# Withdrawal/Redaction Sheet
## Clinton Library

| DOCUMENT NO. AND TYPE | SUBJECT/TITLE | DATE | RESTRICTION |
|---|---|---|---|
| 001. letter | Larry Pressler to POTUS (1 page) | 12/21/1992 | b(6) |
| 002. letter | Kirk Hanlin to POTUS (1 page) | 04/00/1993 | b(6) |

**COLLECTION:**
Clinton Presidential Records
Staff Secretary
John Podesta (Chron Files)
OA/Box Number: 473

**FOLDER TITLE:**
April 1-10, 1993 [3]

2018-0662-S
rs3043

### 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

*ORM OPTICAL DISK NETWORK*

*ID#* 0104505S

____ Hardcopy pages are in poor condition (too light or too dark).

____ Remainder of case not scanned.

____ Oversize attachment not scanned.

__X__ Report not scanned.

____ Enclosure(s) not scanned.

____ Proclamation not scanned.

____ Incoming letter(s) not scanned.

____ Proposal not scanned.

____ Statement not scanned.

____ Duplicate letters attached - not scanned.

____ Only table of contents scanned.

____ No incoming letter attached.

____ Only tracking sheet scanned.

____ Photo(s) not scanned.

____ Bill not scanned.

____ Resolution not scanned.

____

Comments:

3-25-93

J. KENNERLY DAVIS, JR.

Encloses health plan they have implemented at Dominion Resources (an electric company). There only interest is for the government to adopt proven, sensible policies that serve interest of all concerned. Developed and implemented plan from bottom up with substantial input from employees and we had to be prepared to embrace.

He believes whatever Task Force decides, it is vitally important for employers like Dominion Resources be allowed to continue their own successful program that provide good benefits at a reasonable cost.

Encloses proposal and Annual Report

[redacted]

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 04/06/93

TO: BETTY CURRIE

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

Please include in BC memo.

Thanks.

THE WHITE HOUSE

WASHINGTON

93 APR 6 P6:17

April 6, 1993

MEMORANDUM FOR JOHN PODESTA

FROM: BOWMAN CUTTER Bo

SUBJECT: ENCLOSED LETTER

Bert Lance asked me to make sure the President gets his letter. The letter is attached. I appreciate your help.

[redacted]

BERT LANCE

3-26-93

Dear Mr. President:

Just a brief note to commend you on your management style as President.

[redacted]

Please don't let your people - Cabinet & otherwise - develop their own constituencies. They should only have ONE & that one should be you.

I thought you were superb in the Rather interview.

I hope & pray you are successful in your efforts on our behalf.

Regards
Bert

93 [illegible] 6 P6:17

President Clinton

[redacted]

"Personal"

416
Envelope was marked
'Personal'. It had already
been opened before it arrived
[redacted] in J Podesta's ofc
Seungman

THE WHITE HOUSE

WASHINGTON

April 6, 1993

MEMORANUM FOR BOB RUBIN

FROM: JOHN PODESTA JDP

SUBJECT: MEMO ON PROHIBITED CONTACT WITH AGENCIES

After a couple of meetings, Bernie and Steve issued revised guidance which is attached.

This matter seems to be folding into the review of the regulatory review process being conducted by the Vice President's office which Ellen has been involved with.

BR/SM

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

John Podesta - Whatever happened here?

Bob Rubin

to: John Podesta
From: Bob Rubin
Whatever happened here?

MEMORANDUM TO: [illegible]
STEPHEN NEUWIRTH

FROM: JOHN PODESTA

SUBJECT: MEMO ON PROHIBITED CONTACT WITH AGENCIES

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

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

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

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

Hillary C

Does ITC
count commercial
exploit or facilitate

JP

THE WHITE HOUSE

WASHINGTON

March 9, 1993

MEMORANDUM FOR ALL WHITE HOUSE STAFF

FROM: BERNARD W. NUSSBAUM
COUNSEL TO THE PRESIDENT

STEPHEN R. NEUWIRTH
ASSOCIATE COUNSEL TO THE PRESIDENT

RE: Prohibited Contacts with Agencies:
Follow-up Memorandum

As discussed in our memorandum of February 22, 1993 (copy attached), it is important that all members of the White House staff recognize that there are significant restrictions on the kinds of communications a member of the White House staff may have with independent regulatory agencies, executive branch agencies and their components. It is also important that senior members of the White House staff ensure compliance with these restrictions within their offices.

This memorandum is intended to clarify certain issues discussed in our February 22 memorandum. The following points are intended to supplement, not replace, our February 22 memorandum, and the February 22 memorandum should continue to be consulted for the broader range of topics it covers.

The rules discussed below and in our original memorandum are intended to provide guidance in the absence of any other formalized process for White House input in regulatory matters. As noted in our February 22 memorandum, the President and Vice-President are presently considering certain changes to the regulatory review process, and further instructions on contacts with regulatory agencies may be forthcoming as those changes are adopted. Moreover, these rules do not overturn those existing Executive Orders that provide mechanisms for regulatory review (particularly defining the role of the Office of Management and Budget). The procedures set forth in those orders can continue to be followed.

1. As a general rule, no member of the White House staff should contact any <u>independent agency</u> (or its components) with respect to any pending <u>adjudicative</u> or <u>investigative</u> matter.

5. White House staff should confer with the Counsel's office before contacting independent or executive agencies with respect to particular individuals. Moreover, White House staff should be sensitive to the constraints placed on agencies by the provisions of the Privacy Act of 1974.

6. Agencies in the intelligence community should not be contacted directly without first coordinating any such contacts with the Assistant to the President for National Security Affairs. Where issues of individual privacy arise, the Counsel to the President should also be contacted.

7. No member of the White House staff should contact any procurement officer about a contract in which that staff member has a personal financial interest or in which a relative, friend or business associate has a financial interest. Moreover, if contacts are made in circumstances where no such financial interests are present, (a) such contacts should, to the extent possible, be made <u>after</u> the contracting procedure is completed and (b) the lack of such financial interest should be made known to those receiving the communication so that unintended inferences do not arise. To avoid even the appearance of impropriety in procurement, the Counsel's office should be consulted prior to any White House staff contacts on procurement matters.

8. Special rules apply to contacts by White House staff with the Department of Justice and with the Department of the Treasury. Those rules are set forth on pages 5 and 6 of our February 22 memorandum. Note that members of the White House staff may communicate directly with either Department with respect to policy, legislative or budgetary matters.

9. The rules governing contacts with agencies apply fully to matters concerning airlines and the airline industry. Private parties attempting to solicit White House support on domestic airline regulatory matters should generally be referred to the agency with rulemaking or regulatory authority. In addition, White House staff members must always <u>refuse</u> to discuss with interested private parties cases subject to the President's approval under Section 801 of the Federal Aviation Act (concerning Presidential review of international aviation decisions). The Counsel's office should be consulted before a member of the White House staff has discussions with parties interested in pending regulatory matters affecting an airline or airlines.

THE WHITE HOUSE

WASHINGTON

February 22, 1993

MEMORANDUM FOR WHITE HOUSE STAFF

FROM: BERNARD W. NUSSBAUM
COUNSEL TO THE PRESIDENT

STEPHEN R. NEUWIRTH
ASSOCIATE COUNSEL TO THE PRESIDENT

RE: Prohibited Contacts with Agencies

It is important that all members of the White House staff recognize that there are significant restrictions on the kinds of communications a member of the White House staff may have with independent regulatory agencies, Executive agencies, and their components. These restrictions apply with particular force where agencies have an adjudicative, investigative, enforcement, intelligence, or procurement function. Violations of these restrictions may result not only in significant embarrassment to the individual involved and the White House, but in legal sanctions against the individual as well.

The following discussion sets forth the restrictions applicable when staff are in contact with an agency. It is critical that you review this material carefully. If you have any questions, please consult the Counsel's office before making any contact with an agency.

A. Contact with regulatory, investigative, intelligence, and procurement agencies.

1. Regulatory Agencies: The cases that come before these agencies are of two general types: rulemaking and adjudicative. Both normally involve high stakes, are very complicated, and are extremely important to the parties concerned.

   There is generally no justification for any White House involvement in particular adjudicative or rulemaking proceedings at any agency. Therefore, as a general rule, no member of the staff should contact (a) any agency in regard to any adjudicative matter pending before that agency, or (b) any independent agency in

The following agencies, or components of Executive departments or agencies, have significant regulatory or adjudicative functions. Accordingly, they should not be contacted with respect to the exercise of those functions without prior clearance from the Counsel's office (which clearance generally will not be given for adjudicative actions and will be considered only on a case-by-case basis for regulatory actions):

Environmental Protection Agency
Equal Employment Opportunity Commission
Federal Aviation Administration
(Transportation)
Federal Energy Regulatory Commission
(Energy)
Federal Labor Relations Authority
Food and Drug Administration
(HHS)
Foreign Claims Settlement Commission
(Justice)
Immigration and Naturalization Service
(Justice)
Merit Systems Protection Board
Mine Safety and Health Administration
(Labor)
National Highway Traffic Safety Administration
(Transportation)
Occupational Safety and Health Administration
(Labor)
Overseas Private Investment Corporation
Pension Benefit Guaranty Corporation
Social Security Administration
(HHS)
U.S. Parole Commission
(Justice)

This list is merely illustrative. Many bureaus and divisions of agencies have authority to issue binding regulations or to decide specific claims, and the same rules on prior clearance from the Counsel's office apply for those entities as well.

You should be aware that the President and Vice-President are presently considering certain changes to the regulatory review process, and further instructions on contacts with regulatory agencies may be forthcoming as those changes are adopted.

2. Investigative and Intelligence Agencies: As set forth in Part B of this section, the ban on agency contacts extends to the litigating, investigative and

about a procurement matter should be obtained after the contracting procedure is completed, or should be obtained from persons not involved in the decision-making process. To avoid the appearance of conflict and subsequent embarrassment, White House staff members who feel they must contact procurement agencies with regard to pending matters should first contact the Office of the Counsel to the President.

B. Communications with the Department of Justice

As we are all aware, it is imperative that there be public confidence in the effective and impartial administration of the laws. Political figures and others may seek White House intervention in pending criminal and civil matters, but it undermines the administration of justice if the White House even appears to be interfering in such cases.

The following procedures have been established for communications between the White House staff and the Department of Justice.

1. Any written or oral communication to the White House concerning particular pending Department of Justice investigations or criminal or civil cases must be directed immediately to the Counsel to the President. If appropriate and necessary, the inquiry will then be transmitted by the Counsel's office to the Office of the Attorney General or the Deputy Attorney General. No other member of the White House staff should discuss a pending criminal or civil matter with private individuals or organizations, or with the Department of Justice.

2. All requests for formal legal opinions from the Department of Justice must be directed to the Counsel to the President, who will in turn forward such requests to the Office of the Attorney General or to the Assistant Attorney General in charge of the Office of Legal Counsel.

3. Members of the the White House staff may communicate directly with the Department of Justice with respect to policy, legislation and budgeting matters.

C. Communications with the Department of the Treasury

In light of the sensitive nature of matters before some of the component agencies of the Department of the Treasury -- such as the Office of Comptroller of the Currency, the Internal Revenue Service, the Bureau of Alcohol, Tobacco and

President's approval under Section 801, and should refer <u>any</u> written communications concerning such cases to the Counsel's office for appropriate referral.

Purely domestic aviation decisions not subject to Presidential approval under Section 801 would typically be governed by the general policy against White House involvement in particular adjudicative matters. You should consult with the Counsel's office before discussing such cases with interested private parties or Government agencies.

*　　　*　　　*

The matters covered in this memorandum are intended only to improve the internal management of the Executive Branch and are not intended to create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its agencies, its officers, or any person.

Please cooperate in observing the guidelines discussed above. If you have any questions regarding these procedures, please contact the Counsel's office.

**PRESIDENT WILLIAM JEFFERSON CLINTON**
**YOUNG PRESIDENTS' ORGANIZATION**
**APRIL 6, 1993**

## I. INTRODUCTION

* I always thought being the third youngest President to serve and the second youngest to get elected put me in a fairly elite group. But I can't join YPO because I'm over forty. It doesn't matter that I was in a rock band and was Governor at 32.

* But in my dotage I've become a seasoned horse trader: the good news is you can make an exception and waive me in as a fellow baby boomer who happened to boom a little later than you, or -- you can wait until Chelsea gets in and waives the rules for her father.

## II. ALL LEADERSHIP IS THE ABILITY TO THINK ANEW

* Your success is due to hard work and intelligence and drive, but more than anything it's probably due to your ability to change. And I believe this era in our nation's history will be judged by our ability to escape the old ideas -- about the economy, about Russia, about the so called irreconcilable differences between the loggers and the environmentalists.

* Our program is like a new product -- it's a new approach to problem solving: a new jobs/growth strategy, carefully targeted investment/research incentives, cuts, prudent human investments, a restored infrastructure - a program that puts people first AND recognizes that the private sector is the engine of growth -- a synthesis from the old to the new.

* New strategies will also be needed to successfully deal with jobless recoveries, health care reform, increased global competition, and the plight of struggling new (free market) democracies, as well.

## III. IN GOVERNMENT AND BUSINESS TODAY THE LEADER ISN'T SOMEONE WHO CAN BUILD A *LARGE* ORGANIZATION BUT SOMEONE WHO CAN BUILD A *RESPONSIVE* ORGANIZATION

* In Reinventing Government we are taking a look at what in government works and what in government is outdated, at how to cut costs and how to manage better. We have cut 25% from the White House staff, reduced the federal bureaucracy, and will save $ 9 billion just from administrative actions.

* Like modern business our success will depend on our ability to obliterate the line between us and our customers and treat the customer like a partner.

* For us just like you time is money and knowledge is wealth, because these are the measure which we will be asked to compete against.

IV. <u>LEADERSHIP IS ALSO HAVING THE VISION TO RETURN TO FIRST PRINCIPLES</u>

* Whether you call it the pursuit of excellence or TQM, these are the modern expressions for the reversion to the first principles of business, what so many of you have done so well.

* Prior to the election we had strayed too far from first principles in government -- too much waste, too little oversight and long range planning, too large a deficit, and too few investments.

* Our plan goes back to first principles, and also asks every American to take more responsibility, to contribute something in the short term to build a better future for all.

V. <u>CONCLUSION</u>

* Throughout history American leaders -- in business and government -- have stepped up to change unafraid, have met the challenges before them, and America has grown and prospered.

* Our generation faces great tests. But with the talent in this room and the willingness of the American people to try bold new approaches to problem solving, we can make this decade our turn to make America great.

THE WHITE HOUSE

WASHINGTON

April 6, 1993

MEMORANDUM FOR THE VICE PRESIDENT

FROM: JOHN PODESTA

SUBJECT: APPOINTMENT AFFIDAVITS

In the realm of screw ups by the Staff Secretary -- you, rather than the President, are authorized by statute to administer oaths. I have checked and it suffices that you are present while an oath is taken. Therefore, could you sign the attached appointment affidavits.

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 menta reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the offic 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]

*(Signature of officer)*

Commission expires

THE WHITE HOUSE

WASHINGTON

April 6, 1993

MEMORANDUM FOR TONY LAKE
BERNIE NUSSBAUM

FROM: JOHN PODESTA JDP

SUBJECT: ARMY SURVEILLANCE OF CIVIL RIGHTS ORGANIZATIONS

In your memo to the President concerning Army surveillance of civil rights organizations, you mentioned a number of record systems which were being reviewed for further information.

I wanted to bring to your attention the fact that during the early 1970's computer records of the questioned surveillance activities were stored at Fort Holabird, Maryland. You may want to track what happened to those computer files and whether they were deposited at the Investigation Records Repository at Fort Meade.

## MEMORANDUM

**TO:** John Podesta
Rahm Emanuel
Regina Montoya

**FROM:** Mark Gearan MG

**RE:** Harvard University/ Ford Foundation/ *Governing* Magazine
Innovations Symposium

**DATE:** April 5, 1993

---

Should we do this?

Mark
see notes
on attached
page
John

**PLANNING:**

An advisory committee will be convened to guide the planning to ensure that the symposium sharply targets the key concerns of public officials and to ensure that the symposium produces work useful to the Clinton Administration's efforts to enhance the creativity and effectiveness of American government. Ideally, we would like to include a White House liaison and one or more Assistant Secretary level appointees in our planning process. While Harvard, Governing and Ford staff will be meeting on a regular basis to plan logistics and content, we anticipate that the Administration's representatives would spend only a one-half-to-one day strategy session in Washington.

**PRODUCTS:**

A special report on the symposium will appear in a future issue of Governing Monthly Magazine, and we plan to produce a summary report of the symposium participants primary recommendations for intergovernmental innovation. ABC/Capital Cities, which has committed to provide extensive broadcast coverage of the twenty-five 1993 Innovations finalists, and PBS may also be interested in in-depth coverage of the event. Other media would be invited to observe as well.

**OPEN ISSUES:**

1. Is the Clinton Administration interested in working with Harvard, Ford and Governing to plan and guide this effort to explore ways to promote innovation within the federal system? 1 If yes, whom from the Administration should be our primary (working group) and secondary (oversight/approval) contacts during the planning process? 2

1 sure — regional/Elaine Kamarck
2 mark G.

2. Would President Clinton be willing to receive the 1993 winners and chief elected officials at a White House Ceremony on Wednesday, October 20th?

photo-op Thurs. 21

3. Would the Administration be interested in designating a senior official to be a keynote speaker for the symposium?

V.P.

I assume Ford pays or at least, we don't right?

THE WHITE HOUSE
WASHINGTON

**DATE:** 4/5

Bob Rubin

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

The attached has been forwarded to the President.

THE WHITE HOUSE
WASHINGTON

**DATE:** 4/5

**TO:** Howard Paster

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

The attached has been forwarded to the President.

THE WHITE HOUSE
WASHINGTON

April 5, 1993

MR. PRESIDENT:

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

JP

John Podesta

THE SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

93 APR 5 P1:49

APR 2 1993

March 23, 1993

**MEMORANDUM FOR THE PRESIDENT**

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

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

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

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

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

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

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

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

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

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

Ron

Ronald H. Brown

[redacted]

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 04/08/93

TO: DAVID WATKINS

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

See change on page 2.

[redacted]

## 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 | 456-6266 |

## ~~General~~ Counsel

| | | |
|---|---|---|
| Counsel to the President | Bernard W. Nussbaum | 456-2632 |
| Deputy Counsel to the President | Vincent W. Foster | 456-6611 |

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

## Presidential Personnel

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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

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| 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

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|---|---|---|
| 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

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|---|---|---|
| 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 |

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| 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 |

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To Brad

FILE NO.

REPLY TO: Fyi

## FAX TRANSMITTAL SHEET

TO: Nancy Hernreich - President Clinton

FROM: Maria Victoria Arias Rodham.

FAX #: 1-202-456-2347

DATE: 4/1/93

TIME:

NUMBER OF PAGES TO FOLLOW:

OUR FAX NUMBER IS: (305) 443-3292

OUR TELEPHONE NUMBER IS: (305) 442-3334

MESSAGE:

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FILE NO.

REPLY TO:

**MEMORANDUM**

**TO: PRESIDENT BILL CLINTON -- NANCY HERNREICH**

**FROM: MARIA VICTORIA ARIAS RODHAM**

**DATE: April 1, 1993**

**RE: VARIOUS ARTICLES**

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ATTACHED ARE NEWSPAPER ARTICLES WHICH APPEARED IN THE MIAMI HERALD ON MARCH 31, 1993, AND APRIL 1, 1993.

ALSO, ON THE ISSUE OF HEALTH CARE/MALPRACTICE/DOCTORS VS. LAWYERS: SEVERAL QUESTIONS HAVE BEEN RAISED AS TO THE ADMINISTRATION'S POSITION ON ATTORNEYS.

WE ALL KNOW THAT WE LIVE IN A LITIGIOUS SOCIETY. MALPRACTICE PREMIUMS HAVE ESCALATED DUE TO THIS PROBLEM. INSURANCE COMPANIES OFTENTIMES SETTLE CASES FOR "NUISANCE VALUE" OR DUE TO A FEAR OF JURY VERDICTS. COST OF MALPRACTICE PREMIUMS IS PASSED DOWN TO THE PATIENTS.

# Cost-control proposal worries some

HEALTH HEARING: Al Gore says costs threaten economy.

WASHINGTON — (AP) — Doctors, hospitals and business executives who testified at the White House's sole public hearing on health reform left more worried than ever that President Clinton will attempt to clamp cost controls on one-seventh of the economy.

And Clinton's senior adviser for domestic policy is doing little to ease their fears.

Imposing price controls on health care would be "fraught with difficulties," Ira Magaziner told reporters Tuesday, but "letting health care costs go up at 11 percent a year and eat up the economy is not a pleasant reality, either."

Magaziner said the administration is considering short-term price controls to give its long-term reform plan a chance to kick in without medical costs spiraling further out of control.

"The way I've described it to the president is, 'You're standing in quicksand, and your only way out is to run through a mine field. What do you want to do?'" Magaziner said.

The Nixon price control program of two decades ago "was not an effective way to do it, so I doubt that we would try to repeat something that was ineffective," he said.

But no decisions have been made on whether the Clinton plan will include mandatory controls in any form, Magaziner said.

Near Monday night's close of the 13-hour health reform hearing, business executives sought to convince Vice President Al Gore that the history of price controls in the United States was one of abject failure.

But Gore countered that health costs already absorb 14 percent of the gross domestic product and they are on a path to swallow 20 percent of the GDP by the year 2000.

"It is worth considering even difficult measures to stop that ... increase," Gore said.

Leaders in the health care field cited what they called the failure of President Nixon's wage and price controls in 1972.

Those controls were hard to enforce, and when they were lifted, inflation soared, the witnesses argued.

But Gore and Robert Rubin, head of Clinton's National Economic Council, argued that it might be different this time, because the medical industry would not return to the status quo but to a revamped, more price-conscious world of medical buyers and suppliers.

COMMENTARY

# Employers fear the cost of adding jobs

JAMES RUSSELL

FINANCIAL EDITOR

Where have all the jobs gone?

The economy has recovered, business profits are rising, and the stock and bond markets are doing well. But the spirited hiring that follows most recessions is missing.

Most employers can explain that apparent anomaly easily. It simply is too costly to add FTEs, the term personnel managers use for full-time employees.

Once upon a time, business responded to increased demand for products and services by putting more people on the payroll. The paychecks were about all that mattered.

Now, a wide range of government regulations, mandated benefits and other expenses expand labor costs well beyond what they were a few years ago. It's no wonder that, as was reported recently, American workers are putting in a record number of hours at overtime pay.

Hiring new employees saddles employers with an unprecedented burden. Overtime for the existing work force is a much simpler process and less costly.

Raymond DeVoe, a financial analyst for the Wall Street firm of Legg Mason Wood Walker, delved into the mystery of the lost jobs in a recent issue of his periodic DeVoe Report commentary. He cited several reasons why an employer might defer hiring additional workers:

■ Many new rules limit what an employer can find out about applicants' suitability for a job.

■ The federal minimum wage must be paid, "even though the employee may not be worth it," with possible further increases in the future.

■ Nearly 8 percent of the payroll must go for Social Security taxes.

■ Unemployment insurance — "perhaps 5 percent of the payroll for the first few months" — must be paid.

■ Worker's compensation, also around 5 percent in many states, is an employer's responsibility.

■ Health benefits, "whose costs literally are out of control," add heavily to the cost of FTEs.

Then there are retirement benefits, paid vacations, sick days, parental leave and other time-off costs required by law. Also, there is potential severance pay, should workers be laid off.

Godwin's Inc., a consulting firm that specializes in employee benefits, estimates that an FTE earning $25,000 a year actually costs the employer between $35,000 and $40,000 annually. And that doesn't take into account legal costs that could arise from lawsuits stemming from new regulations.

As the Clinton administration's health-care program shapes up, employers are expected to be called on to carry much of the cost.

Mandated costs imposed on business get some attention as they are added bit by bit. It is only when you total them up that they can be viewed in perspective as an imposing burden forcing employers to take defensive measures.

For many months, large corporations have been laying off workers in huge numbers. Week after week, it seems, disturbing layoff announcements surface. Many reflect business' efforts to cope with the rising cost of FTEs.

DeVoe calls them "unintended results of mandates and rules that were never considered by Congress" when they were adopted. New government-mandated benefits, to be paid by employers, sound good and often attract cheers for their progressive nature.

But when confronted with them, business usually has no option but to restructure, automate, economize — and lay off. That's where the missing jobs have gone.

4/1/93

BUSINESS BRIEFING

NATIONAL

## Government reports show modest recovery on track

From Herald Staff and Wire Reports

The government provided fresh evidence Wednesday that the third year of a slow but sustainable recovery is under way, as it reported February gains in two key economic barometers.

The Commerce Department said its Index of Leading Economic Indicators rose 0.5 percent, the fifth advance in six months. At the same time, it said orders to U.S. factories increased 1.4 percent to a record.

The index is designed to forecast the overall economy six to nine months in advance. Factory orders are a key gauge of future manufacturing activity.

# U.S. finds fault with 44 nations' trade barriers

WASHINGTON — (AP) — The Clinton administration accused 44 countries Wednesday of using unfair trade barriers to keep American products from being sold in their markets.

As it has in previous years, Japan led the list of alleged infractions, followed by the 12-nation European Community and China.

The report, prepared by the office of U.S. Trade Representative Mickey Kantor, is the first step in a process that ultimately could lead to trade sanctions if the administration decides to open formal investigations on any of the allegations it has made.

The 275-page report covered the gamut of trade practices the United States considers offensive to American producers from Japan's near-total ban on rice imports to what the administration charged was improper protection of U.S. copyrights and patents by the government of Venezuela.

Kantor

In releasing the report, Kantor took a hard bargaining stance, saying the new administration intended to "expand trade through market opening measures backed by the rigorous enforcement of U.S. laws."

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President Clinton, during last year's campaign, accused the Bush administration of failing to aggressively attack foreign trade barriers. The current administration's approach to the annual inventory of trade barriers is therefore being anxiously watched by governments around the world.

"We believe that the markets of our trading partners should be comparably open to those in the United States," Kantor said in a statement accompanying the report.

The EC, in response to the U.S. report on barriers, issues its own report on barriers that the United States erects to protect its own industries from imports. Last year's report on alleged U.S. infractions ran to 95 pages.

# Ryder rewards its chief

## Good year means $2.1 million for Burns

By TED REED
Miami Herald Staff

Last year was a good one for Ryder System of Miami, and the compensation of its chairman, M. Anthony Burns, reflected it.

With a big bonus, Burns more than doubled his take-home pay from the previous year, the company disclosed Wednesday in its proxy statement.

Burns

Burns was awarded an $810,000 bonus in 1992. He also received $693,750 in salary, and cashed in stock options that resulted in gains of $619,387. His total compensation package was about $2.1 million.

Burns received a bonus of $397,500 and salary of $650,000 in 1991.

In 1992, Ryder rebounded after four years of decline. The Miami-based transportation giant saw its annual profit increase for the first time since 1988.

Burns has attributed the turnaround to a major restructuring, cost-containment programs, increases in vehicle use and modest revenue improvements.

Ryder's stock fluctuated between $19.62½ and $28.87½ a share in 1992; it closed Wednesday at $27.87½ a share.

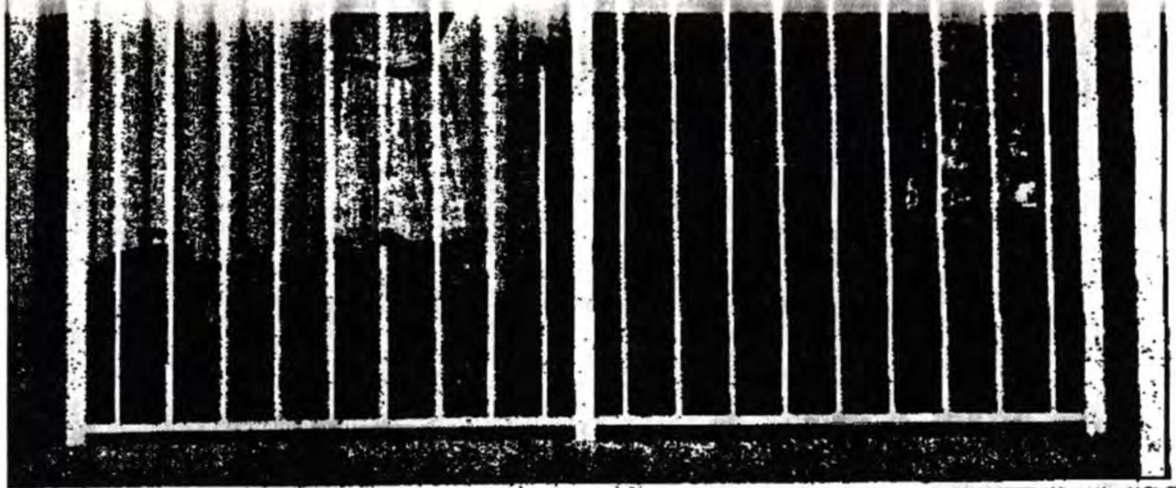
In the proxy statement, the company said it awarded executives cash bonuses based on improvements in its net returns. Burns received a bonus equal to 101 percent of his base salary, based on the company's performance, and an individual performance award equal to 14 percent of his base salary.

4/1/93

MIKE STOCKER / Miami Herald Staff

**AT SASSY'S:** Shareen Lee, 9, buys some candy from Sharon Peniston, who runs the store in the lobby of Biscayne View apartments.

# Urban Pioneers



MIKE STOCKER / Miami Herald Staff

**VIEW FROM HOME:** Claudia Clunie shares an apartment with her children Claudia, Dave and Latoya.

MIKE STOCKER / Miami Herald Staff

**AREA OVERVIEW:** Arena Towers and Biscayne View apartments in Southeast Overtown can be seen from the Metrorail Arena station.

## *Gamble on area is beginning to pay off as residents share a sense of community*

By TANANARIVE DUE
Herald Staff Writer

At dusk, a train rumbles overhead and a siren shrieks while a woman carrying a briefcase breezes past a man jogging with his dog. A couple unloads groceries from the trunk of their car.

On a rooftop, teenagers wrestle for possession of a basketball. Beside them, two men in white shorts bat a tennis ball across a net.

Scenes from a cityscape.

This isn't Chicago's Lincoln Park. It isn't SoHo. It isn't even SoBe.

It's Southeast Overtown, city officials' designation for the isolated high-rises and condominiums near the Miami Arena. And it's turning into something many people thought it never would — a living, breathing neighborhood.

Residents gather for jazz parties on a brightly lighted Spanish-style pedestrian mall. Arena Towers residents enjoy their own happy hour at Dick Clark's American Bandstand Cafe, a 10-minute walk away at Bayside. A Crime Watch and a community association have sprouted.

Roughly 2,000 residents have chucked the suburban comforts of strip shopping centers, convenience stores and video outlets to test urban living's clipped pace and intrigues. Some miss landscaping and greenery, and they don't always feel completely safe. But, with true pioneering spirit, they know it comes with the territory.

They are children, retirees, students, attorneys, teachers and doctors. Some drive BMWs; some can't afford cars. They are all races, all income levels, and they call each other neighbors.

"I love inner cities. This is where the

*PLEASE SEE PIONEERS, 2E*

# Southeast Overtown area gains a new sense of neighborhood

PIONEERS, FROM 1E

action is," says Richard Petras, 53, who lives in the soaring 31-story Biscayne View apartments.

Petras is disabled with a heart condition, but he walks wherever he can — to the library downtown, to Bayside. If he gets tired, he's always a $2 cab ride from home.

He grew up in Pennsylvania, and he says Northeastern transplants understand city life. They aren't startled by homelessness, and they learn to spot strangers who don't belong on their apartment floors.

"It's more of a challenge than living in areas where it's too easy," he says.

The architects of the city's Southeast Overtown/Park West Redevelopment Plan were counting on people like Petras when they pumped millions into the ambitious effort to lure residents downtown. They gambled that proximity to downtown offices, college classes and hospitals would counter the drawbacks of the neighboring poverty's unsightliness and perceived dangers.

Beginning in 1989, developers opened Arena Towers apartments, Biscayne View apartments and Poinciana Village condominiums.

To a degree, the city's gamble has had its price. Both the 355-unit Arena Towers and 463-unit Biscayne View defaulted on their mortgage payments because of low occupancy last year. Both have also had management changes, sparked by tenants' complaints about security and maintenance.

"We had a little bit of a bumpy road there in the beginning," says Jack Luft, Miami's development coordinator.

But since then occupancy has climbed steadily, topping with the housing crush after Hurricane Andrew. Now, the buildings are nearly full. Residents pay between $550 and $1,150 a month to live there.

Even the 40 condominiums of Poinciana Village are sold out. The starting price has risen from $63,000 to $68,000, and a three-bedroom condo on the fourth floor costs $90,000. Indian River Investments of Miami, which built Poinciana Village, hopes to finish 24 more units by the end of the year and 90 more by 1994.

"We love the neighborhood. We don't care if our friends and neighbors don't want to visit. We're going to build it," says Alina Green, who moved to Biscayne View with two teenage daughters to be closer to Miami-Dade Community College, where she studies speech pathology. "There's a lot of us putting a lot of energy down here. That's what we need."

At Arena Towers, managers are planning a bicycle trip to Key Largo and organizing a basketball league. Biscayne View managers are planning a May Day celebration on the palm-lined Ninth Street Mall to follow up a Mardi Gras party they co-sponsored for Black History Month.

Soon, residents will have more of the comforts they're accustomed to: A Cozzoli's pizza restaurant and a convenience store/deli are scheduled to open in Biscayne View in the next two months.

But other entrepreneurs are still skittish, says Luft, the city development coordinator.

"It's like everything else when you develop an inner city. You scrape it away, you start from scratch, and from there it's pioneering," says Luft. "That first settler who comes in is always the toughest one."

The problem, in part, is Overtown.

Overtown boasts one of Miami's most colorful histories — once home to a thriving black middle class. Its hotels drew Ella Fitzgerald, Sammy Davis Jr. and other stars. But through neglect, Overtown became one of Dade's most blighted neighborhoods.

### Community splits

The doctors moved away. The hotels closed. Urban renewal gobbled up black homeowners' property in the late '50s, then Interstate 95 sliced the community in the 1960s.

Today, Overtown's streets are lined with low-income apartments. It's wandered by the homeless. It's where Miami police officer William Lozano shot motorcyclist Clement Anthony Lloyd, spawning the 1989 civil disturbances.

The two communities, the old and the new, are literally separated by railroad tracks. Having the upscale developments in Overtown, says Arena Towers resident Jaime Padro, "is like having Disneyland in the middle of New York City."

The area also has pluses, all nearby: Metromover and Metrorail stations. Miami Arena. Omni International Mall. Bayside.

Still, the nearest Blockbuster video store is in South Beach, across the causeway. The nearest Publix is at Biscayne Boulevard and 48th Street, dozens of blocks northeast. Few people who get the munchies at midnight feel safe enough to wander outside to search for an Overtown corner market.

Poinciana Village resident Gregory Gay likes visiting People's Drugstore, which sells barbecued ribs. He can smell the grill firing up a block away. But the city planner and his neighbors had to complain loudly to convince a major pizza chain to deliver to their building after dark.

Most of the time the streets are deserted after dark. Then, on nights when the Heat plays or an artist performs at the Arena, streets are jammed. Residents have to learn shortcuts to get home, and parking for guests is nearly impossible to find.

"During the day, you can walk. During the night, you have to think twice," says Melvin Rosado, a mechanical engineer who lives at Biscayne View.

### Liking city life

Still, Rosado is there. So is Padro, a Hialeah teacher who has lived at Arena Towers for four years. After work, he bats a tennis ball against the wall on his building's rooftop recreation area, which has tennis courts, a basketball court, a volleyball net and a jogging track.

"Once you drive through the guardhouse, it's just a different world," he says. As for the streets outside, he doesn't mind city grit. He grew up in cities in Puerto Rico. He doesn't panic when the homeless approach to ask him for money.

"Those homeless help you lead a Christian life. Then do your charity. You can give them a quarter," Padro says.

Biscayne View resident Claudia Clunis goes a step further. She started a [illegible] company called Hearts to Hearts, which collects clothes and food for the homeless. Through her employer, Greyhound, Hearts arranges to send homeless people back to relatives.

When she moved in three years ago, Clunis says, she had a choice between the south view facing downtown Miami or the west view facing Overtown. She chose Overtown.

Her three children watch people passing on the train and point out seagulls flying overhead. They also see the homeless pushing shopping carts with plastic bags slung over their shoulders.

"They know a lot of them," says Clunis, 30. "I don't hide that from my children. I feel the only way they're going to know is to learn with me. And I don't ever think I'm above anyone."

Her children, ages 6 to 10, attend a neighborhood elementary school. Clunis has concerns about discipline there, but she works closely with their teachers and goes to school meetings.

City life, she says, has been a tough adjustment for her children. Clunis herself is from Trinidad, although she grew up in New York City and remembers her excitement when the trains passed and made the buildings

[illegible] / Miami Herald Staff

AT BISCAYNE VIEW: As a resident walks his dog, Melvin Rosado reads a newspaper by the front entrance of Biscayne View apartments.

shake.

Her children [illegible] in West Kendall [illegible]. Son David, [illegible] bicycle he isn't allowed to ride outside. He has to ride [illegible] the building's sixth-floor [illegible] area.

"She used to plant vegetables in the back yard. That's what I miss," says daughter Claudia, 10. "I like it where we used to live. I wanted to stay there."

About 200 residents rented apartments after the hurricane, and they [illegible] com[illegible] [illegible] have decided to stay; some can't wait to leave once their suburban homes are repaired.

"I don't think it's a place for kids like us to be because there's too much going on here," says Ebony Peters, 15, who still travels to Southridge High School in South Dade each day. Her house in Goulds is being rebuilt, and she expects to move back there next month.

City life isn't for everyone, concedes Sharon Peniston, who opened a small bakery and newsstand on the ground floor of Biscayne View a month ago. She calls her place Ms. Sassy's, named for jazz singer Sarah Vaughan.

Residents stop in to buy dime candies or her homemade brownies and chili. With her help, children count out their pennies. She knows their names and passes messages to their parents. Anyone who's short can have credit, and they always pay her back, she says.

That's the way she remembers city life in Newark. That's what's different about living in an apartment building in close quarters, instead of secluded behind four walls in the suburbs.

"It's easy to adapt to an apartment if you're not afraid of your neighbors and you learn how to say hello," she says. "Everyone is trying to make a commitment to downtown."

BUSINESS BRIEFING

[illegible]

## Consumer confidence falls for 3rd straight month

[illegible]

Consumer confidence fell for the third straight month in March as anxiety over layoffs, slow growth and possible tax hikes overshadowed President Clinton's plans for economic expansion, a survey reported Tuesday.

The widely followed measurement by the Conference Board research group suggested a marked [illegible] from the buoyant public mood after the 1992 presidential election. It indicated consumers are likely to reduce spending in the months ahead.

The Conference Board index of consumer confidence declined nearly 6 points to 62.6, compared with a 68.5 reading in February, 76.7 reading in January and a 78.1 reading in December.

The March reading was the lowest level since October, although significantly higher than a year ago, when the index totaled 36.5, and from the recession readings of 50 or lower.

WHAT WORKS: CONSIDERING WORKERS' FAMILY NEEDS

# Moving child care into the neighborhood

Motorola has invited Kiddie [illegible] Learning Center to build a child-care facility on [illegible] of land across the parking lot from its [illegible] Group in Boynton Beach.

Kiddie [illegible] will own it, run it and [illegible] care of 90 children of Motorola employees. Motorola is handing over a handsome chunk of change — no one will say precisely how much — to finish the [illegible]'s interior to its liking and to install special playground equipment for toddlers.

LORE CROGHAN

The 90 kids can be any age from 6 weeks to 5 years old. Kiddie [illegible] will provide after-school care for older children, too.

This set-up is called company-sponsored child care, which means Motorola recommends it to employees and pays part of the kids' tuition. It is near company property rather than on it. Motorola prefers it that way.

"We aren't experts in this field," said [illegible] Magee, a personnel operations manager at the Boynton Beach plant.

Why is Motorola spending good money on a child-care program in tight times like these? Because it's a powerful persuader in recruiting and retaining employees, and boosting their morale and productivity, she said.

"Our primary objective is to be the premier employer in South Florida, and the employer of choice for our employees," Magee said. "And we want them to be a loyal, dedicated work force."

An effective corporate child-care program is an investment in human capital, said Renee Magid, president of [illegible], Pa.-based Initiatives [illegible] The Center for Workforce Diversity.

"This is not a soft, fluffy issue — it's a business imperative for the future," Magid said. "The business world will never be totally white male again."

So what can companies do to solve employees' child-care problems without breaking the bank?

Here's some advice from Magid and Robin Hardman, director of information services at the New York-based Families and Work Institute:

■ Before making any decisions, ask employees exactly what their needs are.

Motorola's Boynton Beach work force is dominated by young people, many of them single parents, many others from families with two working parents. They need a day-care center for tots.

■ Allow employees to set aside part of their [illegible] for child care, which lowers their taxable [illegible]. This method, made possible by federal [illegible], costs the company nothing but some [illegible] paperwork.

■ Negotiate a group discount at a child-care [illegible] that's convenient to the workplace. This [illegible] cost the company anything either, although many companies obtain discounts from child-care providers, then subsidize an equal percentage of the tuition.

■ Contract a resource and referral service that finds potential child-care providers for employees and teaches them how to choose wisely.

■ Let employees select their own child-care providers, then help defray the costs with vouchers or other methods of reimbursement.

■ Build a child-care center of your own or have one built nearby.

Many employers fear legal liability if they own a day-care center, or even endorse one that's off company property. But nationwide research shows that few lawsuits are filed against day-care centers and even fewer against company-sponsored centers, Hardman said. Liability insurance is readily obtainable and not terribly expensive.

■ Collaborate with other companies in providing child care.

■ Offer employees flexible work hours. That will solve some of their child-care problems.

■ Hire an agency to provide at-home care for sick kids. And create programs to entertain kids at work on school holidays. "One of the biggest stressors in balancing work and family is backup child care," Hardman said.

■ Train supervisors to be understanding about employees' child-care crises. Said Hardman, "There must be acceptance from the top down that families are important, and that flexibility is as important as getting the widget made."

WHERE TO FIND HELP

[illegible] can [illegible] with local resource and referral agencies to help their employees find good child-care providers.

■ The Children's Resource and Referral Center, Miami-Dade Community College, North Campus. Call 237-1781, 9 a.m.-5 p.m. weekdays.

■ Child Care Connection, Fort Lauderdale. Call 486-3900, 8:30 a.m.-5 p.m. weekdays.

■ Child Care Resource & Referral, Delray Beach. Call (407) 832-6844. Or, in the southern part of Palm Beach County, (407) 265-2425. Hours are 8 a.m.-6:30 p.m. weekdays.

■ Wesley House Resource and Referral, Key West. Call 296-8264, or (800) 852-6665 outside Key West, 8 a.m.-5 p.m. weekdays.

# Take your daughter to work on April 28

ANNA QUINDLEN

TRASHING Hillary Rodham Clinton's reconstituted name has been all the rage since her husband took office and she took off as a power player in Washington. The standard gripe is that the first woman is a nomenclature chameleon, tailoring what she's called to suit what she wants.

As a young lawyer and newlywed she was Hillary Rodham, her given name. When that was perceived as bad for her husband's burgeoning career, she transmogrified into Mrs. Bill Clinton. During the campaign she was simply Hillary Clinton. And afterward, when the world was presumably a safer place for strong-willed women, she became Hillary Rodham Clinton.

## A tour of the world

"Masquerade!" shouted her detractors, the same people who like to discuss why Americans hate and resent Hillary, a discussion based on an utterly false premise. Early polls have shown Mrs. Clinton with a high approval rating, and six in 10 Americans surveyed last month thought her both qualified and suitable to head the president's health care commission.

But no one has seemed particularly interested in why the masquerade was necessary in the first place; why a woman still needs to prove her domesticity by messing with her identity; why she needs to pretend to be something that she is not to convince us that she is something that we believe she ought to be.

That masquerade starts early, and it's one of the reasons behind a new national project called Take Our Daughters to Work Day. Mark your calendar; tell your school. It's on April 28, and the plan is for mothers, fathers, or other interested adults to take a girl with them to work, to show her that she is important enough to be given a guided tour of the world, whether that world is a hair salon, a precinct house, a law firm, or a laundry.

I signed on to the advisory board for this in part because I figured that it would be good for grown-ups as well as girls. Maybe we'll demystify our jobs for some of our kids, who think of our work as the enemy, the thing that keeps us away from them.

Maybe parents with work that's low-paying and arduous can communicate to their daughters why they want them to study hard, stay in school, and go on to college. In that way the day may promote parent-child understanding, which is a close second to world peace.

I know that it leaves the boys out; I've been asked (by an irate son) why there isn't a Take Our Sons to Work Day. The answer is in the atmosphere. The Ms. Foundation, which came up with the idea, feels a certain urgency about showing the girls that they count.

In recent years we've learned that they come to believe, sometime between elementary and high school, that they do not. A survey by the American Association of University Women two years ago showed that the self-esteem, confidence, and expectations of girls go south during adolescence in a much more precipitous way than for their male counterparts.

I saw this in action not long ago, talking to a group of smart eighth graders. The students who asked questions were overwhelmingly male. One girl stepped up to the mike, then put her hand over her mouth, mumbled an apology, and sat down again.

Like Scrooge in his nocturnal wanderings, I recognized my former self, a quarter-century ago, paralyzed by the dichotomy between the ideal girl and the girl whom I was. The chasm was considerable.

Maybe some of our daughters took notice of how Hillary Clinton was seen as abrasive, power-hungry, and unfeminine when to some of us she seemed merely smart, outspoken, and hard-working. Maybe they saw the masquerade and recognized intuitively the age-old message about how much more attractive women are when they are domestic, soft, contented — the message aimed over the years at Susan B. Anthony, Margaret Sanger, Eleanor Roosevelt, and many, many others.

## Better than the old days

The message that sometimes makes you clap your hand over your mouth at the noise of life.

It's better than it used to be. But as most of us can't tell our kids stories about walking five miles through the snow to school, so many of us can't lay claim to the problems of an earlier generation, in which women who graduated from law school were sometimes offered a secretary's job at a law firm.

But still our young girls, like our first woman, often get contradictory and hostile messages about their lives, their futures, and their selves. One day of unusual attention won't change that. But it's a way to begin.

New York Times News Service

THE PRESIDENT HAS SEEN

Pastor
for Zhen

347-3000

Memorandum for The President
From: Howard Paster
Date: March 30, 1993
Subject: Senate calls on stimulus package

While there is no time agreement to vote on the stimulus package, it is reasonable to anticipate that we will finally come to an understanding that will enable us to get to final passage -- perhaps late tomorrow.

If and when we get to final passage we can lose no more than seven Democrats, assuming we lose all the Republicans, and further assuming the Vice President is available to break a tie.

We have identified 11 Democrats whose votes for passage are at risk. There may be others, but these 11 are our best guess after talking to leadership staff. I will list them below is the suggested order of priority, along with quick notes on relevant concerns.

The goal is to pass the $16 billion spending plan in a manner acceptance to the House of Representatives in order to avoid a conference committee. For the deficit hawks you may claim, fairly, that your letters to Senators Breaux, Boren and Bryan strengthen your commitment to make reconciliation work.

Here are the suggested calls:

John Glenn - staff told us he was "uneasy"
Bob Graham - remind him of South Florida commitment
Russ Feingold - doubts reconciliation will meet targets
Dennis DeConcini* - we gave up hard rock mining
Herb Kohl - seems anxious not to break with you, may regret high profile on his amendment
Jim Exon - may be linked to N. Dakota Senators on agriculture cuts in budget resolution
Sam Nunn - you can tell him we urged Senate defense numbers in budget conference
Byron Dorgan - wants to hold Senate budget level on agriculture but is more anxious to help than Conrad
Kent Conrad* - has insisted, thus far, on full Senate budget level for agriculture

*up in 1994

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We are recommending you call neither Bob Kerrey* nor Richard Shelby

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
4-5-93

April 2, 1993

93 APR 5 A8:38

MEMORANDUM FOR THE PRESIDENT

FROM: TIMOTHY FLYNN
DIRECTOR, WHITE HOUSE GIFT UNIT

THROUGH: MARSHA SCOTT
DEPUTY ASSISTANT TO THE PRESIDENT FOR
PRESIDENTIAL CORRESPONDENCE

SUBJECT: Gift Unit Report for the Week of April 2, 1993

A. Gifts Delivered This Week 283
Gifts Processed This Week 816

B. Interesting Gifts Received During the period of March 29 - April 2, 1993.

1. **Ivy V. Wreden.** "Horse Medicine Shield Series 2" by donor/artist. An Indian motif painting using animals to express symbols. Main colors used are blue, yellow, and red. The appraised value is $550.

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

2. **Kate Douglas Torrey.** Encyclopedia of Southern Culture and Washington On View : the Nation's Capital Since 1780. The appraised value is $120.

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

3. **Friends at Celestial Arts.** Large poster mapping out the constellations. Poster is accompanied by an astronomy fact book. Gift is intended for Chelsea Clinton and is science oriented. The appraised value is $48.

Disposition: _____ Keep for Chelsea and send to
_____ Oval Office
✓ Residence
_____ Camp David
_____ Designate for Archives
_____ Designate for Charity

4. **L.E. Ward.** Hardcover book titled, FDR's Fireside Chats, by Russell D. Bunhite and David W. Levy. The appraised value is $25.

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

5. **Louise Larkins.** Various campaign buttons. Two McGovern campaign buttons, two McCarthy campaign buttons, two Peace NOW buttons, and one button lettered "EFETE Snobs for Peace." The appraised value is $35.

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

6. **Robert A. Meyers, PH.D.** Eighteen volume hardcover set of The Encyclopedia of Physical Science and Technology. The appraised value is $2,500.

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

Cath Act. if in ways

7. **G.G. McClaflin.** One left handed Drake golf putter. The appraised value is $100.

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

(Send Orig. Mac

8. **Dean Lavalley.** Five gold records of the Fleetwood Mac single "Don't Stop." Records are framed in a black lacquer frame with black matting and a bronze plaque that reads, "President Bill Clinton in Appreciation - Fleetwood Mac. January 20, 1993." The appraised value is $200.

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

9. **Spenta Kandawalla.** A sterling silver over brass bowl with one rupee coin embedded in bottom. Gift arrived inside a blue velvet case. The appraised value is $225.

Disposition: __✓__ Official Use, then Archive
(Donor has sent other gifts that when combined total over $250.)
_____ Personal Property
_____ Oval Office
_____ Residence
_____ Camp David
_____ Designate for Archives

Let me see

10. **B. Lee Young.** Framed and matted calligraphy copy of the Inaugural poem by Maya Angelo. Frame is cherry wood and matting is a deep green. The appraised value is $700.

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

See if appropriate to Nancy Hernreich

11. **Quincy Jones.** One framed and matted "An American Reunion" poster. Poster has been signed by various performing artists and producers who had a part in the Inaugural events. The appraised value is $600.

/see signature

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

12. **William B. Halstead.** One large hardcover limited edition book, For My People, by Margaret Walker. The text is poetic and the book has original lithographs from the graphic illustrator. Approximate size is 20" x 25". The appraised value is $1,500.

(see Ltr Mr. sent gift thanks)

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

13. **John E. Paquette, S.J.** One x-large nylon jogging suit with the "1996 Atlanta Olympics" logo and "President Bill Clinton" monogrammed on the chest. The appraised value is $125.

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

14. **Norma Arata.** A "Kennedy Duplicate Authentic Upholstered Rocking Chair." Chair is made of oak and naugahyde upholstery. It is not a handsome chair. The appraised value is $450.

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

Rahm / Regina / Ruben
This would be good
to have on every state-wide
community

# STATE OF NEBRASKA

THE PRESIDENT HAS SEEN

E. Benjamin Nelson
Governor

Executive Suite
State Capitol
Lincoln, NE 68509
402-471-2244

March 24, 1993

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

Dear President Clinton:

I recently convened a series of meetings with citizens from across Nebraska to discuss your economic growth and deficit reduction proposal. Through IMPACT NEBRASKA, over 50 Nebraska leaders from areas such as business, labor, agriculture, health and human services, transportation, and state/local government discussed your proposal in detail.

Following our discussions, we had the opportunity to spend nearly an hour on a conference call with Treasury Secretary Lloyd Bentsen. All of us sincerely appreciated the time Secretary Bentsen spent with us, his candor, and his willingness to listen. We also welcome his announcement yesterday that ethanol will be considered a renewable fuel and made exempt from the BTU tax.

While there are specific areas of concern, virtually everyone who attended the IMPACT NEBRASKA sessions commended you and your administration for your willingness to tackle the difficult issues of deficit reduction and economic stimulus. We in Nebraska are prepared to do our part in the national interest.

We do have concerns in some areas where we feel Nebraska may be affected more substantially than other parts of the country. I have enclosed an Executive Summary of those concerns for your information. A complete package of written comments from IMPACT NEBRASKA participants is being delivered to Budget Director Leon Panetta.

On behalf of all Nebraskans, I commend your leadership and courage in addressing these areas of vital national importance. I hope you will carefully consider the specific concerns we have outlined. Please let me know if there are ways we can work with you to address these concerns.

Sincerely,

Ben

E. Benjamin Nelson
Governor

Ag Copy

# IMPACT NEBRASKA
## Executive Summary

### Overview

On March 12, 1993, Governor Ben Nelson convened a series of meetings with over 50 Nebraska leaders from across the state to discuss President Clinton's Deficit Reduction and Economic Plan. A wide variety of interests were represented, including business, labor, agriculture, health and human services, transportation, and state/local government.

Virtually all who participated commended the Clinton administration for its leadership in taking on these tough issues. Participants also indicated a willingness to support the plan in general, to do our share in the national interest. A number of specific concerns were raised in areas where participants felt Nebraska is being asked to shoulder a disproportionate share of the burden, or where an overall approach to a specific issue may be counterproductive. Following is a summary of those specific comments.

### Agriculture, Natural Resources, and Energy

The proposed BTU tax is the primary concern in this area. An economist from the University of Nebraska estimates that the annual cost of the BTU tax ranges from 25 cents per acre for ranch land to as high as $5.00 for an irrigated farm in southwest Nebraska.

The estimated direct impact to Nebraska ag producers is $30-35 million per year. Indirect costs (such as fertilizer, machinery, and chemicals) are estimated to add a similar amount to the direct costs.

In sum, the proposal could mean a drop of up to 10% in farm income. Without changes in the farm program to increase income, the impact on Nebraska agriculture could be substantial. Some lenders are cutting back on ag loans, based on concern about the ability to repay.

Nebraska's public power industry anticipates rate increases of 6 to 9% upon full implementation of the BTU tax as proposed. Since agriculture is an energy-intensive industry, this will add to the cost of production.

Participants suggested that ethanol, as a renewable fuel, should be exempted from the BTU tax. The recent announcement that this exemption will be granted is welcome news. Nebraska's propane industry believes they should be taxed as a gas, rather than petroleum, product.

Overall, participants understood the rationale for the BTU tax. Should the tax be implemented, the proceeds should be targeted to deficit reduction, the tax should be paid by the end user, the automatic inflation adjustment should sunset, and the tax should be continually monitored for economic impact.

## Business, Labor and Training

From the perspective of Nebraska's business and labor interests, there are many positive aspects of the plan. The prospect of additional jobs and construction activity are welcomed, although inflationary pressure could be increased and should be monitored. The impact of deficit reduction is seen as positive, and the Clinton administration's intent to address health care will contribute to an improved business climate.

The jobs aspect of the Clinton plan is welcomed by labor. There is concern, however, about the impact of the BTU tax on transportation costs for low-wage workers who drive to work. The investment tax credit is perceived as a good idea, although benefits should be prospective rather than retroactive to achieve optimum benefit.

The use of unemployment figures to drive job training dollars hurts Nebraska because of our low unemployment rate. There is general consensus that while our unemployment rate is low, there is a high incidence of <u>under</u>employment. In addition, there are pockets of high unemployment, such as Indian reservations, that tend to be ignored given the overall low unemployment level.

## Government and Military

The impact of federal mandates on state and local government continues to be a primary concern. The move toward more flexibility for states in managing mandatory programs like Medicaid is welcome, but there are other programs that should receive similar attention.

Testing requirements under the Clean Drinking Water Act, for example, could potentially cost small communities an inordinate amount of money to implement. With local budgets already strapped, flexibility is needed in this program, rather than a "one size fits all" approach.

Federal regulations in general need a review. There is a perception that some regulations amount to "overkill," particularly in areas like banking. Nebraskans recognize the need for a solid regulatory framework, but ask that regulations be reasonable and grounded in common sense.

Nebraskans understand the need to redirect resources within the Defense Department. StratCom (formerly the Strategic Air Command), located at Offutt Air Force Base near Omaha, is feeling the impact of redirection, and there is some concern locally about the economic effects. Impact aid to communities affected by military downsizing should be carefully assessed.

There are also questions about the potential impact on the armed services of the proposal for repayment of student loans through community service.

## Health and Human Services

Nebraskans appreciate the Clinton administration's leadership in tackling the health care issue. This is clearly a top priority for people across the state and the nation. The theme of shared sacrifice and shared responsibility should be applied to the health care issue just as it is the deficit reduction and economic growth initiative.

IMPACT NEBRASKA participants consider universal access to be a critical issue, both in terms of geographic and financial access. Proximity to basic health care services is a concern in a state like Nebraska where distances between communities are sometimes great. This is particularly true for Nebraska's veterans.

Reforms to the health care system should be driven by access, and there is concern that delivery systems are not in place uniformly to provide necessary access to care. Flexibility to address the needs of rural areas is required; "one size fits all" will not be effective.

Given Nebraska's combination of urban and rural areas, participants feel strongly that our state should be considered for a demonstration project in health care reform. A Blue Ribbon Coalition appointed by Governor Nelson has put forward a proposal that is worthy of study in this regard.

Funding programs should be outcome-based, and an evaluation process needs to be developed. The administration's immunization initiative is welcomed; the cost of prevention is cheaper than the cost of neglect.

Support for professional education and clinical research should be part of the overall health care reform package. Incentives for charitable giving should be considered, and cooperation should be fostered between government and non-profit service delivery agencies.

Long-term care should also be part of the package. Quality of life issues are important to older Nebraskans, and should be considered in three phases:

1. Within the home;
2. Within the community;
3. Nursing home care.

Regulations under the Older Americans Act should be revised to establish a means test for services.

## Banking, Finance and Insurance

Small financial institutions across Nebraska are concerned about the future of agriculture under the Clinton proposal. Many small bankers share agriculture's view that low long-term interest rates will not offset the impact of the BTU tax because margins are slim. Cash flow problems result, and banks will not lend money.

Improvements are needed in the farm credit system. Frequent changes in regulations cause problems for small banks. The FmHA application process should be streamlined and modernized. There is concern that the FHA is not "user-friendly," and that reorganization has removed close contact with communities.

Nebraska banks, particularly smaller banks, are overburdened with regulatory paperwork. The red tape required on even a small loan is not worth the cost, estimated by one banker at $2,200 for a single loan. Many Nebraskans who need to borrow small amounts are not being served. This is very important to Nebraska's economy, which relies on small business for a large portion of our economic growth and vitality.

There are 13,000 Nebraskans employed in insurance industry jobs. Concern exists about the availability of alternatives should the industry downsize.

## Transportation

Nebraska will benefit from full funding of federal transportation programs. Full funding of ISTEA, for example, will put Nebraskans to work on a number of highway projects that have been planned and approved for construction. IMPACT NEBRASKA participants welcome this initiative, and request that full funding be carried on into future years to provide a stable stream of funding for highway and transportation projects.

Mass transportation should also be a part of this initiative. Governor Nelson is heading an initiative to improve transportation systems in rural areas of Nebraska, and support from the federal government will accelerate this vitally-important initiative.

Rural Nebraskans are also concerned about the future of Essential Air Service. Part of the impetus for the Governor's ground transportation initiative is to connect rural Nebraskans with air transportation. Essential Air Service is an important component of maintaining access for all Nebraskans to air transportation.

## Conclusion

IMPACT NEBRASKA participants welcomed the opportunity to discuss the President's initiative with Governor Nelson and members of his administration. Through this report, the Governor is communicating the concerns of Nebraskans to the Clinton administration. Nebraskans stand ready to do their part to strengthen the United States, and we are prepared to work with the President and his administration to ensure that this initiative is implemented fairly, monitored closely, and moved forward with dispatch.

THE PRESIDENT HAS SEEN

93 FEB 23 P5: 52

Democratic National Committee

This is number 1 of 8 copies of a ~~confidential~~ memorandum, Please do not reproduce.

to Wilhelm For Rev.

**Memorandum**

DETERMINED TO BE AN ADMINISTRATIVE MARKING INITIALS: MI DATE: 10/31/18
2018-0662-S

TO: President Bill Clinton
FR: David Wilhelm, Chair
DT: February 23, 1993
RE: Campaign Finance Reform

---

## I. Summary

The DNC believes that campaign finance reform legislation must reduce the influence of special interests while preserving or expanding grassroots citizen participation in the political process. This memo outlines ways to meet these two critical and equally significant goals for campaign finance legislation.

## II. Introduction

Recent campaign finance reform proposals have been aimed at meeting the legitimate need to reduce the influence of special interests in the political process. Unfortunately, these same proposals have contained provisions which would effectively eliminate meaningful citizen participation in presidential and other federal campaigns. This memo focuses primarily on those "reform" proposals which impact dramatically upon citizen participation in federal campaigns.

Adopting provisions which reduce actual or apparent influence peddling will undoubtedly increase public confidence in the electoral process. Still, those gains will be immediately lost if we enact "reform" legislation which effectively removes ordinary Americans from federal campaigns and leaves political media consultants who produce 30-second spots as the only relevant players.

The 1992 campaign generated dramatically renewed interest in grassroots politics. For the first time in a generation, voters are viewing themselves as active partners rather than passive observers in the electoral process. Significant campaign finance reform legislation can be adopted without reversing that momentum. Nonetheless, because most members of Congress have little respect or appreciation for the workings of political parties and for the significance of grassroots activity, it will be up to **you** to stand up for party renewal and citizen participation.

### III. The Current Framework and S.3's Provisions

Reform proponents have never concerned themselves with meeting the dual goals of reducing special interest influence and increasing citizen participation. Their focus has been exclusively on the former with no concern about the latter. This flaw is no more apparent than in the approach taken to "soft money" in the bill vetoed by President Bush last year, S.3.

"Soft money" is the term used to describe funds raised outside the restraint of federal law but within limits imposed by state law. Federal law prohibits using "soft" or "non-federal" money to directly support federal candidates. In practice, "soft money" has been heavily used to fund grassroots activities which indirectly influence both state and federal elections. "Coordinated campaigns" -- involving federal, state, and local candidates -- are heavily financed by these contributions, and have greatly increased the ability of volunteers and other party activists to play meaningful roles in presidential and other campaigns.

S. 3 would ban the use of "soft money" for coordinated campaigns and such grassroots activities as voter registration and GOTV, prohibit national parties from soliciting non-federal dollars, and make transfers between national and state parties subject to federal candidate contribution limits. Since the strategic imperative of spending federal "hard" dollars on electronic media overwhelms all other considerations, S.3's prohibitions on soft money use would effectively destroy coordinated campaigns and eliminate grassroots activity in federal elections. By destroying coordinated campaigns, S. 3's ban on "soft money" would redirect non-federal funds to non-party ideological and quasi-religious entities, greatly enhancing the ability of such organizations to have a disproportionate impact on the political process.

The soft money provisions of S.3 would also jeopardize the national party's ability to fully function. Non-federal money accounted for 30% ($28.3 million) of DNC receipts in 1992 and 36% ($7.9 million) in 1991. In addition to funding coordinated campaigns and other grassroots efforts, non-federal money has traditionally been used to pay for many essential building and administrative expenses.

Without real consideration of the purposed for which soft money is generally spent, some reform groups, like Common Cause, argue that soft money expenditures are merely a clever avoidance of federal "hard money" spending and contribution limits. This argument assumes that the "soft money" expenditures which indirectly impact federal races should be shut down and ignores the salutary effect those expenditures have in increasing citizen participation in campaigns.

There are problems with "soft money". First and foremost is the fact that contributions are unlimited and often extremely large. In addition, disclosure provisions could be dramatically strengthened. Reforms in these areas are clearly needed to reduce the appearance of influence buying. **Still, it is critical to remember that the primary focus for addressing "soft money" abuses should be on how and from whom it is raised, not how it is spent.**

It is not necessary to eliminate the funding of grassroots programs in order to curb "soft money" abuses. Both goals of campaign reform can be achieved by strictly limiting the ways in which non-federal money is raised and by tightening the definitions of activities for which non-federal money is used in order to avoid circumvention of federal limits.

While our primary concern at the DNC is with the provisions of reform legislation which deal with soft money, there are other concerns with the S.3 framework which similarly fail to respect the importance of participation in the political process by everday Americans. S.3 fails to provide special incentives for local small donors to participate in federal campaigns. In addition, S. 3's proposed spending and contribution limits put a premium on contributions at the higher end of the scale and have the ironic effect of forcing small contributors out of the process.

Set out below are a series of changes in the current election law which we believe are the best way to achieve reform while preserving our ability to involve ordinary people in the political process. Numbers one through five deal with issues associated with "soft money" while the remaining proposals deal with other aspects of an overall campaign finance reform package designed to encourage grassroots activity and participation by small donors.

## IV. The DNC Proposal

***1. Eliminate the use of non-federal ("soft") money for the production of materials specifically advocating the election of a federal candidate.***

In order to avoid the appearance that non-federal money is being used to circumvent contribution and spending limits in federal elections, expenditures which mention a federal candidate -- regardless of whether a state candidate is also mentioned --would have to be paid fully from federal dollars.

2. *Prohibit federal candidates from raising non-federal money.*

In order to preserve the distinctions between federal and non-federal expenditures, federal candidates and their representatives should be prohibited from soliciting non-federal contributions. Contributions received in response to any solicitation in which it is suggested that funds received will be used to directly influence any federal election should comply with federal limits. Exceptions should include the appearance of federal candidates at party events and functions.

3. *Tighten and increase disclosure requirements.*

In order to improve the accountability of party activities, full disclosure of all state and local party financial activity would be required of committees required to file federal reports, provided that state law is preempted to avoid duplication.

4. *Tighten definitions of "exempt" activities for which non-federal money can be used.*

Preserve and/or permit the use of non-federal money for voter registration, GOTV, voter file maintenance, state party administrative expenses, rallies, town meetings, conventions, volunteer mail, literature drops, and volunteer phone banks while tightening the definitions of these and other grassroots activities which may be paid for with non-federal money. Continue to allocate administrative expenses between federal and non-federal money.

5. *Limit non-federal contributions.*

In order to reduce the influence of "big money" in federal elections, non-federal, "soft" contributions to national parties should be limited to $75,000 annually. Contributions earmarked for building funds, conventions, and certain fixed or on-going physical administrative expenses (e.g. rent, utilities, and equipment) would be exempted from this contribution limit.

It should be noted that the DNC would sacrifice substantial revenue if this proposal were adopted. In 1992, contributions in excess of $75,000 accounted for over 15% (or over $12 million) of our non-federal revenue. In 1991, over 25% (or over $2.0 million) of our non-federal revenue came from contributions in excess of $75,000.

While we expect improved fundraising by virtue of being the party in office, we also are already incurring substantial new costs stemming from incumbency. As you know, costs which are being passed to the DNC include Presidential and White House staff travel, presidential gifts, and the costs of certain White House political and liaison functions.

*6. Limit PAC's and favor "small donor committees".*

In order to promote broad participation by ordinary citizens in the political process, limit contributions by PAC's to $1,000 and permit "small donor committees" -- composed of large numbers of small contributors -- to make larger contributions than PAC's..

*7. Take other steps to encourage small donors and generate funds for grassroots activity.*

A number of other steps can be taken which reduce the influence of mega-donors while replacing some of the non-federal money lost by capping non-federal contributions. Possible provisions include:

a) Exempt individual in-state contributions of $250 or less from spending limits in House & Senate races.

b) Create a tax check-off plan specifically geared to political parties. Taxpayers could be encouraged to give up to $10 of any refund owed to them to the political party of their choice;

c) Provide federal matching funds for contributions of $250 or less made to political parties until a pool of matching funds is exhausted; use the funds (over $11 million per political party) currently designated for the payment of the costs of the national conventions as one source of matching funds for the pool;

d) Raise the amount of federal money which may be given, in aggregate, from $20,000 to $25,000 and make that aggregate limit applicable only to candidates, not to the combination of candidates and parties. Then, permit an aggregate of $25,000 to be given to political parties.

*8. __Discourage candidates from avoiding the campaign finance regulatory system__*

As you know, federal spending limits must be voluntarily accepted. In the presidential race, federal funds are provided to those candidates agreeing to the spending limits. We support proposals which would replicate this system for House and Senate races. We also support the provision in S.3 which provides extra federal funds to candidates facing an opponent who opts out of the public financing system and exceeds the spending limit. This provision creates a disincentive for candidates who are personally wealthy to spend vast personal sums in an effort to "buy" an election. The provision should not only be adopted for Congressional races -- it should be extended to protect candidates "playing by the rules" in a presidential race, too.

## V. Conclusion

By fashioning reform legislation which fosters citizen participation activity, it is possible to both address the abuses with in the current federal election system and allow sufficient funding for volunteer grassroots activities conducted through political parties.

The DNC, along with a body of respected reformers and academicians, believes that any campaign reform proposal should seek to "put people first" by strengthening grassroots participation. Increased citizen participation in politics will both strengthen the Democratic Party and solidify support for the Administration's agenda.

cc: Mack McLarty - copy 2
George Stephanopolous - copy 3
Raum Emmanuel - copy 4
Howard Paster - copy 5
Michael Waldman - copy 6
Kent Markus - copy 7
Wilhelm File - copy 8

# Withdrawal/Redaction Marker
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| 001. letter | Larry Pressler to POTUS (1 page) | 12/21/1992 | b(6) |

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Clinton Presidential Records
Staff Secretary
John Podesta (Chron Files)
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**FOLDER TITLE:**

April 1-10, 1993 [3]

2018-0662-S
rs3043

### RESTRICTION CODES

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

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- RR. Document will be reviewed upon request.

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GREENBERG·LAKE
THE
ANALYSIS GROUP
INC

515 SECOND STREET NE
WASHINGTON DC 20002
202 547 5200

**DATE:** February 26, 1992

**TO:** The White House

**FROM:** Stan Greenberg

**RE: THE CLINTON ECONOMIC PROGRAM**
Sustained Public Support

---

The President's economic program has received an extraordinary reception from the American people. The public watched his "Joint Session" address in record numbers and with an intensity of concentration unmatched in our time. And while the president proposed broad-based tax increases, his popularity rose sharply after the speech. The American people favor the program by very large margins, and their support has held steady through the entire week of Republican attacks.

This assessment is based on our own national surveys but also on the wave of media surveys: LA Times, CBS, CNN/Time, Newsweek/Gallup, ABC, U.S. News, and Times Mirror. All the surveys show the same pattern: high and steady public approval. The main points are summarized below:

- The public watched the speech in "Super Bowl" numbers and with extraordinary concentration. Times-Mirror states, "the Clinton program has received more public attention than any presidential policy or proposal in the history of Times Mirror's public interest surveys." Almost two-thirds have discussed the plan with friends and neighbors and 48 percent say they paid "very close" attention" (compared to 34 percent during the Bush-Congress budget deal).

- The speech changed the mood of the country: a 10 point increase in the percentage thinking the country is headed in the right direction.

- By nearly 2.5 to 1, the public supports the Clinton economic program. **Nearly every poll shows support over 60 percent (between 59 and 64) -- and unchanged a week after the speech.** The program is opposed by just a quarter of the public, concentrated heavily among strong Republicans. Perot supporters are now big supporters of the Clinton economic program (61 to 24 percent).

- The President is winning the debate with the Republicans in Congress hands-down:

  Nearly 70 percent say the Clinton program is "fair."

  Nearly 75 percent say the Clinton program is "real change."

  On "ideas," the public turns to the President, not the Republicans, by 56 to 24 percent -- a 32 point presidential advantage.

  On addressing the problems of greatest concern, the public turns to the Democrats by 20 points over the Republicans.

- The President's popularity -- against all conventional wisdom -- rose sharply after presenting his economic program, including higher taxes. His positive job performance is now near 60 percent -- up 7 points (CNN), up 7 points (LA Times) and up 11 points (CBS). Indeed, the scope of Clinton's popularity is underestimated, because Republicans have become polarized and negative.

  Among Democrats, Clinton's performance is viewed positively, by a 7 to 1 ratio.

  Among independents, his performance is viewed positively, by a 3 to 1 ratio.

  Clinton's biggest gains have been registered among Perot supporters.

- The Republicans are in trouble: just 32 percent now remember voting for Bush; the Democrats enjoy a mid-teens advantage in party identification and a near 20 point advantage in addressing America's problems; Reagan's popularity has dropped sharply in the past 2 weeks. The Republican line-of-attack -- that this is "a typical liberal tax and spend" policy -- is the least plausible critique of the program.

- The biggest gains for Clinton, after the speech, came among seniors, moderate Democrats and Perot supporters. Support for the program cuts across regions of the country and even winning broad support among white southerners (56 to 35 percent).

- The public believes this is a balanced program where everybody is asked to contribute. They favor the economic stimulus program (81 percent) and the long-term investments; they want the stimulus to get the country moving even if there are signs of recovery (65 to 27 percent). People are happy that the deficit will be going down which they consider a major accomplishment.

**Remarks by Bill Moyers**

**at**

**the Inaugural Prayer Meeting**

**with President-elect and Mrs. Clinton**

**and Vice President-elect and Mrs. Gore**

**The First Baptist Church of the City of Washington, D.C.**

**January 19, 1993**

***(EDITOR'S NOTE:** Following are remarks by noted broadcaster and Baptist Bill Moyers at an Inaugural Eve Prayer Service attended by the Clintons and Gores. Sponsored by the Baptist Joint Committee and host First Baptist Church of the City of Washington, the formal prayer meeting was followed by an all-night prayer vigil. The service was attended by more than 1,000 supporters and members of the two sponsoring organizations, as well as friends of the Clintons and Gores. Because Moyers' remarks speak so well to Baptist identity and heritage, we are making them available to editors and reporters who cover religion. Additional information may be obtained by calling Larry Chesser or Pam Parry at 202-544-4226.)*

It is providential to me that Marion Hays is here this evening. Many Baptist heroes stirred my imagination when I was young, from John Bunyan and John Milton to Roger Williams and William Carey, from Adoniram Judson and Annie Armstrong to E.Y. Mullins and George Truett. But they were dead or distant heroes, admired from afar. Marion's husband Brooks was the first Baptist hero I met face-to-face.

Brooks' courageous stand during the 1958 school desegregation crisis cost him his seat as Congressman from Little Rock but it won for him a place in legions of hearts. "This is Mr. Hays," said Martin Luther King when he introduced Brooks to a friend: "He has suffered with us." For Brooks, Christianity was about challenge, not comfort, and politics was a parish where one tried to serve the poor and powerless. Senator Sam Ervin said Brooks possessed an "understanding heart." It overflowed with a love that embraced even his enemies -- even Orval Faubus and Richard Nixon. And he was a cheerful crusader, with humor for a lance. Like many of us he resisted the handcuffs of ideology. During his last campaign he pointed to the dog at his side and said, "Old Fergus here, who goes with me every day, is a liberal when he's sniffing through the bushes looking for a rabbit, but a conservative when he buries the bone."

I met Brooks when he was president of the Southern Baptist Convention and spoke in chapel at Southwestern Baptist Theological Seminary where I was soon to graduate. I maneuvered to be the one who drove Marion and Brooks to the airport after his speech.

that Baptist church, learned about frailty and forgiveness and fellowship, and if the anecdotes are unremarkable, the journey wasn't.

I also learned about democracy in that church. It was the very embodiment of home rule. In deciding church affairs every believer had an equal voice. Every leader called to office -- whether pastor, deacon, or teacher -- was subject to a vote of the congregation; and leaders were expected to be servants, not rulers. It was the pew, and not the pulpit, that we thought should be exalted. This leveling meant we fought a lot. My father said Adam and Eve must have been the first Democrats because only Democrats could mess up Paradise, and he was certain Cain and Abel were the first Baptists because they introduced fratricide to the Bible. But faith called us to a public stand and there was no place in our politics and religion for bystanders. It never occurred to us to ask the Irishman's question, "Is this a private fight, or can anyone get in it?" We knew from our past that politics is where liberty is saved or lost, where issues are decided, justice mediated, and values defended. Neither church nor state is served by anemic democracy. So Baptists plunge into the thick of the fray. And we do so with an ardor for equality that springs from the hot coals of faith.

At the core of our faith is what we call soul competency -- the competence of the individual before God. Created with the imprint of divinity, from the mixed clay of earth, we are endowed with the capacity to choose, to be (as my brother James Dunn puts it) response-able, a grown-up before God, making my own case, accounting for my own sins, asking my own questions, and expecting in good faith that when all is said and done I'll get a fair hearing and just verdict. At last count there are 27 varieties of Baptists in this country; the brand that appeals to many of us holds that while the Bible is our anchor, it is no icon; that revelation continues, truth is not frozen in doctrine but emerges from experience and encounter, and continuity is found in the community of faith that includes both saints and sinners. In Jesus we see the power of the Living Word over tired practice and dead belief. In his relationships with women, the sick, the outcast and the stranger -- even with the tax collector -- Jesus kept breaking new ground. The literal observance of the law was not to quench the spirit of justice. "The sabbath was made for man and not man for the sabbath."

These beliefs do not make for lawless anarchy or the religion of Lone Rangers. Nor do they mean we can float safely on the little raft of our own faith while the community flounders. Our beliefs form the ground of personhood. They aim for a community with moral integrity, the wholeness that flows from mutual obligation. Our religion is an adventure in freedom within boundaries of accountability. Governor Clinton and Senator Gore, it may be that this inbred tendency in free church life is one of the best gifts you bring to high office at this most pluralistic, fragmented, and perplexed time in our history.

There is in the tide of affairs what General George Patton called "the unforgiving minute." Decision and choice force fate. Opportunity lost is lost forever. The road not taken disappears. The unforgiving minute allows no second chances; at such a moment in our nation's life the gridlock becomes permanent, the cleavage between classes irreversible, the injustices fixed, the fiscal profligacy immutable, millions give up on the system for good, and the dream dies of forging a single American nation from our separate realities.

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# The Arkansan Who Wasn't There

THE PRESIDENT HAS SEEN

## *From a Friend's Funeral, a View of the New Spirit in Washington*

Hope – [illegible] can you [illegible] to B

By Linton Weeks

IT WOULD be cheap to say that Chad Farris lived just long enough to see Bill Clinton win. And Chad disdained the cheap way out. He died on Nov. 4 in Little Rock after a six-month battle with cancer. He was 37. It would be truer to say that the way Chad lived and the way he died tell us a good deal about the spirit of Arkansas.

My wife Jan and I were connected to Chad on a half-dozen different levels. Such multitextured friendships are common in cities the size of Little Rock, a large town of less than 200,000, because it's automatic that given a little time people of like hearts and minds will wind up sitting across the supper table from one another. We first knew Chad as the son of Jack and Anna Farris. Jack, a retired professor of English, is a weathered cowboy from Ola, Ark., who has written a handful of near-perfect novels. Anna grew up in Lockesburg, Ark., not far from the now world-famous town of Hope.

When my father died while I was in college, Jack became very important to me. He already had two sons—Steve and Chad—and they didn't need another brother. Still, Chad tolerated my love for his father and seemed to understand.

In 1985, only a couple of months after we had moved to Little Rock, Chad and his wife Anne moved there from Missouri. They worked long, hard hours, he as a labor-law litigator, she as a reporter for the Arkansas Gazette. Our families grew close. We picnicked together and caught an Arkansas Traveler baseball game every now and then. While Jan and Anne played tennis, our children squirmed around in a playpen together. Jan and I delight in thinking back on those Little Rock days, when life seemed less entangled. The magnetism of Arkansas is a powerful force.

Throughout the presidential campaign, too little was made of Bill Clinton's decision to direct his campaign from Arkansas, and to live there all along. Especially when, it seems, a host of higher—profile opportunities awaited. But Clinton wasn't interested in big-city offers. He wanted to go home to Arkansas.

Cynics may say he had his political base on his mind, but I believe he also had the Ozark hills in his blood and the Delta lowlands in his soul. I believe this because I have seen it in others, seen it in Chad.

*Linton Weeks is managing editor of The Washington Post Magazine.*

BY LINDA BLECK FOR THE WASHINGTON POST

Just before my family moved to Washington in 1990, we went to a party at the great old Victorian house Chad and Anne had painstakingly restored in Little Rock's Quapaw quarter. We spent many an evening on that front porch. Now and then the governor would jog past. If you lived in Little Rock in the '80s, there was no avoiding the Clintons. There was Bill swimming at the YMCA or running downtown. There were Hillary and Chelsea at the TCBY yogurt store. One night Hillary showed up at a casual women's group that Jan and Anne belonged to. The Clintons were at church, at the theater, at the baseball game, at the Riverfest celebration. They knew how to take full advantage of Arkansas.

So did Chad. When I called him in April and he told me they'd discovered cancer, he was planning to take Emily and Ray to see the Travelers play at Ray Winder Field. He said he was waiting for 25-cent beer night. He had been suffering from prolonged headaches. When they grew more intense, he agreed to see a doctor. The antibiotics didn't work, so the doctor took a few x-rays and discovered a massive tumor running from the base of Chad's brain over the roof of his mouth. There was never any hope of operation. He laughed and told me not to worry—he was seeing James Suen, whom he called "President Clinton's doctor."

We were stunned by the news and felt helpless because we now lived 1,000 miles away. But the Little Rock friends wasted no time rallying. One developed a computer program, a rotational system to make sure that the Farrises were fed, errands were run, kids were picked up at school, taken to birthday parties and class picnics. More than 200 people participated and it seemed every time I called someone he or she was baking something for Chad's family.

I know that people have never been kind to Arkansas, never thought of it in terms of its beauty or its friendliness or its come-hell-or-high-water individualism. Arkansas has often been treated as a problem child—written off as poor and small and uneducated. That know-nothing attitude was most evident during the campaign. George Bush referred to Arkansas as "the lowest of the low." It would have made Chad sick, but he was already beyond sick. He had a foot in the other world.

Still, Chad found in his situation an opportunity for compassion and humor and grace. We heard from one family member after another that his spirits were always good and that his major concern was the well-being of those close to him. He enjoyed phone calls and brief visits right up to the end.

He told a friend that the other side of death truly fascinated him and when his brother said, "I wish it was me and not you," Chad shrugged and said, "Aw, it's not as much fun as I make it out to be."

The last time I spoke to him was about a week before the election. The thought that Clinton had a chance to win gave him deep satisfaction. Despite the morphine, chemotherapy and radiation that was slowly dismantling his body, he believed that the battling Arkansas spirit would prevail.

The memorial service was held on a Saturday morning. Westover Hills Presbyterian Church was full of people. Jay Youngdahl, a law partner, spoke of Chad's courage, his charm and intelligence. Chad, he said, lacked "that kind of craftiness that is so present in modern society—the lack of the hidden agenda, the dual purpose. Chad had the virtue of honesty."

As I sat in that church I thought a lot about Washington, the capital of craftiness, the home of the dual agenda. I thought about the city receiving a healthy dose of Arkansas. And I was heartened by the possibilities.

There was a reception after the service. I worked behind the bar, so I got to see just about everybody there. I was delighted by the number of Arkansans who said they were coming to the Inauguration. Someone remarked that they wished Chad could see Bill Clinton get sworn in. I almost said that Chad will be there, in spirit. But I choked on the words. Not just because they were too cheap, but because they went without saying.

ELLIS ROTTMAN
901 N. BELGRADE RD.
SILVER SPRING, MD 20902


President William Clinton
The White House
1600 Pennsylvania Ave. N.W.
Washington, D.C.

THE PRESIDENT HAS SEEN

# She May Be Decorating The White House. Shh!

By PATRICIA LEIGH BROWN

LITTLE ROCK, Ark.

WEDGED among the coffee-table magazines in Kaki Hockersmith's decorating shop is a Newsweek cover story that asks, "Hillary's Role: How Much Clout?"

Ms. Hockersmith should know. Although it has yet to be announced and has been shrouded in a swag of secrecy here and in Washington, the identity of the Little Rock decorator's latest clients can be gleaned from a big cardboard box in the back of her office labeled "WHITE HOUSE."

Ms. Hockersmith isn't talking about the work she is supposedly doing on the private quarters of the White House. Neither is the White House, which will not confirm anything. According to Lisa Caputo, Hillary Rodham Clinton's press secretary, the First Lady is planning to make an announcement about her mystery decorator and the work she may or may not be doing at the White House when the project that-isn't-really happening is completed any day now, not before.

Mark Wilson

Is this the White House decorator laureate?

But other people are talking. "It's the job of a lifetime," said Edwin W. Bitter, the chairman of Scalamandre, the New York fabric house, who has worked Ms. Hockersmith in the past. "But I can't say anything. Remember, you're dealing with two lawyers at the White House. One word and poof! She'll be gone like a pumpkin."

In conversations with more than a dozen of her friends and clients last week, a portrait emerged of a 42-year-old decorator with Gidget-like effervescence and a penchant for unusual accessories, like the lamp stand with whole tortoise shells at her shop.

One thing that seems to distinguish Ms. Hockersmith's work is that she does not come with a distinctive "look," a quality that some rivals criticize but her clients see as a plus. "You can't tell a Kaki interior," said Lee Moore, a longtime client. "Many times you can go into a wonderful house and know immediately who the decorator was. Kaki isn't like that. She tries to get a clear fix on

Continued on Page C10

THE NEW YORK TIMES, THURSDAY, APRIL 1, 1993

Kaki —

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Great press.

Tell the rest of us your secret!

Bill

To Kaki Hockersmith

# She May Be Decorating The White House. Shh!

*Continued From Page C1*

the person she's working for. My house feels like mine."

Ms. Hockersmith herself has fended off requests for interviews — albeit reluctantly, friends say. The extent of her work at the White House, as well as the cost, is not clear, although it is said by one White House official to involve choosing paint colors, fabrics and wallpaper in the family's personal quarters on the second and third floors.

"It has been, in all honesty, intense," said Pat Pennebaker, "Kak's" assistant, while rearranging shelves in Ms. Hockersmith's shop last week, behind a sign that said "Pardon Our Mess." Choosing Ms. Hockersmith — the latest Little Rock

## No minimalist (if it's she).

import to hit Washington — fits in with the way the Clintons operate, she said. "She's someone who knows them who they can totally trust," she said. "They have more important things to do than decorating."

First families have access to a $50,000 appropriation from Congress for refurbishing the living quarters. That amount, which has to cover dozens of rooms, has often been supplemented with private donations, said Rex Scouten, the White House curator.

Trifling as it may appear, the politics of White House decorating is never trivial, as Nancy Reagan discovered upon ordering $209,508 worth of red Lenox china even though the purchase was privately financed.

"The redecoration of the White House has always been a flash point," said Lewis Gould, a historian on the Presidency at the University of Texas at Austin. "Whatever you do in the White House you are likely to offend somebody."

~~As~~ explained by Ms. Caputo, it was Mrs. Clinton's desire to wait to unveil the designer's name and her plans until the project is finished, something "she is really looking forward to," she said. The announcement has been further delayed because of Mrs. Clinton's vigil at the bedside of her father, who had a stroke on March 19, a White House spokesman said.

But in decorating, as in politics, image and appearances — as well as timing — are important, particularly when the President is pushing his economic program and Mrs. Clinton is redefining the role of the First Lady. Remember the chocolate chip cookies and the headband.

Mark Wilson

Kaki Hockersmith at the Symphony Designer Showhouse.

Whatever is done at the White House, Professor Gould said, "is apt to raise questions of Arkansas culture versus the East Coast elite and whether the Clintons are bringing sufficient taste to the White House."

White House décor, like everything else, is also a way for first families to convey an image. "It shores up the traditional side of the First Lady," said Professor Gould. "When she is seen as too assertive on health care reform," he said, as in Mrs. Clinton's case, "they can balance it with pretty pictures of decorating."

Should Ms. Hockersmith indeed be the anointed one, she is a fairly logical choice. Her clients include Clinton cronies like Webster Hubbell, Mrs. Clinton's former law partner. She did extensive work on the Clinton's private quarters at the Governor's Mansion (although Betty Tucker, the wife of President Clinton's successor as Governor, Jim Guy Tucker, has already banished some of her paint

THE NEW YORK TIMES, THURSDAY, APRIL 1, 1993

2/3

# She May Be Decorating The White House. Shh!

colors, which, she said, "needed to be quieter" to accommodate their art collection).

Although not considered one of *the* society decorators, Ms. Hockersmith has a young-ish, voraciously devoted clientele, and her work has long been a mainstay of the Symphony Designer Showhouse, the Kips Bay of Little Rock.

For this year's showhouse, which opens April 16 at the Ragland House, a Queen Anne mansion, Ms. Hockersmith is designing a dining room with burgundy damask draperies, an Aubusson rug, and a papered ceiling with coffered medallion patterns. The sudden national interest in the showhouse has resulted in the un-Little Rock-like spectacle of organizers carrying beepers.

Ms. Hockersmith's nondescript storefront is next to Country Club Drugs in a mini-design district in the fashionable Pulaski Heights section. It is, to use a favorite decorator term, eclectic. The shop is filled with tasseled chintz footstools, silk calla lilies in urns and a mix of old oil paintings and lithographs by contemporary artists like Thomas McKnight, who, a label announces, "graduated cum laude from Wesleyan."

The adjoining "design room," where Ms. Hockersmith confers with clients, has whirring ceiling fans and is painted a deep, rubber plant green.

Ms. Hockersmith is no minimalist, preferring what Mrs. Moore calls a "busy look," often grouping a collection of silver picture frames together (or perhaps the Clintons collection of frog paperweights).

She likes bold floral patterns, vibrant colors and animal prints, according to those who know her work, and has been partial to crimson and deep green. Julie Newsum, a client, told Ms. Hockersmith that "I wanted my house to look like my yard and that's exactly what she did." For Mrs. Newsum's 1930's colonial, Ms. Hockersmith selected raspberry colors for the dining room and yellow draperies, playing off "the crape myrtles blooming and the strong southern light," Mrs. Newsum said.

It seems likely that Ms. Hockersmith will try to incorporate favorite Clinton objects — like the throw pillow embroidered with 'Raise and Spend' — into the White House décor and perhaps work with Mrs. Clinton's stated love of "big kitchens you can eat in."

Neither her shop nor the White House would release any biographical information. But according to close friends, who politely refused to show a reporter their Hockersmith interiors until her name is proclaimed by 1600 Pennsylvania Avenue, Ms. Hockersmith attended the University of Central Arkansas in Conway and is a former schoolteacher.

She got her start in design arranging furniture vignettes for Dillard's department store, and then opened her own decorating shop, originally in North Little Rock, about eight years ago. She is partial to outfits reminiscent of those in "Annie Hall," friends say, and favors bold accessories. She is an allied member of the American Society of Interior Designers. Her husband is Max Mehlburger, a lawyer and sailing enthusiast.

Described as "a real personable gal" by her friend Joyce Landgren, Ms. Hockersmith is perhaps best known in Little Rock as a creative party-giver, cooking every dish herself and giving each one — "Hillary's Hibiscus" for instance — a name.

At a fund-raising event she held for the Clinton campaign early in the primaries, when the name of Gennifer Flowers was in the air and things looked bleak, she decorated her house with red, white and blue flowers and picture frames draped with American flags, according to her friend Martha Markland, who attended. She was wearing a red, white and blue spangled sweater. Outside, patriotic music wafted from speakers hidden in the bushes.

It was the quintessential Little Rock event, with a beleaguered Bill Clinton on a telephone hookup from New Hampshire and the Arkansas Razorbacks on the television.

"You walked in wanting to sing 'The Star-Spangled Banner,'" said Mrs. Markland. "It's very hard to be down around Kaki."

In the gabby field of decorating, in which decorators get to know the intimate details of their clients' lives, Ms. Hockersmith's reputation for discretion may be her most important qualification.

"This is not a big town," explains Mrs. Newsum, echoing the opinion of many. "Kaki doesn't talk."

# The First Families' Choices

By ELAINE LOUIE

PRESIDENTS and First Ladies are as prone to fashions in interior design as anyone, said William Seale, author of "The White House: The History of an American Idea" (American Institute of Architects Press, 1992). The Red Room alone has gone from a lipstick red (the Trumans) to cerise (the Kennedys), to its current poinsettia (the Nixons). Time will tell what the Clintons will do.

## Kennedy Administration

INTERIOR DESIGNER: Stephane Boudin of Paris, who had worked on Versailles, and Sister Parish from Manhattan.

DESIGN: Mr. Boudin restored the public rooms to an elegant and theatrical style, covering some walls and swagging a ceiling with silk. In the private quarters, Mrs. Parish "draped some tables and rearranged furniture," Mr. Seale said.

## Johnson Administration

INTERIOR DESIGNER: None.

DESIGN: The only major addition, in 1968, was a dinner service of 216 place settings.

## Nixon Administration

INTERIOR DESIGNER: Edward Vason Jones, from Albany, Ga.

DESIGN: Mr. Jones, working with Clement Conger, the White House curator, brought back an eclectic design, mixing Louis XVI tables with French Empire chairs.

## Ford Administration

INTERIOR DESIGNER: None.

DESIGN: None. The emphasis was on collecting American artwork.

## Carter Administration

INTERIOR DESIGNER: Wayne Dean, from Birmingham, Ala.

DESIGN: Mr. Dean brought barn siding from Plains, Ga., for an upstairs room.

## Reagan Administration

INTERIOR DESIGNER: Ted Graber, who lives in Los Angeles.

DESIGN: More than $1,000,000 was spent to give the family quarters a grandeur that matched the public rooms. The walls of the First Family Bedroom were covered in handpainted paper. For each guest, there were bathrobes, towels, toothbrushes. "Ted Graber made it as comfortable as a hotel," Mr. Seale said.

## Bush Administration

INTERIOR DESIGNER: Mark Hampton of Manhattan.

DESIGN: "He changed some curtains and rearranged some furniture in the private quarters, the West Wing and Camp David," Mr. Seale said.

THE NEW YORK TIMES, THURSDAY, APRIL 1, 1993

3/3

THE PRESIDENT HAS SEEN
4-1-93

THE WHITE HOUSE

WASHINGTON

93 APR 1 A10:25

March 31, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE LINDSEY

SUBJECT: REMOVAL OF UNDER SECRETARY FOR BENEFITS, DEPARTMENT OF VETERANS AFFAIRS

Secretary of Veterans Affairs Jesse Brown has recommended that you remove the current Under Secretary for Benefits, D'Wayne Gray, and replace him with an individual who will be fully committed and able to improve the delivery of benefits to our nation's veterans.

The statute governing the position (38 U.S.C. 306) permits you to remove the incumbent, but states that the President must convey his reasons for removal to Congress. Attached for your signature are letters describing these reasons and addressed to the ranking majority and minority members of the House and Senate Committees on Veterans Affairs, as well as a letter from you to Secretary Brown and a letter to Mr. Gray. I have approved drafts of the letters, and they are also acceptable to the Secretary of the Department of Veterans Affairs.

Recommendation

Remove from office the incumbent Under Secretary for Benefits, Department of Veterans Affairs, D'Wayne Gray. Sign the attached letters communicating your reasons for the removal to the ranking members of the House and Senate Committees on Veterans Affairs. Sign the attached letters to Secretary of Veterans Affairs Jesse Brown and Under Secretary for Benefits D'Wayne Gray, attaching copies of your letters to the Congressmen.

Attachments

THE WHITE HOUSE

WASHINGTON

April 1, 1993

The Honorable D'Wayne Gray
Under Secretary for Benefits
Department of Veterans Affairs
Washington, D.C. 20420

Dear Mr. Gray:

This is to inform you that I am terminating your appointment as Under Secretary for Benefits effective April 9, 1993.

Both the Secretary of Veterans Affairs, Jesse Brown, and I are fully committed to improving the delivery of benefits to our nation's veterans. As stated in the attached letters, we believe that new leadership in the Under Secretary for Benefits position is essential in order to accomplish the Department's innovative plans to revitalize the benefit programs and to increase significantly the confidence of veterans in their government's ability to meet their needs.

Your contributions to the Department of Veterans Affairs are appreciated, and we wish you well in all of your future endeavors.

Sincerely,

Bill Clinton

THE WHITE HOUSE

WASHINGTON

April 1, 1993

The Honorable Jesse Brown
Secretary of Veterans Affairs
Washington, D.C. 20420

Dear Mr. Secretary:

I have accepted your recommendation to terminate the appointment of D'Wayne Gray, the Under Secretary for Benefits in your Department. As required by law, I am communicating my reasons for this action to Congress. (See 38 U.S.C. § 306(c)). Please find enclosed copies of my letters to Congress and a letter informing Mr. Gray of my decision. I would appreciate it if you would deliver this letter to him.

I look forward to receiving your recommendation of an appropriate individual for appointment to this position in accordance with the procedures established in 38 U.S.C. § 38(d).

Sincerely,

Bill Clinton

THE WHITE HOUSE

WASHINGTON

April 1, 1993

The Honorable G. V. Montgomery
Chairman
Committee on Veterans' Affairs
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This letter is to notify you and your committee that I have terminated the appointment of D'Wayne Gray, Under Secretary for Benefits in the Department of Veterans Affairs, effective April 9, 1993. In accordance with Section 306(c) of Title 38 of the United States Code, I am hereby communicating the following reasons for removing Mr. Gray from office.

In my opinion and that of the Secretary of Veterans Affairs, Jesse Brown, it is vital that the Under Secretary for Benefits have the commitment and ability to explore and develop new directions and approaches for improving the delivery of benefits to our nation's veterans and to administer those benefit programs in an effective and fiscally responsible manner. The current backlog in benefit requests and the delays in adjudicating and providing those benefits to veterans are unacceptably high. Both Secretary Brown and I are fully committed to improving the timeliness and efficiency in the delivery of veterans benefits. We believe that new leadership in the Under Secretary for Benefits position is essential in order to accomplish the Department's innovative plans to revitalize the benefit programs in a manner that will significantly increase the confidence of United States veterans in their government's ability to meet their needs.

In taking this action to remove the current Under Secretary for Benefits, we believe that we have created the opportunity to select a new and committed leader for the position who will fully assist the Department in meeting these goals.

Sincerely,

Bill Clinton

THE WHITE HOUSE

WASHINGTON

April 1, 1993

The Honorable Frank H. Murkowski
Ranking Minority Member
Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Murkowski:

This letter is to notify you and your committee that I have terminated the appointment of D'Wayne Gray, Under Secretary for Benefits in the Department of Veterans Affairs, effective April 9, 1993. In accordance with Section 306(c) of Title 38 of the United States Code, I am hereby communicating the following reasons for removing Mr. Gray from office.

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Sincerely,

THE WHITE HOUSE

WASHINGTON

April 1, 1993

The Honorable John D. Rockefeller IV
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

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This letter is to notify you and your committee that I have terminated the appointment of D'Wayne Gray, Under Secretary for Benefits in the Department of Veterans Affairs, effective April 9, 1993. In accordance with Section 306(c) of Title 38 of the United States Code, I am hereby communicating the following reasons for removing Mr. Gray from office.

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Sincerely,

Bill Clinton

THE WHITE HOUSE

WASHINGTON

April 1, 1993

The Honorable Bob Stump
Ranking Minority Member
Committee on Veterans' Affairs
House of Representatives
Washington, D.C. 20515

Dear Mr. Stump:

This letter is to notify you and your committee that I have terminated the appointment of D'Wayne Gray, Under Secretary for Benefits in the Department of Veterans Affairs, effective April 9, 1993. In accordance with Section 306(c) of Title 38 of the United States Code, I am hereby communicating the following reasons for removing Mr. Gray from office.

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In taking this action to remove the current Under Secretary for Benefits, we believe that we have created the opportunity to select a new and committed leader for the position who will fully assist the Department in meeting these goals.

Sincerely,

Bill Clinton

THE PRESIDENT HAS SEEN

THE SECRETARY OF THE TREASURY
WASHINGTON

April 2, 1993

MEMORANDUM FOR THE PRESIDENT

From: Lloyd Bentsen

This is the first summit of the post-Cold War era, and economic concerns and initiatives will be at the center of American policy towards Russia. Your team has crafted a practical program of humanitarian aid, economic assistance, and technical support as a signal of U.S. resolve to bolster the reform process in Russia. Yet all our efforts and the courage of the reformers will be lost unless Russia moves quickly to regain macroeconomic stability. Russia's inflation has spawned a multitude of problems -- worthless money, a breakdown in production and commerce, massive capital flight, and falling living standards for those scraping a living on fixed incomes -- leading the Russian people to see their difficult economic situation as hopeless.

It was Keynes who said that inflation "engages all the hidden forces of economic law on the side of destruction, and does so in a way that not one man in a million is able to diagnose." I thought of this last week when reading of a young Russian, struggling to survive on a fixed government salary and expressing rage at economic conditions he did not understand.

Price stabilization can relieve many of the problems that seem so daunting to the Russian people and would provide President Yeltsin a very visible achievement. The cause of Russia's inflation is the loss of control over money printing, mainly for credits to state enterprises. The cure is conventional and well understood by the reformers. The obstacle to action is political, not technical. Yeltsin has tried for nearly a year to gain control of the Central Bank, but credits and payments to the old Soviet industrial sector still flow.

The real obstacle to progress in Russia today is Mr. Gerashchenko's Central Bank. A visiting American delegation to Gerashchenko last year saw him slam his fist on the table after a criticism of his bank's practices and heard him explain, "the money problem is not our problem. We are working diligently, printing money at night sometimes. If we had newer printing presses, we could increase our production." The reformers have tried to remove him or curtail his power to print money for months - but with no success. It's hard to imagine asserting macroeconomic control with this man at the head of the bank.

We believe that President Yeltsin and the new finance minister, Mr. Federov, are preparing to take important initial steps to reassert macroeconomic discipline. Even the IMF, which has been dissatisfied with past reform plans and reluctant to act, is ready to back Fedorov's program. As you said on Thursday, Russian action will be essential if our bilateral package and later G-7 efforts are to be effective. The first key step we should be looking for from President Yeltsin is control over the money printing policies of the Central Bank. Mr. President, we and the allies must be prepared to send a positive signal -- and send it promptly -- when Russia takes this difficult step and begins to move forward on stabilization.

A key aim of the Vancouver assistance package and the G-7 support package being developed is to support a wide range of structural reforms, from rebuilding the energy sector to defense conversion. The main obstacles to western support for structural reform have been, not a lack of western funds, but problems on the Russian side. First, the Russian Government's administration of western aid is very poor. I am told that senior World Bank officials cannot get appointments with their counterparts. President Yeltsin should be made to understand that when existing credit lines go undisbursed, this is demoralizing to the western aid effort. Second, we need to encourage Russia to proceed with the structural reforms (pricing, taxation, privatization) in their energy and other sectors that can make western aid effective.

We must continue the momentum generated by the Vancouver Summit as we move on to the Tokyo Ministerial meeting. The multilateral support package being prepared for Tokyo can put us in a position to make a fast, meaningful response to Russian action -- and it prepares the ground for sustained, large-scale support for stabilization and structural reforms. There is already tentative agreement on several components of the multilateral package. Most importantly, there is agreement among the G-7 on the creation of a new IMF facility that could generate up to $3 billion in quick disbursements for Russia, with up to $1.5 billion coming in early May. These funds will come from the IMF's resources and will not involve further U.S. budget outlays.

A critical theme of the Vancouver Summit is that the United States will deliver on its promise of support. The message that we must convey when the multilateral package is unveiled is that the West will accompany Russia down the road to reform. I urge you to state forcefully to President Yeltsin that if he launches a stabilization and reinvigorates the reforms, the United States and its western partners will respond quickly. We will support early steps toward stabilization with significant and helpful financial assistance. As Russia zeroes in on stabilization, western engagement (and the scale of our assistance) will escalate. As Russia embarks on structural reforms to modernize its industry, the West will be there with meaningful amounts of the right kind of assistance.

THE NEW YORK TIMES, WEDNESDAY, MARCH 31, 1993

Mack/B. Nussbaum - when can we start nominating them?

THE PRESIDENT HAS SEEN

1/2

# A Woman and a Black Proposed As U.S. Attorneys in New York

## Moynihan's Selections Signal New Emphasis on Rights Cases

A1

By STEPHEN LABATON
Special to The New York Times

WASHINGTON, March 30 — Senator Daniel Patrick Moynihan today recommended the appointment of the first woman and first black to be United States Attorneys in New York, and both candidates said they would put a greater emphasis than their predecessors on prosecuting civil rights cases.

Mr. Moynihan said he would propose that President Bill Clinton nominate Mary Jo White, a seasoned prosecutor, to the position of United States Attorney in Manhattan and Zachary W. Carter, a Federal magistrate and former criminal judge, to be United States Attorney in Brooklyn. Mr. Moynihan also announced that he would recommend Patrick H. NeMoyer, the Erie County Attorney, to be named as the next United States Attorney in Buffalo.

The White House is expected to forward Mr. Moynihan's recommendations to the Senate soon.

### Changing of the Guard

The selections, the first to be made by Democrats since Jimmy Carter was president, marked a departure from those made under the last 12 years of Republican control of the Justice Department. Most of the Republican picks for United States Attorneys were white, conservative men who generally put their highest priority and greatest resources into prosecuting narcotics cases and street crime.

At a news conference here today, Ms. White and Judge Carter both singled out enforcement of the civil rights laws as the area that they had the strongest interests in and also said they would recruit more minority and women lawyers into the offices long regarded as among the most prominent prosecutor's offices in the nation.

"It's a proud moment for me and my family," Judge Carter said. "No moment can better fulfill the aspirations of African-Americans than appointments to be judges and U.S. Attorneys, particularly in terms of fulfilling civil rights laws."

### Focus on White-Collar Crime

Ms. White said she would also put a greater focus on white-collar crime than the last United States Attorney in Manhattan, Otto G. Obermaier, who was widely viewed by lawyers as less aggressive in pursing crimes on Wall Street and in corporations than his predecessor, Rudolph W. Giuliani. Many of Mr. Giuliani's most important prosecutions against Wall Street figures were ultimately overturned.

"I think white collar crime should

Continued on Page B4, Column 1

Continued From Page A1

have a greater emphasis than it's had," she said. "Civil rights will have a greater focus throughout the nation. I'd also like to increase our emphasis on environmental cases, although that is more difficult to do."

Ms. White and Judge Carter did not go into detail about what kinds of civil rights cases they intended to pursue, but the Federal laws cover everything from fair housing to police brutality and discrimination in the work place. Under the Reagan and Bush Administrations, United States Attorneys handled relatively few civil rights matters and civil rights groups criticized the Washington headquarters of the Justice Department for making such cases a low priority.

While the three candidates as a technical matter must be nominated by the President and then confirmed by the Senate before they become United States Attorneys, as a practical political matter they are expected to begin serving as early as June, barring some unforeseen issue that arises during the routine background investigations conducted of all nominees by the Federal Bureau of Investigation.

The White House under Democrats and Republicans has traditionally nominated the selections made by senators of the President's political party. Clinton Administration officials have said they intend to continue to rely on the choices of Democratic senators but have put a premium on diversity for judgeships and prosecutors.

Senator Alfonse M. D'Amato was not consulted about the proposed nominations and today declined to comment about them. Senator Moynihan said that his judicial selection committee, which is headed by Manhattan lawyer Judah Gribetz, had spoken extensively to Federal judges and adversaries of the three candidates. More than 40 lawyers applied for the positions, which pay $110,000 a year and carry four-year terms.

As part of its lengthy questionaire, the committee asked whether the candidates had anything in their backgrounds that might make their appointments embarrassing, like a prior conviction. The three candidates did not list any problems, a member of the committee said.

Mr. Moynihan's press secretary, Brian Connolly, said the committee also specifically asked the candidates whether they had hired illegal aliens or failed to pay withholding or social security taxes for their housekeepers. "All three candidates answered in the negative," Mr. Connolly said.

Those problems doomed the nomination of Zoë Baird to be the Attorney General. The White House's choice of Federal District Judge Kimba Wood to be Attorney General was also scrubbed after she acknowledged that she had hired an illegal alien, although at the time she did so it did not violate the law.

### Registered Independent

Ms. White, 44 years old, has been the interim United States Attorney in Brooklyn since December, when Andrew J. Maloney, a Reagan appointee, stepped down. Unlike the other two prospective United States Attorneys, who are both Democrats, she is a registered independent.

In her new job, she will be the top Federal prosecutor for the Southern District, which includes Manhattan, the Bronx, Westchester and five other counties north of New York City. The office's biggest pending case is the accused of bombing the World Trade Center last month.

Judge Carter, 43, has been a Federal magistrate in Brooklyn for almost a year. He has been involved in the proposed $60.5 million settlement announced on Monday between shareholders and former executives and accountants of Crazy Eddie Inc., the bankrupt chain of electronics stores.

As the United States Attorney for the Eastern District of New York, he will supervise all Federal cases in Brooklyn, Queens, Staten Island and Long Island.

That office's most sensitive case is the investigation of civil rights violations following the 1991 racial violence in Crown Heights, during which a Hasidic Jew was stabbed to death while he was surrounded by a group of young black men.

2/2

# 3 Seen in Legal Circles As Solid, Tough and Fair

## Mary Jo White

Those who know Mary Jo White professionally describe a solid, smart and tough lawyer whom they consider a superb candidate for United States Attorney. Those who know her personally say all of the above and quickly add that she is anything but a legal grind.

"Many lawyers are narrow, she's not," James C. Goodale, a friend and former law partner of Ms. White's, said yesterday, citing her desire to be in the stands at Yankee Stadium as much as to be in the law library.

Ms. White, who was recommended yesterday for the Manhattan-based post of United States Attorney for the Southern District of New York, has impressed members of the New York legal establishment with her talents from the time she graduated in 1974 from Columbia University Law School, where she was an editor of The Law Review.

As a law clerk in 1975 and 1976 for Judge Marvin Frankel, in the same district in which she has been recommended for United States Attorney, "she was mature beyond her years," Mr. Frankel, now in private law practice, recalled yesterday. "I found her judgment always very helpful."

But he also recalled that between law school graduation and the time she became a clerk for him, she and her husband, John W. White, also a lawyer, took much of a year "to wander around the United States."

Ms. White, 44 years old, recalled those days in an interview yesterday. "After law school and taking the bar, we went around the United States and Canada in a camper for six months," she said. "We figured we wouldn't get the opportunity to travel like that again."

Ms. White was a Phi Beta Kappa graduate of William and Mary College in 1970. She has been a partner with the Manhattan law firm of Debevoise & Plimpton and an assistant United States Attorney for the Southern District. She became interim United States Attorney in the Eastern District in December, after having been the chief assistant for two years.

She and her husband live in Manhattan and have a 7-year-old son.

*JOSEPH P. FRIED*

## Patrick Henry NeMoyer

Patrick Henry NeMoyer is described by his political friends — and even his opponents — as a hard-working lawyer and a pragmatic intellectual.

Since 1988, Mr. NeMoyer, 40 years old, has served as the Erie County Attorney, supervising 50 employees, including 20 lawyers, who handle all civil litigation for the county.

The Erie County Executive, Dennis T. Gorski, called Mr. NeMoyer, whom Senator Daniel Patrick Moynihan recommended yesterday for United States Attorney for the 17 counties of western New York, a "consummate attorney and intimate political adviser and a significant player in virtually every public policy issue this Government has faced over the past six years."

In December, Mr. NeMoyer succeeded in reaching a settlement in what citizens of Buffalo came to know as the "domed stadium case." It was a 20-year-long dispute with a developer who was supposed to build a stadium and sued the county after its Legislature voted not to appropriate sufficient funds. The county ultimately agreed to pay $10 million.

Mr. NeMoyer received his bachelor's degree from the State University of New York at Binghamton in 1974, his law degree from the State University at Buffalo in 1977, and a master's in economics from the same school in 1984. He is married and a father of four.

*DENNIS HEVESI*

## Zachary W. Carter

If Zachary W. Carter becomes the United States Attorney for the Eastern District of New York, he will be heading the Justice Department office where he began his career in 1975 as an assistant United States attorney, fresh out of New York University Law School.

Yesterday in the Federal courthouse in downtown Brooklyn, where the United States Attorney for the Eastern District is based — and where Mr. Carter has been a magistrate judge for the last two years — defense lawyers used words like "fair" and "balanced" in describing Mr. Carter's years as a prosecutor and magistrate.

Some of the judges who sit in the courthouse have also known the 43-year-old Mr. Carter for a long time.

Born and raised in Washington and a 1972 graduate of Cornell University, Mr. Carter has also been an executive assistant district attorney in Brooklyn and a judge for the New York City Criminal Court. As a Federal magistrate judge he performs such functions as handling arraignments, presiding at misdemeanor trials and conducting hearings and civil trials.

He lives in New Rochelle, with his wife, Rosalind Clay, a corporate compensation and benefits director, and their month-old daughter.

A nonlegal love of his is golf, he said, though he admitted he could be better on the links.

*JOSEPH P. FRIED*

THE PRESIDENT HAS SEEN
93 APR 1 P5:59

MEMORANDUM

TO: MACK MCLARTY

FROM: MARK GEARAN

RE: UPDATE

Jim Brad

DATE: 31 MARCH 1993

Desk

---

1) I met with Stuart Moldaw. He was inquiring on the status of his appointment to some board/commission on human rights. As I am sure he share with you, he has a great interest in serving in the Administration part-time for the next year, and then full-time. He has spoken with Donilon at State.

I asked Bruce Lindsey to come into the office to meet him so that Bruce is aware of his timing. I followed up with a memo to Bruce. ~~(copy attached)~~.

BL
Some ways
we can use
ideas?

THE WHITE HOUSE
WASHINGTON

[redacted]

**DATE:** 4 4

**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)

[redacted]

cc:

Thanks

H. Clear a point

THE PRESIDENT HAS SEEN
4/3/[illegible]

**PERSPECTIVE ON 'VALUES' DEBATE**

# Clinton's Success Stalls His Agenda

## As economic fears calm, voters are newly open to GOP proselytizing on such issues as gays in military service.

**By ROSS K. BAKER**

One political axiom that seemed to have emerged from the 1992 presidential election was that the use of "family values" had been a loser for the GOP. The numbers were there to support the argument: The exit polls conducted on behalf of the major TV news organizations reported that only about 15% of those questioned considered family values the most important in determining their vote. Topping the list at 42% was the economy; add such related issues as the budget deficit and taxes to the voters' professed concerns and virtually every other issue—family values among them—recedes into insignificance. For instance, only 5% of those polled cited environmental concerns, once an issue of major importance.

Even among those most likely to be receptive to the GOP's campaign attack on moral relativism and unconventional lifestyles, family values were not very prominent in steering voters. Indeed, only 30% of people who described themselves as "born-again" Christians claimed to have had their vote determined by issues related to family values.

The overwhelming preoccupation of voters with the economy and with their apprehension over jobs and health care drove all other issues to the margins.

Thus has it always been in American politics. Prohibition, the family-values issue of the 1920s, was not only swept aside by concern over the effects of the Great Depression, but actually discarded as public policy with the repeal of the 18th Amendment. It was in the prosperous times in the 1970s and 1980s that morality-based "social issues" (as we called them at the time) came out of hiding over a complex of problems having to do with drugs, race, abortion and crime. The Republicans used these issues to devastating effect on a succession of Democratic presidential candidates, from George McGovern to Michael Dukakis, and were poised to do so with Bill Clinton or any other Democratic nominee in 1992, but a recession foiled their plans. The economy was the transcendent issue in 1992, and all Republican efforts to make the contest a referendum on the morality of the Democratic nominee or his supporters foundered on the rocks of public indifference.

Rather than vanishing from the screen altogether, however, family-values issues were only temporarily occluded, as can be seen from the outburst of public indignation over newly elected President Clinton's announcement that he would issue an executive order rescinding the ban on gays in the military.

While many observers expressed puzzlement over the haste with which Clinton proposed lifting the ban, he was really a prisoner of political timing. So controversial a move could be made only when citizens were still preoccupied with the economy.

Paradoxically, the very improvement in the economy that Clinton was elected to attain would free up the attention of voters to other sorts of issues, such as those of lifestyle and personal morality. To the extent that Clinton is successful in freeing Americans from the threat of joblessness, he simultaneously renders them more attentive to messages that play to the advantage of Republicans.

In normal times—that is, periods of economic prosperity—Americans are among the most conservative people in the Western World. Americans express greater confidence in churches than people in any other industrial society. Americans are highest in support of prayer in public schools. Americans are more than twice as likely as, for example, Germans to argue that people who do not believe in God should be disqualified from public office. Almost three-quarters of Americans believe in hell as a real place where sinners go. And in the realm of family values, 98% of Americans surveyed in a 1992 Roper poll consider a married couple living with their children a family, while only 20% consider two gay men living together as a family.

These morally conservative Americans are, for the most part, not wild-eyed, right-wing zealots, as some advocates of allowing gays to serve openly in the military claim. They are, however, susceptible of being lured away from President Clinton's electoral coalition and back into the ranks of what we once called Reagan Democrats if he stakes out a social position closer to Vanity Fair than to People magazine.

Wily Republicans such as Sen. Bob Dole know that they cannot defeat the President on economic issues so long as he is attempting to set right the problems of unemployment and the deficit. They also know that he is on the wrong side of the wall when he pushes a social agenda that alarms a fundamentally conservative electorate. Nothing would make congressional Republicans happier than a real scrap over gays in the military. History tells them that even an economic upswing does not immunize a President against issues that touch the exposed nerve of morality.

*Ross K. Baker is a professor of political science at Rutgers University.*


The Joint Chiefs implementing policy of sexual-orientation segregation.

DATE: 4-4

NOTE FOR: Rahm, Bob, George

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

Rubin

Good stuff

Still [illegible] seen in its [illegible]

B.C.

# *Bank Regulators Expand Policy to Spur Business Lending by Including Farmers*

By KENNETH H. BACON

*Staff Reporter of* THE WALL STREET JOURNAL

WASHINGTON – Federal bank regulators expanded their program to encourage small business lending by including farm loans, while at the same time slashing costly and time-consuming paperwork requirements on such loans by healthy banks.

The policy, which fleshes out a Clinton administration initiative to spur lending to small businesses, gives the nation's commercial banks the opportunity to make a total of $38.2 billion in so-called character loans. These loans are based more on the borrower's proven reliability over a number of years than on rigid compliance with rules that require loans be supported by a thick file of financial statements, appraisals and tax returns.

Banks have complained that strict documentation requirements have made it unprofitable to make loans to small businesses and farmers.

Under the policy, healthy banks may make small business and farm loans equal to 20% of their total capital – equity that serves as a cushion against failure – that "will be evaluated solely on performance and will be exempt from examiner criticism of documentation." This means that loans in this pool won't be criticized by examiners if the bank doesn't have the borrower's most recent cash-flow statement or an updated property appraisal in its files.

The bank's records, however, must contain an evaluation of its ability to collect the loan and whether its reserves against the loan are adequate.

No single loan in the reduced documentation basket may exceed $900,000, or 3% of an institution's capital. In addition, the bank may not include loans made to company insiders – executive officers, directors, or major shareholders.

By reducing the red tape, regulators expect banks to increase their lending to small businesses and farms. A move that, in turn, would support the economic recovery. Stephen Steinbrink, the acting comptroller of the currency, said the change shouldn't "have any impact on safety and soundness. This is pretty prudent."

The timing of the policy statement issued by the comptroller, the Federal Deposit Insurance Corp., the Federal Reserve Board and the Office of Thrift Supervision comes at a time when banks are primed to lend. Commercial bank and thrift profits were at record highs last year, and most institutions have strengthened their capital and loan-loss reserves after several years of struggling with troubled loans.

In fact, federal bank examiners contend that some banks have room to reduce the reserves they are holding against loans – a change that could boost bank profits and free more funds for lending. "I have seen reports . . . where examiners have indicated that reserves were at adequate levels and that provisioning, which adds to reserves, could come down," Mr. Steinbrink said in an interview.

The new policy, which takes effect immediately, should benefit most banks. About 80% of the nation's 12,200 commercial banks are healthy enough to make reduced-paperwork loans. Moreover, the statement said bank examiners would be less rigid about demanding backup documents for loans that don't qualify for the new program.

Even if some documents are missing, "the loan will not be criticized if the examiner concurs that sufficient information exists to serve as a basis for an informed credit decision," the statement said.

Earlier this month, President Clinton announced a five-part program to increase small business lending. Yesterday's action was the first step in putting that program into place. Other parts, such as relaxed appraisal requirements, will be issued within the next few months.

THE WALL STREET JOURNAL WEDNESDAY, MARCH 31, 1993

DATE: 4-7-93

NOTE FOR: Bob Rubin

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

Information ☐

Action ☑

Thank you.

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

cc:

BSVB

Have this looked
into, on of concerns

PAUL S. SARBANES
MARYLAND

pss → a-li

# United States Senate

WASHINGTON, DC 20510-2002

THE PRESIDENT HAS SEEN
4/3/93

March 16, 1993

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

Dear Mr. President:

I am writing to follow up on our conversation during your recent visit to Westinghouse regarding the Airport Surveillance Radar (ASR-9) program.

The ASR-9 is a new radar system designed by Westinghouse to simulataneously detect and display small, non-beacon equipped aircraft and weather conditions. As part of its efforts to modernize the Air Traffic Control system, the FAA contracted with Westinghouse for a total of 134 of these systems. Nearly 50 ASR-9s are in full commissioned service and the new equipment already has been widely acclaimed by the air traffic controllers using them for their increased reliability, performance and safety.

The new systems are in great demand at many airports throughout the country but the FAA has only contracted for about 40% of the total systems required to modernize the ATC system. Obsolete equipment will still be in use once all the current procurements are completed. There is a need for over 100 additional systems to replace older technology systems, which are at least 20 years old, and to complete the National Airspace System modernization.

The FAA has contract options available which allow for fixed price, sole-source procurement of 11 additional systems at a cost of approximately $46 million. However, no funds for additional ASR-9s were provided in the Fiscal 1993 budget. While Westinghouse has kept the production line open temporarily for anticipated international sales, without new domestic orders, the production line will shut down resulting in a loss of over 400 jobs nationwide.

We in Maryland are very proud of the innovative civilian applications at Westinghouse Electronic Systems Group and your trip last week underscored the critical importance of this thinking. With an application for both military and civilian air traffic control systems, the ASR-9 is an excellent example of the dual-use technology/defense conversion program which you have envisioned for the defense industries. By providing funding in Fiscal 1994 for the procurement of these additional ASR-9s, we can not only keep the production line open and save over 400 highly skilled jobs, but also improve the overall safety and capacity of the National Airspace System.

Your attention to this matter is greatly appreciated and I hope that funding could be made available in the fiscal 1994 budget request to allow additional ASR-9 procurement.

With best regards,

Sincerely,

Paul Sarbanes

Paul S. Sarbanes
United States Senator

PSS/cas

DATE: 4-4

**NOTE FOR:** VP

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

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BIOTECHNOLOGY

# Clinton to Slow Pace of Easing Biotech Rules

By Bob Davis
And Gregory N. Racz
*Staff Reporters of* The Wall Street Journal

WASHINGTON – The Clinton administration has decided to substantially slow the pace of biotechnology deregulation by retaining limits on agricultural research and reviewing federal policy on the sale of genetically engineered plants and other products.

The moves reverse plans by the Bush administration to speed the commercialization of genetically engineered products, and reflect Vice President Albert Gore's influence over science policy. Greg Simon, Mr. Gore's domestic policy adviser, met recently with environmentalists and biotech-industry officials to help craft new Agriculture Department biotech regulations, which are expected to be published in the Federal Register today and take effect in 30 days.

"Gore's staff listened to the environmental community and took out provisions inserted" by former Vice President Dan Quayle's Competitiveness Council, said Rebecca Goldburg, a biotechnology analyst for the Environmental Defense Fund. Susanne Huttner, director of the University of California's biotechnology program, said the Clinton administration's rules aren't "scientifically founded" and don't "sufficiently encourage" researchers to investigate biotech alternatives to chemical pesticides and fertilizers.

Genetically altered plants and foods have huge commercial potential, but have raised alarm in the public that they're unsafe. A Food and Drug Administration advisory committee today plans to release a study of a genetically engineered hormone injected in cows, called bovine growth hormone, which boosts milk production substantially. The study says BGH causes a rise of between 50% and 75% in the incidence of mastitis, an udder infection, but won't "result in an increased risk to human health."

The study will be presented to a different FDA panel today, which is charged with deciding whether the increase in mastitis, and the antibiotics used to treat the illness, present a health hazard to humans. Study results are generally adopted by such panels, whose recommendations, in turn, are usually adopted by the FDA. But consumer and environmental

*Please Turn to Page B8, Column 1*

# White House to Slow the Pace Of Easing Biotechnology Rules

*Continued From Page B1*

groups have campaigned hard against BGH, and given the administration's more cautious attitude toward biotechnology, approval is far from certain.

A senior Clinton administration official said the White House won't intervene in the FDA's determination of whether BGH is safe to use. But he said the administration would look at whether milk should be labeled as coming from cows that had used BGH and whether use of the hormone would depress milk prices by increasing supply.

Consumers Union says the FDA study "dramatically underestimates the risk to humans." Other studies show an even greater increase in mastitis, the consumer group said, which would result in a surge in antibiotic residue left in milk. That could affect people allergic to antibiotics, critics contend, as well as build up immunity among all milk drinkers to antibiotics used to treat such diseases as salmonella.

Gerald Guest, director of the Center for Veterinary Medicine, which conducted the FDA survey, said the government's milk-monitoring system already checks for antibiotic buildup. The hormone "has probably been more highly scrutinized than any other animal drug in the 22 years I've been here," he said.

On the biotech-research rules, the Clinton administration reversed key parts of a Bush proposal to revamp field tests of genetically engineered plants. The final rule would continue the Bush plan of allowing researchers or companies to decide whether they must apply for permits to conduct research on any of six crops: corn, cotton, potatoes, tomatoes, soybeans and tobacco. If the researchers decided that the field experiments didn't violate Agriculture Department criteria, they would simply notify the department that they planned to start a field trial.

But the Bush proposal would have allowed that notice to be given as late as the day the field trial began. Under the Clinton rule, experimenters will have to give 30 days notice of field tests, so states and the federal government could decide whether additional reviews or inspections were necessary.

In addition, the final rule eliminates a proposal, inserted at the behest of the Competitiveness Council, to let university review boards approve field tests of other crops, rather than the federal government. Under the Clinton plan, the Agriculture Department retains approval rights. John Payne, the department's deputy chief of biotechnology, said that universities were divided on the review-board plan. But "everyone else thought it was a bad idea."

The Agriculture Department, in its regulation, said the administration is formulating a separate policy concerning the approval of biotech products for commercial use. No details were released, but it's clear that Mr. Gore and his staff favor more public notice before products are tested and marketed. They may also be more sympathetic to consumer calls to label genetically engineered foods.

The FDA already has fielded 3,000 comments, the vast majority of them critical of a policy, adopted last year, of easing regulation on genetically engineered foods. And the Environmental Protection Agency is working on rules governing genetically engineered pesticides and other microbes.

The EPA and the Agriculture Department currently regulate field tests tightly. Experimenters who want to field-test genetically engineered crops must apply to the Agriculture Department for permission and wait as long as four months for an answer. The researchers must provide detailed descriptions of how the crops have been modified – say, to prevent early ripening – and how the field tests are designed so the crops won't affect other plants or animals. The department has overseen 365 field tests without major problems.

Richard Godown, senior vice president of the Industrial Biotechnology Association, praised the Agriculture Department plan as "diminishing 80% of the regulatory hassle." Further deregulation could harm the industry, he said, because of public mistrust. "It's not appropriate at this time to take the position that the government should be out of the [regulatory] procedure."

THE WALL STREET JOURNAL WEDNESDAY, MARCH 31, 1993

Eric Vanden SLE

93 APR 5 A10:41

please expedite

April 5, 1993

TO: John Podesta

FROM: Marilyn Yager

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The National Alliance of Business would like to have a letter from the President acknowledging their role and support in the summer jobs initiative. We (Alexis' shop) have asked them to help solicit private support for the summer jobs initiative and they want to use the letter as an organizing tool. As you know, this is a pretty safe group and they have been very supportive.

They would like the letter this week, the delay in getting this to you is my fault. However, any chance the special letters unit can do a rush job -- they have attached a pretty good draft letter.

THE WHITE HOUSE

WASHINGTON

93 APR 2 P2:07

April 2, 1993

MEMORANDUM FOR LEON PANETTA, MACK MCLARTY, RAHM EMANUEL, MARK GEARAN, ALEXIS HERMAN, BRUCE LINSDEY, REGINA MONTOYA, BERNARD NUSSBAUM, HOWARD PASTER, JOHN PODESTA AND GEORGE STEPHANOPOULOS

FROM: CHRISTINE A. VARNEY AND STEPHEN B. SILVERMAN

SUBJECT: Federal Emergency Management Agency Recommendation To Declare a "Major Disaster" in New York.

Attached for your comment is a recommendation which the Federal Emergency Management Agency ("FEMA") has forwarded to the Office of the Cabinet a Secretary. FEMA recommends that the President declare a "major disaster" in New York as a result of the bombing of the World Trade Center. As you will note, FEMA recommends that both Public Assistance and Individual Assistance be provided. FEMA also recommends that the request by Governor Cuomo for a cost share waiver be denied.

Please forward any comments to our office by 5:00 p.m. If there are no objections, we will recommend to the President that he declare a major disaster in New York.

# Federal Emergency Management Agency

Washington, D.C. 20472

MEMORANDUM TO THE PRESIDENT

NEW YORK

A bomb exploded in the parking garage under the Vista Hotel located at the World Trade Center (WTC) on February 26, 1993. The explosion caused walls, ceilings, and floors to collapse, and water, electric, and gas pipelines to rupture.

Governor Mario M. Cuomo submitted a request for a major disaster declaration for the City of New York on March 4, 1993, as a result of this event. Due to limited access to the explosion site, a Preliminary Damage Assessment (PDA) has not been requested or performed.

INDIVIDUAL ASSISTANCE

Six (6) deaths and more than 1,000 injuries occurred. Primary transportation arteries located beneath the WTC were affected. Commuters were trapped under ceiling fragments, broken tiles, and shattered walls in the transportation substation. Fires resulting from the explosion caused heavy smoke to circulate throughout the corridors, elevator shafts, and stairwells of the 110 story towers. The smoke caused the evacuation of more than 50,000 people under extremely hazardous conditions.

Extensive relocation efforts are underway by affected businesses in the WTC. More than 1,000 employees of the *Vista Hotel* and *Windows on the World Restaurant* were laid off as a result of the explosion.

PUBLIC ASSISTANCE

Significant structural damage occurred in the sub-levels of the WTC, in the vicinity of the explosion. Due to the nature of the event and ongoing safety concerns, the full scope of damage is unknown at this time. Emergency services were provided by the New York and New Jersey Port Authority Police, New York Fire, Police, and emergency personnel. Public transportation systems located beneath WTC were closed for structural testing and were reopened on March 1.

DISCUSSION

Request for a Major Disaster Declaration

The Governor's request meets the requirements of the law. Governor Cuomo requested that the cost sharing requirement for the Public Assistance program be waived. Though not specifically stated, his commitment to assume the non-Federal share of costs under the Stafford Act is assumed since a waiver was requested.

The Governor requested Crisis Counseling, Disaster Unemployment Assistance (DUA), assistance for vehicle damage, and Public Assistance programs under Public Law 93-288, as amended. In addition, Governor Cuomo requested that:

> Federal laws and regulations be examined which may offer financial incentives to foster the continued economic stability of the WTC complex, the businesses affected, and New York City; and,
>
> Federal technical assistance for the implementation of state-of-the-art building security systems, as the WTC is one of the most frequented public complexes in the world, to deter a similar incident from occurring.

These items will be addressed independently. FEMA is in contact with several other Federal agencies to identify technical assistance that may be provided for the implementation of the security system.

The Small Business Administration (SBA) made Economic Injury Disaster loans (EIDL) available to all affected businesses on March 1. EIDLs of up to $500,000 may be available to as many as 300 WTC tenants and retailers. The physical damage program has not been authorized; however, this program may be required.

The American Red Cross (ARC), in conjunction with the State Office of Mental Health (OMH) and the Center for Mental Health Services (CMHS) are coordinating activities related to crisis counseling. Nearly 400 calls for assistance have been received. Support groups have been established to provide counseling under the direction of ARC and OMH. Additional requests for counseling services are anticipated as employees return to the WTC. The CMHS continues to provide technical assistance and needs assessment.

The State Department of Labor projects that approximately 300 people would be ineligible for assistance under regular unemployment assistance programs. This could possibly justify the DUA program. The estimate includes out-of-state commuters from at least five states. The DUA program provides benefits for up to 26 weeks; however, the agency estimates that benefits would only be required for approximately 10 weeks at an average weekly benefit of $240.

The Vista Hotel laid off over 1,000 workers while extensive structural repairs are completed. It is currently estimated that October 1 is the earliest date the hotel will reopen. At least 100 of the 1,000 employees laid off are documented aliens with restricted work permits who would be ineligible for either the DUA program or regular unemployment assistance. Assistance may be available to these individuals through the Crime Victims Board

(CVB). This program is administered by the State and funded by the U.S. Department of Justice. CVB may also provide funds for funeral, medical, or personal property expenses resulting from this event.

Because of this unique situation, it has not been possible to acquire estimates for assistance under the Individual and Family Grant (IFG) program, specifically for medical, funeral, or transportation expenses resulting from this event. Reports have indicated that approximately 200 vehicles parked in the sub-level garages were either damaged or destroyed; however, it is expected that insurance coverage will meet a significant amount of the losses.

Individual Assistance program cost estimates are:

| | | |
|---|---|---|
| Crisis Counseling | | Unknown |
| Disaster Unemployment Assistance | $ | 720,000 |
| **TOTAL INDIVIDUAL ASSISTANCE** | **$** | **720,000** |

The WTC is owned by the New York - New Jersey Port Authority, a bi-state, public benefit corporation. This facility is ***not*** owned by the City or State of New York. Both the City of New York and the Authority utilized police, fire, medical, public works, maintenance, and other personnel from their work forces to participate in the emergency response and protective measures following the explosion.

Approximately 2,500 tons of debris must be removed, hauled, and properly disposed. The debris is primarily located at the area of the explosion.

There is extensive damage to building life support, fire, and protective systems. The sub-level support for the Vista Hotel is destroyed and has been identified as structurally unstable. Emergency structural repairs must be completed prior to commencing permanent reconstructive work. Both tower 1 and 2 have reopened; however, work continues on emergency and mechanical equipment.

The Governor also requested that the Vista Hotel be considered for Federal disaster assistance. However, the Vista Hotel is not an eligible applicant and is therefore ineligible for assistance under the Stafford Act. The hotel building is owned by the Port Authority and is leased to the Vista Hotel (operated by Hilton). In addition, the lease specifically states that the hotel is responsible for any structural repairs to the facility and releases the Port Authority from any and all responsibility ". . . *whether such maintenance, repair, or* ***rebuilding*** *be ordinary or* ***extraordinary****, foreseen or* **unforseen** . . . ."

The Port Authority carries insurance for the WTC in the form of *all risk property damage* and *loss of revenue*. Coverage for real property damage is $600 million with a $100,000 deductible.

Liability insurance is $400 million with a $4 million deductible. The coverage excludes privately owned vehicles and foundation and pier damage. The Port Authority also anticipates that they may be liable for damage claims from tenants of the WTC, though these claims should be covered by insurance.

Public Assistance damage by category is:

| | |
|---|---|
| Debris Removal | $ 500,000[1] |
| Emergency Protective Measures | $12,242,500[2] |
| Road Systems | $ -0- |
| Water Control Facilities | $ -0- |
| Public Buildings and Equipment | $ 100,000[3] |
| Public Utility Systems | $ -0- |
| Recreation and Other Facilities | $ -0- |
| **TOTAL PUBLIC ASSISTANCE** | **$12,842,500** |
| **FEDERAL SHARE (75/25)** | **$ 9,631,875** |

1 This figure is based on 2,500 tons of debris to be hauled, removed, and disposed. It appears that debris removal is covered by insurance.

2 This figure does not include costs for emergency shoring of structural support columns exposed and damaged due to the lack of lateral support. It does not appear that insurance coverage exists for emergency protective measures.

3 This figure represents the Port Authority insurance deductible only.

The State of New York received a loan in 1980 as a result of the Love Canal incident. The original loan, in the amount of $7,500,000, has never been repaid. The current balance including interest and penalties is $17,000,000.

In the event of a declaration, as in past disaster declarations for the State of New York, it is FEMA's intent to offset any Public Assistance costs relating to permanent repairs to State-owned facilities for this disaster against the Love Canal loan. Funds for emergency work or assistance to local governments will not be affected by this offset. The interest on the loan has compounded at 8 1/4 percent per annum. FEMA has made repeated attempts in the past to collect this money.

Request for Waiver

Governor Cuomo requested that the cost sharing requirement for the Public Assistance program be waived (100 percent Federally funded), given the magnitude of the incident. Governor Cuomo cites the *". . .tremendous economic impact to lower Manhattan resulting from business interruption, lost revenue, and repair costs."*

Federal assistance under the Stafford Act is *supplemental* to the efforts of the State and local governments. In order to maintain the principle of cost sharing to the extent possible, the Agency's practice has been to increase the Federal cost share above 75 percent only in *extreme* cases, and only after a determination that a loan is not feasible. In all instances where the cost share ratio has been adjusted, some measure of cost sharing is retained.

While there are as yet no regulations or other published guidance on the specific conditions which would warrant a cost share adjustment, FEMA has consistently based its recommendation for an adjustment on a high per capita damage cost impact, demonstrated cash outlays by the State for declared and non-declared disasters, health and safety impacts, and the State's ability to reprogram funds.

In his request, Governor Cuomo did not specifically address this information; however, a waiver was recently requested for FEMA-974-DR, declared December 21, 1992. Governor Cuomo's previous request cited the impact of previous disaster events, the current financial condition of the State, and the projects under the declaration that would not qualify for Federal assistance. The current estimated costs of New York's most recent declarations are:

| Declaration Number | Declaration Date | Programs Authorized | Current Projected Cost | Impact Per Capita |
|---|---|---|---|---|
| FEMA-898-DR | March 21, 1991 | PA | $81,585,000 | $4.53 |
| FEMA-918-DR | September 16, 1991 | PA | $22,227,000 | $1.24 |
| FEMA-974-DR* | December 21, 1992 | IA/PA | $65,070,000 | $3.62 |
| FEMA-3107-EM | March 17, 1993 | Emergency | $21,440,000 | $1.19 |

*Waiver previously requested for this disaster declaration. Request was denied on February 9, 1993.

**KEY:** IA - Individual Assistance PA - Public Assistance

At the time Governor Cuomo submitted his request for assistance for the World Trade Center, he estimated the total impact at $705 million, with economic impact being 99 percent of the total. This figure did not include structural damage estimates, nor is an estimate available. Much of the structural damage should be covered by the insurance policy in place for the WTC.

FEMA has attempted to equitably apply the criteria described above to all requests for waiver. The current estimate of assistance for cost shared programs, specifically Public Assistance, is $12,842,500, with a per capita impact of $.71. A recent analysis of past waivers shows that the least severe disaster event in which the Federal share had been increased has a per capita cost of $58.

The cost of emergency protective measures (emergency medical, rescue, police, and fire-fighting) are substantial. The costs for repair of damaged public facilities and debris removal are currently unknown, as is the degree to which insurance payments will be available to offset these costs. In addition, the most extensive building damage costs relate to the Vista Hotel, which is not an eligible applicant.

CONCLUSIONS

- The situation is of such severity and magnitude that effective response is beyond the capabilities of the State and local governments, and supplemental Federal assistance is necessary.
- The situation warrants a major disaster declaration.
- In the event of a declaration, FEMA intends to provide reimbursement for emergency protective measures under the Public Assistance program for the World Trade Center located in New York County.
- Additional assistance under Public Assistance programs may be added at a later date, if warranted.
- Individual Assistance needs are being met by State and voluntary organizations.
- Cost sharing by the State of New York should be retained at the level of 75 percent and 25 percent non-Federal.

RECOMMENDATION

That the Governor's request for a major disaster declaration be granted for emergency protective measures under the Public Assistance program. The Governor's request for a cost share adjustment be denied.

William C. Tidball

William C. Tidball
Acting Director

Date: 4/1/93

Attachments:
Declaration Letter
Telegram to the Governor
Letter to the Governor
Press Release
Congressional Representation
State Map
Governor's Request

THE WHITE HOUSE

WASHINGTON

93 APR 2 P2:07

April 2, 1993

MEMORANDUM FOR LEON PANETTA, MACK MCLARTY, RAHM EMANUEL, MARK GEARAN, ALEXIS HERMAN, BRUCE LINSDEY, REGINA MONTOYA, BERNARD NUSSBAUM, HOWARD PASTER, JOHN PODESTA AND GEORGE STEPHANOPOULOS

FROM: CHRISTINE A. VARNEY AND STEPHEN B. SILVERMAN

SUBJECT: Federal Emergency Management Agency Recommendation To Grant The Governor's Request for Public Assistance in Nebraska.

Attached for your comment is a recommendation from the Federal Emergency Management Agency ("FEMA") that the President provide Public Assistance funding to Nebraska. This funding would be used to assist in the recovery from damage as a result of severe flooding created by melting snow.

Please forward any comments to our office by 5:00 p.m. If there are no objections, we will recommend to the President that he award Public Assistance funding in Nebraska.

# Federal Emergency Management Agency

Washington, D.C. 20472

MEMORANDUM TO THE PRESIDENT

NEBRASKA

Beginning on March 7, and continuing through March 21, 1993, severe flooding created by an enormous amount of melting snow and compounded by ice jams, caused significant disaster-related damage to the Central and Eastern areas of the State of Nebraska. The flooding is estimated to be the most extensive since 1978.

On March 19 Governor E. Benjamin Nelson requested a FEMA, State, and local government Preliminary Damage Assessment (PDA), to determine the extent of damage caused by this incident. Based on the PDA results, on March 24 Governor Nelson submitted a request for a major disaster declaration to provide assistance to the counties of Boyd, Butler, Colfax, Cuming, Dodge, Merrick, Platte, Sarpy, Saunders, Seward, and Stanton.

INDIVIDUAL ASSISTANCE

Two (2) deaths and 11 injuries have been attributed to this event. There were no health or safety problems identified or reported. Of the 360 homes surveyed in a four-county area, only 58 are primary residences. Of this number, 7 were destroyed; 10 sustained major damage; 15 had minor damage; and 26 were otherwise affected. The American Red Cross (ARC) established 10 shelters which housed approximately 100 individuals. Transient accommodations were provided to six families. Fifty-eight (58) families have applied for assistance from the ARC.

PUBLIC ASSISTANCE

Damage to public facilities was observed in all 11 counties requested by the Governor. The majority of the damage was to roads and utility systems. The PDA teams also observed substantial damage to water control facilities.

DISCUSSION

The Governor's request meets all requirements of the law. The Governor certified that the State and local governments would assume the non-Federal share of costs under the Stafford Act.

Governor Nelson has specifically requested the Individual Assistance, Temporary Housing, and the Public Assistance programs under Public Law 93-288, as amended. Also included in his request were the loan programs from the U.S. Small Business Administration

(SBA), and the Farmers Home Administration under the U.S. Department of Agriculture.

Four (4) counties were identified by the State as having Individual Assistance problems. Fifty (50) percent of all the homes have flood insurance, and 90 percent have homeowners insurance. Eighty-five (85) percent of the families affected are in the upper and middle class income level.

Approximately 25 individuals are unemployed as a direct result of this event. However, due to the type and size of businesses affected, the employees would be eligible for regular unemployment insurance benefits. There is no requirement for Disaster Unemployment Assistance.

In the event of a declaration, approximately 34 individuals may be eligible for assistance under the Temporary Housing program at an average of $1,494. Under the Individual and Family Grant (IFG) program, approximately three (3) individuals may be eligible for an average grant of $5,633.

Individual Assistance program cost estimates are:

| | |
|---|---|
| Temporary Housing (100 percent Federal) | |
| Home Repairs | $ 27,500 |
| Rental Assistance/Transient Accommodations | 23,300 |
| TOTAL | $ 50,800 |
| Individual and Family Grants (75 percent Federal) | |
| Grant Amount | $ 16,900 |
| Federal Share | $ 12,675 |
| **TOTAL INDIVIDUAL ASSISTANCE** | **$ 63,475** |

The SBA disaster loan program may provide 63 residential loans at an average cost of $9,571, while 26 businesses may be eligible at an average loan of $52,308.

| | |
|---|---|
| Small Business Administration Disaster Loan Program | $1,360,000 |

The most severe financial impacts of this event were to public infrastructures such as roads, bridges, and water control facilities. Frozen ground prevented the massive amount of snowmelt to soak into the ground and caused the water to run into low areas and small streams. The combination of drainage areas filled to capacity, and ice jams on major river systems forced the high flow of water overland. A total of 24 bridges in the 11 affected counties were either destroyed or damaged. Of the 10 destroyed, three were over 50 feet in length. Six (6) others were significantly damaged. Bridge approach washouts and damaged pilings were noted by the PDA teams. Some roads remain closed and others are reduced to one lane traffic; however, no families are isolated at this time.

Severe roadway erosion occurred in all of the affected counties. At least two counties had over 25 sites of significant erosion.

The ice jam at the junction of the Elkorn and Platte Rivers on the border of Saunders and Sarpy Counties forced the high water to create new channels in both counties. Seventeen (17) massive washouts created by water flowing through new channels were reported in Sarpy County, including the destruction of a steel lattice tower owned by a utility district. In Saunders County the new channels cut through the water supply well fields in the City of Lincoln. Two (2) of the three water supply lines for the city were broken. Approximately 1,000 feet of a concrete water supply line was exposed, causing massive erosion. One well was completely destroyed. Other significant costs associated with this event relate to emergency protective measures taken, such as the placement of barricades. Explosives were used in an attempt to break up the two mile ice jam which was diverting the Platte River from its normal channel through the Lincoln Water System well field.

Public Assistance damage by category is:

| | |
|---|---|
| Debris Removal | $ 9,574 |
| Emergency Protective Measures | $ 212,043 |
| Road Systems | $ 1,969,144 |
| Water Control Facilities | $ 521,979 |
| Public Buildings and Equipment | $ 69,900 |
| Public Utility Systems | $ 1,203,479 |
| Recreation and Other Facilities | $ 93,280 |
| **TOTAL PUBLIC ASSISTANCE** | **$ 4,079,399** |
| **FEDERAL SHARE (75/25)** | **$ 3,059,549** |

The State of Nebraska has experienced state-wide flooding over the past three years. These events have resulted in the following Presidential declarations: FEMA-873-DR, declared July 4, 1990; FEMA-908-DR, declared May 28, 1991; and FEMA-954-DR, declared August 19, 1992. Many of the areas affected by this latest event were designated in the previous declarations. Because this is primarily an agricultural State, the flooding events have reduced the local tax base. In 1990, all 11 counties had an average per capita personal income below the State average of $17,490. In addition, population in three of the counties has declined greater than 10 percent.

With a State population of 1,578,385, the county per capita costs for the 11 counties range from $3.21 to $115.33. The per capita

State-wide equates to $2.58. While the State's non-Federal share of 25 percent was significant for the three previous disasters, it should be noted that under FEMA-908-DR, the State paid nearly the full non-Federal share of public assistance costs.

CONCLUSIONS

- The situation is of such severity and magnitude that effective response is beyond the capabilities of the State and local governments, and supplemental Federal assistance is necessary.
- The situation warrants a major disaster declaration.
- In the event of a declaration, FEMA intends to provide Public Assistance in the counties of Boyd, Butler, Colfax, Cuming, Dodge, Merrick, Platte, Sarpy, Saunders, Seward, and Stanton.
- Additional counties may be designated at a later date, if requested and warranted.

RECOMMENDATION

That the Governor's request be granted for Public Assistance only.

William C. Tidball

William C. Tidball
Acting Director

Date: 4/1/93

Attachments:
Declaration Letter
Telegram to the Governor
Press Release
Congressional Representation
State Map
Governor's Request

THE WHITE HOUSE
WASHINGTON

April 2, 1993

MAC REED:

John Podesta asked me to forward this draft E.O. prepared by Rick Rosenzweig.

Todd Stern

DRAFT

Executive Order { } of {insert date of issuance}

Federal Energy Efficiency and Use of Alternative Fuels

By the authority vested in me as President by the Constitution and consistent with the laws of the United States of America, including the Energy Policy and Conservation Act, as amended (42 U.S.C. 6201 et seq.), the Motor Vehicle Information and Cost Savings Act, as amended (15 U.S.C. 1901 et seq.), section 205(a) of the Federal Property and Administrative Services Act, as amended (40 U.S.C. 486(a)), the Energy Policy Act of 1992 (Pub. L. 102-486), and section 301 of title 3 of the United States Code, it is hereby ordered as follows:

Section 1. Federal Leadership and Goals. The use of alternative motor vehicles can substantially reduce or eliminate pollutants at affordable cost, create significant domestic economic activity and stimulate jobs creation, utilize entirely domestic fuel sources as defined by the Energy Policy Act of 1992 (P.L. 102-486), and provide substantial savings, in some applications, in vehicle maintenance costs and the extension of vehicle life.

Moreover, Federal action can provide a significant market impetus for the large scale development and manufacture of alternative fuel vehicles, and for the expansion of the fueling infrastructure necessary to support large numbers of privately owned alternative fuel vehicles.

Federal agencies expend more than $ 11 billion annually on energy used in Federal buildings and general operations. Existing technologies and improved management techniques could reduce energy use in Federal facilities by substantially more than 20% by 2000, compared to 1985, while maintaining or improving the services provided by these facilities. The capital investment and personnel training costs of achieving these savings are likely to be more than offset by energy cost savings within five years. Reducing energy use in Federal facilities will also have significant environmental and economic benefits.

The Federal Government has a special responsibility to exercise leadership in the energy-efficient operation of its facilities and in the use of alternative fuel vehicles. To that end, each agency shall adopt aggressive plans to **substantially exceed** the energy conservation and alternative fuel vehicle purchase requirements established by the Energy Policy Act of 1992.

Section 2. Budget Support to Meet Energy Efficiency Goals. The Director of the Office of Management and Budget (OMB) shall ensure that the President's budget establish funding for energy efficiency audits and investments in Federal facilities, and for training of energy managers. The Director of OMB shall permit any agency that has identified efficiency investments that total more than its budget targets for such investments in any given fiscal year to exceed these targets, if all of the identified projects have discounted paybacks of less than 10 years, and the agency is prudently managing available resources for improving energy efficiency.

Section 3. Energy Efficiency Training and Site Audits. The Department of Energy shall provide training and technical assistance to all agencies in support of improvements in facility energy efficiency and, subject to appropriations, will contract with energy audit teams to identify opportunities for energy savings at Federal facilities. Agency leaders should place high priority on the prompt completion of building and facilities surveys required by the Energy Policy Act and other laws. Priority will be given to the identification of sites where there will be the greatest return on investment in energy efficiency. Heads of agencies shall ensure that sufficient numbers of employees are trained in energy efficiency methods and in energy-savings performance contracts to achieve the Administrations's efficiency improvement goals. Heads of agencies shall also provide the Secretary of Energy with information identifying the officials responsible for ensuring that new Federal buildings in that agency meet the energy-efficiency standards defined in 10 C.F.R. 435 and section 101 of the Energy Policy Act of 1992.

Section 4. Utility Demand-Side Management. The Administrator of General Services, Secretary of Defense and the heads of other agencies that negotiate with local utilities regarding the rates to be charged Federal facilities shall introduce into those negotiations any demand-side management incentives and services that may be made available to Federal facilities by the utility.

Section 5. Product Procurement. Heads of agencies that procure energy-using equipment shall ensure that life cycle costs are the primary cost consideration of all procurement actions initiated after January 1, 1995. [check current law]

Section 6. Streamlining Procurement. Heads of agencies shall review their procurement procedures with the goal of streamlining, accelerating and expanding the use of energy-savings performance contracts and other energy-related procurements. The Federal Acquisition Regulatory Council established under section 25(a) of the Office of Federal Procurement Act (41 U.S. C. 421) shall, within 120 days of the issuance of this order, promulgate appropriate changes to the Federal Acquisition Regulations (FAR) that will enable agencies to accomplish this goal. Within two years of the issuance of these changes to the Federal Acquisition Regulations and the guidelines issued by the Department of Energy under Sec. 155 of the Energy Policy Act, every Federal agency that owns at least 100 Federal buildings or at least 1 million square feet of building space shall have initiated and entered into at least one energy performance contract; the Department of Veterans Affairs, the Department of Energy and the General Services Administration shall have initiated and entered into at least five such contracts; and the Department of Defense shall have initiated and entered into at least ten energy performance contracts.

Section 7. Alternative Fuel Vehicle Requirements. The Federal government shall acquire, subject to the availability of appropriations, alternative fuel vehicles in numbers that exceed by at least 50% the requirements for 1993 through 1995 set forth in the Energy Policy Act of 1992. The Federal fleet vehicle acquisition program shall be structured with the objectives of: (1) continued reduction in the incremental cost associated with specific vehicle and fuel combinations; (2) long-term movement toward increasing availability of alternative fuel vehicles produced as standard manufacturers' models; and (3) gaining experience in using the diverse alternative fuels defined in the Energy Policy Act of 1992. Each agency shall coordinate with the Secretary of Energy in order to achieve this requirement. In order to facilitate such coordination, each agency shall submit alternative fuel vehicle acquisition plans to the Secretary of Energy no later than 90 days from the date of issuance of this Order. Plans are expected to stress rapid and efficient procurement of alternative fuel vehicles, through established competitive procurement practices.

Section 8. Alternative Fuel Vehicle Acquisition Assistance. Within available appropriations, and as required by the Energy Policy Act of 1992, the Secretary of Energy shall provide assistance to other agencies which acquire alternative fuel vehicles. This assistance includes payment of incremental cost of alternative fuel vehicles. All vehicles, whether conversions or purchases as original equipment manufacturer (OEM) models, shall comply with all applicable Federal and State emissions and safety standards.

Section 9. Alternative Fuel Vehicle Use Incentives. The Administrator of the General Services Administration (GSA), to the extent allowed by law, shall provide incentives to purchase alternative fuel vehicles, including priority processing of procurement requests, the establishment of a hot line staffed to address agencies' concerns, and any other technical or administrative assistance aimed at accelerating the purchase and use of Federal alternative fuel vehicles.

Section 10. Cooperation with Industry and State and Local Authorities on Alternative Fuel Refueling Capabilities. The Secretary of Energy, in cooperation with GSA and other appropriate agencies, shall coordinate Federal planning and siting efforts with private industry fuel suppliers, and with State and local governments, to ensure that adequate refueling capabilities exist wherever Federal fleet alternative fuel vehicles are sited. Each agency's fleet managers are expected to work with appropriate organizations at their respective locations on initiatives to promote alternative fuel vehicle use.

Section 11. Reporting. The head of each agency shall report annually to the Secretary of Energy on actions and progress under this order, consistent with guidance provided by the Secretary. The Secretary shall prepare a consolidated annual report to the President and Congress on the implementation of this order.

Section 12. Definitions. For the purpose of this order, the terms "agency," "energy savings performance contract" and "alternative fuel vehicle" have the same meanings given such terms in sections 151, 155(b) and 301 of the Energy Policy Act of 1992, respectively.

Section 13. Judicial Review. This order is not intended to create any right or benefit, substantive or procedural, enforceable by a nonfederal party against the United States, its officers or employees, or any other person.