THE WHITE HOUSE
WASHINGTON

DATE: 4/28

NOTE FOR: MACK, Christine

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

Information ☐

Action ☑

How do you want to handle?

Thank you.

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

cc:

THE PRESIDENT HAS SEEN 4/28

THE WHITE HOUSE

WASHINGTON

93 APR 27 P8:51

MEMORANDUM TO THE PRESIDENT

From: Mack McLarty

Date: April 23, 1993

Re: Henry Cisneros' presentation

Earlier this week, Henry Cisneros and a number of his key people from HUD made a presentation in the White House to a number of us including Bob Rubin and Leon Panetta. Attached is a copy of Henry's presentation. It is a well-done piece and is right in line with your thinking of returning to our domestic agenda and core values.

Mack

This is ~~very~~ good worth sharing with the rest of Cabinet—

U.S. DEPARTMENT
OF
HOUSING AND URBAN DEVELOPMENT

"Our nation cannot move forward until our cities become centers of expanding opportunity and engines of economic growth. Prosperous cities are the key to vital regional economies and to safe and healthy suburbs."

President Clinton and
Vice President Al Gore
"Putting People First"

Purpose of This Meeting

- To Inform the White House and Set Context for HUD's Work
- To Seek Approval on Policy Directions
- To Help Chart a Community and Urban Agenda

HUD's Current Priorities

1. Remedying Inherited Management Deficiencies

- Data Systems
- Resource Management
- Internal Controls

2. Reinventing HUD

- Performance Objectives/Principles of Public Service
- Inclusion of Headquarters, Regional and Field Offices

3. Policy Directions

The State of Urban America

The Peril

- Loss of Economic Function
- Changing Face of Poverty
- Intense Income and Racial Segregation
- Isolation of Neighborhoods
- Diminished Quality of Life
- Declining Housing Opportunities

The Promise

- The Importance of Cities to National/Regional Growth
- The Rise of Community-Based Leadership
- The Proven Effectiveness of Integrated Approaches
- The Potential of Public/Private Collaboration
- The Demonstrated Value of Mobility Strategies
- The Interaction of People from Different Economic Strata
- The Clinton Reforms: Health, Welfare, Tax, Budget

The Federal Government: Reinforcing Urban Decline

- Unlivable conditions: building public housing that is overly dense, poorly designed and geographically isolated
- Tenant preference and income rules: warehousing the poor
- Federally owned properties: blighting inner city neighborhoods
- Cost-containment rules: impeding the location of affordable housing
- Failure to enforce fair housing laws: reinforcing discriminatory behavior
- Inadequate federal oversight: letting banks, insurance companies and government-sponsored enterprises disinvest
- Lack of coordination and integration: fostering fragmented and complicated federal policies

A Commitment to Community

"The nineties are going to be difficult economic times. Beyond the usual ups and downs, we face an economy whose growth rate has been slowing down for decades and that has accumulated mountains of debt that is used largely to enhance consumption rather than investment. . . In this context it will be even more important for members of communities to reach out and help one another and those of less endowed communities. . . Some guidelines are clear. Communities need more people who dedicate more of their time and energy and resources — more of themselves — to the commons."

Amitai Etzioni

A Commitment To Community Values

- Create "bottom up" rather than "top down" strategies
- Fundamentally change the way the federal government does business — from impediment and obstacle to enabler and catalyst
- Support efforts to improve the spirit of community, as well as the physical environment
- Encourage comprehensive solutions to local problems
- Stress good design and amenities as ingredients for building communities
- Make programs more flexible and responsive to the needs of people who carry them out and are served by them
- Reduce the burdens of applying for and implementing programs
- Provide incentives and remove disincentives to coordinated action at the local level
- Assure citizens a larger role in decision-making

A Commitment To Community Action Program

Supporting Community Solutions

- Fund community organizing
- Enable communities to shape strategies and choices
- Build capacity of local nonprofit organizations
- Facilitate community partnerships against crime
- Support community banking
- Compel investment by financial institutions
- Embrace experimentation and innovation
- Enter into partnerships with demonstration communities for comprehensive strategies
- Open HUD decisions to community-based networks

Encouraging Economic Diversity in Communities

- Change income targeting for public and assisted housing
- Change preference rules for tenant selection
- Retarget the use of FHA single-family insurance
- Encourage community redevelopment for economic diversity

Rebuilding the Economic Base

- Create comprehensive enterprise zones
- Support microenterprise
- Leverage philanthropic and other funds for communities
- Fund development of neighborhood business corps
- Encourage public amenities, quality environments and community infrastructure

A Commitment to Economic Lift

"For it is housing that is the first step, the essential beginning to transforming the disgraceful, deteriorated, and violent conditions scarring our cities and countryside. It is decent housing that gives a family dignity and self-respect. Good housing provides the platform that makes it possible for a family and a community to grow and change — to enter the mainstream of American life, and to prepare for being productive members of a competitive world economy."

James W. Rouse

A Commitment To Economic Lift
Values

- Design our policies and programs to move people up a ladder of opportunity
- Infuse lifting ideas, not static concepts; the difference between opening a way and simply maintaining
- Reward self-improvement across life-cycle and income levels
- Harness the marketplace, use its rationale
- Invest in human capital by integrating education and training
- Recognize the interwoven economic destinies of metropolitan areas
- Encourage entrepreneurial behavior in programs and communities

A Commitment To Economic Lift Action Program

Making Work Work

- Remove barriers to work in public and assisted housing rules
- Provide incentives to work
- Encourage building of assets

Creating Jobs Through Federal Housing Programs

- Connecting employment and HUD programs
- Require housing agencies to hire residents
- Encourage opening of construction trades to minority youth
- Expand models of employment and education
- Use federal procurement to expand minority business

Addressing the Spectrum of Housing Need

- Reduce homelessness
- Expand and preserve affordable rental housing
- Expand homeownership opportunities
- Put private capital to work for affordable housing
- Provide project-based assistance for nonprofit housing development

Rebuilding the Metropolitan Economic Base

- Fund long-term economic development planning
- Harness economic growth sectors for urban jobs
- Develop a downtown revitalization program
- Strategically locate federal government facilities

A Commitment to Confront Racism and Destructive Behaviors

". . . Mr. Wilson attacked conservatives who blamed ghetto poverty simply on declining values or Government programs like welfare. But he was, if anything, harder on liberals, who had emphasized only racial discrimination and the flight of jobs. Their refusal, he said, to speak candidly of the behavior problems in the ghetto — out-of-wedlock births, crime and drugs — had eroded the liberals' credibility and influence."

New York Times
on William Julius Wilson

A Commitment To Confront Racism And Destructive Behaviors

Values

- Attack spatial segregation by race and income; eliminate barriers to equality of opportunity
- Raise the level of action to metropolitan areas
- Expect commitment to individual and family self-improvement
- Design programs that embody balance between rights and responsibilities
- Design community development programs to fight crime, drugs, gangs, and anti-social behavior

A Commitment To Confront Racism and Destructive Behaviors Action Program

Reducing Spatial Separation by Race and Income

- Reduce density in public housing developments and implement progressive replacement policies
- Enhance the portability of vouchers to increase mobility
- Test new methods of administering vouchers through regional and private housing entities
- Negotiate regional accords for sharing housing responsibilities
- Coordinate transportation infrastructure development with regional housing policies
- Enforce fair housing compliance:
  - expand support for private fair housing organizations expand testing for rental and mortgage discrimination combat insurance redlining link CRA enforcement
  - expand oversight of primary and secondary mortgage market entities
  - impose sanctions on jurisdictions in substantial non-compliance with fair housing laws
  - reward jurisdictions with progressive fair housing records
  - design architecturally suitable smaller-scale developments

Balancing Rights and Responsibilities

- Change tenant assignment and selection policies
- Tougher eviction policies for irresponsible tenants
- Rekindling grassroots leadership and involvement
  - mentoring programs
  - youth sports activities
  - anti-gang efforts
  - training and employment programs
- Expand commitment to resident management

What This Means for HUD: The Reinvention Process

To rebuild communities:

- Consolidate planning requirements
- Simplify programs; eliminate complexity and overlap
- Entrust responsibility further down in the HUD system
- Reward communities that succeed with waivers and flexibility
- Challenge communities to innovate and reward excellence in community solutions
- Require timely and constructive responses in community initiatives
- Establish advisory boards at HUD regional and field offices

To provide economic lift:

- Streamline and deregulate housing programs
- Consolidate homeless and other programs
- Design new initiatives for economic development
- Seek executive orders for siting of federal facilities
- Train HUD personnel and HUD managers in new concepts of entrepreneurial management

To combat racism:

- Raise the status of Office of Fair Housing and Equal Opportunity
- Restructure the HUD organization to enhance fair housing enforcement
- Change regulation and seek appropriate legislative changes
- Institutionalize coordination across program lines
- Conduct administrative hearings across the nation on mortgage and rental discrimination

What This Means For Other Federal Agencies: The Imperative For Cross Cabinet Coordination

To **rebuild communities**, HUD must work with:

- Treasury, Commerce and others on enterprise zones and community development banks
- Commerce and SBA on small business development
- EPA on environmental clean-up of industrial sites
- VA, RTC, FDIC and others on disposition of federal property
- Treasury on targeted tax reform
- Commerce, DOL and others on coordinating community planning

To **provide economic lift**, HUD must work with:

- HHS on homelessness (e.g. mental illness, substance abuse)
- HHS on welfare reform (e.g. child care)
- DOL on employment and training initiatives
- DOD on military base closures
- Commerce on metropolitan economic development and minority economic development

To **combat racism and destructive behaviors**, HUD must work with:

- DOT on mobility strategies
- DOJ on fair housing enforcement
- OCC, OTS and others on fair lending enforcement

Attachment

Description of Major HUD Policy Initiatives

HUD/AFL-CIO Partnership on Affordable Housing

HUD and the AFL-CIO's Housing Investment Trust are working on a joint venture to finance and subsidize the construction of 10,000 affordable housing units. Under a preliminary plan, the AFL-CIO Trust would commit $1 billion of pension fund monies for first mortgage financing; HUD would commit $75 million to $100 million for capital and rental subsidies. Fannie Mae would also commit to purchase a portion of the affordable loans.

May 4/5 has been tentatively set as the date to announce this partnership.

Presidential Involvement:

The President could announce the HUD/AFL-CIO partnership at a "Rose Garden" event with Secretary Cisneros, Secretary Reich, the AFL-CIO's leadership, Jim Johnson of Fannie Mae and key Congressional leaders.

Alternatively, the President could visit a union construction site (with the individuals designated above) to emphasize the Partnership's potential for job creation.

25th Anniversary of Enactment of 1968 Fair Housing Act

April is the 25th anniversary of the passage and enactment of the 1968 Fair Housing Act. Enactment followed swiftly upon the assassination of Dr. Martin Luther King.

HUD is preparing a series of events to celebrate and commemorate 25 years of this important civil rights law. More significantly, HUD is preparing a series of initiatives to enhance the enforcement of the Act as well as expand its purview -- from rental discrimination to mortgage and insurance redlining. An Executive Order has been transmitted to the White House for review.

Presidential Involvement:

The President could announce the fair housing initiatives (or issue an Executive Order) at a "Rose Garden" event with Secretary Cisneros, Secretary Reno, civil rights leaders (e.g. NAACP, National Fair Housing Alliance) and key Congressional leaders.

Executive Order on Homelessness

HUD and the Domestic Policy Council are working on a Presidential Executive Order on Homelessness. The proposed executive order would state the President's strong commitment to reduce the number of homeless persons during his first term. To accomplish this objective, the Order would issue a series of significant directives to federal agencies.

Presidential Involvement:

The President could issue the Executive Order at a local transitional housing development. He could be joined by Secretary Cisneros, advocates for the homeless, housing leaders like Jim Rouse and key Congressional leaders.

Executive Order on Federal Property Disposition

HUD has been working on a Presidential Executive Order on Federal Property Disposition. The proposed executive order would require coordination in the disposition of property that is owned by disparate federal agencies (e.g. VA, Farmers Home, FDIC, RTC). The executive order would also stress the need to use the disposition of federal residential property as a means to enhance homeownership opportunities and expand the supply of affordable rental housing.

Presidential Involvement:

The President could issue the Executive Order at a single-family home that was previously owned by the federal government and is now occupied by a first-time homebuyer. He could be joined by Secretary Cisneros, housing advocates and key Congressional leaders.

THE WHITE HOUSE
WASHINGTON

DATE: 4/28

NOTE FOR: MACK

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

Information ☐

Action ☐

MACK —
Does this Defense material go through you? I can never figure out how the President gets it. No problem. Just useful to know to keep other W.H. staff informed.

Thank you.

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

cc:

JOHN

THE PRESIDENT HAS SEEN 4/28

STATEMENT
BY
THE HONORABLE LES ASPIN,
SECRETARY OF DEFENSE

Today, I am issuing **a new policy on the assignment of women** in the armed forces. I want to tell you what is being done, and why.

But first I want to **thank the chiefs of the military services** for helping us get to this point. All of them have been working on this, and their ideas are reflected in the new policy.

WHAT WE ARE DOING

The essence of the new policy is that the military services are to open up more specialties and assignments to women.

o First, all of the services are to allow women to compete for assignments in combat aircraft;

o second, the Navy is to open up additional ships to women;

why?

o third, I am instructing the Navy to draft a proposal, which I shall forward to Congress, that would remove the last legislative barrier to the assignment of women to combat vessels; and

o fourth, the Army and Marine Corps are being instructed to look for opportunities for women to serve in positions such as field artillerv and air defense artillery.

The result of all this will be that the services will be able to call on a much larger pool of talent to perform the vital tasks tasks that our military forces must perform in the post-Cold War world.

o However, I support the key **principle behind its work, which was that "military readiness should be the driving concern" when developing assignment policies.**

o It is my strong conviction that opening up more assignments to women will enhance the readiness and effectiveness of the force.

HOW THE ORDER WILL BE IMPLEMENTED

Much that I am directing the services to do can be done fairly quickly.

o For example, I expect that, within a matter of weeks, women who have been trained to fly the Army's Blackhawk helicopter will be competing for assignments to train for high-performance helicopters such as the Cobra and the Apache;

o and the Navy already has developed a list of ships that can be opened up to women.

However, there is still much to do in order to ensure that the services implement the policy consistently.

o We need to examine a number of areas, such as deployability policies and the "risk rule", that may be affected by this change in policy.

I am establishing a committee, consisting of the senior personnel officials at OSD, the services and the Joint Chiefs, to oversee work on some of the longer-term issues.

CONCLUSION

The steps we are taking today are historic: they will open up a range of new opportunities for women in the armed forces. **They also constitute a vital part of our effort to ensure the readiness and effectiveness of our military forces.**

WHY WE ARE OPENING MORE ASSIGNMENTS TO WOMEN

One word sums up why we are doing this: *readiness*. We are in the process of downsizing the force.

o With that smaller force, we are expected to meet a diverse array of challenges, from deterring aggression by a major military power to delivering humanitarian aid to places such as Somalia.

o In order to do the jobs well, we need to recruit the best talent we can find and assign the most qualilfied individual for each military job. Right now, we aren't doing that.

o Many important military jobs are closed to women, and as long as that is the case, we cannot be sure that we are putting the very best person in the job.

Women have proved that they can contribute mightily to the readiness and effectiveness of the force.

o We know from experience that women can fly our high performance fighter aircraft.

o We know from experience that they perform well in assignments at sea.

o And we know, from Operation Desert Storm/Desert Shield, that women stand up to the most demanding environments.

So, we are acting on what we know.

DISAGREEMENTS WITH THE COMMISSION

Last November, a Presidential Commission on the Assignment of Women in the Armed Forces submitted its report.

o I disagree with several of the commission's specific recommendations, including its recommendation that Congress re-enact the ban on assigning women to combat aircraft.

THE SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1000

MEMORANDUM FOR THE SECRETARY OF THE ARMY
SECRETARY OF THE NAVY
SECRETARY OF THE AIR FORCE
CHAIRMAN, JOINT CHIEFS OF STAFF
ASSISTANT SECRETARY OF DEFENSE (FORCE MANAGEMENT AND PERSONNEL)
ASSISTANT SECRETARY OF DEFENSE (RESERVE AFFAIRS)

SUBJECT: Policy On The Assignment Of Women In The Armed Forces

As we downsize the military to meet the conditions of the post-Cold War world, we must ensure that we have the most ready and effective force possible. In order to maintain readiness and effectiveness, we need to draw from the largest available talent pool and select the most qualified individual for each military job.

Throughout our nation's history, women have made important contributions to the readiness and effectiveness of our armed forces. Their contributions to the nation's defense have been restricted, however, by laws and regulations that have excluded them from a large number of important positions.

The military services, with the support of Congress, have made significant progress in recent years in assigning qualified women to an increasingly broad range of specialties and units. Two years ago, Congress repealed the law that prohibited women from being assigned to combat aircraft. It is now time to implement that mandate and address the remaining restrictions on the assignment of women.

Accordingly, I am directing the following actions, effective immediately.

A. The military services shall open up more specialties and assignments to women.

1. The services shall permit women to compete for assignments in aircraft, including aircraft engaged in combat missions.

2. The Navy shall open as many additional ships to women as is practicable within current law. The Navy also shall develop a legislative proposal, which I will forward to Congress, to repeal the existing combat exclusion law and permit the assignment of women to ships that are engaged in combat missions.

3. The Army and the Marine Corps shall study opportunities for women to serve in additional assignments, including, but not limited to, field artillery and air defense artillery.

4. Exceptions to the general policy of opening assignments to women shall include units engaged in close combat on the ground and situations where the costs of appropriate berthing and privacy arrangements are prohibitive. The services may propose additional exceptions, together with the justification for such exceptions, as they deem appropriate.

B. An implementation committee shall be established to ensure that the policy on the assignment of women is applied consistently across the services, including the reserve components.

1. The committee shall be chaired by the Deputy Assistant Secretary for Military Manpower and Personnel Policy, and should include the Deputy Chiefs of Staff for Personnel of the Services and the Director of Manpower and Personnel of the Joint Staff.

2. Consistent with my emphasis on readiness and effectiveness, the committee shall review and make recommendations to me about the services' parental and family policies, pregnancy and deployability policies, and the appropriateness of the "Risk Rule."

The Service Secretaries and the chair of the implementation committee shall report their progress and plans to me in 30 days, and keep me apprised thereafter.

THE WHITE HOUSE
WASHINGTON

DATE: 04/28/93

TO: BOB KYLE

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

FYI

This report contains information received by the United States Department of Labor in confidence, the disclosure of which would reveal certain operations of individual firms. Disclosure in any manner or to any extent not authorized by law is subject to penalty under 18 U.S.C. 2905.

UNITED STATES DEPARTMENT OF LABOR
EXTRUDED RUBBER THREAD

Report to the President
Investigation No. TA-224-63
Under Section 224 of the Trade Act of 1974

January 1993

Table of Contents

List of Tables

Introduction

This report is submitted in accordance with the provisions of Section 224 (b) of the Trade Act of 1974 (the Act), which provides in substance that whenever the U.S. International Trade Commission (ITC) begins an investigation under Section 201 of the Act with respect to an industry, the Secretary shall immediately begin a parallel investigation or study. This study shall determine the number of workers in the domestic industry producing like or directly competitive articles who have been or are likely to be certified as eligible to apply for adjustment assistance, and the extent to which the adjustment of such workers to import competition may be facilitated through the use of existing training and employment programs.

On June 23, 1992, ITC instituted the investigation of extruded rubber thread of natural rubber latex, investigation No. TA-201-63, following receipt of a petition filed by North American Rubber Thread Company, Incorporated, requesting an investigation under the Act to determine "Whether increasing imports of extruded rubber thread of natural rubber latex are a substantial cause of serious injury or the treat thereof to the domestic industry producing a like or directly competitive product." Extruded rubber thread is classified under heading 4007.00.00 of the Harmonized Tariff Schedule of the United States.

During the injury vote, October 14, 1992, the ITC Commissioners were divided 3-3 on whether extruded rubber thread is being imported into the United States in such increased quantities as to support a finding of serious injury under Section 201 of the Act.

On December 21, 1992, ITC forwarded to the President, the findings, and the recommendation on remedy of the Commissioners voting in the affirmative. 1/

1/ U.S. International Trade Commission, Extruded Rubber Thread, Report to the President on Investigation No. TA-201-63, Under Section 202 of the Trade Act of 1974, December 1992.

Statement of Findings

1. Average employment of production and production-related workers producing extruded rubber thread declined from 1987 through 1991, but increased in the first six months of 1992 when compared with the first six months of 1991.

2. The Department of Labor (DOL) received, processed, and certified one petition for Trade Adjustment Assistance (TAA) from workers in the extruded rubber thread industry since April 3, 1975, the effective date of the adjustment assistance program.

   From January 11, 1991, through September 30, 1992, extruded rubber thread industry workers had been paid $61,300 in trade readjustment allowances (TRA).

3. The unemployment rate for the area in which extruded rubber thread is manufactured is above the 6.8 percent National unemployment rate (unadjusted) for October 1992.

4. Legislation authorizing the TAA program is scheduled to expire September 30, 1993.

5. The Fiscal Year (FY) 1993 budgeted expenditure for allocation to states for TAA benefits (retraining, job search assistance, and relocation assistance) is $75.0 million, and $136.0 million is budgeted for TRA payments.

6. Dislocated workers in the extruded rubber thread industry may benefit from the $15,787,402 in Title III formula and discretionary funds allotted to Massachusetts for program year (PY) 1992.

I. Industry and Workforce Background

Extruded rubber thread falls under Standard Industrial Classification (SIC) 3069, "Fabricated Rubber Products, Not Elsewhere Classified."

Survey Results

No survey was undertaken.

Description of the Industry

According to the ITC report, there are only two firms in the United States, both located in Fall River, Massachusetts, producing extruded rubber thread. A third domestic producer of rubber thread ceased its operations in 1990. 2/

Employment

Responses to the ITC questionnaire show that employment of production and production-related workers producing extruded rubber thread increased by 1.9 percent from 1987 to 1988, and decreased in each of the following years through 1991, declining by 7.5 percent in 1989, 2.0 percent in 1990, and 0.7 percent in 1991. For the 1987-1991 five-year period, employment declined by a net total of 13 workers, or 8.2 percent. During the six-month period of January through June 1992 compared with the same time period in 1991, employment of production and production-related workers producing extruded rubber thread increased by three workers, or 2.1 percent. (See Table 1.)

Labor Turnover

Although the industry did not provide labor turnover data, during the period January 1989 through June 1992, one manufacturer of extruded rubber thread reported permanent layoffs and temporary layoffs for periods of one to four weeks because of lack of business. One manufacturer reported permanent layoffs because of lack of business. 3/

2/ This section was derived from page I-23 of the ITC report. (See footnote 1.)
3/ This section was derived from survey responses to the ITC questionnaire.

Table 1: Average number of production and related workers engaged in the manufacture of extruded rubber thread, hours worked by such workers, total compensation received, and hourly wages received. 1/

1987	1988	1989	1990	1991	Jan.-June 1991	Jan.-June 1992
Average Number of Production and Related Employees						
158	161	149	146	145	145	148
Average Annual Hours Worked (Thousands)						
277	299	275	273	278	138	140
Average Hourly Total Compensation (Dollars)						
11.90	12.01	13.14	13.12	13.73	14.02	14.22
Average Hourly Wage (Dollars)						
9.31	9.59	10.36	10.41	10.56	11.09	11.24

Source: ITC, Extruded Rubber Thread, p. I-44.

1/ Data are for current producers, and does not include information on Qualitex, Johnston, Rhode Island (out of business in October 1990).

Seasonality

The industry did not provide seasonality data.

Work Interruptions

The industry did not provide data on work interruptions.

Unionization

The manufacturers of extruded rubber thread currently operating were reported to have no union affiliation. 4/ Workers of Qualitex, located in Johnston, Rhode Island (out of business in October 1990), were represented by the Amalgamated Clothing and Textile Workers Union. 5/

Demographic Data

The industry did not provide demographic data.

Occupations

The industry did not provide occupational data.

II. Impact Analysis

Worker Petition Activity

The DOL has received and processed one petition for TAA from workers in the extruded rubber thread industry since April 3, 1975, the effective date of the adjustment assistance program. This petition was certified January 11, 1991, covering an estimated 77 workers. 6/

As of September 30, 1992, DOL had paid $61,300 in trade readjustment allowances to workers formerly producing extruded rubber thread. The number of workers that have entered training, and applied for job search, and relocation allowances has not been reported. 7/

4/ Derived from survey responses to the ITC questionnaire.
5/ U.S. Department of Labor, Employment and Training Administration.
6/ Ibid.
7/ Ibid.

Potential Layoffs in the Next Twelve Months

The industry did not provide data on potential layoffs.

Reemployment Prospects for Present and Potentially Separated Workers

Reemployment prospects for presently and potentially separated workers are normally analyzed in terms of labor turnover data and local labor market conditions. However, for the present case, useable labor turnover data are not available. Also not available are ratios of job vacancies to job applicants in occupations typical of the extruded rubber thread industry. Therefore, the analysis will be based on local area unemployment rates and labor surplus data.

This report uses the most current data available at the time of preparation. Unemployment data are for October 1992 and are not seasonally adjusted.

Labor market conditions for the area in which extruded rubber thread is manufactured show that both the local area and the county unemployment rates (unadjusted) were above the 6.8 percent National unemployment rate (unadjusted) for October 1992, the most recent data available. (See Table 2.)

Fall River, Massachusetts, is designated a labor surplus area (LSA) as of December 1992. A LSA is a civil jurisdiction where (in general) during the previous two calendar years the unemployment rate was at least 20 percent above the national average unemployment rate for all States (including the District of Columbia and Puerto Rico). For periods of high national unemployment, the 20 percent ratio is disregarded and an area is classified as a LSA if its unemployment rate during the previous two calendar years was 10 percent or more. Employers located in labor surplus areas can be given preference in bidding on Federal procurement contracts. The purpose in providing such preference is to help direct the Government's procurement dollars into areas where people are in the most severe economic need.

Fall River City, Massachusetts: The local area unemployment for October 1992 in this area was 11.0 percent. The area is a LSA. Reemployment prospects for potentially separated extruded rubber thread workers appear to be poor.

Bristol County, Massachusetts: The local area unemployment for October 1992 in this area was 9.7 percent. The area is a LSA. Reemployment prospects for potentially separated extruded rubber thread workers appear to be poor.

Table 2: Civilian labor force and unemployment rate (unadjusted) for October 1992, and labor surplus area as of December 1992, for the area having extruded rubber thread production facilities.

State and Area	Civilian Labor Force	Unemployment Rate 1/ (Percent)	Labor Surplus Area
Massachusetts			
Fall River City	41,475	11.0	Yes
Bristol County	245,032	9.7	Yes

1/ Not seasonally adjusted. The national unemployment rate, not seasonally adjusted, for October 1992 was 6.8 percent.

Sources: Civilian labor force and unemployment rates are from U.S. Department of Labor, Bureau of Labor Statistics. Labor surplus areas are from U.S. Department of Labor, Employment and Training Administration, Area Trends in Employment and Unemployment, December 1992.

Employment and Training Administration Programs

A. Worker Adjustment Assistance Program

Types of Benefits

Under the Trade Act of 1974, as amended, workers (including production, production-related, and non-production employees) certified as eligible to apply for worker TAA may receive training, job search and relocation assistance allowances, and other reemployment services as well as weekly cash payments or TRA. The Omnibus Trade and Competitiveness Act of 1988, amended the Trade Act of 1974 to change the TRA qualification requirements. As a result of this amendment, TAA certified individuals must participate in training, approved by the designated State agency serving as the agent of the Secretary, as a condition for receiving TRA. This requirement may be waived only if the State agency determines that training is not feasible or appropriate.

Eligibility

The various types of TAA benefits may be provided only if the workers are certified as eligible to apply for TAA under Sections 222 and 223 of the Trade Act of 1974, as amended. In order for workers to be certified as eligible to apply for TAA each of the following requirements of Section 222 of the Act must be met:

(1) that a significant number or proportion of the workers in the workers' firm, or an appropriate subdivision thereof, have become totally or partially separated, or are threatened to become totally or partially separated;

(2) that sales or production, or both, of the firm or subdivision have decreased absolutely; and

(3) that increases of imports of articles like or directly competitive with articles produced by the firm or appropriate subdivision have contributed importantly to the separations, or threat thereof, and to the absolute decline in sales or production.

These criteria are in contrast to the ITC criteria for import injury under Section 201 of the Trade Act of 1974, as amended, where ITC must determine if increased imports are a substantial (rather than important) cause or threat of serious injury to the domestic industry. The ITC's determinations are on an industry-wide basis, whereas TAA determinations are on an individual firm basis.

Eligibility to receive TRA is somewhat more difficult than that for other TAA employment services. To be eligible for TRA a worker, in addition to being covered by a certification, must:

(1) Be laid off due to lack of work in adversely affected employment;

(2) Be laid off on or after the impact date set by DOL in its certification, and before the ending date of the certification;

(3) Have worked at least 26 weeks at wages of $30.00 or more a week in adversely affected employment with a singe firm or subdivision, in the 52-week period ending with the week of separation;

(4) Have been entitled to and have exhausted all rights to unemployment insurance benefits;

(5) Meet the same weekly work test applicable to claimants for extended unemployment insurance benefits, including actively seeking, applying for, and accepting work within the workers' capabilities; and

(6) Be enrolled in a training program. The training requirement can be waived only if the State agency determines that training is not feasible or appropriate.

Certified workers separated on or after the impact date and before the ending date, are eligible to apply for reemployment services such as job search and relocation allowances and training.

Number of Eligible Workers

An estimated 77 extruded rubber thread workers are certified as eligible to receive worker TAA. This figure is based on the existing TAA certification covering former workers of Qualitex, Incorporated.

Funding

The TAA program has been extended by a series of congressional continuing resolutions and legislation. The most recent, the Omnibus Trade and Competitiveness Act of 1988 (Pub. L. 100-418) authorizes the TAA program through September 30, 1993.

The FY 1993 budgeted expenditure for allocation to states for TAA benefits (retraining, job search assistance, and relocation assistance) is $75.0 million, and $136.0 million is available for TRA payments.

B. Job Training Partnership Act of 1982

1. Economic Dislocation and Worker Adjustment Assistance Act (EDWAA)

Title III of the Job Training Partnership Act (JTPA) provides retraining, basic readjustment and supportive services for dislocated workers. PY 1992, which covers the period from July 1, 1992, through June 30, 1993, is the fourth year of operation of Title III programs as amended by the Economic Dislocation and Worker Adjustment Assistance (EDWAA) Act.

Eighty percent of the PY 1992 Title III appropriation is allotted by formula to the States. Up to 40 percent of each State's allotment may be used by the Governor for dislocated worker activities at the State level, including establishing a Dislocated Worker Unit responsible for coordinating local programs across the State and providing a rapid response to plant closures and substantial layoffs. The remaining 60 percent of a State's allotment must be distributed to substate areas to provide retraining and other services at the local level.

The other 20 percent of the Title III appropriation is retained in the Secretary's National Reserve Account for discretionary projects serving workers affected by plant closings and mass layoffs, projects in areas of special need, technical assistance and training, and exemplary and demonstration programs including emergency response to natural disasters. Discretionary funds are awarded in response to applications that may be submitted at any time throughout a program year, and can be expended for up to two additional program years.

Title III formula and discretionary funds allotted to Massachusetts totaled $8,390,726 during PY 1991, and in PY 1992, increased 88.2 percent to $15,787,402.

2. Disadvantaged Worker Program

Title II-A of JTPA provides training and related employment and support services for the economically disadvantaged. In view of the wages paid in the extruded rubber thread industry, it is unlikely that many separated workers would immediately fall within the definition of economically disadvantaged workers and be found eligible for Title II-A benefits.

The term economically disadvantaged means an individual who:

(1) Receives, or is a member of a family which receives, cash welfare payments under a Federal, State, or local welfare program;

(2) Has, or is a member of a family which has, received a total family income for the six-month period prior to application for the program involved (exclusive of unemployment compensation, child support payments, and welfare payments) which, in relation to family size, was not in excess of the higher of (i) the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget ($13,950 for a family of four in the 48 continental States as of February 14, 1992), or 70.0 percent of the lower living standard income level ($16,840 for a family of four living in a nonmetropolitan area in the Northeast region; $16,920 in a metropolitan area in the Northeast region; or $16,510 and $16,130, respectively for the West region);

(3) Is receiving food stamps pursuant to the Food Stamp Act of 1977;

(4) Is a foster child on behalf of whom State or local government payments are made; or

(5) In cases permitted by regulations of the Secretary, is an adult handicapped individual whose own income meets the requirements of clause (1) or (2), but who is a member of a family whose income does not meet such requirements.

In addition, Title II-A provides that up to 10 percent of Title II-A recipients may be individuals who are not economically disadvantaged but who have encountered barriers to employment. Included are individuals who have limited English language proficiency, or are displaced homemakers, school dropouts, teenage parents, handicapped, older workers, veterans, offenders, alcoholics, or addicts.

3. Other JTPA Programs

It is unknown whether any of the potentially separated workers in the extruded thread industry would qualify for other JTPA programs. However, for those who may qualify, the following programs are available:

(1) The Native American Program directed to alleviating serious unemployment and economic disadvantages of Indian, Alaskan Native, and Hawaiian Native communities (Title IV-A);

(2) The Veterans Program directed to meeting employment and training needs of service-connected disabled veterans, veterans of the Vietnam era, and veterans recently separated from military service (Title IV-C); and

(3) Training programs for older individuals directed to training and placing individuals 55 years of age or older into private employment opportunities (Title I-B).

Tony Lake

THE PRESIDENT HAS SEEN
4-28-93

Presidential Phone Calls

DATE: 4-28

TIME: 3:55
incoming/outgoing

WITH: G Shultz

SUBJECT: Bosnia -

① ~~[illegible]~~ if Serbs r stopped
they + others will go elsewhere
② UN has failed
③ Throw out of UN -
Serbs under flag of old Yugosl.
④ pursue war crimes
⑤ Geog scope should be
broad - all Serbia
⑥ Rules of engagement aggressive

FOLLOW UP: ⑦ Identify
supply lines, bridges, petrol, ammo caches
⑧ Ask Colin what can do.
⑨ Serbs told air against 'em
until they leave land à la UN charter.

THE PRESIDENT HAS SEEN
4 28 93

Mack —
Nice work on reading
(I'm sorry you lost him, though)
in wake of part of Duke — He's
sweet and loyal B.

[redacted]

Mon. March 28

To: President Clinton, Bruce Lindsey

From: Derek Shearer

Dear Bill

(1) Ruth and are very sorry about your father-in-law. I continually have in mind that I'll be getting a call from Marva to tell me that Skip has had another stroke and died or is near death.

(2) To update you on the situation at Commerce: I handed in my memos to Ron, Rob Stein, and Rollwagen a few weeks ago, as I informed you and Bruce, indicating my strong desire to be moved over to the International side of things.

Rob told me that they got my message and would get back to me. To date, I've not heard a word, one way or another. Should you or Bruce hear about new candidates for the Undersecretary for International position, I'd appreciate it, if you'd let me know. I don't seem to be in the loop at Commerce.

(3) If Ron decides that he doesn't want me to do International, then perhaps you would consider the option of bringing me over to the White House as a Special Assistant to do special projects for you, much as Ira is doing with health.

For example, I could be your point man on Japan policy, and bring together for you the various considerations that might make a comprehensive policy.

(4) I know that there's a Deputies group working on options for you for the Miyazawa visit, but I don't believe that such inter-agency operations will get you a comprehensive policy without special attention from you. The different departments--State, Defense, USTR--all tend to represent their interests and cut up policy into sections that reflect their turf.

X As I argued to you during the campaign, Japan is one special case where a comprehensive approach is needed. Right now, trade disputes seem to be driving our relations. We shouldn't let tactical questions on trade add up to a de facto policy, nor should we let security questions override the importance of altering our economic relationship.

(5) I think that you should take a walk outside alone with Miyazawa--he speaks good English--and tell him that you seriously want a global partnership with Japan, and that you will support a seat on the UN Security Council for Japan, and a more active role for Japan in international institutions--but that in exchange, Japan must open its economy (i.e. a results oriented trade policy on our part, but perhaps not numerical targets for specific industries). We won't dictate how this opening is to be done as the Bush adminstration tried to do with the Structural Impediments Initiative, simply that it should be done and the Japanese can figure out how best to do it. Of course, we welcome political and economic reform in Japan and want to encourage and support reform forces--but there are better ways to push internal reform in Japan than SII.

(6) I believe that you won't get the Japap policy that you need without a personal assistant taking charge of the policy process, just as Strobe has done with aid to Russia. The process has to have your personal approval behind it--and someone close to you working it.

I've already seen how some potentially good advisers that I recruited for you during the campaign--Prof. Mike Mochizuki who briefed you in New Haven, Clyde Prestowitz whom I got to endorse you in the LA Times, and Glen Fukushima--have been kept out of the mix to date. These three, among others, are some of the most thoughtful people in the country about the nature of the Japanese challenge and the options for a new Japan policy. It seems to me that somehow you're missing out on their views---and on mine--and that you're not going to get the options that you should, nor a comprehensive policy.

(7) Getting our relationship right with Japan is, I believe, important if not crucial to the success of your domestic agenda. For the economy to really pick up in the US, we need both increased exports to Japan and increased Japanese capital investment in the U.S. Without this, I'm afraid that the recovery at home will be tepid, that we won't get the growth in good jobs that you'll need for reelection. (I can run the numbers for you, if you want--but I've talked to a good number of economists at meetings in the past month who believe this is the case.)

(8) I feel like an underutilized asset at Commerce, especially where I am now. I know that I have thought a great deal about Japan policy, and about a strategy for our international economic policy, and that I can contribute a lot to your administration--either by doing International at Commerce, or by working directly for you in the White House .

I don't quite understand how I lost some of your confidence between the end of the campaign and the end of the Transition. You know that I'm your friend, that I'm loyal and want you to succeed, and that I'm smart and have good ideas. Perhaps, it was the atttacks in the Wall Street Journal, and others used these against me. I honestly don't know (and in any case, by doing international policy, I'm not interfering in domestic affairs, which seems to worry the Journal. Also, the Journal doesn't like much of anything that you and your folks do, so I'm in good company.)

I hope that you might give me a chance to work closely with you again, especially on Japan policy.

I know that you'll have a successful Summit with Yeltsin. Casey is coming to visit me at the end of the week, and we hope to be going to the Baltimore game with you on Monday. Nancy has been arranging it.

Ruth sends her best to you and Hillary,

Derek

THE WHITE HOUSE
WASHINGTON

DATE: 04/28/93

TO: THE VICE PRESIDENT

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

The attached has been forwarded
to the President.

Office of the Chairman and CEO

Response — Draft
(1) Howard
(2) Geo S
(3) Bob R
(4) Potus / Jt file
(5) Roy N

April 26, 1993

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

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.

Apple Computer, Inc.
20525 Mariani Avenue
Cupertino, California 95014
408 974-2228
Fax: 408 862-5194

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.

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

John Sculley

JS/mpb

COMMITTEE ON WAYS AND MEANS

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

April 27, 1993

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.

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

DATE: 04/28/93

TO: HOWARD PASTER

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

Please prepare a Presidential response to this letter from Congressman Rostenkowski.

John Podesta

cc: Bob Rubin

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6348

April 27, 1993

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

Dear Mr. President:

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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.

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.

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 04/27/93

NOTE FOR: SECRETARY ROBERT REICH
SECRETARY RON BROWN

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

Information ☒ X
Action ☐

Thank you.

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

cc:

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 04/27/93

NOTE FOR: LAURA TYSON

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 PRESIDENT HAS SEEN 4/27

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

April 16, 1993 93 APR 16 P6:28

MEMORANDUM FOR THE DIRECTOR

To Laura Tyson CEA
cc Bob Rubin
Ron Brown

FROM: Joseph J. Minarik

SUBJECT: Friday Economic and Financial Report

SUMMARY

Research and development (R&D) comprises a small share of GDP, but has an enormous impact on economic growth because of its very high rates of return. The direct rates of return to industry-financed R&D range from 20 to 50 percent. The total return to society may be twice as large because much of the benefit of new knowledge accrues to firms that did not make the initial investment.

Taking into account the direct and indirect returns, R&D may have contributed about 0.4 percentage point per year to GDP growth in the 1980s. About half of the contribution came from the industry engaging in the R&D, about half through indirect channels.

Since the mid-1980s, public and private R&D spending after adjustment for inflation has grown very slowly. That does not necessarily mean that the contribution of R&D to growth will fall off in the coming years. Much of the weakness is in the highly specialized defense sector, which has only a limited impact on productivity growth. In addition, the Administration is focusing its outlays and tax policy on productivity-enhancing R&D.

- Federal R&D is being reoriented toward civilian uses. By FY 1998, civilian R&D is projected to reach 50 percent of all Federal R&D spending, up from 41 percent in FY 1993.

- The Administration has proposed restoring the research and experimentation tax credit. Although it is estimated to cost $2.2 billion in lost revenues by FY 1998, it still represents a sound Federal policy. Because of the high social returns to R&D, reinstating the tax credit would generate total returns considerably higher than most other Federal investments and tax expenditures.

Stimulating Innovation and Economic Growth

Introduction

Economic growth is not simply the result of combining one part capital to two parts of labor. Rather, it is a complex process that depends on the generation of knowledge. As Charles Schultze put it in his recent book, *Memos to the President*, "In the long run, the advance in scientific knowledge, and its translation into new and improved products and methods of production, is the most important force contributing to economic growth." Rapidly growing firms -- and nations -- are those at the forefront of discovery and innovation.

New knowledge comes about in many places: shop floors, academia, and national labs. It is spurred by broad challenges, like strengthening our national defense or conserving energy, and by narrower ones, like building a better mouse trap -- or mouse.

Organized research and development, whether performed in the private or public sector, lies behind most advances in knowledge. Last year, R&D spending totaled just under $160 billion. Industry-financed R&D was only $80 billion -- a small drop in a $6 trillion GDP economic bucket. That drop, however, holds the promise of creating streams of growth in the future.

Return to R&D

Private Industry: The direct rate of return on industry-financed R&D is estimated to be very high, averaging between 20 to 50 percent. This is well above typical estimates of an 8 percent return on corporate plant and equipment and a 10-12 percent return on investment in education.

- The high rate of return has resulted in R&D investment providing a significant boost to productivity growth despite its relatively small size. Industry-financed R&D probably directly accounted for about 0.2 percentage point of the almost 1 percent per year rise in productivity during the 1980s.

The total return to society from industry R&D has been well above the direct rates of return captured by firms making the investment.

- The benefits from the new knowledge acquired by one firm "spill-over" to other firms that imitate or improve upon the initial innovation.

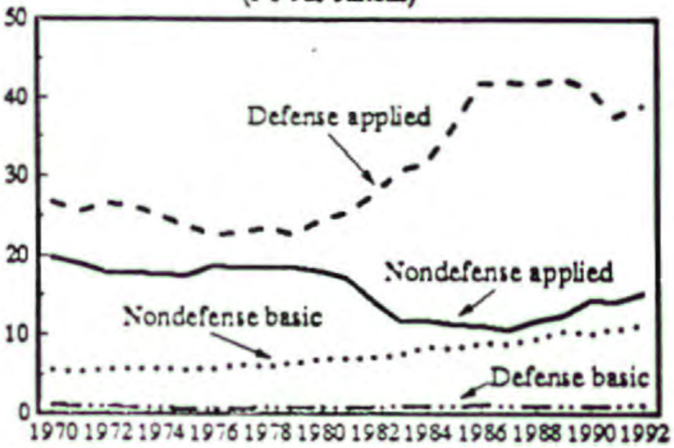
- Productivity benefits accrue to users of the initial innovation as well. Over 40 percent of the R&D used by a typical manufacturing industry was developed by another industry. Outside of manufacturing little R&D is done, so the importation share is even larger.

This indirect contribution is hard to measure, but might have accounted for another 0.2 percent of the productivity growth in the 1980s.

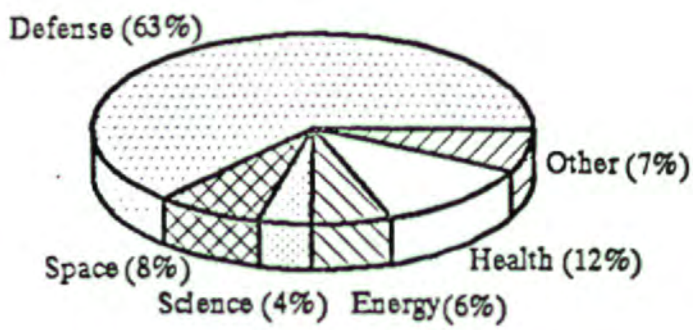
Federal: Federal Government R&D investment has also contributed to productivity growth, but to a much lesser extent than industry spending. In the past, the Federal Government has devoted much of its R&D to mission-oriented defense and space technology and to basic research. Relatively little has gone to direct output-increasing applications.

- While defense R&D has had significant spill-overs into civilian applications, it is difficult to estimate the rate of return of investments focused on enhancing military objectives. The spill-overs include improvements in civilian aviation, lasers, micro-electronics, acute trauma care and communications satellites.

Federal R&D Outlays
(FY 92$ billions)



Federal R&D Spending by Budget Function
(FY 1980-92, percent of total)



- It is also hard to estimate the rate of return on basic research, which accounted for almost 20 percent of Federal R&D spending since 1980. By definition, basic research is not intended to produce a commercial product, even though commercial payoffs often result from its intellectual foundation. For example, federally supported basic research contributed to the development of recombinant DNA, solar collectors, computer time-sharing, fiber optics, and disease-resistant crops.

R&D Trends

Last year, public and private R&D spending totaled $157 billion, a gain of only 1.2 percent over 1991 after adjustment for inflation. The advance this year is likely to be small as well.

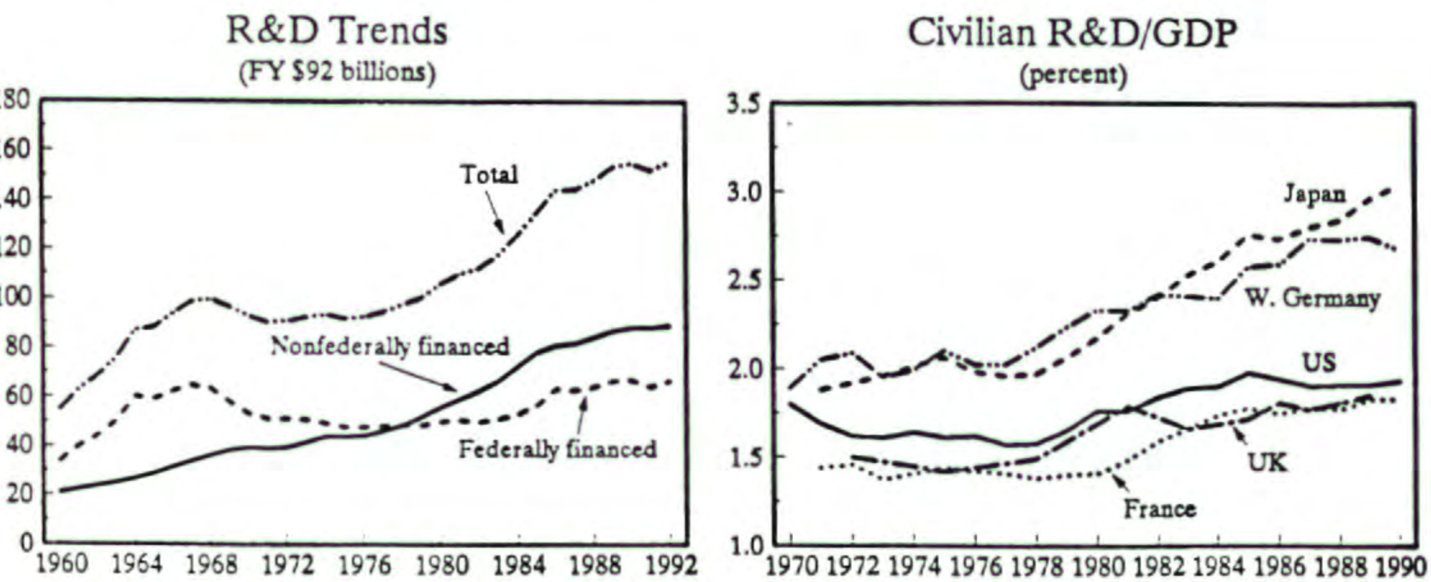
- The Federal budget calls for little change in total R&D spending after adjustment for inflation in both FY 1993 and 1994. Industry R&D in 1993 is likely to increase less than 1 percent in real terms, according to a forecast produced by Battelle at the end of 1992. R&D spending is expected to be strong in communications, electronics, chemicals, materials, and energy-efficient products and process, but weak elsewhere, especially defense.

This lack of significant increases in overall R&D funding continues a trend that began in the mid-1980s. In contrast, during the decade 1975-85, real R&D investment rose a strong 5 percent per year on average.

- o During 1975-80, the two oil price shocks forced the Federal Government and industry to boost energy-related R&D. About half of the increase in total R&D was energy-related in that period.

- o During 1982-85, Federal defense R&D rose 8 percent per year, inducing a resurgence of R&D financed by defense-related industries.

The U.S. has had about the same overall R&D/GDP share as most other major industrial nations (about 2-1/2 percent). More importantly for economic growth, however, is the civilian share. By this standard, the U.S. has been investing relatively less of its resources in R&D than have Japan and Germany.



Administration R&D Policy

The Administration has embarked on a two-pronged strategy to raise the impact of R&D on economic growth: reorient Federal spending toward civilian applications and stimulate private R&D through enhanced tax advantages.

Outlays: The budget places a high priority on projects that facilitate the commercialization and use of new technologies, and a lower priority on purely military R&D and basic civilian research.

- o The FY 1994 budget calls for a 5 percent increase in nominal civilian R&D compared with only 1 percent for defense. After adjustment for inflation, civilian outlays will be up slightly; defense outlays will be down. Even within defense R&D, a greater emphasis is placed on technologies with dual commercial and military applications relative to those with solely military uses.

-- The reorientation will raise the civilian share in Federal R&D from FY 1993 (41 percent) to FY 1994 (42 percent). By FY 1998, the Administration expects the civilian share of Federal R&D to reach 50 percent.

Federal R&D Budget Authority					
	$ billions			Percent change	
	FY 92	FY 93	FY 94	FY 93	FY 94
Total	**68.1**	**70.3**	**72.1**	**3.3**	**2.5**
Defense	40.1	41.6	42.0	3.8	0.9
Basic	1.1	1.4	1.3	21.7	-10.3
Applied	38.9	40.2	40.7	3.3	1.3
Civilian	28.0	28.7	30.1	3.8	4.9
Basic	11.8	12.3	12.7	4.0	3.1
Applied	16.1	16.4	17.4	1.6	6.3

o The budget proposes a relatively large 6 percent nominal increase for applied civilian research and development. There is an emphasis on cost-shared joint activities with industry (e.g., consortia and cooperative R&D agreements). Civilian basic research increases 3 percent in nominal terms next fiscal year.

Tax Policy: The Administration proposes to enhance further the already favorable tax treatment of industry outlays for R&D by reinstating the "research and experimentation" tax credit that expired ~~last~~ June.

Currently, the tax code encourages private R&D in two ways.

o First, equipment used in research is assumed to have a five-year life. This provides the benefits of accelerated depreciation to most R&D equipment.

- Second, firms can deduct qualified research and experimentation expenses (principally, wages and supplies) as they are incurred, i.e., "expensing" them, rather than capitalizing and depreciating them over time like other investments. The expensing provision for R&E has a revenue cost of about $2 billion in FY 1994.

  -- Because of expensing, the marginal effective tax rate on research and experimentation investment is zero; if firms require a 6 percent after-tax real return, they would be willing to invest in research having a pretax return of 6 percent. In contrast, the pretax return would have to be higher (8 or 9 percent) for most other investments so that firms can cover their taxes.

The Administration has proposed enlarging the tax preferences for R&D by reinstating permanently the 20 percent tax credit for all qualified research and experimentation expenses above a historically determined base amount.[1] Because the social rate of return to R&D is much greater than the private return, this is an appropriate tax expenditure on economic grounds.

- The Administration estimates that reinstating the tax credit would entail revenue losses of $1.2 billion in FY 1994, rising to $2.2 billion by 1998.

- Two recent studies by respected researchers estimate that an earlier version of the tax credit may have created $2 of new research for every $1 of revenue lost. GAO, however, estimated that the credit was much less effective, generating only 15 to 36 cents of research for every dollar of lost revenue.

- If the proposed measure generates additional private R&D in each year equal to the lost revenues, an estimate in the middle of the range found by researchers, then annual industry R&D would be boosted by about 1 to 2 percent. While not a large benefit, this still makes the tax credit a sound Federal policy. Based on the social payoffs to R&D, reinstating the tax credit would generate total returns considerably higher than most other Federal investments and tax expenditures.

The tax credit has the advantage that individual projects are chosen by industry. This helps to insure that the R&D funds are allocated to the most valuable projects.

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[1]Each firm's base is determined by calculating research expenses in 1984-88 as a percentage of the firm's sales during those years. This percentage is then multiplied by the average of sales during the most recent four years. For example, if research spending in 1984-88 was 10 percent of a firm's sales and sales in 1989-92 averaged $100 million, then the base would be $10 million. If research totaled $15 million in 1992, the tax credit would be $1 million (20 percent times the $15 million of new research minus the $10 million base).

<u>Conclusion</u>

Despite the slow growth of overall R&D investment in recent years, there is reason to be cautiously optimistic about its future contribution to growth.

- o The Federal Government is shifting its funding toward areas with higher productivity impacts. Its and industry's curtailment of specialized defense R&D outlays may have little negative effect on productivity growth.

- o For the private sector, passage of the Administration's permanent research and experimentation tax credit will provide a boost to spending. Lower interest rates and less reliance on corporate debt financing can be expected to tilt investment decisions toward those with longer-term payouts, such as R&D.

More importantly, a resumption of sustained economic growth will create the strong cash flow firms need to commit resources to R&D, and will provide healthy markets for the commercial products and processes that result from this new knowledge.

RECENT ECONOMIC INDICATORS AS OF APRIL 16, 1993

(S.A. OR AS INDICATED)

	Feb-92	Mar-92	Apr-92	May-92	Jun-92	Jul-92	Aug-92	Sep-92	Oct-92	Nov-92	Dec-92	Jan-93	Feb-93	Mar-93
GDP (Quarterly Series, % A.R.)														
Nominal GDP		6.2			4.3			5.3			7.1			
Real GDP		2.9			1.5			3.4			4.7			
Implicit Price Deflator		3.1			2.7			2.0			2.3			
Fixed-Weight Price Index		3.7			3.0			2.0			3.3			
CYCLICAL INDICATORS														
Leading Index, Percent	0.7	0.4	0.3	0.6	-0.3	0.1	-0.2	0.1	0.5	0.5	1.7	0.0	0.5	NA
Coincident Index, Percent	0.5	0.0	0.0	0.0	-0.1	0.4	-0.5	0.1	0.5	0.2	1.0	-0.2	0.2	NA
Purchasing Managers' Diffusion Index	53.4	54.8	52.2	55.7	52.3	53.0	52.2	48.7	50.7	54.7	55.4	58.0	55.8	53.4
Percent	9.4	2.6	-4.7	6.7	-6.1	1.3	-1.5	-6.7	4.1	7.9	1.3	4.7	-3.8	-4.3
Industrial Production	107.2	107.6	108.1	108.9	108.5	109.4	109.1	108.9	109.7	110.4	111.0	111.4	112.0	112.0
Percent	0.56	0.37	0.46	0.74	-0.37	0.83	-0.27	-0.18	0.73	0.64	0.54	0.36	0.54	0.00
Capacity Utilization, Manufacturing	77.4	77.5	77.7	78.2	77.8	78.1	77.9	77.5	77.9	78.3	78.5	79.0	79.2	79.1
EMPLOYMENT INDICATORS														
Civilian Employment, Million	117.0	117.3	117.5	117.6	117.5	117.7	117.8	117.7	117.7	118.1	118.3	118.1	118.5	118.6
Nonfarm Payroll Employment, Million	108.1	108.2	108.4	108.5	108.4	108.6	108.5	108.5	108.6	108.6	108.8	108.9	109.2	109.2
Civilian Unemployment Rate, Percent	7.3	7.3	7.3	7.4	7.7	7.6	7.6	7.5	7.4	7.3	7.3	7.1	7.0	7.0
Employment/Population Ratio	61.3	61.4	61.5	61.5	61.4	61.4	61.4	61.3	61.3	61.4	61.5	61.3	61.4	61.4
Average Weekly Hours, Manufacturing	41.1	41.1	41.1	41.3	41.0	41.0	41.0	40.9	41.1	41.2	41.2	41.4	41.5	41.2
CONSUMER SECTOR														
Retail Sales, Billion $	161.1	159.9	160.2	161.3	161.1	162.3	163.2	164.2	167.6	167.3	169.2	169.2	168.7	166.9
Percent	1.3	-0.7	0.2	0.7	-0.1	0.7	0.6	0.6	2.1	-0.2	1.1	0.0	-0.3	-1.0
Total Auto Sales, Milion Units, A.R.	8.5	8.3	8.2	8.4	8.9	8.3	7.9	8.3	8.3	8.2	8.7	8.6	8.0	8.3
Domestic Auto Sales, Million Units, A.R.	6.2	6.0	6.0	6.3	6.7	6.4	6.0	6.3	6.3	6.2	6.7	6.6	6.0	6.3
Personal Income, Billion $, A.R.	4988.7	5009.6	5015.4	5032.7	5038.5	5048.7	5056.4	5080.9	5145.0	5143.7	5194.0	5219.2	5229.1	NA
Percent	0.9	0.4	0.1	0.3	0.1	0.2	0.2	0.5	1.3	-0.0	1.0	0.5	0.2	NA
Disposable Personal Income, Billion $, A.R.	4360.8	4400.6	4400.7	4415.1	4419.5	4424.6	4426.3	4448.7	4505.9	4500.4	4545.4	4562.4	4571.9	NA
Savings Rate, Percent	4.9	5.3	5.5	5.3	5	4.8	4.6	4.6	4.4	4.4	4.4	4.3	NA	NA
Real Personal Income, Billion 87$, A.R.	4079.1	4076.2	4070.9	4078.4	4076.5	4078.1	4094.3	4090.9	4125.9	4118.3	4155.2	4162	4156.7	NA
Percent	0.5	-0.1	-0.1	0.2	-0.0	0.0	0.4	-0.1	0.9	-0.2	0.9	0.2	-0.1	NA
Real Disposable Personal Income, Billion 87$, A.R.	3565.9	3581.9	3573.3	3578.6	3576.1	3574.4	3585.5	3581.7	3613.4	3604	3637.1	3638.2	3634.8	NA
Percent	0.5	0.4	-0.2	0.1	-0.1	-0.0	0.3	-0.1	0.9	-0.3	0.9	0.0	-0.1	NA
Consumer Sentiment Index, U of Michigan	68.8	76.0	77.2	79.2	80.4	76.6	76.1	75.6	73.3	85.3	91.0	89.3	86.6	85.9
Percent	1.9	10.5	1.6	2.6	1.5	-4.7	-0.7	-0.7	-3.0	16.4	6.7	-1.9	-3.0	-0.8
HOUSING SECTOR														
Housing Starts, Thousand Units, A.R.	1285	1318	1095	1197	1141	1106	1229	1218	1226	1226	1286	1178	1208	NA
Single-Family Starts	1137	1050	939	1019	994	961	1038	1045	1079	1089	1133	1061	1052	NA

	Feb-92	Mar-92	Apr-92	May-92	Jun-92	Jul-92	Aug-92	Sep-92	Oct-92	Nov-92	Dec-92	Jan-93	Feb-93	Mar-93
BUSINESS SECTOR														
Nondefense Capital Goods Orders, Billion $	29.5	32.2	29.9	30.5	31.0	29.3	28.2	30.6	31.7	28.6	34.0	30.4	34.7	NA
Percent	-2.1	9.2	-7.0	1.9	1.6	-5.4	-3.9	8.6	3.6	-9.7	19.0	-10.8	14.4	NA
Nonresidential Construction Put in Place, Billion $	125.0	128.5	127.2	124.1	127.6	124.7	117.8	122.5	123.3	122.7	122.2	123.2	123.5	NA
Inventory Change Book Value, Billion $, A.R.	8.7	29.3	32.4	-4.4	55.4	40.6	27.0	-11.5	11.4	14.9	26.6	26.6	36.3	NA
Inventory/Sales Ratio, Total Business	1.51	1.51	1.51	1.51	1.50	1.50	1.52	1.50	1.49	1.49	1.46	1.46	1.46	NA
INFLATION INDICATORS														
CPI, Percent	0.2	0.4	0.3	0.1	0.2	0.3	0.2	0.1	0.4	0.2	0.1	0.5	0.3	0.1
CPI Less Food and Energy, Percent	0.3	0.3	0.3	0.3	0.1	0.3	0.2	0.1	0.5	0.3	0.2	0.5	0.5	0.1
PPI Finished Goods, Percent	0.2	0.2	0.2	0.3	0.2	0.0	0.1	0.2	0.1	-0.2	0.0	0.2	0.4	0.4
PPI Less Food and Energy, Percent	0.1	0.3	0.3	0.4	-0.2	0.1	0.0	0.1	-0.1	0.2	0.1	0.4	0.3	0.1
Gold, $ per ounce	353.8	343.8	338.2	337.3	341.3	353.2	344.6	345.3	344.0	334.4	334.0	329.4	329.2	330.3
W. Texas Spot Oil Price, $/bbl	19.0	18.9	20.2	20.9	22.4	21.8	21.4	21.9	21.7	20.3	19.4	19.1	20.1	20.3
MERCHANDISE TRADE														
Exports, Billion $, A.R.	451.9	445.0	436.9	428.6	458.0	453.7	429.6	454.6	468.9	458.2	476.1	445.8	446.2	NA
Imports, Billion $, A.R.	492.9	513.7	521.9	514.8	539.5	542.0	539.7	558.6	555.9	546.4	558.7	531.7	532.5	NA
Deficit, Billion $, A.R.	-41.1	-68.7	-85.1	-86.2	-81.5	-88.4	-110.1	-104.0	-87.0	-88.2	-82.7	-85.9	-86.4	NA
U.S. EXCHANGE RATE														
Multilateral	88.0	90.4	89.8	88.3	85.9	82.6	81.0	82.0	85.0	90.0	90.5	92.4	93.8	93.7
Percent	2.3	2.7	-0.7	-1.7	-2.7	-3.9	-1.9	1.2	3.7	5.9	0.5	2.1	1.6	-0.2
Yen/$	127.7	132.9	133.5	130.8	126.8	125.9	126.2	122.6	121.2	123.9	124.0	125.0	120.8	117.0
DM/$	1.62	1.66	1.65	1.62	1.57	1.49	1.45	1.45	1.49	1.59	1.58	1.61	1.64	1.65
$/Pound	1.78	1.72	1.76	1.81	1.86	1.92	1.94	1.85	1.65	1.53	1.55	1.53	1.44	1.46
MONEY AND CREDIT														
M2, Billion $	3467.7	3467.8	3464.8	3467.5	3462.1	3463.6	3472.4	3480.2	3491.4	3498.0	3496.9	3486.9	3474.0	3471.8
Percent	6.0	0.0	-1.0	0.9	-1.9	0.5	3.1	2.7	3.9	2.3	-0.4	-3.4	-4.4	-0.8
M3, Billion $	4189.0	4184.9	4177.9	4179.8	4170.1	4169.0	4178.7	4182.9	4179.8	4178.4	4166.4	4140.6	4132.7	4128.0
Percent	4.9	-1.2	-2.0	0.5	-2.7	-0.3	2.8	1.2	-0.9	-0.4	-3.4	-7.2	-2.3	-1.4
C&I Loans & Commercial Paper, Billion $, N.S.A.	994.9	1000.0	996.8	1000.0	996.8	991.5	986.8	982.1	988.2	991.6	996.9	NA	NA	NA
Percent, A.R.	8.2	6.3	-3.8	3.9	-3.8	-6.2	-5.6	-5.5	7.7	4.2	6.6	NA	NA	NA
C&I Loans, Billion $	455.5	454.3	452.3	454.3	452.3	448.0	443.6	440.1	440.3	439.9	441.0	NA	NA	NA
Commercial Paper, Billion $	539.4	545.7	544.5	545.7	544.5	543.5	543.2	542.0	547.9	551.7	555.9	NA	NA	NA
INTEREST RATES														
Federal Funds Rate	4.1	4.0	3.7	3.8	3.8	3.3	3.3	3.2	3.1	3.1	2.9	3.0	3.0	3.1
T-Bill, 3 Month	3.8	4.0	3.8	3.6	3.7	3.2	3.1	2.9	2.9	3.1	3.2	3.0	2.9	3.0
T-Bond, 30 Year	7.9	8.0	8.0	7.9	7.8	7.6	7.4	7.3	7.5	7.6	7.4	7.3	7.1	6.8
Corporate AAA Bonds	8.3	8.4	8.3	8.3	8.2	8.1	8.0	7.9	8.0	8.1	8.0	7.9	7.7	7.6
Mortgage Commitment Rate	8.8	8.9	8.9	8.7	8.5	8.1	8.0	7.9	8.1	8.3	8.2	8.0	7.7	7.5
STOCK MARKET														
Dow Jones 30 Industrials	3257.3	3247.4	3294.1	3376.8	3337.8	3329.4	3307.5	3293.9	3198.7	3238.5	3303.2	3277.7	3367.3	3440.7
Standard & Poor's 500	412.6	407.4	407.4	414.8	408.3	415.1	417.9	418.5	412.5	422.8	435.6	435.2	441.7	450.2

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Challenging the Dream: Civil Rights in the 1990s

★ ★ ★ ★

AGENDA

8:00 a.m. Coffee available

8:30 a.m. Welcome and Opening Remarks

- J. Michael McWilliams
  President, American Bar Association
- James P. Turner, Acting Assistant Attorney General
  Civil Rights Division, U. S. Department of Justice
- Jerome J. Shestack, ABA Board of Governors
  (introducing Bernard G. and Geraldine R. Segal)

8:45 a.m. Opening Address: "The Civil Rights Agenda of the Clinton Administration"

- The Honorable Janet Reno
  Attorney General of the United States

Attorney General Reno will speak on the civil rights priorities of the Clinton Administration generally and the specific civil rights objectives of the U. S. Department of Justice over the next several years.

9:45 a.m. Civil Rights Retrospective

- Dean William L. Robinson, District of Columbia School of Law

10:00 a.m. A Hearing on Progress to Date under Existing Civil Rights Policies, Laws, and Regulations

[In a hearing format, two panels of witnesses representing various civil rights organizations will discuss "unfinished business" relating to enforcement, interpretation, or need for amendment of existing civil rights laws and regulations. Each speaker will have five to 10 minutes to address one or two issues of shared concern in the civil rights community, with questions from the hearing panel or the audience to follow each presentation.]

Witnesses: Panel 1

Ralph Neas, Leadership Conference on Civil Rights
(overview of policy concerns)
Wade Henderson, NAACP
(Civil Rights Act of 1991; EEOC enforcement)
Mario Moreno, Mexican-American Legal Defense and Educational Fund
(employer sanctions; Bilingual Education Act)
Karen Narasaki, Japanese American Citizens League
(employment discrimination; hate crimes)
Judith Lichtman, Women's Legal Defense Fund
-or- Marcia Greenberger, National Women's Law Center
(Equal Remedies Act; gender equity in education)

Panel II
Barbara Arnwine, Lawyers' Committee for Civil Rights Under Law
(housing; voting rights barriers)
Claire Gonzalez, National Council of La Raza
(language assistance in voting; equitable enforcement)
Chai Feldblum, Georgetown University Law Center
(disability rights; gay and lesbian rights)
Michael Anderson, National Congress of American Indians
(range of issues)

Hearing Panel: Cory M. Amron (Moderator), Chair, ABA Commission on Women in the Profession
Robert J. Grey, Jr., Chair, ABA Commission on Opportunities for Minorities in the Profession
William L. Robinson, ABA House of Delegates
Jerome J. Shestack, ABA Board of Governors
Janet R. Studley, Chair, ABA Section of Individual Rights and Responsibilities

12:30 p.m. **LUNCH** (informal - "gourmet" box lunch in the courtyard of the DOJ)

1:30 p.m. Keynote Speech
Elaine R. Jones, Executive Director, NAACP LDF

2:00 p.m. Emerging Issues: Environmental Justice and Diversity in the Workplace

"Environmental Justice"
Studies indicate that poor and minority communities suffer disproportionately from exposure and other impacts of environmental contaminants as a result of governmental and private sector decisions on industrial sitings, control and clean-up priorities, and other factors. Securing equal protection under the law against such environmental degradation of poor and minority communities, as well as reversal of the pattern of environmental discrimination against people of color and the poor, has become a major civil rights concern--and rallying point for action--in areas around the country.

Presenter: Jonathan Cannon
Acting Deputy Administrator, U. S. Environmental Protection Agency

[The presenter will speak for approximately 20 minutes to provide the EPA's perspective on this issue. Following the presentation, roundtable panelists will react to the speech, provide additional remarks, and invite audience comment.]

Roundtable Panelists: Frances Dubrowski, ABA IRR Committee on Health and Environment; Chair, Alliance for Justice
Clarice Gaylord, Director, Office of Environmental Equity, Environmental Protection Agency
Hope Babcock, Visiting Professor, Georgetown University Law Center
Wade Henderson, NAACP
Deeohn Ferris, Lawyers' Committee for Civil Rights Under Law
Barry Hill, ABA Standing Committee on Environmental Law
Larry Hourclé, Professor, George Washington University, National Law Center
Janet Phoenix, National Safety Council
(Jacqueline A. Sincore, Chemical Manufacturers Association)
Natalie Weyaus, Chief Judge of the Mille Lacs Band of the Chippewa Indians

Moderator: Janet R. Studley, Chair, Section of Individual Rights and Responsibilities

"Diversity in the Workplace"
Gaining equal treatment for minorities and women in hiring and promotional opportunities traditionally has been the mainstay of civil rights efforts in the workplace. In today's changing world, where the nation's economic base is shrinking and job opportunities are becoming more limited for everyone, are the existing operational norms of policy, law, and regulation adequate to help this country meet the challenge of providing equal job opportunities for all?

Presenter: (invited) U. S. Department of Labor representative

[The presenter will speak for approximately 20 minutes to provide the Department of Labor's perspective on this issue. Following the presentation, roundtable panelists will react to the speech, provide additional remarks, and invite audience comment.]

Roundtable Panelists:
Claudia Withers, Co-chair, ABA IRR Committee on Civil Rights and Equal Opportunity and Executive Director, Fair Employment Council of Greater Washington
Mark D. Agrast, Co-Chair, National Lesbian and Gay Law Association
Matthew Finucane, Asian-Pacific American Labor Alliance
Carolyn Head, American Association of University Women
Michael Hancock, Farmworker Justice Fund
[ ], NAACP
[ ], Washington Lawyers' Committee for Civil Rights Under Law
Claire Gonzalez, National Council of La Raza
Elizabeth Savage, Disability Rights Education and Defense Fund
(Richard Womack, Civil Rights Division, AFL-CIO)

Moderator: Robert J. Grey, Jr.
Chair, ABA Commission on Opportunities for Minorities in the Profession

4:30 p.m. Concluding Discussion

5:00 p.m. GALA RECEPTION on the rooftop terrace of the law firm of Covington & Burling, located at 1201 Pennsylvania Avenue, N. W., (two blocks from the Justice Department)

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TO: John Podesta DATE: 4/26/93

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219679

White House — Labor — Melanie Verveer

AMERICAN BAR ASSOCIATION — Sturm
Segal Civil Rights Fund Project

ABA

DRAFT

Challenging the Dream: Civil Rights in the 1990s

★ ★ ★ ★
AGENDA

8:00 a.m. Coffee available

8:30 a.m. Welcome and Opening Remarks

- J. Michael McWilliams
  President, American Bar Association
- James P. Turner, Acting Assistant Attorney General
  Civil Rights Division, U. S. Department of Justice
- Jerome J. Shestack, ABA Board of Governors
  (introducing Bernard G. Segal)
- [Others TBA]

8:45 a.m. Opening Address: "The Civil Rights Agenda of the Clinton Administration"

- The Honorable Janet Reno
  Attorney General of the United States

Attorney General Reno will speak on the civil rights priorities of the Clinton Administration generally and the specific civil rights objectives of the U. S. Department of Justice over the next several years.

9:45 a.m. Civil Rights Retrospective

- Dean William L. Robinson, District of Columbia School of Law

10:00 a.m. A Hearing on Progress to Date under Existing Civil Rights Policies, Laws, and Regulations

[In a hearing format, two panels of witnesses representing various civil rights organizations will discuss "unfinished business" relating to enforcement, interpretation, or need for amendment of existing civil rights laws and regulations. Each speaker will have five to 10 minutes to address one or two issues of shared concern in the civil rights community, with questions from the hearing panel or the audience to follow each presentation.]

Witnesses: (invited)

<u>Panel I</u>

Ralph Neas, Leadership Conference on Civil Rights
(overview of policy concerns)
Benjamin Chavis [Wade Henderson], NAACP
(Civil Rights Act of 1991; EEOC enforcement)
Mario Moreno, Mexican-American Legal Defense and Educational Fund
(employer sanctions; Bilingual Education Act)
Karen Narasaki, Japanese American Citizens League
(employment discrimination; hate crimes)
Judith Lichtman, Women's Legal Defense Fund
-or- Marcia Greenberger, National Women's Law Center
(Equal Remedies Act; gender equity in education)

DRAFT

Panel II

Barbara Arnwine, Lawyers' Committee for Civil Rights Under Law
(housing; voting rights barriers)
Claire Gonzalez, National Council of La Raza
(immigration rights; language assistance in voting)
Chai Feldblum, Georgetown University Law Center
(disability rights; gay and lesbian rights)
Michael Anderson, National Congress of American Indians (range of issues)

Hearing Panel:

Cory M. Amron (Moderator), Chair, ABA Commission on Women in the Profession
Robert J. Grey, Jr., Chair, ABA Commission on Opportunities for Minorities in the Profession
William L. Robinson, ABA House of Delegates
Jerome J. Shestack, ABA Board of Governors
Janet R. Studley, Chair, ABA Section of Individual Rights and Responsibilities
[Others TBA]

12:30 p.m. **LUNCH** (informal - "gourmet" box lunch in the courtyard of the DOJ)

1:30 p.m. Keynote Speech
Elaine R. Jones, Executive Director, NAACP LDF

2:00 p.m. Emerging Issues: Environmental Justice and Diversity in the Workplace

"Environmental Justice"
Studies indicate that poor and minority communities suffer disproportionately from exposure and other impacts of environmental contaminants as a result of governmental and private sector decisions on industrial sitings, control and clean-up priorities, and other factors. Securing equal protection under the law against such environmental degradation of poor and minority communities, as well as reversal of the pattern of environmental discrimination against people of color and the poor, has become a major civil rights concern--and rallying point for action--in areas around the country.

Presenter: Environmental Protection Agency representative

[The presenter will speak for approximately 20 minutes to provide the EPA's perspective on this issue. Following the presentation, roundtable panelists will react to the speech, provide additional remarks, and invite audience comment.]

***Roundtable* Panelists: (invited)**

Frances Dubrowski, ABA IRR Committee on Health and Environment; Chair, Alliance for Justice
Hope Babcock, Visiting Professor, Georgetown University Law Center
Benjamin Chavis, Executive Director, NAACP
Deeohn Ferris, Lawyers' Committee for Civil Rights Under Law
Clarice Gaylord, Director, Office of Environmental Equity, Environmental Protection Agency
Barry Hill, ABA Standing Committee on Environmental Law
Larry Hourcle, Professor, George Washington University, National Law Center
Janet Phoenix, National Safety Council
Jacqueline A. Sincore, Chemical Manufacturers Association
Natalie Weyaus, Chief Judge of the Mille Lacs Band of the Chippewa Indians
[Others TBA]

Moderator: Janet R. Studley
Chair, Section of Individual Rights and Responsibilities

DRAFT

"Diversity in the Workplace"

Gaining equal treatment for minorities and women in hiring and promotional opportunities traditionally has been the mainstay of civil rights efforts in the workplace. In today's changing world, where the nation's economic base is shrinking and job opportunities are becoming more limited for everyone, are the existing operational norms of policy, law, and regulation adequate to help this country meet the challenge of providing equal job opportunities for all?

Presenter: (invited) U. S. Department of Labor representative

[The presenter will speak for approximately 20 minutes to provide the Department of Labor's perspective on this issue. Following the presentation, roundtable panelists will react to the speech, provide additional remarks, and invite audience comment.]

***Roundtable* Panelists:** (invited)

Claudia Withers, Co-chair, ABA IRR Committee on Civil Rights and Equal Opportunity and Executive Director, Fair Employment Council of Greater Washington
Mark D. Agrast, Co-Chair, National Lesbian and Gay Law Association
Matthew Finucane, Asian-Pacific American Labor Alliance
Carolyn Head, American Association of University Women
Michael Hancock, Farmworker Justice Fund
[ ], NAACP
[ ], Washington Lawyers' Committee for Civil Rights Under Law
Daphne Kwok, Organization of Chinese Americans
Elizabeth Savage, Disability Rights Education and Defense Fund
Richard Womack, Civil Rights Division, AFL-CIO
[Others TBA]

Moderator: Robert J. Grey, Jr.
Chair, ABA Commission on Opportunities for Minorities in the Profession

4:30 p.m. Concluding Discussion

5:00 p.m. GALA RECEPTION on the rooftop terrace of the law firm of Covington & Burling, located at 1201 Pennsylvania Avenue, N. W., (two blocks from the Justice Department)

Chron

[redacted]

THE WHITE HOUSE
WASHINGTON

April 27, 1993

MR. PRESIDENT:

I am forwarding the attached for your information.

Marcia Hale thinks May 4 won't work with your schedule and wants to discuss this with you.

[redacted]

John Podesta

CC: Marcia Hale
Mark Gearan

[redacted]

THE WHITE HOUSE

WASHINGTON

93 APR 27 P12:40

April 26, 1993

MEMORANDUM TO THE PRESIDENT
FROM: ELI SEGAL *Eli*
SUBJECT: PROPOSED MAY 4 ANNOUNCEMENT OF SUMMER OF SERVICE SITES

You will recall that we had proposed an exciting national service program for the summer, called the Summer of Service ("SOS"), as part of your economic stimulus package. This memorandum will outline the alternate funding we have secured, update you on the program's progress, and request your participation in the launch.

After the Republicans stymied the stimulus, we worked with the Commission on National and Community Service to reallocate to SOS certain funds that the 1992 Boren-Wofford Civilian Community Corps bill authorized to be transferred from DOD to the Commission. Secretary Aspin, and Sens. Boren, Wofford and Nunn were particularly helpful, although the role of Chris Gallagher of our office (your New Hampshire advance man) cannot be mentioned enough. He cut through 9 months of DOD red-tape and got the funds released in two days!

Planning for the Summer of Service, therefore, has continued largely uninterrupted. More than 420 applications were received from around the country, most representing affiliations of universities and service programs (one of the winning applications, from Los Angeles, has more than 25 cooperating organizations). All programs will focus on achieving measurable results in assisting youth at risk, in the subcategories of education, health, environment and public safety. SOS will also include substantial leadership training components at the recruitment, and national and site-specific levels.

The Commission has selected eleven sites (Boston; New York City; Newark; Philadelphia; Baltimore; Atlanta; New Orleans; Columbus, Ohio; Red Lake, Minnesota; Pina Gila, Arizona; Los Angeles; and Oakland). **The Communications Department and our office are recommending that you hold a Rose Garden announcement of the sites on Tuesday, May 4, with Sens. Boren and Wofford, and the Commission -- please indicate if you are comfortable with this proposal, so that we may coordinate scheduling with Marcia.** Immediately thereafter, we would suggest that you meet for not more than 30 minutes in the Roosevelt Room with youth media, including editors from approximately 30 major college newspapers, and appropriate electronic media representatives (MTV, college radio, etc.). [Concurrently, coordinated press conferences will occur in each selected SOS site, with local program representatives, elected officials and others.] All activities are intended to complement the April 30 introduction of your legislation, and our fast-track Hill strategy.

THE WHITE HOUSE
WASHINGTON

04/27/93

[redacted]

Marsha
I assume
this is a "no"
Todd

[redacted]

[redacted]

[redacted]

THE WHITE HOUSE
WASHINGTON

April 20

Kelly -
I Received this yesterday -
Is there Anything we
Can Send This group.
Appreciate your Help

Thanks
Craig

[redacted]

___ Brainstorm
✓ Light drizzle

Todd Stern -
What are we doing
w/ these requests?
Regretting all?
(Please forward for response)
Kelly

636538 © RPP, Inc

Auction Request

James L. Collins Catholic School
3000 West Highway 22
Corsicana, Texas 75110

Kelly -
1) notice the City -

April 12, 1993

Mr. Craig Kirby
1830 R St. N.W. #31
Washington D. C. 20004

Dear Craig:

I hope you will remember me from Corsicana, Texas. You were here as one of the campaign stops in August and I met you in Dee's Place. We visited and discovered that we had both graduated from Albion College in Michigan.

It was an exciting time for all of us and especially for me because I go to sit and visit with the now President Clinton and Vice-President Gore.

I am writing to ask for your help if possible. James L. Collins Catholic School is sponsoring a benefit silent auction, Saturday April 24, to raise money for scholarship funds.

As you well know Catholic schools across the country find themselves involved in fund raising efforts to keep afloat. We have an excellent school of 200 students; thirty-four per cent are minorities, Afro American, Hispanic and Asian.

Catholic schools are recognized throughout the nation for their results in producing outstanding students with high test scores, low dropout rates and at a cost much less than public educatoin.

I am writing to ask if you could get President and Mrs. Clinton and/or Vice-President and Mrs. Gore to donate some item that we could use as an auction prize for our event. It would be most exciting to have something and it would be most attractive to our audience.

I am enclosing forms to be filled out. I would appreciate any help you could give us. If you need some verification, my son, Kevin, a stockbroker with Southwest Securities in Dallas, is known to Mr. McLarty, Chief of Staff.

If there is something more you need, please don't hesitate to call me at 903/874-5504.

Thank you for your consideration.

Yours truly,

Gioia Keeney

Gioia Keeney, benefit chairman

FANTASY '93

JAMES L. COLLINS CATHOLIC SCHOOL FANTASY NIGHT

FOR THE BENEFIT OF JAMES L. COLLINS CATHOLIC SCHOOL

SATURDAY APRIL 24, 1993

CONTRIBUTOR DONATION SHEET

It is our privilege to pledge the following gift to be used at the James L. Collins Catholic School Fantasy Night "SILENT AUCTION":

PRIZE DONATED: ______________________________

ESTIMATED RETAIL VALUE: $______________________________

SPECIAL INSTRUCTIONS (IF ANY): ______________________________

____

NAME OF CONTRIBUTOR AS IT IS TO APPEAR IN THE

PROGRAM:______________________________

ADDRESS AND TELEPHONE NUMBER OF

CONTRIBUTOR: ______________________________

____

______________________________ AUTHORIZED SIGNATURE

______________________________ TITLE AND DATE

We are unable to donate a prize at this time, but would like to donate a cash amount to help defray the administrative cost of the Silent Auction in the amount of:

__ $500, __ $100, __ $50, __ $25, __ $10, __ $5, other $________

Check enclosed: _____ yes _____ no

____

Donation received by

FANTASY '93

JAMES L. COLLINS CATHOLIC SCHOOL FANTASY NIGHT

FOR THE BENEFIT OF JAMES L. COLLINS CATHOLIC SCHOOL
SATURDAY APRIL 24, 1993
CONTRIBUTOR DONATION SHEET

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PRIZE DONATED: ______________________________

ESTIMATED RETAIL VALUE: $______________________________

SPECIAL INSTRUCTIONS (IF ANY): ______________________________

____

NAME OF CONTRIBUTOR AS IT IS TO APPEAR IN THE

PROGRAM: ______________________________

ADDRESS AND TELEPHONE NUMBER OF

CONTRIBUTOR: ______________________________

____

______________________________ AUTHORIZED SIGNATURE

______________________________ TITLE AND DATE

We are unable to donate a prize at this time, but would like to donate a cash amount to help defray the administrative cost of the Silent Auction in the amount of:

___ $500,   ___ $100,   ___ $50,   ___ $25,   ___ $10,   ___ $5,   other $________

Check enclosed: _____ yes   _____ no

____
Donation received by

THE WHITE HOUSE

WASHINGTON

April 27, 1993

MEMORANDUM TO STAFF LISTED BELOW

FROM: JOHN PODESTA JDP
TODD STERN
PAUL RICHARD

SUBJECT: Briefing Books

Despite best efforts, briefing books are still routinely going to the President quite late -- often after 10 p.m. This is not working for the President. After discussing the matter with the him, we are going to revise the system.

From now on, the briefing book for the next day's schedule will go to the President at approximately 8 pm every night. You should aim to get materials to us by 6 pm, so that there is adequate time to make any necessary changes and get the book completed. With respect to any materials that don't make it into the book, we will include a note saying that the materials were not received. They will be forwarded in the morning. Obviously, it is in everyone's interest, especially the President's, for materials to be included in the book the night before.

Mack McLarty
Mark Gearan
Roy Neel
Rahm Emanuel
Marcia Hale
Alexis Herman
Tony Lake
Bruce Lindsey
Regina Montoya
Howard Paster
Carol Rasco
Bob Rubin
Eli Segal
George Stephanopoulos
Christine Varney
Maggie Williams
Katie McGinty
David Dreyer
David Kusnet
Ann Walker
Will Itoh
Christie Kenney

NOTE: **ALL DEPARTMENT HEADS -- PLEASE DISTRIBUTE THIS MEMO TO EVERYONE IN YOUR SHOP WHO WORKS ON MEMOS, TALKING POINTS OR REMARKS.**

Betty to/ pc memo NRN

PAUL S. QUINN
1735 NEW YORK AVENUE, N.W.
WASHINGTON, D.C. 20006

(202) 783-4141
FAX (202) 783-5851

March 26, 1993

The President
The White House
Washington, DC 20500

Re: <u>American Ireland Fund Gala, March 16, 1993</u>

Dear Mr. President:

As Co-Chair of the American Ireland Fund Gala and one of your early and enthusiastic supporters, I want to express my deep personal appreciation for the time you took to be with us on March 16th at the Gala.

Your presence at the Gala and your very appropriate and meaningful remarks during the reception contributed greatly to the success of our event. More importantly, your words provided strong assurance that your Administration is committed to peaceful economic, social and political reconciliation on the Island of Ireland.

Congratulations on your designation of Jean Kennedy Smith to be our Ambassador to Dublin. Jean is an excellent choice and I am confident she will serve you, our country, and the people of Ireland very well indeed.

Warm regards,

Sincerely,

Paul

Paul S. Quinn

PHOTOS BY HARRY NALTCHAYAN—THE WASHINGTON POST

President Clinton with Prime Minister Albert Reynolds of Ireland at last night's American Ireland Fund dinner.

Sen. Kennedy with his sister Jean Kennedy Smith, who kept mum on her possible ambassadorial appointment.

Actor Paul Newman at the Ameri[illegible] Ireland Fund dinner.

The Wearin' O' the Black Tie

President Clinton Warms Crowd At American Ireland Fund Fete

By Phil McCombs
Washington Post Staff Writer

President Clinton had to borrow a bright green hankie to stick in his breast pocket at the American Ireland Fund dinner last night, but he won loud laughs of approval by declaring, "I'm actually part Irish and I've often been accused of having a certain gift for blarney, though those were not the words used."

Irish Prime Minister Albert Reynolds roared as heartily as anyone at Clinton's quips at a reception before the black-tie Saint Patrick's eve gala at the Capital Hilton, adding that he was looking forward to his meeting with the president today "to find a new formula for peace in Ireland."

Sen. Ted Kennedy (D-Mass.) was working the crowd with his favorite sister, Jean Kennedy Smith, who—Tip O'Neill and plenty of other primo candidates notwithstanding—is expected to be appointed ambassador to Ireland. Clinton said in answer to a reporter's question last night that he would announce Smith's appointment "tomorrow," quickly amending this to, "I'll talk about that tomorrow!"

"It's a wonderful appointment," said Sen. Claiborne Pell (D-R.I.), "and indicates the respect and affection that the Kennedy and Clinton wings of the party have for each other."

O'Neill's daughter, Rosemary D. O'Neill, struck a smiling pose with the Kennedys for photographers and said she was "thrilled" by the impending appointment.

THE WASHINGTON POST

WEDNESDAY, MARCH 17, 1993

(cont'd)

"And I'm delighted with the appointment of a woman," she added.

Smith, diplomatically, would say nothing for the record. The senator was also accompanied by his wife of less than a year, Victoria, who, asked how she liked her new life in the fast lane, said, "I'm happy! I'm enjoying myself!"

Clinton didn't stay for dinner but he worked the reception crowd for the better part of half an hour—"longer than Reagan did," as somebody remarked. And with good reason since, as he noted in his speech, there are 44 million Americans of Irish descent "who have contributed immeasurably to every sphere of our life." He even mentioned "that wonderful group U2," the rock music group that made efforts "to get young Americans to go out and vote." For U-Kno-Who.

Fund Chairman Anthony O'Reilly, who's also the CEO of H.J. Heinz, said as he presented Clinton with a leadership award that "there are two classes of people, those who are Irish and those who lack ambition." Anyway, Clinton examined the award, which seemed to be a big glass bottle, and said he saw a small saxophone in it, and a shamrock.

Then all these famous people—House Speaker Thomas Foley was up onstage too, with actors Paul Newman and his wife, Joanne Woodward, and others—stood side by side and swayed back and forth as they sang along with the whole crowd:

In the lilt of Irish laughter
You can hear the angels sing . . .
When Irish eyes are smiling,
They steal your heart away.

Clinton and his daughter, Chelsea, had dined out Monday night at Galileo with Newman and Woodward, among others, and one of the topics of conversation, according to the actors, was Newman's $8 million Hole-in-the-Wall Gang Camp in Connecticut for kids with cancer and other diseases. (The name comes from the gang in Newman's 1969 film "Butch Cassidy and the Sundance Kid.")

Clinton recalled last night how he had been "moved beyond words" when he visited the camp in 1988, and he noted that the Irish government has donated a castle to create another such camp in Ireland. "He's very kind and supportive," said Woodward. Asked about dinner with the president, Newman squinted as if looking out across the Yangtze, thought a long minute on it, and said judiciously, "He brings the fine art of listening back into fashion."

There's been some question about whether Clinton will appoint, as he proposed during the campaign, a special envoy to try to resolve the dispute in Northern Ireland. The Boston Globe reports today that he's now leaning against the idea, favoring a "fact finder" instead. The prime minister said last night that he'll discuss this with Clinton today.

John Hume, leader of Ireland's Social Democratic and Labor Party, said last night that he is "looking forward" to a special envoy. "I hope he'll promote Irish products in America," he added. "And American investment in Ireland."

The American Ireland Fund is a private group that seeks to advance "peace, culture and charity in all of Ireland, north and south," according to its literature. Also at the dinner last night were Senate Majority Leader George Mitchell and Sens. Patrick J. Leahy (D-Vt.), Bob Kerrey (D-Neb.) and Christopher J. Dodd (D-Conn.); Reps. Joseph P. Kennedy II (D-Mass.), Benjamin A. Gilman (R-N.Y.), Nancy Pelosi (D-Calif.) and Frank McCloskey (D-Ind.); dinner co-chairs Elizabeth Frawley Bagley and Paul S. Quinn; and actors Lloyd Bridges and Robert Wagner.

Sen. Connie Mack (R-Fla.) was there too, and disclosed that his real name, his real honest-to-God legal name, is Cornelius McGillicuddy III. His grandfather was Cornelius McGillicuddy and his father was Cornelius McGillicuddy, McGillicuddy said.

Clinton said last night that "the house I live in" was designed by an Irish American, James Hoban, who based it on a great house in Ireland. Hoban's design defeated one submitted anonymously by Thomas Jefferson, Clinton said. Some, he said jokingly, consider it a wonderful design while others think it "the crown jewel in the federal penal system."

THE WHITE HOUSE

WASHINGTON

93 APR 23 P5:18

April 23, 1993

MEMORANDUM

TO:	Rahm Emanuel	Howard Paster
	John Gibbons	Leon Panetta
	Alexis Herman	Carol Rasco
	Anthony Lake	Marla Romash
	Thomas McLarty	Robert Rubin
	Regina Montoya	George Stephanopolous
	Roy Neel	Laura Tyson
THROUGH:	John Podesta JDP	
FROM:	Katie McGinty Kam	
SUBJECT:	Action Plan for Greenhouse Gas Commitment	

During the Earth Day speech, the President made a commitment to the preservation of the world climate system:

> Today, I reaffirm my personal, and announce our nation's commitment, to reducing our emissions of greenhouse gases to their 1990 levels by the year 2000. I am instructing my administration to produce a cost-effective plan by August that can continue the trend of reduced emissions. This must be a clarion call, not for more bureaucracy or regulation or unnecessary costs, but instead for American ingenuity and creativity, to produce the best and most energy-efficient technology.

The President has issued a significant challenge, one which will demand ingenuity and creativity from us. I propose that we (or designates) meet on Wednesday, April 28, at 12:30 pm in my office (Room 360 OEOB) to discuss how we should respond to the challenge. Be prepared to discuss how we can manage input (to get good ideas) process (to make sure that everyone is on board) deliberation (so we will choose the best options) and results (so that the President delivers on his commitment).

In creating and eventually selling the Action Plan, we will need to design a manageable combination of public participation (industry, labor, Congress, environmental interests) and confidential deliberation. **This will be an inherently political process which will attract a lot of press and interest group attention. You will need to understand where the process is going in order to monitor and help manage the substantive and political aspects.**

At the meeting, I will distribute for discussion my initial ideas on how we can structure a process to produce the Action Plan by August. We need to move quickly, and I look forward to hearing your views and ideas.

Clinton

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 4/27

NOTE FOR: Howard Paster / Tracey Thornton

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

Information ☐

Action ☑

[redacted]

Thank you.

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

[redacted]

cc: MACK

[redacted]

THE WHITE HOUSE
WASHINGTON

April 23, 1993

MR. PRESIDENT:

I have provided copies of this update memo to the Vice President, Mack, Rahm and George.

[redacted]

Pls mark Tax

John Podesta

[redacted]

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

93 APR 23 P2:02

April 22, 1992

Q: can GOP filibuster conf report? If not is it necessary to take language – If so and we have to lose Durenb. vote, is not so bad. Maybe Durenberger would agree to accept our compliant language

<u>INFORMATION</u>

MEMORANDUM FOR THE PRESIDENT

FROM: Tracey Thornton, Legislative Affairs

SUBJECT: Status of Motor Voter Conference (H.R. 2

I. SUMMARY

The House/Senate Conference Committee has resolved all outstanding differences on Motor Voter except one provision which is being insisted upon by Senator Durenberger who is not a conferee. The House has reservations about accepting the Durenberger language.

This bill is important to me and I'd like to compromise

<u>Conferees</u>:
Senate--Ford (Chair); Pell, Inouye, McConnell, Warner.
House--Rose (Chair), Swift, Conyers, Frost, Hoyer, Kleczka, Wm. Thomas, Livingston, Pat Roberts

II. DISCUSSION

The conferees have reached an informal agreement on Motor Voter striking a very good balance between the House and Senate versions.

With regard to agency registration, the agreement requires agencies of public assistance (food stamps, medicaid, WIC, and AFDC) and agencies serving the disabled to permit voter registration. In the case of registration at unemployment offices, the House accepted the Senate provision which gives states the discretion to permit voter registration at unemployment offices. This latter provision was part of the package of amendments insisted upon by Senate Republicans and accepted on the Senate floor.

The rationale for this compromise, which makes allowing registration at unemployment offices discretionary but mandatory at public assistance offices, is that, unlike persons seeking public assistance, applicants for unemployment benefits are more likely to be put on voter rolls through motor vehicle agency registration. Those applying for unemployment are more likely to have a driver's license than those applying for public assistance.

The only outstanding matter to be resolved is one raised by Senator Durenberger who, while not a conferee, has informed the conference committee that he will support the committee's agreement if his proposal, in its entirety, is accepted.

The proposal basically requires that certain specified information be included on a form given to the applicant. That information would inform the applicants that they have the right to register or not to register; that their benefits will not be affected by their decision; that they have the right to privacy or to assistance while they fill out the form; and that if they believe someone has interfered with their right to privacy or right to choose their own political party or other political preference, they may file a complaint with election officials.

While the Senate conferees will accept this language to get Mr. Durenberger's support, the House conferees--particularly Messrs. Swift and Conyers--find most of this proposal objectionable as written, especially the complaint section.

Senator Simpson's amendment allowing states to require documentary proof of citizenship was dropped in conference. This provision would have been difficult to administer since the statute requires statewide uniformity and nondiscrimination. If one person were asked for documentation, all applicants would have to be asked.

Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 7/27

NOTE FOR: MACK

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

Information ☐

Action ☑

[redacted]

Thank you.

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

[redacted]

cc:

Mack

THE PRESIDENT HAS SEEN 4/27

Ey - will leave to decide in 2 weeks or so — lets discuss

April 23, 1993

MEMORANDUM FOR RAHM EMANUEL

FROM: TOM EPSTEIN

SUBJECT: MICHAEL WOO ENDORSEMENT

Political History

L.A. Councilman Michael Woo finished 2nd with 24% of the vote in Tuesday's primary election and will face Richard Riordan (33%) in the June 8 runoff. L.A. registration is 62% Democratic, 25% Republican, 13% other. In 1992, Clinton-Gore received 62% to 22% for Bush-Quayle and 15% for Perot. Dukakis won the city with 61% to Bush's 37%.

Endorsements

Most, but not all, California Democrats are lining up for Woo right away. Boxer, Garamendi, David Roberti, Vic Fazio, Henry Waxman and probably Kathleen Brown are all on board. I spoke with Howard Berman, who wants to speak with Woo before committing, but is likely to endorse him. Congressmen Julian Dixon and Walter Tucker have already endorsed Woo. Maxine Waters, Willie Brown, and Gloria Molina have yet to act. Feinstein and Bob Matsui have some concerns. Bill Wardlaw is working hard to freeze Democrats and prevent Woo from getting the unanimous support of Democratic elected officials. Organized labor endorsed Woo yesterday (see attachment). The State and County Democratic Parties will announce their endorsement today and will run an independent campaign on Woo's behalf.

Strategic Analysis

Woo was an early Clinton endorser (before New Hampshire) and is supported by nearly all of the President's political base: labor, environmentalists, contributors, gays, etc. His platform of conciliation and the strength of diversity parallels one of the President's most visible themes. He is certain to support all of the President's major initiatives, from health care to stimulus spending to national service to campaign reform. Woo, in fact, is the author of campaign reform legislation and the founder of a youth service program in Los Angeles. The Mayor makes over a thousand political appointments and is by far the dominant voice in the local media market. He would be a reliable and enthusiastic supporter of the Democratic nominee for Governor in 1994 and President in 1996. He would give us ample credit for progress made in turning L.A.'s economy around and work closely with us to achieve our political objectives in the highly visible initiative we have launched under Ron Brown. He would be the first Chinese-American mayor of a major American City. Chinese-Americans are a relatively well off and loyal Democratic constituency with international relationships of some value.

His principal liability is that he lacks charisma and strength to lead L.A. during these troubled times. The Hollywood district he has represented for years is overdeveloped and sleazy. Riordan has run ads asking: if he has done so poorly for his own district, why should we give him a promotion? Exit polls show he is weak on the two issues voters care most about, crime and jobs. He must alter his message to address these concerns. His media consultant is Squier-Knapp-Ochs.

Riordan is a lifetime Republican and a huge contributor to his party: $250,000 to Bush and the RNC last year, as well as a major supporter of Pete Wilson. He ran as "the only real Republican" in the Mayor's race, flaunting endorsements from Ronald Reagan and Jack Kemp. He has run a law-and-order campaign stressing he is "tough enough" to govern L.A. He has political vulnerabilities, including several junk bond deals with Drexel, a $1000 contribution to a rabid anti-choice organization, and rejection of campaign finance rules in favor of multimillion dollar personal donations. He also ran a commercial taking credit for the recovery of Mattel. Later, it was revealed that Mattel closed an American plant and shipped the jobs to Mexico. He first denied this and then confirmed it. Woo responded with a "not even tough enough to tell the truth" ad. Over the years, Riordan has also supported some Democrats (including Tom Bradley) and made sizable contributions to a wide array of charities and groups. That largesse has earned him some marginal support from otherwise Democratic interests. His primary Democratic booster, of course, is Bill Wardlaw, his longtime friend and former law partner. Wardlaw is trying hard to freeze Democrats and prevent a Clinton endorsement.

<u>Recommendation</u>

Most observers think this race will be close, though past voting practices indicate Woo should win given the overwhelmingly Democratic electorate in the city. **With our help, I am confident Woo will win. I think it is critical that we get into this race early and authorize the DNC to help.**

We can provide tangible assistance to Woo that could very well make the difference in the areas of strategy, organization, and fundraising:

* The President's endorsement would encourage all the elected Democrats to join the campaign.
* A Vice Presidential visit could help enormously with fundraising and free media.
* Other cabinet officer visits would solidify certain constituencies and provide credibility that he can deliver on key issues that involve the federal government.
* Craig Smith, John Emerson, Alice Travis and I could offer strategic observations to Woo's L.A. staff and D.C. consultants.

Because the President's first visit to Los Angeles after the trial should be a sober and high-minded nonpartisan recitation of our urban policy, I don't think the President should do a campaign event with Woo. They could meet privately, however, and we should allow the President's name and photograph to be used in paid media and direct mail. In light of his special assignment, Ron Brown should also not play a public role in the campaign.

County Federation of Labor Endorses Woo for Mayor

By RICHARD SIMON
and FRANK CLIFFORD
TIMES STAFF WRITERS

Mayoral candidate Michael Woo won the endorsement of the powerful Los Angeles County Federation of Labor on Thursday, giving him an important source of funds and campaign workers in his runoff battle with entrepreneur Richard Riordan.

The endorsement also blends into Woo's campaign theme that he better represents working people. But Riordan countermoved Thursday by showcasing his role in a successful effort to keep a San Fernando Valley insurance company in Los Angeles.

The county labor federation endorsement was not unexpected because the organization had split its support during the primary between Woo and Assemblyman Richard Katz (D-Sylmar).

Officials of the federation's political action committee said they will be communicating on Woo's behalf with the 100,000 union members registered to vote in the city. Officials said the members would be operating phone banks, sending out mail and spearheading a get-out-the-vote campaign. In addition, many of the 100 unions that belong to the federation can be expected to make substantial contributions to Woo's campaign.

On hand to receive the endorsement, Woo reminded an audience of about 50 local labor leaders that he had walked picket lines with striking hotel workers and said that as mayor he would work closely with President Clinton to bring jobs to Los Angeles.

Referring to his opponent's strong showing in the primary, he said the city was threatened with "Riordanomics," a replay of the Reagan-Bush era which, he said, would benefit the rich while eliminating the jobs of working people.

Woo's wife, Susan Fong, a former shop steward for a steel-workers local, also spoke. "There were a lot of union members who voted for Dick Riordan," she said. "You have to go out there and change their minds."

Although Woo is more sympathetic to organized labor, his recommendations for attracting businesses and jobs to Los Angeles are similar in important respects to Riordan's prescription. Both maintain that the city has become hostile to private enterprise and that to attract businesses and create more jobs, City Hall must become more responsive to business needs.

In anticipation of the labor endorsement of Woo, Riordan called the media to the offices of 20th Century Industries in Woodland Hills on Thursday.

Company executives joined him in announcing that they had signed an agreement to build a new headquarters in the controversial Warner Ridge development, also in Woodland Hills. The company had threatened to move its office—and 1,700 jobs—out of the city if the Warner Ridge project was not approved by the City Council.

Riordan, attorney for Warner Ridge's banker, Morgan Guaranty Trust Co., said he helped broker a settlement with City Council members to end the lengthy legal and political dispute over the development. Louis W. Foster, 20th Century chairman and chief executive, agreed that Riordan played a key role.

"I had many meetings with [City Council President] John Ferraro, [Councilman] Hal Bernson and other council members and negotiated a settlement," Riordan said.

Asked to be more specific, Riordan said: "It gets very, very complicated. We'll give you a memo."

Council members Ferraro and Joy Picus, whose district includes the Warner Ridge development, agreed that Riordan played a role in the settlement, but both said they could not remember details of his involvement.

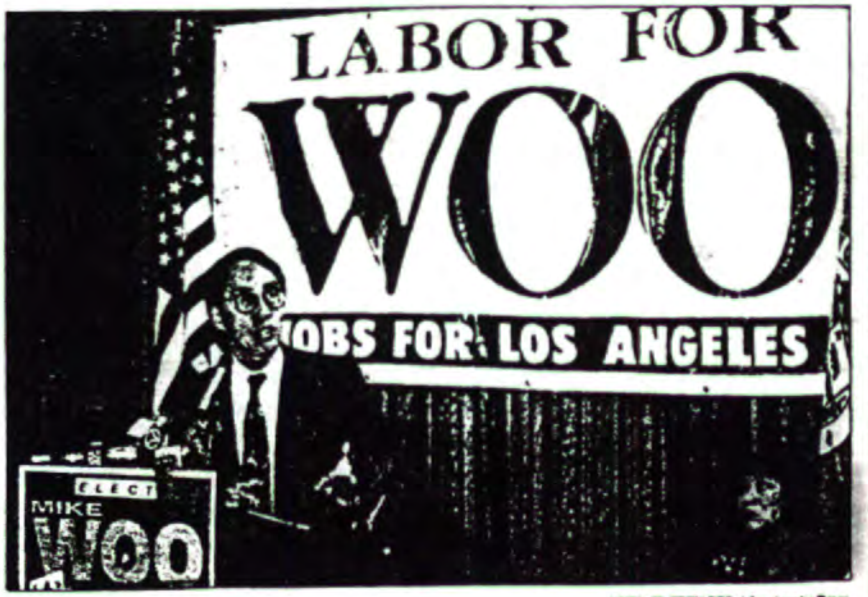
Riordan said the new headquarters project will create 1,500 to 2,000 construction jobs—"high-paying union jobs."

Riordan also said Woo's record in creating jobs is "very suspect at best."

He claimed that Woo shipped jobs to Japan by voting in 1987 to give the Blue Line rail car contract to Japanese-based Sumitomo Corp. Woo's campaign declined to respond.

The votes of most union members are considered up for grabs in the June 8 runoff between Riordan and Woo. A Times poll of voters in Tuesday's primary showed many union members voted for other candidates and that those who did vote for the top two finishers were divided between them.

The exit poll also found that the economy and jobs were uppermost on voters' minds.



MICHAEL EDWARDS / Los Angeles Times

Michael Woo, above, addresses the Los Angeles County Federation of Labor, which endorsed the mayoral candidate Thursday. Woo's wife, Susan Fong, right, a former shop steward for a steel-workers local, also spoke. Below, candidate Richard Riordan greets supporters at the offices of 20th Century Industries in Woodland Hills, where he announced a settlement on the controversial Warner Ridge development.

School Official Outlines Steps to Cut Budget Deficit

■ **Schools:** Larger classes, fewer administrators, layoffs seen in face of L.A. district's potential $143-million shortfall.

By STEPHANIE CHAVEZ
TIMES EDUCATION WRITER

To bridge a potential $143-million budget shortfall, Los Angeles school district Supt. Sid Thompson has recommended increasing

four years, are tragic."

Thompson, stressing that the report is a worst-case scenario, suggested that the district's central administration and regional offices take about a $19-million budget hit. He did not specify how many jobs would be lost or what programs provided by these offices would be eliminated. He said the amount is likely to change when a management audit of the district is completed next month.

Another $25 million in savings would

to the district's worker's compensation self-insurance fund and another liability insurance fund. Instead, he said, the district should make smaller payments over several years to replenish the accounts.

Thompson said the proposal is designed to allow schools to begin early planning in case the projections must be carried out. School board members, over the next several months, will debate and likely make changes to the recommendations.

Trustees must complete a preliminary budget by June 30 and a final document by

cut attendance counselors, who help provide state funding for the district by keeping youths in school. Several board members also said that eliminating most of the principals at the district's 43 continuation schools would harm the district's neediest and most at-risk students.

District officials increased by $6 million earlier projections of a $137-million shortfall, anticipating a drop in student attendance and an increase in the cost of running schools for adult education

chron

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 4/27

NOTE FOR: Regina / Bruce

[redacted]

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

Information ☑

Action ☐

[redacted]

Thank you.

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

cc:

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
4-26-93

93 APR 26 A11:29

APRIL 26, 1993

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: Regina T. Montoya RTM

SUBJECT: Former Mayor John Lindsay

Former New York Mayor Lindsay's name has been submitted for Ambassadorships to France, Japan and the U.K.

chron

THE WHITE HOUSE
WASHINGTON

DATE: 4/27

NOTE FOR: Sylvia MATHEWS

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

Information ☐

Action ☑

Please distribute
to Treasury as well

Thank you.

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

cc:

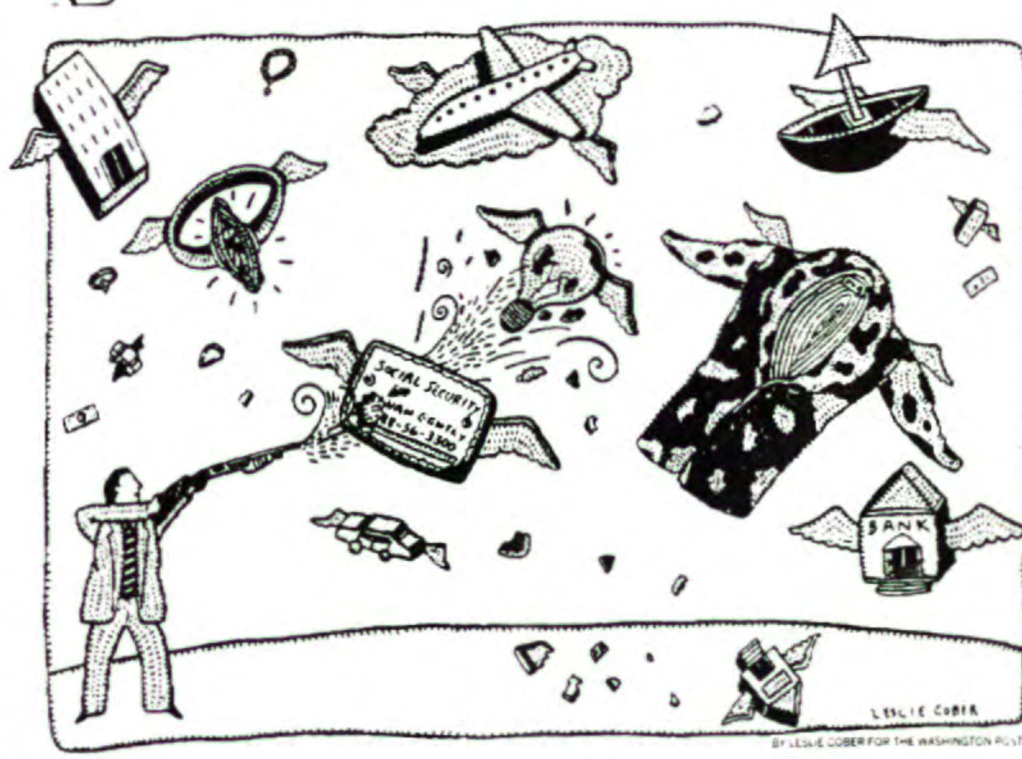
THE PRESIDENT HAS SEEN 4/27

Bob Rubin
See circled section
p.2 – we can't be for
accelerating New Mergers etc
admin B

Congress Targets Clinton Tax Plan

Major Revisions Are Expected

By David S. Hilzenrath
Washington Post Staff Writer



BY LESLIE COBER FOR THE WASHINGTON POST

It's open season on the tax code.

Treasury Secretary Lloyd Bentsen told lawmakers yesterday that the Clinton administration is through tinkering with its tax proposals and will send Congress a tax bill within 10 days.

But as the Senate Finance Committee began hearings on the proposals, panel members from both parties gave Bentsen an earful of criticism, signaling that they intend to do a lot of tinkering of their own.

Knowing that a tax bill is virtually certain to become law this year as part of President Clinton's economic plan, lawmakers also will try to get many of their own pet provisions aboard. Some would just iron out wrinkles in the tax code, but others could sharply affect the fortunes of industries and interest groups.

The potential additions range from the simple to the abstruse, from the broad to the narrowly focused. They go from allowing people to pay their income taxes by credit card to changing a part of the pension law that is particularly troublesome for air courier Federal Express Corp. Some were in tax bills that President George Bush vetoed last year.

According to lawmakers and congressional staff, members of Congress will attempt to:

- Expand the range of tax deductions available to companies that take over other businesses.
- Repeal the luxury excise tax on boats, planes, furs and jewelry, which was created as part of the 1990 deficit-reduction package.
- Rewrite the energy tax.
- Kill the investment tax credits that are central to Clinton's short-term plan to strengthen the economic recovery.
- Seek alternatives to Clinton's plan to expand taxation of Social Security benefits.

Piling amendments onto the Clinton plan will be a political balancing act. Lawmakers say they want to load the president's bill with as many of their own provisions as it will carry, although Democrats say they don't want to jeopardize its passage.

"It's basically a judgment call once you get into it as to how many other things this bill can carry," a House Ways and Means Committee staff member said.

The amendments vying to hitch a ride could either complicate or lubricate the coming struggle over the president's tax proposals. The battle is likely to be much more intense than the one that was waged over the budget resolution, because legislators will have to move from the abstract to the specific—deciding whose taxes to raise.

As Congress tries to come up with about $272 billion in new revenue over five years, the action will be played out in the tax-writing Ways and Means and Finance committees. Clinton will be able to do little more than call signals from the sidelines.

"I think [the administration's] proposals are starting points," said Sen. John Breaux (D-La.), a Finance Committee member. "The Congress is going to have to write the legislation."

In the Democrat-dominated Ways and Means Committee, Clinton is counting on Chairman Dan Rostenkowski (D-Ill.), a gruff veteran of Chicago politics, to be his quarterback.

Although Rosty, as he is known, has declared his loyalty to Clinton, he has expressed misgivings about Clinton's tax proposals. As one of the authors of the 1986 Tax Reform Act, he sees Clinton reversing his effort to plug loopholes, cut tax incentives for business, simplify the law and lower tax rates.

One threat to the administration's program is the continuing Justice Department investigation of Rostenkowski in connection with its probe of the House post office. If he were indicted, he would have to give up his chairmanship, which could leave the administration without a strong arm to marshal votes in the committee.

In the Finance Committee, Clinton is looking to Chairman Daniel Patrick Moynihan (D-N.Y.), a former Harvard professor, to be his champion. He can also turn to Senate Majority Leader George J. Mitchell (D-Maine), a senior panel member.

While the Democrats have the votes to steamroll Ways and Means Committee Republicans, they will have a hard time avoiding bipartisan compromise in the Finance Committee, where they hold only an 11-to-9 majority.

Parts of Clinton's tax plan already are meeting resistance.

Influential members of the tax-writing committees have criticized the package of investment tax credits that Clinton has proposed at

See TAXES, F3, Col. 4

Lawmakers Set Sights on Tax Code

TAXES, From F1

an estimated five-year cost to the Treasury of $28.9 billion.

Rostenkowski "sees a lot of problems with it, both political and substantive," but has not decided whether he will oppose it, his spokesman said. Moynihan echoed that sentiment, saying: "Put me down as skeptical."

Despite Clinton's effort to ease passage of the energy tax by making some changes himself, lawmakers representing diverse interests say they will seek more revisions.

Whether they can build voting majorities around their colliding parochial interests remains to be seen. At yesterday's Finance Committee hearing, which focused on the energy tax, senators complained that it would place too heavy a burden on agricultural states, energy-intensive industries and Western coal producers, among other interests.

However, there does not appear to be much opposition to the higher personal income tax rates Clinton has proposed for relatively affluent taxpayers.

Further, the whole tax debate could be transformed next month, when Clinton is scheduled to present his health care reform plan, which will require substantial new revenue.

Some of the biggest fights looming involve arcane business tax issues, where billions of dollars will be on the line.

One of the likeliest and most controversial amendments to Clinton's plan would allow businesses to amortize, or deduct over a period of years, the value they assign to the "intangible assets" they acquire when they buy another company—customer loyalty, brand name recognition, the skill of the work force and so on. A long-awaited Supreme Court decision yesterday on a related question made the push for new legislation even more likely.

Last month, House members in the Conservative Democratic Forum sent a letter to other legislators trying to rally opposition.

The proposal would create "a taxpayer subsidy for new mergers and acquisitions activity by allowing one company to buy another at inflated prices and take huge deductions at taxpayer expense," the lawmakers wrote.

The 1.3 million-member United Food and Commercial Workers International Union also has been lobbying against the proposal, which it says would cost jobs in a new flurry of corporate takeovers.

A broad coalition of businesses has mobilized in support of the proposal. "Corporate America really wants to get this done now," said one lobbyist. Businesses argue that the legislation is needed to clarify the existing law, which allows only some types of intangible assets to be amortized—but blurs the distinctions.

Rostenkowski is widely expected to attach the measure to Clinton's tax bill, and some Capitol Hill observers expect an effort to apply it retroactively to takeovers that took place in the 1980s, which would benefit some Wall Street buyout firms such as Kohlberg Kravis Roberts & Co..

The stakes are enormous. In 1989, the Internal Revenue Service was fighting with businesses over $8.5 billion of claimed intangibles, a General Accounting Office report said.

The luxury tax is likely to come under attack from influential opponents. Congress created the luxury tax as a soak-the-rich counterweight to excise tax hikes on cigarettes and alcohol, and members have been complaining about it ever since.

The tax has cost the people who make the luxury goods more than it has cost the people who buy them, critics say.

Sen. John H. Chafee (R-R.I.), who has a large boat-building constituency, has argued that instead of paying the tax, many consumers opted not to buy expensive yachts, eliminating jobs in the boat-building industry.

Even critics of the tax concede that it is difficult to distinguish the effects of the tax from the effects of the recession. Through June 1992, the most recent statistics available from the IRS show, the tax had brought in $328.1 million, more than triple the $90 million Congress had predicted it would raise through September 1992.

Moynihan, who has vowed to repeal the tax, said that Clinton would support the repeal for boats, aircraft, jewelry and furs. It is not clear what would happen to the tax on luxury cars.

Eliminating the luxury tax on boats, planes, jewelry and furs would add $230 million to budget deficits during the next five years, the Joint Committee on Taxation has estimated.

Chafee has proposed taxing diesel fuel used by pleasure boaters to compensate for the repeal of the boat tax, but that would make up only $152 million of the total loss. As with many of the potential hitchhiker provisions, Congress would have to find a way to pay for the difference.

43

chron

THE WHITE HOUSE
WASHINGTON

DATE: 4/27

NOTE FOR: Bob Rubin

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

Information ☑

Action ☐

Thank you.

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

cc:

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.

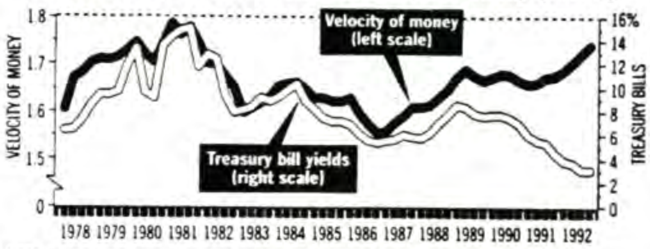
Economists had expected something quite different. Normally, a decline in interest rates leads households and businesses to increase their holdings of cash and bank deposits. They cite two reasons for this:

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

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

Laura Tyson / CEA
Very interesting
What do you think of it —
BC

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.

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.

THE PRESIDENT HAS SEEN 4/27

THE WHITE HOUSE

WASHINGTON

April 27, 1993

CC TO: TODD
PAUL
Sharon
FW
Jenny

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA JP

SUBJECT: BRIEFING BOOKS

It is clear that we need to alter the way we are delivering your schedule and briefing materials, but I wanted to get your guidance on a couple of points. Let me briefly review what's been happening on my end.

My office generally gets a near final version of the next day's schedule around 7:00 in the evening. Some minor changes usually come in after that, but they are mostly of a logistical nature. We ask that briefing papers on the next day's events be in my office by 6:00 the evening before so that any necessary changes can also be made by 7:00 or 7:30. Most offices are good about meeting that deadline. Our hangup and delay is usually the result of not having speeches or more elaborate talking points prepared until later in the evening. We have worked with Speechwriting and Communications to get these in earlier, but in part because they are responding to last minute message decisions and to late breaking events, it is often difficult to comply with earlier deadlines. We have been trying to send you a complete briefing book each night, but that often means waiting until 10:30 to transmit.

Instead, I would propose the following:

1. A schedule together with briefing materials, talking points and speeches that are ready, be forwarded to the Residence between 8:00 and 8:30 each night;

   [✓] Concur [ ] Discuss

2. Briefing materials and talking points which are not complete by 8:00 be held until the next morning and delivered through Nancy and Andrew;

   [✓] Concur [ ] Discuss

3. If an important speech text is delivered to my office between 8:00 when the briefing book is sent to the Residence and 11:00, we will forward to you at the Residence under separate cover, to give you time to review it if you wish. We will also provide a copy to Nancy and Andrew the next morning.

[✓] Provide to the Residence   [ ] Provide only to the Oval in the morning   [ ] Discuss

I sometimes feel like I'm shooting in the dark with regard to your preferences. Would it be useful to meet and go over the way paper has been coming to you?

[ ] Meet   [ ] Continue current practice

ok for now

Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 4/27

NOTE FOR: MARCIA, George S., David Dreier, Mark Gearan [redacted]

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

Information ☐

Action ☑

[redacted]

Thank you.

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

cc:

THE PRESIDENT HAS SEEN 4/27

THE WHITE HOUSE

WASHINGTON

'93 APR 20 P5:04

April 19, 1993

MEMORANDUM TO THE PRESIDENT

FROM: MARCIA

SUBJECT: COMMENCEMENT SPEECHES

Attached is the current list of commencement invitations. As we discussed, you should consider doing three commencement speeches: West Point (May 29); a state university or college; and a minority college or high school. We need to let the schools know by the end of the week if at all possible.

You have been invited by Larry Tisch to give the NYU commencement address on the morning of May 13. You will be in NYC on the evening of May 12th for a DNC fundraiser. You might want to consider doing this school. However, you would then be attending two commencements in the state of New York. Please let me know what you think about going to NYU.

I think you should consider going to a black high school here in the district. I will put together a list of schools if you are interested. Thanks

You should be aware that HRC is speaking at the University of Pennsylvania and the University of Michigan.

This should be part
of an overall pol. strategy
I recommend a [illegible]
meeting w/ pol. group -
Might want to do so as
part of a coordinated strategy
like Georgetown speeches

Commencement Invitations for the President

University	**Location**	**Date**
Alcorn State University	Lorman, MS	5/15/93
Auburn University	Auburn, AL	4/21/93
Brooklyn College	Brooklyn, NY	6/3/93
Brookstone College of Business	Chattanooga, TN	5/1-12/15
Brown University	Providence, RI	5/31/93
California College of Podiatric Medicine	San Francisco, CA	5/31/93
College View State School	Joplan, MO	6/3/93
Delaware Technical and Community College	Wilmington, DE	6/18/93
Elizabeth State University	Elizabeth City, NC	5/9/93
Essex Community College	Baltimore County, MD	6/6/93
Fayetteville State University	Fayetteville, NC	5/8/93
Florida International University	Miami, FL	5/3/93
Franklin University	Columbus, OH	4/18/93
Harvard Medical School	Boston, MA	6/10/93
Hendrix College	Conway, AS	6/5/93
Hobart and William Smith Colleges	Geneva, NY	6/13/93
Howard University	Washington, DC	5/8/93
Indiana University of Pennsylvania	Indiana, PA	5/15/93
Lakeland Community College	Mentor, OH	6/12/93

University	Location	Date
Lehman College City University of NY	Bronx, NY	6/3/93
Loyola University of Chicago Dental School	Maywood, IL	6/5/93
Mercer University	Macon, GA	6/13/93
Morehouse College	Atlanta, GA	5/16/93
Morgan State University	Baltimore, MD	5/24/93
Middle Tennessee State University	Murfreesboro, TN	5/8/93
New England School of Law	Boston, MA	5/28/93
New Hampshire Technical College	Stratham, NH	5/22/93
New Mexico Highland University	Las Vegas, NM	5/1/93
New York University	New York, NY	5/13/93 In NYC 5/6
Northeastern University	Boston, MA	6/19/93 In Maine this day
Nova University-Chicago Clusters	South Holland, IL	7/25/93
Occidental College	Glendale, CA	6/13/93
Public Service Academy, Anacostia High School	Washington, DC	6/21-6/25
Rowan College	Glassboro, NJ	5/21/93
Rutgers University	New Brunswick, NJ	5/20/93
San Jose State University	San Jose, CA	5/29/93
South Suburban College	South Holland, IL	6/24/93
Southeast Community College	Whitesburg, KY	5/1/93
Southern University	Baton Rouge, LA	5/14/93

University	Location	Date
Teikyo Marycrest University	Davenport, IA	5/8/93
Temple University Health Sciences Center	Philadelphia, PA	4/24/93
Texas Wesleyan University	Fort Worth, TX	5/21/93
Tougaloo College	Tougaloo, MS	5/16/93
Union County College	Cranford, NJ	5/6/93
University of Arkansas at Pine Bluff	Pine Bluff, AR	5/8/93
University of Buffalo	Buffalo, NY	5/16/93
University of Colorado School of Law	Boulder, CO	5/14/93
University of Health Sciences, The Chicago Medical School	Chicago, IL	6/13/93
University of Houston	Houston, TX	5/15/93
University of Maryland Eastern Shore	Princess Anne, MD	5/9/93
University of Michigan	Ann Arbor, MI	5/1/93
University of Minnesota	Minneapolis, MN	5/4/93
University of New Mexico	Albequerque, NM	5/15/93
University of Rochester	Rochester, NY	5/23/93
University of San Diego	San Diego, CA	5/23/93
Virginia Union University	Richmond, VA	5/2/93
Wallace State Community College	Hanceville, AL	6/12/93
Wesley College	Dover, DE	5/21/93
Westark Community College	Fort Smith, AR	5/1/93
Western Connecticut State University	Danbury, CT	5/93

University	Location	Date
Western Illinois	Macomb, IL	12/93
William and Mary (300th Anniversary)	Williamsburg, VA	5/16/93
William Jewell	Liberty, MO	5/16/93
Winston-Salem State University	Winston-Salem, NC	5/8/93

chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 4/27

NOTE FOR: MACK, MARK, Howard
Ron Klain

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

[redacted]

Information ☑

Action ☐

Thank you.

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

[redacted]

cc:

[redacted]

Mack –

This needs to be discussed w/ Bom Boy [illegible]. Now that we have a big gun —

[redacted]

[redacted]

THE WHITE HOUSE

WASHINGTON

Dear Dennis:

Thank you for your letter expressing concern about my proposed restructuring of the Office of National Drug Control Policy (ONDCP). I am, of course, well aware of your role as one of ONDCP's architects and appreciate your taking the time to share your thoughts with me.

I agree with you that our National Drug Control Strategy must represent a coordinated and balanced approach, and that it must fund programs that effectively reduce both the supply of and demand for illegal drugs. That is why, despite increasing expenditures for drug treatment and prevention by $1.5 billion over the next four years, I have not moved to "slash" supply-side spending. In fact, my proposed drug budget actually increases total supply-side expenditures by 5 percent.

But I do feel strongly that ONDCP needs to be dramatically reformed, and that it needs to work more closely with the cabinet agencies. Under the previous Administration, ONDCP came to play an increasingly adversarial role. Quite frankly, I find this unacceptable and will expect my new ONDCP Director and Cabinet members to take a considerably more constructive approach.

I will certainly keep your views in mind as proposals to permanently restructure ONDCP are considered. I understand that your staff has already submitted suggestions on how to restructure ONDCP, and I am open to any thoughts you might have.

Again, thank you for your letter. I hope we can continue to work together on matters of national drug control policy. The issue is too important to allow it to be politicized.

With best wishes,

Sincerely,

The Honorable Dennis DeConcini
United States Senate
Washington, D.C. 20510

004065

DENNIS DECONCINI
ARIZONA

COMMITTEES
APPROPRIATIONS
JUDICIARY
VETERANS' AFFAIRS
INDIAN AFFAIRS
RULES AND ADMINISTRATION
INTELLIGENCE

COMMISSION ON
SECURITY AND COOPERATION
IN EUROPE/CHAIRMAN

United States Senate

WASHINGTON, DC 20510

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WASHINGTON, DC 20510
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323 WEST ROOSEVELT #C-100
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EAST VALLEY OFFICE
40 NORTH CENTER STREET #110
MESA, AZ 85211
(602) 261-4998

February 9, 1993

The Honorable Bill Clinton
The White House
Washington, D.C., 20500

Dear Mr. President:

I am writing with reference to your announced plans to reorganize the White House and reduce staffing levels. Of particular concern to me are your plans for the Office of National Drug Control Policy (ONDCP), which is slated to lose 87 full time equivalent positions out of its funded level of 112.

I understand and applaud your attempts to save taxpayer dollars by reducing the size of the White House staff, but I want to be sure that monetary savings within the Executive Office of the President will not occur at the expense of the nation's war on drugs. I have been a long-time supporter of a strong and coordinated national drug control strategy. I have regularly spoken out on the need for enhanced education and treatment programs, which Thomas McLarty said would be emphasized in the reorganized ONDCP.

However, any effective drug control policy must also include sufficient emphasis on enforcement programs geared at reducing the illegal drug supply and the associated violence. I am concerned that your planned staff reductions in the ONDCP will have an dramatic impact on the office's ability to operate and oversee the High Intensity Drug Trafficking Areas and the associated grants, the Counter-Drug Technology Assessment Center, which oversees counternarcotics research and development efforts, and the drug control budget certification process. I don't see how these functions can be effectively carried out with a staff of 25.

If your answer is to move many of the enforcement positions of the ONDCP to the Department of Justice, this will only exacerbate turf battles and shift funding responsibilities from Executive Office of the President to the Department of Justice. We will be left with the worst of both worlds, saving no tax dollars through the elimination of positions, but reducing the effectiveness of those occupying these positions.

While I applaud your plans to elevate the Director of the ONDCP to Cabinet-level status, I fear that transferring many of that office's responsibilities to other agencies may send the signal to the American public that the war on drugs will no longer be a high-level domestic priority.

I helped create the Office of National Drug Control Policy, and I was asked to be the original Drug Czar. Over the years I have watched with disgust as the office has become more and more politicized and used as a political dumping ground for political appointees who do little or nothing to rid this nation of the scourge of drugs. Yes, it is time the office was reorganized, but I am worried that rather than streamlining the office, you are effectively gutting it. If this is your goal and if you are willing to sacrifice the hard-won advances we have made in the drug war, I urge you to be honest and up-front with the American people and simply abolish the office entirely.

Sincerely,

Dennis DeConcini

DENNIS DeCONCINI
United States Senator

DDC/wjm

chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 4/27

NOTE FOR: MACK, Howard

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

Information ☑

Action ☐

[redacted]

Thank you.

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

[redacted]

cc:

Mack/Howard Paster

Fyi - B.

THE PRESIDENT HAS SEEN

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

JAY DICKEY
FOURTH DISTRICT
ARKANSAS

April 26, 1993

Dear Bill and Hillary,

For some reason, I needed to let you two know that I'm your friend and am looking forward to showing you this. Give me the opportunity!

Many times I will vote differently than what you all might want, but then there will be times when I'll be right along side you, as in health care plan, NAFTA and others.

Things need to be put into perspective - friends can grow even when there are differences. And to keep friends is a goal of mine!

Love to both of you,

Chron

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 4/27

NOTE FOR: Eli

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

Information ☐

Action ☑

[redacted]

[redacted]

Thank you.

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

cc:

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

93 APR 13 A11:23

April 13, 1993

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: Eli J. Segal EJS

SUBJECT: Summary of Collaboration with the U.S. Military Regarding the National Service Initiative

I. SUMMARY

This memorandum responds to your request for the status of our office's activities in support of the Boren-Wofford Civilian Community Corps, as well as updates you concerning our other collaborative efforts with the armed services regarding your national service initiative.

Lets try to get this up and going (Clinton)

II. DISCUSSION

A. <u>Boren-Wofford</u>: In the waning days of the last session of Congress, Sens. Boren and Wofford spearheaded an amendment to the 1992 Defense Authorization Bill incorporating various measures they had originally introduced as the Community Works Progress Act of 1992. $20 million was provided to the Commission on National and Community Service (the "Commission") to create the Civilian Community Corps (modeled after the New Deal's Civilian Conservation Corps, and calling for residential camps utilizing excess capacity at military bases and providing job opportunities as corps supervisors to military personnel leaving the service). An additional $20 million was appropriated for other Commission programs, with special consideration to be given to those programs in areas disadvantaged by defense cutbacks. Implementation of the CCC has been stalled for a number of reasons: (i) the Bill had to be "scored" as a defense (not domestic spending) measure by OMB to avoid being stricken for exceeding Graham-Rudman limits; (ii) the money then had to be released to DOD, and from them to the Commission, a baton-passing further slowed by the change of DOD senior personnel; (iii) the CCC requires an unprecedented collaborative effort between the civilian "service field" and the military.

Let's do more
enormous potential

Over the last few weeks, however, we have been able to move the process forward. "Scoring" has been done and passage of funds from DOD to the Commission should be accomplished this week. We are working closely with all concerned to ensure that all steps required by the legislation to begin the CCC are undertaken so that any remaining appropriated funds can "roll over" into FY '94.

B. Summer of Service: The armed services have played a significant role in supporting our Summer of Service program. After our initial briefing, General Powell assigned Major General Mary Willis, a key member of his joint staff, to coordinate military assistance in the training, logistical and technical aspects of our summer program. Gen. Willis' staff played a key role in helping us identify the Treasure Island Naval Facility (in San Francisco Bay, and slated for closure) as the venue for the week of national training which will begin the Summer of Service, and that staff continues to play key roles in the other aspects of the program.

C. Other Collaborations: We are also working closely with the military on a variety of other cross-cutting issues, including the following:

1) Developing a registry of community service organizations approved for retiring service personnel (pursuant to a 1992 statute allowing them to retain certain benefits of military service after retirement, provided they are thereafter engaged in community service);

2) Determining a post-service benefit level for your national service program which minimizes the adverse impact on military recruitment and retention. [The $6500 benefit you authorized yesterday will do so.] We have been in close contact with Herschel Gober at Veterans Affairs and Rep. Montgomery on this issue; and

3) Providing facilities to accommodate the Youth Summit with you, scheduled to close the Summer of Service in August.

Finally, as we mentioned yesterday, our Office has briefed the staffs of Sen. Nunn and the Senate Armed Services Committee on these and related matters, and they were pleased about our direction.

EJS:ra

Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 4/27

NOTE FOR: Mark, David Watkins

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

Information ☑

Action ☐

[redacted]

[redacted]

Thank you.

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

cc:

THE PRESIDENT HAS SEEN 4/27

THE WHITE HOUSE

WASHINGTON

93 APR 16 P2:29

April 9, 1993

MEMORANDUM TO THE PRESIDENT

FROM: Mack McLarty
Mark Gearan MG

SUBJECT: Update on White House Reorganization

Overview

Today marks two months since your announcement of the White House reorganization plan and 25 percent staff cuts. This memorandum updates you on our progress in implementing the reorganization plan.

According to our latest payroll records (March 13), there are currently 1319 employees in the Executive Office of the President, roughly five percent less than Bush had on election day. This includes 107 temporary staff employed in the Office of Presidential Personnel. We are closely monitoring staff levels to ensure that on October 1 the staff is reduced by 25 percent.

Meet them can we them.

In addition, individuals in the Office of Presidential Personnel (OPP) have been assigned full-time to assist the 90 career employees affected by the reorganization find other federal positions as appropriate. A majority of these employees have met one-on-one with OPP and OPM for career counseling and job hunting strategies. OPP is also "informally" referring career employees to available jobs in other cabinet agencies. All told, 11 career employees have found alternative employment to date.

Below is a more specific review of key offices affected by the reorganization, and the progress being made to ensure an orderly transition.

I. Council on Environmental Quality

For the remainder for fiscal '93, Dinah Bear, former general counsel of the CEQ, will serve as its acting director. Ms.

Council on Environmental Quality (Cont.)

Bear is working with Katie McGinty on formalizing a final close-out schedule for the office, consistent with the September 30 deadline established in our reorganization plan.

Additionally, legislative language abolishing the CEQ and assigning its responsibilities to the EPA has been added to Senator Glenn's version of the EPA elevation bill. The bill will likely be considered by the full Senate shortly after the Easter Recess. Our legislative office is also working with Congressman Conyers to use the Glenn bill as a similar vehicle on the House side. It should be noted that several Senators and environmental groups have voiced reservations regarding the elimination of the CEQ. Senators Boxer and Chafee have requested, at a minimum, that the Office of Environmental Policy be established by Executive Order. We will present a draft order under separate cover for your review.

II. Office of National Drug Control Policy

Nearly all decisions related to the future staffing and structure of the ONDCP have been placed on hold pending the appointment of a Drug Czar. This would include a final reorganization plan for the office, as well as a strategy for handling accompanying statutory changes in the Congress. As you may know, the authorization for the ONDCP expires in November of this year. In the interim, the Office of Presidential Personnel and OPM continue to work with the 66 career staff in the ONDCP to help place them in other positions in the federal government.

House and Senate appropriations sub-committees, chaired by Senator DeConcini and Congressman Hoyer, have scheduled hearings on the ONDCP's FY'94 budget and structure at the end of April. These hearings typically serve as the Administration's first opportunity to discuss its national drug control strategy at length. Thus, it is essential that we select a director in the near term to prepare for these hearings.

III. National Space Council/National Critical Materials Council

We are working with the Office of Science and Technology Policy (OSTP) in tandem with the Vice President's staff and Howard Paster's staff to develop a statutory and legislative strategy for the Space and Critical Materials Councils. Statutory authority for both agencies will be repealed, with their functions assigned to OSTP as appropriate.

Jack Gibbons has been commissioned Executive Secretary of the Space Council and Chairman of the Critical Materials Council, granting him necessary authority for interim personnel actions. The staffs of these offices comprised a handful of career employees, many of whom have already found alternative employment.