

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. note	From Thomas Caplan [partial] (1 page)	04/28/1993	b(6)
002a. memo	John Ahlen to POTUS [partial] (1 page)	04/12/1993	b(6)
002b. memo	Ahlen to Maria Haley [partial] (1 page)	04/12/1993	b(6)

COLLECTION:

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

FOLDER TITLE:

April 25-30, 1993 [1]

2018-0662-S

rs3046

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 Drive to Vaccinate

NO ONE disputes the dismal immunization rates for very young children, especially those in the inner cities. In some areas of the country, fewer than half of all pre-schoolers receive the vaccinations that prevent contagious disease. The measles epidemic of a few years ago was a sorry reminder of the consequences.

But there is a dispute brewing over how best to get the vaccines to the children who aren't now receiving them in a timely fashion. The Clinton administration, which has called some much-needed attention to the problem, wants among other things to purchase the vaccines from the pharmaceutical companies and distribute them, free of charge, to all who administer immunizations. This strategy is known as universal purchase, and it's used in other industrialized countries.

Universal purchase, say advocates, would aid primarily the working (and generally uninsured) poor, who've been shying away from doctors' offices. The reason? The high price of the vaccine series. Many private physicians, in fact, refer their patients to the overburdened public clinics, simply to help families save money. But the curtailed hours and inconvenient locations of these clinics tend to discourage parents from taking their children. If the cost of the vaccines themselves—about \$240 in all—were free, more people would seek care from their private doctors.

Buying the vaccines would cost the government \$1.1 billion a year, a four-fold expansion of the federal purchasing power. The Centers for Disease Control now pays for only about half of the public supply; the states and private providers pay for the rest. A universal purchase plan would be a windfall for state governments and

their Medicaid programs, for insurance companies and of course for families who can afford the cost of vaccinations.

The drug companies, who've never satisfactorily explained the skyrocketing vaccine prices, complain of impending nationalization and thwarted research prerogatives. But their future probably depends on bulk purchases at negotiated prices.

Is universal purchase the best use of scarce dollars for public health? Would it significantly increase immunization rates? Eleven states already buy and distribute vaccines, and their rates are marginally better than other states' rates. It's worth noting, though, that immunization rates are lowest among the poorest children, who already have access to free vaccines. Cost is not the sole or even the most imposing barrier to access—children manage to get their shots by the time they enter school. More money must be spent on education, outreach and on tracking—steps the administration is also prepared to take.

The administration would make vaccine purchase an entitlement program—wresting it, in other words, from the unreliable appropriations process. As of yet, however, there's no proposed financing mechanism. You have to wonder why the administration has floated this particular legislation, without a means to pay for it, before the broader proposals for reform that will surely affect vaccine cost, delivery and the nature of the public/private partnership that currently exists. Immunization, after all, is just a part of the care owed to a group—pregnant women and children—that this country is failing in large numbers.

Obama

THE WASHINGTON POST

5-3-73

41

Not the Zoe Baird Problem

THE SO-CALLED Zoe Baird problem has been described as just about everything but what it first and foremost is—a problem of (a) tax avoidance that (b) costs some of the poorest people in the society Social Security benefits in their old age or if disabled. You hear it described as a child care problem, an immigration problem, a women's problem, an *employers'* problem—and yes, to some extent it is all those. But at benefit time it is not the employers who lose.

Lately it has also been described as a paperwork problem. The forms are too hard. In fact it takes very little time every three months to fill them out. Congress has nonetheless set out to simplify the task. One of the chosen methods is to cut some of the lowest-paid people in the economy out of the Social Security system. Yes, you heard us right. Read the sentence again. It's true.

To reduce the supposed paperwork burden, a House Ways and Means subcommittee has voted, among other things, to raise the wage threshold above which the Social Security tax must be paid. Current law is that you owe the tax for any household employee you pay more than \$50 a quarter. The subcommittee would make that \$1,750 a year. To reduce non-compliance, in other words, it would reduce the obligation to comply; you can't beat that. But, unfortunately, the effect would be to reduce future benefits as well, since a worker gets no credit toward benefits from wages on which no tax is paid.

No one is sure how many workers would be edged out this way, but officials say on the strength of wages reported and taxes paid that anywhere from 80,000 to 115,000 household

workers a year could lose some coverage (and if all household wages were reported and taxes paid, the figure would of course be higher). The thought is that a lot of the losers would be women who have several employers and work, say, one day every two weeks for each. An employer who paid a household worker \$50 for one day every two weeks would pay \$1,300 a year and owe no tax; the worker would get no credit. A worker with, say, eight such employers would still get no credit.

The Clinton administration, having, you might say, brought the problem of failure to pay this tax to national attention, has yet to take a position on the House bill. We look forward to what it and the champions of the working poor on the full Ways and Means Committee have to say on the subject of the shut-outs particularly. There are other aspects of the bill, including use of the income tax form to collect Social Security taxes owed for household employees. That may well be a good idea; a lesser increase in the Social Security threshold to weed out only occasional employees may also be defensible. But it's more than a matter of taxpayer convenience and tax simplification when this many tens of thousands of low-paid workers are put in the way of losing a basic benefit each year. The alleged inconvenience to the employers of hardworking, low-income household and other workers is surely the least of it. It is an outrage to think otherwise and an embarrassment to have to point this out to members of Congress and the administration undertaking to simplify the lives of the noncompliers and increase compliance with the code.

*Clinton
House Bill
5-3-93*

5-3-93

MONDAY, MAY 3, 1993

THE PRESIDENT HAS SEEN

THE WHITE HOUSE
WASHINGTON

DATE: 5/3

NOTE FOR: *Gree Simon*

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 Vice President*

OFFICE OF THE VICE PRESIDENT
WASHINGTON

April 7, 1993

Quayle!
*Bri*INFORMATION

MEMORANDUM FOR THE VICE PRESIDENT

FROM: Greg Simon

SUBJECT: Wall Street Article on biotechnology, per the President's request

I. SUMMARY

Quayle's Council on Competitiveness had forced the Agriculture Department to issue a proposed rule allowing researchers to plant certain genetically engineered crops without any prior notice to the government. Public comments from the industry, environmentalists and most academics strongly opposed the "no notice" provision. USDA then presented a final rule to OMB containing a 30 day notice provision as supported by the comments.

Other agencies reviewed the rule and OMB cleared it in record time to assist researchers in this growing season. The WSJ characterized the 30 day rule as "slowing de-regulation" in contrast to the Quayle proposal of no notice. However, the industry views this change as facilitating research because the old system required a permit that took nearly four months to obtain.

II. DISCUSSION

For some time, USDA has required a permit for small scale field experiments with genetically engineered crops. After reviewing hundreds of these experiments, USDA proposed switching to a process of notification for experiments using certain types of crops in certain contained situations. Environmentalists and the industry supported this change because the permit system was using up valuable human resources better spent elsewhere.

The Quayle Council, however, insisted that USDA propose a rule that allowed researchers to get only local approval of experiments from university review groups and not require any notice to the government until after the experiment had started. The public comments were nearly unanimously opposed to this except for a small group in California that supported and suggested it. The group is led by Suzanne Huttner who is quoted in the WSJ article.

After we took office, USDA provided me a briefing about the changes they, not we, had made from the Quayle rule, including a requirement to notify the federal government thirty days before conducting an outdoor experiment with the selected group of crop plants. After meeting with both environmentalists and industry representatives, it was clear that the rule would be welcome. The final rule went to OMB which, with my encouragement, consulted with other agencies and approved the rule quickly in order to help in this growing season.

Publication of the rule was a win-win in the biotechnology world. The industry liked it because it simplified planning and cut costs. Environmentalists liked it because we removed the Quayle Council provisions and provided notice to the government and the public.

Enter the WSJ. The Journal focussed on the fact that the final rule required thirty days notice instead of no notice and dubbed that a "slowing of deregulation." When you read the article and see the industry quotes, you realize that they see the action as facilitating deregulation in an appropriate way without going too far.

When I called the reporter after the article ran he admitted he was judging us in terms of the proposed Quayle rule instead of in light of the changes we were making to existing law. The WSJ created considerable confusion by alleging we were slowing deregulation when our actions did just the opposite.

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 Goldberg, 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

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 WHITE HOUSE
WASHINGTON

DATE: 04/30/93

NOTE FOR: TREY SCHROEDER

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

Information ☐

Action ☒

Please see the President's note:

'I need a thanks, I shared
your letter with Amb. Kantor reply.

Thank you.

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

cc:

- Meeli / Borelin Fy!

- cc M Kauton - very interesting
worth hearing someone talk to
their guy - B.

I need a transfer, I should
be let to work with Kauton reply B

28th April 1993

Mr. President,

This brief memo is from a young man
Woody Brock met on his travels. As
its perspective is unusual, I thought

With the Compliments of

Thomas Caplan

it more than worth a glance.

Yours,

W. Brock

April 7, 1993

Dear President Clinton,

My name is Kenneth "Casey" Cook. I am 23 and a Cornell University graduate. I have recently returned to America after working in Japan for 14 months teaching English to Japanese businessmen. I thought the following observations may be useful to both you and Trade Ambassador Kantor.

Trade and Business

Osaka newspapers printed in the Japanese language reported that:

- 1) Through lobbyists, the American government can be manipulated and bought (auto trade).
- 2) It is easy for Japanese businesses in America to bypass American laws, hire only Japanese people, and run these companies "their own (Japanese) way".
- 3) "When Americans visit Japan, they become confused and trapped in the Japanese cultural web. We understand Americans, but they will never understand us. Therefore, we will always have the advantage in business."
- 4) After the November election: "Thank goodness Perot will not be President. With Clinton President we can continue with 'Business as Usual'."

These reports never appeared in the English language editions.

Discrimination

75% of all Japanese feel it is acceptable to discriminate against foreigners (Mainichi Daily News poll, June 25, p.12).

Supporting Facts

- Is this true →
- Nearly 40% of restaurants in Japan will not serve Americans.
 - Most American small business applications in Japan are either rejected or "delayed" several years as the applications are "processed."
 - A Japanese restaurant in New York operated for several months admitting Japanese customers only. It was only fined \$10,000.
 - Six real estate agencies in Japan would not show me apartments simply because I was a foreigner.

The Japanese Business View on Americans

I taught English to Japanese executives everyday. Most were quite high level and worked directly with American businesses. Here are some direct quotes.

- "America will always be second rate. We Japanese can do anything we

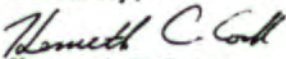
want to in America, while in Japan we have many strict laws regarding business."

- From a SANYO representative: "My boss tells his American counterparts that he wants an open market, but treaties, customs, and cultural differences are delaying the process. He returns to his office and laughs at how gullible they are."

Overall, I feel Japanese businesses are using their culture as an excuse for many of the trade disputes between our countries. Furthermore, I think that Japanese businesses inside the United States are taking advantage of our free market system while their countrymen are suppressing the entrepreneurial aspirations of American expatriots back in Japan. To compound matters, the citizens and the media of Japan realize this occurs, and are blatantly ridiculing us.

Hopefully you will find these comments of some interest. Congratulations on all you are doing.

Sincerely,


Kenneth C. Cook

3 McCarthy Court
Farmingdale, N.Y. 11735
(516) 694-3448

THE WHITE HOUSE
WASHINGTON

DATE: 04/30/93

TO: MACK MCLARTY
MARK GEARAN
BOB RUBIN

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

The attached has been forwarded
to the President.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS

WASHINGTON, D.C. 20500

April 30, 1993

3 30 P7:00

MEMORANDUM FOR THE PRESIDENT

FROM: ALAN BLINDER

SUBJECT: Interest Rates, Stock Market, and Money Supply, Week
Ending Friday, April 30, 1993

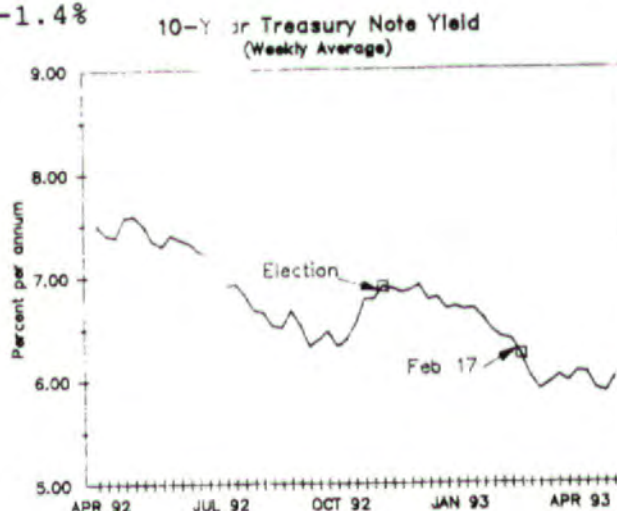
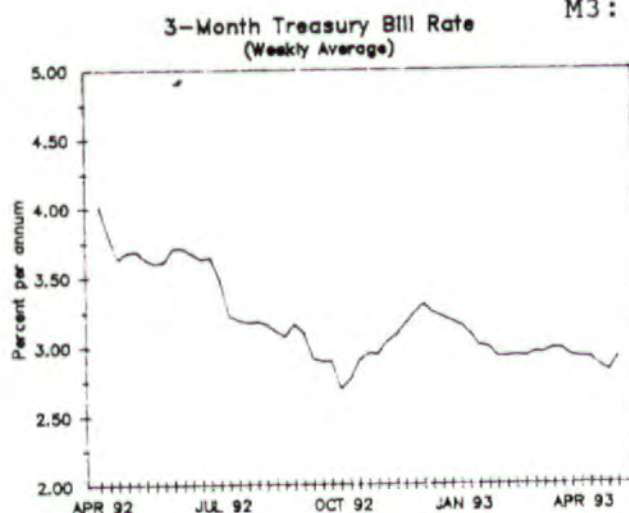
Bond yields increased substantially this week. Some market observers attributed the increases to growing concerns that Congress will not pass a budget that reduces the deficit enough. Changes in Treasury borrowing rates over the week were as follows:

	Close 4/23/93	Close 4/30/93	Change
Three-month bills	2.90	2.97	0.07
10-year bonds	5.89	6.05	0.16
30-year bonds	6.79	6.95	0.16

The stock market closed slightly higher for the week. The S&P index closed Friday (April 30) at 440.19, up 0.7 percent from the preceding Friday's close. The Dow Jones Industrial Average increased 0.4 percent over the week, closing at 3427.55.

This week the Fed announced the average level of the money stocks for the week ending April 19. All three money measures declined. It was the largest drop in M2 since January of 1987 and the largest drop in M1 since 1989. Since March of last year, growth rates of the various M's have been:

M1: +10.6%
M2: +0.1%
M3: -1.4%



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

3 APR 30 P7:00

April 30, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: ALAN BLINDER
SUBJECT: Foreign Economic Developments

Exchange Rates: Despite some ups and downs, the dollar changed little relative to either the yen or the deutschemark over the week. The dollar is closing this week at around \$1 = 111 yen, up about 0.5 percent for the week, and just under \$1 = 1.58 DM, about where it was last week.

Japan

- Japan's unemployment rate remained at 2.3 percent in March. Manufacturing employment fell 2.6 percent on a year-over-year basis.

Europe

- **Germany** lowered the repurchase rate, its main money market rate, by 34 basis points from 8.09 percent to 7.75 percent. This followed last week's reductions in the lombard and discount rates.
- **French** consumer prices rose 2.2 percent in March on a year-over-year basis.
- **UK** real GDP rose 0.6 percent in the first quarter on a year-over-year basis, but is still 3.1 percent below its peak in the second quarter of 1990.

Other

- **Canada's** real GDP rose 2.0 percent in February on a year-over-year basis.
- **Argentina's** real GDP rose by a strong 8.7 percent in 1992.

NATIONAL SECURITY COUNCIL

WASHINGTON D.C. 20506

April 29, 1993

MEMORANDUM FOR JOHN PODESTA

FROM: WILLIAM H. ITOH *W*
SUBJECT: Special Representative to Australian-American
Friendship Week Draft White House Statement

Each year the President names a Special Representative to the Australian-American Friendship celebration in Australia. Admiral David Jeremiah has been selected to be the representative at the celebration this year. Attached Tab I, for your approval, is a draft White House statement announcing the selection.

Attachment
Tab A Draft White House Statement

A

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

STATEMENT BY THE PRESS SECRETARY

The President today announced that he has selected Admiral David E. Jeremiah, Vice Chairman of the Joint Chiefs of Staff, as his Special Representative to the Australian-American Friendship Week, April 30 to May 8, in Canberra, Australia.

This annual event marks the anniversary of the 1942 Battle of the Coral Sea, and is an important symbol of the close friendship between the United States and Australia.

#

THE WHITE HOUSE
WASHINGTON

April 30, 1993

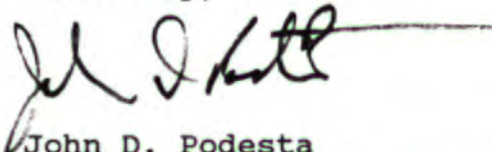
Mr. Gene Epstein
Gene Epstein Enterprises
1238 Wrightstown Road
Newtown, Pennsylvania 18940

Dear Mr. Epstein:

Thank you for your recent letter regarding your Bonus Program Initiative. I have forwarded your proposal to Bob Rubin, Assistant to the President for Economic Policy for further consideration.

I appreciate you taking the time to send on your ideas for putting people back to work and for reducing government waste. Thanks again for your input.

Sincerely,

A handwritten signature in dark ink, appearing to read "John D. Podesta", with a long horizontal flourish extending to the right.

John D. Podesta
Assistant to the President
and Staff Secretary



93 APR 29 P3:49

GENE EPSTEIN ENTERPRISES

"VIRTUTE NON VERBIS"

John Podesta

Please have someone that is an economic adviser wake up to this "Bonus Program!" Your plans are WASTING AWAY AND THIS INITIATIVE WILL GET GREAT PRESS.

I AM planning TO USE BILLBOARDS IN DC AREA STATING SUCH A PROGRAM IS REACHING "DEAF EARS" AT THE

White House

Regards
Gene

Run government more like a business

Twenty-one years ago the late Sam Walton, the founder of Wal-Mart which today is the nation's No. 1 retailer, set up a scholarship program. He gave a grant to encourage college students to come up with ideas to further free enterprise in their communities.

Walton began with a small five-and-dime store in Bentonville, Ark. Today, his stores are in virtually every small and mid-size community in America. Lower Bucks County will have one soon.

Last Thursday, Gene Epstein, a Wrightstown resident who parlayed business acumen into a personal success story as an automobile dealer, spoke to the organization, Students in Free Enterprise. His audience in Morristown, N.J., included 50 heads of major U.S. corporations and 150 award-winning students.

Epstein told the chief executive



Joe Halberstein

officers and the students that Americans are too complacent when it comes to government. He said Congress is permitted to do what it wants, not what it should.

"We have forgotten they are there to serve all of us."

Epstein said the American people deserve more than generalities. A laundry sheet of the promises elected officials make should be kept. There should be a "watchdog" to check on the performances of representatives and senators.

"It's past time to run government with the same efficiency as a business. If lawmakers are not on the right track, fire them. Pay them until the end of their term because that still would be cheaper than waiting longer for results."

Epstein said smart employers do not continue the contract of inefficient managers. Why should government be different?

He said the president should set up an award to be given to any person or group of persons in each department of the federal government who show how waste can be eliminated.

"If it means the elimination of their own project, so be it. There are no efficiency experts who know more about where the waste is than those already working for the federal government."

Epstein says anyone who finds a way to save, say \$1 million, would be

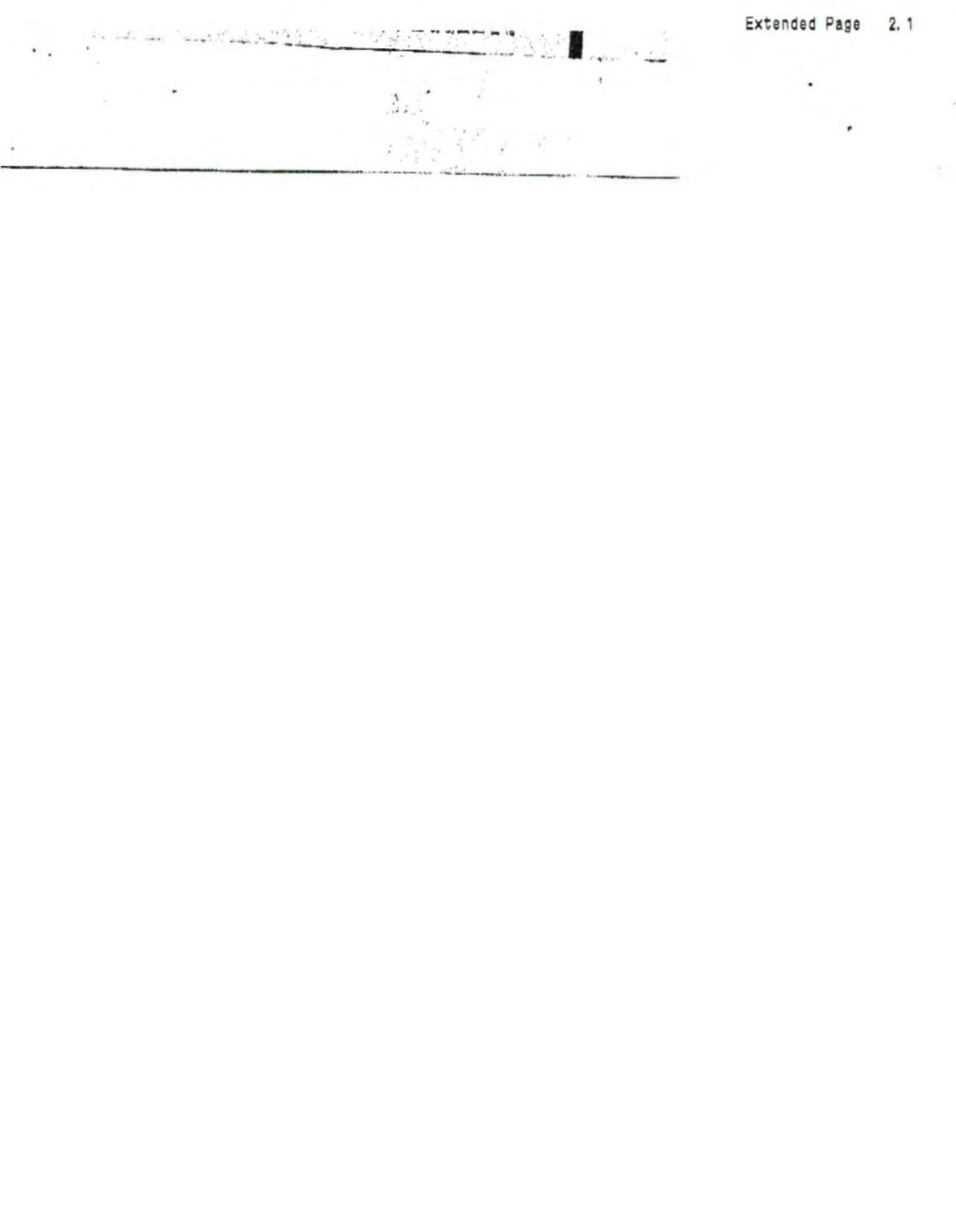
given a 10 percent bonus from the savings that would be realized.

"A bonus of \$100,000 would energize government employees to look for waste. Also, give them a two-year guarantee of a job in government because they might be eliminating their own."

The savings would be enormous, Epstein calculates. He acknowledges there are thousands of hard-working and dedicated government employees. But some work on projects that are a total waste.

That's just one of Epstein's ideas. Another has to do with a tax credit for purchasing American-made automobiles. He has a letter from President Clinton thanking him for the suggestion. That's another story for another day.

Joe Halberstein has retired. His column will continue to appear Monday and Thursday.



Please advise me as to who
I can send this to in govt
and get **URGENT** results?

WILLIAM J. CLINTON, PRESIDENT
JOHN PODESTA
OFFICE PRES. CORRES.
THE WHITE HOUSE
WASHINGTON D.C. 20050

I HAVE ISSUED A CHECK MADE PAYABLE TO THE U.S. TREASURY IN THE AMOUNT OF \$25,000.00 ON THE CONDITION THAT YOU PRESENT TO CONGRESS TWO OF MY PROGRAMS ; ONE WHICH WILL GET PEOPLE BACK TO WORK AND THE OTHER WHICH WILL REDUCE GOVERNMENT WASTE.

EVEN THOUGH BUSINESS ACTIVITY HAS INCREASED EMPLOYERS ARE NOT RE-HIRING FORMER EMPLOYEES PREFERING TO "WAIT" UNTIL IT IS NECESSARY. IN ORDER TO REPLENISH THOUSANDS UPON THOUSANDS OF JOBS NATIONWIDE WE MUST ENCOURAGE EMPLOYERS TO RE-HIRE THOSE LAID OFF BY OFFERING TAX INCENTIVES.

ISSUE A TAX CREDIT (TO THE FORMER EMPLOYER) based upon the THE FULL AMOUNT OF THE FORMER EMPLOYEES WEEKLY UNEMPLOYMENT COMPENSATION AS LONG AS THAT EMPLOYEE IS RE-HIRED AND RE-TRAINED .

THE TAX CREDIT SHOULD BE FOR A SIX MONTH PERIOD AT THE FULL AMOUNT (I.E. if employee received \$250.00 per week for unemployment compensation then the employer should receive \$250.00 times six months as a credit)

THE FOLLOWING SIX MONTHS THE TAX CREDIT SHOULD BE ISSUED AT TWO THIRDS

OF THE SAME FORMULA (I.E. two thirds of \$250.00 or \$166.00 per week) for a six month period

THE FINAL TWELVE MONTHS THE EMPLOYERS SHOULD RECEIVE ONE THIRD

WHAT WILL THIS ACCOMPLISH?

THE EMPLOYEE WILL BE RE-HIRED AND HOPEFULLY RE-TRAINED THUS BEING REMOVED FROM THE UNEMPLOYMENT ROLLS

THE EMPLOYER WILL BE ENCOURAGED TO RE-HIRE EMPLOYEES NOW AS HIS/HER BUSINESS IS IMPROVING INSTEAD OF WAITING LONGER AND LONGER.

THE FEDERAL GOVERNMENT WILL RECEIVE TAXES FROM THE RE-HIRING

MORE DOLLARS ARE BEING PUT BACK INTO THE ECONOMY TO CONTINUE AN ECONOMIC REBOUND

ONE PROVISIO SHOULD BE THAT THE EMPLOYER'S BENEFIT WILL CEASE IF HE/SHE DISPLACES AN EXISTING EMPLOYEE

NEW SMALL BUSINESS INCENTIVE

TO ENCOURAGE NEW BUSINESSES TO HIRE EMPLOYEES FROM THE UNEMPLOYMENT ROLLS (INSTEAD OF FROM COMPETITION) NEW BUSINESSES SHOULD RECEIVE A TAX CREDIT EQUAL TO THE UNEMPLOYMENT COMPENSATION RECEIVED BY THE EMPLOYEES FOR A SPECIFIC PERIOD OF TIME AS ABOVE WHICH WOULD BE RETROACTIVE FROM JANUARY 1ST 1993.

REDUCE GOVT. WASTE AT THE SOURCE

I BELIEVE THAT THE MAIN REASON POLITICIANS DO NOT COME UP WITH SPECIFIC CUTS IN RUNNING THE GOVERNMENT (in addition to their own self-serving interests) IS BECAUSE THEY DO NOT HAVE ANY CONCEPT OF RUNNING AN EFFICIENT BUSINESS. HOW TO CUT WASTE IS SIMPLE IF YOU GO TO THE SOURCE OR THE ROOTS WHERE WASTE HAPPENS, IDENTIFY IT AND CUT IT OFF.

I REALIZE THAT UNDER OUR SYSTEM THAT IS NOT AN EASY THING TO ACCOMPLISH AS THE SYSTEM EXISTS TODAY. SO LET'S CHANGE IT. FROM THE TOP OF GOVERNMENT TO THE BOTTOM I PROPOSE TO OFFER BONUS INCENTIVES TO ANY PERSON OR GROUP OF PERSONS FOR IDENTIFYING WASTE AND FOOLISH PROJECTS WITHIN THEIR OWN DEPARTMENT. WHY WOULD THEY DO IT IF IT COULD MEAN THE ELIMINATION OF THEIR OWN JOB(S)? UNDER MY PROPOSAL ANY PERSON OR GROUP THAT IDENTIFIES WASTE AND DESIGNS A MORE EFFICIENT SYSTEM WILL BE REWARDED WITH A TEN PERCENT BONUS OF THE SAVINGS FOR ONE YEAR AND WILL BE GUARANTEED THEIR JOBS FOR TWO YEARS EITHER IN THE SAME DEPARTMENT OR ANOTHER WITHIN THE GOVERNMENT. THIS WILL ENCOURAGE GOOD WORKERS TO THINK HOW EFFICIENTLY THE DEPARTMENT IN WHICH THEY WORK CAN OPERATE

IF MY GUESS IS CORRECT THE SAVINGS WILL PUT A SIZABLE DENT INTO THE DEFICIT.

GENE EPSTEIN
1238 WRIGHTSTOWN ROAD
NEWTOWN PENNA 18940
215 968 2200
FAX 215 860 1862

GIVE THIS
TO ECONOMIC
ADVISOR
IMMED

Let businesses help spread the wealth

Gene Epstein knows capitalism. He has followed its path to wealth, running an automobile dealership. He also knows philanthropy, donating generously to many charitable causes and getting involved in several more. His latest one is funding a homeless shelter in Philadelphia.

As he strives to do for others, his mind is quick to think of endeavors to bring happiness to more people. His latest has to do with financing fledgling businesses.

"In order to have a true capitalistic society," he says, "everyone should have an opportunity to have a grab for the proverbial brass ring."

Epstein said that is not as possible today.

"We have an old capitalistic society which has not spread the wealth beyond the top."

The reason. Why give off some of your money if you can simply pay your taxes and keep the rest?

The Wrightstown Township resi-



Joe Halberstein

dent proposes an approach to financing small businesses that he sees as a win-win procedure.

"Our government made a feeble attempt several years ago to help the average person through the Small Business Administration. It was a total failure."

Epstein knows of one man who was a bookie. He was given \$200,000 by the SBA to buy a delicatessen. He used part of the proceeds to provide a location for his "book." The remainder went for a new Cadillac for himself and a car for his girlfriend.

"What we need now are good deals, deals in which all parties benefit."

Epstein suggests forming a huge money pool. The funds would go solely to expand business and industry to those who have the ideas, the determination, and an understanding of modern technology, but who do not have the funds.

Government would not provide the money, Epstein says. Business and industry would.

Epstein said instead of charging a 33 percent tax, the 1986 Tax Reform Bill should be amended to permit corporations to loan funds to the money pool.

"Instead of a firm paying \$3 million on \$9 million in earnings, let the firm loan the pool \$5 million, then tax 33 percent on the remaining \$4 million. The loan to the pool would be tax free."

Epstein said the contributing firm then would have to provide a leadership role to steer and guide the reci-

ipients of the grants to profitability.

"Provide the lending corporation a small return, say 5 percent, on its pool contribution. That would be tax free. Give it a seat on the board of the new firm."

Epstein likens the money in the pool to a corporation's IRA. It would remain part of the pool for a specified number of years and not be taxed.

In the meantime, new businesses would be up and running. Thousands of men and women would have new jobs and a share of the bottom line.

"Keep the government out of business and we will have a more successful program, more businesses, more opportunities, a higher success rate and the wealth would spread."

Epstein's idea has merit. All he has to do is convince the lawmakers in the nation's capital who are good at hiding billions of dollars in tax favors for the fat cats, but who are myopic at giving the little fellow a break.

THE WHITE HOUSE
WASHINGTON

Chron

DATE: 4/30/93

NOTE FOR: CAROL RASCO

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

Information ☐

Action ☒

Thank you.

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

cc:

THE WHITE HOUSE
WASHINGTON

Clerico

↳ Pls. prepare

the letter to

Preston Jones encourage

to go ahead w/ ~~the~~

he can reform

B.

28th April 1993

Mr. President,

This brief memo is from a young man
Woody Brock met on his travels. As
its perspective is unusual, I thought

With the Compliments of

Thomas Caplan

it more than worth a glance.

Yours,
Tom

4-30-93

- Make/Bleed by

- cc M Kantor - very interesting
worth hearing someone talk to
this guy - B.

I need a transfer, I should
be let to be with Paul Kantor reply B

April 7, 1993

Dear President Clinton,

My name is Kenneth "Casey" Cook. I am 23 and a Cornell University graduate. I have recently returned to America after working in Japan for 14 months teaching English to Japanese businessmen. I thought the following observations may be useful to both you and Trade Ambassador Kantor.

Trade and Business

Osaka newspapers printed in the Japanese language reported that:

- 1) Through lobbyists, the American government can be manipulated and bought (auto trade).
 - 2) It is easy for Japanese businesses in America to bypass American laws, hire only Japanese people, and run these companies "their own (Japanese) way".
 - 3) "When Americans visit Japan, they become confused and trapped in the Japanese cultural web. We understand Americans, but they will never understand us. Therefore, we will always have the advantage in business."
 - 4) After the November election: "Thank goodness Perot will not be President. With Clinton President we can continue with 'Business as Usual'."
- These reports never appeared in the English language editions.

Discrimination

75% of all Japanese feel it is acceptable to discriminate against foreigners (Mainichi Daily News poll, June 25, p.12).

Supporting Facts

- Is this true →
- Nearly 40% of restaurants in Japan will not serve Americans.
 - Most American small business applications in Japan are either rejected or "delayed" several years as the applications are "processed."
 - A Japanese restaurant in New York operated for several months admitting Japanese customers *only*. It was only fined \$10,000.
 - Six real estate agencies in Japan would not show me apartments simply because I was a foreigner.

The Japanese Business View on Americans

I taught English to Japanese executives everyday. Most were quite high level and worked directly with American businesses. Here are some direct quotes.

- "America will always be second rate. We Japanese can do anything we

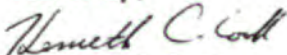
want to in America, while in Japan we have many strict laws regarding business."

- From a SANYO representative: "My boss tells his American counterparts that he wants an open market, but treaties, customs, and cultural differences are delaying the process. He returns to his office and laughs at how gullible they are."

Overall, I feel Japanese businesses are using their culture as an excuse for many of the trade disputes between our countries. Furthermore, I think that Japanese businesses inside the United States are taking advantage of our free market system while their countrymen are suppressing the entrepreneurial aspirations of American expatriots back in Japan. To compound matters, the citizens and the media of Japan realize this occurs, and are blatantly ridiculing us.

Hopefully you will find these comments of some interest. Congratulations on all you are doing.

Sincerely,


Kenneth C. Cook

3 McCarthy Court
Farmingdale, N.Y. 11735
(516) 694-3448

THE WHITE HOUSE
WASHINGTON

chron

DATE: 4/30/93



NOTE FOR: CAROL RASCO

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

Information ☐

Action ☒

Thank you.

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



cc:

THE WHITE HOUSE
WASHINGTON

03 APR 29 PM 4:28

THE PRESIDENT HAS SEEN
H-2000-10-10

TO: President Clinton
FROM: Carol H. Rasco *CWR*
SUBJ: Education Goals 2000 Bill
DATE: April 29, 1993

There is near pandemonium in the Department of Education. The word around town is that yesterday in a private moment with Governor Campbell (following the meeting with the Governors on Health Care) he told you that he along with a number of Governors have serious problems with the "Opportunity to Learn" standards in the new Goals 2000 Bill and that you told him you have problems with them too. He then supposedly cancelled his trip home and has spent today going around DC telling various education groups and people on the Hill you have problems with this component of the Bill.

Department of Education has asked for clarification of your position/what you did or did not say....please advise.

Thank you.

Call me on this



DEPARTMENT OF THE TREASURY
WASHINGTON

*Chron
file*

93 APR 30 PM 12:07
April 30, 1993

MEMORANDUM FOR JOHN PODESTA
ASSISTANT TO THE PRESIDENT AND STAFF SECRETARY
FROM: BOB HUSSEY, *248* WHITE HOUSE LIAISON
SUBJECT: PRESIDENTIAL LETTER FOR MR. KENNETH WIRAM

In March 1993, Kenneth Wiram retired from the Bureau of Engraving and Printing after nearly 57 years of service to the U.S. Government. The Director of the Bureau of Engraving and Printing, Peter H. Daly, has forwarded the attached draft letter congratulating Mr. Wiram on his impressive tenure. A letter signed by President Clinton would be a memorable tribute to Mr. Wiram's outstanding contributions to the craft of engraving and the integrity of the U.S. Government.

Thank you for any assistance you can offer in expediting this request. Please contact me if you have any questions, 622-0063.

*SLR
can you check
this letter up
get it out
THANKS
John Podesta*

Mr. Kenneth Wiram
440 Yucca Street
Beltsville, MD 20705

Dear Mr. Wiram:

It has come to my attention that your friends at the Bureau of Engraving and Printing recently honored your retirement after nearly 57 years of service to the U.S. government. I confess to some awe at learning that you have been an engraver of U.S. government securities since before World War II!

The intricate art of the engraver is surely one of the most extraordinary and exacting jobs in the U.S. government. Our currency, postage stamps, and other valuable government documents will be a historic testament to your commitment and your craft. Hillary and I will be reminded of the contributions you have made to engraved White House invitations as we invite guests to our new home.

Your enduring skill and your faithful service inspire us all to make this democratic government function at its best. Best wishes in your retirement.

Sincerely,

William Clinton
President of the United States

Kenneth Charles Wiram
Biography

Mr. Kenneth C. Wiram was born in Brazil, Indiana on November 22, 1915. Mr. Wiram attended Indiana State Teacher's College, Rose Polytechnic Institute, and Corcoran School of Art. He was a member of several organizations including the Masonic Lodge, the American Legion, and the Banknote Engravers Guild of Washington.

Mr. Wiram began working at the Bureau of Engraving and Printing on April 21, 1936 as a Skilled Helper in the Examining Division. He was promoted on May 3, 1937 to Pantograph Operator in the Engraving Division. Mr. Wiram enlisted in the U.S. Navy, and was on Military Furlough from December 10, 1943 until January 5, 1946. On March 10, 1946, Mr. Wiram was promoted to Engraver/Restorer, where he restored and repaired worn or damaged printing plates.

On January 15, 1959, Mr. Wiram was promoted to Letter Engraver (Bank Note), a title later changed to Letter and Script Engraver (Bank Note). His duties included drawing and engraving, on steel dies or plates, script; black and shaded face lettering (Gothic, Old English, Roman, etc.); lathe work; and designs of various types used in the production of currency, stamps, and other government securities. Mr. Wiram learned, through his many years of apprenticeship training and art school, to employ a craft and style designed to prevent counterfeiting. Mr. Wiram spent most of his years as a Letter and Script Engraver (Bank Note) engraving White House invitations, currency, and stamps.

Mr. Wiram, recently widowed, has two sons, one of whom works at the Department of Labor. Mr. Wiram retired on March 3, 1993 after 56 years, 10 months, and 13 days of service to the Bureau of Engraving and Printing.

THE WHITE HOUSE
WASHINGTON

chlon

DATE: 4/30

NOTE FOR:

George S

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

Information ☐

Action ☒

*note request for
letter to the editor*

Thank you.

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

cc:



OFFICE OF THE VICE PRESIDENT
WASHINGTON

April 28, 1993

*We should do a
letter to the editor
on this signed by
Gibbons on the Golden*

MEMORANDUM FOR THE VICE PRESIDENT

FROM: Greg Simon

SUBJECT: President's questions regarding NASA and Space Shuttle funding

SUMMARY

The answers to the President's questions are as follows:

- **Are we cutting NASA too much?** No. We are cutting the rate of growth projected under the Bush budget, not the actual NASA baseline. The NASA budget continues to grow but with more focus, direction and improved management.
- **What is the rationale for shifting focus from human space exploration to technology development?** The Bush Administration proposed a Moon-Mars mission without ever proposing how to fund it or achieve it. The technology initiative supports shuttle safety, aerospace development and job growth to offset job loss from reduced space station funding.
- **Did the Administration direct NASA to cut space shuttle funding if the new Space Station design costs more than \$7 billion?** No. The design team was told to propose offsets in other NASA programs for all space station costs over seven billion dollars. The shuttle was not singled out for cuts by the Administration.

DISCUSSION

Are we cutting NASA too much? The NASA FY ' 94 budget is a 7% increase over the FY ' 93 budget. The aeronautics portion received an 18% increase; space technology received a 9% increase. Over five years we are cutting \$15 billion from the proposed growth under the Bush budget, not the underlying baseline. We are still achieving significant growth each year.

NASA itself, through Goldin's "red and blue teams" found and proposed savings of \$23.8 billion over five years, then added back new technology investments of \$8.1 billion to reach the net savings of \$15 billion. In addition to the space station, NASA is cutting space shuttle operations and production by 15% -- a level considered by NASA 's safety office to be safe and achievable. They are also cutting back on construction, personnel (through attrition), space nuclear power reactors, the current National Launch System and the Moon-Mars mission.

The technology investments increase shuttle safety through development of a more reliable main engine, avionics upgrades and the ASRM. They also focus on small earth probes for global environmental monitoring, technology research institutes, robotics technology, and aeronautics technology. These investments add to our civilian technology program and help prevent job loss from space station funding reductions.

What is the rationale for shifting focus from human space exploration to technology development? The Bush Administration proposed a Moon-Mars mission without ever proposing how to fund it or achieve it. In addition, NASA has neither the understanding of the effects of space on humans nor the technological base (robots, launch vehicles) to achieve such a mission this decade. The cost of pursuing the Moon-Mars initiative now would overwhelm the science, technology and aeronautics programs that should be at NASA's core.

Did the Administration direct NASA to cut space shuttle funding if the new Space Station design costs more than \$7 billion? No. The Administration gave the design team three possible cost scenarios -- 5, 7, or 9 billion dollars over five years. The nine billion dollar figure was added to address Congressional concerns that a revised FREEDOM design should be considered. However, because a nine billion dollar station design would prevent funding of our new technology initiatives, the design team was told to propose offsets in other NASA programs for all space station costs over seven billion dollars to protect those new investments. The shuttle was not singled out for cuts by the Administration.

Cutbacks and Glitches: Signs of

A-1

By Kathy Sawyer
Washington Post Staff Writer

Exploring Mars is out, for now. So is returning to the moon. The space station is in purgatory. For astronauts of the present and near-future, the only sure thing is a shuttle ride.

And now the winged spaceplane, too, is under constant fire, dodging a hail of political, technical and budgetary bullets on its way to orbit. As the country's sole means of sending people into space, its grounding by accident or policy would halt the nation's 30-year experiment in human space flight.

"There is a clear and present danger that the space age is over," said space policy analyst John Pike of the Federation of American Scientists. "The Russians have gone from communism under Gorbachev

to reform under Yeltsin, and yet they kept on flying. We go from Bush to Clinton, and the whole thing comes apart."

As if to accentuate the shuttle's fragility, after a remarkable record of on-time launches in 1992, this year two of the orbiters within a month suffered last-minute scrubs caused by technical glitches.

Then, on Wednesday, NASA technicians found a pair of eight-inch pliers wedged in an opening at the base of a solid-fuel rocket booster they recovered in the Atlantic. The booster had helped blast the shuttle Discovery to orbit the previous week.

And, sources said, angry NASA officials are investigating how a shuttle main engine got through inspections and a test firing and was poised to power Discovery

See SHUTTLE, A10, Col. 1

Burnout for the Space Shuttle?

THE WASHINGTON POST

MONDAY, APRIL 19, 1993

THE PRESIDENT HAS SEEN 4/27

To VP
on way cutting too much?
B

1/2

Budget Cuts, Technical Glitches Cloud Future of the Space Shuttle

SHUTTLE, From A1

to orbit earlier this year even though it was missing a part.

As if all this were not enough, last month a panel of independent safety advisers quietly called for redesign of a shuttle booster joint because of signs of possible weakness around an O-ring seal. NASA managers said they are reviewing the matter. But it served, if nothing else, as a chilling reminder of the 1986 explosion of the shuttle Challenger. That was caused by a leak of hot gas resulting from poor design in a booster joint at a time when the program was under budgetary and political pressure.

Administration officials maintain that, far from ending the space age, they are taking difficult but vital steps to make the space program, including the shuttle, more affordable and relevant to changing national needs.

The White House has directed NASA to cut its total spending by about \$15 billion over the next five years—the equivalent of one year's budget—and to shift the remainder from expensive, long-term human space spectacles, such as the planned space station, toward robotic science and development of new technologies.

The shuttle's high cost remains its greatest problem. Although it is a technological wonder, a series of official reports has deemed it a failure in its original goal of making space flight routine and economical. They recommend development of a more efficient way of getting people and cargo into space. Then, the argument goes, more people would come up with reasons for going there, and cargo to send there. But developing such a system would cost additional billions of dollars and could not be operational for a decade or more.

The Clinton budget issued April 8 calls for a \$3.8 billion reduction in the previously planned space shuttle budget of \$22.8 billion for 1993 through 1998. Added to re-

ductions already made by NASA since 1992, that would amount to a total cut of at least 24 percent in shuttle spending through 1998, according to NASA official David Bates.

NASA Administrator Daniel S. Goldin said the cuts will not affect shuttle safety but could even enhance it by making the system more efficient. Referring to the program's approximately 30,000 employees, he said, "You don't need tens of thousands of people to guarantee safety." He noted that \$600 million is being invested especially to upgrade the shuttle and make it safer.

The shuttle also faces a possible problem of being underemployed. Building the space station was supposed to be its main task for the late 1990s. But NASA is engaged in a crash program to redesign the station by June 7, and one of the White House mandates is to reduce the number of required shuttle flights.

Sources said the shuttle budget could be in for further reduction on the space station's behalf. They said the White House has told Goldin that any costs above the White House-approved "half price" for the space station (about \$7 billion over the next five years) can be taken from shuttle operations or a related program to upgrade the shuttles' solid rocket boosters.

Goldin said he has not yet ordered such a transfer of funds.

Shuttle costs are a controversial topic not only because of the amounts, but because of the varying methods used to arrive at them. Depending on the method, the estimated cost of each shuttle flight ranges from \$44.4 million to about \$1.7 billion, according to NASA, congressional and independent analysts.

The \$44 million represents the "marginal costs" to NASA each time a shuttle flies, and includes consumables such as propellant. Put another way, this is the amount NASA saves by not launching a shuttle. A January report by the General Accounting



DANIEL S. GOLDIN

... says cuts will not reduce shuttle's safety

Office, the congressional watchdog agency, said this figure is appropriate for occasional users of the shuttle.

But GAO took issue with NASA's use of that figure in estimations of how much the construction of the space station will cost. It recommended instead that, because the space station was to be the "predominant user" of shuttle services in fiscal years 1997 to 1999, it should be allocated a proportionate share of the shuttle's fixed operating costs.

Left out of the \$44 million figure are fixed costs such as those for the standing army of at least 27,000 contractor employees and 3,000 NASA civil servants who build and test hardware and software, service and launch the shuttles.

The agency takes these costs under the program's operating budget for the year,

plus the costs of its space communications network, and divides by the number of flights that year to produce an "average cost per flight." For 1993, that figure is \$413.5 million, according to NASA. By this method, the more the shuttle flies, the cheaper each flight is.

But the report noted that this figure does not include the money invested in the 1970s to develop the shuttle technology, or the cost of constructing and upgrading hangars and other government facilities, or to improve boosters and other hardware.

A researcher at the University of Colorado, Roger A. Pielke Jr., took the comprehensive approach. He totaled all the costs ever spent on the program, including research and development in the 1970s, and divided by the number of missions to produce a figure of \$1.7 billion per flight. However, a congressional analyst who follows space issues noted that the study inflated the 1970s research dollars into today's dollars, making the program sound more expensive. On the other hand, the analyst said, the study left out certain "infrastructure" expenses such as NASA engineering labs that work part time on shuttle-related matters.

Shuttle director Leonard Nicholson of Johnson Space Center said that under the current cost-cutting effort, with increased efficiencies, "I absolutely believe we'll be able to make the shuttle as cost-efficient as any launcher people will compare us to." He said that by fiscal 1996, he expects the "average cost per flight" to be down from \$400 million to \$300 million.

Since the Challenger accident, NASA has redesigned its flawed boosters and flown 29 missions. Nine of the last 12 have launched on the appointed day, officials note. Nicholson said that despite the recent spate of publicized technical problems, "the number of problems on each flight has been steadily decreasing."

Because of new NASA studies, the the-

oretical probability that a shuttle will suffer a catastrophic accident has recently been revised to 1 in about 55 or 60, rather than the previous 1 in 78, according to congressional and other sources. But such estimates do not predict when an accident will happen.

And despite NASA's cautious approach, there are slip-ups. For example, Otto Goetz, manager of the shuttle main engine program at Marshall Space Flight Center, said there is an intense investigation underway to find out how Discovery's No. 3 engine passed inspections by contractor Rocketdyne and reached the launch pad even though it was missing a turbulence damper—a part designed to channel the flow of gases through the turbine blades.

The oversight was discovered by chance when the pumps were examined for unrelated reasons. Goetz said the engine could have worked without the part, "but I wouldn't want to fly long without it."

He said that, because of the successful record of the main engines, "there may have been some relaxation" of attention to detail. "This should serve to sharpen our minds."

NASA's Aerospace Safety Advisory Panel, in last month's report, as usual listed a number of concerns. Among them was the frequent appearance of "soot on the O-rings" of the shuttle's booster nozzle joint, indicating that hot gas was reaching them. "The possibility of heat effect or blowby at the primary seal... is sufficiently high to suggest the need for a redesign of this joint," the panel said. (This is not the joint that caused the Challenger explosion.)

NASA officials said the O-ring seal is doing its job, preventing escape of hot gas. But the design is such that the gas is not supposed to reach as far as it has. They plan to change the assembly process to prevent that, and they may yet decide to redesign the nozzle joint, Nicholson said. "That issue is not dead."

That's also a lot accurate?

2/2

20

THE WHITE HOUSE
WASHINGTON

chron

DATE: 4/30

NOTE FOR:

MAZK, Bob Rubin Howard

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

Information ☐

Action ☒

Howard —
I previously forwarded
to your shop for a reply.
will you follow up. Thanks

Thank you.

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

cc:



ELVIS LIVES

Deely / Bou

He's very strong
on this h B

HE SENT YOU THIS MEMO



098332 © RPP, Inc.

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COMMITTEE ON WAYS AND MEANS

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

April 27, 1993

JANICE MAYS, CHIEF COUNSEL AND STAFF DIRECTOR
CHARLES M. BRAIN, ASSISTANT STAFF DIRECTOR

PHILLIP D. MOSELEY, MINORITY CHIEF OF STAFF

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

Dear Mr. President:

Howard Paster has told me of your concern that corporate and individual rates both be increased when the Committee on Ways and Means marks up your budget proposals. I once thought this as well, and write today to explain why I think it is no longer the case.

Mr. President, except for the symbolism of parity between the individual and corporate rates, there is no compelling reason for the two rates to be equal. In fact, for most of the history of the income tax system, the corporate rate has been lower, sometimes significantly, than the individual rate.

In addition, given the reforms enacted in the Tax Reform Act of 1986 and other recent legislation, past concerns about tax sheltering of income aren't as relevant and should not force us to increase corporate rates in tandem with individual rates. The taxation of corporate liquidations alone will keep corporations from liquidating large amounts of earnings without significant tax liability.

You may fear that a corporate tax rate lower than the individual rate would encourage earnings to be accumulated in corporations with the shares in the corporation sold (at a price reflecting the accumulated earnings) and the gain characterized as capital gains (and taxed at a lower rate than the maximum rate applied to ordinary income). In fact, taxpayers gain little advantage through earning income in a corporation when the maximum income tax rate on individuals is as much as 41 percent, so long as the tax rate applied to capital gain income is not lower than 28 percent. In addition, a troublesome feature of a 36-percent corporate tax rate is that it exacerbates the problem of double taxation. The attachment to this letter makes these arguments in greater detail.

The Honorable Bill Clinton
April 27, 1993
Page 2

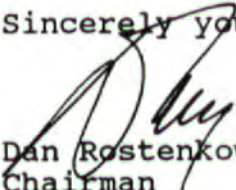
Many Members of my Committee feel strongly that the Tax Reform Act of 1986 helped improve the competitive position of all businesses by taking the tax code out of business decisions. By broadening the base and reducing the rate, we were able to leave business alone to make those economic decisions that were in the long-term best interest of the companies.

Mr. President, I want to help you pass this legislation. But, given the specific components of your revenue package, that may be difficult. I have listened to my Members and have concluded that a one-point increase in the corporate rate (rather than the two-point increase you originally proposed) will greatly improve our chances for passage. I believe that corporate America will rally behind the bill then, even though they still would carry a substantial portion of the burden, and a share that is similar to that which you proposed. After all, deficit reduction benefits them, too. An added benefit from broad corporate endorsement is that it would work to undercut the Republican efforts to defeat your package.

Without this change, Mr. President, I don't know where the political power comes from to get this bill through the Congress.

With warm regards, I am

Sincerely yours,



Dan Rostenkowski
Chairman

DR:jmj

Attachment

SUMMARY

Taxpayers gain little advantage through earning income in a corporation when the maximum income tax rate on individuals is as much as 41 percent, so long as the highest tax rate applied to capital gain income is not lower than 28 percent (as it is in the Administration's budget proposals). However, the benefit of corporate income tax rates being lower than the individual income tax rates could become significant if the top capital gains rate is reduced below the present law 28 percent. This would occur only if the Congress lowers the tax rate applied to capital gains generally. While some Members of the Committee may want to expand the capital gains incentive proposed for investment in new stock issues of small businesses, it is unlikely that any proposed expansions for small business would be sufficient to change this conclusion.

The benefit of accumulating earnings in corporate form can be thought of as deferring some portion of the second level, or individual level, of tax due on the inside buildup of income within the corporation. If the difference between the maximum corporate rate and the maximum individual income tax rate on ordinary income were only 2 percentage points (between 34 percent and 36 percent, as under the Administration's individual income tax rate proposal, before the high-income surtax is imposed), then it would take approximately 170 years before the benefits of deferral on a 10-percent pre-tax rate of return would equal the burden of the 28-percent capital gains tax imposed on the accumulated value of corporate stock.

If the difference between the maximum corporate rate and the maximum individual income tax rate increased to 7 percentage points (between 34 percent and 41 percent, as under the President's individual income tax rate proposal, after taking into account the high-income surtax and the limitation on itemized deductions), then the time to the break-even point would be reduced to approximately 55 years. However, if the income tax rate imposed on the ultimate capital gain was reduced below 28 percent, then the time to the break-even point would be reduced. These examples are even more generous than the Committee on Ways and Means is considering, since the proposal would be to increase the corporate rate to 35 percent, not to leave it at 34 percent. At a 35 percent corporate rate, it would take a longer period of time to reach the break-even point.

In addition, a troublesome feature of a 36-percent corporate tax rate is that it exacerbates the problem of double taxation. Corporate earnings distributed to shareholders as dividends are taxed twice -- once under the corporate income tax and again under the individual income tax. Under current law, this results in an effective tax rate on such earnings of 54 percent. The Administration's proposal to increase both income tax rates to 36 percent would raise that effective tax rate to 59 percent. Almost half of that increase is due to the 2-percentage-point increase in the corporate rate. Taking into account the 39.6 percent surtax, the effective rate would be as high as 61 percent. This rate is high, especially at a time when a goal is to encourage investment in productive economic activity.

THE WHITE HOUSE
WASHINGTON

chron

DATE: 4/30



NOTE FOR:

Bob Rubin

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

Information ☐

Action ☒

for reply

Thank you.

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

cc:



Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. note	From Thomas Caplan [partial] (1 page)	04/28/1993	b(6)

COLLECTION:

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

FOLDER TITLE:

April 25-30, 1993 [1]

2018-0662-S

rs3046

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
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- 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]

THOMAS MARK CAPLAN

28th April 1993

Dear Mr. President,

During a conversation I had with Fife last Sunday, he told me that his friend Dr. Shoichiro Toyoda, who is Chairman of the Board of the Toyota Motor Corporation, would very much appreciate the chance to meet and get acquainted with you at your convenience.

I promised Fife I would bring this to your attention and would be grateful if you would reply directly to him in Phoenix. He would be happy to coordinate any arrangements. His address and telephone are on the attached fax, as are Dr. Toyoda's. Fife's private office number is (b)(6) his home telephone is 602-952-1972.

With appreciation.

Yours,

Thomas Mark Caplan

~~Handwritten~~ Bob Rubin

How good in response
to the



STATE OF ARIZONA
EXECUTIVE OFFICE

FIFE SYMINGTON
Governor

FAX TRANSMITTAL

TO: Mr. Tom Caplan

FAX NO: 410-243-3721

FROM: Carol A. Henderson
Secretary to Governor Symington

DATE: Tuesday, April 27, 1993

RE: Address for Dr. Shoichiro Toyoda
Chairman of the Board
Toyota Motor Corporation
1, Toyota-Cho, Toyota City
aichi, 471, Japan

FAX - 011-81-565-23-58-61

TOTAL PAGES INCLUDING THIS ONE: 1

If you do not receive all pages or have a problem with receiving,
please call Carol Henderson at (602) 542-1374.
Facsimile Number: (602) 542-7601

CHRON

DATE: 4/30

NOTE FOR: Bob Rubin, Mark

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

Information ☐

Action ☒

Bob — will you do a reply?

THANKS

Thank you.

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

cc: Secretary Bantz

ELVIS LIVES

Mark / Bob Aubin
cc Sec. Burtson

- This guy has a point
about the cost / about
their suggestion
- I need a reply to both

HE SENT YOU THIS MEMO

BRACEY INSURANCE AGENCY, INC.

"IF YOU DON'T KNOW INSURANCE, KNOW YOUR AGENT"

420 PARK STREET, BLYTHEVILLE, ARKANSAS 72315

TELEPHONE: 763-7003

April 16, 1993

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

Dear President Clinton;

Enclosed is a letter from a very close friend and business client of "Bracey's" and mine. Jim is writing to you concerning the proposed surtax on incomes over \$250,000.

"Bracey" and I both agree with Jim's position on this matter, and hope that you will consider this proposal.

Jim Buchanan is President of a family owned grocery chain here in Arkansas and in Missouri. You may remember the Hays Store name from the many times they have helped us on Mansion projects here in Arkansas.

We find ourselves in the pleasant position of being a liaison for many people and presentations to both you and Hillary.

You have been in our thoughts and prayers for a long time, but especially during your time of bereavement. Our very best wishes to you both and to Chelsea.

Sincerely,

Anna Belle Bracey

Anna Belle Bracey

P.S. Jim is an honor graduate from
The Harvard Business School - and
is a friend of Jim Guy Tucker.

4-16-93

ANNA BELLE BRACEY

Encloses letter from Jim Buchanan (Pres of Hays Food Town grocery chain and friend of JGTucker. He writes re. the proposed surtax of incomes over \$250,000 which ropes in many small-medium Sub-S businesses with 1 - 3 owners. Suggests the following compromise:

"Allow a top rate of 36% on income from Subchapter S corporations where net property plant and equipment is greater than pre-tax earning."

bc
ASAP

*OK
Ley*

HAYS FOOD TOWN
115 SOUTH FALLS BLVD.
WYNNE, AR. 72396 (501) 238-2541

April 13, 1993

President William Clinton
White House
Washington D.C. 20515

Dear President Clinton:

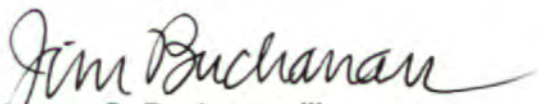
The proposed surtax on incomes over \$250,000 unfairly ropes in many small-medium Sub-S businesses with one-three owners. I would like to suggest the following compromise that would actually stimulate investment in these businesses:

"Allow a top rate of 36% on income from Subchapter-S corporations
where net property plant and equipment is greater than pre-tax earnings."

This differentiates Sub-S corporations who are investing and reinvesting vs. doctors, lawyers, and professional service corporations. It also gives an incentive to invest in America to keep the ratio right.

Our family has been in grocery retailing in Arkansas since 1935. We employ 250 people, and must reinvest hundreds to modernize and meet CFC requirements. Now Wal-Mart wants to repeat what they did to Main St. in groceries. Don't make us pay 10-20% more tax than they do!

Respectfully Submitted,


James C. Buchanan III
President

THE WHITE HOUSE
WASHINGTON

Chron

DATE: 4/30

NOTE FOR: *MAEK*

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

Information ☐

Action ☒

Do you want to forward?

Thank you.

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

cc:

THE WHITE HOUSE
WASHINGTON



Rec'd

Worth seeing
that w/ GS, put w/
Bentzen -



THE WHITE HOUSE
WASHINGTON

April 28, 1993

MR. PRESIDENT:

Attached are some items Mack asked me to bring to your attention. Note that the letter from John Sculley of April 26 predicts the letter from Chairman Rostenkowski of April 27. Pretty good.

I have sent a copy of the Rostenkowski letter to Howard* for a response.



John Podesta

* and Bob Rubin



Office of the
Chairman and CEO

April 26, 1993

Mr. Thomas "Mac" McLarty
Chief of Staff
The White House
Washington, DC 20500

Response — Done
(1) Howard
(2) Geo S
(3) Bob B
(4) Potus / file
(5) Roy ✓

Dear Mac,

Thanks for finding time in your very busy schedule to meet with me. Hillary had suggested that we should get to know one another better and I have looked forward to the opportunity.

I mentioned to you that I was concerned that the President seems to have lost his laser focus on the economy. The perception is that the media appears to be setting your agenda, with the President constantly thrown on the defensive rather than driving a few major themes of his own. Since we met in your office, many CEOs have talked with me, and the news is not good. **The President's support in the business community hasn't just slipped, it's virtually collapsed!**

Here's the problem in a nut shell. Most business leaders don't mind paying some higher taxes, both personally and corporately. CEOs also are not against a jobs creation package, which they view as really a targeted steam release mechanism for urban areas but with minimal economic stimulus value. The real problem is the speculation that this Administration is just not really serious about substantial deficit reduction in advance of new spending and tax increases and the parallel perception of an increasingly anti-business attitude. The result is that the Administration is playing right into the hands of the Republicans, and I believe this will make it even harder to get major health reform through because business leaders will not be the ally they could have been.

Page 2

Mr. Thomas "Mac" McLarty

April 26, 1993

The President's early message that deficit reduction would be a top priority helped encourage the Federal Reserve to drop interest rates, which was viewed by CEO's as a very positive economic stimulus. The fear now is, the President will propose even more taxes without serious near term spending cuts, and this will lead to a slow down or stalling of the modest recovery. No one I know seriously would want to see Ross Perot become President, but there is little doubt that he is well-positioned to seize the moment of this Administration's vulnerability and drive the message home that voters thought they were voting for the end of gridlock, meaningful change, and progress towards competence in government - and they are not getting it.

CEOs who were real admirers of the President's tremendous intellect just a few months ago are beating a path to Congress because they believe that they will have a much better chance of getting pro-growth policies on the Hill.

I want to give you and the President a "heads up" on some lobbying (led by John Young and 7 other CEOs) that is going on with Dan Rostenkowski. These CEOs are a subset of a CEO group that worked with Rostenkowski back in 1986 to help him get the 1986 Tax Reform Act through the House. Rostenkowski has been very cool to the President's package because he sees it as an unraveling of the Tax Reform that he worked so hard to enact.

Rostenkowski asked the CEOs if they would recruit other CEOs and ACTIVELY support the tax package if it had the following amendments:

1. Only raise the Corporate Rate by 1%, not 2%. —
2. Eliminate the Clinton ITC proposal. —
3. Eliminate the Deferral and Royalties provisions. —

All the CEOs agreed to the proposed deal. CEOs who I have talked with consider these amendments very positive changes. I would imagine that Rostenkowski will float these ideas with the Administration sometime soon.

Page 3

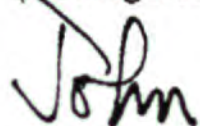
Mr. Thomas "Mac" McLarty

April 26, 1993

I believe in the need for systemic change and fairness that President Clinton so eloquently presented to the nation in his State of the Union Address. But the vision has blurred in its implementation with the perception that the President is trying to satisfy too many different constituencies in his Administration.

In the world of high technology, a CEO only succeeds when there is one team, united behind one clear agenda and very few, easily communicated, compelling themes that everyone can understand. I remain totally convinced that President Clinton really wants to do what's right for America. I hope the President will quickly regain his stride and know that he can count on me and others like me to be helpful where we can.

Best regards,



John Sculley

JS/mpb

THE WHITE HOUSE
WASHINGTON

Chron

DATE: 4/30



NOTE FOR: *Metc*

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:

ELVIS LIVES

Maell

Then it worth reading
tho he copy a bit too
much —

B

HE SENT YOU THIS MEMO

636332 © RPP, Inc.

Mr. President
As always,
Bar Luyman
has some
good ideas —

MEMORANDUM

To: President Bill Clinton

Dated: April 29, 1993

From: Bob Raymar

Re: The First 100 Days, and the Future

At Blair House, you invited me to resume sending you memoranda critiquing your team's performance, as I regularly did during the campaign. In preparing this frank assessment, I have incorporated the thoughts of experienced friends whose judgment and loyalty have proven themselves over the past 18 months, and who had contributed to my earlier campaign memoranda.

Introduction

The affection the American people have for you and Hillary, and their belief in you and in your genuine commitment to change, could be lost through too many missteps. Your press has turned negative, not so much on television where you can speak directly to the people, but in columns and editorials. Instead of the clamor heard in New Hampshire, we read a more insidious and perhaps more dangerous disappointment and growing skepticism about your Administration's stature and true commitment to change in the face of the real problems of governing, and about the Administration's competence. There also appears to be growing suspicion that many of the people around you are "spinning" much of what the press is told.

Fortunately, the press respects your intelligence, basic instincts, resilience, and determination, and silently recalls its error in writing you off last spring. Consequently, notwithstanding the written press' disappointment and skepticism, I also read its hope and expectation that the Administration will strengthen itself and will redirect its efforts to the priorities and values that made you President.

You have accomplished much in a short time. The reversal of President Bush's anti-women's/abortion rights policies, the enactment of the Family Leave Act, the early adoption of the budget resolution, and the introduction of women into combat arms, are but several examples. You have recently begun to emphasize the changes your Administration has accomplished, and the victories that have been achieved. You and your Secretaries should continue to do so, forcefully. My charge, however was to surface the factors that I believe are undermining successes and causing failures. To that end, I have identified certain themes, recognizing how difficult it is to perform a timely, accurate analysis from outside the Administration. I present specific cases to make broader points of continuing utility.

1. The Administration's actions appear to lack commitment to principle and to "change".

During the campaign, you convinced voters that you are principled and tough, willing to fight for your beliefs, and able to prevail over serious adversity. However, that is not the public impression this Administration is creating. Last April, I observed that:

"We often judge someone in public life by the fights they take on (or seem to take on) or the fights they avoid.... You should look for a defining event(s) on which to take a clear action demonstrating unequivocally the depth of your beliefs on one great issue or another."¹

It is essential now to reinforce the public's confidence that you possess the character and stature to emerge from the Administration's initiation period with an increased ability to govern effectively.

¹Richard C. Leone, as quoted in my memorandum to you of April 22, 1992.

The Administration's quick withdrawal on numerous matters in the face of opposition has caused supporters to question whether there are core principles, core issues for which you will fight. Administrative difficulties and caution in the face of opposition have apparently caused many campaign promises to be abandoned, or to be fulfilled only in small part. The Administration has also generally failed to manifest its campaign commitment to "change": change in the economy, change on social issues, change on environmental issues, change in foreign policy, change in America's spirit. All too often, we have witnessed continuation of the status quo.

For example, Secretary Babbitt presented a thoughtful, fiscally prudent plan to conserve natural resources and make commercial interests pay fairly for depleting those resources, a significant change from past practices. He and the changes were then quickly abandoned, without public discussion or any fight, when a few Western Senators objected.

As another example, it was inconsistent for a President and an Administration committed to a change from politics as usual and to greater integrity in the administration of justice, to demand the prompt resignations of all United States Attorneys. Merit was made to appear irrelevant, even though you believe just the opposite. The existence of worthy replacements was irrelevant. The absence of any confirmed subcabinet officials at Justice, and of any subcabinet nominees but three, made the announcement appear especially political. Then the decision was promptly rescinded in the face of overwhelming criticism. Questions damaging to the Administration's reputation and strength resulted, such as: Was the demand ill-conceived, and inadequately staffed out? Were the political implications or the damage to your image as an agent for change ever considered? Is the Administration willing and able to abandon an initiative immediately in the face of opposition?

Most recently, The New York Times wrote about economic and administrative objections from certain Secretaries opposed to key

environmental initiatives that you and the Vice President had promised during the campaign. The *Times* editorially questioned whether you had the guts to fulfill your promises. It turned out that you did, but the objections and the editorial did you no good. Unfortunately, Cabinet Secretaries, like the public, may have become uncertain about which principles and campaign promises are worth a fight. You might consider making it clearer that Secretaries must whip their departments into a creative, committed, "can do" mode, especially on matters of importance to the integrity of your pledge to produce change out of gridlock.¹

Insufficient commitment to principle is also perceived in the area of foreign affairs. The retreat on the Haitians, while perhaps necessary, was damaging. Much more critical to your future is Bosnia. Immediately after President Bush "won" the Gulf War, the visuals of Kurdish suffering juxtaposed with the absence of American principle, resolve or action, seriously undermined Bush's Presidency. Your Presidency is being eroded in the same way.² Fortunately, a reassessment appears to be under way, because to date your policy on the former Yugoslavia has been indistinguishable from Bush's, despite your effective campaign denunciations of that policy.⁴ You should also recall

²Certain Secretaries did not appear to be effective or even supportive of your initiatives on gays in the military, or on the economic stimulus package.

³Americans generally believe that our country should set an example to the world; that our country stands for principle more than other countries; that as a great and wealthy power, we have an obligation to safeguard other people from hatred, parochialism, and slaughter. It was that strain in America, by no means unanimous, that sent the American Expeditionary Force to Europe, generated Lend-Lease, the Marshall Plan, the Peace Corps, allowed human rights to dominate Carter foreign policy, and sent us to Kuwait and Somalia.

⁴Bosnia does not inevitably have to become Vietnam if we exercise some real power now. We cannot be immobilized by our refusal to fight a land war in Yugoslavia; there are alternatives. Whether it is by air power's turning out the lights or guns of Serbia, or by arming the Bosnians, or by really blockading Serbia, doing something productive does not mean we are committed to doing everything. I believe that the Administration should act now, alone if necessary, and lead the

environmental initiatives that you and the Vice President had promised during the campaign. The Times editorially questioned whether you had the guts to fulfill your promises. It turned out that you did, but the objections and the editorial did you no good. Unfortunately, Cabinet Secretaries, like the public, may have become uncertain about which principles and campaign promises are worth a fight. You might consider making it clearer that Secretaries must whip their departments into a creative, committed, "can do" mode, especially on matters of importance to the integrity of your pledge to produce change out of gridlock.²

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history's condemnation of President Roosevelt for the tactical considerations and lack of compassion that kept him from bombing the rail lines and ovens of Hitler's death camps.

Whether the issue is the discharge of U.S. Attorneys, or environmental initiatives, or American policy in Bosnia, or others, it is essential for principle and change to triumph more often over inertia and caution. Such triumphs will emphasize your commitment, character and stature, and thereby help refocus the Administration's path.

2. The Administration's priorities are unclear, and its political calculations and equilibrium are unsound.

The Administration's priorities have become unclear, and essential political judgments appear to be insufficiently considered. Despite the extraordinary demands of issues, officials, the public, and the press, the Administration needs to be more rigorous in setting priorities, focusing upon them, analyzing in advance how to accomplish the initiatives, and then pursuing the steps that lead to success.

Your campaign had two main agenda and constituencies, which the press often set up in competition with one another: the more left-oriented social agenda, and the more centrist economic agenda. On each agenda, you promised change. However, during

Europeans. In developing a new policy, it may be useful to focus on the following limited objectives: (a) inflicting sufficient pain on Serbia to produce a negotiated settlement; (b) leveling the playing field so that at worst, the combatants can fight on a more equal footing to a negotiated settlement; (c) making it too costly for the Serbs to continue attacking and abusing civilian populations; (d) withholding ground forces now, and committing them later only as a last resort to safeguard civilians, and then only as part of a significant multinational force; and (e) bringing war criminals to justice. Otherwise, our policy will continue to be unproductive and inconsistent with American ideals, and friends and foes alike will continue to question America's resolve. I recognize that I am urging you to take a great risk, but believe that present policy already entails a great, though different, risk.

the campaign you focused on the agenda that mattered most to the voters: "the economy, stupid". It is now much more difficult, but no less important, to stay focused. From the day the gays in the military issue blindsided you, the social agenda -- much of it unpopular with many Members of Congress and voters, despite its intellectual and legal merit -- has overwhelmed the economic agenda.⁵ However, until the restructuring of the economy is well under way, it is essential to return this Administration's focus to the domestic economic agenda that earned it the presidency.

The Administration has not made its case for its economic agenda. Early Congressional victories on the budget were never fully understood (since they were part of a complex, multi-step budget process), and your well-received economic message to Congress has been forgotten. The outcome of the jobs/economic stimulus package in the U.S. Senate is ominous. Republican Senators were underestimated. There was an apparent failure to take a disciplined political look at each component of the package in order to eliminate weak links, which made Senator Dole's job easier.⁶ Compromise was rejected until too late because votes were not counted accurately. The public was never mobilized effectively; there was no long-term, coordinated public offensive to portray Senator Dole and his followers as being overly-partisan, petty, and complacent as to the continuing threat to our economy. Surprisingly absent was any linking of Dole's position with the failed, rejected policies of the Bush Administration.

⁵Gay issues cannot be allowed to be so dominant. While you must not be perceived as backing down from the merits, this issue is not the Nation's most important one. Secretaries Shalala, Reno or Reich should assume primary responsibility for gay issues, and for explaining their importance to unthinking or discriminatory members of the public.

⁶The public also appears to be more committed to deficit reduction, and less committed to economic stimuli, than it was several months ago. Perhaps your economic initiatives should be modified in order to accommodate that change in the public's desires, and to co-opt much of the Republican rhetoric.

Republican Members of Congress have traditionally been more united, more blatantly partisan, and more willing to accept public criticism for parochial stands than the Democrats. Usually, however, a few can be persuaded with an astutely constructed and marketed program, especially if they are genuinely consulted ahead of time. That reality should produce greater early effort, more flexibility and creativity, and more involvement of the public at large, in order to attract Republican Members of Congress to your initiatives hereafter.

Another type of misstep that has created doubt about the soundness of the Administrations' political mechanisms, is the inconsistency of message on specific matters of importance. On gays in the military, trade policy, the economic stimulus package, and most recently on the timing of the health care package, for example, respected members of the Administration have repeatedly delivered contrasting messages. This confusion not only debilitates the effort to market your initiatives and destroys the Administration's focus, it also engenders doubt about the strength of the Administration's commitment to its initiatives. It is as important now as it was during the campaign to maintain tight discipline over the Administration's message, and to insist that all members of the Administration are actively supporting your initiatives and delivering a consistent message.

As a result of this lack of focus on priorities, lack of rigorous preliminary analysis, confusion over message, and/or lack of sound political planning, The White House often appears to be on a limb of uncertain strength, with little preliminary groundwork or political support. It is obvious that there is more to selling any initiative than simply announcing it, and that the legislative process is a lengthy game of chess. Unfortunately, the Administration has often appeared not to have thought many moves ahead, and appeared to have been unprepared to make subsequent moves needed to achieve success. It is essential to make more certain that the politics of your Administration's initiatives and of its responses to events are consistent with

your principles and overall objectives, and that the critical players are lined up, immobilized, or at least fully consulted, before The White House speaks. It is also essential that the Administration be prepared to persist with such initiatives as it chooses to start.

3. You are suffering the effects of excessive delays in the personnel appointments process.

The Administration is dangerously thin in the critical departments. Delays in the appointments process are depriving you of the talents and skills of numerous qualified candidates. The gags in the military issue hit you before The White House was ready. The Waco tragedy befell an inexperienced, inadequately staffed Attorney General. Secretary Aspin presented essentially President Bush's defense budget because, as he acknowledged to the press, he lacked the staff and time to develop his own.⁷ The unexpected is now waiting to happen at State, Defense, Energy, and elsewhere.

It is not possible to run the government effectively with so many critical positions either entirely unfilled, or staffed with unconfirmed designees who lack legal authority, and without adequate staff work to flesh out the facts, options, costs and benefits of action or inaction. Nor is it possible to prepare new budgets and implement campaign promises and other initiatives with so few office holders committed to you and your ideals. When crises occur, you cannot rely upon the judgment of officials on the way out of the government, but only on the judgment of those whom you have appointed or who have been retained on the basis of merit, who have a personal commitment to and stake in

⁷It was inconsistent with your goals and counterproductive for Aspin to say in effect that \$30-\$50 billion can be wasted, especially at a time when you are asking Americans to sacrifice and to pay higher taxes in order to reduce the deficit. If you foresees an effort in the Congress to pare the defense budget, as I do, then instead of suffering such a defeat, you should have Secretary Aspin anticipate the cuts and submit a revised, more foreword-looking defense budget now that he has staff in place.

your Administration's well-being and success. Countless critical realms are in periods of transition, and present dangers to decision-makers who are forced to, but should not, rely upon the facts and analyses of holdover subordinates. This thinness of your Administration may have been a critical failure in Waco.¹

It is essential to do whatever remains necessary to put critical personnel decisions behind you quickly by filling the remaining positions at or above the Assistant Secretary level.

4. Your Administration is not organized to maximize your and Hillary's ability to focus on core principles and issues.

X You, and especially Hillary, are doing too much, attending too many "gang" events, not going to enough dinners of eight old, trusted friends or less, and not giving yourselves sufficient time to relax and reflect. You and Hillary cannot operate at the level required by the issues facing you, while you are at the point of exhaustion, and are deprived of the ability to analyze and reflect clearly. Sooner or later exhaustion always interferes with sound judgment, and begets error. Over your entire career, and especially during the presidential campaign, you and Hillary proved yourselves to have the best minds, judgment, and sense of tactics and strategy of your entire team. Many of the errors of the first 100 days might have been avoided

¹Although poll results show the public to be satisfied with the handling of Waco, and even to be unconcerned about the result, the decision-making process was certainly flawed. What seems painfully apparent to an outsider is that only the FBI's fatigue and impatience drove it to urge the AG to do something more than to ring the compound with barbed wire and to wait. Nothing else that has since been said to the public makes any sense. The FBI appears to have taken advantage of an inexperienced AG, just as the ATF may have taken advantage of an inexperienced and thinly staffed Treasury Secretary initially. It is apparent that the AG's mention of peril to children in answer to your penetrating question -- why do we have to act now? -- was driven by an honest belief, totally mistaken, that delay imperilled the children more than action. Bad facts -- i.e. bad staff work and a natural, but dangerous, willingness to rely on so-called experts without cross-examining them rigorously -- led to a bad decision with tragic consequences.

had either or both of you been less overwhelmed and exhausted, and more able to analyze critical issues requiring decision in a more focused way.

The demands upon the President are far more extensive than those upon a presidential candidate, the stakes are far higher, and the timing is much less your own. However, the Administration does not yet appear to have accommodated itself to this reality, in part because it is so thinly staffed that decisions which should be staffed out and made in the departments, are apparently being staffed out and made in The White House.

Moreover, it appears that foreign policy issues have consumed considerable White House attention, contrary to your expectations and intentions. One reason for your election was President Bush's excessive attention to foreign policy, and disengagement from domestic matters. The reality is that foreign policy issues will continue to be very intrusive, so you need to develop a strategy to accommodate that reality, with the goal of paying more attention to what you consider most important, which may or may not be domestic matters. Whether or not Bosnia or the former Soviet Union moves off of the front page, you may be able to rely more in public upon the Secretaries of State, Defense and Treasury on foreign policy matters, while you yourself undertake more of the domestic policy agenda. You need to decide how to keep foreign policy from consuming too much of your time and attention. Otherwise, you should rigorously decide that your presidency will be evaluated by the same criteria as President Bush's, and structure your handling of the domestic agenda so that you avoid Bush's fate.

5. You need to reach outside of the government to persons on whom you can rely for timely, honest, principled, experienced, wise assessments of tactics, strategies, failures and triumphs.

Like other Presidents, you should look outside of the hierarchy of government to knowledgeable, established, experienced and trustworthy persons, whose agenda is the well-being of the

President and the Nation, who will not withhold truth from the President, and whose judgment is penetrating and wise. Critical matters and your proposed actions should be "bounced off" this group in advance of your making an irretrievable decision. However, it appears that no such confidants now exist. During the campaign, Hillary, Mack McLarty, Bruce Lindsey, Stan Greenberg and James Carville played this role to varying degrees.⁹ Now, these confidants -- especially Hillary -- have been given important defined spheres of day-to-day administrative and/or policy responsibility of their own, or are focused on political contests elsewhere. They are no longer as available to reflect upon the wisdom of overall principles, tactics, strategy, visual impressions, political ramifications.

Many of the missteps that the press has highlighted appear to have resulted from the inevitable insulating and isolating process of any administration, and the absence of any confidants whom you may call for that last piece of honestly delivered, independent, critical wisdom, or who called you out of loyalty and honesty with a timely warning to turn the unturned stone, or to wait, or to act. You need to develop a person or a cadre to play this timely, trusted, critical role, and you must tell them (and Nancy Bernreih) that you are counting on them to play it. so that they will and can reach out to you when they need to do so. This person or cadre is particularly important now, while the Administration is so thinly staffed with persons known and loyal to you.

Moreover, at least one of your confidants -- usually Bruce -- was available at every campaign event to listen to, assimilate, convey, and act upon the thoughts and concerns of loyal supporters who were trying to communicate to you from outside of the campaign's cocoon. At many recent events, however, none of

⁹While Hillary is the best person to entrust with the health care portfolio, it may be that her inability to perform the inside minister-without-portfolio role is the key weakness now. However, you and Hillary should not change her role until the health care reform process is complete.

your confidants was available to make your excellent outreach efforts a two-way communication. You and Hillary are now unapproachable for anyone lacking the courage to speak frankly to you in public, and even for those few, the opportunity is infrequent and lasts only for a few seconds. Therefore, you and Hillary should have someone present at every event who is known to be responsible for inviting, receiving, conveying and acting upon comments from thoughtful members of the audience.

6. The Administration's desire for secrecy is a bad instinct.

On several occasions, this Administration appears to have opted for secrecy in an unnecessary and ultimately counterproductive way.

The Health Care Task Force's secrecy with regard to the identity of its participants, and to the subjects under consideration, is being received badly. It appears to the public (even though I am told that it is not true) that providers and others with detailed operational knowledge of the health care dispensing and paying process, have not been sufficiently involved in the formulation of the initiatives. Huge numbers of citizens -- physicians and laypersons alike -- are seriously concerned by the tidbits they hear of the health care structure, coverage, quality care, cost, and financing issues being considered. Aside from the value of more input in helping ensure that the initiatives will be practical and effective, greater input from health care practitioners is necessary in order to allay their fears and legitimize the process. As I mentioned to Hillary at Blair House, before presenting a completed package, it would be prudent to open up the process.¹⁰ Hillary should invite providers and the public to comment on a "work in progress", perhaps in a Health Care Summit patterned after the successful Little Rock Economic Summit. Hillary should then take as much time as

¹⁰The announcements that Republicans and physicians are being invited into the process were excellent and timely.

necessary to refine the initiatives and generate bipartisan support before their introduction in Congress.

The decision to withhold from Congress certain key recommendations of the ad hoc group that reexamined your policy in Bosnia was also disconcerting. As an equal branch, Congress should be acknowledged to have the same right to facts and recommendations as the Executive Branch does.

The Administration should recognize the press' fears about secrecy. Past administrations have given the press reasons to be suspicious, and therefore to be especially vigilant and aggressive in performing its function. Efforts to achieve secrecy are doomed to failure, as secrecy simply incites the press. These efforts create the wrong impression about the Administration, and are counterproductive because people who have a right to know are deprived of the information they need in order to make thoughtful decisions. Your Administration should demonstrate more self-confidence in the process, and in the results of its initiatives, by opting for openness and inclusion over secrecy and exclusivity, at every opportunity.

Conclusion

With hindsight, I have attempted to isolate several factors that are diminishing the effectiveness of your Administration, realizing that it is easier to articulate themes than to resolve them. I hope that by focusing on these themes, you and Hillary will be able to make more effective use of both of your unique intelligence, experience, principles, judgment and opportunities.

RSR/ams

cc: Honorable Hillary Rodham Clinton

THE WHITE HOUSE
WASHINGTON

chron

DATE: 4/30/93

TO: GEORGE STEPHANOPOULOS

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

The attached has been forwarded
to the President.

THE WHITE HOUSE

WASHINGTON

April 30, 1993 03:30 PM All: 50

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT E. RUBIN *Re*
ANTHONY LAKE *✓*

SUBJECT: Title VII Report Concerning Discrimination in
Foreign Government Procurement

Under Title VII of the 1988 Omnibus Trade and Competitiveness Act, USTR is required by April 30 to submit a report to Congress on the extent to which foreign countries discriminate against U.S. products or services in government procurement. Ambassador Kantor has forwarded a memorandum (Tab A) regarding the actions he intends to take in this regard.

USTR intends to "identify" Japan for discrimination in procurement of construction, architectural and engineering services and the European Community for discrimination in telecommunications. "Identification" requires that negotiations be initiated immediately to eliminate the discrimination and, absent resolution, sanctions be applied. The report will provide information on additional issues of concern with Japan, Australia and China.

USTR will also announce a special (section 306) review of Japan's adherence to the 1990 Supercomputer Agreement during the upcoming cycle of supercomputer procurements. If USTR finds that Japan is not in compliance with the Supercomputer Agreement, it will take action under section 301.

All U.S. agencies concur with these proposed actions.

Attachment
Tab A Kantor Memo on Title VII

cc: The Vice President
Chief of Staff

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

April 29, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: MICHAEL KANTOR *ky for MK*

SUBJECT: Decisions Regarding Action Against Discrimination
in Foreign Government Procurement

Tomorrow I intend to announce actions regarding discrimination against U.S. firms in foreign government procurement. These actions have been fully reviewed by the interagency Trade Policy Review Group and approved by all agencies.

Title VII Action

Title VII of the 1988 Omnibus Trade and Competitiveness Act requires submission, by April 30, of an annual report to the Congress on the extent to which foreign countries discriminate against U.S. products or services in government procurement. "Identification" of a country under the statute requires that negotiations be initiated immediately to eliminate the discrimination and, absent resolution, sanctions be applied, subject to your discretion to modify or restrict sanctions in the public interest. All TPRG member agencies agreed that:

- One country should be **identified** under the statute:
 - Japan, for discrimination in procurements of construction, architectural and engineering services;
- The **identification** of the European Community should continue:
 - We will terminate the identification of the EC in the heavy electrical sector once the EC Council of Ministers approves the agreement Sir Leon Brittan and I negotiated; the identification of the telecommunications sector will continue; and
- **Information** should be provided in the Report on:
 - Japan, for continuing U.S. concerns in the supercomputer, computer and telecom areas;
 - Australia, for continuing concerns about procurements of information systems technology; and
 - China, for non-transparent and discriminatory procurement practices; and

- We monitor those countries which have trade or economic agreements with the EC that require or may require implementation of the discriminatory provisions of the Utilities Directive in those countries.

Section 306 Action

I will also announce that we are gravely concerned that the Government of Japan may not be adhering to the terms of the 1990 Supercomputer Agreement. Over the coming months, Japanese government agencies are expected to procure a number of supercomputers. During this period, pursuant to section 306 of the Trade Act of 1974, USTR will undertake a special review of Japanese Government actions under the Supercomputer Agreement thus far and will closely scrutinize each of the upcoming procurements. Based upon this review and the conduct and outcome of these procurements, USTR will determine whether or not Japan is in compliance with the terms of the Agreement. If USTR finds that Japan is not in compliance, we will take action against Japan under section 301.

FURTHER INFORMATION REQUIRED ?

YES _____

NO _____

THE WHITE HOUSE
WASHINGTON

Chrow

DATE: 4/30/93



TO: HOWARD PASTER

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

For your information.



Memorandum for The President
From: Howard Paster
Date: April 29, 1993
Subject: Rescission vote

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN

4

The House has passed the expedited rescission bill.

It is quite important that you call Speaker Foley and Charlie Stenholm today to congratulate them on an impressive victory on which they both expended enormous amounts of energy. You may rightly say the Administration was delighted to play a supporting role since a number of us were making calls during the day.

Handwritten signature: H. Paster

THE WHITE HOUSE
WASHINGTON
VOTES ON FINAL PASSAGE OF H.R. 1578

	AYES	NOES	PRES	NV
DEMOCRATIC	174	70		12
REPUBLICAN	84	86		5
OTHER		1		
TOTAL	258	157		17



THE CHAIRMAN

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON, D.C. 20500

April 27, 1993 22 29 P6:47

MEMORANDUM FOR THE PRESIDENT

FROM: LAURA TYSON *LT*

SUBJECT: Comments on the M2 Velocity Puzzle

While the current increase in the velocity of M2 in an environment of declining interest rates is unusual, major shifts in velocity have occurred intermittently in the past, resulting in periodic revisions in the Fed's operating targets. Now as then, there is no simple explanation for the shift in velocity's trend. However, the changing role of banks in the financial marketplace in recent years is likely to be a key factor.

In the last few years, total bank assets have grown below their historical trend, and the proportion of funds devoted to commercial lending has decreased relative to security holdings. With this decline in bank assets has come a decline in the growth of the deposits comprising M2.

Deposits have declined in response to both bank and depositor behavior. Banks are not actively pursuing deposits as evidenced by the relatively low interest rates offered on bank certificates of deposit. At the same time, the growth of various types of mutual funds (money market, stock, and bond) has attracted investors who in the past might have left their money in a savings account. In fact, the banks are marketing these new financial instruments to their customers.

Since velocity is the ratio of GDP to M2, if savings deposits grow more slowly than GDP, velocity by definition increases. Should this be a cause for concern?

Traditionally a slowdown in money growth was a troubling sign because banks were the main source of capital for the private sector. However, the mutual funds and other financial institutions that are drawing a growing fraction of investor dollars also provide a large amount of business capital. This provides an explanation for why investment activity has continued to recover even while M2 growth slowed.

Although the reduction in M2 growth is not an obvious threat to the recovery, there are still reasons for concern:

The Fed's monetary policy will continue to have a major impact on the economy via its affect on credit availability, interest rates and inflation. The breakdown in the relationship between velocity and other economic variables makes it more difficult for the Fed to set an effective policy and to evaluate its effects.

There is still considerable debate about the reasons for the relative decline in bank lending and what, if anything, should be changed. These questions have potentially important implications for small business and for the competitiveness of U.S. banks and financial institutions. The Treasury's initiatives to address the credit crunch are promising first steps.

cc: The Vice President
Bob Rubin
Leon Panetta

The Fed Ponders a Puzzle: Whose Money Fueled Recovery?

By John M. Berry
Washington Post Staff Writer

Something strange happened in 1992 that altered the usual relationships between the supply of money in the American banking system and changes in the economy, and economists at the Federal Reserve are still trying to sort out the puzzle.

The chart at right shows how different things were last year. Contrary to what has occurred in the past, the growth of the most closely watched measure of the money supply, known as M2, seemed to slow down as interest rates declined, rather than speed up. But despite this apparent monetary shortage, the economic recovery accelerated.

Economists had expected something quite different.

TRENDLINES, From C1

put less. Bank rates were so low that many investors sought other places, such as bond and stock mutual funds, that paid a higher return. The economy was still getting the money it needed to finance an accelerating recovery, but it was not being channeled through the banking system.

The result, in short, was that the economy was growing a lot faster last year than the money supply. What happened, in economic terms, was that the "velocity" of money increased. The label is appropriate because, in a real sense, it is a measure of how often each dollar gets used.

Last year, with the money supply increasing very slowly and current-dollar gross domestic product, the measure of the nation's output, rising more rapidly, the velocity of money rose significantly in the face of declining interest rates. The diverging lines on the chart show just how unusual that was.

Some analysts offered a different explanation of the puzzle. They noted that another money measure—M1, which includes only currency in circulation and checking account deposits—was soaring, even as M2 growth was very weak. Some in the group argued that M1 growth was so rapid that it would generate both strong economic growth and a resurgence of inflation if the Fed did not slow it down.

Others pooh-poohed that notion. Part of the increase in the currency in circulation was having no impact on the U.S. economy, they said, because the cash was immediately leaving the country. All around the world—Russia, Zambia, Brazil and Israel, for example—wherever people worry about the value of the local currency for some other reason, the U.S. currency is in high demand.

The Fed has a study underway to try to figure out how much U.S. currency is held abroad so the central bank's policy makers can factor that into their decisions.

All the turmoil in the relationship between the money supply and the economy has left the Fed in a quandary. By law, the Fed must set targets for money supply growth each year, and in 1992 it missed on the downside. That left the Fed open to criticism from both the Bush administration and some congressional Democrats who wanted faster economic growth and thought the Fed should have lowered interest rates further and tried harder to hit its money targets.

Normally, a decline in interest rates leads households and businesses to increase their holdings of cash and bank deposits. They cite two reasons for this:

First, lower rates usually mean that depositors are less worried about holding cash or keeping money in a non-interest-paying checking account. Second, many people tend to increase their deposits in savings accounts, certificates of deposit and money-market mutual funds—which are also included in M2—because banks usually reduce the rates they pay on such accounts considerably more slowly than the drop in rates on financial market securities such as Treasury bills.

But last year, everyone's behavior seemed to change. Instead of putting more money into banks as rates fell, businesses and households

See TRENDLINES, C5, Col. 1

At a Senate Banking Committee hearing last month, Sen. Paul S. Sarbanes (D-Md.) pressed the presidents of the Fed's 12 regional banks on the money shortfall. Sarbanes cited previous testimony critical of the Fed by economic notables such as Paul Samuelson of the Massachusetts Institute of Technology and Milton Friedman of the Hoover Institution.

Friedman is widely regarded as the man who more than any other persuaded the world that changes in the money supply are a critical force in determining changes in the economy and especially inflation. Both Samuelson and Friedman said the central bank should have tried harder.

Robert D. McTeer Jr., president of the Dallas Federal Reserve Bank, told the committee that things have changed so radically in the banking system and financial markets that lower interest rates might cause money supply growth to slow even more rather than speed up.

"I think that what both Professor Friedman and Professor Samuelson did was to recall a time when they looked for the most stable velocity for a definition of money and they determined that M2 had the most stable velocity [and] the closest relationship over long periods of time with economic activity," McTeer said.

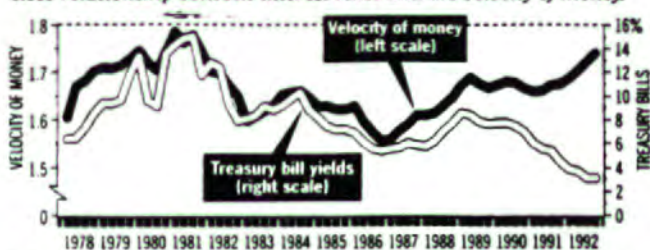
"Then they see M2 getting slower and slower as 1992 progressed, and actually turn negative in the past couple of months," McTeer continued. "They did not probably take time to look at what's been happening in the banking system."

So many people have moved money into bond and stock funds that "the banking system has sprung a leak," McTeer said. "I tend to believe that if we had tried even harder to hit those M2 targets late last year, and if we tried to right now... [to] push short-term interest rates down farther and faster from where they are right now, it will just accelerate the [flow of money] from the banking system."

The current problem for the Fed is not just that M2 keeps coming up short but that at some point, perhaps with little or no warning, the surprising increase in velocity could reverse itself. If that happened, the recovery could stall again before the Fed could do anything about it.

Fed officials do not think that is about to happen. But then a year or 18 months ago, they did not expect either that velocity to take off in the face of falling interest rates.

HISTORICALLY, THE VELOCITY OF MONEY—the ratio between the money supply and gross domestic product—has risen and fallen with interest rates. When rates have been high, investors have put money in investments such as Treasury securities, which are not included in the money supply, and the velocity of money has gone up. Likewise, when interest rates have fallen, people have tended to keep more money in banks, which has reduced velocity. But last year bank interest rates were so low that many people sought other places to invest, such as bond and stock mutual funds, which disrupted the close relationship between interest rates and the velocity of money.



NOTE: Money supply includes currency in circulation, checking, savings and small time deposits at financial institutions, most money market mutual fund shares and other items.

SOURCE: Federal Reserve

THE WASHINGTON POST

THE PRESIDENT HAS SEEN

4/27

Handled by CEA
Very interesting
What do you mean
of it
BX

THE WHITE HOUSE
WASHINGTON

DATE: 04/29/93

NOTE FOR: BRUCE LINDSEY

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

Information ☐

Action ☒ X

Thank you.

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

cc: THE VICE PRESIDENT

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002a. memo	John Ahlen to POTUS [partial] (1 page)	04/12/1993	b(6)

COLLECTION:

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

FOLDER TITLE:

April 25-30, 1993 [1]

2018-0662-S

rs3046

RESTRICTION CODES

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

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

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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

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

- b(1) National security classified information [(b)(1) of the FOIA]
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- 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]

As Requested
BL/CAAT
Pls advise on this, Ahlen
very good
TO: The President
FROM: John W. Ahlen (O: 501-324-9006, H: 501-851-6965)
DATE: April 12, 1993
SUBJ: Visit to DC; NIST Director-Designee

THE PRESIDENT HAS SEEN

I visited Washington, DC March 24 to 31 for the first time since before your inauguration. You should be pleased that there was a palpable difference from previous administrations, especially in administration briefings to the Southern Technology Council and the Energy Council. Dorothy Robyn (National Economic Council), Kevin Carr (Nat'l Institute of Standards and Technology), Richard Rosenzweig (Dept. of Energy), and Mack McLarty did excellent jobs.

Some bureaucrats still don't get the picture, though.

(b)(6) NIST Advanced Technology Program) has no idea what small and medium sized enterprises can contribute to technology advancement and job creation, and is arrogantly confident about it. I'm sending a fax (copy enclosed) about this to Maria Haley (who I literally bumped into) at her request.

I still enjoy riding your coat tails of success. In Boston it was noted that I was "from that great state of Arkansas." In DC, at a meeting at NSF to which I am certain I was invited because Arkansas is your home, I was explaining that Arkansas is a small state. "Not anymore!" someone interrupted. Thanks.

Now a serious point.

After returning to Little Rock, I called Maria Haley to confirm a rumor I'd heard twice about your nomination for director of NIST. The national engineering community and state technology people voiced two serious concerns about this then-rumored nomination:

1. Someone coming from DARPA will not understand the marketplace and be able to work productively with civilian industry and
2. Someone unknown in the states' technology programs and not knowledgeable about state delivery systems has a major liability.

A third concern surfaced back in Little Rock:

3. The new director might have to take on the bureaucracy at NIST, which I was told can't believe this appointment, and the bets are being placed on the bureaucracy.

Memo to The President
April 12, 1993
Page 2

Maria faxed Arati Frabhakar's resume to me and I offered Maria whatever help I can provide in helping to build credibility within the engineering community and with my counterparts in the states.

Lastly, I'm sending a copy of a letter to Jack Gibbons from me. I'm asking his consideration of a formal linkage between OSTP and state technology offices.

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002b. memo	Ahlen to Maria Haley [partial] (1 page)	04/12/1993	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
John Podesta (Chron File)
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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

FAX TO: Maria Haley @ 202-456-2259
FROM: John W. Ahlen, (O: 501-324-9006, H: 501-851-6965)
DATE: April 12, 1993
SUBJ:

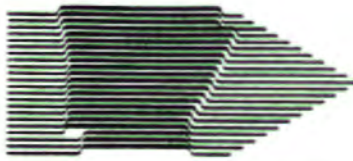
This memo describes in some detail the matters that we discussed during my visit to Washington. The presentations were made to the Southern Technology Council on March 25.

Dorothy Robyn (National Economic Council) did a really good job. She said that working on technology policy and manufacturing issues in the Bush Administration took place in a hostile environment. Pushing technology policy in the Clinton/Gore Administration is a joy.

On the other hand, (b)(6) Advanced Technology Program--ATP) has no idea what small and medium-sized enterprises can contribute to advancing technology and creating jobs. I helped review the ATP's first request for proposals in 1989 or 1990. It is based on the same principles as ASTA's Applied Research Grant Program (i.e., industry-driven, cost-sharing projects), but ASTA's projects are smaller (\$68,000 maximum to date). ATP's projects cost from \$500,000 to \$20 million in federal funds. When I asked about small business involvement, she used an example of a one-person business that brokered a high-cost project between a small business and a venture capitalist. A colleague from Mississippi pointed out that there wasn't much venture capital to broker outside Southern California, the Northeast, and Texas. I asked my question a different way; how many proposals for less than \$500,000 had ATP received, but not funded? She didn't have that number, but smaller projects were funded by the SBIR (Small Business Innovation Research) program. But, I pointed out, the SBIR program only funds up to \$50,000 in phase I; how about projects larger than \$50,000--are they submitted to ATP? It was clear she wasn't getting the point and the chair interrupted because we were running out of time. The irony is that she started her presentation by pointing out that Arkansas and Mississippi had never submitted an ATP proposal, and she apparently recognized the importance of getting proposals from these Southern states. One of the Southern Technology Council members from Virginia suggested that we just go ahead and submit proposals so ATP could turn us down like it turned down all 12 proposals from Virginia. It was not a good showing, in large part because it appeared to us that she was arrogant and knew all the answers.

Kevin Carr (Department of Commerce, Manufacturing Technology Centers Program) followed her and did a solid, professional job.

, ,



ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY

100 Main Street, Suite 450, Little Rock, Arkansas 72201 (501) 324-9006

April 12, 1993

John H. Gibbons, Ph.D.
Assistant to the President and Director
Office of Science and Technology Policy
Old Executive Office Building
Washington, DC 20500

Dear Dr. Gibbons:

Congratulations on your early appointment as the President's science advisor. From February 1984 through 1992, I had the pleasure of serving then Governor Bill Clinton as his science advisor in Arkansas. You are working for a great guy, and he is lucky to have your knowledge and experience on tap. I began my science and public policy career in 1974 directing the then-new science unit of the Illinois Legislative Council and because of its state-level similarity to the Congressional Office of Technology Assessment, I have followed your career at OTA with special interest.

I have just returned from my first visit to Washington since President Clinton has taken office and this trip prompts me to write.

While there is a clear and welcome difference from previous administrations in the Clinton/Gore administration's approach to science and technology policy, there is an emerging feature that is of some concern to me. There is the generally apparent, though sometimes specific and arrogant, attitude that the only source of science and technology policy is Washington. There indeed has been a refreshing change in the Nation's capitol over the last few months, but it is important for administration officials to note that the states have been developing and implementing science and technology policy for years. I hope this is obvious to you.

As President Clinton's science advisor, you should also be aware of his long-time interest in, and commitment to, science and technology activities at the state level. A few examples might be useful.

Dr. John H. Gibbons
Page 2
April 12, 1993

In 1985, Governor Clinton proposed that new authority and resources be given to the Arkansas Science & Technology Authority, essentially equipping it to operate research and development programs similar to those of the National Science Foundation and National Institute of Standards and Technology. His technology policy, however, went farther than traditional public programs with the establishment of a profit-oriented seed capital investment fund. In part because of his science and technology policy, Governor Clinton and Arkansas were featured in David Osborne's book Laboratories of Democracy.

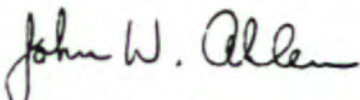
In the mid-1980s, Governor Clinton took the lead in the formation of the Southern Technology Council, a southeastern regional organization designed to provide technology-related policy advice to the Southern Growth Policies Board and to offer a forum for states to exchange lessons concerning issues like industrial networking and modernization, math and science education, and interstate cooperation.

Governor Clinton was especially supportive of implementing industrial networks among small and medium-sized enterprises, especially those SMEs located in rural areas.

Given all of this, it appears that it would be useful for the administration, perhaps through OSTP, to build a formal linkage with the states, especially in the area of technology development involving SMEs. The Intergovernmental Science, Engineering, and Technology Advisory Panel (P.L. 94-282) might be a model for the linkage. My perspective is that such a mechanism would well serve the administration and I invite your consideration of the suggestion. If there is anything else that I might contribute, please don't hesitate to let me know.

Finally, I am a member of the American Society of Mechanical Engineers and have learned through its Washington Center that you have agreed to address ASME's Industry Advisory Board on April 28. I appreciate your doing this. For two years, I was the ASME senior vice president with responsibility for these meetings. This is an outstanding group of industry executives from the technical and engineering community. I think that you will enjoy your time with them.

Sincerely,



John W. Ahlen, Ph.D.

pc: The President

THE WHITE HOUSE
WASHINGTON

DATE: 04/29/93

NOTE FOR: CAROL RASCO

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:



Coalition of Essential Schools

(Rare)
① need to do reply
② also do congrats to
Don

THE PRESIDENT HAS SEEN 4/28

for
memo

Brown University
Box 1969
Providence, Rhode Island 02912
(401) 863-3384

March 31, 1993

The Honorable Bill Clinton
The White House
Washington, DC 20500-2000

Dear President Clinton:

When the Coalition began eight years ago, most of us candidly expected any broad interest in the national discourse on education reform to last only a few years at most — such being the nature of public attention. To the surprise, I suspect, of us all, that attention has not waned; on the contrary, it has grown, and grown steadily.

*N That growth has had a profound effect on the Coalition, and it had lately become imperative to find someone who could serve the Coalition as a kind of "stand-in" for me in a variety of public arenas, and who could take a lead role in the areas of fund-raising and the national discourse. I thought you would like to know that Don Ernst agreed to take on the job and has joined our Providence staff as Director of Communications, Development and Policy. Don's solid experience in both the academic and education policy arenas makes him a clear asset to the Coalition. His staff work with you in Arkansas and later in Indiana with Governor Bayh adds much-needed political expertise to our staff, and his graduate studies, not to mention his early years in teaching, have grounded him thoroughly in the substance of our work here.

Don's principal responsibilities at the Coalition will be to develop and oversee our fund-raising strategies, to coordinate our participation in the national discourse on education reform (including in the increasingly important federal arena), and to assist me and others here in long-range planning.

Don and Patti moved to Providence the first week in March, and they and the children seem to be settling in well to our New England "climate." All of us at the Coalition look forward to working with Don and to benefiting from his experience and strong enthusiasm for our reform effort.

Sincerely,

Theodore R. Sizer
Chairman

TRS:sf

THE WHITE HOUSE
WASHINGTON

DATE: 04/29/93

NOTE FOR: ELI SEGAL

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

Information ☐

Action ☒X

Please prepare a response for the
President to sign and return it
to this office.

Thank you.

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

George Stephanopoulos
Marcia Hale (see page 2)

cc:

① to Eli / cc GS → need reply

THE PRESIDENT HAS SEEN

THE UNIVERSITY OF NORTH CAROLINA

The Kenan Center
P.O. BOX 3808
CHAPEL HILL 27515-3808

WILLIAM FRIDAY
President Emeritus

TELEPHONE: (919) 962-8150

② Marcia Hall
see p. 2

March 31, 1993

President Bill Clinton
The White House
Washington, DC 20500-2000

Dear Mr. President:

May I respectfully record the suggestions to which I alluded during our brief conversation on your campaign stop in Hillsborough, North Carolina last fall.

First, may I propose the mobilizing of the leadership of the youth of the country behind you and your initiative to involve young people in self-giving public service. I would urge that well ahead of examination week this Spring you invite the student body presidents (or their equivalents) of 300-400 colleges and universities of our country to meet you in the East Room for a conference. At that time you would involve them in your ideas for the future of the country and their importance in being a part of such a rebuilding of confidence in that future. Having cabinet members participate with you would extend their knowledge and involvement. General Colin Powell could share his evaluation of being a White House Fellow and generate their desire to compete for these opportunities soon after they are graduated. Deputy Secretary Clif Wharton could share the thrilling experience of the MBA Enterprise Corps functioning overseas under the direction of the State Department. There is much that could stimulate their interest in public service and inspire them to unite with you in bringing about the much needed change you propose for us.

By sharing your hopes and dreams with this cross section of collegiate leadership, you will make them a part of your energy and constructive drive for our country.

My second suggestion is this. On April 18-20, 1993 the Association of American Universities will have a meeting in Washington. The presidents of these best of our private and public universities in North America, fifty-eight in number, will

be there. For a decade now these institutions which contribute so much in leadership, creativeness, research and science have not been utilized and made a part of the effort to build greater strength in America. These executives are opinion makers, public leaders, and individuals of great influence in policy making among the states and in many corporate and non-profit organizations.

M I respectfully urge that during their AAU session you invite this group ~~to meet with you to hear your views~~ and your thoughts as to the role and function they might play in your administration. These are splendid and talented individuals who wish to bring their considerable strength to your hand in solving the nation's great challenges.

I congratulate you on your demonstrated leadership since taking office. You are giving great hope to people who heretofore have not heard an encouraging voice.

Thank you for the opportunity to record these suggestions.

Cordially,

A handwritten signature in dark ink, appearing to read "B. Friday". The signature is stylized with a large, looped "B" and a cursive "Friday".

William Friday

THE WHITE HOUSE
WASHINGTON

DATE: 04/29/93

NOTE FOR: THE VICE PRESIDENT
ROGER JOHNSON/GSA

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

Information ☐
Action ☒

Thank you.

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

cc:

THE WHITE HOUSE
WASHINGTON

DATE: 4/29

NOTE FOR: *THE VICE PRESIDENT, Roger Johnson*
GSA

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

Information ☐

Action ☒

20405

Thank you.

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

cc:

To AGT / cc Roger Johnson

Pls look into this, so
you can do more -

Be



Dr. Alexander Randall 5th
Executive Director

East West

Education Development Foundation

49 Temple Place, Boston, MA 02111

617-542-1234 617-542-3333 (FAX)

Dear President Clinton:

Please Change the GSA Disposal Rules

There are tens of thousands of used computers and offices equipment coming out of Federal service and much of it is wasted by the GSA disposal process.

Our charity recycles computer technology to schools and we have been contacted by dozens of Federal department heads who would donate excess technology to us for recycling, but they must pass it through the GSA.

GSA's process is slow, cumbersome and very wasteful. Hundreds of personal computers and copiers have rusted to death waiting for the GSA to locate someone in need. We know of warehouses full of excess Federal equipment that is idle.

One Pentagon commander, frustrated to see perfectly good equipment die in the rain, broke the rules and transferred some computers to us. Those machines are now working for NED's democracy projects in eastern Europe, and Africa while others are in American schools and charities. Meanwhile hundreds of comparable computers are going to waste.

Our program works. Our effort to recycle American displaced technology is getting basic tools into the hands of those most in need. We need the American data superhighway, meanwhile we are *paving some dirt roads* by recycling computers and getting them into our schools where they are sorely needed.

Help us eliminate waste, sponsor schools and engage in good recycling. **We need you to issue an executive order to direct Federal department managers authorizing them to dispose of their surplus technology themselves and cut the waste.** Local department heads are competent to handle disposal and will be more efficient than the current GSA process.

It is appalling that we have a country that can make a huge fuss over recycling 5 cent aluminum cans but has no plans to recycle IBM AT's that are outgrown by government and business. This technology is far ahead of our schools and can have a full new life in a new setting.

**Only 2.7% of the people on Earth have ever touched a computer.
We can not afford to allow any computer to go to waste.**

Please help us put the most powerful technology for personal empowerment to use and free these machines of unnecessary government regulation.

Working for you and with you,

A handwritten signature in cursive script that reads "Dr. Alexander Randall" followed by a five-pointed star.

Dr. Alexander Randall 5th
East West Education Development Foundation

FEDERAL

COMPUTER WEEK

THE NEWSPAPER FOR THE GOVERNMENT SYSTEMS COMMUNITY
— IN PERSPECTIVE —

Recycled Technology Opens Doors To Fledgling Eastern Democracies

By ALEX RANDALL

In the House of the People in Bucharest, Romania, 500 legislators are rewriting the nation's laws with five typewriters. They use a phone system that was provided by Adolf Hitler in 1939, and they tally legislators' votes on a chalkboard. They stand on the brink of a new world order, but they are armed with the tools of the past.

The technology to foster change in the East is neither expensive nor hard to find. In fact, it is the technology that American corporations and government offices outgrow every day. The computers that an agency or corporate office finds too limiting would be a godsend to those 500 legislators on typewriters.

The non-profit East West Education Development Foundation works as a middleman, channeling donated computer equipment to Eastern European countries to help them move toward democracy and free markets. Our 2-year-old organization collects, refurbishes and distributes the computers to schools, government agencies, citizens' organizations and others devoted to building democracy.

For countries such as Romania, democracy is still a distant vision. The hammers and sickles may be gone, but the vacuum has not yet been filled with free and open government.

However, technology will fuel the drive to freedom. In Ukraine they call personal computers the "bricks of democracy." They believe it is computers, fax machines, copiers and phones that will open communication channels and give the people the opportunity to speak their minds. To many in Eastern Europe, PCs are the hardware embodiment of the First Amendment. What two words would Stalin have feared more than "desktop publishing"?

One Air Force office recently donated 100 outgrown computers to the East West Education Development Foundation instead of sending them to the crusher. These computers may have been obsolete in the eyes of their owners and may have been replaced with new computers, but they will soon go on duty developing democracy in Eastern Europe. They are being bundled with donated software from Microsoft Corp. and will soon be repackaged and shipped to the East with funds provided by the National Endowment for Democracy.

Computers have gone to the social science department of a Prague university, the Moscow University School of

Journalism and an economic reform project in Ukraine. In Warsaw the Foundation for Education for Democracy uses donated computers to publish the Boy Scout democracy merit badge manual. The Center for Conflict Resolution in Bratislava, Slovakia, teaches negotiation techniques using donated computers. During the aborted Russian coup of August 1991, donated modems helped keep communication lines open.

The incoming Clinton administration must not waste the opportunity to sponsor free government in the East.

For countries such as Romania, democracy is still a distant vision. The hammers and sickles may be gone, but the vacuum has not yet been filled with free and open government.

The task need not be costly. Recycled technology costs pennies compared with the cost of the Cold War.

So this is a call to every government agency that has technology it has outgrown. I have all the resources in hand to make the older computers of the U.S. government the tools for democracy in the East. As that equipment comes out of service, give it to us. It will be scooped up, refurbished and recycled. Our foundation has a mandate to perform this task and is funded to handle all the steps in the process.

A Czech professor said, "In the past, we listened to the radio and sometimes saw Western television, but it wasn't until the video machine, the copy machine and personal computers came to the East that the old system fell apart. Technology is what made the difference." ◀

Randall is the president of the East West Education Development Foundation.

Editor's Note: The East West Education Development Foundation was founded by Patrick McGovern, chairman of International Data Group, FCW's parent company. The foundation can be contacted in Boston at (617) 542-1234.

The New York Times

Sound Bytes/Peter H. Lewis

Nurturing Democracy Through Used Computers

Alexander Randall 5th

Born: Aug. 12, 1951, Philadelphia

Noncomputer reading: "Surely You're Joking, Mr. Feynman!" by Richard Feynman.

Drives: 1986 Jaguar ("Bought it used.")

Education: B.A. Princeton, two master's degrees and a Ph.D. from Columbia, where he studied with Margaret Mead.

Frequent flyer miles: "I don't know. I spend three or four weeks each quarter visiting sites, mainly in Eastern Europe."

Typical workday: "Constant. But it depends on the needs of my two kids. Kids are more fun than motorcycles. They're more exciting than bungee jumping."



Q: Is giving away computers more fun than selling them?

A: I'd been recycling computer equipment through the Boston Computer Exchange in the cash market and began to realize that it was running out of money. There was a point where no American wanted to buy an XT anymore. When I created the exchange, the concept was to recycle equipment to people who couldn't afford it otherwise. By the late 80's, it wasn't servicing people. So East-West is in fact what I was trying to do all along. What excites me is people growing their minds. There are so many problems on the planet, no PC should be idle.

Q: Even broken ones?

A: We'll take anything — hardware, software. We triage our equipment. If it works, it goes into a box and goes out the door. If it doesn't work, it gets fixed in our workshop, mainly by Russian expatriates. If it's bad, we disassemble it and build it into a new system. If it's dead, we disassemble it and send it east of the Urals, to an institution that used to build helicopters. There, they desolder the stuff and build new PC's out of broken parts. Nothing goes to waste. Only the dust is left when I'm done with it.

Q: How do you decide who gets the computers?

A: I spend a lot of time walking the streets in places like Warsaw, Moscow and Kiev, talking to organizations, some dissident, some mainstream; some of them are the main newspapers, some are schools of journalism. I asked them, "What is the next step to make sure that freedom of speech and free government survive?" They all wanted desktop publishing equipment. It dawned on me, "What is freedom of the press if you don't have the press?" The fall of Communism did not axiomatically mean the rise of democracy. This is our people's response to insure that the forces trying to make democracy happen will ultimately succeed. And your donations are tax deductible.

ALEX RANDALL saw his first microcomputer in 1979, in a village in Bali where his mentor, the anthropologist Margaret Mead, had worked. It was a homemade rig, in a wooden box, powered by a bicycle pedaled by a scientist trying to calculate how to grow the most rice for hungry people. Mr. Randall decided then that no computer should go to waste. He started the for-profit Boston Computer Exchange in the early 1980's to create a national market for used computers. Then, in 1990, he co-founded the not-for-profit East-West Foundation, also in Boston (617-542-1234), with the aim of fostering democracy in Eastern Europe by giving people computers with which to communicate.

Question: In Russia, where even Xerox machines were controlled, I imagine computers are heady things.

Answer: You know, they look at us as a paragon of democracy, as a paragon of free speech. We see the flaws here, all day long, but all they see is that it works. I'm not there preaching or telling them what to say or write. I'm just there giving them the tools. Our old XT's and AT's and Mac 512's are awesome tools to people who don't have them.

East
West



From the Ether / Bob Metcalfe, Publisher

Put your passe PC to good use: Donate it to Dr. Randall

My Apple II is long gone, as is the DisplayWriter used by my wife, Robyn. So, too, are our twice-upgraded 1984 Macintoshes. But I still have my 1982 floppy-only IBM PC and the four Macintoshes we think we share with our kids. This is just at home. At *InfoWorld*, I have an old SE/30 about to be swapped out for a Quadra 950, a Nextstation Turbo Color, and a new Toshiba DOS/Windows T2000Sx laptop. And, oh yes, I'm in the market for a 66-MHz OS/2-486 to warm the largest high-res color monitor they can ship in under the Golden Gate Bridge.

This personal PC inventory raises several questions, but let's focus on what happens to "passe" personal computers.

In 1987, after tripping over our dusty old Apple II for several years, Robyn and I got the idea that we would donate it to some deserving (tax-deductible) charity. We called, they were grateful, I dropped it off, and we were filled, for a while, with the self-satisfaction of philanthropists awaiting April 15. Then the phone rang. Our charity wanted to know where the power cord was. Then they wanted the diskettes and manuals. Finally, we took the damn thing back — when they started asking how to use VisiCalc.

Now we only donate PCs to charities that already have several others of the same model.

In 1990, Pat McGovern, founder of our parent company, decided to do something about recycling unused PCs. He wanted to do something that



would benefit emerging democracies around the world and our own ill-equipped schools. Pat recruited Dr. Alex Randall, PC recycling expert and founder of the Boston Computer Exchange, to organize donations of unused PCs, refurbish them, and get them into the hands of people involved in good works. The result: the East West Education Development Foundation, in Boston, of which Dr. Randall is the executive director.

Dr. Randall's foundation conducts triage on pallets of donated PCs, sorting through those that are working and useful, those that need minor refurbishing (like reformatting their disks), and those that have to await donated spares.

Today, Dr. Randall wonders how many of the estimated 50 million PCs in the United States are no longer in use.

Fact is, many of us will only drive a late-model PC. When the new models come out, we are quick to buy them — to reheart, if you will. But unlike used cars, used PCs do not get traded in.

Some of us get to take our passe PCs home from work. Our boss approves the move because she thinks we'll boost our output by extending our workday. And when we again reheart, some very few of us get to take our "passe-passe" PCs out to our dachas so we can work during vacations.

I asked Dr. Randall about my trickle-down theory. Surely, when we grow tired of a PC, we can give it to a coworker who may not need the very latest PC. This sometimes happens, Dr. Randall

admits, but mostly passe PCs sit unused. Seems that most of us won't accept hand-me-downs, and so don't offer them, either.

Where do unused PCs sit? On desks, Dr. Randall sadly reports. And in closets. Sometimes even on pallets in warehouses. And often for several years on somebody's books as depreciating capital equipment. If we hide an unused PC, then our accountants don't have to write it off all at once.

Many accountants have thought about selling passe PCs. But very often the cost of selling PCs exceeds their market value.

And can you imagine the force of will required to throw a computer into a dumpster?

The good news is that in 1991, the East West Foundation recycled 3,000 PCs. The other news is that in 1992, the identified need for donated PCs is now 200 times what Dr. Randall can satisfy.

Lotus recently donated 44 pallets, and the Bank of Boston gave 12 pallets of PC gear to Randall's East West Foundation. I am sure they enjoyed the tax benefits of getting the seeming clunkers off their books, and I am sure that they felt good about boosting democracy and education. If you think you might have a few pallets of passe PCs on your books and would like to feel good, give Alex Randall a call in Boston at (617) 542-1234.

Bob Metcalfe is publisher of InfoWorld. He invented Ethernet at Xerox PARC in 1973 and founded 3Com Corp. He receives E-mail via the Internet as Bob_Metcalfe@InfoWorld.com or at 524-1127 on MCI Mail.

SAVE THE WORLD WITH OBSOLETE TECHNOLOGY

Your Used PC May Be A Technological Wonder To Someone In Need

The PC in the United States is approaching saturation, at least in terms of business use. First there was the new computer market. Then there was the used computer market. Then there is the too-used computer market. So if you're planning to upgrade and sell that used PC, wouldn't you rather want to do some good than just get pocket change?

You have some options. If you want to go local, fine, but onesy-twosy donations don't often help much. People need help with computing if they have no experience with them.

You can basically forget trading it in to a manufacturer. Only a few manufacturers (IBM and DEC, for example) will take used PCs in exchange for new ones. IBM will take in an earlier 286 model when you buy a PS/1, and has an extensive program of donations using some preowned but mostly new machines. DEC will take in old computers of any make. If not marketable but refurbishable, they go to charitable organizations, like AIDS or Alzheimer's groups or to assist the handicapped.

That donation can be worth a lot or a little come April 15th. A personal computer is worth only fair market value at donation time. The fair market value is what you might get for it if you could sell it.

For businesses, your computer is worth whatever remains on the depreciation or your fair market value, depending on whether you sell or donate. What you can GET for it is

**For businesses,
your computer
is worth
whatever
remains on the
depreciation or
your fair
market value,
depending on
whether you
sell or donate.**

another matter. Suppose your depreciation value on your \$5,000 computer is \$2,500. On the open market it may be worth no more than \$600.

If you donate it, you can claim no more than your remaining investment, \$2,500. If your ancient clunker has depreciated to zero you can only claim as much as the fair market value.

There are good ways to make good use out of that good used machine. A number of groups will match up persons and businesses with "outplaced" equipment and groups in serious need of technology.

NEW DIRECTIONS • Alex Randall, the founder of the Boston Computer Exchange now runs the East West Education Development Foundation. "In 1990, there was lots of technology without buyers because the technology had no cash value," he says. "We [BCE] stopped taking PCs in 1991, XT's several months later and AT's during the 1992 price drop. They are like penny stocks, the money you could make on them doesn't support a sales staff."

Unlike many other computer donation foundations, East West doesn't just match up donors and recipients. It also picks up and refurbishes what it can before they go out the door. And that costs money. Besides that, East West needs sponsors for shipping, and many more parts and units. They have a much higher demand for computers than they can supply.

DONATING PCs

East West is chartered to support both U.S. and foreign "most pressing needs." While individual donations are accepted, large and preferably unrestricted donations from large corporations are welcomed.

"We got 20 pallet loads of computers and parts from Lotus," Randall says. "The stuff works but is in 'miscellaneous condition.'" That means it may have been found in a closet, or scavenged for parts. Cables may be missing, or a monitor switched. East West takes equipment like this and performs what Randall calls "computer triage."

"First we find those that run," he says. "Then we format the hard drives, make trivial repairs. Then we take the in-trouble stuff and build new units out of them. Usable parts and extra boards are kept so that custom units, perhaps needing a modem, are made from these. It ain't done until it's sand!"

Domestically, East West is usually helping schools and charities. One-half of all units donated are given to such organizations. For example, some systems have gone to an Office of Hispanic Affairs, another to a Center for Battered Women. The other half of donated systems goes primarily to Eastern Europe and the former Soviet Union, much of it to Poland, Czechoslovakia, Romania, and the Ukraine. A small amount is starting to head to Africa and South America.

By choice, donations are preferentially made to groups that will help fledgling democracies to take root and grow. Computers have been sent to teach conflict resolution in a democratic model, something totalitarian bureaucrats never got to learn.

Eastern European journalism schools can qualify because freedom of speech there also means freedom to use a PC, a rare and powerful device. Political parties and partisan institutions need not apply.

"Computers do REAL work in Ukraine, to help us be more skilled in our democracy and our lives in general," says Lyuba Shara, a 22-year-old Ukrainian senior at Kiev University. Shara spent this summer at Harvard University. She is a leader of the Ukrainian student dissidents. "Students are very powerful in the Ukraine. I participated in the 1990 hunger strike that made the Prime Minister resign."

Shara works for the Ukraine Center for Independent Research. This organization does research for the Ukrainian Parliament, private academies, and non-governmental organizations. The UCIR puts out as much as 30 to 40 documents a week. Among these are a Ukrainian newsweekly, a military bulletin, and newsletter

for or about trade union problems and non-government unions.

The group has an old XT, a brand new 386 from the AFL-CIO with a laser printer, and a 1985 vintage 512K Mac machine that is so used that the letters are worn off the keyboard. The computers are used 24 hours a day by the staff of 15. It also acts as a communication channel for other dissidents and opposition parties in other institutions. East West Foundation has given them five used Macintosh computers though Shara wistfully wishes for more DOS machines.

"The state has a monopoly on computers," explains Shara. "It can cost \$2,000 for a notebook or laptop. The black market rate is 170 rubles or 270 Ukrainian coupons per dollar. The average salary is 2,000-3,000 coupons per month." That works out to be about \$15. A laptop would take a decade to pay for, if you don't mind not eating.

Supplies are so rare that Shara reportedly once cried "I am rich! I have my own diskette!" On her way home she is carrying as many boxes of diskettes as she can get in her luggage.

by Larry Krumenaker

For More Information:

East West Education Development
Foundation
49 Temple Street
Boston, MA 02111
(617) 542-1234
(617) 542-2345, x100 (Fax)

THE WHITE HOUSE
WASHINGTON

DATE: 04/28/93

NOTE FOR: SECRETARY ESPY
AMBASSADOR KANTOR

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

Information ☒ XXX

Action ☐

Thank you.

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

cc:

THE WHITE HOUSE
WASHINGTON

DATE: 4/29

NOTE FOR: *Secretary Espy, Ambassador Knize*

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:

TB Miền Tây
ce Miền (Santor)
Fyda
BC

S.W.
Please type up back
slips + mail
Thanks
Joni

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93 APR 26 P3:47

United States Senate

MEMORANDUM

~~3 pages Fax~~TO: STW
NEWARK
4.29.93

TO: John Podesta

FROM: Steve Katz SK

RE: Letter from Glenn, Pryor,
and Lieberman

John,

As promised, though a little delayed
by the recess.

JOHN GLENN, OHIO, CHAIRMAN

SAM NUNN, GEORGIA
CARL LEVIN, MICHIGAN
JIM SASSER, TENNESSEE
DAVID PRYOR, ARKANSAS
JOSEPH I. LIEBERMAN, CONNECTICUT
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LEONARD WEISS, STAFF DIRECTOR

FRANKLIN D. POLK, MINORITY STAFF DIRECTOR AND CHIEF COUNSEL

United States Senate

COMMITTEE ON
GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-8250

April 22, 1993

Ms. Trudy Peterson
Acting Archivist of the United States
National Archives and Records Administration
Seventh Street and Constitution Avenue
Washington, D.C. 20408

Dear Ms. Peterson:

As you know, the Committee has taken an active interest in the agreements (the "Agreements") between former Archivist Don Wilson and both former President Ronald Reagan and former President George Bush concerning government information and records.

As part of our continuing oversight of this important matter, please provide the Committee with a complete report on the nature and status of the material transferred to the National Archives and related facilities as the result of these Agreements, or any other arrangements which were made at the conclusion of the Bush Administration.

First, please provide the Committee with a precise description of:

(a) Those individuals involved in arranging, attending, and participating in the signing of the Agreements between the Archivist of the United States and George Bush, and the Archivist of the United States and Ronald Reagan.

(b) Those individuals involved, and the activity itself, of removing any information, materials, or records, regardless of format, or anything containing such information, as identified in the Agreements and transferred to the National Archives and Records Administration, any archival facility, or any other office in the United States Government.

(c) Those individuals involved, and the activity itself, of the transfer of any information, materials, or records described in subparagraph (b) above, to the National Archives and Records Administration, any archival facility, or any other office in the United States Government.

Page 2

Acting Archivist Trudy Peterson

Second, please provide the Committee with a precise description of the current location and rights of access pertaining to all information, materials, or records, covered by the Agreements. This detailed description should distinguish information, materials, or records at each location, and if electronic in nature should describe with specificity its nature, current condition, requirements for archiving and conservation, and the technology necessary to "read" and print the information.

Third, please identify whether any awards, citations, promotions, or other administrative action were approved by anyone at the National Archives for individuals involved in the removal or transfer of information and materials described in the above paragraphs. If so, please tell the Committee the nature of such actions, who recommended, who approved, who presented, and who received such awards or citations, and the reasons and nature of these honors.

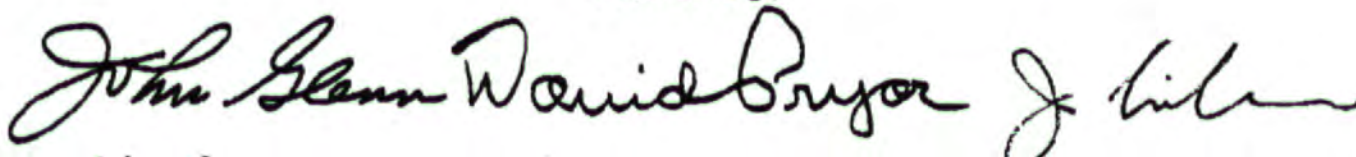
Fourth, is the National Archives in possession of any indexes, or descriptions, pertaining to the information or materials covered by the Agreements? If so, please provide the Committee with copies of such indexes or descriptions, and identify who prepared them.

Fifth, has anyone at the National Archives had access to or conducted a review of the information or materials covered by the Agreements, for any reason, including in order to determine whether the information or material constitutes a record under either the Presidential or Federal Records Acts? If so please describe in full.

Sixth, has anyone at the National Archives prepared or issued guidance concerning electronic records pursuant to the January 6, 1993, court order in the case of Armstrong v. The Executive Office of the President, et al?

Thank you for your assistance.

Sincerely,



John Glenn
Chairman

David Pryor
Chairman
Subcommittee on
Federal Services,
Civil Service, and
Post Office

Joseph I. Lieberman
Chairman
Subcommittee on
Regulation and
Government Information

Fax = 6 pages

93 APR 21 A10:02

JOHN G. FENN, CHAIRMAN

United States Senate

COMMITTEE ON GOVERNMENTAL AFFAIRS

TO: John Podesta

FROM: Steve Katz

Date: 4/21/93

John,

Good talking with you.

Enclosed is an interesting bit of descriptive material which if you and your team don't have it, should be helpful as a guide of sorts.

I have tried to call Walter again to set up a meeting with the few of us on the Committee (Glenn, Pryor, and Lieberman's staff) interested in the issue. If possible, please try and get his attention on this.

Thanks.



TO
Steve
Newman
Have you
seen

John
Podesta
4.29.93

National Archives



Washington, DC 20408

Date : February 16, 1993
Reply to :
Attn of : Armstrong Materials Task Force
Subject : Summary report of actions
To : ND

On Tuesday, January 19, 1993, Raymond Mosley, Acting Deputy Archivist of the United States, called a meeting at 10:00 a.m. to address the issue of obtaining electronic media from offices of the White House in response to the Armstrong vs EOP temporary restraining order. The following people were present at the meeting: Raymond Mosley, Gary Brooks, James Moore, Adrienne Thomas, Nancy Smith, Fynnette Eaton, Doug Thurman, Samuel Watkins, Robert Chadduck, David Langbart, and Amy Krupsky. Mr. Mosley decided to establish a Task Force consisting of representatives of the interested and knowledgeable NARA offices. The Task Force consisted of Nancy Smith of NL, David Langbart of NIR, Robert Chadduck of NSX, Amy Krupsky of NXL, and Samuel Watkins of NAM as chairman.

The purpose of the Task Force was to obtain electronic media (tapes and disk drives) subject to the court's order in the Armstrong litigation, as well as related manuals and documentation, and bring them to the National Archives Building where they would be held pending the outcome of the litigation. The members of the Task Force were dependent upon personnel in the offices of the White House to identify and make available responsive materials because of the Task Force's lack of precise knowledge regarding what materials were covered and the physical location of those materials, the large volume of the materials (estimated at over four thousand tapes, plus an unknown quantity of hard disk drives) and the time urgency forced by the change of administration the next day at noon. Because of these factors the Task Force members advised the Deputy Archivist that it would be impossible to establish intellectual control over the materials. Instead, the Task Force would use the container inventories provided by the personnel at the White House offices, and verify these container lists against the labels on the tapes in the container.

By late afternoon the Task Force had been informed by Beth Blackwood and Jane Weaver in the Office of Administration (OA) that all OA materials covered by the temporary restraining order (TRO) could be picked up at 8:00 a.m. the

next morning at the offices at the New Executive Office Building (NEOB). Nancy Menan of the National Security Council (NSC) advised the Task Force that all the relevant NSC records and materials could be picked up at the Old Executive Office Building (OEOB), but that nothing could be released to the Archives until the agreement had been signed by all parties. The parties to the agreement (President George Bush, Archivist of the United States Don Wilson, Executive Secretary of the National Security Council William Sittman, and Acting Director of the Office of Administration Phillip Larsen) and their representatives continued to work out the agreement well into the evening.

The Task Force received approval to proceed and departed for the OEOB at 9:30 p.m. on January 19, 1993. The Task Force had added the following members for additional assistance by this time: Edith Prise (NL), Ken Lescallett (NAFS), and a truck driver and labor crew comprised of Clarence McMorris, Donald Collier, and Brendan Green. After some access difficulties at the southwest gate of the OEOB, we arrived inside the building at 10:30 p.m., and contacted Nancy Menan at her office on the third floor. We were provided access to boxes of data tapes in the hallway outside the WHCA computer room on the third floor. Nancy Menan (NSC), Major King (WHCA), and Steve Tilley (NSC) oversaw the verification of the tapes by the Task Force, as each box was opened, each external tape label was verified against the inventory list for that box, each box was signed for by a Task Force member, and appropriate copies were made of the inventory list (one for Archives, one for NSC, one for WHCA, and one placed in the box and sealed). The Task Force followed this procedure throughout the tape transfer process.

By 12:30 a.m. on January 20, the Task Force had received and verified 49 boxes of tapes containing 1415 cartridge tapes and 451 reel tapes from the NSC. The cartridge tapes are dated from November 7, 1992, through January 19, 1993, inclusive, with the exception of November 9 through 12, inclusive, representing tapes overwritten prior to the entry of the temporary restraining order (see inventory list, Box 2). These cartridge tapes appear to have been generated from an IBM mainframe system running the VM operating system with an SQL database application. The Task Force received one box of general documentation (IBM manuals) relating to these tapes. The reel tapes cover dates as early as August 10, 1983, and as late as April, 1989. Many dates are missing and several are duplicated repeatedly, and 134 tapes have no date. The tapes were created on either a Sperry or DEC VAX system, and tape utility documentation was included as enclosures. Nancy Smith also received one unopened box of materials from Nancy Menan. The contents of this box have not been verified.

The Task Force returned to the National Archives Building

with a U.S. Park Police escort at 1:00 a.m. on January 20, and placed the materials in an appropriate secured facility.

The Task Force returned to work the morning of January 20 at 7:30 a.m. Ken Lescallett had made arrangements for a Park police escort to the NEOB, but had to remain at the Archives Building for the Inauguration security. Brendan Green did not join the Task Force that day. We left the Archives at 7:50 a.m. and arrived at the NEOB by 8:00 a.m. However, no one from OA was available to get us in the building. Terry Good walked up from OEOB to escort us into the building, but nobody had arrived to begin the transfer. We waited until Jim Wright arrived at 9:00 a.m. before beginning the verification. We began the review at 9:30 a.m. The DEC All-in-One tapes had been segregated and boxed. Other system tapes (which were not boxed) were also covered and were provided to us. Over the next three hours, the Task Force verified and boxed 2843 OA cartridge tapes dated between November 6, 1992, and January 19, 1993. The Task Force also received 32 cartridge PROFS system backup tapes from the Reagan era, dated 1987-89. The Task Force received no documentation for any OA system at this time.

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NCOB

At 1:00 p.m., the Task Force left the NEOB for the OEOB to complete the pickup of tapes. Once again, we experienced difficulty entering the building and parking the truck. At 2:15 p.m. we arrived at the WHCA offices on the third floor, and sent Robert Chadduck to the 4th floor to assist with hard disk drives. The Task Force accepted backups of the White House Situation Room system in the form of 18 4mm helical scan tapes. These tapes were placed in a single box, sealed and labelled. We received two boxes containing 160 tapes, which appeared to include the backups of the IBM system for the previous night. We also received fifteen boxes containing 362 reel tapes and 129 cartridge tapes from the Reagan administration. These tapes were presented as "Iran-Contra" materials, and were dated February, 1986, to January, 1989. We also received seven boxes containing 195 mixed tapes (reels, cartridges, and 8mm's) presented to us as "Bush Era Backup Tapes." These tapes are labelled with dates between April of 1989 and January 20, 1993.

Sitem

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195 - 2

After receiving, verifying, and palletizing these materials, the Task Force proceeded to the White House Situation Room Systems Staff to receive hard disk drives which had been removed from personal computers by NSC. We accepted eleven boxes containing 135 hard disk drives. These drives were packed loosely into boxes with no additional packing. The Task Force asked if the personnel at the site had any bubble wrap or other packing material to stabilize the drives in the boxes. None was available, so the Task Force accepted the drives as packed.

135 - 11

but it
broke

Finally, it became apparent that the other disk drives located on the 4th floor were not responsive to the Armstrong litigation and would not be available for pickup for several hours. Because these drives were to be taken by the FBI, we left them for the FBI to pickup the next day. At 5:00 p.m. we departed the OEOB with U.S. Park Police escort, returned to the National Archives Building, and placed the materials in an appropriate secured facility.

On January 25, 1993, John Fawcett (NL) was contacted by Nancy Menan (NSC) and told that the Director of Intelligence Programs for the NSC had seven additional hard disk drives ready to be picked up and held by the National Archives pursuant to the Armstrong litigation. John Fawcett and Nancy Smith picked up an unopened box containing these disks at the NSC, returned them to the Archives Building, and stored them in an appropriate secured facility. On January 26, 1993, Nancy Smith also picked up 12 additional hard disks from the Office of the Vice President's National Security Adviser. On January 28, 1993, Amy Krupsky picked up another 38 cartridge tapes and the computer systems documentation. Two of these tapes were tapes that had previously been missing from the inventory of January 20, 1993 and had been located by OA. An additional 36 cartridge tapes were also turned over. These tapes had been stored off site and had not been available on January 20, 1993.

NSC in tel

VP - [unclear]

38 tapes

In conclusion, the Task Force would like to point out that it received very little documentation for any of the systems included on these backup tapes. From NSC/WHCA, we received some standard manuals on backup utilities from DEC and IBM which will be of use when attempting to restore to data and systems to disks. However, we did not receive an adequate description of any system that would allow the Archives to operate the system or review the data contained in the system.

All the tapes, disks, documentation, and inventory lists have been turned over to NL pending further action at your discretion. The Task Force believes that the task for which it was formed has been completed, but the individual members remain available for any future actions regarding these materials which you may deem necessary.

The Task Force would like to thank our driver and labor crew, Clarence McMorris, Donald Collier, and Brendan Green, who all performed exceptionally well under adverse conditions and long hours. We would also like to thank Edie Priese of NL and Ken Lescallett of NAFS. Edie reviewed a great deal of material and provided a much needed additional clearance; and Ken was of great assistance obtaining police escorts and navigating the security maze of an inauguration celebration.

Finally, the Task Force would like to thank Nancy Menan of the NSC and Terry Good of the White House for their assistance. Nancy helped greatly in identifying the materials covered by order, remained at the OEOB site during the entire process (including overnight on January 19-20), and understood the urgency of the task. Without the assistance of Terry Good on January 20, the Task Force might not have gained access to both the New and Old Executive Office Buildings. His escort of the Task Force and help with the Secret Service saved the Task Force a great deal of time.

Samuel P. Watkins 2/16/93
SAMUEL WATKINS

Nancy Kegan Smith 2/16/93
NANCY KEGAN SMITH

Amy E. Krupsky 2/16/93
AMY E. KRUPSKY

David A Langbart 2/17/93
DAVID LANGBART

[Signature] 17 February 93
ROBERT CHADDUCK



TUFTS UNIVERSITY

School of Nutrition

Center on Hunger, Poverty
and Nutrition Policy

March 24, 1993

Mr. Steve Hilton
Deputy Assistant to the President
for Public Liaison
The White House
122 OEOB
Washington, DC 20500

Dear Steve:

In response to our recent conversation I am providing more detailed information on the two ideas to generate public support for the President's economic package as Congress moves toward deliberations on appropriations.

Key principles behind the ideas are these:

- 1) It is vital to demonstrate strong support for the President's package as Congress moves from authorization to appropriations
- 2) It is critical that opinion-makers and leaders from key constituencies publicly support the President
- 3) Such support must be credible and natural e.g. have a logical link to the recognized interests of the leaders
- 4) The support must be visible and of great media interest
- 5) The ultimate goal of such support for the President must be a successful outcome in the Congressional appropriations process

With these principles in mind, I would see each of the ideas carried out as described below. Details, of course, can be modified as desired.

4-29-93
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1) Key CEOs meet with the President to support his budget package

Origin: A group of ten to fifteen Fortune 500 corporate executives write to the White House to request a meeting with the President. The request comes from two CEOs, possibly Alan Hassenfeld of Hasbro, Inc (the world's largest toy manufacturer) and Charles Lazarus (Toys 'R' Us) on behalf of their colleagues.

Purpose: The CEOs want to express their strong support for the broad outlines of the President's budget in terms of investing in the well-being of the nation's children. Their support will not ignore the ethical imperative to help children, but will focus on the nation's self interest in protecting children in terms of economic productivity and the long-term competitiveness of our work force.

Event(s): The CEOs would meet privately with President Clinton to express their views. This would be followed by a public appearance on the White House lawn, at which time two or three of the industry leaders state why they requested the meeting, and why they believe it is critical that the President's plans are adopted. The President would express his appreciation to the leaders for coming to express their support, and the CEOs then would proceed to a series of meetings with Hill leaders.

In smaller groups, the business leaders would attend a series of meetings with key Democratic and Republican leaders, to express their belief that the nation must invest in programs which protect children.

These meetings, possibly with a total of fifteen key leaders, could end with the CEOs making a final public statement prior to their departure from the Capitol.

Participants: We believe that the following corporate executives will be willing to participate: Hassenfeld (Hasbro) and Lazarus (Toys 'R' Us), noted above; Arnold Liatt (Stride Rite); Vidal Sassoon (Vidal Sassoon); William Woodside (Sky Chefs); Lawrence Phillips (Phillips/Van Heusen); Bruce Atwater (General Mills); Dwayne Andreas (Archer Daniels Midland); Ben Cohen (Ben & Jerry's Ice Cream); Richard Mayer (Kraft General Foods); Barry GRIEFF (Promotional Concept Group/Loews); Tom Chappell (Tom's of Maine); and Martin Davis (Paramount).

— A number of variations could be considered. The group could be increased in size. It could have more of a specialized focus such as limiting the group to executives from industries which serve children.

It is critical that the impetus for the meeting with the President, as well as with Congressional leaders, come from within the CEO community.

2) Hollywood "stars" charter flight to Washington to support President

Origin: A top Hollywood artist writes to request a meeting with the President on behalf of a group of prominent stars concerned about the well-being of American children and their families. The letter would be initiated by Jeff Bridges who is both well-known, and has a long involvement with children, particularly on the issue of hunger.

Purpose: The artists would indicate that a significant segment of their audience is comprised of young people, and that they feel a special responsibility to speak to the needs of this important group. Moreover, as public figures, they want to be active during this special period in our nation when government is affirming its role in providing protection to the vulnerable, and opportunity to all.

Events: The Hollywood stars would charter a plane to Washington. The arrival of many celebrities will be a unique press event, providing them the opportunity to tell journalists why they asked to meet with the President and Congressional leaders.

The meeting with the President would conclude with the President thanking them for coming to support his budget package. The Hollywood artists would then go to the Rose Garden to speak with the press. Next they would proceed to the Hill for a series of pre-arranged meetings with individual leaders. These meetings would be with the leadership and key committee chairs, and will include both sides of the aisle.

Participants: As indicated in our previous discussion, the artists participating in this highly visible event would be coordinated through Jeff Bridges and Jerry Michaud, Executive Director of the End Hunger Network. Artists invited to participate would be limited to those with highly positive public images. Moreover, the group would represent the sex, race and ethnic diversity of Hollywood: Mel Gibson, Danny Glover, Valerie Harper, Kirstie Alley, Quincy Jones, Raul Julia, Sharon Stone, Lou Gossett, Jr, Dennis Weaver, Andy Garcia, Eddie Furlong, Edward James Olmos, and Denzel Washington).

Here too, the suggested events could be altered as desired. The essential thing is that the news media would have an opportunity to cover an event in which a "newsworthy" segment of the American public speaks with national leaders on a bipartisan basis about investing in the nation's children. Moreover, the day's events would be seen as credible, rather than simply showy, because the stars participating have strong involvement in public interest issues, and because there is a natural link between their work and the population group whose interests and needs they have come to support.

Once you decide if these events would help to provide desirable public support, we can incorporate any modifications to the plans and decide how to space the two events in an appropriate manner. Also, we'd like to have as much lead time as feasible, particularly for organizing the Hollywood component.

I hope you might let me know your initial reaction by the middle of next week and, if possible, a general time frame if the ideas sound like a "go." It's been a long time since we've had White House leadership, and we believe we have an obligation to support the President as strongly as possible. I'll look forward to hearing from you.

Sincerely



J. Larry Brown
Director

To: John Podesta

From: Irene Emsellem

Thanks for your help. Hope all is going well. Call me when you have a chance. If you need more information, call either me or Gail at 331-2293.

4.29.93

M. Emsellem

and we
do, I am trying
for Law Day

cc. Paul

To: Dan Wexler

From: Gail Alexander (ABA: 202/331-2293)

Re: LAW DAY 1993

Date: April 21, 1993

As I mentioned on the phone, there are a few new examples that have come in that specifically demonstrate how these projects have an impact on the economy, building businesses and providing new jobs. For example:

-- A New York law firm is working with a coalition of several hundred workers who lost their jobs when a local industrial bakery recently closed. The lawyers are working with the employees to try to establish a community employee-owned bakery that will create more than 300 jobs within two years of opening.

-- Another New York project is helping administer a revolving loan fund for the development of minority- and women-owned businesses in Bedford Stuyvesant and other communities in Central Brooklyn. The fund is financed by the New Your State Urban Development Corporation.

The potential of this project is impressive. If all the firms respond to this "peer to peer" challenge, more than 91,313 attorneys from the largest law firms in the nation will be devoting a total of more than 7 million hours to providing free legal assistance to individuals and communities in need. Even a conservative estimate of cost for that time would be more than a billion dollars.

It also appears now that the "peer to peer" challenge concept has peaked the interest of the corporate legal world as well. By Law Day we hope to announce that a committee made up of some of the nation's largest corporation's legal departments will send out a similar challenge Corporations to encourage their lawyers to step up and help out. Perhaps the peer-to-peer challenge might prove an excellent example to other professions as well -- architects, dentist, doctors, accountants.

In any event, we are hoping to make this LAW DAY a more people oriented event. There are hundreds of programs dealing with issues ranging from revitalizing the inner city to providing housing, protecting the environment to helping individuals in need. Let me know how I can help.



CHAE McWILLIAMS
Office of the President
American Bar Center
North Lake Shore Drive
Chicago, Illinois 60611
Phone: (312) 988-5109
Fax: (312) 988-5100

AMERICAN BAR ASSOCIATION

Please Reply to:
Tydings & Rosenberg
26th Floor
100 East Pratt Street
Baltimore, MD 21202
Telephone: 410/752-9704
Fax: 410/752-5228
ABA/net: MCWILLIAMSJ

March 29, 1993

The President
The White House
Washington, DC 20500

Dear Mr. President:

The American Bar Association would very much appreciate your participation in the 1993 Law Day U.S.A. celebration. Each year since the inception of Law Day U.S.A. in 1957, the President has signed a proclamation in honor of Law Day. Typically, that proclamation has been unveiled at a signing ceremony at the White House.

We propose that this year that ceremony focus on the congruence between our Law Day theme and your economic message to the nation. Our theme, "Justice for All - All for Justice," echoes your message of shared responsibility. This theme underscores the concept that every American shares in the responsibility to maintain and improve our nation and our nation's justice system. If we do not have "all for justice," we will never have justice for all.

The exciting initiative we will highlight on Law Day U.S.A. this year is a graphic demonstration of our theme. That initiative, the Law Firm Pro Bono Challenge, asks major law firms to commit a substantial portion of their resources to provide legal assistance free of charge to low income persons, community groups, governmental entities, and others unable to afford legal counsel. If every large law firm in the nation participated in the Challenge, we would generate almost five million hours of legal assistance annually. These services will be available not only to protect the rights of poor and disadvantaged people but also to help create housing, jobs, and businesses. I have enclosed for your information a letter in support of the Challenge from Justice Brennan.

211

The President
March 29, 1993
Page 2

A few examples of the kind of projects law firms have undertaken may help to underscore the importance of the contributions which will be made through the Challenge.

*A law firm in Atlanta has implemented a firm-wide "adopt a court" program. Through this program, the firm has organized a number of three-person teams, each consisting of a lawyer, a support staff member, and a paralegal, to act as guardians ~~ad litem~~ to protect the interests of children in all cases of contested custody. This program has helped the courts, whose budgets are limited, expand their services to the public.

*A firm in Chicago has used its expertise to develop affordable housing for the poor and homeless in cooperation with local community organizations. As a result of the firm's efforts in recent years, hundreds of low-income families in the inner city will be able to own their own homes for the first time. In addition, the firm has worked with a neighborhood Hispanic organization to renovate four previously abandoned apartment buildings that now provide decent and affordable housing. In cooperation with an advocacy group for disabled citizens, the firm helped to turn an abandoned building into forty-one apartments for the poor and disabled. In addition to living in the building, residents will also have a say in its management and maintenance. In the past few years, the firm has spent over one thousand hours providing low-income Chicagoans with decent places to live.

*In the Portland, Oregon area, a law firm adopted a legal clinic in a suburban community twenty miles from the city, providing services to the area's substantial population of low-income persons, many of whom are Hispanic and speak little or no English. Each week, two firm attorneys staff the clinic, and the firm has contributed \$10,000 to subsidize operating expenses. As part of a campaign to generate private funds for legal services programs, the firm took out an ad which proudly announces "many of our clients may not speak English, but they know their rights."

*A San Francisco law firm has made the area of children in poverty its primary focus. Among the many projects undertaken by this firm on behalf of the most vulnerable children is a challenge to the denial of in-home nursing care by health maintenance organizations for infants with life-threatening respiratory disorders.

The President
March 29, 1993
Page 3

These projects offer a glimpse of the extraordinary public service contributions that firms have made and will make as a result of their participation in public service, to contribute to our nation's welfare, and to promote private and public investment in our infrastructure and our people. We hope that you will utilize the vehicle of Law Day U.S.A. to recognize their contribution and to urge others in the legal profession, in other professions and in business to follow their example. We hope that you might be willing to issue a certificate of appreciation to participating law firms.

We are available for a Law Day ceremony at any time between April 26 and May 1, 1993. While such a ceremony could certainly most conveniently be held at the White House, it might also be appropriate to hold it at a site benefitted by the work of one of our participating firms, such as a child care center, a new apartment complex, and or an inner-city jobs initiative. In either case, we would suggest that clients and client groups benefitted by the pro bono service of law firms be present at the ceremony.

We will provide you with a proposed draft of the proclamation which would be signed at the ceremony. We hope that you will participate in that ceremony, and we look forward to assisting you in that effort.

Sincerely,



J. Michael McWilliams

JMMcW:jm

Enclosure

John Podesta
Staff Secretary
Ground Floor West Wing

THE WHITE HOUSE

Office of the Press Secretary

Immediate Release

April 27, 1993

PRESS BRIEFING
BY GEORGE STEPHANOPOULOS

The Briefing Room

1:10 P.M. EDT

MR. STEPHANOPOULOS: The President has some major disasters to declare today in Oklahoma. (Laughter.) These are resulting from severe storms and tornadoes on April 24th, 1993. FEMA will provide assistance to individuals and families affected. In Oregon, resulting from an earthquake on March 25th, 1993, FEMA will provide public assistance to cities and towns affected. And in Iowa, resulting from severe storms and flooding on March 26th 1993, FEMA will provide assistance to individuals and families affected.

MR. STEPHANOPOULOS: He's also approved expanded emergency aid for North Carolina and Alabama, following the March snowstorms in those states. And we will have a release for all of you.

Q What about Hurricane Leon? (Laughter.)

MR. STEPHANOPOULOS: No FEMA declaration yet.

Q Is the President concerned about the Budget Director's statements, and does that characterize the President's view of what his chances are on the passage of key elements of his proposal on the Hill?

MR. STEPHANOPOULOS: No, I don't think so. Not at all. I think the President, first of all, is in a very upbeat mood. For anybody who saw the speech today would see that. And, obviously, on the passage of the President's economic and health care plans and his entire agenda for change, nobody ever said it was going to be easy. I don't think the President expects that when you go in for big changes, trying to reverse 12 years of neglect and abandonment by the federal government and bringing down the deficit, it's going to be easy. But we're not going under with any illusions, but we're moving forward.

Q Has he spoken to Panetta, or has McLarty? Has anyone wood-shedded him?

MR. STEPHANOPOULOS: No, not at all. Mr. Panetta came to the senior staff meeting this morning, as he always does, and --

Q What was said about that?

MR. STEPHANOPOULOS: First of all, he walked in -- (laughter.)

Q Then what happened?

Q Then what happened?

MR. STEPHANOPOULOS: And we all acknowledged his presence. (Laughter.)

Q How? By booing?

END MORE

in the mediterranean
aren't they
referred to as
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Podest

THE WHITE HOUSE
WASHINGTON

DATE: 4/29

NOTE FOR:

Howard RASTER, Karen Hancock

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:

4.27.93

THE WHITE HOUSE

WASHINGTON

MARCH 30, 1993

93 MAR 30 P1:25

RECOMMENDED TELEPHONE CALL

TO: Congressman Sam Gibbons
202-225-3376 - office
202-554-3132 - D.C. home
813-251-4691 - FL home

DATE: At your convenience

RECOMMENDED BY: Karen Hancox, Legislative Affairs

PURPOSE: To let Congressman Gibbons know you have approved him as your representative to the 50th Anniversary celebration of D-Day, and that you will let him have the use of a plane.

As the number two person on Ways and Means, Gibbons is very important to the success of the Administration's legislative program. A call from you on this issue would go a long way with Gibbons.

BACKGROUND: June 6, 1994 is the 50th Anniversary of D-Day. There will be a celebration, that day, in France to commemorate the event.

Gibbons was a member of the 501st Parachute Infantry, 101st Airborne that participated in the Normandy invasion. The Congressman is now heading the commission to commemorate this occasion.

You have agreed to designate Gibbons as your representative in conjunction with this celebration. In addition, as your representative, you have authorized the use of a plane for him and the official party representing Congress and the Administration to use as they travel to Normandy.

TOPICS OF DISCUSSION: 1. Tell Mr. Gibbons he is your official representative for this event.

2. Tell Mr. Gibbons he can have the use of a plane.

3. He may ask if you will be attending the celebration, legislative affairs has recommended that it be considered.

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Page 2

Telephone call to Sam Gibbons

CONTACT PERSON AND

TELEPHONE NUMBER: Karen Hancox x6620

DATE OF SUBMISSION: March 30, 1993

ACTION: 

THE WHITE HOUSE
WASHINGTON

April 29, 1993

MEMORANDUM TO GEORGE STEPHANOPOULOS
DEE DEE MYERS

FROM: R. PAUL RICHARD *jr*
DEPUTY STAFF SECRETARY

SUBJECT: MAY PRESIDENTIAL PROCLAMATIONS

Attached for your reference, please find a list of presidential proclamations that are scheduled for issuance during May.¹ You may use this to determine which might be candidates for signing ceremonies or other activities. (The Asian Pacific American Heritage Month proclamation will be signed on Monday, May 3, at 5:30.)

Among the things you may wish to consider are an event or PSA with Socks for Be Kind to Animals Week; some kind of prayer event for next Thursday; infrastructure and/or high-speed rail for National Transportation Week; signing the Mother's Day proclamation during the May 8 radio address; a reprise of the successful American University speech on free trade for World Trade Week.

I'd appreciate your keeping me informed of any proclamation plans so that we can focus appropriate attention on getting these drafted and staffed out.

¹The first column lists the name of the proclamation, the second contains the origin the proclamation (Congress or the President's own initiative), the third is the current status of the proclamation, and the fourth is the lead federal agency.

*done 4/29
JR
Chran*

Asian Pacific American Heritage Month, 1993	H.R. 5572 of 10/28/92	Draft	State
Older Americans Month	Presidential initiative	Draft	HHS
Small Business Week (any week in May)	Presidential initiative	Draft	SBA
Law Day, USA (May 1)	PL 87-20	Staffed out	DOJ
Loyalty Day (May 1)	PL 85-529	Draft	DOJ
Be Kind to Animals & National Pet Week (May 2-8, 1993)	PL 102-504	Draft	Ag
National Walking Week (May 3-8, 1993)	PL 102-474	Draft	HHS
National Day of Prayer (May 6, 1993)	PL 100-307	Draft	DOJ
Mother's Day (May 9, 1993)	30 Stat. 770	Draft	HHS
World Trade Week (3d week in May)	Presidential initiative	Draft	Com
National Defense Transportation Day and National Transportation Week (May 21, 1993; May 16-22, 1993)	At request.	Draft	DOT
National Maritime Day (May 22)	At request.	Draft	DOT
Prayer for Peace, Memorial Day (May 31)	PL 81-512	Draft	VA