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April 1-10, 1993 [2]

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

P1 National Security Classified Information [(a)(1) of the PRA]
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Chron

THE WHITE HOUSE
WASHINGTON

4/8

DATE: ~~3/8~~

[redacted]

NOTE FOR: MAck

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

Information ☐

Action ☑

[redacted]

Thank you.

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

[redacted]

cc:

THE PRESIDENT HAS SEEN 4/8

9306249

THE SECRETARY OF STATE

WASHINGTON

March 30, 1993

UNCLASSIFIED

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Warren Christopher WC.

SUBJECT: Realizing Security Cost Savings

Although it is not wise to discuss security operations in public, I want you to know of some of the measures we are taking toward achieving cost savings and greater efficiencies in the use of security resources. In January I asked for a detailed review of my personal protection. We have been able to reduce the number of agents on my protective detail and have made procedural changes to reduce security costs associated with my overseas travel.

Domestically we are eliminating six Special Agent positions from my detail. In addition, a realignment of the security in my 7th floor office suite has resulted in the elimination of the uniformed contract guard position posted outside my office, at an annual savings of over $85,000.

Savings have also been attained on my overseas travel. By cutting back the time that the staff and security advance teams are in-country and by utilizing security officers assigned to our embassies overseas, we have been able to reduce significantly the standard overseas detail travelling "package," thereby saving a substantial amount in airfare and per diem on each trip segment. Since implementing these changes, a savings of over $113,000 was realized on my most recent Middle East trip, as compared to expenses incurred on a similar trip by Secretary Baker last year.

UNCLASSIFIED

To the extent practicable, we have also phased back the staffing requirements for protective details for foreign dignitaries and resident foreign officials. Such reductions have produced an estimated savings of 40% as compared to previous protective detail staffing. For example, during the first three Middle East Peace Bilateral sessions, operational security costs averaged $182,437 per session. The average cost per session has now been reduced to $35,186, a savings of $151,251 per session.

The Bureau of Diplomatic Security has taken the initiative to reduce other security-related costs by declining requests for protective details in situations where the threat is minimal and reciprocity is not a factor. Additionally, the level of protection afforded resident foreign officials has been reduced 75% over the last few years. We are looking at ways to reduce the protection currently provided to the Saudi Ambassador in Washington, the Russian Consulate in San Francisco and the Turkish Missions in D.C. and Los Angeles. These special programs currently cost over $1.5 million. We intend to scale these programs down except where there is a specific, credible threat or overriding reciprocity issues.

65 / cc Rahm / Tony - [illegible]

THE PRESIDENT HAS SEEN

Fundamentalism: Last Spasm of the 20th Century?

By PETER STEINFELS

News Analysis

Scholars used to dismiss fundamentalism as a fossilized form of old-time religion, destined to dissolve in the acids of science and skepticism.

But from the Iranian revolution and the rise of the religious right in the United States to the militancy of Jewish settlers on the West Bank and the riots that followed a Hindu-led destruction of a mosque in India, events of the past two decades make it clear that religious fundamentalism has done anything but dissolve. As one scholar recently put it, fundamentalism is "dynamic, adaptive and modern," perhaps the last great ideological upsurge of the 20th century.

What were once viewed as unrelated religious movements — indeed, often condemning one another's doctrines — are increasingly recognized as sharing a set of fundamentalist "family resemblances" that cut across religious traditions. Scholars and policy makers hope that by comparing fundamentalist movements, a new field of study will afford insights into the dynamics that spark militant religious revivals, drive them into politics, fuel their growth or brake their influence.

Threats and Outsiders

No one expects these studies to yield neat "laws" of fundamentalism, and scholars insist that the specific traits of movements as different as Pentecostal Christians in Central America and Muslim guerrillas in Afghanistan should not get lost in a stretch for common denominators.

But when 35 political scientists, sociologists of religion and specialists in Asia, the Middle East and Latin America gathered in Chicago in March for the final session of a five-year examination of fundamentalism, most agreed that there were common threads. Unlike traditional believers, the scholars said, fundamentalists are consciously counterattacking against the threats of secularism and modernity, threats often identified with outsiders.

> A family of disparate beliefs with common passions.

Most fundamentalists do not reject modernity in principle. Often they embrace the most up-to-date techniques of communications and organization to spread their message. But they may well seize on minor elements of a religious tradition, like a specific way of dressing, to symbolically distinguish the faithful from the uncommitted.

These conclusions emerged from the Fundamentalism Project, a broad effort sponsored by the American Academy of Arts and Sciences that enlisted more than 200 scholars since 1988 to examine fundamentalist movements in seven major religions and across five continents.

Other "family resemblances" outlined by the group, which met at the University of Chicago Divinity School, included moral dualism — a view of the world as sharply divided between embattled camps of good and evil — in which fundamentalists see themselves as a divinely called group, set apart from others, bound to a strict code of behavior and frequently subject to a charismatic leader.

The scholars said the "Abrahamic" forms of fundamentalism — Jewish, Christian and Muslim — constantly affirm the absolute truth of a sacred text or authoritative tradition. These fundamentalisms also emphasize messianic or millennial beliefs in a miraculous culmination of history, with good reigning triumphantly.

Similarly, some Hindu and Buddhist movements are beginning to create a "synthetic fundamentalism" by highlighting crucial texts or looking toward a coming triumph.

Yet, even after five years of the Fundamentalism Project, not all the scholars were comfortable with stretching a single label from American Protestant adherents of a strictly literal reading of the Bible to politically resurgent Muslim groups in North Africa, Sinhalese Buddhist fighters in Sri Lanka and Hindu nationalists in India.

Some warned that the popular equation of fundamentalism with fanaticism was leading governments to develop an ideology of "anti-fundamentalism," justifying human-rights abuses against religious opponents.

Divided Over Strategy

The group also divided over whether fundamentalist movements aggressively seeking power could be nudged toward moderation by outsiders.

Martin Kramer of Tel Aviv University questioned whether moderate fundamentalists could be disentangled from extremists. "If there is anything we have learned, it is how unpredictable these movements are and how little we know," he said.

Doug Johnston of the Center for Strategic and International Studies in Washington replied: "I don't accept that fundamentalism is monolithic. There are certain entities you can play to more than others."

The scholars agreed that while fundamentalist movements in many nations have mobilized frustration by denouncing greed and corruption, these movements have proposed only vague remedies of their own and have varied greatly in their support or suspicion of market economics.

"All major religions are capable of supporting both pro-market and anti-market ideologies," said Timur Kuran, an economist at the University of Southern California who gave a skeptical overview of such fundamentalist economic doctrines as "interest-free" Islamic banking, the "Buddhist socialism" of Myanmar, formerly Burma, or the anti-government stance of fundamentalist leaders in the United States.

Puzzle, Problem or Peril

Prof. Samuel Heilman of the City University of New York said the encounters of scholars from around the world, and often from religious backgrounds that have been antagonistic, was itself "a human drama we haven't written about."

But the project did not succeed in integrating fundamentalist representatives themselves in its work, he said.

For most participants in the Chicago meeting, fundamentalism remained at least a puzzle to be explained, if not a problem to be solved or a danger to be parried. For some, however, the years of study may have produced an increasingly critical attitude toward modern secular assumptions.

Nancy T. Ammerman, a sociologist at Emory University who has written several books about American fundamentalists, said she had a greater appreciation of fundamentalists' power "in critiquing the culture, in imagining a world that is different," and in "contesting the powers of those who claim the right to tell the culture's story."

Chicago Clerk Pleads Guilty

CHICAGO, April 5 (AP) — City Clerk Walter Kozubowski pleaded guilty today to Federal charges in a scheme in which he put people on the city payroll if they contributed to his political campaign fund. Mr. Kozubowski, a Democrat who has been Clerk for 13 years, entered his plea in Federal District Court to charges of mail fraud, making a false loan application and filing a false income tax return. He was accused of paying about $480,000 to employees who drew full city salaries but did little or no work.

THE PRESIDENT HAS SEEN 4/8

Tony
I like this

South Korea's Kim Focuses on Economy, Looks to U.S. Leadership on North Korea

By KAREN ELLIOTT HOUSE
And URBAN C. LEHNER
Staff Reporters of THE WALL STREET JOURNAL

SEOUL, South Korea—After a month in office, South Korea's President Kim Young Sam insists he is making progress in restoring his people's confidence and his nation's economic competitiveness.

Indeed, he is so focused on revitalizing South Korea's economy — which grew last year at a 4.7% pace, the lowest in a decade—that strong evidence North Korea is building a nuclear bomb seems to take second place on his agenda.

"I'm really worried about North Korea," he said, but implied that he was confident diplomatic efforts by the U.S., Japan and China can persuade North Korea to reverse its decision to withdraw from the Nuclear Non-Proliferation Treaty.

Kim Young Sam

Whether discussing domestic or foreign policy during an interview, Mr. Kim sought to underscore the theme of change. He is only South Korea's second democratically elected president and its first civilian president.

Sounding much like President Clinton, Mr. Kim is calling for sacrifice by Koreans at all levels to revitalize the economy and restore social discipline. By disclosing his own wealth and insisting that his cabinet do likewise, Mr. Kim hopes to convince Koreans that government leaders aren't benefiting while asking the people to sacrifice. The president's immediate aim is to convince Korea's increasingly assertive workers to accept a wage freeze.

"The most important thing is that the leadership and the government should set an example," Mr. Kim said. "I have called for burden sharing for the nation: We must revitalize our economy." In his campaign he promised to cure the "Korean disease," a combination of excessive wage demands, a waning work ethic and insufficient savings and investment, which he said is pricing Korean exports out of world markets.

Already, Mr. Kim sees signs — including his own 70%-plus support rating in public-opinion polls — that he is changing Korean attitudes toward work and its rewards. "The Korean people have begun to have a mentality which can be characterized as full of confidence," he said. "They have begun to believe that those who sow the seeds will reap the harvest."

Mr. Kim, who has said he dreamed of being president in junior high school, clearly relishes the job after 36 years as a dissident politician, several times stripped of his political rights and imprisoned.

The 65-year-old president is trim and fit. He rises daily at 5:15 a.m. to jog two and a half miles. Mr. Kim said he wants to jog with Mr. Clinton, whom he hopes will visit Korea in July when the U.S. president attends the G-7 economic summit in Tokyo.

But Mr. Kim's agenda for a Clinton visit includes much more than a jog. Mr. Clinton's presence in Korea, where 35,000 U.S. troops are stationed, would be a "very clear gesture of unity" against North Korea's "nuclear ambitions," Mr. Kim said.

Mr. Kim expressed confidence that Korean-American trade relations, strained in recent years, will improve under Mr. Clinton.

"Because our two countries are close and developed mutual understanding for many years, Korea is one of the countries that can best understand the U.S. and cooperate with the U.S. government," he said. Indeed, he called Korea "America's closest ally in this region."

In a sharp break with past policy, Mr. Kim also pledged to improve his nation's relations with Japan, a nation most Koreans recall bitterly as a ruthless occupier. "I have pledged our relations with the U.S. and Japan are the most important pillars of Korean diplomacy," he said.

THE WALL STREET JOURNAL TUESDAY, APRIL 6, 1993

THE PRESIDENT HAS SEEN 4/8

REVIEW & OUTLOOK

The Same Old Song

On the campaign trail Bill Clinton rhapsodized about entrepreneurs and the sunrise sectors that made the economy hum in the 1980s. But since moving his venue to the White House, Mr. Clinton's policy is more in tune with Big Labor's dream of somehow restoring a bygone industrial age.

From his Harvard perch, Robert Reich once hectored his students about how global markets meant workers and industry needed to become more "flexible." The new Labor Secretary, however, is pretty flexible himself and is now busily ordering the global spin into reverse. During confirmation, he declared that organized labor's shrinkage wasn't "healthy" on the theory that evil Reagan machinations, not economic and technological change, were responsible.

To beef up labor's recruiting and politicking, Mr. Reich has issued orders to discourage union members from asking how their dues are spent and to relieve union bosses from having to report in detail where the money goes. He also backs a COLA-ized minimum wage and has restored union pay scales for $50 billion in federal construction projects. Both of these work to undermine nonunion job seekers, who in fact are often minorities.

Mr. Reich recently unveiled a new 10-member commission, which is supposed to redraft the antique New Deal labor laws. He explained that the panel would have "carte blanche" but was expected to use it to "level the playing field," meaning tip it toward organized labor.

Though the ostensible subject is the "future of worker-management relations," not a single member represents the nine-tenths of private workers and managements that aren't unionized. Jack Faris of the National Federation of Independent Businesses, which boasts 600,000 members, might be prevailed upon to speak for the sort of companies that created all the new jobs in the past 15 years. He's been informed that Mr. Reich can't see him—ever.

Instead, the panel will be getting its business advice from Paul Allaire of Xerox, a member of the Fortune 500, which collectively dismantled four million jobs during the past decade. Putting in two cents on behalf of working folks will be Douglas Fraser of the United Auto Workers, an organization whose fingerprints are all over the near-corpse of the U.S. auto industry, down by half a million jobs.

Wedged between these bookends are the usual academics and retired bureaucratic worthies. John Dunlop, the panel's chairman, served as Labor Secretary in the Ford administration, but quit after the White House wouldn't sign aboard his plan to expand the rights of picketing strikers to shut down construction sites. Also on board is former Labor Secretary Ray Marshall, whom the National Journal dubbed the "most liberal of Carter's economic advisers."

The new commission is expected to resurrect the Carter wish list, most of which was aimed at boosting organized labor's leverage over employers and nonunion workers. For good measure, it's also expected to endorse the larger Clinton program of making industry more "competitive" by piling on such union favorites as health-care mandates, training taxes, family leave and so forth.

We guess all this will appeal to that class of CEOs who are always anxious to be "partners" with government, always ready to applaud whenever anybody proposes saddling their more nimble competitors with costly union headaches and social spending obligations. And no doubt they'll expect a payback in the currency of "industrial policy," of the sort now being dreamed up for the airlines.

Laura T
CEA
S. Reitman

Some of the Clintonites argue that this makes shrewd economics as well as good politics. They point to the supposed success of the German model of Big Business-Big Labor welfarism, as if somehow export surpluses alone tell you anything about an economy's underlying health.

Robert Reich

In fact, the German formula is a recipe for stagnation. German labor productivity has lagged further and further behind ours for *15 years*. And productivity is what ultimately underwrites rising living standards. The Economist noted a few weeks back that "the *mittelstand* of small and medium-sized family businesses, which form the backbone of German industry, had their competitive edge eroded during the 1980s." And as we say, these are the job creators.

It's about time the Clintonites caught up with economic evolution. The Germans didn't calculate their way into this morass. They were chasing the same hares as the Clinton administration. If you would govern wisely, ultimately you need a political philosophy, and mere affection for "activist" government isn't one. As always, it's mainly a fat invitation to the special interests that are forever trying to fight off competitive change.

Mack Graves (Is this true?) What's the deal?

25,000 resumes stashed

Clinton aides hid computer's flaws

By George Archibald A1
THE WASHINGTON TIMES

President Clinton's personnel office put well over half of the job applications it received from Democratic supporters since Jan. 20 in permanent storage, unprocessed, to cover up the apparent failure of a new computer system, The Washington Times learned.

"No one could find those resumes now, even if they wanted to," said one of several officials close to the process who talked with The Times. "It's just as if they were trashed."

The 25,000 resumes — out of an estimated 40,000-plus received as of Sunday — went to a federal records warehouse, where they are not available to personnel "search managers" who are staffing the Clinton administration, the officials said.

None of the 25,000 job seekers or any of their Democratic sponsors — mostly members of Congress, governors, and high-level national and state party officials — were sent any acknowledgment of the job applications by the White House or given any indication of what happened to them, the officials said.

This disclosure comes at a time when the White House is being criticized on all sides for its slowness in filling many jobs.

Staffers processing White House job applications have repeatedly complained that the White House's Resumix computer system is seriously backlogged and "is reaching a point of crisis," according to documents obtained by The Times.

But the system's manager, Mark Bilsky, ordered his subordinates to keep quiet about their complaints and to stop informing White House higher-ups about Resumix problems, officials disclosed.

He reportedly also altered personnel reports to make senior White House officials believe the Resumix system can track Clinton appointments, which officials say the system cannot do.

Mr. Bilsky, a 31-year-old former Democratic National Committee staffer now being paid $70,000 a year at the White House, obtained the Resumix system on loan from the Sun Corp. of Santa Clara, Calif., presidential aides said.

He is seeking a $250,000 no-bid, sole-source federal procurement so the White House can buy the free-standing system and its software from Sun, the aides said.

It could not be determined whether Mr. Bilsky has a personal financial interest in the Resumix system.

Mr. Bilsky did not respond to inquiries and could not be reached at the White House or his home in Maryland, where he has an unpublished telephone number.

A total of 33,477 resumes were in Resumix when the Clinton transition team moved to the White House on Jan. 20, White House staffers Michael Carr and Amy Squire recently told Mr. Bilsky in a memorandum.

"We brought with us an estimated backlog of over 8,000 resumes," the aides said in the memo.

About 1,000 resumes have come into the White House each day since Mr. Clinton took office, but the personnel staff "entered only 2,225 resumes into the system" between Jan. 20 and March 4, the memo said.

Last month, tens of thousands of unprocessed resumes from job applicants throughout the country were gathered from floors and hallways of the Old Executive Office Building and sent away to hide the backlog from the White House personnel director, officials said.

"In preparation for Mr. Lindsey's visit, over 50 boxes of unprocessed resumes were sent to central files," Miss Squire, a Resumix staffer, said in a March 8 memo. Bruce Lindsey is the White House personnel chief.

A spokeswoman for Mr. Lindsey said he was out of town and unavailable for comment.

After complaints by his staff last month, Mr. Bilsky told Resumix operators that memorandums outlining the computer program's problems and calls for meetings with White House superiors "were not part of their job description," a White House official said.

"He told them they would be guilty of insubordination if they kept on complaining about the problems," another Clinton aide confirmed.

Each week, Mr. Bilsky sends tracking reports informing senior White House officials of positions and agencies to which Clinton job applicants have been appointed. Where Senate confirmation of presidential appointees is required, the reports show the status of the confirmation process.

"Resumix cannot track appointees, but Mark Bilsky is telling them [White House superiors] that it can," an official said.

Mr. Bilsky actually prints out personnel tracking information being put into the old White House computer system used by the Carter, Reagan and Bush administrations, aides disclosed.

"Then he retypes the information on the printout into his own laptop and scans that [second] printout into Resumix," one witness said. "He sends the [third] Resumix printout to Bruce Lindsey to make him think that Resumix can do the tracking."

Mr. Bilsky wants Resumix to supplant the old presidential personnel computer system, which he has shown no interest in using for resume processing, officials said.

In an official four-page memorandum obtained by The Times, Mr. Carr and Miss Squire told Mr. Bilsky March 4 that the system was besieged with problems and "reaching a point of crisis."

The 22-member job-applicant staff had "entered only 2,225 resumes into the system since the move to the White House," the memo said.

The staffers told the Resumix manager, "There are six filing cabinets of sponsored resumes which have been awaiting entry for up to five weeks," despite the efforts of 27 staff and volunteers working two shifts a day at seven Resumix stations.

"Resumix has never extracted information as well as originally promoted by transition staff," the memo said. "Virtually all data must be corrected for systemic errors. It is much more labor intensive than is being communicated."

The system, which is oriented to private-sector job placement, was proving inadequate for government placements, the memo said. The staffers documented these other failures:

- "There has yet to be a genuine effort to update the [job] skills vocabulary [of Resumix]. Vital public sector skill or skills pertaining to issues important to the Clinton administration are not available to be searched upon."
- "The integrity of the data base is declining.... Resumix is not capable of producing certain specialized report features. Stating the opposite to superiors and throwing manual labor at the problem is an inefficient use of resources."
- "The promises made to search managers have choked normal operation. The input of qualified candidates into the data base has taken second priority to accommodating all reporting requests."

THE PRESIDENT HAS SEEN 4/8

Lionel Rosenblatt

Last Chance In Bosnia

Even by the vile standards of the war in Bosnia—now a year old—something extraordinary is happening there now. The Serb forces have been closing in on the towns of eastern Bosnia, one after another. These are towns that have been besieged for almost a year and weakened by hunger and shelling. They are in the Muslim zones of the Vance-Owen map—that is, designated as Muslim areas for the future. But unless the Serbs are stopped, there won't be any Muslim-controlled towns left to protect under the peace agreement.

The Serbs appear determined to clean out eastern Bosnia before they sign the agreement. Only three towns remain—Zepa, Gorazda and Srebrenica. The U.N. Security Council's decision to impose the no-fly ban with force is at least a symbolic step in the right direction.

The fact that Srebrenica has not surrendered to the Serbs is largely because of the U.S. air drops of food, which have been surprisingly effective, and to one man's willingness to take a stand with the victims on the ground there.

U.N. force commander Philippe Morillon—in an act of singular courage—went to Srebrenica and vowed to stay there until the relief convoys were allowed through by the Serbs. Gen. Morillon, by putting himself in harm's way, finally prompted the Serbs to permit a relief convoy with food and medicine to reach civilians who had reportedly begun to die in the streets.

The towns are in very fragile condition. Local residents have lost confidence in the United Nations, and understandably the supply trucks leaving Srebrenica have been mobbed by civilians trying to flee the effects of a yearlong siege. Many are refugees from other towns that have fallen, and they have no proper shelter. The Serbs prevented the U.N. high commissioner for refugees from bringing in tents for these displaced people, some of whom have been sleeping in the snow. It is not surprising that many people are trying to board the U.N. trucks in a desperate rush to leave. Some have died in the crush, but this is slight compared with the loss of life that will ensue from renewed Serbian attacks.

If the towns of eastern Bosnia and their capital city of Sarajevo are to survive, the international community must act now. The United States should lead the way with several urgent actions:

- Muster all available diplomatic and economic pressure against the Serbs to sign the peace agreement and permit the United Nations to send adequate convoys in by land. Unless this occurs, other measures are immediately necessary.
- Expand U.S. air drops of relief supplies and move them lower in daylight hours if this would improve accuracy. They should be escorted by U.S. or NATO aircraft empowered to suppress hostile ground fire.
- Resume the U.N. airlift into Sarajevo—now suspended because of the threat of antiaircraft fire—with U.S.-NATO air cover.
- Bring relief supplies in by helicopter (again with tactical air cover) to Srebrenica and other besieged towns in eastern Bosnia.
- Carry out the badly wounded by helicopter. There are almost no surgical facilities, anesthetics or drugs in the area.
- Air strikes should be used to counter artillery and ground fire aimed at civilian populations if these measures do not demonstrate to the Serbs the world's commitment to protect the remaining Muslim towns in the east.

None of these measures would put U.S. or NATO soldiers at risk on the ground. There is a risk of aircraft being shot down, but the Serbs are not likely to fire on foreign aircraft.

With thousands of lives at stake, this humanitarian mission demands that we take some risks. This is Gen. Morillon's daring and desperate call from Srebrenica.

It is said that the United States and the international community are determined to draw the line in Kosovo. There will be no credibility in Kosovo—or for the United Nations to oversee a peace agreement in Bosnia—if we leave the towns of eastern Bosnia to be starved and shelled into oblivion after almost a year of valiant resistance.

We are at a turning point that historians will call a fateful lost opportunity if the world fails to act. U.N. Secretary General Boutros Boutros-Ghali, President Clinton and NATO heads of state should heed Gen. Morillon's message and act now to end the siege of civilians in eastern Bosnia and Sarajevo.

This is the last chance to show that human decency can prevail over barbaric chaos. Hesitation could result in a world torn asunder repeatedly by war lords.

The writer is president of Refugees International. He recently returned from eight weeks in Bosnia and Croatia working for the Soros Humanitarian Fund for Bosnia-Herzegovina.

THE PRESIDENT HAS SEEN 4/8

Don't respond?

BC

THE PRESIDENT HAS SEEN 4/8

Don
We're clear on this

Save the Radios

THE CLINTON budget office has a flawed plan to save big bucks on international broadcasting. It would prematurely phase out taxpayer-supported Radio Free Europe and Radio Liberty, which broadcast to East Europe and the former Soviet Union. These stations are not the obsolete and duplicative enterprises the plan presumes. They are central to President Clinton's promise to nourish democracy in once-Communist lands.

The rap on RFE and RL is that they are Cold War operations with no post-Cold War purpose. But they have a purpose, not anti-Communist but pro-democratic. Then, they covered events within the listening countries, seeking to fill the huge information gap that local censorship created. Now they keep the local news honest. Though the new media no longer operate under Communism, they still operate under heavy pressure. Lingering Communist habit on the left and assertive radical nationalism on the right threaten to sidetrack or reverse reform. Austerity in the old East Europe and economic collapse in the Soviet Union double the vulnerability.

Let *us* do it, argues the Voice of America; a former director makes the case on the opposite page today. After all, VOA has a straight-news mandate and competence. But VOA also has—and for perfectly good reason—a political mandate to "tell America's story" and to be an arm of official "public diplomacy." The two mandates conflict. Further, VOA is run directly by the U.S. government and RFE and RL only indirectly—they report to an autonomous citizen board. RFE and RL pursue audience and credibility at a useful remove from official power. VOA speaks for and is immediately subject to official power. Recall—a worst case—the American ambassador's pre-invasion grovel to Saddam Hussein for a VOA comment on Iraq's secret police, and the State Department's subsequent rebuke of VOA.

RFE and RL had spotty reputations in the Cold War. Only when it ended did everyone learn how grateful their listeners had been. But supporting them now is not sentimental. It is a sensible response to the painful fragility of democracy in the old Soviet bloc. No doubt there is fat to be cut out of the two stations; their budget of $220 million matches the VOA's. But there is lean to be preserved. The issue could yet be lost in what is a convulsive struggle of all the Cold War agencies not simply for turf and budget but for mission and survival in the new world of free-form diplomacy, economic stringency and technological change. The best course is to modernize—and save the radios.

THE WASHINGTON POST . MONDAY, APRIL 5, 1993

Fees, Feds and Free Speech

IT WOULD be considered wrong if an Internal Revenue examiner received a speaking fee from selected audiences for making a presentation on how to avoid an audit. Similarly, a Defense Department worker can't sell to a magazine an article offering tips on bidding procedures, and a Public Health Service employee can't demand to be privately paid for conducting a seminar on tuberculosis prevention. In each example, the employee would be compensated for providing information to a select group of purchasers when the taxpayers were already paying him for making that information available to everyone. In addition, such a practice creates the impression of a special arrangement between the government worker and those paying for his service, with an implication that the fee is really buying access and influence.

Congress sought to deal with this potential conflict by passing an amendment to the ethics laws in 1989. But the legislators went too far. They banned the receipt of honoraria by public employees, for any appearance, speech or article written. This led to restrictions on ordinary workers that went far beyond what was needed. Postal workers, for example, could not be paid for talks on improving baseball skills. Lawyers could not be compensated for writing articles about golf or stamp collecting. And medical researchers couldn't make money giving lectures on Greek history or gardening. This was true even though the work was not done on government time and did not entail the use of government materials or equipment.

The law was immediately contested as an infringement on the employees' free speech rights. They won in district court and last week in the U.S. Court of Appeals. While the government does have a legitimate reason to restrict some kinds of speeches by employees, for example, those directly related to work, the law was not narrowly tailored to that purpose. Because highly paid executive branch workers, members and employees of Congress and judiciary officials did not participate in the suit, the ruling has no impact on them. But executive branch employees at a rank below GS-16 will now be allowed to accept fees so long as they do not involve their government responsibilities, use government resources or time, or come from people who do business with the employee in an official capacity.

In February, Rep. Barney Frank (D-Mass.) reintroduced a bill that had passed the House, but not the Senate, in the last session of Congress. It would relax honoraria restrictions in all three branches. While, as the appellate court pointed out this week, different considerations may apply to the legislative and judicial branches because their work involves a wider range of activities than any single department or agency, the bill deserves consideration. Any restriction on speech is a burden, and the government has the responsibility to justify each one, even those applied to its own employees. If more limitations can be weeded out, that's all to the good.

THE PRESIDENT HAS SEEN 4/8

To AGJ

Is this a good idea?

BC

U.S., TO CUT COSTS, SEEKS RUSSIAN ROLE IN SPACE STATION

SHARP BUDGET REDUCTION

Clinton Sees Opportunity in End of Cold War to Save Money and Cooperate in Space

A1

By WILLIAM J. BROAD

Seeking to cut the costs of the nation's most expensive space project, the White House has ordered NASA to work with the Russians in designing a smaller and cheaper space station. The move could bring to a decisive end decades of cold-war rivalry and signal a new era of cooperation in space.

In announcing the cooperative plan yesterday, NASA disclosed that the Clinton Administration instructed the agency to cut the price tag for building the station by as much as two thirds.

The Russians have previously suggested several cooperative ventures and are expected to welcome this overture warmly. NASA experts say the contribution by Russia to the effort may include use of its 20-story Energia rocket, the world's most powerful, to loft the station into orbit, instead of the nation's fleet of space shuttles. The shuttle fleet has recently been grounded by technical glitches, among them an aborted launching yesterday.

Merging the Stations?

Also under consideration is the physical merger in space of a new Russian station with the planned American one, the joint outpost housing up to nine astronauts.

"With the end of the cold war this kind of cooperation is inevitable," said John E. Pike, head of space policy for the Federation of American Scientists, a private group in Washington. "The only way to get a low-cost station is to build it with the Russians."

The cooperative plan could serve several purposes for Mr. Clinton. By continuing the space station he keeps contractors happy, by involving the Russians he lends support to the troubled presidency of Boris Yeltsin, and by trimming the space station budget he may reduce the Federal deficit.

Secrecy in Redesign

In February, Mr. Clinton ordered a redesign of the 350-foot-long Space Station Freedom, saying its $31 billion cost was too high given the nation's economic woes. Since then, the financial and technical aims of the redesign effort have been vague and at times wrapped in secrecy.

In a statement yesterday, NASA said that Dr. John H. Gibbons, the White House science adviser, told the agency's station-redesign panel on Saturday that the United States and its partners in the station — the Europeans, Japanese and Canadians — had decided to give "full consideration" to use of Russian hardware in the revamped station. The hardware, he said, would include the Russians' Mir space station "and other Russian systems and technology." He did not spell out the other technologies, although NASA

Continued on Page D24, Column 5

U.S. Seeks Russian Aid in Design Of a Less-Expensive Space Station

Continued From Page A1

has recently made a close study of the Energia rocket.

To expedite the possible use of Russian hardware, Dr. Gibbons said, the Russians themselves will be asked to take part in the redesign effort.

The NASA Administrator, Daniel S. Goldin, said yesterday in the statement that Russian participation will be coordinated by the East-West Space Science Center at the University of Maryland under the leadership of Dr. Roald Z. Sagdeev, an eminent Russian scientist now living part time in the United States.

Vladimir Derbenev, a spokesman at the Russian Embassy in Washington, applauded the announcement in an interview.

"Our general feeling is that the more Russia is involved in this project the better," he said.

Space News, a weekly industry newspaper, said Monday that high Russian officials, in a March 16 letter to the NASA Administrator, detailed a plan for a cooperative space station that would house three astronauts by 1997 and nine astronauts by the year 2000. Under that plan Russia would merge an upgraded Mir station with the outpost under development by the United States.

The newspaper added that the plan had won serious consideration from the Federal Government and prompted it to ask the international partners in space station Freedom to endorse Russian participation in the outpost's redesign. It also reported that some partners, especially Japan, were cool to the request for Russian participation.

The reaction within NASA could be similar. Some officials at the agency favor autonomy, but others feel that in a time of budget constraints that a partnership with old rivals is necessary for the survival of the costly project.

Again quoting Dr. Gibbons of the White House, NASA spelled out the revamped station's budgetary goals, saying that three financial options in the redesign process were being weighed for 1994 to 1998.

The low option is $5 billion, the middle option is $7 billion and the high option is $9 billion for the five-year period, Dr. Gibbons was quoted as saying.

Sarah Keegan, a NASA spokeswoman, said in an interview that a comparative figure for the defunct space station Freedom during the same period was $14.6 billion. The low option, therefore, if adopted, would slice away about two-thirds of the previously envisioned budget.

The final recommendations of the space-station redesign panel are to go to the White House by June. The 50-person panel is headed by Dr. Joseph F. Shea, a NASA official.

The low option of $5 billion over the five-year construction period would be far less than the $8 billion already spent on station design studies and the fabrication of prototype hardware. The station project was begun by President Ronald Reagan in 1984.

Space Station Freedom would have been lofted piecemeal on 18 or so shuttle flights, at a cost of about $1 billion each, adding a major hidden cost to the outpost's advertised $31 billion price tag.

In contrast, NASA experts calculate that huge Energia rockets, costing about $500 million each, could loft a similar station in four or five flights, dramatically cutting the overall expense.

THE NEW YORK TIMES, WEDNESDAY, APRIL 7, 1993

U.S. Warned By Egyptians Of Terrorists

Existence of Network Was Disclosed in Talks

By DOUGLAS JEHL
Special to The New York Times

WASHINGTON, April 5 — The State Department acknowledged today that the Egyptian authorities had warned the American authorities repeatedly in the months preceding the World Trade Center bombing about an Islamic fundamentalist network in the United States.

But it sought to emphasize that Egypt had not relayed information about specific planned acts of terrorism.

The last of the warnings was made to Federal Bureau of Investigation agents during a five-day meeting in Cairo that took place less than three weeks before the blast, the State Department said.

The American comments came in response to an assertion by President Hosni Mubarak of Egypt that the Feb. 26 attack could have been prevented if his country's warnings had been heeded. While not directly disputing Mr. Mubarak, the State Department called attention to his suggestion that the information provided by Egypt related only generally to individuals in the United States.

"As President Mubarak himself had said, Egypt did not pass any specific information on planned acts of terrorism in the United States in the context of those discussions," a State Department spokesman, Richard Boucher, said.

Mr. Boucher's disclosure of the talks between Egyptian and American officials provided the clearest indication to date of the extent to which Cairo may have sought to convey its concern about the Islamic fundamentalists active in New York and New Jersey mosques. In the most recent meeting, he said, F.B.I. agents traveled to Cairo between Feb. 6 and Feb. 11 to join United States Embassy officials in the discussions.

Mr. Boucher refused to discuss the details of the talks. But other Administration officials said Egyptian official had expressed particular concern about Sheik Omar Abdel Rahman and his followers, and said the participation of the F.B.I. reflected the fact that a primary subject of the meeting was the potential for terrorism in the United States.

Several of the suspects arrested in the bombing have been identified as worshipers at mosques where Mr. Abdel Rahman has preached, but he has always denied

Continued on Page B3

U.S. Was Warned by Egyptians

Continued From Page B1

knowledge of the explosion.

Mr. Boucher said the last discussion between the two countries, which ended just 15 days before the bombing, was part of a series of meetings between Washington and Cairo in recent months aimed at improving cooperation in the battle against terrorism. Administration officials who spoke on the condition of anonymity said the main topic of the sessions was the threat within Egypt posed by Islamic militants who have been responsible for a bloody wave of terrorist attacks.

While Mr. Boucher was diplomatic in his response to Mr. Mubarak's assertion that the attack could have been prevented, other Government officials were much more critical. "What were we supposed to do: round up all the Islamic fundamentalists in New Jersey?" said one official who insisted on anonymity. "In this country, we have to show that they break the law first."

Mr. Mubarak first made his comments in an interview with The New York Times. Asked today by CNN whether the bombing might have been forestalled, however, he appeared to soften that position. "Maybe," he said in a televised interview. "Maybe. I'm not sure of that, but maybe."

THE PRESIDENT HAS SEEN
4/8

Tony
We do need to know
exactly what we
knew, when & what was
done w/ ~~[illegible]~~ the information
B

On My Mind

A. M. ROSENTHAL

America's Allies in Serbia

If you have any ideas about new options in Serbia and Bosnia, the President said on the phone after the summit talks, let me know. So I did.

The answer popped out: Mr. President, please get your Administration and the Western allies to pay a lot more attention to Serbian democrats.

They hate what their government is doing. Put your arm around them and let the world see, give them the legitimate aid they need to be heard at home and abroad. It won't end the war in Bosnia. But if the war does end, Western attention now to the democrats against Serbia's "ex"-Communist rulers might prevent the fighting from starting all over again.

I had been speaking from New York to a Government official on Air Force One just after it took off from Vancouver when the President walked into the compartment. He picked up the phone so I could ask about the summit. I do not want to hear another press complaint about lack of access to the President, not one more word!

I asked what he and President Yeltsin had said to each other about the Bosnian Serbs' rejection of the Vance-Owen peace plan. As long as that rejection stands, the peace negotiations are at a dead end; the killing goes on.

Mr. Clinton said that Mr. Yeltsin told him that he would do everything he could in the week or so ahead to persuade the Serbs to change their mind. That will take courage. His enemies back the Serbs as brother Slavs and are beating him hard with that emotional stick. But Mr. Clinton said he believed Mr. Yeltsin would carry out his word and try hard.

Meanwhile, President Clinton said, the U.S. will take a look at its options. I had been told before Vancouver that they could include pushing Britain, France and Russia to approve lifting the arms embargo against the Bosnian Muslims and fiercely tightening the sanctions against Belgrade — maybe cutting off international communications, a deep-freeze isolation.

No — no change in the Clinton policy of not sending U.S. ground troops except perhaps as peacekeeping forces, and that is not yet decided.

Now, American latter-day hawks deride limiting military action to peacekeeping forces. They say it is Presidential passivity.

But they choose to ignore something obvious. If peacekeeping forces are sent, and I think that much will be essential, it carries the unavoidable risk of involving U.S. troops in fighting.

If the Serbs break the peace U.S. troops could find themselves not on peacekeeping patrol but in peace-restoring combat.

For that reason alone, strengthening a Serbian democratic movement that would be opposed to breaking the peace becomes an American security objective.

And the movement exists. Last December it got 34 percent of the vote against President Slobodan Milosevic, who harassed and blanketed the opposition through Election Day. It was like getting 34 percent against Mussolini.

Think of Walesa and Havel, I suggested. Without strong Western backing and day-to-day attention, could they have lived through Communism, let alone moving from house arrest or jail to presidencies? They do not think so.

But for Serbian democrats, no public embrace. Since no one person is world-famous, all are virtually ignored by foreign governments and press, neatly perpetuating oblivion. When they needed a little help — a new TV transmitter so they could be heard by voters outside Belgrade — the U.S. turned them down.

Receive them, Mr. President, get the Secretary of State or the national security adviser to receive them — with photographers. Help them tell their story to the important American Serb community. Milosevic reaches them all right, through satellite broadcasts.

The best speech of the U.S. Presidential campaign, for me, was one in Milwaukee by Mr. Clinton saying that in America's interest, support for democratic movements would be basic to his foreign policy.

He ought to make that kind of speech again soon, this time specifically about Serbia. It might shake up all Westerners who search out democrats everywhere in Eastern Europe, Asia and the Middle East, everywhere but Serbia.

I did not think to make that particular suggestion to Mr. Clinton. So I am putting it in writing now, just in case I happen not to be on the phone the next time he strolls through Air Force One.

THE PRESIDENT HAS SEEN 4/8

THE NEW YORK TIMES, TUESDAY, APRIL 6, 1993

Tony/Sandy
Should we explore this

THE PRESIDENT HAS SEEN 4/9

Tony | Strobe

As Yeltsin Returns, Russians Want West, Not Bureaucrats, to Distribute New Aid

By ELISABETH RUBINFIEN
Staff Reporter of THE WALL STREET JOURNAL

MOSCOW—As Russian President Boris Yeltsin returned home with pledges of U.S. aid, opponents and supporters agreed that the West should set up an agency here to directly distribute the aid and bypass the corrupt bureaucracy.

Critics of the president dismissed the promise of $1.6 billion in aid as meaningless, because they don't believe much of it will reach the people who need it. "Most of it gets into the pockets of Mafia and the corrupt *nomenclatura*," or high officials, says Viktor Aksyushits, a hard-line member of Parliament.

"I will do my best to help you if honest Americans will come to Vladimir and make it possible to put aside the thieves and help ordinary Russians," says another opponent of the president, Iona Andronov, a deputy from Vladimir and vice chairman of the Parliament's Foreign Affairs Committee. "If Americans can . . . avoid the dirty hands of Yeltsin's corrupt officials, of course I approve of the aid."

Need for Credibility

Mr. Yeltsin's supporters say that even if Moscow bureaucrats distribute the aid honestly, an international agency would give the whole process more credibility, especially outside Moscow. "It would be useful if some Western country could create some organization to oversee how it's spent," says Yuri Davidov, an analyst at the U.S.A.-Canada Institute, a Moscow think tank. Even if such an agency is seen as a form of interference in internal affairs, he says, "regional officials will support this idea, because they fear the central government will distribute the aid, and they feel better if the other side would do it."

On Sunday, Mr. Clinton said the U.S. and Russia had agreed tentatively that the Group of Seven leading industrial nations could open an office in Moscow to monitor aid disbursement.

The lack of trust in the central government is one of the toughest problems facing Mr. Yeltsin in the few weeks before a referendum planned for April 25. The referendum, which many in the conservative Parliament hope will lead to Mr. Yeltsin's ouster, includes votes of confidence in the president and his economic reform program, and the option of holding early elections for president and for the existing Congress. The aid package could help Mr. Yeltsin gain popular support.

Campaigning in Siberia

The campaigning began before he even made it back to Moscow. Mr. Yeltsin stopped in the Siberian city of Bratsk on the way home and visited an aluminum plant in the process of privatizing. He told the workers, most of whom didn't know the details of the aid pacts, about the broad results of the summit, and in particular about the credits intended for medium-sized and small businesses in Siberia and the Russian Far East.

Then Mr. Yeltsin asked for help. "I propose a simple formula of voting: to answer yes to all the four questions," he said, according to the official Itar-Tass news agency. "Don't be afraid to say yes also to the question about re-electing the president."

Mr. Yeltsin's remarks implied that he's inclined to take his chances with the Parliament-run referendum rather than holding his own parallel plebescite, but no official decision has been made on this crucial question. The government is challenging in constitutional court the referendum's method, in which the questions must receive support from more than 50% of eligible voters in order to pass. Some advisers have said the president is committed to holding his own vote, but others disagree.

Psychological Importance of Aid

The pledge of aid may prove to be less significant in economic terms than in psychological terms, at least in the short run, opponents and supporters of the president say. Many Russians initially reacted cynically to news of the aid, saying they would believe it when they see it. But the support Mr. Clinton gave Mr. Yeltsin is already having an impact on the president's public image.

"It's important from the point of view that people in this country will understand that what's going on in Russia has implications for the whole world, and they may feel more responsible for their own reforms," says Mr. Davidov. "People also understand that they aren't alone, that the whole world tries to do everything it can, and this understanding is very important."

But opponents of the president also say that the U.S. aid and support for Mr. Yeltsin is further proof that the president is a puppet of the West. The summit meeting is sure to provide fuel for such accusations in the runup to the referendum. "I have nothing against receiving any honest aid, but the big question is: for what purpose?" says Mr. Andronov. "Mr. Clinton's pronouncing his help for Russian democracy is actually supporting a new dictator here."

"But I am not blaming America. You're acting in your national interest and interfering in Russia's internal affairs," he adds. "You have decided the destruction of Russia is in America's interests."

Some critics also point out that celebrating the aid is pure propaganda for President Yeltsin, because the amount is a pittance beside Russia's huge needs. It also is a tiny fraction of the estimated $15 billion to $30 billion lost in capital flight, which has sapped Russia's hard currency reserves in recent years as central control has weakened and corruption spread, they say.

Some supporters say that part of the aid is good, but that some of it may be counterproductive. The portion dedicated to helping foreign investment is "extraordinarily important," says Vadim Ivanov, director of a Moscow economics institute. But the food credits may ultimately do little to help Russia break down the existing corrupt and inefficient structures and develop greater self-sufficiency, he says.

Rather, such aid bolsters the existing bureaucratic structure that lives off the lucrative business of importing and distributing grain. "Russia has the potential to avoid all grain imports," says Mr. Ivanov. "But the existing system has no desire to undo itself, even when it's no longer needed."

EC's Talks With Russia

By a WALL STREET JOURNAL *Staff Reporter*

LUXEMBOURG — Foreign ministers from the 12 European Community countries agreed in a meeting here to widen their talks with Russia on closer relations to include better trade terms and the prospect of an eventual free-trade pact.

But separately, the EC Commission in Brussels announced an investigation into alleged dumping of unwrought aluminum and aluminum alloy exports from Russia and other former Soviet republics. The dumping investigation, which underscores the limits of the EC's generosity in opening its markets, follows a complaint from one EC government charging that exports of the aluminum products rose to 9% of the community market in 1992 from 1.6% in 1990, and that the average price undercut EC producers by 23% last year.

Russia to Sell Nearly 60% Of Gazprom to the Public

MOSCOW (AP)—The Russian government will sell more than half the shares in its natural gas monopoly, **Gazprom**, mostly to workers in the gas industry and residents of gas-producing regions, the Itar-Tass news agency reported.

The government will keep about 40% of the shares in the company, one of its major foreign currency earners, the news agency said.

The transfer of major factories such as Gazprom into private hands is essential for the government to reduce the burden of subsidizing enterprises and to create a new class of entrepreneurs and shareholders.

Itar-Tass said Gazprom will be converted into a joint-stock company valued at about $130 million. Each share will be valued at about $1.44, it said. Nearly 29% of the shares will be offered for sale to people who live in gas-producing regions of Russia. An additional 5.2% will be offered to residents in northern Siberia, where most of Gazprom's facilities are located, it said. A further 15% will be offered to workers in Russia's gas industry, and 10% will be earmarked for those who work directly for Gazprom.

Workers will be able to purchase shares in Gazprom using privatization vouchers issued by the government to Russian citizens last year. Each voucher has a face value of about $14.45, meaning individual workers could buy as many as 10 Gazprom shares.

Mack (GS
it's about time to do this

THE PRESIDENT HAS SEEN 4/8

How Long Must Jim Brady Wait?

IS THERE anybody in Congress who still doesn't know what the Brady bill is? It has now been 12 years since those gunshots hit President Reagan and his press secretary, Jim Brady—and it is Mr. Brady who waits, not the handgun purchasers. A five-day waiting period and mandatory background check for handgun sales from dealers is hardly a tough proposal, given the insane, murderous traffic in firearms that is terrorizing cities, suburbs and even the rural areas these days. Every substantive poll in the land shows overwhelming voter support for the Brady bill, including from most gun owners. President Clinton is ready to sign it; it has been debated for six years—during which 138,000 Americans were killed by handguns. That's more than were killed in combat in World War I, the Korean War and the Vietnam War combined. What is anybody waiting for?

Is it more statistics they want on Capitol Hill? How about these, from Handgun Control Inc. for first three months of this year:

- Five people shot outside CIA headquarters.
- Thirteen law enforcement officers killed with guns during February alone.
- Gang activity reaching new levels in Little Rock and Wichita.
- Three students killed at Bethune-Cookman College in Florida.
- A standoff of arsenals in Waco.

No, the Brady bill alone won't bring an end to the slaughter. It is, in fact, the mildest kind of action that Congress can take. It doesn't restrict any law-abiding citizen from buying a handgun. It doesn't even limit the number of handguns an individual may purchase in a given time period—a proposal that is winning strong bipartisan support in state legislatures as well as in Congress. But it would bring a measure of common sense to a stop-and-shop-and-kill system, and it might just save a life or two. Or more. Congress should pass the proposal—on its own merits—before the next recess.

School's Out in Kalkaska

"IT'S NOT like we're going around with black armbands. We're not dying. We simply have a problem. This is small-town America."

That's what one resident told the Detroit Free Press about the scene in Kalkaska, Mich., where schools closed 10 weeks early after the district ran out of money. The home of the National Trout Festival and 2,300 students decided neither to borrow funds (there are prohibitions against deficit spending) nor to raise taxes (voters rejected a hike three times over). Rather than cut to the bone a school system that had already eliminated sports, increased class size and shortened the school day, the school board opted for an early end to the school year.

This much-publicized event has been characterized as a showdown between Kalkaska and the state, as an intergenerational conflict between fixed-income elderly and youth and as an object lesson in school finance. It's all these things—but it's also something else. It's a case of a town unwilling to pay a little more to keep kids in school. According to reports, few complained about the impending closure.

It's not unusual for schools to close a bit early or open a bit late. Weakened economies and bad bookkeeping have forced similar crises from Richmond, Calif., to Central Falls, R.I. Trouble is especially likely in districts such as Kalkaska that depend almost entirely on property tax revenues. (Kalkaska schools receive some categorical but no general state aid.) States usually come to the rescue, however. In Michigan, receivership is still a possibility—bills are moving through the legislature. But state officials aren't keen on a takeover; there's nothing in state law, they point out, that compels a district such as Kalkaska to remain open.

The teachers—and in particular National Education Association President Keith Geiger—are using Kalkaska for their own purposes. All this is a result of antiquated state financing, they say. While Michigan contributes less than most states to its schools, it is considering changes in the school aid formula. But it's unclear how any equalization provisions or other revisions would have changed the arithmetic in middle-class Kalkaska. This is a community that looked at its own numbers and decided to close the books.

Tony / Sandy
Is this true?

THE PRESIDENT HAS SEEN 4/8

Haiti Talks Stall Over Amnesty for Coup Leaders

By HOWARD W. FRENCH
Special to The New York Times

PORT-AU-PRINCE, Haiti, April 6 — Intensive diplomatic efforts to settle the political crisis in Haiti have reached an impasse over the refusal by the country's exiled president to grant an amnesty to the military leaders who ousted him, diplomats and officials close to the talks say.

Diplomats said that several days of talks that began in Washington over the weekend had failed so far to convince Haiti's elected president, the Rev. Jean-Bertrand Aristide, to grant immunity from prosecution to the commanders, even though the amnesty is widely seen as the last major piece in a settlement that would restore Father Aristide to power after 18 months in exile.

Although Washington has been careful not to openly criticize Father Aristide, with whom discussions are continuing, senior Clinton Administration officials have made clear that they support the view of the United Nations special mediator, Dante Caputo, that an unambiguous amnesty is a requirement of any negotiated settlement here.

"Politicians who rise to the occasion are marvelous," said one senior Administration official. Expressing both frustration and hope, he said that Father Aristide, although deeply opposed to the amnesty, would need to exercise "Lincolnesque statesmanship" in order for a settlement to succeed.

Diplomats said the setback had delayed the return to Haiti of Mr. Caputo, until next week. Mr. Caputo was scheduled to return here early this week for what was widely expected to be a final push to resolve the crisis.

"They have everything they need to accelerate the process in their power, but they have pulled back," one official close to the talks said of Father Aristide and his advisers' refusal to concede any ground on the amnesty issue. "It has been total inflexibility."

Since his overthrow in a violent army coup in September 1991, Father Aristide has repeatedly insisted that its leader, Lieut. Gen. Raoul Cédras, be either punished or exiled as part of any settlement.

Recently, Father Aristide has said his objection to an amnesty stems from the Haitian Constitution, which he maintains bars him from granting a pardon.

After applying intense pressure on the country's military and civilian leaders for weeks, diplomats said Mr. Caputo would soon press ahead with his efforts here, but said the prospects for any solution were dim without a resolution of the amnesty question. The delay also dampened excitement over a two-day meeting of international donors to Haiti at which a large aid package contingent upon a settlement is being discussed.

The diplomatic frustration over the failure to extract concessions from Father Aristide on an amnesty has been matched by bitter recrimination in recent days by some of the deposed president's closest supporters.

Echoing a widespread sentiment here, one close supporter of Father Aristide, Antoine Izmery, complained that the United Nations and the Clinton Administration were making the cost of a settlement prohibitively high for Father Aristide in a show of bad faith aimed at blaming the exiled president for any collapse of the diplomatic initiative.

The amnesty question has hovered over diplomatic efforts since the beginning of Haiti's crisis, with Father Aristide and many of his closest supporters maintaining that, with hundreds killed in political violence here, justice for the victims and their families must be an integral part of any settlement.

With no international desire to intervene militarily in Haiti, however, diplomats and a minority of Father Aristide's supporters have insisted that however distasteful, progress requires concessions that will allow the Haitian military a secure exit from politics.

"They accuse anyone who urges an amnesty as immoral schemers who are willing to sell out the country," said one political leader here who has consistently supported Father Aristide's return. "Rather than boxing us all in, what is required is for the president to appeal to the Haitian people to grant an amnesty. It is the Haitian people, after all, who must guarantee that there are no reprisals here."

THE NEW YORK TIMES, WEDNESDAY, APRIL 7, 1993

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Tony | Strobe THE PRESIDENT HAS SEEN 4/8

TUESDAY, APRIL 6, 1993 · USA TODAY

A high price for doing business in Russia

Foreign investors face taxes, crime, corruption

By Jack Kelley
USA TODAY

MOSCOW

Western business people are arriving here with more than just proosals in their hands. They've ot Rolex watches, Stanley Cup ockey tickets — and cash.

"If you want to do business here, you have to pay," says Los Angeles movie film importer Jeff Olson, 42. "Russians don't know what's going to happen to their government tomorrow so they want their money today."

Russia's political and economic instability is causing some U.S. companies to pack up and leave, rewrite their game plans or take additional steps to protect their employees and investments.

It has never been easy doing business here. But in the wake of the Vancouver summit, U.S. interest in making money in Russia is expected to get a boost once more. But trouble looms for any foreign investor looking to Russia for profit.

Many firms are being hit with crippling taxes, while facing nightmarish bureaucracy, rising crime and corruption.

"It's going to get worse before it gets better," says Eugene Lawson, president of the Washington-based, U.S.-Russia Business Council.

President Boris Yeltsin and the communist-dominated Congress of People's Deputies have been locked in a bitter power struggle since the August 1991 fall of communism.

At the least, Congress hopes to slow down Yeltsin's Western-style market reforms, which have led to inflation of 2,200% over the past year — averaging 30% a month in 1993 — and growing unemployment.

The struggle has paralyzed the government, closed some banks and led to dire warnings of civil unrest. This year:

▶ Upjohn, the U.S. drug maker, recently shut its $500,000 vitamin packaging plant here, nine months after opening. Its distributor, the Russian Ministry of Health, owes Upjohn $19 million and other foreign firms $379 million, says government buying manager Galina Korotkova.

▶ Several U.S. oil companies say no major new investments are planned until the country's political crisis quiets down. Negotiations will continue, says Petroleum Industry Research Foundation chairman John Lichtblau, but "the question is ... who to negotiate with?"

▶ Dozens of U.S. businesses are nervously seeking assurance from the Overseas Private Investment Corp., a quasi-U.S. government agency, that it will cover property losses in case of a Russian civil war, acting president James Berg recently told a Senate hearing.

"Doing business in Russia is like driving through a dense fog," says Brian Ellis, Upjohn's general manager in Russia. "All we can do is wait and hope to see a twinkle of light."

So far, Russia has attracted about $1 billion in foreign investment, including about $400 million from U.S. companies. There are about 320 U.S. businesses in Moscow and 42 in St. Petersburg, far fewer than expected, complains Russia's Deputy Prime Minister Alexander Shokin. U.S. business people say they know why:

▶ Import taxes, ranging from 15% to 300%, and a 20% value added tax double the selling price of many goods.

▶ Poor phone service and undependable air transportation make working conditions primitive. Guests at one high-priced Moscow hotel are regularly connected to the local police station when they call the front desk. Office costs: $850 to $1,000 per square yard.

▶ Conflicting and confusing tax laws change so often that many top Western accountants can't keep track.

"You cannot conduct business here without violating some law," says Polaroid managing director George Marquart. "There are stupid regulations left over from 200 years ago. The government has the ability to kill everything."

▶ Shop owners and businesses are forced to pay extortion to thugs referred to collectively as the mafia. Those who don't pay, sometimes suffer.

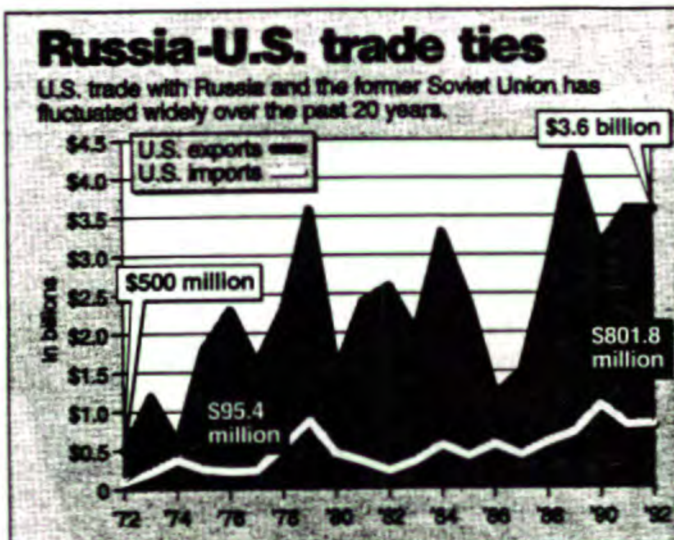
One midsize Western business recently refused to pay and reported the extortion attempt to the police. Shortly afterward, six Russian employees died: two were shot in the head; two pushed off balconies; two others died in car accidents. The company asked not be to named for fear of more retribution.

Many companies — both Russian and Western — have bought guns for their employees. Others have started "bribe funds," which they list under "miscellaneous" expenses. Russian officials who used to ask for packs of cigarettes or bottles of whiskey are now demanding color TVs, overseas trips or millions in cash.

"The Communist Party used to provide all kinds of perks and privileges to government officials, so now they're trying to feather their own nests," Ellis says. Gilles Labbe, president of Houston-based Anglo-Suisse oil company, admits, "There was actually more stability under the previous system."

The government is trying to fight back, however.

"In the present situation, we



Source: Census Bureau Foreign Trade Division By Stephen Conley, USA TODAY

1/2

cannot fail to take action, cannot postpone it even for one more day," says Russia's former deputy prime minister Gennadi Burbulis. Bribes, he says, have reached "unheard of proportions."

But many Western businesses here say they feel no effect from Russia's political and economic instability and aren't paying any bribes. Most, like Polaroid and other large firms, say they're in the country "for the long haul."

"Everyone I've met and dealt with here I've had a wonderful experience (with)," says advertising consultant Ted Stern, who's establishing a Mexican restaurant.

"People in the states think tanks are in the streets and people are dying all over the place," says commodities broker Glen Goodman, 42, of Tahoe City, Calif. "Russians will continue to do business regardless of who's president."

Hotels here are jammed with business people hawking everything from condoms to tractor trailers in hope of cashing in on Russia's $30 billion potential consumer market.

"There's no perfect time to come into the market but you have to get your feet wet," Lawson says. "If you wait one to three years until the problems clear up, you've missed the train."

Aid package includes $700M in symbolism

By Lori Sharn
USA TODAY

The new U.S. aid package for Russia includes $700 million in agricultural credits — less than one-third of what the former Soviet Union used to purchase from U.S. farmers.

But it is significant because all agricultural sales were suspended Dec. 1 when Russia defaulted on payments guaranteed by the U.S. government.

AP

YELTSIN

"No, it's not a big package. It's big more for what it symbolizes," says Jack King, of the American Farm Bureau Federation. "It bodes well for future sales."

Last year, 62% of U.S. exports to the former Soviet Union were agricultural.

Under the new aid package, revealed at last weekend's summit between President Clinton and Russian President Boris Yeltsin, the U.S. government will buy and ship the agricultural products, and Russia will repay the USA. The products are yet to be negotiated.

A big chunk of the $700 million will be spent on freight. The proposal calls for sending 75% of the goods on U.S.-flagged ships, which can cost three times as much as vessels registered in other nations.

Erick Erickson of the U.S. Feed Grains Council says the remaining money could purchase more than 4 million tons of corn and wheat.

Wheat prices were up last week in anticipation of the aid announcement. But the sale won't dent the U.S. corn surplus, which drove down prices after a bumper crop last year, says Nebraska farmer Randy Cruise, president of the National Corn Growers Association.

But he calls the aid plan "good news. . . . Nothing cuts off a democracy as fast as people going hungry."

2/2

DATE: 04/08/93

NOTE FOR: NSC

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

Information ☒

Action ☐

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

[redacted]

Thank you.

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

cc:

FOIA Number: 2018-0662-S

Clinton Presidential Records
Foreign Language Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff to identify the location of a document written in a foreign language

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Language: Russian

Folder Title April 1-10, 1993 [2]

OA/ID: 473

04/09/93

THE WHITE HOUSE
WASHINGTON

Steve Neuwirth —

can you send

me a copy of

the reply DOT

finally sent to

the FOIA requests

- Thanks

John

Podesta

To request further information about the Aesthetic Realism of Eli Siegel, please fill out and return this card.

Name

Address and Street

City State Zip

Eli a relative who changed his name at Ellis Island?

Podesta

4-9-93

Place
Stamp
Here

Aesthetic Realism Foundation
141 Greene Street
New York, NY 10012

This issue of The Right of Aesthetic Realism to Be Known explains the chief weakness in the U.S. economy--and what every man and woman must learn for love and marriage to succeed!

JJ
For the Coordinators

It is well for something to be known.

The Right of Aesthetic Realism to Be Known

A PERIODICAL OF HOPE AND INFORMATION

Aesthetic Realism was founded by Eli Siegel. Aesthetic Realism Foundation 141 Greene Street, N.Y., N.Y. 10012

NUMBER 1042.—March 24, 1993 ISSN 0882-3731

Contempt Causes Insanity

In Economics and Life: Individuality Must Be Relation

BY ELI SIEGEL AND THE STUDENTS OF AESTHETIC REALISM

Dear Unknown Friends:

We have been serializing the historic lecture "Poetry, Money, and Good Will," which Eli Siegel gave on May 27, 1970. And we print part of a paper that Aesthetic Realism consultant-in-training Harriet Bernstein presented this month in an Aesthetic Realism public seminar.

In the following great principle, Eli Siegel describes the most crucial fact about every person, that which is behind all our bewilderment and distress and all our hope; and in the same Aesthetic Realism principle is the basis necessary for an economy to succeed: *"All beauty is a making one of opposites, and the making one of opposites is what we are going after in ourselves."* Opposites tremendous in both our personal lives and the economics of the world are Individuality and Relation.

Harriet Bernstein writes here about some of the daily pain and emptiness that occur because people do not feel that their individuality, their asserting and treasuring themselves, is the same as relating themselves justly to a whole world of people and things not themselves. And in May 1970, Eli Siegel began to show that after hundreds of years, an economy that is unaesthetic and unethical, an economy based on false individuality—on some persons' making profit from the work of others, an economy that makes care for one's individual self the same as beating out someone else—this profit economy has failed and will never work again.

As the American people are so worried now about money and jobs and even food and a place to live, it is very necessary to see what it is that has failed. In the lecture we are serializing, Mr. Siegel uses instances of literature to show that what has failed economically in our time is *contempt*, a fake individualism, an unethical, unaesthetic selfishness. What has at last failed forever as the twentieth century nears its end is that which made for the poverty and hunger described in two of the poems from which Mr. Siegel quotes.

In England of the 18th and 19th centuries, as in America now, there were enough wealth and food for no one to be poor. The only reason poverty has existed is that, through some people's being poor, being jobless or working long hours and earning very little, others could become more wealthy. Economics was and is based on the seeing of people in terms of how much money can be made from them, even though there are, as Blake writes, "In a rich and fruitful land, / Babes reduc'd to misery." Economics has been based on a sense of self-achievement which does not have in it the seeing that one is related to all other people, each of whom is as real as oneself. It is this ugly sundering of Individuality and Relation that has made our economy sicken and fail.

In another form, a rift between individuality and relation or generality made for failure in a mode of economics different from ours. Many persons felt in Eastern Europe ten years ago and two years ago that the way their government went after the well-being of the population in general, discouraged and curtailed their individual expression.

Aesthetic Realism is the education that shows: we need, for the pride, happiness, intelligence of our own lives, to make opposites one—we need *aesthetics*. We need to feel our vibrant individuality, flare, originality are the *same* as our seeing that we are related to everything: not just our family—everything, including the whole past and people we don't know. And this oneness of opposites is now the only thing that will have an economy be efficient. In 1946, in *Psychiatry, Economics, Aesthetics* (now chapter 10 of *Self and World*), in statements that ring with kindness and new, comprehensive logic, Eli Siegel described our present need:

> It follows that the world should be owned by the people living in it. Every person should be seen as living in a world truly his....In the same way as 10,000 persons can be listening to an exciting composition of music, each feeling that *he* is listening to it, while others are listening—so each person can see the wonder and delicacy and largeness of the universe as his, while knowing that other selves are apprehending pleasantly this universe.
>
> The purpose of economics or politics is...to support gloriously the universal while heightening properly a specific person.

This is the world we would have now, had Aesthetic Realism not been kept from humanity by a press boycott. That boycott is one of the most hurtful and stupidest instances of false individuality that have ever been. Persons of the media feel their individuality depends on being able to look down on everyone and everything; and they feel the grandeur, the knowledge, the complete honesty of Eli Siegel make them less. They are furious at their own need to learn from Aesthetic Realism about everything.

Aesthetic Realism is the most individual thought in the world, Eli Siegel the most original, individual person—for they are magnificently fair to all reality.

—Ellen Reiss, Class Chairman
of Aesthetic Realism

Poetry Questions Profit
By Eli Siegel

"The Latest Decalogue" is by a person who has written some of the funniest things about money, Arthur Hugh Clough:

> Thou shalt have one God only; who
> Would be at the expense of two?
> No graven images may be
> Worshiped, except the currency.
> . . . .
> Thou shalt not steal; an empty feat,
> When it's so lucrative to cheat.
> . . . .
> Thou shalt not covet, but tradition
> Approves all forms of competition.

The poetry of protest is a field that is exceedingly large. But it happens, unfortunately, that most poems of social protest do not have what the Muses hope for. One that does is "Holy Thursday," by William Blake—it is a good poem [and begins]:

Is this a holy thing to see
In a rich and fruitful land,
Babes reduc'd to misery,
Fed with cold and usurous hand?

There is a sonnet, so little known, by Wathen Mark Wilks Call: "Protection." It's thick; it's sad; and it's poetic:

...Children that should in the green meadows live,
And prattle to their mothers, meek and fair,
Of cowslips, daisies, birds, and merry play,
Taking ten kisses for each kiss they give,
Talk over common wants of every day,
Or ask the old question—Is there any bread?...

This poem describes something which was seen. There were the Poor Laws, and reports of various commissions. So this writer, who died in 1890, talks of despair. The poem begins: "The darkness and the dread and the despair / Lie thick and heavy on the human heart." You can see that in novels of Dickens, Gissing, Victor Hugo with *Les Misérables*. There are pictures in Zola's *L'Assommoir* that give you more than a touch of what has gone on.

The poem ends: "Young fathers stand around with hair grief-grey"—they are a young couple, but they already find problems. This poem is in chiaroscuro; it's done with thickness and grayness, but it gives a picture. People have felt low because the money in the house isn't so much. We should think of that—need it have happened?—and we shouldn't forget the persons who lived before. And should it have been?

Another poem is by Charles Kingsley, who was what was called a Christian socialist. The feeling for another kind of world has been so much and so confused. To protest against the world takes a lot out of one, and very often what it wants to take out you don't have. Kingsley had trouble, just as Coleridge did, with his England. He was Rector of Eversley and was well-placed; but he did feel that England was managed wrongly. His poem "The Day of the Lord" begins:

The Day of the Lord is at hand, at hand:
Its storms roll up the sky:
The nations sleep starving on heaps of gold;
All dreamers toss and sigh.

It would be well at this time to ask: What is it that these persons, from whom I've read so far, felt?

Individuality and Love
By Harriet Bernstein

I once felt, as so many people do, that if I cared too much for anyone or anything, my freedom would be curtailed and I would be less of an individual. I love Aesthetic Realism for showing that our individuality *depends* on wanting to care for the world, including through another person. In his great essay "There Is Individualism," Eli Siegel writes:

Most people have a fitful, peevish, incomplete notion of individuality. They associate it with such things as separation, being unbothered, aloofness. ...True individualism can be described as the affirmation, completing of self through the courageous and just relation of the self with more and more things. The self...is one thing with unending relation.

My wanting to have a "just relation... with more and more things," I learned, was the reason I cared so much for dance and reading. But I had another way of establishing my personality: I would often be cool when other people were excited. I thought that they looked foolish and that I was superior, made of finer stuff. I prided myself on my reputation, among my friends, for making sarcastic remarks to men and "putting them in their place." Some people considered me quiet and shy; others said I was wild and impulsive; but to myself I often felt mean and ashamed.

I learned from Aesthetic Realism that every person is in a fight: are we going to be an individual through respect for the world or contempt? Eli Siegel described contempt as the *"disposition in every person to think he will be for himself by making less of the outside world."* And he showed that contempt cripples our ability to care for anything or anyone and makes us despise ourselves. I didn't know that my having contempt was the reason why I felt so unsure of myself, spending hours alone, feeling weighed down and hollow, and why I despaired of ever having love in my life.

By age twenty, I felt worn out, pained about love; and I resolved to avoid romantic relationships with men. Then my roommate introduced me to Len Bernstein, whose experiences and enthusiasm made me more interested in things, more alive. But I had fear: I felt that loving a man meant compromising my individuality—giving myself over to another's desires and having nothing left of myself. When Len asked me to marry him I felt two things: joy and panic. I suggested what I saw as a plausible alternative: that we be married, but that I keep a separate apartment for myself. Thankfully, Len did not agree, and we were married in January 1975.

I felt happy waking up to see Len, but in a split second I could go from smiles to irritation, feeling he was in my way. The fact that someone meant so much to me went against the grain, against my feeling I could dismiss people and things whenever I wanted. I looked for ways to have contempt for my husband. Arguments and apologies became a daily procedure for us; and, married less than a year, I was unsure about our future. It was at this time that we had the good fortune to meet and begin studying Aesthetic Realism.

To How Many Things Are We Related?

What I began to learn in Aesthetic Realism consultations made me feel my life could begin anew. For example, the consultation trio There Are Wives asked me: "Do you think there's a fight between being interested in what's outside oneself and what's in ourselves? A person can be reading a book and suddenly realize they can't remember what they read. Would you say at any moment you are in some relation of yourself and the outside world?" "Yes," I answered. My consultants continued: "[Right now] you're in relation to us, to sounds, to this table. If we listed all the things you're in relation to, where would it stop?" "It couldn't," I said excitedly. And they asked: "When you think of your husband, do you think of him in infinite relation?"

I began to be interested in my husband's relation to other people and things. I thought about the people Len met during the day, things he did, how he felt—and we began talking more. I was having the pleasure of respect!

What Is Self-Preservation?

It is the privilege of my life to have studied in classes taught by Eli Siegel, the world's greatest scholar and kindest human being. And I am grateful to be learning now, in classes taught so mightily by Ellen Reiss, how trying to be fair to the world and people is the greatest self-expression.

In a class some years ago, she explained why I was having difficulty writing about an instance of art that I liked. Ellen Reiss asked: "What would you lose if you were to have a respect that takes in the whole landscape, and the horizon too, and also has clearness?" "I think I'd lose a feeling of smallness," I answered. She asked: "Do you think you will lose yourself? The question is, what is self-preservation? Is the way we preserve ourselves by managing and keeping things at a distance, or by seeing that the world is [as Mr. Siegel described] *the other half of ourselves?* The more meaning you see in what is not yourself, the more you *are* yourself."

It is a personal victory for me to say I need Len Bernstein to be more myself, and my needing him—his perception, his criticism—makes me happy and stronger. Through my Aesthetic Realism education, I have had more feeling about the world, my husband, and other people with each of our eighteen years of marriage. Aesthetic Realism is the beautiful education that people everywhere deserve!

The Right of Aesthetic Realism to Be Known *is a periodical of the Aesthetic Realism Foundation, a not-for-profit educational foundation.*
Editor: Ellen Reiss.
Coordinators: Brent Buell, David Twomey.

press boycott of Aesthetic Realism, this article had to
an advertisement in:

THE NEW YORK TIMES, WEDNESDAY, NOVEMBER 2

...nching period. ...during the ...voted primarily to military experiments. ...chief engineer for the Air Force's Upper Stage Program, said the rocket can operate in space with only three pairs of navi- booster is to fire an hour ning a series of maneu place the satellite into orbit high above the Equ

Ethics—the Only Answer for the Econon

By Ellen Reiss and the Consultants and Consultants-in-Training of Aesthetic Realism

THE PEOPLE OF AMERICA, so worried about jobs and the money to buy food for their families—the people of America, deeply ashamed that Americans are homeless in America's streets—the people of America have the right to know that Eli Siegel, founder of the education Aesthetic Realism, explained what is happening in our nation and the world. Mr. Siegel showed that we have reached that point in history when no economy can work unless it is *ethical*—fair to every human being. He explained this in a series of lectures begun in 1970. He said: "If there isn't good will in American industry, American industry will be crippled for all time."

The reason millions of people are out of work is that American businesses are no longer able to make adequate profit. The central reason that banks are in shambles is that borrowers cannot pay back loans—because their businesses can't bring in the needed profit. Twenty-one years ago, Eli Siegel explained the cause of the inability in our time to make profit—and that cause is not a temporary thing.

The cause is *ethics*. The cause is the fact that there is a just way every human being deserves to be seen; and economics for centuries has been mightily out of keeping with that just way. This economics has been based on contempt for men, women, children. For someone to make a profit from the work of other people—for a person to get the money that other people earned with their bodies and minds—is contempt. And for a man or woman who could be useful, who could do or make things that others need, to be out of work because no one can make a profit from that man or woman—is ugly, brutal contempt. While this contempt has been the basis of economics for centuries—in our time, Mr. Siegel showed, it has failed: it can no longer produce effectively. He said:

> **Man should not make money from man! That was justice five thousand years ago, but it didn't have a chance to show its power until now....Ethics is a force like electricity, steam, the atom—and will have its way. [*Goodbye Profit System: Update*, Definition Press, p. 82]**

Eli Siegel's knowledge of history was unparalleled. His passion that people and things be seen with justice was the most beautiful thing we know in this world. Because he was utterly honest, because his lifework, Aesthetic Realism, is true about all reality and every person's puzzled, hoping, various self—persons of the press have been furious at Mr. Siegel. These press persons have boycotted Aesthetic Realism for decades, out of resentment that they cannot feel superior to it and that they themselves need to study it. One result of the press boycott of Aesthetic Realism is the economic agony of America.

1. American Selves, American Earth

The philosophy Aesthetic Realism, which Eli Siegel began to

tempt in this principle: "There is a disposition in every
to think he will be for himself by making less of the c
world" (*Self and World*, p. 15). Contempt is very ordir
goes on in kitchens, bedrooms, streets. It is the fee
don't have to think of what a person deserves; his feelir
not as real as mine; I should see people as means of n
me comfortable; as they are less, I am more.

This contempt, Mr. Siegel showed, is the cause
cruelty. It is the cause of racism, and of war. The
to have contempt for what is not ourselves is *the* thi
has us dislike ourselves.

The profit motive is strictly contempt for people. Tl
ing, I should see people in terms of what profit they ca
for me—had employers think it right for children to v
mines, to crawl in them, with carts attached to their
bodies. Once you are after profit, you can't be too inte
in what people deserve, what they feel: it will cram
ability to make money from them.

But now, Eli Siegel showed, an economy unjust t
a person is, can no longer function successfully in Ar
With all the pain, this fact has humanity's grandeur

The good will that Mr. Siegel showed to be necess
an efficient economy is not at all the soft thing people
mean by that phrase. "Good will," Mr. Siegel said,
most powerful thing in the world." He defined it a
desire to have something else stronger and more be
for this desire makes oneself stronger and more beau
And this can be said swiftly: the chief reason an ec
different from ours caused dissatisfaction in Eastern
was that it did not have each person feel like a strong,
ful, expressed individual through working for the s
of people as a whole. There are more than one mode
ing inadequate about those opposites that are equiva
people's very lives: self and world, individuality an
tion, selfishness and justice. That is why every pers
nation needs to study Aesthetic Realism.

3. How Ethics Is Working

There are many, many ways that ethics as force has.
time, crippled the ability to make profit from the w
one's fellow human beings. Here are three:

1. Mr. Siegel wrote: "Americans as employees
be seen differently....Could angry people who work,
the world, show their discontent through less pro
and imperfection of product?" People working in fa
and offices feel the way they are seen by their em
is ugly, has ill will. This feeling is more intense th
before in history. People don't like being seen in te
how little can they be paid, how much can be mad
them. They feel they are being taken for a cruel ride.

THE WHITE HOUSE
WASHINGTON

DATE: 4/8

TO: JOHN Dwyer

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

Please call
about this

JOHN

March 19, 1993

93 MAR 19 P3:55

MEMORANDUM FOR JOHN PODESTA

FROM: RAHM EMANUEL

SUBJECT: THANK YOU LETTERS FROM THE PRESIDENT

Attached please find a list of people who participated in the February 18 St. Louis event. If it has not already been done, I recommend that the President send personal notes thanking these individuals for their support.

THE GEPHARDT-IN-CONGRESS COMMITTEE

MEMO

TO: RAHM EMANUEL
THE WHITE HOUSE

FROM: JOYCE ABOUSSIE JA
GEPHARDT CAMPAIGN

DATE: MARCH 3, 1993

RE: THANK YOU LETTERS

WOULD YOU PLEASE SEND THANK YOU LETTERS TO THE FOLLOWING PEOPLE IN CONJUNCTION WITH PRESIDENT CLINTON'S VISIT TO ST. LOUIS ON FEBRUARY 18, 1993?

MR. AL KERTH
C/0 CIVIC PROGRESS
FLEISHMAN HILLARD
200 N. BROADWAY
ST. LOUIS, MISSOURI 63102

MR. ANDY CRAIG
PRESIDENT & CEO
BOATMEN'S BANCSHARES, INC.
ONE BOATMEN'S PLAZA, P.O. BOX 236
ST. LOUIS, MISSOURI 63166

MR. AUGUST A. BUSCH, III
CHAIRMAN AND PRESIDENT
ANHEUSER BUSCH COMPANIES, INC.
ONE BUSCH PLACE
ST. LOUIS, MISSOURI 63118
(PRESENTED ST. LOUIS CARDINAL'S BASEBALL JACKET TO PRESIDENT CLINTON)

MR. MIKE SHANAHAN
ENGINEERED AIR SYSTEMS
1270 N. PRICE ROAD
ST. LOUIS, MISSOURI 63132
(PRESENTED ST. LOUIS BLUES HOCKEY JACKET TO PRESIDENT CLINTON)

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT ME AT 314-961-1111.

John R. Tumbarello, Treasurer
7435 Watson Road, Suite 107
St. Louis, Missouri 63119
(314) 961-1111

Democrat

TO: from Ron Geisler 4/8/93

for yr review

review to Rod

cc. Watkins

see pg 2

Cabinet Affairs

Deputy Assistant to the President and Cabinet Secretary	Christine A. Varney	456-6280

Chief of Staff

Chief of Staff	Thomas (Mack) F. McLarty	456-6797
Assistant to the President and Deputy Chief of Staff	Mark D. Gearan	456-2533

Communications

Assistant to the President and Director of Communications	George R. Stephanopoulos	456-2640
Deputy Assistant to the President and Director of Planning	David E. Dreyer	456-7151
Deputy Assistant to the President and Director of Media Affairs	Jeffrey L. Eller	456-7150
Deputy Assistant to the President and Press Secretary	Dee Dee Myers	456-2673
Deputy Assistant to the President and Deputy Director of Communications	Ricki Seidman	456-2520

Domestic Policy Council

Assistant to the President for Domestic Policy	Carol H. Rasco	456-2216
Deputy Assistant to the President for Domestic Policy	William A. Galston	456-2216
Deputy Assistant to the President for Domestic Policy	Bruce N. Reed	456-6516

Environmental Policy

Deputy Assistant to the President and Director, Office on Environmental Policy	Kathleen A. McGinty	456-6225

First Lady's Office

Assistant to the President and Chief of Staff to the First Lady	Margaret A. Williams	456-6266
Deputy Assistant to the President and Press Secretary to the First Lady	Lisa M. Caputo	456-2960
Deputy Assistant to the President and Deputy Chief of Staff to the First Lady	Melanne Verveer	

per Ron Strike General

~~General~~ Counsel

Counsel to the President	Bernard W. Nussbaum	
Deputy Counsel to the President	Vincent W. Foster	

Intergovernmental Affairs

Assistant to the President and Director of Intergovernmental Affairs	Regina T. Montoya	456-7060
Deputy Assistant to the President and Deputy Director of Intergovernmental Affairs	John P. Hart	456-2896
Deputy Assistant to the President and Deputy Director of Intergovernmental Affairs	Jeffrey H. Watson	456-2896

Legislative Affairs

Assistant to the President for Legislative Affairs	Howard G. Paster	456-2230
Deputy Assistant to the President for Legislative Affairs	Susan A. Brophy	456-2230
Deputy Assistant to the President for Legislative Affairs (House)	Lorraine Miller	456-6620
Deputy Assistant to the President for Legislative Affairs (Senate)	Steven J. Ricchetti	456-6493

Management and Administration

Assistant to the President for Management and Administration	David Watkins	456-2861

National Economic Council

Assistant to the President for Economic Policy	Robert E. Rubin	456-2174
Deputy Assistant to the President for Economic Policy	W. Bowman Cutter	456-6630
Deputy Assistant to the President for Economic Policy	Gene Sperling	456-2620

National Security Council

Assistant to the President for National Security Affairs	Anthony Lake	456-2255
Deputy Assistant to the President for National Security Affairs	Samuel (Sandy) R. Berger	456-2257

National Service

Assistant to the President and Director of the Office of National Service	Eli J. Segal	456-6444
Deputy Assistant to the President and Deputy Director of the Office of National Service	Charles R. Allen	456-6444

Political Affairs

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Deputy Assistant to the President and Deputy Director of Political Affairs	Joan N. Baggett	456-6257

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Deputy Assistant to the President and Deputy Director of Presidential Personnel	John B. Emerson	456-6676
Deputy Assistant to the President and Deputy Director of Presidential Personnel	Jan Piercy	456-6204

President's Immediate Office

Assistant to the President and Senior Advisor and Director of the Office of Presidential Personnel	Bruce Lindsey	456-6228
Deputy Assistant to the President for Appointments and Scheduling	Nancy Hernreich	456-6610

Public Liaison

Assistant to the President and Director of Public Liaison	Alexis M. Herman	456-2930
Deputy Assistant to the President and Deputy Director of Public Liaison	Steven M. Hilton	456-2930
Deputy Assistant to the President and Deputy Director of Public Liaison	Doris O. Matsui	456-2930

Scheduling and Advance

Assistant to the President and Director of Scheduling and Advance	Marcia L. Hale	456-7560
Deputy Assistant to the President for Appointments and Deputy Director of Scheduling and Advance	Isabelle R. Tapia	456-7560

Staff Secretary

Assistant to the President and Staff Secretary	John D. Podesta	456-2702
Deputy Assistant to the President and Director of Correspondence and Messages	Marsha Scott	456-7610

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 ☑

Thank you.

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

cc: Melanne Verveer

THE PRESIDENT HAS SEEN 4/8

MACK

Bc memo

LIFE
OUTREACH INTERNATIONAL
JAMES ROBISON

Mack
I think
I should consider
seeing him - [illegible]
[illegible]

March 24, 1993

President Bill Clinton
c/o David G. Carpenter,
Presidential Protective Division
U.S. Secret Service
The White House
1600 Pennsylvania Ave., NW
Washington, DC 20500-2000

Dear President Clinton,

I understand that a few days ago when Wilma DeFoggi visited in the White House, you spent some time with her. She indicated to me that she had the opportunity of sharing personally with you what I had expressed to her during a prayer conference in your behalf.

I would like very much to spend a little time with you in a casual outing, perhaps playing golf. I really do enjoy the game and find it to be the best exercise that I'm able to get in light of my travel schedule.

We're involved in relief work and evangelistic outreach throughout the world. We're currently feeding more than 65,000 children in Mozambique and are in the process of establishing a life center in Croatia to care for the refugees and especially the women who have been traumatized by rape.

We will also be providing care for the orphans. We have even sent medical relief to the children in the children's hospital in Serbia.

My wife and I were recently in Bosnia. There are a number of things I could share with you that would be very helpful in that situation. We were able to interview some of the key individuals in both Bosnia and Croatia.

You may recall that I was very close to Mr. Reagan and hosted what was known as the National Affairs Briefing in Dallas. Many believe that meeting helped propel Mr. Reagan into the White House. I was also very close to Mr. Bush.

I was referred to as the most outspoken leader of what the media calls the New Right. I do not believe the extreme and radical emphasis of that element will have the positive effect our country needs.

U.S.: POST OFFICE BOX 982000 FORT WORTH, TEXAS 76182 (817) 267-4211
Canada: POST OFFICE BOX 1189 STATION A SURREY, BRITISH COLUMBIA V3S 4P6 (604) 574-1060

Although I appreciate the good intention of many, I do not believe their methods and approach will prove effective. The recent experience at the Florida abortion clinic illustrates the point.

I am very much in touch with the evangelical and Christian community and know that Christians are truly praying for you and Hillary.

If there is an opportunity when we could get together, I would certainly look forward to it. You have a friend in prayer, whether we ever get to meet. I look forward to hearing from you if time permits a response.

By the way, I have a very close friend who is a member at Augusta National if you would ever like to go there. Of course, I am aware you can go anywhere you wish. It is certainly a beautiful place, and I have always enjoyed going, especially around the Masters when the azaleas and dogwoods are in full bloom.

Well God bless you both and be assured of our continued interest and prayers in your behalf and in behalf of the country we both love so deeply.

Sincerely yours,

James Robison

/klr

cc: Mrs. Wilma DeFoggi
Guest Room #825
Quality Hotel - Capitol Hill
415 New Jersey Ave.
Washington, DC 20001

THE WHITE HOUSE
WASHINGTON

DATE: 7/8

NOTE FOR: Mark Gearan

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:

To: Pres. Clinton
FYI - Derek

THE PRESIDENT HAS SEEN 4/8

Mark Gearan — This should be pursued by approp. person — It would be an unusually good [illegible] to Black community [illegible]

ART HILGART
1801 EVANSTON AVENUE
KALAMAZOO, MICHIGAN 49008

March 29, 1993

Derek Shearer
Room 4850
Department of Commerce
Washington, D.C. 20230

Dear Mr. Shearer,

This is the follow-up to my phone call this evening.

William Grant Still was one of the great American "classical" composers in his own right, and he influenced Gershwin, Copland, and Kurt Weill, among others. Although his music was widely performed in the thirties and forties, he has regrettably fallen into obscurity. Perhaps the reason is that he is usually classed as a major *African-American* composer, rather than as a major twentieth-century composer who was an African-American.

He was born on May 11, 1895, and he died in 1978. I think it would be a great service to the arts and to the restoration of interest in Still's music to recognize the centennial of his birth with a commemorative postage stamp. I have written to the Post Office, and they have added this nomination to the other twenty thousand pending honorees.

I'm writing to you because Still grew up in Little Rock, and that may be enough for Mr. Clinton to endorse the nomination, which would certainly move it up in the queue. If you, Mr. Clinton, and the Post Office would like to pursue this, all the information you might wish is available from Mr. Still's daughter:

Judith Ann Still
22 South San Francisco Street
Number 422
Flagstaff, Arizona 86001-5737
602 526-9355

Cordially,

Art Hilgart

THE WHITE HOUSE

WASHINGTON

March 23, 1993 APR 8 P5:32

MEMORANDUM FOR SECRETARY ESPY AND AMBASSADOR KANTOR

SUBJECT: Ongoing Relationships With Farm Groups

FROM: Alexis Herman
Assistant to the President and
Director of Public Liaison

The White House Office of Public Liaison recently sponsored a meeting in the White House complex with the leaders of traditionally Democratic farm/rural groups, including Rural Electric Association, Corngrowers, National Farmers Union, National Farmers Organization, American Agriculture Movement, Farm Aid, and the Family Farm Coalition. They are not happy about our budget cuts, but are willing to work constructively with us if we continue to work with them.

While I know they are not as powerful on the hill as Farm Bureau and other more traditional agri-business groups, they are about the only base we've got in a lot of rural areas, and they do have clout with some rural Democratic Senators and Congresspeople. They also raised some very legitimate policy concerns, especially about commodity prices and the target loan rate, on which I believe we should work with them.

I would recommend that we pull together a group of staff to work out a long-term strategy for relating to these groups and their policy concerns. I would suggest that this staff group include a person representing USDA, USTR, WH Congressional Relations, and WH Public Liaison. I will be following up to set up a meeting.

4/8

Alexis —
I just got this memo. Did we do anything about this?
These guys are my buddies
John

cc: Rahm Emanuel
John Podesta
David Wilhelm
Barbara Chow
Mike Lux

THE WHITE HOUSE
WASHINGTON

DATE: 4/8

NOTE FOR: Howard Paster

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

- Information ☑
- Action ☐

Thank you.

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

cc:

Mack (GS

it's about time to do this

THE PRESIDENT HAS SEEN 4/8

How Long Must Jim Brady Wait?

IS THERE anybody in Congress who still doesn't know what the Brady bill is? It has now been 12 years since those gunshots hit President Reagan and his press secretary, Jim Brady—and it is Mr. Brady who waits, not the handgun purchasers. A five-day waiting period and mandatory background check for handgun sales from dealers is hardly a tough proposal, given the insane, murderous traffic in firearms that is terrorizing cities, suburbs and even the rural areas these days. Every substantive poll in the land shows overwhelming voter support for the Brady bill, including from most gun owners. President Clinton is ready to sign it; it has been debated for six years—during which 138,000 Americans were killed by handguns. That's more than were killed in combat in World War I, the Korean War and the Vietnam War combined. What is anybody waiting for?

Is it more statistics they want on Capitol Hill? How about these, from Handgun Control Inc. for first three months of this year:

- Five people shot outside CIA headquarters.
- Thirteen law enforcement officers killed with guns during February alone.
- Gang activity reaching new levels in Little Rock and Wichita.
- Three students killed at Bethune-Cookman College in Florida.
- A standoff of arsenals in Waco.

No, the Brady bill alone won't bring an end to the slaughter. It is, in fact, the mildest kind of action that Congress can take. It doesn't restrict any law-abiding citizen from buying a handgun. It doesn't even limit the number of handguns an individual may purchase in a given time period—a proposal that is winning strong bipartisan support in state legislatures as well as in Congress. But it would bring a measure of common sense to a stop-and-shop-and-kill system, and it might just save a life or two. Or more. Congress should pass the proposal—on its own merits—before the next recess.

School's Out in Kalkaska

"IT'S NOT like we're going around with black armbands. We're not dying. We simply have a problem. This is small-town America."

That's what one resident told the Detroit Free Press about the scene in Kalkaska, Mich., where schools closed 10 weeks early after the district ran out of money. The home of the National Trout Festival and 2,300 students decided neither to borrow funds (there are prohibitions against deficit spending) nor to raise taxes (voters rejected a hike three times over). Rather than cut to the bone a school system that had already eliminated sports, increased class size and shortened the school day, the school board opted for an early end to the school year.

This much-publicized event has been characterized as a showdown between Kalkaska and the state, as an intergenerational conflict between fixed-income elderly and youth and as an object lesson in school finance. It's all these things—but it's also something else. It's a case of a town unwilling to pay a little more to keep kids in school. According to reports, few complained about the impending closure.

It's not unusual for schools to close a bit early or open a bit late. Weakened economies and bad bookkeeping have forced similar crises from Richmond, Calif., to Central Falls, R.I. Trouble is especially likely in districts such as Kalkaska that depend almost entirely on property tax revenues. (Kalkaska schools receive some categorical but no general state aid.) States usually come to the rescue, however. In Michigan, receivership is still a possibility—bills are moving through the legislature. But state officials aren't keen on a takeover; there's nothing in state law, they point out, that compels a district such as Kalkaska to remain open.

The teachers—and in particular National Education Association President Keith Geiger—are using Kalkaska for their own purposes. All this is a result of antiquated state financing, they say. While Michigan contributes less than most states to its schools, it is considering changes in the school aid formula. But it's unclear how any equalization provisions or other revisions would have changed the arithmetic in middle-class Kalkaska. This is a community that looked at its own numbers and decided to close the books.

THE WHITE HOUSE
WASHINGTON

DATE: 4/8

TO: Bruce Lindsey

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

Please advise
Do you wish to
review?
JOHN

93 APR 8 P1:16

April 8, 1993

MEMO FOR JOHN PODESTA

FROM: RON GEISLER

Ron Geisler

SUBJECT: Nominations of Military Officers to the Mississippi River Commission

By law since at least 1913, Presidents have been nominating both civilian and U.S. Army Corps of Engineers military officers as members of the Mississippi River Commission. The Army officer members are recommended by the Secretary of Defense; the civilian members by the White House Office of Presidential Personnel. Beginning with the Reagan and Bush administrations, the Army officer nominations were cleared (like a civilian nomination) by the Director of Presidential Personnel and Counsel to the President after they were received in the White House Military Office from the Secretary of Defense. Prior to those Administrations, they were processed as routine military nominations. (Through Executive Clerk and Staff Secretary only).

I bring this to your attention in case you want to clear the nomination of Brigadier General Witherspoon and future Army military nominations to the Commission with Messrs. Lindsey and Nussbaum. The attached is the first nomination (civilian or military) by President Clinton.

THE DEPUTY SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301-1000

30 MAR 1993

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Army General Officer Nomination

On behalf of the Secretary of Defense, I recommend you nominate Brigadier General Eugene S. Witherspoon, United States Army Corps of Engineers, to be a member and President of the Mississippi River Commission, under the provisions of Section 2, Act of Congress, (21 Stat. 37) (title 33, United States Code, section 642).

This appointment will be in addition to General Witherspoon's current assignment as Commanding General, United States Army Engineer Division, Lower Mississippi Valley. General Witherspoon is 53 years of age, and will succeed Brigadier General Pat M. Stevens, IV, United States Army, who has been reassigned.

William J. Perry
William J. Perry

Attachments

Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. resume	[Personally Identifiable Information] [partial] (2 pages)	04/00/1993	b(6)

COLLECTION:

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

FOLDER TITLE:

April 1-10, 1993 [2]

2018-0662-S
rs3041

RESTRICTION CODES

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

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

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

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

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

The White House

Washington

To the Senate of the United States:

I nominate:

The following-named officer for appointment to be a member and president of the Mississippi River Commission, under the provisions of Section 2 of an Act of Congress, approved June 1879 (21 Stat. 37) (33 USC 642):

<u>To be a Member and President of the Mississippi River Commission</u>

Brigadier General <u>Eugene S. Witherspoon,</u> (b)(6) United States Army

RESUME OF SERVICE CAREER

of

EUGENE SHIRER WITHERSPOON, Brigadier General

DATE AND PLACE OF BIRTH (b)(6)

YEARS OF ACTIVE COMMISSIONED SERVICE Over 31

PRESENT ASSIGNMENT Commanding General, United States Army Engineer Division, Lower Mississippi Valley, Vicksburg, Mississippi 39180, since December 1992

MILITARY SCHOOLS ATTENDED
The Engineer School, Basic and Advanced Courses
United States Army Command and General Staff College
United States Naval War College

EDUCATIONAL DEGREES
United States Military Academy - BS Degree - No Major
Arizona State University - MS Degree - Civil Engineering

FOREIGN LANGUAGE(S) None Recorded

MAJOR DUTY ASSIGNMENTS

FROM	TO	ASSIGNMENT
Aug 61	Oct 61	Student, Engineer Officer Orientation Course, United States Army Engineer Center and School, Fort Belvoir, Virginia
Nov 61	Feb 62	Student, Ranger and Airborne Courses, United States Army Infantry School, Fort Benning, Georgia
Apr 62	Oct 62	Platoon Leader, later Assistant S-3 (Operations), Headquarters and Headquarters Company, 3d Engineer Battalion, United States Army Europe
Nov 62	Apr 63	Platoon Leader, Company B, 3d Engineer Battalion, United States Army Europe
Apr 63	Nov 63	Commander, Headquarters and Headquarters Company, 3d Engineer Battalion, United States Army Europe
Dec 63	Feb 64	Platoon Leader, Company E, 3d Engineer Battalion, United States Army Europe
Feb 64	Nov 64	Commander, Company A, 3rd Engineer Battalion, United States Army Europe
Dec 64	Apr 65	Assistant S-3 (Operations), Headquarters and Headquarters Company, 3d Engineer Battalion, United States Army Europe
Jun 65	Aug 66	Student, Arizona State University, Tempe, Arizona
Aug 66	Nov 66	Assistant Operations Officer, Headquarters and Headquarters Company, 937th Engineer Group (Combat), United States Army Vietnam
Nov 66	Feb 67	Commander, Headquarter and Headquarters Company, 937th Engineer Group (Combat), United States Army Vietnam
Feb 67	Aug 67	Liaison Officer, 937th Engineer Group (Combat), United States Army Vietnam
Sep 67	Jul 68	Student, Engineer Officer Advanced Course, United States Army Engineer School, Fort Belvoir, Virginia

EUGENE S. WITHERSPOON, Brigadier General

MAJOR DUTY ASSIGNMENTS

FROM	TO	ASSIGNMENT
Jul 68	Jun 70	Senior Engineer Instructor, Office of the Military Instruction, Department of Tactics, United States Military Academy, West Point, New York
Jun 70	Dec 70	Construction Engineer, Headquarters, United States Army Engineer Command, United States Army Vietnam
Dec 70	Jul 71	Group S-3 (Operations) Officer, 35th Engineer Group (Construction), United States Army Vietnam
Aug 71	Jun 72	Student, United States Army Command and General Staff College, Fort Leavenworth, Kansas
Jun 72	Jun 74	Support Operations Officer, Naval Civil Engineering Laboratory, Port Hueneme, California
Jun 75	Jun 76	Officer-in-Charge, Bridging and Field Engineering Wing, Australian School of Military Engineering, New South Wales, Australia
Sep 76	Dec 76	Student, Mapping, Charting and Godesy Officer Course, United States Army Engineer School, Fort Belvoir, Virginia
Dec 77	Aug 78	Commander, 652d Engineer Battalion, (Topo), Fort Shafter, Hawaii
Feb 78	Jul 81	Deputy District Engineer, United States Army Engineer District, Vicksburg, Mississippi
Jul 81	Jun 82	Student, College of Naval Warfare, United States Naval War College, Newport, Rhode Island
Jun 82	Jun 83	Commander, Engineer Logistics Command, United States Army Engineer Division Middle East, Saudi Arabia
Jun 83	Jan 84	Deputy Commander (Support), United States Army Engineer Division Middle East, Saudi Arabia
Jan 84	May 84	Commander, United States Army Engineer District, Al Batin, Saudi Arabia
May 84	Sep 86	Commander, United States Army Engineer District, New Orleans, New Orleans, Louisiana
Sep 86	Sep 88	Director of Engineering and Housing, United States Army Garrison, Fort Bragg, North Carolina
Sep 88	Jan 90	Chief of Staff, United States Army Engineer Center, Fort Leonard Wood, Missouri
Jan 90	May 91	Commander, United States Army Engineer Division, Missouri River Division, Omaha, Nebraska
May 91	Dec 92	Commanding General, United States Army Engineer Division, Trans Atlantic, Winchester, Virginia

PROMOTIONS	DATES OF APPOINTMENT	
	Temporary	Permanent
2LT		7 Jun 61
1LT	7 Dec 62	7 Jun 64
CPT	14 Dec 64	7 Jun 68
MAJ	28 Feb 68	7 Jun 75
LTC		9 May 76
COL		1 Jul 82
BG		1 Aug 90

EUGENE S. WITHERSPOON, Brigadier General

US DECORATIONS AND BADGES
Legion of Merit (with 2 Oak Leaf Clusters)
Bronze Star Medal (with Oak Leaf Cluster)
Meritorious Service Medal (with 3 Oak Leaf Clusters)
Army Commendation Medal
Navy Commendation Medal
Ranger Tab
Parachutist Badge

SOURCE OF COMMISSION USMA

SUMMARY OF JOINT ASSIGNMENTS Joint duty requirement waived due to promotion and projected utilization based primarily on scientific and technical skills.

As of 4 December 1992

MEMORANDUM FOR CORRESPONDENTS

No.

Secretary of Defense Les Aspin announced today that the President has nominated Brigadier General Eugene S. Witherspoon, United States Army, for appointment as a member and president of the Mississippi River Commission. This appointment will be in addition to General Witherspoon's primary assignment.

General Witherspoon is currently serving as Commanding General, United States Army Engineer Division, Lower Mississippi Valley, Vicksburg, Mississippi.

-END-

THE WHITE HOUSE
WASHINGTON

DATE: 4/8

NOTE FOR: Will Itoh

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

Information ☐

Action ☑

The President reviewed these on his way to Vancouver — I don't think he has replied. Can you take care of it.

Tom

Thank you.

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

cc:

GARY HART
DAVIS, GRAHAM & STUBBS
SUITE 4700
370 SEVENTEENTH STREET
POST OFFICE BOX 185
DENVER, COLORADO 80201-0185

THE PRESIDENT HAS SEEN

President William Clinton
The White House
Washington, D. C.

March 19, 1993

Dear Mr. President:

You have a unique opportunity in Vancouver to design a profoundly better United States policy toward Russia.

That new policy should be based on three propositions: first, democracy must replace capitalism as our highest priority for Russia; second, there are creative ways to help finance Russian infrastructure modernization that do not require foreign aid; third, a new, stable Russian democratic system may not mirror our system.

To date, we have repeatedly insisted that the very limited financial assistance we have offered Russia (and the Commonwealth of Independent States) be conditioned upon the Russians adopting radical economic reforms as quickly as possible. This policy has produced only misery and a political backlash against the West that threatens the Yeltsin government. The previous Administration, and Congress, have focused only on traditional foreign grants in aid and have offered very little of those for fear of antagonism from American voters. And we have all assumed that Russia must adopt something very like the American political and economic model and do so at the earliest possible time.

But it is much more in our interest, and in keeping with our historic values, for Russia to learn democracy first, then evolve at a pace consistent with social stability into market capitalism. We have been behaving as if capitalistic economics were more important to us than democratic freedoms. The reverse is true. Democracy guarantees markets, but markets do not necessarily guarantee democracy. Better Russia had democracy with a centrally managed economic system experimentally evolving toward markets than an authoritarian political system guaranteeing market economics at the cost of human liberty.

I strongly urge you to make clear to President Yeltsin and the Russian people that our highest priority is for them to have genuine democratic freedoms and that we will work patiently with them as they make their way toward their own, perhaps new, economic system. By its obeisance toward China and stinginess toward Russia, the previous Administration established exactly the opposite priorities.

America did not invent market economics. That is as old as mankind. America invented revolutionary democratic republicanism. That is what makes us unique, and that is what we have to offer the Russian people and the peoples of the world.

Second, there are innovative and imaginative ways to help Russia build modern telecommunications, transportation and financial infrastructures that do not require federal budget outlays or traditional foreign assistance. One such way is to guarantee development bonds for these kinds of specified investments. United States companies would be given priority in carrying out infrastructure projects financed by these bonds. Israeli housing bonds are a precedent, established by statute, for this approach.

Another, similar method is a government sponsored entity, like F.N.M.A. or S.L.M.A., which could be structured to provide off-budget credit guarantees, direct loans and secondary market financing for targeted projects, e.g., modernization of public infrastructure, in the Russian Federation.

Additionally, the U.S. government could negotiate long-term oil purchase agreements with Russia at below market rates. These contracts could be auctioned to American producing companies. These agreements would guarantee Russia a large, predictable pool of hard currency or credit over time, with which to rebuild its public infrastructure, and would guarantee the United States supplies of foreign oil which did not require military intervention to secure.

Obviously ideas such as these must also be combined with restructuring Russia's external debt, with longer-term grain credits and with other types of multilateral assistance. But, as you wisely acknowledged recently, all this must be done quickly or democracy in Russia will be stillborn.

Finally, we all should acknowledge that the future Russia may not, and probably will not, look exactly like us. The American people must understand this fundamental fact or they will continue to be tempted to condition our friendship and concern on Russia's "Americanization".

You know, from experience and study, that Russian history and culture are rich, unique and worth preserving. Russia will never simply copy our systems. It has its own destiny. Our goal should be simply to help that nation become a stable and prosperous member of the international community.

The American people, properly educated and led, will understand that we cannot and should not seek to determine Russia's destiny, nor should we demand that it adopt our norms to justify our attention and assistance.

Few believe Russia can expect a harmonious future without international support and involvement. Many of us who are friends of Russia believe the last Administration was wrong to delay American assistance and wrong to put radical economic reforms ahead of democratic principles and ideals.

Russian stability and progress is crucial to the success of your own vital domestic reforms. Russian instability will prevent reform and restructuring of our military and reallocation of our own priorities. The American people will understand this if you continue, as you have already done, to explain these linkages.

I wish you great success as you begin the process of creating a new basis for American-Russian friendship and as you undertake the unprecedented effort to structure a post-Cold War America. Lee and I send our very warmest regards to you and Hillary.

Sincerely,

Gary Hart

McDonald's®

Москва-Макдоналдс
Moscow-McDonald's

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Телекс: 414880

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121002 Moscow
Russian Federation
Telephone: (+7-095) 241-4111, 241-4132
Telefax: (+7-095) 241-4200
Telex: 414880

THE PRESIDENT HAS SEEN

MARC A. WINER
~~GENERAL DIRECTOR~~

Brilliant

Monday, March 29, 1993

Mr. Bill Clinton
President of the United States
The White House
Washington, D.C.

Dear Bill:

As an aid in preparation for your upcoming meeting with President Eltsin, I enclose a proposal for a specific form of effective and cost-effective aid for Russia. I believe in it deeply.

Russia deserves our help, but if the U.S. Government and business can offer a form of aid that helps America, that's what we should do! If needed, I am happy to help in any way I can (at <u>any</u> time of day).

With best regards from Chana, too.

Marc

<u>PHONE</u>

OFFICE 011-7095-241-1033
241-4111

HOME 011-7095-230-2023

THE BEST AID FOR RUSSIA IS INDUSTRIAL DEVELOPMENT

Marc A. Winer

This is a proposal for strengthening and speeding reform in Russia. It is based on modernizing and developing goods and service industries and thereby increasing the power of the country's economic infrastructure, which is the most important element of stability and growth, and which should become the country's major focal point rather than political quarreling or intercultural wars.

At the same time the proposal does the utmost to encourage American companies to move quickly to start up new businesses in Russia not losing out to other countries while avoiding the mistake of pouring massive financial or material aid into a bottomless well.

It shows how the relatively small amount of one billion dollars, not spent in Russia but invested in America, could work small revolutions in Moscow, St.Petersburg and other politically significant areas of the country.

It is also based on an extensive knowledge of industrial and agricultural Russia and a deep conviction that problems there will be solved only by thousands of individual business successes, which are the only real building blocks of irreversible reform.

To state Russia's situation in simple terms, both the leadership and general population have become aware of how seriously underdeveloped the country's industry is, and even many conservatives agree that help from the West is necessary to modernize the country. As a vasty undersupplied market with a very large population, Russia offers great market potential to American companies.

At the same time political instability prevents American companies from committing to major investments there and Russia's underdeveloped infrastructure means that any major investment will not generate an acceptable return in an acceptable time frame. Russia is not the place for a company to make a large upfront investment and receive a quick return on its money.

For large and especially for small companies, several serious questions have to be answered before a move can be made into the Russian market:

Can we afford to put our money into a substantial project in a market with an underdeveloped supply infrastructure and labor pool where our payback will be many years out, while investments in other countries could give us a faster return?

Can we afford to finance an investment in Russia, where it is not possible to own land and where tax and other legislation changes constantly?

Can we afford the overhead necessary to pursue a project actively in Russia (feasibilty studies, project design costs, travel costs, translation, training)?

Can we afford the upfront commitment of manpower needed to develop a project in Russia (either by reallocating existing staff, taking them away from their present jobs, or by hiring additional staff)?

It boils down to a question of the availability of money and the evaluation of risk.

From the U.S. Goverment's point of view the questions are different:

- What can we do to support and speed reform in Russia?

- How can we ensure that American interests are served in the process?

- What form of aid will not be wasted and will get to the people who need it?

- Companies in other countries are moving on to the Russian market already. How can we help American firms compete?

- How can we invest to help Russia in a significant way without increasing our own deficit?

From the Russian Goverment's point of view, some of the key questions of today are:

- How can we stop the export of natural resources?

- How can we become more self sufficient?

- How can we learn to survive, function, and prosper under conditions of democracy and capitalism, to which we are not accustomed?

- How can we let ourselves be helped without getting a hand-out?

There is a concept which could be implemented quickly and inexpensively which seems to resolve all of the above questions satisfactorily for business and government:

It would entail U.S.Goverment support of American companies' project-design and overhead costs and guarantee 100 per cent of companies' investments, helping ultimately to create dozens of new business entities and overall industrial development in Russia. But the major principle of the concept is to keep U.S. Goverment money at home in the United States, for the direct benefit of American companies, banks, universities, and others involved in the program.

Discussions on aid to Russia have focussed on programs requiring very large sums of money -- 10 to 18 billion dollars -- for large-scale deliveries of food or medicine and for stabilization of the ruble. These programs may be politically useful, but only in the very short term, as they don't put Russia in a position to help itself, and what's put in is used up and gone in a matter of weeks. Real change in Russia will come over time through economic development.

Let's consider a scenario which the U.S. Government would enable one billion dollars worth of industrial investnent by American companies. The initial investment of McDonald's was $ 50 million. Some companies might do more, some less. Assume therefore that such a program could help between 20 and 30 companies set up projects representing investments between 30 and 50 million dollars, enough to get a serious business off the ground in many fields.

This scenario could be achieved using a relatively small amount of funds. The mechanism could look as follows: the U.S. Government makes an allocation of one billion dollars for aid to the Russian economy.

The one billion is not spent. Rather, it is invested in an interest-bearing account or fund in the United States.

First, the interest income from this investment would be earmarked for specific help for 20 to 30 companies in the form of direct reimbursment of project design and overhead costs.

This money could be made available for a one, two or three-year period. It could be made subject to repayment on an interest-free basis once a company's entity in Russia began to turn a profit, or after five years, for example. So from the start, the program would reduce to a minimum up-front design costs and overhead.

Second, as soon as a company has defined its project and is ready to begin putting equipment and plant in Russia, some of the interest income from the invested billion dollars can be used to buy insurance for this investment, including political risk insurance, eliminating another of the up-front cost of long-term projects and fully guaranteeing the safety of the company's investment.

Third, the U.S. Government could guarantee loans by American banks to finance the investments of the companies and help keep the interest rates low. The Government could also use part of its interests income to share the burden of finance charges with the companies.

These steps provide safety and reduce cost. Assistance of this type would also make it possible for companies to stop choosing between a long pay-back, long-term development of an investment in Russia and one elsewhere -- companies would be able to do both.

Under such a scenario, the U.S. Government would not have spent one penny to aid Russia. It would have only lent or made grants of the dividend it earned each year from the one billion dollars it has invested in the continental United States. And in turn this dividend (about $60 million) would have helped 20 to 30 companies prepare for and make investments of between 30 and 50 million dollars each in Russia.

Companies of any size could be recipients of such an aid-support program. In the case of smaller-sized firms, a greater of number of smaller projects could be funded.

Areas that urgently need development in Russia and which provide great market opportunities include cattle-feed production, general farming, food processing, freezing, storage and distribution, banking, auto manufacturing, military conversion of all types, small business of all types, housing and other construction, construction materials production, the manufacture of the pharmaceutical, medical instruments and supplies, packaging production, petroleum-derivative processing, light industries like appliances, carpets, clothing, furniture, hand and power tools, even media, and many, many others.

From Russia's point of view industrial development with Western assistance is critical for the future:

a) A broad program of development across 20 to 30 areas of industry would work toward reducing the shortages and speculation in goods which are part of the cause of inflation.

b) It would provide role models in several areas. Russians are great workers, but the system they've lived under this century has deprived them of basic concepts of business organization to work by. This ranges from defining the purpose and philosophy of an organization to learning new accounting and personnel policies, to learning what equipment to invest in and how to keep it running.

c) As a jobs-generating program, this helps people to fill their stomachs and improve their lots (by helping them help themselves) thus reducing one source of political tensions and uncertainlty, while avoiding pouring billions of dollars into a bottomless well of one-time deliveries of humanitarian aid . And it helps Russians who are going to get their jobs and buy the products, rather then helping specific political personalities.

d) Around each of the entities set up in Russia, it creates local centers of business ethics and values which go hand in hand with democracy and free markets. The commitment to quality is one of these fields. A fair wage for real work is another. Concentrating on one field of endeavor, and endeavoring to be the best in that field, is a third. Starting small and building a business entity of great value step by step over time is a fourth. None of these values has had a fair chance to survive in Russia.

e) It would help speed up Russia's familiarization with the West and Westerners. To this day, Russia suffers from a lack of real understanding of life in the West, owing to its long isolation. Every serious American business that starts up in Russia is probably the best form of citizen exchange.

f) It would create numerous legistimate businesses that would become major employers, major tax payers, and major purchasers of goods and services probably in several different geographical areas, even providing jobs for victims of bankrupt plants.

g) It would produce only those goods that are really needed.

h) By creating thousands of jobs and providing higher-than-average wages it furthers among workers the development of a new sense of self worth which the country badly needs.

i) A tremendous ripple effect would be created as these plants reach out around themselves for raw materials. This would also help reverse the tradition of vertical integration which is so prevalent in Russia and which results in the unrelatedness of one branch of industry to another.

j) The many bone fide, long-term businesses created, unlike import-export activity, would not strip the country of needed natural resources and other raw materials. Instead, it creates demand for them inside the country.

A program of extensive industrial development by American companies would also serve the interests of the United States.(Naturally, the goal is not to create a little America in Russia. Russia wants to, and will, develop in its own way. Furthermore, any Western experience set up there has to become a part of local economic life.)

But clearly, industrial development is the most effective form of American aid, in that it reduces Russia's ongoing need for aid, at the same time that it enables us to have a deep understanding of Russia and Russians. Other benefits for Americans would be:

- A concentrated effort to help American companies set up quickly would give them a good chance to compete for the Russian market against those who are geographically and historically closer and more familiar with it.

- Under such a concept, the U.S. Government would be free as possible from the need to decide what to invest in or the need to create a bureaucracy to administer aid programs. Let American companies do their work in the fields in which they are leaders.

- Whatever money is invested by the U.S. Government stays in America, supporting job creation at home, too, and the market expansion for U.S. companies.

- Deeper involvement by American companies in Russia would give America a deeper understanding of the country.

- If well planned, this could be a self-financing program which could go on for years expanding American market overseas.

- Is self-perpetuating at no cost to the U.S. Government yet, keeps the Government deeply involved in the process of economic reform.

- Eliminates re-export of aid or other misuse.

A program of concerted industrial development could be enhanced by the addition of secondary elements. At the outset of the program, a number of college students, say 200, could be brought to U.S. universities to study for initial one- or two-year period, during which many of the companies under this program would be setting up their feasibility studies and make preliminary designs of their projects. By the time the companies were ready to move their projects to Russia, they could choose from among this body of trained, English-speaking talent.

The U.S. Government could pay for this training. Since it would be taking place in the States, U.S. universities would have the benefit. A lot of travel is involved, and the program could also specify the U.S. carriers and hotel companies.

- Further, there could be a stipulation that the certain portion of the profits of these companies be reinvested for some years in Russia. This would be the reinvestment of local money earned locally.

- There could also be a stipulation that these eventually profitable commercial enterprises would fulfill a local social or humanitarian aid role. For example, each of the entities set up in Russia under this program could be a joint stock company with a few percent of non-voting shares issued to a charitable fund, possibly of the entity's parent company. The fund could adopt and take care of a hospital, orphanage, old person's home or physical therapy center in its vicinity, again finding alternatives to anonymous massive humanitarian aid which is difficult to control, and helping a business become a part of society.

To help this program work as well as possible, the U.S. and Russian goverments have to reach some necessary agreements, such as Russian legislation (taxes, land ownership).

This serious long-term program is fully realistic. In Moscow, McDonald's has done all of these things, even without government support.

The difficulties of local recruiting, interviewing and hiring have been rewarded by 2000 (soon to be 3000) outstanding employees. After three years of operation McDonald's is now deeply familiar with Russia, serving 40,000 people every day, opening two more large restaurants this summer, spending billions of rubles a year on salaries and raw materials purchases, and reinvesting rubles to build more restaurants.

The ripple effect of setting up Western business with a deep commitment to the local environment is made amply clear by the McDonald's experience. The company today has $75 million in assets yet only 15 Western employees. Russians fill many of the key jobs. The training of dozens of local farms and packaging plants have produced suppliers of high quality raw materials.

Day-to-day operations as well as standard company training programs have given a business training and a sense of performing consistently on a high level to hundreds of employees, who will carry this knowledge and these values with them throughout their lives in Russia wether in McDonald's or elsewhere.

But millions of dollars had to be spent up-front on salaries of top Western people, on travel, translation, the training needed to make the project work, and the size of the investments was enormous compared with sales. It is a fact that most American companies would not, and should not have to consider the kind of risk or long pay-back which McDonald's undertook.

If now U.S. companies could have the benefit of government support as discussed here to eliminate the aspects of risk and up-front outlays of money which currently prevent many businesses from developing in Russia, helping reforms, and turning into a long-term profitable business, this will keep America competitive and will prove to be the most effective form of U.S. aid for Russia.

Marc A. Winer

Moscow, March 29, 1993

THE PRESIDENT HAS SEEN

ZBIGNIEW BRZEZINSKI
1800 K STREET, N. W., SUITE 400
WASHINGTON, D. C. 20006
(202) 833-2408

March 11, 1993

Dear Mr. President

I am writing as one who for years has been advocating increased western engagement in the constructive transformation of the formerly Communist states. With the fall of the Soviet Union, the need for that engagement has become even more acute. Your recent statement -- as well as your campaign speeches -- indicate that you are prepared to lead the West in a truly enhanced effort.

The present, and deepening, crisis in Russia makes this issue especially timely. In the short run, Yeltsin needs -- and deserves -- our help. But in the longer run, the issue is bigger than the question of aid to Russia alone, and the West should face the fact that only a comprehensive response will do justice to the challenge. More specifically, we cannot lose sight of the fact that of the former Soviet Union's 300-odd million people, no less than 150 million now live in separate states. All of these states are in as bad a shape as Russia, or even worse. All of them need help.

The perception that our aid is meant primarily for Russia is likely to produce two negative results: It will maximize the sense of isolation and the fears of the non-Russian states, including the very important Ukraine (inhabited by more than 50 million people), perhaps unintentionally contributing to the emergence of a power vacuum in a considerable portion of the former Soviet Union; it will revive the Russian temptation to reconstruct in some form the old empire, an inclination already manifest even in Yeltsin's recent statements (notably that of February 28) and in the efforts to create some sort of a Moscow-dominated special security system throughout the space of the former Soviet Union.

The cumulative effect of the above is likely to be harmful to the prospects of a peaceful transformation of the former Soviet Union into a genuinely pluralistic community of independent states. Particularly important here is the fate of Ukraine, which President Bush in the past so slighted. If Ukraine succeeds in overcoming its massive domestic problems and sustains itself as an independent state, Russia will automatically cease to be an imperial state. The map of Eastern Europe will be permanently transformed. If Ukraine fails, Russia will have no choice but to become again an empire, thus forfeiting the historical chance of becoming a post-imperial and increasingly democratic state (much the way Turkey evolved after the end of the Ottoman empire).

None of the foregoing is an argument against aid to Russia. But it is an argument for casting our approach in a deliberately comprehensive fashion, emphasizing from the outset that it is meant for Russia, Ukraine (which should always be mentioned by name), and the other newly independent states. In all of our statements and actions we should also be sensitive to the danger that the notion of a special partnership with Russia will be interpreted by the non-Russians as legitimating a special imperial role for Moscow. To most Americans, the notion of such a partnership is benign; to most non-Russians -- and, unfortunately, also to some Russians -- it implies a green light for the assertion of a special role by the Kremlin throughout the territory of the former Soviet Union.

I cannot help but wonder what the European reaction would have been in the late 1940's if the Marshall Plan had been presented primarily as an initiative designed to put Germany on its feet on the grounds that Germany is West Europe's largest state, with only passing references to the inclusion also of "other European states." Such an approach would have certainly generated fear and resentment among the latter, much as is already the case in Ukraine, in some of the other new states, and even in post-communist Central Europe.

Our predecessors had rightly a wider vision of Europe. The great challenge that you now face is to formulate a program of constructive aid that will be welcomed not only by the Russians, but also by the Ukrainians and the other non-Russian nations of the former Soviet Union. A comprehensive approach -- one designed to sustain the independence and to help all of the former Communist states, engaging them in a community of cooperative countries -- would elicit a truly enthusiastic response. Even more important, it would help to consolidate the new geopolitical pluralism which it is so much in the long-term interest of the West to nurture. That geopolitical pluralism is ultimately the best guarantee of Russia's emerging democracy and the strongest bulwark against the reemergence of American-Russian hostility.

Last but not least, a major Presidential speech on these themes could help to give all of the parties concerned --both in the West and in the East -- the badly needed sense of historical direction.

With best wishes,

Sincerely,

The Honorable William J. Clinton
The President
The White House
Washington, DC 20500

THE WHITE HOUSE
WASHINGTON

DATE: 4/8

NOTE FOR: Bob Rubin

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

Information ☐

Action ☑

I worked a little on this when I was a dreaded lobbyist.

Thank you.

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

cc:

THE PRESIDENT HAS SEEN 4/8

Hewlett-Packard Company
3000 Hanover Street
Palo Alto, California 94304

HEWLETT PACKARD

Posus-

93 APR 5 P 8 : 27

Lewis E. Platt
President and Chief Executive Officer

March 18, 1993

Bob Rubin
There is uncertainty - I'd like to work with them + evaluate Treasury's analysis? Recommendation? - B

The Honorable William J. Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20220

Dear Mr. President:

I wanted to follow up on our conversations at last month's Silicon Valley dinner and keep you informed of our efforts regarding the international tax provisions of the Administration's deficit reduction package.

As you will recall, at the dinner I described to you how the international proposals will likely do little if anything to prevent runaway plants from the United States but will adversely affect U.S.-based high technology companies that are attempting to compete in world markets. You indicated your desire for us to present alternative approaches to your people and work with them toward a better solution.

In response to your suggestion, we and representatives of Apple Computer provided what we believe to be a new and innovative runaway plant proposal to Treasury Secretary Bentsen and Deputy Secretary Altman. (A summary and detailed description is attached.) They are currently considering it. We believe this alternative much more effectively deals with the problem of runaway plants owned by U.S. and foreign-based companies than will the Administration's current provisions. If our alternative were adopted, the Administration's current deferral and royalty provisions could then be considered -- as they should be -- in the context of a broader reform of the U.S. international tax system as it applies to both foreign-owned and U.S.-owned multinationals.

Besides Hewlett-Packard and Apple, we hope that others in the business community can support our suggested proposal. I truly believe that, if the alternative is adopted as a substitute for the current Administration deferral and royalty proposals, it would eliminate perhaps the biggest obstacle for high technology and other companies to support the Administration tax package.

We appreciate your continuing concern and involvement in these issues and look forward to working together.

Best regards,

Lew Platt

LEP/cda

Enclosure

cc: Treasury Secretary Lloyd Bentsen
Deputy Treasury Secretary Roger Altman

Printed on recycled paper

SUMMARY OF THE DISLOCATED WORKER EXCISE TAX

CONCEPT: The proposal would impose an excise tax equal to $10,000 per dislocated worker whose job is lost because a business is moved abroad. A credit against the tax would be allowed for severance, training and other costs paid.

RATIONALE:

• Discourage movement of plants abroad by forcing companies to internalize the societal costs associated with layoffs and plant closing.

• Force companies moving abroad to compensate workers and the Federal Government for retraining and other assistance costs.

• Apply tax to foreign-based firms operating in the U.S. as well as U.S.-based firms.

DESCRIPTION: The tax would be imposed if two requirements are met:

(1) WARN Notice:

• Target only companies who close plants or have mass layoffs requiring notice under the current rules of the Worker Adjustment and Retraining Notification (WARN) Act.

(2) Functionally Equivalent Foreign Plant Expansion:

• Create presumption for companies with a site requiring WARN notice that the excise tax applies.

• Employer can rebut presumption by establishing that the function shut down at the U.S. site was not expanded at a foreign site under the same WARN criteria (i.e., one-third of the site and at least 50 persons or at least 500 persons in total) within a three year period.

EXCISE TAX AND CREDIT:

• If company meets the two requirements, it must pay $10,000 excise tax per the lesser of the number of employees decreased at each domestic site requiring a WARN notice or the number of employees increased at each functionally equivalent foreign site.

• Excise tax can be offset by 50 percent of severance pay, training costs and other layoff benefits paid by employer with respect to the U.S. plant closing or mass layoff.

DETAILED DESCRIPTION OF
THE DISCLOCATED WORKER EXCISE TAX

I. PRESENT LAW.

There is no tax law provision which requires employers to pay a tax or otherwise compensate the federal government with respect to costs associated with a plant closing or a lay-off of employees.

II. REASON FOR CHANGE.

To stay competitive in the global economy, U.S. and foreign-based multinationals must maintain the flexibility to adjust the types of activities performed in and employment levels maintained in the United States as well as other parts of the world. Yet, any time an employer closes a plant or lays off a sizeable number of employees in the United States, a substantial cost can result both to the affected employees and to the local, state and federal governments. Large lay-offs make it difficult for employees to find other employment within the region within a short period of time. The U.S. Government directly bears the cost of resulting unemployment through the payment of unemployment benefits as well as through the assistance it provides under Title III of the Job Training and Partnership Act ("JTPA"). Indeed, the readjustment, retraining and other services provided under the JTPA alone costs an average of $2,800 per dislocated worker. In addition to the federal government, state and local governments contribute toward counseling and job retraining in most cases. To the extent an employee's savings and unemployment compensation run out before a new job can be secured, his or her family may become eligible for further assistance, such as AFDC and Food Stamps and Medicaid.

These costs are substantial and are today borne by affected employees and governmental agencies, not the employer. To the extent an employer's actions result from economically difficult times, forcing an even larger burden on the employer would be counter-productive. However, to the extent employers make plant closing or lay-off decisions as part of plans to expand overseas facilities, they should be in a position to absorb some of the costs associated with their decisions.

The imposition of an excise tax would shift some of the costs now borne by employees and governmental agencies to the corporations who decide to close a U.S. plant and to open or expand an overseas operation instead. Depending on the economics associated with each decision, forcing these firms to internalize a portion of the costs will either reduce the number of plant closings in the United States, or increase the federal government's ability to provide the retraining and other services necessary to facilitate a smoother and less costly transition. Further, if the excise tax includes a credit for severance and other related benefits, the tax will encourage employers to provide their employees with financial means beyond unemployment compensation to obtain their own retraining or to search more widely for new employment.

This excise tax approach can be applied not only to U.S.-based multinationals, but also to foreign-based multinationals who have subsidiaries within the U.S. which service the U.S. market. For this reason the Administration believes that the most efficient and least arbitrary way to shift this cost is through the use of an excise tax imposed with respect to each job shifted to foreign locations, with some offset available for those firms who provide relatively generous severance packages, without regard to the home country of the company involved.

III. DESCRIPTION OF PROPOSAL

The proposal focuses on companies who effect plant closings or mass lay-offs under rules identical to the current rules of the Worker Adjustment and Retraining Notification (WARN) Act. For those required to give notice under that Act during the taxable year or the immediately preceding year for a U.S. plant closing or mass lay-off, a determination must be made as to whether employment increased at a functionally equivalent site outside the U.S. that is controlled (directly or indirectly) by that taxpayer or a common parent so as to constitute a "plant expansion." For each plant closing or mass lay-off for which there was a functionally equivalent foreign plant expansion, the employer would be required to pay an excise tax of $10,000 per-person times the lesser of the number of employees decreased at such U.S. sites or the number of employees increased at such foreign sites. A credit against this excise tax would be allowed for a portion of severance and other benefits paid with respect to plant closings or mass lay-offs.

A. Domestic Plant Closing or Mass Lay-off.

The proposal would adopt the same standards as apply for giving advance notice to employees under the current WARN Act. Thus the proposal would apply to employers of 100 or more workers that order a "plant closing" or a "mass lay-off." A plant closing is a permanent or temporary shutdown of either an entire site of employment, or one or more "facilities or operating units" within a single facility, if the shutdown results in an "employment loss" for at least 50 or more employees (excluding part-time workers) during any 30-day period. (An operating unit is an organizationally or operationally distinct product, operation, or specific work function within or across facilities at a single site.) A "mass lay-off" is a reduction in force which results in an "employment loss" at a single site of employment (excluding part-time workers) during any 30-day period: (1) for at least 33% of the employees and at least 50 employees, or (2) at least 500 employees.

An employment loss is: (i) a termination other than for cause and other than a voluntary departure or retirement; (ii) a lay-off exceeding 6 months; or (iii) a greater than 50 percent reduction in hours worked for 6 consecutive months. Part-time workers are individuals employed for an average of less than 20 hours per week or who have been employed for fewer than 6 of the 12 months. An employment loss does not occur if an employee is transferred to another site within reasonable commuting distance, or is offered and accepts a transfer to any location (regardless of commuting distance).

Generally, as under the WARN Act, geographically separate facilities are separate sites of employment and geographically related facilities are single sites. Geographically separate sites, however, may be considered a single site of employment if they are in "reasonable geographical proximity," the separate buildings are used for the same purpose and share the same staff and equipment. In addition, operations in cities which are not in reasonable geographical proximity should be considered different sites of employment.

A plant closing or mass lay-off does not exist when a temporary facility is closed or when the lay-off is the result of the completion of a particular project or undertaking, and the affected employees were hired with the understanding that their employment was limited to the duration of the facility or the project or undertaking. A plant closing or mass lay-off would, however, exist in those circumstances where exceptions to the WARN Act reduce or eliminate the 60-day period between the sending of notice and the implementation of the plant closing or lay-off.

B. <u>Functionally Equivalent Significant Foreign Expansion</u>

A plant closing or mass lay-off at a domestic site or operating unit creates a presumption that the excise tax applies. The presumption can be rebutted by the employer establishing (under the normal burden of proof for tax issues) that a significant expansion has not occurred at any functionally equivalent foreign site or operating unit (the ownership more than 80 percent of which is controlled directly or indirectly based on a vote or value test by that taxpayer or by a common parent) in the current year or the immediately preceding year. However, if an employer provides no information regarding any foreign expansion (including, where applicable, information regarding expansions by the foreign parent or other related foreign corporations), the excise tax will apply based on the U.S. plant closing or mass lay-off.

(1) <u>Significant Expansion</u>: A significant expansion at a foreign site involves a full time employment increase of at least 33 percent and at least 50 persons or at least 500 persons during the current or immediately preceding year. By looking to a two-year expansion time period and a two-year plant closing or mass lay-off period, the proposal actually covers expansions that take place one year before, during, or after the year in which the notice was given with respect to a domestic plant closing. For example, if Company A opens a new plant in Mexico to manufacture shoes in 1994, and closes its New York plant in 1995, this provision would impose an excise tax in 1995 since there would have been

a plant closing in the current year and foreign expansion the year before the notice. If, however, Company A waited until 1996 before it opened its plant in Mexico, this provision would impose an excise tax in 1996, because there would have been foreign expansion in the current year and a plant closing in the prior year.

(2) Functionally Equivalent Foreign Site: In order to determine if a foreign site is functionally equivalent to a domestic site, the primary function of the newly hired workers must be compared to that of the dislocated workers in the domestic site. The functional analysis first looks to the nature of the business conducted at the two sites and then second looks to the nature of the effort provided by the new hires and displaced workers. In general, a domestic site will be considered functionally equivalent to a foreign site if the "primary function" of both sites is: (i) the manufacture or production of products within the same 4-digit SIC Code; (ii) the conduct of research within the same 3-digit SIC Code; (iii) the provision of services within the same 4-digit SIC Code to third parties who are in markets within the same country or countries; (iv) the provision of general and administrative or other functions not described above for the same corporate entity or entities.

For example, Company B, a Japanese-based company, closes a domestic plant that manufactures motor vehicles and car bodies. At approximately the same time, Company B also doubles the size of its existing 600 employee bus body manufacturing facility in Japan. In this case there has not been an expansion of a functionally equivalent foreign site because car body manufacturing is in SIC Code #3711 and bus body manufacturing is in SIC Code #3713. If, however, Company B's Japanese expansion involves the addition of capacity to produce car bodies the plants would be functionally equivalent.

If Company C, a multinational U.S.-based company that conducts all its stewardship activities of its foreign affiliates as well as its administrative management of its U.S.-based operations in Los Angeles, California transfers these functional activities to a foreign site, the facilities would be functionally equivalent. If on the other hand, this firm has a mass lay-off at its domestic administrative site and at the same time opens a new manufacturing facility in Ireland, the two sites will not be considered functionally equivalent.

Finally, if a U.S. airline that performs its ticket reservation services for its U.S. customers closes its reservations service facility in Nebraska and opens a facility in the Caribbean and this new facility will continue to perform reservation services for U.S. customers, the two sites will be considered functionally equivalent. If, however, the firm has a mass lay-off at its Nebraska site (which function is discontinued or taken over by other employees in the U.S.), and during the same year it opens a new site in France for the purposes of servicing its European customers, the two sites are not functionally equivalent.

The "primary function" of a domestic site will focus on the functions performed by the majority of the persons laid off. If, for example, a manufacturing and sales operation are both located at a single location, but the majority of the employees laid off were engaged in sales activities, the primary function of the domestic site will be considered sales.

Analogous to the case of a domestic site, the primary function of a foreign site will focus on the functions performed by the majority of the persons hired during the two-year period under consideration.

In order to determine what functions an employee performs, the functions must be categorized into one of four categories: manufacturing, service or sales, research and other (including general and administrative). A person who performs services for one of the four categories above will be classified within that same category. Thus, for example the maintenance staff that cleans and maintains a manufacturing facility will be considered to perform a manufacturing function. If the staff cleans and maintains an area encompassing both the manufacturing facility and a marketing facility, its function will be classified according to which area the majority of time was spent servicing.

Notwithstanding the above rules, a foreign site would not be determined to be "functionally equivalent" if the employer can establish to the satisfaction of the Commissioner of the Internal Revenue Service that the expansion of employment at a foreign site is unrelated to and independent of the plant closing or mass layoffs in the United States.

C. The Excise Tax

Under the proposal, a company that has closed a domestic plant or effected a mass lay-off and has expanded at a functionally equivalent foreign site would be required to pay an excise tax of $10,000 per person times the lesser of the number of employees decreased at each domestic site which has either been closed or which had a mass lay-off or the number of employees increased at each functionally equivalent foreign site.

A credit against the excise tax would be permitted in an amount equal to 50 percent of four types of severance or lay-off benefits paid by an employer with respect to the U.S. plant closing or mass lay-off:

1. outplacement benefits;

2. severance pay (which may or may not qualify as supplemental unemployment compensation benefits);

3. supplemental unemployment benefits and

4. certain "unpredictable contingent event benefits which may include plant closing or lay-off benefits." These benefits are defined below:

Outplacement Benefits -- A typical benefit package, delivered through an outplacement firm, includes job counseling, assistance in resume writing, interviewing, networking and interviewing skills. In some situations, employers also provide financial or retirement counseling. (Pursuant to Revenue Ruling 92-69, certain outplacement benefits that would otherwise be deductible under § 162 may be excluded from the recipient's income under section 132. While this provides an exclusion for most outplacement expenses, it would not cover such items as financial or retirement planning.)

Severance Benefits -- Many large companies provide severance benefits of some kind. To avoid ERISA complexities, severance benefits may not be conditioned on retirement, may not exceed 100% of recipient's annual compensation and generally must be paid within 24 months of termination. Benefits typically are pay and service related (i.e., a specified number of weeks or pay per year of service).

For non-union employees, however, such benefits are often provided on an ad hoc basis (i.e., the employer maintains no "plan" or "method or arrangement" having the effect of a plan). In these cases benefits would be paid out of general assets on an event-specific basis. For union employees, severance benefits would be provided pursuant to the bargaining agreement. Again, payments typically are based on wages and years of service.

SUB Benefits -- Many employers also provide Supplemental Unemployment Benefits (SUB) which may be prefunded under a section 501(c)(17) trust. Such benefits must be designed to supplement unemployment benefits (e.g., such benefits may not be paid in a lump sum; must cease upon re-employment, etc.) SUB benefits are exempt from FICA.

Unpredictable Contingent Event Benefits -- Many employers also provide special benefits under a tax-qualified pension plan that apply only in the case of a plant closing, lay-off, etc. Such liabilities generally do not arise until the event occurs and thus generally are not taken into account under the pension plan minimum funding rules until the event occurs. However, such benefits, which often take the form of early retirement subsidies, social security supplements, pension enhancements, etc., are costly. PBGC estimates that a significant portion of its liability stems from such "hidden" liabilities.

THE WHITE HOUSE
WASHINGTON

DATE: 4/8

NOTE FOR: MACK ; Bruce

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

[illegible] 4/8

MEMORANDUM TO THE PRESIDENT

FROM: BETTY CURRIE

RE: PROPOSED TELEPHONE CALL

DATE: APRIL 7, 1993

SUSAN BROPHY CALLED - RICK STEARNS WOULD LIKE TO TALK WITH YOU REGARDING HIS MEETING WITH JANET RENO. HE CAN BE REACHED AFTER 10:00 P.M. TONIGHT AT:

617-696-6729

PLACE CALL ________________

HOLD ________________

cw need to discuss

THE WHITE HOUSE
WASHINGTON

DATE: 04/08/93

NOTE FOR: ELI SEGAL

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

Patricia Duff Medavoy

9101 Hazen Drive, Beverly Hills, CA 90210

March 26, 1993

To Eli Segal

Pls advise

BC

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

Dear Mr. President:

In the months following your inauguration, you and your Administration have managed to challenge a new generation of Americans to embrace a "season of service."

We believe that you can make service to others the abiding ethic in this country, tapping the drive of individuals to claim the problems of the community as their own and ultimately letting them make a difference.

The Common Good is designed to help meet that goal. Our proposal outlines a new approach to service which calls for you to: (i) expand the definition of service to better reflect your vision; (ii) create an exciting new public awareness campaign to communicate your message; and (iii) transform existing organizations, including your predecessor's Points of Light Foundation, to move your agenda into the mainstream of public opinion as soon as possible.

We believe The Common Good, as described in the following document, can serve as the foundation for your national service plan and provide a lasting legacy for your Administration. I look forward to discussing our program with you at your earliest convenience.

Thank you for your consideration.

Warmest regards,

Patricia

Patricia Duff Medavoy

Thank you
Thank you
Thank you!!

cc: Mr. Eli Segal

~~CONFIDENTIAL~~

MEMORANDUM

March 26, 1993

THE COMMON GOOD:

Creating A Lasting Legacy of Service

FROM:
Patricia Duff Medavoy

SUBMITTED TO:
President Bill Clinton and Mr. Eli Segal

CREATING A LASTING LEGACY OF SERVICE:

A NEW APPROACH

As described in the following document, we propose integrating all of your Administration's service initiatives under a new thematic framework we call **THE COMMON GOOD** coupled with a comprehensive transformation of The Points of Light Foundation. Specifically, we propose a new approach to service which calls for you to:

- *Expand the definition of service to better reflect your vision.*
- *Create an exciting new public awareness campaign to communicate your message.*
- *Transform existing service agencies to better implement your new goals.*

CREATING A LASTING LEGACY OF SERVICE:

REFLECT YOUR VISION

1. **Your administration's service strategy must reflect your philosophy of civic participation and reiterate your fundamental beliefs:**

    - *that we cannot afford to waste a single American;*
    - *that we must all work together to make the country better;*
    - *that each of us has responsibilities as well as rights in our society; and*
    - *that each of us has a role to play in making a positive difference.*

2. **Redefine the notion of service from a narrowly-defined goal of solely encouraging volunteerism to a broadened definition of civic involvement.**

Your administration should support an inclusive, grassroots approach to service that goes beyond your predecessor's trickle-down initiatives of encouraging volunteerism as a substitute for government action. At the same time, your administration should not be seen as perpetuating the notion that service is only an alternative for young people in exchange for an education.

Instead, the definition of service would be broadened to include:

- *Volunteerism and community service;*
- *Voting and civic involvement;*
- *Public and government service; and*
- *Financial contributions to those in need.*

3. Create a new thematic thrust for service as well as your administration's other initiatives by combining your service goals under an initiative entitled, "The Common Good".

The Common Good connotes Americans working together for a common purpose. It also means putting selfish concerns aside for the benefit of others. The Common Good can be used as a new name for The Points of Light Foundation, as well as a predominant theme under which Americans will be asked to make changes -- to make a difference -- for the common good.

4. The Common Good as a reconstituted Points of Light Foundation can play a significant role in effectively communicating <u>your</u> message to the American public.

The Common Good would be equipped to harness the best and the brightest talent in the advertising, media and entertainment communities, as well as the public sector (*e.g.,* the Ad Council) to utilize their resources in producing a unique print and television public awareness campaign. Other original methods of delivering the message would be developed as well.

CREATING A LASTING LEGACY OF SERVICE:

REORIENT THE PUBLIC AWARENESS CAMPAIGN

1. The new message must be innovative enough to generate word-of-mouth excitement and inspiring enough to motivate people to act.

As we saw last fall with the *Rock the Vote* campaign, a cutting-edge, innovative public awareness campaign can speak volumes and generate widespread support and interest with a snow-ball effect felt throughout our culture. Implemented correctly, the campaign also will inspire many new, like-minded initiatives across the country and convey a sense of urgency for immediate action. To reach these results, the campaign must be much more visible and original, much more omnipresent, and much more sustained than anything we have seen from the Points of Light in the past.

The first wave of public service announcements might consist of a broad appeal that emphasizes your views on Americans working together to make a positive difference to society. After the initial wave, the campaign would put into rotation a series of ads which would highlight each of the various forms of service in which one could participate: volunteerism and community service; voting and civic involvement; government and public service; and financial contributions to those in need. These ads also would provide a toll free number or other contact information on how citizens can actively become involved.

2. The message must have resonance and reinforcement by the Administration.

You are attempting to address a matter which cannot be legislated: *a society frayed at the edges, riddled with frustration, cynicism and despair, fractured into a million disjointed, disempowered voices.* Ross Perot tapped into the subconscious frustrations of regular Americans. Now, though, you are faced with the challenge to engage and inspire the citizenry that hope and help emanate from the effort of each American doing their part. Previously, the Points of Light Foundation stood isolated. It was seen as pushing individual charitable acts while the government stood by, even as social conditions were deteriorating for many Americans.

But, you have the opportunity to create a more holistic approach with much greater impact. The government could take a leadership role putting compassionate federal solutions in the forefront while recognizing the support needed from private citizens, businesses, religious groups, schools and nonprofit organizations. Simply put, the message of The Common Good has the opportunity for deep resonance with the support and actions of The White House.

3. **Repetition of the message throughout popular culture must be encouraged.**

The message also must have resonance throughout popular culture. A group of us are already working to that end in Los Angeles. Through The Common Good, we plan to capitalize on our unique ability to influence the media and entertainment arenas to change American attitudes. This will be accomplished through repeated delivery of the message of compassion and service to others. We believe we can persuade diverse popular culture carriers, from comic book writers to musical recording artists, local news programs, and television producers and writers to incorporate the message of service and compassion into their work, and thus into popular culture.

4. **The public awareness campaign must target new demographic groups.**

Although the largest group of Americans involved in community service is senior citizens, the fastest growing group may surprise you: *baby boomers*. Because baby boomers often shape mass social trends, we believe this demographic group makes for a powerful target group for any public awareness campaign. The fact that you also are the country's first baby-boomer president greatly enhances your ability to reach this group.

Young adults also should be targeted. We believe their swing between idealism and jaded pessimism can be tipped toward idealism and compassion. Your National Service Project has already focused the attention of youth across the country on the idea of contributing something positive to their community. Innovative and engaging appeals to these two groups will have a multiplier effect on the media and culture, thereby creating a national sense of the common good.

5. **Once we have their attention, it is critical to tell people <u>how</u> they can become involved.**

Using the latest in interactive technology, the public awareness campaign can have a direct impact. The toll free number at the end of each public service announcement or print ad could list a menu of service options. For instance:

- o If you dial 1, a voice would ask the caller for his/her address so that service opportunity information specific to the caller's area could be sent by postcard. Callers also would receive a booklet similar to the one now given out by the Points of Light which provides step by step instructions on how to actually go about volunteering.

- o If you dial 2, it would provide more information on The National Service Project.

- o If you dial 3, it would provide information on how to become a member of The Common Good. This might also put the caller on a list to receive a new handout we call the "Handbook for Humanity." This book would be part inspiration, part perspiration -- combining suggestions on how to be active citizens with inspirational historical quotes that stress how each of us can -- and must -- make a difference.

During election cycles, one of the numbers might be used to provide voter registration information.

6. **The public awareness campaign must include recognition and reward for those who actively help others.**

Rather than acknowledging one "point of light" per day, which seems to present acts of compassion as isolated incidents, a broader reward system would have a much greater motivating effect. You might choose to use your office to encourage and acknowledge a wide spectrum of service actions. For example:

- Institute a program modeled after President Kennedy's Physical Fitness Program for youngsters. School children could be given a series of targets to meet, such as donating food or toys or their time to various charitable organizations. When they meet those targets, they would be eligible for a Presidential certificate rewarding them for completing goals for The Common Good.

- Symbolically show your support for service. You might wish to personally participate in community service by working, for instance, with former President Jimmy Carter on a Habitat for Humanity project to build homes for the homeless.

- Establish a program that encourages various arenas -- businesses, advertising agencies or the entertainment industry -- to reward their peers for actions congruent with your vision of service. For instance:

    - Businesses might present awards for philanthropic activities and community service actions.

    - Advertisers could be encouraged to develop campaigns that reflect the service message in their advertising, thereby increasing the multiplier effect. Imagine if such advertisers as McDonald's, Pepsi, or AT&T included the themes of compassion and service in their ads or promotions, especially if coordinated from time to time with Administration initiatives. In addition, ad agencies might be encouraged to recognize the best of those ad campaigns with special annual awards.

    - The entertainment industry also could recognize those shows, programs, films, plays, songs and documentaries which exemplify the new civic spirit of compassion and service with annual awards. We are now planning such an event for February 1994.

- Recognize the efforts of nonprofit organizations. Instead of private, individual ceremonies at The White House, perhaps presidential awards could be clustered and presented to individuals and organizations in a more public and impactful way. We hope to achieve this by having several "local heroes" share the limelight with members of the entertainment industry at our awards event. Recognition will also include cash awards to the deserving organizations.

7. The public awareness campaign could generate membership in The Common Good.

By calling the toll free number, one could become a member of The Common Good for a nominal fee. Members would receive a quarterly bulletin or newsletter encouraging participation in service as it is broadly defined. Members could be asked to show support by "taking the pledge" to make a positive contribution to society.

By asking Americans to join The Common Good, you would be giving citizens the opportunity to become part of something bigger than themselves, and, therefore, empowering them to believe that they really can make a difference. You also would be building a citizen base of support committed to helping you achieve your goals.

CREATING A LASTING LEGACY OF SERVICE:

RESTRUCTURE EXISTING AGENCIES

We believe you can acknowledge and build on the service initiatives of your predecessor while challenging future Presidents to do the same.

In 1988, President Bush promised a kinder, gentler America and a thousand points of light. The Points of Light Foundation was subsequently established in 1990 with a specific and narrowly-defined purpose: to encourage volunteer efforts of private citizens. The result of The Points of Light's efforts have been mixed; while it should be applauded for its successes, namely networking with nonprofits and using business and schools to steer volunteers into charitable organizations, there is widespread skepticism about the sincerity of its mission and intentions. Up until now, the Points of Light Foundation has been seen as a stop gap measure, an act of appeasement in lieu of genuine government efforts to address fundamental problems.

Nevertheless, we believe a revitalized Points of Light Foundation, working in concert with your Office of National Service, can effectively communicate your vision of service to the American people. To do so, the most expedient approach is to carefully analyze the existing agencies committed to service and to make the requisite changes to reinforce the new vision you bring to this country. Along those lines, we offer the following recommendations:

1) Rename the Points of Light Foundation

For the sake of identification with your vision rather than your predecessor's, The Points of Light Foundation must be renamed. The new name would reflect the philosophy that now guides the organization, and it must be something readily identifiable by the American public. Common sense dictates cooperation and common lives dictate compassion. For that reason, we strongly urge you to adopt the name -- **The Common Good.** It is a simple, succinct term to describe a simple, succinct idea: *it is time for the country to turn its attention to "we" and not just "me."* The term "The Common Good," stresses to the American people the ties that bind us together, while asking us to understand our rights and responsibilities as citizens within the context of a larger community. By encouraging all Americans to be a part of The Common Good, each of us is empowered to act with the good of others in mind.

2) Combine your administration's various service efforts under one banner.

By employing a term like The Common Good as the new name for the Points of Light, you also are providing a thematic reflection of your philosophy for your administration's endeavors, just as other presidents have defined their administrations through thematic frameworks such as The New Deal, The New Frontier, and The Great Society. If your administration's broad-based commitment to civic participation is presented to the public in a new and positive framework, a reconstituted Points of Light Foundation could serve as a vehicle to bolster public and legislative support for your National Service Project as well as for many of your other initiatives, even those that call for difficult choices or sacrifices.

3) Revamp the structure, staff and board of the Points of Light Foundation.

The Points of Light's senior management and board must be analyzed to ensure that those in positions of leadership are prepared to implement the organization's new charter. You should be prepared to recruit individuals who share your vision to help deliver the new message.

The department that handles communications also must be closely scrutinized. It must be forward thinking, flexible, and exceptionally creative. It is possible that this area needs considerable expansion of staff and resources.

The process for including charitable organizations in the Points of Light volunteer network and directing the public to these various organizations should be assessed. It is absolutely critical to the success of the new effort to put the newly inspired to work in meaningful and tangible ways. We cannot just tell them there is a job to be done; we must be able to direct them in order to capitalize on their good intentions. The Points of Light Foundation has begun to enhance the ways in which it matches volunteers with service opportunities, but these efforts should be examined carefully to see how they might be maximized. Linking this system with the message is essential.

CREATING A LASTING LEGACY OF SERVICE:

CONCLUSION

Mr. President, you and I both know that Americans do care. We are willing to write a new social contract, one in which we share the responsibility for rebuilding our communities and moving our nation forward. We will accept our summons to serve, but we want to be guided and directed. What is needed, therefore, is a dynamic and influential organization committed to communicating your vision of a new civic spirit in such a way that it becomes a common vision. I know The Common Good can help you do just that.

We do not see the efforts of The Common Good as a panacea for our social ills. We do, however, believe that our program can engender exponential effects by seizing the moment when people want to believe again that we can make our world a better place. I am asking you to adopt our public awareness program as a vehicle for communicating your philosophy of service -- the first step in creating a lasting legacy of hope.

THE WHITE HOUSE
WASHINGTON

DATE: 4/18

TO: Tim Saunders

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

Please return
to DOS

John

STANDARD FORM 61
Revised June 1986
U.S. Office of Personnel Management
FPM Chapter 296
61-106

APPOINTMENT AFFIDAVITS

Ambassador at Large and Special Adviser to the Secretary of State for the New Independent States

(Position to which appointed) (Date of appointment)

(Department or agency) (Bureau or Division) (Place of employment)

I, Strobe Talbott, do solemnly swear (or affirm) that—

A. OATH OF OFFICE

I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God.

B. AFFIDAVIT AS TO STRIKING AGAINST THE FEDERAL GOVERNMENT

I am not participating in any strike against the Government of the United States or any agency thereof, and I will not so participate while an employee of the Government of the United States or any agency thereof.

C. AFFIDAVIT AS TO PURCHASE AND SALE OF OFFICE

I have not, nor has anyone acting in my behalf, given, transferred, promised or paid any consideration for or in expectation or hope of receiving assistance in securing this appointment.

(Signature of appointee)

Subscribed and sworn (or affirmed) before me this 2nd day of April, 1993,

at Portland (City) Oregon (State)

[SEAL]

Albert [illegible] Jr.
(Signature of officer)

Commission expires

THE WHITE HOUSE
WASHINGTON

DATE: 4/18

TO: Betty Mitchell Currie

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

For BC memo

This was hand
delivered by me
Senator

GEORGE McGOVERN
P. O. Box 5591
Washington, DC 20016

April 8, 1993

The President
The White House
Washington, DC 20500

Dear Mr. President,

Although I told you in an earlier note that I wanted no appointment after the U.N. job went to Madeline (a good choice), there is an ambassadorship that I would treasure: Italy. I was there for a year as a bomber pilot in W.W. II and have loved the country ever since.

I am not pressing for an appointment since I have clearly had more than my share of public service, but if the Rome post is not already committed, I would welcome a few minutes to discuss this with you, or perhaps some alternative service you think more appropriate.

One other suggestion: Henry Kimelman, our '72 Finance Director, whom President Carter named as Ambassador to Haiti, would be excellent as a special envoy to that country or as an ambassador to one of the European countries. He is a remarkably talented and perceptive man.

Please accept the sympathy of Eleanor and me on the death of your father-in-law.

It was good to chat with you recently at the Foundry Church and again at the Gridiron dinner. Eleanor is in love with you since you swept her off her feet in a bear hug in church--of all places!

Sincerely,

George

George

THE WHITE HOUSE
WASHINGTON

DATE: 4/8

TO: Michael Whouley

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

Kelly is a
good person —
she used to work
with us. Can you
clear her?
John

93 APR 8 P3:49

April 7, 1993

The Honorable John Podesta
Assistant to the President and
Staff Secretary
Ground Floor West Wing
The White House
Washington, D.C. 20500

Dear John:

Thank you for sponsoring my application. I have enclosed two letters of recommendation, from Senators Mitchell and Riegle, my resume, and a list of references.

I am being considered for a job with A.I.D. It is my understanding that the hiring process is moving along quickly, therefore the sooner Michael Whouly receives this information the greater my chances are for employment.

I appreciate your help very much. I will keep you posted on my progress.

Thanks again.

Kelly A. Paisley

GEORGE J. MITCHELL
MAINE

United States Senate
Office of the Majority Leader
Washington, DC 20510-7010

April 1, 1993

Mr. Bruce Lindsey
Director of Presidential Personnel
East White House 112
Washington, DC 20500

Dear Mr. Lindsey:

I am writing to recommend Ms. Kelly Paisley for your consideration for a position in the Clinton administration.

During the past year and a half, Kelly has served as the Special Assistant to the Staff Director of the Senate Democratic Policy Committee. In this capacity, she manages daily operations, supervises staff assistants and handles special projects for the committee. An example of the quality of her work was the excellent job she did last year in helping to organize a series of health care reform hearings around the country for myself and nine other Senate Democrats.

During the last year, Kelly took leave from my staff to help the Clinton-Gore campaign organize events in Baltimore, MD and Kansas City, MO. Her principal responsibility was doing advance work for the events and mobilizing grassroots participation.

Kelly has proven to be a valuable contributor to the work of the Democratic Policy Committee and the Senate Leadership. Kelly's supervisory, administrative, organizational and interpersonal skills have made her an important member of my staff. I believe that Kelly would be a great addition to the Clinton-Gore team, and I recommend her highly.

I have enclosed Kelly's resume for your information, and would appreciate your giving her interest in serving with the Clinton administration your full consideration.

Sincerely,

George Mitchell

George J. Mitchell

DONALD W. RIEGLE, JR.
MICHIGAN

COMMITTEES:
BANKING, HOUSING, AND URBAN AFFAIRS: Chairman
FINANCE:
Subcommittee on Health for Families and the Uninsured: Chairman
BUDGET

United States Senate

WASHINGTON, DC 20510-2201
(202) 224-4822

MICHIGAN REGIONAL OFFICES

CENTRAL
705 Washington Square Bldg.
109 W. Michigan Ave.
Lansing, MI 48933
(517) 377-1713

WAYNE-MONROE
1155 Brewery Park Blvd.
Suite 343
Detroit, MI 48207
(313) 226-3188

EASTERN
Suite 910
352 S. Saginaw St.
Flint, MI 48502
(313) 766-5115

SOUTHEASTERN
Century Center Bldg., 3d Floor
30800 Van Dyke
Warren, MI 48093
(313) 573-9017

UPPER PENINSULA
Room 323, P.O. Bldg.
200 W. Washington
Marquette, MI 49855
(906) 228-7457

WESTERN
Suite 716 Federal Bldg.
110 Michigan Ave., N.W.
Grand Rapids, MI 49503
(616) 456-2592

Telecommunications Device for the Deaf
(517) 377-1899

NORTHERN-LOWER
309 Front Street
Traverse City, MI 49685
(616) 946-1300

April 6, 1993

Mr. Bruce Lindsey
Senior Advisor to the President
and Director of Personnel
Old Executive Office Building
17th and Pennsylvania Avenues, N.W.
Washington, D.C. 20500

Dear Bruce:

I am writing you to recommend Kelly Paisley, a former member of my staff, for a position in the new Administration.

Kelly served on my Senate staff from 1987-1989. During that time, Kelly proved herself to be a person whom I could rely on. She served as my scheduler, working many long hours and weekends to accommodate my changing plans. Her organizational and interpersonal skills enabled her to work well under pressure, during a fast paced reelection year. Kelly was an invaluable spokesperson for me since she was communicating with a broad range of people, from local constituents to National leaders on my behalf daily.

After leaving my staff, she continued to work on behalf of Democratic causes. First, with Podesta Associates and later with causes ranging from Earth Day to the World Summit for Children to Parent Action. Presently, she is back on the hill, where she is doing outstanding work, for the Majority Leader, on the Democratic Policy Committee.

As member of this committee, I see her weekly and continue to keep abreast of her goals, I know she is looking for a challenging position where she can transfer the skills she has gained on the hill to a position in the Administration.

Additionally, I know that she took leave from the Democratic Policy Committee to advance the Clinton Gore campaign in Baltimore, MD and Kansas City, MO.

I know from experience that Kelly will be a great addition to your Administration and I hope you will consider her application seriously.

Sincerely,

Don Riegle

Donald W. Riegle, Jr.

KELLY ANN PAISLEY
612 North Carolina Avenue SE
Washington, D.C. 20003
H(202) 544-7935 W(202) 224-3232

WORK EXPERIENCE

SPECIAL ASSISTANT TO THE STAFF DIRECTOR, **DEMOCRATIC POLICY COMMITTEE**

Manage operations of Senate Majority Leader's committee on Democratic Policy. Organize special projects, schedule meetings and handle logistics for Staff Director. Record testimony of Democratic Senators and speakers at weekly committee meetings. Supervise staff assistants and handle sensitive personnel issues. Screen potential candidates for employment. Serve as staff liaison to Office of Senate Fair Employment Practices. (1991 - present)

NATIONAL ADVANCE STAFF, **CLINTON GORE CAMPAIGN**

Developed crowd support for Vice Presidential candidate Al Gore. (November 1992)

ASSISTANT TO PRESIDENT, **PARENT ACTION**

Facilitated all aspects of daily operations for non-profit, parent advocacy group that strives to better the lives of children by enhancing the quality of life for their parents. Coordinated membership support services and scheduled meetings and travel for 21 member board and staff. (April - October 1991)

EVENT COORDINATOR, **WORLD SUMMIT FOR CHILDREN** - D.C. Candlelight Vigil

Promoted United Nations World Summit for Children through local rally. Organized multi-faceted program to develop public awareness of the plight of the world's children. Goal of event was to encourage Heads of State of 70 participating nations to make youth a priority in their individual countries. (July - October 1990)

ADVANCE COORDINATOR, **EARTH DAY 1990**

Directed advance for the Earth Day national flagship event in Washington, D.C. Responsible for outreach to four state region to build a crowd exceeding 300,000. Developed and implemented program plan coordinating volunteer and community outreach for Earth Day 1990. (January - May 1990)

STAFF ASSOCIATE, **PODESTA ASSOCIATES**

Assisted in strategic development and production of commercials on behalf of Democratic gubernatorial and mayoral candidates in 1989. Responsible for overseeing financial accounts, direct mail pieces, and research for clients. (1989 - 1990)

SCHEDULER, **SENATOR DONALD W. RIEGLE, JR.**

Scheduled speeches, political and legislative meetings, fundraisers and constituent functions throughout a successful re-election campaign. Managed annual Senate operations budget and expenses for eight state offices. Extensive personal contact with Senator, his guests and senior legislative staff. (1987 - 1989)

SALES REPRESENTATIVE, **PROCTER AND GAMBLE DISTRIBUTING CO.**

Managed the Food Service and Lodging Products division product line in Bellevue, Washington. Responsibilities included establishing initial contacts and developing sales accounts. (1986 - 1987)

EDUCATION

Georgetown University, Washington, D.C.

Master of Arts candidate in Liberal Studies evening program. (Expected graduation 1993)

University of Colorado, Boulder

B.A.; Political Science. (1986)
Student Body President
President, Beta Mu Chapter of Kappa Kappa Gamma
Board of Directors, United States Student Association

REFERENCES

Monica Healy
Senior Policy Advisor
Agency for International Development
(202) 647-7028

David Krawitz
Administrative Assistant
Senator Donald W. Riegle, Jr.
(202) 224-4822

Ed King
Senior Foreign Policy Advisor
Democratic Policy Committee
(202) 224-3232

Kris Van Giesen
Deputy Director for Scheduling
Office of the Vice President
(202) 395-4245

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 4/7/93

NOTE FOR: TONY LAKE
BOB RUBIN

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

Information ☐

Action XX

[redacted]

Thank you.

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

[redacted]

cc:

THE PRESIDENT HAS SEEN 4/7

THE WHITE HOUSE

WASHINGTON

April 6, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT E. RUBIN

SUBJECT: **Secretary Brown's Memo on a Presidential Conference with U.S. Companies Operating in Japan**

Sandy Berger and I have discussed this and feel that the idea is laden with risks. I have discussed that view with Ron Brown, who agreed further consideration is needed. So, we will have a meeting shortly with the relevant people, and then come back to you with a recommendation.

I like the idea of meeting w/ US cos in Japan — cos, unions, gov't + ministry. Seems far from Miles but it will play well at home — + domestically

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

March 22, 1993

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

Dear Mr. President:

In conjunction with July's G-7 meeting in Tokyo, I propose that you host a Presidential Conference with U.S. companies operating in Japan. The purpose is to visibly demonstrate your commitment to understand the challenges of doing business in one of the most competitive markets in the world, as well as your commitment to work with U.S. industry to ensure that our market share in Japan is commensurate with our global competitive position.

A Presidential Conference with senior U.S. business leaders operating in Japan would provide a focus on both the challenges and rewards of competing in that market. A substantive "roundtable discussion" would help familiarize you and the American public with business opportunities in Japan and the requirements for successfully competing there, as well as provide insight into how market access problems might be resolved. Participants would be selected from a variety of industries including manufacturing, consumer products, legal and financial services. The image portrayed would be one of the Chief Executive Officer of the United States working with his business leaders to ensure that the appropriate environment is created for competitive U.S. companies to succeed in Japan.

Most U.S. companies operating in Japan are Members of the American Chamber of Commerce in Japan (ACCJ). The Commerce Department has worked closely with the ACCJ over the years to help U.S. companies penetrate that market, and we could work with them to assure balance and diversity in this program.

I would be happy to discuss this proposal with you at your earliest convenience.

Sincerely,

Ron

Ronald H. Brown

X

REVIEW & OUTLOOK

Worth a Closer Look

Last week the Federal Reserve Board approved Worthen Banking Corp.'s acquisition of another Arkansas bank, Union National Bank. At the same time, Worthen announced that the Board had ordered an investigation of whether Worthen's ownership complied with the Bank Holding Company Act. The curious approval-first, investigation-later procedure caught our attention, especially given the identity of the parties involved.

Worthen Bank, after all, came up with the loan that kept Bill Clinton's campaign going when it was running out of cash during the New York primary. More than 36% of its stock is held by Arkansas billionaire Jackson Stephens and his family. Through a family corporation, Stephens Group Inc., they also control Stephens Inc., often cited as the biggest investment bank off Wall Street.

Perhaps not surprisingly, given such a large financial empire in relatively small Arkansas, the Stephens ties reach deep into the Clinton administration. Hillary Clinton, for example, represented Stephens in some matters when she was at the Rose Law Firm. White House Chief of Staff Thomas F. "Mack" McLarty was chairman of the natural gas utility Arkla Inc., also historically and financially connected with the Stephens family. The Stephens interests were among the few largest sources of Clinton campaign cash, and Worthen stock jumped to a 52-week high on the date after the Clinton victory.


Jackson Stephens

The Stephens empire, attracting more attention with the rise of Mr. Clinton, is an unusual if not unique one. The Glass-Steagall Act is intended to separate investment banking and commercial banking, and other banking legislation imposes close scrutiny of dealings between banks and their affiliated companies. In addition, Stephens Inc. played a role in the purchase of the First American Bank by the Bank of Credit and Commerce International; in a letter to the editor of this newspaper on November 18, Jackson Stephens explained that the only link was that the BCCI figures showed up in Little Rock and opened brokerage accounts.

The Federal Reserve order approving Worthen's acquisition said it was "specifically conditioned upon compliance with all the commitments given in connection with these applications," but did not spell out the commitments or mention the investigation. The Worthen press release said the investigation was intended "to review the ownership and control of Worthen Banking Corp. for compliance with the Bank Holding Company Act, including the nature and extent of the relationships between Worthen Banking Corp. and Stephens Group Inc. and its subsidiaries." It also spelled out three sets of conditions.

First, approval was granted "in reliance upon representations and commitments to the effect that Stephens Group and its subsidiaries do not and will not exert control over the management or policies of Worthen Banking Corp."—which is to say, precisely what is to be investigated. Also, that Stephens Group will comply with Sections 23A and 23B of the Federal Reserve Act, which regulate transactions between a bank and affiliates to preclude self-dealing.

And finally, that "Stephens family members will cooperate with the management of Investark Bankshares Inc. to promptly achieve a conversion of First National Bank of Stuttgart from a national bank to a state, nonmember bank." The apparent significance of this stipulation is that a state bank that does not join the Federal Reserve system is not subject to Glass-Steagall.

This strikes us as a heavy load of regulatory reservations, a feeling we have been discussing this week with the Fed's General Counsel and press offices. The Fed wanted to investigate the "talk" of *de facto* Stephens control of Worthen, its spokesman explained, but in the absence of a clear violation of law "there didn't seem to be any reason to hold up the merger." Despite a nine- or 10-month investigation by the St. Louis Federal Reserve, he added, "we just couldn't find any violation of the law."

As a precedent for simultaneously approving and investigating, the Fed cites the acquisition of the failed Bank of New England by Fleet Financial Group. The Fed approved the acquisition while setting up an investigation of charges that a Fleet mortgage subsidiary had violated the Truth in Lending Act. But unlike the Worthen order, the Fleet one detailed both the charges to be investigated and the reason for urgent approval, namely that the Federal Deposit Insurance Corp. wanted to stanch the bleeding at the failed bank. In the Worthen case, the urgency was that the merger contract was about to expire, and the Fed had imposed a deadline on itself for acting on merger applications.

* * *

Now, it is not in itself of national moment whether Worthen buys another bank to grow from 11.1% of Arkansas deposits to 13.6%. We have no doubt the Stephens interests have excellent lawyers who can find the best ways around the likes of Glass-Steagall; the Worthen stockholdings are individual rather than corporate, for example, and Worthen Chairman Curt Bradbury is a former Stephens executive rather than a present one. Perhaps Glass-Steagall is overly restrictive and never should have been enacted in the first place. In light of Mr. Stephens's charges that we are picking on him, we should add that Stephens Inc. has done a lot of valuable investment banking for its clients.

It's also true that the Federal Reserve is an independent body to which the Clinton administration has made no appointments. And that the Stephens family also contributes to Republicans and was not exactly without influence in prior administrations.

Still, banking regulations do matter, especially in the wake of concerns raised by the BCCI and Savings and Loan scandals. And in our own view, it could scarcely be clearer that Worthen and Stephens are parts of the same financial empire. Perhaps legal maneuvering has kept them within the edge of the law, but it seems to us that in one way or another the Stephens interests have managed to stake out a privileged position regulators preclude for other financial firms.

* * *

We recently used the phrase "mores conditioned in Arkansas," and a letter from a justice of the state's Supreme Court berated us for a gratuitous swipe. Without insulting everyone in the state, though, that is precisely the point. States do have their political and business cultures, and Arkansas mores have moved to Washington. We used the offending phrase in an editorial about former Rose partner Webster Hubbell and his "White House liaison" role at the Justice Department, where he has just been made Associate Attorney General-designate. We also note reports that the race for FDIC chairman is between two Arkansas bankers, one of them backed by Worthen.

So if the Fed feels it must give permission for Worthen to expand, we certainly hope that its promised investigation actually eventuates. Given the broad significance, we further hope the Fed will tell us what it learns about the way things are done in Arkansas. Indeed, if the district bank inquiry has so far exonerated the Worthen-Stephens links, the Board could calm our concerns by sharing with us the St. Louis findings.

THE PRESIDENT HAS SEEN 4/7

Mack
Anything amiss here?
BC

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THE PRESIDENT HAS SEEN 4/7

[illegible]

This is what
I've been worried about—
~~[illegible]~~ Must deal w/ Enviro/Energy Stuff

 B

Nuclear Waste Explodes, Burns at Russian Plant

Radiation Released at Siberian Arms Factory

By Alan Cooperman
Associated Press

MOSCOW, April 6—A tank of radioactive waste exploded and burned today at a weapons plant in the Siberian city of Tomsk-7, contaminating a vast area and exposing firefighters to dangerous levels of radiation, Russian officials said.

Although the extent of the danger was not immediately known, the accident appeared to be among the worst in the former Soviet Union since a reactor at the Chernobyl nuclear power plant in Ukraine exploded in 1986, spewing radiation across Europe. It was unclear how much radiation was released today or how many people might be affected. But the Interfax news agency reported that about 2,500 acres were contaminated with radiation from the explosion. It said the wind was carrying the radiation toward unpopulated areas. No efforts to evacuate the region were reported.

Vitaly Nasonov, a spokesman for the Nuclear Energy Ministry, said some firefighters were exposed to dangerous levels of radiation. Interfax said the maximum dose among the firefighters was 0.6 roentgens.

Roland Finston, a health physicist at Stanford University, said in a telephone interview that such a dose "would not cause any clinically detectable illness." The average acceptable dose for nuclear workers is 2.0 roentgens per year according to the International Commission on Radiological Protection.

The international environmental group Greenpeace said the explosion took place in a plutonium separation factory, part of a secret nuclear weapons complex in Tomsk-7.

Greenpeace said the explosion apparently did not involve plutonium, which is fatal if inhaled in even microscopic amounts. It said its information came from a unidentified Russian group member who had spoken with Nuclear Energy Minister Viktor Mikhailov.

Tomsk-7 is believed to be about 12 miles outside Tomsk, a city of 500,000 people about 1,700 miles east of Moscow. But because Tomsk-7 is secret, it does not appear on ordinary maps. During the Soviet era, secret cities were set up across Russia to work on military projects, including Soviet nuclear weapons.

In 1990, the Tomsk-7 complex was blamed for contaminating the nearby Tom River with nuclear waste. At least 38 people were hospitalized in that incident.

Authorities said the tank that exploded contained a solution of uranium waste products, and the cause of the explosion was under investigation. Greenpeace said the explosion apparently was caused by a rapid increase in temperature in the tank after nitric acid was added.

Although the underground tank was made of stainless steel and covered by a concrete slab, the explosion "has released ~~all of the~~ radioactive materials ~~into the~~ atmosphere and surrounding environment," Greenpeace said.

USA TODAY • WEDNESDAY, APRIL 7, 1993

THE PRESIDENT HAS SEEN 4/7

Ira — Good press! Well deserved — BC

Health care adviser 'obsessed' with task

By Judi Hasson
and Judy Keen
USA TODAY

On the mantle in Ira Magaziner's office, there's a sign that says it all:

"It's May 3rd, stupid."

Only 26 days away, that's the date that Magaziner, the top White House adviser on health reform, says President Clinton's health care task force was to deliver recommendations Clinton can send to Congress and sell to the public.

The sign echoes the key to Clinton's campaign, when the No. 1 issue was explained by a sign saying, "It's the economy, stupid."

For Magaziner and many Americans, now health care is No. 1. And Magaziner — working closely with first lady Hillary Rodham Clinton, who chairs the president's task force — says it's important to deliver by May 3, or very soon after that.

"We knew we had to do health care first; we knew we had to do it this year," he says.

Lying awake at night, the gentle, soft-spoken Magaziner runs over the details again and again of what the administration is trying to do in designing the biggest social change in American life in a generation.

"I'm obsessed with it because it's such a big responsibility," says Magaziner, who looks more like a rumpled college professor than the millionaire consultant he is.

THE MAGAZINER FILE

AGE: 45. Born Nov. 8, 1947

EDUCATION: Brown University, A.B., 1969; Oxford University, Rhodes Scholar, 1969.

EXPERIENCE: President of SJS Inc., a public-policy strategy firm that researches economic and social issues (1989-92); president and founder of Telesis, an international corporate strategy consulting firm (1979-89); corporate consulting for the Boston Consulting Group in Boston, London and Tokyo (1973-79); author of three books.

Worked on "Aging 2000," a two-year study of Rhode Island's health-care system.

FAMILY: Married to Suzanne McTigue; sons Seth, 9, and Jonathan, 7; daughter Sarah, 5.

SPARE TIME: All spent on work these days. To exercise, he climbs the stairs of the Old Executive Office Building next to the White House where his office is.

Pressure to produce something different isn't new for Magaziner.

"I've worked this hard in my life before," he says.

Back home in Rhode Island, friends and colleagues call Magaziner a "whiz kid" who has specialized in helping major companies solve complicated problems with ease.

"Ira is one of the smartest human beings I've ever met," says Thomas Anton, a public policy professor at Brown University. "His mind has an infinite capacity to grasp details and ideas in a way which is quite startling."

"He's very much like Bill (Clinton)," says former Massachusetts Gov. Michael Dukakis. "That very inviting kind of manner which basically says, 'Look, I may be bright ... but you people know a lot more than I do about what's going on.'"

But not everyone is a fan.

"Ira Magaziner may be the brightest guy in the world, but you can't marry managed competition and price controls," says the conservative Heritage Foundation's Robert Moffit, referring to two keys to the administration's plans. "You might as well try to make the Earth flat."

An undergraduate during the Vietnam era, Magaziner started making his mark early. He waged a successful campaign to overhaul the curriculum at Brown University.

"It changed the image from a second-rate Ivy League school to a first-rate one. He did it almost single-handedly," says Stuart Altman, health expert at Brandeis University.

As a private consultant, he tried — but failed — to get Rhode Island to pump millions of dollars into revitalizing state industries. He spent two years studying health-care problems in Rhode Island.

Now, he rises before dawn for a grueling day that often doesn't end until near midnight — with a break only to go home and tell a bedtime story to his three children.

And the clock ticks on. Details are demanding attention. Decisions have to be made because people want change — especially, he says, they want to be sure they'll always have medical care they can afford.

"There is a tremendous insecurity in the system," Magaziner says. "I would say that most Americans would value getting rid of that insecurity."

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THE PRESIDENT HAS SEEN 4/7

USA TODAY · WEDNESDAY, APRIL 7, 1993

Carol

Critical to preserve Role for Sts - can model the nation too —

BC

COVER STORY

Health plans don't wait on Washington

A1

Crises force states to find ways to control costs

▶ 'Reject cynicism,' **2A**

By Judy Keen
USA TODAY

Working two jobs to make ends meet, Timothy Genest saw health insurance as a luxury he couldn't afford.

But now the once-healthy computer technician, 31, is hospitalized in Pompano Beach, Fla., worried about a $25,000 bill that's a week old and mounting daily.

With one leg paralyzed and 15 inches of surgical staples holding his stomach together, he has a new perspective on insurance: "When you're sick is when you really find out how important it is to be healthy."

Florida's new health program — like reforms President Clinton will propose in May — will help people like Genest, who collided with a truck after his auto insurance lapsed. Like 2.5 million Floridians, he has no health insurance.

Dozens of other states — pinioned by the same budget crises and uninsured populations that are choking the federal system — are hurtling ahead with their own reforms. Fifteen states enacted reforms last year; nearly two dozen

Please see COVER STORY next page ▶

COVER STORY

States want 'flexibility'

Continued from 1A

more are debating them this year.

Florida's program, passed Saturday, will pool the purchasing power of individuals and businesses, making it among the first states to adopt what's called managed competition. The White House health-care reform task force is working toward its own managed competition plan.

If Florida's plan delivers what it promises — good insurance at an affordable price — Genest will insure himself and his son Jameson, 2½.

Doug Cook, director of Florida's Agency for Health Care Administration, says Clinton's task force is considering a timetable that would have states implementing its plan starting in 1995, with full coverage by 1998.

But to states caught in a budget vise, that's forever. "Knowing Congress, we felt there might be a 2 to 3-year waiting period before the national plan is enacted," says Louisiana Insurance Commissioner Jim Brown. "We just couldn't wait."

Ira Magaziner, Clinton's top health aide, says the White House plan will "have state flexibility, but it will also have certain national guidelines."

But not all the reforms being debated under statehouse domes are compatible with White House ideas:

▶ Louisiana is considering a plan to create managed health-care organizations to contract with doctors and hospitals — a buy-in-bulk cost-cutting approach similar to that of the White House. Individuals would pay about $75 a month.

▶ Oregon last month got federal permission for a program extending government-funded health care to more poor and disabled people by eliminating payment for some services. Some call that rationing — which the White House promises won't happen nationally.

▶ New York Gov. Mario Cuomo has proposed regional health networks and may set doctors' fees. No one is sure what will happen if state caps don't match federal ones.

▶ Kentucky is considering requiring employers to insure their workers or pay a payroll tax to cover the uninsured. The White House may just require all employers to provide health insurance.

Some states, like Louisiana, are trying to craft their reforms to conform with White House theories. Others worry their plans will be made obsolete by the national package.

By the time Clinton's program is enacted — probably next year at the earliest — some state experiments will have succeeded, others will have failed. Legislation will almost certainly be tinkered with to incorporate the best of the states' ideas.

Clinton's task force already is borrowing from state successes: Oregon, which developed priorities for basic benefits; Minnesota's pioneering efforts in managed competition; Hawaii's employer mandates.

The current White House plan for dealing with varying state programs: A new national health-care board will analyze state's reforms and, if they meet minimum federal standards, grant them waivers.

Some governors want assurances they can go their own way.

"The federal government needs to set the basic benefit package," says Florida Gov. Lawton Chiles. "The federal government needs to determine how we are going to bridge this (Medicaid) gap to make sure we have universal coverage. But then I think the federal government could allow the states some flexibility."

Magaziner says the White House welcomes state experiments, but its goals exceed those of most states. "There are very few states that guarantee up front they're going to insure everybody and they're going to have a guaranteed benefits package."

Because Florida's approach is untested, no one knows how much the plan will save. It's unclear what minimum benefits will be included. And the reforms won't be fully in place until 1995 — too late for its lessons to be of use to the White House.

Some state officials would prefer the Clinton administration hold off on its reform plans to give state incubators time to test new approaches. Clinton should "set a goal of full coverage by December 1995 and allow states to experiment," says Cook.

The tension between Washington and states over health care is due in part to states'-rights concerns that make governors traditionally wary of federally imposed programs.

"The primary responsibility of the federal government should be to figure out how to finance coverage for the uninsured, how to finance long-term care," says Michael Dowling, New York's health director. "We believe strongly the states should be responsible for figuring out how to organize the delivery of care."

Then there's the question of money. States concede they'd need more federal money to implement their reforms. Clinton would rather spend on his own program than subsidize a myriad of state ideas.

Chiles echoes the qualms of many governors when he says he "wanted to rush" to get his plan into law "because I was always afraid that Congress, when they get ahold of it, will end up with some kind of top-down plan that won't work."

Contributing: Deborah Sharp in Pompano Beach, Fla.

Right Facts, Wrong Conclusion?

AT FIRST GLANCE, the account in yesterday's Post about the plight of the city's homeless had all the markings of another story about a local government foul-up that makes the blood boil. The cast and plot were familiar enough: homeless mothers and children left out in the cold because a neglectful city agency won't file for millions of dollars in federal funds available to aid homeless families. That's enough to get a rise out of even the most uncaring. But this time the often-criticized D.C. Department of Human Services is rejecting the role of the heavy. And the facts in this case, while hardly complimentary to the city's overall effort with the homeless, may support the department.

On the disturbing charge that DHS has failed to file for federal reimbursement for the cost of helping homeless AFDC families, the agency looks more guilty than it is. When measured against other eligible jurisdictions, the District comes off poorly. Most states apply for funds within 30 days of the first available filing date. The city's most recent filing covered the second quarter of fiscal year 1991. The reason, says DHS, is that the District provides shelter for needy families beyond the prescribed 90-day period covered by federal reimbursement guidelines. That is a permissible practice, and no reimbursements have yet been lost, claims DHS. It just looks bad.

The other charge—that neglected paperwork has deprived the city of federal money for more beds, rent and utility bills, or emergency shelter and meals—is even wider of the mark, said DHS in a statement issued yesterday in response to The Post's article. "Federal reimbursement for service to homeless families does not affect the availability of shelter space in the District's system," it said. That's because the federal funds can be claimed after the city delivers services. The city's homeless budget is routinely drawn up with the entitled federal reimbursements in mind, so the city isn't passing up the opportunity to get federal funds for which it qualifies.

But the homeless advocates, who have aired these complaints, aren't off base on one crucial fact. Although the city provides more than $12 million in emergency shelter for nearly 800 families and 1,600 children, there are still cases of women with children being turned away from city facilities. That, however, is a larger issue than DHS or federal reimbursement paperwork. It is a question of political will and the capacity of a financially hard-pressed city to do more than it is already doing for the homeless. That ultimately isn't a question for bureaucrats to answer.

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Miyazawa said he wouldn't do that - should we tell the Post

THE PRESIDENT HAS SEEN 4/7

Japan's Quarrel With Russia

SO FAR GERMANY is the largest donor of aid to Russia. The United States is now sharply increasing its help for Russian democracy. What about Japan, with the world's second-strongest economy, a rising yen and by far the biggest international trade surpluses of any country?

Japan has provided some aid, but only a modest amount in proportion to its capacity. It is locked in a long dispute with Russia over four small islands off its northeast coast, considered by the Russians but not the Japanese to be part of the Kurile chain. The Soviet Union seized them from a defeated Japan at the end of World War II, and Japan wants them back. This dispute is purely symbolic in the pejorative sense of the word, meaning that these islands are bleak and barren places of little economic value. Their chief importance is their appeal to the nationalist traditions in both countries.

Russia's President Boris Yeltsin is already on the defensive in dealing with his nationalist opposition. But its grievances against him begin with much larger issues—such as his endorsement of the treaties that would greatly reduce Russia's nuclear weaponry—in which Japan has a hugely greater interest than in the islands.

Japan is allowing this territorial quarrel to isolate it from Russia at a crucial time. It was apparently over this point that President Yeltsin canceled his trip to Japan last fall, further souring Japanese opinion and deepening the reluctance there to help him. But when Germany's Chancellor Helmut Kohl was in Tokyo in late February, he publicly urged Prime Minister Kiichi Miyazawa to consider the consequences of a failure of the process that Mr. Yeltsin now leads. As a country with a small defense force and an absolute dependence on imported fuel and raw materials, Japan has a compelling interest in the kind of political and economic regime that emerges in Siberia.

The Japanese understand as well as anyone the dangers that now threaten Mr. Yeltsin. Their government seems to be preparing to act, and next week it will be the host of the meeting in Tokyo of the finance and foreign ministers of the seven rich industrial countries. Its legal claims on the four islands are not trivial. But this is a moment to set them aside temporarily and join Japan's enormous energy and financial power to the international mission now forming to support reform in Russia.

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THE WHITE HOUSE
WASHINGTON

04/06/93

Terry/Lee:

This memo has been redrafted by John Podesta and Steve Neuwirth. I have retyped, and am including a disk. (Document name: Good)

John says that the memo looks fine now to him; but had one question. See highlighting on line 2, para. 1. Is that correct wording; sounds strange. If you feel that it is OK; then you need not pass it back to John again.

Sharon Wagner

April 7, 1993

MEMORANDUM FOR WHITE HOUSE OFFICE STAFF

FROM: TERRY W. GOOD
DIRECTOR, OFFICE OF RECORDS MANAGEMENT

SUBJECT: Records Responsibilities for Materials Maintained on Personal Computers

This is to advise you that a number of personal computers in the use of White House Office staff may be changed out or moved from one office to another within the White House Office itself or the Executive Office of the President.

Prior to any such moves or exchanges, staff using these computers should ensure that materials related to the activities of the White House Office are printed out, if they have not previously been preserved. Such material may include Presidential records, the preservation of which is required by the Presidential Records Act. You should be particularly concerned with preservation of records concerning the activities which relate to or have an effect on the carrying out of the constitutional, statutory, or other official or ceremonial duties of the President which are likely to include Presidential records as defined by the Act. Comprehensive guidance on the Presidential Records Act will be forthcoming in the near future.

In addition, at such time as a personal computer is being removed from an office, a staff member responsible for using it will be asked to certify that materials have been saved. A clearing procedure will subsequently be performed that will clean the hard disc and make future retrieval of any electronic data on the hard drive impossible. As you can understand, this is necessary both for good records management and computer security reasons.

Stephen Neuwirth of the White House Counsel's Office (x7900) is available to answer your questions.

April 6, 1993

MEMORANDUM FOR JOHN PODESTA

FROM: TERRY GOOD Terry

RE: RECORDS RESPONSIBILITIES . . .

The attached draft appears satisfactory to Lee and me.

It will be distributed to those members of the White House staff who are receiving new computers in replacement for their current ones.

If it meets with your approval, I will have copies duplicated for distribution as needed, starting tomorrow.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF ADMINISTRATION
Washington, D.C. 20503

April 6, 1993

MEMORANDUM FOR TERRY W. GOOD
DIRECTOR, OFFICE OF RECORDS MANAGEMENT
WHITE HOUSE OFFICE

FROM: BRUCE L. OVERTON BLO
GENERAL COUNSEL

SUBJECT: Guidance on the Exchange of Computers

Attached is the guidance you and I reviewed last week concerning the imminent change out of computers in some White House Office (WHO) units. Steve Neuwirth has reviewed the text and it contains his revisions. My suggestion is that, if you wish to issue the guidance tomorrow or soon thereafter, you pass it through your reporting channels within WHO for whatever remaining approvals/concurrences may still be necessary.

Attachment

cc: Stephen R. Neuwirth
Patsy L. Thomasson

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

1658

THE WHITE HOUSE

WASHINGTON

April 6, 1993

93 APR 6 P2:06

DECLASSIFIED E.O. 13526
White House Guidelines,
September 11, 2006
By DB NARA, Date 5/7/18
2018-0662-5

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE
HOWARD PASTER

SUBJECT: Response to Congressional Letter Regarding a Presidential Greeting for an Armenian Publication

4-6-93

[redacted]

Mack

we don't want an
activist person — I don't
agree that supporting Armenian
Americans
= for. policy —
Let's ask Rahm/Alexis

[redacted]

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 04/06/93

NOTE FOR: CAROL RASCO

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

Information ☐

Action ☐XX

Thank you.

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

cc:

Dominion Resources, Inc.
Post Office Box 26532
Richmond, Virginia 23261
804-775-5713

J. Kennerly Davis, Jr.
Vice President and
Corporate Secretary

THE PRESIDENT HAS SEEN

C Rasco
Ira Magaziner
cc Nancy -

Bc memo

Dominion Resources

March 25, 1993

President Bill Clinton
The White House
Washington, DC 20500

Dear Mr. President:

To follow up on a recent conversation with Nancy Hernreich, I am pleased to enclose further information on the health plan we have implemented here at Dominion Resources.

First, however, I want to emphasize that Dominion Resources is an electric company. We are not a health care company. We have no direct business interest in having the Government adopt one health care policy over another. Our only interest - like the interest of every employer and employee in America - is for the Government to adopt proven, sensible policies that serve the interests of all concerned. To that end, I hope that our experience at Dominion Resources will be helpful to your deliberations.

Since 1989, the health care costs of my company and our employees have risen less than one percent per year. During the same period, health care costs in Virginia have risen 20 percent per year.

We achieved these results without restricting the individual's choice of a doctor or hospital; we have an indemnity plan. We achieved these results without slashing benefits; we have actually improved our overall benefits package. And, we achieved these results without massive cost shifting; the average cost of our health plan to participants is approximately $52.00 per month.

We developed and implemented our plan from the bottom up, with substantial input from our employees. We wanted and needed their input so we could formulate a common sense plan that effectively meets their needs and the needs of their health care providers, as well as the needs of our company.

We had to be flexible; our plan covers employees working in two states in all kinds of jobs - power plant operators, officers, engineers, administrators, clerical office workers, supervisors and managers.

And we had to be prepared to embrace fundamental change. We had to change the way we think about medical benefits, how we administer those benefits, and how we consume those benefits. We had to reject the conventional wisdom that currently surrounds health care issues. The conventional wisdom hasn't worked. Our plan has!

Attached is a brief summary of the rationale and main provisions of our medical plan. It is fundamentally different from the medical plans typically offered by employers. I would be happy to discuss the details of our plan, and the process we used to develop it, if you think that would be of interest to your Task Force on Health Care Reform.

We also believe that, regardless of other decisions the Task Force may make, it is vitally important for employers like Dominion Resources to be allowed to continue their own, successful programs that provide good benefits at a reasonable cost.

I hope I can be of some assistance.

Respectfully yours,

J. Kennerly Davis, Jr.

J. Kennerly Davis, Jr.

THE DOMINION RESOURCES HEALTH INSURANCE PLAN

A SUMMARY OF ITS RATIONALE AND PRINCIPAL PROVISIONS

PLAN RATIONALE

Dominion Resources is a diversified electric utility holding company. We are not a health care company. We have no direct business interest in having the Government adopt one health care policy over another. Our only interest - like the interest of every employer and employee in America - is for the Government to adopt proven, sensible policies that serve the interests of all concerned.

Employers have lost control over the cost of their medical plans because they have lost sight of the kind of benefit they promised to provide - health insurance, as a form of compensation. Dominion Resources has regained control over its costs without sacrificing needed benefits by: (1) focusing our plan on health, (2) structuring our plan like insurance, and 3) treating our plan like compensation.

If other employers do these things, they too can control the cost of their medical plans and preserve the quality of those plans, without interfering in the medical transactions and personal affairs of their employees. Dominion Resources has achieved these objectives. We have kept our health care costs virtually unchanged since 1989. Here's how:

HEALTH

- Lifestyle choices have consequences for health. We make incentive payments to employees who adopt and maintain healthy lifestyles.
  - Many medical problems, and costs, arise from a small number of risk factors, such as cholesterol and smoking. These risk factors can often be influenced greatly by personal behavior.
  - We encourage healthy lifestyles by offering annual monetary incentives to employees who control these health risk factors.
    - Incentive payments are not withheld from employees because of conditions beyond their control.
    - Care is taken to preserve the confidentiality of all personal medical information.
    - Information involving personal behavior, such as smoking, is based on the good word of the employee.
    - Participation in this incentive program is voluntary.

- o Screening tests for early detection and treatment of medical problems can improve health and cut overall medical costs. We help pay for prenatal monitoring and other periodic screening tests designed to detect serious problems.

  - There is a general professional consensus as to the specific tests appropriate for individuals of a certain age, gender and physical condition.
  - This targeted program has replaced the general employee physical at our company.
  - Company payments include giving U.S. Treasury Savings Bonds to newborns whose mothers complete prenatal monitoring programs.

INSURANCE

- o Insurance, by its very nature, is better suited to reimburse a small number of large claims than to pay a large number of small claims.

  - The process used to administer any kind of insurance claim is inherently complex. This is because the person responsible for paying the claim is not the person who consumed the services covered by the insurance.

- Before making payment, the "third party" payer must confirm the consumer's eligibility to participate in the plan. The payer must also confirm that the service rendered is covered by the plan, and that the charge billed is appropriate. Each of these necessary steps generates an additional administrative expense.
- If the insurance plan reimburses for small claims associated with routine and somewhat discretionary transactions, as most do today, that may also increase expenses by encouraging overutilization of routine services.

o We have structured our medical plan like insurance, focusing its coverage on the significant expenses that can logically and efficiently be reimbursed by insurance.

  - Our employees are fully covered and reimbursed for significant expenses.
  - By raising plan deductibles, we have greatly reduced the premiums that our company and employees have to pay.
  - The money saved on premiums is available to finance routine medical expenses through other, more direct and efficient means, such as medical savings accounts.

- We have established payroll deduction savings accounts for our employees so they can accumulate funds that otherwise would be spent on premiums, and use those funds to pay their routine medical expenses.

  - These accounts pay interest, and accumulate funds on an after-tax, fully vested, "portable" basis. Funds not spent continue to accumulate from year to year, with interest.

- Our two-part system (insurance and savings) matches different types of medical transactions with the most appropriate form of financing.

- Our system reduces costs by eliminating the "use it or lose it" consumption incentives created by low-deductible plans and Flexible Spending Accounts that collect money to prepay for routine medical transactions.

- Our system improves the quality of medical care by increasing incentives for the individual to become more involved in, and informed about, the details of the routine medical transactions that typically affect him.

- Consumers are much more likely to become involved in transactions when they control payments used to finance those transactions.
- Informed consumers always lower costs and improve quality.

o Our system benefits health care providers by greatly reducing the need for the third-party payer to "micro-manage" routine transactions.

- Our managed care professionals are free to focus on the smaller numbers of more significant cases, where the patient and primary care giver are most likely to benefit from consultations with appropriate specialists and care coordinators.

COMPENSATION

o The medical benefit expenditures that employers make for employees are an important part of the compensation paid to those employees. Yet, employers have not treated medical benefit expenditures like compensation.

- Compensation is based on the individual's contribution to the success of his or her company.

- Medical benefit payments are based on individual's consumption of medical services.

o We have taken steps to treat benefit payments for employees at all levels more like the compensation payments they are. We have increased the extent to which company payments to benefit programs are based on the contributions that our employees make to the success of our company.

  - We make wellness incentive payments (described above) to recognize the cost control contributions that employees make when they manage lifestyle health risk factors.
  - When company health care expenditures underrun their annual budget, we divide one-half of the savings equally among all employees whose total medical expenses for that year are less than their plan deductible.
  - We also provide special medical benefit payments for employees at all levels of the company based on the individual employee's job performance and on the achievement of company wide performance goals.

- Employers typically make larger benefit payments to employees with a spouse and children than to single employees or to employees with children and no spouse. We are phasing out this compensation inequality, so that all employees receive the same company benefit payments regardless of their family status.

- We issue annual "total compensation statements" to each of our employees that clearly show how much of their wages are paid in cash, and how much are paid in the form of company expenditures for their benefits.

THE RESULTS AT DOMINION RESOURCES

- Since 1989, our health care costs have increased by less than one percent per year.

- More than half of our employees participated in our wellness program this year. More than one-third of our employees received wellness incentive payments, ranging from $240 to $600 for the year.

- Eighty-five percent of our employees are enrolled in a company medical plan with a deductible of $500 or higher for individual coverage, and $1,000 or higher for family coverage.

- Seventy-five percent of our employees are enrolled in the company medical plan with a deductible of $1,500 for individual coverage and $3,000 for family coverage.

- Approximately 15 percent of our employees have established vested, after-tax savings accounts to finance routine medical expenses.

- Approximately 46 percent of our employees have established more traditional pre-tax Flexible Spending Accounts to finance routine medical expenses.

CONCLUSION

Employer provided health plans currently cover over 85 percent of American workers and their families. Such plans define a large part of our nation's medical services market. In their present form, employer plans have helped create the problems of high cost, uncertain quality and restricted access which distort that market. Reform of employer health plans, along the lines described here, can help to mitigate those market distortions and resolve those problems in a manner consistent with the best interests of employers and employees alike.