021795

OPID	TJ
DOCDATE	930607
RECTYP	HBA
MEDIA	X
ORG	THE WHITE HOUSE
ADDR	WASHINGTON DC 20500
SUBJECT	EXTRA COPIES OF BRIEFING PAPERS FOR THE PRESIDENT 'S SCHEDULED APPOINTMENTS. CONFIDENTIAL
SUBCODE	FG001-07 WH004
INDCODE	1110
ACTION	RM RSZ 930607 C 930607
COMMENTS	FOUR BOXES WERE FILED BY ORM ON JUN 7 93: BOX #1 (JAN 21 93 - FEB 10 93) FILED IN CF OVERSIZE ATTACHMENTS #8; BOX #2 (FEB 12 93 - FEB 26 93) FILED IN CF OVERSIZE ATTACHMENTS #9; BOX #3 (MAR 93) FILED IN CF OVERSIZE ATTACHMENTS #10; & BOX #4 (APR 93) FILED IN CF OVERSIZE ATTACHMENTS #11

021890

OPID	TJ
DOCDATE	930607
RECTYP	HBA
MEDIA	X
ORG	THE WHITE HOUSE
ADDR	WASHINGTON DC 20500
SUBJECT	JOHN PODESTA 'S CHRON FILE
SUBCODE	FG006-03
INDCODE	1110
ACTION	RM RSZ 930607 C 930607
COMMENTS	TWO BOXES WERE FILED ON JUN 7 93: BOX #1 (JAN 93 - FEB 93) FILED IN OVERSIZE ATTACHMENTS #359; BOX #2 (MAR 93) FILED IN OVERSIZE ATTACHMENTS #360

Boxes filed on Aug 2, 93
are as follows:
Box #1 (April 93) filed in
Oversize attachments # 473;
Box #2 (May 93) filed in
Oversize attachments # 474.

THE WHITE HOUSE
WASHINGTON

DATE: 04/08/93

TO: WILL ITOH

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

Can you do a quick run down on this?

Thanks.

M E M O R A N D U M

93 APR 6 P7:56

To:	JOHN PODESTA
From:	Nancy Hernreich
Date:	April 6, 1993
Re:	LETTER FOR RECOMMENDATION TO MILITARY ACADEMY

I thought I'd better get you all to run some traps on this letter and see if it is okay to send it out. The President would like to send the recommendation for his friend Keith Ferguson's son. However I have found out that as of yesterday the son was turned down by the academy but the father contends that his son can get in just on the word of the President. it all makes me pretty nervous and maybe NSC can find out if it is a customary and correct thing to do. Thanks.

THE WHITE HOUSE

WASHINGTON

April 1, 1993

Admissions Committee
United States Military Academy
606 Thayer Road
West Point, New York 10996-9909

Dear Committee Members:

It is with great pleasure that I recommend Shane A. Ferguson for admission to the United States Military Academy at West Point. I have known Shane's family for a number of years, and I am confident that he would be a credit to your distinguished program.

Shane has many talents and has achieved educational success. Shane is a natural athlete and musician, and is actively involved in many other extracurricular activities.

I know Shane would work hard to succeed, and I am proud to join the many others who support his appointment.

Sincerely,

Any

Dear you
draft letter
for recommen
Action

NB

Keith Ferguson
2019 S 13th Street
Rogers, Arkansas 72756
PH: (501) 636-5217

March 11, 1993

President Bill Clinton
The Whitehouse
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear President Clinton:

Having sent a letter to you in late November of 1992 in reference to my son, Shane Ferguson, I have not as yet received confirmation if you did in fact receive my letter.

I am sure the transition period from November up through now has been overwhelming, however, I am asking that you consider Shane for an appointment to the West Point Military Academy. A telephone call and/or a letter recommending him would insure his appointment.

I am a proud parent who can truly say Shane is a bright young man with high goals and good morals. Shane would be a credit to our armed services in our great country. Shane wishes to major in aeronautical engineering.

I have attached a few letters from friends and citizens who have expressed their feelings toward Shane and his desired achievement.

A copy of Congressman John Paul Hammerschmidt's letter nominating Shane to West Point is also attached.

Thank you, President Clinton, in advance for any and all consideration that you might give Shane in achieving his goal.

Sincerely,

Keith Ferguson

Keith Ferguson

/kf

Attachments

NOVEMBER 6, 1992

MR. PRESIDENT ELECT
GOVERNOR CLINTON

Mr. President Elect, I would like to take this opportunity to congratulate you on having been elected to the President of the United States. I, as a long term member of the Arkansas State Police feel you will be supportive of law enforcement through out our country, as you have been for law enforcement in the state of Arkansas.

Governor Clinton, I have a small request for assistance in a very important matter. My son is an honor student at Rogers High School. He has just earned his private pilot license and with a great deal of pride has voted for the first time and was happy to cast his first vote for you as President of the United States.

Shane is a bright young man who has attained the age of 18 without a single incident to mar his reputation and I know he would make our country proud to have him as a member of our armed forces.

Shane wants more than anything to be appointed to the Military Academy at West Point and serve his country as a military officer.

Shane has applied to several military academies. He has made the necessary contact with Congressman John Paul Hammerschmidt, Senator David Pryor, Senator Dale Bumpers, and has received conformation that they are in receipt of his request. Several prominent citizens in our community have written letters of support for him. Some of those writing letters are, former Representative David Matthews, former Dick Barclay, Bud Walton, Representative Railey Steel, County Judge Bruce Rutherford, Prosecutor David Clinger, First National Bank President Carl Baggett, Vice President Dick Trimble, and Professor Walt Kreeger.

Mr. President Clinton, just a nod from you would make the transition complete and simple, and would help a bright and energetic young man realize his dream come true.

We wish you a smooth transition from the Governor of the State of Arkansas to the President of the United States, and thank you in advance for any consideration that you can give toward helping this young man achieve his goal.

If there is ever a need I can fulfill please let me know, I am at your service.

Respectfully submitted,
Yours truly,

Keith Ferguson, Sergeant
Arkansas State Police
Troop L

JOHN PAUL HAMMERSCHMIDT
THIRD DISTRICT, ARKANSAS

HOME ADDRESS:
HARRISON, ARKANSAS

WASHINGTON ADDRESS:
2207 RAYBURN BUILDING
WASHINGTON, DC 20515
PHONE: 225-4301

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

COMMITTEES:
PUBLIC WORKS AND TRANSPORTATION
SUBCOMMITTEES:
AVIATION—RANKING MEMBER
WATER RESOURCES
SURFACE TRANSPORTATION
VETERANS' AFFAIRS—RANKING MEMBER
SUBCOMMITTEES:
HOSPITALS AND HEALTH CARE—RANKING MEMBER
COMPENSATION, PENSION AND INSURANCE
HOUSING AND MEMORIAL AFFAIRS
SELECT COMMITTEE ON AGING
SUBCOMMITTEE:
HOUSING AND CONSUMER INTERESTS—RANKING MEMBER

November 6, 1992

Mr. Shane A. Ferguson
2019 South 13th
Rogers, Arkansas 72756

Dear Shane:

It is with great pleasure that I submit your name as a competitive nominee to the United States Military Academy, Class to enter in 1993.

As you now compete with other young people for appointment determinations to be made by Academy admissions officials, I am confident that you will continue to maintain and to build upon your achievements to date.

Shane, whatever the final decision and whatever goals you set for yourself for the future, my hopes and best wishes are with you always for happiness and success.

With warm regards,

Sincerely yours,

John Paul Hammerschmidt

JOHN PAUL HAMMERSCHMIDT
Member of Congress

JPH/egs

First National

FIRST NATIONAL BANK & TRUST ROGERS/LOWELL/PEA RIDGE MEMBER FDIC

October 12, 1992

U.S. Representative John P. Hammerschmidt
House of Representatives
2110 Rayburn House Bldg.
Washington, D.C. 20515

Dear Congressman Hammerschmidt:

It is a pleasure for me to recommend to you Mr. Shane A. Ferguson as a candidate for an appointment to West Point, and ask your support of his application and appointment.

I feel that Shane is a well rounded and outstanding candidate for this appointment. He has a keen desire to attend West Point and serve his country in the military, plus has the dedication and willingness to work hard toward achieving that goal. I am enclosing a resume on Shane that I believe will verify these statements.

Shane comes from a good family here in Rogers. I have known his father, Sergeant Keith Ferguson of the Arkansas State Police, and the family, for approximately 17 years. I can assure you, Shane's family will support him in his desire to get his education at West Point and be an outstanding military officer in the future.

"Thank You" for your consideration of my recommendation. I feel sure that you will have a good feeling about supporting Shane in his pursuit of this appointment. I appreciate you, and if I can ever be of help to you or your staff, please call.

Sincerely,

DT

Dick Trammel
Senior Vice President

cc: Shane F.

Letters also to Senators Bumpers & Pryor

Rogers High School

DR. W.E. KING, Principal
DARLENE DYKEMA, Assistant Principal

501-636-2202
ROGERS, ARKANSAS 72756

MARK KRUGER, Assistant Principal
DWAYNE SULLENGER, Assistant Principal

January 7, 1993

Director of Admissions
United States Military Academy
606 Thayer Road
West Point, New York 10996-9909

Dear Sir:

I would like to recommend Mr. Shane A. Ferguson for appointment to West Point. I have known the Ferguson family for many years. They are a strong close family that have instilled good solid values in their son. Shane has excellent character.

Shane is involved in several extracurricular activities. He is talented musically. He has participated in track and is very athletic. Shane participates in student government and, in my opinion, exhibits excellent leadership qualities.

He has exhibited excellent intellectual skills. Shane has been in several REACH classes and has done quite well. REACH classes are for gifted students.

Shane has good solid common sense. His judgements are good. He works with people well and is able to take the lead in group projects.

Sincerely,

W E King

W. E. King
Principal

WK/cg

Representative
RAILEY A. STEELE
ROUTE 3, BOX 52A
GENTRY, ARKANSAS 72734-9305

DISTRICT 10
Part of Benton County

STATE OF ARKANSAS
House of Representatives

COMMITTEES

MEMBER
Public Transportation
City, County and Local Affairs

SEPTEMBER 2, 1992

SENATOR DAVID PRYOR
UNITED STATES SENATE
264 RUSSELL
WASHINGTON, D.C. 20510

DEAR SENATOR PRYOR:

IT IS WITH PLEASURE TO RECOMMEND SHANE A. FERGUSON OF ROGERS FOR CONSIDERATION TO AN APPOINTMENT TO A SERVICE ACADEMY. SHANE IS THE SON OF SGT. KEITH FERGUSON OF THE ARKANSAS STATE POLICE. HIS MOTHER SAMMY IS A HOMEMAKER, AND THEY TYPIFY A TRUE FAMILY UNIT WITH REAL FAMILY VALUES.

IT IS EXCEEDINGLY EASY TO TESTIFY TO THE GOOD CHARACTER OF SHANE. HE IS WELL LIKED AND WELL ROUNDED IN STUDENT AFFAIRS AT ROGERS HIGH SCHOOL. WHILE MAINTAINING GOOD GRADES, SHANE HAS PARTICIPATED IN BAND, ATHLETICS, AND SCHOOL CLUB (INCLUDING STUDENT COUNCIL) ACTIVITIES. EARNING HIS OWN MONEY THROUGH SUMMER JOBS, HE HAS TAKEN FLYING LESSONS AND GAINED HIS LICENSE TO FLY. PARTICULARLY IMPRESSIVE TO ME, SHANE HAS WORKED FOR COMMUNITY CHARITIES, AND HAS ALSO BEEN ACTIVELY INVOLVED IN POLITICAL CAMPAIGNS.

AS STATED EARLIER, IT IS A PLEASURE TO RECOMMEND SHANE FOR YOUR CONSIDERATION. OUR NATION'S FUTURE WILL BE WELL SERVED BY YOUNG ADULTS LIKE SHANE FERGUSON.

SINCERELY,

Railey A. Steele

RAILEY A. STEELE

RAS/br

Harrison Daily Times
P.O. Box 40
Harrison, Arkansas 72602-0040

August 1, 1992

Cong. John Paul Hammerschmidt
2110 Rayburn Building
Washington, D.C. 20515

Dear Cong. Hammerschmidt:

I am writing in the interest of Shane Ferguson, age 17, who will be a senior in Rogers (Ark.) High School this coming school year.

Shane Ferguson has had a sincere interest and a lifelong ambition to be selected for the West Point Academy. He has above average grades in school.

I have known his father, Sgt. Keith Ferguson, of the Arkansas State Police for many years. Sgt. Ferguson is Post Commander for the Arkansas State Police at Rogers. He was selected for the Arkansas State Police some 23 years ago when I was a member of the State Police Commission. The father has been a dedicated state policeman for almost a quarter of a century now and has earned his position as a Sergeant.

I firmly believe this nation needs men of leadership qualities like those Shane Ferguson has been reared and I highly recommend him for an appointment to West Point.

Sincerely,

J.E. Dunlap Jr.

J.E. Dunlap Jr.
Publisher

DEPUTY PROSECUTORS
KAREN WALKER
DREW MILLER
MIKE KING
CHRIS CRAIN
DAVID COPELIN
BRAD BUTLER

DAVID S. CLINGER
PROSECUTING ATTORNEY
NINETEENTH JUDICIAL DISTRICT
BENTON AND CARROLL COUNTIES

BENTON COUNTY COURTHOUSE
100 NORTHEAST A STREET
BENTONVILLE, ARK. 72712
PHONE: (501) 271-1030

August 24, 1992

Hon. John Paul Hammerschmidt
The House of Representatives
Federal Building
35 East Mountain
Fayetteville, Arkansas 72701

Re: Shane A. Ferguson

Dear Congressman Hammerschmidt:

It is my understanding that Shane A. Ferguson is seeking entrance into one of our military academies and has applied to you for a letter of recommendation. I am writing to ask you to give Shane's request serious consideration.

I truly believe that this nation's security requires a strong, well trained military made up of intelligent, capable, and highly motivated individuals. I believe that Shane possesses the traits we need in our military leaders, including a strong sense of honesty, integrity, and courage.

Shane comes from a solid family background that has caused him to develop a good set of personal values. His past accomplishments demonstrate that he is well ~~rounded~~, patriotic, and has well developed leadership skills.

If given the opportunity, I am confident that Shane will become a loyal, effective and productive military leader who will be a true asset to the United States of America.

I respectfully ask you to honor Shane's request and write a letter of recommendation in his behalf.

Sincerely,

David S Clinger

David S. Clinger
Prosecuting Attorney
Nineteenth Judicial District

bcc: Keith Ferguson

Representative
RICHARD L. "DICK" BARCLAY
212 South Third Street
P.O. Box 279
ROGERS, ARKANSAS 72756

DISTRICT 13
Part of Benton County-East

STATE OF ARKANSAS
House of Representatives

COMMITTEES
Revenue and Taxation
City, County and Local Affairs

July 29, 1992

The Honorable John Paul Hammerschmidt
U.S. Representative
2110 Rayburn Building
Washington, D.C. 20515

Dear John Paul:

Please accept this as my letter of recommendation to you of Shane A. Ferguson for consideration by you for nomination to a service academy.

I am aware that Shane has previously written you asking to be considered as one of your nominees for the class entering in July, 1993.

Shane has sent his precandidate questionnaires to West Point, the Air Force Academy and the Navel Academy, with West Point as his first choice.

I have talked to Shane on several occasions about his interest and desire in attending a service academy. Shane is working hard to prepare himself for an opportunity to be selected and is well prepared to succeed is nominated. His accomplishments while he has been a student have been most impressive in both curricular and non-curricular activities. His academic record is outstanding and his extracurricular activities demonstrate that his is a well-rounded individual. His leadership roles, his service to the community and the awards he has received give clear indication of his success beyond his academic achievements.

Of course, Shane comes from an outstanding family. His father, Keith Ferguson, is a sergeant with the Arkansas State Police. Sergeant Ferguson is a highly respected State Trooper here in Northwest Arkansas.

Just like all of us, I'm sure you want Shane to succeed if given the opportunity to attend an academy. Shane will cause you to be proud of the day your nominate him.

Thank you for your consideration in this matter.

Sincerely,

Richard L. Barclay
State Representative
District 13

RLB/rp

BENTON COUNTY

STATE OF ARKANSAS

BRUCE RUTHERFORD
COUNTY JUDGE

203 EAST CENTRAL • ROOM 201
BENTONVILLE, ARKANSAS 72712

TELEPHONE
(501) 271-1000

August 3, 1992

The Honorable John Paul Hammerschmidt
The House of Representatives
Federal Building
35 East Mountain
Fayetteville, AR 72701

Dear Congressman Hammerschmidt:

As public officials, we strive to perform our duties in a way that the end result benefits the well being of our constituents. Leadership founded in the traditional values which have made this country strong since its inception is one of the keys to continued success. Another key to a successful future is found within the ranks of our youth.

We in Benton County are fortunate to have several outstanding youth. Every now and then an individual comes to the front who embodies all of the positive leadership characteristics. Shane Ferguson is such an individual.

I have known Shane for several years. He is bright, ambitious, and highly focused on where he is and where he wants to go. Shane is seeking entrance into one of our nation's military academies. He is a worthy prospect to be a cadet.

I respectfully ask you to write a letter of recommendation for Shane Ferguson.

Should you have any questions, please feel free to call or write.

Respectfully yours,

Bruce Rutherford

Bruce Rutherford
Benton County Judge

BR:dh

THE WHITE HOUSE
WASHINGTON

DATE: 4/8

NOTE FOR: HRC, IRA MAGAZINER

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

Information ☐

Action ☑

IRA — RE NOTE:
CAN YOU HAVE SOMEONE
call + DRAFT A Reply
for the PRESIDENT. Thanks

JOHN

Thank you.

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

cc:

Hore | Mack
He's a big supporter
His ~~prepared~~ reply for Mrs
Harrison dealing —

THE PRESIDENT HAS SEEN 4/8

1. HRC 2. MACK

CARE FLORIDA.
The Brightest Choice for Quality Healthcare.

POSITION STATEMENT ON HEALTH CARE REFORM
by Paul L. Cejas, Chairman & CEO
March 10, 1993

The health care reform debate essentially focuses around two central themes - which at the same time are interdependent and independent. One being cost containment or affordability of care and the other being coverage for the uninsured.

An examination of the causal factors which have contributed to rapidly escalating healthcare costs and the inability of millions of Americans to obtain healthcare coverage identifies numerous underlying issues. However, these can be summarized as follows:

* Over-utilization of services by both consumers and providers.
    - Self-diagnosis by consumers - direct utilization of specialists
    - Uncontrolled referrals to specialists by PCPs and other specialists.
* Lack of primary and preventive care.
    - Return to family practice concept is essential.
    - Educate consumers and require regular visits to PCP.
* Uncontrolled supply and acquisition of high technology products.
    - Providers hungry for high tech without justification.
* Unnecessarily high utilization of non-generic pharmaceutical products.
    - Consumers self-diagnosing and requesting medication.
    - Physicians not adhering to formularies that control utilization and use generics.
* Abusive and/or fraudulent billing practices.
    - Unbundling of procedures.
    - Fraudulent and unnecessary procedures.
* Administrative costs.
    - Overabundance of paperwork.
* Increased wages of medical practitioners and inflated charges by institutional providers.
* Malpractice claims and the associated indirect costs of defensive medicine.
* Growing older population coupled with a disproportionate increase in consumption of healthcare resources by the elderly.

Emphasis should be given to certifying HMOs by HCFA as quality providers. These providers are equipped to control over-utilization by providing preventive medical care at the general practitioner level (PCP) to avoid unnecessary, costly procedures, prescribe generic drugs, adhering to effective formularies, offering wellness programs, and educating consumers.

7950 Northwest 53rd Street, Third Floor • Miami, Florida 33166
Miami: (305) 591-3311 • 1-800-4-CARE-FL • Fax (305) 470-1996

CareFlorida, Inc., the nation's largest Hispanic-owned HMO, supports the goals of controlling healthcare costs and providing quality, cost effective coverage for all Americans. We advocate incorporating the best elements of our nation's existing healthcare delivery system and marrying those with new initiatives. Specifically, we propose the following:

* Establish a uniform, standard health benefits plan which emphasizes preventive medicine. This benefit plan should be offered to all Americans including the working, unemployed, retirees, and Medicaid or Medicare recipients. The plan design should offer freedom of choice in selecting primary care physicians but eliminate freedom to self-refer to specialists or diagnostic facilities.

* Utilize HMO delivery systems to provide coverage under the standard health benefits plan. HMOs are already regulated, therefore eliminating the need to establish new governmental bureaucracies at the federal or state levels. All participating HMOs should be approved by the Health Care Financing Administration (HCFA) and should be subjected to rigorous quality management standards.

* Require all employers to offer the standard health benefits plan to all employees, but provide tax incentives to support this measure. This incentive would be based only on those employees who participate in an HMO delivery system. It would require all employers to contribute towards the cost of the premium with the balance, if any, being paid by the employee.

* Require participation by all Medicaid and Medicare recipients in a qualified HMO, and provide funding for the unemployed segment through increased taxes on tobacco products and alcohol.

* Provide the option to individuals to obtain care outside the HMO delivery system, and/or to purchase alternate benefits, at 100% cost to the individual.

* Eliminate unregulated, self-funded health plans which don't guarantee a consistent level of quality care or ensure that care will always be there. Our recent history is littered by fallen corporations with self-funded plans that left employees without work and without health care coverage.

* Provide investment tax credits to encourage the development of HMOs in rural or underserved areas.

SUMMARY

The HMO network delivery system has proven to be cost efficient. However, it is also the efficacy of the system that would provide excellence in health care without being excessive. The HMO principle of preventive medicine is essential in dealing with an ever aging, longer-living population. Balancing efficacy with quality assurance of services will help control utilization and costs. By solving the major issue of cost containment with the solutions outlined through the HMO model, the issue of uninsured Americans will be covered. Our free-market system will still allow individuals to select alternative care and allow physicians to offer their services outside of the basic plan. The key will be to establish a basic system through an HMO model that will provide quality health care for all Americans, while constantly monitoring costs and controlling utilization.

THE WHITE HOUSE
WASHINGTON

DATE: 4/8

NOTE FOR: HRC, C. Rasco, Ira Magaziner

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

- [x] Information
- [ ] Action

Do you concur?

Thank you.

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

cc:

THE PRESIDENT HAS SEEN 4/8

THE SECRETARY OF THE TREASURY
WASHINGTON

April 2, 1993

MEMORANDUM FOR PRESIDENT CLINTON

FROM: SECRETARY BENTSEN

SUBJECT: Deduction for Lobbying Expenses; Treatment of Medical Equipment Under Investment Tax Credit

This memorandum follows up on my memorandum to you of March 19 regarding certain tax matters by providing further detail on two issues: the lobbying expense deduction and the treatment of high-tech medical equipment under the investment tax credit. I understand through staff-to-staff communications that you have asked for additional information on these issues.

1. **Lobbying Expenses**

The Administration has proposed denying the deduction for lobbying expenses. In its current form, the proposal applies to expenses incurred in attempts to influence legislation. It does not apply to attempts to influence regulations, adjudications, and other executive branch actions. The rule does apply, however, to lobbying the executive branch as well as the legislature on legislative issues.

The issue has been raised concerning how closely the lobbying expense deduction proposal should track the Administration's 5-year lobbying ban for certain political appointees. In addition, consideration should be given to coordinating the lobbying deduction denial with the campaign finance reform proposal. The discussion below reviews these issues.

a. Consistency of the Proposal with the 5-Year Lobbying Ban for Appointees

It has been suggested that the lobbying deduction denial rule should track the 5-year lobbying rule as closely as possible. As currently structured, however, there are significant differences between the tax proposal and the 5-year lobbying ban. First, the lobbying deduction denial rule is broader than the 5-year lobbying ban in that it applies to lobbying of any executive branch agency and the legislative branch on legislative issues, whereas the 5-year lobbying ban applies only to lobbying of the agency for which the relevant official formerly worked. On the other hand, the deduction denial rule is narrower than the 5-year ban in that it does not apply to lobbying on regulatory matters, while the lobbying ban does. I believe that these differences are appropriate, for several reasons.

First, while both rules are concerned with reforming government, they serve different purposes. The 5-year lobbying ban was promulgated because of concerns about executive branch officials profiting from their government contacts after they leave office. It therefore covers lobbying by high-level officials of the executive branch who are likely to be able to take advantage of the "revolving door." It is thus limited to contacts by a relatively small class of officials with their former agency.

In view of the possible influence that the officials covered by the 5-year lobbying ban could have on decisions of lower-ranking officials in their former agency, it is appropriate that it apply to virtually all contacts with that agency, with very limited exceptions. Thus it applies to contacts concerning regulatory issues as well as legislation. In addition, since (1) the class of officials covered is fairly small, (2) such officials (by definition) are familiar with the practices of their former agency, and (3) the rule has only a limited duration (5 years), it is not excessively burdensome to ask these officials covered to cope with any complexities involved in applying the rule and the limited exceptions that are provided.

The deduction denial proposal, by comparison, is intended to reduce undue political influence on the policymaking process. It seems reasonable to apply this rule to any contacts concerning legislation, with all executive branch agencies as well as the legislative branch. However, some regulatory or administrative matters neither involve policy decisions in any significant sense (e.g., technical applications of existing law) nor involve the participation of officials who are subject to significant political pressure (e.g., day-to-day activities of most executive branch employees). We carefully considered whether to apply the deduction denial proposal to regulations with a significant policy content. It is, however, very difficult to draw sensible lines on regulatory actions by government agencies with different missions and rule making practices. Moreover, many contacts with the executive branch are either mandatory (e.g., audits of tax returns, license approvals) or are encouraged by the Administrative Procedure Act.

For these and other reasons, significant exceptions would have to be developed to apply the deduction denial rule to contacts concerning administrative action. However, since the practices of various agencies differ widely, any such exceptions would inevitably be quite complex. While similar complexity might be acceptable for the 5-year lobbying ban, it is a greater problem for a rule of tax law that would have to be applied by many thousands of taxpayers. The problem of complexity would be exacerbated if the rule were to apply to contacts with <u>state</u> officials concerning administrative action (the rule as currently contemplated <u>does</u> apply to contacts with state officials concerning <u>legislation</u>.)

In view of the different purposes of the lobbying ban and the deduction denial rule and the need for the deduction denial rule to be relatively simple for the sake of administrability, I believe that there are good reasons for the two rules to differ in the ways described above. Thus, I would not recommend any changes to the deduction denial rule at this point.

I might add that the lobbying deduction proposal, in its current form, is consistent with statements you made during and after the campaign. Both during the campaign and after the election you provided only the broad outlines of your lobbying reform plan. Generally, however, your statements appear to refer to a current tax rule allowing businesses a deduction for attempts to influence legislation. For example, *Putting People First* states that "To help put government back in the hands of the people, we will ask Congress to eliminate the tax deductions for special interest lobbying expenses." Your statement in the State of the Union speech in February again referred to eliminating the deduction for lobbying only in broad terms, as did your follow-up speeches around the country. We found no statements indicating that the lobbying deduction proposal would extend to the executive branch.

b. <u>Coordination with the White House on Campaign Finance Reform</u>

We have been coordinating the lobbying deduction proposal with the campaign finance reform proposal. The lobbying deduction denial is different from the campaign finance reform proposal in certain respects for much the same reason it differs from the 5-year lobbying ban, <u>i.e.</u>, in certain respects the rules serve different policies. The Treasury staff has consulted with Michael Waldman, Special Assistant to the President for Policy Coordination, and Dorsia Strong, Special Policy Analyst, Domestic Policy Council, who are working on the campaign finance reform proposal at the White House. They have raised no objection to differences in the rules for the tax deduction denial and for lobbying registration. Jack Quinn, Counsel to the Vice President, also told the Treasury staff he sees nothing inconsistent with the proposals.

2. <u>**Treatment of High-Tech Medical Equipment Under the ITC**</u>

The issue has been raised whether high-tech medical equipment should be eligible for the investment tax credit (ITC) under the Administration's proposals.

As you know, as announced, the Administration's ITC proposals (flat and incremental) would generally apply to property eligible for the ITC prior to 1986, although the Treasury Department's summary of revenue proposals deliberately leaves room to exclude additional categories of property. Prior to 1986, high-tech medical equipment would have been eligible for the ITC, like most other tangible personal property.

Even if high-tech medical equipment were eligible property, such equipment would be ineligible for the ITC if owned by a tax-exempt institution such as a hospital or government. In addition, it is anticipated that the ITC for any leased property would be allowed only to the lessee. Accordingly, high-tech medical equipment leased to exempt institutions would not generate a credit[1]. Thus, this debate involves the ITC treatment of high-tech medical equipment owned and used by or leased to private taxpayers.

rural medical clinics
a consideration

[1] High-tech medical equipment leased by tax-exempt institutions is afforded favorable depreciation treatment by current law. Repealing this rule would raise $27 million in FY 97 and $183 million during the 1993-98 budget window.

From an economic perspective, there is little reason to treat high-tech medical equipment differently under the ITC than other types of equipment. Excluding this equipment from the credit would cause underinvestment in high-tech medical equipment relative to other equipment, without any clear economic benefit. From an administrative perspective, on the other hand, it is preferable to limit special rules and exceptions, although the ITC includes a great many such rules. The definition of high-tech medical equipment is likely to be somewhat vague and in need of constant revision, which will cause administrative difficulties for taxpayers and the IRS. Thus, it would be somewhat preferable from an administrative perspective not to exclude high-tech medical equipment. On balance, tax policy considerations weigh against an exclusion, although they are not compelling.

There may be compelling health policy reasons to exclude or include high-tech medical equipment. The objective of the current decision should be to leave the issue open for this purpose. However, given that a tax bill is anticipated to advance before health care reform, the tax bill will have to take one position or the other.

The tax bill could specifically exclude high-tech medical equipment from the current ITC proposal. If in the health care debate it is determined that the exclusion is inappropriate, this decision could be revisited. However, denying the ITC to medical equipment in the tax bill would probably be viewed as a decision on the issue, rather than a "placeholder" for future debate. In addition, the process of reversing this decision would be complicated by the need for offsetting revenue. Our current estimates are that excluding high-tech medical equipment from the flat and incremental ITC would save about $45 million in FY 97 and $312 million over the budget window.

The other approach would be for the tax bill not to exclude high-tech medical equipment. This approach would put less revenue pressure on the decision in the health care debate. In addition, it is probably less likely to be viewed as decision on the issue than a specific exclusion, given that no action is necessary to implement the decision (silence on the issue would imply that medical equipment is eligible for the ITC). If there is concern that this approach will reduce options in the health care debate, we could publicly state that the eligibility of high-tech medical equipment for the ITC is an open issue at this time.

In sum, I believe that this issue should be decided on health policy grounds rather than tax policy grounds and should be reserved for decision in the health care debate. I also believe that the second approach--not excluding high-tech medical equipment from the ITC at this time--best preserves flexibility on the issue. In this regard, should the decision be made to exclude high-tech medical equipment from the ITC at the time the health care reform proposal is announced, that would result in a revenue savings that could be used to help pay for health care reform. Accordingly, the current Treasury revenue estimates and documents follow this approach.

THE WHITE HOUSE
WASHINGTON

DATE: 4/8

NOTE FOR: MACK

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

Information ☑

Action ☐

This has moved a lot through staff meetings since the V.P. gave to the President. — A new draft will be forthcoming

John

Thank you.

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

cc:

THE PRESIDENT HAS SEEN

March 17, 1993

Mack
Ok w/ me if ok w/ you

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**

March 17, 1993

Regulatory Review Reform

Regulatory review reform is a vital part of both our commitment to put people first and our mission to reinvent government. This document sets forth an organizational framework to govern regulatory review in the Clinton-Gore Administration.

1. In the future, regulatory review must be carried out <u>within the framework of a process that reflects major reform</u>. Among other changes, the process must be <u>more open</u> to public view than has been the case in the recent past. And, the process must be <u>accessible on equal terms</u> to all interested parties; it must not provide special access -- as it has in the past -- to narrow interests whose goal is to subvert agency implementation of statutory mandates. The process must also be <u>streamlined</u> to minimize the delays it creates in the rulemaking process. Finally, regulatory review must be <u>guided by the policy objectives</u> of the new Administration and a regulatory philosophy that encourages <u>innovation, flexibility and negotiation</u> in the rulemaking process.
2. On a day-to-day basis, the regulatory review process should be carried out by OIRA. The work of OIRA should

be guided and supplemented by a regulatory planning and review committee that would have the following functions:

a. to review, on a periodic basis, the regulatory agendas and priorities of the departments and agencies in order to (i) ensure that they reflect the President's policies and (ii) identify emerging regulatory issues that are likely either to create conflict within the government or to have exceptionally significant effect on the economy, the environment, public health or safety, American competitiveness or competition or the efficient functioning of markets;

b. to facilitate resolution of matters that create conflicts between departments, or between OMB and a department; monitor the regulatory process with regard to exceptionally significant initiatives; encourage the use of negotiated rulemaking and other innovative regulatory techniques; and

c. to provide to the President recommendations for his resolution of regulatory conflicts that do not lend themselves to resolution at the OIRA or review committee levels.

The committee process of reviewing rulemaking proceedings would be available only to heads of government agencies, the OMB Director and the Director of OIRA. Private parties would not be entitled to seek review of regulatory matters at the White House level.

3. The planning and review committee would be chaired by the Vice President and include the Chair of the Council of Economic Advisers (or a member of the Council designated by the Chair); the Director of OMB (or his deputy); the Director of the NEC; the Domestic Policy Adviser; the National Security Advisor (or his deputy) and such other agency and Departmental representatives as are invited by the Vice President to serve on an _ad hoc_ basis. Members of the committee would be permitted to act through an authorized designee, and the committee would have a small staff commensurate with its modest responsibilities.

4. As an initial matter, the committee should form a working group of staff designees to make recommendations to the committee with respect to implementing the proposals described above as well as --

    a. the details of a new Executive Order to replace or revise the Orders that presently govern the regulatory review process;

    b. the process by which the regulatory agendas and priorities required of each Department and agency will be prepared, submitted, evaluated and acted upon by the committee;

c. the procedures by which disputed or exceptionally significant regulatory issues are identified and brought before the committee (or review subcommittees made up of some, but not necessarily all, committee members or their designees); and

d. the manner in which the regulatory review process will be opened to public scrutiny and made more accountable by the application of "sunshine" rules that, among other things, require the disclosure of all non-governmental contacts on regulatory review matters while preserving the confidentiality of intra-governmental deliberations and communications.

5. The new regulatory review Executive Order should outline a philosophy of openness, efficiency, economy, fairness and "putting people first." As an integral part of the effort to reinvent government, the new review process should stress the Administration's commitments to --

   a. vindicating constitutional and statutory rights;

   b. making the process more responsive and accessible to the citizenry it serves;

   c. the efficient functioning of markets and the economy;

   d. improved quality of life, preservation of the natural environment, efficient and rational use of the world's resources, enhancing the health and safety of the American people as well as ensuring that those who must comply with regulatory requirements are not burdened by unnecessary on unjustified costs of compliance.

e. streamlining the regulatory process to reduce significantly the number of proposed rules reviewed by OIRA each year;

f. discouraging unnecessary litigation and administrative proceedings; and

g. easing the burden on state and local government.

THE WHITE HOUSE
WASHINGTON

DATE: 4/8

NOTE FOR: Bob Rubin / Gene Sperling

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

Information ☐
Action ☑

As we discussed, I need a one-page update

John

Thank you.

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

cc:

THE WHITE HOUSE
WASHINGTON

February 15, 1993

Mr. President,

Attached is a memo from Ron Brown on why your community development bank initiative should be located in the Commerce Department.

The NEC and Domestic Policy Council are coordinating an interagency task force on CDBs and want time to staff and make recommendations to you on the structural issues, such as which agency will take the lead. Ron and his staff understand this and are part of the task force, but wanted to let you know why they felt CDBs would find their natural home at Commerce. The first meeting of the task force is today.

Incidentally, please note that Ron's memo is dated February 4. I am not sure what happened, but it only came across my desk yesterday, never having been logged into our office in the usual manner. In any event, I talked to Ron this morning and he is comfortable with the NEC interagency process, but wanted you to be aware of his views.

John Podesta

cc: Mack, Rubin, Rasco

THE PRESIDENT HAS SEEN 4/8

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

MEMORANDUM FOR THE PRESIDENT

FROM: Ronald H. Brown Ronald H. Brown

RE: Community Development Banks and the Commerce Department

DATE: February 4, 1993

Introduction

I share your vision that community development banks will help to revitalize urban and rural communities that now suffer from a shortage of capital. These institutions will help to create jobs, expand private enterprise and build the economic and social infrastructure of these communities. The few community development banks in existence today have strengthened the communities in which they operate. As you have indicated, the only way to ensure the expansion of these banks is through the commitment of government resources coupled with private resources and expertise. This public-private partnership would be a unique method of providing capital to under-served communities.

Discussion

The community development banks (CDBs) have the same mission as the Department of Commerce -- to use government as a tool that helps businesses and communities create jobs and achieve long-term economic growth. I believe Commerce is the right place for CDBs for several reasons:

- Commerce knows how to provide assistance for economic revitalization of distressed communities and for expanding the number of minority entrepreneurs -- two prime objectives of the CDBs. Indeed, if CDBs were part of the Department, the current economic development activities would be made more efficient and cost-effective, resulting in Departmental savings.

- Commerce can help community banks get going. For example, existing programs could be used to provide start-up advice to prospective bank operators who wish to start a CDB.

- Commerce knows how to help business customers of CDBs as well. Commerce is the only cabinet agency with experience in commercial business development and with particular experience in the start up of manufacturing and high-technology enterprises. Commerce currently provides management assistance information as well as advice to exporters looking for markets abroad. But right now many of these business-people lack what community banks will deliver -- a reliable and accessible source of capital for community-based institutions.

By contrast, other possible locations would not equally well serve the mission of CDBs.

- Commercial banks will view CDBs as unwelcome competition for existing "bankable" low income loans. But, because commercial banks are not regulated by the Department of Commerce, there can be no argument that this department is being diverted from its historical mission.

- CDBs should have a broad mission, emphasizing small business development in central cities and rural communities. The mission of CDBs should neither be tailored to meet just housing finance needs nor adjusted to those of a social services agency; in either event slighting the need for commercial development. In the Commerce Department, on the other hand, the emphasis would be on creating the CDBs in a fashion that would serve a broad range of community-based needs.

Of course, other agencies have experience that would be very helpful in the implementation of this program. You can be sure that if we had the CDB program, I would reach out to my colleagues in the Cabinet and search out expertise from both the private and public sector in order to implement the best-designed program possible.

Conclusion

Placing CDBs at Commerce would fulfill two central purposes of your community-bank proposal. It would provide a supportive environment for the development of community development banks, and promote the efficient and effective delivery of capital in conjunction with other business development services.

Once you give the go ahead, I will pull together the necessary internal and external brain power to move rapidly to the next stage.

THE WHITE HOUSE
WASHINGTON

DATE: 4/8

NOTE FOR: Alan Blinder, Joe Stiglitz

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

Information ☐

Action ☑

The number of signatories
to these memos keeps shrinking.
Who is going to take the
next crack at this?
Give me a call –

JOHN

Thank you.

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

cc: LAURA TYSON
Bob Rubin

THE PRESIDENT HAS SEEN 4/6

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

93 MAR 30 P1:07

March 30, 1993

Marriage worth discussing with Ms Barbara Kennelly (Rep) — she has a proposal [illegible]

MEMORANDUM FOR THE PRESIDENT

FROM: ALAN BLINDER AB
JOSEPH STIGLITZ JS

SUBJECT: MARGINAL TAX RATES, II

You asked two questions about our March 16 memo on marginal tax rates (which is attached for your benefit).

1. Sorry for being obscure about the earned income tax credit (EITC). The point is that the EITC acts as a substantial wage <u>subsidy</u> (and thus a work incentive) while it is being earned, but then turns into an <u>extra tax</u> on earnings (and thus a work disincentive) while it is being phased out.

Here's a specific example: In the Treasury's proposal for families with two or more children:

I get benefits to families of 4 until [illegible] 28,000 [illegible] don't [illegible]

* The credit rate would be 39.7% on the first $8500 of earnings. Thus each $100 paid by the employer would yield $139.70 to the employee. This is like having a 40% higher wage rate, and is an incentive to work.

* For the next $2500 of earnings (up to $11,000), the EITC does nothing to the rewards for working.

* After that, the credit starts to be phased out at a 19.8% rate, which means that each $100 of earnings nets the worker just $80.20. That is a work disincentive.

2. You asked about the marriage tax. Yes, we think it merits further thought, though you may prefer to leave it as it is.

Some sort of marriage penalties (or rewards) are inevitable in a progressive income tax that taxes households rather than individuals. Many OECD countries address this problem by basing taxation on individuals, but this makes a family's tax bill depend on the division of income between spouses. The usual U.S. approach is to minimize marriage penalties by making the bracket points for single filers roughly 60% of those for joint filers. Thus if the 39.6% bracket starts at $250,000 for married couples, past practice would suggest starting the bracket at $150,000 for singles.

It can be objected that $150,000 is a low cutoff to define a "millionaire." We believe Treasury feels this way, and we agree. But $250,000 is also a low cutoff point.

The marriage penalty is not the greatest problem of tax policy. But if you want to fix it, a lower cutoff (closer to $150,000) for singles would either:

(a) raise more revenue

or

(b) enable you to raise the present cutoff for joint returns above $250,000.

Attachment

THE PRESIDENT HAS SEEN 3/24

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

THE CHAIRMAN

93 MAR 17 A9:34

March 16, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: LAURA TYSON LDT
ALAN BLINDER AB
JOE STIGLITZ JS

SUBJECT: Marginal Tax Rates

We are already encountering criticism on several grounds pertaining to (a) high marginal tax rates and (b) differential tax rates that may spawn tax shelters. Hopefully, we can discuss these problems with you soon. In the meantime, here is a partial listing of criticisms and some suggested replies.

1. Upper-income tax rates: Martin Feldstein (in The Wall Street Journal) has suggested that our upper-bracket rate increases--which lead to marginal rates as high as 43.8% in some instances, and 40.8% in many--create significant work disincentives. His claim is that even a relatively small behavioral response (less earned income) will lead to much less revenue than the Treasury estimates.

   Answer: His claim has validity, but it is exaggerated.

   (a) Few people think the behavioral response is as great as Feldstein claims.

   (b) Even if he is right, he exaggerates the revenue loss because any decline in real GDP brought on by work disincentives would raise the price level; and higher prices lead to more tax revenue.

2. Taxing Social Security benefits: Robert Eisner (in the Chicago Tribune) has criticized our Social Security proposal for placing extraordinarily high marginal rates on Social Security recipients subject to the tax. Here's how it works. Under current law, when income rises by $1, an additional 50 cents of Social Security benefits becomes taxable. So taxable income rises by $1.50. If the person is in the "15% bracket," this makes the effective tax rate 22.5% instead of 15%. In the 28% bracket, the effective income tax rate is 42%. Under our proposal, taxable income would rise by $1.85 (instead of $1.50) for each additional $1 of earnings,

raising the effective personal income tax rates for affected individuals to 27.8% and 51.8%. Adding in payroll taxes, the marginal rates on earned income would go as high as 66%.

NOTE: A similar problem (omitting the payroll tax) applies to income from saving. Eisner did not raise this issue.

Answer: Relatively few people are subject to this work disincentive (you have to be both in the phase-out range and working). In addition, their behavioral responses are probably not very large.

3. Capital gains preference: For 4 years, George Bush pushed unsuccessfully for a 13-point gap between ordinary income tax rates and capital gains rates (28% vs. 15%). Democrats opposed this idea. Raising upper bracket tax rates on ordinary income to 41% while keeping the rate on capital gains at 28%, creates precisely this 13-point gap. More important, the tax-rate differential is big enough to get tax shelters started again. And it is greatly exacerbated by even our scaled-down version of the Bumpers bill. (See next paragraph.)

Answer: Raising the tax rate on capital gains above 28% would discourage certain types of investments that the Clinton Administration wants to encourage.

4. The "Bumpers" bill: Our version of the Bumpers bill taxes some capital gains at rates of either 14% (for non-AMT payers) or 21% (for AMT payers), thereby creating tax preferences for capital gain income of 20-27 percentage points. Such huge gaps will surely reinvigorate the tax shelter industry.

Answer: The Clinton Administration wants to encourage start-ups, which are the source of so many new jobs.

5. The Earned Income Tax Credit: The EITC, though a wonderful program, imposes extremely high implicit marginal tax rates on people in the phase-out range. For families with two or more children, current law imposes an additional 17.9% tax on earnings in the phase-out range (roughly $12,500 to $24,000), as these people "give back" part of the maximum credit they earned on their first $8000 of earnings. Since such people generally pay payroll tax plus 15% income tax, the combined marginal rate is 47%. (And this ignores the internal tax rates of any means-tested benefits programs these people may participate in.) The Treasury's February 17th proposal would have chopped a few points off that rate,

which was a step in the right direction. Unfortunately, though for understandable reasons, the new proposal adds a few points instead.

Answer: This criticism ignores the strong positive incentive to join the productive labor force, an incentive we make stronger. In addition, low-wage recipients do not respond much to changes in marginal tax rates.

6. Marriage taxes: There are several places where our changes in the tax code impose substantial tax penalties on people who marry. Probably the most worrisome comes at the lower end of the income distribution. Consider two single parents, each with one kid, earning $11,000 each. Under our proposal, each would receive $2062 in EITC payments--for a total of $4124. If they married, family income would be $22,000, so the new family's EITC payment would be just $1190, a loss of $2934--or 13.3% of family income.

Answer: This problem with the EITC predates the Clinton proposal. We did not fix it, but we also did not create it. (However, we did create a sizable marriage tax at the upper end by making the same $250,000 cutoff for the 10% surtax apply to both joint and single returns.)

Should not have
(do this!

I don't get
this at all
jargon don't understand.

THE WHITE HOUSE
WASHINGTON

DATE: 4/8

NOTE FOR: Alexis

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

Information ☑

Action ☐

Thank you.

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

cc:

THE PRESIDENT HAS SEEN 4/7

THE WHITE HOUSE

WASHINGTON

93 APR 6 P5:51

April 6, 1993

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: Alexis Herman
SUBJECT: Monthly Activity -- Office of Public Liaison

Attached please find a calendar of the briefings that the Office of Public Liaison (OPL) organized in March and a breakdown of OPL-sponsored activities according to issue area. Our briefings ranged from quarterly constituency meetings to targeted outreach in support of Presidential initiatives.

cc: Mack McLarty
Mark Gearan

Great job
Alexis
Bill

LIST OF EXTERNAL MEETINGS

ACCORDING TO ISSUE GROUP
-- MONTH OF MARCH --

QUARTERLY MEETINGS W/BASE GROUPS

<u>African American Groups</u>
3/22 Black Leadership Forum
3/29 Joint Center for Pol and Econ Studies

<u>Gay/Lesbian</u>
3/25 Human Rights Campaign Fund
3/26 Gay/Lesbian Leadership Meeting

<u>Hispanic</u>
3/3 LULAC
3/15 Meeting w/Hispanic Leadership

<u>Jewish</u>
3/1 United Synagogue of Cons Judaism
3/3 UJA
3/11 Jewish Federation of Philadelphia
3/15 American Jewish Congress
3/17 Middle East Briefing w/Christopher

<u>Los Angeles</u>
3/23 Maxine Waters & VP Meeting

<u>Religion</u>
3/5 Catholic Bishops
3/24 Natl Council of Churches

Miscellaneous
3/11 Office of Consumer Affairs
3/16 Coalition of Liberal Groups
3/17 Corngrowers
3/18 Center for the Study of the Presidency
3/22 CA Human Development
3/25 Greek Independence Proclamation Reception
3/29 National Council for Policy Review
3/31 Arab-American Leaders

ECONOMIC PACKAGE OUTREACH

<u>Business Groups</u>
3/1 California League of Savings
3/3 Business Working Groups
3/3 Natl Assn Reg Unil Comm
3/8 Natl Assn of Realtors
3/8 DC Reps of CEO Groups

3/10 Small Business Press Conference
3/15 Insurance Industry Assn
3/16 Securities Industry
3/18 Hispanic Business
3/29 Mtg w/ABC board
3/29 Summer Jobs Speech to Business Community
3/31 Intl Council of Shopping Centers
3/31 Women Construction Owners

Education Groups
3/4 Assn of Amer Univ
3/12 Land Grant Colleges
3/16 Council for American Private Education
3/22 JACL young Leadership Meeting

Energy
3/4 Coal & Electric
3/4 Natural Gas
3/4 Oil Producers
3/9 Natural Energy Resources Org

HEALTH CARE REFORM

3/1 Insurance Industry Groups
3/2 Disability Groups
3/2 Drug Manufacturers
3/3 Nurse Groups
3/4 Single Payer Adv Groups
3/5 Hospital Groups
3/5 Pharmacist Groups
3/8 Chamber of Commerce
3/11 NAM
3/17 Work Comp
3/18 Alternative Medicine
3/23 Atomic Workers
3/23 Single Payer Mtg
3/23 Medical Colleges and Universities
3/24 Women's Health Care
3/25 CEO's of Cancer Centers
3/25 Children & Prenatal Reps

March 1993

PUBLIC LIAISON

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1 9:30am-10:30pm CA League of Sav. Instit. 11:30am-12:30pm United Syn. of Cons. Judaism 2:00-3:30pm Long Term Care Provid. (Health) 3:00-4:00pm Nat'l Assn. Sec. School Principals 3:30-5:00pm Insurance Industry Groups (Health)	**2** 11:00am Ward's Cove Press Conf 2:00-3:00pm Disability Groups (Health) 3:30-5:00pm Drug Manufact. (Health)	**3** 10:30-11:30am UJA Federation 2:00-3:00pm Nurse Groups (Health) 3:30-4:30pm Business Working Group 4:00pm LULAC	**4** 10:00-11:30am Assn. of Amer. Univ. 1:00-2:00pm Coal & Electric 2:00-3:00pm Single Payer Adv. Groups (Health) 2:30-3:30pm Conservation, Renew. & Nat. Gas. 3:30-4:30pm Oil Producers	**5** 11:00am Catholic Bishops Mtg w/BC 2:00-3:00pm Hospital Groups (Health) 4:00-5:00pm Pharmacist Groups (Health) 7:00pm Org of Chinese Americans	**6**
7	**8** 10:15-11:30am Natl Assn of Realtors 11:30am-12:30pm Chamber of Commerce (Health) 1:00-2:30pm Womens Groups (Health) 2:30pm DC Reps of CEO Groups	**9** 11:30am Natural Energy Res. Org.	**10** 1:00pm Small Business Press Conf. w/BC 4:00-5:00pm Credit Crunch Briefing	**11** 12:00am-1:00pm NAM (Health) 3:30-5:00pm Jewish Fed. of Philadelphia	**12** 2:30-3:30pm Consumer Groups 3:00-4:30pm Land Grant Colleges 3:30-4:30pm Small Business (Health)	**13**
14	**15** 11:00am-12:30pm Amer. Jewish Cong. 3:30-5:30pm Insurance Ind. Assn 4:00pm Hispanic Leadership Mtg	**16** 1:30-3:00pm Liberal Groups Coalition 3:30pm Meeting with Coretta Scott King (President) 3:30-5:30pm Council for Amer. Private Ed. 4:00-5:00pm Securities Ind. Assn	**17** 2:00-3:30pm Middle East Briefing/Warren Christopher 450 OEOB 2:00-3:00pm Corngrowers Mtg 4:00-5:00pm Work. Comp (Health) 10:00-11:00pm Electronic Industry Assn w/BC	**18** 9:30-11:30am Ctr for Study of Pres. 1:00-2:30pm Hispanic Business 2:00-3:30pm Alternative Medicine (Health) 3:30-4:15pm Alpha Kappa Alpha 4:30pm Labor Dept Mtg re: summer jobs	**19**	**20**
21	**22** 2:00-3:30pm Calif. Human Dev. Corp. 4:00-4:30pm Black Leadership Forum w/BC 4:30-5:00pm International Olympic Committee (BC) Roosevelt Rm 4:30pm JACL Young Leadership Mtg	**23** 11:00am-12:00pm Atomic Workers (Health) 12:00-12:45pm Maxine Waters MTG w/AGJ 1:00-2:00pm Single Payer (Health) 3:00-4:00pm Medical Coll. & Univ. (Health)	**24** 9:30-10:30am Ohio Amer. Legion 10:30-11:30am Women's Health Care (Health) 3:00-4:00pm Asian/Pacific Health Org. 3:15pm Natl Council of Churches w/BC	**25** 10:30-11:30am CEO's of Cancer Ctrs (Health) 3:00-4:00pm Association of American Publishers (Amy) 450 3:00-4:00pm Children & Prenatal Reps (Health) 4:15-5:30pm Greek Indep. Day Procl. w/BC	**26**	**27**
28	**29** Health Care Task Force Hearing 2:00-2:30pm ABC Board w/AGJ 2:30-3:15pm Bus. Comm. Mtg re: Summer Jobs w/AGJ 4:30-5:30pm Natl Council for Policy Review	**30** 6:15pm Joint Ctr for Pol. & Econ. Studies Recept. w/BC	**31** 11:00am-12:30pm Int'l Council of Shopping Ctrs 12:00pm Profit Sharing Coucil 2:15pm Arab-American Leaders 4:00-5:00pm Women Construction Owners & Execs			

THE WHITE HOUSE
WASHINGTON

DATE: 4/8

NOTE FOR: Mack, D. Dreyer

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

Information ☐

Action ☑

Thank you.

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

cc:

THE PRESIDENT HAS SEEN
4/8

THE WHITE HOUSE

WASHINGTON

March 29, 1993 93 MAR 29 P8:38

INFORMATION

MEMORANDUM FOR THE PRESIDENT

Mack fyi
see document
before release

FROM: DAVID DREYER
JONATHAN PRINCE

SUBJECT: Office of Personnel Management review of "Bush bonuses"

I. SUMMARY

On February 11, 1993, you directed OPM to conduct a review of bonuses granted to political appointees during the transition period; we received the report today, as requested. The report clearly demonstrates that the spirit, if not the law, upon which the award system is based was abused.

II. DISCUSSION

The report compares awards granted to political appointees during the transition period to awards granted in the same months last year. It finds that <u>awards granted to political appointees</u> increased substantially (from 49 to 133), as did the total dollars awarded (from $102,886 to $385,933), and the average size of each award (from $2,058 to $2,902). At the same time, awards to career employees (grades 14 and above) remained virtually flat. Attachment 5 in the report is a chart comparing this year to last year by agency.

We are delaying the release of the report to give you time to review it and because Jim King's confirmation hearing before the Senate Government Operations Committee is tomorrow, with a vote by the full Senate expected Thursday. Jim has not seen the report because he has not been confirmed; he is, of course, aware that you ordered the report and that it was completed.

George will determine the time and method for release of the report.

— The staff at OPM was particularly helpful to us as they completed the report for your review - especially Acting Director Patricia Lattimore and Michael Grant.

UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, D.C. 20415

OFFICE OF THE DIRECTOR

MAR 29 1993

The President
The White House
Washington, DC 20500

Dear Mr. President:

On February 11, 1993, you directed OPM to review the granting of monetary awards by the former Administration during the transition period and fiscal year 1992. Our report is enclosed.

In brief, we found that there was a significant increase in the number of awards granted to political appointees during the transition period, creating at least the appearance that they were granted for reasons other than recognition of benefit to the Government. While technical procedures were followed, we believe the spirit and purpose of the awards program was evaded, and that additional safeguards are needed.

Our review has also given rise to concerns about the overall management of the awards program in agencies for both career and political employees. OPM will initiate a policy review of the program, focusing on the problems identified in the report. The issue of how management discretion and flexibility in granting awards can be combined with strict accountability in carrying out the public trust may also be appropriate for consideration in the framework of Vice President Gore's National Performance Review.

The awards program plays a vital part in recognizing the outstanding contributions made by our many fine Federal employees. It is important that the integrity of the program be maintained in both fact and appearance.

We hope that the report is helpful to you.

Sincerely,

Patricia W. Lattimore

Patricia W. Lattimore
Acting Director

Enclosure

Attachment 5

SUPERIOR ACCOMPLISHMENT AWARDS
TO POLITICAL EMPLOYEES IN THE WASHINGTON, D.C. MSA

AGENCY	10/1/91 - 1/31/92			10/1/92 - 1/31/93		
	#	AMOUNT	AVERAGE	#	AMOUNT	AVERAGE
Agriculture	7	$15,500	$2,214	14	$31,500	$2,344
Air Force	0	0	0	0	0	0
Army	0	0	0	0	0	0
Commerce	2	$200	$100	5	$8,129	$1,626
DoD	0	0	0	2	$6,500	$3,250
Education	1	$946	$946	18	$27,924	$1,551
Energy	1	$100	$100	23	$110,745	$4,815
EPA	13	$38,495	$2,961	7	$30,000	$4,286
FEMA	1	$999	$999	2	$5,500	$2,750
GSA	4	$2,146	$537	0	0	0
HHS	4	$5,475	$1,369	3	$11,800	$3,933
HUD	3	$3,200	$1,067	7	$12,000	$1,714
Interior	2	$600	$300	2	$3,000	$1,500
Justice*	2	N/A	N/A	12	$33,650	$2,804
Labor	1	$150	$150	10	$28,000	$2,800
NASA	0	0	0	0	0	0
Navy	1	$75	$75	3	$14,000	$4,667
OPM	1	$500	$500	2	$2,335	$1,168
SBA	1	$2,000	$2,000	11	$35,500	$3,227
State	0	0	0	0	0	0
Transportation	6	$32,500	$5,417	8	$19,700	$2,189
Treasury	0	0	0	2	$1,650	$825
Veterans Affairs	0	0	0	2	$4,000	$2,000
TOTALS	50	$102,886	$2,058	133	$385,933	$2,902

* Agency submission to CPDF incomplete.

SUPERIOR ACCOMPLISHMENT AWARDS OF $1,000 OR MORE TO CAREER GRADE 14 AND ABOVE EMPLOYEES IN THE WASHINGTON, D.C. MSA

AGENCY	10/1/91 - 1/31/92			10/1/92 - 1/31/93		
	#	AMOUNT	AVERAGE	#	AMOUNT	AVERAGE
Agriculture	208	$412,752	$1,984	251	$483,920	$1,920
Air Force	1	$1,560	$1,560	0	0	0
Army	88	$162,737	$1,849	2	$5,500	$2,750
Commerce	55	$107,741	$1,959	17	$39,229	$2,308
DoD	100	$195,164	$1,952	178	$281,336	$1,581
Education	4	$6,000	$1,500	21	$21,600	$1,800
Energy	60	$147,539	$2,459	37	$112,676	$3,045
EPA	202	$418,624	$2,072	214	$440,857	$2,060
FEMA	1	$3,000	$3,000	3	$4,500	$1,500
GSA	54	$108,200	$2,004	55	$128,950	$2,345
HHS	64	$115,100	$1,798	21	$37,649	$1,793
HUD	16	$19,500	$1,219	38	$38,000	$1,000
Interior	30	$84,050	$2,802	64	$154,495	$2,414
Justice	91	$197,150	$2,166	226	$550,644	$2,220
Labor	39	$61,000	$1,564	12	$27,100	$2,258
NASA	7	$10,600	$1,514	10	$16,450	$1,645
Navy	37	$77,550	$2,096	0	0	0
OPM	4	$5,999	$1,500	15	$23,535	$1,569
SBA	6	$13,200	$2,200	22	$52,700	$2,395
State	6	$12,389	$2,065	6	$11,500	$1,917
Transportation	120	$212,070	$1,767	130	$240,950	$1,853
Treasury	305	$464,994	$1,525	325	$474,500	$1,460
Veterans Affairs	5	$12,000	$2,400	23	$40,400	$1,757
TOTALS	1503	$2,848,919	$1,895	1670	$3,186,491	$1,908

THE WHITE HOUSE
WASHINGTON

DATE: 4/8

NOTE FOR: Secretary Ron Brown

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

Information ☑

Action ☐

Thank you.

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

cc:

THE WHITE HOUSE
WASHINGTON

April 5, 1993

MR. PRESIDENT:

Attached is a memorandum from Ron Brown concerning NAFTA and his recent trip to Mexico. The memo is dated March 23, but received today by my office. I have sent information copies to the Vice President, Mack, Mickey, George and Rahm.

Very good
B

JDP
John Podesta

THE PRESIDENT HAS SEEN 4/8

THE SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

93 APR 5 P1:49

APR 2 1993

March 23, 1993

MEMORANDUM FOR THE PRESIDENT

I have just returned from a three-day visit to Mexico to meet with President Salinas, key members of his cabinet, and both American and Mexican business leaders. I used the trip and a speech to the Trilateral (Mexico, U.S., Canada) Conference of Chambers of Commerce to reaffirm the Clinton Administration's commitment to NAFTA and our approach to the supplemental agreements.

I found the quality and sense of purpose of the Mexican leadership, both public and private sector, extraordinary. I was very much impressed with the resolve of President Salinas and his team to solidify and strengthen the political and economic reforms they have undertaken. Their commitment to cleaning up and protecting the environment is, in my judgment, genuine (Carol Browner shares this view). I am convinced that their efforts will continue to increase as their economy grows. They believe that NAFTA is critical to their ability to protect the environment and speed economic growth and reform.

On the issue of workers' rights, I hope they don't call for harmonization because we wouldn't match up very well (10 percent profit-sharing and a ban on striker replacement), although I fully realize that enforcement is and should be a concern.

As you know, a prime objective of mine and this department's is to expand exports. During my meeting with my counterpart, Jaime Serra, and members of the Mexican business community, I found them very supportive of trade expansion and eager to work with us to enhance hemispheric economic strength. I was encouraged by their attitudes and by the many successful ventures now coming to fruition. In that regard, I met with officials of G.E. and Bechtel who are part of a consortium which has won a contract to build an electric co-generation plant in Mexico. This project will result in exports of $675 million worth of U.S. equipment and $70 million annually in U.S. exports of natural gas. I plan to lead a full-court press to take advantage of other opportunities to spur U.S. exports to Mexico.

Pedro Aspe, the Finance Minister, indicates that the Salinas Administration is eager to continue the privatization of the petrochemical sector, the seaports, and possibly also the airports. Modernization of these sectors will open major opportunities to export U.S. equipment and technology and encourage joint ventures. Aspe also told me of plans to open the financial services sector to U.S. companies after NAFTA is in place as a necessary step to provide and reduce the cost of capital for industrial modernization. We will be working with him to make sure that U.S. companies can take advantage of these new opportunities.

My meetings with Manuel Camacho, Mayor of Mexico City, and Luis Donaldo Colosio, Secretary of Social Development, focused on Mexico's need for modern infrastructure and environmental equipment. Mayor Camacho assured me that Mexico is absolutely committed to upgrading the air and water quality of the city and has already taken many concrete steps to do so. In addition to the improvement of the environment, their programs open opportunities for U.S. exports of equipment and technology. For example, a small, worker-owned Milwaukee firm, Badger Meter Company, has just won a $15 million contract for high-tech water meters as part of a major water upgrade program for Mexico City.

Secretary Colosio and I discussed the critical need for border clean-up and infrastructure investment. We are planning a program which will focus on structuring specific projects to attract private sector financing. We will sponsor an "infrastructure summit" to bring private sector and government decision-makers together to review these projects to assure their viability for private investment. Such projects could include water and sewer treatment along the border, toll roads, and clean power generation.

Finally, Mr. President, amid the very positive and optimistic tone of my dialogue with Mexican leadership, there is great apprehension about the depth of our commitment to NAFTA. President Salinas and his team are concerned that the predominant voices being heard here seem hostile to NAFTA (the mildest expressions of doubt by U.S. officials send shock waves through

Mexico). Negative press attention not only weakens support for NAFTA both here and in Mexico but raises uncertainty in both the Mexican and American business communities. More importantly, Mexicans are not hearing enough support for NAFTA from the Congress or the U.S. business community to counteract the criticism of NAFTA's opponents. I will be making additional efforts to provide a more positive assessment of the advantages of NAFTA for workers, the environment and our own economy and will be encouraging American business to do the same. I believe we must step up our efforts to assure congressional support of NAFTA.

I cannot overstate my view that moving ahead aggressively on NAFTA is important not only to our regions and our own economic future but sends a powerful signal to the world about where your administration stands on trade.

Ron

Ronald H. Brown

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 4/8

NOTE FOR: THE BOB'S
BOB REICH
BOB RUBIN

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

Information ☑

Action ☐

Thank you.

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

cc:

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.

YES

John

John Podesta

To Bob Rubin / Bob Reich

This is very good. Agree (ooro) w/ Reich suggestion

BC 4/7/93

THE PRESIDENT HAS SEEN 4/2

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

Agree

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 exports, 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.

THE WHITE HOUSE
WASHINGTON

DATE: 4/8

NOTE FOR: Carol Browner

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

Information ☑

Action ☐

Thank you.

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

cc:

THE PRESIDENT HAS SEEN 4/8

THE WHITE HOUSE 93 APR 6 P4:13

WASHINGTON

April 7, 1993

RECOMMENDED TELEPHONE CALL

TO: Marjory Stoneman Douglas
305-666-3103

DATE: April 7 between 6:00-8:00 p.m. (EST)
(if this is not convenient, sometime after 12 noon)

RECOMMENDED BY: Carol M. Browner

PURPOSE: Birthday wishes on Marjory's 103rd birthday

BACKGROUND:

- Marjory is widely seen as the original advocate of the Florida Everglades Protection movement and a leader of national environmental concerns.
- She continues to be a spokesperson for the Florida Everglades.

TOPICS OF DISCUSSION:

1. Wish I could be with you for your birthday gathering there in Coconut Grove.
2. Congratulations on your 103rd birthday.
3. Thanks for your service and leadership on environmental concerns.

CONTACT PERSON AND TELEPHONE NUMBER: Cheryl D. Holmstrom, 202-260-4700

DATE OF SUBMISSION: April 6

INFO: Be aware that her mind is very sharp and lucid thus she may feel like sharing some of her well earned wisdom. Also, her hearing is not as sharp as her mind.

ACTION:

nice visit
She wants 4/7 proclaimed her day in Fla — prob. phone her Sen Graham see what he wants to do

THE WHITE HOUSE
WASHINGTON

DATE: 4/8

NOTE FOR: Rasco

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

- Information ☑
- Action ☐

[redacted]

Thank you.

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

cc:

THE WHITE HOUSE

WASHINGTON

April 7, 1993

93 APR 7 P6:10

RECOMMENDED TELEPHONE CALL

TO: State Rep. Peter Barca, Democratic nominee for Wisconsin's First Congressional District (Secretary Aspin's seat)
office: 414-657-6888, home: 414-552-8859, car: 414-378-0363

DATE: Wednesday evening, April 7, 1993

RECOMMENDED BY: Rahm Emanuel and Linda Moore, Political Affairs

PURPOSE: To congratulate him on his impressive victory in the First Congressional District Democratic primary held on Tuesday, April 6, and to wish him luck in the May 4th special election.

BACKGROUND: Barca received 53% of the vote and defeated former State Party Chairman and Clinton Campaign chair Jeff Neubauer (27%), State Rep. Wayne Wood (15%), surgeon Jeffrey Thomas (3%), and Minister Samuel Platts (2%).

He will face wealthy businessman Mark Neumann (who received 76% of the Republican primary vote) in the May 4th special election. Neumann challenged Aspin for the seat in 1992 and received 42% of the vote.

CONTACT PERSON AND
TELEPHONE NUMBER: Linda Moore, ext. 6500

DATE OF SUBMISSION: April 7, 1993

ACTION: — 2x as many Dems as GOP vote
GOP will spend lots of $ —
~~the~~ I said we'd do whatever we can —
Q: can Aspin campaign for —
— tell him I called Neubauer too — He'll help when he has a few days rest I think —

THE WHITE HOUSE
WASHINGTON

DATE: 04/08/93

NOTE FOR: ALEXIS HERMAN

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

Information ☒XX

Action ☐

Thank you.

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

cc:

THE PRESIDENT HAS SEEN
4-8-93

THE WHITE HOUSE

WASHINGTON

93 APR 7 P3:20

April 7, 1993

RECOMMENDED TELEPHONE CALL

TO: Vicki and George Yandle -- Vicki Yandle shared the story of her daughter Dixie's illness during the Family Medical Leave bill-signing.

DATE: April 8, 1993

RECOMMENDED BY: Alexis Herman

PURPOSE: To express condolences for Dixie's death.

BACKGROUND: The Office of Public Liaison received a call from Vicki Yandle this morning to inform us of the death of her daughter, Dixie. The Yandles' story was highlighted during the Family Medical Leave bill-signing ceremony on February 5. Dixie Yandle's funeral is scheduled for Friday, April 9 at 2pm. Presently, she is at the Mays Wharf Funeral Home on Church Street in Marietta, Georgia.

TOPICS OF DISCUSSION:

1. Offer condolences for daughter's death
2. Recognize the Yandles' courage and devotion to daughter.

CONTACT PERSON AND TELEPHONE NUMBERS:

Vicki and George Yandle @ 404-426-4092

DATE OF SUBMISSION:

April 7, 1993

ACTION: had a nice visit w/ -

THE WHITE HOUSE

WASHINGTON

4-7

Dear George and Vicki

I'm glad we had a chance to talk tonight. I know you must be so proud of Dixie and the long, valiant fight she waged. Measured by character and courage, she lived many lifetimes. [redacted]

God bless you

Bill Clinton

George and Vicki Yandle
c/o Irene Bailey
Cumberland Volkswagen
1860 Cobb Parkway
Marietta, GA 30062

THE WHITE HOUSE
WASHINGTON

DATE: 04/08/93

NOTE FOR: NSC

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

Information KX

Action ☐

This was given to the President during the Yeltsin Meetings in Vancouver this past weekend.

Thank you.

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

cc:

THE WHITE HOUSE
WASHINGTON

DATE: 04/08/93

NOTE FOR: NSC

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

Information XX

Action ☐

[redacted]

This was given to the President during the Yeltsin Meetings in Vancouver this past weekend.

Thank you.

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

cc:

FOIA Number: 2018-0662-S

Clinton Presidential Records
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Foreign Language Marker

Collection: Clinton Presidential Records

Subgroup: Staff Secretary

Series: John Podesta

Subseries: Chron Files

Document Title [Paper given to POTUS during the 1993 Vancouver Summit]

Language: Russian

Folder Title April 1-10, 1993 [1]

OA/ID: 473

[redacted]

[redacted]

Nancy —
The President knows
about this but hasn't
seen it yet. Mark

Not sure
how to
respond to
this —
Arin B

[redacted]

Marla :
M

THE CLINTON CONNECTION

302 Sonnet Street
Hot Springs, AR 71913
(501) 624-5048

March 30, 1993

President Bill Clinton
The White House
1600 Pennsylvania Ave.
Washington, D.C. 20270

Dear Mr. President:

While you have achieved the success of obtaining the world's most powerful office as President of the United States, many of us are continuing to work towards your retaining that office four years from now. This effort, along with the privilege of being from your hometown, has brought certain matters to my attention that I feel need addressed.

A group of your loyal supporters have formed a group in Hot Springs called "The Clinton Connection". The long-term goal of this group is for another victory in '96. The short-term goals include helping with the special concerns that have arisen from your presidency; especially those connected with Hot Springs. As a resident of Hot Springs, and a good friend to your mother, I am in a position to see that much work needs done. The Clinton Connection group is trying to attend to that business by establishing an office in Hot Springs that would serve the same needs as a headquarters but with the focus on keeping what you are currently doing in office foremost in the minds of the public. This would be a place to inform the public of what you are doing as well as a place to receive concerns and ideas from Americans. We feel Hot Springs is the ideal place for such an office because of our connection to you and because we receive so many tourists from all over.

I feel that to adequately do that job we need some type of credentials, and that is my reason for writing. Would you appoint me as your liaison from Hot Springs to serve in the same capacity as Lynda Dixon is now doing in Little Rock? She has been a great help to us, but because of the attention Hot Springs is receiving and the work we are trying to do, she ends up taking on an unfair work load. This appointment would also help give our group the credentials it needs when questioned by those who do not share our mission. As you know, you mother is receiving volumes of mail which she works diligently to answer. Our office could also serve to help her in that capacity. I believe I am qualified to serve you as a liaison as I have acquired much experience as a political coordinator during your campaign. I was the Garland County Coordinator for the Clinton For President '92 Campaign, the Garland County Coordinator for the Clinton/Gore Committee, and the liaison to the Inaugural Committee.

Other than an official appointment which would establish our credentials, another problem is money. We are currently meeting and operating out of my home, but we need something that is visible and accessible to the public. Although there is great need for an office, that does require spending and since our work doesn't generate any income we are stymied as how to meet our expenses. Do you think it would be possible for the DNC to fund such a project? It would be wonderful to have the technology available at this office that would allow the public to use some type of computer system that would record their ideas and concerns; that is, a communication center linked to Washington for immediate feedback. We would be very receptive to any ideas or requirements that would be necessary to secure DNC funding for this endeavor.

Any thoughts or ideas you might have on these matters would be appreciated. I am proud to be a supporter of your administration and would like to help enlighten the public as to how your policies are being implemented.

Sincerely,

Johnette Taylor, Co-Ordinator
Clinton/Gore Committee &
The Clinton Connection

pc Virginia Kelley
Lynda Dixon

THE CLINTON CONNECTION
302 Sonnet Street
Hot Springs, AR 71913
(501) 624-5048

"Boyhood Home of President Bill Clinton"

March 30, 1993

Dr. Betty Cravy
Math & Science School
100 Whittington Ave.
Hot Springs, AR 71901

Dear Dr. Cravy:

Attached is the Proposal you requested concerning the monument in honor of President Clinton. I am also attaching copies of bids, and a letter from Mayor Baran giving tentative approval for this project. The minutes from the meeting giving such approval are also attached.

The bids should reflect all of the specifics you need and as you know, the final selection shall be determined by President and Mrs. Clinton. If we can answer any other questions for you or supply you with further information, please feel free to call. Thank you for your cooperation.

Sincerely,

Johnette Taylor

Johnette Taylor, Co-Ordinator
Clinton/Gore Committee &
The Clinton Connection

pc President & Mrs. Clinton
Virginia Kelley
Melinda Baran, Mayor
Bob Messersmith
Doyle Shirley
Jay Chesshir
Bill Edwards
Elijah Harris
Trice Ellis
Gus Pappas, City Manager

P R O P O S A L

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HOT SPRINGS ™
NATIONAL PARK

March 24, 1993

City of Hot Springs
Municipal Building

Post Office Box 700
Hot Springs National Park,
Arkansas 71902
(501) 321-6800

Mrs. Johnette Taylor
302 Sonnet Street
Hot Springs, Arkansas 71913

Dear Johnette:

Enclosed is a copy of the minutes of our city board meeting, March 22, 1993 regarding your presentation to honor President Bill Clinton.

Please regard this letter as your official authorization to proceed with your plans for development of the presidential monument to be placed on the current "Bill Clinton Presidential Plaza" which is the home of the Arkansas School for Mathematics and Science.

After the final designs, budget, and fund-raising strategy is approved, please notify me and I will place your presentation on the Board of Directors agenda for final approval by the city directors.

After the City Board of Directors gives its approval, I will submit your plans to the Advisory Board of the Arkansas School for Mathematics and Sciences. With that Board's approval, the plans will be submitted to the State Board of Education for final approval.

In the meantime, Dr. Betty Cravy will inform her advisory board members of the proposed project at her next regularly scheduled Advisory Board meeting.

We are pleased to work with you and your committee and look forward to the successful completion of this project to honor Hot Springs' home town President.

Most sincerely,

Melinda

Melinda Baran
Mayor

cc: Mrs. Virginia Kelley
Dr. Betty Cravy, Director, Arkansas School for Mathematics and Science
Mr. John Baran, Convention Chair, 96th Infantry Division, 1994

THE CLINTON CONNECTION
302 Sonnet Street
Hot Springs, AR 71913
(501) 624-5048

"Boyhood Home of President Bill Clinton"

March 27, 1993

Mr. Don Raulie, Exec. Dir.
HS Advertising & Promotion Comm.
134 Convention Blvd.
Hot Springs, AR 71901

Dear Mr. Raulie:

At the Downtown Merchants meeting on March 23, you mentioned several ideas that the Advertising and Promotion Commission is working on to promote the City of Hot Springs and its connection to President Clinton. Among those items mentioned were a 4 x 8 sign at the corner of Malvern and Grand Avenues, four billboards across the state, the brochure that was developed, and the exhibit at Mid America Museum. I wasn't sure if the exhibit at Mid America is something that your commission is doing or if that is the work of Mid America Museum itself. Nevertheless, I was wondering what your specific time frame is for each of these projects. By what date can we expect these items to be visible to Hot Springs' visitors?

Certainly these are worthy projects and, along with other ideas being developed, perhaps it will finally become more obvious to our visitors that they are visiting the President's hometown. My concern also stems beyond what is visible to our visitors once they are here. I believe that there must be a market segment out there that would choose to visit Hot Springs solely because of this historic connection that may not otherwise be reached unless our advertising targets it specifically. What is the Advertising and Promotion Commission doing to specifically promote Hot Springs as the Hometown of President Clinton to the rest of the country so that we can reach this segment of the market?

Please consider some special efforts that need to be made to focus specifically on the connection with Hot Springs and President Clinton. We can't assume that everyone knows this fact when they hear the name "Hot Springs". I believe it is the job of advertising to fix that connection firmly in the mind of the tourist. Please let us hear from you.

Sincerely,

Johnette Taylor

Johnette Taylor, Co-ordinator
Clinton/Gore Committee &
The Clinton Connection

pc President Bill Clinton
Virginia Kelley
Jay Chesshir, Eric Jackson, Annette Butler
Bill Goodwin, Monty Scott, Mike States
Bob Messersmith

THE CLINTON CONNECTION
302 Sonnet Street
Hot Springs, AR 71913
(501) 624-5048

March 26, 1993

Sam Stathakis, Jr., President
Chamber of Commerce
626 Ouachita Ave.
Hot Springs, AR 71901

Dear Mr. Stathakis:

I am enclosing an article taken from the Friday, March 26 edition of the Arkansas Democrat Gazette concerning the Little Rock Chamber of Commerce and their efforts to capitalize on the link between their city and President Clinton.

Many volunteers and supporters of President Clinton and many proud citizens of Hot Springs are wondering what our Chamber of Commerce is doing to promote the same. Let me emphasize that "capitalize" does not necessarily mean "make money off of", rather I would hope that our Chamber is working to show its pride in our city, our state, and most certainly our President. If tourism is a primary goal of this city, then opportunity is knocking at our door and it is time we opened it.

I know the Chamber has many active committees and they have always done a fine job. Perhaps there is already a committee formed that is working on this and the public hasn't had the opportunity to hear about it. If so, please let us hear from you as to what the Hot Springs Chamber of Commerce is doing.

Sincerely,

Johnette Taylor

Johnette Taylor, Co-ordinator
Clinton/Gore Committee &
The Clinton Connection

pc President Bill Clinton
Ray Owen, Jr., Vice President
Chamber of Commerce
Jim Cherry, Executive Director
Chamber of Commerce
Don Raulie, Executive Director
Hot Springs Adv. Promotion Comm.
Mrs. Virginia Kelley, Mother of
President Bill Clinton

Arkansas Democrat-Gazette/Mark Wilson

ink about what's happened to Arkansas since the first and you can't help but be excited. You can't help but an be in store for us if we structure ourselves prop- do that."

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• Target major cities in the Midwest, Southwest, Northeast and on the West Coast for industrial development target-marketing visits.

To run a program like that, "Our chamber has never had the proper amount of people" on its staff, President Paul Harvel said. "But today, we're an-

See CHAMBER, Page 6D

Chamber

• Continued from Page 1D

nouncing for the first time that we'll have the adequate staff to run an economic development program."

Among new/reassigned staff personnel introduced:

• Paul Latture Jr., who will join the staff in late April as economic development director after leaving his position as president of the Metro Jackson (Miss.) Chamber of Commerce, which he has held for 10 years. Latture's father, Paul Latture Sr., was manager/president of the Fort Smith Chamber of Commerce for 31 years until his death in January 1986.

• Nolan Fleming, who has been economic development director, will become industrial development director.

• Sherman Banks, now director of the Minority Health Commission for the Arkansas Department of Health, who will become the chamber's international development director.

• Joyce Raynor, the chamber's education coordinator and executive assistant to the president, who was named minority business development director.

• Kim Pruitt, the chamber's director of research, who will be office/service sector development director.

• Joe Swatty, who has worked in communications, marketing, advertising and public relations, has rejoined the chamber staff as director of Little Rock Now.

"Think about what's happened to Arkansas since the first week in November 1992, and you can't help but be excited," Friday said about Clinton's election Nov. 3, 1992, as the nation's 43rd president.

"You can't help but expect that great things can be in store for us if we structure ourselves properly, and we've set out to do that," he said.

While Friday, Flynn and Harvell did not mention it, Pulaski County in January had a 5.6 percent unemployment rate — fourth lowest among Arkansas' 75 counties, the state Employment Security Department reported recently.

THE CLINTON CONNECTION
302 Sonnet Street
Hot Springs, AR 71913
(501) 624-5048

March 26, 1993

Mayor Melinda Baran
City Hall
P.O. Box 700
Hot Springs, AR 71902

Dear Mayor Baran:

The volunteers and supporters of President Bill Clinton ask that we be placed on the Agenda for the April 5 Board of Directors' meeting in order to submit the attached Proposal.

We understand that this request must be made on or before March 29 in order to be placed on the April 5 agenda and do hereby submit this request prior to that deadline.

Thank you for your consideration.

Sincerely,

Johnette Taylor

Johnette Taylor
Co-ordinator Clinton/Gore Committee
The Clinton Connection

Attachment

pc President Bill Clinton
Bob Messersmith
Doyle Shirley
Jay Chesshir
Bill Edwards
Elijah Harris
Trice Ellis
Gus Pappas, City Manager
Bo Lea, Ark. Power & Light
Bill Clark, State Hwy. Commission
Virginia Kelley

P R O P O S A L

At the March 23, 1993 meeting of the Downtown Merchant's Organization, it became obvious of the desire for the City of Hot Springs to make its visitors more aware of the fact that Hot Springs is the hometown of President Bill Clinton. We applaud the merchants and leaders of this community for their desire to add to the pride already felt for our city and agree that this historical event must become an obvious source of pride to its visitors.

The volunteers and supporters of President Bill Clinton heartily support this proclamation and hereby propose that the banner hanging across Central Avenue declaring Hot Springs as the Boyhood Home of Bill Clinton, be left where it is until such time that the City of Hot Springs is able to replace it with a more permanent indicator appropriately reflecting the pride expressed at the above-mentioned meeting.

Mack or
Mack?

THE CLINTON CONNECTION
302 Sonnet Street
Hot Springs, AR 71913
(501) 624-5048

"Boyhood Home of Bill Clinton"

Mack 4.8.93
Pls have this evaluated & advise -
B.

March 31, 1993

President & Mrs. Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20270

Dear President and Mrs. Clinton:

Enclosed is a copy of the Proposal that the Clinton Connection group in Hot Springs is submitting in order to build a monument in your honor in front of the Math and Science School.

We have received tentative approval from the city for this project and your approval of the monument design is all we need to begin the project. The monument will be paid for by private donations and we hope to have it completed around July 1 of 1994. It would be our honor if both of you could attend the dedication ceremony at that time. We are excited about this project and are ready to begin the fundraising. This beautiful monument will reflect the pride felt by your many supporters and it is most fitting that it will be located at the front of the Math and Science School that came about because of your efforts.

Please try to join us for the celebration in July of 1994.

Sincerely,

Johnette Taylor

Johnette Taylor, Co-Ordinator
Clinton/Gore Committee &
The Clinton Connection

Attachments

pc Virginia Kelley
Lynda Dixon

March 24, 1993

City of Hot Springs
Municipal Building

Post Office Box 700
Hot Springs National Park,
Arkansas 71902
(501) 321-6800

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Hot Springs, Arkansas 71913

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In the meantime, Dr. Betty Cravy will inform her advisory board members of the proposed project at her next regularly scheduled Advisory Board meeting.

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Most sincerely,

Melinda

Melinda Baran
Mayor

cc: Mrs. Virginia Kelley
Dr. Betty Cravy, Director, Arkansas School for Mathematics and Science
Mr. John Baran, Convention Chair, 96th Infantry Division, 1994

THE CLINTON CONNECTION
302 Sonnet Street
Hot Springs, AR 71913
(501) 624-5048

"Boyhood Home of President Bill Clinton"

March 30, 1993

Dr. Betty Cravy
Math & Science School
100 Whittington Ave.
Hot Springs, AR 71901

Dear Dr. Cravy:

Attached is the Proposal you requested concerning the monument in honor of President Clinton. I am also attaching copies of bids, and a letter from Mayor Baran giving tentative approval for this project. The minutes from the meeting giving such approval are also attached.

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PROPOSAL FOR
THE BILL CLINTON PRESIDENTIAL PLAZA BRONZE SCULPTURE
MARCH 29, 1993

PRESENTED TO
THE CLINTON/ AL GORE VOLUNTEER ORGANIZATION

PRESENTED BY
XU LONG HUA, SCULPTOR
HOT SPRINGS NATIONAL PARK, ARKANSAS

INTRODUCTORY COMMENTS BY SCULPTOR PROFESSOR XU LONG HUA

There are several important aspects to be considered for a project of this magnitude. The sculptor must be experienced in creating large sculptures as there are many intricate problems involved in larger scale, life size sculptures that are not encountered in smaller scale sculptures. The artist must be able to capture the personality and spirit of the person depicted, rather than a mere likeness.

I have created over ten large scale sculptures for the public in China which show my skills in a variety of sculpting materials. Currently, I am completing a one year project with the Central Business Improvement District of Hot Springs National Park which will be a large scale sculpture (over twenty feet) and due to be dedicated in May of this year. I am an accomplished artist who has taught at a professor level in China where I am one of their recognized national artists.

If you select me to do this sculpture you will not have to hire an architect to design the base as I will do this. I am not looking for a profit and honoured to complete this project for costs out of gratitude to this country and Hot Springs National Park.

Enclosed are slides and photographs and biographical materials for your review.

Respectfully submitted,

XU, Long Hua

EXHIBITIONS

1972-1989 (each year) Exhibited at Annual Shanghai State Fine Arts Exhibition and Competition. Awards in painting and sculpture.

1979-1980 Works exhibited and sold at Chinese National Arts and Crafts Exhibition hosted by the Japanese Government in Tokyo, Japan.

1980-1981 Works in painting and sculpture exhibited with Chinese National Arts Exhibition on a multinational tour of Europe.

1982 Part of a group exhibition at the National Arts Exhibit in Beijing, China.

1982 Woodcut exhibition purchased by the Lu Xun Museum in Shanghai, China, and on continuing display.

1987 All-Shanghai Universities Art Teachers' Exhibition (Awards for sculpture and painting).

1989 Displayed at The World Ex-Libris Exhibition in Shanghai, China.

1990 One man show at Herr Chambliss Fine Arts Gallery in Hot Springs, AR.

1991 One man show at the Art Academy in Camden, AR.

1991 Solo Exhibition at Garland County Community College in Hot Springs, AR.

1993 Solo Exhibition at Hot Springs Art Center in Hot Springs, AR.

MAJOR COMMISSIONS

1985 Large sculpture (Seeking Knowledge and Rousing Oneself), commissioned for Shanghai Jianqin Middle School. Fifteen feet high and made with concrete.

1985 Sculpture (Girls Catching Shark), commissioned for Bao Shan County. Nine feet high and made with glass fiber reinforced plastic.

1985 Large sculpture (Let Knowledge Have Its Wings), commissioned for Shanghai No. 9 Middle School. Nine feet high and made with glass fiber reinforced plastic.

1986 Large sculpture (Greeting), commissioned for Kangjian Park. Ten feet high and made with natural marble.

1987 Large sculpture (Angel), commissioned for Shanghai Zhabei Centre Hospital. Ten feet high and made with man-made marble.

1987 Large sculpture (Silent Song), commissioned for East China Institute of Chemistry and Technology. Ten feet by five feet and made with bronze.

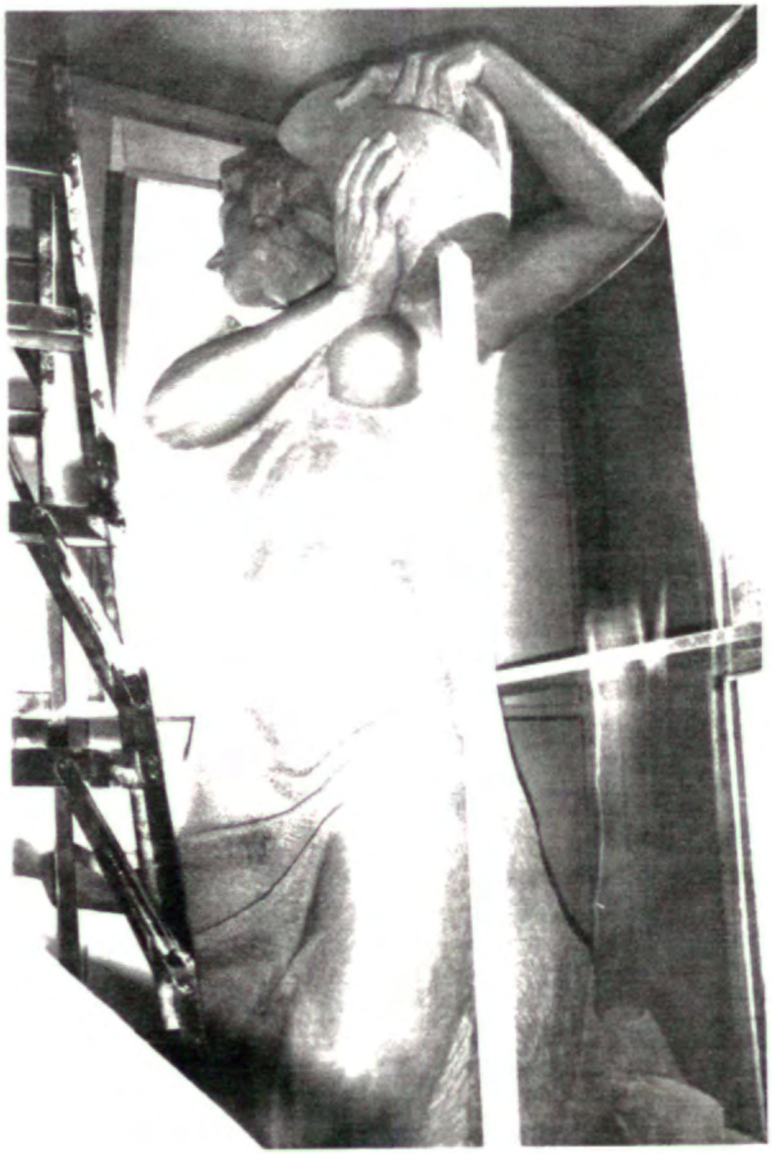
1988 Large sculpture (Atom Palace), commissioned for No. 8 Institute Attached to Nuclear Ministry. Ten feet by eight feet by eight feet and made with glass fiber reinforced plastic.

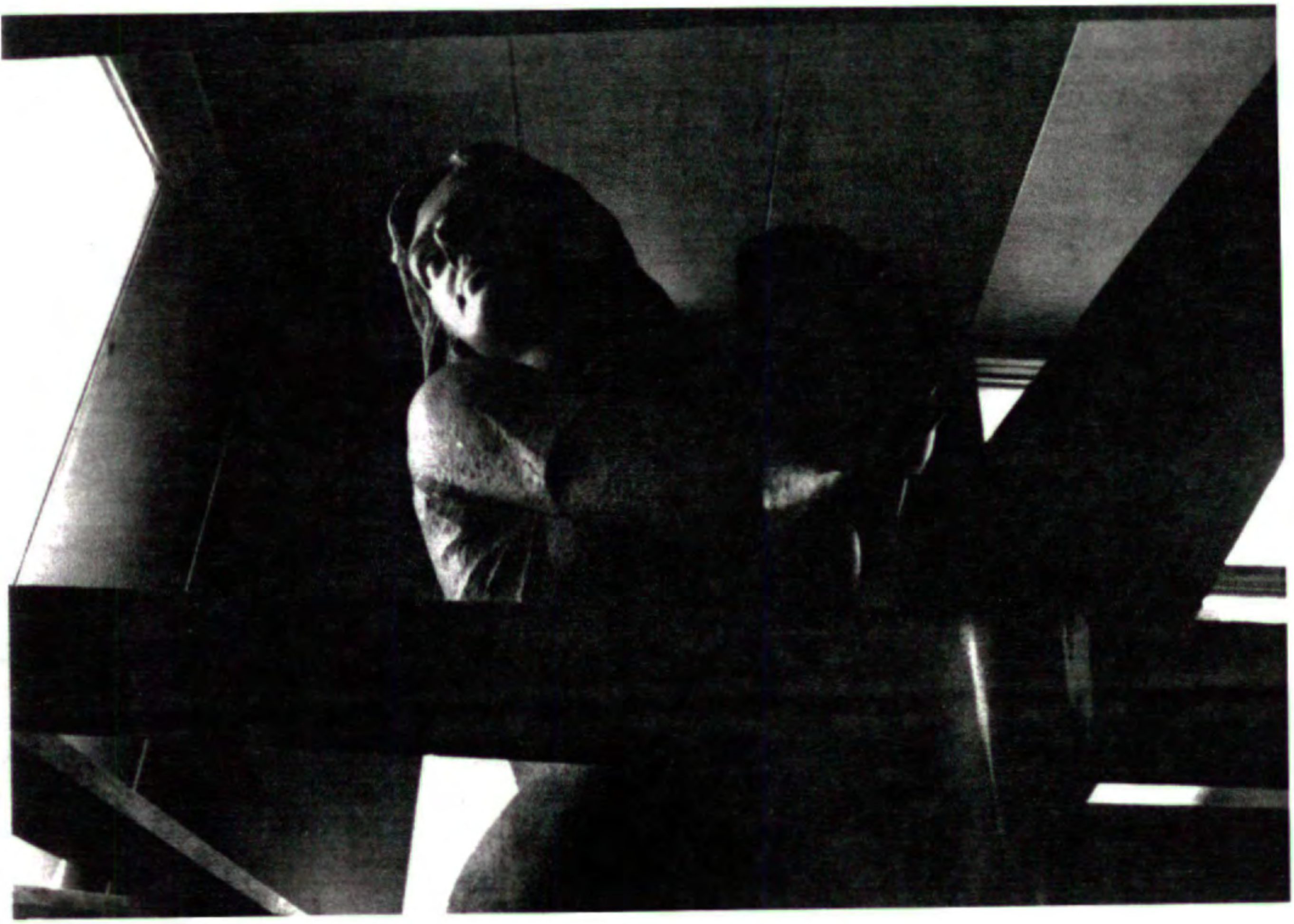
1988 Large sculpture (Dancing), commissioned for Bao Shan Complex Gymnasium. Eight feet high and made with natural marble.

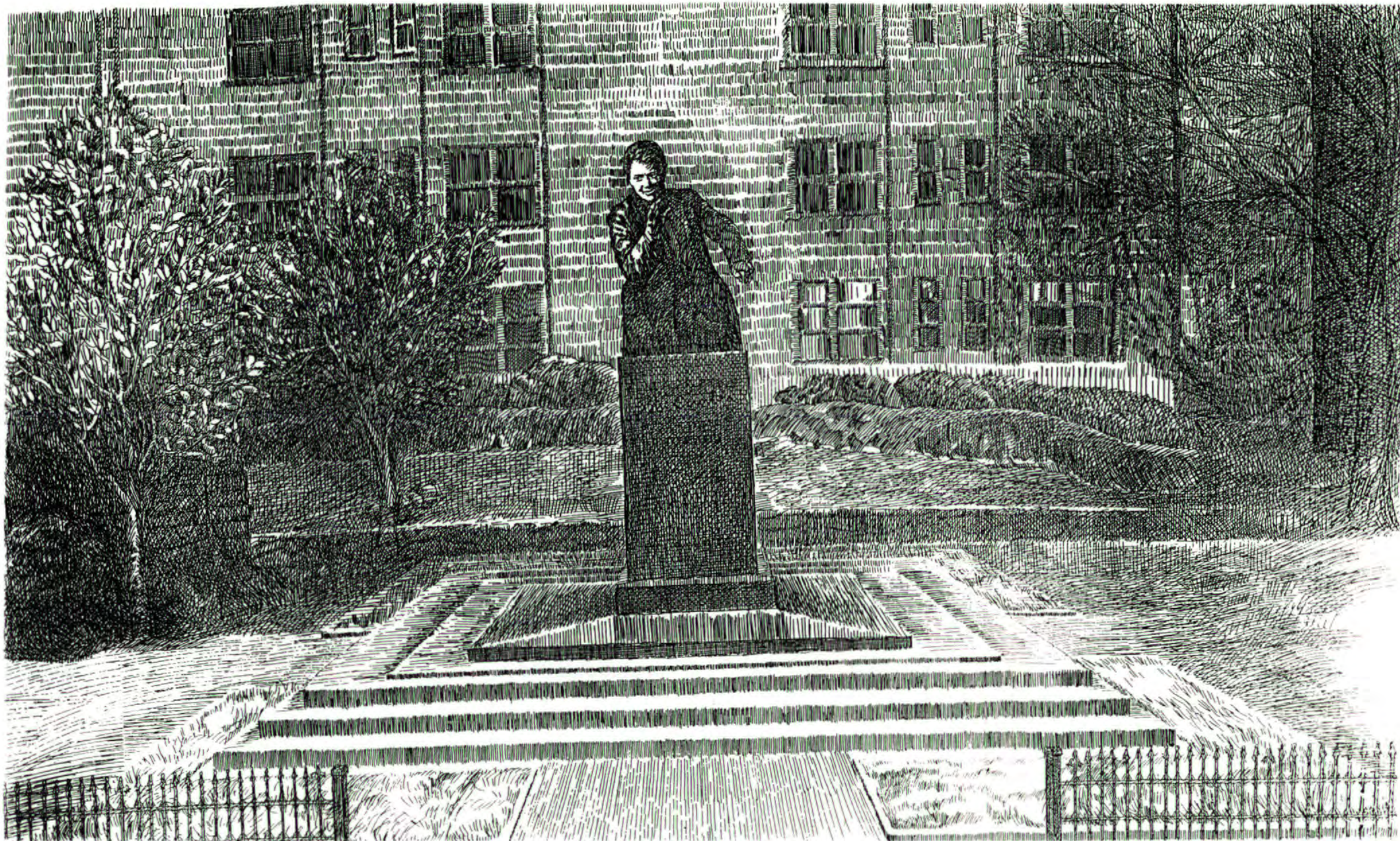
1989 Large sculpture (The Elephant Family), commissioned for Shanghai National Park. Ten feet by forty feet and made with casting stone.

1992 Large sculpture (Mother Nature), commissioned for Central Business Improvement District in Hot Springs, AR. Twelve feet by twenty feet and made with Arkansas Cultural Marble.

1993 Large sculpture (St. History), commissioned for St. Joseph's Hospital in Hot Springs, AR. Ten feet by fifteen feet and made with Arkansas Cultural Marble.







APPROXIMATE COST ESTIMATES

PRESIDENTIAL PLAZA SCULPTURE
APPROXIMATE COST ESTIMATES

1.	Bronze Sculpture - 10' X 6' X 6' (Sante Fe Foundry)	Molding............	$12,000
		Casting............	19,000
2.	Granite Stone Foundation - 10' X 6' X 4 surfaces......		10,500
3.	Transportation.....................................		2,000
4.	Statue Base - 20' X 20' Concrete Base & Area Steps.....		4,000
	10' Wide Sidewalk Level Entrance & Five (5) Steps......		6,000
5.	Artist's Commission................................		25,000
			$78,500

The appeals panel did not exp... decision. Lawyers for the defense had contended that playing the tape would violate Officer Briseno's constitutional right not to incriminate himself, since he had not testified in the main part of

... present a defense, except to introduce into evidence the boot he used to stomp Mr. King. They said the Government was trying to split the defense by forc-

THE PRESIDENT HAS SEEN 4/8/93

Chairman of Holocaust Council Is Replaced

WASHINGTON, April 5 (AP) — The White House said today that it had told the chairman of the council that built the United States Holocaust Memorial Museum to step down when the museum opens this month.

Harvey M. Meyerhoff, chairman of the United States Holocaust Memorial Council, has been told to leave the post May 1 because he is a Republican, appointed by President Ronald Reagan. Another Reagan appointee, William J. Lowenberg, has also been told to step down as vice chairman of the council.

Mr. Meyerhoff, a Baltimore builder whose family has given $6 million to the museum, was appointed in 1987 and replaced Elie Wiesel. The museum was financed through private donations, but was built on Federal land near the Mall. It opens to the public on April 26.

Representative Sidney Yates, Democrat of Illinois, criticized the timing of the announcement. "I don't think they should have announced it yet," said Mr. Yates, who is chairman of a House subcommittee that oversees museum appropriations. "This is a very important and delicate period when the council staff is working day and night to try to get the museum ready for the opening."

But a White House spokeswoman, Lorraine Voles, said, "The President has a right by statute to designate the chairman and the vice chairman of the council and that is all he is doing here."

Mr. Meyerhoff and Mr. Lowenberg will stay on as members of the council, Ms. Voles said.

...met Friday ... the videotape acceptable ... No agreement was reached, but Government said it would not play C... cer Briseno's opinions about the be... ing, focusing instead on his eyewitn... statements that Mr. King did not ap... pear combative and that Officer P... ell struck Mr. King in the head.

Accused of Lying

The Government will also try ... prove that Officer Briseno lied in th... Simi Valley trial when he said he wa... upset by the beating and drove to th... police station to report it. He testifie... that he had not reported the beatin... because he saw a computer messag... from Sergeant Koon that there ha... been a "big time use of force," an... assumed that his lieutenant had bee... notified.

Prosecutors plan to call several wi... nesses who they said will prove tha... Officer Briseno lied in the earlier tri... about the trip to the station in an effo... to cover up misconduct. "He misrep... sented under oath to that jury w... happened," Assistant United States ... torney Steven D. Clymer told Ju... Davies on Thursday. "He comple... fabricated his trip back to the statio... report to the watch commander."

BL - why did we do this now?

B.

THE PRESIDENT HAS SEEN 4/8

SECOND OPINION

ABIGAIL TRAFFORD

Two Cabinet Voices, One Echo: Violence Is a Public Health Issue

Watch out. Here come Health and Human Services Secretary Donna E. Shalala and Attorney General Janet Reno. The two have joined forces to pursue a common but elusive goal: Reduce the toll of violence and drugs in the streets and in the family.

They plan to do this by making the nation understand that violence is a public health issue. They even speak in echo of each other. In separate interviews, they said:

The growth of violence and substance abuse is a health problem as much as a criminal problem.

— Reno

People are beginning to change their thinking and look at violence as a health problem.

— Shalala

The attorney general made an unprecedented appearance last week at the first public meeting of the President's Task Force on National Health Care Reform. It wasn't exactly like Anwar Sadat going to Jerusalem, but it's been unusual in Washington for the nation's chief cop to show up at a medical meeting. What's more, Reno is not even a member of the health task force.

Her presence suggests a partnership developing between the departments of health and justice to deal with such issues as drug and alcohol addiction, family violence and murder. Reno threw down the gauntlet to doctors, nurses, hospital administrators and all those who seek to influence the shape of the country's new health system.

"What responsibility do we have for a 13-year-old who is acting out—doing things that forebode terrible problems for the future, who could be treated by proper emotional, psychological support at this point?" she asked. "A counselor for that 13-year-old, who works with him day by day, is as important perhaps to that child as the inoculations [he receives] at [age] 2 and 6 and 8."

With this attitude toward violence, the Clinton administration is refocusing the war against drugs and crime away from punishment and toward prevention. During the 1980s, the Reagan/Bush team relied largely on the criminal justice system to clean up the streets and attempt to stem the flow of illegal drugs in this country. Now, while no one is denying the role of police and prosecutors, the administration is challenging the medical profession to design effective anti-violence strategies as part of health-care reform.

Actually, the health care community has been ahead of official Washington in recognizing the medical connection with violent crime. The Centers for Disease Control and Prevention in Atlanta has long tracked deaths from homicide and considers violence a preventable public health problem. Last year, the Journal of the American Medical Association devoted an entire issue to violence and labeled bullets a "pathogen" like viruses and bacteria. More recently, in a broadcast editorial on April 2, JAMA editor George D. Lundberg called for federal "sin" taxes on the sale of firearms and ammunition to help pay for the medical costs of violence.

In the medical model of illness, violence is a disease of behavior. Wielding guns and knives leads to trauma just as smoking leads to lung cancer and alcoholism leads to cirrhosis of the liver.

The possibility of cooperative efforts between HHS and the Department of Justice would be welcome news to health workers who staff emergency rooms and substance abuse clinics that treat those felled by gunshot wounds or addicted to drugs. "We need to take a new tack," said Lundberg. "We have to get data from the public health community on what to fix and when to do the interventions."

HEALTH CARE REFORM

There's the rub. Unlike a vaccine that prevents polio, there is no penicillin for wife-beating, no coronary bypass surgery to block the need for crack, no MRI scanners to detect the abscesses of rage and despair.

But there are plenty of statistics showing that public health strategies, and what Reno calls "edu-care" early in children's lives, can help prevent some of the problems.

Undaunted, the Reno-Shalala duo appears ready to tackle this gray zone where medicine and law overlap. They both recognize that the place to start is with the health of the family and the environment in which children are raised. Reno learned first-hand about family stress when she became the legal guardian of 15-year-old twins after the death of their parents, who had been Reno's close friends. "I think raising children is the single most difficult thing to do," she said. As a prosecutor in Dade County, Fla., she worked with doctors at Jackson Memorial Hospital and saw the health costs of crack and AIDS in the neonatal intensive care units.

Shalala had equally raw experiences in her work with the Children's Defense Fund and the Committee for Economic Development that studied the health and education needs of impoverished children.

It may be that these two unmarried women will be the ones to galvanize their respective departments to improve the lot of children and parents. All in the name of health care reform.

Of course, no new money or grand programs have been announced by the departments of health and justice.

But the towering Reno (6 feet, 2 inches) and diminutive Shalala (5 feet) make an unlikely but effective partnership. They both appeared last week at a conference of the Financial Women's Association, and as the HHS secretary told the group: "Between Janet and me, we probably control most of the government.

"I should say, the guys don't know it yet."

Yet. ■

THE PRESIDENT HAS SEEN 4/8

Tony
you should keep
a copy of this
in your files

DEPARTMENT OF THE TREASURY
WASHINGTON

April 6, 1993

Proposed Elements of a Tokyo Multilateral Support Package

At the Vancouver Summit, President Clinton said that Russia and the West would take "mutually reinforcing steps" to support economic transformation in Russia. While the United States presented at Vancouver a bilateral package of assistance, and has urged its allies to take similar steps, the bulk of the Western response will come from coordinated multilateral efforts. In the Tokyo Ministerial meeting on April 14,15, we should build upon the momentum established in Vancouver to build support for a multilateral financial assistance package.

The proposed support for economic reform will be keyed to provide increasing support as the Russians implement additional reform/stabilization steps. The proposed multilateral program of support will contain three main elements.

1) support for economic stabilization;

2) support for structural reforms and enterprise restructuring; and

3) support for nuclear threat reduction.

The elements spelled out below total some $30 to 32 billion in financial assistance that could be delivered to Russia over the next twelve months, of which up to $9 billion represents support that would have minimal conditions for disbursement (and much of which could be arranged in a matter of weeks), provided that Russian stabilization and reform goes forward.

The proposed package includes several items, such as an IMF standby arrangement and currency stabilization fund and World Bank loans (totalling $10.5 billion), that were included in the financing package announced in April 1992 by President Bush. These funds could be reactivated this year, as part of the proposed package, if Russian reforms go forward. The non-utilization of western funds stemmed in part from the paralysis of the Russian reform effort and in part from the inattentiveness and poor administration on the side of the Russians. An option presented below is to create a G-7 western assistance council to help the Government of Russia improve the administration of assistance programs.

<u>Stabilization support</u>

Prestabilization support with minimal conditions:

1) **New IMF Market Transformation Facility** **$3 billion**

Russian Deputy Prime Minister Fedorov has asked that the West be prepared to support the stabilization program that his Government has adopted. To make possible a quick response to early stabilization steps, the IMF has proposed establishing a new Market Transformation Facility (MTF) to assist former Soviet and Eastern European countries facing severe balance of payments difficulties resulting from the transformation to a market economy.

While the rules for financing under the facility are still being discussed, it is envisioned that Russia could receive $3 billion in direct loans over six months, with a first tranche of $1 - 1.5 billion possible in mid-to-late May.

Russia would also benefit indirectly from the use of the MTF by other FSU states. Other states would be eligible to use the MTF once Russia moves oil export prices toward world market prices. The other FSU states could draw up to another $3 billion or so to pay Russia for the new, higher oil import bills.

U.S. budget cost: none

G-7 attitude:

There is consensus among the G-7 and IMF management in support of the idea, although the eligibility criteria, lending limits and repayment terms need to be worked out.

2) **IMF First Credit Tranche Loan** **$0.5 billion**

Russia is eligible for a loan of $500 million (arising from the increase in IMF quotas) that does not require lengthy negotiation of the details of an economic program. Their eligibility stems from the fact that the first credit tranche loan the Russians received last summer came before IMF quotas were raised.

U.S. budget cost: none

G-7 attitude:

There is some resistance within the G-7 as well as with IMF management. With strong U.S. encouragement, though, the IMF could act in a month or two.

Stabilization support with heavier conditions:

1) **IMF Standby Arrangement** **$4.1 billion**

The IMF approves loans to a member once there is agreement on a specific program of macroeconomic stabilization measures. The key remaining obstacle is the need for the government to establish discipline at the Central Bank over credit policy. If the Yeltsin government can do this, it would be possible to negotiate such a program with the IMF in a matter of a month or two; most of the other necessary policy changes are within reach.

A fast-track IMF negotiation could result in a standby loan of $4.1 billion over one year. These funds would be disbursed quarterly, with each quarterly tranche contingent upon Russia meeting specific quantitative performance targets.

U.S. budget cost: none

G-7 attitude:

The G-7 and the IMF management are now all agreed on the importance of accelerated negotiations for a standby arrangement focussed narrowly on the goal of economic stabilization. This negotiation would be much more streamlined than was the case last year.

2) **Currency Stabilization Fund (CSF)** **$6 billion**

Russia's very low level of hard currency reserves would make it very difficult to stabilize and fix the exchange rate for the ruble. Arrangements were put in place last year for a $6 billion currency stabilization fund (CSF) to augment Russia's foreign exchange reserves and help stabilize the value of the ruble. The CSF will be financed from the IMF's General Arrangements to Borrow (GAB), which is a $25 billion pool of resources in the IMF created by the G-10 nations for emergencies. Under the terms of the CSF, Russia can have access to the CSF only after an IMF standby loan has been in effect for a number of months.

U.S. budget cost: none

G-7 attitude:

There is G-7 consensus to activate the CSF once the Russians are in compliance with the terms of their standby loan.

Structural Reform and Enterprise Restructuring

Quick response with minimal conditions:

1) **World Bank Import Rehabilitation Loan** **$0.5 billion**

This $600 million loan approved by the World Bank last year remains largely undisbursed, due to Russian delays in response to legal concerns over the negative pledge clause waiver issue. These concerns have now been addressed and the balance of the loan, about $500 million, could be disbursed rapidly over the next few months.

U.S. budget cost: none

G-7 attitude:

There is support for this among the G-7 and the management of the World Bank.

2) **Export Credit Agencies (ECAs)** **$5 billion**

Russia has a tremendous continuing need for imports of capital goods to be used to retool and transform industries undergoing privatization and restructuring. The U.S. Export-Import Bank is near agreement on an oil and gas framework agreement under which credit guarantees of about $2 billion could be extended to support exports of capital equipment for the rehabilitation of Russia's energy sector. Ex-Im expects that authorizations could be about $1 billion per year. To reduce Ex-Im risk, these credits would be secured by escrow accounts established by Russia on its oil export proceeds. Moreover, Ex-Im is planning to make authorizations above a threshold level conditional upon policy reforms in the energy sector.

Russian Deputy Prime Minister Fedorov and Deputy Prime Minister Chubais (in charge of privatization) have asked for post-privatization assistance for medium and large enterprises. The ECAs should be a key vehicle for providing this assistance. To make this occur will require a deliberate coordinated effort by ECAs to engage in operations with newly privatized enterprises. There should be a G-7 commitment to provide $2 billion in credits and guarantees to newly privatized enterprises in 1993, with pledges from each G-7 partner.

Other G-7 countries should make pledges on behalf of their ECAs toward a goal of $5 billion in credits and credit guarantees for Russian imports of materials and capital goods to be provided over the next twelve months. The Ex-Im Framework agreement mentioned above would be a component of this total. If the G-7 pledges $5 billion, it is likely that an additional $5 billion or so would be forthcoming from the ECAs of non G-7 countries (i.e. smaller European countries, Korea, etc.).

U.S. budget cost: minimal

Under credit reform, some provision must be made by Ex-Im for the risks associated with its credit guarantees. With the escrow account mechanism, risk is substantially reduced. A determination of the precise budget scoring is still being made, and it is possible that for each $1 billion of guarantees under the framework agreement there could be scoring of $50 million or so (5 percent or so).

G-7 attitude:

Given Russia's need, G-7 governments should agree that their ECAs will coordinate their operations with one another and with World Bank efforts to promote sectoral reform. This need is particularly acute in the area of post-privatization assistance to enterprises. There is considerable resistance among G-7 governments to coordination and pledging. The ECAs role in promoting national exports has led them to be very competitive with each other. Convincing them to cooperate will require strong intervention from the highest political level.

3) **EBRD Russian Small Enterprise Fund** **$0.5 billion**

Deputy Prime Minister Fedorov has asked for western support for small business development. There is a critical lack of commercial financing to support entrepreneurs in Russia, both in starting up new companies and in transforming newly-privatized enterprises. This is due to the inability of the commercial banking system to respond to the needs of small, private companies. Given the EBRD's mandate to support private sector development, it should establish, from its own resources, a $500 million fund to provide lending and equity investment to these enterprises.

The Fund would be modeled on the highly successful Polish-American Enterprise Fund and other such funds in Eastern Europe. It would be quasi-private in nature and would have board members from the EBRD, donor governments and the private sector. It would operate in Russia and would operate relatively independently of the EBRD Executive Board. The disbursement of funds under this facility would not be conditioned on policy reform, but will not be quickly available due to the need to create the fund organization.

U.S. budget cost: $40 to 60 million

It is possible that the G-7 would have to make contributions to the EBRD to defray part of the loss provisions that would be required to implement this lending program.

G-7 attitude:

There is general support among the G-7 and in the EBRD, though Mr. Attali has advocated G-7 grants, rather than EBRD financing of the fund.

4) **Post-privatization technical assistance** **$300 million**

Deputy Prime Minister Chubais has asked for technical assistance support for newly privatized enterprises. The need is for western experts, in the fields of law, finance, accounting, management, and marketing, to help privatized enterprises cope with the difficulties of restructuring.

A grant fund could be established, administered in Moscow, to provide this kind of assistance. The rules of the fund would require newly privatized enterprises to pay for a fixed portion of the technical assistance costs out of their own funds (perhaps 10 or 20 percent). There would be a maximum eligibility per firm. The funding would bring western experts into the firms for short periods to give advice. An important consequence for the G-7 partners would be that western experts would put enterprise management in touch with western trade and investment partners, and in this way the program would help build important links between Russia and the West.

U.S. budget cost: $60 million

The U.S. share would require a grant of about $60 million.

G-7 attitude:

This option has not been discussed with the G-7 partners. Each would be asked to contribute with grant funds, and would be expected to cooperate in the administration of the program.

Heavier conditions:

1) **World Bank Sectoral Loans** **$4 billion**

These loans for specific sectors, including energy, agriculture, enterprise reform and transport, would provide the core of Western support for structural change in Russia.

The current World Bank pipeline is $2 billion. The World Bank involvement should be expanded, both to help support a broader range of structural reforms and because Russia needs the longer loan maturities of World Bank loans (IMF loans have shorter maturities).

The World Bank pipeline should be expanded by $1 billion to include initiatives in the areas of environmental conservation, technical assistance, and social safety net support. In addition, an additional $1 billion should be sought through co-financing arrangements with G-7 partners. The Japanese Export Import Bank has been active in World Bank cofinancing arrangements.

The World Bank should begin work on a Structural Adjustment Loan (SAL) for $2 billion. SALs are linked to more general economy-wide structural reforms than are the sectoral loans, and are thus more flexible.

U.S. budget cost: none

G-7 attitude:

The World Bank management is reluctant to proceed with a SAL or with increasing the sectoral loan pipeline, on the argument that the Russians have demonstrated an inability to absorb large amounts of balance of payments financing. The G-7 is interested in increasing World Bank involvement but divided on what loan operations should be undertaken. The G-7 partners must be approached about their willingness to engage in cofinancing arrangements.

<u>Concerted G-7 package of grants and loans</u>

1) **Concerted G-7 Package** **$3 to $5 billion**

The multilateral support package would be strengthened by a concerted G-7 package of grants and concessional loans financed by budgetary contributions from the G-7 countries. The purpose of the finance would be to support stabilization, by offering direct budget support, and structural reform, by offering loans for industrial conversion. Given that most of the multilateral finance is at commercial terms and fairly short maturities, grants and concessional loans are needed to avoid exacerbating Russia's debt situation.

What is proposed is a $3 to $5 billion package of grants and loans from the G-7 partners. The U.S. contribution would be $1 to $1.5 billion. There are two key options to consider, and some combination of the two might be appropriate.

Social safety net grant fund. Russia's social safety net spending will need to rise by 3 to 5 percent of GDP in the coming year or so which, in the midst of a stabilization program, represents a significant, new fiscal burden. The G-7 could establish a grant fund that would provide direct support for social safety net spending. This could be designed in a way that links our support to progress in the restructuring of Russia's large enterprises and that relieves the fiscal burden of structural reform.

The fund would disburse to the Government of Russia in two phases. An initial modest disbursement would be made free of conditions. Later disbursements would be made in tandem with the rising burden of enterprise restructuring. As large enterprises are privatized and restructured, they will cease to provide social services in their communities, including from education, housing, health services, etc., and workers will be laid off and will lose access to some of these services. Disbursements from the fund could be take place as **verifiable** enterprise reform progresses in a pre-identified set of large state enterprises. The Government of Russia could then devote these funds to health, education, social service provision, severance payments, retraining expenses, or unemployment compensation payments. This grant would support stabilization by reducing the need for inflationary finance of the social expenditures.

Industrial conversion fund. The Government of Russia has asked for support for the restructuring of large enterprises and for post-privatization assistance. A fund could be created to lend money to support industrial conversion. The G-7 would create a fund based in Moscow, with a financial and management structure similar to the Polish-American Enterprise Fund. The fund would be managed by G-7 nationals and Russians selected by these Governments.

Loans would be made on commercial terms for the conversion and restructuring of companies. Preferences would be established for the support of newly-privatized enterprises. The portfolio of the fund could be broken into components (i.e. defense conversion, agroprocessing, space and technology, etc.) and G-7 countries could express some preferences about the direction of their contributions to the various components.

The fund would not only support restructuring efforts, but would support stabilization as well. Enterprises would get resources from the fund for restructuring, rather than obtain ruble credits from the central bank.

U.S. budget cost: $1 to 1.5 billion

G-7 attitude

Strong U.S. leadership will be required to get G-7 commitment to a concerted package at the April 14,15 Ministerial meeting. The aim should be to get a public commitment from the G-7 partners to ask their parliaments for specific amounts to be included in the concerted package.

There will be strong reservations among some G-7 partners to a concerted package that calls for grants or loans requiring parliamentary appropriation. In particular, Germany has expressed its reservations, arguing that it has already shouldered most of the burden of helping Russia and that its taxpayers will resist a call for new funds.

<u>Support for nuclear sector</u>

1) **Multilateral nuclear threat reduction grant**

The G-7 states and the European Community should announce prepare a program for multilateral grant assistance to Russia, Ukraine, Belarus, and Kazakhstan to help them deal with the deadly nuclear legacy of the former Soviet Union. The donors would pledge to provide three billion dollars to denuclearization in 1993 and 1994.

The agenda for the multilateral program would include:

-- assistance with the most rapid possible implementation of START I and START II to eliminate more than two thirds of the former Soviet arsenal.

-- assistance in dismantling weapons and storing fissile materials securely;

-- assistance with numerous environmental cleanup activities, including the international effort to enhance nuclear reactor safety, safely destroying ballistic missile fuel, and improving marine nuclear safety; and

-- assistance in creating a working military and defense partnership within which these cooperative activities can thrive, including demobilizing or relocating troops and converting nuclear enterprises and scientists to more productive non-weapons related work.

U.S. budget cost: none

No new money would be needed from the United States beyond sums already included in the Administration's budget plans. As its share in the international effort, the United States would offer to allocate $1.2 billion, or 40% of the funds. Eight hundred million dollars has been appropriated through FY 93; the Administration has requested appropriation of an additional $400 million for this purpose in FY 94.

G-7 attitude:

The United States will have to move quickly to seek commitments from the G-7 partners to provide grants of $1.8 billion. Taking past aid efforts to the former Soviet Union into account, we believe the U.S. should seek about $1 billion from West European states and the EC, and about $800 million from Japan, although we might ask for more at the outset to arrive at the figures we want.

2) **Nuclear reactor safety**

Dangers posed by more than 50 nuclear reactors in Russia and the other CIS states remain of major concern. At the July 1992 Munich Summit, leaders agreed on a five part plan to improve operational safety, reduce risks and provide regulatiory assistance to reactors in the CIS. A G-24 was asked to coordinate bilateral assistance. Subsequently, the EBRD was authorized to establish a multilateral fund for nuclear reactor safety to fill the gaps in bilateal programs. (The U.S. has commmitted to a modest contribution to this fund).

If as part of our enhanced program of assistance for Russia, the U.S. decides to increase bilateral or multilateral funds for reactor safety, we will want to discuss similar commitments from our G-7 colleagues.

<u>**Debt Rescheduling**</u>

1) **The Paris Club Agreement.**

The Paris Club agreement reached last week recognizes the very difficult financial circumstances facing Russia and calls for modest debt service payments this year. Formally, the rescheduling postpones $15 billion in debt service obligations. Roughly half of the rescheduled debt will be repaid over 10 years with 5 years grace, with the other half repaid over 7 years with 2 years grace. In total, Russia will pay $3.5 billion to all creditor groups, with $1.9 billion going to official creditors.

U.S. budget cost: none

G-7 attitude:

Russia will now have to reschedule debt service obligations with other creditor groups, most importantly the commercial banks. The G-7 partners will need to encourage Russia and its commercial bank creditors to conclude a deal on terms comparable to the Paris Club agreement.

Administration of Foreign Assistance

1) **G-7 Support Monitoring Group.** The G-7 should create and fund a Support Monitoring Group with an office in Moscow. The purposes of this council would be (i.) to discuss with the Russian Government how to overcome bottlenecks impeding aid flows, (ii.) to coordinate among the different bilateral and multilateral sources of assistance to avoid repetition and redundancy, and (iii.) to make recommendations for adjustments to the assistance strategy and subsequent stages of western support.

The Group would consist of a small group of distinguished experts to oversee the effort and guide the work of the council. It would report to the G-7 on the progress of the aid effort and offer suggestions for improved implementation. The Group would be staffed in Moscow by a small group of technical advisors to coordinate the on-the-ground local "trouble-shooting" related to provision of G-7 assistance.

The staff would interact with the new group established by Deputy Prime Minister Shokhin in the Russian Council of Ministers to coordinate western assistance. Donor countries and international financial institutions encountering difficulties in implementing their loans and programs could seek assistance from the staff of the Group.

Multilateral Support Package for Russian Economic Reform[1]

	Multilateral Funds	U.S. Budget Cost
	(In billions	of U.S. dollars)
Stabilization Support		
Prestabilization support		
New IMF Market Transformation Facility	3.0	none
IMF First Credit Tranche Loan	0.5	none
Stabilization support		
IMF Standby Arrangement	4.1	none
Currency Stabilization Fund	6.0	none
SUBTOTAL	**13.6**	**none**
Structural reform support		
Minimal conditions		
World Bank Import Rehabilitation Loan	0.5	none
Export Credit Agency (ECA) Coordination	5.0	none
EBRD Russian Small Enterprise Fund	0.5	40 to 60 mil.
Post privatization technical asst.	0.3	60 million
Heavier conditions		
World Bank Sectoral Loans	4.0	none
SUBTOTAL	**10.3**	**100 to 120 mil.**
Concerted G-7 grant and loans		
Concerted Package	3.0 to 5.0	1.0 to 1.6
Nuclear sector support		
G-7 threat reduction package	3.0	none
TOTAL	**30 to 32**	**1.1 to 1.7**

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[1] The $15 billion debt rescheduling is not itemized.

Bilateral Package Two: Grants and Credits
Proposals for FY 93 and 94
18 month/Russia only*

		FY 93+94 (millions)
Grant programs		
Energy and environment (incl #nuclear safety, SPR**, energy and env't CIPs)		210-1085
#Mil officer housing and tng		35-300
#Private sector development (incl enterprise funds, agribusiness, health care investment and privatization)		180-325
Medicines		15-75
Exchanges (incl HS, college and young entrepreneurs)		25-565***
Other programs****		0-245
Subtotal grants		465-2595
Credit programs		
Food sales - for FY 94 (Program level	0-1500)	0-900
Eximbank - appropriation (Program level	0-1500)	0-300
OPIC - appropriation (Program level	0-600)	0-30
Subtotal credits		0-1230
Total grants and credits		**465-3825**

***Multiply by 1.5 to 2 to account for projected assistance to other NIS**
**Oil well repair funded via SPR purchases, $406 million, does not require additional appropriations
***High end of range fully funds Senator Bradley's exchange program
****Includes trade and investment and agriculture
Potential multilateral program

Energy and Environment

Building on the FY 93 programs, additional funds could be provided balanced across four key areas of energy sector assistance strategy: 1) energy production and efficiency improvement; 2) nuclear reactor safety; 3) environmental cooperation; and 4) trade and investment promotion.

Energy production and efficiency improvement programs would include oil well restoration through advance purchases of oil for the Strategic Petroleum Reserve ($406 million off budget), a commodity import program ($75-300 million), a heating efficiency program ($20-50 million), funds to catalyze multilateral bank lending and long-term in-country technical assistance in the oil and gas sectors ($10-35 million).

Nuclear reactor safety programs could include an expanded bilateral program of near-term risk reduction, enhanced regulatory regimes and training/simulation assistance ($85-360 million) and increased contribution to the G-7 multilateral safety fund ($15 million).

Expanded environmental cooperation could include additional funding targeted on reductions in Russia's production and use of CFCs and halons ($5 million), assistance to the Lake Baikal Commission ($1 million), cooperation among Russian and U.S. NGOs ($5-35 million), an environmental commodity import program ($50-200 million).

Military Officer Housing and Training

In addition to the core program, competitive contracts could be let with some combination of private U.S. companies, U.S. PVOs and U.S./Russian joint ventures to build 4000 houses in a 12-14 month timeframe and an additional 6000 the following year. Assuming a cost of $25,000 per house, total funding would be $300 million--$120 million in FY 93 and $180 million in FY 94.

Two smaller options could be devised that would build fewer houses and/or would use primarily Russian labor and materials. Both smaller options would build 2000 houses in about a year beginning in 1993. If U.S. firms are asked to bid, the cost is $60 million; if Russian labor and materials are used, the cost is $35 million.

Private Sector Development

Additional funds could be used to promote the development of the Russian private sector. At the low end of the range, funds would go for out-year funding for the Russian-American Enterprise Fund ($80 million in FY 94), out-year funding for the privatization initiative ($85 million in FY 94) and bankers training program ($15 million additional in FY 94). At the high end of the range, funds would to an enterprise fund for the Russian Far East ($35 million in FY 94), Russian-American agribusiness partnerships ($50 million in FY 94) and a health care investment program ($20 million in FY 93, $40 million in FY 94).

Medicines

The United States could initiate two child immunization programs costing about $15 million each. One would focus on children in the Russian Far East, the second on children of Russian military. Local Russian medical authorities in the Far East and in the Russian military would establish immunization requirements and priorities. These programs would include related cold chain equipment, needles, syringes, vitamin supplements and technical assistance. One or both programs could be implemented.

The U.S. Government could also procure essential medicines for 9 Russian hospitals now participating in the U.S.-Russian Hospital Partnership program. The cost would be about $2 million per hospital. The medicines would be purchased according to priorities established jointly by each hospital partnership.

Finally, to help meet current needs, the United States could provide $25 million worth of life saving drugs to the Russian Government. This initiative will provide $15 million worth of insulin and $10 million worth of Hepatitis B vaccines to immunize against two of the worst life threatening diseases facing the Russian population. This will complement the World Bank's $15 million planned purchase of insulin for Russia. These vaccines will be purchased from Eli Lilly and Company and Merck Inc., the two sole producers of these drugs in the United States. For their part, these companies will donate the required syringes and cover the costs of transporting the vaccines to Russia.

Exchanges and Training

At a minimum, the Vancouver package of exchanges and training would require an additional $25 million for Russia in FY 94. The full Bradley plan for exchanges would require much greater levels of resources; the Senator's full plan would cost about $565 million over two years. The Bradley plan includes 30,000 secondary school student exchanges (both year-long and summer programs) for about $180 million; 10,000 Russian college student exchanges for about $250 million; a teacher training program for $30 million; 10,000 young Russian entrepreneurs cooperatively supported by the USG and U.S. corporations for about $5 million (revised Billington proposal); and an expanded training program for 10,000 young professional leaders in public and private sectors for about $100 million.

Other Programs

Other programs in the areas of trade and investment and agriculture could be funded.

To establish a partnership with U.S. and Russian industry, the Commerce Department would expand funding for its Market Development Cooperator program to stimulate business-to-business relationships; undertake several trade improvement programs to help stimulate Russian exports; and undertake a business matchmaking program to reduce the cost of initial market and business exploration ($30 million in FY 93, $150 million in FY 94).

In the agriculture field, a rural credit initiative would help capitalize new and existing Russian rural banks and provide related training and technical assistance. Funding for Cochran Fellowships could be expanded from 80 to 130 fellows. The USG could also help the Russian government establish an agricultural extension service ($20 million in FY 93, $45 million in FY 94).

Food sales

The Department of Agriculture has assumed a food sales program for Russia of $1.5 billion in FY 94. Assuming similar loan terms to those used for the $700 million food sales package announced at Vancouver, the subsidy required to cover this program level would be $900 million (not including shipping costs, which could cost one-third of the value of the food shipped).

Eximbank

The FY 94 budget request includes $757 million in program subsidy for Eximbank, supporting approximately $16.5 billion in Eximbank credits. Eximbank estimates that the subsidy rate for credits supplied under the pending oil and gas framework agreement with Russia would be 15-20 percent, and believes that in order to preserve enough subsidy for exports to other countries, it would require an additional $300 million in subsidy to support $1.5 billion in export credits for Russia in FY 94.

OPIC

OPIC believes that it could supply an additional $600 million in investment guarantees to Russia in FY 94. This would almost triple OPIC's current guarantee program and would concentrate their overall exposure in Russia. OPIC believes it would require $30 million in additional subsidy in FY 94 to support these additional guarantees.

Summary Sheet
Multilateral and Bilateral Support Packages
(millions)

Multilateral support

	Multilateral funding	U.S. budget cost
Stabilization support	13,600	none
Structural reform support	10,300	100-120
Concerted package	3,000 to 5,000	1,000 to 1,600
Subtotal	**26,900 to 28,900**	**1,100 to 1720**

Bilateral support

Grant programs	465 to 2,595
Credit programs	0-1,230
Subtotal	**465-3,825**

Total package	**1,565-5,545**

NOTE: To account for projected assistance to other NIS, multiply by 1.5 to 2.