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FOLDER TITLE:

March 28-31, 1993 [1]

2018-0662-S
rs3039

RESTRICTION CODES

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

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

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

CHRON

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 3/28

NOTE FOR: Tony Lake

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

Information ☐

Action ☑

[redacted]

Thank you.

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

[redacted]

cc: The Vice President

[redacted]

THE WHITE HOUSE
WASHINGTON

March 11, 1993

THE PRESIDENT HAS SEEN

MR. PRESIDENT:

The attached was originally addressed to Bob Rubin. I've also forwarded to Tony Lake.

cc
To AGT

John Podesta

[redacted]

to Tony Lake
This is very good - need to discuss [illegible] —
[illegible] —

[redacted]

THE PRESIDENT HAS SEEN

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

Dan Rostenkowski
Illinois

Chairman
Committee on Ways and Means

March 10, 1993

– getting memo faxed 3/10

Dear Mack:

I sent the attached memo to Bob Rubin yesterday, at his request. It elaborates on my memo dated February 4, 1993, to the President about Most-Favored-Nation status for China. Please share it with the President at his convenience.

Sincerely yours,

Dan Rostenkowski
Chairman

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

Dan – Forwarded per your request + Pres. [illegible]

Mack

COMMITTEE ON WAYS AND MEANS

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

March 10, 1993

MEMORANDUM

TO: Bob Rubin

FROM: Dan Rostenkowski

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

As a follow-up to our phone conversation last week, this memorandum briefly describes the political climate in the House on the China MFN issue and suggests steps that the President can take to address Members' concerns.

As you know, the House, led by Congresswoman Nancy Pelosi, made failed attempts in the last Congress to condition China's future MFN status on progress by the Chinese Government in the areas of human rights, weapons proliferation, and trade. It appears that Mrs. Pelosi intends to introduce similar, but not identical legislation, again this year. She has had overwhelming support for such legislation in the past, particularly among Democrats, and she and many other Members continue to feel strongly that China needs to show significant improvement, particularly in the human rights area, if China is to maintain its MFN status in the future. I firmly believe, however, that Mrs. Pelosi and her supporters' objective is not to bring about the revocation of China's MFN status but to obtain meaningful improvements in human rights conditions in China.

I believe most Democrats would prefer for the President to take the lead on this issue. However, many, including Mrs. Pelosi, feel a strong commitment to the issue and do not want to appear to be backing down simply because a Democrat is in the White House. I therefore believe it is essential that the Administration immediately begin quiet, high-level discussions with the Chinese Government with the objective of having tangible, concrete steps to improve human rights conditions in China announced by the Chinese Government before June 3.

It is my belief that the Chinese Government is sufficiently apprehensive about whether the Clinton Administration will be recommending renewal of China's MFN status on June 3, that they would be willing to take significant steps to insure continued MFN status. This is evidenced by the unilateral steps they have taken in recent months. I believe it is essential for such discussions to take place quietly, however, because I think the Chinese will not, or cannot, respond favorably when they are publicly embarrassed, such as by publicly stating the conditions which they must achieve in order to maintain MFN status. This is why I believe it is essential that your discussions with the Chinese be discreet.

If such quiet discussions are unsuccessful before June 3, the President must decide whether to recommend continued MFN status for China, which I believe he should, and if so, whether to publicly state conditions which must be satisfied before he recommends any further extensions. Unless he does the latter, conditions will be ripe for enactment of the Pelosi legislation.

Based on discussions my staff has had with relevant interest groups such as Chinese students, and Members offices, I have set out below some examples of concrete steps that the Chinese Government can take to address Congressional concerns. Hopefully, some of these can be accomplished before June 3; others may take longer. I hope these ideas will be helpful to you and the President. I want to make it clear, however, that these are suggestions, and that I intend to work with the President to carry out his policy, whatever that may be, on this important issue.

Human Rights

(1) Release those convicted and imprisoned or under criminal or administrative detention for offenses of counterrevolution, or analogous offenses, due to their non-violent, political or religious activities. (If met, this condition would result in the release of the lion's share of political prisoners in China both in and outside of Beijing. I think it is necessary to insist on a substantial number of releases without expressly asking for the release of *all* who fall into this category. I would indicate that recent releases of two or three prisoners in Beijing, while a step in the right direction, fall far short of meeting this condition.)

(2) Provide the International Committee of the Red Cross (ICRC) with confidential access to political prisoners in China for purposes of administering humanitarian services. (This condition would create a deterrent to the use of torture and ill treatment in Chinese jails, prison camps, and detention centers.)

(3) Furnish a *real* accounting of political prisoners in China. China would be directed to give this accounting to either the United States or to an international group such as the United Nations Human Rights Commission or the United Nations Working Group on Arbitrary Detentions. (Unlike accountings the Chinese Government has provided in the past, information solicited under this condition should include the following: precise locations where named prisoners are being held; their current legal status; description of charges, if any, that have been brought against prisoners; if convicted, what prisoners' sentences were; and if released, when, and with what restrictions on subsequent re-arrest.)

(4) Open Tibet to regular access by foreign journalists and independent human rights monitors. (This would not fully satisfy those who lobby on behalf of the Tibetan cause; however, it would represent a modest step toward encouraging the Chinese to change repressive practices, especially in areas outside of Lhasa.)

Trade

(1) Take effective, verifiable action to prevent export to the United States of products manufactured through forced labor and allow U.S. customs officials to visit places suspected of producing such goods. [This language gets at the problem of implementation of the prison labor Memorandum of Understanding (MOU) that China signed with the United States in August 1992.]

(2) Demonstrate greater compliance with the market access MOU that China signed with the United States in October 1992. (Under this MOU, China pledged to reduce or eliminate over the next five years a wide variety of trade barriers including tariffs, quotas, import licenses, and import substitution laws. China also committed to making its trade regime more transparent and to establishing a joint working group on eliminating standards and testing barriers to agricultural imports. Since China's GATT-accession protocol is likely to incorporate the terms of the U.S.-China MOU on market access, China will have a dual reason for meeting this condition.)

(3) Provide adequate protection for U.S. intellectual property rights. (This implies better compliance with the intellectual property MOU that China signed with the United States in January 1992.)

(4) Cease use of unfair practices in trading with the United States, particularly transshipment of textile and apparel products.

Weapons Proliferation

(1) Cease activities inconsistent with the Missile Technology Control Regime (MTCR) and with the standards and guidelines set by the Nuclear Suppliers Group and the Australia Group on chemical and biological arms proliferation.

(2) Refrain from testing of nuclear devices. (In May 1992, the Chinese conducted a 150-kiloton, underground nuclear test that substantially exceeded a nuclear testing limit observed by the former Soviet Union and the United States since 1976. The United States was not observing a strict moratorium at the time of this incident; however, we have committed to a moratorium since, along with Russia and France, and would therefore like to see China refrain from testing of any kind, especially that which is violative of the U.S.-Soviet recognized limit.)

(3) Cease transfers of M-9 and M-11 missiles to Syria, Iran, and Pakistan. (China developed for export the mobile, solid-fuel M-9 and M-11 short-range ballistic missiles that violate the MTCR, allegedly with Pakistan, Syria, and Iran as interested buyers.)

(4) Stop transfers of nuclear material and technology to non-nuclear states. (China has reportedly provided assistance to countries, including Algeria, Pakistan, Iraq, and Iran, engaged in building nuclear capability.)

009651

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS

March 26, 1993 93 MAR 26 P 7: 14

TO: THE PRESIDENT

RE: CEA Report on Foreign Economic Developments

Last week you requested that we send you regular reports on exchange rates and foreign economic developments. I interpreted this as a request for a <u>short</u> weekly memo, and the first such memo is attached. We can change the format in any way you like.

Alan

Alan Blinder

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

March 26, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: ALAN BLINDER AB

SUBJECT: Foreign Economic Developments

Exchange Rates: The dollar barely moved against either the yen or the deutschemark this week, remaining at about $1 = 116 yen and $1 = 1.63DM.

Japan: Industrial production fell 5.4% in February on a year-over-year basis. However, Japan's index of leading indicators rose above the 50% mark--which is taken to be a signal of growth 3-6 months ahead--for the first time in 11 months.

Europe

- **Germany** did not change the repurchase interest rate, its main money market rate, from 8¼% this week, despite last week's reduction in the discount rate.

- The **United Kingdom's** unemployment rate fell slightly in February--from 10.6% to 10.5%.

Other Countries: Real GDP growth in Chile during 1992 was 10.4%, the highest in 27 years.

THE WHITE HOUSE

WASHINGTON

March 26, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: CHRISTINE A. VARNEY CAV

SUBJECT: Upcoming Cabinet Meeting and Follow-Up to Camp David Meeting.

At the Camp David weekend Cabinet meeting, you suggested that you would like to have ongoing follow-up. You suggested that perhaps a follow-up meeting in approximately 8 weeks would be appropriate. Several Members of the Cabinet have inquired as to whether or not there will be any such follow-up.

There are several options you may wish to consider:

1) A regrouping of the Cabinet officers with you in a structured four or five hour weekend meeting.

2) A less structured, social event with Cabinet Officers (and possibly spouses). Perhaps a weekend luncheon or a weekday dinner would be appropriate for an informal social gathering that is unstructured and does not follow a specific format to follow-up on Camp David.

3) A day long workshop for both Cabinet level and Sub-Cabinet level appointees on Re-inventing Government and the National Performance Review. There is some confusion about your expectations of the Cabinet on these undertakings.

4) We are planning a series of these meetings on Saturdays to provide an orientation for the Senior Presidential Appointees (PAS). Cabinet Officers could attend these meeting as a part of our on going follow-up.

At the next Cabinet Meeting follow-up plans for Camp David likely will be raised. Before I attempt to draft any follow-up activities, I would like your thoughts.

Also attached is a draft agenda for the next Cabinet meeting.

G09600

Draft Agenda
Wednesday, March 31, 1993
CABINET MEETING

1. Introduction / Acknowledgement of Janet Reno
   (President)

2. Briefing on Upcoming Yeltsin Meeting & Russian Situation
   (President and Secretary Christopher)

3. Reinventing Government and National Performance Review
   (Vice President and Director Panetta)

4. Update on Health Care
   (Secretary Shalala)

5. Budget Process
   (Director Panetta and Howard Paster)

6. Follow-Up on Camp David Meeting
   (Mr. McLarty)

7. Confidential Military Briefing

8. 100 Day Reports - April 9, 1993
   (George Stephanopoulos)

2054

010514. Included in the P's schedule of 4/1

THE WHITE HOUSE

WASHINGTON

March 31, 1993

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE

SUBJECT: Preview of Summit for Congressional Leadership

In your meeting with Congressional leadership to preview plans for the Yeltsin summit, you might wish to include the following points:

Introduction

-- I appreciate your coming here today on the eve of my first foreign trip -- to meet with President Yeltsin in Vancouver.

-- I want you to know that I appreciate the many thoughtful suggestions that were offered at the two dinners last week and from your correspondence over the last several weeks -- it has been most helpful in framing our objectives for the summit.

Importance of Russian Reform

-- I think we all agree that the success of the efforts of President Yeltsin and the other reformers is essential not only to Russia, but to America as well.

-- We are seeing strong indications that the American public recognizes this as well and we will keep up our efforts to keep them fully informed.

-- To date, Yeltsin appears to have made some progress in rebuffing those who would reverse course. But the outcome is by no means assured.

-- That is why we must do what we can to support in a tangible way the process of reform, things that will help make a difference in the lives of the Russian people.

-- This summit is different than those before it -- we are highlighting the importance of trade and investment, and the necessity of working together to promote strengthened economic ties. We will also be discussing bilateral security and foreign policy issues, but I want to use the time today to focus on the economic issues before us.

US Bilateral Assistance -- phase 1

-- On trade and investment, we plan to work with the Russians to try to triple within a year our investment and to expand our trade. Bilateral trade is currently $3.4 billion and US investment only $400 million [and we are the largest investor!]

-- Our first priority is to expand trade and investment in oil and gas. We will support Russia's membership in GATT, extension of GSP to help exports and early ratification of trade treaties.

-- Bi-lateral package: I will present at Vancouver a package that can be paid for out of previously appropriated funds, including concessional food sales with delivery beginning next month; Eximbank credits and OPIC credits; and grant aid to fund continued humanitarian food and medical shipments, private sector development, democratization, housing, energy and the environment. Also included are projects for dismantling of nuclear weapons under the Nunn-Lugar funding. Limiting this first package to projects that can be funded immediately will emphasize the importance of a central principle: That this time, we deliver on what we promise.

US Bilateral Assistance, phase 2

-- I will also discuss with Yeltsin and get his views on an expanded US assistance effort over the next two years in grant aid for economic support and denuclearization projects. After Vancouver I plan to consult further with Congress and the G-7, and hope to present such a package at the time of the G-7 Foreign and Finance Ministers' meeting in mid-April.

-- I know this will be hard to sell here at home but if done right, I believe we can convince the American people it is in their interest to support it. Some of the areas we are looking at include:

Energy and the environment: Projects to finance nuclear plant safety, energy efficiency and production and a variety of environmental projects.

Housing, delivery of medicines, help in food processing and distribution, and in two-way exchanges (up to 50,000 Russians for education and training).

Democracy Corps establishment to enlist thousands of Americans in grassroots efforts to support democratization.

G-7 Support for Russia

-- Our bilateral aid is only the first step in an evolving process of providing support.

-- I have discussed with Kohl, Major, Mitterrand, Mulroney and others the need to develop an effective way to support reforms in Russia.

-- We have been working hard to ensure we develop a credible package of support and I am pleased that we will have a G-7 Foreign/Finance Ministerial meeting in Tokyo on April 14-15th. We expect the Russians to attend.

-- We expect to announce the G-7 package at this meeting. Some of the allies will also announce their bilateral programs of support at that time.

-- Any possibility of an early G-7 summit will depend on the outcome of that meeting.

Summary

-- We have much hard work ahead of us if we are to succeed -- and we must succeed.

-- We have to make the case to the American people of the importance of the process in Russia -- and I need your help in doing that.

-- I will continue to consult closely with you every step of the way. I hope you will continue to share your ideas and suggestions with me.

Attachment
Tab A Summary of Recent Congressional Correspondence

cc: Vice President
Chief of Staff

A

Correspondence with Congress on Russia
and New Independent States

Leadership

You sent letters on March 3, 1993 to **Senators Mitchell and Dole** expressing strong support for START II and inviting the Senate Arms Control Observer Group to visit Moscow to discuss START II with the leadership of the Supreme Soviet.

Joint Senate/House

Senator Kassebaum and Representative Hoyer wrote on February 22, 1993 asking you to consider the resources and experience of the citizens Democracy Corps (CDC) when formulating U.S. assistance programs for Central and Eastern Europe and the new independent states.

Senate

Senator Nunn wrote on March 11, 1993 suggesting mechanisms for consulting with the Senate and House on Russian aid programs and also recommending a meeting with business leaders. You wrote back on March 31 that the Vice President met with business leaders and that meetings were held with House and Senate leaders.

Senator Leahy has written several times since mid March requesting a meeting to discuss helping Russia, stating his proposal to seek $1 billion in aid next year for Russia and other independent states, and, outlining his specific recommendations for this assistance. You responded on March 31 that you have been following Leahy's statements and suggestions closely and appreciate his support.

Senator Lieberman forwarded on March 18 a copy of a letter **signed by 17 Senators, including Mitchell and Dole**, to Boris Yeltsin asking that he fulfill his commitment to then-Secretary of State Baker to return the Schneerson-Agudas Chabad Library Collection to its rightful owners.

Senator Exon wrote on March 24 encouraging you to explore with Yeltsin new ways to facilitate agricultural trade with Russia.

House of Representatives

House Agriculture Committee **Chairman de la Garza** wrote on March 5 offering his assistance in coordinating and facilitating agricultural trade with the former Soviet Union.

Republican Representatives Pat Roberts, Bill Emerson, Bob Smith and Wayne Allard wrote on March 19 urging you to revive stalled agricultural trade with Russia by lifting the suspension on export credit guarantees.

Representatives Hall and Sensenbrenner wrote on March 26 opposing additional U.S. commercial space launches by Russia at present because of negative impact on the U.S. launch industry and the lack of a launch services trade agreement with Russia (which is currently being negotiated).

Representative Michael Andrews wrote on March 25 asking your support for a telemedical satellite link between Texas Children's Hospital and Western Siberia, which could piggyback on a NASA telemedicine demonstration project already planned between the U.S. and Moscow.

Representative James Saxton wrote on March 23 asking you to "re-think" cuts in defense spending in view of disturbing recent events in Russia, especially if Yeltsin falls.

Representative Dan Glickman wrote to Sandy Berger on March 11 describing a bill he introduced, H.R. 1221, allowing the U.S. to forgive debt Russia owes to the U.S. if Russia reduces its nuclear weapons stockpile and military facilities or if it facilitates commercial joint ventures between U.S. businesses and state-owned enterprises.

Representative Jim Leach forwarded his thoughts on March 26, following the dinner meeting with you, expressing support for massive food assistance and enterprise development initiatives as well as funding for exchange programs, but also cautioning against singular U.S. financial responsibility for supporting the reform process in Russia, calling instead upon the international financial institutions to carry the burden of what could be seen as outside interference in fundamental economic reforms.

THE WHITE HOUSE

WASHINGTON

93 MAR 31 P8:41

MARCH 31, 1993

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: MICHAEL WALDMAN MW
SPECIAL ASSISTANT TO THE PRESIDENT
FOR POLICY COORDINATION

SUBJECT: STATUS OF CAMPAIGN FINANCE REFORM NEGOTIATIONS

We are nearing conclusion on the campaign finance reform negotiations with Congress.

While an outline of the plan will be completed within a few days, the leadership has asked us to hold its release until Congress returns from recess. (They are properly nervous that Members will posture against controversial proposals if they are scattered in their home districts.) We are discussing ways to reap the biggest impact from the plan's release, and how best you can sway wavering lawmakers.

This bill will be stronger than last year's bill in the following ways: greater amount of communications vouchers in the Senate; a definitive source of funding the vouchers (last year's bill omitted a funding source); a new ban on campaign contributions from lobbyists; tightened language regarding bundling; and we will cut the amount individuals can give to PACs from $5000 to $1000.

House -- We have reached tentative agreement with the House leadership. The agreement basically holds to last year's bill, adjusted for inflation. (This is more than they wanted, and less than we wanted.)

By far the biggest source of criticism will be our failure to budge the House off its adamant insistence on retaining $5000 PAC contributions. The proposal, however, will hold them to the same aggregate amount from PACs as last year's bill, which is more important as a policy matter for reform. (PAC gifts would be limited to 1/3 of the spending limit, an amount that is substantially less than most House Democrats now receive -- especially leadership.) We continue to push one additional PAC reform: cutting to $1000 from $5000 the amount that can be given to PACs.

The spending limit and public funding would be at the same levels as last year.

Senate -- The Senate will strengthen last year's bill, as Sen. Mitchell had hoped, by doubling the amount of communications vouchers and tightening the bundling language. (We are seeking to engineer a compromise on EMILY's List.) PAC contributions will be cut in half, as they were in last year's bill. Senate candidates who comply with the spending limit will also receive a deep discount on broadcast time.

Soft money -- Soft money is regarded as the "self interest test" for the administration, and we are quite close to an agreement with Sen. Mitchell on provisions that will meet your pledge to end soft money while preserving party activity. These provisions -- which will channel more hard money into parties and grass roots activity than S.3 did, but which will nonetheless take a significant bite out of our fundraising -- will dramatically reduce the ability of individuals to give huge sums to the political process.

We are operating under the painful but accurate assumption that we cannot push through a soft money proposal without a benediction from Common Cause, and today we began meeting with them. They are anxious to avoid opposing our bill, and we should be able to work out a deal soon.

010506

THE WHITE HOUSE

WASHINGTON

March 31, 1993 93 MAR 31 P7:44

MEMORANDUM FOR THE PRESIDENT

FROM: RAHM EMANUEL R.E.

SUBJECT: MISSISSIPPI ELECTION

I thought you would be interested in the attached information regarding yesterday's election in Mississippi. Attached please find the following:

- Recent clips on the race.
- Two TV spots. The first spot has 700 GRPs behind it and is running district-wide. The second will also have 700 GRPs behind it and will start airing on Tuesday.
- Documentation for TV spots.
- General plan developed by the DCCC. This is essentially a mini campaign strategy.
- A district-wide poll.

I am working on Espy, but, as you know, he is still upset about the election results.

CLIPS

TV SPOTS

DOCUMENTATION

STRATEG

POLL

010504 (1.) (2)

ROUTING SLIP

93 MAR 31 P7:18

FROM: Mack McLarty
Chief of Staff

DATE: 3/31

TO:

The President	____	Vice President Gore	____
Sandy Berger	____	Howard Paster	____
Rahm Emanuel	____	John Podesta	✓ *
Marcia Hale	____	Carol Rasco	____
Alexis Herman	____	Bob Rubin	____
Nancy Hernreich	____	Eli Segal	____
Anthony Lake	____	George Stephanopoulos	____
Bruce Lindsey	____	Christine Varney	____
Regina Montoya	____	David Watkins	____
Roy Neel	____	Maggie Williams	____
Bernie Nussbaum	____	OTHER	____

FOR YOUR:

Action ____ Information ____

See me ____

* For the President

1

To: Mack

From: Sara

Date: 3/30/93

Re: Rob Walton

93 MAR 31 P7:18

I spoke with Rob Walton's secretary, Jennifer. Told her you were sorry Walton could not be a part of the meeting but that you appreciated Walton's letter. You also appreciated his thoughts and wishes.

Jennifer indicated she would pass on your message and she knew Walton would be happy that you called.

Good follow

Thanks

Potus w letter

WAL-MART

WAL-MART STORES, INC.
CORPORATE OFFICES
BENTONVILLE, ARKANSAS 72716-8060

S. Robson Walton
Chairman
(501) 273-4315

(4) Response (1) Sara spoke with Jennifer on 3/30. Sorry Wal could not join mtg - but Mac appreciates the letter + his thoughts + wish

(1) Gen 5 / 5-2

[redacted]

March 22, 1993

Mr. Mack McLarty
Chief of Staff
The White House
Washington, D.C. 20500

Dear Mack:

Johnny Tyson called Friday to give me an opportunity to join you this next Wednesday, when you meet with him, Don Shinkle and others on the Striker Replacement legislation. I have a commitment to be in Mexico the first four days of next week, so was unable to join you but I did want to drop you a quick note to say how important this issue is to me, David and all of us here at Wal-Mart.

While we do not have associates represented by unions at this time, we are concerned about any issue that would significantly sway the balance of laws in labor matters. Further, because Wal-Mart is such a large "target" for unions, we have been the object of a "corporate campaign" to discredit our company and undermine our relationship of trust with our associates.

We believe that the Striker Replacement legislation that has been proposed would seriously undermine the balance between labor and management that currently exists in our country. That balance has been achieved over decades of legislation and litigation and, at times strife.

The decline of union representation of employees over these past 30 or 40 years reflects, not a lack of opportunity for unions to organize, but the choice of American workers to deal directly with management of companies. This reflects a constructive attitude of management, which allows employees to feel that their interests can be well represented without third party intervention. This is the attitude we have tried to foster with our associates and we believe it is best for a competitive American economy to be free of excessive burdens due to unlimited unionization of workers. The last thing this country needs is more strikes.

I know of no situation in which unions are given any credit with making a company more competitive except where that credit is in the form of the reduction of barriers to competitiveness for a company which were previously installed by the union.

Please do not let this new administration support the Striker Replacement legislation. It would have a deleterious effect on the American economy. Bill was elected President with less labor support and less contribution by labor than any Democratic President in over 50 years and he should not undermine the opportunity to have a positive effect on the economy with a legislation such as this that would have a depressing effect.

Again, I'm sorry not to be able to join you but this is an important issue and we appreciate the opportunity to visit with you about it. I'm writing over the weekend and have asked my secretary, Jennifer Musteen, to sign this for me.

Best wishes in all you are doing for our country. I'm concerned about some of the things our President is promoting, but I know you will be serving us all in an exceptional way! Keep it up!

Very truly yours,

Rob Walton

S. Robson Walton

SRW:jlm

010505 2 Reich

(PERSONAL)
March 31/93 -

CHIEF OF STAFF TO THE PRESIDENT

Bob B:

Your acting range does indeed equal Dustin Hoffman and Al Pacino!

Thanks for your call last night and report.

Mack

cc: POTUS
Geo. S.
Howard P
File

010409

THE WHITE HOUSE

WASHINGTON

93 MAR 31 P2:54

March 31, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: Ricki Seidman, Deputy Communications Director
Kim Tilley, Department of Research

SUBJECT: Kids Town Meeting Update

I. SUMMARY

This memo provides information and requests a decision regarding commitments made to children at the ABC Kids Town Meeting on February 20th.

II. FOR INFORMATION

Commitments of further contact were made to three children: 1) Elizabeth Bailey about attending the April 2nd Forest Conference, 2) Carlos Lemos about the closing of his D.C. bilingual elementary school, and 3) Adrian Andrade about the federal government's recognition of the Lumbee Indians.

Elizabeth Bailey, who was concerned about the impact protection of the spotted owl has had on her family's logging business and community, will attend the Forest Conference on April 2 in Oregon. She and her father are "observers"; her mother, Nadine, is participating in a Forest Conference round table entitled "The Current Situation: Who is Affected and How?"

III. FOR DECISION

Carlos Lemos attends Oyster Elementary School in Northwest D.C. As a cost-saving measure, ten D.C. schools are slated to be closed: Oyster is on the list of "possibles". As D.C's only bilingual elementary school, Carlos reflected the community's desire for Oyster to remain open.

The attached letter, while leaving the school closing issue in local hands, contains a strong statement in support of bilingual education.

RECOMMENDATION: We recommend you sign the letter.

____ Approve ____Disapprove ____ Discuss

Adrian Andrade is a member of the Lumbee Indian tribe, which is not fully recognized under current federal law. She wants your assistance in obtaining full federal recognition.

The North Carolina-based Lumbees are a racially-mixed group descended from Indians, whites and escaped slaves who have been seeking full federal recognition for over a hundred years. If recognized, the Lumbees would become the third largest federally recognized tribe in the United States numbering between 30,000-40,000. Congress passed legislation in 1956 acknowledging the Lumbees as Indians, but excluding them from eligibility for the services and political sovereignty provided fully-recognized tribes.

Rep. Charlie Rose has introduced legislation that would recognize the Lumbees as a tribe, make them eligible for appropriated benefits and accord them political sovereignty, but would not automatically confer health care and education benefits. There is a good chance that Congress will pass this legislation this year. According to the Interior Department, full federal recognition of the Lumbees would increase competition among Native Americans for scarce federal dollars and would alienate many in Indian Country.

Secretary Babbitt recommends a moderate approach, and authored the attached response. Although Rep. Rose's legislation will probably pass this Congress, Secretary Babbit believes an immediate declaration of policy in favor of or opposed to full federal recognition of the Lumbees is politically unnecessary at this time.

RECOMMENDATION: We recommend you sign the letter.

____ Approve ____ Disapprove ____ Discuss

THE WHITE HOUSE

WASHINGTON

Carlos Lemos
1769 Lanier Place, N.W.
Washington, D.C. 20009

Dear Carlos,

I'm glad I had a chance to speak with you at the "Kids Town Meeting" and want to follow up on our brief conversation.

I spoke with several people regarding your concern about Oyster Elementary School. From what I've been told, D.C. public schools are under budget constraints that can only be solved by closing some schools. The schools chosen must meet certain criteria -- one being location.

Unfortunately, as President, I can't be involved in local education policy issue. There are limits to my authority so this responsibility lies with the community. My suggestion is for you and your classmates to begin creating support for Oyster. Talk to other children, organize a petition, write letters to your council member, ask your teachers to help you develop a campaign for your school. Your advocacy of Oyster is exactly the kind of involvement that's needed to turn things around in our society.

As Oyster Elementary School is the District's only bilingual elementary school, I hope it won't be closed. I believe our nation must have public schools that meet the needs of our diverse population.

Sincerely,

THE WHITE HOUSE

WASHINGTON

Adrian Andrade
4208 San Juan Drive
Fairfax, VA 22030

Dear Andrade,

Thank you for participating in last month's "Kids Town Meeting." I now have greater confidence in our nation's future with children like you as our future leaders.

I am sorry I was not able to answer your question on federal recognition of the Lumbee Indians. I have, however, asked Secretary Babbitt of the Interior Department to take a fresh look at this issue and report his findings to you.

In addition, I have asked Secretary Babbitt to review the 1989 interpretation by the Office of the Solicitor of the 1956 Lumbee Act. After his review, if necessary, I will ask the Secretary to recommend legislative proposals to resolve this issue through the federal acknowledgement procedure in a way that is fair to the Lumbee Indians as well as other petitioners and tribes.

I know this is a difficult situation for you, but I can assure you that my administration is committeed to investing in the American people, affirming the sovereignty of tribal governments and promoting the economic well-being of Indian tribes.

Thank you for bringing this issue to my attention.

Sincerely,

016485

THE WHITE HOUSE

WASHINGTON

March 31, 1993 '93 MAR 31 P4:41

MEMORANDUM FOR THE PRESIDENT

FROM: HOWARD G. PASTER HP

SUBJECT: Letters to Members of Congress

Attached are birthday letters for your signature. They are as follows:

1) Peter King (R-NY);

2) Tom DeLay (R-TX);

3) Floyd Spence (R-SC);

4) Harris Wofford (D-PA);

5) Earl Hilliard (D-AL); and

6) Bill Hefner (D-NC).

9102731

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON, D.C. 20500

'93 MAR 30 P7:23

March 30, 1993

NOTE TO THE PRESIDENT

FROM: ALAN BLINDER

Two related reports came in today from non-government sources; one was weak, the other strong.

The Conference Board's consumer confidence index fell for the third straight month--from 68.5 in February to 62.6 (preliminary estimate) in March. The index has now dropped 19.8% since its December peak. (It rose 43% from October to December--the so-called charisma boom.) The decline in consumer confidence stems from their expectations of what business conditions will be like 6 months ahead, not from their appraisal of the present situation.

On the brighter side, Dun & Bradstreet reported today that business expectations for sales, profits, AND employment for the second quarter of 1993 are all up strongly--whether compared to last quarter or to a year ago. Optimism about employment, in particular, rose to its highest level since 1989:3--an index of 19, compared to 14 last quarter and 7 in 1992:1.

010207

THE WHITE HOUSE
WASHINGTON

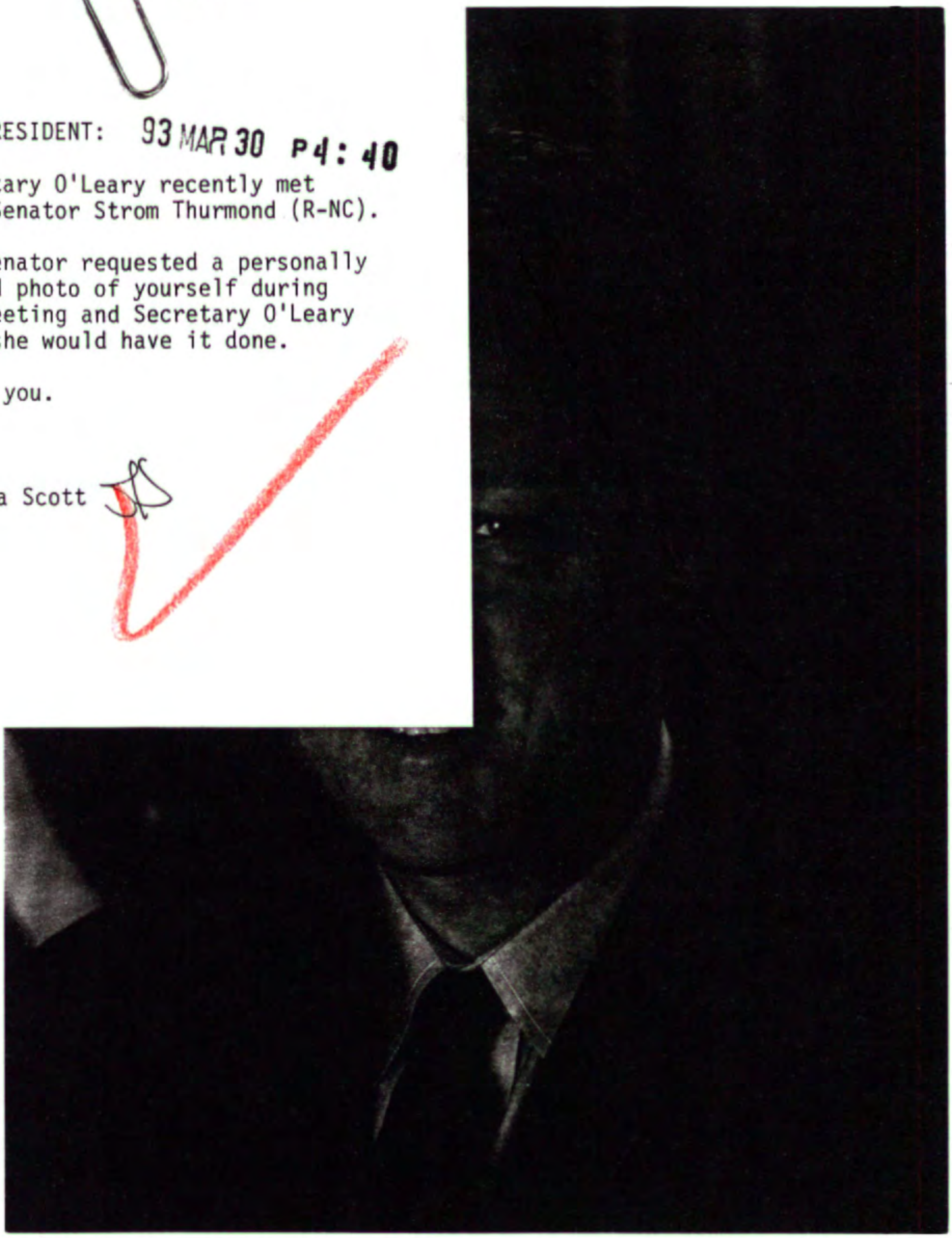
MR. PRESIDENT: 93 MAR 30 P4:40

Secretary O'Leary recently met with Senator Strom Thurmond (R-NC).

The Senator requested a personally signed photo of yourself during the meeting and Secretary O'Leary said she would have it done.

Thank you.

Marsha Scott



THE WHITE HOUSE
WASHINGTON

MR. PRESIDENT:

93 MAR 30 P4:41

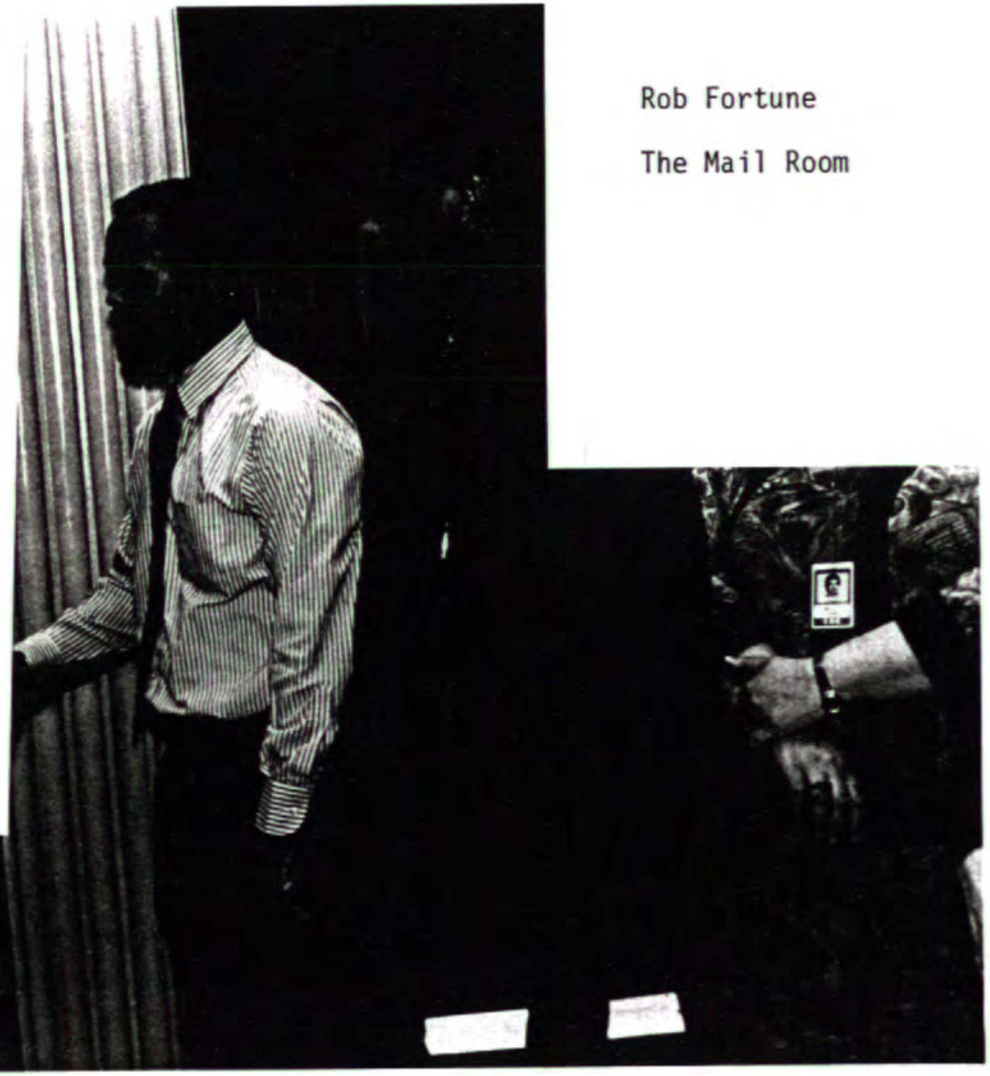
The attached photos are of Correspondence staff when you visited their operation in the hallway of the OEOB.

They would appreciate your signature on the photos.

Thank you.

Marsha Scott

010212



Rob Fortune

The Mail Room

THE WHITE HOUSE
WASHINGTON

MR. PRESIDENT:

93 MAR 30 P4:52

James Wolfensohn is the Chairman of the Kennedy Center.

Mr. Wolfensohn appears in the attached photograph with you, and he has requested that you sign the photo.

Thank you.

Marsha Scott MS

010211

To James Wolfensohn
With best wishes,

THE WHITE HOUSE

WASHINGTON

March 31, 1993

MEMORANDUM TO THE PRESIDENT

FROM: JOHN PODESTA JDP

SUBJECT: MILITARY NOMINATIONS

The Defense Department has forwarded for your approval 12 senior military nominations. Most deal with assignments to and reassignments from the staff of the Joint Chiefs.

The list of nominations is attached.

The NSC has cleared these nominations, but I wanted to bring one to your attention. General McCaffrey was found in July, 1992, by the Army Inspector General to have improperly shipped government furniture as household goods. While this infraction was found to have been serious, it was not viewed as disqualifying by the Air Force or Secretary Aspin.

General McCaffrey has been in the news lately as the General who was treated with some disrespect by a "woman at the White House." In the view of George and our staff, the General has gone out of his way to tamp that story down. He has written a letter to the editor of the Wall Street Journal on the subject.

On military nominations we have followed the past Administrations' practices which are that, once you have approved the nomination, DOD informed the officer, a press release was issued from DOD and my office would send nomination papers to the Senate. For these senior officers, I think we might let the nominee know that **you** have approved their nomination by a letter from you or a phone call from the NSC or military office.

In McCaffrey's case, you may want to give him a call or I can have a letter prepared. Let me know how you want to handle his nomination.

[ ] Approve nomination list

[ ] Reject nomination list

[ ] Discuss nomination list

Senior Military Nominations forwarded by DOD

- Major John Fairfield, USAF, from the Joint Staff to the grade of Lieutenant General and assignment as Vice Commander Pacific Air Forces;
- Major General Dale Thompson, USAF, from the Joint Staff to the grade of Lieutenant General and assignment as Vice Commander, Air Force Material Command;
- Major General John Miller, USA, from the Joint Staff to the grade of Lieutenant General and assignment as Commander, U.S. Army Combined Arms Command;
- Major General Thomas Rhame, USA, from the Joint Staff to the grade of Lieutenant General and assignment as Director of the Defense Security Assistance Agency;
- Major General Robert Ord, USA, from the Joint Staff to the grade of Lieutenant General and assignment as Commanding General, U.S. Army Pacific;
- Major General John Otjen, USA, from the Joint Staff to the grade of Lieutenant General and assignment as Commanding General, First United States Army;
- Major General Michael Ryan, USAF, to the grade of Lieutenant General and assignment as Assistant to the Chairman, Joint Chiefs of Staff;
- Major General John Sheehan, U.S. Marine Corps, to the grade of the Lieutenant General and assignment as Director of Operations, Joint Staff;
- Lieutenant General Barry McCaffrey, USA, to the assignment as Director of Strategy Plans and Policy, Joint Staff;
- General Robert RisCassi, USA, Commander U.N. Forces, Korea to the retired list, but with a deferral of mandatory retirement until July 31, 1993;
- Lieutenant General Martin Brandtner, U.S. Marine Corps, to the retired list;
- Lieutenant General Edwin Leland, USA, to the retired list.

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Signature: Sharon E. Wagner			

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SENDER COPY

Sent to
Tim
Flynn

THE PRESIDENT HAS SEEN
3.31.93

THE WHITE HOUSE

WASHINGTON

March 26, 1993

93 MAR 29 AM 11:42

MEMORANDUM FOR THE PRESIDENT

FROM:	TF TIMOTHY FLYNN DIRECTOR, WHITE HOUSE GIFT UNIT
THROUGH:	MARSHA SCOTT DEPUTY ASSISTANT TO THE PRESIDENT FOR PRESIDENTIAL CORRESPONDENCE
SUBJECT:	Gift Unit Report for the Week of March 26, 1993

A. Gifts Delivered This Week 333

B. Interesting Gifts Received During the period of March 22-March 26, 1993.

1. **His Excellency Francois Mitterand, President of the French Republic.** A large sterling silver bowl with a flat rim and scalloped sides. The outside is decorated with grossular garnets (a green/black stone) and rutilated quartz (a clear stone with black lines). The appraised value is $9000.

Disposition: __✓__ Official Use, then Archive:
______ Oval Office
______ Residence
______ Camp David
______ Arrange for Purchase
__X__ Designate for Archives

wherever appropriate

2. **Virginia P. Sheridan.** A cherry wood rocking chair with mauve cushions. The appraised value is $350.

Disposition: ______ Official Use , then Archives
______ Personal Property
______ Oval Office
______ Residence
______ Camp David
______ Designate for Archives

Is it pretty? If so, [illegible] to residence

3. **The Honorable Nelson W. Wolff, Mayor of San Antonio, Texas and Columbia 300.** Three Columbia 300 bowling balls. Each has a "White House Lanes" logo and all are personalized. None of the balls has holes; they must be drilled to fit the recipient's hand span. The appraised value is $280.

Have Wes. to send 3 balls - don't try Bert Boone/HRC/Maggie - want the holes drilled -

Disposition: _____ Official Use, then Archive
_____ Private Property
_____ White House Bowling Alley
_____ Oval Office
_____ Residence
_____ Camp David
_____ Designate for Archives

4. **The Honorable Jim Guy Tucker.** A miniature log cabin inside a one gallon corked bottle with a wooden stand. The plaque on the stand reads:

"William J. Clinton
President of the United States
The Arkansas Traveler
January 20, 1993
From Governor Jim Guy Tucker, State of Arkansas"

Let Me See

The appraised value is $85.

Disposition: _____ Keep for Personal Use and send to:
_____ Oval Office
_____ Residence
_____ Camp David
_____ Designate for Archives

5. **Reverend Doctors Willa B. and Jesse E. Roghair, Co-Pastors, Utkeagvik Presbyterian Church.** The <u>Ugalugiksuat New Testament</u>. Written in the language of the Alaskan Eskimos in North Slope Inupiaq, Alaska. The appraised value is $20.

Disposition: __✓__ Keep for Personal Use and send to:
_____ Oval Office
__✓__ Residence
_____ Camp David
_____ Designate for Archives

6. **Eileen Lewis.** Two framed and matted enlarged copies of the New York Times front page the day after the election. The appraised value is $150.

Disposition: _____ Keep for Personal Use and send to:
_____ Oval Office
_____ Residence
__√__ Camp David
__√__ Designate for Archives

7. **Chuck Wielgus, Executive Director, U.S. Canoe and Kayak Team.** An extra large red, white and blue nylon Champion warm up suit with a "U.S. Canoe and Kayak Olympic Team" logo. The appraised value is $150.

Disposition: __√__ Keep for Personal Use and send to:
_____ Oval Office
_____ Residence
__√__ Camp David
_____ Designate for Archives

8. **Mr. and Mrs. Kermit E. Meade.** A handmade gavel from Tennessee maple and Arkansas walnut. Designed by donors. The appraised value is $50.

Disposition: __√__ Keep for Personal Use and send to:
__√__ Oval Office
__/__ Residence
_____ Camp David
_____ Designate for Archives

9. **Gene Locklear.** A limited edition print of the NFL stars signed by the Dallas Cowboys. The images include Michael Jackson and a sketch of Jerry Jones and President Clinton on the matting. The plaque reads, "To President Clinton from the Dallas Cowboys and Gene Locklear." The appraised value is $1,800.

Disposition: _____ Official Use, then Archive
_____ Personal Property
_____ Oval Office
_____ Residence
_____ Camp David
__√__ Designate for Archives

10. **Susan Watson.** Two volume biography of Thomas Jefferson by Nathan Schachner. Printed in 1950. The appraised value is $60.

Disposition: ✓ Keep for Personal Use and send to:
✓ Oval Office
Residence
Camp David
Designate for Archives

Please be advised that the Boehm Eagle presented to President Clinton by Governor Florio of New Jersey has been forwarded to the artist. It is in the process of being repaired.

PRESIDENTIAL GIFT REPORT

MARCH 22 - 26, 1993

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
3-31-93

March 26, 1993

MR. PRESIDENT:

This memo regarding the 1993 Paris Air Show has been staffed to and cleared by Tony Lake and Bob Rubin. While Ron has not suggested a particular person to be your representative, it sounds like he would be willing to serve. No one has come forth with any other candidates, although, if pressed, I'd be willing to go.

John

John Podesta

Mack - sugg Ken [illegible] to go - If you agree, let's do it - B

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

February 23, 1993

MEMORANDUM FOR The President

SUBJECT: 1993 Paris Air Show

The U.S. aerospace industry, with over 300 exhibiting firms, will represent about 20 percent of all exhibitors at the prestigious biennial Paris Air Show, scheduled for June 10-20, 1993, in Paris, France.

This trade show is the premier trade event for the world's aerospace industry. Approximately one-half of all U.S. exhibitors are in the Commerce-sponsored USA National Pavilion. Since 1969, the President has customarily designated a Personal Representative to attend the Paris Air Show. The President's Personal Representative's duties include greeting the President of France when he visits the USA National Pavilion, officiating at the Pavilion's Opening Ceremony, and generally supporting the U.S. aerospace industry's trade efforts. In 1991, Senator Malcolm Wallop was designated as the President's Personal Representative. A list of past representatives is attached.

The U.S. aerospace industry produced a net trade surplus of about $30 billion in 1992, and similar results are expected for 1993. Three of our top four aerospace markets are France, the United Kingdom and Germany. Three of our top four suppliers of aerospace products also are in Europe: France, the United Kingdom and the Netherlands.

In light of the significance of this market for the U.S. aerospace industry, I hope that you will continue this custom by designating a Personal Representative to the 1993 Paris Air Show.

Ron Brown

Ronald H. Brown

Attachment

Presidential Representatives to the Paris Air Show

Year	Representative
1991	Senator Malcolm Wallop
1989	Congressman William L. Dickinson
1987	Senator Strom Thurmond
1985	Senator Ted Stevens
1983	Senator John G. Tower
1981	Senator Barry Goldwater
1979	Senator Howard Cannon
1977	Secretary of Transportation Brock Adams
1975	Congressman William L. Dickinson
1973	Senator Barry Goldwater
1971	Senator Barry Goldwater
1969	Vice President Hubert Humphrey
1967	None, however, Secretary of Commerce Designate Trowbridge attended as a senior "official"

3.31.93

THE WHITE HOUSE
WASHINGTON

Bernie Nussbaum —

will you reply
to this guy. It
might save us
some fax paper

John Podesta

Urgent FAX

Jolen Palesta

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93 MAR 31 P3:17

Pages 3 (including Cover)

Date: 3/31/93

To: Nancy Hernreich for the President

Fax No: 202-456-2397

From: Alan Freeman, President
ENS, Inc.
FAX No.: 609-823-1211
Phone No.: 609-823-1311

Manny Winston tried to fax and could not get through the main white House fax no. of 395-2461. I know Manny and the kind & wonderful work he does. Please, also give this personally to the President. I thank you and Kelly for giving all my correspondence to our great President. I hand wrote this to stress the personal nature of this request on the eve of Passover & Easter. God Bless all of you.

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FAX # (708)-831-2537

March 31, 1992

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

Dear President Clinton,

11TH HOUR APPEAL FOR JONATHAN POLLARD

We American Jews, joined by our many Christian friends, are requesting commutation of Jonathan Pollard's life sentence to time served. At this time of year when Passover and Easter remind us of our spiritual heritage of compassion, we ask you, President Clinton to reflect on the better side of man's nature. As a close personal friend of Professor Morris and Molly Pollard, I know that Jonathan sincerely regrets any harm he may have caused his country. I respectfully remind you that Jonathan Pollard received several citations from the Navy for excellent intelligence work done for American interests during our adversarial period with the Soviet Union.

The Jewish Community would be greatly impressed by your expression of compassion at this time of year. Jonathan Pollard is about to be moved from Marion prison to a prison in the South. Although this may offer better conditions than isolation in Marion, it would be far more heartwarming to receive your immediate decision for commutation.

With regards and warmest wishes,

Emanuel A. Winston
EW:gw

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FAX # (708)-831-2537

EMANUEL A. WINSTON
CURRICULUM VITAE

FOUNDER OF THE **WINSTON INTERNATIONAL INSTITUTE FOR THE STUDY OF PREJUDICE AT BAR ILAN UNIVERSITY** AND ON THE GLOBAL BOARD OF GOVERNORS AT BAR ILAN.

HE ORGANIZED A 4 DAY INTERNATIONAL CONGRESS IN JERUSALEM ON PREJUDICE, DISCRIMINATION AND CONFLICT BY THE <u>WINSTON INSTITUTE FOR THE STUDY OF PREJUDICE</u> AT BAR ILAN UNIVERSITY WITH 100 PARTICIPATING SCIENTISTS FROM THE WORLD OVER.

INTERNATIONAL TRUSTEE FOR THE JAFFEE CENTER OF STRATEGIC STUDIES AT TEL AVIV UNIVERSITY

MEMBER - INTERNATIONAL BOARD OF GOVERNORS FOR THE WEIZMANN INSTITUTE OF SCIENCE.

EMANUEL WRITES EXTENSIVELY ABOUT GEO-POLITICS AND WAR, OFTEN FORECASTING COMING EVENTS IN THE REGION OF THE MIDDLE EAST. HE HAS PUBLISHED OVER 500 ARTICLES IN THE INTERNATIONAL PRESS, BOTH SECULAR, ANGLO/JEWISH AND HEBREW - INCLUDING <u>U.S.A. TODAY</u>, <u>THE NEW YORK TIMES</u>, <u>THE WASHINGTON POST</u>, <u>CHICAGO TRIBUNE</u>, <u>CHICAGO SUN-TIMES</u>, <u>BOSTON GLOBE</u>, <u>JUF NEWS</u>, AND IN ISRAEL <u>MA'ARIV</u> AND THE <u>JERUSALEM POST</u>. HE ALSO PUBLISHES TECHNICAL ARTICLES IN SUCH MILITARY JOURNALS AS <u>U.S. DEFENSE NEWS</u>. HE IS A POLITICAL EDITOR FOR <u>THE NATIONAL JEWISH NEWS/ISRAEL TODAY.</u>

MR. WINSTON TRAVELS TO ISRAEL 3 TO 4 TIMES A YEAR WHERE HE MEETS WITH KEY GOVERNMENT AND INDUSTRY OFFICIALS, OFFERING AN AMERICAN PERSPECTIVE.

HE HAS GIVEN HUNDREDS OF RADIO AND TELEVISION INTERVIEWS ON THESE TOPICS & IS A.B.C.'S CHICAGO EXPERT ON THE MID EAST...OVER 100 ON THE GULF WAR.

Urgent FAX

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Pages 7 (including Cover)

Date: 3/31/93

To: Nancy Hernreich for President Clinton

Fax No: 202-456-2397

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

This is the conclusion to my very personal letter to President Clinton.

Thank you

President Bill Clinton -6- 3/31/93

The Hebrew word Life has to be used in the plural sense to realize its full meaning. "Le Chaim" the toast we often hear to life is in the plural -- never in the singular. A Jew can not live a religious life alone - he or she must be part of the community - get married - have children - the first commandment is "to be fruitful and multiply"

On Yom Kippur, a Jew prays for atonement for the sins "we have commited" as a community - never for the sin "I have commited." A Jew is responsible for another Jew - for his welfare - for his sins - etc.

It is in this meaning of the word "life" that you can commute Jonathan Pollard's life sentence and while doing that are also commuting the life sentence of all American Jews to a double standard of justice. When it concerns a Jew or Israel, the sentence is much harsher usually than for others.

When Rabbi Meir Kahane was assassinated by the same group who were later connected to the terrorist bombing of the World Trade Center, his murderers were not fully convicted - it was "only" a Jewish right wing Rabbi.

When the Ayatolla Khomeni as his first act, when he came to power, destroyed an took over the Israeli Embassy in Teheran, we, the world were not that concerned - It was Israel - "only" Israel. But later, It was the US Embassy that was attacked and the resulting Hostage Crisis that hurt us badly.

It is said that the Jew, the State of Israel, is the harbinger, the barometer of the world. When the

Jew suffer first, the world suffers later.

I saw Hitler's Germany proved that correct.

Therefore, Mr. President, if you, and pray God that you do, if you release Jonathan Pollard now in keeping with the Freedom theme of Passover, you are releasing all American Jews and Christians alike from bigotry, hatred, and injustice!

May God help you make this a real Passover for the Pollard family and all American Jews and a real Easter for all our Christian brethren.

We then all can toast "Le Chaim - to life". - Life in the plural - the real meaning of that Hebrew word!

I believe the Lord is trying to tell us something in this parallel historic situation in this Holy time of the year and help you personally in your "rendezvous with destiny". God Bless You Mr. President,

[signature]

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ALAN D. FREEMAN
BACKGROUND

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

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

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

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

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

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

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

Urgent FAX John Podesta

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rec'd 3/31/93
6:39 PM

Pages 10 (including Cover)

Date: 3/31/93

To: Nancy Hernreich for President Clinton

Fax No: 202-456-2397

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

Please give this very personal letter to the President - several more pages will come within 30 minutes. God Bless All of you. Thank you. It is hand written from my heart.

ENS WORLD NEWS, INC. • EDUCATIONAL NEWS SERVICE, INC.
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A very Personal Letter

ב"ה

March 31, 1993
4:30 PM

President Bill Clinton
The White House

Dear Mr. President:

In addition to my earlier letter today and those of the last few weeks asking for the Passover release of Jonathan Pollard in keeping with the Holy theme of Freedom of Passover, I want to call your attention to the parallel situation with the Russians as described in the enclosed news story of 11/14/86 where it is written that I helped in the release of Michael Shirman's family from the Soviet Union to provide a bone marrow transplant for him in Israel as he was dying of Cancer.

The parallel between my request from President Gorbachev for the life of Shirman and my request to you for the life of Jonathan Pollard is amazing. Both requests were connected to Jewish holidays and US/Russian Summits. My request for Shirman was on Yom Kippur at the Reykjavik Summit. My argument was that the compassion showed could help them in their dealings with the USA - it showed that

Garbachev had a heart - he was real - a good person. One must remember at that time Gorbachev was new, untested.

Today, I am asking you, my great American President; and I really do believe in you - in your heart, intellect, compassion and ethics. You must remember I first met you at the Education Summit in Charlottesville Va. and discussed our program with you at that time and later in your office in Arkansas, by phone and mail with your people.

Yet as I said the parallel is astonishing. I am asking this time for the life of an American - to set him free - on the eve of another great Jewish Holiday - the celebration of our freedom - Passover; it is at the eve of another US/Russian presidential Summit, where you this time are the new man - the Russians also not know that you are genuine, compassionate as to their misery and if you will help them. I believe President Bush should have helped them far more than he did not only with money but with hands on economic assistance. Your commuting of Jonathan

President Bill Clinton -5- 3/31/93

Pollard's unjust life sentence will show to the world - and especially to the Russians that you are a compassionate, just, decisive man and I believe can help win the love of the Russian People as well as simply doing the right thing as a goal in itself.

There is a second point especially relevant as the two great holidays of Passover and Easter approach. It refers to the Hebrew word of Life - HAIM. Time's new issue 4/5 discusses the influence of the Rev W.O. Vaught of Immanuel Baptist on the meaning of that word, "Life" to help your thinking on the abortion issue.

5:00 PM — more to come in 30 minutes —

THE JEWISH RECORD, Friday, November 14, 1986

Honorable 'Menchen'

By the "Office-Hers" . . . and YOU

The celebrated case of the Soviet Union granting exit visas for the entire family of MICHAEL SHIRMAN to travel to Israel may have had a key assist from a series of events in Reykjavik, Iceland, Oct. 11-12, while the summit meeting between PRESIDENT REAGAN and Soviet leader MIKHAIL GORBACHEV was in process. . . And pictured here is ALAN FREEMAN, president of Educational News Service, New York, and son of BECKY FREEMAN of Regency Towers, Ventnor, who just may have literally tipped the ball through the net in this regard.

ALAN FREEMAN . . .
. . . Icelandic Yom Kippur

FREEMAN, who qualified for press creditials along with a sound reporter and photographer from his firm, made the trip to Iceland for the summit meeting. . . One of his fellow passengers on the flight was NICK DANILOFF, and another was YURI DUBYNIN, the new Soviet ambassador to Washington—with whom a conversational friendship ensued. . . FREEMAN's trip to Iceland was supposed to be short of duration, such that his return flight would bring him back to New York in time for the observance of Yom Kippur. . . But circumstances beyond his control caused him to miss the plane, so he attended the only Yom Kippur service in Iceland, held in a private home. . . At the services he was approached by a woman from Israel who was there as a representative of a Soviet Jewry group. . . From her, FREEMAN was to learn that SHIRMAN was dying of leukemia and unless he had a bone marrow transplant from his sister within 30 days he could be a dead man.

* * *

RUTH KATZ, the woman in question, asked FREEMAN if he could get a letter concerning SHIRMAN to Secretary of State GEORGE SCHULTZ, since FREEMAN was in possession of White House press credentials. . . FREEMAN said there may be a different way which might be faster and more effective at that time. . . He intended to get through to several of the Soviet authorities with whom he had by this time developed a friendly relationship. . . To do so, though, FREEMAN would have had to violate Yom Kippur, but the rabbi at the services told him: "Well to save a life, you can violate Yom Kippur". . . Most of the GORBACHEV retinue had left Iceland by the time FREEMAN arrived at the Soviet headquarters, but he did make contact with one key person and explained that if the Soviets would release the entire SHIRMAN family on Yom Kippur it would show compassion—which could help them in their dealings with the West. . . The release came four days later!

EXCLUSIVE: A Reporter's Inside Story Of A Reykjavik Rescue See Page 70

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THE LARGEST INDEPENDENT ANGLO-JEWISH WEEKLY NEWSPAPER

 "Teach Me Thy Way, O Lord. That I May Walk In Thy Truth" Psalms 86:11

VOL. XXXVI, No. 50 WEEK OF DECEMBER 12 TO DECEMBER 18, 1986 10 KISLEV 5747

Miracle In Iceland

A Reporter's Role In Winning Freedom For The Russian Family Of A Leukemia Victim

By ALAN D. FREEMAN

While I was getting dressed Tuesday morning, September 30, I was watching the morning news. It mentioned that Shevardnadze would be holding a news conference at the Soviet mission later that morning. We get the UPI daybook, which lists events for the day, and I did not recall anything about such a news conference when I picked up the Tuesday daybook the preceding evening.

When I arrived at our office I asked our reporter, David Frankel, to call the Soviet mission to find out what was happening. After 10 minutes of attempted calls he came back to me and said, "I don't understand it — the line is always busy. When they do answer, all they do is hang up when I ask, 'Could you tell me what is happening?'"

I then personally called the Soviet mission. When the operator answered ... [illegible]

point. The press conference probably started and they pointed to perhaps 50 photographers, sound men and other people outside of the police line, waiting. However, some of these were what we call "stake out."

They were not admitted earlier either, they were just waiting for photos or ambient sound when people would come out of the press conference. However, we gave the police officer in charge our business cards and asked for him to get Anatoly Chubyakof. David went back with the rest of the other reporters in line. A couple of minutes later, we heard a man coming out of the Soviet mission yelling, "Freeman, Frankel, where are you?" The police were pleasantly surprised and admitted us into the press conference. It was at that press conference that Schevardnadze announced ...

Alan D. Freeman, President of Educational News Service in Reykjavik

known the trip would have been eventful because of the experience we had on the flight to Iceland. Who do I find as one of my fellow passengers. Non other then Nick Daniloff. I spent about a half hour with him, interviewing him and asking general information

tailment of religious freedom. We discussed the number of Jews in government as per Gorbachev's statement at the French news confernce of about a year ago. We also discussed anti-Semitism in Russia. I will not go into the details at this time, as the story

at our host's house, we unpacked as much as we could and took the same taxi back to attend these two events. Dave Frankel went to cover Jerry Goodman while I went to cover the Russians. We both got there late-in fact, the Russian meeting was already over and I saw Sam Zievs in the hallway of the Saga Hotel conducting interviews with reporters.

When he saw me he said, "Oh, there is my friend from America," and gave me a warm handshake and greeting and said he would be with me soon with an interview. When I interviewed him I asked him basically the same question I asked him Geneva — the treatment of Soviet Jews, the religious freedom, etc. They were the same questions because when I had the three-hour dinner with him in Geneva we did not use a tape recorder. This time David Frankel taped him and Alexander

York before sundown, that would be fine. If not, I should really look into praying and fasting in Iceland. Those comments were instrumental in a decision that I would later make that directly affected Michael Shirman.

About 3 PM on Sunday, the Russians announced that Gorbachev's press conference had been moved to 7 PM because Gorbachev and Reagan were still meeting. I then decided that I would give my Gorbachev press credential to Alex Domeck, our photographer, and my White House credential to David Frankel. David at one time was active in a synagogue. He became alienated from Judaism because of a situation involving the education of his disabled child — David did not have the financial wherewithall to pay for his child's education. The rabbi of that synagogue denied the continuance of David's son and daughter's

Again I checked with Rabbi Lookstein before I left to see how we would find out if there was a synagogue or even Jews there. The only way was to check every Jewish synagogue organization — Reform, Orthodox and Conservative. I didn't have the time. I thought I would just see what happened when I got there.

I was deciding whether to take Air Force 1 or go back to Reykjavik and attend this service which will hopefully take place. We were not sure if there would be a *minyan*. The only Jews present basically would be the five or six Soviet refuseniks who are now living in Israel, several reporters, Uzi Landau from the Knesset and Rabbi Benjamin Lehman from Israel. After a few minutes of reflection I decided to opt for the Yom Kippur service in Reykjavik, opportunities for Jews that never were there before. I thought that it was too bizarre that all the roads were closed even though Reagan and Gorbachev were still meeting. It was also bizarre that I missed the plane by five minutes and they would not let me board because of security reasons with my having all the security clearance to be near Gorbachev and Reagan.

When I arrived at the Yom Kippur service, held in a private home in Reykjavik about 8:15 AM on Yom Kippur day, people were just getting up - out of their sleeping bag - there were about seven people at the time, most of them Soviet refuseniks now living in Israel. After we were praying for about an hour, a lady came up to me and asked if she could talk to me in the back room. Her name was Ruth Katz. She was

The historic Yom Kippur Service in Iceland. Picture was taken by Alexander Domeck a non-Jewish photographer of ENS.

that the Russians would let the sister out but the husband and two children were not permitted and he was afraid to sign because he would lose a pension, and so forth. Therefore, Shirman said he would die first before he would see his sister's family split up. I guess he was thinking about Avital and Anatoly Schransky and the twelve years separating their two arrivals into Israel. I told her I would be happy to get a letter to Secretary Schultz; however, I thought there might be a different way which might be faster and just departing. I had to pull off the road (reminiscent of Reagan's departure). However, this time it was right beside the University of Iceland where CBS had its headquarters. I then ran into the CBS building to see if I could still find Dan Rather and alert him to this historic service and Mikhail Shirman's pleading for life. However, I was informed he left. I then went to the assignment desk to see if they could assign a reporter to cover this service. They said they thought most of the reporters were gone, but they

Shirman was never discussed because I never knew about the case until about an hour ago. I did also tell him that I had a half-hour meeting with their new ambassador, Yuri Dubynin, to Washington and that I had dinner with him on the plane and that he was very encouraging towards our program. Semynov told me that things looked good and that he would get on it right away.

I then left him and went back to the service and told the worshippers, including Josef Mendelevitch, Uzi Landau and so forth, the promising news patio that he just had to cover properly. I sent him a Lulav and Esrog via Margaret Kristjans-dottir of the Icelandic Consul who gave it to an Icelandic Airlines captain who personally delivered it to Avi for Sukkos. Jack Goldman and son, a N.Y. importer of Lulav and Esrog would not accept payment from me for the Lulav and Esrog and earned a mitzvah for himself.

...if the Soviets would only release the entire Shirman family, today, on Yom Kippur... it would show that the Soviets really have a heart..."

I had a very interesting flight home and I sat beside an Icelandic gentleman named Gudmundur Eiriksson. When I had my dinner with Gudmundur

(Continued on Page 74)

A Reporter's Role...

(Continued from Page 72)

and explained why my meal was different-that it was a kosher meal-he started to tell me how little he knew about Judaism, but that he did meet some Jews in his travels and how highly he thought of Israel as well as his strong positive feeling for the Jewish people. I found this also with my host in Iceland. When I was putting on a tallis, (prayer shawl), Bjorn-Helga's husband came up to me and asked what is was. When I explained what Tzitiz (Fringes) meant he said, "Can I get a picture of you wearing this tallis?" He never met a Jew before. I said it would be fine.

My first day back in the United States, Friday October 17, we noticed on the UPI daybook that at 9:15 AM, Mikhail Shirman was holding a news conference at Lincoln Square Synagogue. David Frankel and I rushed over there and we found out that he was announcing that he thought that his family was being released for the bone marrow transplant.

We were so pleased when we heard Mikhail's final phone call to either Israel or Moscow confirming the release of his family. I asked Mikhail Shirman, at the press conference, to what did he attribute this release. He said it was a miracle. He then said, "I guess it was the culmination of the hard work of people, of organizations." I then asked him, "Do you think it had something to do with the historic Yom Kippur service where Jews gathered for the first time and prayed for his life and some interceded on his behalf. He said, "Yes. I believe that had something to do with it. A miracle did happen."

One final thought - when I asked Gudmundur, the passenger sitting next to me on the Icelandic flight back to the U.S., what his name meant in Icelandic, he said, "G-d's hand."

This is also some humor in this story. This is the first time that Alexander Domeck photographed professionally. He is a twenty-year-old black college student who was working with us one day a week as part of our Student Advisory Group. Even as an amateur, his experience was very limited; he said that he shot no more than thirty rolls of film in his entire life and they were mainly of his family. It was also the first time David Frankel, our sound reporter, covered a news story. His work for the past ten years as a sound technician taping speeches.

There were times when both of these individuals would get confused, their wires tangled up, their equipment not working, etc. For example, when Nick Daniloff was boarding our plane to Iceland, neither Domeck nor Frankel could get their equipment ready or working. Frankel got all tied up with the equipment cords. Freeman then had to not only interview Nick Daniloff with sound equipment while walking through the corridors to the airplane, but had to photograph him as well. However, when all were on the plane and were seated, Domeck took the photos.

On Sunday, when Domeck was photographing Gorbachev at his press conference, again his flash equipment did not work. Frankel evidently forgot to charge the power packs for the flash. Also, Domeck was dodging the KGB at the Gorbachev press conference. He was in areas that he wasn't supposed to be and using sound feeds designated for the Soviet Press ONLY. However, both Frankel and Domeck finished well. Frankel's photos and sound coverage of Schultz's press conference were perfect. Domeck's photos and sound coverage of Gorbachev's press conference were equally good.

I saw Dan Rather at a dinner recently and told him of my meeting with Boris Semynov, the Soviet T.V. executive who looks just like him. Dan told me that he had heard that from others about this Soviet look alike.

From The Rabbi

The joyous holiday of Pesach approaches, and we prepare to celebrate the Festival of Freedom mindful of its many levels of meaning. We take note of the progress for ourselves and for humanity in the attainment of freedom, and look to addressing the unfinished business of needed liberation.

The human and the national lead us to focus on the individual, and, though Jonathan Pollard will most likely not have attained his freedom by this Pesach, the holiday does remind us of our duty to help bring that about; to encourage political organizations to accelerate efforts toward that end.

On behalf of our Couples Club, Marc Schlussel has written to political officials, and has received a variety of responses. U.S. Senator Bill Bradley wrote: "I understand that some other citizens accused of espionage have received sentences lighter than Mr. Pollard's. I have made it my policy not to intervene in any judicial matters; as a result, I cannot comment on the fairness of these sentences. Cases should be adjudicated in the courts without interference from either the executive or the legislative branch."

By contrast, Rep. Robert Torricelli wrote: "Knowing of your interest in the welfare of Jonathan Pollard, I would like to let you know that I joined several of my congressional colleagues on a letter to President Clinton urging him to commute Mr. Pollard's sentence. He was convicted of passing classified information to an ally of the U.S., yet he was sentenced to life in prison with a recommendation of no parole. This punishment is unduly harsh and inconsistent with sentences imposed on others...Our judicial system must work fairly and consistently. Be assured that I will continue to work to convince the Administration to mitigate Mr. Pollard's sentence."

Reference here to politicians points up another contrast, that of our own Senator Matthew Feldman, as evidenced by the accolades puring in with the news of his announced retirement. The (Bergen) Record devoted an editorial to his record of integrity, and concluded that Sen. Feldman is a political servant who stands out as a model for the rest of us.

As a congregation whose past president and continuing leader is Matty Feldman, as a synagogue that boasts his presence at the right side of the Torah reading table, and as a community that holds him in affection and high regard for his diverse roles of service, his social goals pursued with conviction and passion, and as individuals who benefit from his exertions on our behalf, we are deeply proud of what is being said and written on his decision to bring 30 years of a remarkable public career to a close. But as citizens and constituents, we thank him for elevating the status of politician and for investing it with loyalty to principle and devotion to people.

A bit more of the human needs of our society having been redeemed by Matty, may he enjoy well being and pride in his retirement, and may we all, please God, be inspired to bring about redemption to those in need, and to celebrate happily the holiday and its message.

A zissen Pesach to you all!

Rabbi David M. Feldman

Deadline for May Bulletin

Just like taxes, deadline for the next bulletin is April 15th. You wouldn't miss the deadline for filing your taxes, so do the same with your May copy. Please have all material for the bulletin at the Center office by 7 p.m. No exceptions!

THE WHITE HOUSE
WASHINGTON

DATE: 03/31/93

NOTE FOR: TONY LAKE
STROBE TALBOT

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

Information ☐

Action XX

Thank you.

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

cc:

Personal

THE PRESIDENT

THE PRESIDENT HAS SEEN

Brent — Thanks — Gave some of my summary [illegible] G

THE PRESIDENT HAS SEEN

To the President:

I will do this.

(This is your copy I am returning.)

-Al

[redacted]

[redacted]

THE WHITE HOUSE
WASHINGTON

3.29.93

Mr. President:

Here is the description of the idea Strobe Talbott discussed with you yesterday. Sandy and I concur.

TL

Also, a paper from Treasury on the debt negotiations, as you requested.

Looks good — Wht do Russians say about this? — Has anyone talked to VP?

RECOMMENDED: That the President propose to Boris Yeltsin at Vancouver the establishment of a U.S.-Russian Joint Commission on Technological Cooperation, to be co-chaired by Vice President Gore and Prime Minister Chernomyrdin.

SCOPE: The Commission would provide high-level stimulus and guidance for U.S.-Russian cooperation in two areas: 1) **energy** (improving the efficiency, safety, environmental impact and economic benefit of the Russian oil, gas and nuclear-power sector); and 2) **space** (helping Russia reorient its missile-technology and space-launch sector to peaceful purposes, and helping that industry gain access to the international marketplace in a way compatible with American non-proliferation policy and laws).

BACKGROUND: When he met with the President last week, Foreign Minister Kozyrev urged that U.S. assistance to Russia be cast as much as possible in terms of cooperation, partnership and engagement. It will be easier for the Russian side -- particularly the military-industrial complex -- to accept assistance and conversion if they are put in such a framework of "mutual education." He cited the arms-control dialogue of the '60s through the '80s as a model: SALT/START, INF and MBFR/CFE made it possible for the Soviet military to accept limitations on, then reductions in, nuclear and conventional forces.

Kozyrev said he thought that President Yeltsin would probably want the Russian co-chairman to be PM Chernomyrdin, who comes out of the oil-and-gas sector and who represents Yeltsin's attempt to coopt the nomenklatura and the "industrial managers."

STRUCTURE: Since both the Prime Minister and the Vice President are extremely busy with other tasks (each is, in his own way, trying to reinvent government), the Commission would serve as an umbrella body, with working groups reporting to it.

SUPPORT: The American side would be supported by a special committee of the interagency Policy Steering Group on the Former Soviet Union. It would include, in addition to Strobe Talbott, representatives from Defense, State, Commerce, Energy and the NSC.

DEPARTMENT OF THE TREASURY
WASHINGTON

THE STATUS OF THE NEGOTIATIONS ON A RESCHEDULING OF THE OFFICIAL DEBT OF THE FORMER SOVIET UNION

Overview

Official creditors and Russia have agreed on the terms of a rescheduling of 1993 debt service. A formal rescheduling is planned at a meeting in Paris on Thursday and Friday, April 1-2. Negotiations for a restucturing of debt owed to commercial creditors would follow an agreement with official creditors.

The two issues that stood in the way of a rescheduling of the official debt of the Former Soviet Union (FSU) were: the legal issue of allocating responsibility for the debt among the states of the FSU and the financial issue of how much Russia should pay on its debt in 1993.

- The legal issue has been settled for present purposes. The G-7 and Ukraine agreed on March 26 that (i.) the G-7 will not ask Ukraine for any FSU debt service payment at present, (ii.) the G-7 will proceed to reschedule the FSU debt with Russia, and (iii.) the deal with Russia will be structured so as not to prejudice a future settlement of Ukraine's claims on a share of the FSU assets and debts.

- The financial issue has also been resolved as the G-7 has accepted a recent Russian offer by Deputy Prime Minister Shokhin, Russia's Paris Club negotiator, to make total payments to creditors of no more than $3.5 billion in 1993, including $1.9 billion to the Paris Club.

Recent statements by Deputy Prime Minister Fedorov signal that Russia may be reconsidering its commitment to repay $3.5 billion in 1993. Fedorov intends to launch a stabilization effort and argues that even $3.5 billion in payments pose an unacceptably heavy burden at such a juncture. Debt negotiator Shokhin remains committed to the deal, but over the weekend has asked the creditors to consider granting even more favorable terms. Thus, there remains some chance that Russia will not sign the deal this week.

In our judgment, the Fedorov argument has merit. After all, when compared to the size of the overall economy, Russia's debt service under the deal would equal $300 billion for the United States.

Despite this, it would be inappropriate for the U.S. to scuttle the deal, given that the G-7 and Russia have for the time being agreed on the $3.5 billion. At the same time, the U.S. must be prepared to show support for Russia if and when there is a retreat from the agreement **in connection with a stabilization effort**. We can expect G-7 creditors to go along with a more generous rescheduling *if* Russia is prepared to move forward with stabilization of its economy.

The Debt Issue -- The Quantitative Dimension:

The total debt of the FSU is about $80 billion, of which $38 billion is owed to official creditors, $22 billion to commercial creditors, and the rest primarily reflecting trade credits (see Chart 1).

The bulk of the official debt is outstanding to European creditors, with Germany holding 39 percent (see Chart 2). The U.S. share of the official debt is only 11 percent. Because our debts are on credits provided in the last two years, only one-half would be rescheduled.

Russia's debt service obligations in 1993 are about $40 billion, including $19 billion in arrears. The official debt rescheduling of $15 billion, if followed by a restructuring of debt to other creditors on comparable terms, would reduce Russia's 1993 debt service to $3.5 billion. Russia has only been paying about $100 million in debt service per month for the past year, and implementation of the present proposal would require an increase in payments.

Background on Financial Issues

Throughout the negotiations, the U.S. objective has been to provide Russia with a very generous rescheduling. We believed that a generous rescheduling was needed to: to help restore Russia's creditworthiness, to provide a payments schedule that Russia is able to honor; and to ensure that there would be no build-up of new arrears that would force a halt to new lending.

Late last December, the G-7 offered Russia a rescheduling package entailing a rescheduling of $14 billion in 1993 payments to official creditors. This package was generous by the standards of the Paris Club and would have required Russian payments in 1993 of $2.75 to Paris Club creditors. The Russians refused to accept the offer, however, arguing that these payments, plus others due commercial and other creditors, would have required Russian payments in 1993 of over $5 billion. Russia stated that it could pay only a total of $2.5 billion in debt service payments in 1993.

After drifting for several months, the negotiations came back to life when the Russian debt negotiator (Deputy Prime Minister Shokhin) announced in early March that a deal requiring $3.5 billion in payments to all creditors in 1993 (of which $1.9 billion would go to the Paris Club official creditors) would be acceptable. The French and Germans, who had been the strongest opponents of a deeper rescheduling, accepted this offer, and the G-7 is poised to conclude the financial offer on this basis.

The deal now being put on the table will reschedule $15 billion in FSU debt. There would be an initial four or five month period of very low debt service, during the time it takes to implement formal legal bilateral agreements. Subsequently, debt service would resume at a pace geared to the $3.5 billion payments target. Given the low level of actual debt service in recent months, after the hiatus period Russian debt service payments will actually increase.

As mentioned above, Deputy Prime Minister Fedorov, as part of his new effort at promoting economic stabilization, has called for a six month moratorium on all Russian debt service and for resetting 1993 payments back to $2.5 billion. Fedorov argues that if Russia is trying to stabilize, it simply cannot afford payments of $3.5 billion. Foreign Minister Kozyrev has made similar points.

A unilateral action by Russia would anger certain key creditors. Operationally, the six month moratorium would coincide in large part with the hiatus period required for official creditors to implement their agreement. There should be some possibility of making the two approaches consistent. However, the official creditor agreement will require some payments even during the hiatus. Thus, an absolute moratorium could lead to a build-up of new arrears that would prevent creditors from restarting assistance to Russia and would not be well received by some G-7 creditors.

Background on Legal Issues

In late 1991, the FSU states signed a "Joint and Several" liability agreement and allocated the debt of the Soviet Union among themselves. Over the course of 1992, Russia reached de facto agreement with all of the states, except Ukraine, to assume full responsibility of the assets and liabilities of the Soviet Union.

Ukraine had been highly reluctant to let go of its responsibility for the debt and its claim on the FSU assets because it perceived this legal situation as providing substantial leverage on Russia.

- The continuing failure to strike a deal reflected broader Ukrainian concerns over how much oil and at what price Russia would provide.
- The debt debate was linked with the debate over the division of the Black Sea Fleet, as well as Ukrainian nationalism and distrust of Russia.
- Ukraine also argued for its share of the substantial overseas assets of the former Soviet Union. It has been asking Russia for an audit of the assets for nearly one year.

The rest of the G-7 had been prepared to deal unilaterally with Russia and ignore Ukraine's claims. The U.S. opposed this strategy because we felt it would be better for the two parties to resolve the issue by themselves and we did not wish to anger Ukraine at a time when it was considering passage of Start I legislation.

Russian movement on the financial issue, the heightening of the domestic political conflict in Russia, and continued Ukrainian stalling on Start I, however, contributed to a renewed sense of urgency in the G-7 to conclude the debt rescheduling. Accordingly, on March 26, the French chair of the Paris Club led a G-7 delegation of debt experts to Ukraine.

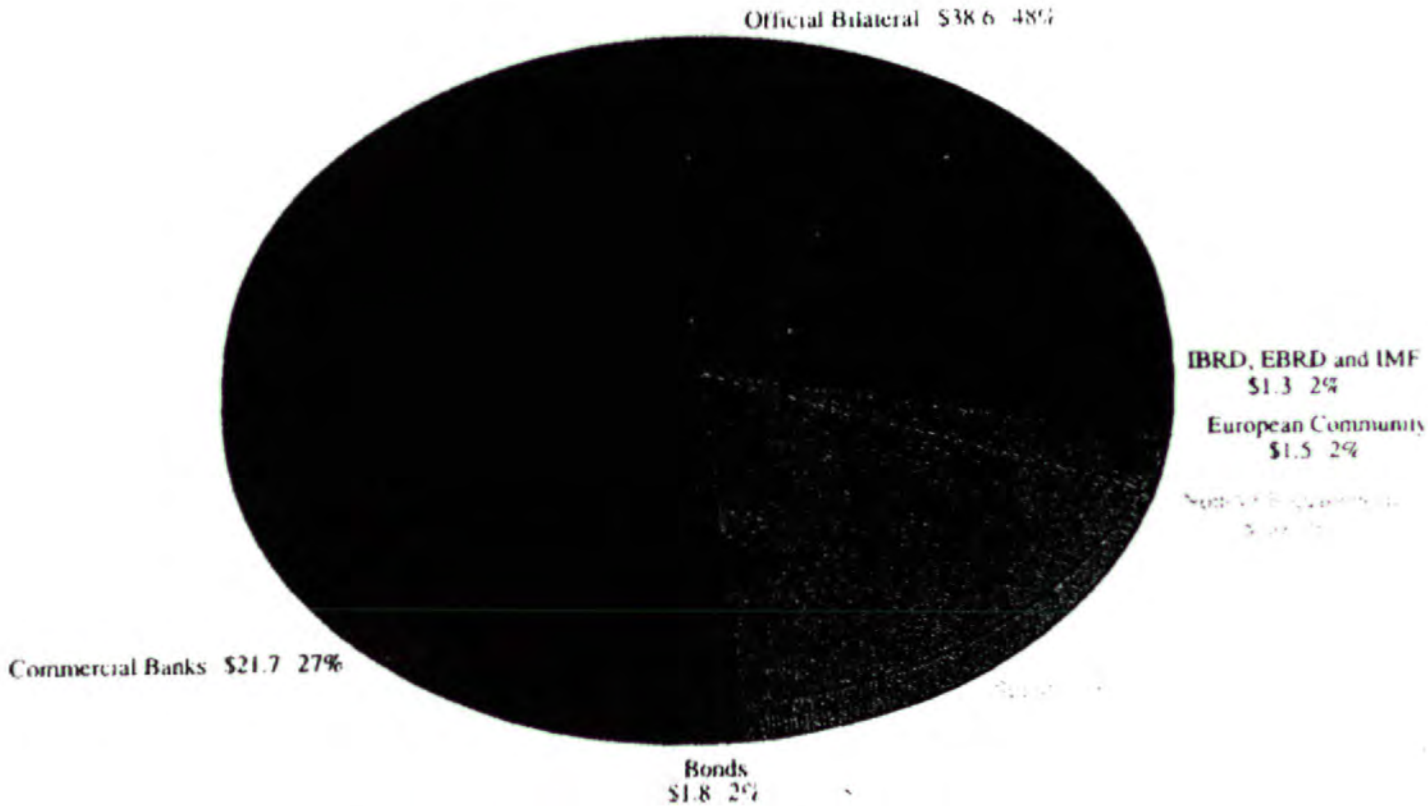
At these meetings, an agreement was struck with Prime Minister Kuchma whereby creditor countries will:

- Require no Ukrainian payments until Russia and Ukraine reach agreement on debt and assets issues.
- Reschedule the full amount of the FSU debt with Russia and keep Ukraine fully informed of the terms of the rescheduling.
- State that their decision does not prejudge Ukraine's claims on FSU assets.

March 29, 1993

CHART 1

Stock of FSU/Russian Debt by Creditor
(in billions of US dollars)



Total Stock of Debt: US$ 81.1 Billion*

* Treasury estimate as at end 1992 including interest arrears

February 1 1993

US Treasury OASIA/IN M. Dow
FSUDEBTS.DRW

CHART 1

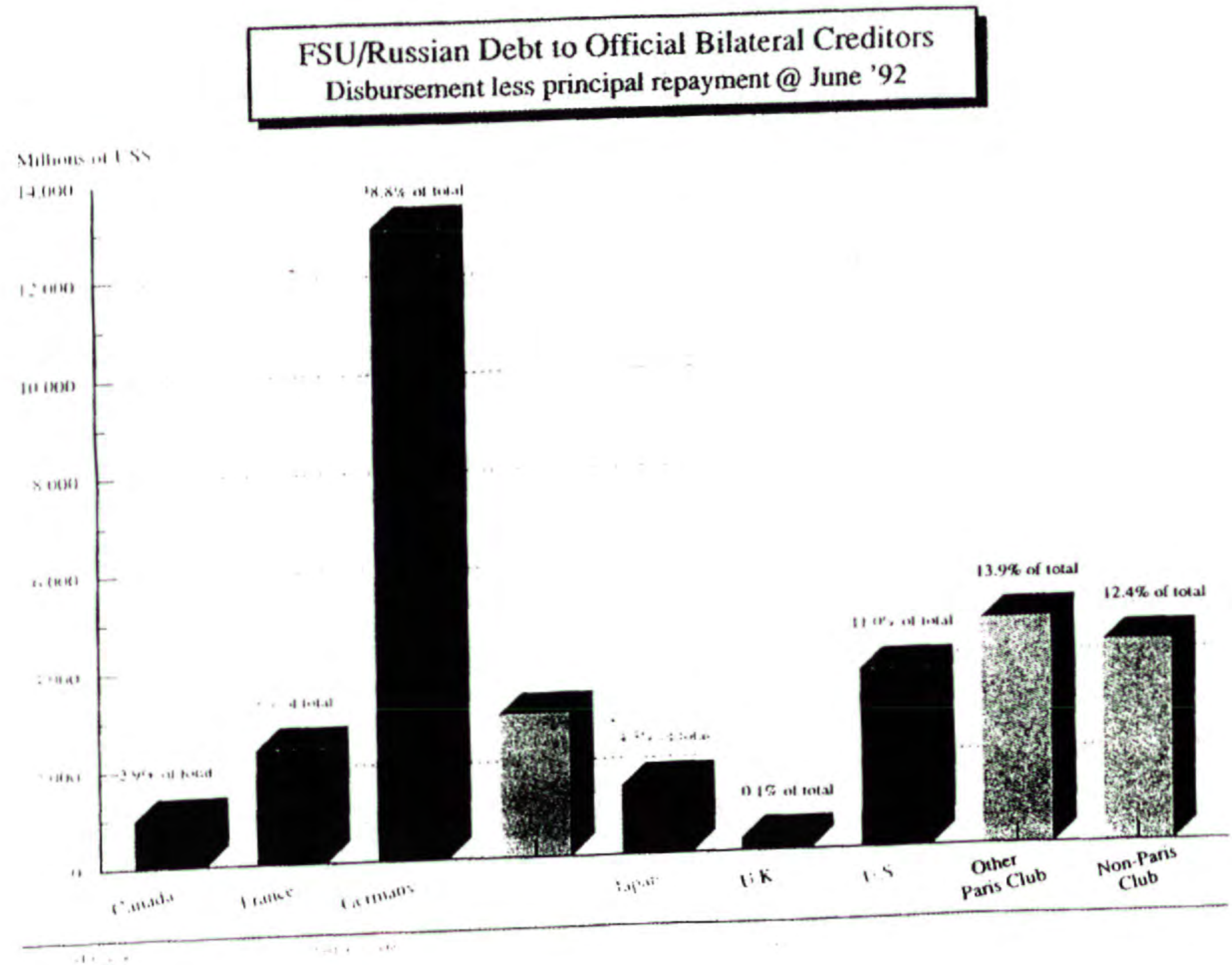
Stock of FSU/Russian Debt by Creditor
(in billions of US dollars)

Total Stock of Debt: US$ 81.1 Billion*

*Treasury estimate as at end 1992, including interest arrears

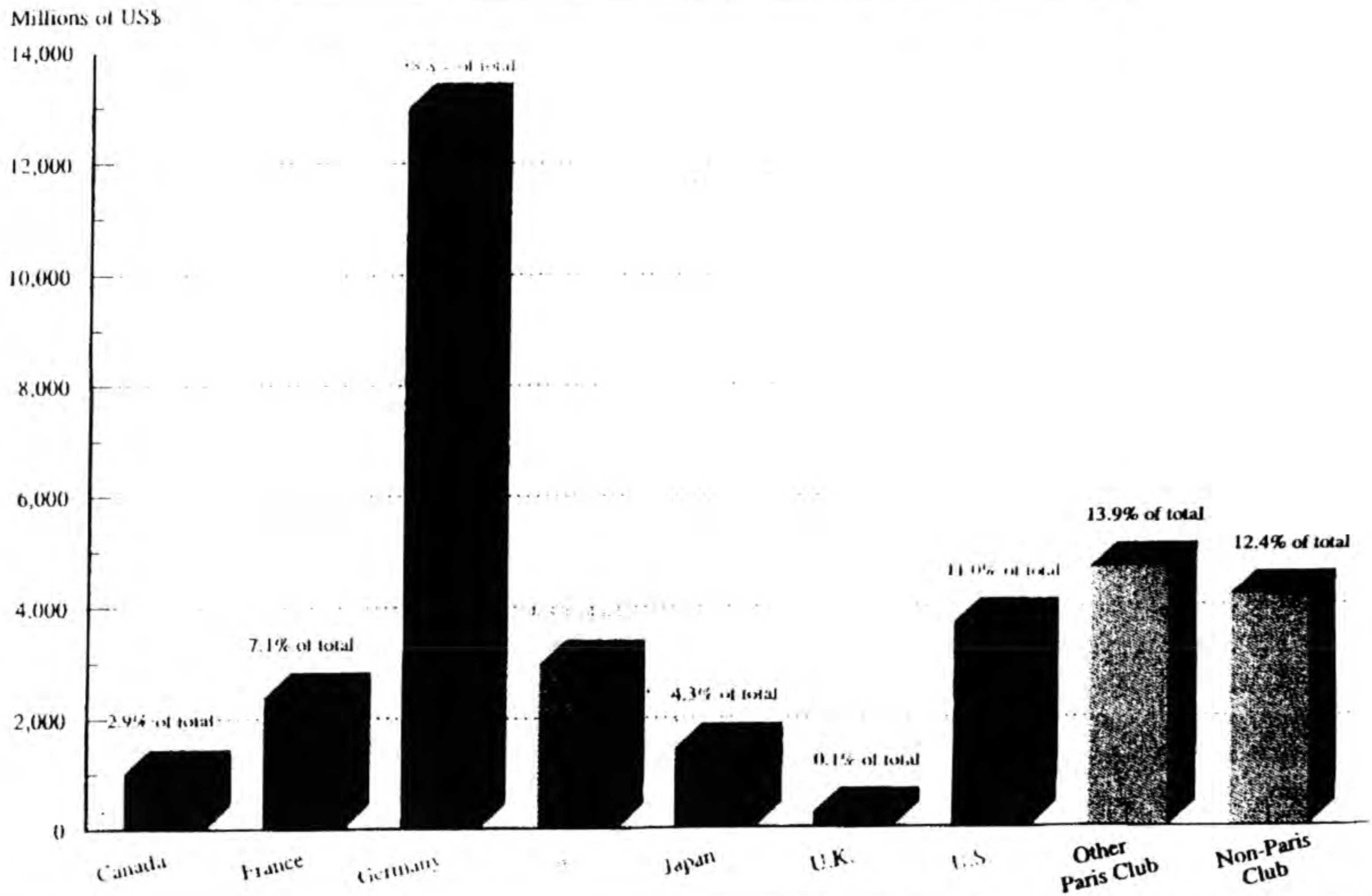
February [illegible] 1993

CHART 2


FSU/Russian Debt to Official Bilateral Creditors
Disbursement less principal repayment @ June '92
Millions of US$
14,000
0
Canada
France
Japan
UK
0.1% of total
13.9% of total
12.4% of total
Other
Paris Club
Non-Paris
Club

FSU/Russian Debt to Official Bilateral Creditors

Disbursement less principal repayment @ June '92



Source: VEB. Does not include interest arrears or short term debt.
February 1, 1993

THE WHITE HOUSE
WASHINGTON

3.31.93

TREY
for BC memo

John
Podesta

Patricof & Co

March 26, 1993

President Bill Clinton
The White House
Washington DC 20006-2000

Dear Mr. President:

Patricof & Co.
Ventures, Inc.
445 Park Avenue
New York, NY 10022
Tel 212-753-6300
Fax 212-319-6155

Like everyone else, I have been reading intently the evolving developments in Russia. While I am sure someone has already brought it to your attention, I want to lend my voice in support of one possible approach to the economic situation, which would be the creation of a CIS-American Enterprise Fund.

As you may know, Congress has created, under the auspices of AID but allocated by the State Department, the Polish American Enterprise Fund, with $240 million, the Czech-American Enterprise Fund, with $60 million, the Hungarian-American Enterprise Fund with $60 million and the Bulgarian-American Enterprise Fund with $30 million.

These are all up in operation already and, as far as I know, fairly effective in mobilizing and encouraging American interest in creating and supporting businesses with local ownership in those countries. The problems, of course, in the former Soviet Union are far greater and it may be much more difficult to absorb the capital that is needed because the infrastructure, as bad as it may be in some of the other countries, is probably non-existent in the former Soviet Union. Nevertheless, it may be a tangible and effective tool for stimulating business activity at a local level.

I am sure there are many others more knowledgeable than I on this concept and there may be reasons why this fund has not been created already. Nevertheless, it is my understanding that Congressional support is developing for this idea and it could be something you might want to discuss with President Yeltsin when you meet next week.

Sincerely,

Alan

Alan J. Patricof
Chairman

P.S. Thank you so much for the photograph and your unusually thoughtful expression of appreciation.

1993
SENIOR
MANAGEMENT
SYMPOSIUM

93 MAR 31 A9:40

John -

Per our conversation - thanks for your help on this re: Justice

Steve

Ricki Seidman -

Can you help on this. Steve is one of my favorites

John Podesta
3 31 93

Information Industry Association • 555 New Jersey Avenue, NW Suite 800 • Washington, DC 20001
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STEVEN J. METALITZ

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Professional Experience

1989 - present:
Vice President and General Counsel
Information Industry Association (IIA)
Washington, DC

Direct all public policy development and advocacy for national trade association of 500 companies involved with electronic information services. Main issues: access to government information, copyright protection, privacy policy, telecommunications policy, regulation of information services. In this capacity, I have:

built consensus among diverse industry interests, and forged alliances with traditional adversaries, on complex information policy questions;

advocated industry positions before Congressional committees, European Commission hearings, and state legislative bodies;

served as chief media contact for national television and print media, as well as trade press;

used published articles and extensive public speaking schedule to advance IIA policy goals.

Chief inside counsel for association and second in command for all other managerial responsibilities.

1987 - 1989:
Chief Nominations Counsel
U. S. Senate Judiciary Committee

Appointed by Chairman Biden to staff newly created task force of Democratic Senators handling all nominations to federal trial and appellate courts. For the Task Force, chaired by Senator Leahy and including Senators Metzenbaum, Heflin and Simon, I directed investigations, staffed public hearings, and prepared reports on over 100 federal judicial nominations. Concurrently, I staffed Senator Leahy on all Supreme Court nominations (Bork, Ginsburg, Kennedy), and, as Special Counsel to the Committee, directed all activities leading to enactment of landmark international copyright legislation.

Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. resume	[Personally Identifiable Information] [partial] (1 page)	03/00/1993	b(6)

COLLECTION:
Clinton Presidential Records
Staff Secretary
John Podesta (Chron Files)
OA/Box Number: 360

FOLDER TITLE:
March 28-31, 1993 [1]

2018-0662-S
rs3039

RESTRICTION CODES

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

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

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

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

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

<u>1983 - 1987</u>:

Staff Director and Chief Counsel
Subcommittee on Patents, Copyrights and Trademarks
U.S. Senate Judiciary Committee

Directed all Senate legislative activity on intellectual property, privacy, and international law matters within Judiciary Committee jurisdiction. Principal adviser to subcommittee chair, Senator Mathias, on all Judiciary Committee legislation (crime, civil rights, constitutional amendments, antitrust), Justice Department oversight, and Executive and Judicial branch nominations. Supervised staff of the Committee's largest subcommittee. Concurrently (1985-87), served as Sen. Mathias' legislative director, supervising all legislative staff for this senior member of the Senate majority, and as his chief speechwriter and editor. Special assignments included chairman's staff designee for Select Committee on Undercover Operations (1982) and Special Committee on Impeachment Trial of Judge Harry Claiborne (1986).

<u>1982 - 1983</u>:

Counsel, Subcommittee on Criminal Law
U.S. Senate Judiciary Committee

<u>1977 - 1982</u>:

Associate Attorney
Epstein, McClain and Derfner
Charleston, South Carolina

Pre-trial, trial and appellate litigation practice focusing on plaintffs' employment discrimination, labor, and military law matters.

Education

Legal: J.D., Georgetown University Law Center, 1977
(Admitted to practice in D.C. and South Carolina)

College: B.A., with Honors, University of Chicago, 1972
Committee on General Studies in the Humanities
Member, Phi Beta Kappa; University of Chicago Trustee Scholar; National Merit Scholar

Personal

Born [redacted] (b)(6)
Married, two children
[redacted]
Volunteer activities:

** Co-founder, Senate Employees Child Care Center, 1983
** Jazz radio producer, announcer, and engineer for non-commercial FM stations since 1968

[redacted]

THE WHITE HOUSE
WASHINGTON

3.31.93

[redacted]

MARCIA —
more of my Ag.
buddies.
I think this would
be a good thing to do.
John

[redacted]

cc: George, DeeDee

Farm Journal.

THE MAGAZINE OF AMERICAN AGRICULTURE

941 NATIONAL PRESS BLDG. / WASHINGTON, D.C. 20045 / (202) 662-1226

March 30, 1993 93 MAR 31 P3:20

Mr. John Podesta
Staff Secretary
The White House
1600 Pennsylvania Ave. NW
Washington, DC 20500

Dear John:

I trust you are thriving in your new job. I am sure you manage to remain calm in the middle of the storm as all paper leads to your desk. Well, here comes another piece of paper.

I am asking for your help in arranging a meeting between President Clinton and members of the National Association of Agricultural Journalists (NAAJ). Enclosed is a copy of a letter sent March 19 asking the President to meet with about 50 journalists on the afternoon of Tuesday, April 20.

The meeting would provide an excellent opportunity for President Clinton to get his message to rural audiences who are anxious about the impacts of the energy tax and proposed cuts in farm payments. The group would be small enough to engage in good discussion about those topics as well as the President's policy toward the former Soviet Union, GATT and NAFTA talks, ethanol, rural health, rural development and environmental policies.

It might be a particularly good forum to discuss rural health issues and address concerns that the health care reform might work better in urban and suburban areas than in rural areas without competition.

Our members range from reporters for the Los Angeles Times and The Wall Street Journal to small regional papers like Iowa Farmer Today and Country Today in Dodgeville, Wis. In between, we represent papers like the Des Moines Register, the Detroit News, the Minneapolis Star Tribune, the Dallas Morning News and many more. Our members also report for the Associated Press and Reuters. Add to that the major nationwide farm magazines like Farm Journal, Successful Farming and Progressive Farmer.

Thank you for your assistance. If you have any questions, please call me at (202) 662-1226 or fax me at (202) 662-1234. And good luck and have fun in this magnificent adventure.

Best wishes,

Sonja

Sonja Hillgren

KNIGHT
RIDDER

KR

Washington Bureau
700 National Press Building
529 14th Street, N.W.
Washington, DC 20045
(202) 383-6000

March 19, 1993

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

Dear President Clinton:

The National Association of Agricultural Journalists (NAAJ) would appreciate an opportunity to meet with you at the White House on the afternoon of Tuesday, April 20. However, if another time during our annual spring meeting on April 19 and 20 would fit your schedule, we could rearrange our program.

NAAJ members have met with several Presidents since the organization was founded in 1952. We would be especially honored to visit with you. Our organization is small in numbers but great in influence. Our members work for wire services, major newspapers, small newspapers and magazines that cover the entire nation. We represent newspapers from the Los Angeles Times to The Dispatch in Moline, Ill. We would expect about 50 people to attend a meeting with you. The group would be small enough to engage in lively conversation.

Our readers would appreciate your comments on a wide range of issues, from policy toward the Russian Federation and the rest of the former Soviet Union to prospects for GATT talks and NAFTA negotiations on labor and the environment. Our meeting also could provide an opportunity for discussion of the energy tax's impact on agriculture, ethanol fuel, other aspects of your economic package, rural development, rural health, environmental policies and general farm policy issues.

We thank you and your staff for your consideration.

Sincerely,

Tom Webb,
Washington Correspondent
The Wichita Eagle

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

THE PRESIDENT HAS SEEN
3.31.93

March 26, 1993

MEMORANDUM FOR THE DIRECTOR

FROM: Joseph J. Minarik

SUBJECT: Friday Economic and Financial Report

SUMMARY

U.S. Transportation Infrastructure and the Payoff from Further Investment -- Investment in transportation infrastructure can have high returns, but there are good reasons to consider alternatives to traditional construction solutions.

- Federal funding of transportation infrastructure is at an all-time high in real dollars. Nevertheless, national estimates of highway and air system needs exceed total Federal, State and local spending. For example, governments spent about $26 billion on highway capital investment in 1991, which is below Federal Highway Administration annual needs estimates of $43 billion.

- Increased spending and improved practices have improved the transportation system since the early 1980s. Congestion, however, remains a significant problem in urban areas. Because "needs" estimates emphasize traditional construction approaches and are not always based on benefit-cost analysis, they may not reveal the most effective solutions to congestion and related problems that reflect underpricing of services.

B. Rubin

- A variety of programs -- including maintenance activities, construction of more durable highways, and computerized systems of traffic signals -- could yield high returns, often with only modest cost. Pricing systems to control vehicle weight and highway and airport congestion also have great potential. Well-targeted policies can yield higher payoffs than tens of billions of dollars invested in more conventional ways.

Two types of macroeconomic payoffs have also been claimed for infrastructure investments.

- One is the traditional Keynesian stimulus. When the economy is underemployed, an increase in infrastructure investment, like other increases in demand, raises output.

- Infrastructure investment can also promote long-run economic growth by making private resources more productive. The magnitude of this effect, however, is controversial.

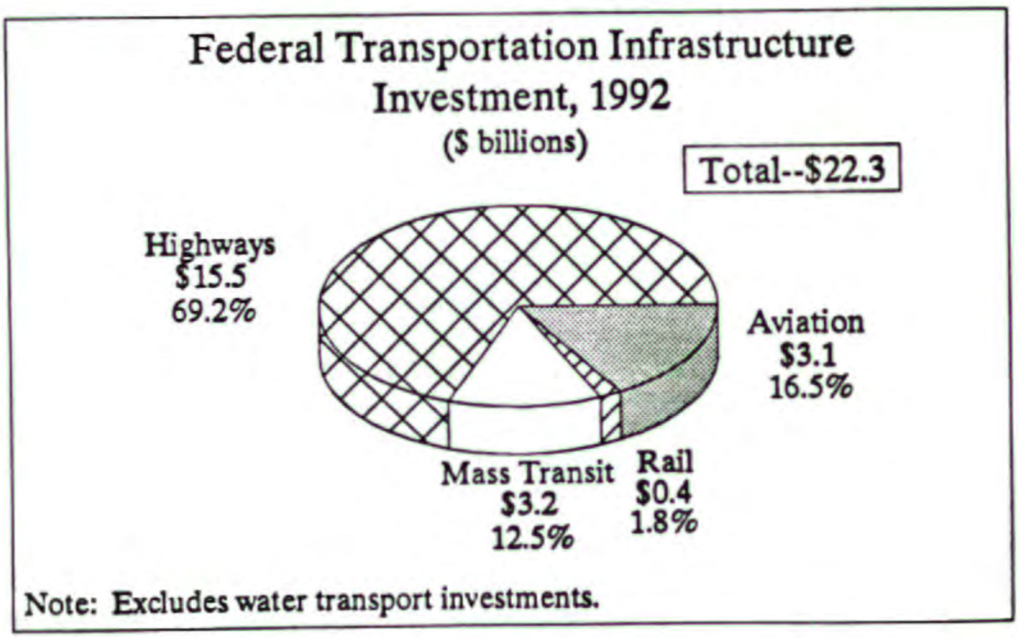
There is growing agreement that, regardless of potential macroeconomic gains, infrastructure policy should promote programmatic and project-specific benefit-cost analysis; institutional arrangements, such as increased local cost-sharing, that encourage responsible decision-making; and use of pricing and economic incentives as complements to physical investments.

U.S. Transportation Infrastructure and the Payoff from Further Investment[1]

While there is no debate about the merit of investment in transportation infrastructure in principle, there are differing views about the amount and nature of such investment that should be undertaken. This Report considers this controversy, focusing on the determination of transportation infrastructure needs, possible directions for high payoff investment and pricing, and the effects of infrastructure investment on economic growth.

Trends in Infrastructure Investment

Federal direct outlays and grants to State and local governments for transportation investments were over $22 billion in 1992 -- more than a 40 percent increase in constant dollars from the level in 1982. Although Federal transportation spending was much higher as a percent of GDP in the 1960s, it is now at an all-time high in constant dollar terms. Federal spending primarily benefits highways, but also supports mass transit and airport investment (see chart).



Investment in transportation infrastructure by all levels of government reached a peak in the 1960s, when much of the Interstate Highway System was built. Two decades of declining investment then followed. Since the mid-1980s, the level of investment has recovered (see chart below).

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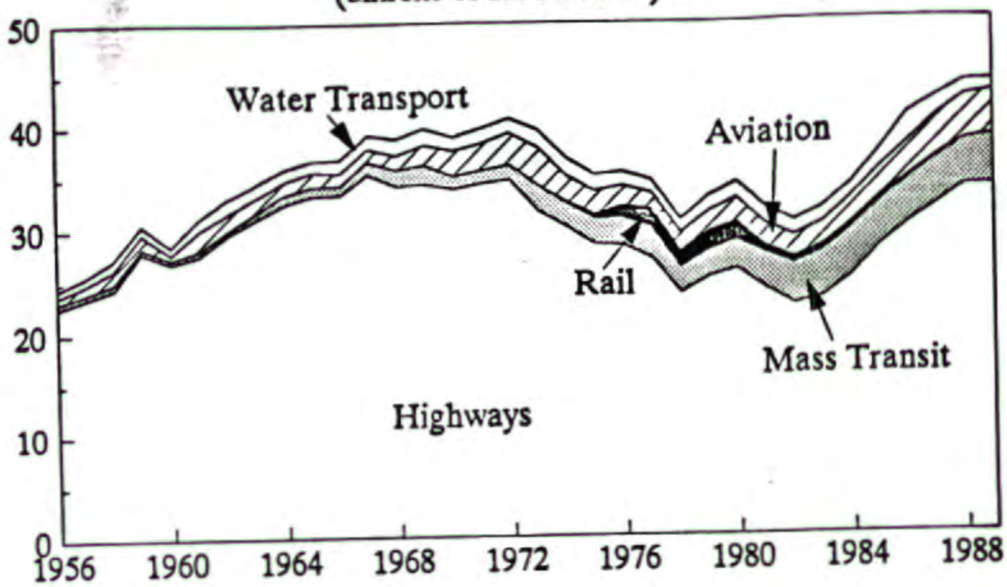
[1] The Transportation Branch provided many helpful comments and suggestions.

Public Transportation Infrastructure Investment

(billions of 1990 dollars)



Source: CBO, 1992.

How Infrastructure "Needs" Are Determined

While the historical record provides an interesting prospective, it does not establish a criterion for determining how much investment is needed. Current and future opportunities for high-return public investments could be quite different from past ones. Estimates of transportation "needs" only partially reflect economic analysis of the range of appropriate alternatives.

Highways and Bridges -- The most authoritative estimates of the "need" for new highway and bridge construction are produced by the Federal Highway Administration (FHWA). In its most recent report, FHWA estimates annual investment needs beginning at $43 billion in 1992, and rising to $53 billion (1991 dollars) in 2011. FHWA estimates the current annual shortfall is about $17 billion.

- About $27 billion of the annual needs are required to maintain current pavement conditions. The remainder, $16 billion in 1992 and $26 billion in 2011, is for increasing capacity to maintain current performance.

- Less than 60 percent of the estimated need is attributable to the National Highway System, which includes interstates, other expressways, and other principal arterial roads. At the Federal level, with the President's proposed supplemental included, obligations for highways in 1993 are estimated to be over $21 billion.

The construction needs estimates, however, are not determined on the basis of benefit-cost analysis. Rather, they reflect the costs of maintaining a predetermined level of highway quality (such as pavement condition) and a calculation of additional miles of highways needed to accommodate expected traffic growth. While these estimates can be useful as back-of-theenvelope guides, they lack a strong economic basis. They assume, for example, that transportation users will not be charged directly for expanded use of the system. The estimates do not address whether the benefits of extra investments would actually be great enough to justify their expense, nor do they explore alternatives to construction.

Legislated increases in gasoline tax revenue have helped fund a substantial increase in highway investment since the early 1980s. These funding increases and improved pavement management practices have improved the quality of the Federal-aid highway system. The percentage of rural interstates with poor quality pavement is estimated to have fallen from 13.3 percent in 1983 to 7.6 percent in 1991; poor quality urban interstates fell from 16.8 percent to 7.7 percent during this period. Comparable improvements are observed for arterial and smaller roads.

Congestion, however, has increased. About 70 percent of peak-hour urban interstate travel was congested in 1991, versus 55 percent in 1983. Other urban expressways have seen comparable increases, while smaller urban roads have held nearly steady, according to this measure.

The estimated need for investment in bridge repair is also based on engineering criteria:

- About 7 percent of Interstate System bridges and 15 percent of the non-Interstate bridges are "structurally deficient." While the term suggests a dangerous condition, in reality it means only that these bridges are not capable of handling all desired loads; the bridges are useable with load restrictions.

- The problem of bridge deficiencies varies considerably across States, in part reflecting funding decisions. New York, for instance, has the highest number of structurally deficient bridges, but has not raised its gasoline tax (8 cents per gallon) since 1973.

DOT is developing a new model to estimate highway needs that better reflects economic considerations. Called the Highway Economic Requirements System (HERS), it balances the expected benefits from new highway construction against expected costs in determining the appropriate level of new investment. HERS will be used to select the most economic remedies for highway deficiencies. Although this system has some limitations, it is a step in the right direction.

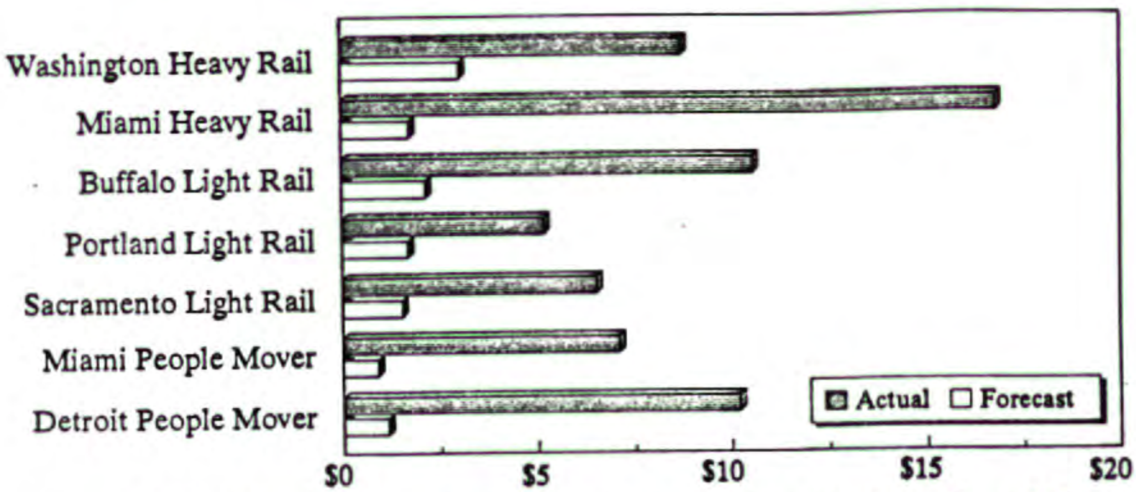
Mass Transit -- The Department of Transportation (DOT) estimates that annual capital investment of $3.1 billion is needed to maintain the existing level of mass transit services, and another $0.8 billion is needed to accommodate current growth trends. An additional $3.6 billion annually is needed for further expansion and improvement. Current investment is about $4.4 billion -- more than 40 percent greater than the level needed simply to maintain existing service.

- According to DOT, the condition of urban rail systems has improved. In 1991, for example, 59 percent of all transit rail capital was in good or excellent condition, up from 40 percent in 1984.

The Federal Transit Act requires localities to conduct economic analyses of alternative investments. In evaluating rail systems, for example, analyses must at a minimum consider the "no-build" option as well as the best option using buses. Although this guidance is helpful, in practice there are limitations:

o Both cost and ridership forecasts have tended to be optimistic, resulting in costs per passenger being much higher than planned (see chart below).

Cost per Passenger: Actual vs. Forecast



Source: DOT, Urban Rail Transit Projects: Forecast vs. Actual Ridership & Costs, 1989. Figures reflect the annualized capital costs plus operating costs, divided by total passengers.

o Accurate measurement of nonuser benefits (such as reduced congestion and environmental gains) from mass transit use is lacking. Current practice is to assume that each trip generates nonuser benefits equal to the benefits directly experienced by a user. Thus, a trip for which a user is willing to pay $3 is valued for benefit-cost analysis as being worth a total of $6 to society. This assumption can lead to questionable subsidies to transit use.

o Funds for new transit projects are generally earmarked by Congress, overriding requirements for benefit-cost analysis. Also, economic analysis is not required for certain other types of transit capital projects, such as modernization of rail or bus systems, including purchase of vehicles or new bus facilities.

Air Travel -- DOT estimates that about $8 billion of airport and airway investments are needed annually over the next two decades. Airports account for about three-quarters of the need, while facilities and equipment account for most of the remainder.

Airport delays of more than 15 minutes have decreased from 404,000 total operations (e.g., take-offs and landings) in 1984 to 280,000 in 1992. However, without measures to improve airport capacity, the number of airports with average delay in excess of seven minutes could increase from 27 in 1988 to 56 by 1998.

Economic analysis is routinely performed for air traffic control modernization. Investment projects now underway are expected to provide tens of billions of dollars of net benefits in the form of increased air system capacity, fuel savings and reduced travel delays. The systemwide effects of airport expansion, however, do not receive benefit-cost scrutiny.

Toward a More Efficient Infrastructure

Economic analyses of alternative approaches to transportation investment have uncovered a variety of options that may have high returns.

- One widely cited result is a 1988 CBO finding that certain maintenance activities have returns of 30 to 40 percent. Selected urban construction projects were estimated to have returns of 10 to 20 percent. In contrast, other classes of projects had lower or even negative returns.
  - Unfortunately, CBO notes that these figures may have substantial margins of error and are intended to be illustrative of a type of analysis, not a specific guide to policy. Federal agencies do not have a current usable ranking of highway projects in decreasing order of return.
- U.S. highways may be being built to suboptimal thickness, leading to excessive reconstruction and repairs. *Road Work*, an important Brookings Institution study, estimated that annual net benefits of $8.8 billion, and a benefit-cost ratio of nearly 4 to 1, could be realized by changing design standards from levels largely determined decades ago. European countries tend to build such thicker highways.
  - DOT is investigating this concern by conducting an experiment with different highway designs around the country. Unfortunately, it could take years to get durability evidence. As of yet, construction practices have not substantially changed.
  - The Brookings research also proposes moving from a system of highway finance based on gasoline taxes to a system based on axle weight, which is much more closely related to the highway damages caused by vehicles. Instituting such pricing changes would encourage use of trucks that cause less pavement damage. With current highway designs, this could provide annual benefits of $7.6 billion. Implementing efficient pricing for damages, together with increasing pavement thickness, is estimated to produce annual net benefits of over $10.9 billion and a benefit-cost ratio of over 7 to 1.
- Automated traffic control systems may also provide net benefits in congested areas. Computerized systems of traffic lights and sensors have been estimated to reduce travel delays by over 30 percent and air emissions by over 13 percent in Los Angeles. The benefits of the L.A. system (counting only savings in fuel, vehicle wear and business travel time) may be 20 times greater than the costs.
- Aviation could benefit from both congestion pricing in the form of landing fees that vary with the time of day and from selective construction of new runways. Researchers estimate that implementing efficient pricing with no new investment could generate net social

benefits of $4.3 billion annually; with modest new investment, net benefits could rise to $12.4 billion with a benefit-cost ratio of over 14 to 1.

The above examples show the value of focusing on net benefits, rather than on "needs" determined on the basis of engineering criteria. The handful of options suggested here could, with only minor outlays, yield greater payoffs than tens of billions of dollars invested in more conventional ways.

On the other hand, not every promising technology or project will have high returns. Studies of magnetic levitation trains, for instance, suggest this investment may have questionable economic merit. The feasibility studies tend to make favorable assumptions, including low required rates of return, optimistic cost and ridership projections, free land, and availability of subsidies.

Demand Management

Historically, the favored solution to infrastructure requirements has been new construction. It is possible, however, for governments to affect demand for, as well as supply of infrastructure. As a first step, there appears to be substantial room for improvement of policies based on pricing. Well-designed charges, based on damages and congestion caused by infrastructure users, would lead to major efficiency gains.

In the 50 largest urban areas, congestion costs -- defined as excess fuel consumption and lost time -- are estimated to be over $39 billion per year. Costs in Washington, D.C., are among the highest in the Nation, reaching $1,040 per vehicle annually, according to the Office of Technology Assessment.

o Implementation of congestion pricing on urban roads could lead to substantial efficiency gains by promoting changes in commuting patterns. Such pricing can take the form of high-tech systems that would bill vehicles entering certain areas, to lower-tech solutions like parking surcharges and requirements for permits to enter central business districts during peak time periods.

  -- Such approaches have losers as well as winners. Although society as a whole would realize gains, commuters paying charges could be made worse off unless other taxes fall or services rise in response to the new levies.

  -- There are also trade-offs between economic optimality and feasibility. Parking charges and gasoline taxes, for example, are imprecise tools for controlling congestion, but are easy to implement. Under the Intermodal Surface Transportation Efficiency Act (ISTEA), DOT will be soliciting applications for $25 million worth of funds supporting congestion-pricing demonstration projects. Such R&D could have high payoffs.

o Reexamining the tax preference for employer-provided parking could be another step. Employer-provided parking valued at $4 per day provides a tax-free fringe benefit of about $1,000 per year for those who benefit from it. Recent legislation capped tax-free parking at $160 per month (about $8 per day). For affected individuals, taxing parking would likely be a much stronger incentive for reducing urban congestion than fuel taxes.

The Administration proposal for higher fuel taxes for inland waterway users would help ensure that this transport mode bears its costs. The proposed BTU tax will also help offset transportation, energy and environmental costs that are not addressed by the current fuel taxes.

Incentives are also relevant in terms of intergovernmental relations. For many infrastructure problems, it is difficult to discern an appropriate Federal role. For instance, congestion is largely a problem of specific urban areas. According to DOT, 50 to 60 percent of all urban travel delays occur in the 10 largest cities. Determination of congestion pricing policies, including use of any resulting revenues, lends itself to metropolitan area solutions.

Allocating money to the States is one approach that, in principle, has some good incentive properties. Presumably, the States know where their biggest needs are. However, improved design of matching grant formulas (including higher local cost shares) and relaxation of some constraints could improve efficiency there. ISTEA has made some changes in these directions, by enabling funding of mass transit in place of roads and allowing greater use of toll roads.

Infrastructure and Economic Growth

In addition to the microeconomic payoffs from infrastructure investment, two macroeconomic payoffs have been claimed. One of these is the traditional Keynesian effect expected from more investment when there is involuntary unemployment. The magnitude of this multiplier effect has been variously estimated, and it varies over time. Furthermore, the effect is similar for most forms of public or private investment or consumption -- it is not limited to infrastructure.

More recently, a second effect of infrastructure investment has been identified. This effect would operate in the long run by raising the productivity of private capital and labor. Interest in this effect was stimulated by the research of David Aschauer, a professor at Bates College.

- This research suggests very high rates of return -- e.g., three to five times the return to private investment -- from public investment in such core infrastructure as highways, mass transit, airports, water and sewer construction.

- The work also suggests a close correlation between such investment and growth. Professor Aschauer estimates that a 1 percent increase in public investment could add 0.4 percent to national output (e.g., GDP). This close tie between public investment and output implies that the decline in public investment as a share of the economy was a key cause of the post-1973 slowdown in the rate of productivity growth.

While there is some link between changes in infrastructure investment and the pace of economic growth, many researchers have questioned the size, significance and direction of the link. Recent estimates of the effects of public investment on output by other researchers suggest that it may have a much smaller effect than estimated by Aschauer and other early studies.

- Work by Charles Hulten and Robert Schwab of the University of Maryland, for example, suggests that an increase in public capital may increase national output by less than one-tenth of Aschauer's estimate, while a new National Bureau of Economic Research study by Douglas Holtz-Eakin finds the increased output to be near zero (see Appendix).

- The large effects found by the early macroeconometric studies may be due to reverse causation or spurious correlation. Slow economic growth may be partly responsible for the recent retrenchment in infrastructure investment, rather than the other way around. Further, the post-1973 growth slowdown may reflect the effects of other factors, including higher energy prices, keener foreign competition, and increased regulation.

  -- The statistical results of the early studies are not robust. CBO reports that changing the starting date for the econometric analysis from 1949 to 1950 causes a 10-fold change in the relative contributions of public and private investment to growth in national output.

  -- The early studies have other questionable features. For example, labor sometimes shows up as contributing much less than is typically expected to growth. The early models can also suggest very high returns to public investment in cases where more complex modeling suggests that there is already too much of such investment.

- Recent studies of economic growth across nations have found little or no effect of public infrastructure investment. Rather, these studies point to private business capital as being more important in increasing GDP.

<u>Conclusions</u>

Carefully selected investments in transportation and other infrastructure can have high returns -- both in terms of traditional measured economic output (i.e., GDP) and in the form of intangible benefits, such as reduced pollution and increased leisure time. In making such investments, it will be worthwhile to examine both traditional construction solutions and innovative approaches using new technologies and economic incentives. The Federal Government can help infrastructure policy by promoting new pricing and incentive structures that emulate private markets where feasible, and by focusing on outcomes and net benefits as opposed to engineering "needs" in cases where decisions must be made centrally.

Appendix

Effect of Public Capital on Private Output--Illustrative Results

Study	Output Elasticity	Data
Aschauer (1989)	.39	National
Deno (1988)	.38	Metropolitan areas (Highways)
Munnell (1990)	.33	National
Moomaw and Williams (1991)	.25	States (Highways)
Aschauer (1989)	.24	National (Core infrastructure)
Lynde and Richmond (1992)	.20	National
da Silva Costa et al. (1987)	.20	States
Munnell (1990)	.15	States
Duffy-Deno and Eberts (1989)	.08	Metropolitan areas
Munnell (1990)	.06	States (Highways)
Garcia-Mila and McGuire (1992)	.04	States (Highways)
Eberts (1986)	.03	Metropolitan areas (Core infrastructure)
Hulten and Schwab (1991)	.03	National
Holtz-Eakin (1992)	-.06	States
Holtz-Eakin (1992)	-.12	Regional aggregates of states

Notes: Output elasticity is the percentage change in output (e.g., GDP) from a one percent change in public capital. An output elasticity of .39, for example, means each one percent increase in public capital would increase private output by 0.39 percent. Under simplifying assumptions, the rate of return will be larger than the output elasticity when output is larger than public capital.

Core infrastructure refers to transportation, water, wastewater, and related investment. Studies often examined more than one model specification, and results vary in terms of statistical significance. Studies consider a variety of different, but related, output measures.

Sources: Federal Highway Administration, "Assessing the Relationship between Transportation Infrastructure and Productivity," August 1992, and D. Holtz-Eakin, "Public-Sector Capital and the Productivity Puzzle," NBER Working Paper, July 1992.

RECENT ECONOMIC INDICATORS AS OF MARCH 26, 1993
(S.A. OR AS INDICATED)

	Jan-92	Feb-92	Mar-92	Apr-92	May-92	Jun-92	Jul-92	Aug-92	Sep-92	Oct-92	Nov-92	Dec-92	Jan-93	Feb-93
GDP (Quarterly Series, % A.R.)														
Nominal GDP			6.2			4.3			5.3			7.1		
Real GDP			2.9			1.5			3.4			4.7		
Implicit Price Deflator			3.1			2.7			2.0			2.3		
Fixed-Weight Price Index			3.7			3.0			2.0			3.3		
CYCLICAL INDICATORS														
Leading Index, Percent	1.1	0.7	0.4	0.3	0.6	-0.3	0.1	-0.2	0.1	0.3	0.7	1.7	0.1	NA
Coincident Index, Percent	-0.4	0.5	0.0	0.0	0.0	-0.1	0.4	-0.5	0.1	0.5	0.2	0.6	0.1	NA
Purchasing Managers' Diffusion Index	48.8	53.4	54.8	52.2	55.7	52.3	53.0	52.2	48.7	50.7	54.7	55.4	58.0	55.8
Percent	3.2	9.4	2.6	-4.7	6.7	-6.1	1.3	-1.5	-6.7	4.1	7.9	1.3	4.7	-3.8
Industrial Production	106.6	107.2	107.6	108.1	108.9	108.5	109.4	109.1	108.9	109.7	110.4	110.8	111.3	111.8
Percent	-0.74	0.56	0.37	0.46	0.74	-0.37	0.83	-0.27	-0.18	0.73	0.64	0.36	0.45	0.45
Capacity Utilization, Manufacturing	77.0	77.4	77.5	77.7	78.2	77.8	78.1	77.9	77.5	77.9	78.3	78.4	78.8	78.9
EMPLOYMENT INDICATORS														
Civilian Employment, Million	117.0	117.0	117.3	117.5	117.6	117.5	117.7	117.8	117.7	117.7	118.1	118.3	118.1	118.5
Nonfarm Payroll Employment, Million	108.1	108.1	108.2	108.4	108.5	108.4	108.6	108.5	108.5	108.6	108.6	108.8	108.8	109.2
Civilian Unemployment Rate, Percent	7.1	7.3	7.3	7.3	7.4	7.7	7.6	7.6	7.5	7.4	7.3	7.3	7.1	7.0
Employment/Population Ratio	61.4	61.3	61.4	61.5	61.5	61.4	61.4	61.4	61.3	61.3	61.4	61.5	61.3	61.4
Average Weekly Hours, Manufacturing	40.9	41.1	41.1	41.1	41.3	41.0	41.0	41.0	40.9	41.1	41.2	41.2	41.4	41.5
CONSUMER SECTOR														
Retail Sales, Billion $	159.0	161.2	159.6	160.2	161.3	161.1	162.3	163.2	164.2	167.6	167.3	169.2	169.4	169.8
Percent	1.5	1.4	-1.0	0.4	0.7	-0.1	0.7	0.6	0.6	2.1	-0.2	1.1	0.0	0.3
Total Auto Sales, Milion Units, A.R.	8.1	8.5	8.3	8.2	8.4	8.9	8.3	7.9	8.3	8.3	8.2	8.7	8.6	8.0
Domestic Auto Sales, Million Units, A.R.	6.0	6.2	6.0	6.0	6.3	6.7	6.4	6.0	6.3	6.3	6.2	6.7	6.6	6.0
Personal Income, Billion $, A.R.	4943.2	4988.7	5009.6	5015.4	5032.7	5038.5	5048.7	5056.4	5080.9	5144.7	5144.0	5192.9	5217.4	NA
Percent	-0.0	0.9	0.4	0.1	0.3	0.1	0.2	0.2	0.5	1.3	-0.0	1.0	0.5	NA
Disposable Personal Income, Billion $, A.R.	4321.4	4360.8	4400.6	4400.7	4415.1	4419.5	4424.6	4426.3	4448.7	4505.6	4500.8	4544.8	4558.6	NA
Savings Rate, Percent	4.9	4.9	5.3	5.5	5.3	5	4.8	4.6	4.6	4.5	4.5	4.5	NA	NA
Real Personal Income, Billion 87$, A.R.	4058.5	4079.1	4076.2	4070.9	4078.4	4076.5	4078.1	4094.3	4090.9	4125.7	4118.5	4157.6	4163.9	NA
Percent	-0.2	0.5	-0.1	-0.1	0.2	-0.0	0.0	0.4	-0.1	0.9	-0.2	0.9	0.2	NA
Real Disposable Personal Income, Billion 87$, A.R.	3549.3	3565.9	3581.9	3573.3	3578.6	3576.1	3574.4	3585.5	3581.7	3613.4	3603.5	3640.1	3638.9	NA
Percent	-0.1	0.5	0.4	-0.2	0.1	-0.1	-0.0	0.3	-0.1	0.9	-0.3	1.0	-0.0	NA
Consumer Sentiment Index, U of Michigan	67.5	68.8	76.0	77.2	79.2	80.4	76.6	76.1	75.6	73.3	85.3	91.0	89.3	86.6
Percent	-1.0	1.9	10.5	1.6	2.6	1.5	-4.7	-0.7	-0.7	-3.0	16.4	6.7	-1.9	-3.0
HOUSING SECTOR														
Housing Starts, Thousand Units, A.R.	1164	1285	1318	1095	1197	1141	1106	1229	1218	1226	1226	1286	1178	1208
Single-Family Starts	976	1137	1050	939	1019	994	961	1038	1045	1079	1089	1133	1061	1052

	Jan-92	Feb-92	Mar-92	Apr-92	May-92	Jun-92	Jul-92	Aug-92	Sep-92	Oct-92	Nov-92	Dec-92	Jan-93	Feb-93
BUSINESS SECTOR														
Nondefense Capital Goods Orders, Billion $	30.1	29.5	32.2	29.9	30.5	31.0	29.3	28.2	30.6	31.7	28.6	34.0	30.4	34.7
Percent	11.6	-2.1	9.2	-7.0	1.9	1.6	-5.4	-3.9	8.6	3.6	-9.7	19.0	-10.8	14.4
Nonresidential Construction Put in Place, Billion $	123.0	125.0	128.5	127.2	124.1	127.6	124.7	117.8	122.5	123.5	122.7	121.7	119.9	NA
Inventory Change Book Value, Billion $, A.R.	-44.0	14.3	18.6	29.8	-6.9	48.0	40.2	22.1	-19.4	21.1	12.3	28.7	-2.2	NA
Inventory/Sales Ratio, Total Business	1.54	1.52	1.52	1.52	1.52	1.50	1.49	1.52	1.50	1.49	1.49	1.46	1.46	NA
INFLATION INDICATORS														
CPI, Percent	0.3	0.2	0.4	0.3	0.1	0.2	0.3	0.2	0.1	0.4	0.2	0.1	0.5	0.3
CPI Less Food and Energy, Percent	0.4	0.3	0.3	0.3	0.3	0.1	0.3	0.2	0.1	0.5	0.3	0.2	0.5	0.5
PPI Finished Goods, Percent	0.0	0.2	0.2	0.2	0.3	0.2	0.0	0.1	0.2	0.0	-0.2	0.1	0.2	0.4
PPI Less Food and Energy, Percent	0.5	0.1	0.3	0.3	0.4	-0.2	0.1	0.0	0.1	-0.1	0.1	0.2	0.4	0.3
Gold, $ per ounce	354.4	353.8	343.8	338.2	337.3	341.3	353.2	344.6	345.3	344.0	334.4	334.0	329.4	329.2
W. Texas Spot Oil Price, $/bbl	18.8	19.0	18.9	20.2	20.9	22.4	21.8	21.4	21.9	21.7	20.3	19.4	19.1	20.1
MERCHANDISE TRADE														
Exports, Billion $, A.R.	425.6	451.9	445.0	436.9	428.6	458.0	453.7	429.6	454.6	468.9	458.2	476.1	444.1	NA
Imports, Billion $, A.R.	497.0	492.9	513.7	521.9	514.8	539.5	542.0	539.7	558.6	555.9	546.4	558.7	531.7	NA
Deficit, Billion $, A.R.	-71.3	-41.1	-68.7	-85.1	-86.2	-81.5	-88.4	-110.1	-104.0	-87.0	-88.2	-82.7	-87.6	NA
U.S. EXCHANGE RATE														
Multilateral	86.1	88.0	90.4	89.8	88.3	85.9	82.6	81.0	82.0	85.0	90.0	90.5	92.4	93.8
Percent	0.5	2.3	2.7	-0.7	-1.7	-2.7	-3.9	-1.9	1.2	3.7	5.9	0.5	2.1	1.6
Yen/$	125.5	127.7	132.9	133.5	130.8	126.8	125.9	126.2	122.6	121.2	123.9	124.0	125.0	120.8
DM/$	1.58	1.62	1.66	1.65	1.62	1.57	1.49	1.45	1.45	1.49	1.59	1.58	1.61	1.64
$/Pound	1.81	1.78	1.72	1.76	1.81	1.86	1.92	1.94	1.85	1.65	1.53	1.55	1.53	1.44
MONEY AND CREDIT														
M2, Billion $	3451.0	3467.7	3467.8	3464.8	3467.4	3461.9	3463.5	3472.3	3480.2	3491.5	3498.1	3497.3	3488.2	3476.1
Percent	1.8	6.0	0.0	-1.0	0.9	-1.9	0.6	3.1	2.8	4.0	2.3	-0.3	-3.1	-4.1
M3, Billion $	4172.2	4189.0	4184.9	4177.9	4179.6	4169.9	4168.8	4178.6	4182.8	4179.8	4178.5	4167.1	4142.6	4134.8
Percent	1.2	4.9	-1.2	-2.0	0.5	-2.7	-0.3	2.9	1.2	-0.9	-0.4	-3.2	-6.8	-2.2
C&I Loans & Commercial Paper, Billion $, N.S.A.	988.4	994.9	1000.0	996.8	1000.0	996.8	991.5	986.8	982.1	988.2	991.6	996.9	NA	NA
Percent, A.R.	-6.3	8.2	6.3	-3.8	3.9	-3.8	-6.2	-5.6	-5.5	7.7	4.2	6.6	NA	NA
C&I Loans, Billion $	455.2	455.5	454.3	452.3	454.3	452.3	448.0	443.6	440.1	440.3	439.9	441.0	NA	NA
Commercial Paper, Billion $	533.2	539.4	545.7	544.5	545.7	544.5	543.5	543.2	542.0	547.9	551.7	555.9	NA	NA
INTEREST RATES														
Federal Funds Rate	4.0	4.1	4.0	3.7	3.8	3.8	3.3	3.3	3.2	3.1	3.1	2.9	3.0	3.0
T-Bill, 3 Month	3.8	3.8	4.0	3.8	3.6	3.7	3.2	3.1	2.9	2.9	3.1	3.2	3.0	2.9
T-Bond, 30 Year	7.6	7.9	8.0	8.0	7.9	7.8	7.6	7.4	7.3	7.5	7.6	7.4	7.3	7.1
Corporate AAA Bonds	8.2	8.3	8.4	8.3	8.3	8.2	8.1	8.0	7.9	8.0	8.1	8.0	7.9	7.7
Mortgage Commitment Rate	8.7	8.5	8.4	8.8	8.9	8.9	8.7	8.5	8.1	8.0	7.9	8.1	NA	NA
STOCK MARKET														
Dow Jones 30 Industrials	3227.1	3257.3	3247.4	3294.1	3376.8	3337.8	3329.4	3307.5	3293.9	3198.7	3238.5	3303.2	3277.7	3367.3
Standard & Poor's 500	416.1	412.6	407.4	407.4	414.8	408.3	415.1	417.9	418.5	412.5	422.8	435.6	435.2	441.7

THE PRESIDENT HAS SEEN
03.31.93

93 MAR 30 P7:19

MEMORANDUM

TO: MACK MCLARTY

FROM: MARK GEARAN

RE: UPDATE

DATE: 29 MARCH 1993

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1) I spoke with Bob Reich regarding the testimony on striker replacement. We will visit with Howard Paster on the idea to request Sec. Reich's testimony to be submitted, and not appear. Note: Reich is the lead witness tomorrow.

Frankly, I am uncertain that committee testimony is such a big deal. Particularly when the alternative headline is Administration retreats on striker replacement.

2) I spoke with Rev. Jesse Jackson on five topics:

a) He has just returned from LA and thinks we should send the AG out in advance to say that Justice is working again and the days are gone when the police brutality cases were represed.

He also believe the President should do a town hall meeting in LA.

b) He read recently that we are going to be working with D.C. Delegate Eleanor Holmes Norton on the appointment of judges. He had spoken with you previously on this and his involvement. Do you want him to work with Eleanor?

c) He wants to visit with you on our policy toward Haiti. Recent articles suggest we are moving to some definiteness -- true?

d) He had written to you previously on Baseball on April 5th in Baltimore and the President going to throw out the first pitch. Any follow-up?

e) He want to support the economic stimulus package.

3) I spoke with Senator John Breaux. He wanted to check in with you after his meeting yesterday with Leon and Howard. He is waiting for a call from Leon. Checking in.

LEVEL 1 - 1 OF 4 STORIES

The Washington Post

93 APR 30

March 25, 1993, Thursday, Final Edition

P7649S

Desk

SECTION: SPORTS; PAGE C2; FANFARE

LENGTH: 312 words

HEADLINE: Jackson Asks Clinton to Rethink Pitch

SERIES: Occasional

BYLINE: From news services and staff reports

BODY:

Jesse Jackson wants President Clinton to reconsider his decision to throw out the first pitch at the season opener of the Baltimore Orioles on April 5 and has sent a letter to the White House detailing the implications of continuing a longstanding presidential tradition.

Jackson, head of the newly formed Rainbow Commission for Fairness in Athletics, last week sent a letter to White House Chief of Staff Thomas F. " Mack" McLarty detailing what one of Jackson's aides last night described as "baseball's institutional racism and sexism."

"If he does go, he's probably going to have to walk through a picket line," commission spokesman Frank Watkins told The Post. The commission has threatened to picket major league parks around the country unless baseball leaders come up with a plan for affirmative action hiring in their front offices by Opening Day.

Watson said the letter does not specifically ask Clinton or his wife, Hillary Rodham Clinton, who is scheduled to throw out the first ball for the Chicago Cubs, to change their plans. But a source familiar with the letter said that was clearly Jackson's intent.

Jackson was not available to comment nor was McLarty, who Watkins said has not yet responded to the letter. Clinton aides last night said they were not aware of Jackson's letter, but they envisioned no change in Clinton's plans to go to Camden Yards.

No call came to our office You have responded

Watkins said plans are still being formulated for picketing around the country as well as other action "that will not end with Opening Day." He also accused baseball of "stonewalling" in responding to Jackson's request for a minority hiring program.

Jackson met with baseball owners and league officials at their winter meetings last month when baseball was mulling the fate of Cincinnati Reds owner Marge Schott for making racially offensive remarks. Schott was suspended for the season.

TYPE: DC NEWS

SUBJECT: RACIAL DISCRIMINATION; RACIAL AND ETHNIC GROUPS; HIRING; DEMONSTRATIONS; BASEBALL; PRO SPORTS

ORGANIZATION: BALTIMORE ORIOLES; RAINBOW COMMISSION FOR FAIRNESS IN ATHLETICS

NAMED-PERSONS: JESSE L. JACKSON; BILL CLINTON; THOMAS F. MCLARTY; HILLARY RODHAM CLINTON

THE WHITE HOUSE

WASHINGTON

93 MAR 31 P1:12

March 30, 1993

MEMORANDUM FOR JOHN PODESTA

FROM: KATIE MCGINTY Kam

SUBJECT: TOXIC SUBSTANCES RULES

This is in response to the clipping from the Post on March 23 that you passed on to me regarding the Occupational Safety and Health Administration's toxic substances rules.

I am aware of the Court of Appeals ruling on toxic substances in the workplace. I am advised by Labor that they accepted the Solicitor General's advice and declined to appeal the ruling because they agreed with the Solicitor General's analysis that their actions were not supported by statute. According to the Solicitor General, individual scientific analysis is required for each type of hazardous substance. Categorical analyses -- as apparently were done in this case -- are not acceptable.

Labor is currently reviewing options to address this situation. At present the following potential courses of action are apparent: First, Labor may revise its overall rulemaking structure and attempt to issue separate rules for each toxic substance in the workplace. Second, Labor may attempt to work with Congress to develop legislation that affords OSHA the ability to issue broader regulations. Rep. Bill Ford has introduced such legislation. Because the first option would likely prove enormously costly and time consuming, and because legislation along the lines of the second option has already been introduced, it is likely that the Department will be inclined toward the latter course.

I am satisfied that the Department is moving expeditiously to address this situation. Thanks for calling the story to my attention.

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 3/31

NOTE FOR: Sandy Berger Bob Bell

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

Information ☐

Action ☑

[redacted]

These are being sent to the Hill today. Bob — could you do letters to the non-retirees (or all 12) from the President congratulating them

Thank you.

Thanks

John

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

[redacted]

cc:

THE PRESIDENT HAS SEEN 3/31

THE WHITE HOUSE

WASHINGTON

March 31, 1993

MEMORANDUM TO THE PRESIDENT

FROM: JOHN PODESTA JP

SUBJECT: MILITARY NOMINATIONS

The Defense Department has forwarded for your approval 12 senior military nominations. Most deal with assignments to and reassignments from the staff of the Joint Chiefs.

The list of nominations is attached.

The NSC has cleared these nominations, but I wanted to bring one to your attention. General McCaffrey was found in July, 1992, by the Army Inspector General to have improperly shipped government furniture as household goods. While this infraction was found to have been serious, it was not viewed as disqualifying by the Air Force or Secretary Aspin.

General McCaffrey has been in the news lately as the General who was treated with some disrespect by a "woman at the White House." In the view of George and our staff, the General has gone out of his way to tamp that story down. He has written a letter to the editor of the Wall Street Journal on the subject.

On military nominations we have followed the past Administrations' practices which are that, once you have approved the nomination, DOD informed the officer, a press release was issued from DOD and my office would send nomination papers to the Senate. For these senior officers, I think we might let the nominee know that **you** have approved their nomination by a letter from you or a phone call from the NSC or military office.

In McCaffrey's case, you may want to give him a call or I can have a letter prepared. Let me know how you want to handle his nomination.

[✓] Approve nomination list

[ ] Reject nomination list

[ ] Discuss nomination list

Senior Military Nominations forwarded by DOD

- Major John Fairfield, USAF, from the Joint Staff to the grade of Lieutenant General and assignment as Vice Commander Pacific Air Forces;
- Major General Dale Thompson, USAF, from the Joint Staff to the grade of Lieutenant General and assignment as Vice Commander, Air Force Material Command;
- Major General John Miller, USA, from the Joint Staff to the grade of Lieutenant General and assignment as Commander, U.S. Army Combined Arms Command;
- Major General Thomas Rhame, USA, from the Joint Staff to the grade of Lieutenant General and assignment as Director of the Defense Security Assistance Agency;
- Major General Robert Ord, USA, from the Joint Staff to the grade of Lieutenant General and assignment as Commanding General, U.S. Army Pacific;
- Major General John Otjen, USA, from the Joint Staff to the grade of Lieutenant General and assignment as Commanding General, First United States Army;
- Major General Michael Ryan, USAF, to the grade of Lieutenant General and assignment as Assistant to the Chairman, Joint Chiefs of Staff;
- Major General John Sheehan, U.S. Marine Corps, to the grade of the Lieutenant General and assignment as Director of Operations, Joint Staff;
- Lieutenant General Barry McCaffrey, USA, to the assignment as Director of Strategy Plans and Policy, Joint Staff;
- General Robert RisCassi, USA, Commander U.N. Forces, Korea to the retired list, but with a deferral of mandatory retirement until July 31, 1993;
- Lieutenant General Martin Brandtner, U.S. Marine Corps, to the retired list;
- Lieutenant General Edwin Leland, USA, to the retired list.

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 3/31/93

TO: JOHN GAUGHAN

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

These have been approved.

[redacted]

[redacted]

Senior Military Nominations forwarded by DOD

- Major John Fairfield, USAF, from the Joint Staff to the grade of Lieutenant General and assignment as Vice Commander Pacific Air Forces;
- Major General Dale Thompson, USAF, from the Joint Staff to the grade of Lieutenant General and assignment as Vice Commander, Air Force Material Command;
- Major General John Miller, USA, from the Joint Staff to the grade of Lieutenant General and assignment as Commander, U.S. Army Combined Arms Command;
- Major General Thomas Rhame, USA, from the Joint Staff to the grade of Lieutenant General and assignment as Director of the Defense Security Assistance Agency;
- Major General Robert Ord, USA, from the Joint Staff to the grade of Lieutenant General and assignment as Commanding General, U.S. Army Pacific;
- Major General John Otjen, USA, from the Joint Staff to the grade of Lieutenant General and assignment as Commanding General, First United States Army;
- Major General Michael Ryan, USAF, to the grade of Lieutenant General and assignment as Assistant to the Chairman, Joint Chiefs of Staff;
- Major General John Sheehan, U.S. Marine Corps, to the grade of the Lieutenant General and assignment as Director of Operations, Joint Staff;
- Lieutenant General Barry McCaffrey, USA, to the assignment as Director of Strategy Plans and Policy, Joint Staff;
- General Robert RisCassi, USA, Commander U.N. Forces, Korea to the retired list, but with a deferral of mandatory retirement until July 31, 1993;
- Lieutenant General Martin Brandtner, U.S. Marine Corps, to the retired list;
- Lieutenant General Edwin Leland, USA, to the retired list.

E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E N T

31-Mar-1993 11:15am

TO: (See Below)

FROM: Andre C. Oliver
Office of the Chief of Staff

SUBJECT: Communications/Scheduling Meeting

Today's communications/scheduling meeting has been postponed until Thursday at 1:30 pm (in Mark's office). Please confirm your attendance by e-mail if possible.

Thanks.

DISTRIBUTION:

TO: David Dreyer
TO: Rahm Emanuel
TO: Marcia L. Hale
TO: Susan Brophy
TO: John Podesta
TO: Carol H. Rasco
TO: George Stephanopoulos
TO: Ricki Seidman
TO: Jeffrey L. Eller

CC: Dwight Holton
CC: Heather Beckel
CC: Mark Gearan

Mark —
maybe this is how we get sidetracked into a day by day scheduling meeting
John

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 3/31

NOTE FOR: Tony Lake

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

Information ☑

Action ☐

[redacted]

Thank you.

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

[redacted]

cc:

THE NEW YORK TIMES, THURSDAY, MARCH 18, 1993

Spooked Over Intelligence Cuts

Judging by his budget presentation, R. James Woolsey, President Clinton's chief spymaster, seems well on his way to becoming a captive of the old-boy bookkeepers in the intelligence agencies. Mr. Clinton, who needs to save every dollar he can, would be a sucker to let that happen.

The immediate issue is the annual intelligence budget of $29 billion. The larger issue is whether America needs an intelligence apparatus of cold war dimensions. Mr. Woolsey told the House Intelligence Committee that he could absorb a $1 billion cut in next year's budget but not much more — a snub of Mr. Clinton's campaign pledge to find $7.5 billion in cuts over five years.

"Precipitous" cuts, Mr. Woolsey warned, "will cripple us in the long run." It's understandable that a new President might waver when faced with the mysteries, political connections and massed inertia of the national security mandarins. But it defies common sense, with no Soviet threat in prospect, to believe that the intelligence agencies can't make do with less than $28 billion.

•

Intelligence costs reached a peak of nearly $31 billion in 1990. They've dropped only $1.9 billion since then, even though fully half the $31 billion was aimed at a threat that has now largely evaporated.

Of course there are other dangers. But are they so menacing that none of the remaining $13 billion once directed at the Soviet threat can be cut from the intelligence budget? Senator Daniel Patrick Moynihan, for one, believes that deep cuts are both possible and feasible. The Congressional Budget Office suggests cuts yielding five-year savings of $18.8 billion. Cutting back on satellite reconnaissance might save $3 billion more.

In the old days, tracking the Soviet threat was a full-time occupation involving an army of spies and analysts who kept their eyes on Latin American leftists, Soviet submarines, Moscow cocktail parties, diplomatic communiqués, missile movements and military maneuvers. It may make sense to continue some but surely not at the same pace. Here are some places to cut:

Unnecessary Satellites. The National Security Agency spends $4 billion a year on "big-eared" satellites that monitor everything from telephone conversations to missile telemetry. It overhears more than can be transcribed and translated.

Similarly, the National Reconnaissance Office spends roughly $6 billion a year on eye-in-the-sky satellite monitoring, at $1 billion a satellite. Soviet coverage can now be reduced. Coverage of other targets, like would-be nuclear proliferators, can be carried out with fewer satellites.

Tactical Intelligence. The biggest chunk of the budget, about $11 billion, is spent on tactical intelligence, tracking military movements up to the minute. The Defense Intelligence Agency, each of the four armed services and each of 10 military commands has its own tactical intelligence staff. Redundancy provides some useful alternative assessments — and lots of wasteful duplication.

Spies and Analysts. Nobody knows how many spies and analysts there are, but savings are possible here, too. The C.I.A. has cut its staff of Soviet military analysts to 9 from 125. But it has simply shifted the work to the armed services, which are resisting staff cuts beyond normal attrition. It's true that the C.I.A. will have to keep an eye on places like Iran. But since the Soviet menace was global, the rest of the world was pretty well covered to begin with.

Furthermore, much of what passes for "intelligence" comes from newspapers, broadcasts and conversations. That was true even in the secretive Soviet Union, with its tightly controlled media. Such information is inexpensively gathered; the diplomatic corps does it every day.

Spies can help, but their value should not be overestimated. They cost more than diplomats and, despite the occasional intelligence bonanza, they serve up lots of disinformation too. And money doesn't guarantee success: the intelligence community had plenty when it failed to predict the Shah of Iran's overthrow and the Soviet Union's collapse.

What Mr. Clinton and Mr. Woolsey face is a deeply entrenched culture that feeds off what it can identify as a menace. They should not let themselves be spooked. Beneath the veil of secrecy is a bloated budget that can be safely cut.

THE PRESIDENT HAS SEEN 3/30

BOVR
something to keep
in mind in next
round of cuts —

20

March 25, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN D. PODESTA

SUBJECT: FAST TRACK AUTHORITY

In approving the Rubin/Lake recommendations on fast track extension for the Uruguay Round and the negotiating strategy for NAFTA side agreements, you asked whether Mickey agreed with the recommendations.

Mickey was part of the Principals meeting which framed those recommendations and fully supported them. Subsequent to your seeing the memo, Mickey has had second thoughts on a side issue briefly referenced in the memo, which is whether to seek a longer extension of negotiating authority for bilaterals -- probably five years. This issue is particularly relevant to Chile.

Mickey is taking soundings on the Hill this week and the Deputies Committee will meet Monday to consider the length of the extension of negotiating authority for bilaterals.

United States Senate
WASHINGTON, D.C. 20510-1303
OFFICIAL BUSINESS

Carol Moseley Braun
U.S.S.

THE PRESIDENT HAS SEEN

Mack / Rubin
I must do this.
B.

CAROL MOSELEY BRAUN
ILLINOIS

United States Senate
WASHINGTON, D. C. 20510-1303

March 30, 1993

President William J. Clinton
White house
Washington, D.C. 20500

Dear President Clinton:

I would be greatly honored if you would aid my fundraising efforts by an appearance in Chicago on either June 18 or June 25. The date would be at your convenience.

Our State Party Chairman, Gary Lapaille, has offered to coordinate and assist with organizing this event. With your assistance, I feel confident that we will be able to retire my campaign deficit.

Mr. President, I need your help in this effort. I do hope you can assist by being our most honored guest.

Sincerely,

Carol Moseley Braun

Carol Moseley-Braun
United States Senator

CMB/dm

Stop Wasting Aid to Russia

By Sergei N. Khrushchev

PROVIDENCE, R.I.

The world now looks toward Moscow with increasing trepidation. How can other nations strengthen the fragile beginnings of Russian democracy?

Various options are being proposed, including extensions on repayment of foreign debt, more credits for importing consumer goods and $6 billion for a fund to stabilize the ruble. Although such proposals are extremely important, they will probably not be enough to bring about the recovery of a sick economy and thereby to divert the ominous course of recent events.

True recovery depends on expanding production for the domestic consumer market. It is this, and not the resale of imported goods, already overflowing the stalls of Russian bazaars and the warehouses of the local mafia, that will insure the irreversibility of reform.

Organizing real market production, however, is far more difficult than opening stores, commodity exchanges or even banks. It requires not only determination, energy and keen business sense but also knowledge, resources, capital and — most crucially — time. We have been hoping that market production would have taken off gradually and spontaneously, but today we are in a race with time against plummeting living standards. In practice, therefore, the development of capitalism without outside support is impossible.

So far, only the bureaucrats gain.

Meanwhile, for all the international meetings, symposiums and consultations, Russia is, in effect, being left to work things out for itself. If Russia manages to cope on its own, so much the better. But if it can't, not only will well-intentioned Western aid be wasted but Russia will greet the new millennium with bloody upheaval — many Yugoslavias are quite possible.

So nobody needs convincing that Russia needs help. But *whom* to help and *how* to help to good effect are more difficult to say, especially given the limitations on world resources. And none of the sparring power factions in Moscow have yet formulated a coherent plan for overcoming the current crisis.

In my opinion, there is only one Moscow politician who knows what needs to be done and how to do it. That is Grigory Yavlinsky, author of the famous "500 days" program for transition to a market economy that was rejected in November 1990, at the last minute, by Mikhail Gorbachev and Boris Yeltsin.

Mr. Yavlinsky offers a new strategy for gradually moving toward market structures, assigning economic and organizational requirements priority over political ambitions. He also advocates a gradual program of political stabilization and adopting a new and more democratic constitution — not now, in the heat of battle, but when passions have cooled, no sooner than 1996 and perhaps as late as 1998.

These proposals have not, unfortunately, evoked a sympathetic response from the Yeltsin administration. Although Mr. Yavlinsky is often mentioned as a likely democratic candidate for the 1996 presidential election, he is virtually ostracized from Moscow politics. Mr. Yeltsin cannot forgive his attempt in 1991, under the Gorbachev regime, to maintain a common economy, preserving ties between enterprises in the territories of the Soviet Union.

While Mr. Yavlinsky has great promise as a future leader, we still need to back President Yeltsin for the present. With nationalist and anti-Western sentiment on the rise, the loss of international support for Mr. Yeltsin would — for all his inadequacies — dangerously destabilize the situation in Russia. President Yeltsin himself, holding on to power at any price, may abandon his original democratic orientation, but he would even then probably remain, in my opinion, the preferred choice of the West, compared to the alternatives.

If support for democracy in Russia is difficult, then how much more difficult is support for its transformation into a market economy! How are we to support this transformation when the reformers themselves cannot agree what needs to be done? As things stand now, foreign aid — as Michel Camdessus, the managing director of the International Monetary Fund, has recognized — would most likely disappear without a trace into the secret accounts that Russian bureaucrats and industrial managers hold in Western banks.

No less troubling a problem is the amount of aid now demanded by Moscow. Russian politicians continue to insist on the $24 billion promised by President Bush. Some name even larger sums. But since the world community is simply not now in a position to allocate such funds, international assistance to Russian reform is in effect paralyzed while the economic situation goes from bad to worse.

Are there simpler and less expensive options that will at least set the ball in motion? Options that, without openly insulting the Russian Government, will minimize the bureaucracy — and consequently the corruption — involved in allocating aid?

THE NEW YORK TIMES

FRIDAY, MARCH 19, 1993

2/2

What about these questions?,

THE NEW YORK TIMES

Tony Lake

THE PRESIDENT HAS SEEN

FRIDAY, MARCH 19, 1993

I think that there are such options.

As I have said, if Russians are to develop a market economy they must learn not only how to resell but how to produce marketable consumer goods. To be realistic, healthy production can begin only on a small scale. Credit should be preferentially directed to those sectors of the economy in which a rapid turnover of investment yields fast results, technology is relatively simple and market demand is quite high. Such sectors include home building, food storage and processing and the manufacture of equipment for farming and the food industry. It is in these sectors that Russian entrepreneurs need Western help as a person needs oxygen.

I have in mind here not government aid distributed through a centralized bureaucracy but direct private investment. However, in view of the extremely unstable conditions prevailing there today, Western business people are bound to regard long-term investment in Russia as too risky unless it is guaranteed by their governments. There is thus a need for an insurance fund to guarantee foreign private investment in Russia and the other post-Soviet states against political turbulence, changes in tax laws and other risks.

The regions hold keys to reform.

It would be better to use capital earmarked for the economic support of Russia to set up such a fund than to put the money in the hands of Russian bureaucrats. The sectors to be assisted by investment guarantees would be selected by the West and approved by Russia.

In this way reforms can proceed even with modest funding. Western entrepreneurs, thus protected, will overcome their timidity and easily find a common language with local business people. At the same time, donor governments will maintain oversight of the reform process.

Capital investment by itself, however, is not enough. It is vital to avert the approaching collapse of Russia's infrastructure by giving direct aid to the energy, transportation and communications industries, without which modern technological society is paralyzed.

As one component of this program of direct aid, an emergency fund should be set up to purchase spare parts and equipment for electric power plants, especially nuclear reactors. The size of this emergency fund will naturally be constrained by available resources but, in contrast to the investment insurance fund, a predetermined minimum should be maintained.

While the fund need not be very large — at the beginning no more than $100 million — its importance can hardly be overestimated. For example, the failure of the electricity generating system in a single district could jeopardize the safe operation of a nuclear power plant.

How should the fund be administered? Direct operation by the Russian Government would not work as well as a new emergency aid committee set up under the aegis of the seven leading industrial democracies. The committee would make decisions on the basis of independent expert advice; both donor and recipient states would be represented. Actual spending would be monitored by officials at sites chosen by the committee.

With direct help from outside, we will see either a more natural progression toward a unified Russia or a further splintering of power structures. We should not rule out dissolution of the Russian Federation itself, especially after the tumultuous recent meeting of the Congress of People's Deputies, which dangerously weakened President Yeltsin's position and its own. Both Mr. Yeltsin and the Parliament demonstrated to Russia that they care more about the struggle for power than about economic reforms. Neither side was able to cite a serious example of how the other is impeding market transformation, but that did not deter them from throwing harsh words at one another.

The result is a stalemate. On one hand, the President is physically incapable of dispersing the Congress without resorting to military force and arresting the majority of deputies. On the other hand, the Congress will not dare to overthrow the President, who is still supported by a significant part of the population as well as by the world community. Unfortunately, the Moscow politicians continue to exchange ultimatums that cannot be implemented.

Nevertheless the latest session of the Congress was not totally fruitless. It showed that real power has decisively passed into the hands of the regions. It was only the firm declarations of their representatives that prevented the further escalation of the clash between the President and Parliament. At the same time, the heads of the regional administrations unequivocally declared that henceforth the fate of the reforms and of the country will not be settled in Moscow, and that the sooner Moscow officialdom realized that fact the better the chance for a peaceful transfer of power.

Against this background the meeting in Hong Kong earlier this month of the representatives of the G-7 countries was disappointing. In essence, they called for the continued pumping of money into Moscow's bureaucratic structures, a completely futile policy as demonstrated by the experience of recent years. Credits extended first to Mikhail Gorbachev and then to Boris Yeltsin have yielded no detectable positive result. The money has vanished without a trace, leaving behind only the problem of repaying Russian debts.

The time, it seems to me, has come to pause and draw conclusions from past mistakes. We must at last understand that for the reforms to succeed it is not enough to support this or that political leader, however impressive he may be. We cannot expect Russia to undergo a sudden miraculous transformation. Only painstaking and step-by-step support for change in each and every region of Russia can help the country make a successful transition to a market economy and a democratic society.

Sergei N. Khrushchev, son of the late Soviet leader Nikita Khrushchev and former Soviet industrial manager, is now senior visiting research scholar at the Watson Institute's Center for Foreign Policy Development, Brown University.

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 03/30/93

TO: THE VICE PRESIDENT
MACK MCLARTY

[redacted]

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

The attached has been forwarded to the President.

[redacted]

THE WHITE HOUSE
WASHINGTON

March 30, 1993

MR. PRESIDENT:

I've shared this with Mack and the Vice President and suggested to Bob that we forward to Ron Brown and Mickey Kantor.

John

John Podesta

THE WHITE HOUSE

WASHINGTON

March 30, 1993 93 MAR 30 P4:42

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT E. RUBIN

SUBJECT: **Memo from Secretary Reich on High-wage Production in the United States**

The attached memorandum from Bob Reich thoughtfully frames certain issues for discussion among the appropriate members of your economic team.

Bob and I thought you might find this memo of interest, although it is just the first stage of a process and some of the conclusions may well be quite controversial.

We will probably form a small group to look at a broad array of related issues, including subsidies for tradable goods, American investment and production abroad, the issues raised in the memo, and the like, leading to a memorandum to you setting forth options and possibly recommendations. The ultimate outcome could provide an intellectual framework for then resolving specific matters as they arise. (I have excluded trade, where a conceptual framework is being developed separately by an NEC group led by Mickey Kantor and Bo Cutter.)

Attachment

U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR
WASHINGTON, D.C.

March 23, 1993

MEMORANDUM TO THE PRESIDENT

FROM: Secretary of Labor Robert B. Reich Bob

VIA: Robert Rubin

SUBJECT: High-wage Production in the United States

INFORMATION AND DISCUSSION MEMORANDUM

In coming months, you will be considering many microeconomic policies which indirectly have a bearing upon decisions of firms to undertake high-wage production in the United States. (The existing tax preference for licensing of intangible property for use in foreign production, which you are proposing to eliminate, is but one example.) Together, these policies constitute an implicit economic strategy. The purpose of this memorandum is to highlight some of these policies, and to urge you, through the National Economic Council, to consider them systematically.

Trade policy

Presumably, our trade policy should seek not only to open foreign markets to U.S. goods, but also to eliminate all non-market incentives to U.S. firms to undertake production abroad. Thus, when the United States negotiates market-opening agreements, we should take care that such agreements not inadvertently give special advantage to U.S. firms which shift production into the foreign market. Our efforts should focus on opening foreign markets to American <u>exports</u>, rather than merely to U.S. products.

Japan's agreement to purchase 20 percent of its semiconductors from non-Japanese firms, for example, does not necessarily promote high-wage production in the United States. Close to 75 percent of the chips which Japan purchased last year from U.S. firms were fabricated in Japan. Both Texas Instruments and Motorola have large state-of-the art fabrication facilities in Japan; Texas Instruments is building a major design and research center there as well, in which virtually all engineers, researchers, and designers are native Japanese.

The U.S. shareholders of these firms benefit by this agreement, of course. And to some extent firms like Motorola and Texas Instruments are compelled by the logic of global competition to establish facilities in major markets where they do business. My point is not to criticize the strategies of these firms, but merely to suggest that our strategy of encouraging Japan to purchase more semiconductor chips from U.S. firms may have little to do with promoting high-wage production in the United States. Moreover, to the extent that Japan is reluctant to purchase semiconductor exports from the United States, our policy may give a windfall to U.S. semiconductor firms with production facilities in Japan, and thus unwittingly encouraging other U.S. firms to do so.

Technology policy

Your economic plan calls for major investments in new technologies. Here, too, we should be mindful of the consequences for high-wage production in the United States. The fruits of research and development--plans, designs, blueprints, and other manifestations of ideas--are transferred around the world quickly, sometimes at the speed of an electronic impulse from a computer in the United States to a computer in another nation. Far slower to diffuse are the insights and experience accumulated by the Americans who develop and utilize the new ideas--insights and experience which then produce other innovations and products. Evidence is readily found in the microelectronic firms clustered around Boston's Route 128, North Carolina's "research triangle," and Silicon Valley." Patents do not cluster; people do.

Thus, federal support for new technologies should aim more at developing technological expertise than at developing the technologies themselves. Projects should be judged as much, if not more, by the likely value of the on-the-job training, experience, and insights which their participants will gain, and the number of individuals who will gain them, than on the likely value of any idea which may result. Japan and Europe understand this principle: They subsidize design and production experience rather than research *per se*. Their aerospace subsidies, for example, are directed at giving their people direct on-the-job experience in designing and fabricating advanced jet aircraft (the Boeing 777 and Airbus, respectively). America's great weakness, technologically, lies in our inability to rapidly and efficiently transfer new ideas into first-class production.

Industrial subsidies

Extend the same principle to proposals to aid particular technology-intensive industries. The question we should be asking is not solely whether a given American high-tech industry

is in need of help, or whether a foreign competitor is being unfairly subsidized by its government. We should be concerned as much--if not more--about whether and to what extent high-wage production in the United States is endangered--and whether other nations are unfairly luring that production their way.

Boeing and McDonnell-Douglas, for example, are less critical to the United States than is the high-wage production which they undertake in the United States. We should be worried, I think, that both companies are being lured by foreign governments to shift some of that production abroad. The fuselage and much of the electronics for Boeing's 777 are being produced in Japan, and Boeing is teaming up with Airbus for the next generation of super jumbo jet. McDonnell-Douglas is being lured by Taiwan.

Another, related example: Most of the world's aircraft engines, which account for about a third of the cost of a typical jet airliner and entail among the largest number of best-paying jobs in the industry, continue to be designed and fabricated in the United States. But here, too, the trend is disturbing--not because Pratt & Whitney or General Electric is suffering declining profits, but because their production is likely to move outside the United States. By the end of 1994, Pratt & Whitney plans to cut 10,500 more jobs from its American workforce of 40,700, and I am told that the firm is likely to open a plant in Europe (Pratt & Whitney already makes jets for Airbus).

Regulations and standards

Making regulations and setting standards is rarely viewed as having anything to do with high-wage production in the United States. In fact, regulations and standards can be designed either to promote or to discourage it. The most obvious example is the failure of the United States to use the metric standards which most of the rest of the advanced industrial world utilizes; production here is thus handicapped in international competition. Other examples can be found in any safety standard which a product must meet in order to be sold in most other nations but which is not required in order for sale in the United States; under these circumstances, foreign production will enjoy economies of scale which American production lacks.

Or consider the standard-setting for high-definition television now being undertaken by the Federal Communications Commission. Each of several world-wide consortia of companies is seeking to have its own standard of transmittal adopted; the winner will gain a competitive advantage over others. The FCC is considering various economic and technical criteria, but should it not also consider which standard is likely to generate the greatest amount of high-wage production in the United States? (Interestingly, the only consortium which has pledged to develop and manufacture its high-definition televisions in the United States is the Dutch-French group (Phillips-Thompson-Sarnoff); the AT&T-Zenith group will not do so, because Zenith is moving all its television production to Mexico).

I suggest that these and other issues need to be addressed systematically.

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 3/30

TO: Bruce Lindsey

[redacted]

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

I asked Todd to bring you up to speed on this. Do you want to stay involved

John

[redacted]

To: Bruce Lindsey
Fr: Todd Stern
Re: Lifting Ban on PATCO Workers
Da: March 30, 1993

I wanted to fill you in on discussions that have been going on in the past several weeks with regard to lifting the lifetime ban on the air traffic controllers whom Ronald Reagan fired in 1981. The discussions have been held among Transportation, Labor, the FAA and the Office of Personnel Management. I attended a meeting at DoT on February 12 and a follow-up meeeting on March 19.

The Problem

It turns out that doing something meaningful for the ex-controllers is more difficult than it sounds. Here's why:

- **There are very few open controller slots -- only about 300 a year.** The full work force is nearly 18,000, but the controllers are mostly not near retirement (80% hired after 1981) and air traffic is projected to remain soft for several years. (The work force is some 1700 positions smaller than it was in 1981, but the FAA says that improvements in air traffic operations have made those slots obsolete. Adding slots is expensive -- $100,000 a year per controller.)

- **The competition for these slots is intense.** To fill them, FAA can choose from (a) over 250 specially trained Cooperative Education or Collegiate Training Initiative students; (b) nearly 13,000 competitive civil service applicants who have passed the written controller's test, 435 of whom have completed at least part of the lengthy pre-employment process; (c) internal FAA applicants who hope to compete for controller jobs; (d) discharged military personnel eligible for a veterans readjustment appointment.

- **In the judgment of the FAA, if the fired controllers were simply allowed to compete for new openings like everyone else, very few if any would get hired.**

The Agencies' Proposed Solution

The FAA, DoT and DoL are all worried that if we merely lift the ban, with few if any ex-controllers getting their jobs back, we risk making an empty gesture that will raise and then dash expectations. DoL has especially strong feelings about this.

FAA's proposed solution is to set aside about a third of the available 300 slots for the ex-controllers. They would compete against each other for these slots, but not against anyone else.

The dilemma here is that other, arguably more qualified students, FAA employees, ex-servicemen, etc. could end up disappointed and unhappy.

The situation is complicated further because the unions (AFL-CIO and former PATCO) have indicated that they hope 1500 or more former controllers get their jobs back, and they might see a 100-job set-aside as inadequate. The current union, NATCA, says the work force should be brought back to 1981 levels and supports rehiring strikers.

Current Status

The agencies are in the process of preparing a detailed decision memo.

Bill - I rarely
(probably never)
agree w/ this
paper or columnist;
but I do agree
w/ this [illegible]

B Nussbaum
good article
send copy to J Reno

COMMENTARY

MONEY
STARTS ON PAGE C5

GEORGIE ANNE GEYER

Refugee policy iceberg

THE PRESIDENT HAS SEEN

It was easy for some critics of President Clinton to guffaw a little this week. The administration was in the somewhat embarrassing situation of suddenly having to uphold the Bush administration's exact position on Haitian immigration.

Not only were those Bush policies anathema to the Clinton campaign and transition team, but the whole new legal saga had by now found its way to the Supreme Court.

Before all the critiques are in, perhaps this is a good time to think of Gandhi's riposte when once reminded archly that he was espousing a different position from last week's. Supremely unruffled, he answered, equally archly, "Perhaps I learned something since last week!"

In truth, in this instance at least, President Clinton deserves a lot of credit for taking a good long look around after he got into the office, seeing that his campaign policy was wrong, and having the guts to reverse it.

To recap, during the campaign last summer, candidate Bill Clinton strongly criticized the Bush policy of repatriating, at sea, tens of thousands of Haitian refugees to Haiti without allowing them to land on American soil.

What no one seemed to want to mention at that time were two crucial facts behind this policy: (1) Because of the endless legal machinations of the activist-advocate "immigration lawyers," who want unlimited immigration here, no one who actually sets foot on American soil is or will ever be sent home; and (2) under the Bush policy, fully 13,000 Haitians were actually admitted to this country — an immense number for "political" refugee status!

Although the case was filed two years ago, it is now in Mr. Clinton's lap. Essentially, the case, which is called "Sale vs. Haitian Centers Council," pits pro-immigration groups against the federal Immigration and Nationality Act, which provides that the government may not legally "deport or return any alien" facing political persecution in his homeland.

But the Clinton administration's lawyer, Deputy Solicitor General Maureen E. Mahoney, argued this week that the immigration law does not protect foreigners who are not already in the United States. That argument, however, was only the tip of the policy iceberg.

For, in addressing this ostensibly limited case of Haitian refugees, Ms. Mahoney opened up a highly welcome, long-overdue, infinitely larger and far more important discussion: Can an American president control foreign policy when it comes to immigration and refugee law?

Beyond that lies the really crucial question: Are we finally at a point where an American administration is ready to recognize refugee questions and the always-related "asylum fraud" as prime national security concerns?

At first, the question of "national security" might seem a little removed from the tragic immediacy of Haitians withering away under a vicious dictatorship or dying at sea — but it is not.

The desperate Haitians know that our immigration system is corrupt; all they need to do is *get* here. Pro-immigration lawyers — from leftish advocacy groups such as the National Lawyers Guild — know it is corrupt and that they can in effect make American law by keeping the Haitians here indefinitely once they get here.

Asylum fraud, using easily obtained false Social Security cards, driver's licenses and birth certificates, is everywhere. In case no one noticed, Mir Amal Kansi, the Baluchi-Pakistani "immigrant" believed to have massacred people outside the CIA in Langley, Va., recently, was a veritable walking library of false documents that alone allowed him to stay here.

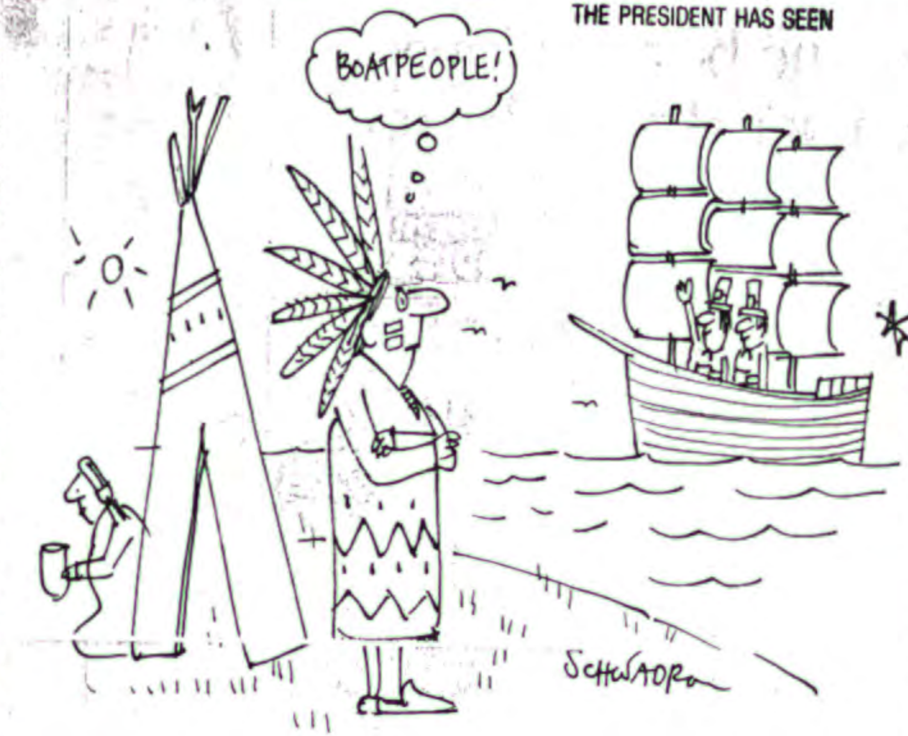
Because of the importance of this case, there is a need for an American administration, finally, to hammer out with others a real international policy on the massive illegal movement of peoples that we are seeing across the globe.

The United States has nothing to be ashamed of. It takes more refugees and immigrants than all the rest of the world combined, the great majority of them "people of color." But our borders are already overloaded — from California and Texas to Florida and New York City institutions are now collapsing under the burden of too many non-citizens.

The fight, if the president decides to join it, will not be easy. In only this one case, there are 150 lawyers representing the Haitian side, many of them from Mr. Clinton's own Yale Law School; there is one organization on the administration's side, the Federation for American Immigration Reform.

Bill Clinton has always liked an uphill fight; now he has one, and he is to be commended for his courage on this emotional issue.

Georgie Anne Geyer is a nationally syndicated columnist.



PHIL KUNTZ

THE FILLMORE FILE

by Bruce Tinsley

THE PRESIDENT HAS SEEN

Mack

We shd review
this periodically to make
sure we've got the right
balance

B.

:12

Power Switch VAI

At the White House, Titles Offer Few Clues About Real Influence

Clinton's Friends Hold Sway Over Some in the Cabinet, Sometimes Bruising Egos

Insiders Call It 'Teamwork'

By MICHAEL K. FRISBY
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON – Ronald Reagan wanted to eliminate government. Bill Clinton wants to circumvent it.

Since taking office two months ago, Mr. Clinton has adopted a policy-making process that is strikingly different from that of other recent presidents. His model is neither the rigid, centralized White House staff of Richard Nixon nor the decentralized cabinet government of Jimmy Carter. Instead, his committees, task forces and loosely defined clusters of friends and advisers represent a deliberate effort to get around the established channels of government.

"It's liberation management," says Derek Shearer, who is himself a case in point. He wears the somewhat unglamorous title of deputy undersecretary of commerce for economic affairs. But as a certified longtime "Friend of Bill," he has access to the first family that most cabinet secretaries would envy. He even provided Chelsea Clinton with a computer disk on the president's economic plan, generated by the Commerce Department, for her to take to school.

Running a Risk

Mr. Clinton's approach has the benefit of bringing fresh thinking to the nation's problems, relatively unencumbered by the inertia of the vast federal bureaucracy. But it has significant risks as well, including alienating the people and institutions he will need to put those fresh approaches into practice.

In Mr. Clinton's ad hoc world, agency names and job titles hold few clues to where the power really is. Health-care policy isn't led by the Health and Human Services Department, but by free-floating White House adviser Ira Magaziner. The president's management-reform initiative isn't run by the Office of Management and Budget, but by Elaine Kamarck, who reports to Vice President Gore. And the czar of Russian policy isn't the secretary of state or National Security Adviser Anthony Lake, but Mr. Clinton's friend, former journalist Strobe Talbott, who has been nominated to be an ambassador-at-large. It was Mr. Talbott's house that the president recently visited for an impromptu dinner and a one-on-one discussion that ranged from family matters to Russian policy.

Out of the Loop

Meanwhile, some cabinet secretaries have learned just how limited their authority really is. Energy Secretary Hazel O'Leary had little if any influence over the president's proposed energy tax, which would be the most important change in energy policy in a decade, and has had no private meetings with the president since taking office. Defense Secretary Les Aspin, who some thought would provide foreign-policy vision, has been repeatedly behind the power curve, partly because of his health problems. And Transportation Secretary Federico Pena watched his recommendations for handling British Airways investment in USAir get second-guessed by the president and a host of other officials at a Saturday-night session in the White House.

Moreover, there is a price to pay for challenging Mr. Clinton's unorthodox arrangements. Deputy Budget Director Alice Rivlin, for instance, argued that the president's effort to overhaul the management of government ought to be run from the Office of Management and Budget—which, after all, does have "management" as its first charge. Instead, Mr. Clinton decided to put the initiative under the vice president's control. Officials say her feistiness has left her out of favor in the West Wing of the White House, where the president and his closest aides work.

Tearing Down Walls

"The focus is on teamwork," says Bruce Reed, deputy policy adviser to the president, who says Mr. Clinton's goal is to tear down the walls between agencies, allowing for a more efficient government. "His feeling was that there had been far too much interagency warfare in previous administrations."

And while most officials insist such teamwork works well, the subject of who wields power is often a touchy one. Avis LaVelle, a spokesman for Health and Human Services Secretary Donna Shalala, bristles when asked about Mr. Magaziner's role in health policy: "This is an HHS initiative steered by the White House, not by Ira Magaziner. . . . That doesn't give him authority that supersedes the secretary of HHS."

Not all cabinet secretaries, of course, are outside the power loop. The first baby-boomer president and his young aides frequently defer to the two eldest and most experienced members of the cabinet—Secretary of State Warren Christopher and Treasury Secretary Lloyd Bentsen. Mr. Bentsen's clout was evident in his central role in devising the president's economic plan; and Mr. Christopher is one of the few cabinet officials to cut through the maze of committees and talk directly with Mr. Clinton several times a week.

Labor Secretary Robert Reich and

Please Turn to Page A5, Column 1

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Power Switch: Clinton Aides Find Titles Don't Always Hold Sway

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Continued From First Page

Housing and Urban Development Secretary Henry Cisneros also have special status, in part because of their friendship with the president. And that status has clearly paid off. Mr. Reich's Labor Department was one of the few to escape the budget process without taking any significant hits; Mr. Cisneros likewise emerged from the budget wars with new funds for a host of programs, and the secretary personally fought off OMB efforts to kill HOPE 6, a program designed to help the most distressed public-housing projects.

But even the cabinet secretaries that have influence often avoid traditional channels of executive branch communication. And in some cases, they seem to share the president's penchant for ad hoc governing arrangements. Interior Secretary Bruce Babbitt, for instance — another Clinton favorite—recruited an outside biologist from the Smithsonian Institution to set up a biological survey — a map of the nation's ecosystems modeled on the U.S. Geological Survey. That ruffled feathers at the Interior Department's Fish and Wildlife Service, where officials say they knew little about the survey before it was announced — even though they were being asked to staff the project. "There is concern at different levels at Fish and Wildlife" about the plan, acknowledges Kevin Sweeney, Mr. Babbitt's spokesman.

FDR as Role Model

If the Clinton administration's amorphous structure has any parallel in previous presidencies, it may be in the way Franklin D. Roosevelt ran his administration. But the government was much smaller and less complex then. Such an approach now amounts to a bold but also risky experiment.

"From what you see on the outside, it is a severely under-organized presidency; there is almost a kind of contempt for the routine," says Princeton political scientist Fred Greenstein. That, he adds, "is what gave us the Bay of Pigs with Kennedy."

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There is little doubt that Mr. Clinton's assortment of clever advisers, working outside the system, can devise policy more quickly than a lumbering bureaucracy. But the danger is they may lose access to the institutional memory and knowledge of the government that agencies can often provide.

"The benefit of having a team that works together and deals with these situations is their learning curve," says Richard Cheney, the former chief of staff for President Ford. Mr. Cheney, who was also defense secretary under President Bush, recalls that the last administration learned from each military encounter, contributing to the precision of Desert Storm. "With an ad hoc series of arrangements," he says, "I don't know how you get that institutional memory built into the process. Are you going to have the same group together next week when you have to do agricultural policy?"

For Mr. Clinton, the benefit of this arrangement is both flexibility and control. He has chosen people who mostly lack large political constituencies of their own, making them loyal primarily to him. As a result, if the president bruises egos or ultimately dismisses people, there wouldn't be a public outcry. That creates unusually high camaraderie among the core group of people routinely tapped for advice — but it also limits the power of any one person to provide a check on the president's actions.

Moreover, the Clinton "ad hocracy" raises the question of whether government employees who have been cut out of the decision-making process can be expected to successfully implement the policies that result. Robert Rubin, the former investment banker who heads Mr. Clinton's National Economic Council, had a talk one recent evening with Mr. Cisneros about the difficulties of implementing policy born away from the agencies. Both wanted to ensure that they had cooperation in the agencies, as Mr. Rubin put it, "at some level way below the secretaries."

Of all the new decision-making arrangements in the Clinton administration, it is Mr. Rubin's National Economic Council that has emerged as the most powerful. The Wall Street deal-maker has become the White House broker, and his staff fields the most important task forces. The council's influence is seen across the economic policy spectrum. On trade issues, for instance, Mr. Rubin's council has taken charge of setting policy, leaving Trade Representative Mickey Kantor to be largely a negotiator, rather than a policy maker. It is a grueling task, says Mr. Rubin of his council's work. "Every day you have to work this process. It doesn't work naturally by itself."

Waning Influence

At the same time, the Office of Management and Budget — often the center of policy making because of its bureaucratic choke-hold on the rest of the executive branch — has seen its influence decline sharply. It is overshadowed by Mr. Rubin's council, and no longer dictates policy.

Mr. Clinton's flexible approach means advice can come from unlikely places. It was Vice President Gore, for instance, not Secretary of State Christopher or Mr. Lake, the national security adviser, who a week ago arranged a series of briefings on Russia for the president. Walter Dellinger, a lawyer in the White House counsel's office, drafted the president's statement on the Florida shooting of an abortion-clinic doctor, rather than the president's communications staff. And it was Marcia Hale, who plans the president's schedules, who came up with the idea of inviting supporters of the president's economic plan to the White House the day after a critical House vote on a $16 billion stimulus plan.

While the freewheeling management style can sometimes bruise egos, members of the Clinton team are urged not to feel

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Crasco

items on showing soon good pro family [illegible]

Congressional Caucus for Women's Issues

THE PRESIDENT HAS SEEN

ECONOMIC EQUITY PLAN -- ADMINISTRATIVE ACTION

Later this year, the Congressional Caucus for Women's Issues will release its Economic Equity plan, designed to improve the economic well-being of American women and their families. For the first time, this plan will include not only a legislative component, but also a list of proposed administrative action. The following is a preliminary list of administrative action items.

I. ECONOMIC OPPORTUNITY

A. Ensure that all job training programs developed -- whether school-to-work apprenticeships for non-college bound youth, worker retraining for currently employed adults, or job training for the unemployed -- recognize and address the job training needs of women.

- Guarantee women access to all job training programs in all occupations.
- Establish goals for incorporating women into "nontraditional" male-dominated jobs.
- Require support services, such as child care and transportation, to be provided.

B. Require the Office of Federal Contract Compliance Programs (OFCCP) to enforce responsibilities of federal contractors to hire women for nontraditional jobs.

II. WORKPLACE FLEXIBILITY

A. Issue Executive Order requiring federal agencies to provide family-friendly scheduling options, including part-time work, flex-time, job sharing, slot-pooling, telecommuting and work-at-home.

B. Establish Office of Work and Family at Department of Labor to provide outreach and technical assistance to private employers, particularly small employers, to encourage development of family-friendly workplaces.

C. Expand child care benefits for federal employees, including the establishment of on-site child care centers. Develop comprehensive model child care standards and require federal child care centers to meet these standards.

III. WORKPLACE FAIRNESS

A. Improve equal employment opportunity enforcement

- Require the Equal Employment Opportunity Commission (EEOC) to fulfill its responsibility to coordinate federal antidiscrimination efforts and ensure consistent enforcement of antidiscrimination law.
- Require the EEOC and OFCCP to monitor activities generated by economic restructuring and investments in job creation to ensure that women and people of color have full access to new opportunities and are not disproportionately affected by downsizing.

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Congressional Caucus for Women's Issues

WOMEN'S HEALTH EQUITY PLAN -- ADMINISTRATIVE ACTION

Later this year, the Congressional Caucus for Women's Issues will release its Women's Health Equity Plan, designed to improve the health of American women and their families. For the first time, this plan will include not only a legislative component, but also a list of proposed administrative action. The following is a preliminary list of administrative action items.

I. Research

A. The Food and Drug Administration (FDA) should expedite the review of its guideline concerning exclusion of women of childbearing potential in Phase1/Phase2 drug trials. The FDA needs to provide the pharmaceutical industry with specific direction regarding the inclusion of women in drug trials and regarding the need to do gender analysis as recommended in a recent GAO report.

B. The National Institutes of Health, with the strong backing of the White House, should make development of new contraceptives and abortifacients a high priority. The U.S. should develop a more hospitable climate for reproductive health research and the U.S. scientific community once again should be leaders in this exciting area of research.

C. The Federal Trade Commission's (FTC) annual report on amounts spent by tobacco companies on advertising should include specific data on research and advertising expenditures targeted towards women.

D. The Centers for Disease Control and Prevention (CDC) should expand existing activities on women and smoking, including holding a national conference involving women leaders from all racial and ethnic groups and expanding outreach and education.

E. The Agency for Health Care Policy research should develop or expand research on outcome, information dissemination, and education of women in areas where health care disparities exist--either regionally or among health care providers--such as cardiac care, hysterectomies, menopause, etc.

II. Services

A. Any health care reform package proposed by the Administration should be attuned to both the physical and economic needs of women. The Caucus has developed a set of health care reform principles which should be incorporated. The principles call for a basic benefits package that includes preventive and reproductive health benefits, reimbursement of a wide variety of practitioners, guaranteed access to health information, and long-term care.

B. Expand or create Offices of Women's Health (or equivalent) in all PHS agencies to make women's health a top priority. The administrative structure with the responsibility for women's health need not be a new office, but each agency should provide a separate budget and additional FTE's to coordinate and stimulate women's health activities within the agency.

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HRC
On the off chance
you missed this
Its v. good
B.

THE PRESIDENT HAS SEEN

Hillary Rodham Clinton Is Walking a Fine Line In Corridors of Power Long Dominated by Men

By DAVID ROGERS
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON – Striding across the Capitol's Statuary Hall, Hillary Rodham Clinton is the very image of the modern woman challenging a centuries-old institution long dominated by men.

The black-and-white checkered floor under her feet is a chessboard of sorts, and she has stepped into a world whose rules and conventions can bedevil even someone as talented as herself.


Hillary Rodham Clinton

She errs by greeting Senate Republican Leader Robert Dole with the too-familiar "Bob," and endures a rebuke from Rep. Fortney "Pete" Stark for insisting both on dictating the outlines for health-care reform and writing a detailed bill. "My mother taught me, if I cut the cake, my brother got to pick the first piece," says the California Democrat, chairman of the House Ways and Means health panel.

An everyday House staffer two decades ago, Mrs. Clinton, educated at Wellesley and Yale, has returned to the Capitol as a cabinet-level minister who must walk a fine line between power and familiarity. Lawmakers say that in meetings she sometimes refers to the president as "Bill," but add that she has made clear in no uncertain terms that she isn't to be treated as a queen or blushing matron, but as a peer.

When Rep. Mel Reynolds of Illinois suggested doubling the federal excise on gun sales to help pay the cost of expanded health care, Mrs. Clinton followed up by coming to his office the next day for a face-to-face meeting. The congressman, a lowly freshman on the Ways and Means Committee, was ecstatic. Chairman Dan Rostenkowski was appreciative. "There's no pretentiousness," the gruff chairman says of the upper-middle-class daughter of the suburbs outside his own more ethnic Chicago.

"It's unusual if you think about it," California Democratic Rep. Henry Waxman, a major broker on health legislation, says of her role. "But once you deal with her, you realize she's a capable woman dealing with an issue that's fundamental to the success of the presidency."

Mrs. Clinton's role "is not just about women, or competing with men," says California Democratic Sen. Barbara Boxer. "It's about partnerships."

Yet the first lady can't escape another older—and often uneasy—partnership between Congress and the executive branch. As the president's wife, Mrs. Clinton symbolizes the most personal extension of her husband's power. Yet she has been neither elected nor confirmed – and is immune to being fired. Moreover, she can't promise to come back to testify once the health plan is complete. "We will cross that bridge when we get there," says press secretary Lisa Caputo.

Whatever plan emerges will affect not only the president but all Democrats. "It's tougher than the economic plan," says Rep. Patricia Schroeder of Colorado, who likens Mrs. Clinton to a modern Fay Wray struggling with the "King Kong" of vested interests, the medical and health-care industry. More subtle is the struggle between Mrs. Clinton's liberal instincts and her husband's often vague campaign promises on health care.

What Mrs. Clinton shares with her husband is a hands-on style that serves them well in their whirlwind courtship of Congress. When Senate Commerce Committee Chairman Ernest Hollings hosts a small Washington dinner, the president and his wife stay for hours, with Mrs. Clinton talking into the night about education with the senator's wife, Peatsy, a former school teacher. Each of Mrs. Clinton's announced sojourns to the Hill is accompanied by several unannounced meetings, and she has earned a reputation for working the phones aggressively. Republican Sen. John Chafee of Rhode Island recalls his surprise at lifting up the receiver recently and finding not a White House operator but Mrs. Clinton herself on the line.

"They are doers," says Rep. Blanche Lambert, a freshman Democrat from Arkansas. "It's a working relationship and a sense that we're all in this together."

Given the self-loathing in today's Congress, Mrs. Clinton's courtship—which has been on hold while she remains in Little Rock, Ark., with her seriously ill father—has had a special impact.

She flatters House Energy and Commerce Chairman John Dingell by recalling his congressman father. She shares Watergate memories with House Judiciary Chairman Jack Brooks, a cigar-chomping Texan who remembers her as a young staff attorney with thick glasses. And despite personal tensions with rival Bob Kerrey during the presidential campaign, Mrs. Clinton reaches out to the Nebraska senator in her consultations.

With her experiences with the Arkansas legislature, Mrs. Clinton comes well-schooled in the vanities of lawmakers. In conversations, she nods attentively—"the Hillary nod" – and takes notes. But what sets her apart most is her ability to cite lawmakers' own thoughts and accomplishments back to them. When Senate Finance Chairman Daniel Patrick Moynihan raises the issue of mental health and the homeless, Mrs. Clinton refers back to his letter to her on the same subject weeks before.

"She is an intelligent policy director and a very smooth politician," says Republican Rep. Steve Gunderson of Wisconsin. "She responds to you so you really feel you have engaged her interest."

Still, the conviviality can't mask the tensions as the May deadline for the president's health plan approaches. Although scores of House and Senate staffers are participating in the task force deliberations, they give widely different accounts of their actual contributions, and control rests with those outside Congress. And however supportive, some congressional committee chairmen are holding back to emphasize that the bill will be the president's, not theirs.

Ways and Means staffers, for example, have kept their distance; Mr. Waxman on Energy and Commerce describes his aides involved in the task force as "monitoring" the process. "We're trying to have as much input as we can and then revert to our constitutional role," he says. "This is not a parliamentary form of government."

Mindful of the pressures, House Majority Leader Richard Gephardt recently summoned his top chairmen for the first of what are expected to be regular meetings with Mrs. Clinton's chief health staffer, Ira Magaziner. In the same fashion, Mr. Magaziner met with the Senate Democratic policy committee this week.

Eventually, some predict, the fascination with the first lady's involvement in policy matters will fade. "It should reach a point where it's no big deal," says Republican Sen. Nancy Kassebaum of Kansas. But in the meantime, no one is enjoying Mrs. Clinton's prominence more than Heather Foley, the wife of House Speaker Thomas Foley and his unpaid aide. Amid last year's Capitol Hill scandals, Mrs. Foley was a target of disgruntled members. But now, with Mrs. Clinton at center stage, she is all but forgotten.

"I love her," Mrs. Foley says of the president's wife, who greeted her with a hug at the White House. "She's fabulous."

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THE PRESIDENT HAS SEEN

On My Mind

A. M. ROSENTHAL

Memo To H.R.C. And V.P.

President Clinton is clear, on the record, on what he thinks about the American tragedy of drug abuse.

Running for office, he linked it plain and realistically to crime in America, said both were growing dramatically and that "we have a national problem on our hands that requires a tough national response."

Five months after he was elected, Mr. Clinton's leadership role in developing and alerting public and press attention to the need for a strong anti-drug policy has to be described just as clearly and realistically:

No leadership. No role. No alerting. No policy.

And without the President — no press, no public.

With a few exceptions, the American press has shown the journalistic memory of the sweet newborn. Most American newspapers and TV stations do not have a single reporter or editor assigned full time to the narcotics beat that once was covered so intensively.

But editors and publishers across the country know most of the crimes they report are tied to drug addiction, that the poor suffer most, that wherever there is a drug parent there is a broken family, that thousands of babies are born with crack damage as their maternal heritage, that drug addicts spread AIDS more than any other segment of the population.

It might help if journalists went to listen the next time Jesse Jackson comes to town. He crosses the country pouring out his passions about what drugs are doing to this country. They might even cover one of his anti-drug speeches, which reach the hearts of his listeners, if not the columns of newspapers.

As for readers and viewers, if they do not care enough to protest about the lack of decent drug coverage, they deserve what they get, or do not get.

But the President: we had a right to expect that a man so obviously concerned by health care and the sorrows of the underprivileged would give priority to a problem that swamps our hospitals and garrotes the poor.

In office, he has taken two steps on drug policy. Problem is, the first could be meaningless and the second destructive unless they are part of an overall policy shouted in the ear of the drowsing public.

He promoted the office of anti-drug director to cabinet rank. But he has not yet bothered to appoint anybody to the job or outline what powers Director Who will have except to hang around Cabinet meetings.

Then the Democratic Congress and Democratic Administration began whacking heartily at funds allotted for Latin American countries to help them reduce drug production.

Without preparation and explanation, that step is naturally taken in Latin America as meaning America is packing up its drug war abroad. It stunned those Latin American officials who risked their careers and lives in the belief that the U.S. would be a lasting partner in the drug offensive Washington had so long urged on them.

The struggle against drug addiction has to be fought on all fronts — treatment, law enforcement, interdiction, education. Treatment needs a bigger share than it is getting.

But cuts in the other drug areas have to be put in a clear, total, believable package. Otherwise they will carry a disastrous message that Mr. Clinton should not send unless he means it: enforcement, interdiction and cutting foreign drug production do not count.

Douglas Jehl and David Johnston in Washington and Ralph Blumenthal in New York dug that story out for The New York Times. But why was there no official explanation, why this weird addiction to secrecy?

Maybe it is because nobody is in charge of even non-policy about drugs. That makes talking about it kind of embarrassing, I suppose.

In want of a better explanation, always select the simplest; a handy rule. But that would make the answer to Mr. Clinton's inattention to the drug problem that he does not give much of a damn.

That is too depressing to accept, at least for now.

Maybe Hillary Rodham Clinton will care and shake the Administration awake. How much does drug addiction cost in health billions and what could we do with that kind of money?

Maybe Al Gore could help too. For Heaven's sake, Mr. Vice President, in towns and cities all over America, drugs *are* our environment.

So, in desperation, this column could be headed: Memo to H.R.C. and V.P.

On drugs, drugs, drugs, drugs, drugs.

This has not been discussed w/ me and I think we should move soon. We have a drug czar who will be soon

Mack/Bruce/Carol R/Tony L — we all need to reconnoiter on this — B.

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THE PRESIDENT HAS SEEN

March 17, 1993

Mack
[illegible]

MEMORANDUM TO THE PRESIDENT

FROM: The Vice President

RE: **Regulatory Review**

Attached is a draft proposal for a regulatory planning and review committee. This responds to your earlier request for recommendations in this area.

In summary, the committee would have three essential functions -- first, to review the regulatory agendas and objectives of the various agencies in order to ensure that they reflect your priorities; second, to facilitate resolution of inter-agency regulatory conflicts (including conflicts between OMB and any agency); and, third, to identify and monitor regulatory issues of exceptional significance in terms of their economic, environmental, public health or political impact.

If you approve, I would chair the committee. Bob Rubin (NEC), Leon Panetta (OMB), Carol Rasco (Domestic Policy), Laura Tyson (CEA) and Tony Lake (NSC) or their deputies would serve as members. In addition, representatives from the various Departments and agencies would serve, on an ad hoc basis, particularly with respect to carrying out the second of the Committee's functions.

I believe that some entity within the White House must carry out these planning and review functions. But, I do not believe that any one of the offices that I have identified to include in the process is equipped to carry out these tasks on its own. Rather, each of these offices should have a role in helping you to develop a broad philosophy of regulation, in identifying the regulatory priorities of the Administration, and in providing advice to you about the 10 or 20 regulatory issues of truly exceptional importance that arise each year.

This must be a reform effort -- a theme more fully developed in the attached memorandum. We must, of course, take care not to reinvent the Competitiveness Council. I am convinced that we can avoid appearing to do that if we establish this group as part of an effort to subject the regulatory review process to a healthy new dose of "sunshine," close off private interests who seek to disrupt the regulatory process and rededicate the purpose of regulatory review to fulfilling, rather than thwarting, statutory mandates.

If you think we should do so, we will flesh out this plan through a working group representing each of the six "core group" participants. The first step in that regard would be to circulate to them the attached draft. My staff have been discussing this approach in fairly specific terms with each of these offices; accordingly, the particulars of the attached outline should come as no great surprise to them.

Attachment

______ **APPROVED AS PROPOSED**

______ **APPROVED AS MODIFIED BY COMMENTS BELOW**

______ **DISAPPROVED; LET'S DISCUSS FURTHER**