Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 3/3

NOTE FOR: mack, + distribution list

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

Information ☐

Action ☑

[redacted]

Thank you.

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

[redacted]

cc:

[redacted]

THE WHITE HOUSE
WASHINGTON

March 1, 1993

MR. PRESIDENT:

Mack asked that this be forwarded to you. I've sent it to the Vice President, George, Michael Waldman, Howard, and Rahm.

Mack
we need to move on
this issue - I agree w/
most of what he
says - [illegible] [illegible] DNC
poss. of funding
by other avail
as soft $ [illegible]

John Podesta

[redacted]

[redacted]

THE PRESIDENT HAS SEEN
3/3/93

M E M O R A N D U M

TO: PRESIDENT CLINTON

FROM: DAVID L. BOREN

93 MAR 1 P5:48

DATE: MARCH 1,1993

In 1992, the American people sent a powerful message with your election that they want to break the stranglehold that special interest money holds over this city. They are looking to you to make it happen. They want straight talk and action from their leaders.

For the moment, millions of Americans have put on hold their deeply rooted cynicism about Washington D.C. because they are full of hope that you understand what the country needs and will do everything in your power to reform the political system.

The key to political reform is to move a strong campaign finance bill through the Congress that will create real change.

To succeed, I urge you to move forward quickly and aggressively to challenge the entrenched opposition this effort will face from lobbyists and other special interests, as well as from incumbent Members of Congress in both parties.

On the one hand, there is a powerful mandate from the country for real political reform. And majorities in both the House and the Senate are on record both for a new congressional system based on spending limits and clean public campaign resources, and for shutting down the soft money system.

But there is also private fear of change in Congress and resistance to reform. This is a city filled with lobbyists and incumbents who want to hold onto the status quo and are gambling that you won't take them on publicly as they move to protect the current system.

The only chance for success is if you use the presidency to publicly define this issue for the country.

Congress has a huge credibility problem with the American people on this question. It is essential that you do not allow your credibility on the campaign finance issue to be damaged by taking on their baggage or by leaving it to Congress to define what is at issue in this battle and what is needed to clean up the system. That's why I strongly disagree with a quote attributed to a senior White House official in Sunday's New York Times that specifics on campaign finance reform are "not our fight."

I believe that you need to go public very soon with your own strong proposal, one that will resonate with the public and lay down the markers for Congress. And it needs to be stronger than what Congress passed last year.

Your straight talk on the economy had enormous impact on the country and on the Congress. The same kind of straight talk to the country on the campaign finance issue is needed.

Your audience must be the country, not the powers that be in Washington. As you told Congress in your State of the Union, we may not like it but they will be cheering at home.

I recognize that this has been a time of intense focus on the budget and economy. Appropriately so. But there is a great danger in not also moving forward forcefully and quickly on the campaign finance reform legislation. Every day that goes by weakens your hand and plays into the hands of opponents on both sides of the aisle. In the meantime, George Mitchell is moving ahead, with strong support from me and others. It is essential that you not look like you are being left behind. If we do not get this bill on the Senate floor before the end of April, our chances will be greatly reduced.

We need your strong public leadership to pass the kind of the bill the country and the political system need. Obviously, any bill that is weaker than the one we sent to President Bush will not be publicly credible. And last year's bill must be strengthened as you correctly recognized during the campaign.

o **Spending Limits and Public Resources**

great idea

Spending limits are central to reforming the campaign finance system. Because of the Supreme Court's decision in Buckley v. Valeo, spending limits must be tied to public resources for elections. You have already identified the repeal of the tax deduction for lobbying as a way to fund public resources. Americans understand the argument that we are better off using these resources to clean up our campaigns than to subsidize Washington lobbyists. People will also respond positively if we focus the public resources on communicating directly with voters --- such as by providing public communication vouchers. This would fit with your stated goal of opening up the airwaves so that candidates can engage in a dialogue with the voters.

We cannot, however, get away from the fact that to have real reform of the system with spending limits, we must have public resources and we must provide the funding for this system.

In order to provide a fairer system for serious challengers and to cut back on the extraordinary role of private special interest contributions, there need to be significant public resources. That requires some expansion of the level of public

resources presently provided in S. 3. These resources should go to serious candidates whose credibility can be established by raising a threshold amount of small individual contributions.

Republicans leaders on this issue are very vulnerable when they challenge the idea of using public resources to clean up campaigns. Republican presidential candidates have taken $278 million in public funds. The Republican party has taken $32 for their conventions. And individual Republican Members of Congress who oppose spending limits and public resources for campaigns are spending millions of dollars in taxpayer money on the mailing frank -- which is public financing for incumbents only.

o Closing down the soft money system

It is clear that no new system will work-- and no bill will be credible-- unless the soft money system is completely shut down. This issue has been publicly defined and is a litmus test for news reporters, editorial writers, and public interest groups.

There is no other matter in campaign finance reform that I have spent more time listening to Democratic Party leaders, state party chairs, and fellow Members of Congress than the soft money issue. I understand the arguments on this issue, the technical issues involved, and the pressures on you as the head of our party. But I also know that there is no middle ground solution to this problem.

It would be enormously damaging to your ability to reform the political system if efforts were made to back away from last year's provisions in S. 3 to end the soft money system.

Was all Taylor

o PACs and Bundling

It is very important that tough individual and aggregate PAC limits be part of reform legislation. You should call for tougher PAC limits than contained in last year's bill.

It is also essential that you support effective measures to shut down the bundling loophole that is used by PACs and lobbyists to avoid contribution limits.

If this loophole is not closed, for all practical purposes we will not have PAC limits. S. 3 is presently written to protect bundling by EMILY'S List by exempting "non-connected" or ideological PACs. This exempts hundreds of PACs who would be able to bundle millions of dollars in PAC contributions. The exemption also opens the door to the creation of a whole new industry of PACs established for the sole purpose of bundling contributions. The press and interest groups will be publicly scrutinizing this provision. And we will not have real reform with it in.

chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 3/3

NOTE FOR: Bo Cutter

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

Information ☑

Action ☐

[redacted]

Thank you.

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

[redacted]

cc:

THE PRESIDENT HAS SEEN
3/3/93

Regs you will want to save this.

THE WHITE HOUSE

WASHINGTON

February 5, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: BO CUTTER B

SUBJECT: The Economic Program: Framework Decisions (I)

Summary: While our consideration of the program and your decisions are not complete, we now know the major elements with sufficient specificity for you to consider how they should fit together.

- The purpose of this memo, therefore, is:
    - To provide a framework for decision, by
    - Helping you link the overall program to its components, and
    - Isolating the different levels of decisions posed by the program.
    - In addition, I am also indicating what Bob Rubin and I would recommend.

- The main body of this memo discusses the economic program as follows:

    1. The philosophy behind the program.

    2. The program viewed as a whole.

    3. The components of the program:
        - Investment;
        - Spending reductions;
        - Revenue increases.

    4. Concluding Perspectives:

Comment: In the final analysis, of course, the different levels of the program are related to each other, and have to be decided iteratively. But I thought you would find it helpful to see the program, level by level.

1. **The Underlying Philosophy of the Program:** This program represents a fundamental effort to shift our economic course by investing in the future through both the public and private sectors.

   - Investment and deficit reduction are not two different goals but rather different aspects of the same goal: shifting our economic course by investing in both the public and private sectors.

   - Your public sector investment program both raises the absolute level of public sector investment and shifts the composition of the federal budget away from consumption and toward investment:

     - Society receives a direct return from this investment.

   - The deficit reduction program together with the proposed tax incentive are your private sector investment program. This program will (1) begin to turn around the collapse of domestic savings that occurred in the 1980's, (2) reduce our foreign borrowings, (3) lead directly to lower long term interest rates and create growth and jobs: no

     - Since private sector investment is five times public sector investment, any over-all economic effort of ours must attempt to raise investment in the private sector.

2. **The program viewed as a whole:** As Leon said at Camp David the program must be seen as an interlocking whole with mutually reinforcing components. However, the truly controversial issues are associated with the deficit program which is where this memo concentrates.

- Your economic and political advisers all agree that the economic program must include at its core a strong and <u>credible</u> deficit reduction program.

  (A) The problem - of course - is what within the range above constitutes a substantial, credible package and what are the costs.

  (B) Your economic advisers all also agree that the relevant range is the following:

Range	Net (1997) Deficit Reduction	FY 1997 Deficit
High	$145	$212*
Low	$118	$239*

- The analytic and economic issues within the range involve nuances and probabilities.

  (A) In general, the team is in agreement regarding the direction of the short and long term impacts:

* Both of these numbers assume the base line of $356 billion in FY 1997 that has been discussed with you. Others have proposed a baseline of $384. There are arguments both ways and they should be discussed again as part of this process.

2. **The program viewed as a whole (continued):**

- In the short term (1 - 3 years) as the economy moves toward capacity, the deficit reduction program will reduce demand and therefore have a tendency to reduce growth but will also tend to allow long term interest rates to come down stimulating investment and exports. The unknown is to what degree the positive effect will compensate for the negative one. Most of those consulted felt that probabilities were good that the positive would fully compensate the negative, but obviously there is some probability of less compensation and some further probability of substantially inadequate compensation.

- In the longer run (beyond 3 years) when capacity is achieved, the program will, by increasing investment, add to economic capacity and productivity.

(B) There is also general agreement that at its current size, the deficit restricts fiscal policy and continually risks a serious credit market reaction raising interest rates.

(C) The disagreements among the team and others concern the probabilities regarding the short term effects, for example:

- Among your economic team:
    - Treasury and OMB prefer the higher end of the range - i.e. $145 billion.
    - The CEA (and ~~probably~~ Labor and Commerce) would choose the lower end of the range.

- Among others with whom we have spoken:
    - Greenspan believes that a major deficit reduction (above $130) will lead to interest rate changes <u>more than offsetting</u> the demand effects. He therefore believes that the probabilities of the program hurting the economy are low (He also believes that the reality and credibility of the program are more important than the numbers);

2. **The program viewed as a whole (continued):**

- **Charlie Schultze at Brookings believes that the risks are low if (1) a credible program is announced and legislated in 1993; but (2) its impact hits in mid-1994 - allowing interest rates time to adjust; and (3) the year-to-year deficit changes are phased.**

- **Larry Summers believes that the risks of the deficit program noticeably hurting the economy are quite low.**

(D) The various markets - in my view - now expect a major deficit reduction program including some form of energy tax. The financial markets will regard a deficit reduction much below the top end of our range as a disappointment.

(E) The political judgements or concerns to date - I believe - have been more focused on the political significance of the pieces than the totals. I believe that one can arrive at completely different political judgements depending upon whether the focus is upon the whole or the parts.

(F) <u>Conclusion</u>: I believe that the program should be at the higher end of the \$100 to \$145 spectrum and that in designing our message and ensuing follow-up we should consult with Charlie Schultze and other senior economists so that we get the message and timing issues right.

2. **The components of the Program:** The current status of the components is as follows:

Investment	+ $ 50
Reductions (Including Debt Service)	- $113
Sub-Total: Net Spending Reduction	- $ 63
Revenues	- $ 75
Total: (to date)	- $138

- Each of these areas involves difficult decisions; but as you can see there is not much room to maneuver. We do not yet have a deficit reduction program that reaches the $145 billion target.

- We will face an unavoidable issue over the composition of this program because taxes constitute 52 percent of the reductions.

  Not if we stride to the reductions

- As you will see, the deficit level will be driven by a very few major decisions.

- The next sections consider each of these areas.

(A) <u>The Investment Component</u>:

Investment (FY 1997)	$50.4
- Rebuild America	$ 9.7
- Lifelong Learning	$13.5
- Private Sector Incentives	$13.7
- Health Care	$ 7.1
- Rewarding work	$ 6.3

- I will not comment on the specifics of the program. Leon has discussed it with the Cabinet and you have gone over it in detail.

- One issue for you - I suspect - is the program's absolute size. I am aware that you would prefer a larger program, however

  (a) A larger program makes more difficult the task of deficit reduction;

  (b) There is a considerable danger that Congress will reduce <u>any</u> investment program in order to make somewhat easier their own task of deficit reduction;

  (c) There are potential program quality issues involved in increasing the investment programs too rapidly.

- <u>Summary</u>: I recommend that you <u>not</u> increase the program beyond OMB's level.

(B) Spending Reductions - The current status of OMB's efforts is as follows. I would comment that this is a very tough program and it is hard to imagine that OMB will find much more.

Defense Reductions	- $27
Non-Defense Discretionary	- $16
Entitlements	- $56
Total: (including debt service)	- $113

(1) Defense - I will make no detailed comment. The $27 billion is probably as far as Les Aspin can go. It still leaves us, however, with a very large military establishment, and we should anticipate a fight with Congress attempting to soften the impact of the rest of our program by cutting more here.

(2) Non-Defense Discretionary - This number is the net of over sixty program decisions, virtually all of which are difficult. Some of the larger reductions include:

Non-Defense Discretionary	
Reduce International Security Assistance:	- $ 299 (FY '97)
Replace Space Station:	- $ 383
Phase out Waste Water Treatment:	- $1795
Maintain Airport Improvement constant:	- $ 120
Reduce Rural Electrification Subsidies:	- $ 153

The point I am making is not about these specific reductions but rather that Leon's non-defense reductions represent a very tough set of proposals which we are not likely to see increased by much if at all.

(3) Entitlements - This is also the net of a large number of program changes - almost all of which are difficult. But in this case a few large program changes dominate quantitatively and politically; the retirement benefit area presents the major issues.

ENTITLEMENTS	
Energy, Natural Resources, and Agriculture (26 line item)	- $ 4.09
Commerce and Transportation	- $ 1.00
Health	- $17.80
Non-Social Security Related Income Programs	- $ 0.8
Veterans	- $ 0.8
Social Security and Retirement	- $18.0 to - $24.0
Total:	- $56.8

- The health item raises an issue regarding the interaction between the deficit reduction and the health reform programs. Can these health reductions be part of the deficit reduction program? This memo and your economic advisers assume it will be.*

- As you are well aware, Social Security and retirement - - the areas I have high-lighted - dominate this category quantitatively and politically. This area by itself - depending on the option chosen - represents 40 to 50 percent of the entitlement changes.

- The economic team created four options in this area - representing different means of reducing COLA's. All four options assume raising the social security threshold and taxing 85 percent (raising FY 1997 revenues of $6.98).

* This memorandum does not consider the larger health issue you have also raised. A subsequent memorandum will.

COLA Options	
Six-month Delay	- $ 6.9 billion
CPI - 1	- $14.5 billion
Three-Month Delay	- $ 3.7 billion
COLA's Only Below Poverty	- $13.6 billion

- This area will arouse major opposition. As we are hearing, the COLA reductions are opposed by Moynihan, while the tax increases are opposed by Dole. The AARP will strongly oppose the COLA reductions.

- The deficit program - as presented to you - depends on achieving a significant portion of the changes; and I recommend that you accept Leon's entitlement proposals and that you choose option #3 - a three-month COLA delay.

(4) The Spending Reduction Totals - in my view it is very unlikely that the spending reduction package can be higher than OMB's current level and it may well end up lower.

- With 1997 spending reductions of $113 billion and investment increases of $50 billion, we will have substantially begun the task of moving the composition of the budget away from consumption.

- At the same time we should anticipate the criticism that we are proposing only a net reduction of $63 billion in spending.

(C) Revenue Increases: The increases proposed to you are:

Income Tax Rate Increases	$25 billion
Energy Tax	$22 billion
Remaining (8 Areas of Change)	$29 billion
Total	$76 billion

- The most controversial area by far in our discussions has been the energy tax (30 percent of the revenue package).
  - Your economic advisers support it as good public policy.
  - Your political advisers believe it represents the breaking of a commitment to the middle class.
- You should know that, properly configured, the energy tax will attract substantial support from the environmental community:
  - In addition, a poll carried out by Stan Greenberg for the Alliance to Save Energy indicated that from 50 to 70 percent of the public supported energy and pollution taxes - depending on how the question is asked. (There was strong opposition to the gas tax).
- Finally, the tax package as a whole will be highly progressive. We are working on an option consisting of a $40 billion energy tax coupled with an $18 billion rebate in some form.

- Conclusion: I recommend that you go with an energy tax because (1) it is good public policy; (2) we need it for a strong package; (3) I believe that the opposition to it is overstated.

(D) Program Options - Bringing Together the Totals and the Components: The range within which we are deciding will be determined by a small number of decisions.

$145 - High End of the Range	
1. Investment	± $10 billion
2. Social Security - COLA	± $14 billion
3. Taxation of Social Security Benefits	± $ 7 billion
4. Use of Health Savings	± $13 billion
5. Energy Taxes	± $22 billion
Total involved in 5 decisions	± $66 billion

- This fact allows construction of a few possible options:

	Targeted*	Current Status*
(#1) Accept all increases in revenue and program reductions (including the largest COLA reduction) and keep investment at $50 billion.	- $145	$138
(#2) Accept revenue increases and program reductions; accept the smallest COLA reduction; reduce your investment program by $5 billion.	- $140	$133
(#3) Accept all except COLA change.	- $131	$124

* Targeted - Moving down from OMB's target of $145.
* Current Status - Moving down from OMB's current status of $138.

(#4)	Accept all except COLA and health savings.	- $118	$111
(#5)	Accept all except COLA, health savings, and energy.	- $ 98	$ 91

- I recommend that you choose #2. However, more importantly the issue for you as you consider this range is: How do you assess the merits of a more or less sizeable program against the political costs of the individual changes?

(5) If we are going to do any program at all, we have to do a tough one:

- The worst position of all would be to announce a program that was not regarded by the public as credible.

- In this regard, few if any in the Congress will be of any help to you.

I believe that we are at a critical juncture. We face a major economic problem that requires for solution a combination of policy and political intelligence that no American President has brought to the game in a generation. You do. The timing and circumstances make now the best possible time to confront this problem. This time and this chance will not soon reoccur.

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 3/3

NOTE FOR: Bob Rubin

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

Information ☐

Action ☑

ASAP

If I can decypher this note, the President's thinking along the lines of his description of what the Japanese did in 1970's.

John

Thank you.

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

[redacted]

cc:

Bob Rubin

Since this will be pressed I'd like you to have someone do a serious analysis of these materials & make a recommendation on it - Really a gimmick? Bad policy? What would improve it? Investment/consumption distinction? — B

U.S. House of Representatives
WASHINGTON, DC 20515
PUBLIC DOCUMENT

OFFICIAL BUSINESS

Charles W. Stenholm
M.C.

THE PRESIDENT HAS SEEN
3/3/93

BRIEFING BOOK
ON
H.J. RES. 103

BALANCED BUDGET AMENDMENT
TO
THE CONSTITUTION

THE WHITE HOUSE
WASHINGTON

[redacted]

March 2, 1993

Mr. President:

Attached is Secretary Bentsen's report on Saturday's G-7 meeting.

John Podesta

cc: The Vice President
Mack McLarty
Bob Rubin

[redacted]

THE SECRETARY OF THE TREASURY

WASHINGTON

93 MAR 2 P4:52

March 2, 1993

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.

U.S. Revises Approach to Aid For Thailand

Program Links Businesses With Expertise to Areas In Need of Technology

By Cynthia Owens
Staff Reporter of The Wall Street Journal

BANGKOK – The U.S. is revamping part of its Thailand aid program in an experiment that could have consequences for American assistance efforts in other relatively well-off Asian countries.

The experiment tries to take into account economic changes in both countries. Booming Thailand no longer needs financial handouts, but rather foreign expertise and technology. And the U.S. is now short on aid money but long on businesses with expertise for sale but little knowledge of foreign markets or how to tap them.

The effort to accommodate those developments was on display earlier last month when one of the first projects funded under the new program opened its doors. **Bangkok RIA Group**, a medical laboratory, began production of an inexpensive, 20-minute test for the human immunodeficiency virus, which leads to AIDS. Until now, tests for HIV that could be done in less than a day have been prohibitively expensive in Thailand.

Technology Transfer

The U.S. Agency for International Development paid $40,000 to transfer the technology to produce the test kit, which was developed by the Program for Appropriate Technology in Health, a private, Seattle-based organization. With the U.S. agency behind her, Bangkok RIA President Ninlawan Pichayayothin raised $1 million locally to build a factory.

Owen Wrigley, regional representative for the Seattle program, says the deal would have been difficult, if not impossible, without the Agency for International Development. "It is the partnership that makes this work," he says.

The project took just nine months to put together, a remarkably short gestation compared with conventional development efforts, according to a 20-year agency veteran, Thomas H. Reese.

The agency still oversees traditional projects, those which aim to improve health care, alleviate poverty and hunger, and improve education, but the U.S. is phasing out funding for those basics in Thailand, leaving the Thai government to fill in where poverty and hunger remain a problem.

Mr. Reese hopes the agency can make quick surgical strikes to help solve two of Thailand's more pressing problems: acquired immune deficiency syndrome and the environment. If the effort succeeds, it may be applied to agency programs in other rapidly developing Asian countries.

Kansas Company Recruited

Another Agency for International Development project under the program aims to help Bangkok do something about its polluted canals, which reek of sewage and spread disease. The agency brought together city officials and **Innovative Material Sciences** Inc. of Kansas, which next month will begin dredging work in one of the canals. If the company's unique syphoning technology works as expected, the city is prepared to offer a contract to replace some conventional dredging operations run by Japanese companies.

"We have an array of expertise in the U.S. in these areas," Mr. Reese says. "This is a unique example of cooperation between government, academia, the private sector and nongovernmental organizations."

The new program isn't the only U.S. initiative to promote American business in Thailand. Early last year, the U.S. ambassador joined his counterparts from other Southeast Asian countries in a five-city tour of the U.S., promoting the region's trade and investment opportunities – an exercise that may be repeated this year. The Thai government welcomes the efforts, especially where they promote cooperation and involve technology transfer.

Mr. Reese has other ideas in the works. He hopes to link some of the country's environmentally damaged tourist spots with American cities that have launched successful cleanup efforts. He believes a coastal U.S. city could pass along some practical advice to Pattaya, Thailand's overdeveloped, polluted beach resort.

Another proposal would try to provide young women in northern Thailand with alternatives to prostitution and thus diminish one of the prime causes of the country's AIDS epidemic. Two U.S. communications companies, **American Telephone & Telegraph** Corp. and **Nynex** Corp.'s Nynex Network Systems Co., are interested in recruiting the women. Under the plan, which isn't final yet, U.S. Agency for International Development would help set up a training program and the two companies would provide jobs at joint ventures each has with a Thai company.

THE WALL STREET JOURNAL

1 MARCH '93

THE PRESIDENT HAS SEEN
3/3/93

To AG
Fyi — BC

Court Limits U.S. Power to Confiscate Property in Drug Cases

By LINDA GREENHOUSE
Special to The New York Times

WASHINGTON, Feb. 24 — The Supreme Court today rebuffed the Justice Department's assertion of sweeping power to confiscate property tainted in any way by an illegal drug transaction.

The Court voted 6 to 3 that a New Jersey woman who bought a house with money the Government later traced to her boyfriend's drug dealing was entitled to defend herself as an "innocent owner" against the Government's efforts to seize the house under a 1978 drug forfeiture law. The woman, Beth Ann Goodwin, of Rumson, insisted that she did not know that the gift of $240,000 from her boyfriend was the result of his marijuana trafficking.

The decision, surprising for a Court that has backed the Government on numerous fronts in its anti-drug efforts, affirmed a 1991 ruling by the United States Court of Appeals for the Third Circuit, in Philadelphia. That court accused the Justice Department of trying to use its forfeiture authority in a way that would "essentially serve to emasculate the innocent owner defense" that Congress included in the drug forfeiture law.

The Justice Department's basic argument was that the proceeds of an illegal drug transaction actually belong to the Government and in turn convert any subsequently acquired property into Government property as well. In the department's view, the only "innocent owner" was one who owned the property before someone else made illegal use of it.

What the Justices Found

Writing today for a plurality of four Justices, Justice John Paul Stevens said that the Government's argument "would effectively eliminate the innocent owner defense in almost every imaginable case in which proceeds could be forfeited." He added, "It seems unlikely that Congress would create a meaningless defense."

Justices Harry A. Blackmun, Sandra Day O'Connor and David H. Souter joined the plurality opinion. In a separate concurring opinion, Justices Antonin Scalia and Clarence Thomas also voted to uphold the Third Circuit with a somewhat different analysis.

In the opinion by Justice Scalia that Justice Thomas signed, the two said that the Government's argument "has rested on a fundamental misconception" that the Government automatically acquires legal title to property at the moment that it is used illegally, without any need for further legal proceedings. If that were so, Justice Scalia said, the various Federal forfeiture laws would be superfluous. "What the United States already owns cannot be forfeited to it," he said.

At issue in drug cases: Who is tainted?

Justice Anthony M. Kennedy filed a dissenting opinion that was also signed by Chief Justice William H. Rehnquist and Justice Byron R. White. They said that while the innocent-owner defense would apply to a "good faith purchaser" of assets obtained through drug dealing, it did not apply to the type of gift that was involved in this case.

Justice Kennedy said the decision would encourage drug dealers to try to shelter their assets from forfeiture by giving them away or exchanging them. "The plurality's opinion leaves the forfeiture scheme that is the centerpiece of the nation's drug enforcement laws in quite a mess," he said.

Next Step in Legal Process

In the plurality opinion, Justice Stevens said that the homeowner, Ms. Goodwin, now has the burden of convincing the trial court that she actually had no knowledge of the source of her boyfriend's money when she received it as a gift in 1982. The United States District Court in Newark, which first heard the case, made no findings on that question because it ruled that as the recipient of a gift, Ms. Goodwin did not come within the law's definition of an innocent owner in any event. The Third Circuit overturned that legal conclusion several months later.

The Government began forfeiture proceedings against the house in Rumson, where Ms. Goodwin still lives with her three children, after indicting her boyfriend, Joseph Brenna, on drug trafficking charges in 1989. Mr. Brenna is a fugitive and has not been brought to trial.

The decision today, United States v. A Parcel of Land, No. 91-781, did not directly cast doubt on the Government's ability to seize assets from drug dealers themselves. But it did raise some complicating issues that will almost certainly have to be sorted out in future cases.

A strong rebuff to the Justice Department.

The principal complication for the Government stems from the Court's rejection of the view that title to the proceeds of crime automatically vests in the Government. In supporting its view, the Justice Department had invoked an old common-law principle called the "relation back" doctrine. This holds that the determination of ownership "relates back" to the original crime through which the property was used or obtained. Under this doctrine, no matter what has happened since, the Government still owns the property and has done so from the moment of the original crime.

But Justice Stevens said that although this doctrine might be valid in its general outline, it was not self-executing. Forfeiture could occur only through some sort of judicial proceeding, he said.

1806 Opinion Cited

Justice Stevens cited a Supreme Court opinion from 1806, in which Chief Justice John Marshall wrote that "in all forfeitures accruing at common law, nothing vests in the government until some legal step shall be taken for the assertion of its right."

The opinion today therefore leaves unclear the status of forfeitable property from the moment of the original crime until forfeiture is judicially declared. The Court in today's ruling interpreted the "innocent owner" defense that Congress provided in the Federal forfeiture law. So, the decision does not directly affect the forfeiture laws in many states.

The decision was the latest of several recent indications that the Court may be troubled by the Government's increasingly aggressive use of its forfeiture powers. The Court has accepted two other forfeiture appeals, each raising different aspects of the issue, over the objection of the Justice Department, which prevailed in the lower courts in the two cases.

One case, Alexander v. United States, No. 91-1526, which was argued last month, is a First Amendment challenge to the Government's authority under the Federal racketeering statute to require forfeiture of an entire chain of adult bookstores and movie houses after finding several obscene items for sale.

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In the case today, briefs opposing the Government's position were filed by several groups, including the American Bankers Association and the Mortgage Bankers Association of America. They warned that the Government's narrow view of the innocent-owner defense was a threat to mortgage lenders and legitimate businesses that might find themselves caught up in a forfeiture proceeding. The Federal Home Loan Morgage Corporation, a Federal agency that operates in the secondary mortgage market, also filed a brief against what it called the Government's "take no prisoners interpretation" of its forfeiture powers.

More national news, pages B7 and D23.

The New York Times
2/25/93

THE PRESIDENT HAS SEEN
3/3/93

Bernie Nussbaum

FYI — BC

Somali Violence May Delay U.S. Withdrawal

By Daniel Williams and John Lancaster A1
Washington Post Staff Writers

An upsurge of violence in Somalia this week has prompted U.S. military planners to consider slowing the withdrawal of U.S. troops and leaving a larger number of combat troops in Somalia than originally planned, U.S. sources said yesterday.

The possibility of a greater U.S. combat presence to augment a planned international peacekeeping force under United Nations command raises the prospect that the United States may attempt to play a more significant role in maintaining order in Somalia than anticipated.

"I think recent events indicate that it is going to be a lot more difficult to get out of Somalia," a senior U.S. military officer said. "What you'll see is a residual force of some considerable size for an extended period."

For the second straight day, roving bands of Somali gunmen yesterday defied U.S. and allied troops in Mogadishu, firing on U.N. offices, the U.S. diplomatic mission, foreign relief offices and hotels housing foreigners. Three U.S. Marines and two Nigerian soldiers were wounded in yesterday's fighting.

Until this week's outbreak of fighting and rioting, the Pentagon expected to begin a full-scale withdrawal in a matter of weeks, leaving behind a residual contingent of as many as 5,000 U.S. troops, mainly in support of a larger U.N.-led force.

A senior Pentagon official cautioned yesterday that no decision had been made about increasing this longer-term U.S. commitment to Somalia, but he said the option would be discussed with U.N. officials in talks over the timing of the U.S. withdrawal and the size of the follow-on force.

See POLICY, A27, Col. 4

POLICY, From A1

"We've had things we're prepared to throw on the table," the official said, adding that to leave more combat troops in the country is "within the realm of what we're prepared" to consider.

U.N. Secretary General Boutros Boutros-Ghali said late yesterday in New York that unrest will not complicate the planned transition to a U.N. command, in which most of the 17,000 remaining American servicemen and women would go home.

"I believe that the situation has been very much exaggerated . . . and that the U.N. will be able to do our transition according to the schedule which has been established," he told the Associated Press.

Among the administration's stated objectives in intervening in Somalia last December was creation of a "secure environment" for delivery of food to starving Somalis. Such security, it was hoped, would give peaceable political activists room to emerge from under the shadow of militia violence.

Yesterday, U.S. officials, discussing the Somali situation privately, said they expect further serious outbreaks of violence. As a result, they also expect the transition to a U.N.-led peacekeeping operation will be delayed beyond its scheduled completion date in mid-April.

Nonetheless, some officials regarded the turmoil as a symptom of success, not failure.

Arms at the disposal of Somali militias have been reduced by U.S. raids on arms caches, the officials said, and access to new weapons is hindered by foreign control of major ports and roadways. Clan militias, while a threat to each other, are no match for troops from the United States and other countries now in place.

"The warlords are getting nervous," a State Department official said. "They are having their feathers plucked. They realize over time that their power is slipping away.

"But," he said, "anybody who thinks the U.N. won't be tested doesn't know Somalia."

U.N. forces will have to "show their teeth" to keep the volatile Somali militias at bay, the official added.

When U.S. troops first arrived in Somalia, Boutros-Ghali urged them to disarm the warring clans before withdrawing. American military commanders declined to guarantee full disarmament, although several raids on arms caches took place.

U.S. officials had been critical of the United Nations for slowness in recruiting other countries to send replacement troops and naming a military commander to head the U.N. force. A Turkish general has since been picked to take command.

About 17,000 U.S. soldiers are in Somalia along with about 14,500 troops from 21 other countries. The number of non-U.S. troops has been expected to grow to about 20,000.

A U.S. military official said yesterday that Somalia is currently too unstable for U.N. peacekeepers, who have a reputation for passivity under fire. "We have an unstable situation in Mogadishu and in just about all the other towns," said a senior officer with access to classified intelligence reports. "I think what we're seeing now is what we were afraid was going to happen.

"I can't see how it would facilitate" the transfer of operational control to the United Nations, he added. Each day of reduced U.S. troop strength, however, creates a problem for American forces left behind, he said.

"Whether we go in there and enforce peace is very much a function of whether you've got the troops over there to do it," he said.

For the moment, delivery of humanitarian relief, the primary objective of the U.S. intervention, is at a standstill. Moreover, the American goal of getting unarmed Somalis to take the political lead in the tumultuous country is in doubt with the assertion this week of gun-barrel authority by Mohamed Farrah Aideed, a militia commander in Mogadishu who aspires to supreme power.

Periodic negotiations among Somali leaders have proceeded slowly, and no results are expected anytime soon. Aideed's outburst is unlikely to encourage unarmed Somalis to talk freely, especially if they oppose Aideed's ambitions.

"Alternative leadership will not come out unless there is evidence they are not at the mercy of warlords," said Terrence Lyons, an analyst at the Brookings Institute here.

The emergence of such leaders will take time but an American preoccupation with a speedy withdrawal had given the impression that U.S. interest in Somalia is limited. When then-President George Bush announced the dispatch of U.S troops to the east African country, Pentagon officials said most of the forces would likely be home by the spring.

"Americans like to think we can roll up our sleeves, set things right and get out. But the only way to foster what we want—a government accepted by the Somalis—will take time," said I. William Zartman, an expert on conflict resolution and director of African Studies at the Johns Hopkins University School of Advanced International Studies.

The Washington Post

THE PRESIDENT HAS SEEN
3/3/93

Tony Lake

~~[illegible]~~

~~[illegible]~~

Did we authorize this - Does Pentagon want it?

THE PRESIDENT HAS SEEN
3/3/93

Tony/Gs - Not bad

Essay

WILLIAM SAFIRE

The Bill & Boris Show

WASHINGTON

At a recent Moscow luncheon hosted by the Russian Foreign Minister, Andrei Kozyrev, an octogenarian former summiteer summed up his host's political-diplomatic dilemma:

"If you seem to walk in lockstep with America," said Richard Nixon, "you give a weapon to your political opponents to beat you over the head. If you don't, the American opponents of aid to Russia will beat you over the head. That's why Foreign Ministers seldom get elected President."

Young Mr. Kozyrev is in Switzerland today, meeting with Secretary of State Warren Christopher; we can hope that a "working summit" will be scheduled in Europe next month between their bosses.

Boris Yeltsin, the first President elected by the Russian people, is in the political-diplomatic bind described by Nixon. This is the Russian winter of discontent with its leader: he is damned at home for selling out to the West, and damned in the West for throwing reformers from his sled to appease apparatchik wolves.

Worse, rumors are flying that Mr. Yeltsin is off on one of his legendary two-week toots. Some say an occasional bout of drinking is his form of therapy; others say he was boozing gloomily until recently, and is now on vacation drying out; still others who have seen him recently insist the rumors are lies, and his "enormous recuperative powers" are both physical and political.

He appears jumpy, less self-assured; mafias and marchers sap his popularity. He interrupted his vacation to meet with Ruslan Khasbulatov (HOZ-bu-LA-tov), Speaker of the Russian Parliament, who has been trying to draw power away from the reformist President to the go-slow legislature, but who cannot gain the presidency himself because he is Chechen, not Russian.

Yeltsin is listlessly defended by Aleksandr Rutskoi, his Vice President, a military man who wants to replace him. First test of Yeltsin's comeback ability may be a referendum in April to see if Russians want a presidential or parliamentary system; Melor Sturua, my longtime Izvestia counterpart now teaching at the U. of Minnesota, notes that this expression of democracy could be scuttled if Khasbulatov insists on tying it to a vote of confidence in the weakened Yeltsin.

Though down, the Russian leader is far from out; he retains more clout than anyone. We know the interests of freedom are best served by the success of the capitalist reformers whose champion remains Yeltsin. How can we help?

First, President Clinton should meet with Yeltsin quickly in Europe. Russia is no mendicant; it has a bargaining chip in its influence with fellow Slavs in Belgrade. Yeltsin could improve the Vance-Owen proposal and station Russian troops alongside a new U.S. and NATO force in Macedonia, protecting the Kosovo Albanians and putting muscle into Bosnian war-ending.

At the same time, restructure the debt owed us by Russia in grain-credit debt — it's in default by $360 million already, with more to come — quietly tied to internal reforms and restraint on arms sales. Make a big public deal out of our humanitarian aid as well as encouraging oil and gas joint ventures. The summit success would provide a boost for Yeltsin as a partner, not a puppet, of the U.S.

Next, take the Clinton campaign to Russia. Set up a weeklong state visit in late summer, starting in Moscow but barnstorming through the Urals to Siberia. Flatter the Russian people with ringing rhetoric about two great nations in the process of change. Press the flesh; go on TV talk shows with Russian kids; answer questions at a town meeting in Novosibirsk.

Spring summit, then a state visit.

Who is better at this than Bill Clinton? Though he is still inexperienced in global affairs, nobody is more adept at using mass media for the aggressive assertion of humility.

The serious purposes of Clinton's Russian road show would be to bolster the reformers; to preach protection of minority rights; to show an understanding of the sacrifices required by political change. (Russian change is in the right direction, toward free markets.)

Such a one-two punch — summit followed by state visit — would help insure our own planned defense budget cuts. By creating connective tissue between peoples, Clinton would prepare the way to do business with whoever ultimately follows Yeltsin. □

The New York Times
2/25/93

Rasco / Rubin

This deserves serious consideration. Pls review, advise. BC

THE PRESIDENT HAS SEEN
3/3/93

- *Nancy Landon Kassebaum*

Summer Schools or Summer Jobs?

Labor Secretary Robert Reich and Education Secretary Richard Riley outlined the administration's plans last week for doubling the number of urban youth who would be given jobs this summer as part of the federally funded Job Training Partnership Act's Title II-B program. The cost to the taxpayers: an additional $1 billion.

In testimony before the Senate Labor and Human Resources Committee, Secretary Reich also spoke about the importance of the remedial education component of the summer jobs program. But the emphasis was on jobs, the time-honored strategy for keeping inner-city kids off the streets and out of trouble when the weather turns hot.

In my opinion, Mr. Reich and the Clinton administration have their priorities backward. A glance at the alarmingly low levels of basic literacy skills among disadvantaged youth quickly tells you what the focus of summer youth programs should be: the three R's, and plenty of them.

The main problem with the Summer Employment and Youth Program is certainly not a lack of funds. Rather, it has to do with the way the ~~remedial education component~~ is offered. ~~They make it optional.~~ It's time they made it mandatory.

Naturally, if you give a young person the choice between taking a job and sitting in a classroom during the summer months, it's not too terribly difficult to predict which choice he or she will make.

When these programs were first funded under JTPA in 1984, it was strictly a jobs program. Education wasn't even mentioned. But as local school systems began reporting growing deficiencies in basic literacy skills among disadvantaged youth, Congress decided to act. In 1986 it amended the Title II-B program to require local Service Delivery Areas (SDAs) to include an assessment of educational deficiencies and remedial education in addition to the work experience.

Even the wording of the amendments listed education skills improvement ahead of jobs. But education in most places was still optional.

The problem of determining the cost-effectiveness of most job training programs, including this one, is the lack of hard data at the Department of Labor and other federal agencies. But there is enough research available about how these summer job programs operate to know the following:

- Because of the emphasis on jobs, many local program operators don't bother to coordinate enough in advance with the local school systems to schedule classrooms for remedial studies.
- Many SDAs find the cost of remedial education too expensive.
- Parents often prevent their children from attending these remedial classes because they are often located outside their own neighborhoods and in places where there is danger of physical assault by gangs.
- Most youth interviewed admitted that if given the choice, they would rather "hang out" with friends than sit in a classroom in summer.

The most disturbing information gleaned from these summer programs is that in many cities the number of youth participating in remedial education training is far below 50 percent. This is unacceptable given the low levels of basic literacy skills of urban youth.

Since the hearing Secretary Reich has informed me that he is earmarking $300 million for remedial education. While this is helpful I believe he should take the next step and issue a rule requiring SDA operators to make remedial training mandatory for those youth who are tested and found to need it.

To those who would argue that requiring mandatory remedial education in these summer programs would prove too expensive, I would say: What is more important for the disadvantaged youth of this nation—a summer job or the opportunity to improve their literacy skills so they can finish their high school education and start building a constructive career?

If we have the funds to provide both jobs and remedial education, we should try to do that. But if it's a choice between a job and literacy improvement, I feel very strongly that it should be the latter.

To those young people who might disagree, consider this: A summer job lasts only two months, but the value of improving your ability to read, write, think and do math will last a lifetime.

The writer is a Republican senator from Kansas.

The Washington Post
3/2/93

Court Limits U.S. Power to Confiscate Property in Drug Cases

By LINDA GREENHOUSE
Special to The New York Times

WASHINGTON, Feb. 24 — The Supreme Court today rebuffed the Justice Department's assertion of sweeping power to confiscate property tainted in any way by an illegal drug transaction.

The Court voted 6 to 3 that a New Jersey woman who bought a house with money the Government later traced to her boyfriend's drug dealing was entitled to defend herself as an "innocent owner" against the Government's efforts to seize the house under a 1978 drug forfeiture law. The woman, Beth Ann Goodwin, of Rumson, insisted that she did not know that the gift of $240,000 from her boyfriend was the result of his marijuana trafficking.

The decision, surprising for a Court that has backed the Government on numerous fronts in its anti-drug efforts, affirmed a 1991 ruling by the United States Court of Appeals for the Third Circuit, in Philadelphia. That court accused the Justice Department of trying to use its forfeiture authority in a way that would "essentially serve to emasculate the innocent owner defense" that Congress included in the drug forfeiture law.

The Justice Department's basic argument was that the proceeds of an illegal drug transaction actually belong to the Government and in turn convert any subsequently acquired property into Government property as well. In the department's view, the only "innocent owner" was one who owned the property before someone else made illegal use of it.

What the Justices Found

Writing today for a plurality of four Justices, Justice John Paul Stevens said that the Government's argument "would effectively eliminate the innocent owner defense in almost every imaginable case in which proceeds could be forfeited." He added, "It seems unlikely that Congress would create a meaningless defense."

Justices Harry A. Blackmun, Sandra Day O'Connor and David H. Souter joined the plurality opinion. In a separate concurring opinion, Justices Antonin Scalia and Clarence Thomas also voted to uphold the Third Circuit with a somewhat different analysis.

In the opinion by Justice Scalia that Justice Thomas signed, the two said that the Government's argument "has rested on a fundamental misconception" that the Government automatically acquires legal title to property at the moment that it is used illegally, without any need for further legal proceedings. If that were so, Justice Scalia said, the various Federal forfeiture laws would be superfluous. "What the United States already owns cannot be forfeited to it," he said.

At issue in drug cases: Who is tainted?

Justice Anthony M. Kennedy filed a dissenting opinion that was also signed by Chief Justice William H. Rehnquist and Justice Byron R. White. They said that while the innocent-owner defense would apply to a "good faith purchaser" of assets obtained through drug dealing, it did not apply to the type of gift that was involved in this case.

Justice Kennedy said the decision would encourage drug dealers to try to shelter their assets from forfeiture by giving them away or exchanging them. "The plurality's opinion leaves the forfeiture scheme that is the centerpiece of the nation's drug enforcement laws in quite a mess," he said.

Next Step in Legal Process

In the plurality opinion, Justice Stevens said that the homeowner, Ms. Goodwin, now has the burden of convincing the trial court that she actually had no knowledge of the source of her boyfriend's money when she received it as a gift in 1982. The United States District Court in Newark, which first heard the case, made no findings on that question because it ruled that as the recipient of a gift, Ms. Goodwin did not come within the law's definition of an innocent owner in any event. The Third Circuit overturned that legal conclusion several months later.

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The decision today, United States v. A Parcel of Land, No. 91-781, did not directly cast doubt on the Government's ability to seize assets from drug dealers themselves. But it did raise some complicating issues that will almost certainly have to be sorted out in future cases.

The principal complication for the Government stems from the Court's rejection of the view that title to the proceeds of crime automatically vests in the Government. In supporting its view, the Justice Department had invoked an old common-law principle called the "relation back" doctrine. This holds that the determination of ownership "relates back" to the original crime through which the property was used or obtained. Under this doctrine, no matter what has happened since, the Government still owns the property and has done so from the moment of the original crime.

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1806 Opinion Cited

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More national news, pages B7 and D23.

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THE PRESIDENT HAS SEEN
3/3/93

Bernie Nussbaum

FYI — BC

U.S. Revises Approach to Aid For Thailand

Program Links Businesses With Expertise to Areas In Need of Technology

By CYNTHIA OWENS
Staff Reporter of THE WALL STREET JOURNAL

BANGKOK – The U.S. is revamping part of its Thailand aid program in an experiment that could have consequences for American assistance efforts in other relatively well-off Asian countries.

The experiment tries to take into account economic changes in both countries. Booming Thailand no longer needs financial handouts, but rather foreign expertise and technology. And the U.S. is now short on aid money but long on businesses with expertise for sale but little knowledge of foreign markets or how to tap them.

The effort to accommodate those developments was on display earlier last month when one of the first projects funded under the new program opened its doors. **Bangkok RIA Group**, a medical laboratory, began production of an inexpensive, 20-minute test for the human immunodeficiency virus, which leads to AIDS. Until now, tests for HIV that could be done in less than a day have been prohibitively expensive in Thailand.

Technology Transfer

The U.S. Agency for International Development paid $40,000 to transfer the technology to produce the test kit, which was developed by the Program for Appropriate Technology in Health, a private, Seattle-based organization. With the U.S. agency behind her, Bangkok RIA President Ninlawan Pichayayothin raised $1 million locally to build a factory.

Owen Wrigley, regional representative for the Seattle program, says the deal would have been difficult, if not impossible, without the Agency for International Development. "It is the partnership that makes this work," he says.

The project took just nine months to put together, a remarkably short gestation compared with conventional development efforts, according to a 20-year agency veteran, Thomas H. Reese.

The agency still oversees traditional projects, those which aim to improve health care, alleviate poverty and hunger, and improve education, but the U.S. is phasing out funding for those basics in Thailand, leaving the Thai government to fill in where poverty and hunger remain a problem.

Mr. Reese hopes the agency can make quick surgical strikes to help solve two of Thailand's more pressing problems: acquired immune deficiency syndrome and the environment. If the effort succeeds, it may be applied to agency programs in other rapidly developing Asian countries.

Kansas Company Recruited

Another Agency for International Development project under the program aims to help Bangkok do something about its polluted canals, which reek of sewage and spread disease. The agency brought together city officials and **Innovative Material Sciences** Inc. of Kansas, which next month will begin dredging work in one of the canals. If the company's unique syphoning technology works as expected, the city is prepared to offer a contract to replace some conventional dredging operations run by Japanese companies.

"We have an array of expertise in the U.S. in these areas," Mr. Reese says. "This is a unique example of cooperation between government, academia, the private sector and nongovernmental organizations."

The new program isn't the only U.S. initiative to promote American business in Thailand. Early last year, the U.S. ambassador joined his counterparts from other Southeast Asian countries in a five-city tour of the U.S., promoting the region's trade and investment opportunities – an exercise that may be repeated this year. The Thai government welcomes the efforts, especially where they promote cooperation and involve technology transfer.

Mr. Reese has other ideas in the works. He hopes to link some of the country's environmentally damaged tourist spots with American cities that have launched successful cleanup efforts. He believes a coastal U.S. city could pass along some practical advice to Pattaya, Thailand's overdeveloped, polluted beach resort.

Another proposal would try to provide young women in northern Thailand with alternatives to prostitution and thus diminish one of the prime causes of the country's AIDS epidemic. Two U.S. communications companies, **American Telephone & Telegraph** Corp. and **Nynex** Corp.'s Nynex Network Systems Co., are interested in recruiting the women. Under the plan, which isn't final yet, U.S. Agency for International Development would help set up a training program and the two companies would provide jobs at joint ventures each has with a Thai company.

THE WALL STREET JOURNAL.
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Somali Violence May Delay U.S. Withdrawal

By Daniel Williams and John Lancaster
Washington Post Staff Writers

A1

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See POLICY, A27, Col. 4

POLICY, From A1

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When U.S. troops first arrived in Somalia, Boutros-Ghali urged them to disarm the warring clans before withdrawing. American military commanders declined to guarantee full disarmament, although several raids on arms caches took place.

U.S. officials had been critical of the United Nations for slowness in recruiting other countries to send replacement troops and naming a military commander to head the U.N. force. A Turkish general has since been picked to take command.

About 17,000 U.S. soldiers are in Somalia along with about 14,500 troops from 21 other countries. The number of non-U.S. troops has been expected to grow to about 20,000.

A U.S. military official said yesterday that Somalia is currently too unstable for U.N. peacekeepers, who have a reputation for passivity under fire. "We have an unstable situation in Mogadishu and in just about all the other towns," said a senior officer with access to classified intelligence reports. "I think what we're seeing now is what we were afraid was going to happen.

"I can't see how it would facilitate" the transfer of operational control to the United Nations, he added. Each day of reduced U.S. troop strength, however, creates a problem for American forces left behind, he said.

"Whether we go in there and enforce peace is very much a function of whether you've got the troops over there to do it," he said.

For the moment, delivery of humanitarian relief, the primary objective of the U.S. intervention, is at a standstill. Moreover, the American goal of getting unarmed Somalis to take the political lead in the tumultuous country is in doubt with the assertion this week of gun-barrel authority by Mohamed Farrah Aideed, a militia commander in Mogadishu who aspires to supreme power.

Periodic negotiations among Somali leaders have proceeded slowly, and no results are expected anytime soon. Aideed's outburst is unlikely to encourage unarmed Somalis to talk freely, especially if they oppose Aideed's ambitions.

"Alternative leadership will not come out unless there is evidence they are not at the mercy of warlords," said Terrence Lyons, an analyst at the Brookings Institute here.

The emergence of such leaders will take time but an American preoccupation with a speedy withdrawal had given the impression that U.S. interest in Somalia is limited. When then-President George Bush announced the dispatch of U.S troops to the east African country, Pentagon officials said most of the forces would likely be home by the spring.

"Americans like to think we can roll up our sleeves, set things right and get out. But the only way to foster what we want—a government accepted by the Somalis—will take time," said I. William Zartman, an expert on conflict resolution and director of African Studies at the Johns Hopkins University School of Advanced International Studies.

The Washington Post

THE PRESIDENT HAS SEEN
3/3/93

Tony Lake

~~[illegible]~~

~~[illegible]~~

Did we authorize this - Does Pentagon want it?

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.

[illegible]

Copy

The Washington Post
3/2/93

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Carol
talk to GS: [illegible]
& call + explain
why we didn't put $ in
as in 87-88 - welfare $ w/
progress -

E. J. Dionne Jr.

Missing Pieces

In light of the nation's current obsession with cutting the budget deficit, it's probably not surprising that most of the criticisms of President Clinton's economic plan have concentrated on the areas in which he is allegedly spending too much money.

But at least as important are the dogs that didn't bark, the missing pieces from Clinton's wish list. One of the most glaring is the failure to include any real financing for welfare reform, a program the president has promised for the later years of his administration. And the president has, for the moment, backed off his promise to increase tax breaks for families with children. As a result, the president has offered only half a welfare reform plan and half a family policy.

There is, to be sure, good news, too. Clinton would substantially increase the earned income tax credit, which is essentially a wage supplement for the working poor. The message here is that government intends to say as loudly—and positively—as it can that it will try to reward work over welfare.

The Clintonians are also substantially increasing spending on basic children's programs such as Head Start, help for pregnant women and the mothers of newborns, and child immunizations.

All this isn't enough because money isn't enough. The promise of Clinton's style of social reform was that it would emphasize not only traditional ways of helping the poor (mostly with money) but also new efforts to reinforce the values of work and family that conservatives speak about so much.

There is a dangerous cynicism in the popular view that Clinton's pledges to "end welfare as we know it" and to go after "deadbeat dads" who fail to pay their child support were simply rhetorical sops to win over conservative white voters.

> *"A new emphasis on work and family is vital both to reconstructing liberalism and to achieving liberal ends."*

In fact, a new emphasis on work and family is vital both to reconstructing liberalism and to achieving liberal ends.

In the past, liberals and the left used to talk a lot about the centrality of work. It was, after all, Karl Marx who said that "man is what he does" and who could wax poetic when he wrote about how the work we do plays a large role in defining who we are. Pro-work welfare programs are precisely *not* about punishing the welfare poor but about inviting people who have been marginalized to join in society's common projects.

As for the family, Daniel Patrick Moynihan was right three decades ago when he argued that nothing has been more harmful to the life chances of poor children than the decay of the two-parent family and the rise of single motherhood. David T. Ellwood, a specialist on welfare at Harvard, put the matter bluntly: "The vast majority of children who are raised entirely in a two parent home will never be poor during childhood. By contrast, the vast majority of children who spend time in a single-parent home will experience poverty."

Reforming welfare and finding ways of shoring up the family are two of the greatest challenges in social policy. Government, which sometimes has trouble doing easy things, will surely run into huge difficulties in fashioning programs that work, since family breakup and the rise of dependency result from a devilishly complex set of incentives created by government, the private economy and social mores. Experimentation and trial-and-error must be the order of the day and politicians will have to be honest about the likelihood of failures.

The secretary of health and human services, Donna Shalala, insists that the shortage of money for welfare reform in this budget does not mean that the administration intends to abandon its pledges. She argues that this is an area in which the costs presented need to have credibility and that simply plugging in notional numbers would have been a bad idea.

Shalala's promise is lent credibility by the fact that two of her assistant secretaries dealing with welfare reform will be Ellwood and Mary Jo Bane, New York State's commissioner of social services. It would be hard to find two people more deeply committed to—or knowledgeable about—pro-work, pro-family welfare reform. As one HHS official said, Ellwood and Bane would not be coming to Washington if Clinton were not serious about changing the welfare system.

More generally, Shalala, who is often cast as an old-style liberal, speaks as fervently as Clinton does about the need for government to "send different messages" to promote individual responsibility when it comes to work, sexual behavior and bringing kids into the world. It's the right talk.

The fate of tax relief for parents is, alas, far less certain. Advisers to Clinton say that given a choice between beefing up help for the working poor and giving general tax benefits to parents, Clinton decided the former had priority. They also noted that modest tax help for parents would have looked suspiciously like a skimpy version of Clinton's abandoned middle-class tax cut.

There are, however, some ways of cutting the cost of tax relief for parents. In an essay published last year in the Progressive Policy Institute's book "Mandate for Change," Elaine Ciulla Kamarck, a fellow at the Institute, and William A. Galston, now a White House aide, proposed that as a first step, new tax credits could be limited to middle- and low-income parents with children under the age of 6. The idea here is that parents generally want to stay home most when their children are very young. Significant, targetted tax relief could ease the financial pressures that force both parents to rush back to work before they want to, or force one parent to work more than one job.

Joint action on welfare and the family offers Republicans and Democrats a rare opportunity to show voters who are sick of both parties that it's at least occasionally possible for them to put aside the quest for advantage on symbolic issues.

Republicans were embarrassed that their convention at Houston and its talk about "family values" cast them as intolerant. What better way to overcome this than to offer to join with Clinton and the Democrats in giving substance to what has otherwise been an empty slogan?

Democrats, in the meantime, have been so gleeful over the failure of conservative social issues to work for the Republicans in 1992 that they are in danger of forgetting how important Clinton's pro-work, pro-family talk was—both substantively and politically. They have every interest in helping Clinton prove that he meant what he said.

The Washington Post
3/2/93

Clinton Plan's Aim to Balance Pain Regionally Misses Bull's-Eye by What May Be a Crucial Inch

By GERALD F. SEIB
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON – To judge by the way his economic plan hits different regions of the country, President Clinton may have left Arkansas and moved to Washington at just the wrong time.

Arkansas would enjoy more economic growth from the program than any other state, according to a computer-aided analysis of the plan's impact on states and regions just completed by Regional Financial Associates Inc., an economic consulting firm. By contrast, Mr. Clinton's new home, Washington, D.C., would suffer a deeper cut in economic growth than anywhere else in the nation.

The dichotomy between Arkansas and Washington illustrates a politically crucial fact about the president's broad program of tax increases, new programs and spending cuts. Despite a big effort by the Clinton team to balance out its impact, the program has an uneven effect from region to region, an effect that could spark a political backlash.

The state-by-state analysis by Regional Financial, for instance, suggests that the plan would be kindest to states in the South and industrial Midwest, which wouldn't be especially hard-hit by new income and energy taxes or cuts in defense, but which could benefit from new Clinton investment tax incentives.

The states hit hardest tend to be in the mid-Atlantic region, which would get zinged by both higher income taxes on the well-to-do and cuts in government programs and payrolls. The plan seems to be a wash for the big states of California and Texas, while New York appears to be a slight loser in the long run.

All told, the regional swings aren't dramatic, and predicting such effects isn't an exact science. Still, Clinton aides are deeply concerned that even a perception that some areas are hit harder than others could be a serious political problem, even if the perception isn't born out by hard-headed analysis. "Everybody in the country will fear that they are getting hit harder than anybody else," says David Wyss, an analyst at DRI/McGraw-Hill in Lexington, Mass. "People always feel that they are hurt the most."

Clinton advisers are particularly worried because some farm-state lawmakers are grumbling that the plan, with its combination of an energy tax, cuts in agricultural programs and new user fees for federal services, hits rural areas hardest. "Agriculture takes the biggest percentage cut of any part of the budget," complains Sen. Kent Conrad, a Democrat from North Dakota. "And you couple that with the fact that . . . we're fifth in per-capita consumption of energy, and that goes to the two main pillars of our economy."

An uprising by farm-state lawmakers on strategic congressional committees could spell deep trouble. Sensing just such a potential problem, Mr. Clinton actually didn't make all the agricultural cuts his own deficit hawks wanted. At one White House meeting, a participant recalls, deputy budget director Alice Rivlin was listing potential cuts in agricultural programs and quipped that Mr. Clinton would be able to claim that his administration is "going to end welfare as we know it for farmers." Mr. Clinton responded angrily that he didn't agree with the joke, and some cuts were discarded.

But in reality, the impact of the overall Clinton package in rural America, or any part of the nation, isn't as simple as such a tug of war suggests. That's because Clinton advisers labored to make their plan a balancing act in which the goodies and the pain were spread around in different combinations to various parts of the country.

Farm states are indeed hit by higher energy costs and some $5 billion in cuts and added user fees for agricultural programs over five years. But those burdens tend to be offset because rural states have lower average incomes and therefore won't be hit very hard by Mr. Clinton's increased income taxes on the rich.

Those new taxes on the wealthy will hit especially hard in the Northeast and the West Coast, where average incomes tend to be high. But in return, urban areas in the Northeast stand to get some goodies from the spending on infrastructure in Mr. Clinton's stimulus package. And California gets benefits from defense-conversion money and government investments in research that could benefit the state's high-technology companies.

Most important, the administration specifically opted for a broad-based tax on the British thermal unit, or BTU, output of various kinds of energy because it wouldn't hit any area disproportionately hard.

The administration considered an oil-import fee, but decided that oil-dependent states in New England "would have felt like they got the short end of the stick," Treasury Secretary Lloyd Bentsen told Congress this week. "And then we looked at a gasoline tax, and we thought about people in Texas and the West, California, where they depend much more on a car,

The Clinton Plan's Impact, State by State

Projected average annual effect on real per-capita gross state product 1992-97

	IMPACT		IMPACT		IMPACT
Arkansas	+0.3%	Louisiana	+0.1%	Montana	0.0%
Ohio	+0.3	Iowa	+0.1	North Dakota	0.0
Alabama	+0.3	Oregon	0.0	Kansas	0.0
Tennessee	+0.3	Texas	0.0	Florida	–0.1
Indiana	+0.3	Missouri	0.0	New York	–0.1
Kentucky	+0.3	Georgia	0.0	New Jersey	–0.1
Wisconsin	+0.2	New Mexico	0.0	South Dakota	–0.1
South Carolina	+0.2	Connecticut	0.0	Colorado	–0.1
Michigan	+0.2	Utah	0.0	Delaware	–0.2
Oklahoma	+0.2	New Hampshire	0.0	Virginia	–0.2
Washington	+0.2	Rhode Island	0.0	Nevada	–0.2
Mississippi	+0.2	Illinois	0.0	Maryland	–0.2
North Carolina	+0.1	Minnesota	0.0	Wyoming	–0.2
Idaho	+0.1	Massachusetts	0.0	Maine	–0.3
Pennsylvania	+0.1	California	0.0	Hawaii	–0.3
Vermont	+0.1	Arizona	0.0	Alaska	–0.3
West Virginia	+0.1	Nebraska	0.0	Dist. of Columbia	–0.4

Note: States are listed in order of impact, with the percentage of change rounded to one decimal point.
Source: Regional Financial Associates

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THE WALL STREET JOURNAL.
2/25/93

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and we saw a disproportionate hit. And then we looked at a carbon tax, and then we looked at what would happen to coal states and how they would be hit. And finally, we came down on a BTU tax."

Moreover, the BTU tax was adjusted to hit oil products harder than coal, in hopes of minimizing the impact on coal miners in states such as West Virginia, home of powerful Democratic Sen. Robert Byrd.

Still, no balancing act in such a complex package can be perfect, and regional variations can be seen. The Regional Financial analysis indicates that states in the South, including Arkansas, and industrial Midwest would do better than average because they have relatively moderate income levels that won't be hit hard by higher income taxes; electric utilities that are generally less reliant on oil; and a fairly low dependence on defense programs that are cut under the shrunken Clinton Pentagon budget. In addition, the industrial Midwest has a large number of jobs in capital-intensive industries that will benefit from the investment tax credit.

And the Southeast could benefit in particular because it isn't as dependent on energy industries subject to the new energy tax as is the Southwest, while its warmer winter weather means it doesn't need to consume as much taxable energy for heating. Mr. Wyss of DRI, who also has analyzed the regional impact of the Clinton plan, argues that "the Southeast gets off a bit easy, while the rest of the country is pretty equal. There's nothing in there that hits the Southeast especially hard."

The Regional Financial study found, though, that the biggest burden might be born by states such as Virginia, Maryland and Delaware, as well as the District of Columbia. That region stands to be hurt because its economy is relatively heavily dependent on defense work, its utilities are relatively dependent on oil and its relatively high individual income levels are subject to heavier taxation. Moreover, the national capital area would feel the added effects of Mr. Clinton's plans to freeze federal pay and reduce the number of government workers.

Similarly, the study indicates that New York and New Jersey are hurt by some of the same factors, though they will benefit in the short term from urban-aid and transportation programs. "For most of the Northeast, this isn't what I would call the Clinton Recovery Act of 1993," says Paul Getman, a Regional Financial analyst.

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THE WALL STREET JOURNAL.
2/25/93

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THE PRESIDENT HAS SEEN
3/3/93

Bob Rubin
This needs evaluation

CONCORD MONITOR
Friday, February 19, 1993 Concord, New Hampshire 50¢

THE PRESIDENT HAS SEEN
3/3/93

To: The President
From: Bruce Lindsey

Concord

A fan answers the call

By SARAH HODDER
Monitor staff

Mary Hill got a call from the big guy yesterday, and she is still recovering.

President Clinton called Hill at Mamos Market on Main Street, where she works, just to chat. It's his method of reaching out and touching voters.

Hill

"I heard, 'This is the Air Force One operator, stand by for the president.' . . . I started hyperventilating."

Actually Hill had been forewarned about the call from Terry Shumaker, a Concord lawyer who frequents the store and who helped run Clinton's New Hampshire primary campaign. "He comes in and buys Diet 7-Up, when we have it," Hill, 55, said of Shumaker.

It was Shumaker who got her excited about Clinton. Last year, he brought Clinton to the store to meet Hill.

■ See CALL – Page A-8

■ CALL Continued from Page A-1

A lover of politics, people and poetry, Hill was prepared then, just as she tried to be yesterday. She wrote out index cards, with a smattering of some of her favorite quotes.

"I told him not to talk to people, but to listen," Hill, a lifelong Republican, said. "I told him, 'People want to be heard.' "

Apparently Clinton heard Hill and the two have maintained a correspondence since then, she sending him quotes she has collected, and he sending her handwritten notes back.

So it was only appropriate for Clinton to check in on Hill to see if she'd heard his speech to Congress Wednesday night.

"I had seen it," Hill said, "I watched it twice, C-SPAN reran it."

Hill told him that although she was no expert, she had found his speech thought-provoking.

"I said, 'Even if we are pro or con you are getting us involved.'

"He is a real good listener, you can tell he is really listening."

Hill was an elementary school teacher for 14 years, but for the last 18 years she has worked in small convenience and beverage stores. Although most of the customers at Mamos know her well, no one believed Hill yesterday when she said Clinton had called the store.

"They thought I had lost my mind," she laughed. "I am usually very private, but I felt so honored. It's not just rhetoric, he really does care."

Hill said she was so nervous when the president called, that even though she had written all kinds of notes and quotes beforehand, she was surprised she was able to say anything. She did manage to paraphrase a Robert Frost poem for him.

"Don't ever take a fence down until you know why it was put up," she read over the phone.

"He really liked that. He asked me to repeat it."

Hill was not the only Clinton loyalist who received a call from the president this week. With this week being the first anniversary of the 1992 New Hampshire primary, Clinton also called co-chairmen of his primary campaign, including John Broderick, George Bruno, Stephanie Powers and Shumaker, as well as Tom Britton, a Cheshire County organizer.

Powers said she got home last night and there was a message from the White House operator on her answering machine asking her to call. When she got the president on the line he wished her happy anniversary.

"I said, 'Can you believe a year ago we were all standing on stage celebrating the Comeback Kid?" Powers said.

She is saving the tape from her answering machine.

(Monitor staff writer Deborah Snyder contributed to this report.)

THE WHITE HOUSE
WASHINGTON

DATE: 3/3

TO: Mack & Mark

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

Carol has a copy
of this & is working
on a strategy to implement
the AIDS Czar decision memo
by tomorrow morning.
Please consult with her

John

Pediatric AIDS Foundation

Hope for Children with AIDS

Memo: President Clinton
Re: AIDS Czar Office
Date: Tuesday, March 2, 1993

This memo is written in anticipation of meeting with you on Thursday, and I appreciate your willingness to intercede.

I love you and think you're doing a great job, but with all the other pressing issues, I believe it is necessary at this time to put the initial AIDS pieces firmly in place. We really cannot lose another week.

In order to bring the major issues into focus, the first step is to decide upon the location and size of the office of the Czar. In taking into account various considerations as they have been explained to me, I strongly suggest the following be decided immediately:

1. The Czar's office be limited to 8 people

2. The Czar and the Czar's Chief of Staff be White House positions, allowing new people outside government to be hired. I realize your commitment to decreasing White House staff -- but I strongly believe that the American people will understand and support 2 positions to confront the most pressing medical issue of the decade.

3. The other 6 positions (4 policy/program and 2 administrative assistants) be detailed from HHS to the Czar's office.

4. I think the office must be housed in the OEOB so that easy access to OMB, office of the First Lady and the Oval Office would be maximized. This allows problems to be solved and new ideas to move quickly. If this is truly a high priority, the space can surely be found.

I am planning to fly to Washington tomorrow and remain through Friday. I hope that these issues and meaningful progress on identifying a Czar can be made during this visit.

Most sincerely,

Elizabeth

Elizabeth Glaser

CO-FOUNDERS: Susan DeLaurentis/Elizabeth Glaser/Susan Zeegen
1311 Colorado Avenue, Santa Monica, California 90404
TEL: (310) 395-9051 FAX: (310) 395-5149

THE WHITE HOUSE
WASHINGTON

DATE: 03/03/93

TO: TONY LAKE

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

The attached has been forwarded to the President.

THE WHITE HOUSE
WASHINGTON

March 3, 1993

MR. PRESIDENT:

Mack asked that this be forwarded to you.

John Podesta

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

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: Podesta
Howard
Bob Rubin

THE WHITE HOUSE
WASHINGTON

DATE: 3/2

NOTE FOR: Marcia; Howard, Nancy H.

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
03.02.93

THE WHITE HOUSE

WASHINGTON

93 MAR 1 P7:29

March 1, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: HOWARD PASTER HP

SUBJECT: CAPITOL HILL PHONE CALLS

I have spoken with Marcia Hale about the most efficient way to achieve phone calls from you to potential key votes as the pace of legislative activity picks up in the coming weeks. I can well imagine circumstances in which a call -- on very short notice -- may be needed while a vote is being held in Committee or on the Floor.

Marcia and I would like to have an understanding that I deal directly with Nancy Hernreich in the case of calls that cannot be scheduled in advance and for which no official memorandum exists. If I am unable to brief you directly I will provide Nancy with the necessary information, and accept the responsibility for alerting others on the staff when necessary.

Good!
We need quick access!

THE WHITE HOUSE
WASHINGTON

DATE: 03/02/93

NOTE FOR: GEORGE STEPHANOPOULOS

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
03.02.93

M E M O R A N D U M

TO: THE PRESIDENT
FROM: BEGALA
RE: TALKING POINTS, REPUBLICANS ON THE HILL
DATE: MARCH 2, 1993

BACKGROUND

The principal political objective is to make the case for stimulus and investment, and to call on Republicans to be constructionists, not obstructionists. There are some useful new stats in today's New York Times that buttress your case.

TALKING POINTS

* **WHY WE NEED A STIMULUS PACKAGE FOR THE SHORT TERM**

  -- THIS IS A JOBLESS RECOVERY. 9 MILLION AMERICANS ARE OUT OF WORK;

  -- CONSUMER SPENDING IS OFF (it was up 3/10 of 1% in January, versus a robust 8/10 of 1% in December);

  -- SALES OF EXISTING HOMES ARE DOWN 6.4%

  -- SPENDING ON PUBLIC CONSTRUCTION IS DOWN 4.9%; PRIVATE CONSTRUCTION IS FLAT

* **THE CHOICE WE FACE IN THE SHORT TERM IS BETWEEN WORK AND WELFARE.**

  -- BY DOING NOTHING TO STIMULATE THE ECONOMY, WE'RE INCREASING THE WELFARE ROLLS INSTEAD OF THE JOBS ROLLS.

  -- FOOD STAMP RECIPIENTS ARE AT AN ALL-TIME HIGH. 26.6 MILLION AMERICANS, MORE THAN ONE IN EVERY TEN AMERICANS, IS NOW ON FOOD STAMPS, UP 36% IN THE LAST THREE YEARS.

  -- IN THE SHORT-TERM, I'D RATHER HAVE PEOPLE WORKING ON A BRIDGE THAN WAITING ON A WELFARE LINE.

* **WHY WE NEED AN INVESTMENT PACKAGE FOR THE LONG TERM**

  -- NEW GLOBAL ECONOMY, COMPETING FOR EVERY JOB

  -- OUR COMPETITORS, GERMANY, JAPAN, GREAT BRITAIN, ALL **RUN BY CONSERVATIVE GOVERNMENTS**, INVESTED IN THEIR PEOPLE IN THE 80's, AND THEY ARE REAPING THE REWARDS IN HIGHER INCREASES IN PRODUCTIVITY;

  -- THESE INVESTMENTS WILL CREATE HIGH-PAYING, PERMANENT, PRODUCTIVE, **PRIVATE SECTOR** JOBS

* **I WANT YOUR HELP**

  -- I WORKED HAND-IN-HAND WITH REPUBLICANS AS A GOVERNOR: N.G.A., WELFARE REFORM, EDUCATION REFORM

  -- WHILE SOME OF YOU MAY THINK MY PACKAGE IS TOO BIG, SOME IN MY PARTY THINK IT'S TOO SMALL. MAYBE THAT'S A SIGN IT'S ABOUT THE RIGHT SIZE.

  -- I KNOW WHAT IT IS TO BE THE LOYAL OPPOSITION. BUT THE AMERICAN PEOPLE WANT US TO BE **CON**STRUCTIONISTS, NOT **OB**STRUCTIONISTS.

* **THE ALTERNATIVE TO DOING SOMETHING IS DOING NOTHING.**

  -- IF ALL WE DO IS CUT SPENDING A LITTLE, INCREASE TAXES A LITTLE, AND DECREASE THE DEFICIT A LITTLE, WE'LL BE RIGHT BACK WHERE WE STARTED.

  -- THE AMERICAN PEOPLE WANT CHANGE. THEY WANT LESS WELFARE AND MORE JOBS. THEY WANT TO REWARD WORK AND STRENGTHEN FAMILIES. I KNOW YOU DO TOO.

THE WHITE HOUSE

WASHINGTON

March 2, 1993

TO: HILLARY RODHAM CLINTON
CAROL RASCO
MELANNE VERVEER
IRA MAGAZINER

FROM: JOHN PODESTA jp

SUBJECT: Antitrust concerns with our immunization strategy

Phil Areeda was quoted in this morning's New York Times as saying that if pharmaceutical companies agreed to limit their prices to only 10% above costs, "that could be an illegal maximum price fixing agreement."

In my past life, I worked on legislation (I represented the Newspaper Association of America) to change the law with regard to maximum price setting. That legislation passed the Congress but was vetoed by President Bush.

The Supreme Court ruled in Allbrecht v. Herald Co., 390 U.S. 145 (1968), that maximum price setting agreements are illegal *per se* under Section 1 of the Sherman Act. Virtually every commentator who has reviewed that decision has concluded that it makes no sense from an economic perspective and is, in fact, anti-consumer. As part of a general reform of the law of resale price maintenance, Senator Metzenbaum and Congressman Brooks included a legislative provision which overturned the Allbrecht decision, and instead required that price caps be judged on a "rule of reason" basis. Under the Metzenbaum-Brooks provision, plaintiffs in antitrust cases would have to prove the anticompetitive effects of price caps. The Bush Administration vetoed the bill because of objections to other provisions in the bill which strengthened the antitrust law with regard to schemes that set minimum prices.

I bring this to your attention because I think that Senator Metzenbaum and Congressman Brooks would be helpful if changes in the antitrust law were necessary to implement an agreement to lower vaccine prices.

Let me know if you need any further information.

THE NEW YORK TIMES, TUESDAY, MARCH 2, 1993

Health Secretary Meets With Makers of Vaccine

A79

By ROBERT PEAR

Special to The New York Times

WASHINGTON, March 1 — Donna E. Shalala, the Secretary of Health and Human Services, met today with vaccine manufacturers, but she got no commitment to hold down prices as President Clinton has demanded.

The meeting resulted from Mr. Clinton's assault on the prices that drug companies charge and on the profits they earn. In a speech on Feb. 12, he said the companies were pursuing "profits at the expense of our children," and he instructed Dr. Shalala to meet with pharmaceutical executives to discuss the price and distribution of vaccine.

Today, Dr. Shalala and her lawyers met with several industry executives, including Dr. R. Gordon Douglas Jr., president of the vaccine division of Merck & Company; Ronald J. Saldarini, president of Lederle-Praxis Biologicals, a division of the American Cyanamid Company, and David J. Williams, president of Connaught Laboratories.

Tenfold Price Increase

The Administration says the cost of a full set of recommended childhood vaccines rose to $244 in 1992, from $23 in 1982.

When asked if she accepted Merck's assertion that 80 percent of the price increase had resulted from new Federal excise taxes and from the addition of two new vaccines, Dr. Shalala replied, "No, I don't." Administration officials have not estimated how much of the price increase is attributable to these factors.

Dr. Douglas insisted that his arithmetic was correct. "Facts are facts," he said, adding that the data came from the Government.

The executives also said that Federal antitrust laws prevented them from engaging in detailed discussions of prices among themselves.

Sweeping Changes Threatened

But Dr. Douglas said in an interview that Merck was unlikely to raise prices for its main childhood vaccine, which protects against measles, mumps and rubella, while the company was holding talks with the Government. The Administration and the drug companies will hold more talks in a few weeks.

Administration officials say that if the companies disregard the President's warning and raise prices, Mr. Clinton may propose sweeping changes in the purchase and distribution of vaccines. Under one proposal being seriously considered by the Administration, the Federal Government and the states would buy up all childhood vaccines at a discount, then distribute them free to clinics and doctors.

The drug companies vehemently oppose that proposal. They acknowledge that 40 percent to 60 percent of preschool children do not get the full battery of recommended shots, but they maintain that a Government purchase program would not solve the problem.

In his speech on Feb. 12, Mr. Clinton called vaccine prices "shocking" and asserted, "The pharmaceutical industry is spending $1 billion more each year on advertising and lobbying than it does on developing new and better drugs."

Antitrust Problems Loom

Rejecting such criticism, Dr. Douglas said today: "We think our vaccines are reasonably priced. We already give a 50 percent discount to the Federal Government and the states, which account for 55 percent of all sales of our measles, mumps and rubella vaccine. That is enough to cover all poor people in this country with free vaccine purchased by taxpayers.

"When there is so much trouble with the Federal budget deficit, why should the Government buy vaccine for the 45 percent of the population who can afford it?"

Under attack, drug companies offer no concessions.

Prof. Phillip Areeda, an antitrust expert at Harvard Law School, confirmed that there were serious legal risks when drug company executives discussed prices with Government officials, even when the discussions concern a possible limit on prices.

"For them to meet the Secretary and hear her statement of chastisement about drug prices presents no antitrust problems," Mr. Areeda said. "If any one firm says it will re-examine its prices in the light of the Secretary's admonition, that would also be O.K. But if they were to agree among themselves as to the prices they charge, that would be a very serious antitrust problem. And if they said collectively that they would charge only 10 percent above costs, that could be an illegal maximum price-fixing agreement."

10

THE WHITE HOUSE

WASHINGTON

93 MAR 2 P5:52

March 2, 1993

RECOMMENDED TELEPHONE CALL

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 WHITE HOUSE
WASHINGTON

3/1/93

Maureen

John:

The attached letter is for your approval.

Please note the new yellow clearance form, which shows who has cleared off on the letter.

Thanks.

Jeff Riley

as edited
JDP
3-2-93

THE WHITE HOUSE

WASHINGTON

February 27, 1993

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

and

Dear John:

Thank you for taking the time to share your thoughts with me concerning Mr. Leonard Peltier. ~~As~~ Mr. Peltier's case is now being considered by the Eighth Circuit Court of Appeals, it ~~is~~ would be inappropriate for me to intervene in ~~the~~ judicial ~~process.~~
ongoing workings of our

We must have faith in our justice system to right any wrong that may have occurred. The pardon attorney at the Justice Department is aware of this case.

system.

Sincerely,

(02/26/93)

SLR PRESIDENTIAL FORM LETTER APPROVAL

MAIL ANALYSIS CODE: P-803

SUBJECT: Leonard Peltier

SLR STAFF ASSIGNEE: Erick Vogen **Ext. 2276**

(SLR Staff: Circle all the necessary White House departments which should review the letter)

DEPARTMENT APPROVAL

This form is used to document who has approved drafts of form letters to be signed by the President. Please read the accompanying draft, and make any changes you think are appropriate. **Print your name and the date of approval** in the blank for your department, initial the right approval blank, and make any substantive comments directly on the response draft.

	Name/Date/Initials	Approved As Is	Approved With Changes
Domestic Policy:			
Environmental Policy:			
Health Care Task Force:			
Intergovernmental Affairs:			
Legislative Affairs:			
National Economic Council:			
National Security Council:			
Political Affairs:			
Public Liaison:			
Science and Technology:			
White House Counsel:	Cheryl Mills		✓
Other:			
Other:			

QUALITY CONTROL FINAL APPROVAL: ______________ (initials) **DATE:** ________

THE WHITE HOUSE
WASHINGTON

March 2, 1993

Carol,

This is a draft letter to certain Members of Congress that the Congressional Relations folks sent over. It was drafted largely by HHS. I wanted you to take a look before we okay it. I also sent a copy to Bob Damus at OMB.

TDS
Todd

Dear 1~:

Thank you for your letter apprising me of Ohio's request for approval of its Hospital Care Assurance program by the Health Care Financing Administration (HCFA). I too am concerned about the impact on states, including Ohio, of the provider tax law and subsequent Department of Health and Human Services (HHS) regulations.

I recently met with the Governors, and we discussed the regulations governing provider taxes and disproportionate share reimbursements issued by the Bush Administration. Although these regulations were intended to be a product of negotiations between the states and HCFA, the Governors were virtually unanimous in their agreement that the new regulations do not represent the spirit of the negotiations.

After my meeting with the Governors, I issued a directive to the HHS and HCFA to reopen negotiations with the states. Secretary Shalala has pledged to move quickly to issue new regulations that accurately reflect the nature of these discussions.

The negotiations are proceeding and are expected to reach a conclusion in the near future. Let me assure you that the concerns of all states, including Ohio, are being represented.

HCFA has also been in contact with representatives from your state's Medicaid agency and will continue to work with them to resolve this matter. I assure you that once the negotiations are completed, the Health Care Financing Administration will expedite the review of your state's request.

Sincerely,

The Honorable 2~
House of Representatives
Washington, D.C. 20515

Chem

THE WHITE HOUSE
WASHINGTON

DATE: 3/2

CHRISTINE VARNEY FOR

NOTE FOR: Bob Reich

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

Information ☑

Action ☐

Bob —

They cut you no slack at the White House

John

Thank you.

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

cc:

THE WHITE HOUSE
WASHINGTON

DATE: 3/2

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)

cc:

THE PRESIDENT HAS SEEN
3/2/93

THE WHITE HOUSE

WASHINGTON

93 MAR 1 P3:59

MARCH 1, 1993

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: Howard Paster HP

SUBJECT: Attached note about the Secretary of Labor

I thought you would enjoy the attached, and would want to let Bob Reich know you have seen him compared to the allies liberating Paris.

Either change is working or Bob has one hell of a publicist.

To Bob Reich 3/1/93

Does this mean I have to make you a 5-Star General? (Or would taking you to a 5 Star Restaurant be compensation enough for the loss of the dining room?)

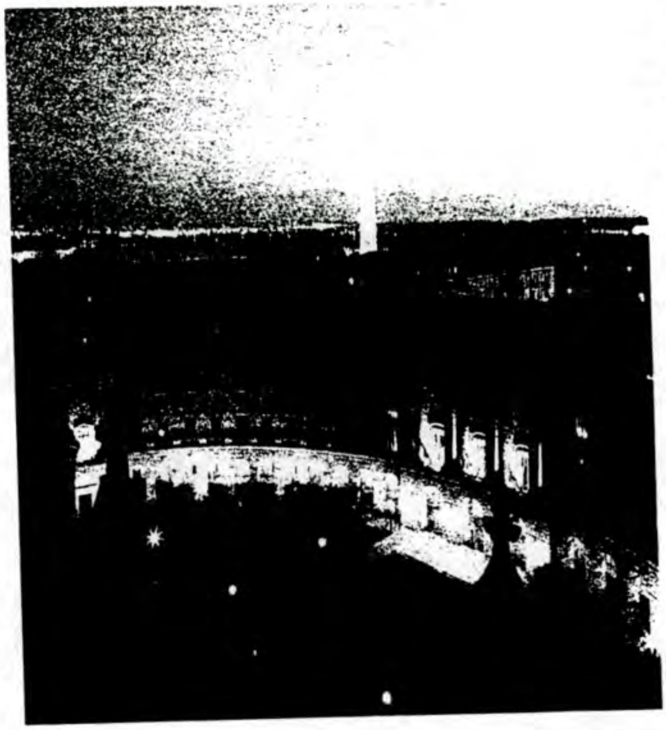
Thanks

Bill

INSIDE WASHINGTON

Free at Last, Free at Last

A veteran Labor Department hand says that he and his colleagues have experienced a hefty dose of "culture shock" since their new boss, Robert B. Reich, came on board. There's no "palace guard" around the Labor Secretary anymore—folks can go to him directly with their ideas. Reich has also done away with the executive dining room and special parking perks for senior officials (they now have to pay, like everybody else). "This place is abuzz," the official said. "The career folks are galvanized." He added that a colleague had summed up the situation perfectly: "It's like the allies liberating Paris."



The Corn King Still Reigns

Dwayne O. Andreas, the chairman of Decatur (Ill.)-based Archer-Daniels-Midland Co., steered more than $1 million in "soft" money to the GOP during the 1992 elections. But even with a Democrat in the White House, his company could cash in big. On Feb. 21, Agriculture Secretary Mike Espy told reporters at a National Corn Growers Association convention in San Antonio that the Clinton Administration is "trying to determine" whether ethanol, a corn-based fuel additive, should be exempt from its proposed energy tax. ADM controls 70 per cent of the nation's ethanol market.

Haitian Holdup

President Clinton's pre-inaugural move to head off the feared tide of Haitian boat people was premised on his pledge to speed the restoration of democracy to Haiti and an assurance that its ousted elected president, Jean-Bertrand Aristide, supports "the direction we are taking." A month later, however, State Department official Priscilla Clapp told a meeting of immigration experts that "democracy will not break out overnight in Haiti" and that the Administration is digging in for "a long, drawn-out process" of in-country refugee screening. Asked if the policy seemed hypocritical, Clapp snapped, "Life is full of contradictions."

Greenpeace Hedges Its Bets

Greenpeace USA has sent two videotapes to the White House to back up its case for shutting down a hazardous waste incinerator in East Liverpool, Ohio. The incinerator made news in December when now-Vice President Albert Gore Jr. asked the General Accounting Office to evaluate the safety of the facility. Environmental activists contend that the plant will dump tons of toxic emissions into the surrounding community. Apparently not content to place all its eggs in Gore's basket, however, Greenpeace sent its tapes to Hillary Rodham Clinton and Tipper Gore.

TAKING SENATE AIDES FOR A RIDE

Senate employees no longer need to brave the elements to get from the office to their free parking spaces: The Senate's Sergeant at Arms office now offers a shuttle bus service for them. The 10-passenger bus, which runs mornings and evenings, goes from the Senate office buildings to parking areas less than four blocks away. "When the Senate is in late, we wanted to give [employees] a more secure way to get to their cars," Robert A. Bean, the deputy sergeant at arms, said. The bus, he added, also ferries Senate aides to and from Postal Square (next to Union Station) for computer classes. Their counterparts in the House still have to hoof it.

THE WHITE HOUSE
WASHINGTON

DATE: 3/2

Rahm

JOHN D. PODESTA
Assistant to the President and Staff Secretary

The attached has been forwarded to the President.

fyi

THE WHITE HOUSE
WASHINGTON

March 2, 1993

MR. PRESIDENT:

A copy of the attached has been provided to Rahm.

John Podesta

DIANNE FEINSTEIN
CALIFORNIA

United States Senate
WASHINGTON, D.C.

Dear Mack,

The attached is FYI.

It will run op-ed in L.A. Times.

Dianne

Diane - This is an excellent piece.

We remain mindful and grateful for your leadership (strong and thoughtful) and your support.

Mack

cc: Pres. Clinton / Howard P / GoS

DIANNE FEINSTEIN
CALIFORNIA

United States Senate

WASHINGTON, DC 20510-0504

Op-ed by Senator Dianne Feinstein
February 26, 1993

Anyone who lives in California knows the recession is far from over. California's 9.5 percent unemployment rate remains higher than any other state in the union, save one. Over 1.4 million Californians are out of work -- that's more than the entire population of 13 other states. California needs real solutions and real assistance.

By itself, California would have the seventh largest economy in the world among all countries. One of eight Americans live in California today, and two of the four largest consumer markets are located there. So, what happens in California affects the rest of the nation.

California has much to gain from the President's economic stimulus plan. Consider this:

- $260.5 million, approximately 10 percent of the total funds budgeted for highways in the stimulus package, will be allocated for transportation and highways projects in California this fiscal year.
- $273 million, or 10 percent of the total funds, will be added to the $424 million already allocated to fund housing, public works and other community projects, such as recreation centers and libraries that will create jobs in our cities;
- Approximately $520 million in additional funds will be made available to California small businesses for small business loans -- that's 20 percent of the total;
- The low-income tax credit will be made permanent, providing

$2.6 billion in funds nationwide over the next four years to stimulate the building of sorely-needed affordable housing. This should help get housing construction going, particularly if banks begin to lend again.

- Doubling the level of funding for California -- from $123 million to $256 million, nearly 10 percent of the national total -- for the HOME program, which provides grants to states and cities to promote local initiatives to help low- and moderate-income families buy housing.

Treasury Secretary Lloyd Bentsen estimates that 50,000 jobs will be created in California, and 500,000 nationally, in the next five years through this stimulus package. It is through private sector investment, however, that California's economy will rebound and produce new jobs.

Of the 733,755 businesses established in California in 1989, 93.4 percent are small businesses. These figures underscore the growing importance of the small business sector in California. Through tax incentives and reduced taxes for increased investment, the President's plan provides a real opportunity to kickstart the economy by supporting entrepreneurs.

Consider this -- President Clinton has proposed:

- a $6.4 billion incremental Investment Tax Credit program for productivity enhancing equipment;
- making Research and Development tax credits permanent, so American companies will make additional investments in groundbreaking technology;
- a lowering of the Capital Gains tax to help develop capital for America's small businesses.

Each of these proposals will encourage businesses to grow and invest for the future.

President Clinton broke new ground with his Address to the

Nation two weeks ago. In years past, these speeches have been a platform for tough talk about problems, and no talk about solutions. Not this time. In a straight-forward, no-nonsense address, he offered strong medicine for a country that has lived off credit and debt alone for too long.

The message: get the budget deficit under control, invest in America, and put people back to work.

The American people elected President Clinton to change business as usual -- and that is exactly what he is doing. He didn't just say government programs needed to be cut, he put forward some specifics. I intend to watch the details of the program carefully because I believe the tax increases are only viable if accompanied by equal cuts in spending. To that end, I have just cut the budget of my Senate office by 25 percent.

Certainly Californians will benefit from these programs. In years past, the 3,000 miles that separated Washington from California seemed to erect a barrier -- denying our state its fair share of funds. It is refreshing to see the barrier disappear. Senator Barbara Boxer and I intend to fight hard to see that Californians receive their fair share.

President Clinton has shown his commitment to our state in many ways. Californians figure prominently in his Administration -- with White House Office of Management and Budget director Leon Panetta, Secretary of State Warren Christopher, Council of Economic Advisors chair Laura Tyson, and U.S. Trade Representative Mickey Kantor.

Our state stands at the center of the President's economic plan. He chose to visit Los Angeles and the Silicon Valley earlier this week to show us his commitment to achieve true, long-lasting change for the largest state in the union.

Of course, Congress will make some changes. Many of us are looking for additional cuts to recommend to the Finance Committee, but as a whole this plan can become a road map for recovery and a chance for Californians to regain their place in a thriving economy.

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 3/1

NOTE FOR: Bo Cutter

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

Information ☐
Action ☑

Please distribute + please give me a call about NEC/PRD/PDD record management.
Thanks
John

Thank you.

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

cc:

THE WHITE HOUSE
WASHINGTON

February 27, 1993

MR. PRESIDENT:

Enclosed is a decision memo from Bo Cutter regarding the establishment of a Presidential Review and Decision Series for the National Economic Council. It is purely a housekeeping matter.

Next week, you will receive a second memorandum on the establishment of the NEC structure and committee system for your consideration.

JP

John Podesta

THE PRESIDENT HAS SEEN
3/1/93

THE WHITE HOUSE

WASHINGTON

February 26, 1993

93 FEB 26 P7:11

MEMORANDUM FOR THE PRESIDENT

FROM: W. BOWMAN CUTTER Bo

SUBJECT: Presidential Review and Decision Series

BACKGROUND INFORMATION: The enclosed memorandum establishes the review and decision documents to be utilized by the National Economic Council. A second memorandum will be sent to you next week establishing the NEC system. The process and language is taken directly from the analogous NSC series.

DECISION: When you sign the enclosed memorandum, I will circulate it to the members of the NEC.

THE WHITE HOUSE

WASHINGTON

February 15, 1993

PRESIDENTIAL DECISION DIRECTIVE/NEC-1

TO: THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF LABOR
THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY OF TRANSPORTATION
THE SECRETARY OF ENERGY
THE ADMINISTRATOR OF THE ENVIRONMENTAL PROTECTION AGENCY
THE CHAIR OF THE COUNCIL OF ECONOMIC ADVISORS
THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET
THE UNITED STATES TRADE REPRESENTATIVE
THE ASSISTANT TO THE PRESIDENT FOR ECONOMIC POLICY
THE ASSISTANT TO THE PRESIDENT FOR DOMESTIC POLICY
THE NATIONAL SECURITY ADVISOR
THE ASSISTANT TO THE PRESIDENT FOR SCIENCE AND TECHNOLOGY POLICY

SUBJECT: Establishment of Presidential Review and Decision Series/NEC

The following instrumentalities are hereby established to direct the work of the National Economic Council and participating agencies and to inform the departments and agencies of Presidential directives:

-- Presidential Review Directive (PRD)/NEC

This series will be used to direct that reviews and analyses be undertaken by the departments and agencies.

-- Presidential Decision Directive (PDD)/NEC

This series will be used to promulgate Presidential decisions on national and economic matters.

William J. Clinton

93 MAR 1 P3:30

March 1, 1993

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

THROUGH: RONALD GEISLER RG
Executive Clerk

FROM: DAVID KALBAUGH DK
Assistant to the Executive Clerk

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

We have recently received the attached request for Presidential signatures on 15 American Red Cross Certificates of Merit.

This is the second request received by President Clinton for his signature on these certificates. You approved the fist request on February 2, 1993 (see attached).

This is a long-established program, and we recommend that you approve this request.

OK for signature
w/ B.C.
per John Podesta
SewAgner

American Red Cross

National Headquarters
Washington, DC 20006

February 26, 1993

Dear Mr. Geisler:

Attached please find a listing of Certificate of Merit recipients for your records. This list accounts for 15 new certificates.

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

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

Thank you very much for your assistance.

Sincerely,

Jon J. Martindale
Health and Safety

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

Attachment

Certificate of Merit Nominees
Sent to White House
For Presidential Signature
February 26, 1993

Name of Rescuer	State	OHQ	Red Cross Unit
Brenda Payne	PA	2	Berks County
Marcus Dill	GA	3	Wilkes County
David Ramey	OH	4	Lorain County
Robert Bloomer	OH	4	Lorain County
Paul J. DaSilva	FL	3	Northeast Florida
Karen Barlett	PA	2	Pennsylvania Captial
Carol (Trethawey) Tabisz	IN	4	St. Joseph County
Rernard L. Adams, Jr.	VA	2	Greater Richmond
Stephen Morgan	IN	4	Indianapolis Area
Marilyn Block	WI	4	Manitowoc County
Charles Russell	CA	8	San Luis Obispo County
Jason Taylor	CA	8	San Luis Obispo County
Don Mohling	CA	8	San Luis Obispo County
David G. Rood	MO	5	Greater Kansas City
Elaine Munyan	MO	5	Greater Kansas City

Certificate of Merit

is awarded to

Brenda Payne

for selfless and humane action

in saving a human life

Issued at Washington, D.C.

Honorary Chairman

Chairman

American Red Cross

THE WHITE HOUSE
WASHINGTON

DATE: 3/1-93

TO: Paul Begala

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

Re: Nixon

The Pres. wanted to call him. Don't think that's been completed.

John

THE WHITE HOUSE
WASHINGTON

March 2, 1993

MR. PRESIDENT:

Please let us know if this does not make sense to you. Otherwise, we will proceed on the basis outlined.

JP

John Podesta

cc: The Vice President
Mack McLarty
Mark Gearan
Howard Paster
Nancy Hernreich
Marcia Hale

THE WHITE HOUSE

WASHINGTON

93 MAR 1 P7:29

March 1, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: HOWARD PASTER HP

SUBJECT: CAPITOL HILL PHONE CALLS

I have spoken with Marcia Hale about the most efficient way to achieve phone calls from you to potential key votes as the pace of legislative activity picks up in the coming weeks. I can well imagine circumstances in which a call -- on very short notice -- may be needed while a vote is being held in Committee or on the Floor.

Marcia and I would like to have an understanding that I deal directly with Nancy Hernreich in the case of calls that cannot be scheduled in advance and for which no official memorandum exists. If I am unable to brief you directly I will provide Nancy with the necessary information, and accept the responsibility for alerting others on the staff when necessary.

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 03/01/93

TO:
THE VICE PRESIDENT
GEORGE STEPHANOPOULOS
HOWARD PASTER
RAHM EMANUEL
MICHAEL WALDMAN

[redacted]

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

The attached has been forwarded to the President.

[redacted]

[redacted]

THE WHITE HOUSE
WASHINGTON

March 1, 1993

MR. PRESIDENT:

Mack asked that this be forwarded to you. I've sent it to the Vice President, George, Michael Waldman, Howard, and Rahm.

[redacted]

John Podesta

[redacted]

MEMORANDUM

TO: PRESIDENT CLINTON

FROM: DAVID L. BOREN

93 MAR 1 P5:48

DATE: MARCH 1,1993

In 1992, the American people sent a powerful message with your election that they want to break the stranglehold that special interest money holds over this city. They are looking to you to make it happen. They want straight talk and action from their leaders.

For the moment, millions of Americans have put on hold their deeply rooted cynicism about Washington D.C. because they are full of hope that you understand what the country needs and will do everything in your power to reform the political system.

The key to political reform is to move a strong campaign finance bill through the Congress that will create real change.

To succeed, I urge you to move forward quickly and aggressively to challenge the entrenched opposition this effort will face from lobbyists and other special interests, as well as from incumbent Members of Congress in both parties.

On the one hand, there is a powerful mandate from the country for real political reform. And majorities in both the House and the Senate are on record both for a new congressional system based on spending limits and clean public campaign resources, and for shutting down the soft money system.

But there is also private fear of change in Congress and resistance to reform. This is a city filled with lobbyists and incumbents who want to hold onto the status quo and are gambling that you won't take them on publicly as they move to protect the current system.

The only chance for success is if you use the presidency to publicly define this issue for the country.

Congress has a huge credibility problem with the American people on this question. It is essential that you do not allow your credibility on the campaign finance issue to be damaged by taking on their baggage or by leaving it to Congress to define what is at issue in this battle and what is needed to clean up the system. That's why I strongly disagree with a quote attributed to a senior White House official in Sunday's <u>New York Times</u> that specifics on campaign finance reform are "not our fight."

I believe that you need to go public very soon with your own strong proposal, one that will resonate with the public and lay down the markers for Congress. And it needs to be stronger than what Congress passed last year.

Your straight talk on the economy had enormous impact on the country and on the Congress. The same kind of straight talk to the country on the campaign finance issue is needed.

Your audience must be the country, not the powers that be in Washington. As you told Congress in your State of the Union, we may not like it but they will be cheering at home.

I recognize that this has been a time of intense focus on the budget and economy. Appropriately so. But there is a great danger in not also moving forward forcefully and quickly on the campaign finance reform legislation. Every day that goes by weakens your hand and plays into the hands of opponents on both sides of the aisle. In the meantime, George Mitchell is moving ahead, with strong support from me and others. It is essential that you not look like you are being left behind. If we do not get this bill on the Senate floor before the end of April, our chances will be greatly reduced.

We need your strong public leadership to pass the kind of the bill the country and the political system need. Obviously, any bill that is weaker than the one we sent to President Bush will not be publicly credible. And last year's bill must be strengthened as you correctly recognized during the campaign.

o Spending Limits and Public Resources

Spending limits are central to reforming the campaign finance system. Because of the Supreme Court's decision in Buckley v. Valeo, spending limits must be tied to public resources for elections. You have already identified the repeal of the tax deduction for lobbying as a way to fund public resources. Americans understand the argument that we are better off using these resources to clean up our campaigns than to subsidize Washington lobbyists. People will also respond positively if we focus the public resources on communicating directly with voters --- such as by providing public communication vouchers. This would fit with your stated goal of opening up the airwaves so that candidates can engage in a dialogue with the voters.

We cannot, however, get away from the fact that to have real reform of the system with spending limits, we must have public resources and we must provide the funding for this system.

In order to provide a fairer system for serious challengers and to cut back on the extraordinary role of private special interest contributions, there need to be significant public resources. That requires some expansion of the level of public

resources presently provided in S. 3. These resources should go to serious candidates whose credibility can be established by raising a threshold amount of small individual contributions.

Republicans leaders on this issue are very vulnerable when they challenge the idea of using public resources to clean up campaigns. Republican presidential candidates have taken $278 million in public funds. The Republican party has taken $32 for their conventions. And individual Republican Members of Congress who oppose spending limits and public resources for campaigns are spending millions of dollars in taxpayer money on the mailing frank -- which is public financing for incumbents only.

o Closing down the soft money system

It is clear that no new system will work-- and no bill will be credible-- unless the soft money system is completely shut down. This issue has been publicly defined and is a litmus test for news reporters, editorial writers, and public interest groups.

There is no other matter in campaign finance reform that I have spent more time listening to Democratic Party leaders, state party chairs, and fellow Members of Congress than the soft money issue. I understand the arguments on this issue, the technical issues involved, and the pressures on you as the head of our party. But I also know that there is no middle ground solution to this problem.

It would be enormously damaging to your ability to reform the political system if efforts were made to back away from last year's provisions in S. 3 to end the soft money system.

o PACs and Bundling

It is very important that tough individual and aggregate PAC limits be part of reform legislation. You should call for tougher PAC limits than contained in last year's bill.

It is also essential that you support effective measures to shut down the bundling loophole that is used by PACs and lobbyists to avoid contribution limits.

If this loophole is not closed, for all practical purposes we will not have PAC limits. S. 3 is presently written to protect bundling by EMILY'S List by exempting "non-connected" or ideological PACs. This exempts hundreds of PACs who would be able to bundle millions of dollars in PAC contributions. The exemption also opens the door to the creation of a whole new industry of PACs established for the sole purpose of bundling contributions. The press and interest groups will be publicly scrutinizing this provision. And we will not have real reform with it in.

M E M O R A N D U M

TO: PRESIDENT CLINTON

FROM: DAVID L. BOREN 93 MAR 1 P5:48

DATE: MARCH 1,1993

In 1992, the American people sent a powerful message with your election that they want to break the stranglehold that special interest money holds over this city. They are looking to you to make it happen. They want straight talk and action from their leaders.

For the moment, millions of Americans have put on hold their deeply rooted cynicism about Washington D.C. because they are full of hope that you understand what the country needs and will do everything in your power to reform the political system.

The key to political reform is to move a strong campaign finance bill through the Congress that will create real change.

To succeed, I urge you to move forward quickly and aggressively to challenge the entrenched opposition this effort will face from lobbyists and other special interests, as well as from incumbent Members of Congress in both parties.

On the one hand, there is a powerful mandate from the country for real political reform. And majorities in both the House and the Senate are on record both for a new congressional system based on spending limits and clean public campaign resources, and for shutting down the soft money system.

But there is also private fear of change in Congress and resistance to reform. This is a city filled with lobbyists and incumbents who want to hold onto the status quo and are gambling that you won't take them on publicly as they move to protect the current system.

The only chance for success is if you use the presidency to publicly define this issue for the country.

Congress has a huge credibility problem with the American people on this question. It is essential that you do not allow your credibility on the campaign finance issue to be damaged by taking on their baggage or by leaving it to Congress to define what is at issue in this battle and what is needed to clean up the system. That's why I strongly disagree with a quote attributed to a senior White House official in Sunday's New York Times that specifics on campaign finance reform are "not our fight."

I believe that you need to go public very soon with your own strong proposal, one that will resonate with the public and lay down the markers for Congress. And it needs to be stronger than what Congress passed last year.

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THE WHITE HOUSE

WASHINGTON

March 1, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA
BRANT LEE

SUBJECT: The "Justice for Wards Cove Workers Act"

The Civil Rights Act of 1991 effectively overturned several Supreme Court cases which had weakened and narrowed federal civil rights protection. One of those cases, Wards Cove Packing Co. v. Antonio, made it harder for plaintiffs to prove racial discrimination by showing disparate impact. Although the Wards Cove decision was overturned by the statute, the management of the Wards Cove Packing Company obtained an exemption from the provisions of the Civil Rights Act. The "Justice for Wards Cove Workers Act" deletes that exemption, putting the company in the same position as every other defendant company.

Attached is a letter endorsing the bill. Legal Counsel, Legislative Affairs, Domestic Policy, Public Liaison and OMB have all approved it. We recommend that you sign the letter.

THE WHITE HOUSE

WASHINGTON

March 2, 1993

Dear Representative McDermott:

I am writing to express my strong support for the "Justice for Wards Cove Workers Act," which you are re-introducing today. This important piece of legislation will overturn the unfair exemption of the original plaintiffs in the Wards Cove Packing Co. v. Antonio case from coverage under the Civil Rights Act of 1991.

The Civil Rights Act of 1991 was passed to overturn a series of controversial Supreme Court decisions that made it more difficult for victims of discrimination to challenge employers' discriminatory practices. Congress found that the decision weakened the scope and effectiveness of Federal civil rights protection. Chief among these decisions was Wards Cove Packing Co. v. Antonio, yet the Act exempts the very 2,000 Americans who sought relief in the original case.

America is a nation of great diversity, founded on the principle of equality before the law. It is contrary to all of our ideas to exclude any American from the protection of our civil rights laws.

I am committed to removing this exemption. I appreciate your hard work on this issue.

Sincerely,

The Honorable Jim McDermott
House of Representatives
Washington, D.C. 20515

John Podesta
cc: NH
cc: Georgeˢ
cc: NSC

Harry Belafonte

93 MAR 1 P6:20

TOP 311

March 1, 1993

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

Dear Mr. President,

Over the past few weeks I have watched with disbelief as your Administration has continued the cruel Haitian policy initiated by George Bush. I have been horrified to witness the hunger strike of the poor Haitian refugees on Guantanamo, which is now well into its third week. I have been even more amazed that apparently you plan to defend tomorrow, at the Supreme Court, the very policy of forcible repatriation that you condemned so many times during the campaign as illegal.

As you know, I supported your candidacy with great enthusiasm. I, and many of your supporters, consider your Haitian policy a betrayal of monumental proportions. We will not hesitate to speak out publicly to protest your illegal and inhumane decisions. We urge you in the strongest possible terms to act immediately to admit the Haitians from Guantanamo to the United States and to order the Acting Attorney General not to defend the Bush repatriation policy at the Supreme Court. There is still time for you to keep faith with the many people who supported you because we believed you were different from George Bush. Please do not be motivated purely by political expendiency or what is popular with the uninformed sectors of our country.

From this day forward, many Americans -- and others in the world -- no longer consider our country's policies toward Haiti and its President as the "Bush Policy." George is gone. It is now your policy, and it is immoral. I, along with millions of others who may at the moment be silent, would urge you as a matter of principle to correct this injustice, and do so swiftly.

Respectfully,

Harry Belafonte

Harry Belafonte

cc: Ms. Hillary Rodham Clinton
Mr. Ron Brown
Mr. Thomas McLarty
Ms. Marian Wright Edelman
Mary Steenburgen
Jonathan Demme
Edward Saxon
Susan Sarandon

Roz Abrams
Bella Abzug
The Reverend Antoine Adrien
Eric Alcin
Debbie Allen
Robert & Kathryn Altman
John Amos
Laurie Anderson
Maya Angelou
Judy Arthur
Ed Asner
Gage Averill
Vivian Ayers
Obba Babatunde
Lauren Bacall
Jon Robin Baitz
Bob Balaban
Alec Baldwin
Russell Banks
Bryan Bantry
Keith Barish
Kathleen Battle
Jennifer Beals
Ed Begley, Jr.
Patricia Benoit
William Bernstein
The Most Rev. A.J. Bevilacqua
Honorable Lucien Blackwell
Kenny Blank
Roy Blount, Jr.
Patrice Bolte
Lisa Bonet
Robert Bookman
Duke Booty
Ron Bozman
Ed Bradley
Taylor Branch
Bob Breslo
Tom Brokaw
Trisha Brown
Bobby Brown
Roscoe Lee Brown
Montgomery Burbank
Rudy Burkhardt
Reverend Calvin Butts
David Byrne
John and Reesa Cale
Naomi Campbell
Fabiano Canosa
Barbara Caroll
Jimmy Carter
Honorable Jean Casimir
Reverend Robert Castle
Manno Charlemagne
Ellie Charles
Joell Charlot
Clothilde Charlot
Jean Yeve Charlot
Honorable Shirley Chisolm
Muzaffar Chishti
Billy Colo
Ornette Coleman
Kathy Conero
Honorable John Conyers, Jr.
Dr. William Cosby
Jonathan Cott
Harold Courlander
Celia Cruz
Blondell Cummings
Kerry Kennedy Cuomo
Governor Mario Cuomo
Chuck D
Julie Dash
Ossie Davis
Suzanne DePasse
Ruby Dee
Dale S. de Haan
Honorable Ronald Y. Dellums
Ted Demme
Robert DeNiro
Michel Desir
Samson Desmero
Robert DeVecchi
Danny DeVito
Josh Dewind, Ph.D.
Ernest Dickerson
Mayor David Dinkins
Deborah Dobsky
Jean Dominique
Richard Dreyfuss
Estelle Dubuisson
Bill Duke
Peggy Dulaney
Katherine Dunham
Griffin Dunne
The Reverend William Duval
Sister Carol East
Andre Elizee
Julius Erving
Giancarlo Esposito
Joseph Etienne
Paul Farmer
Honorable Dante Fascell
Honorable Walter Fauntroy
Gerard Ferere
Honorable Fernando Ferrer
Jean Paul & Jacqueline Filsaime
Karen Finley

Larry Fishburne
David Forbes
Jodie Foster
Freddie Foxxx
Honorable Barney Frank
Chris Frantz
Fab 5 Freddie
Morgan Freeman
Athol Fugard
Anne Fuller
Peter Gabriel
Serge Gaspar
Joe Gelmis
Robin Givens
Ira Glasser
Scott Glenn
Danny Glover
Whoopi Goldberg
Ira Gollobin
Cuba Gooding, Jr.
Cuba Gooding, Sr.
Louis Gossett Jr.
Joel Gray
Spalding Gray
Dick Gregory
Jack Griswald
Angela Hall
Robert Halmi
Tom Hanks
David Harris
Debbie Harry
Kitty Carlisle Hart
Wade Henderson
Beth Henley
Bob Herbert
Gregory Hines
Geoffrey Holder
Benjamin Hooks
Anthony Hopkins
Lena Horne
Whitney Houston
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Reginald Hudlin
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Daniel Jean-Gilles
Patrick Jean-Pierre
Jean Robert Jean-Pierre
Peter Jennings
Norman Jewison
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Honorable Edward M.Kennedy
Joe Killian
Lane Kirkland
Eartha Kitt
Ted Koppel
Yaphet Kotto
Arthur Krim
Dr. Mathilde Krim
Ira Kurzban
Christine Lahti
Saul Landau
Madame Lassegue
Paul Lazar
Norman Lear
Spike Lee
Honorable Jerry Lewis
Ray Liotta
Shirley Long
Ambassador Fritz Longchamps
Evelyn Longchamps
Dolette MacDonald
Fahimie Marks
Branford Marsalis
Jay Mazur
MC Lyte
Kyle McCarthy
Karen McCarthy Brown
Art McFarland
Mike Medavoy
Jo Mennell
Honorable Ruth Messinger
Senator Howard Metzenbaum
Honorable Robert Michel
Arthur Mitchell
Honorable Joe Moakley
Matthew Modine
Meredith Monk
Toni Morrison
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Cyril Neville
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Paul Uhry Newman
Jack Nicholson
Rick Nicita
Dana Owens
Honorable Major Owens
Kris Parker
Rosa Parks

Gordon Parks, Sr.
Annie-B Parson
Fred Paul
Rosie Perez
Bernadette Peters
Michelle Pfeiffer
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Marc Platt
Eric Pleskow
Sidney Poiter
Richard Pryor
Tito Puente
Bob Rafelson
Hon. Charles B. Rangel
Phylicia Rashad
Dan Rather
Robert Redford
Lou Reed
Ken Regan
Matty Rich
Jason Robards
Tim Robbins
Seldon and Carol Rodman
Ken Roth
Gary Rubin
Mercedes Ruehl
Winona Ryder
The Reverend Guy Sansarieq
Paul Schrader
Honorable Patricia Schroeder
Honorable Charles Schumen
Martin Scorsese
Reverend John Scott
Pete Seeger
Suzanne Seitz
Maurice Sendak
Dr. Betty Shabazz
Brooke Shields
Howard Shore
Hon. Claire Shullman
Russell Simmons
John Singleton
Anna Deavere Smith
Lois Smith
Wesley Snipes
Jawole Solar
Maggie Steber
Honorable Andrew Stein
Little Steven
Janelle Stovall
Walt Stowe
William Styron
Honorable Percy Sutton
Ted Tally
Robert Ferris Thompson
Robert Townsend
Cicely Tyson
Kenneth Utt
Hon. Peter Vallone
Mario Van Peebles
Melvin Van Peebles
Denitra Vance
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Ron Vawter
Suzanne Vega
Marjorie Vincent
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Fred Ward
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Amy Wilentz
Robin Williams
August Wilson
Oprah Winfrey
George C. Wolfe
Daniel Wolff
Stevie Wonder
Alfre Woodard
Joanne Woodward

THE WHITE HOUSE
WASHINGTON

DATE: 3/1

TO: MACK

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

Did you see the attached? The cable-broadcast-hollywood wars are complex and fun at the same time.

John

THE NEW YORK TIMES,

...ny Free Press

A private young cooperative breaks news and custom in Mozambique.

bulletin, which is called Mediafax. They send it out by facsimile machine, using a computer with automatic-dialing capacity to reach a mere 360 paid subscribers.

By American standards, this is at most boutique journalism. By African standards, it is a little revolution — the vanguard, perhaps, of a free press, and of financially independent news organizations, however small they might be.

The cooperative raised $200,000 in donations from Dutch and Nordic Government sponsors and private donors, and sent out its first issue in May. Subscriptions sell for $600 a year, more than the average annual income of a Mozambican.

By paying only subsistence salaries, the cooperative has squirreled away the seed money to begin a newspaper, a 32-page weekly tabloid to be called Savana. Mediafax's editor, Carlos Cardoso, said he expected the paper to go on sale in May, with an initial circulation of 15,000.

In its short life, Mediafax has shaken the official press outlets in this southeast African country from a chronic lethargy, raised enough money to begin its first independent newspaper and demonstrated for other African dissidents how industrial world technology can be used to hur-

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nal memo from one red-faced minister instructing a subordinate: "1. Pay the electric bill. 2. Subscribe to Mediafax."

"All the ministries subscribe now," said Fernando Lima, a founder of the press cooperative. "And they all cooperate in leaking us stories. Most of our sources are pretty high level. They could leak this stuff to the state media, but among the intelligentsia, it has more credibility if we publish it."

The main pro-Government newspaper, Notícias, which banned any mention of Mediafax until a few months ago, now scrambles to catch up with its exclusive reports. Mediafax's revelations are often carried on the state radio, the only medium that blankets this country, where one person in 200 reads a newspaper and television broadcasts in just two cities — Maputo, the capital, and Beira.

Self-Censorship Wanes

Since Mozambique became independent from Portugal in 1975, its press has not suffered the heavy-handed repression common in many African dictatorships. Even before passage of a 1991 constitutional amendment declaring freedom of the press, Mr. Cardoso said, the most serious censorship was the self-censorship practiced by journalists who had supported the ruling party, Frelimo, in its war against colonialism.

It was a practice employed by writers and editors in other African countries, some relatively democratic, who acted from a combination of belief in the ruling party's principles and a well-tuned sense of how far they could safely tread in print.

But by the mid-1980's, as writers here grew disenchanted with the Government, they found that state control of newspapers, radio and television left them little room for critical or lively reporting.

"The more maverick journalists found they had problems," said Mr. Cardoso, who spent "a few days" in jail for offending the Government when he worked at the official Mozambique News Agency.

"There were two options among the more independent-minded journalists," he said. "One was to make one final bid to try to control the Government media. The other was: 'Let's get out and try to do something on our own.'"

Mr. Cardoso and a dozen fellow defectors from official press organizations formed their cooperative a year ago with the aim of publishing a newspaper, but they soon put that on hold. The Government controlled the presses and supplies of paper, and few investors wanted to antagonize leaders by backing a project that would be seen as an opposition paper.

Their fax venture was inspired in part by an independent Soviet news service, Interfax, which helped break down the official press monopoly in Moscow during the last years of the Soviet Union. Mediafax is believed to be the first of its kind in Africa.

TV Station...

By ELIZABETH KOLBERT

The battle of Fairfield County ma... be over, but the cable war is ju... beginning.

Two weeks after the cable comp... ny serving southwestern Connectic... announced that it was dropping se... eral Hartford television stations a... a week after the company revers... itself, broadcasters, cable executiv... and Congressional officials all p... dict similar conflicts in other me... markets across the country.

As the cable regulation act pass... by Congress last fall begins to ta... effect, they say, broadcasters and ... ble system operators are starting ... jockey for advantage in a competiti... that could have enormous con... quences for both industries.

Sign of Things to Come?

"This is going to be a huge bat... that's going to play out over and o... and over again," said Gerry Waldr... a staff member of the House Comm... tee on Energy and Commerce's S... committee on Telecommunicati... and Finance.

aff Secretary

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Journalists in Mozambique working on a daily three-page bulletin, Mediafax, from wh
information revealing failures of the Government. By African standards, the paper is a

TV Stations vs. Cable Giants: New Terms of

By ELIZABETH KOLBERT

The battle of Fairfield County may be over, but the cable war is just beginning.

Two weeks after the cable company serving southwestern Connecticut announced that it was dropping several Hartford television stations and a week after the company reversed itself, broadcasters, cable executives and Congressional officials all predict similar conflicts in other media markets across the country.

As the cable regulation act passed by Congress last fall begins to take effect, they say, broadcasters and cable system operators are starting to jockey for advantage in a competition that could have enormous consequences for both industries.

Sign of Things to Come?

"This is going to be a huge battle that's going to play out over and over and over again," said Gerry Waldron, a staff member of the House Committee on Energy and Commerce's Subcommittee on Telecommunications and Finance.

Broadcasters now insist that cable systems carry their signals.

At stake in the dispute between the Hartford-based broadcast television stations and the two southwestern Connecticut cable systems, both owned by Cablevision Systems Corporation, is an issue that lies at the heart of the cable-regulation bill: the rights of broadcasters in an increasingly cable-dominated world.

"What the cable systems may do is try to intimidate broadcasters," said Jeff Baumann, general counsel of the National Association of Broadcasters. "You're going to see a lot of brinksmanship, a lot of gamesmanship."

Until now, cable systems have had the right to retransmit broadcast signals essentially without paying for them. The laws written to protect a

cable systems to carry certain local stations.

Under the cable bill, some broadcast stations will be able to exercise a "must-carry" option, in essence a demand that cable systems retransmit their signals. Stations that do not exercise this option will be allowed to negotiate with the cable systems that want to carry them and to obtain unspecified compensation.

Whether these new restrictions will survive court challenges from the cable industry remains to be seen. The National Cable Television Association, together with several large cable operators, is seeking to overturn them on First Amendment grounds, and argument in the case is scheduled this week before a special three-judge Federal panel.

Stations Divided Into Areas

Even if the restrictions do survive, though, many questions remain about what broadcast stations will be entitled to which rights.

Each station in the country is assigned to an area of dominant influence, based on where it broadcasts from. (The nation is divided into 209 such areas.) It is unclear at this point

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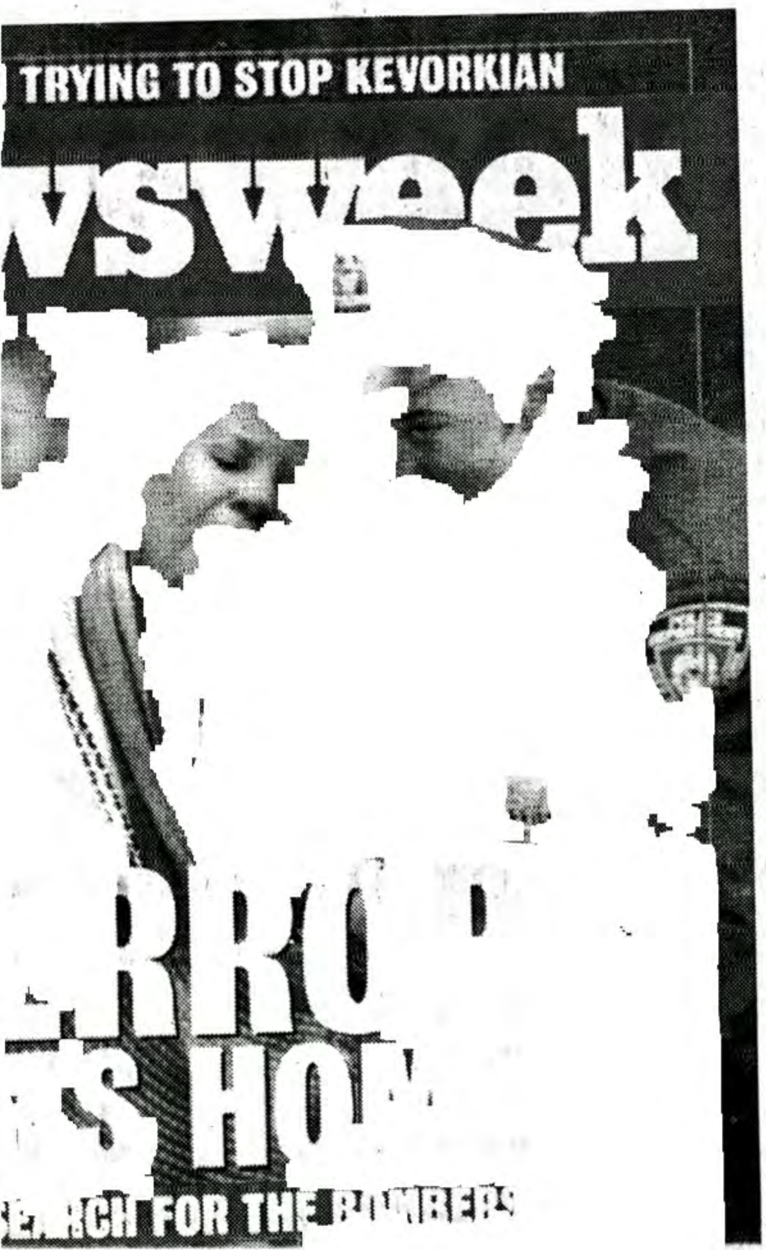


fledgling cable industry, imposed no requirement on cable systems to carry local stations; the systems invariably did carry them, however, because they were so popular.

Recognizing that the relationship between broadcasters and cable television companies has slowly been reversed — it is now broadcasters who are seeking protection from the cable industry — Congress last year imposed new regulations that obligate

whether the "must-carry" option will be available only to those stations transmitting from within the area served by a particular cable system, or whether other stations will also have the option. It is also unclear whether cable systems that span two or more of these areas will have to carry the broadcast channels from each one.

Most broadcast stations and cable systems are just taking the first ten-

even know what they are," Robert Gluck, vice president of WTIC, a Fox Broadcasting station and one of those Cablevision had threatened to drop.

Cablevision, in turn, accused the stations of trying to exercise a "must-carry" right where none existed. "There's no way we would deliberately create a negative public response merely to put forward a negotiating position," Donna Garafano, a spokeswoman for the system, said.

Press

Newspaper Ad Men's Happier Tune

Continued From First Business Page

the most optimistic.

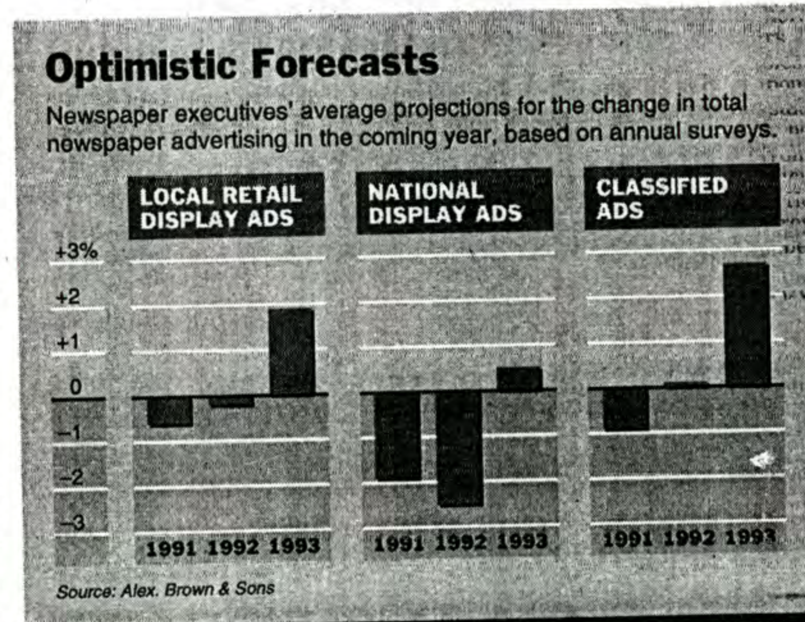
In the real world, industry executives say, it is becoming nearly bearable to sit through advertising department meetings.

"The mood," said Herbert W. Moloney, senior vice president for advertising at The Philadelphia Inquirer, "is definitely better than it was two years ago and better than it was last year."

Gambling on Sports: Statistics Can Lie

Houston journalists were aghast 10 days ago when KTRK-TV broke the news that an illegal gambling operation had apparently managed to alter sports statistics so that incorrect numbers appeared in at least one of the city's two newspapers, The Houston Chronicle. The tamperers' goal, it seemed, was to manipulate payoffs to bettors who wager on all sorts of statistics — total passing yardage in football or quarterly scores, to mention a couple of possibilities.

Over at The Chronicle's rival, The Houston Post, however, they may



The New York Times

proved to be a typographical problem.

Mr. Loftis said he doesn't "necessarily believe that" The Post was error-free.

The Post's editor, Gerald Garcia, defended his paper's position. "They

owned by the Times Mirror Company.

But this month, he is scheduled to leave Baltimore — resigning, he and the company say, for personal reasons, which include that his wife, Cynthia McFadden, is an anchor for Court TV based in New York.

CRON

'n MARK Gearan fyi John

Q But that you were going to come up with your -- but I thought he said that you were --

MS. MYERS: -- President of the Security Council -- that we're working with them on that. That's why --

Q But I thought you were going to come up with sort of your input to that.

MS. MYERS: I don't think anything's passed there yet. Last I checked, nothing had passed.

Q My question is, did you work on your input to the draft statement?

MS. MYERS: Yes, that's why Madeleine Albright there. Ambassador Albright is there now working with them on that.

Q But was there agreement among the people you just mentioned here at this meeting today as to what the U.S. input into that should be or what the U.S. focus --

MS. MYERS: Yes, I think that's moving forward. But there's no -- again, there's been no resolution passed at the Security Council.

Q Do you have any information on this supposed massacre at -- I can't say it -- Cerska?

MS. MYERS: Cerska. No.

Q Is there any confirmation at all -- any intelligence to indicate that those reports are true?

MS. MYERS: No. The last I heard, there wasn't, and I would refer you to Defense on that to see if they have anymore details.

Q Dee Dee, did you ever learn whether the President received from OPM that list of bonuses Executive Branch-wide that were paid?

MS. MYERS: We're still in the process. We've received some of them. I don't know if we have all of them yet.

Q Dee Dee, are you give us -- make available copies of that?

MS. MYERS: Oh, I think you can count on that. (Laughter.)

Q Is either Katie McGinty or Carol Browner a member of the NSC?

MS. MYERS: No.

Q Dee Dee, have you got a location yet for the Yeltsin meeting, please?

MS. MYERS: No, we don't.

Q When will that be? Do you know?

MS. MYERS: I expect it fairly soon. There's ongoing conversation about it.

Q What's the holdup?

MORE

THE WHITE HOUSE

WASHINGTON

March 7, 1993

MEMORANDUM TO: BERNARD NUSSBAUM
STEPHEN NEUWIRTH

FROM: JOHN PODESTA JDP

SUBJECT: MEMO ON PROHIBITED CONTACT WITH AGENCIES

I mentioned to Bernie that I thought your memo on prohibited contacts with Federal agencies as it related to agencies engaged in rulemaking went far beyond anything that is required legally, ethically or from a public-trust perspective.

I think that following these policies will seriously impede the President's ability to carry out his policies and programs.

I would propose a meeting with people who might engage in providing policy input to Federal agencies to discuss what the appropriate policy guidelines in non-adjudicatory matters should be.

cc: Mack McLarty
Mark Gearan
Bob Rubin
Carol Rasco
Howard Paster
Jack Gibbons
Katie McGinty
Greg Simon
Jack Quinn
Michael Waldman
Phil Lader