐
Action ☑

Thank you.

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

cc:

THE PRESIDENT HAS SEEN
3/3/93

STATE OF GEORGIA

OFFICE OF THE GOVERNOR

ATLANTA 30334-0900

Zell Miller
GOVERNOR

Mack

we need to talk to him

B

F A X   T R A N S M I T T A L   S H E E T

DATE: 2/26/93

TO: Rahm Emanuel

FROM: Keith Mason

OFFICE NO.: 404/651-7715

FAX NUMBER: 656-5948

NO. OF PAGES (include this page in count)

COMMENTS: Per our telephone conversation. Let's continue the dialogue. I will let you know what I find out on our little project.

Please call if you do not receive number of pages indicated above.

Knight-Ridder Tribune

Sen. Sam Nunn (left), who got into the swing as Bill Clinton and Al Gore campaigned in Georgia last year, has distanced himself from some of Mr. Clinton's actions as president.

Cool the liberalism, Nunn urging Clinton

By Mike Christensen
WASHINGTON BUREAU

Washington — Sen. Sam Nunn seems to have [illegible] his role in the Clinton administration as the president's conservative conscience.

After challenging Mr. Clinton on lifting the ban against gays in the military and winning the delay he wanted, the Georgia Democrat has expressed serious reservations over the president's economic plan.

Mr. Nunn thinks the White House should cut government spending and vigorously attack the budget deficit before trying to raise taxes or stimulate the economy with fresh programs. "The castor oil," he says, "before the cookies."

As chairman of the Senate Armed Services Committee, Mr. Nunn thinks the president may be trying to bring down defense spending more than is healthy. Of particular concern: whether a federal pay freeze will include active-duty military personnel.

Such reservations are common among conservative Democrats, who are crucial to congressional approval of Mr. Clinton's plan. They are the reason party leaders have decided to vote on a budget resolution, setting overall spending limits, before taking up the stimulus package this spring.

But Mr. Nunn's influence in the Senate, particularly on defense issues, his past association with Mr. Clinton and his willingness to challenge the new president have made him a pivotal figure in the growing debate over the economic plan.

"There are lots of other Democrats in Congress who have objections to parts of Clinton's plan who are keeping those objections to themselves," said Stephen Hess, a political analyst with the Brookings Institution. "Sam Nunn is not choosing to do that."

In this most political of towns, some surmise that Mr. Nunn wants to be more closely consulted by the White House, that he wants to be "massaged" politically. Others think he harbors a grudge against Mr. Clinton for not appointing him secretary of state.

The real motive is probably more straightforward. He just thinks that on some aspects of the economic plan, Mr. Clinton is wrong, and he is saying so.

"Sam Nunn is a very principled person; he says just what he believes," said Al From, who has worked closely with Mr. Nunn and Mr. Clinton as director of the Democratic Leadership Council, a moderate-to-conservative Democratic group.

It was in that council that the two Southerners helped draft a more moderate agenda for their party, a platform for winning the White House with a "new kind of Democrat."

Mr. Nunn believes deeply in that agenda, Mr. From said.

Last year, Mr. Nunn drew on DLC ideas for a report by a Center for Strategic and International Studies commission he led with Sen. Pete Domenici of New Mexico, the ranking Republican on the Senate Budget Committee.

Among key recommendations: a cap on the growth of entitlement programs such as Medicare, Medicaid, pensions and farm subsidies, a gradual reduction in defense spending over 10 years and eliminating "lower priority" programs such as the NASA space station, transit subsidies and grants earmarked for highways and housing projects.

In an interview this week, Mr. Nunn said that several times he has told Mr. Clinton he should take a longer-range approach to reducing the deficit and that controlling entitlements must be central to reducing the deficit.

"That's what Nunn-Domenici would have done, what we tried to do last year," he said. "Without that, you still aren't solving the problem."

Nunn's conservative ways

Highlights of his legislative career:

- ▶ Elected: 1972
- ▶ Present position: Chairman, Senate Armed Services Committee
- ▶ Military buildup: Supported and even boosted the military buildup started by President Jimmy Carter in 1979 and vastly increased by Ronald Reagan in 1981
- ▶ Star wars: Supported Mr. Reagan's Strategic Defense Initiative and the B-2 Stealth bomber
- ▶ Arms control: Challenged the Reagan administration's 1987 interpretation of the Anti-Ballistic Missile Treaty, an interpretation that allowed for extensive SDI development
- ▶ Stopped Tower: Opposed President George Bush's nomination of John Tower as defense secretary in 1989
- ▶ Desert Storm: Supported Mr. Bush's 1990 deployment of troops in Saudi Arabia, but led the opposition in the Senate to a resolution that authorized military force in Operation Desert Storm
- ▶ Gays and military: Challenged President Clinton's plan to lift the ban on gays in the military

Some up at Clinto slowness filling jol

NEW YORK TIMES

Washington — Son net officers and other Clinton administration pressing frustration v time-consuming efforts White House to add dive influence selections for ernment posts.

To fill 290 top jobs s Senate confirmation, Mr has so far submitted just nominations. That is on half the pace of Jimmy Ca Ronald Reagan in the fir their presidencies, a slightly better than that o Bush, who had far fewe cies to fill because he many Reagan officials in

At most departments, no backup to step in if a cial is away or taken ill curred this week when Secretary Les Aspin wa talized with heart proble

With 21 announc Tuesday, the White Hou to blunt criticism by ide more officials the presid nominate to top jobs. But nouncements were not nominations, and official may be weeks before ground checks are cor and the names go to the S

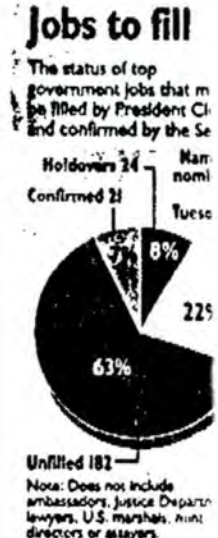
To fill the void, top off the State Department, the gon, the Treasury and o partments have quietly t temporary employees or tants many of the people ed to be named to top pos

The administration sa 2 that Terrence Duverna of the Georgia Housing nance Authority, would deputy secretary of Hous Urban Development. E nomination has not yet Capitol Hill.

Staff writer Mark Silk co ed to this report

Jobs to fill

The status of top government jobs that m be filled by President Cl and confirmed by the Se



Note: Does not include ambassadors, Justice Departm lawyers, U.S. marshals, mint directors or assayers.
Source: The New York Times

Jeff Eller -

Here's one for you to answer

John Podesta 3.4.93

Brian & Susan Piedfort
416 Minute Men Road
Virginia Beach, VA 23462-2230
March 4, 1993

Dear Mr. President,

I have an idea that might make submitting ideas/recommendations to you and the Vice President much easier and faster for many people. I suggest establishing an e-mail account for you and the Vice President on some of the public information services such as CompuServe or American Online (AOL).

There are literally hundreds of thousands of people who use these types of services regularly and I'm positive an account on CompuServe or AOL would encourage many users to submit ideas because of it's speed and ease of use. And an Internet address would make you accessible to even more users (most commercial services allow e-mail to/from the Internet). I know that on many occasions I would have sent in a suggestion if it were only easier and more direct.

I hope to see you on line soon. Keep charging.

Sincerely yours,

Brian Piedfort

CompuServe: 71477,2646
AOL: BPiedfort
Internet: 71477.2646@compuserve.com

THE WHITE HOUSE
WASHINGTON

March 4, 1993

mark Gearan
~~John~~,

Our friend in the OMB Legislative Reference Division, Ron Peterson, called yesterday with a question. He said he'd heard that Mack had instructed all EPA testimony to be routed through Christine Varney for staffing. This obviously isn't the way testimony has been handled by OMB and, from Peterson's perspective, could get a confusing two-track system going. Peterson wants to know whether he heard correctly; and if so, whether this only goes for EPA testimony or for all testimony.

TDS
Todd

CHRON

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 3/4

NOTE FOR: The V.P., Mack, Marcia Hale
Susan Brophy

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 THE WHITE HOUSE

WASHINGTON

Mack/Geo
fyi - more rigor
B

March 4, 1993

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: Susan Brophy

SUBJECT: Request For A Meeting With You From Senators Feinstein and Boxer

I. SUMMARY

Senator Feinstein had a meeting yesterday with Larry Smith, a deputy to Secretary Les Aspin. Smith did not share the list of base closures with Feinstein, nevertheless, based on the conversation, she left the meeting with great concern about the future of California military facilities and has requested a meeting with you and Senator Boxer for Friday.

II. DISCUSSION

This is obviously a very sensitive political matter. However, Howard and I believe that this request should be denied until we have better control of the process and understand where the political minefields exist. It is our expectation that Senator Feinstein will attempt to call you directly to make this pitch when she is told that her request cannot be honored at this time.

We recommend that you not return her call and we will deal with Senators Feinstein and Boxer at this time.

CHRON

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 3/4

NOTE FOR: Howard

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

THE WHITE HOUSE

WASHINGTON

93 MAR 2 P5:52

March 2, 1993

RECOMMENDED TELEPHONE CALL

Don

TO:	Senator Robert C. Byrd
DATE:	March 2, 1993
RECOMMENDED BY:	Steve Ricchetti
PURPOSE:	To thank the Senator for his support of your position on Unemployment Insurance.
BACKGROUND:	In the Democratic Caucus lunch today, Senator Byrd spoke forcefully and eloquently in support of your position on Unemployment Insurance.

Although Caucus meetings are closed and confidential, we received word from the Hill that he was particularly strong in advocating our view.

You sent a letter today to Senate Majority Leader Mitchell stating as your position, that you were "strongly opposed to any substantive amendments to S. 382, including offsetting amendments or ones that would increase the costs of the bill."

This position was criticized this afternoon on the Floor by Senator Packwood and others who argued that it violated the pay-as-you-go provisions of the 1990 Budget Agreement.

TOPICS OF DISCUSSION:

1. Explain to the Senator that you've heard word from the Hill that he spoke both eloquently and persuasively on behalf of the Administration's position on Unemployment Insurance.

2. Thank the Senator for his support.

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

DATE OF SUBMISSION: March 2, 1993

ACTION: ____

____

____

THE PRESIDENT HAS SEEN

ok

THE WHITE HOUSE

WASHINGTON

93 FEB 25 P1:22

February 25, 1993

RECOMMENDED TELEPHONE CALL

TO: Chairman Bill Natcher
225-3501 or 225-3508

DATE: Within the next three days.

RECOMMENDED BY: Howard Paster HP

PURPOSE: To thank him for the manner that he is handling the Appropriations process.

BACKGROUND: As Chairman of the House Appropriations Committee, Representative Natcher's support is integral to the success of the President's economic package. He has been extremely cooperative to date, moving quickly to help the President. Then, just as nicely, he agreed to slow down and wait for the budget resolution. At all times, he told the Committee not to change the plan.

CONTACT PERSON: Dianne Rihely, Administrative Assistant to Chairman Natcher

DATE OF SUBMISSION: February 25, 1993

ACTION:

THE WHITE HOUSE
WASHINGTON

DATE: 3/4/93

TO: REGINA MONTOYA

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

I NEED TO HAVE THOSE GOVERNORS' LETTERS TODAY.

THE PRESIDENT HAS SEEN
3/3/93

March 3, 1993

The President
The White House
Washington, DC

Dear Mr. President:

The undersigned state treasurers, as individuals, support your economic plan. We believe it is a fair and balance plan to reduce the deficit, provide a stimulus to the economy, and encourage investment that will make us more competitive in the global economy.

Mary Ellen Withrow	Ohio
Name	State
Kathi Gilmore	North Dakota
Name	State
[illegible]	Washington
Name	State
Michael L. Fitzgerald	IOWA
Name	State
Bob Holden	MISSOURI
Name	State
Marshall Bennett	Mississippi
Name	State
Sally Thompson	Kansas
Name	State
Lucille Maurer	Maryland
Name	State
Michael A. McGrath	Minnesota
Name	State
Larrie Bailey	W. Va.
Name	State

Name	State
Paul Ruse	Vermont
Steve Adams	Tennessee
Dawn Rockey	Nebraska
Gregory N. Rattler (First Assistant Treasurer)	Louisiana
[illegible]	Virginia
Samuel Cu[illegible]	NEW JERSEY
[illegible]	[illegible]
Maria Day-Marshall	Washington, D.C.
Catherine Baker Knoll	Pennsylvania
Patrick Quinn	Illinois
Jimmie Lou Fisher	Arkansas
Sam Shapiro	MAINE
Kathleen Moore	California

To ~~Inte~~ Intergovernmental

THE PRESIDENT HAS SEEN
03.03.93

Shld do
Thanks reply
to Treasurer
with request to
keep pushing
for Cong passage

B

93 MAR 3 P4:43

THE WHITE HOUSE
WASHINGTON

DATE: 3/4/93

TO: THE VICE PRESIDENT
MACK McLARTY

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

The attached has been forwarded to the President.

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

March 3, 1993

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

Re: Status Report on World Trade Center Disaster

Dear Mr. President:

On March 1, 1993, the Small Business Administration (SBA), received a letter from New York Governor Mario Cuomo requesting SBA's Economic Injury Disaster Loans (EIDL) for small businesses adversely impacted by the explosion which occurred on Friday, February 27, 1993.

As the Acting Administrator, I approved the request for EIDLs for small businesses that do not have credit elsewhere available and have suffered substantial economic injury in this case. The loans will have terms of 4% interest, up to 30 year repayment schedule and up to $500,000, depending on the circumstances of each applicant. The EIDLs do not merely cover lost income or profits. They cover expenses that the business could normally cover, but cannot as a direct result of the disaster.

From what we understand, the major problem will arise from the small retail establishments in the concourse and the towers. The concourse is open, but because the towers and the hotel are closed, traffic on the concourse is virtually nil. Obviously, the disruption may be protracted, but the filing period will remain open for 9 months from the declaration. At the same time, the New York Port Authority is offering immediate low interest, one-year loans to World Trade Center tenants apparently based on their security deposits. These can serve as "bridge" loans to assist the small businesses while they determine the extent of their damage and prepare SBA applications and we process them.

SBA has set up a disaster office on the concourse of the World Trade Center. The office will open tonight with a meeting to which affected small businesses have been invited. We will explain the program, the application process, meet one on one with interested businesses and hand out applications. The office will be open from 9 a.m. to 6 p.m. Monday through Saturday, at least through March 13, 1993.

Staff members from our Disaster Program will be in attendance at a meeting tonight at 7:00 p.m. in New York with state and city officials to discuss the Administration's role through the SBA in this matter. A followup report will be submitted to you tomorrow.

Sincerely,

Dayton J. Watkins

Dayton J. Watkins
Acting Administrator

3/3/93

John:

For your approval. Your edits are attached.

Thanks.

Jeff Riley

Jeff -
Have these been
thru the First Lady's
office. If yes,
O.K.
JDP
3.3.93

YP -27 CONGRATULATIONS ON HIGH SCHOOL GRADUATION

THE WHITE HOUSE

WASHINGTON

March 1, 1993

Mr. John M. Doe
Title
Organization
Business Adr1
Business Adr2
Business City, BState BZip-BZip9

Dear John:

Congratulations on your high school graduation! Whether you enter college, vocational school, an apprenticeship program, or the work force, you have already accomplished something important by finishing high school.

I am proud of you. The future is yours, and I am hard at work to help make it a bright one. I challenge you to use your skills and dreams to help change America.

Best wishes on all your future endeavors.

Sincerely,

(03/01/93)

THE WHITE HOUSE

WASHINGTON

March 3, 1993

Mr. John M. Doe
Title
Organization
Business Adr1
Business Adr2
Business City, BState BZip-BZip9

Dear John:

Thank you for writing to express your views on the reform of our nation's health care system.

As a first step in responding to the demands of millions of Americans for health care reform, I formed the President's Task Force on National Health Care Reform. The Task Force's goals are to coordinate policy development at the federal, state and local levels, listen to the views of interested citizens and prepare comprehensive health care reform legislation.

It is time for America's health care system to make sense. We must bring costs under control and offer quality coverage to every American. No family should face bankruptcy when a parent or child becomes ill or disabled.

Your support will be invaluable as we proceed with the complex task of reforming our health care system. I appreciate your thoughts and encouragement.

Sincerely,

(03/02/93)

P-402A CON APPOINTMENT OF FIRST LADY AS HEAD OF HEALTH CARE TASK FORCE

THE WHITE HOUSE

WASHINGTON

March 3, 1993

Mr. John M. Doe
Title
Organization
Business Adr1
Business Adr2
Business City, BState BZip-BZip9

Dear John:

Thank you for sharing with me your concerns regarding my appointment of the First Lady as Chair of the President's Task Force on National Health Care Reform. I appreciate your candor.

Hillary is a respected attorney with a demonstrated commitment to service and a long record of success in public policy. She chaired the Arkansas Education Standards Committee, which in 1984 created public school accreditation standards that have become a model for national reform. In 1984 and 1985, she served as my designee on the Southern Regional Task Force on Infant Mortality.

Hillary has served on the board of the Arkansas Children's Hospital, where she helped to establish the state's first neonatal unit. She also helped to establish the Arkansas Home Instruction Program. This innovative program trains parents to work with their children to better prepare children for school.

In response to the demands of millions of Americans, I have made health care reform one of my highest priorities. We must bring costs under control and provide every American with access to high quality care. To this end, I formed the Task Force to coordinate policy development, listen to the views of interested citizens and develop legislation for health care reform.

I am grateful that someone of Hillary's ability and experience is willing to contribute her time and energy to the health care reform effort.

Sincerely,

(03/02/93)

P-402 PRO APPOINTMENT OF FIRST LADY AS HEAD OF HEALTH CARE TASK FORCE

THE WHITE HOUSE

WASHINGTON

March 3, 1993

Mr. John M. Doe
Title
Organization
Business Adr1
Business Adr2
Business City, BState BZip-BZip9

Dear John:

Thank you for your letter supporting my appointment of the First Lady as Chair of the President's Task Force on National Health Care Reform.

Hillary is a respected attorney with a demonstrated commitment to service and a long record of success in public policy. She chaired the Arkansas Education Standards Committee, which in 1984 created public school accreditation standards that have become a model for national reform. In 1984 and 1985, she served as my designee on the Southern Regional Task Force on Infant Mortality.

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I am grateful that someone of Hillary's ability and experience is willing to contribute her time and energy to the health care reform effort, and I appreciate your expression of support for her.

Sincerely,

(03/021/93)

THE WHITE HOUSE

WASHINGTON

March 3, 1993

Mr. John M. Doe
Title
Organization
Business Adr1
Business Adr2
Business City, BState BZip-BZip9

Dear John:

Thank you for writing to express your concerns regarding the reform of our nation's health care system.

As a first step in responding to the demands of millions of Americans for health care reform, I formed the President's Task Force on National Health Care Reform. The Task Force's goals are to coordinate policy development at the federal, state and local levels, listen to the views of interested citizens and prepare comprehensive health care reform legislation.

It is time for America's health care system to make sense. We must bring costs under control and offer quality coverage to every American. No family should face bankruptcy when a parent or child becomes ill or disabled.

A reform of this magnitude will be complex. I assure you that we will approach this task with great care and urgency. I welcome your ideas.

Sincerely,

(03/03/93)

THE PRESIDENT HAS SEEN

ECONOMY

Tracking the Economy — February 22, 1993

The economy in the fourth quarter of 1992 grew at its fastest rate in four years, but many economists say revised data will show the gains were even better than originally estimated.

The government initially estimated that the gross domestic product expanded at a 3.8% annual rate in the fourth period, the best since a 3.9% rate in the fourth quarter of 1988.

Analysts now say more detailed data from the fourth quarter, including higher consumption, exports and inventories, portray an economy that grew even faster.

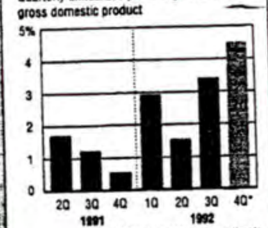
Brian Jones, a senior economist at Salomon Brothers, estimates a Commerce Department report due out this week will show the economy actually grew at a 5.5% rate in the fourth quarter, which would be the best since 5.9% in the fourth quarter of 1987.

"It will be a hell of a lot stronger than it has been in a long time," Mr. Jones said. "Consumption will be revised up. And the net export deficit will be a lot narrower," he said.

—Alan Yonan Jr.

Stronger Growth?

Quarterly annualized percentage change in gross domestic product



*Revised consensus estimate

Statistics to Be Released This Week

ECONOMIC INDICATOR	PERIOD	RELEASE DATE	PREVIOUS ACTUAL	TECHNICAL DATA CONSENSUS FORECAST
Consumer Confidence	February	Feb. 23	77.0	77.0
Durable Goods	January	Feb. 24	+8.7%	-3.0%
New-Car Sales (ann. rate)	Mid February	Feb. 24	6.4 million	6.4 million
Money Supply: M1	Week to Feb. 15	Feb. 25	–$4.5 billion	No change
Money Supply: M2	Week to Feb. 15	Feb. 25	–$4.0 billion	–$1.0 billion
Money Supply: M3	Week to Feb. 15	Feb. 25	+$10.9 billion	+$0.4 billion
Initial Jobless Claims	Week to Feb. 13	Feb. 25	321,000	330,000
Gross Domestic Product	4th quarter	Feb. 26	+3.4%	+4.5%

Statistics Released Last Week

Housing Starts (ann. rate) January	1.192 million −7.2%	Industrial Production January	+0.4%
Consumer Price Index January	+0.5%	Capacity Utilization January	79.5%

Source: Technical Data

Mack/Bob R

I'm concerned about this —

THE WALL STREET JOURNAL.
2/22/93

Clinton Taps Phil Lader For Post in Budget Office

By a WALL STREET JOURNAL *Staff Reporter*

WASHINGTON – Phil Lader, founder of the "Renaissance Weekend" seminars in South Carolina that drew Bill Clinton and Hillary Rodham Clinton, among others, was nominated to be deputy director of the White House budget office for management matters.

Mr. Lader, 46 years old, has been president of Bond University in Queensland, Australia, for the past year. Formerly the head of a company that operates and develops recreational facilities, Mr. Lader was an unsuccessful candidate for governor of South Carolina in 1986.

Separately, Leslie B. Samuels, as expected, was nominated to be assistant Treasury secretary for tax policy, the Treasury's top tax post. Mr. Samuels, 50, is a partner at Clearly, Gottlieb, Stein & Hamilton in New York.

Treasury Secretary Lloyd Bentsen had some difficulty filling the important tax policy post, in part because new ethics rules limit the appointee's postgovernment practice of tax law and because some candidates were concerned that Mr. Bentsen already had decided whom to pick for subordinate tax posts in the Treasury.

The nominations of Messrs. Lader and Samuels must be confirmed by the Senate.

Mr. Bentsen also appointed Edward S. Knight, 42, a partner at Akin, Gump, Strauss, Hauer & Feld in Washington, to be executive secretary and senior adviser.

Public Ire Over Tax Plan Fueled by Tangled Tables

By a WALL STREET JOURNAL *Staff Reporter*

WASHINGTON – President Clinton's attempt to document that his tax plan would hit the rich much harder than the middle class is producing unexpected confusion and unjustified anger toward the president's plan.

On television and radio talk shows, and in telephone calls to reporters, taxpayers are asserting that Mr. Clinton proposes to subject to income taxes such items as interest on tax-exempt bonds, employer-provided fringe benefits, welfare benefits and even an estimate of the rent saved when one owns a house. Mr. Clinton isn't making any such proposal.

The confusion is caused by tables released by the Treasury that show how much families in various income categories would pay in extra taxes under the president's proposals. To make such analyses, the Treasury's economists have for years used something they call "family economic income," a theoretical concept that does include all sorts of income that doesn't show up on tax returns.

The Treasury economists' definition of "family economic income" has no effect whatsoever on what income the government actually taxes.

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PHOTOCOPY PRESERVATION

THE WHITE HOUSE
WASHINGTON

DATE: 03/03/93

NOTE FOR: MACK MCLARTY

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

Information ☒ XX

Action ☐

Thank you.

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

cc:

THE WHITE HOUSE
WASHINGTON

March 3, 1993

MR. PRESIDENT:

Mack asked that this be forwarded to you.

John Podesta

agree w/ Dean

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

THE PRESIDENT HAS SEEN
03.03.93

MAR 2 1993

MEMORANDUM TO: THE CHIEF OF STAFF

FROM: MICHAEL KANTOR

SUBJECT: THE PRESIDENT'S ROLE IN NAFTA/LEGISLATIVE STRATEGY

I appreciate Howard's concerns regarding the President's schedule and the importance of his message on Capitol Hill regarding the Budget Resolution. I agree with delaying the President's direct involvement in NAFTA consultations on the Hill until the latter part of March. In the meantime, we will continue our consultations with the Hill, including my testimony next week before the Senate Finance Committee and the House Ways and Means Committee, as well as extensive staff-level contacts.

cc: Howard Paster

Mar. 2/93

Mickey -

Helpful, But NAFTA is critical as you so well know.

Keep me posted as you progress.

You have our full support.

Mack

cc: Potus
Howard
Bob Rubin

THE PRESIDENT HAS SEEN

3-3-93

Much Fyi

U.S. Hispanics Flex Political Muscles As Mexico Lobbies for Nafta Support

By DIANNA SOLIS

Staff Reporter of THE WALL STREET JOURNAL

MEXICO CITY – The Mexican government's courtship of Mexican-Americans on its all-important North American Free Trade Agreement is meeting resistance.

Despite millions spent by the government lobbying Mexican-Americans to support the agreement, which would link the economies of Mexico, the U.S. and Canada into a huge trade bloc, a coalition of U.S. Hispanic groups has set some big-ticket terms of its own in return for its support.

The coalition, which includes elements ranging from civil-rights groups to Hispanic chambers of commerce, says the U.S. and Mexico need to commit $10.3 billion over the next decade to build up roads, ports and other trade infrastructure, and to protect the environment. An additional $6 billion should be spent by the U.S. in job training for displaced workers, many of whom would be Mexican-Americans, the group says in a recent position paper.

"We know that economic integration is inevitable," says Antonio Gonzalez, a project director with the Southwest Voter Registration and Education Project in Los Angeles. But he adds, "We think the current pact is tilted too far toward big business interests."

Yes

The Mexican government reacted swiftly to the position paper by the coalition, which holds a strategy meeting next week in Washington. Herminio Blanco, Mexico's chief Nafta negotiator, called one Hispanic leader shortly after the paper's release last month, to express concern that the group could sink the pact, says a Mexican source.

As part of its lobbying effort, Mexico's free-market reformer, President Carlos Salinas de Gortari, last week gave the country's prestigious Aztec Eagle medal to two Mexican-American leaders. The medal has been given since 1933 to noncitizens for sympathies shown toward Mexicans. Such recipients would have been unthinkable in past years, because Mexicans traditionally have viewed Mexican-Americans as having forsaken their impoverished homeland for capitalistic U.S. comforts.

Before the ceremony, President Salinas took the winners aside and compared Nafta to a Christmas tree so loaded with decorations "that it falls over from its own weight," says Raul Yzaguirre, an honoree and president of the National Council of La Raza, an umbrella organization of Hispanic social-service groups.

Mr. Yzaguirre says he supports Nafta, "but pretty much down the lines of what President Clinton wants—with protections for [American] workers and environmental concerns."

While many Mexican-Americans worry about Nafta-related job losses among low-wage factory workers, the debate has also provided plenty of political opportunity. "U.S. Latinos are desperate for a political issue that gives them *palancas*, or levers, on both sides of the border," says Alex Saragoza, of the University of California. Moreover, says Dr. Saragoza, Nafta "fulfills a dream they've had for a long time . . . to be like the Jewish lobby in the U.S. for Israel."

But such an ethnic lobby must deal with divided opinions regarding certain Mexican issues, analysts note. The position paper sidesteps criticisms of Mexico's political democracy and its human-rights record. But it does urge formation of a trinational commission to work toward liberalizing migration between the three countries, a stand that is at odds with the Mexican government, which has avoided the sensitive issue for fear of hurting Nafta's chances of passage in the U.S. "Immigration is really the paramount linkage between the United States and Mexico," says Mr. Gonzalez, "more so than trade and foreign investment flows."

Privately, though, Mexican officials say foreign investment, not immigration, is the crucial concern – and they add it's a point that U.S. Hispanics often miss. Foreign investment declined 16% last year from a record 1991 level. And more foreign investment is needed to cover the gaping current-account deficit, which is estimated at $22 billion for 1992.

THE WALL STREET JOURNAL
3/3/93

65

THE PRESIDENT HAS SEEN
3.3.93

The Call to National Service

President Clinton struck a chord of idealism and commitment when he called for a new generation of Americans to renew and repair the country block by block in a national service program. His proposal could also provide welcome help to public service groups that have labored in anonymity for years.

But spirited as it was, Mr. Clinton's speech at Rutgers University this week was distressingly short on crucial details. The plan requires careful fleshing out if it is to succeed.

Mr. Clinton announced two elements of the plan this week. The first is a "Summer of Service" in which 1,000 teen-agers will work on education, health, public safety and environmental projects. The summer workers will be given minimum-wage stipends and a post-service benefit of $1,000, to be applied to education or training. This could be a useful start toward productive lives for the participants.

The second provision allows students, mostly in college, to pay off tuition debts by working to help police, control pollution, clean up neighborhoods and perform other public service jobs. Students would fill community service jobs for a set number of years, working off part or all of their tuition, for either college or certified technical training. This program would begin at 25,000 students and grow to 100,000 in four years.

Wisely, Mr. Clinton says he will not create a mammoth Federal bureaucracy but will instead build around state and local projects that have already proved successful. That's a good idea, provided Federal intervention doesn't disrupt valuable local programs.

A key long-term question is cost. The program will start small, costing $7.4 billion over four years. But a full-scale program open to virtually all college students would require careful analysis to assure that the educational benefits and the jobs performed were worth the taxpayer investment.

Another key question is who will participate. Mr. Clinton mentioned City Year, a racially integrated program in Boston, and is considering YouthBuild, one that deals mainly with black dropouts from inner cities. He was wise to consider both. Many fear that his initiative will turn into an entitlement program for middle-class college students, omitting the poor. That would be unfortunate. To the inner-city poor, service and contact with the cultural mainstream often make the difference between survival and oblivion.

Mr. Clinton made a promising start with his speech on Monday. The country awaits the details.

Economy Grows, Food Stamps Rise

What's with the United States economy?

It grew at a 5 percent clip at the end of last year. But an unusually large number of the unemployed have been permanently laid off and have no job to reclaim as the economy recovers. Consumer confidence is high. But the number of people collecting food stamps — 26.6 million, more than 10 percent of the population — has reached record numbers.

A safe conclusion is that the economy continues to recover, but too slowly to bring down unemployment much. That's why President Clinton's call for a short-term stimulus package still makes sense.

Growth during the last three months of 1992 was fast-paced. But judging from data released during the last week, the economy slacked off after December. Adjusted for inflation, consumer spending — the usual engine of recovery — fell in January; so did construction and home sales. And the Government's chief forecasting index rose just one-tenth of 1 percent in January.

Persistent unemployment explains why food stamp use has risen to an all-time high. The two million workers who have been unemployed for more than half a year are exhausting their life savings, thereby becoming eligible for food stamps.

Critics of the President's plan, not all of them Republicans, say Mr. Clinton should junk his stimulus program because it's unnecessary and delays cutting the deficit. Their case is unpersuasive. The President's $30 billion package is too small to harm the economy even if it picks up steam on its own.

Indeed, Mr. Clinton could easily justify a package at least twice as large as the one he actually proposed. But at least he's heading in the right direction. The stimulus will offset some of the recessionary impact of the tax hikes and spending cuts he proposes to cut the long-term deficit.

There's another reason to support Mr. Clinton's stimulus package. For the most part, the components are designed to spur long-term growth. The money would be spent on mass transit, education of poor children, childhood immunizations, youth training, environmental research and other worthy projects. Mr. Clinton decided to accelerate spending on the projects just in case the economy needed an extra nudge this year and next. Based on confusing data, that's a wise insurance policy.

The New York Times
3/3/93

Howard Paster
Good argument
for the stimulus
Perhaps you can use
B.

THE WHITE HOUSE
WASHINGTON

DATE: 3/3/93

NOTE FOR: CHRISTINE VARNEY FOR SECRETARY BENTSEN

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

Information ☒X

Action ☐

Please dispatch to Secretary Bentsen.

Thank you.

Thank you.

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

cc:

THE PRESIDENT HAS SEEN
3/3/93

THE SECRETARY OF THE TREASURY
WASHINGTON

93 MAR 2 P4:52

March 2, 1993

Lloyd - well done - you did the best possible under the circumstances. Thanks

MEMORANDUM FOR THE PRESIDENT

FROM: Lloyd M. Bentsen LMB

SUBJECT: Report on the G-7 Meeting

Alan Greenspan, Larry Summers, and I had a useful, informal exchange in London with the G-7. Your economic program and the international economic strategy outlined in your American University speech were received with genuine enthusiasm. You have brought new credibility to our participation in the policy coordination process, which should serve our interests well over the coming months and years.

Economic Growth

Apart from the enthusiasm about the United States, we had a discouraging discussion on the world economic outlook.

The Europeans were profoundly pessimistic about their own situation. Chancellor Lamont, who chaired the meeting, said that the long anticipated turn in European economic conditions had finally come, but the turn was down rather than up. The key remains Germany and the Bundesbank's willingness to lower interest rates. Waigel said he expects progress on a fiscal program very soon. That should eventually help lay the basis for further easing by the Bundesbank. We will continue to work privately with the Europeans to encourage the Bundesbank to ease. Your meeting with Mitterand will provide an opportunity to urge the French, who share our objectives, to continue to push for further reductions in German interest rates.

With support from the Europeans, we encouraged the Japanese to take measures to stimulate domestic demand and reduce its external surplus. Minister Hayashi was unwilling to engage in any discussion of further fiscal stimulus. Japan was characteristically both optimistic and unpersuasive about the strength of its economy. We plan to press the Ministry of Finance hard on the need to have a substantial supplemental budget in place by the time of the Summit. I hope you will be able to take advantage of your meeting with Prime Minister Miyazawa in April to reinforce that objective.

Trade and the Uruguay Round

We did not have a detailed discussion on the Uruguay Round. The others welcomed the balanced but open message in your speech. They are pleased by your commitment to seek an extension of fast track authority for the Uruguay Round. With the possible exception of the French, the Europeans favor a short extension.

Russia

My colleagues around the table shared our sense of urgency about the crisis in Russia. They were all discouraged by the limited effectiveness of the Western assistance strategy thus far. And there was some concern that we were likely to fail regardless of what we attempt. The Germans made it clear that they have born too great a fiscal burden to contemplate substantial additional amounts of assistance.

On the debt issue, the French chair of the Paris Club (the informal group of official creditors) said he felt the current deal was at a "dead end." I made it clear that we could not accept an arrangement that would be seen as unacceptable by the Ukraine. There was a sense that more work at the technical level was needed, but we had no serious discussion on specific strategies to resolve the debt crisis.

It was clear to me that the rest of the G-7 look to us to chart the path forward on Russian assistance. The Finance Ministers are very concerned with understanding the U.S. position on IMF and World Bank support for reform and the resolution of the debt issue. I know that my staff will be working with Strobe Talbott to develop a more effective U.S. and multilateral approach.

We need to move quickly to finalize our own position so that we have time to build the support from our major allies necessary to leverage our assistance.

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 3/3

NOTE FOR: Tony Lake

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

Information ☑

Action ☐

You received previously, but will you provide to Strobe Talbot?

Thank you.

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

[redacted]

cc:

To Tony Lake cc Wharton B

THE PRESIDENT HAS SEEN
3/3/93

Robert Litan and Lex Rieffel

To Russia, With Advisers

The United States is skimping on the kind of assistance that can make the biggest difference to Russia: people.

Attention has rightly been focused for the past year on getting Russia to adopt sound economic policies. Now more than ever, money growth must be curbed to prevent galloping inflation from turning post-Communist Russia into Weimar Germany. If this can be accomplished, the West must be ready to help Russia with financial assistance—such as the $24 billion package proposed by the G-7 last year—to help cushion the pain of the temporary unemployment that would follow.

But two years of reform in Eastern Europe show that getting sound macropolicies is the easy half of creating a new economic system. The tough half is creating the vast web of public and private institutions that support a market economy, and showing individuals how to consume, produce, save and invest in this new environment.

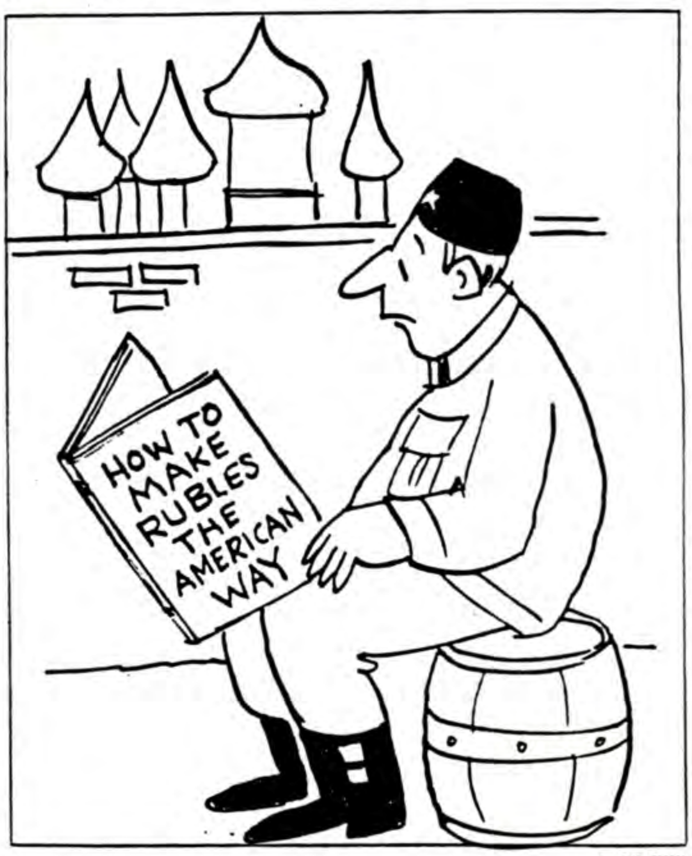
On our trips to Russia we have looked at a small but critical piece of this web: the banking system. Russia has plenty of banks—perhaps too many. But the old bankers don't know how to evaluate the risks of lending to private-sector borrowers or how to attract deposits without losing money. Thousands of banks have been created since 1988, but most are just new channels of financing for old state enterprises. As far as we can tell, few if any of the banks are being supervised effectively.

The basic solution—technical assistance—is widely accepted by the aid community. Technical assistance has been the hallmark of U.S. assistance to Eastern Europe and the former Soviet Union for the past two years. Three-fifths ($160 million) of the roughly $370 million of assistance appropriated for Eastern Europe last year went for technical assistance. For the former Soviet Union, $235 million was allocated for technical assistance, while $390 million went for food aid and $175 million for medical aid.

This level of effort won't make much difference. The scale is too small and the target too broad. In the 1950s and '60s, the United States provided literally thousands of advisers to South Korea to help that country recover from war and build a viable economy. South Korea had 25 million people then, compared with Russia's 150 million now. And it already had most of the basic legal and institutional structure of a market economy in place.

Making a difference in Russia will require a more ambitious and targeted approach. We recommend five steps:

- **Shift the emphasis from short-term to long-term advisers, and work toward placing 500 of them in Russia by the end of this year and another 1,000 next year.** Experts who fly in for a week are easier to find, less expensive to support and a necessary complement to long-term advisers in many situations. But experts who are language-proficient and remain for a year or more are what's needed to bring about lasting changes. They can identify effective counterparts more quickly and adapt recommendations to rapidly evolving circumstances.
- **Fight the tendency to scatter experts across many sectors, from education to urban planning.** Priority should be given to economic bottlenecks such as energy, agriculture and banking. Many advisers should go into newly created private companies, but don't shortchange the public-sector agencies. Americans are more likely than advisers from Europe or Japan to be successful in reorienting these agencies to encourage private-sector growth.
- **Let the big multilateral agencies such as the International Monetary Fund, the World Bank and the European Bank concentrate on Moscow.** American advisers will have a bigger impact if they are located closer to the action—in the cities and large towns outside Moscow.
- **Make maximum use of volunteers to help keep costs down.** There are about 100 Peace Corps volunteers in Russia already, but there are many more Americans eager to go who already speak Russian. The International Executive Service Corps is sending retired businessmen, mostly for shorter periods. A new program should be developed to tap the large pool of Americans willing to go for a year or more but needing more money than the Peace Corps can pay.
- **Prominent government, business and academic leaders all over the world have been educated at U.S. universities.** The economic success of several Asian countries owes much to U.S. training. Indeed, the biggest return on our aid dollars over the years may have come from sponsoring study in the United States. For $25 million, we could train a thousand Russians for a year. It's hard to imagine a better investment.



BY ENGLEMAN

Is this enough to make a difference? Probably not. To measurably accelerate the transformation to a market economy, other industrial countries will need to match expanded U.S. efforts. We may not have to browbeat them. If they see a strong U.S. program taking shape, they may push ahead to make sure they aren't left out.

Can we afford a large-scale technical assistance program? If we stay in the old ruts, perhaps not. There is, for example, an energetic constituency that wants to use scarce budget dollars to sell or give surplus farm commodities to Russia. The subsidy on a $1 billion grain program (roughly half the size of our sales in FY 1992) could amount to more than $500 million. That would buy a lot of experts—even more if provided as matching grants for private-sector experts.

Would the Russians accept such a big program? This is a more serious question than one might expect. Numerous plans to place American advisers in Russia remain on hold because Russian officials have been unable to produce formal requests. President Clinton should raise the issue the next time he talks to Boris Yeltsin.

Robert Litan is a senior fellow and Lex Rieffel is a guest scholar at the Brookings Institution.

The Washington Post
3/2/93

59

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 3/3

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:

THE PRESIDENT HAS SEEN
3/3/93

MEMORANDUM

To: The President

From: Mack McLarty

Date: March 1, 1993

Re: Follow-up of our morning visit

1. I placed a call to Stuart Gerson and had a very good visit with him regarding the Waco situation. He fully concurred with your philosophy regarding this matter and assured me that no significant action would be taken without White House approval. He cannot have been more gracious and professional in his response and manner.

2. I had a lengthly visit with Lloyd Bentsen and he clearly is on top of the situation in Waco. I am attaching a memorandum for your perusal which provides significant information regarding the current and ongoing situation. Lloyd has visited again with Ann Richards and has this situation as well in hand as one can have it given the unpredictable nature of the people involved. Lloyd will not make any statements to the press although he had already issued a statement expressing condolences to the families of the AFTB personnel who were killed.

3. In that regard, the Treasury flags will be flown at half-mast which is consistent with policies and precedent. Additionally, Roger Altman will be leaving for Waco this afternoon and will visit with the family members and those who were wounded in the incident.

4. Roger personally contacted Mr. Canter in New York. Mr. Canter appreciated our personal follow-up although the story was a bit different than the one you related to me. It seems Mr. Canter wants us to override the Port Authorities and let his personnel back in the Trade Center. It's Roger's recommendation and I fully concur that we simply can't do that. The problem is that Canter has no temporary backup system as many of the brokerage firms have in place for this type of emergency. However, no trades were lost. He may have some opportunities lost but it should not be a serious problem. Additionally, Roger visited in detail with Jerry Corigan, head of the New York Fed and there has been no disruption of the bond market - in fact the bond market was up today which is, of course, continuing good news.

agree

5. I have talked with John White who is most positive about a meeting with Ross Perot and I have a call in to Ross to arrange a meeting per Mickey Kantor's visit with him. John was quite disturbed that he was misquoted in the paper this morning regarding the definition of investment and assured me his commentary was positive but that was not sufficiently reported in the article. Given his past attitude and prompt responsiveness, I think he is still a very good friend and supporter and we should keep him in our camp unless you see it differently.

agree

6. Finally, Mickey Kantor had one of his regular visits with Bob Strauss today and during the course of their chat, Strauss related that he was going to have dinner with Nixon Thursday evening. In light of your thoughts about talking to President Nixon, I really think it would be wise for you to call Strauss if not this evening at least by tomorrow. He has mentioned several times that he hopes you will seek his counsel from time to time and I think this would be a good call particularly given the wide path that Strauss cuts in Washington and beyond.

I will

I believe this completes the follow-up for the day. I wanted to give this to you in written form since Donna and I are invited to have dinner with Elizabeth Drew and several other reporters this evening. While it's a nice gesture, I must admit my stomach is churning, but I will try not to embarrass us.

See you in the morning.

P.S.: You were splendid at Rutgers, as usual. At this rate, your hitting streak may be longer than Joe DeMaggio's.

Potts

Per our discussion, [illegible] ~~[illegible]~~ forward to Lloyd [illegible] [illegible]

NOTE TO Mack McLarty

FROM Ed Knight
Executive Secretary

Per Secretay Bentsen's request, enclosed is a memo concerning the ATF operation at Waco, Texas.

cc: John Podista

March 1, 1993

LB

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY BENTSEN

SUBJECT: ATF OPERATION RE: BRANCH DAVIDIAN, WACO, TX

CURRENT STATUS

o Yesterday, February 28, 1993, agents of the Bureau of Alcohol, Tobacco and Firearms attempted to serve search and arrest warrants on Vernon Wayne Howell, a.k.a. David Koresh, at his compound outside Waco, Texas. Members of the religious cult, of which Mr. Howell is the leader, responded with gunfire resulting in the deaths of four ATF agents and injuries to 14 other agents. Two of the injured agents are still in critical condition at local hospitals.

o Currently Federal agents, including a hostage rescue team from the Federal Bureau of Investigation, are surrounding the compound. Late yesterday evening Howell agreed to release minor children in exchange for a promise that his message would be broadcast over a local radio station. He subsequently released six children.

o The advance unit of the FBI hostage rescue team arrived yesterday evening, February 28th. The FBI has determined that it is a situation requiring the expertise of the hostage rescue team. At 8:30 this morning, all law enforcement agencies are scheduled to meet and it is expected that the FBI will be given operational control of the situation and will work with the close cooperation of ATF and the U.S. Marshal special operations group. The military has sent eight Bradley vehicles from Fort Hood, Texas which are intended to provide defensive support, and will not be operated by military personnel.

o Officials on the scene report that Howell is believed to be injured and weakening. FBI negotiators are attempting to persuade Howell to surrender peacefully.

BACKGROUND ON CULT

o The Branch Davidian Seventh-Day Adventists is a religious cult that occupies a 70-acre compound near Waco, Texas. The leader of the apocalyptic group, Vernon Wayne Howell, a.k.a. David Koresh, has a history of violence and has been acquitted of attempted murder in the past. Howell believes that "...he was the "Messenger" from God, that the world was coming to an end, and that when he "reveals" himself the riots in Los Angeles would pale in comparison to what was going to happen in Waco, Texas." The cult is not associated with the Seventh-Day Adventist Church.

ALLEGED VIOLATIONS

o In recent months automatic weapons fire was heard inside the compound, and the Bureau of Alcohol, Tobacco and Firearms (ATF) determined that the United Parcel Service had delivered to the cult enough firearms parts to convert 200 semi-automatic rifles to fully automatic submachine guns. Among the deliveries were shipments from three persons who were subjects of ATF investigations for firearms violations. ATF also determined that there was a large quantity of explosives at the cult compound.

o Possession of fully automatic firearms and explosives without a specific federal license is a violation of law. In this case, ATF was additionally concerned with the potential of this group to use its firearms and explosives for violent purposes. According to ATF, Vernon Howell, the leader of the cult, was in the past involved in assault on members of a rival religious cult.

NECESSITY FOR ACTION

o ATF had evidence that the cult had violated federal firearms and explosives control laws. Because of Howell's history of violence and credible reports that he was preparing to use these firearms, ATF officials decided to execute search and arrest warrants at the compound.

o Given that an undercover agent had informed ATF that Howell had been tricked into leaving the compound once and would never willingly leave again, ATF concluded it was necessary to execute its search warrant.

PREPARATION FOR ACTION

o This investigation began June 4, 1992. The first briefing paper was received at ATF headquarters on June 19, 1992. The ATF decision to obtain and execute a search warrant was made after consultation with, and approval by, the office of the U.S. Attorney for the Western Judicial District of Texas, and with all senior management of ATF in Washington, including the personal approval of Director, Stephen E. Higgins.

o An initial plan for entering the compound was completed on December 23, 1992. After early January briefings of senior ATF officials, training for the operation was undertaken at Fort McClellan, Alabama, and other locations.

o ATF secured the support of state and local law enforcement authorities, but only in a support role. Additionally, ATF secured support of the Army National Guard to provide an armored vehicle and a medical evacuation helicopter.

o Warrants for the search of the property and arrest of Howell for Federal firearms violations were signed on Friday, February 26, 1993.

o On Friday, February 26, an ATF agent informed Treasury officials that a decision had been made to enter the compound on the morning of Sunday, February 28th.

WHY ACTION WAS TAKEN AT THIS TIME

o An ATF undercover agent who was able to infiltrate the compound learned that at certain times, including Sunday mornings, male members of the cult were segregated from the women and children, and also from the storehouse of firearms. This situation appeared to offer the best opportunity for ATF to enter the compound with minimal risk and to gain control.

o Additionally, ATF learned that the local Waco, Texas newspaper, the **Waco Tribune Herald**, had been researching background on this group, and was preparing a series of articles about the cult and its violations of federal laws. ATF officials believed the series might begin Saturday morning, February 27th, and would cause the cult members to become more aware of a possible law enforcement action. In fact, ATF was advised that the news articles would name individuals who are cooperating with federal authorities. It was believed that the public disclosure of such information would pose a serious risk to those individuals unless the automatic weapons were seized and an arrest effectuated.

o The newspaper series began Saturday morning, February 27th. The undercover agent was able to learn that the only concern expressed by cult members was that the articles would make it harder for the cult to raise funds. At this point, the decision was made to proceed with the operation as scheduled on Sunday morning, between 9:00 - 10:00 a.m.

o The operational plan called for the ATF undercover agent to attend services in the compound on Saturday and on Sunday morning, and to alert agents outside the compound if the location of cult members within the compound did not follow past practice, that is, with male members of the cult congregating in a place separate from the women and children and from the firearms.

o ATF entry into the compound was to be called off if for any reason cult members appeared to be alerted or to deviate in a material way from their past practice for Sunday mornings. As of Sunday morning, ATF had reason to believe that cult members were following their normal practices.

o It subsequently appeared that Mr. Howell had been tipped off about the operation. This information did not become known until ATF was actually under fire by the cult.

Chron

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 3/2

NOTE FOR: MARCIA HALE, HRC, IRA MAGAZINER

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

[redacted]

Information ☐

Action ☑

Re McEntee meeting + ~~[illegible]~~ offer

[redacted]

Thank you.

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

cc:

PRESIDENT CLINTON'S CALL LIST
March 2, 1993

THE PRESIDENT HAS SEEN

Date	Time	Name/Agency	Phone No.	Message
3/1 MONDAY	5:30 pm	Gerald McEntee	202-338-5733 202-429-1100	Please Call
3/2 TUESDAY		Donna Nafe	501-777-6497	
		Quality Inns	777-0777 / H8	
			①	willing to put 3m into selling Health care - grassroots plus main media
				B.
			②	Said wants his meeting - lets set soon

0223CALL.LST

Chron

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 3/3

TO: Paul Begala

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

He talked to
Pres. Nixon

[redacted]

[redacted]