Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 4/27

NOTE FOR: Eli, MACK, RAHM, MARCIA

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:

[redacted]

THE WHITE HOUSE
WASHINGTON

April 26, 1993

MR. PRESIDENT:

Enclosed is a memorandum from Eli Segal concerning the site for Friday's introduction of the National Service legislation.

[redacted]

Eli would like to know your preference by tomorrow morning so that advance work can begin.

R. Paul Richard

R. Paul Richard

Show
cc Mack —
cc Rubin

[redacted]

Mack Hal
— Phil Ockwinn
but there suggest
to go back Friday 4
just left Pittsburgh
— worth calling Mr. Staff
again — its a good risk

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

93 APR 26 P8:12

April 26, 1993

MEMORANDUM TO THE PRESIDENT

FROM: ELI SEGAL EJS

SUBJECT: VENUES FOR APRIL 30 INTRODUCTION OF NATIONAL SERVICE LEGISLATION

We understand that you and others have reviewed our earlier memorandum regarding potential event locations to launch your national service legislation on April 30. This memorandum reopens the argument concerning our first choice, and presents two alternatives.

Philadelphia is our overwhelmingly preferred site. The presence of a large and enthusiastic audience; an experienced and substantial group of service organizations -- backed by the City government and the general community -- experienced in community rebuilding; a coalition of excellent universities organized around service; a local paper (the Inquirer) that has already given favorable editorial coverage to your initiative; a strong media market; a Senator (Wofford) close to you, near to a reelection fight, and a recognized leader in service, all combine to make Philadelphia a perfect location. Although we do not yet know if we will be able to secure the support (or attendance) of Senator Specter, we will at least be able to build local pressure on him through and around the event. Additionally, this is a subject where you and Governor Casey are in complete agreement. Finally, our local planning team is in place, ready to go, and fully capable of delivering. Despite your planned return to the City in the near future, Philadelphia is our strong recommendation.

If Philadelphia is not selected, we would suggest either New Orleans or Notre Dame as alternatives. New Orleans has two fine universities operating joint service programs (Xavier, one of the landmark historically black colleges, and largely-white Tulane); good service programs (including the Delta Corps); political supporters, including Lieutenant Governor Melinda Schwegmann, who would help ensure a big turn-out; and a necessary Senate ally in John Breaux (who I met with today). Notre Dame has the advantages of a strong service record; a thematic link to your campaign speech there; and two Republican Senators we may be able to attract to the legislation.

Please indicate your preference:

____________ Philadelphia

____________ New Orleans

____________ Notre Dame

You also asked our opinion about the D.C. Cares Servathon. This is a wonderful event, but not directly on your principal service message of opportunity, responsibility and community. You celebrated voluntary involvement last week with Thursday's President's Voluntary Action Awards ceremony. Accordingly, your attendance next Saturday might be enjoyable but would not significantly advance our legislative and media strategy.

cc Marcia Hale
John Podesta

JOHN D. ROCKEFELLER IV
WEST VIRGINIA

United States Senate

WASHINGTON, DC 20510-4802

Ricki —
Senator R. really wants to make this happen. Paul is a terrific guy & classmate of Dep Potus. Can you weigh in

Tom

April 8, 1993

The Honorable Janet Reno
Attorney General of the United States
Department of Justice
Constitution Avenue and Tenth Street, N.W.
Washington, D.C. 20530

Janet,

Dear Madam Attorney General,

I am writing to recommend Paul L. Joffe, my General Counsel, for a senior position at the Department of Justice, such as Assistant Attorney General for Legislative Affairs, or Associate Deputy Attorney General, or member of the Office of Legal Counsel. Paul's resume is enclosed.

Paul has the skills and experience to make an important contribution to the Justice Department and the Administration. Paul has experience with all branches and levels of the federal government, and a very wide range of legal and public policy issues. He would provide a breadth of expertise on issues, and the ways of Washington, that would be hard to find elsewhere.

Paul has eleven years of wide-ranging experience on Capitol Hill, first as Counsel for Jim Florio's House Subcommittee for six years, and as my Counsel for the last five years. During this time, Paul has worked with some of the most important Committees and Members of Congress, and an array of subjects, from tax, energy, clean air, and other regulatory issues, to consumer protection, health care for retirees, and children's issues. Before coming to the Hill, Paul was in private law practice in Washington for six years and, before that, served for three years in the Office of the Judge Advocate General of the Navy, where he drafted legal opinions and worked on legislation and regulations.

The Honorable Janet Reno
April 8, 1993
Page Two

Paul is the consummate public servant, with a wonderful combination of conscience, pragmatism, and the tenacity to produce results of the highest standard. He has a proven track record of getting things done. To cite just two examples, Paul was instrumental in helping me develop, and enact, pathbreaking energy legislation, and the passage of a bill on health care for retired coal miners that was historic in overcoming endless hurdles and representing an ultimate consensus on a very contentious problem. I am enclosing an editorial on the retiree health effort, and my remarks on the Floor of the Senate regarding Paul's work. The victory on that legislation was achieved despite tremendous odds. Paul's success on matters like these is the product of his legal skill, careful preparation, in-depth knowledge of the issues, deftness in negotiation and strategy, and an outstanding ability to work with a diversity of people and interests to build a winning consensus. He is well known, liked, and respected both on and off Capitol Hill.

Finally, Paul's dedication to public service, and his drive to serve and better the country are extraordinary. Whether he works on technical legal issues or broad strategy for the policy of the Justice Department as it serves the Administration and the country, Paul would make an important contribution to your efforts. He would bring to your team the intelligence, dedication, and creativity needed for success in meeting the difficult challenges you face. I have spoken to Bruce Lindsey, Director of the White House Office of Personnel, about Paul, and I understand that his staff is also providing your Department with Paul's name for your consideration.

I think the world of Paul, and deeply admire his constant devotion to the public good. He wants to serve our new President and the Administration, and I am absolutely confident that he would be a great asset to a Justice Department under your watch.

Thank you so much for considering this, and I would like to ask that you, or an aide, let Paul or me know if you would consider him for an opportunity.

Sincerely,

Jay

John D. Rockefeller IV

Janet, Paul Jaffe is simply
first class

JOHN D. ROCKEFELLER IV
WEST VIRGINIA

United States Senate

WASHINGTON, DC 20510-4802

April 12, 1993

The Honorable Robert B. Reich
Secretary of Labor
U.S. Department of Labor
Third Street and Constitution Avenue
Washington, D.C. 20210

Dear Bob,

I am writing to recommend Paul L. Joffe, my General Counsel, for a senior position at the Department of Labor. In fact, I understand that you know Paul from law school. It is my privilege, therefore, to bring you up to date on his activities and relay his keen interest in becoming part of the Clinton Administration. Given his background and interests, I am certain that you would gain enormously by placing him on your team at the Labor Department.

His resume is enclosed, as well as letters on his behalf from Richard Trumka, President of the United Mine Workers of America, and Governor James J. Florio of New Jersey.

Paul has the skills and experience to make an important contribution to the Labor Department and the Administration. He has experience with all the branches of the federal government, all levels of government, and a very wide range of legal and public policy issues. On the cutting edge issues on your agenda, from training, industrial policy, and labor relations, to benefits and occupational safety, Paul would bring to Labor the skills and experience with the ways of Washington needed to get the job done.

Paul has eleven years of wide-ranging experience on Capitol Hill, first as Counsel for Jim Florio's House Subcommittee for six years, and as my Counsel for the last five years. During this time, Paul has worked with some of the most important Committees and Members of Congress, and an array of subjects, from tax, energy, clean air, and other regulatory issues, to consumer protection, health care for retirees, and children's issues. Before coming to the Hill, Paul was in private law practice in Washington for six years and, before that, served for three years in the Navy legal office.

Paul has a proven track record of getting things done. Especially relevant to your agenda is Paul's work with me on enactment of historic legislation on health care for retired coal miners, a matter with which your Department was directly involved. This landmark legislation involved intense work over a three year period, saved the health care of a hundred and twenty thousand retired coal miners and widows, and is critical to long-term labor peace in the coal fields. The collectively bargained health program was derived from an historic 1946 agreement between the United States and UMWA leader John L. Lewis, reached after President Truman seized the mines. In recent years, the collectively bargained program became insolvent and a legislative solution was necessary. Paul navigated some fairly treacherous waters, and helped me bring a range of parties together around a solution that is now the law.

The victory on the retired coal miner health legislation in 1992 was achieved despite tremendous odds. Paul's success on matters like this is the product of his legal skill, careful preparation, in-depth knowledge of the issues, skill in negotiation and strategy, and an outstanding ability to work with a diversity of people and interests to build a winning consensus. He is well known, liked, and respected both on and off Capitol Hill. UMWA President Richard Trumka's letter indicates labor's high regard for Paul. I am also enclosing an editorial on the retiree health matter and my remarks on the floor of the Senate regarding Paul's work.

Finally, Paul's dedication to public service and his drive to serve and better the country are extraordinary. Whether he works on technical issues or broad strategy for the Labor Department as it serves the Administration and the country, Paul would make an important contribution to your efforts. I have spoken to the First Lady and to Bruce Lindsey about Paul, and understand that Bruce's staff is also providing your Department with Paul's name for your consideration.

Bob, I think the world of Paul, and can just see him doing superb work for you and the President at Labor. Paul is a problem-solver and consensus-builder, and adept at sorting through complex issues that stymie most people. He is deeply devoted to our new President and the success of this Administration.

I ask that you give him your serious consideration, and would hope you or an aide would give him a chance to discuss any possible opportunities.

Thanks again.

Sincerely,

Jay

John D. Rockefeller IV

Bob, Paul is simply first-class.

Jay

PAUL L. JOFFE

3825 Legation Street, N.W.
Washington, D.C. 20015
Office: 202-224-6472 Home: 202-244-2309

PROFESSIONAL EXPERIENCE

January, 1988 - Present, GENERAL COUNSEL to Senator John D. Rockefeller IV, U.S. Senate, Washington, D.C.

1982 - 1987, COUNSEL, House Committee on Energy and Commerce, Subcommittee on Commerce, Consumer Protection, and Competitiveness, U.S. House of Representatives, Washington, D.C., James J. Florio, Chairman.

1976 - 1982, ASSOCIATE with the law firm of Hogan & Hartson, Washington, D.C.

1973 - 1975, ADMINISTRATIVE LAW ATTORNEY (Lt. JAG Corps, USNR), Office of the Judge Advocate General of the Navy, Department of the Navy, Washington, D.C.

1971 (summer), Law firm of Sullivan & Cromwell, N.Y., N.Y.
1968 (summer), N.J. Dept. Community Affairs, Model Cities Program
1967 (summer), VISTA volunteer, West Virginia

EDUCATION

J.D., 1972, Yale Law School. 1971-1972, Chairman of the Yale Legislative Services.
A.B., 1969, Harvard College (magna cum laude in Government)

PUBLICATIONS AND TEACHING

Publications on public policy and law, Yale Law Journal, Catholic U. Law Review, Harvard International Review; papers presented at American University, University of Notre Dame; etc. Lecturer, Adjunct Faculty, Washington College of Law, American University (1982).

SUMMARY OF EXPERIENCE

Capitol Hill experience especially with Senate Finance, Commerce, and Energy committees, as well as with environmental issues, and with House Energy and Commerce Committee. Private law practice experience especially in antitrust litigation and counseling. Experience with all levels and branches of government. Background regarding numerous industries and a wide variety of public policy areas.

Times-West Virginian

Quincy Street and Ogden Avenue, Fairmont, West Virginia, 26554

Established June 27, 1868

All the hallmarks of a Rockefeller effort

It was reported last weekend that an exultant Sen. Jay Rockefeller found himself in the rare position for a politician — speechless.

Jack Deutsch of the *Times-West Virginian's* Washington Bureau quoted the senator as saying he "can't put into words how I feel.".

The senator had just achieved what he described as his "most emotional accomplishment in his 20 years of public service. His proposal will preserve health care coverage of 120,000 coal miners and their family — about 35,000 of whom reside right here in West Virginia."

The U.S. Senate had overwhelmingly voted for a national energy bill, which contained the coal miner provision. The bill is now on President Bush's death — awaiting his signature.

Most people should be aware that without the provision, miners were uncertain as to continuation of their guaranteed health care benefits. Most of them had worked for union coal companies that either went out of business or went non-union. The fund that covers the miners is $120 million in debt.

Under Rockefeller's proposal, the federal government will trace each miner and determine which coal company employed him. The coal companies then will be assessed fees for each retired miner.

This was not just a recent project of Rockefeller's. He has been working on it for three years and has had to face heat from many of contemporaries along the way — concerned over how the legislation would affect coal companies in their states.

"Everybody had exemptions. Everybody had special problems," Rockefeller said. "This is about coal miners. This is not about exemptions."

We liked the way our Washington correspondent described Rockefeller's efforts.

"The victory showed all the hallmarks of a Rockefeller effort: single-minded lobbying of his colleagues, wearing down the opposition with the help of interest groups, and framing the issue in moral terms."

This was practicallty a one-man effort — with the tall junior senator from West Virginia finally emerging victorious after a long, hard struggle.

We applaud him! The coal miners of West Virginia and the nation do likewise.

didn't work hard enough. Not because they didn't plan ahead. But because of economic forces over which they have no control.

Through no fault of their own, miners have become orphans in their retirement years. Their former employers have gone out of business or simply no longer make contributions to the existing health benefit trust funds. Now our miners have no place else to turn except here, to their Government. They played the game by one set of rules all their lives, and now somebody's changed the rules on them.

In large parts of Pennsylvania generations of miners have worked for over a century to bring coal out of the ground and provide the fuel that powered America's industrial might. In communities built by immigrants who came to this country looking for a better life for themselves and their children. Generation after generation, they were more than willing to work hard to fulfill the dream. Of a secure retirement if you work hard; of helping your children go to college if they study hard; of owning your own home if you save; and of having a doctor if you need one.

They did not expect anything handed to them on a silver platter. But they also did not expect to have the rug pulled out from under their feet when they retired.

For the miners and their families losing what they thought were guaranteed health benefits, the safety net is broken. Congress can fix it and this amendment on which the Senator from West Virginia has worked so hard over the last year will do it.

In 1990, a commission appointed by then Labor Secretary Dole, and chaired by former Secretary William Usery, addressed the problems facing retired miners. It reached a conclusion that ought to be a matter of common sense and basic fairness: that retired miners are entitled to the health care benefits they were promised and such commitment must be honored today. The basic recommendations of the Dole commission are contained in this amendment.

It is time for us to enact them into law. It is time to commit our will and our wallet to taking care of our own people and our own problems.

The health benefits provided to coal miners under this amendment are nothing more than what they are due. They worked hard for their retirement years. They have earned some peace of mind and a decent, healthy quality of life. This is not a handout. This is not a giveaway.

This amendment represents a promise kept, a commitment honored.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. I thank the Senator from Pennsylvania, the Senator from Kentucky, the Senator from Louisiana, and the Senator from Wyoming.

I also want to thank Kennie Gill, with Senator FORD; John Wood, with Senator BYRD; Gary Ellsworth and Mike Hoon, with Senator WALLOP—all of them have been overwhelming; Jim Francis, one of the Senate legislative counsel, who has not been mentioned. The degree of work the people like that put in, the public has absolutely no idea how deep that is.

I am very grateful to Tom Scully, Gail Wilensky, and Barbara Selfridge, of the White House, all of whom, once they came into the process, were dealing in very good faith and very constructive.

I want to say, however, that the individual who sits beside me as I now speak, Paul Joffe, stands out to me in heroic terms on this. For 3 years, without stopping, he has made this his cause. Last week, a colleague measured the amount of time that he spent on this particular project during the course of the week, and it was 120 hours. That was a typical week for him.

People out there do not know that people in the Senate work as hard as they do, that the staff works as hard as they do. To me, Paul Joffe, who sits at my side, my legislative counsel on these things and my counsel on many things, stands as a model of public service.

I think it is an inspiration. There are tens of thousands of coal miners out there who owe their health benefits to him and they do not know that but I so state them to him at this point.

I also want to thank Ellen Doneski who helped Paul and myself for this.

Mr. President, I conclude simply by saying that all of these things are terribly important because the work of the Senate is done by a combination of the willingness of Senators to dig in and take a position and then reach consensus. But all of the most difficult of all of that work is done by the staff of the Senate. That point constantly needs to be made.

I thank the Chair and I conclude by thanking Senator JOHNSTON for his extraordinary patience in this whole process. There were times when he was not actually in such a good mood. That simply reflected his desire to get on with the matter. I am very grateful to the Senator from Louisiana.

Mr. LIEBERMAN. Mr. President, Senators ROCKEFELLER, FORD, BYRD, and WALLOP have worked long and hard to craft a compromise provision on coal industry retiree health benefits which balances the needs of the United Mine Workers of America [UMWA] retirees and the interests of domestic and foreign coal mining companies. The task has been a difficult one because of the divergent interests among all the parties involved—union and nonunion coal companies, western and eastern coal companies, those who signed the 1988 BCOA–UMWA agreement and those who have separate agreements with the UMWA.

I am particularly concerned about those companies that previously were signatories to a BCOA–UMWA agreement and now have separate labor agreements with the UMWA. In the case of the Pittston Co., which is headquartered in my State, they are being required to pay for retirees in the new Government fund created by this provision despite the fact that they had negotiated this issue as part of a separate UMWA collective bargaining agreement. I am concerned that Congress should not be in the business of abrogating collective bargaining agreements, except in the rarest circumstances. Congressional interference in the collective bargaining process could have troubling long-term repercussions. We should not be changing contract terms retroactively by congressional action.

I am also concerned about Congress interfering in pending court cases. In this instance, the evergreen case has been brought to determine Pittston's liability under its prior UMWA agreements. It would appear that the most appropriate way to resolve this issue is to allow this case to proceed to final judgment.

The Pittston-UMWA contract resulted from a painful, 14-month-long strike and is an elaborate agreement with contingencies to cover the possible outcomes of the evergreen lawsuit and an agreement not to support legislation which would impose a reachback obligation on the company. I am concerned by the fact that the action we take today abrogates a collective bargaining agreement which I believe was negotiated in good faith.

I am also troubled because this provision poses serious economic difficulties for those companies which export a substantial portion of their coal. Companies like Pittston cannot pass these costs through on the international export market, while those coal companies who sell to domestic utility companies have contracts which allow them to pass through Government mandated costs. Last year Pittston exported approximately 70 percent of the coal it mined. These exports are important to the economic strength of the United States. Particularly given the current state of our economy, we should be strengthening not undermining companies' ability to compete abroad.

I hope those who have drafted this provision will consider in conference establishing an export credit for those payments mandated by the provision. The credit would be based on the amount of coal mined in the United States and exported and should enable exporting companies to continue to compete on the international market. We cannot expect coal exporters to compete in the international market if their product is burdened by excessive Government fees or taxes. If these companies cannot continue to export coal, it is their employees in this country who will suffer. I appreciate all the hard work my colleagues have done thus far on this provision and I look

STATE OF NEW JERSEY
OFFICE OF THE GOVERNOR
CN-001
TRENTON
08625

JIM FLORIO
GOVERNOR

January 11, 1993

The Honorable Richard Riley
Transition Team for President-Elect Bill Clinton
1120 Vermont Avenue
Washington, DC 20005

Dear Governor Riley:

I am writing to recommend Paul Joffe for consideration for a position with the Clinton Administration. I understand that Senator Jay Rockefeller, Paul's current employer, has already written to you. Paul worked for me for six years before he worked for Senator Rockefeller, and I wanted to add my support to Senator Rockefeller's.

Paul worked as Counsel to the Subcommittee on Commerce, Consumer Protection, and Competitiveness, of which I was chair, from 1982-1987. He worked on the Federal Trade Commission (FTC) and various consumer and competition issues related to it; insurance issues, including passage of the Risk Retention Act; and a broad range of other issues.

Paul has great knowledge of the legislative process, and knows how to get things done. He knows the key players on and off Capitol Hill, and is well-liked and respected. He has broad experience and well-developed skills. He is dedicated and hard-working and is eager to make a contribution.

Paul has indicated that he is interested in a position in which he can help promote the Clinton Administration's domestic agenda, including a position with the White House Counsel, domestic policy staff or legislative liaison, or as senior policy or legislative staff with one of the departments. I hope you will give Paul careful consideration. He would truly be an asset to the Clinton Administration.

I have enclosed a copy of Paul's resume for your reference.

Thank you for your assistance.

Very truly yours,

Jim Florio
GOVERNOR

THE WHITE HOUSE

WASHINGTON

April 27, 1993

MEMORANDUM FOR BRUCE LINDSEY

FROM: JOHN PODESTA

SUBJECT: DOCUMENTATION OF PERSONNEL DECISIONS

As you may know, I have been asking Antonella for backup documents on the President's nomination decisions. I have at least succeeded in getting memos signed by **you** noting that the President has made the decision. I am somewhat uncomfortable about the routine lack of documentation of these decisions. Do you want to continue the current system or should we start getting decision documents, where appropriate, into the normal records management system, which handles all kinds of confidential and classified material?

I'll defer to you on this, but I have the feeling that it's not you who has designed the current way of doing business.

MEMORANDUM

TO: John Podesta

FROM: Bruce Lindsey

SUBJECT: Nominations

DATE: April 26, 1993

The following nominations have been approved by the President, cleared by White House Counsel and are ready to be submitted to the United States Senate for confirmation.

Kenneth S. Apfel
Assistant Secretary (Management and Budget), Department of Health and Human Services

Walter D. Broadnax
Deputy Secretary, Department of Health and Human Services

Bruce C. Vladeck
Administrator of the Health Care Financing Administration, Department of Health and Human Services

Jean E. Hanson
General Counsel, Department of the Treasury

Michael B. Levy
Deputy Under Secretary (Legislative Affairs), Department of the Treasury

Jeffrey Richard Shafer
Deputy Under Secretary (International Affairs), Department of the Treasury

Please submit these nominations to the Senate for confirmation.

MEMORANDUM

To: John Podesta
From: Bruce Lindsey
Subject: Nominations
Date: April 26, 1993

93 APR 27 A8:11

The following individuals have been approved by the President, cleared by White House Counsel and are ready to be nominated.

David T. Ellwood
Massachusetts
Assistant Secretary (Planning and Evaluation)
Department of Health and Human Services

Lorraine Allyce Green
Washington, D.C.
Deputy Director, Office of Personnel Management

Elinor G. Constable
Washington, D.C.
Assistant Secretary for Oceans and International Environmental and Scientific Affairs, Department of State
Vice: E. Curtis Bohlin

Jerry W. Bowen
Arkansas
Director, National Cemetery Systems, Department of Veterans Affairs

Mary Lou Keener
Georgia
General Counsel, Department of Veterans Affairs

Edward P. Scott
New Jersey
Assistant Secretary (Congressional Affairs), Department of Veterans Affairs

D. Mark Catlett
Virginia
Assistant Secretary (Finance and Information Resources Management),
Department of Veterans Affairs

Charlene Barshefsky
Washington, D.C.
Deputy United States Trade Representative (Washington)

Kathryn D. Sullivan
Texas
Chief Scientist, National Oceanic and Atmospheric Administration
Department of Commerce

Please submit these nominations to the Senate for confirmation.

4-12-93 WALTER MONDALE

President should have received letter from Twin Cities Public TV and St. Paul Peioneer Press extending invitation to conduct a televised town hall meeting in Minnesota.

Wants you to give this invitation close consideration.

Marcia Hale

ILENE SHERMAN - Political Assistant to Sheila Davis Lawrence

The Sports Emporium in Coronado, CA was selling t-shirts with outline of the Crown Manor with the designation as "Western White House." Ms. Sherman shares copy of letter their attorney wrote to the company stating that this was pure rumor and requests that they stop selling the t-shirt.

Encloses t-shirt which is (one-of-a-kind treasure).

She feels a tremendous sense of price each day of your administration.

(undated) ALSTON JENNINGS - Little Rock, AR

Sends catnip pillow for Sock from Peggy Clare (wife of Robert L. Clare - former chairman of Shearman & Sterling and a NY lawyer)

4-22-93 HANNAH ACHTENBERG KINN - League Treatment Center

Honored you named her cousin, Roberta, to the position at HUD.

Extends invitation for President to be honored guest at annual corporate dinner on Thursday 6-17 in New York City. Their organization provides a continuum of care for mentally disabled children and adults. Was founded as alternative to institutionalization. Today serves as an alternative to the streets. The audience of 1000 would give you a receptive forum for your health, education and urban programs.

On this occasion they would present you The American Child's Metal of Hope - for your dedication in working w/children.
(copy sent to MHale)

Chenzo

THE PRESIDENT HAS SEEN 4/27

On the Drug Front

REMEMBER THE War on Drugs? The offensive of the Reagan-Bush years appears to be winding down. The Clinton administration has yet to announce its own strategy, though it's already obvious that less money will be spent on this campaign. The White House has drastically scaled back its office on drug control, and cuts in the international programs, some thought ineffective, are likely as well. Mr. Clinton's evident interest in drug treatment, so often expressed during the campaign, hasn't been reflected in the budget—yet. The speculation is that treatment money, doled out in block grants to the states, may move to the new ledger for health care reform.

The federal budget for drug control rose sharply between 1980 and 1992, from $1.5 billion to $13 billion. Drug use among the general population declined. Any correlation? Probably, but it is not as precise as those who waged this costly war like to claim. (We print the view of two on the opposite page.) The money, most of it for tougher law enforcement, as well as more punitive sentencing, helped catch abusers and deter users. But cultural trends had something to do with the overall decline as well. Len Bias's cocaine-induced death was a deterrent of a different sort.

Drug-use patterns among another population haven't changed much, however. The hard-core abusers are still very much out there—the people who do the most damage to themselves and to the society at large. While the cocaine epidemic may be over, crack and heroin, along with AIDS, tuberculosis and other diseases that accompany their use, continue to be the scourge of the inner cities. Government has been far less successful at helping the addicts.

Many, including the authors on the op-ed page today, are warning against demobilization in the drug war. They see something ominous in data from the 1992 survey of high school students, which reveals a slight increase in drug use among eighth-graders. Is this truly a portent, or is it just a statistical blip? The federally funded surveys on which policymakers rely are imperfect indicators. Nevertheless, the numbers bear watching. Legal and moral sanction will continue to be important weapons. So will money—but how much is spent is less important than how it is spent. The Clinton administration needs to say more about this.

THE PRESIDENT HAS SEEN
4/27

Carol —
What do
you make
of this —
What's our reaction

Free-Vaccine Plan Creates Unusual Array of Skeptics

A-1

By JASON DePARLE
Special to The New York Times

WASHINGTON, April 21 — As President Clinton proposes to spend $1.1 billion a year buying vaccines for all American children, he faces an unusual combination of skeptics: not just Congressional conservatives, but some of the socially conscious doctors who work the neighborhoods where immunization rates are lowest.

Nothing li.:e a political alliance is being born among such odd bedfellows. But the complaints that Republicans hurled today from a Capitol Hill hearing room find an odd echo across the Anacostia River, inside a medical van that works the city's poorest wards.

In both places, critics argue that the Clinton plan, in addressing the sharp inflation in vaccine costs, gives short shrift to what they call another potent cause of the immunization problem: disorganized, or even neglectful, parents.

Rights and Responsibilities

The arguments involved do more than illuminate the program Mr. Clinton has chosen as his first major domestic initiative. They also shed light on what he may have meant when he called himself a new Democrat, one who would shift from the old talk of rights toward a new focus on responsibilities.

Mr. Clinton's critics argue the immunization plan undermines that assertion by creating a new entitlement program for the middle class, giving free vaccines to people who can already afford them while demanding nothing from anyone in return.

In an unusual joint Congressional hearing today, legislators from both parties called it a matter of national shame that America's immunization rates inspire comparisons with Albania and Haiti. As many as 45 percent of American children reach the age of 2 without being fully immunized.

Causes of Problem

Most officials agree that the problem has multiple causes: vaccine costs have skyrocketed, the number of families without health insurance is growing, public clinics are overcrowded and some young families, increasingly headed by single parents, simply do not seek services.

The disagreements come over emphasis. The Administration focuses on working families who seek but cannot afford vaccines, while its critics call attention to the many people who already can receive free shots through Medicaid or public clinics, but fail to seek them.

Although the immunization problem clearly stretches into the middle class, the rates in distressed urban neighborhoods are especially low.

Each side argues from a favorite statistic.

Defending the Clinton plan be-

Continued on Page A19, Column 1

Clinton's Free-Vaccine Plan Raises Skepticism

Continued From Page A1

fore Congress today, Donna E. Shalala, the Secretary of Health and Human Services, stressed that vaccine costs rose tenfold in the past decade. A full set of vaccines now costs about $244, not counting the fees doctors charge for giving the shots or accompanying examinations.

The rising costs have led doctors to turn away increasing numbers of patients who cannot pay, Ms. Shalala said. Some seek help at free clinics, adding to the overcrowding; others simply fall through the cracks.

Giving doctors free vaccines, she said, will stem the flight to public clinics, and avoid having to expand "a large public bureaucracy." Imposing a "means-test" based on income, she said, would be too bureaucratically unwieldy.

But Ms. Shalala made clear that she also favored the distribution of free vaccine as a matter of principle. "We don't 'means test' the right to public education, to clean air or clean water," she said.

Ms. Shalala's critics frequently countered with a different statistic, one showing that 95 percent of American children do get immunized by the time they reach school age. Schools will not admit children who have not received their shots.

Such numbers show that motivation, not cost, is the problem, the critics say. "In order to go to school, you have to be immunized, so it occurs," said Senator Judd Gregg, a New Hampshire Republican.

Mr. Gregg said the demand for family responsibility should be expanded, by requiring proof of immunization before families can receive welfare, food stamps or refundable tax credits.

That proposal drew no enthusiasm from Ms. Shalala. "I don't want to jump into Administration policy without reviewing that," she said.

Mr. Gregg probably won few new followers among financially ailing families when he suggested, "if they can pay for cable TV, they can pay for their children's immunization."

But his argument is not fundamentally different from the one made by doctors working in some of Washington's poorest neighborhoods. Most of the parents in distressed neighborhoods like these have Medicaid, meaning they already qualify for free shots.

Patients visiting a mobile van last week said the reasons they had not received shots included a lack of child care and bus fare, fights with boyfriends and drug addiction. "We do see some people who can't afford the shots, but that's not the major problem," said Dr. Joseph Sherman, a Georgetown University pediatrician who runs the van.

Like other skeptics of the Clinton plan, Dr. Sherman said more of the money should go toward bolstering public education and expanding overcrowded public clinics.

In addition to spending $1.1 billion to buy the vaccines and give them to doctors, the Clinton plan provides about $200 million a year for community outreach efforts. It also includes $275 million for a computerized tracking system, which could be especially useful for inner-city doctors trying to locate and treat transient patients.

Skeptics Cite Example

The van doctors illustrate their skepticism by pointing to situations like that of Shirley Daniels, a 25-year-old mother of three, who has Medicaid. Visiting the van last week, Ms. Daniels listed many reasons why her son, Dionte, 21 months old, had not received his shots. But cost was not among them.

First came her fights with her boyfriend, Ms. Daniels said, which caused her to move out and live for a year in a shelter for the homeless. That kept her too distracted to find a pediatrician.

Once she did find a doctor, she said, they had a dispute and she stopped taking her children to see him. She said she could have obtained vaccine shots at a public clinic, but the long wait for an appointment had dissuaded her.

"There was just a whole lot of personal problems, but I know that's no excuse," she said, in a tone of cheerful self-criticism.

Tony
Should we couch in terms of ultimatum?
B

THE PRESIDENT HAS SEEN 4/27

A Truce, or Else

By Winston S. Churchill

LONDON

As a vast European tragedy unfolds — a tragedy unprecedented in 50 years — where is the Western political leadership that will halt this slaughter of the innocents?

Sanctions have not persuaded the Serbians to accept the Vance-Owen peace plan and honor a cease-fire. The case for Western intervention in Bosnia has become overwhelming. Margaret Thatcher may have been emotional in calling for military intervention against Serbians. But she struck a chord with millions.

It is no good that Western leaders wring their hands and shed crocodile tears as the butchery continues. They know that the Serbians began this conflict with a vast arsenal of modern weapons and a supply of ammunition sufficient for two years' fighting — more than 10 times as much as the Muslims have. They also know that the consequence of imposing an arms embargo equally upon the victims of aggression, the Bosnian Muslims, and on the Serbian aggressors — unprecedented in U.N. history — is that the genocide will continue.

Nor is it just that women and children have become random victims of crossfires. There is abundant evidence that time and again atrocities have been deliberately inflicted on the civilian population, with little children being machine-gunned or bayoneted, old men shown no quarter and women slaughtered or kept to be gang-raped by Serbian forces.

Of course, all sides — Muslim, Croat and Serb — are guilty of atrocities. But overwhelmingly the perpetrators have been Serbian and the victims Muslim. So long as the U.N. policy of providing no more than food and care packages continues, requiring our troops to stand idly by while atrocities are committed, Serbians will remorselessly overrun Muslim towns and enclaves.

The grotesquely misnamed U.N. Protection Force, whose national contingents have done a magnificent job in bringing humanitarian aid and food and saving many thousands from starvation, has thus far been powerless to prevent Serbian forces from pursuing "ethnic cleansing." This policy may change now that Canadian troops in Srebrenica demilitarized the town yesterday.

Europeans and Americans are increasingly demanding action. But what, their leaders ask, can be done? For the West to become embroiled with ground troops would be a disastrous mistake. But no one is suggesting that.

What we can do first and foremost, with the threat of withholding European Community and U.S. economic aid to Russia, is to bring Russia, which has close links with the Serbians, back into line on this issue. Second, the Serbian Government and Bosnian Serbs must be given an ultimatum that unless they honor the cease-fire and accept the Vance-Owen plan, the West will lift the arms embargo on the Bosnian Muslims, and launch air strikes against military targets in Serbia and Serbian artillery positions in Bosnia. Possibly this threat alone will be enough to bring them to heel.

Bomb Serbia, arm the Muslims.

But if not, the gulf war showed us how "smart" weapons can achieve military feats unimagined a decade ago. The West, with fighters and bombers stationed in Italy and the Adriatic, outside the range of Serbian retaliation, can dramatically alter the military situation on the ground and help decisively redress the balance.

It is time for the West — with the European Community for once in the lead, as this is *our* special responsibility — to decisively halt the massacre of Muslims. All that is required is moral courage and political will. □

Winston S. Churchill, grandson of the wartime Prime Minister, is a Conservative Member of Parliament.

THE PRESIDENT HAS SEEN
4/27

Laura & CEA
What's the answer to this?
B

Economic Scene

Peter Passell

The U.S. could regret getting its way on trade with Japan.

ANYONE for Japan-bashing? It has long been a riskless sport in Washington. Labor approved, as did most big businesses. And Japanese leaders, loath to tamper with the alliance, have carefully confined their contemptuous ripostes to domestic audiences.

But the tone of the relationship is changing. While President Clinton and Prime Minister Kiichi Miyazawa agreed to disagree, no one familiar with the bland diplomatic rhetoric that the Japanese have honed to an art form could interpret last week's exchange on trade as business-as-usual.

Mr. Miyazawa's reluctance to assume the traditional position of little brother does not mark the beginning of a cold economic war. The American connection is simply too important to Japan to be allowed to rupture over the details of rice quotas and imported auto parts. Indeed, to many economists dismayed by the Clinton Administration's campaign to guarantee American companies a minimum share of the Japanese market, the biggest worry is that the gods may punish Mr. Clinton by giving him much of what he wants.

• • •

Stripped to essentials, Washington's beef is twofold. First, American products have been discriminated against by Japan's clubby corporate system in which back-scratching matters more than quality or price. As important, Japan has locked itself into an export-or-stagnate mode in which growth can come only at the expense of foreign competitors and domestic consumers.

But in the view of many economists, this conventional political wisdom is at odds with the facts. Gary Saxonhouse, an economist at the University of Michigan, concedes that Japan is guilty of trade protectionism. But he points out that America has been an equal sinner, notably in clothing, steel, dairy products, sugar and autos.

Niculae Asciu

What's more, Japan has walked many a mile to mollify Americans in recent years, transplanting much of its export capacity to American shores. "Since 1985," Mr. Saxonhouse notes, "our exports to Japan have grown more rapidly than our exports to Europe, while our imports have grown more slowly." The only reason the trade gap between the two countries has recently widened, he argues, is because Japan is heading into a recession while America is already out.

Jagdish Bhagwati, an economist at Columbia University, worries less about the nature of the American trade complaint than the proposed fix. The President, Mr. Bhagwati points out, is taken with "managed trade" — the trade equivalent of affirmative action. Mr. Clinton is not asking the Japanese to plead guilty to discrimination against American products, and then agree to go and sin no more. Rather, he wants Tokyo to guarantee that a minimum percentage of Japan's industrial needs will be purchased from American suppliers.

That might seem harmless enough if the products in question were, say, microprocessors or communications satellites, where American technology and prices are very competitive. But once you start down this road, Mr. Bhagwati says, it is the weak industries that fight hardest for guaranteed markets, not the strong ones. "If you don't want to become a cynic," he concludes, "don't study trade policy."

The new political enthusiasm for managed trade has driven much of the free market-oriented economics establishment to embrace what is seen as lesser evils: managed currency exchange rates or managed Japanese domestic demand.

Fred Bergsten of the Institute for International Economics in Washington thinks an additional 5 to 10 percent appreciation of exchange value of the yen with respect to the dollar would go a long way toward pricing Japanese products out of America and pricing American products into Japan. And he thinks governments can pull off a managed appreciation by buying and selling the two currencies. "Intervention works," he said flatly.

An alternative, pursued by the Bush Administration and certainly not opposed by the Clinton White House, is to encourage the Japanese to consume and invest more at home, leaving less surplus production to export. That is one reason why Japan announced a big fiscal stimulus package on the eve of the Miyazawa visit to Washington.

• • •

One catch is that the stimulus probably will not have as much oomph as advertised. The $115 billion-plus package looks more like $60 to $70 billion to economists who know their way around arcane Japanese fiscal accounting — enough to generate only a mild economic recovery in domestic demand. The Japanese, it seems, loathe budget deficits even more than they loathe conflict with the man from Hope.

But the bigger catch, one that calls into question the whole thrust of the Clinton diplomatic exercise, is that we may soon regret any success in making the Japanese more like us. Among the rich countries, only Japan is, on balance, a major exporter of capital. And if Japan is bullied into joining the no-money-down crowd, where will the trillions of dollars worth of fresh capital be found to bring Eastern Europe, the former Soviet Union, China, India and most of Latin America into the community of developed economies?

THE NEW YORK TIMES, THURSDAY, APRIL 22, 1993

THE PRESIDENT HAS SEEN 4/27

Brumbaugh
Atul - interesting

Manacles of the Mind

By Jan Jarboe

AUSTIN Tex.

In the Texas Bible Belt, where I grew up and still live, ~~religious~~ cartoon characters such as David Koresh are the rule, not the exception. Here, all sorts of folks talk for God.

When I was a child growing up in the Southern Baptist church, the Bible was often cited as justification for the strangest behavior. Holy Scripture was the reason I couldn't go to the movies on Sunday afternoons, swim in the same pool with boys or drink from the same water fountain as black people.

Later, when I grew up and became one of the half-dozen or so liberals in the state, God's word was sometimes given as the reason I couldn't buy grapes in the grocery store, wasn't supposed to support the war machine with my taxes and was forbidden to purchase stock in predatory multinational corporations.

As I sat in my living room Monday and watched on television — live from Waco! — as 86 people, including 25 children, went up in smoke in an apocalyptic crematorium, I wondered why it often takes the fire of death to reveal religion's dark side.

David Koresh called himself a "sinful prophet," and when it came to naming his core identity, he did not lie. This was a man who gorged on sex, beer, rock 'n' roll, guns and religion. The only holiness he saw was in himself. He justified sealing himself and his followers off in a concrete compound east of Waco by personifying himself as good and the rest of the world as evil. In the end, he indulged his own internalized demons in a final orgy of violence.

David Koresh's brand of fanaticism is so common that only rarely does it make news. Many people, not just members of the Branch Davidians, feel so empty and afraid, and disillusioned with families, the economy and politics that they are willing to pay almost any price for certainty. This desire for perfection is the same the world over. It leads housewives in Greenwich, Conn. to hermetically seal off their neighborhoods and to teach their children at home rather than subject them to the dangerous ambiguity of public or even private schools.

Having just returned from a 12-day trip to Bosnia-Herzegovina, I felt the same intractable sense of savagery and doom emanating from that small country as was present in Waco before the inferno. Bosnia-Herzegovina is soaked with blood, but instead of gaining victory, all the raping, plundering and murder only fuels a morass of ethnic hatred. When I asked Muslim refugees in camps west of Sarajevo what they thought the solution to their plight was, without exception the answer was the same: "Give us guns." There is no justice, much less peace, in fear.

Always, the road to fanaticism starts with a fine, often holy premise. For instance, a regular churchgoer

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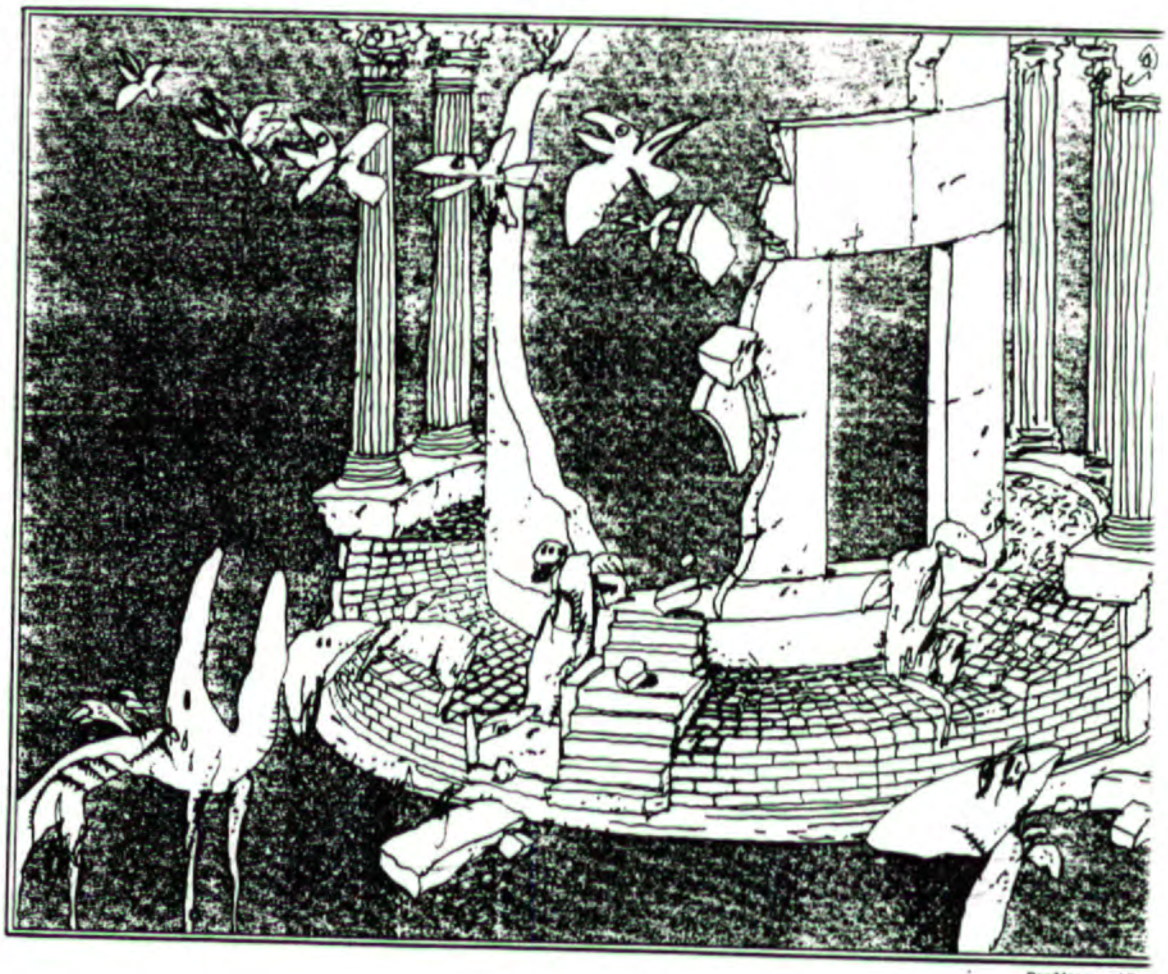

Per Marquard Ot

becomes convinced that all life is sacred. The belief is so strong that it takes on godlike power. At this point, the person is no longer celebrating life's sacredness but is intoxicated by the power of his own ideas. He serves his belief at all cost even when, as happened in Florida last month, it provokes the murder of a physician who performed abortions. This is the nature of fanaticism: it provokes people to do the very things they hate.

It's easier to understand David Koresh's behavior than it is to understand the F.B.I.'s strategy. Mr. Koresh was simply fulfilling his own prophecy. In his mind, he was good, the Government was beastly and evil and because of the unbridgeable gap between good and evil there was no way out other than death. The mistake the F.B.I. made was in battling the external compound that Mr. Koresh had erected rather than confronting the real enemy, which was his internal prison — what the poet William Blake called "the mind-forg'd manacles."

Federal agents played the role Mr. Koresh created for them, treating him like a terrorist and his followers like hostages, not fanatics. By talking only to Mr. Koresh and his chief lieutenants, the F.B.I. agents solidified his power over his followers and made themselves and their law enforcement colleagues appear as beastly as he claimed.

The families of those who died inside the compound have a right to wonder why none of them were allowed to appeal to their relatives directly before the F.B.I. rammed the compound with tanks. If agents were creative enough to resort to blasting the compound with Tibetan chants, why didn't they try something as simple as the severed bonds of family love? Perhaps it wouldn't have changed the outcome, but at least the families would have the comfort of knowing they tried.

The public, too, was somehow complicit in forcing an end to what was constantly described in the media as the "cult standoff." There were only two other possibilities to what happened in Waco. One was for David Koresh to give up his vision of salvation — the idea that he alone could save the world — and the other was for the F.B.I. to give up the goal of getting him to surrender at all cost. Naturally, neither side was able to give in.

Mistakenly, Federal agents treated Koresh like a terrorist, not a fanatic.

The tension, stretched out over 51 days, became unbearable. You could feel everyone wanting something to happen, even if it was an eruption of chaos. Among the comments I heard on Monday after the fire were thes "That'll show 'em," "Thank God i over" and, "At least we won't spending $1 million a day in Wa anymore." The desire for resoluti was so strong that when it was r lieved in fiery death, the feeling w almost thrilling.

The one person who thrived on t tension was David Koresh himse The anxiety of others gave him t power to create his own person apocalypse. Instead of dealing wi the anger, lust, greed and hatred his own dark side, he projected it on the outside world and made us a part of his own private beast.

In the end, he did what spiritual diseased people always do. He r fused to take responsibility for h own internal life and tried instead dominate people and events outsic himself. A true messiah dies to sav others. David Koresh was no me siah. More than 90 people died spare him the trouble of wrestling th beast that was always within hin self.

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CRasco
another Middle Class
issue we have to
address more / better

THE PRESIDENT HAS SEEN
4/27

Day-Care Dollars

CHILD CARE was once a private concern. Today it is a very public one. More American children than ever before are spending time in centers or in the company of caretakers, a result of great economic and social shifts of the past 25 years. Talk about the swelling ranks of women in the work force, the transition from welfare to work, early childhood education, even immigration policy and you'll soon be talking about who's minding the kids.

It's only recently, as child care has become part of larger political debates, that much has been learned about the for-profit and not-for-profit centers that serve more than 4 million children. The National Child Care Staffing Study, conducted in 1988 and again in 1992 by an Oakland, Calif., advocacy group, has helped pinpoint one of the reasons most day-care centers aren't as good as they might be. The study found a definite and disturbing link between the low wages of the employees and poor quality.

Teaching assistants make about $5 an hour; the teachers, most of whom hold degrees in early childhood education, make between $6.50 and $8.85 an hour, far less than what other workers with degrees typically earn. It's little surprise these people, most of them women, soon look elsewhere and that day-care staffs are in almost constant upheaval. The high turnover rate—about 40 percent annually—adversely affects children's morale and their social development. Language skills have been found to lag in places where care is inconsistent.

Why aren't jobs in day care worth more? In large part because this is thought to be "women's work," which historically has been undervalued. In part because the higher the wages, the higher the cost. Commercial centers, for example, must hold down wages in order to stay affordable to middle-class families relying on them. Public and nonprofit facilities are under similar constraints.

In effect, the wages of day-care workers are a hidden and largely unacknowledged subsidy. Consumers cannot pay the full cost of all-day care. Corporations and government provide only minimal support.

Head Start, the federal government's early childhood program, and military day-care facilities have already begun to raise staff salaries. But these programs don't help most of the working poor or the middle class. Federal subsidies are targeted to the poorest families, and they amount to less than $10 billion—mostly for the dependent care tax credit and Head Start. Other Western nations spend far more to help families pay for child care. This country gets by on the cheap. The financing of child care remains an unsettling and largely unspoken problem that, until it is solved, will continue to affect adversely the very children this country claims to have so much interest in.

THE PRESIDENT HAS SEEN 4/27

Crasso

Mr. Clinton's Invisible Drug Policy

President Clinton has yet to develop a national drug policy. He hasn't appointed a drug czar, and key positions in Health and Human Services remain vacant. Most alarmingly, the President's anti-drug budget follows the same approach as President Bush's did. It proposes to spend significantly more for law enforcement than for prevention and treatment, which didn't work under George Bush and won't work under Bill Clinton.

Even Federal judges are protesting the inadequacy of Washington's policies. Last week two senior Federal judges said they would refuse drug cases because they've found that harsh mandatory sentences and the emphasis on punishment over treatment have failed to dent the problem.

Why is the White House unresponsive? Administration officials say the Federal budget had to be prepared before they could develop a comprehensive drug policy. They also say that Hillary Rodham Clinton's proposal for reforming national health care could provide for drug treatment. If so, that could revolutionize the country's drug policy, possibly even guarantee treatment on demand. But given the controversy surrounding health care reform, the President will be lucky to get any health care package through Congress quickly. Sweeping changes could take years to go into effect. What about a faster shift in priorities?

The silence from Mr. Clinton, who declared during the Presidential campaign that he favored drug treatment on demand, broadcasts a message potentially more damaging than Mr. Bush's inadequate policies did. At least the former President railed against drug abuse and surrounded his war on drugs with urgent-sounding rhetoric.

Mr. Bush emphasized reducing the supply of drugs. Billions were spent on interdicting drugs at the border and destroying drug crops in Latin America, to minimal effect. Why devote 64 percent of the $13 billion drug budget to law enforcement, as Mr. Clinton now proposes, and only 36 percent to prevention and treatment? The allocation should be reversed, or at least changed to half and half.

Despite a stubborn recidivism rate, treatment remains the best chance addicts have. Many do wean themselves from drugs, with help. The problem is, because of limited resources only about a third of an estimated six million addicts get help. Not all want treatment, but many more want it than receive it.

The Federal Government provides up to 38 percent of the cost of most drug care, with the rest coming from state and local governments and private sources. Clearly, if more Federal money were available, more addicts could get care. It would help even if the President shifted priorities to treatment within existing resources.

Mr. Clinton cannot solve the plague of drug addiction; no President can. But certainly it is within his power to get his Administration moving on this problem and to shift the money from old remedies that do not work to new ones that might.

THE NEW YORK TIMES, THURSDAY, APRIL 22, 1993

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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.

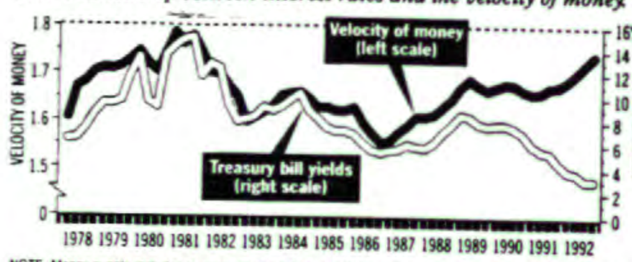
Economists had expected something quite different. Normally, a decline in interest rates leads households and businesses to increase their holdings of cash and bank deposits. They cite two reasons for this:

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

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

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

37

Administration Drawing Criticism for an Unrevised Drug Policy

A1

CLINTON IS CHIDED ON DRUG PROGRAM

Critics See Old Inadequacies in $13.04 Billion Package

By JOSEPH B. TREASTER

When President Clinton moved into the White House in January, specialists in academia, health centers and law enforcement around the country were expecting big changes in the way the Federal Government dealt with the national drug problem.

But Mr. Clinton surprised and disappointed many specialists last week by presenting a $13.04 billion anti-drug budget that offered little change from the widely criticized approach followed for 12 years by Presidents Ronald Reagan and George Bush. That approach has relied heavily on law enforcement instead of emphasizing rehabilitation and prevention.

"What we have here is a budget that says 'business as usual,'" said Dr. LaMond Tullis, a professor of political science at Brigham Young University in Provo, Utah, and a drug policy consultant to the United Nations. "It seems we're going to go on doing things we know don't work."

Health-Care Overhaul Cited

Administration officials said the budget was prepared before a detailed drug strategy could be worked out, and they added that it was likely the health-care overhaul being developed under the leadership of Hillary Rodham Clinton would include increased spending for drug treatment.

Even so, drug experts pointed out that the budget represented a general statement of the Administration's plans for the coming year. Regardless of the outcome of the new health-care measures, they said, the budget

Continued on Page B10, Column 1

Continued From Page A1

suggests no major change in philosophy and offers no hope of stanching what many regard as the waste of tens of millions of dollars on ineffective law-enforcement measures.

While Mr. Clinton has devoted considerable energy to the economy and has made general health care a priority, he has been virtually silent on the drug problem. He has also not chosen the official who would be in charge of developing strategy.

As a result, drug experts say Mr. Clinton's handling of the budget has deepened their concern that the new Administration is neglecting the fight against drugs.

While departing little from his predecessor's spending policies, Mr. Clinton chose not to adopt Mr. Bush's tradition of using the annual presentation of the budget as a means of calling attention to the drug problem. Instead, Mr. Clinton's anti-drug program was inconspicuously tucked into two pages among the more than 1,300 pages of the Federal budget.

Besides not yet appointing a director of the White House's Office of National Drug Control Policy to serve as his senior anti-drug aide, Mr. Clinton has also left most other Federal positions in the field in the hands of acting directors or holdovers from the Bush Administration.

During the Presidential campaign, Mr. Clinton raised the hopes of drug experts by saying he favored treatment on demand, which would make drug rehabilitation available to anyone who asks for it, costing hundreds of millions of dollars. At present, the nation's drug treatment centers can handle only about a third of the estimated six million heavy drug abusers.

Appointments Praised

The drug experts say they have been encouraged by Mr. Clinton's appointment of Janet Reno as Attorney General and of Dr. Joycelyn Elders as Surgeon General, both of whom are regarded as understanding the nuances of the drug problem.

The staff at the Office of National Drug Control Policy, which was President Bush's center for anti-drug information, is referring inquiries about the Clinton Administration's drug policy to the White House. But Arthur L. Jones, a deputy White House press secretary, said that details would not be forthcoming until the President selected the chief drug policy aide.

He could not say when that selection might come. And he would not comment on reports that several people had declined the nomination since the drug office, in an economizing step, was hacked to a sixth of its previous size — to 25 staff members from 147 — earlier this year, and the director's post was simultaneously elevated to Cabinet rank.

Cocaine and most other drugs are not being talked about as much as they were just a few years ago, when they attained a certain chic in some middle-class circles. But crack is still a crippling problem in the inner cities and heroin abuse is on the rise, Federal studies indicate.

"This is not a time when we can pull back and say the drug problem is over," said Dr. Herbert D. Kleber, a professor of psychiatry at the Columbia University Medical School who resigned as President Bush's senior aide on anti-drug health issues after failing to win a $1 billion increase in spending on treatment, research and anti-drug education.

Questions and More Questions

Representative Charles B. Rangel, Democrat of Manhattan, charged that the Administration, pressed on concerns like the economy and the turmoil in Russia, was simply ignoring illegal drugs.

"There is absolutely nobody in the Administration willing to accept any responsibility on any subject relating to our drug problem," said Mr. Rangel, who was chairman of the recently eliminated House Select Committee on Narcotics Abuse and Control and is now a leader of the newly formed House Caucus on Drug Abuse. "They haven't the foggiest idea where the Administration is heading. I've got a letter on my desk from the President of Colombia asking me if I can share with him as to the direction in which the Administration is going on this."

William S. Smith, a senior official in the White House anti-drug office under President Bush, said national drug policy appeared to be "on cruise control."

Robert O. Boorstin, another White House spokesman, said that rather than being ignored, drug abuse and treatment has been "part and parcel of one of the working groups" on the President's Task Force on National Health Care, headed by Mrs. Clinton.

One possibility being explored, other Administration officials said, is extending Medicaid coverage including drug treatment to the 50 percent of the nation's poor who now have no such coverage.

In his new budget, Mr. Clinton designated $8.30 billion for law enforcement and $4.74 billion for such things as rehabilitation and anti-drug education. That is a proportional split of 63.66 percent to 36.34 percent, or about one percent more for health and education than Mr. Bush in his last drug budget.

'Excellent First Step'

Among the most criticized aspects of the Reagan-Bush drug policies were the expensive and largely unsuccessful efforts to stop overseas farmers from producing the raw material for cocaine and opium and to block the smuggling of the drugs into the United States.

Mr. Clinton cut financing for some international operations in South America and Asia by 8 percent. That will trim $44 million from spending last year of $536 million. But he added $19 million for anti-smuggling efforts, bringing spending in that category to $1.765 billion, much of it going to the Defense Department, which has been widely criticized as ineffective against drug traffickers.

In his last year in office, Mr. Bush cut $336 million from international operations and anti-smuggling efforts. He increased spending for drug treatment $168 million while Mr. Clinton is proposing a $170 million increase.

Representative Charles E. Schumer, the Brooklyn Democrat who is chairman of the House Subcommittee on Crime and Criminal Justice, which oversees the Drug Enforcement Administration, said that by increasing the total anti-drug budget by 7 percent Mr. Clinton was showing his commitment to the issue.

Mark A. R. Kleiman, a drug expert at Harvard University, said that with $850 billion being spent on national health care, the reforms being developed by Mrs. Clinton could become far more important than the anti-drug budget. "If drug treatment could get a small fraction of what the country spends on health care," he said, "that would be much better than having a big fraction of the drug budget."

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Carol
we have to MOVE now

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Laura we need a job discussion

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THE NEW YORK TIMES, MONDAY, APRIL 26, 1993

Changes in Military and Health Spending Would Slow Job Growth

By STEVEN GREENHOUSE
Special to The New York Times

WASHINGTON, April 25 — President Clinton's plans to cut Pentagon spending and revamp the health-care system would slow two of the engines of job growth that powered the boom of the 1980's: the military and health care.

Because there has been little job growth in other areas of the economy, Administration officials admit they have little idea where the new jobs will come from over the next decade. Indeed, some officials worry that the overhaul of defense and health care could jeopardize the President's promise to create eight million jobs by the end of 1996.

"If you take these two big chunks out of the job-growth picture, it's not at all clear how this vacuum will be filled, especially given the sluggish job growth we've had since 1989," said Jeff Faux, director of the Economic Policy Institute, a research group.

But the President hopes that overhauling military and health-care programs will produce a more competitive economy in the long term. Cutting spending in these two areas will reduce the deficit and interest rates, Administration officials say, helping to fuel new investment that should create new jobs. But these gains may take years to show up, and with the unemployment rate around 7 percent, many Americans are not eager to wait that long.

Into the Next Decade

From 1980 to 1987, when Pentagon spending peaked, the boom in military-related and health-care employment produced one in four new jobs. By some measures, the explosion in health-care spending accounted for all of the nation's job growth over the last four years.

But the Labor Department now predicts that by 1997 military-related employment will have plunged by almost 1.9 million people, or 30 percent, from 1992 levels because of the cuts in Pentagon spending.

As for health-care employment, the Labor Department expects it to continue to grow, but economists say that any aggressive effort to contain health costs could hold down job growth to far lower rates than in recent years.

Over all, the Bureau of Labor Statistics projects an increase in the number of jobs of 1.2 percent a year from 1990 to 2005 — just over half the 2.3 percent rate from 1975 to 1990 — partly because the labor force will be expanding more slowly.

Who Will Fare Better?

Some businesses are expected to fare better as those that depend on the military and health care do worse. The bureau predicts that the service sector, including health-care jobs, will account for almost all of the 25 million new jobs it foresees from 1990 to 2005. The bureau forecasts that health-care jobs will continue to grow, though far more slowly than in the 1980's.

The bureau sees large numbers of additional jobs in retail sales, government (especially education) and business services, like "temp" agencies. For job seekers wanting to know where the fastest employment growth will be, the bureau points to such fields as data processing, public relations, library work, travel agencies and elementary and secondary education.

"To offset the one-third cutback in one industry, defense, there will be a broad array of pluses in others, with a whole bunch of industries growing 2 to 5 per cent," said Roger Brinner, research director at DRI/McGraw-Hill, an economics consulting firm.

Although Administration officials acknowledge that the changes in the military and health areas will disrupt the job market in the short term, they say the changes are necessary responses to the end of the cold war and the spiraling costs of health care. And they argue that the results should be seen before long, as money is shifted into more productive sectors.

Some Predictions Are Hazy

"Cuts in defense spending and changes in health care will help hold down the budget deficit and interest rates, which should help lead to a higher investment, higher-growth economy and more — and more higher-paying — jobs," said Lawrence Katz, the Labor Department's chief economist.

While the proposals on military spending are clear — cutting the Pentagon's budget by 14 percent over five years — the Clinton health plan is still being drafted, making it hard to predict how it will affect job growth, many economists say. On one hand, the plan is expected to involve some strong measures to hold down costs, but many experts say overall health-care spending will still continue to rise, although at a slower rate, because the Administration has signaled that it would provide medical coverage to 35 million Americans without health insurance.

"There is still potential for growth in medical services, but it just won't be as strong if the cost-containment measures are effective," said Kurt Karl, an economist with the WEFA Group, a consulting firm.

The Bureau of Labor Statistics predicts that unless there are sharper-than-anticipated cuts in health-care spending, some health-care occupations will continue to grow strongly, principally because of the aging of the population. The bureau sees relative rapid job growth for nurses, residential-care workers and medical office workers.

What Changes in Medicine?

Because the Administration is expected to attack high-technology medicine and administrative costs in its efforts to hold down health spending, many experts foresee changes in the makeup of health-care employment. "Many people believe that successful health-care reform will involve reducing the number of medical specialists and claims processors in the insurance industry and increasing the number of generalists and nurse practitioners," said Robert Reischauer, director of the Congressional Budget Office.

The lower interest rates resulting from cuts in the budget deficit are expected to weaken the dollar, and that should spur exports. But few economists see much growth in export-related manufacturing jobs — or in manufacturing jobs over all — because they expect continuing increases in productivity.

The Bureau of Labor Statistics forecasts that employment in the manufacturing sector will fall to 18.5 million jobs by 2005, from 19.1 million in 1990. Among the reasons for this decline are cutbacks in military spending and increased productivity, meaning layoffs to hold down costs.

Largely because of the military buildup under President Ronald Reagan, employment in military-related manufacturing soared to 1.86 million in 1987, from 1.09 million in 1977. Norman Saunders, a senior economist with the Bureau of Labor Statistics, forecasts that military-related manufacturing jobs will plunge to 812,000 in 1997. He anticipates sharp drops in producing missiles, missile engines and ships.

To cushion the effects of the military-related layoffs, the Clinton Administration has begun a conversion effort that is intended to provide job training and help factories shift toward civilian production.

"The most compelling reason for defense conversion is the disgrace when someone trained as a scientist has to give up that profession," said Gene Sperling, deputy adviser to the President for economic policy. "Our goal is not to do defense conversion as a government jobs program, but to do investments in civilian technologies," like high-speed rail or new air-traffic control systems.

"That will help economic growth," he said, "and to the extent it helps defense conversion and injured communities, it will be a double winner."

Who?

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Thin on the Ground

Mack — we just have to go faster

BILL CLINTON wants to do some very hard things. He is trying to sell the country simultaneously on the need to reduce the budget deficit and to spend more on some programs to alleviate what is known as the "social deficit" of the Reagan-Bush years. That is complicated enough, but Mr. Clinton is trying to do more: to reform the health care system, organize an aid program for Russia, end the ban on gays in the military, formulate and establish a revolutionary national service program, chart a new approach to environmental protection and clean up the way the country finances campaigns, to name just a few of his goals. And beyond all that are the events and urgencies he cannot control that also require an expeditious and sound response, from Waco to Sarajevo.

If the Clinton administration were well ensconced and running with textbook efficiency, these efforts would be formidable enough. But it is not. All of the recent administrations that have newly come to office have been accused of lollygagging around and failing to make appointments as quickly as they should have. All have responded by pointing out the difficulty, the prolonged security clearance and Senate confirmation procedures, the record of their predecessors and so forth. It struck us, when the slow pace of appointments in the Clinton administration was being jeered about before the new president had even been inaugurated and thunderously denounced in the days immediately after, that it was the critics not the criticized who had a problem. That's not true any more.

Important departments in the administration contain too few presidential appointees in high places, and this is limiting, hurting the administration's performance. Some in the departments are complaining that the White House so wants to control individual nominations that it's slowing the appointment process down. What's at issue here is, in one sense, a balance—not of various racial, ethnic and gender appointees, though that consideration has probably slowed things too, but a balance of loyalties. Mr. Clinton has every right to expect people throughout his government to be loyal to him, to be working for him. But, within this overall requirement, his chief officers *also* need at least some people they have chosen, people whom they know and/or whose work habits and instincts are peculiarly suited to their own. They also require some margin to make sure that their top lieutenants get along with each other and share similar goals. Some, but far from all, of the department and agency heads have been given some leeway here, but not enough.

Under the best circumstances a management team needs some time and experience to know how to function well. This is made all the harder if it is assembled mainly of people who hardly know one another and have not worked together before. The new people, after all, already have enough to do in learning the strengths and weaknesses of the departmental bureaucracy they are meant to manage. It is difficult to look at any of the problems Mr. Clinton has faced in the past couple of rocky weeks and not see at least some considerable part of the damage as proceeding from this thinness on the ground.

We are aware that not all of the delay in getting people in place proceeds from the White House's deep and detailed involvement in vetting and determining appointments for the departments and agencies. But that is at least part of it, and to the extent that it has limited some top officials in their own ability to choose assistants they feel they can work well with, it has had a second cost. President Clinton—who has, after all, chosen Hillary Rodham Clinton as well as old friends and long-trusted aides to work with him on some of the most important business of the administration—surely must understand the principle. He should bend every effort to get his top managers the support they want and desperately need—now.

THE PRESIDENT HAS SEEN 4/27

Mr. Clinton Makes a Green Move

IF ENVIRONMENTAL protection is to work effectively for the next generation, it's got to work across national borders. Most specifically, it's got to cross the borders that divide the rich countries from the poor ones. Standing in the Botanical Gardens, President Clinton declared that the United States will now support two green agreements—one to preserve biodiversity and the other to cut back the production of the gases that lead to global warming. That's a major contribution toward international rules to protect the natural world from increasingly numerous, and increasingly prosperous, humanity.

These are the same two agreements that President Bush refused to endorse last spring at the big meeting in Rio de Janiero. Mr. Bush had, in fact, some reason for caution. His objections were not beyond remedy, but all environmental disputes carry an inordinate freight of ideology, and in an election year the process froze. Now the election is over, and President Clinton has found ways to move forward.

The purpose of the biodiversity treaty is to give poor countries a stake in preserving some of the habitat of plants and animals that are being pushed into extinction at a dismaying rate. It would offer those countries a share of the income from discoveries drawn from the rich variety of life in their jungles and forests. But unfortunately the treaty is drawn in a way that can be read to undercut patent protection for the companies making the discoveries.

In a model of the kind of relationship that the treaty is intended to encourage, the American drug company Merck and Co. has worked out an agreement with a Costa Rican research organization. Merck has given the Costa Ricans a million dollars and is searching in their country for plants and insects that could lead to new pharmaceuticals. Merck will hold the patents to any resulting products, but it will pay royalties on them to the Costa Ricans. Half of that money will go into conservation there.

After the fiasco last June in Rio, Merck sat down with two other drug companies and three environmental organizations—the World Resources Institute, the World Wildlife Fund and the Environmental and Energy Study Institute—to resolve the patent question. They developed agreed language that they passed on to the incoming Clinton administration, and when the president sends the treaty to the Senate he will accompany it with a statement making it clear that American patent rights are not affected.

The decision on the warming gases was more difficult, for the chief warming gas is carbon dioxide. It's produced by burning any fuel, and emissions are currently rising at a trend rate of about one percent a year. Mr. Clinton has now committed the country to reverse that trend and get back to the 1990 level by the year 2000. Mr. Bush had feared the economic effects of trying to keep that promise, and he didn't want to tangle with the energy industry. Mr. Clinton, in contrast, has already proposed an energy tax and a range of further conservation measures.

If it's done skillfully, public policy can only benefit the economy by pushing toward more efficient use of energy. And it continues to be true that if the United States doesn't support these worldwide conservation agreements, they aren't likely to be taken seriously anywhere else.

THE WASHINGTON POST

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THE PRESIDENT HAS SEEN 4/27

Make Congress Obey Itself

Congress is quick to impose new laws on hapless states, cities, corporations and just plain citizens. But it is woefully derelict in applying those laws to itself and its members.

Laws that protect racial minorities and women against discrimination do not apply equally on Capitol Hill. The same inequity exists in legislation on workplace safety, family leave and freedom of information.

House and Senate Republicans are spearheading efforts to correct this. For some, it's a tactic to weaken civil rights legislation, by forcing members to impose it on themselves. But the larger point remains: Congress should not live in a world apart.

The House and Senate do have rules that follow the general principles of the laws from which they exempt themselves, but the rules are encumbered by hurdles that reduce their impact. An employee who feels mistreated must first go through the House or Senate "fair employment practices" office, under the jurisdiction of the notoriously flabby Congressional ethics committees. Senate employees who are still dissatisfied do have the right of appeal to Federal court — a potentially strong weapon not available to House employees.

In general, the House does worse by its employees than the Senate, but neither chamber subjects itself to the same regimen as the laws that apply to private businesses. Imposing the laws on Congress would give members real understanding of how their legislation actually bites.

Opponents argue that this would violate the constitutional separation of powers, by putting members of Congress under the thumb of the executive agencies that administer such laws. Proponents respond that members' behavior should be subject to executive branch scrutiny, just as Congress oversees the executive. To resolve this issue, one bill proposes that Congress rewrite and administer its own rules to conform with the laws in question.

The broadest of several bills to end the offending exemptions is offered by Representatives Christopher Shays of Connecticut and Dick Swett of New Hampshire, respectively a Republican and a Democrat, with 166 predominantly Republican co-sponsors.

In the Senate, Republican Charles Grassley of Iowa has pressed the same point for several years, with some success in making laws apply to the Senate. A fellow Republican, Don Nickles of Oklahoma, is chief sponsor of a broad bill similar to the Shays-Swett bill.

The two Senators are also members of a small Senate task force named by the Democratic and Republican leadership last fall to study the whole question. But in the six months of its existence the task force has yet to meet. That's a pretty clear sign of leadership indifference — and yet another sad sign of Congress coddling itself.

Above the Law

Congress has exempted itself from the following:

Americans With Disabilities Act
Age Discrimination Act
Civil Rights Act of 1964
Ethics in Government Act of 1978
Family and Medical Leave Act
Freedom of Information Act
Independent Counsel Act
National Labor Relations Act
National Labor Standards Act
Privacy Act
Occupational Safety and Health Act
Rehabilitation Act
Social Security Act
Title IX of the Higher Education Act

Mack / Rahm I think we should support this and we should, but a review of us by Executive branch is different from private sector

Back on Track in Aiding Nicaragua

Nicaragua's failure to please Senator Jesse Helms, the hard-right North Carolina Republican, will no longer cost it American support. The State Department says that $50 million in blocked U.S. aid will now be released because Nicaragua is making progress on human rights and other matters in dispute.

Senator Helms's oft-repeated complaint is that President Violeta Chamorro yielded up too much power to the Sandinistas she defeated in 1990. Granted, Mrs. Chamorro opted for conciliation by retaining Humberto Ortega, brother of former Sandinista President Daniel Ortega, as head of the armed forces.

Yet it never troubled Mr. Helms that in Chile, an elected democratic Government agreed pragmatically to permit the former rightist dictator, Gen. Augusto Pinochet, to continue as military commander. Nor has he clamored for a purge of the Salvadoran armed forces and punishment of all its human rights crimes. The Senator's indignation is selective: his tolerance for hard-right thuggery is exceeded only by his enthusiasm for tobacco subsidies.

Nicaragua can be faulted for its failure to punish recent killings of former contras, and to move expeditiously on compensating owners of property lawlessly seized by the Sandinistas. Thus the Bush Administration last summer put $104 million in aid on hold. It then released $54 million of that aid in December, letting a new Administration decide about the balance. By any fair measure, that deferred more than enough to Mr. Helms.

Mrs. Chamorro merits praise for drastically reducing the size of the army and curbing runaway inflation. Her battered country is still recovering from a civil war that was fueled by the Reagan Administration's covert support for contra rebels. Having contributed to this mess, Washington has reason to assist in the cleanup.

eg Rt to Brown

THE PRESIDENT HAS SEEN 4/27

Mack/ Bevin

We don't need more of this. Let's move the US atty & some judges more quickly. If so. [illegible] We should be able to clear judges quickly [illegible] FBI –

When Vacancies Are 'Judicial Emergencies'

A variant of the Clinton administration's Home Alone syndrome—where entire agencies have only a couple of lonely Clinton appointees heading departmental households—appears to be afflicting the judicial branch as well.

The number of vacancies on the federal bench has gotten so great that as of April 15, every single circuit in the country was experiencing "a judicial emergency."

Five years ago, the Judicial Conference of the United States decided to designate courts that had vacancies for more than 18 months as "judicial emergencies." While some might think the black-robed crowd seems a bit prone to panic, the conference concluded that after 18 months a vacancy begins to have a truly adverse affect on justice.

All told, there are nearly 120 vacancies in the federal appeals and district courts. Of those, 62 have been open for at least 18 months. That is the highest number of long-opened vacancies since 1988, when the Judicial Conference began tracking "judicial emergencies."

Aides to Clinton do not expect to begin making nominations to the courts until this summer. Attorney General Janet Reno told reporters last week that "we want to get those positions filled," but she also said "we want to do that in a careful, thoughtful way, with excellence, diversity, and excellence in judicial temperament as the criteria which we judge. . . . We want to do it in an orderly and deliberate way."

Breath-holding is not recommended.

By the way, the vacancy that led to the record in mid-April was the opening created when Supreme Court Justice Clarence Thomas officially left the federal appeals court here on Oct. 15, 1991.

Also, Reno has yet to name *any* assistant attorneys general. And if she doesn't name some very soon, say in the next week or so, she'll be lucky to get them confirmed by the beginning of the August recess.

That's because, under Senate Judiciary Committee practices, nothing is done on a nomination until three weeks after the committee receives the background information on a nominee. Any member can delay a committee vote for another week.

Those rules can be waived, of course, and were waived for Reno's confirmation. But it is one thing to hold everything for a Cabinet member or for a judicial nominee late in a session, and quite another for lower-ranking people, committee sources say.

Worse, there is every expectation that, one of these days, Clinton could decide on a replacement for retiring Justice Byron R. White. When that happens, things will shut down on the committee for weeks, even with a noncontroversial nominee.

'Liaisons' Raise Hackles at Agencies

■ The White House's appointment of temporary "liaisons" to keep track of regulatory agencies until Clinton loyalists are appointed is raising eyebrows inside the agencies and among regulatory lawyers.

Critics suggest the practice borders on a violation of the independence of agencies like the Securities and Exchange Commission, the Federal Deposit Insurance Corp. and the Commodity Futures Trading Commission.

Mack

The liaisons at all three agencies are young political operatives who sit in on all meetings—including closed sessions at which specific cases are discussed—and report back to the White House. They're on the agency payrolls, but appointed by the White House personnel office.

check with

Described as bright, personable and proper by agency staff members, the liaisons do not participate in discussions or attempt to influence decisions. They just take notes and fax memos to someone, somewhere.

What makes people nervous is the implicit threat of White House operatives invading the inner workings of agencies that have long cultivated their independence from political interference.

Congress has jealously protected the independent agencies, and the folklore of the SEC, CFTC and FDIC is full of tales of agency officials thumbing their noses at the White House. Agency sources complain that if President George Bush had installed minions in the independent agencies, Democrats in Congress would have howled and more than a few former chairmen would have thrown any uninvited "liaison" right out of the building.

Lawyers in Line for Ex-Im Bank Posts

■ Washington attorney and Clinton transition aide **Carol F. Lee** is a leading contender to be general counsel at the Export-Import Bank of the United States, while another Washington attorney, **Ira A. Fishman**, is a top candidate to take care of congressional matters over there.

Clinton's candidate to run the bank, investment banker **Kenneth D. Brody**, is coming up for a hearing on Thursday.

Over at Housing and Urban Development, **William Gilmartin**, legislative director for former Michigan representative **Bob Traxler** (D), is taking care of the legislative operation.

It's Official . . .

■ Washington attorney **Robert Nordhaus**, former general counsel at the Federal Energy Regulatory Commission in the Carter administration, is to be general counsel at the Department of Energy; **Robert Hunter**, now at the Center for Strategic and International Studies and a Carter National Security Council aide, is going to be ambassador to NATO; and Washington lawyer **Bruce A. Lehman** is to be assistant secretary of commerce and commissioner of patents and trademarks.

—Al Kamen

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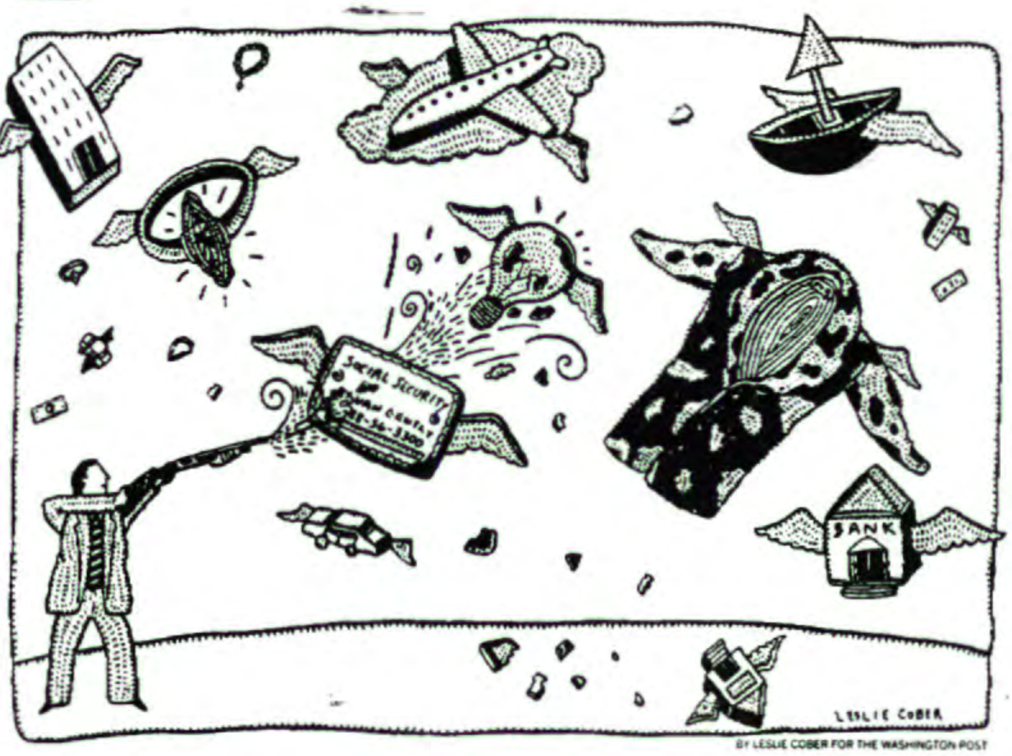
Bob Rubin
See circled section p.2 – we can't be for accelerating new mergers the admin
B

THE PRESIDENT HAS SEEN 4/27

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.

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Cutbacks and Glitches: Signs of Burnout for the Space Shuttle?

A-1

By Kathy Sawyer
Washington Post Staff Writer

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

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

"There is a clear and present danger that the space age is over," said space policy analyst John Pike of the Federation of American Scientists. "The Russians have gone from communism under Gorbachev to reform under Yeltsin, and yet they kept on flying. We go from Bush to Clinton, and the whole thing comes apart."

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

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

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

See SHUTTLE, A10, Col. 1

THE WASHINGTON POST MONDAY, APRIL 19, 1993

1/2

THE PRESIDENT HAS SEEN 4/27

To VP

are we cutting too much?

B

Budget Cuts, Technical Glitches Cloud Future of the Space Shuttle

SHUTTLE, From A1

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

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

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

That's a lot is that accurate?

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

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

The Clinton budget issued April 8 calls for a $3.8 billion reduction in the previously planned space shuttle budget of $22.8 billion for 1993 through 1998. Added to reductions already made by NASA since 1992, that would amount to a total cut of at least 24 percent in shuttle spending through 1998, according to NASA official David Bates.

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

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

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

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

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

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

DANIEL S. GOLDIN
... says cuts will not reduce shuttle's safety

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

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

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

The agency takes these costs under the program's operating budget for the year, plus the costs of its space communications network, and divides by the number of flights that year to produce an "average cost per flight." For 1993, that figure is $413.5 million, according to NASA. By this method, the more the shuttle flies, the cheaper each flight is.

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

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

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

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

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

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

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

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

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

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

2/2

Tony - interesting

THE PRESIDENT HAS SEEN
4/27

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Nancy Landon Kassebaum

. . . So Proceed With Care in Bosnia

As the carnage continues in Bosnia, we all are anguished by the unfolding tragedy. The desire to "do something" to protect innocent women and children has mounted steadily and may soon force President Clinton to make a fundamental shift in U.S. policy.

While I understand and share the outrage over Serbian atrocities, I would caution against the potential dangers involved in engaging U.S. armed forces in Bosnia. This is not Somalia, where there was no government or heavy weapons—only marauding gangs and thousands dying of starvation. In Bosnia, we must be realistic about the options before us—and what the consequences may be.

Ending the U.N. arms embargo so that Bosnian Muslims have access to heavy weapons would seem a worthy effort. However, we must ask how those weapons would be delivered, how soon they would arrive and, most important, by whom. Would it be possible to keep those arms shipments out of the hands of the Serbs?

U.S. air strikes against Serbian artillery also are being considered to help Muslim cities under siege. While this might have been a viable option six to eight months ago, it has limited benefits now and potentially significant consequences. Our allies with peacekeeping forces on the ground in Bosnia have cautioned against such action because of the dangers to their troops.

What should be clearly understood is that either of these actions is a fundamental shift in U.S. and U.N. policy. We would be discarding the role of mediator and taking up arms as an active participant in the fighting. If we, through NATO or the United Nations, become a combatant, the present humanitarian relief operation that sustains hundreds of thousands of refugees will be put at further risk. Deliveries of food and medicine that now run a gantlet of Serbian harassment could be halted entirely.

It is dangerously wishful thinking to believe that small, symbolic actions such as ending the arms embargo or a few air strikes will change the brutal realities of Bosnia. The Serbs will quickly gauge these steps for what they are: nothing serious and nothing threatening to their aggressive plans.

If we want to have any real impact in Bosnia, we must be realistic and honest about our options. The one step that might significantly change the present situation—massive military intervention on the ground and in the air by an international force—is highly unlikely. There is no consensus in the United States, NATO or the United Nations for such action. The three-way civil war in Bosnia—with Muslims, Serbs and Croats fighting each other—does not lend itself to the creation of such a consensus.

The United States has no vital national interest at stake in Bosnia. But we do have a legitimate humanitarian concern there. I believe that concern must remain the focus of our policy. We must not allow ourselves to be diverted into ancient arguments over territory.

The U.N. Security Council already has authorized the use of any force necessary to ensure the delivery of humanitarian relief. Under that authority, we could lay out specific sanctuaries and delivery corridors where the safety of noncombatants would be guaranteed by the United Nations.

In doing so, we should make clear to Serbia and its Bosnian allies that we would use all military force necessary to defend and supply these sanctuaries and will not allow entry to any armed combatant—Serb, Muslim or Croat.

This course would not resolve the crisis in Bosnia, and it would not end the fighting. But it would establish a firm international policy backed by clear military objectives if force is necessary. And it could save thousands of innocent lives.

This course is not without risks. To be effective, the United Nations, including the United States, would have to be prepared to deploy significant ground and air forces to safeguard the Bosnian sanctuaries. I do not believe we should make such a commitment without a full debate, and a vote, in Congress.

It may be that we do not have the stomach for even this limited engagement in Bosnia. If not, we must face up to that fact and not pretend that small symbolic measures will do anything other than to salve our own consciences.

But an international force focused solely on the delivery of humanitarian relief in safe zones would change the reality of Bosnia from a question of military might to one of basic human decency. Serbia does not fear the first question. It must begin to learn the danger it could face on the latter.

The writer is a Republican senator from Kansas.

THE WHITE HOUSE

WASHINGTON

April 27, 1993

The Honorable Thomas S. Foley
Speaker of the
House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

I am writing in support of the substitute for H.R. 1578, the Expedited Rescissions Act, which has been made in order for House Floor consideration by the Rules Committee in H. Res. 149.

As you know, I support a line-item veto to reduce wasteful government spending. The bill about to be considered by the House would give the President modified line-item veto authority which I believe would go a long way toward achieving the purposes of a line-item veto.

The bill would enable the President to reject items in an appropriations bill. Those items could then be approved only by a separate vote in the Congress. The measure essentially would expedite the existing process for consideration of rescissions.

I believe this bill would increase the accountability of both the executive and legislative branches for reducing wasteful spending. It would provide an effective means for curbing unnecessary or inappropriate expenditures without blocking enactment of critical appropriations bills. Some have expressed concern that this proposal might threaten the prerogatives of the Congress, but I do not believe that it would shift the constitutional balance of powers that is so critical to the success of our form of government.

I urge the House to work with me to control government spending by agreeing to consider the expedited rescission issue and by adopting H.R. 1578 as set forth in Part 1 of the Rules Committee's report.

Sincerely,

Bill Clinton

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 4/28

NOTE FOR: MARCIA Hale

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
(2702)

cc:

[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.

One — another
More on this —

John Podesta

[redacted]

CC: Marcia Hale
Mark Gearan

[redacted]

THE PRESIDENT HAS SEEN

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.

Fédération Internationale des Éditeurs de Journaux
FIEJ

International Federation of Newspaper Publishers

25, rue d'Astorg
75008 Paris, France
Tél. : (1) 47 42 85 00 - Télex : 290 513 F
Téléfax : (1) 47 42 49 48

Mr W.J. Clinton
President of the United States
of America
The White House
1600, Pennsylvania Avenue
Washington DC 20500

7 April 1993

93 APR 10 P2:19

Dear Mr President,

I have the honour and pleasure to invite you to address the 46th World Newspaper Congress, which takes place in Berlin, Germany, from 23 to 26 May next.

Berlin has been chosen as the site for symbolic reasons: as a former enclave of democracy in that part of a divided nation which refused its people freedom of expression, it now stands at the heart of a reunited country and continent where East and West continue to be separated on economic grounds.

Our Federation, which groups more than 15,000 publications in 65 democratic nations - including the new democracies of Central and Eastern Europe - continues to devote enormous time and resources to help the press in the former Socialist countries become strong and thus to play to the full its fundamental role in defending democratic principles.

The threats to freedom of the press in the region have by no means disappeared, as you are aware. We are convinced that your presence at this meeting of newspaper people from West and East will send a strong message of support for the values of freedom which we know you hold dear.

The Congress, hosted by the German Newspaper Publishers Association, will be opened on the morning of Monday 24 May by Federal Chancellor Helmut Kohl. Among the speakers in the programme will be Mr Donald Newhouse, the incoming Chairman of the Newspaper Association of America.

If your schedule permits you to consider this invitation positively, we would ideally like you to address our Congress on the morning of Tuesday 25 May. We would, however, take measures if necessary to accommodate ourselves to your availability at other times in the schedule.

I look forward very much to your response to this proposal.

Yours sincerely,

Scott Low

K. Prescott Low
President

Enc: 'Facts About FIEJ'

Martin — I assume we won't be doing this [illegible]

FIEJ

Fédération
Internationale
des Éditeurs
de Journaux

International
Federation
of Newspaper
Publishers

25, rue d'Astorg
75008 Paris, France
Tél. : (1) 47 42 85 00 - Télex : 290 513 F
Téléfax : (1) 47 42 49 48

FACTS ABOUT FIEJ

Founded in 1948, FIEJ is the world trade association for the newspaper industry. It groups 44 newspaper publishers associations in 40 countries, individual newspaper executives in 38 nations and 14 national and international news agencies.

In all, the Federation represents more than 15,000 publications on the five continents.

The full members of FIEJ are:

Argentina	**Asociación de Editores de Diarios de la Ciudad de Buenos Aires**
Austria	**Verband Österreichischer Zeitungsherausgeber und Zeitungverleger**
Belgium	**Association Belge des Editeurs de Journaux**
Brazil	**Associaçao Nacional de Journais**
Canada	**Newspaper Association of America**
Colombia	**Asociación de Diarios Colombianos**
Cyprus	**Cyprus Newspaper & Magazine Publishers' Association**
Czech Republic	**The Czech Association of Newspaper Publishers**
Denmark	**Danske Dagblades Forening**
Dominican Republic	**Sociedad Dominicana de Diarios**
Ecuador	**Asociación Ecuatoriana de Editores de Periódicos**
Estonia	**Eesti Ajalehtede Liit**
Finland	**Sanomalehtien Liitto**
France	**Fédération Nationale de la Presse Française**
	Syndicat de la Presse Parisienne
	Syndicat de la Presse Quotidienne Régionale
Great Britain	**Newspaper Society**
Germany	**Bundesverband Deutscher Zeitungsverleger e.V.**
Greece	**Union des Editeurs de Journaux Quotidiens d'Athènes**
Hungary	**The Hungarian Publishers Association**
India	**Indian Newspaper Society**
Indonesia	**Serikat Penerbit Suratkabar**
Ireland	**National Newspapers of Ireland**
Israel	**The Daily Newspaper Publishers Association of Israel**
Italy	**Federazione Italiana Editori Giornali**
Japan	**Nihon Shinbun Kyokai**
Korea	**Korean Newspapers Association**
Latvia	**Latvian Publishers and Editors Association**
Luxemburg	**Association Luxembourgeoise des Editeurs de Journaux**
Netherlands	**Vereniging de Nederlandse Dagbladpers**
Norway	**Norske Avisers Landsforbund**
Peru	**Asociacion de Diarios del Peru**
Poland	**The Polish Association of Newspaper Publishers**
Portugal	**Associaçao da Impresa Diaria**
Slovak Republic	**The Slovak Union of Newspaper Publishers**
South Africa	**The Newspaper Press Union**
Spain	**Associación de Editores de Diarios Españoles**
	Editores de Diarios Asociados
Sri Lanka	**Independent Newspapers Ltd.**
Sweden	**Svenska Tidningsutgivareföreningen**
Switzerland	**Association Suisse des Editeurs de Journaux et Périodiques**
Tunisia	**Association des directeurs des journaux**
Turkey	**Turkiye Gazette Sahipleri Sendikasi**
United States	**Newspaper Association of America**

Publishers, directors and chief editors in most of these countries are also FIEJ individual members. In addition, newspaper executives in the following countries belong to FIEJ as associate, or honorary associate, members: Benin, Brazil, the Cameroons, France, Iceland, the Ivory Coast, Kenya, Liberia, Lithuania, Mexico, Morocco, Namibia, New Zealand, Poland, Sierra Leone, South Africa, Senegal, Tchad, Uruguay, Zaire and Zimbabwe.

The following agencies are associate members:

Agence Belga (Belgium)
Agence Télégraphique Suisse (Switzerland)
Agencia EFE (Spain)
Algemeen Nederlands Persbureau (The Netherlands)
Deutsche Presse Agentur (Germany)
Gannett News Service (USA)
Kyodo News Service (Japan)
Los Angeles Times/Washington Post News Service (USA)
New York Times Syndication Sales Co. (USA)
Norsk Telegrambyra (Norway)
Reuters
Ritzau (Denmark)
Tidningarnas Telegrambyra (Sweden)
United Press International

and also: **Cable News Network**

The following organisations are Affiliate Members of FIEJ:

CAEJ, the European Newspaper Publishers Association
CPU, the Commonwealth Press Union
IAPA, the Inter-American Press Association
RSF, Reporters Sans Frontières

FIEJ has three major objectives:

- Defending and promoting press freedom and the economic independence of newspapers as an essential condition for that freedom.
- Contributing to the development of newspaper publishing by fostering communications and contacts between newspaper executives.
- Promoting co-operation between its members.

In pursuit of these objectives, FIEJ notably:

- opposes restrictions on the circulation of newspapers and on advertising;
- campaigns against press freedom violations;
- channels legal aid to victimized journalists;
- helps newspapers in developing countries, mainly through training;

FIEJ

- represents the newspaper industry in all international discussions on media issues.

Through its newly-created Newspaper Marketing Bureau, FIEJ:

- helps newspapers to: increase readership; sustain and increase advertising and other revenues;

- organizes a year-long programme of seminars bringing together thousands of professionals from all newspaper departments.

FIEJ has formal consultative status to represent the newspaper industry at UNESCO, the United Nations and the Council of Europe.

THE PRESIDENT HAS SEEN
4/3?/8

To Carol Rasco
Lee Brown

Terence J. Pell and John P. Walters

What Did We Do in the Drug War? Plenty

While the Clinton administration shows no interest in the drug war, public discussion of the issue continues. Unfortunately, much of it rests on a widespread mythology minimizing the importance of presidential leadership. Here are four examples:

Myth 1: The Reagan-Bush drug war failed to reduce drug use.

Reality: The number of current drug users (that is, persons reporting use of *any* illicit drug during the past month), is now half what it was at its peak in 1979. Since 1985 (the peak for cocaine use), the number of current cocaine users has dropped by more than two-thirds and adolescent cocaine use by almost 80 percent. In almost all categories, adolescent drug use is at the lowest level since national measurement began in 1975.

If a similar 50 percent to 80 percent reduction were achieved in other social pathologies (teenage pregnancy, dropouts, the spread of HIV and AIDS), it would rightly be considered a great victory. The drug war is treated differently, because its success was produced not by social programs but by law enforcement and leadership intentionally directed at nongovernmental institutions.

The reductions in drug use were accomplished by parents, prevention efforts in schools and workplaces, and the mobilization of whole communities. The Reagan and Bush administrations did not use government to fund or to do all this; they encouraged a national mobilization and insisted on sanctions, giving credence to anti-drug efforts. Recent small increases in drug use by eighth-graders indicate the danger of demobilization.

Myth 2: Resources devoted to the drug war have been grossly distorted toward border interdiction, federal law enforcement and international programs, instead of prevention and treatment.

Reality: Over the past four years, total federal drug control spending has grown by nearly 80 percent. Of that, the biggest increase was for prevention and treatment programs (up 99 percent), but they did not grow at the expense of law enforcement (up 90 percent).

This year—under the last Bush budget—the federal government will spend more on drug treatment than on border interdiction ($2.2 billion vs. $1.9 billion), more on prevention than on federal domestic drug law enforcement ($1.5 billion vs. $1.4 billion) and more on drug treatment in Veterans Administration hospitals alone than on all drug control programs in foreign countries ($753 million vs. $538 million).

Myth 3: Law enforcement and interdiction make no difference, and the resources spent on them should be put into prevention and treatment programs.

Reality: Law enforcement reduces drug use by raising the threat of apprehension. Fear of getting caught (and the public humiliation involved) is what casual users themselves say was most responsible for the dramatic reduction in casual drug use that occurred in the past seven years. In addition, the criminal justice system is the most powerful means available today to get addicts (most of whom have been through drug treatment more than once) to enter and successfully complete treatment. Roughly a third of all addicts entering treatment do so as a result of the criminal justice system.

And interdiction efforts have been critical to the reductions in drug use, because they dramatically restricted the availability of illegal drugs. Between 30 and 50 percent of estimated potential cocaine production is now stopped before it reaches U.S. streets. Disruptions in the cocaine flow have measurably increased the street price and reduced use. If we were to curtail these efforts, the supply of cheap cocaine on our streets could nearly double.

Domestic and international programs against the supply of marijuana have also been a particular success. For nearly two years, the price of marijuana has remained around $400 an ounce—more than the price of gold. As a result, marijuana use has plummeted.

Myth 4: Drug enforcement has been disproportionately applied against minorities and particularly poor, young black men—the drug war is racist.

Reality: While overall drug use is largely a white phenomenon, hard-core use of cocaine, particularly crack cocaine, is now concentrated among black users.

Although 17 percent of all cocaine users are black, blacks comprise as much as 60 percent of the hard-core cocaine/crack users. We know that hard-core cocaine addicts of all races tend to support their addiction by selling cocaine (in the areas where they live). As inner-city black citizens have become the largest group of cocaine addicts, they have also become the largest group of dealers, and thereby increased their frequency of arrest.

But what the critics do not talk about is that drug crime is not white-on-black crime or black-on-white crime. It is predominantly black-on-black crime. That is why in many inner-city black neighborhoods, residents, fed up with inadequate law enforcement protection for their families, have taken to policing their own streets and, in some cases, burning down crack houses. If we weaken drug law enforcement, it is our inner-city black citizens—particularly young black men—who will pay the highest price.

This is some of what is at stake as the new administration lets the drug war drift and leaves us with mythology.

Terence J. Pell was chief of staff of the Office of National Drug Control Policy in the Bush administration. John P. Walters was deputy director for supply reduction and acting director of that office.

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Bond Market Shows Doubt Over Clinton

By JONATHAN FUERBRINGER

President Clinton has been enamored of the bond market in ways that no recent President has. Indeed, he and his economic aides have often pointed to the drop in Treasury yields to lows not seen in well over a decade as confirmation that his economic program has been well received.

But in the last several days, the bond market has been losing some of its confidence that Mr. Clinton will be successful in cutting the record Federal budget deficit. Prices of Treasury notes and bonds have dropped and yields have risen. In a sharp decline yesterday, the price of the 30-year bond was off almost a full point as the yield jumped to 6.90 percent, its highest level in three weeks.

The shift in the market's mood — which, indeed, can change on a dime — seemed to begin late last week, after Senate Republicans finally won their battle to block President Clinton's $19 billion economic stimulus program.

Worry on Deficit Reduction

Rather than pleasing investors and traders, who earlier this year had worried that the stimulus program might cause inflation by pushing the economy ahead too quickly, they took the President's defeat negatively.

"If he can't get his stimulus plan, how is he ever going to get through his deficit reduction package?" asked Alan Lerner, the head of global markets at Bankers Trust.

John Costas, the managing director for government trading at the First Boston Corporation, said, "This is the unwinding of some of the Clinton euphoria."

The doubts were enhanced by Mr. Clinton's own budget director, Leon E. Panetta, who was quoted in several newspapers yesterday as saying that he had become more pessimistic

Continued on Page D15

Investors Are Showing Doubts on Clinton

Continued From First Business Page

about the chances for approving a major deficit reduction package this year.

The disappointment is not restricted to the bond market. Stock market investors are also worried. "Every day is a loss of more confidence for Clinton," said Bernard Spilko, managing director for United States stock investments for Julius Baer Securities, a unit of the large Swiss bank.

Mr. Spilko said the declining confidence in the President dominated a lunch yesterday with Bank Julius Baer's outside business advisers, who include bankers, real estate investors and a former Federal Reserve board governor. Many expressed dismay with President Clinton's first 100 days, Mr. Spilko said. "A lot of us were disappointed, but we'd like to give him a little more time before we really give up on him."

Negatives Line Up

The bond market came under additional pressure yesterday because this shift in investors' moods was taking place just as several other negatives were lining up on their own.

The recent rally in the price of gold has revived some concerns about inflation. Consumer confidence rose in April, the first increase this year and another sign that the weather-induced slowdown in March was not likely to continue. Another report showed retail sales up in the third week of April. And traders and investors were faced with a two-year Treasury auction yesterday that did not go well, and face the five-year auction today.

The question now is whether the bond market's rally is over, especially since the price of the 30-year bond has fallen two full points since Friday, while its yield has jumped from 6.75 percent, to 6.90 percent. Some market analysts are ready to say the rally is over, while others still expect yields to fall below 6.72 percent, the 16-year low touched on March 8 and again on April 19.

But for now, the market seems still to be in a tight trading range, which means prices could bounce back from this three-day swoon.

Mr. Costas said yesterday's auction of $15.25 billion of two-year notes went poorly because nobody wanted to bid aggressively, given the current uncertainties about the economy and Mr. Clinton's selling power. But he also said the 3.88 percent yield on the two-year notes meant that their prices might rebound if today's five-year auction went well and there was no more negative news.

One positive sign, he said, was that the yield on the new two-year note did not rise further after the auction, ending the day at 3.88 percent. The yield on the five-year note in the pre-auction market was 5.17 percent, up from 5.10 percent Monday.

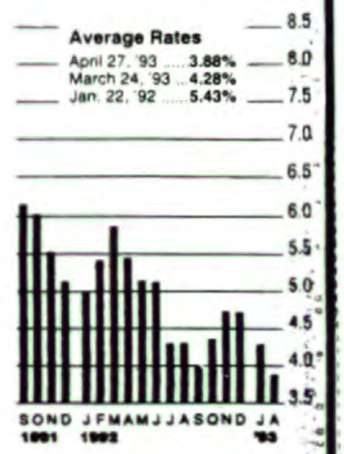
Lower Rates Expected

Edward Yardeni, the chief economist at C. J. Lawrence, still expects the yield on the 30-year bond to drop to 6 percent by the end of the year. He argued yesterday that a possible stalemate on Mr. Clinton's economic program would not change his outlook because he had never assumed that the President would be successful in cutting the deficit. He thinks low inflation will bring yields lower.

But, he added, "if the bond market has rallied because there are a lot of people who concluded that the Clinton plan had a lot of deficit reduction and they are concluding now that it won't work, then the bond market could sell off."

2-Year Treasury Notes

Average discounted rate in percent.



The New York Times

Key Rates

In percent

	Yesterday	Previous Day	Year Ago
PRIME RATE	**6.00**	6.00	6.50
DISCOUNT RATE	**3.00**	3.00	3.50
FEDERAL FUNDS*	**2.75**	2.99	3.50
3-MO. TREAS. BILLS	**2.89**	2.88	3.70
6-MO. TREAS. BILLS	**3.00**	2.96	3.81
7-YR. TREAS. NOTES	**5.62**	5.54	7.19
30-YR. TREAS. BONDS	**6.90**	6.83	8.04
TELEPHONE BONDS	**7.85**	7.77	9.00
MUNICIPAL BONDS**	**5.96**	5.99	6.74

*Estimated daily average, source Telerate
**Municipal Bond Index, The Bond Buyer
Salomon Brothers and Telerate for Treasury's bellwether bonds, notes and bills

THE PRESIDENT HAS SEEN 4/28

Neill/GS

we can USE this
This is a market worried
that we won't reduce the
deficit — that's worry about
Congress

[illegible] we need a response to this

THE WASHINGTON POST
WEDNESDAY, APRIL 28, 1993

Robert J. Samuelson

Hollow School Reform

The Clinton administration's "school reform"—submitted to Congress last week—continues a tradition of national hypocrisy. The main reason that most American students don't do as well as they might is that they don't work very hard. Yet almost all school reform proposals (including Clinton's) conveniently skip the subject of student effort, as if it didn't exist.

The present theory of "reform" holds that our students are the victims of bad schools. Because the institutions are rotten, the remedy is to revitalize them through new teaching methods, technologies, "standards" or more "choice." Our students' learning and skills will somehow (miraculously, it seems) improve. It's all painless and someone else's problem.

Let's grant that lots of our schools are lousy. But schools do not learn, students do. No school can compensate for students who don't work hard, and almost all international comparisons confirm that this is our major problem. Consider: In a 1991 study of 15 countries, American 13-year-olds ranked 14th in math achievement. Only 29 percent of the Americans did more than two hours of daily homework, the fifth lowest. In France, 55 percent did two hours of homework; in Korea, 41 percent.

It is not that American students are exceptionally lazy. Our schools simply don't demand much of them, and in this, the schools merely do what the public wants. Educational psychologist Harold Stevenson has made extensive studies of popular attitudes. Most American parents dismiss the poor showing of U.S. students in international comparisons as not reflecting "the abilities of their children or their children's schools," as he recently wrote in Scientific American.

Parents want to be told that their children are doing okay. Schools do precisely this, because they fear offending their major constituency (parents). Schools maintain low standards that permit most students to do all right. We have adopted a system of almost automatic promotions and massive grade inflation. Any school that did otherwise—that is,

No school can compensate for students who don't work hard.

raised standards, lowered grades and held back students—would face huge pressures from parents and school administrators to conform to the norm.

These practices are so acceptable that they have spread to elite colleges. Consider grade inflation at Harvard. In 1966, 22 percent of undergraduate grades were A's; by 1991, 43 percent were A's. Only 9 percent of grades were C's, down from 28 percent in 1966. "By rewarding mediocrity, we discourage excellence," says William Cole, a Harvard teaching assistant. "Many students who work hard at the outset . . . throw up their hands upon seeing their peers do equally well despite putting in far less effort." What's true at Harvard applies more forcefully to public schools. Somehow, though, the subject of work effort escapes most school "experts" and reporters. Ernest Boyer, former U.S. commissioner of education, doesn't mention it in his review of the decade since "A Nation at Risk," the report that warned of poor schools. Newsweek says that "money—the lack of it—has been the biggest obstacle" to educational progress. Really? In the 1980s, school spending per student rose 33 percent after inflation.

Talk of stricter standards is mostly rhetoric. President Bush proposed national standards and tests. But the tests probably wouldn't have been used for anything that matters to students: promotion, graduation, entrance to college. President Clinton's proposal is worse. It would set national standards without national tests. States could adopt standards of "comparable rigor and quality" and their own tests. In practice, state test results could not easily be compared. Moreover, the Clinton plan prohibits the state tests from being used "to make decisions regarding graduation, grade promotion or retention of students."

Does this convince John or Jane to work harder or take school more seriously? Well, no. The idea is that, if parents see their schools aren't performing well, they will—somehow—force the schools to improve. Not likely. Indeed, the information about which schools do well and which don't is already available. Clinton's scheme is expensive, bureaucratic make-work.

We could do better. Tougher standards matter only if they affect students directly. The federal government might require students applying for federal college aid (about half those going to college) to pass a qualifying test. The message would be: If you don't learn in high school, you won't go to college on public money. For other students, we could encourage employers to use national tests and high school transcripts for hiring decisions.

The message: The better you do in high school, the better job you may get. What's essential is to make the school experience relevant—in an immediate, obvious way—to most students.

Don't hold your breath. Congress has repeatedly refused to impose a meaningful academic requirement on federal college aid. And civil rights law deters employers from using general tests or high school records. Companies are supposed to use tests directly related to specific jobs. Anything that merely indicates general competence or diligence is legally suspect. Congress shows little willingness to change that, either.

What passes for "school reform" really aims to navigate the contradictions of public opinion. Politicians want to "do something" without frightening parents. The solution is a "blame the schools" agenda that makes impersonal institutions responsible for any shortcomings of our students. It won't work.

The point is not that school must be drudgery or that, by itself, homework is all that matters. Genuine learning is exciting. The act of discovery stirs the imagination. The mastery of new skills builds confidence. But learning and mastery require effort, just as excellence in anything, from sports to music, requires effort. And the effort must come from students.

Schools can't perform miracles. Teachers can't teach if students don't take school seriously, and if teachers must struggle to win students' attention, teaching won't be an attractive profession. Schools can do lots of things better, but none will matter unless students are motivated to work harder. The real villain is popular complacency that holds otherwise.

This is not supposed to be what NGA was working on

HRC/ira This is good

THE PRESIDENT HAS SEEN 4/28

B

David S. Broder

On the Front Lines Of Health Care

CLEVELAND—As the Clinton health care task force goes into its final phase of work, aiming to produce a program some time next month, the people on the front lines of America's remarkable health delivery system are watching and waiting with an understandable mixture of anxiety and anticipation.

On a visit here last week, I asked three of them what they hoped the administration would propose—and what they prayed it would avoid. Their answers and their differences illuminate the difficulties that lie ahead—but also the opportunity.

The first person I saw was John J. Polk, senior vice president of the Council of Smaller Enterprises, which, among other things, is the health insurance bargaining agent for 10,000 small businesses, covering 70,000 employees and another 105,000 dependents—about one of every five Clevelanders.

Its 10-year-old program has drawn national attention. According to Polk, one-fifth of the firms had no health insurance before they joined COSE. By becoming part of a big bargaining unit, the typical firm with health insurance cut its cost by 35 percent to 40 percent. In the last two years, COSE has held its rate increases below 6 percent annually, less than one-third the national health inflation rate. It deals with a dozen insurance firms and care providers, offering both managed care and fee-for-service plans.

Polk suggested several do's and don'ts. He hopes that Clinton will change tax policy so self-employed people can buy health insurance with pre-tax dollars, as corporations already do, and that Clinton will "take steps to attack the balkanization of small group health insurance firms." There are 200 in Ohio alone, he said, using "gimmicks and underwriting scams" to take business from each other, and "we need some federal standards to level the playing field."

But his main hope is that "they don't overdesign the system" or "try to fit everything into one model." In creating a national network of Health Insurance Purchasing Cooperatives, or HIPCs, like his own, Polk said, "we need the maximum of state and local flexibility. No one in Washington can design the ideal health plan for Cleveland, Cheyenne, Tulsa and Jacksonville," and the Clintons will fail if they try to specify all the details.

My second visit was with M. Orry Jacobs, the senior vice president of University Hospital. The research and teaching arm of Case-Western Reserve University, it is also the city's largest care-giver, with 33,000 inpatients a year, an annual budget of $300 million and an affiliated $150 million managed care program.

Jacobs believes as fervently in the power of competition as does Polk. "If the right incentives are put in place," he said, "the right decisions will be made and the costs will be minimized." In the last four years, he said, his hospital has responded to competitive forces by eliminating 600 employees, cutting expenses $50 million and reducing the cost for comparable cases 6 percent, without adjusting for inflation.

More large-scale savings are possible, Jacobs said, if government does two things—insists that the incentives encourage efficiency and, "equally important, institutes quality controls so the savings are not achieved by systemic underutilization," i.e., cutting corners in patients' care. "We probably need some government standards," he said, "but you get much more innovation when people and institutions are responding to competitive forces than to regulatory overload."

The third visit was with Marty Hiller, a Vietnam vet and psychologist who runs Cleveland's Free Clinic, where volunteer physicians, dentists, nurses and other therapists provide free care to some 15,000 patients a year, mainly the "working poor," who are not eligible for Medicaid but cannot afford private physicians or counselors.

Unlike the other two, Hiller favors a single-payer system, like Canada's, where the government is the health insurance company for every citizen.

But Hiller also has a warning for those who think the government can "solve" the health care problem itself. "Any national health care system will succeed only if the individual takes responsibility for his or her own health and works toward a set of behaviors that promote health, rather than the reverse," he said.

That, he added, is why no one leaves the Free Clinic—whether a patient has come to have a cavity filled, a pregnancy test administered, or for drug or AIDS counseling—without a dose of education on his or her own responsibility in the situation. "If we're not willing to be responsible, to get prenatal care, to get inoculations, if we just assume there will be a system there to help me when I get sick or need help, it will reinforce the worst behaviors in the individual—and probably bankrupt the society."

This represents one day's gleanings in one city. But I came away convinced that when the Clinton plan is complete, it is vital that it be examined and double-checked by the front-line health warriors like those with whom I talked. The risk of error in any radical restructuring of a system that consumes one-seventh of our national wealth is very high. But it can be reduced if the hard-earned wisdom of practitioners like these is carefully weighed.

THE PRESIDENT HAS SEEN 4/28

Bruce —
pretty good

Lally Weymouth

Thinking Out a China Policy

During his presidential campaign, Bill Clinton accused the Bush administration of "coddling" China. Last fall, Clinton—refusing to mince words—described China's leaders as "aging dictators." As a candidate, Clinton supported the idea of extending MFN (Most Favored Nation) trade status to China—but only on the condition that China desist from human rights abuses and curb its continuing nuclear proliferation practices.

Indeed, for the past four years, the Democrats in Congress engaged in battle with George Bush in an effort to attach just such conditions to MFN for China. Yet over and over, Bush managed to defy Congress and to extend MFN without attaching explicit conditions set by Congress.

No longer in opposition, Clinton soon will face a crucial decision: Does he mean to stick by his confrontational campaign promises and make the extension of MFN to China conditional? Or will the president, tempered by his responsibilities, come to terms with the fact that a purely confrontational policy will likely prove counterproductive? If so, he'll need to abandon yet one more set of campaign promises, follow Bush's lead and recommend that Congress extend MFN to China without conditions.

It won't be an easy call for Clinton. Making the matter even trickier is the fact that U.S. intelligence has just now confirmed that China sold M-11 missiles to Pakistan in violation of the Missile Technology Control Regime—an international treaty that China agreed to abide by when Bush was president. To make matters worse, newly confirmed intelligence also reveals that China has sold key missile components to Iran—again in violation of MTCR.

Clinton would be right to express outrage over China's conduct in this sphere. Still, key strategic issues inform America's relationship with China. They make it essential to remain engaged with Beijing and to bring pressure on the Chinese—as the Bush administration did—behind closed doors.

The case of North Korea demonstrates how a friendly China can be of immediate help to the United States and its allies. Recently, North Korea opted out of the Nuclear Nonproliferation Treaty, removing itself from the scrutiny of the International Atomic Energy Agency. North Korea is on its way to becoming a nuclear power, and the United States may soon need China's assistance in containing its Communist ally. As Rep. Lee Hamiton (D-Ind.) put it recently: "If there is a single issue on which Chinese cooperation has been and can be significant for U.S. security, it is on the North Korean nuclear program."

Clinton, of course, is also aware that China—with a growth rate of 9 percent to 11 percent per year and a population of 1.2 billion—is quickly becoming a global economic power. A positive side effect of such fast-paced economic growth is that it will, in all likelihood, bring political changes to China. In any event, China is a present and future marketplace for U.S. exports. It's also impossible to ignore China's growing military might. The Chinese continue to build up their air and naval capabilities—presumably with an eye to projecting power into the South China Sea.

A reasonably amicable U.S.-China relationship could influence the Chinese to use their strength responsibly. For example, two territorial disputes deemed significant by China could provoke future regional conflicts. One involves China's claim to the Senkaku Islands, now part of Japan. Another concerns China's insistence on its claim to the Spratly Islands. Five other Asian countries also consider themselves the rightful owners of these oil-rich islands.

All these factors argue for a friendly relationship between the United States and China. So does the fact that the Chinese military buildup makes Tokyo nervous. Japan, a key U.S. ally and the second largest economic power in the world, has normalized its own diplomatic relationship with China and will not participate in a U.S.-Beijing showdown over human rights. Indeed, Japanese officials have made clear to Washington their concern that U.S.-Chinese tensions not get out of hand, provoking instability in China.

Looking down the road 10 years, if the United States continues to cut back its defense budget and pare down its military forces, Japan may well conclude that Washington is no longer capable of taking responsibility for a common defense. Japan might then decide to go it alone, relying on its own resources. The result? A rearmed Japan.

In this context it makes sense for the Clinton administration to resume the military dialogue that the United States maintained with China prior to Tiananmen Square. This dialogue enabled Washington to exert a measure of influence over the Chinese military—even in the realm of arms sales. Before it left office, the Bush administration cleared the deck for the dialogue to resume by completing military transactions that had been held up, including the sale of American avionics equipment.

Clinton's disposition toward China remains a mystery. Rep. Hamilton, a leading Democratic foreign policy thinker, may have provided a clue in a recent—notably balanced—speech. "We should recognize when our interests coincide with China's and when they collide," said Hamilton. "We should neither seek to undermine the regime in China nor tolerate its every action."

Hamilton acknowledged that in the Bush era attaching conditionality to MFN wasn't just a means of influencing China. It also served as "the only available tool for influencing Bush administration policy." Now that the Democrats are in office, Hamilton argues, conditionality is no longer essential: "We do not necessarily need to implement ... policy by legislating conditions on China's MFN status. ... Deftness and flexibility are what is called for in the case of China." Hamilton noted that putting conditions on MFN or withdrawing it could well prove counterproductive.

It's been reported that Clinton, before June, will extend MFN status to China for one more year while issuing an executive order requiring China to demonstrate progress in human rights and nuclear nonproliferation. The president's aim will be to word the order carefully so that he looks tough to human rights activists but leaves himself enough flexibility to maneuver in the future.

34

Mack – fu can you manage – It's good

HUD's Cisneros Has Big Plans, Fiery Charisma, Clinton's Ear—And Few New Sources of Funds

By Laurie McGinley
Staff Reporter of The Wall Street Journal

WASHINGTON – The day after the Los Angeles riots began last year, Henry Cisneros walked the streets, talking to Spanish-speaking Los Angelenos and bearing reluctant witness to what he calls a smoky "urban apocalypse."

Now, as President Clinton's secretary of Housing and Urban Development, he calls the convictions of two Los Angeles policemen in the Rodney King beating as "a reprieve and an opportunity to get about the serious work that needs to be done" to revive America's troubled cities. He sees inner-city areas like South Central Los Angeles not as symbols of decay but fertile ground for developing "a shared vision of hope." His vision is to "forge communities," attack housing segregation and develop a new economic role for urban centers.

Henry Cisneros

What are his chances of success? About 1 in 4, the former mayor of San Antonio says. "He's an optimist," says Elliott Sclar, professor of urban planning at Columbia University.

While the president shortly will announce a proposal for urban enterprise zones, his administration seems neither willing nor able, partly due to budget constraints, to mount a comprehensive assault on urban ills any time soon. Under pressure from Senate Republicans, Mr. Clinton is offering to trim his stimulus plan, which would pump billions of dollars into the cities immediately, including $2.5 billion for grants to local communities.

Some critics say that the administration should have come up with an urban blueprint already. For the Los Angeles trial, there was "a media plan, a police plan and all kinds of other plans, but there is no urban policy plan," complains the Rev. Jesse Jackson.

The White House makes no apologies about not having a Great Society type of urban plan. "We're not going to solve these problems simply by shelling out more money," says Bruce Reed, deputy assistant to the president for domestic policy. "This country has spent billions and billions over the last 30 years on urban America with relatively little impact. Our goal is to empower communities to develop their own recovery plans and become economically viable."

Shouting on the Podium

To help reach that goal, the president is looking to his HUD secretary. The 45-year-old Mr. Cisneros advertises himself as a new voice for America's cities. At a rally in Washington before a low-income housing group, Mr. Cisneros stages an electrifying transformation, from a typical Washington "suit" to a community-organizing rabble-rouser. Fist raised, he stands on the podium shouting with the crowd, "El pueblo unido jamas sera vencido," or the people united will never be defeated.

"I personally have never seen a public official connect so well with a low-income group," says Jerry Jones, legislative representative for the Association of Community Organizations for Reform Now, or Acorn, which sponsored the rally.

In his first months in office, Mr. Cisneros has developed "principles" for retooling urban programs, including reducing the concentration of the poor in the inner city; using housing policy to provide "an economic ladder"; and trying to change "self-destructive behaviors on both sides of the racial divide." He hopes the goals will be embraced by the White House, which he plans to brief this week, but doesn't much care whether they're dubbed "urban" policy. "You can call it whatever you want," he says. "It's more a community policy. The important thing is to help the poor, and I'm confident we will."

Like his predecessor at HUD, Jack Kemp, Mr. Cisneros seems to have a vision of attacking urban ills by empowering the poor. One difference is that Mr. Cisneros has good access to President Clinton – in stark contrast to Mr. Kemp, who rarely got President Bush's ear. Asked by Mr. Clinton to scrutinize the government's response to Hurricane Andrew, he met with dozens of people in South Florida over a February weekend and presented his plan to the White House that Sunday night. President Clinton announced it almost verbatim the following Saturday.

Much in Common

The HUD secretary and Mr. Clinton have much in common. Both are leading-edge baby boomers of the same age. Both have impressive academic credentials. Both built reputations for being political wunderkinds and policy wonks. Both moderate Democrats, they "have had some unhappy experiences with Washington programs," making them leery of a heavy-handed approach, says Jeff Faux, president of the Economic Policy Institute.

Like Mr. Clinton, Mr. Cisneros had marriage troubles that spilled over into his public life. His political career seemed ended when in 1988 he admitted to an affair with a married campaign supporter. The ensuing political firestorm, coupled with the delicate health of his young son, John Paul, who was born with a serious heart defect, led to his withdrawal from public office.

It wasn't long, however, before Mr. Cisneros was back in the public eye, campaigning for other candidates and doing radio commentary. His marriage put back together, he worked hard to woo Hispanic voters for candidate Clinton. His reward: the spot at HUD and a shot at political redemption.

Now he is anxious to carry out his ideas. To prod recalcitrant suburbs to accommodate public and low-income housing, he is considering asking the president to issue an executive order that would withhold federal funds from jurisdictions that are in substantial violation of fair housing regulations. Or he may use a carrot approach instead, rewarding "good" behavior with additional aid.

In a move that probably would draw ire from some low-income groups, he's also considering loosening the income-targeting requirements for government housing in some areas where poverty is far above average, to attract the slightly better off who perhaps could provide better role models and would insist on services such as grocers and dry cleaners. He's also planning to propose changes in the agency's rent-subsidy program to give the poor greater choice in where they live.

He also wants to tackle insurance redlining and to encourage work and saving that eventually would lead to homeownership. One possible approach: Easing a rule that requires tenants in public and subsidized housing to pay 30% of their income as rent, even as their income rises. "That's a disincentive to work," he says, adding it would be better to require that any increase be put in escrow toward the purchase of a home.

Already repudiated by the Cisneros regime, however, is former HUD Secretary Kemp's emphasis on tenant ownership of public housing units. Cisneros aides say tenants would lack the money to maintain units once they bought them.

Meantime, an urban task force convened by the White House is working on the administration's proposals for enterprise zones, which may be announced this week, and community development banks. Current plans call for setting up 10 super zones that would receive increased federal aid and provide tax breaks, such as wage credits, for businesses located there. Another 100 areas would get lesser benefits. Under the banking plan, new and existing institutions would lend money to capital-starved areas for housing and commercial projects, a top priority for community activists. The institutions "are the perfect model of how communities can take charge of their own destiny," says the White House's Mr. Reed.

The administration and its backers say pieces of the urban plan range from health and welfare reform to job training and a proposed expansion of the earned income tax credit that would cost more than $20 billion over four years. "We'll ultimately have sea changes in policy," predicts Ronald Mincy, a senior research associate for the Urban Institute who is particularly enthused about the administration's youth-apprenticeship proposals, which he says would help poor young people not bound for college.

But there also are doubts. Mr. Cisneros "is a great choice as secretary, but I don't think they'll give him any money," says Anthony Downs of the Brookings Institution. "Urban affairs will have a higher priority rhetorically, but fiscally? I doubt it."

Under pressure to reduce the deficit, President Clinton handed Mr. Cisneros a budget that is essentially flat. And the White House proposes spending only modest amounts, about $5 billion over four years, to create enterprise zones and the community banks, as well as anticrime initiatives. "It's absolute peanuts," says Ron Walters, chairman of the political science department at Howard University.

Adding to difficulties is that HUD for years has been "a garbage heap" for political incompetents, says Roger Wilkins, a professor of history at George Mason University. A demoralized work force, whose numbers have fallen to 13,500 from 17,000 a decade ago, is struggling to keep things going. In a devastating portrait of the agency, the Clinton transition team on HUD warned that "a long-term pattern of fundamental systematic mismanagement . . . threatens the provision of vital services to millions" of Americans. The HUD team was headed by Andrew Cuomo, the son of New York Gov. Mario Cuomo and now an assistant secretary-designate at the department.

Mr. Cisneros has launched an effort to overhaul the department, and he plays down budget problems. "There will never be enough money," he says. But unless "America deals with its cities," he says, "its cities will have vengeance."

THE WALL STREET JOURNAL TUESDAY, APRIL 20, 1993

THE WHITE HOUSE
WASHINGTON

DATE: 4/27

NOTE FOR: MARCIA HALE, Tony Lake

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

Information ☐

Action ☑

Thank you.

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

cc:

THE WHITE HOUSE

WASHINGTON

April 26, 1993

93 APR 26 P9:54

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE

SUBJECT: Proposed Meetings with Foreign Leaders before the G-7 Tokyo Summit

Purpose

To seek your approval on proposed visits by foreign leaders before the G-7 Tokyo Summit. Marcia Hale concurs with our recommendations. We are also preparing, in consultation with Secretary Christopher, a tentative look at visits through December which we will forward to you shortly.

Background

Already on the schedule are the following:

King and Queen of Spain (meeting)	Apr 29
US-EC Summit with Danish PM Rasmussen and EC Commission President Delors (meeting, lunch & press availability)	May 7
German President von Weizsacker (meeting)	May 24
Canadian Prime Minister Mulroney (lunch)	June 1

You have also agreed in principle to the following meetings which we need to fix on the schedule:

Dalai Lama (drop by Vice President's meeting)	April 27
President Nujoma of Namibia (meeting)	June

ok

You had agreed to see Turkish Prime Minister Demirel and Greek Prime Minister Mitsotakis in May and June. However, Demirel has now delayed his trip due to the political situation so we can defer both these meetings until after July.

yes

South African Archbishop Tutu will visit Washington May 11-14 or 17-19 and has asked to see you. As a Nobel Peace Prize Laureate and one of South Africa's best known leaders, Tutu merits a meeting with you.

cc: Vice President
Chief of Staff

Irish President Mary Robinson will be in D.C. May 13-24. She is a dynamic individual and I recommend you agree to a meeting with her for a half-hour.

Yes

Kyrgyzstan's President, Askar Akayev, will visit the U.S. May 17-22 to attend the National Academy of Sciences Human Rights Conference in memory of Andrei Sakharov. He is a leading reformer among Central Asian leaders and is fighting an uphill battle against conservative elements in Kyrgyzstan. A meeting with him would send a strong signal in support of democracy and market economic reform. We recommend a brief 15-minute meeting.

You should consider seeing a Latin American leader within the first six months of your presidency. We suggest going ahead with a visit by Argentine President Menem in June, whom we identified as a prospective visitor in my memo of February 9.

In addition, we recommend you consider a meeting with an East Asian leader, and a June private visit of President Kim Yong Sam of Korea would provide that opportunity. He has been invited to Washington June 8 to receive an award at NDI but will only come if assured of a meeting with you. While you may see him in Seoul in July, he is anxious to see you and we recommend you agree to an hour on or around June 8.

Clay Constantinou has been asking you to see new Cyprus President Clerides when he comes to the United States the week of May 19. Such a meeting would allow an opportunity to hear his views on the next round of Cyprus negotiations which begins in New York on May 24.

Hong Kong Governor Chris Patten visits Washington May 2-5 and you indicated to John Major that you would try to see him. I recommend a meeting which would indicate our support for Patten's proposals for democratization in Hong Kong.

King Hussein has requested a meeting with you when he returns in late May or June for medical treatment. We recommend ~~you~~ see him for a meeting in your office. A meeting would be useful in pressing Jordan to tighten sanctions on Iraq.

The tenth meeting of the U.S.-Mexico Binational Commission will take place on June 21 in Washington. The delegations from the United States and Mexico will consist of U.S. and Mexican cabinet members and agency heads. You might want to take advantage of such a meeting to push NAFTA and underscore the importance of U.S.-Mexico bilateral relations. We would defer, however, any final decision until closer to the date of the event when the politics will be clearer.

Finally, you indicated to Austrian Ambassador Turck that you would welcome a meeting with Austrian Chancellor Vranitzky at a later date. I recommend that we defer such a meeting until the Fall. We have held off a meeting with the Dutch Prime Minister until then, and it would further complicate our relations with the Dutch, a NATO ally, if we received the Austrians first.

RECOMMENDATIONS

1. That you agree to schedule a half-hour meeting with South African Archbishop Desmond Tutu May 11-14 or 17-19.

Approve ✓ Disapprove _____

2. That you agree to schedule a half-hour meeting with Irish President Mary Robinson May 13-24.

Approve ✓ Disapprove _____

3. That you agree to schedule a fifteen-minute meeting with Kyrgyzstan's President Askar Akayev May 17-22.

Approve ✓ Disapprove _____

4. That you agree to schedule a working visit (meeting, lunch, press availability) with President Menem of Argentina in June.

Very brief + limited. News: No. 30 min

Approve ✓ Disapprove _____

5. That you agree to schedule a meeting (one hour) with President Kim Young Sam of Korea during his private visit to Washington on June 8.

Approve ✓ Disapprove _____

6. That you agree to schedule a meeting (one hour) with President Clerides of Cyprus May 19-21.

Can't we do in later than Yeltsin

Approve _____ Disapprove _____

7. That you agree to schedule a meeting (half hour) with Hong Kong Governor Chris Patten May 3.

Approve ✓ Disapprove _____

8. That you agree to meet with King Hussein of Jordan (one and one half hours) in late May or June.

Approve ✓ Disapprove _____

9. That we defer for now a decision on whether to meet with U.S. and Mexican cabinet members and agency heads of the Binational Commission.

Approve ✓ Disapprove _____

10. That we defer a visit of Austrian Chancellor Vranitzky until the Fall.

Approve ✓ Disapprove _____

THE WHITE HOUSE

WASHINGTON

93 APR 26 P8:11

April 26, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: RAHM EMANUEL

SUBJECT: ROOSEVELT AIRCRAFT CARRIER CALLS

I met with Secretary Aspin today for lunch. The Secretary asked whether you have called the families of the people who died on the Roosevelt Aircraft Carrier.

Rahm — This was handled by letter

John

4.27.93

LT Patrick Jose Ardaiz
— LT John Andrew Messier
LT Robert Allen Forwalder
LT William Ray Dyer
April 5, 1993 LCDR Jon Alvin Rystrom

Mrs. Jon Alvin Rystrom
742 Seagrass Reach
Chesapeake, Virginia 23320

Dear Mrs. Rystrom:

Hillary and I were very sorry to learn of the loss of your husband, Lieutenant Commander Jon Alvin Rystrom, USN, and our hearts go out to you. I hope that your sorrow will be eased by the love of your friends and family and by the knowledge that your husband upheld the honorable tradition of military service. He will be remembered as one who served our country with distinction.

Our thoughts and prayers are with you.

Sincerely,

A

BILL CLINTON

BC/SH/MS/pw (Corres. #516075)
P-103B

cc: White House Military Office

930407

April 5, 1993

Mrs. Jon Alvin Rystrom
742 Seagrass Reach
Chesapeake, Virginia 23320

Dear Mrs. Rystrom:

Hillary and I were very sorry to learn of the loss of your husband, Lieutenant Commander Jon Alvin Rystrom, USN, and our hearts go out to you. I hope that your sorrow will be eased by the love of your friends and family and by the knowledge that your husband upheld the honorable tradition of military service. He will be remembered as one who served our country with distinction.

Our thoughts and prayers are with you.

Sincerely,

A

BILL CLINTON

BC/SH/MS/pw (Corres. #516075)
P-103B

cc: White House Military Office

DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20350-1000

P-103B

29 March 1993

MEMORANDUM FOR DEPUTY ASSISTANT TO THE PRESIDENT

Via: Executive Secretary, Office of the Secretary of Defense DC

Subj: **NOTIFICATION OF DEATH OF ACTIVE DUTY SERVICEMEMBER**

Name: Jon Alvin Rystrom

Rank: LCDR - Lieutenant Commander

Service: U.S. Navy - USN

Duty Station: VAW 124

Date of Death: 26 March 1993

Circumstances: Aircraft mishap.

Primary Next-of-Kin:
Full Name: Krista K. Rystrom
Relationship: Wife
Mailing Address: 742 Seagrass Reach
Chesapeake, Virgina 23320

Gregory R Nowak
GREGORY R. NOWAK
Lieutenant Commander, U.S. Navy
White House Liaison Office
Office of the Secretary of the Navy

3/30/93

THE WHITE HOUSE

WASHINGTON

April 27, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA

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

THE PRESIDENT HAS SEEN 4.26.93

THE WHITE HOUSE

WASHINGTON

Tony

Carol Moseley-Braun
asked if I'd meet
w/ Pres of Nigeria
Did we decide?

BC

ASK YOURSELF:

1. Do you drink or drug to escape feelings or be sociable?
2. Do you ever have memory loss or black-outs?
3. Do you insist that you can stop drinking or drugging whenever you want to?
4. Have you ever tried to control your drinking or drugging by limiting or mixing substances?
5. Do you ever drink or drug alone?
6. Do you resent it when someone tries to get you to stop drinking or drugging?
7. Do you envy people who can drink or drug without getting into trouble?
8. Do you try to get extra drinks or drugs at parties?
9. Have your drinking or drugging problems become more serious in the past year?
10. Have you had a drink or drug in the morning?
11. Have you missed time from work, school, or other activity as a result of drinking or drugging?
12. Has your habit created problems at home?
13. Have you ever been put in jail or a hospital as a result of drunk driving or driving on drugs?
14. Did you ever feel that you could do more with your life if you didn't drink or drug?

If you answered "Yes" to four or more of the questions, chances are you have a substance abuse problem.

HISTORY OF STEP

In 1972 in Boston's Italian-speaking North End, STEP executive director Frank Gulla was selected to implement a federally funded initiative to combat alcoholism, and to educate the community about this disease. In 1975 STEP program director Karen Wakefield began volunteering in what had by then become a very busy neighborhood program. In 1978 STEP relocated to donated space at the Coast Guard Support Center, where it is sited today. Beginning in 1979 extensive grass roots advocacy efforts by board, staff and clients enabled STEP to access federal funds through the city of Boston, and to add funds to the state budget to support STEP's unique counseling/case management service model. STEP currently contracts with the Massachusetts Department of Public Health, Division of Substance Abuse Services, the City of Boston Economic Development and Industrial Corporation, Community Development Block Grant and the Federal Office for Treatment Improvement. STEP provides unlimited free visits and services to over 1,700 people a year, at an average cost to the taxpayer of about $300 per person per year.

Sobriety Treatment, Education and Prevention, Inc.
North End Waterfront Addiction Recovery Center
447 Commercial Street
Boston, MA 02109

Phone: (617) 720-0153
or
720-STEP

Fax: (617) 367-9644

Frank Gulla, Executive Director
Karen Wakefield, Program Director

Excellence in recovery counseling/case management services

THE PRESIDENT HAS SEEN
4.26.93

ADMISSION:

Anyone in need of help with a drug or alcohol-related problem is welcome at STEP. There are no financial, legal, residential or other barriers to receiving services.

Clients may either call, drop in, or be referred by other treatment programs, courts, social services, clergy, friends, family, self-help or other resources.

IF YOU WOULD LIKE HELP OR INFORMATION FOR YOURSELF OR SOMEONE YOU KNOW, PLEASE CALL:

617-720-0153
or 720-STEP
STEP CAN HELP.

There are no strangers here, only friends who have not met.

DO YOU KNOW THAT:

Alcohol is a drug.

Prescribed medications are drugs.

Alcoholism and drug addiction are progressive illnesses which affect a person physically, mentally and spiritually.

Alcoholism/drug addiction is a family disease. Everyone is affected by it.

Alcoholism and drug addiction can be successfully treated.

TREATMENT WORKS:

Alcoholism and drug addiction affect all parts of a person's life. If you feel you would like to do something about your drinking or drugging lifestyle, STEP can help. STEP's recovery counseling / case management approach offers a multitude of recovery related services and resources which make recovery as obstacle-free as possible. Staff members are recovered alcoholics and addicts. From such personal experience, the staff is able to provide you with tangible, reality-oriented services and guidance to help solve the problems confronting you.

If you aren't sure you are having a problem with drinking or drugging, take the test on the back of this brochure.

STEP'S CASE MANAGEMENT SERVICES

STEP offers a unique mixture of recovery services including counseling, case management, advocacy, referral and client support services provided to each client on an individual basis, according to each person's special needs.

Components include:

CRISIS INTERVENTION, COUNSELING AND EDUCATION ON:

- alcoholism and drug abuse
- recovery and emotions
- relationships
- pastoral and values issues

REFERRAL, ADVOCACY, COUNSELING AND EDUCATION ON:

- detox, holdover
- self-help
- psychiatric
- urinalysis referral
- medical
- rehab, outpatient
- housing, halfway houses
- community resources
- financial, Welfare, SSI
- food stamps, fuel assistance
- veterans services
- employment, job placement
- educational & vocational training
- legal and criminal justice
- pre-release, probation, parole
- drunk driving

- Italian bi-lingual services
- Spanish bi-lingual services
- women's services
- minority services

SUPPORT SERVICES:

- living skills
- drop-in center
- emergency transportation
- social events
- volunteer opportunity
- child care (11:45-1:45 daily)
- community education

ON-SITE SELF HELP GROUPS

AA: ALCOHOLICS ANONYMOUS
NA: NARCOTICS ANONYMOUS
ALANON: FAMILY AND FRIENDS
ACOA: ADULT CHILDREN OF ALCOHOLICS
CODA: CO-DEPENDENTS ANONYMOUS
C: COUNSELOR-DIRECTED

MONDAY

AA:	Discussion	12:00 - 1:30 p.m.
AA:	Speakers	7:30 - 9:00 p.m.

TUESDAY

AA:	Discussion	12:00 - 1:30 p.m.
C:	Women's Big Book	12:00 - 1:30 p.m.

WEDNESDAY

AA:	Discussion	12:00 - 1:30 p.m.
AA:	Spanish speaking	7:00 - 9:00 p.m.
ACOA:	12 Steps	8:30 - 10:00 p.m.

THURSDAY

AA:	Discussion	12:00 - 1:30 p.m
C:	Women's Relationship Group	12:00 - 1:30 p.m.
NA:	12 Steps	7:30 - 9:00 p.m.
ALANON:	Woman's closed 12-step	7:30 - 9:00 p.m.

FRIDAY

C:	Men's 12 Step	12:00 - 1:30 p.m.
C:	Women's 12 Step	12:00 - 1:30 p.m.
AA:	Spanish Speaking	7:00 - 9:00 p.m.
CODA:	Discussion	7:30 - 9:00 p.m.

SATURDAY

AA:	Speakers	11: a.m. - 12:30 p.m.
ALANON:	12 Steps	2:00 - 3:30 p.m.

SUNDAY

CODA:	Discussion	10:00 - 11:30 p.m.
AA:	Speakers	2:00 - 3:30 p.m.

THE WHITE HOUSE
WASHINGTON

DATE: 04/26/93

NOTE FOR: THE VICE PRESIDENT
SANDY BERGER
CAROL RASCO
THE FIRST LADY

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
4.26.93

THE WHITE HOUSE

WASHINGTON

2726I

April 26, 1993

93 APR 26 A11:5[illegible]

Cannot agree w/ Tony bec. it federalizes too many functions

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE

SUBJECT: UN Convention on the Rights of the Child

Purpose

To provide you with information necessary to decide on an interim U.S. position on the UN Convention on the Rights of the Child.

Background

The Executive Board of United Nations Children's Fund (UNICEF) is meeting in New York. Marian Wright Edelman, your newly appointed delegate to the Board, will be in attendance. Ms. Edelman would like to voice support for the United Nations Convention on the Rights of the Child, which the U.S. has yet to sign. Specifically, she would like to announce <u>either</u> that the United States is signing the Convention, <u>or</u>, <u>alternatively</u>, that the Administration is strongly disposed to the Convention and is conducting a rapid inter-agency review.

The UN General Assembly adopted the Convention on the Rights of the Child in 1989 after 10 years of difficult negotiations. More than 150 countries have signed and/or ratified the Convention, including all of the NATO countries except the United States.

The goals of the Convention are highly commendable, as the Convention requires that each state party ensure to every child within its jurisdiction a broad list of enumerated rights without discrimination of any kind. The Convention does, however, present some difficult legal and policy issues, and the Bush Administration ultimately chose not to sign it.

The enclosed memorandum from the Department of State (Tab A) lists a number of legal and political problems connected with the Treaty, including that the Treaty:

-- "federalizes" several areas traditionally considered to be within the jurisdiction of states, such as measures for child development and protection, custody and visitation, adoption and foster care, and education and welfare;

-- would require the government to provide children with opportunities (e.g., rest, leisure, play and recreation) that are the traditional responsibilities of private parties in our society;

-- may be viewed as calling for substantial new benefit programs for children with significant resource implications.

The State Department points out that these issues will require that the U.S. either take reservations, understandings and declarations in ratifying the Convention or pass legislation implementing those provisions currently incompatible with U.S. law and practice.

At issue is not whether we should consider signing, but at what point we should commit to signing. Marian Wright Edelman, the human rights and children's advocacy groups, and John Shattuck (the Assistant Secretary-designate for Democracy, Human Rights and Labor) believe that we could commit now to signing, confident that all of the aforementioned issues are manageable. They are probably correct, but the Office of the State Department Legal Advisor believes it is unwise to commit to signing before a quick interagency review process that determines that we could put together a package of reservations, understandings and declarations to accommodate them. (This challenge is compounded by a Treaty provision that prohibits any reservations incompatible with the Treaty's object and purpose.) We do not have a position from Secretary Christopher or Attorney General Reno. Nor have other agencies which would be affected by the Convention, such as Education and HHS, been consulted.)

Walter Dellinger has reviewed the materials for Bernie Nussbaum. He believes that the issues identified in the State paper are sufficiently significant to warrant a proper and prompt interagency review of the Convention. While he believes that such a review is likely to conclude that the United States can and should sign and ratify the Convention, subject to appropriate reservations, he also believes you should have the benefit of the results of a full review by your appointees before you make your decision. My staff concurs.

On balance, I also concur. We can authorize Marian today to make a positive statement about the Convention, which will mark a departure from the previous Administration. The full interagency review should be completed in several weeks, and we can look for another appropriate event to announce the results and our decision to sign.

RECOMMENDATION

That you authorize Ms. Edelman to state that the Administration is positively disposed to the Convention and that you have directed an expedited inter-agency review, with a view toward signing the Convention.

Approve ✓ __________ Disapprove __________

Alternatively, that you authorize Ms. Edelman to state that the Administration has decided to sign the Convention.

Approve __________ Disapprove __________

Attachments

Tab A	Memorandum from the Department of State, along with summary of the Convention.
Tab B	Memorandum from Ms. Edelman
Tab C	Rights of the Child Convention

03 APR 26 P1:19

MEMORANDUM

TO: JOHN PODESTA

FROM: MARK GEARAN MG

RE: MAIL

DATE: 26 APRIL 1993

I trust you and your troops saw the recent interview of the President and Mrs. Clinton regarding the White House mail and their intent to respond to it.

attachment

To MARSHA Scott
4.26.93

that knew us before we lived here. So we like to do a lot of that and hope that we'll be able to keep that up.

The president: One of the nice things about it is we can have our families come and stay with us and feel comfortable. But the thing I find more difficult, with the exception of my morning run, is just the opportunity that I used to take in a very consistent way to kind of keep in regular touch with people. I always found that was much more valuable than polling or all that kind of stuff. You know, polls come and go. You get a real sense of people's lives and the language they speak and the way they look at the world when you can relate to them in kind of an unstructured way that I could always do as governor and even as a candidate for president. It's just much more difficult.

The White House mailbag.
The president: I'll tell you what I do. I get a representative sample of mail every week, and I sign a fair number of the letters that go out every week, real citizens talking about their problems or what they think. And that's important. I must say one of the most rewarding but frustrating aspects of this – we're getting more mail than any family ever has. We just can't keep up with it. We cut back the number of people working on the staff, but we've dramatically increased the volunteers dealing with the mail. We've got 500,000 letters over there.

Mrs. Clinton: It's really distressing, though, because we always answered every letter, felt a real obligation to people who reached out to do that. And it is very distressing to us personally that we have just been deluged. I mean, the good news is that people want to share their thoughts, and there are a lot of very not only heartfelt letters but good ideas coming in from people. The bad news is that we're just incapable right now of getting all that answered. It really makes us feel bad.

The president: We'll get more letters on a subject in the news in a given week. But we also are getting an awful lot of letters in which citizens sit down and write about things. We understood when we got here – I mean, I'm somewhat more sympathetic to it now than I was – that previous administrations have not answered as much as two thirds of the mail. But we came in with the hope that we can answer all letters, especially those that were critical. We'll figure out how to do it. But I hope that citizens will cut us a little slack. We're working hard on it.

Mrs. Clinton: We want everybody reading this to know: If you've written to us, you will get an answer sometime. Trust us. ■

and it was a very supportive environment for my whole family. And obviously I would like to see everyone have the same kind of opportunity to be supported when they go through something like that.

And it certainly reinforced for me how at the bottom of all of this talk about financing health care, at the bottom are these very profound human relations. And what we're trying to do is to free up people in health care to once again take care of patients and not fill out forms and not be second-guessed by bureaucrats and trying to strip away a lot of paperwork and the red tape that really does stand in the way of people actually coming together as human beings around these really profound and difficult issues of life and death.

It reinforced me in my fundamental belief about what is at the end of this process and what it is we're trying to do for every American to make them secure and feel the way that my family felt at the end of a very difficult experience.

On avoiding isolation.
Mrs. Clinton: In fact, we had dinner with our mothers last night. It's really important to us to have our friends and our families. It's really important to Chelsea, too, to be with familiar people

[redacted]

THE WHITE HOUSE
WASHINGTON

April 26, 1993

Betty:

Please include in the BC Memo.

John Podesta

[redacted]

[redacted]

STUART E. EIZENSTAT
1001 Pennsylvania Avenue, N.W.
Sixth Floor
Washington, DC 20004

Direct Dial No.
(202) 624-7244

April 22, 1993

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

Dear Mr. President:

As one who helped initiate the Holocaust Memorial which you dedicated today, permit me to say from the bottom of my heart how moved I was by your speech accepting the Museum for the American people.

You eloquently stated the reasons why we began the project some 15 years ago. I shall always be grateful for your having told the American people so beautifully why this is an American museum worth seeing.

Very truly yours,

Stuart E. Eizenstat

SEE/tm
00333605

THE WHITE HOUSE

WASHINGTON

April 26, 1993

MEMORANDUM FOR BOB RUBIN
GENE SPERLING
BRUCE REED

FROM: TODD STERN

SUBJECT: Enterprise Zones

I'm no expert on this stuff, but on the basis of your long memo and this morning's meeting, I had a thought I wanted to pass along.

I agree with the idea of focussing our main attention on 10 Empowerment Zones, which we hope will produce success stories, leading to an eventual expansion of the program. I also think that moving on a relatively limited, experimental basis to see whether the idea works before trying to do it on a national scale for big money is entirely consistent with our "new Democrat" message.

But, given that we are going to propose a kind of demonstration project approach, I wonder whether the review and evaluation periods discussed at p. 7 of your memo are too long -- **and will seem too long to Members of Congress unhappy that a city in their own state or district didn't win one of the first 10 grand prizes.** You propose a review by the Designating Secretaries at the end of the fourth and seventh years; and an independent evaluation, supervised by the National Academy of Sciences, after years 5 and 10. Wouldn't some earlier review be appropriate if we hope to (i) build a case for expanding the number of Empowerment Zones two or three years down the line, and (ii) persuade disappointed Members of Congress that their ship may still come in? Is it your calculation that we can sell the success stories, assuming they happen, without a real review, while, on the other hand, a real review might end up yielding results that we'd rather not hear about until 1997?

THE WHITE HOUSE
WASHINGTON

DATE: April 26, 1993

[redacted]

TO: THE FIRST LADY

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

The attached has been forwarded to the President.

[redacted]

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: April 26, 1993

TO: BOB RUBIN

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

The attached has been forwarded
to the President.

THE WHITE HOUSE
WASHINGTON

DATE: April 26, 1993

TO: CHIEF OF STAFF

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

The attached has been forwarded
to the President.

THE WHITE HOUSE
WASHINGTON

DATE: April 26, 1993

): GEORGE STEPHANOPOULOS

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

The attached has been forwarded
to the President.

THE WHITE HOUSE
WASHINGTON

DATE: April 26, 1993

TO: THE VICE PRESIDENT

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

The attached has been forwarded
to the President.

THE WHITE HOUSE

WASHINGTON

'93 APR 26 AM 11:08

April 26, 1993

INFORMATION

MEMORANDUM FOR THE PRESIDENT
HILLARY RODHAM CLINTON

FROM: HOWARD PASTER HP

SUBJECT: HEALTH CARE INITIATIVE

As we prepare to begin the active consultation with Congressional leaders on the health care initiative, I wanted to share with you very briefly what I am hearing from Capitol Hill. I do not think this will be at odds with what you know, but I wanted to make certain we were prepared to discuss these items with Members of Congress.

1. There is growing sentiment among Democrats in Congress that we should slow down the health care initiative. This sentiment has different origins, but the most common is the concern that the Republican attacks on the high taxation policies of the Administration are beginning to take hold. This leads to the suggestion, similar to that advanced by some in the Administration in our Roosevelt Room discussion of several weeks ago, that health care be held until after reconciliation. The problem is the same one we had when this was discussed internally -- it acknowledges implicitly the plan will not be enacted this year. If it becomes necessary to bow to Hill sentiment on timing it is essential we extract concessions about process, length of referrals, etc., in order to be certain momentum is not lost as we turn the corner to 1994.

2. Increasingly the two extremes of the abortion issue are setting up the inclusion or exclusion of reproductive rights in the basic benefits package as an issue that will distract from the entire thrust of the program. The leaders of the choice movement went so far on Friday as to threaten me with non-support of health care reform if reproductive rights were not in the basic package. While this will come up for discussion in our meeting in the next two weeks, I think you may want to discuss it more informally and privately with choice advocates who are key to health reform, individuals such as Henry Waxman and Ted Kennedy. We have always known this was a difficult issue; I sense the pressure building.

3. The AFL-CIO is reacting nervously to every hint that the plan may include taxation of employee benefits, and you may anticipate advocacy of the labor position on this issue in our meetings with

Democratic leaders. Whatever is said will get back directly to the AFL-CIO, so it may make sense to invite Tom Donahue or Lane Kirkland over for a discussion of this issue at your level.

cc: Ira Magaziner
Steve Ricchetti