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001. resume	[Personally Identifiable Information] [partial] (3 pages)	05/00/1993	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
John Podesta (Chron Files)
OA/Box Number: 474

FOLDER TITLE:

May 1-8, 1993 [2]

2018-0662-S
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RESTRICTION CODES

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

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

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- b(1) National security classified information [(b)(1) of the FOIA]
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- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

THE WHITE HOUSE
WASHINGTON

DATE: 5/6

NOTE FOR: Bob Rubin

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

- [x] Information
- [x] Action

Thank you.

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

cc:

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

'93 MAY 5 P4:31 '93 MAY 5 P3:18

May 5, 1993

Bowles

Moving a big problem w/ each of the Byrd rule prevent it being in regular budget whether it appropriately can —

<u>INFORMATION</u>

MEMORANDUM FOR ~~THE PRESIDENT~~

FROM: Jeff Eller
Media Affairs Staff

SUBJECT: Regional Press and Enterprise Zone Conference Call

1. SUMMARY

Even with short notice, there were several good stories that resulted from your conference call on enterprise zones with mayors and others. Of particular note was the radio and television coverage in those cities.

2. DISCUSSION

In Los Angeles, four television stations covered the call as well as two all-news radio stations. In Chicago, three television stations played the story well along with substantial coverage on radio. In Baltimore, all television stations carried the story with reports from the Park Sausage Company. Radio coverage was equally as good. All television stations from Lexington and Louisville, Kentucky carried the Governor's participation along with the statewide radio network and all major statewide papers. York Pennsylvania was very similar with television from Harrisburg and local radio. New York had good radio coverage. Television was mixed. In at least two of the cities, the story lead the noon television news. The financial press coverage was very good. Business magazines in those cities are planning significant stories in their next editions including Crain's Detroit Business and the Indiana Business Magazine.

I've attached a sampling of clips. There continues to be significant local and regional press opportunities that lend themselves to moving the economic message.

Clinton unveils $8.1 billion plan to help cities

110 neighborhoods, 'zones' to be targeted

Baltimore Sun 5/5

By David Conn
Staff Writer

President Clinton introduced an $8 billion plan yesterday that represents his first major attempt to help America's beleaguered cities, fulfilling a campaign pledge he made to the nation's mayors.

In a morning conference call to a handful of city and state politicians, including Baltimore Mayor Kurt L. Schmoke, Mr. Clinton outlined his proposed Economic Empowerment Act that he said would "result in new economic growth, opportunity and hope in areas long denied their piece of the American Dream."

The centerpiece of the program, which would expire after 10 years, is a package of tax breaks, housing credits, job training incentives and community banks, schools and policing programs worth $8.1 billion, half of it new funding that is subject to the approval of Congress. The programs would focus on 110 areas around the country: 100 "enterprise neighborhoods" and 10 "empowerment zones." The latter would be eligible for a higher level of aid.

The zones and neighborhoods would be selected by an Interagency Enterprise Board that would evaluate proposals submitted by the communities themselves, Mr. Clinton said.

Mr. Schmoke said he has at least five sites in mind to apply for the program: Port Covington in South Baltimore, the former Esskay plant in East Baltimore, the Sandtown-Winchester neighborhood, the East Monument Street area near the Johns Hopkins Medical Institutions and the Cherry Hill neighborhood.

But despite his close relationship with the president, Mr. Schmoke warned that Baltimore was by no means assured of a spot on the list of the 110.

"The fix is not in," he said at a news conference, held at the Parks Sausage Co. in Northwest Baltimore. Parks, which moved to the Park Circle Industrial Park two years ago, was the largest recipient of state and city money at the site after it was declared a state enterprise zone in 1982.

> *"Under our program, not a single dollar will go out without a coordinated strategy developed at the grass-roots level."*
>
> **PRESIDENT CLINTON**

The Economic Empowerment Act "is a fundamental departure" from both traditional Democratic programs and from the enterprise zones legislation offered by President Bush last year, Mr. Clinton said during the conference call. That bill passed Congress, but Mr. Bush vetoed it because Congress added several provisions he opposed.

Also joining Mr. Schmoke in the telephone audience were the mayors of New York, Los Angeles and York, Pa.; the governor of Kentucky and a Chicago city commissioner.

According to the president, the $8.1 billion proposal would include:

□ Tax breaks. The president's 1994-1998 budget includes $4.1 billion in tax incentives, three-fourths of it in employment and training wage tax credits for zone residents, rather than tax breaks for the businesses in the zones. Most of those breaks would go to the 10 empowerment zones.

□ Targeted grants. About $500 million in already budgeted enterprise grants would be allocated to the zones and neighborhoods, and another $500 million would go to beef up police presence in the communities, "a substantial amount" of which would be targeted to the designated enterprise areas.

□ Additional targeted spending. At least $3 billion in existing funds from various Cabinet departments would be spent in the selected communities.

One major difference from previous enterprise zone proposals, Mr. Clinton said, would be the communities' involvement in planning the programs.

"Under our program, not a single dollar will go out without a coordinated strategy developed at the grass-roots level," he said.

The communities would have to show how they plan to coordinate all the money they might receive from city, state and federal programs, and how they plan to attract private sector support.

A benefit of the community-developed plan, Mr. Clinton said, is that it will force the myriad federal and state programs, with their crazy quilt of regulations, to work together toward an overall economic development strategy within a community.

Finally, the designated communities would be able to petition the Interagency Enterprise Board for a waiver of various federal regulations within their zones, which wasn't a part of previous plans.

"I think it will meet with a lot of support out in the country among Republicans and Democrats, and I hope we'll get that kind of bipartisan support here in the Congress," the president said.

Stuart Butler, director of domestic and economic policy studies at the conservative Heritage Foundation, praised the emphasis the program places on competition among the communities.

But, he said, Mr. Clinton's plan represented a reversal of the original idea behind enterprise zones, which "was to clear away government from these areas, deregulate, reduce taxes and let private individuals" invest and develop the areas.

"Instead, he's almost got a rerun of the Model Cities program under [President Lyndon B.] Johnson, where he's trying to cram as many programs into these neighborhoods as possible," said Mr. Butler, who wrote the first paper on enterprise zones in the United States in 1979.

Clinton phones many to empower just a few

By Robert Davis

President Clinton strung together some of the nation's top mayors and their surrogates on a national party line Tuesday, asking them to support his plan to set up a series of "empowerment zones" to revitalize American cities.

What the Democratic mayors got from the hourlong party line call was, well, primarily the party line. But, for the most part, they praised Clinton for paying attention to the urban centers, which have complained of 12 years of federal neglect from Republican administrations.

Representing Chicago was Valerie Jarrett, the city's planning and development commissioner, perhaps indicating why the city is confident it will be chosen as the site of at least one of the 10 zones Clinton envisions.

While the mayors of Los Angeles, New York City and York, Pa., were on the telephone with the president, Chicago's Richard Daley was on an airplane headed for Washington, where he was scheduled to negotiate with Democratic and Republican officials.

Although Clinton's pitch was long on hope and short on specifics, it brought enthusiastic responses from the urban leaders.

In effect, the plan would create designated areas targeted for federal funding from a variety of agencies, with a general goal of making them laboratories for development and rehabilitation.

"Instead of forcing communities to take on the impossible task of tailoring real needs to the requirements of these inflexible federal regulations, you are offering communities the flexibility to use federal dollars creatively and holistically to maximize the chances of a successful and sustainable community," said Jarrett, in the few minutes she had during the conference to express Chicago's hopes.

In fact, Jarrett said, Clinton's plan mirrors what the Daley administration has tried to do in the last couple of years, merging the Departments of Planning, Economic Development and Urban Renewal, cutting out the levels of bureaucracy that often stifled development.

By creating a type of "one-stop shopping" at the federal level, Jarrett said, cities could get federal money quicker and avoid duplication in various agencies.

"We have strong community-based plans that would create jobs and stabilized communities," Jarrett said.

"These plans are collapsing under the weight of government regulations and red tape."

But, after the conference call, in which reporters were invited to eavesdrop in all of the seven cities involved, it seemed clear that the empowerment zone plan to cut red tape still has itself a lot of red tape to cut through before it becomes reality.

Jarrett said later that the first obstacle is to get congressional approval of that portion of Clinton's economic stimulus plan when it is finally fine-tuned and introduced.

And then, she conceded, the cities themselves will have to find ways to convince the Clinton administration that out of the thousands of expected applications, they are the 10 most worthy.

Holding out a little hope, Clinton also said he plans to propose establishment of about 100 "enterprise areas," which would have the same goals but on a smaller and less ambitious level.

In all, the Clinton call to the big-city mayors was a sermon to the converted, with little substance and no promises. Still, the White House paid for the call, so from a federal aid standpoint, that was a start.

T

CHICAGO TRIBUNE

Balt Sun 5/5

President not shy about asking for pork – from Parks Sausage

By David Conn
Staff Writer

President Clinton's ears perked up yesterday when he heard that Raymond V. Haysbert Sr., chairman of the Parks Sausage Co., was in the room with Baltimore Mayor Kurt L. Schmoke.

"Are you really at the Parks Sausage Co.?" Mr. Clinton asked. "I want you to send me some. I admit that I am hereby asking for my own pork."

It was the promise of a different kind of largess that drew the black-owned company to the Park Circle Industrial Park from its former location near the Camden Yards ballpark site two years ago.

The park received its first boost from then-President Ronald Reagan, who visited the location in 1982 "and said what a great place for an enterprise zone," Mr. Schmoke remarked yesterday before a conference call Mr. Clinton organized to announce a new economic development program.

"Well, they didn't put much money in, but the state did," Mr. Schmoke recalled.

It never was declared a federal enterprise zone, but Park Circle became one of 17 state zones, urban and rural, that state officials estimate have generated more than $200 million in investments in the past decade.

At Park Circle, about 60 businesses employ 1,400 people.

MARK BUGNASKI/STAFF PHOTO

Taking part in President Clinton's conference call are (from left) Parks Sausage Co. Chairman Raymond V. Haysbert Sr., Mayor Kurt L. Schmoke and Park Heights Barbershop owner John Clinton.

The Bond Buyer

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The Authority on Municipal Bonds Since 1891

Vol. 304 No. 29145 Wednesday, May 5, 1993 New York, N.Y.

The Municipal Market

By Patrick M. Fitzgibbons

Prices Stable, Market Players Wait on Deals, Treasury Plans

Municipal prices were little changed yesterday and action was muted ahead of Friday's April jobs report and today's announcement of details of the Treasury's quarterly financing.

Overall, prices were anywhere from ¼ to ⅜ point higher in some spots, with higher-grade issues also up ¼ to ⅜ point in quiet trading.

The tone of the market was firm to start the session, and prices remained in a fairly narrow range throughout the session.

Several traders said the market appeared "distracted" by upcoming deals and economic indicators and consequently not much got

Enterprise Zone Proposal Unveiled; Would Allow Less Use of New Bonds

By Lynn Stevens Hume

WASHINGTON — President Clinton unveiled a long-awaited enterprise zone plan yesterday that would increase the number of zones but allow less use of tax-exempt bonds than under an earlier plan drafted by the Treasury.

The President's plan, which was sent to Congress shortly after it was unveiled, calls for the creation of 110 zones, 10 of which would be designated as "empowerment zones" and 100 of which would be designated as "enterprise communities." The Treasury draft plan, leaked to the public last February, called for the creation of only 50 zones.

Please turn to ZONES Page 32

Federal Investigation Of Turnpike Widens: First Boston Corp. Is Issued Subpoena

By Steven Dickson and Aaron Pressman

A federal probe into charges of political influence peddling widened yesterday, as officials at First Boston Corp. confirmed they have been subpoenaed for information related to the case.

First Boston said it is turning over documents and other materials detailing its role in underwriting a portion of the New Jersey Turnpike Authority's 1991 and 1992 refunding, a deal at the center of an investigation by the U.S. Attorneys office in Manhattan.

Separately, Merrill Lynch & Co. said Edward Sheridan, a managing director in public finance, will over-

Please turn to FIRST BOSTON Page 5

N.J. Governor Bans Negotiated Underwriting At State Level

By Steven Dickson

New Jersey Gov. Jim Florio has effectively banned negotiated underwriting by the state or its agencies, except under special circumstances.

In an executive order signed yesterday, Florio directed the state and all state authorities to use only competitive bidding for bond underwritings. He also said all bond counsel selections must now be made through "a process of professional evaluation and bidding."

According to the executive order, which does not apply to local issuers, state-level issuers must select underwriters "on the basis solely of price, as determined by sealed bids submitted after public notification."

A spokesman for the governor said the reforms are not in response to a current federal probe into a state authority's bond deals and its underwriters. He also said the announcement of the changes was not speeded up to blunt criticism of the administration resulting from the charges raised by the investigation.

The reforms could dramatically alter underwriting in New Jersey,

SEC May Allow Firms to Count Derivatives In Capital Holdings Reported to Agency

By Vicky Stamas

WASHINGTON — The Securities and Exchange Commission took preliminary steps yesterday toward allowing securities firms to factor their holdings in derivative products in their calculations of their

in part to avoid regulation by the commission, which only regulates broker-dealers.

Under SEC regulations, broker-dealers must maintain minimum levels of net capital to remain in op-

Zones

Continued from front page

The President's plan still calls for the creation of a new category of tax-exempt private-activity bonds, but allows those bonds to be used only in the 110 designated zones.

The draft plan would have allowed the new category of bonds to be used in both formally designated zones and any areas that were certified for zone status but not formally designated.

The only other change in the President's plan would be an increase in the exemption from state volume limits for certain enterprise zone bonds. The proposal would exempt 75% of bond issues used to finance businesses that are more than 50% owned by residents of an empowerment zone.

Administration officials said yesterday that they decided to create two tiers of enterprise areas to ensure that the first-tier empowerment zones would receive major tax and spending benefits. The second-tier enterprise communities would qualify for a lesser amount of benefits.

But the tax-exempt bond incentives could be used for the most part in any of these 110 areas designated as either empowerment zones or enterprise communities, they said.

The Clinton proposal, like the Treasury draft plan, would create a new category of tax-exempt private-activity bonds called enterprise zone facility bonds. These bonds could be used to finance land and other property for businesses in the 110 areas.

The bonds would be bank eligible, regardless of the size of the issuer. In addition, 50% of each issue would be exempt from the state volume caps on private-activity bonds.

The proposal contains a new incentive for bond issues used to finance businesses that are more than 50% owned by residents of an empowerment zone. For these bond issues, 75% would be excluded from state volume caps.

Also, as in the draft plan, the amount of enterprise zone facility bonds that could be used would be capped at $3 million per business for each zone or community and at $20 million for each organization or company using them in more than one such area.

The tax-exempt financing incentives are a very small component of the proposal, which includes a total of about $5 billion in new spending and about $4.1 billion in tax incentives and credits over a five-year period, Department of Housing and Urban Development officials said.

The biggest tax incentive in the proposal, Treasury officials said, is a wage credit that would give employers an income tax credit of up to $5,000 for each employee who lives and works in the zone.

One of the biggest spending initiatives is for the Department of Housing and Urban Development to raise $100 million from private entities to help fund community development banks in these areas, HUD officials said.

The proposal also calls for the creation of an interagency enterprise board to designate the zones and communities and to provide waivers of federal programs and regulations that could inhibit development in these areas.

Most of the zones and communities would be in urban areas, but some of them would be in rural areas and on Indian reservations. For the 10 empowerment zones, six would be reserved for urban areas, three for rural areas, and one for an Indian reservation. For the 100 enterprise communities, 65 would be in urban areas, 30 in rural areas, and five on Indian reservations.

President Clinton unveiled the proposal yesterday in a telephone conference call with Los Angeles Mayor Bill Bradley, Baltimore Mayor Kurt Schmoke, New York Mayor David Dinkins, and several other local officials.

The President called the proposal "a fundamental departure" from previous programs and plans, saying it will provide "targeted investment dollars" to needy areas, but allow local officials to best decide how the money is to be spent.

"Building these things from the grass-roots level is the only way to get anything done. You've got to help people help themselves," Clinton told the local officials.

The President also said, "The government needs to take the lead in offering some significant tax incentives to people who will take an additional risk to try to give people a chance who haven't had a chance in a long time."

Clinton assured Schmoke that he planned to coordinate the program with the Justice Department, which is to work with such communities to ensure there is adequate law enforcement and protection from crime.

The mayors praised the proposal.

President Clinton told the mayors he needed their help to obtain bipartisan support for the measure, which is expected to be added to the tax bill that Treasury sent to Congress on Friday. "I need your help now to pass it. I'm ready to get to work to do that," Clinton said. □

12024566409 P.02 TO FROM DAILYNEWS

tiated the agreement between the district and its teachers union that resulted in a 2 percent pay-back of a 12 percent pay cut. But funding uncertainties almost killed the deal until state Controller Gray Davis provided $36 million in desegrega-

said.

He said the district needs administrators who are more capable of doing the paperwork necessary to gain state funds.

"I'm hopeful that somebody with real skills at budgeting, somebody

money to schools for building and maintenance, if its leaders knew what they were doing.

"The reason L.A. hasn't gotten the money from the allocation board, they haven't supplied the documentation that justifies it. It's

board member Roberta Weintraub. "As far as I'm concerned, it's a fait accompli. It's just a matter of time" before his appointment is finalized, she said.

Board members said Thompson likely would receive a two-year con-

President tells Bradley, others of plan to aid cities

By Patrick McGreevy
Daily News Staff Writer

Conferring with Mayor Tom Bradley and officials from other cities across the country, President Clinton announced an initiative Tuesday to focus federal efforts on economic development in 110 distressed neighborhoods across America.

Speaking with Bradley and three other mayors on a telephone conference call, Clinton proposed creating a federal Enterprise Board to oversee federal programs for 10 "Empowerment Zones" and 100 "Enterprise Neighborhoods" where local residents would develop economic revitalization strategies.

Neighborhoods selected by the Enterprise Board would receive a concentration of federal tax credits, government grants, business loans, job training, waiver of federal regulations, child care and technical assistance aimed at stimulating economic growth and the creation of new jobs, Clinton said during the conference call.

"This proposal features a single point of contact so that the federal government contributes to, rather than stifles, the growth of your communities," Clinton told the city officials, which included the mayors of New York City, Baltimore and York, Pa. "We're going to streamline our regulations, rules and paperwork so that we reward initiative at the local level.

"These are innovations and new approaches that are going to result in new economic growth, opportunity and hope in areas long denied their piece of the American dream," Clinton said.

Although legislation still must be enacted to create the new programs, and cities will have to compete for designation as "Empowerment Zones," Bradley said Los Angeles already is preparing to obtain a designation for economically distressed areas of the city hit hardest by last year's riots.

"We're prepared to compete with any city in America," Bradley said after addressing Clinton from the mayor's City Hall office. "By the nature of the problems and the makeup of the population, the economy of the community, that (riot zone) has to be a top priority," he said.

Los Angeles Community Development Director Parker Anderson, however, said the city also will apply to get federal "enterprise neighborhood" zone status for at least five other areas of the city, including Pacoima, that are designated as state enterprise zones.

Bradley told Clinton that his proposal is a welcome change to past federal programs that gave cities highly restricted and inadequate funds to be spent as federal officials designated.

"I'm pleased that you have recognized that a comprehensive yet innovative approach must be taken," Bradley told the president. "It takes not only tax incentives and grants but it also takes the kind of neighborhood involvement that will make this plan truly a product of the communities that are going to be served."

Anderson said removing unnecessary federal restrictions on federal funds would be a big help. He said current restrictions on providing technical assistance to small businesses makes it impossible to provide help unless the business is on the verge of failing.

Clinton said his program would give community leaders in each city flexibility for deciding how the federal funds and tax credits will be used.

"Under our program, not a single dollar will go out without a coordinated strategy developed at the grass-roots level," Clinton said.

He noted that past administrations have offered programs creating zones where tax credits were made available but he said "in the past it hasn't always worked."

"There has often been no coordinated strategy for using the federal money," he said. "Your growth has been restrained by a maze of federal regulations and the need to appeal to an array of federal agencies."

His new program is "a fundamental departure from traditional programs" offered by past administrations and will allow limited federal funds to go much further by reducing bureaucratic red tape, Clinton said.

Clinton proposed "significant" tax credits for businesses that hire workers, buy new equipment and restore housing in economically distressed neighborhoods and expressed hope that the proposal would be supported by Congress.

Details of the plan must be developed, but Bradley said he has heard proposals that each "Empowerment Zone" would be limited to a blighted area of no more than 100,000 residents and 20 square miles.

Baltimore Mayor Kurt Schmoke said economic development efforts are hindered by crime problems. Clinton said his program will address that problem.

CLINTON'S PLAN

Here are some highlights of President Clinton's plan to revitalize depressed areas such as South Central Los Angeles:

- Ten Empowerment Zones and 100 Enterprise Neighborhoods would become eligible for federal aid to promote economic growth.
- Federal tax credits and grants would be made available to businesses that hire workers, buy new equipment and restore housing in targeted areas.
- Certain federal regulations would be waived, and technical assistance and child care would be provided to companies to stimulate their growth.
- Areas designated as Empowerment Zones and Enterprise Neighborhoods would be given priority for federal grants aimed at funding community based policing programs.

LA Daily News

TOTAL

THE WHITE HOUSE
WASHINGTON

DATE: 5/6

NOTE FOR: Howard Paster, Marcia Hale, Rahm

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

Information ☐

Action ☐

Thank you.

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

cc:

THE PRESIDENT HAS SEEN 5/4/93 AF

8/6:30 e

THE WHITE HOUSE

WASHINGTON

'93 APR 30 P6:48

9:30

April 30, 1993

RECOMMENDED TELEPHONE CALL

TO: Mr. Louis Goldstein

DATE: May 5, 1993
Between 8:00 pm and 8:30 pm

RECOMMENDED BY: Howard Paster HP
Assistant to the President for Legislative Affairs.

PURPOSE: Rep. Steny Hoyer (D-MD) has requested that the President call Mr. Goldstein during a celebration in Goldstein's honor. We would like to fulfill this request for Rep. Hoyer, if possible.

BACKGROUND: Mr. Goldstein has served as Comptroller of the state of Maryland since 1958. He also served as Co-Chair of the Clinton-Gore campaign for Maryland. Mr. Goldstein recently turned eighty years old. There will be a celebration honoring his birthday and awarding him for his service on Wednesday, May 5.

TOPICS OF DISCUSSION:

1. Birthday Greetings.

2. Congratulations for award honoring his service to the state.

3. Thanks for contribution to the campaign.

CONTACT PERSON AND TELEPHONE NUMBER(S): Scott Tominovich, Office of Rep. Steny Hoyer, 225-4131
Event Phone Number: 410-944-3903

DATE OF SUBMISSION: April 30, 1993

ACTION: ______________________

Nancy / Good!

THE PRESIDENT HAS SEEN

President Moves to Release Classified U.S. Documents

By TIM WEINER

Special to The New York Times

WASHINGTON, May 4 — President Clinton has taken the first step toward declassifying millions of secret Government documents, some kept under lock and key since World War I.

A Presidential directive issued April 26 ordered a sweeping review of cold-war rules on Government secrecy with an eye to opening the nation's bulging secret archives and reducing the number of highly classified military and intelligence programs.

The directive also establishes a task force that will draft new rules on national security secrets by Nov. 30.

Moreover, the order asks the task force to answer these questions:

¶What really needs to be kept secret?

¶How can information be declassified speedily?

¶How can excessive secrecy be avoided?

The questions reflect Mr. Clinton's stated view that it is too hard to declassify old documents and too easy to classify new ones.

"It is time to re-evaluate the onerous and costly system of security which has led to the overclassification of documents," Mr. Clinton said in a recent letter to Senator Howard M. Metzenbaum, the Ohio Democrat who is a member of the Senate Select Committee on Intelligence.

New Light on Cold War

If carried out, the President's order could lead to the release of millions of secret military and diplomatic records, mostly from the cold war, historians and researchers said today. The release of such documents would shed new light on the hidden history of that twilight struggle.

"So much is being released by the Soviet and Chinese sides on the deepest, darkest aspects of cold war history that you have to wonder what the rationale is for keeping secrets on our side," said John Lewis Gaddis, a diplomatic historian at Ohio University and a professor of American history this year at Oxford University who has advocated easing classification rules.

Presidents Richard M. Nixon and Jimmy Carter each issued orders meant to make it easier to declassify secret documents. Neither had much effect, historians say, because they were virtually ignored by the intelligence and military bureaucracies that were told to carry them out.

Now, however, the new heads of the Central Intelligence Agency and the Pentagon are on record as favoring the principle of openness.

Clinton orders a panel to rewrite rules on secrecy.

No one knows how many classified documents exist, said the head of the new task force, Steven Garfinkel, director of the Information Security Oversight Office, the Federal agency that administers the classification secrecy system.

"It's a huge mountain," he said. "Perhaps billions. The National Archives says it has 325 million pages of classified documents. There are hundreds of millions beyond that."

The National Archives is one of about 80,000 Government depositories that store classified material, Mr. Garfinkel said. It holds secret documents older than 30 years and awaiting review for declassification.

The acting National Archivist, Trudy Peterson, said she is drowning under reams of Top Secret paper. For example, under current procedures, it will take 19 years for the National Archives to review recently delivered State Department papers from the early 1960's.

"This is intolerable," Ms. Peterson said in a recent letter to the National Security Adviser, W. Anthony Lake. "Documents from the World War I era still remain classified."

Nor does anyone know how many secret military and intelligence programs exist, Mr. Garfinkel said. "I guess I'm the only person except the President and Vice President who has the right to know that number and I don't know what it is," he said.

Not every document would have to be read and reviewed to be released, Mr. Garfinkel said. "We have a finite number of real secrets," he said. "You could declassify thousands of documents with the declassification of a single secret."

Classified documents are stamped Confidential, Secret and Top Secret. Others, classified above Top Secret, bear one of a plethora of code words. All are kept secret under national-security laws on the ground that their release would damage national security.

Those laws were strengthened by a 1981 Reagan Administration executive order. The order "resulted in enormous amounts of material being classified each day, and very, very little being declassified," said Page Miller, director of a national group of historians and archivists.

Under the present system, documents can only be declassified with the

How many files are classified? It's a secret.

approval of the agency that stamped them secret in the first place. Historians say these agencies are often reluctant to release potentially embarrassing records from their past.

For example, American involvement in the 1953 coup in Iran that installed Shah Mohammed Riza Pahlevi was deleted from the official State Department history of those years published in 1989. "Historians have more access to KGB documents on the 1979 Soviet invasion of Afghanistan than they do to the C.I.A.'s coup," said Tom Blanton, director of the National Security Archive, a private research group that seeks to declassify Government documents.

Mr. Garfinkel said his task force would have members from 22 military, intelligence, law-enforcement and administrative agencies that create secrets. That drew a skeptical response from long-time advocates of reform in secrecy procedures.

"The President would have been far better advised to establish an independent commission," said Senator Daniel Patrick Moynihan, Democrat of New York. "The intelligence community is the problem. Nothing personal, but they live off secrecy. Secrecy keeps the mistakes secret."

The great majority of official secrets are created by the Pentagon, the C.I.A., the State Department and the White House, which together generated almost six million classified documents last year. Those agencies still classify far more information than they release, said Steven Aftergood of the Federation of American Scientists, a prominent critic of government secrecy.

But they have made only modest progress in unsealing secret information since the end of the cold war; the C.I.A. began to review all documents more than three decades old in 1991, said Peter Earnest, a spokesman for the agency.

Mr. Lake, the National Security Adviser, has some personal experience in the secrecy debate. Five years ago, as an author writing a book about the fall of the Somoza government in Nicaragua in 1979, he was denied Government documents for years after filing requests under the Freedom of Information Act, said Mr. Blanton of the private National Security Archive, where Mr. Lake did his research. The denial came even though many of the classified documents he requested were papers he had seen or written as director of policy planning at the State Department in the Carter Administration, Mr. Blanton said.

10

/ P.

President Asks Wider Court Hunt

Clinton Dissatisfied With List of Choices To Succeed White

By Ruth Marcus
Washington Post Staff Writer

Nearly two months after Supreme Court Justice Byron R. White announced that he would retire this summer, President Clinton is dissatisfied with the replacement candidates suggested so far by aides and has told them to continue the search.

"There's no leading contender at this point," said one senior official.

In a search as closely guarded as the nuclear code, Clinton has reviewed what one source familiar with the process described as "dozens" of potential candidates since his top choice for the job, New York Gov. Mario M. Cuomo, stunned the president with the news that he did not want to be considered.

But Clinton, who will be the first Democratic president in 26 years to select a justice, so far has not been "bowled over" by any of the choices with which he has been presented. He has instructed his staff to keep looking—there was another meeting this week—and reminded them that after a difficult search process they eventually led him to Attorney General Janet Reno, who has become perhaps the most prominent member of the Clinton Cabinet.

The White House counsel's office, said one administration official, "keeps putting names together and Clinton keeps saying, 'I'm not happy with any of them.' No one has struck him as a brilliant suggestion."

His instructions, said another official, are, "Find me somebody who when the name is heard people say, 'Yes. Wow. A home run. That person belongs on the Supreme Court.' "

In a situation reminiscent of the attorney general search, however, fulfilling that demand is made more difficult by the fact that the federal courts—the most obvious source of Supreme Court candidates—are now stocked with 12 years' worth of Reagan-Bush appointees. Many of the remaining Jimmy Carter appointees are beyond the optimal age for appointment to a court on which Presidents Ronald Reagan and George Bush were careful to place youthful justices.

For that reason, Clinton's justice-pickers have directed their attention to the state courts, as well as looking at political figures, lawyers in private practice and academicians, officials said. "He's looking at a lot of names and he's urging us to even look at more names," one official said.

See COURT, A27, Col. 1

COURT, From A1

Clinton is described as "anxious" to name a woman but is also considering men, officials said.

"He would like to see another woman on the bench, but it is not a take-it-or-leave-it proposition," one White House official said.

In addition to age and gender concerns, there is the tricky question of ideology: The administration wants a nominee who is neither too liberal nor too conservative.

Meanwhile, the clock is ticking. White timed his announcement in hopes that a successor would be confirmed early enough in the summer to be able to prepare for the coming term, rather than be plunged into the court's schedule in October or November.

But with the Senate Judiciary Committee envisioning a minimum of six weeks between nomination and hearings, the committee's hopes of June hearings are rapidly changing into an expectation that July is more likely.

Officials who once anticipated an announcement last month are now saying they expect the nomination by the end of this month at the latest—unless it slips again.

The small circle of those with knowledge of the "rolling" short list of those under consideration includes White House counsel Bernard Nussbaum, deputy counsel Vince Foster, associate counsel Ronald Klain, and personnel director Bruce Lindsey. Those thought to be on the list include:

- U.S. District Judge José A. Cabranes of Connecticut. Some Hispanic groups, such as the Mexican American Legal Defense and Educational Fund and the National Council of La Raza, were reported to be unenthusiastic about his candidacy, and there were concerns that Cabranes, who had been on some lists of possible Bush Supreme Court appointees, was too conservative. Instead, he is likely to be heading for a seat on the federal appeals court in New York.
- Federal appeals court Judge Stephen G. Breyer of Massachusetts. Breyer is well regarded and liked by some conservatives on the Senate Judiciary Committee, including Sens. Strom Thurmond (R-S.C.) and Orrin G. Hatch (R-Utah). Although he is seen as a moderate on the bench, Breyer, who served on the U.S. Sentencing Commission, may be harmed by his association with liberal Sen. Edward M. Kennedy (D-Mass.), for whom he served as chief counsel of the Judiciary Committee before being named to the bench by President Carter in 1980.
- Judge Ruth Bader Ginsburg of the federal appeals court here. At 60, Ginsburg is at the upper end of the age scale. She also is caught in the complications of abortion and gender politics. She antagonized some women's groups with a recent speech questioning the theoretical underpinnings of the 1973 *Roe v. Wade* abortion ruling.
- Richard S. Arnold of the federal appeals court in Little Rock, Ark. Because of his ties to Clinton and other Arkansans, Arnold cannot be counted out. But his opinions on all-male clubs and abortion rights would cause him problems with women's groups.

Other federal judges who have been mentioned as possible candidates—federal appeals court judges Amalya Lyle Kearse, Stephanie K. Seymour, Patricia M. Wald and Mary M. Schroeder and U.S. District Judge Barbara J. Rothstein of Seattle—also do not seem to have generated much enthusiasm at the White House.

Among possible state supreme court nominees are Wisconsin Supreme Court Justice Shirley S. Abrahamson, although some officials say she may be too liberal; Alabama Supreme Court Justice Janie L. Shores, who served on the court with Senate Judiciary Committee member Howell T. Heflin (D-Ala.); and Utah Supreme Court Justice Christine M. Durham.

Staff writer Joan Biskupic contributed to this report.

Mack
This has to
come right
out of legal counsel
or maybe Press
it is outrageous

THE PRESIDENT HAS SEEN

THE WASHINGTON POST
THURSDAY, MAY 6, 1993

27

THE PRESIDENT HAS SEEN
5/6/93

Bruce
what's the deal
Wrong. very
upset —
B

Delay Sought in Law Meant to Trim Welfare Rolls

By DAVID E. ROSENBAUM
Special to The New York Times

WASHINGTON, May 4 — The Clinton Administration asked Congress today to postpone the effective date of a law passed under President Ronald Reagan that would require states to find jobs or job training for tens of thousands of married welfare recipients or face a loss of Federal welfare funds.

The request to the House Ways and Means Committee came as the committee began public discussion of the tax and spending bill that is the core of President Clinton's deficit-reduction plan.

The expectation of Administration officials, lawmakers and lobbyists is that the committee will approve most of the basic elements of the Clinton plan next week, and that the House of Representatives will follow suit by the end of this month. But the plan faces strong opposition in the Senate, and the outlook there is uncertain.

The welfare proposal involves a 1988 law that was supposed to go into effect this October. It requires the states to find jobs or training for at least one parent in 40 percent of the two-parent families receiving checks under Aid to Families with Dependent Children, the basic Federal welfare program. The percentage is supposed to rise each year until it reaches 70 percent in the fiscal year beginning Oct. 1, 1996.

An Unrealistic Goal?

Wendell E. Primus, a deputy assistant Secretary of Health and Human Services, asked that the requirement be postponed for two years. He told the committee that most states would be unable to meet the goal because their welfare rolls had mushroomed during the recession and the necessary training programs had not been created.

About 300,000 two-parent families nationwide, representing 1.2 million people, are on welfare and would be affected by the change in the law. That is a small proportion of the total welfare population of about 13 million, mostly families with a single mother.

A social goal is viewed as worthy but unrealistic, at least for now.

The rules on single-parent families would not be changed. Under the law, the states must place 11 percent of these parents who are eligible in jobs or training in this fiscal year, and the percentage is to rise to 15 percent in the next fiscal year. Parents with children under age 3 are exempt in most states; some states exempt only parents with children younger than 1 year.

Last year, the Federal Government made $1 billion available to the states under this program, and the states were supposed to match this with their own funds. But only $600 million was used because the states did not come up with the matching funds to get the rest.

Campaign Promise Recalled

Mr. Primus said the Administration would address the question of work requirements when it submits its welfare program to Congress later in the year. In his campaign last year, Mr. Clinton promised to end the current welfare system and replace it with one that would eventually withdraw welfare benefits from parents who refused to work or enter education or training programs.

Administration supporters said the request to delay the work requirement in the law did not reflect a retreat from the campaign principles but rather was a recognition that compliance with the law was impossible.

In the discussion of the main parts of the legislation, Representative Dan Rostenkowski, the Illinois Democrat who is chairman of the committee, said he was "firmly committed to help President Clinton achieve his basic plan."

The central elements of the plan would raise the income tax rates and Medicare taxes of the wealthy, increase the corporate tax rate, impose a new tax on fuel, require upper- and middle-income retirees to pay taxes on a larger portion of their Social Security benefits, cut Medicare and Medicaid spending and eliminate or restrict many tax deductions, including those for business meals and club dues.

How Lawmakers Feel

The lawmakers seem likely to reject Mr. Clinton's proposal for an investment-tax credit for business. The proposal, meant as an economic stimulus, is believed by many economists to be a waste of money and has generated little support in business circles.

Instead of a variety of cuts in the Medicare program recommended by the President, the committee seems likely to approve a two-year freeze in payments for services by doctors, hospitals and laboratories.

Representative Fortney (Pete) Stark, a California Democrat who heads the health subcommittee, said he did not necessarily expect the freeze to become law but meant it as a "placeholder" until the Administration's overall health plan was announced.

One section of the bill would raise to $1,750 a year the earnings threshold above which Social Security taxes must paid for household employees like maids and nannies. The threshold is now $50 a quarter, a figure that has not been changed since 1950 and a level so low that it is widely ignored.

Republicans on the Ways and Means Committee made it clear today that they would fight almost every aspect of the Clinton plan. One after another called it the biggest tax increase ever proposed, a claim that is true or false depending on how various calculations are made. Democrats retorted that it was actually the biggest deficit reduction every proposed, an assertion that also can be both proved and disproved.

The Democrats' 24-to-14 committee majority means they can ignore the Republican opposition and still approve the bill handily. The full House will consider the legislation under rules that strictly limit amendments, meaning that whatever the committee approves will probably be passed and sent to the Senate.

The measure, meant to reduce the deficit by nearly $500 billion over the next five years, would raise taxes by a net of about $260 billion during that period. The remaining deficit reduction would come from spending cuts.

Below-Minimum Wage Described as a Failure

WASHINGTON, May 4 (AP) — A Labor Department study has concluded that the "training wage," an experimental wage category promoted by President George Bush and intended to increase employment of young people, was a failure.

"The report finds that the degree to which the training wage has been used is very low," the department said in a report to Congress. It added that the study "produced no evidence that the training wage had an effect on employment."

The training wage permitted employers to pay unskilled youths just 85 percent of the minimum wage for a 90-day training period. Congress enacted it in 1989 for a three-year experiment as a compromise after Mr. Bush vetoed an increase in the minimum wage that year. It went into effect April 1, 1990, and expired March 31.

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 5/5

TO: Nancy Hernreich

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

Dawn Lawrence is interested in being the diarist. what do you think?

[redacted]

John

[redacted]

Bill -

This is an old resume without my campaign, transition, or Administration experience. It's also the short one. If you need the expanded version (which shows early museum and archeological work) or need the recent stuff, I can do it in a week or so.

- Dana

RESUME
DANA DURST LAWRENCE

PROFESSIONAL EXPERIENCE:

1983 to Present	PRIVATE CONSULTING: MANAGEMENT AND RESEARCH Little Rock, Arkansas Selected Contracts include: Interim Executive Director: Statewide non-profit educational and political organization; Historical Research: For authors and individuals; Estate Manager for Executor: Supervised categorization and disposition of all property and effects in complex estate; included analysis and evaluation of entire document record for detailed legal issues and evidence; Small Business Consultation: Created and implemented business plan, including analysis of business procedures, marketing and personnel; Staff Analyst and Assistant to Senior Asset Manager, J. E. Robert Company, Alexandria, Va.: Responsible for collecting data, writing and producing monthly MIS status report to clients on all properties; supervised and maintained all files and archives; analyzed loan files for interlocking relationships and irregularities; handled routine management of nationwide properties; maintained budgets and made disbursements.
1981 to 1982	NEIGHBORHOOD REINVESTMENT CORPORATION Washington, D.C. Special Assistant to the Deputy Director: Troubleshooter with overall responsibility of restructuring complex housing corporation in politically sensitive and shifting atmosphere. Responsibilities included creating the strategies; managing numerous consultants in operations, finance, contracting, audit, fund raising; reporting to Board; uncovering and correcting irregularities; restructuring entire corporation conceptually and procedurally. Required weekly national travel.
1979 to 1981	FIRST FEDERAL SAVINGS & LOAN ASSOCIATION Little Rock, Arkansas Assistant to the President: Member of senior management group; designated Community Reinvestment officer; key person in production of consumer strategic plan.
1976 to 1979	FEDERAL HOME LOAN BANK BOARD Office of Neighborhood Reinvestment Eastern United States Expansion Coordinator: Expansion of former responsibilities with emphasis on sensitive negotiations, problem solving and innovation; created prototype of developmental process for expanding established programs; extensive travel and public speaking; responsible for budget, administration, fact finding, contract negotiation, planning, implementation, and evaluation; considerable consultation with boards, staff and community leaders.

Field Representative: Same as Assistant Field Representative with minimal supervision.

Assistant Field Representative: Facilitated development of nonprofit housing rehabilitation corporations in a five-state area; extensive planning and implementation with committees of volunteers ranging from C.E.O.'s of financial institutions and local government officials to neighborhood residents on welfare; responsible for local strategies, timetables, recruiting, hiring, training and supervising staff, board training workshops, assessment of potential sites, development of by-laws, personnel policies, job descriptions and evaluation mechanisms; conducted fund raising in both public and private sector, wrote government contracts and grant applications.

Local Coordinator: Responsible for local implementation of Neighborhood Housing Services Corporation according to established developmental plan. Facilitated committees of senior management from financial institutions, city government, and local residents to create consensus; coordinated workshops; executed administrative details such as incorporation of non-profit corporation and writing of a grant funded by Winthrop Rockefeller Foundation; compiled statistical reports, maps and demographic data.

1969 to 1970 — ST. VINCENT INFIRMARY
Little Rock, Arkansas

Director, Child Care Department: Complete responsibility for establishment and operations of employee day care center including development of program, hiring and supervision of staff and volunteers, budget, and public relations.

1969 — STATE DEMOCRATIC COMMITTEE
Manager, Fund Raising Campaign

1968 — SENATOR J. W. FULBRIGHT CAMPAIGN
Coordinator for four counties
and
WASHINGTON COUNTY DEMOCRATIC HEADQUARTERS
Office Manager

1968 — REGIONAL HEAD START OFFICE AND
SOUTH CENTRAL REGION EDUCATIONAL LABORATORY;
Design and Execution of Demonstration Program

1968 — REGIONAL HEAD START OFFICE
Instructor, Statewide Teacher Training Workshops and Inspector,
Central Arkansas Region Head Start Centers

1967 to 1968 — WASHINGTON COUNTY HEAD START
Director, Development Day Care Center: Established and supervised day care center including program, budget, staff, volunteer recruitment, and training.

PART-TIME EXPERIENCE

1982-1983	THE ANTHONY SCHOOL, Part-time teacher in pre-school
1971-1975	KANSAS CITY HOLISTIC HEALTH ASSOCIATION, Consultant, grant writing and planning
1973-1976	ARKANSAS ARTS CENTER, Slide Curator
1968-1975	EVELYN WOOD READING DYNAMICS, Instructor
1966-1967	APERTURE MAGAZINE, New York City, Office Manager, Circulation Director

SELECTED PAST VOLUNTEER EXPERIENCE:

Member, Management Assistance Program Committee, United Way
Member, Board of Directors, Artspace Artists' Cooperative
Troop Leader, Girl Scouts
County Co-Chair, Peace Links of Pulaski County
Board Member, President, Arkansas Ecology Center
Assistant Volunteer Manager, International Leadership Project, Winrock International
Founding Member & President, Prepared Childbirth, Inc.
Member, Curriculum Committee, Meadowcreek Project, Fox, AR
Founding Member, Arkansas Women's Rights, Inc.
State Director, Vietnam Moratorium (1969-70)

PERSONAL INFORMATION:

Address: ~~28 Pine Manor Drive~~ 2020 F. St. NW #126
~~Little Rock, Arkansas 72207~~ Washington, D.C. 20006
Telephone: ~~(501) 663-2312~~ 202.223.8558
work 202.456.6676

EDUCATION:

Degree: Sarah Lawrence College, 1967, B.A.
Graduate Studies: Columbia University
Graduate Institute of Technology, Univ. of Arkansas
Presently enrolled in the Masters in Public History program at UALR

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 5/5

[redacted]

TO: Greg Simon

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

Did you see the article summarized in the attached.

[redacted]

Tuesday, May 4, 1993

FS FAULTED IN TIMBER THEFTS (AP-5/3) -- Investigators for the House Appropriations Committee say Forest Service investigations into million-dollar timber thefts have been hampered by the industry's political influence and interference from agency managers. Agency law enforcement officers attributed the problems to "improper motives" as well as ignorance of the law or poor judgment. The Forest Service chief expressed concerns about the agency's law officers reporting to officials whom they may investigate.

(AP) -- Two legislators advocate changing the way the FS sells timber.

(PRN-5/3) -- A timber-industry assn. blames congressional cuts in the FS timber sales budget for negative impacts on the agency's ability to complete timber sale administration and law enforcement.

GATT DEVELOPMENTS (KRF-4/3) -- EC sources expect Sec. Espy's visit to the European Commission to be a routine first contact with his counterpart to discuss GATT and bilateral farm issues. The source said, "I don't see controversy." The article says it is not clear if the EC will be in a position to ratify the US-EC farm-trade and oilseeds accords, although it is on the May 10 agenda for the foreign ministers. Oilseed producers expressed willingness to accept the limits on oilseed acreage if the US drops the limitation on oilseed production for industrial uses.

(Reuter-5/3) -- France is expected to define its GATT stance at its May 12 cabinet meeting. French officials said this is likely to postpone the May 10 EC ministers' vote on the oilseed pact.

(Reuter-5/3, AP-5/3) -- When he met with Sec. Espy, Denmark's farm minister called for a GATT pact by the end of 1993. He said the EC was willing to make the necessary concessions in farm subsidies and production levels to achieve freer trade. Sec. Espy said he expected the EC to make sacrifices. He noted the cutbacks in government support for US agriculture and said the EC is still providing far too much cash to European farmers.

(Reuter-5/3) -- France's prime minister said he wants the EC to develop the same trade policy instruments the US has. He questioned how the EC can reach a balanced and fair GATT agreement with a country that retains the right to level unilateral sanctions against countries that do not have that right.

DAIRY DILEMMA (ChiTrib-5/2) -- The article covers the debate over use of bovine somatotropin, from wariness to anger and claims that the other side is either greedy or are scaremongers. Some note that emotion gets in the way of discussion. The issue of labeling the hormone-produced dairy products is to be aired late this week at an FDA hearing. Surveys that indicate public reluctance to embrace the technology are reviewed. Some dairy farmers are concerned about the economic impact of using the hormone.

AID FOR BLACK FARMERS (AP-5/3) -- A number of entertainers are slated to perform at a concert in Little Rock, Ark., June 5 to benefit black farmers throughout the country. A spokeswoman for Black Farm Aid of America said they need to call attention to the plight of black farmers who need financial, technical and political help to survive.

LEASING SET-ASIDE ACRES (Reuter-4/30) -- Iowa lawmakers have filed a bill in the House and Senate to allow farmers to lease back set-aside acres for haying and grazing at rates comparable to grazing fees on federal lands.

RUSSIA SITUATION (JOC, WSJ, Wires-5/3 & 4) -- The articles outline some highlights of the deal on the concessional financing of commodities for

Russia. Shipments are expected to begin this month.

FWN says the two countries agreed on non-tankers for shipping the corn and soymeal and the Russian purchases will be split about equally between bulk and processed (or semi-processed) commodities.

Wheat tonnage is expected to be limited because Russia could not get it priced through the EEP. A wheat industry official had expressed concern that if EEP wheat were included, the maritime industry might take a run at insisting on cargo preference for all EEP transactions, and the wheat industry wants to keep EEP a commercial program with no cargo preference.

A US official said there is no link to GSM-103 credits in the pact.

Exportkhleb's president said Russia would spend about $100 million for soybean meal, which is less than had been expected. Other indications are $200 million for feed grains (primarily corn), $55 million for wheat and $40 million for high-value commodities. The package is expected to include rice, poultry, soybean oil, butter and sugar.

Russia is expected to pick up $100 million in shipping costs, with the US picking up a similar, but larger, amount. The freight differential the US will pay will not exceed government estimates.

(FWN-5/3) -- A USDA official said an agreement was reached that if Russia bought some US wheat, the US would donate an additional quantity of wheat to Russia. The official confirmed speculation that Russia would not be paying back the entire $700 million in concessional financing (the article ties this to the sharing of shipping costs).

(FWN-5/3, KRF-4/30) -- Although the US and Russia reached agreement on much of the US meat exports, issues surrounding two diseases of uncooked pork were not resolved. Russian officials will tour US pork raising and processing facilities this month; the US industry hopes it will lead to removal of the trade restrictions.

(KRF-5/3) -- Russia approved a law to guarantee minimum prices for grain producers and to provide them rebates on their production costs. The law is intended for this year's crop and Russia hopes it will help curb imports.

(Reuter-5/3) -- Activity in France's soft wheat market is paralyzed by Russia's reluctance to pay for post-deadline shipments of the grain under a French credit. The Russians want the price dropped.

NAFTA'S IMPACT ON FARM TRADE (ChiTrib-5/2) -- The article outlines concerns of US farmers that they could be driven out of business because the North American Free Trade Agreement will give Mexican farmers an edge. Farm analysts point out that Mexico's agricultural industry lacks the ability to glut the US market, and that Mexican farmers are equally concerned that they will lose their livelihood to US exports.

(ChiTrib-5/2) -- The article says most of the US agriculture industry wants the NAFTA pact enacted soon; they see Mexico as a consumer market. The article says there may be some losers, but the biggest potential winners are Midwest commodity producers.

AMERICA'S DIET (PRN-5/3) -- A diet expert says US consumers now have more nutritional information on food labels than ever before, and when consumers learn how to understand the new labels, they can improve their eating style.

(US News-5/10) -- Several articles review the importance of the three most noticeable changes in the new food labels; explore the diets of teenage vegetarians; and outline some of the new fruits and vegetables that are being created through biotechnology and hybridization. The article notes some of the concerns about biotech foods.

NEW UFW PRESIDENT (UPI-5/3, Reuter-5/3) -- Longtime union organizer and son-in-law of Cesar Chavez, Arturo Rodriguez, has been selected president of the United Farm Workers Union.

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[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 5/5

TO: KATIE McGINTY

[redacted]

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

RE: ATTACHED

Are you following
what's going on
on this FSA proposal?

[redacted]

Wednesday, May 5, 1993

US-EC FARM-TRADE TALKS: OILSEEDS (Wires-5/4, JOC) -- Sec. Espy said the US is concerned the US-EC oilseeds deal has not been implemented. He noted the urgency presented by the approach of the planting season and expressed concern that US farmers may present a 301 petition for retaliatory sanctions on the issue because of the EC delay. Sec. Espy stressed that he had not come to the EC to impose any new deadline for implementation of the accord. The EC farm commissioner said he sought to reassure Sec. Espy that the EC would approve the oilseeds pact shortly; he said a vote should be held no later than June.

(KRF-5/4) -- Sec. Espy is to visit France later this month for talks that will cover the oilseeds pact and the GATT negotiations.

GATT (Wires-5/4) -- Sec. Espy said the GATT talks will be in jeopardy if an agreement on improving access to agricultural markets is not reached. He said the GATT talks are in their final stages and an agreement is "difficult but do-able." He said EC and US negotiators would begin talks immediately to clarify some areas of "misinterpretation" regarding market access.

(Reuter-5/4) -- The EC farm commissioner said the EC seeks a global GATT accord and some non-farm sectors are unsatisfactory.

CORN GLUTEN (Reuter-5/4) -- Sec. Espy said the US-EC dispute over corn gluten was being sorted out and he anticipated that $50 million imposed on imports of US corn gluten feed would be returned soon. The EC farm commissioner said the corn gluten measures will be finalized at the same time as the oilseeds pact.

CONCERN ABOUT USDA REORGANIZATION (DM Reg-4/25) -- George Anthan says the plan to create a single Farm Service Agency should cause apprehension among citizens concerned over the quality of soil and water resources. He says the proposal to end the independence of the SCS could seriously set back efforts to reduce soil loss and improve water quality. He says the SCS budget (10% of the new FSA total) would be overwhelmed by the other portions of the new agency that control the most money and people. The National Assn. of Conservation Districts calls for creation of a USDA Natural Resources Agency instead to administer all federal conservation programs.

ALCOHOL LINKED TO BREAST CANCER (W.Post, AP-5/4) -- A report co-authored by a USDA nutrition scientist says drinking alcohol raises hormone levels in women and puts them at greater risk of developing breast cancer. AP outlines the findings (to be published today) and notes that this and other studies show that alcohol consumption raises the level of "good" cholesterol in a person.

GRIZZLY SUIT THREATENED (Reuter-5/4) -- The Sierra Club Legal Defense Fund said the Forest Service and other agencies are violating the Endangered Species Act, and claimed they would sue unless the government takes decisive action within 60 days to protect grizzly bear habitat in and around Yellowstone National Park. The notices say nearby national forests violated their own plans by building too many roads.

USE OF FARM INCOME FIGURES QUESTIONED (DM Reg-4/25) -- A PrairieFire official questions use of USDA's net farm income figures and says a top USDA official indicates the numbers are "not very good" for showing how wonderful everything is in rural America. He says that in 1990, while USDA was reporting net farm income of $51 billion, the IRS was showing an $800 million loss.

ZERO PERCENT WHEAT SET-ASIDE SOUGHT (KRF-5/4, Reuter-5/4) -- US farm and grain industry groups want a zero percent set-aside for the 1994 wheat crop in order to maximize economic returns and "boost the economic vitality of rural communities." They said US wheat stocks would be perilously low if there was some crop-related disaster.

EPA/ENVIRONMENTAL BILL CLEARS THE SENATE (W.Post, UPI-5/4, AP-5/4) -- The Senate approved legislation to elevate the EPA to department status; it would integrate and coordinate all environmental protection programs. The bill includes language to help farmers and others cope with new regulations. An amendment gives the White House 90 days to recommend which agency should determine what farm land should be declared wetlands and kept out of production. An effort to assign the task to the SCS was abandoned. The bill's movement through the House is anticipated to be less smooth.

MILK LABELING DEBATED (AP) -- Whether milk produced by cows treated with bovine somatotropin should be so labeled is being debated. The Dairy Coalition says the milk is safe and unchanged and labels would inaccurately imply a health risk. Advocates say consumers should be informed and may not want to buy the milk for reasons not related to its healthfulness. AP points out the law requires "material information" be included on food labels.

VOTE ON DAIRY BOARD (DM Reg-4/30) -- The article outlines farmer concerns about the National Dairy Board and Sec. Espy's call for a vote by dairy farmers on whether to keep or scrap the 10-year-old program. Opponents claim the board does not represent farmers; proponents say the board has been essential in boosting consumer demand for milk. Farmers are objecting to the voting procedures.

COMMENTS ON COMMODITIES FOR RUSSIA (PRN-5/4) -- The president of the US Feed Grains Council said they were pleased that Russia was allowed to choose the corn they need for their livestock industry, but said it was unfortunate that cargo preference meant $125 million that could have purchased commodities had to go to freight. He said USFGC opposes cargo preference being applied to US agricultural exports.

(KRF-5/4) -- The US sugar trade expressed disappointment (and futures dropped) because the concessional aid package for Russia contained only $5 million in credits for sugar purchases. USDA noted that sugar was included because the Russians requested it.

(WSJ) -- Grain futures fell on disappointment over allocations of wheat to Russia and good weather forecasts. An analyst said Russia is out of the US wheat market unless they become creditworthy or find something to barter.

EMISSION STANDARDS FOR TRACTORS (AP-5/4) -- EPA said farm tractors and other heavy equipment is a significant source of pollution, and it has proposed standards to limit emission of nitrogen oxide. EPA said farm equipment accounts for at least 1% of the nitrogen oxide in 19 polluted cities, but an industry official questioned whether the emissions are significant enough to be regulated.

E.COLI RISK IN CIDER (USA, UPI-5/4) -- Disease experts say fresh apple cider can contain potentially harmful E.coli bacteria. They advocate washing apples before making cider, use of a preservative and pasteurization. The experts recommended programs to teach consumers about the dangers of raw meat and milk, and said better surveillance of the overall food supply is needed because infectious organisms have been found in cider, cantaloupes and tomatoes.

TIMBER EXPORT BAN OVERTURNED (WSJ) -- A federal court ruled that a 1990 federal law banning exports of timber from state lands is improper.

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The Washington Opera

Preview

our 1993-94 Season

To Debbi Schiff

Expect to see you at the opera next year

John Podesta 5.5.93

ANNA BOLENA

TIEFLAND

THE DAUGHTER OF THE REGIMENT

ARIADNE AUF NAXOS

THE DREAM OF VALENTINO

WORLD PREMIERE

UN BALLO IN MASCHERA

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THE WHITE HOUSE

WASHINGTON

93 MAR 23 A7:59

March 22, 1993

MEMORANDUM FOR: JOHN PODESTA

THROUGH: MARSHA SCOTT

FROM: MAUREEN HUDSON

SUBJECT: DEPARTURE DATE FOR PATRICIA FOSTER

As you know, Patricia Foster is one of the staff members in our office who must leave the Correspondence Section payroll before the end of this fiscal year. The deadline for the departure of these employees is September 1, 1993; but my understanding is that you have asked that Mrs. Foster leave at an earlier date. This memorandum is to request your approval to keep Mrs. Foster working in our unit as long as possible.

Because of the unprecedented volume of incoming mail for the President, it is critical that we utilize every available employee; and our unit has a particular need for help on the night force staff, since many of our more urgent typing assignments come to us in the early evening hours. At present, Mrs. Foster works four nights a week during the busiest part of the evening, and her early departure will affect our productivity during this critical period. I would greatly appreciate it if you would reconsider Mrs. Foster's departure date and allow her to remain on our staff as long as possible. Thank you for your consideration of this request.

Approved: John Podesta 5/5/93

Disapproved: ______

Departure Date: 9-1-93

THE WHITE HOUSE

WASHINGTON

May 5, 1993

Barbara Pryor
1615 Nineteenth Street, NW
Washington, DC 20009

Dear Barbara:

Hillary and I want you to know we're thinking of you on your special day. We hope you have a wonderful birthday and wish you the best for the coming year.

Happy Birthday!

Sincerely,

THE PRESIDENT HAS SEEN
5-5-93

THE WHITE HOUSE

WASHINGTON

May 5, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: MARCIA HALE

SUBJECT: VIDEOTAPES

You requested time in your schedule to do a videotape message for Mayor Bradley. I have scheduled videotaping for an hour on Friday. You have a few tapes to which you have already agreed to do that need to be done to meet their deadlines.

5/7/93 Armed Forces Day message
- The President customarily delivers messages on video cassette to members of the Armed Forces on major holidays. They request messages for Armed Forces Day (May 15) and one for Memorial Day (May 31).

requested by: John Gaughan, WH Military Office

Ok

5/13/93 tribute to Mayor Tom Bradley
requested by: The President

See Mr. McNeil -

5/23/93 Hollywood Womens Political Committee honors Marian Wright Edelman

Ok

5/26/93 "A Salute to Joey DiPaolo" - New York, NY
- boy with AIDS that appeared on the Kids Town Hall

Ok

The following are the other requests that have been made to date. I will have a Presidential message done for them instead of a video. However, I want you to be aware of them. Do you want to add any of them to the video list?

1. fundraiser for Seattle Mayor Rice's 50th birthday
   requested by: Frank Greer Yes

2. Network PSA for Children of Alcoholics Foundation (30 seconds)
   Ok

3. Jimmy Johnson Tribute (Port Arthur News Homecoming Roast)
   requested by: Linda Moore Ok

4. Tribute to Dr. Albert Sabin (30 seconds)
NOTE: The Americans for Medical Progress Educational Foundation requested this for their first annual awards dinner honoring heroes of science and math.

OK

THE WHITE HOUSE

WASHINGTON

sent

93 MAY 5 A10:16

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

TO: STEVE KATZ

FROM: JOHN PODESTA

SUBJECT:

DATE: 5/5/93

Phone Number: **Fax Number:** 224-9682

NUMBER OF PAGES (including cover sheet): 3

MESSAGE:

WAGUESPACK
20388

THE WHITE HOUSE

WASHINGTON

April 26, 1993

PRESIDENTIAL REVIEW DIRECTIVE/NSC-29

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE ATTORNEY GENERAL
THE SECRETARY OF COMMERCE
THE SECRETARY OF ENERGY
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
THE DIRECTOR OF CENTRAL INTELLIGENCE
THE ADMINISTRATOR OF GENERAL SERVICES
THE DIRECTOR, OFFICE OF PERSONNEL MANAGEMENT
THE DIRECTOR, INFORMATION SECURITY OVERSIGHT OFFICE

SUBJECT: National Security Information

BACKGROUND

With the end of the Cold War, we should re-evaluate our security classification and safeguarding systems, as articulated in E.O. 12356, to ensure that they are in line with the reality of the current, rather than the past, threat potential.

OBJECTIVE

The objective of this tasking is to review E.O. 12356 and other directives relating to protection of national security information with a view toward drafting a new executive order that reflects the need to classify and safeguard national security information in the post Cold War period.

QUESTIONS

The following sets forth the questions that should be addressed during this review. The resulting answers should serve as the basis for the drafting of the new proposed executive order which will be submitted upon completion of the review.

-- In the post Cold War era, what types of information continue to require protection through classification in the interest of our national security?

-- What steps can be taken to avoid excessive classification?

- What steps can be taken to declassify information as quickly as possible?

- What steps can be taken to declassify or otherwise dispose of the large amounts of classified information that currently exist in Government archives and other repositories?

- What steps can be taken to reduce the number of, and to provide adequate oversight and control over, special access programs?

- What steps can be taken to control unnecessary distribution and reproduction of classified information?

- What steps can be taken to enforce the "need-to-know" principle?

- What steps can be taken to increase individual accountability for the operation of the classification system?

IMPLEMENTATION

This review should be conducted under the chairmanship of the Director of the Information Security Oversight Office (ISOO) in coordination with the National Advisory Group for Security Countermeasures. Representatives of the agencies which comprise the NAG/SCM shall be included in the task force. It is further directed that this review be coordinated with the joint DCI-Secretary of Defense Security Commission.

The Chairman of the task force shall report to me through the NSC staff, Office of Intelligence Programs. The review should be completed no later than November 30, 1993, at which time a draft executive order superseding E.O. 12356 should be submitted for formal coordination.

Anthony Lake

Anthony Lake
Assistant to the President for
National Security Affairs

THE WHITE HOUSE
WASHINGTON

DATE: 05/04/93

NOTE FOR: MARSHA SCOTT

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

Information ☐

Action ☒X

FYI, then please pass on to
Tim Flynn. Thanks.

Thank you.

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

cc:

(5)

MM

THE WHITE HOUSE

WASHINGTON

April 16, 1993

Dear Mr. Chancellor:

I was glad to welcome you to the United States so early in my Administration. I hope you enjoyed your visit as much as I did.

Thank you for the terrific Mont Blanc pens. I appreciate being remembered with such an elegant gift.

Sincerely,

Bill

His Excellency
Dr. Helmut Kohl
Chancellor of the Federal
Republic of Germany
Bonn

Mont Blanc pens

OTHER COMMENTS

TOTVALU 0001100 GIFTS A

THE WHITE HOUSE

WASHINGTON

April 26, 1993

Dear Mr. Prime Minister
and Mrs. Mulroney:

Thank you for the terrific bronze sculpture, "Sax Player," by Susan Stromberg. I appreciate being remembered with such a special gift.

Sincerely,

Bush

The Right Honorable
Brian Mulroney
Prime Minister of Canada
Mrs. Brian Mulroney
Ottawa

To Macy
but where is it
I want it for
W House

FORWARDED TO GIFT UNIT BY CONNIE DIERMAN.

For Gift Unit Use:

Date received: Through:

TOTVALU 0000900 GIFTS A

Rev. 4/84

Chron

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 05/04/93

TO: THE VICE PRESIDENT
MACK MCLARTY

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

[redacted]

The attached has been forwarded
to the President.

[redacted]

THE WHITE HOUSE

WASHINGTON

93 MAY 4 P3:35

May 4, 1993

MEMORANDUM FOR JOHN PODESTA

FROM: Howard Paster HP

SUBJECT: Attached memorandum

I would appreciate it if you could please bring the attached memorandum regarding Representative Molinari's floor statement on Bosnia to the President's attention. Thank you for your assistance in this matter.

cc: Anthony Lake
Lorraine Miller
George Stephanopoulos

THE WHITE HOUSE

WASHINGTON

93 MAY 4 P4:26

May 4, 1993

MEMORANDUM FOR HOWARD PASTER

FROM: JOCELYN JOLLEY jmj

SUBJECT: Rep. Susan Molinari (R-NY)

Rep. Molinari's Press Secretary, Kim Greenwood, called this afternoon to give our office the heads up on her member's one minute floor speech today.

The Representative recently went to Bosnia and has been very vocal in the media, urging the President to do something about the problem.

Rep. Molinari supports the administration's actions on Bosnia that took place over this past weekend. She wants you to know that Republicans do, in fact, support the President. This will be relayed in her one minute speech today.

C.C. The Vice President

MACK.

THE WHITE HOUSE
WASHINGTON

DATE: 05/04/93

NOTE FOR: GEORGE STEPHANOPOULOS
SUSAN BROPHY
RICK ALLEN - NATIONAL SERVICE Ofc.
JOSH KING

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

Information ☒

Action ☐

Thank you.

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

cc:

THE PRESIDENT HAS SEEN
5-4-93

THE WHITE HOUSE

WASHINGTON

93 MAY 4 P12:20

May 3, 1993

MEMORANDUM TO THE PRESIDENT

FROM: ELI SEGAL

SUBJECT: MEETING WEDNESDAY WITH REPUBLICAN CONGRESSIONAL SUPPORTERS OF NATIONAL SERVICE LEGISLATION

As you know, a number of Republicans in the House have indicated their willingness to co-sponsor your national service legislation, which is due to be introduced on Thursday, May 6. Congressman Chris Shays (R-Conn), who has been most active organizing his colleagues, has requested that the seven House Republicans interested in co-sponsorship, and a like number of those contemplating support, meet briefly with you on **Wednesday, May 5**, at your convenience. Shays believes that such a meeting would reenforce the committed and convince the inclined. Depending on the results of our on-going calls, we may also invite a few similarly-situated Senators.

Although I know that your schedule is very crowded, you mentioned on Friday your deep interest in forging bi-partisan alliances, and this offers an early and focused opportunity. Both George and Howard are supportive. The seven in the House are ready to have their names released; theoretically, we could do so after the meeting (and include those you converted).

Please indicate your decision below:

✓ Just a meeting	or	✓ Meeting + Press	No meeting

cc George Stephanopoulos
Howard Paster

Your call

Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 5/4

NOTE FOR: MAck, Maria

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

Information ☐

Action ☑

Thank you.

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

[redacted]

cc:

THE PRESIDENT HAS SEEN 5/4

WJ

M E M O R A N D U M

To: THE PRESIDENT

From: Nancy Hernreich

Date: April 22, 1993

Re: MISC ITEMS

Mayor Tom Bradley called and would like to talk to you about the Mayoral race and Michael Woo. He had called to see if you were coming to LA on the 29th and after checking with Marcia I told him that it was highly unlikely- trying to work it out but did not look possible at this time.

213-485--5175 until 5 pm PDT or tomorrow

Mark Allen called and said that if you needed any help trying to decide if all went right in Waco with the Hostage negotiating team, that he was available and knowledgeable in that area.

Ken Brody called and wants you to swear him in if he gets confirmed- I told him that I thought it was doubtful. It will probably open you up to doing everyone if you did him. He also wants you to speak to the EXIM Conference on 5/6-I was not particularly encouraging on that front either.

Marcia

(1) He's worried about backlash vs Woo or vs him bec. of LA's bipartisan tradition. Thinks it may be an error —

(2) May 13 dinner — can I do videotape? he says only have a letter —

chron

To Strobe Talbott

With affection

Bill

Address by President Václav Havel

at George Washington University

Washington, D.C.

The United States of America

To Bill Clinton

Václav Havel

April 22, 1993

To Tony L / NSC
interesting
B

Address by
President
Václav Havel

at George Washington University

Washington, D.C.

The United States of America

To
Bill Clinton
Václav
Havel

April 22, 1993

BAGS

Uninteresting

B.

Address by President Václav Havel

at George Washington University

Washington, D.C.

The United States of America

April 22, 1993

To Bill Clinton

Václav Havel

Mr. President,

Ladies and Gentlemen,

I remember a time when some of my friends and acquaintances used to go out of their way to avoid meeting me in the street. Though I certainly did not intend it to be so, they saw me, in a way, as a voice of their conscience. They knew that if they stopped and talked with me, they would feel compelled to apologize for not openly defying the regime too, or to explain to me why they could not do it, or to defend themselves by claiming that dissent was pointless anyway. Conversations like this were usually quite an ordeal for both sides, and thus it was better to stay away from them altogether.

Another reason for their behavior was the fear that the police were following me, and that just talking to me would cause them complications. It was easier not to go near me, thus they would avoid both an unpleasant conversation and the potential persecution that could follow. In short, I was, for those friends, an inconvenience. And inconveniences are best avoided.

For long decades, the chief nightmare of the democratic world was communism. Today — three years after it began to collapse like an avalanche — it would seem as though another nightmare has replaced it: post–communism. There were many, not just in the West, but in the East as well, who had been looking forward to the fall of communism for years, and who had hoped that its collapse would mean that history had at last come to its senses. Today, these same people are seriously worried about the consequences of that fall. Some of them may even feel a little nostalgic for a world that was, after all, slightly more transparent and understandable than the present one.

I do not share sentiments of that kind. I think we must not understand post–communism merely as something that makes life difficult for the rest of the world. I certainly did not understand communism that way. I saw it chiefly as a challenge, a challenge to thought and to action. To an even greater extent, post–communism represents just that kind of challenge.

Anyone who understands a given historical phenomenon merely as an inconvenience will ultimately see many other things the same way: the warnings of ecologists, public opinion, the vagaries of voters, public morality. It is an easy, and therefore seductive way of seeing the world and history. But it is extremely dangerous because we tend to remain aloof from things that inconvenience us and get in our way, just as some of my acquaintances avoided me during the communist era. Any position based on the feeling that the world, or history, is merely an accumulation of inconveniences inevitably leads to a turning away from reality, and ultimately, to resigning oneself to it. It leads to appeasement, even to collaboration. The consequences of such a position may even be suicidal.

What in fact do we mean by post–communism? Essentially, it is a term for the state of affairs in all the countries that have rid themselves of communism. But it is a dangerous simplification to put all these countries in one basket. While it is true that they are all faced with essentially the same task — that is, to rid themselves of the disastrous legacy of communism, to repair the damage it caused, and to create, or renew, democracy — at the same time, and for many reasons, there are great differences between them.

I will not go into all the problems encountered by post–communist countries; experts are no doubt already writing books on the subject. I will mention only some of the root causes of the phenomena that are arousing the greatest concern in the democratic West, phenomena such as nationalism, xenophobia, and the poor moral and intellectual climate which — to a greater or lesser extent — go along with the creation of the new political and economic system.

The first of these causes I see in the fact that communism was far from being simply the dictatorship of one group of people over another. It was a genuinely totalitarian system, that is, it penetrated every aspect of life and deformed everything it touched, including all the natural ways people had evolved of living together. It profoundly affected all forms of human behavior. For years, a specific structure of values and models of behavior was deliberately created in the consciousness of society. It was a perverted structure, one that went against all the natural tendencies of life, but society nevertheless internalized it, or rather was forced to internalize it.

When communist power and its ideology collapsed, this structure collapsed along with it. But people could not simply absorb and internalize a new structure immediately, one corresponding to the elementary principles of civic society and democracy. The human mind and human habits cannot be transformed overnight; to build a new system of living values and to identify with them simply takes time.

In a situation where one thing has collapsed and something new does not yet exist, many people feel empty and frustrated. This state is fertile ground for phenomena like the hunt for scapegoats, for radicalism of all kinds, and for the need to hide behind the anonymity of a group, be it socially or ethnically based. It encourages hatred of the world, self–affirmation at all costs, the feeling that everything is now permitted and the unparalleled flourishing of selfishness that goes along with it. It gives rise to the search for a common and easily identifiable enemy, to political extremism, to the most primitive cult of consumerism, to a carpetbagging morality, stimulated by the historically unprecedented restructuring of property relations, and so on and so on. Thanks to its former democratic traditions and to its unique intellectual and spiritual climate, the Czech Republic, the westernmost of the post–communist countries, is relatively well off in this regard, compared with some of the other countries in the region. Nevertheless we too are going through the same great transformation that all the post–communist countries are, and we can therefore talk about it on the basis of inside knowledge.

Another factor that must be considered in any analysis of post–communist phenomena is the intrinsic tendency of communism to make everything the same. The greatest enemy of communism was always individuality, variety, difference — in a word, freedom. From Berlin to Vladivostok, the streets and buildings were decorated with the same red stars. Everywhere the same kind of celebratory parades were staged. Analogical state administrations were set up, along with the whole system of central direction for social and economic life. This great shroud of uniformity, stifling all national, intellectual, spiritual, social, cultural or religious variety, covered over any differences and created the monstrous illusion that we were all the same. The fall of communism destroyed this shroud of sameness, and the world was caught napping by an outburst of the many unanticipated differences concealed beneath it, each of which — after such a long time in the shadows — felt a natural need to draw attention to itself, to emphasize its uniqueness and its difference from others. This is the reason for the eruption of so many different kinds of oldfashioned patriotism, revivalist messianism, conservatism, and expressions of hatred towards all those who appeared to be betraying their roots or identifying with different ones.

The desire to renew and emphasize one's identity, one's uniqueness, is also behind the emergence of many new states. Nations that have never had countries of their own feel an understandable need to experience independence. It is no fault of theirs that the opportunity has come up decades or even centuries after it came to other nations.

This is related to yet another matter: for a long time, communism brought history, and with it all natural development, to a halt. While the Western democracies have had decades to create a civil society, to build internationally integrated structures, and to learn the arts of peaceful international co–existence and cooperation, the countries ruled by communism could not go through this creative process. National and cultural differences were driven into the subterranean areas of social life, where they were kept on ice and thus prevented from developing freely, from taking on modern forms in the fresh air, from creating, over time, the free space of unity in variety.

At the same time many of the nations suppressed by communism had not even enjoyed freedom before its advent, and thus had not had a chance to resolve many of the basic questions of their existence as countries. Consequently thousands of unsolved problems have now suddenly burst forth into the light of day, problems left unsolved by history, problems we had wrongly supposed were long forgotten. It is truly astonishing to discover how, after decades of falsified history and ideological manipulation and massaging, nothing has been forgotten. Nations are now remembering their ancient achievements and their ancient suffering, their ancient suppressors and their allies, their ancient statehood, and their former borders, their traditional animosities and affinities — in short, they are suddenly recalling a history that, until recently, had been carefully concealed or misrepresented.

Thus in many parts of the so–called post–communist world, it is not just the regional order (sometimes referred to as the Yalta order) that is being corrected. There are also attempts to correct certain shortcomings in the Versailles order, and even to go further back into history and exploit the greatest freedom some of them have ever had to make complete amends. It is an impossible desire, of course, but understandable nevertheless.

If we wish to understand the problems of the post–communist world, or some of them at least, then we must continually remind ourselves of something else. It is easy to deny the latent problems, ambitions, and particularities of nations. It is easy to make everything the same by force, to destroy the complex and fragile social, cultural and economic relationships and institutions built up over centuries, and to enforce a single, primitive model of central control in the spirit of a proud utopianism. It is as easy to do that as it is to smash a piece of antique, inlaid furniture with a single blow from a hammer. But it is infinitely more difficult to restore it all, or to create it directly.

The fall of the communist empire is an event on the same scale of historical importance as the fall of the Roman Empire. And it has similar consequences, both good and extremely disturbing. It means a significant change in the countenance of today's world. The change is painful and will take a long time. To build a new world on the ruins of communism might be as long and complex a task as the creation of a Christian Europe — after the great migrations — once was.

What are we to do if we do not wish to understand post–communism simply as a new inconvenience that would be better avoided by sticking our heads in the sand and minding our own business?

I think the most important thing is not just to take account of external and more or less measurable phenomena like the gross national product, the progress of privatization, the stability of the political system and the measurable degree to which human rights are observed. All of these things are important, of course, but something more is necessary. There must be an effort to understand the deep events taking place in the womb of post–communist societies, to take note of their historical meaning and think about their global implications. It must be understood that these are not the curious woes of a distant and circumscribed part of the world, but events that concern everyone, and all of our present–day civilization. The temptation must be resisted to adopt a disparaging and slightly astonished attitude, one based on a subconscious feeling of superiority on the part of observers who are better off. Just as Czechs should not sneer at the problems of Tadzhikistan, so no one should sneer at the problems of the Czech Republic. Any point of departure, therefore, should involve deep insight and a deep sense of co–responsibility. It is only against this background of understanding that meaningful ways of assistance can be sought.

It seems to me that the challenge offered by the post–communist world is merely the current form of a broader and more profound challenge to discover a new type of self–understanding for man, and a new type of politics that should flow from that understanding. As we all know, today's planetary civilization is in serious danger. Modern man thinks of himself as the lord of creation and not just a part of it, and his vanity is rapidly destroying his hope of survival. Because he is not grounded in a humble respect for the order of Being, modern man allows himself to be driven by his particular interests. He is no longer capable of governing his behavior in a way that takes account of the general interest. We are rationally capable of describing, in vivid detail, all the dangers that threaten the world: the deepening gulf between the rich and the poor parts of the world, the population explosion, the potential for dramatic confrontations between different racial and cultural groups, the arming of whom no one seems able to stop, the nuclear threat, the plundering of natural resources, the destruction of the natural variety of species, the creation of holes in the ozone layer, and the unstoppable global warming. What is unsettling is that the more we know about such dangers, the less able we seem to deal with them.

I see only one way out of this crisis: man must come to a new understanding of himself, his limitations, and his place in the world. He should grasp his responsibility in a new way, and reestablish a relationship with the things that transcend him. We must rehabilitate our human subjecthood, and liberate ourselves from the captivity of a purely rational perception of the world. Through this subjecthood and the individual conscience that goes with it, we must discover a new relationship to our neighbors, and to the universe and its metaphysical order, which is the source of the moral order.

We live in a world in which our destinies are tied to each other more closely than they ever have been before. It is a world with a single planetary civilization, yet it contains many cultures that, with increasing vigor and singlemindedness resist cultural unification, reject mutual understanding, and exist in what amounts to latent confrontation. It is a deeply dangerous state of affairs and it must be changed. The first step in this direction can be nothing less than a broad–based attempt by these cultures to understand each other, and to understand each other's right to existence. Only then can a kind of world–wide pluralistic metaculture, a self–preservational minimum on which everyone can agree, begin to form. It is only in the context of such a metaculture that a new sense of political responsibility — global responsibility — can come into being. And it is only with this newly born sense of responsibility that the instruments can be created that will allow humanity to confront all the dangers it has created for itself.

The new political self–understanding I am talking about clearly means a definitive departure from the understanding of the world that considers history, foreign cultures, foreign nations, and ultimately all those warning about our future, as a mere agglomeration of annoying inconveniences that disturb our tranquillity.

A quiet life on the peak of a volcano is just as illusory as the notion I talked about at the beginning: that by avoiding an encounter with a dissident in the street, we can avoid the problem of communism and the question of how to deal with it.

Ultimately, I understand post–communism as one of many challenges to contemporary man — regardless of what part of the world he lives in — to awaken to his global responsibilities, and to awaken to them before it is too late.

Ladies and Gentlemen,
Dear Friends,

This morning I had the honor of taking part in the opening of the Museum of the Holocaust.

On this occasion, as I have so often before, I asked myself how could this have happened? How could people in the twentieth century, aware of the theory of relativity, of quantum mechanics, who have penetrated t the heart of the atom and are exploring the reaches of outer space, have committed acts of horror so awful that to call them bestial would be to do an incredible disservice to all those creatures who happen not to be human. How could they have permitted it to happen?

In the context of what I have been talking about here, one aspect of a possible answer occurs to me. It was a failure of democracy, the politics of appeasement, giving way to evil: what in my country we call the spirit of Munich. The inability of Europe and the world to recognize the emerging evil in time and stop it from growing to such monstrous proportions is merely another form of what I have called here an understanding of the world as an agglomeration of inconvenience. The issue here is the absence of a wider sense of responsibility for the world.

Czechs remember well a statement made by a democratic statesman shortly before he signed the Munich Agreement, the real beginning of all the horrors of the Second World War. He was appalled, he said then, that his country was digging trenches and trying on gas masks „because of a quarrel in a faraway country between people of whom we know nothing". It is a classic example of how suicidal it is to try and avoid difficulties. This politician regarded Nazism as a problem that would go away if he stuck his head in the sand, or as it were crossed over to the other side of the street.

And so the chosen people were chosen by history to bear the brunt for all of us. The meaning of their sacrifice is to warn us against indifference to things we foolishly believe do not concern us.

In today's world, everything concerns everyone. Communism also concerned everyone. And it is also a matter of concern to everyone whether or not, and in what way, we manage to build a new zone of democracy, freedom, and prosperity on its ruins.

Every intellectual and material investment in the post–communist world that is not haphazard but based on a deep understanding of what is happening here, will repay the whole world many times over.

And not only that: it will also be one more step on the thorny journey of the human race towards a new understanding of its responsibility for its own destiny.

Thank you for your attention.

chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 5/4

[redacted]

NOTE FOR: [illegible]

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

- Information ☑
- Action ☐

Thank you.

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

[redacted]

cc:

Presidential Phone Calls

[redacted]

DATE: 5-4-93

TIME: am 1130 incoming/outgoing

WITH: Secy St

SUBJECT: Pres
PUS
Secy Def
For Min

Better meeting than in London

Leaders
① V-OOKe
② in work

① UK Gen → need question (CoComm
② Fr worry on arm lift - trans
a) deal w/ pre-empt Serb act
then air strikes

FOLLOW UP: b) protect Fr troops.

③ NATO → Fr want US air in war w/
Norweg

④ ME → in Par, Syr, Otis courage-
cultural FM Syr - agreed to do work-

[redacted]

THE PRESIDENT HAS SEEN 5/4

How to Think About Bosnia

By Arthur Schlesinger Jr.

The threat of military intervention has persuaded the Bosnian Serbs to say they will go along with the United Nations peace plan. At this point, President Clinton's policy must be accounted a considerable success. But every previous agreement among the warring groups in Yugoslavia has broken down. This one may break down too. What then?

Secretary of State Christopher is now on a mission to persuade our European friends that, if the agreement does break down, the next step should be limited military intervention—air strikes, arms to the Bosnian Muslims. The administration will also have to persuade a majority of Americans, according to the polls. In short, the Bosnian debate is far from over—the debate that has already produced such strange reversals and odd alliances, turning Anthony Lewis into a hawk on the side of Jeane Kirkpatrick and Abe Rosenthal into a dove on the side of Pat Buchanan.

On the one hand: It seems unbearable to pass by on the other side while Serbs kill, rape and torture harmless people. Nor is this just a humanitarian concern. Bosnia also places the grand vision of a new world order on test and at risk. If we do not stop aggression there, will not the domino effect spread the infection?—and then no country will be safe. If the agreement collapses, does not the U.S. as the world's only military superpower bear a special and primary responsibility to stop the slaughter of the innocents, punish the ethnic cleansers, murderers, torturers and rapists, and vindicate the essential goal of collective security? What has happened to American idealism? American courage? American decency?

Real Change Unlikely

On the other hand: What practically can we do if the agreement collapses? President Clinton has wisely ruled out unilateral U.S. intervention. If Washington exerts major pressure, it can probably get Britain and possibly France to join in air strikes and even perhaps in providing arms to the Muslims. Such actions would temporarily ease American consciences by giving the impression that the U.S. is doing *something*. But the object of foreign policy is not to gratify ourselves; it is to bring about real changes in a real world. And suppose limited military intervention fails, what is the next step?

It is instructive to consider why the European democracies are so reluctant to enter the Yugoslav civil war. It may of course simply be the hope that the U.S. will solve Europe's problems for them. But it may be more than that. It may be that the Europeans have a different assessment as to what is at stake in Bosnia.

As many Europeans see it, the end of the Cold War encourages the Balkans to be the Balkans again. The Balkan peoples, they say, are fighting among themselves, as they have done throughout their history and, despite the atrocities, there is not much outsiders can do about Yugoslavia until the Yugoslavs get tired of killing each other. Few Europeans subscribe to the apocalyptic interpretation of the Yugoslav civil war.

The arguments used today for intervention in Bosnia have disquieting echoes of the arguments used 30 years ago for intervention in Vietnam—collective security, domino theory, punishing aggression, defending world order. In 1967, President Johnson sent Clark Clifford on a mission to persuade the Seato allies to increase their token military contributions to Vietnam. Traveling from country to country, Mr. Clifford discovered that the Seato allies, though closer to the scene and more vulnerable to the consequences of a communist victory, did not take the war as tragically as Washington did and were unwilling to put more of their soldiers in the fighting. Mr. Clifford returned from his mission persuaded that there was less at stake in Vietnam than we had supposed.

In retrospect, the assessment of the Seato allies turned out to be correct. North Vietnam won the war, but there was no domino effect (or rather the dominoes fell not against us but against each other, communist Vietnam attacking communist Cambodia and communist China attacking communist Vietnam) and no encouragement of aggression elsewhere. It may equally be that the assessment of the NATO allies of the stakes in Bosnia is more correct than that of the American interventionists.

After all, Europeans are more familiar with the territory and will be more endangered by the result. Yet they do not see their vital interests as threatened, nor do they find compelling reasons to send young men to kill and die in Bosnia. Slobodan Milosevic is a wicked scoundrel, but Serbia is not Nazi Germany, nor will it move on from Bosnia to attack Italy and France and Britain. Few Europeans believe that the Yugoslav civil war is going to set off a world war.

> **Board of Contributors**
>
> *If Clinton leads the U.S. step by step into a Balkan war, Bosnia will destroy his domestic hopes as surely as Vietnam destroyed Lyndon Johnson's Great Society.*

And few Europeans believe that, if the agreement breaks down, limited intervention will bring it back to life. Air power is effective in a desert where there is no place to hide. Yugoslavia is not a desert. Bosnia and Serbia are mountainous, forested and filled with places to hide. "Surgical" strikes against Serbian positions are an illusion. As George Ball once remarked, if surgeons used the same criteria that the Air Force does, none of us would ever dare have an operation. We now know that even in the Gulf War the "smart" bombs were not in practice so smart as they were represented as being at the time.

If the agreement breaks down and limited intervention fails to nail that old coonskin to the wall, will the world's only military superpower cravenly retreat? Or, having committed ourselves so far, are we not obligated to go farther and send in ground forces? No doubt in time we could win an all-out war on the ground against Serbia, but it would probably require at least a quarter of a million troops and it would be a messy, murderous affair that no general staff in the West is eager to undertake. And that would not be the end of it. A large military force would have to remain, probably for years, to police a political settlement.

And if we embroil ourselves in the Yugoslav civil war for humanitarian and new-world-order reasons, how can we stop with Yugoslavia? What about Armenia/Azerbaijan, Cambodia, Tibet and other countries where the same principles are involved? Do we ignore these suffering peoples because they are not European? Where does our crusade for world redemption end?

One other consideration must weigh heavily on President Clinton's mind. If he leads the U.S. step by step into a Balkan war, he might as well kiss his program of national renovation and reform goodbye. Bosnia will destroy his domestic hopes as surely as Vietnam destroyed Lyndon Johnson's Great Society.

If the agreement breaks down, unless we are prepared to go the distance and send young Americans to kill and die in Bosnia, we may have to settle for longer-run measures of economic and diplomatic ostracism. The barbarous regime in Belgrade cannot hope to escape retribution for the genocidal havoc it has wrought. Should the fighting resume, let us expel Serbia from the U.N., compile the documentation of war crimes and atrocities, and make it clear that, until Serbia has purged itself of its criminal leadership, it cannot return to the fellowship of nations.

Living With Tragedy

Our planet will be filled with barbarism for a long time to come. Violence is epidemic in this post-Cold War world of raging national, religious, ethnic and racial conflict. When vital U.S. interests are directly threatened, of course we must prepare to fight. But in many cases we must accept the sad necessity of living with tragedies that are beyond our power to control and our wisdom to cure.

What President Kennedy said in 1961 applies more than ever today: "We must face the fact that the U.S. is neither omnipotent nor omniscient—that we are only 6% of the world's population—that we cannot impose our will upon the other 94%—that we cannot right every wrong or reverse each adversity—and that therefore there cannot be an American solution to every world problem."

Mr. Schlesinger is Albert Schweitzer professor of the humanities at the City University of New York and a winner of Pulitzer Prizes in biography and history.

THE WALL STREET JOURNAL MONDAY, MAY 3, 1993

AGJ / Tony:
This is worth considering—we have to answer this—
B.

85

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THE WHITE HOUSE

WASHINGTON

May 4, 1993

MEMORANDUM FOR JANET GREEN

FROM: JOHN PODESTA

SUBJECT: PAGERS

I would like to request pagers be issued to Todd Stern and Paul Richard of my office.

Todd and Paul share responsibility for preparation of the President's daily briefing book and trip book. Because of last minute schedule changes, they often need to be contacted in the evenings or over the weekend.

Thank you.

MARY McGRORY

A Lingering Cold-War Mentality

Sometimes you wonder who won the election last November.

Some things are different: talk of immunizing children, health care, swimming pools for the poor. But on foreign policy and so-called national security issues, you'd hardly know that George Bush wasn't still in charge.

On the intelligence budget, on nuclear testing, Bill Clinton is considering doing things that most Democrats would have expected him to kick downstairs, if only for fiscal reasons. Nothing has been decided, say defensive aides, but the idea that he would look at upping the CIA budget and resuming testing of smaller nuclear weapons is mysterious and discouraging to people who thought he was one of them because he said so during the campaign.

Over the weekend, a working group brought to the White House National Security Council a proposal that caused doves to break out in hives: resuming testing of 1-kiloton nuclear bombs, which are one hundred times smaller, but no less lethal, than the big ones we were previously testing.

Considering the makeup of the group, its suggestion is not surprising. The Departments of Defense and Energy—the latter includes the big nuclear laboratories of Livermore, Los Alamos and Sandia—and representatives of the Joint Chiefs of Staff, are not conspicuous for their support of a comprehensive test ban, to which we are officially committed. Only the Arms Control and Disarmament Agency tried to hold the line against the "nukes forever" majority.

Members of Congress like Senate Majority Leader George Mitchell, Sen. J. James Exon (D-Neb.), Sen. Mark Hatfield (R-Ore.) and Rep. Mike Kupetski (D-Ore.), who have written to the president to protest, were not consulted. Certain members of the scientific community have let the president know that they think the idea of exploding little nukes is not only insane, but illegal.

A preeminent nuclear expert, Prof. Frank von Hippel of Princeton, says, "It doesn't make any sense at all. It is against the law. The moratorium bill passed last October calls for us to negotiate a comprehensive test ban by October 1996. This proposal says we should ignore it."

The working group's emphasis on the smallness of the weapons recalls Sen. Barry Goldwater's enthusiasm for miniatures in the 1964 campaign. A fan of tactical nuclear weapons for battlefield use, he marveled before crowds that they would be "the size of a fountain pen"—infantrymen could slip them through their shoulder tabs. It was not until Election Day that it was brought home to him that size was not the issue for the voters.

The Hatfield-Kopetski Moratorium Act, which George Bush reluctantly accepted last October—he found it "irresponsible"—calls for a nine-month ban on all underground testing. A total of five tests a year for three years could be ordered, with presidential certification, after which a comprehensive ban would be negotiated.

But the nuclear-industrial complex could not handle the thought of a test-free world. The laboratories made a big pitch to make the one-kiloton limit part of a comprehensive test-ban. Margaret Brenman-Gibson of Harvard, a member of Physicians for Social Responsibility, says the bomb-makers are dreaming of providing the Third World with economy-size nukes.

They argued that the White House should consider that the world could go sour and revive the need for nuclear bombs—as if we didn't have 12,500, and even after we and the Russians make mutually agreed-upon cuts, we'll still have 5,000 apiece. It only takes 100 to wipe out the world. Says Senate Budget Committee Chairman Jim Sasser (D-Tenn.), "We can't keep paying people for building nuclear weapons, for God's sake."

The same bold, bizarre Cold War thinking went into the request by the new chief of George Bush's favorite agency for a budget increase of \$800 million. R. James Woolsey made the startling request even though his predecessor said that CIA spent 80 percent of its budget to spy on the Soviets. Clinton the candidate promised a \$7 billion cut. A White House staffer says, "You have to spend more before you save more."

Sen. Howard M. Metzenbaum (D-Ohio) is trying to rally his colleagues to resist. He thinks Woolsey is a hawk who depends on Republican support.

Sen. Daniel Patrick Moynihan (D-N.Y.), who wants to eliminate the CIA, says that Woolsey has taken the CIA over "as if it were a preservation project."

"For \$30 billion a year we have found that that there are no secrets. Are we to steal the secrets of Soviet agriculture so we can all eat cabbage?"

Clinton likes to please all. On these two questions, he has no chance.

THE PRESIDENT HAS SEEN 5/4/93

Jack

Tony — I think we have some real exposure on the intell + testing issue

B

46

Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 5/4

NOTE FOR: Rahm, Alexis

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

Information ☐

Action ☑

NOTE HIS REQUEST

[redacted]

TMP

Thank you.

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

[redacted]

cc: Sandy Berger
Bruce Lindsey

THE PRESIDENT HAS SEEN 5/4

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FAX 213/380 7857

SEOUL KOREA
TEL 551-5666
FAX 551-5668

May 1, 1993

President William Clinton
1600 Pennsylvania Avenue
Washington, D.C.

Dear Mr. President:

I would like to take this opportunity to thank you for your invitation to meet with you aboard Air Force I. I will always remember the visit with you and the tour of the plane. I have enclosed a few pictures taken to mark the event.

In addition to a letter of thank you, I am writing at this time to ask for your support. I would like to be considered as a commissioner/representative to Korea. Being an active member of the Democratic Party for the past 25 years, and a DNC Trustee for the last two Presidential Campaigns, I have long desired to contribute to the United States. In this position, I believe that I can best serve my country, the Clinton Administration, the DNC and the Korean/American business community. I Believe that I could make an important contribution to the team who will be accompanying you on your trip to Korea in July of this year.

I have enclosed my resume for your information.

Thank you for your cooperation

Sincerely,

Richard Park
DNC Trustee

RP/jp

Enclosure

Rahm/Alexis
we need to discuss this
he did a lot for me/Hillary
B

[redacted]

[redacted]

OCTOBER 13, 1990

Richard Park Honored by Democrats

On Oct. 13, the Democratic National Committe (DNC) honored Richard Park, a Korean American, and 10 other Asian American community leaders and activists for each dedicating more than 25 years of service to the Democratic Party.

In separate ceremonies held in Los Angeles and San Francisco, Ron Brown, DNC chairman, said, "These individuals exemplify the commitment of Asian Pacific Americans to the empowerment of the community."

Richard Park, a native of Korea, has worked in Southern California to elect Democratic candidates in city, county, state and national elections.

In 1988, he served as Trustee to the DNC, with responsibilities for fund raising and political development during the Dukakis for President campaign.

A successful businessman and public servant, Park founded the Beverly Hills Sister City Committee and served as a commissioner for the Los Angeles City Human Relations Commission, president of the Korea Town Association, and as a director for the Korean American Political Association and the Korean Association.

The DNC also honored Remy Geaga, Collin Lai, Mary Miyashita and Art Takei in Los Angeles and Alice Bulos, Jack Chow, Jerry Enomoto, Jackson Hu, Lim P. Lee and George Wong in San Francisco.

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R E S U M E

RICHARD S. PARK
530 LESLIE LANE
BEVERLY HILLS, CA 90210
D-O-B: (b)(6)

B U S I N E S S

U.S. WOOPON CO., INC.
PARK'S WILSHIRE JEWELERS

POLITICAL ACTIVITY:

1988	DEMOCRATIC NATIONAL COMMITTEE TRUSTEE
1992	DEMOCRATIC NATIONAL COMMITTEE TRUSTEE
	TWENTY-FIVE YEARS ACTIVE SERVICE TO THE DEMOCRATIC PARTY AT ALL LEVELS

PUBLIC SERVICE:

1986 - PRESENT	MEMBER OF FOUNDERS COMMITTEE Beverly Hills Sister City Committee
1989 - PRESENT	ADVISOR Korean Town Association, L.A.
1981 - PRESENT	ADVISOR The Advisory Council on Democratic and Peaceful Unification of Korea
1983 - 1987	LOS ANGELES CITY COMMISSIONER Human Relations Commission
1984 - 1985	PRESIDENT Korean University Alumni Association of Southern California

1980 - 1988	CHAIRMAN Do San Memorial Committee in the United States
1973 - 1987	MEMBER BOARD OF DIRECTORS Korean Town Association
1976 - 1977	PRESIDENT Korean Town Association
1981 - 1983	PRESIDENT Na-U Businessmen's Federation in Los Angeles
1973 - 1976	VICE PRESIDENT Korean TV Sponsoring Committee in the United States
1973-1977	CHAIRMAN Do San Memorial Committee in the United States
1973	DIRECTOR OF BUSINESS AFFAIRS Korean American Political Assoc.
1972-1977	MEMBER BOARD OF DIRECTORS The Korean Association

BUSINESS ACTIVITIES
PRESENT AND PAST:

1969 - PRESENT	PRESIDENT Park's Wilshire Jewelers Co.
1982 - PRESENT	PRESIDENT U.S. Woopon, Co., Inc.
1985 - 1993	PRESIDENT Western Gun Shop
1979 - 1991	PRESIDENT Whashin Jewelers Co.

EDUCATION

1957	BACHELOR OF PUBLIC ADMINISTRATION College of Law of Korea University
1966	College of Electronic Engineering Pacific State University

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 5/3

NOTE FOR: Bob Rubin, Howard Paster

[redacted]

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: Alexis

[redacted]

Bob Rubin | cc Alexis

we need these analyzed & quickly — would be good to be able to work w/ them on this — Advise [redacted]

B.

[redacted]

WILLIAM J. JEFFERSON
2ND DISTRICT, LOUISIANA

WASHINGTON OFFICE
428 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-1082
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WELDON J. ROUGEAU
CHIEF OF STAFF

DISTRICT OFFICE
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NEW ORLEANS, LA 70130-3394
(504) 589-2274

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-1082

COMMITTEE
WAYS AND MEANS
SUBCOMMITTEES
OVERSIGHT
SOCIAL SECURITY

April 30, 1993

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

Dear Mr. President:

As you know, Charles Rangel, John Lewis, Harold Ford, Mel Reynolds and I will be among your most ardent supporters on the Ways and Means Committee. We will be working with you to ensure that your program is approved by our committee intact.

However, we feel that it is important that your economic recovery program include a powerful provision to create jobs for minorities. We also believe that targeted incentives to improve low-income housing should be strengthened. The difficulty in drafting an enterprise zone program to address adequately these needs is apparent from its lack of inclusion in the current package, and from its inherent limitations. Even if fully enacted, it will only touch a small number of communities. Additionally, it remains problematical whether these zones can be made comprehensive enough to render even this small number of communities suitable for business location.

We, therefore, have reached agreement amongst ourselves and with the Congressional Black Caucus to seek the inclusion of two targeted tax proposals to create jobs and provide housing for the people who look to us for representation. They are attached hereto in order of priority.

We strongly believe that minority businesses are the single most important source of jobs for African-Americans, Hispanics, and other economically disadvantaged individuals; consequently, in stimulating the establishment and growth of these businesses, we also foster minority job creation. The first proposal, therefore, contains a package of targeted tax incentives with the specific objective of directing equity capital (both seed capital and venture capital) to the minority business community. The single, most compelling obstacle to the establishment and growth of minority businesses is the lack of availability of equity capital. These incentives address that problem directly and efficiently.

The second proposal addresses the need for rehabilitation of existing, privately-owned low-income housing projects. Due to the collapse of the real estate market, many of the current owners of these projects are caught in a double bind -- they do not have the cash flow to make the necessary renovations to make the propoerties habitable nor can they transfer the properties to those who have the cash without suffering severe financial losses arising from the devaluation of the property and the necessity of paying recapture taxes without any realization of income. Consequently, the people in the neighborhoods where these properties are located, who are predominantly African-American and Hispanic, are forced to live in these run down dwellings. The low-income housing tax credit will not help in this regard because it applies predominantly to new housing. Moreover, the allocation of the credit is administered by state agencies, whose record of addressing needs in cities is not exemplary.

These programs may be paid for by reducing amounts allocated to the enterprise zone program or by several other provisions that we have identified and can discuss with you later.

We deeply appreciate your willingness to work with us on these proposals. We look forward to working with you during the weeks ahead.

Sincerely,

Wm. J. Jefferson

Wm. J. Jefferson

MINORITY BUSINESS CAPITAL FORMATION, INVESTMENT AND GROWTH PROPOSAL

I. Summary

The minority business community has limited sources of financing and venture capital. The Federal government can act as a catalyst for capital targeted to the minority business marketplace. To increase the flow and availability of capital to minority owned or controlled enterprises, to create opportunity, development and employment:

- Targeted tax incentives for long term equity investment

- Election for either a tax deduction or a tax credit for direct investments in qualified enterprises or qualified minority venture capital funds.

- Include qualified minority venture capital funds as eligible investments in the President's small business capital gain proposal (i.e. fifty (50) percent gain exclusion)

- Deferral of capital gain for up to nine (9) years if gain is reinvested in qualified minority owned or controlled enterprises.

II. Proposal Specifications

A. Tax Deduction

1. For direct investments in qualified minority-owned or controlled enterprises,

    (a) non-corporate taxpayers could deduct up to $50,000 for any taxable year, with a lifetime cap of $500,000.

    (b) corporate taxpayers could deduct up to $100,000 per year.

2. For direct investment in qualified minority venture capital funds up to $300,000 per year could be deducted

B. Tax Credit. In lieu of tax deductions, taxpayers could elect a credit against income tax:

1. The allowable credit would be equal to twenty (20) percent of the amount invested in minority-owned

or controlled enterprises. The amount allowable as a credit against tax may not exceed: (a) $10,000 for any taxable year or (b) a lifetime limit $100,000.

2. The allowable credit would be twenty (20) percent of the amount invested in a qualified minority venture capital fund. The amount allowable as a credit against tax may not exceed (a) $250,000 for any taxable year or (b) a lifetime limit of $7 million.

3. The credit would be subject to the general business credit limitation and carryover rules. Generally, the new credit could be applied against 75 ~~25~~ percent of the tentative minimum tax for the taxable year.

C. Holding Periods and Recapture. The deduction or credit would be designed to reward only long-term investments. The investment upon which the tax deduction or credit is based must be held by the taxpayer for not less than five (5) years (in order to retain the entire deduction or credit). If the investment is disposed of within three (3) years, the entire amount of the tax benefit would be recaptured with interest. If the investment is disposed of in the forth or fifth year, one-half of the tax benefit would be recaptured with interest.

Generally, the failure of a qualified minority venture capital fund to maintain its status as such would be treated as a disposition for purposes of the recapture provisions. Otherwise, "disposition" for this purpose would be defined in a comparable manner to that in Code Sec. 50.

D. Capital Gain.

1. Taxpayers who invest in qualified minority venture capital funds would be permitted to exclude fifty (50) percent of gains realized on the disposition of stock or other equity interests of portfolio companies. Taxpayers would apply their current statutory rate on capital gains to the reduced amount of taxable gain. Gain eligible for exclusion would be limited to the greater of ten times the taxpayers' basis in the stock or other equity interest or $1 million for each qualified minority-owned or controlled enterprise.

2. Taxpayers could elect to defer recognition of long term gain for up to nine (9) years if the gain is reinvested in another qualified enterprise or fund.

E. Basis Reduction. The taxpayer's basis in any stock or interest in a qualified minority enterprise or venture capital fund would be reduced by the amount of any deduction or credit taken.

F. Definitions

1. Qualified Minority-owned or controlled enterprise would be defined as business in which:

(a) (i) not less that fifty-one (51) percent of the voting control and

(ii) not less than twenty-one (21) percent of the economic control of the enterprise is held by persons who are members of an ethnic minority,

(b) the enterprise is engaged in the active conduct of a trade or business (or in start-up activities related thereto), and

(c) substantially all of the assets of the enterprise are used in the active conduct of a trade or business (or in start-up activities related thereto).

2. Qualified Minority Venture Capital Fund would be defined as:

(a) a corporation or partnership formed exclusively for the purpose of acquiring the equity of, or making loans to, minority-owned or controlled enterprise, and

(b) in which not less than eighty (80) percent of the fund's assets are represented by investments in such qualified minority-owned or controlled enterprises.

III. Rationale

A. The Capital Gap

- The minority business marketplace suffers from a "capital gap" which is the major barrier to increased minority business and economic development and employment.
- The minority marketplace is unable to access the traditional sources of capital such as public and private pension funds, banks and other financial institutions or high wealth individual investors or investment partnerships.
- There are relatively few capital pools targeted to the minority marketplace.
- Comprehensive public policies to encourage targeted capital formation have not been designed and programs which exist (e.g., the minority enterprise small business investment company program) have not been supported.

B. Urban and Rural Aid Should Foster Entrepreneurship and Economic Opportunity

C. New Capital Will Not Flow to the Minority Business Sector Without Federal Leadership

- Federal policy must serve as a catalyst for private investment.
- Bold action is needed now.
- Existing capital delivery systems can be utilized.

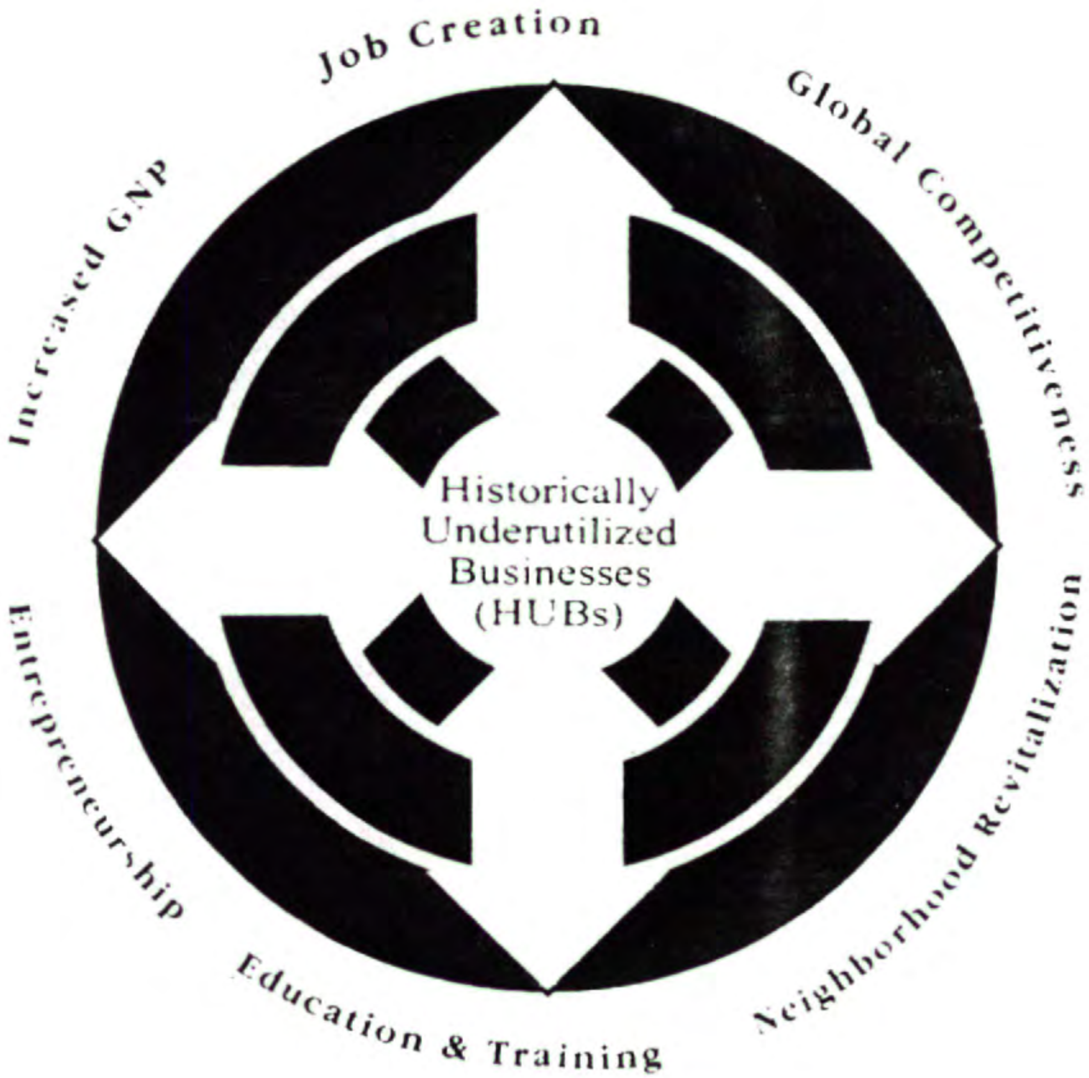
Supplement to Capital Formation Proposal

We may want to consider including a size limitation in the definition of minority business. One suggestion would be to follow the rule the SBA is about to promulgate for investment companies --

1. Net income of $6 million or less over a two-year period, and

2. $18 million or less in asset value.

United States Commission on Minority Business Development



Final Report

E. Access to Capital

Capital, Still the Desperate Need

The Interim Report of the U.S. Commission on Minority Business Development determined that lack of access to capital was one of the most "formidable stumbling blocks to the formation and development of minority businesses." This was reinforced in a Wall Street Journal Supplement on "Black Entrepreneurship" dated April 3, 1992 in which The Roper Organization interviewed 472 black business owners with fewer than 500 employees and revenues up to $17 million. In ranking their major problems, "Obtaining sources of capital" and "Access to credit" were listed as first (61 percent) and second (54 percent) by the respondents. Asked whether "Black-owned businesses are impeded by a lack of access to financing," an overwhelming number, 84 percent, stated this was the major problem, even ahead of discrimination in all areas of life. This most recent finding provides sufficient evidence of the great capital gap facing our country's small and minority businesses. Without timely access to capital you can't start or grow a business, particularly growth firms being weaned off of solely government business. The Commission now believes quick implementation of an action plan to resolve the capital dilemma for all of the small and minority economic sector is critical to the problems of jobs, growth, and competitiveness facing this nation.

Interim Report Recommendations

An historic perspective on the evolution of small and minority business government financing programs was provided in the Interim Report as a back-drop to assessing current problems and anticipated future solutions. The following three recommendations were made in the Interim Report with regard to resolving some of these access to capital issues:

First, was creating a realistic strategy or plan which involved the blending of Government policies/ programs as stimuli, but using the private sector as the capital providers and decision makers.

"The Commission recommends that a national strategy for providing access to capital and credit for minorities in business be developed and implemented which is an investment strategy, not a spending strategy. Government investment must serve as a catalyst for private investment."

Second, in order to determine whether a capital gap problem exists and to determine the depth of the hole, flows of investment capital and credit must be assessed with regard to small and minority business development -- for start-up vs. existing, lifestyle vs. growth -- sources of financings.

"The Commission recommends that the Federal Reserve and other relevant agencies institutionalize, refine, and expand the national survey of small business finances that tracks the flow and sources of capital that impact the economic growth of small and Historically Underutilized Businesses. This study should be continued on a regular basis."

Third, as a means of beginning the implementation of the first two recommendations, examine the possibility of reconstituting the Small Business Investment Company (SBIC) and Minority Enterprise Small Business Investment (MESBIC -- now called Specialized SBICs) Program of the U.S. Small Business Administration (SBA):

"The Commission recommends that SBICs and MESBICs be reinvigorated to attract private investment capital and management as they are the only institutional sources of early stage, equity-type financing. The

Commission also recommends that the SBA reconsider its position on limiting pension fund investment in the SBIC program since such limitation adversely impacts long term private financing for the nation's growth firms."

The following sections of the Final Report dealing with access to capital will describe the changes that have occurred since the Interim Report was submitted and will focus on the Commission's priority areas of concern.

Sporadic Components of a National Investment Strategy Emerge

The foundation for a national investment strategy to support small and minority business owners must necessarily involve private capital market influences and government financing programs, the Executive Branch working with the Legislative to establish and implement national strategies on a timely, sense of urgency basis. In addition, individual states and localities play important roles in the effort to direct financial resources toward small and minority firms in local and regional parts of the country.

The need for such a focused strategy is evidenced by recent reports of the Bureau of the Census showing population projections into the years 2010-2050 which suggest that the geometric growth in minority populations will lead to significant increases in business formations, and that they will represent a major source of investment and economic development activity. The demographics of the U.S. population of the next century will dictate the jobs, economic growth, and technological advancements this country can achieve when competing around the globe. 58/

Tax Policy

Important investment strategies affecting small and minority businesses would include such areas as capital gains tax preferences, R&D tax credits, accelerated depreciation on new equipment, and other types of investment tax allowances such as might be encompassed in Enterprise Zones to assist specifically designated geographic areas with economic revitalization.

The tax policy portion of a national investment strategy is one which the President has sought since he took office. The Economic Report of the President published February, 1992 states:

"The President has repeatedly proposed reducing the tax rates on capital gains. This will encourage entrepreneurial activity, create new products, new methods of production, and new businesses. These, in turn, will generate new jobs. A capital gains differential will reduce the tax bias against equity financing and the over all cost of capital, thereby increasing investment and growth. Moreover, the Administration has supported a zero capital gains tax for areas designated as Enterprise Zones to spur investment and encourage entrepreneurial activity in inner cities and rural areas.

Innovation increases productivity growth and the standard of living. The Administration has advocated making the research and experimentation tax credit a permanent part of the tax code and has proposed large increases in both basic and applied research and development spending in the Federal budget. 59/

58/ Projections of the Population of the United States, Series P-25, Bureau of the Census, U.S. Department of Commerce, 1986-1992.

59/ Economic Report of the President, February 1992.

While the President set the broad outline for an investment support agenda for small and minority businesses, other public policy players have also focused specifically on this issue.

An important part of this system for developing a national investment strategy for small and minority business was set by Senator Dale Bumpers when on November 7, 1991 he and various House and Senate members introduced the "Enterprise Capital Formation Act of 1991," a bill establishing a capital gains tax cut for long term investments in high risk, small businesses. The concept of the bill was to focus on small business within specific size thresholds that are in an "active trade or business" and would be geared to providing incentives through capital gains tax relief to small business owners and their long term investors, including venture capital institutions.

In a further refinement of capital gains initiative, a bill entitled the Minority Enterprise Development Act Of 1992 (H.R. 4221) was introduced by Congressmen John LaFalce and Andy Ireland on February 14, 1992. This bill would target a capital gains preference to firms that specialize in minority business venture funding (i.e., MESBICs) as well as for individual investors (including owners) in minority firms of a specific size threshold. An additional refinement in the proposal is that a long term capital gain could be deferred for a period of time if the gain is reinvested in "qualified replacement property," small and disadvantaged businesses, and eligible venture capital companies. It is made clear that deductions elected and capital gains excluded would not be treated as a preference item for purposes of the alternative minimum tax.

The Commission recommends encouraging long term risk investing for small and minority bsinesses using the aforementioned concepts, particularly those capital gains proposals that would bring maximum value-added incentives to such growth, job creating businesses.

Other tax oriented suggestions developed through the Commission's outreach developed in the last two years, deals with placing long term equity type investing on a balanced playing field with short term debt incentives already prevalent in the tax code. For example, dividends paid to shareholders of small and minority firms would be deductible as a business deduction much as interest payments are currently expensed. Also, interest income on long term loans could be treated at a more preferential tax rate for those financial institutions that provide capital to small and minority businesses.

Regulatory Changes to Reduce Costs of Capital

The President charged in his most recent State of the Union speech that each of the Departments of the Federal Government review and halt or change any regulations which might stymie growth.

The U.S. Securities and Exchange Commission's regulatory and monitoring oversight with regard to private placements, public offerings, public venture capital firms (Business Development Companies), and its relationship with state securities regulatory bodies all affect the costs, timing, and therefore the flows of equity capital to small and minority growth businesses.

One of the most detailed delineation of regulatory changes for small business in the realm of raising equity-type capital has come from the SEC. The Chairman of the SEC, Richard C. Breeden, announced several small business initiatives on February 18, 1992 that would also affect minority growth businesses.[60/] These initiatives included:

60/ Remarks of Richard C. Breeden, Chairman U.S. Securities and Exchange Commission, National Press Club, Washington, DC, February 18, 1992.

Talking Points on Housing Preservation Deduction

Depreciation

o Under current law, a purchaser of an existing low-income project could depreciate the property over 27 1/2 years under the straight line method.

o Under the proposed housing preservation deduction, a purchaser would be entitled to depreciate the same property over 15 years, also under the straight line method.

Passive Loss Treatment

o Under the changes proposed by the Administration, professional real estate developers materially participating in rental properties would be able to deduct losses from those real estate activities against active income. For these professional real estate developers, the exemption from the passive loss rules applies to involvement in all types of real estate.

o The proposed housing preservation deduction targets a much smaller category of existing low-income housing projects. For these projects, the exemption from the passive loss rules would apply to all owners, including limited partners, whether or not they were professional real estate developers.

Comparison with Low-Income Housing Tax Credit

o The tax credit provides a credit against the taxpayer's other incomes equal to the equivalent of 70% of the value of newly constructed or rehabed buildings (or 30% for existing buildings). It is paid out to the taxpayer in the form of a tax deduction over 10 years. The credit produces a permanent reduction in the taxpayer's taxes which can never be recouped by the government. The credit is available to those constructing or substantially rehabing projects which are reserved for low-income tenants, if the local state housing agency decides in its discretion to award credits to the project. The total amount of credits available is limited by statute for each state, so that when the limit is reached in each state, no more credits may be awarded. As a practical matter, existing low-incoming projects have received few of the credits, compared to new construction projects.

o The proposed housing preservation deduction provides for a deferral of taxes in the form of a deduction for any project that meets the program's qualifications. As a deferral (reflected in an adjustment in the taxpayer's capital account) the revenue lost to the government is recouped when the property is sold and the taxpayer owes recapture taxes. Like the tax credit, however, it would only be available in connection with the purchase of certain properties serving low-income tenants.

Double-Dipping Prohibited

o The proposed housing preservation deduction would prohibit an owner claiming the deductiion from also receiving at the same time any credit under the housing tax credit.

Follow-Up

o Since the President is likely to want his staff to look into the idea, it would be very useful to get an indication of who will be given responsibility for following up. This will make sure the idea is not lost in the cracks, and that there is somebody you can follow up with.

March 17, 1993

Outline of Housing Preservation Deduction

Tax Treatment of Eligible Projects

- Purchaser may claim 15 year straight line depreciation, and passive loss rules are inapplicable.
- Seller pays recapture taxes on sale, and purchaser pays recapture taxes when it subsequently resells project

Projects Eligible for Deduction

- Eligibility limited to subsidized low-income housing projects participating in one of three specific HUD low-income programs (Sections 221 (d)(3), 236, or 221(d)(4)).
- Projects must house specified numbers of very low-income tenants (50% of units with tenants less than 80% of area median income).
- Projects must be at least 10 years old.

Other Conditions Applicable to Deduction

- Only taxpayers purchasing projects after effective date of law may claim deduction.
- Purchaser must expend on rehabilitation an amount equal to 10% of purchase price (or more if HUD requires,, and project must continue to serve low-income tenants.
- Purchaser may not also participate in low-income housing tax credit program.

Benefits of Proposal

- Helps meet serious shortage in low-income units by permitting sale of existing projects to owners who can preserve and improve units for lwo-income tenants.
- Results in net revenue gain to Treasury.

March 17, 1993

PRESERVATION HOUSING DEDUCTION

The proposed housing deduction will allow future purchasers of eligible low-income projects to depreciate the project over 15 years (straight line), and the individual investor will be able to deduct losses from the project against non-passive income, as in the case of the low income housing tax credit. To be eligible, the project will have to be at least 10 years old, and assisted under either (i) the Below Market Interest Rate (BMIR) or rent assistance programs of Section 221(d)(3), (ii) Section 236, or (iii) Section 221(d)(4). In all three cases, at least 50% of the units concerned must be occupied by tenants with incomes that are less than 80% of the area median gross income, in order to ensure that the projects are truly serving the needy. Failure to continue to satisfy these income standards would result in the loss of the deduction. The purchaser will also have to agree to expend 10% of the purchase price of the building on rehabilitation work (or more if required by HUD).

The preservation deduction will not be available to the current owners of the project, and the investors in the entity currently owning the project will be required to pay recapture taxes upon sale of the project. In order to ensure there is no overlap with the low-income housing tax credit, any project utilizing the housing preservation deduction will be ineligible for the credit.

The preservation deduction will be a very positive force in improving the quantity and quality of housing available to the people in this country with low-incomes. It will also save the government money. Thus the proposal will complement the Administration's overall economic recovery plan by enhancing investment in the nation's infrastructure, improving the standard of living for the country's poorer residents, revitalizing local communities, and reducing the deficit.

1. The Proposal Targets Housing That Otherwise Will Be Lost.

Many of the approximately 645,000 existing low-incoming housing units assisted under the Section 221(d)(3) or Section 236 programs of HUD are in serious physical and financial condition. The same problem threatens the approximately 400,000 units in Section 221(d)(4) projects subsidized by HUD under Section 8. The physical and financial problems facing many of these properties will become an especially acute one in a few years, with the coming maturity of second notes that were obtained in the early 1980s. The Administration's economic recovery plan recognized the need to improve the condition of existing projects like these when it called for immediate steps to 'repair and restore the nation's stock of assisted rental housing, most of which is 20 to 30 years old. Many units are in deteriorated buildings. Many operators of buildings are also financially troubled.' As the president of the National Low Income Housing Coalition noted in testimony before a House Banking subcommittee last March "...the preservation of housing that already serves many of these [low-income] families must be one of the highest priorities of this subcommittee...tens of thousands of units that are not eligible for prepayment incentives remain at risk because of disinvestment by their private owners and because of lack of income to support investment and the lack of Federal investment made available to them." Because the owners lack the necessary capital to repair the projects, the tenants of these properties are condemned to live in projects that will remain in substandard conditions.

In many instances, what is needed most is not direct federal assistance, but action to remove the serious obstacle that now exists to the sale of the projects to purchasers with the needed additional capital. In the current depressed real estate market, the existing investors in the partnerships that own many of these projects can not afford to sell the projects. Many of these projects have debt in excess of fair market value. Sale would generate phantom income to the limited partners, all of whom are almost certain to have negative capital accounts. As a result, if the projects were sold at current depressed prices, the investors would owe more in taxes on their non-cash gain than they would receive for the projects.

The country can not afford to lose these existing projects in light of the serious national problem caused by the widening gap between the available supply of low-cost housing and the number of households in need. A 1992 Harvard study estimated that there are 4.1 million units of HUD or privately owned, publicly assisted units, while there are 13.8 million household eligible to receive HUD-funded housing assistance.

2. Proposal Will Rehabilitate and Preserve Low-Income Units.

The housing preservation deduction will make it possible for the current owners to sell the projects at a price that allows them to pay the recapture taxes. The new owners, in order to qualify for the preservation deduction, will have to provide the project with the capital needed to rehabilitate the units. The transaction will ensure that the projects are maintained for low-income tenants, since the deduction will only remain available for as long as the project remains a low-income housing project. Instead of living in badly deteriorated units, the tenants will enjoy the use of the rehabilitated units.

At the same time, the proposed approach avoids the high administrative costs and threat of politicalization that inevitably accompanies traditional grant programs. By avoiding any need to allocate benefits on a state-by-state basis according to population, as in the case of the low-income housing tax credit, the housing preservation deduction also avoids the problems of misallocations between a state's needs and the size of the program in that particular state.

3. Proposal is a Net Revenue Raiser.

Attached is a projection of the revenue consequences of applying the preservation deduction to a typical low-income project. When an eligible project is sold, the existing investors will immediately owe the Treasury large sums of money in the form of recapture taxes. The revenue from the recapture taxes will exceed by a substantial amount the cost to the Treasury of the deductions available to the new owners of the project over the next five years. The resulting net revenue gain is revenue the Treasury would otherwise not enjoy, because in the absence of the housing preservation deduction the current owners will have no incentive to sell the project, and pay the recapture tax. Even the cost of the deductions themselves will not be permanently lost to the Treasury, since they will be recaptured when the project is resold. Finally, the preservation deduction will save HUD the substantial costs it will incur if the current problem is left unaddressed, and HUD is forced to provide direct financial assistance to the properties.

By way of contrast, the attached projections also show that the low-income housing tax credit applied to the same project would actually cost the Treasury substantial sums over the same five year period. Most of this money will be permanently lost to the Treasury, since the credit will not be subject to recapture when the project is resold.

In the application of the preservation deduction illustrated in the attached analysis, the net revenue gain to the Treasury over five years from the sale of a 80 unit project in 1993 for a little under $3 million would be $287,355. The loss to the Treasury if the same project were sold for the same price to an investor using the tax credit would be $217,150.

4. Proposal is Narrowly Targeted.

The housing preservation deduction will only be available to projects in the narrowly defined class of low-income projects described above. Furthermore, the National Housing Act prohibits the individual sale of any of the eligible projects unless HUD first approves the terms of the proposed transaction. As a result, no particular project will qualify for the deduction unless the prospective purchasers satisfy HUD that the sale will be on terms that meet the project's physical needs and that promote its financially viability. For example, if HUD concludes that the amount of work required to bring the project up to housing quality standards exceeds 10% of the purchase price, the purchaser must agree to the additional work before the sale can go forward. HUD will only allow investors to purchase a project if they demonstrate they have the experience and financial resources to successfully operate the project.

5. Proposal Complements Existing Programs.

The housing preservation deduction will complement, not duplicate, the other existing federal programs designed to promote the supply of low-income housing. This is because none of the other programs are targeted solely on the need to preserve existing low-income housing in deteriorated condition. By providing an alternative program for this category of existing housing, the deduction will allow the other programs to concentrate their funds on what they do best.

In particular, the low-income housing tax credit program, because of its costs, will always be limited in size. Existing projects must compete for the limited number of credits with various types of new construction projects, which can often muster greater political support from local interests. For this and other reasons, the tax credit has simply not been a realistic option for the distressed projects targeted by the preservation deduction. The Low Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) addresses the concern that owners of certain Section 221(d)(3) and 236 projects may prepay their mortgages and convert to market rate properties. These prepayment concerns are irrelevant to the projects that will qualify for the preservation deduction, for the condition of the properties and their declining market value make it commercially infeasible to convert the units for use by the general public. Finally, HUD's direct assistance programs, such as Section 8, may help subsidise the rents of low-income tenants, but they provide no means for recapitalising the project and preserving it over the long-run for low-income tenants.

6. Proposal Aids Overall Economy.

By emphasizing the preservation of existing housing, rather than the construction of new housing, the program provides low-income housing in a more economical way, with more immediate benefit to the overall economy, than programs that emphasize the construction of new housing. In most circumstances, the preservation of existing projects requires considerably less expense than constructing new buildings. As pointed out by the 1982 Report of the President's Commission on Housing, the relatively high costs associated with HUD-assisted new construction in turn require HUD to pay more in rental subsidies than justified by the new project's market value. Finally, as Mr. Rouse, Chairman of the Enterprise Foundation, testified before the Senate Banking Committee last March, rehabilitation is a quicker way to pump money and jobs into the economy than new construction. This is because existing projects can begin construction work more quickly than new projects, which face the inevitable delays associated with the acquisition of land, the installation of utilities, the obtaining of zoning approvals, and the like. Failure to adopt the preservation deduction to preserve existing housing will only place substantial burdens on the taxpayer in the future, when it will be necessary to replace the existing housing that has been lost with newly constructed projects.

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 5/3

NOTE FOR: KATIE Mc Ginty

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

Information ☑

Action ☐

[redacted]

[redacted]

Thank you.

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

cc:

[redacted]

Katie McG

Fyi—
important to have
business support
for all this.
B

[redacted]

[redacted]

CHANGING COURSE

A GLOBAL BUSIN
PERSPECTIVE ON DEVE MENT
AND THE ENVIRO

STEPHAN SCHMID
WITH THE BUSINESS NCIL
FOR SUSTAINABLE DEV OPMENT

THE PRESIDENT HAS SEEN
5-3-93

Derick - I need to go back to New Hampshire soon - ~~and~~ Hy. If we're going to call Chris Gallagher -

David R. Matthews
Matthews, Campbell & Rhoads
ATTORNEYS AT LAW
ROGERS, ARKANSAS

Dear Mr. President,

Every one term President since 1952 has gotten in trouble in New Hampshire within their own party. You have some faithful followers in N.H. They need to be cultivated. You're ok there now but trouble is brewing. Please call Terry Schumacher and John Broderick. The time to solidify N.H. for 1996 is now!

Best always,
David

THE WHITE HOUSE
WASHINGTON

DATE: 5/3

NOTE FOR: Eli Segal

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

[redacted]

Information ☐

Action ☑

Can you get someone to deal with this & prepare a reply for the President asap.
Thanks
John

Thank you.

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

cc:

THE PRESIDENT HAS SEEN 7/3/93

To Eli Segal

- Met these 2 young guys in New Orleans -
- you might be able to use them
- pls. have someone do a brief thanks reply from me to them - I'll sign.

Bill C

Learning By Teaching

Bill Clinton, Teach For America, and National Service

by Michael Loverude and Michael Lach

One evening last July, we sat in a room with other young people concerned about the future of this country and watched Bill Clinton accept the Democratic Party's presidential nomination. As Mr. Clinton described his New Covenant, with "millions of energetic young people, serving their country, policing the streets, teaching the kids, caring for the sick, helping young people stay off drugs and out of gangs, giving us all a sense of new hope and limitless possibilities," the roomful of twentysomethings literally erupted in cheers. As charter members of the Teach For America (TFA) program, a national teacher corps that places recent college graduates in areas of profound teacher shortages, we felt a surge of pride as Mr. Clinton told the country "you must do your part."

We are struck by the similarities of our experience teaching science in the ghettos of New Orleans to the national service plan Mr. Clinton has proposed, because we did do our part. On a strictly practical level, teaching enabled us to start to repay student loans and become financially independent shortly after leaving college. We felt fortunate to find jobs which paid reasonably well and offered an opportunity to help others. We quickly realized, however, that teaching in the inner city was much more than a typical entry-level job.

In the process of learning to teach, we learned some unforgettable lessons about ourselves and about the America in "Teach For America."

Living in an unfamiliar part of our country allowed us to experience first-hand the diversity and regional cultures that make the United States great. Most importantly, though, we discovered our students' America—the America outside the ivory towers and subdivisions of our youth, where the wars on poverty and drugs have been lost and there are more guns in the schools than computers. This exposure made the two years we spent with Teach For America the most important of our lives. We believe that giving thousands of young Americans an experience like ours through a national service commitment will forever alter American society. National service is perhaps the surest path to a "kinder, gentler America."

Though our parents and professors believe that Teach For America corps members are "giving something back," in the first year of teaching we learned as much from our students and colleagues as they learned from us. Shortly after framing our diplomas, we found that the most important lessons were still to be learned. We struggled to apply the skills and information we had mastered to problems with no easy or immediate solutions. The writing skills that once produced thesis papers were turned towards creating challenging quiz questions and grant proposals for much-needed laboratory equipment. The undergraduate science that once seemed second nature to us became intractable again when we were compelled to teach it in classrooms without safety equipment or even minimal supplies, to children who had "turned off" our favorite subject long ago. The emphasis on multicultural values was a source of much discussion at our college, but we found that no class or lecture could provide the insights and understanding we came to as white teachers in all-black schools.

As Teach For America corps member, we received deferments on college loans and national recognition, but the most important reward was the sense of purpose we found through classroom teaching. As we faced a teachers' strike, financial worries, and a bewildering and violent world, we had the daily experience of helping young people. We watched Desert Storm, David Duke's campaigns, and the aftermath of the Rodney King trial, and wondered about the future. But as we did, we helped to guide the future; we made a positive impact on nearly three hundred young people every day. In a cynical, materialistic world, the greatest reward we found for teaching was the experience of teaching.

As much as we gained from our teaching experiences, we know that our efforts enhanced the lives of the children in our classrooms as well. They received creative, innovative instruction from someone who loved science and was willing to work hard. Although we struggled initially, in time we became successful teachers who earned the respect and love of our students. Our colleagues, who offered us invaluable support and guidance, were in turn often inspired to try new teaching methods due to the ideas we brought to our classrooms. Similarly, the participants in Mr. Clinton's proposed national service program will bring a variety of perspectives and talents and invigorate communities which are in need.

The practical need we fulfilled initially—two qualified science teachers—reflects only the surface of the problems we faced. Now when we hear "gang member" on the radio, we'll think of Demond Hankton, the honor roll student who was shot and killed on the school yard when he was cutting his algebra class. When we read about teen pregnancy, we'll think of Cayata Dixon, who raised a son on her own while maintaining A's in her tenth-grade classes. When we think of the war on drugs, we'll think of Joanika Davis, who missed school to care for her sick grandfather because the rest of her family was addicted to crack. And when someone says that racism and segregation are part of the past, we will always think of our schools: Booker T. Washington and Alcee Fortier Senior High, exclusively black public schools where students receive an education as unequal as it is separate.

The greatest benefit of national service will be to build a human connection between different communities. Issues become much more than buzzwords or numbers; for us, they are human problems which claim the lives of children we know and love, problems well worth dedicating a life to solve. For most of our students, we were the first white face that had actively cared for them. For our divided country, human connections like the ones we made will begin to break down the walls separating rich and poor, black and white, suburbs and inner city. When these contacts are made on a much grander scale, as proposed by Mr. Clinton, the gripping problems of fear and inequity can be confronted by many more Americans.

Teaching in such difficult circumstances caused us to reflect upon our own educations. Our physics degrees suddenly had very concrete value as we used our knowledge to help others. The advantages we received growing up in well-educated families and in affluent, safe, stable communities became painfully apparent as we realized that most of our brightest students would never have opportunities to match ours, despite our best efforts. We cannot imagine how any thinking, feeling person could teach at our schools, or even visit them, without questioning the conditions that created such frightening inequities and resolving to do something to change them.

Success in such difficult circumstances has given us the confidence and determination to do whatever we can to solve those problems. Our empathy with our students has shown us the need for commitment. Service has changed our life plans, compelling us to rethink our schemes for physics graduate school in order to concentrate on science education. Service will always make a difference to an individual—leaders such as Lyndon Johnson and Senator "Jay" Rockefeller both served in poor communities and their experiences led them to work on the behalf of those communities through government service. If we change enough individuals, we may finally move away from the divided "us and them" society and begin to rebuild America.

Teach For America channels the idealism of college graduates to drive a mechanism for improving education. TFA's several hundred new teachers can provide only a small dose of reform, though. Mr. Clinton has proposed a much more ambitious program which would unleash the energy of many thousands of young people, just as TFA makes it possible for graduates with an interest in teaching to battle poverty and inequity in the public schools. Mr. Clinton's broader proposal will provide a much easier means for idealistic graduates with any interest to make a difference.

Such a national service corps will be very costly. Teach For America, with only 1500 corps members, has an annual budget of seven million dollars and over seventy full-time employees. The human costs will be great as well, as these idealistic young people deal with hardship and many inevitable failures. Some participants will surely decide that thousands of dollars of debt is an easier burden to shoulder than the crises of neglected communities. Despite the great expense, we think the benefits to the participants and the country as a whole will repay the initial investment many times over.

We envision national service as an integral part of the education of all young people. Our own education was incomplete without Teach For America. We urge Mr. Clinton and the Congress to move swiftly to enact a national service plan. Just as our teaching positions were much more than mere jobs, national service is much more than a mere jobs bill or short-term economic stimulus.

We urge our elected representatives to rise above political games and call upon the members of our generation who are willing to give. National Service is a move to ease the despair and fear in depressed communities throughout the country, and will bring us closer to the day when intolerance and inequality are not the defining characteristics in the lives of so many Americans.

Michael Loverude is a graduate student at the University of Washington in Seattle studying physics and physics education. Michael Lach is still teaching science at Alcee Fortier Senior High School in New Orleans.

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THE WHITE HOUSE
WASHINGTON

DATE: -/3

NOTE FOR: MACK, Bob Rubin, Sylvia MATHEWS

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

Information ☐

Action ☑

[redacted]

Sylvia - can you follow up on this, so that we can respond soon

Thank you.

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

cc:

<u>Mack / Bob Rubin</u>

FYI - <u>advise</u>

We need to do a reply

Cong Jefferson given to him —

THE PRESIDENT HAS SEEN 5/3/93

ORMET CORPORATION
P.O. BOX 176
HANNIBAL, OHIO 43931
(614) 483-1381 Fax: (614) 483-2622

April 30, 1993

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

Dear Mr. President:

As you continue refining and defining your economic package, I wish to call attention to the potentially devastating impact a Btu energy tax will have on the aluminum industry, especially on independent aluminum producers.

My information indicates the U.S. Treasury Department wisely has considered petroleum to be an ingredient or "feed stock" in the production of plastics and not subject to a possible Btu tax. The very same case can be made for the electricity used in the production of aluminum. Alumina, refined bauxite ore, can only be converted commercially to aluminum by the application of an electrical charge. The basic feed stocks in this electrochemical process are alumina, carbon anodes and electricity.

Electricity is the essential ingredient in the production of aluminum, just as petroleum is to plastics. While we are willing to pay our fair share of a tax increase, I urge you to consider the electricity used in the aluminum production process to be a feed stock and exempt from the potential Btu tax. Let me stress that this is not an exemption for the power necessary to operate the machinery, but rather for the electricity used in the production process itself. And, since the electricity used in the electrochemical process must be converted to direct current, it is measurable and can be differentiated from electricity destined for other uses.

The consequences of not granting such an exemption to the aluminum industry are dire. First, we cannot afford to lose aluminum production capacity in this country, since we are a net importer of this commodity, which is considered to be a strategic material. In 1978, there were 32 operating smelters in the United States; that number is now down to 22 smelters. Second, aluminum is sold as a commodity on the world market. A tax on the feed stock, electricity, will disadvantage domestic producers already struggling against foreign producers, who currently pay an average of 22 percent less for power. World production and "dumping" of aluminum by the Commonwealth of Independent States, particularly Russia, already have depressed the price of aluminum and severely diminished the profit margins of our aluminum companies.

The Honorable William Jefferson Clinton
Page Two

The three principal costs in the production of aluminum are those of bauxite, which is tied to the commodity price of aluminum; electricity; and labor. If we place this onerous tax on electricity, there is only one area in which the industry can make cuts to remain globally competitive. That area is labor. It is not logical to levy a tax that destroys jobs. Although our large domestic producers may have the option of diverting production to their foreign subsidiaries to escape or moderate the effects of a Btu tax, our independent aluminum producers do not have this option.

One such producer is Ormet Corporation. Given the available information on the Btu tax proposal, Ormet will realize a cost increase of approximately $15 million per year. If Ormet Corporation, the fourth-largest domestic producer of aluminum, ceases to be competitive, the potential loss of 2,000 jobs and $250,000,000 in wages, medical benefits, and purchased goods, will be devastating to the Ohio Valley and to the state of Louisiana where this corporation operates.

I am sure other energy-intensive companies will ask for exemption from this tax, and their requests may be valid. But, perhaps there is a simple test to determine the difference between a feed stock and a power source. That test is one question: Can the product be commercially produced by the application of "horsepower?" Plastics cannot and aluminum cannot. Therefore, I request that you consider the electricity used in the production of aluminum to be a feed stock and exempt from the Btu tax proposal.

Yours truly,

R. E. Boyle

Emmett Boyle
Chairman, President and CEO
Ormet Corporation

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 5/3

NOTE FOR: Tony / Sandy

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

Information ☑

Action ☐

Thank you.

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

[redacted]

cc: Alexis

THE PRESIDENT HAS SEEN 5/3

Tony / Sandy

HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

[redacted]

PETER HOAGLAND
SECOND DISTRICT
NEBRASKA

April 30, 1993

Dear Mr. President:

Regarding our conversation after the meeting with Ways and Means Members, I am forwarding the article about the history of gays in the military that I found quite informative.

For democratic members from regions like mine, it is very important that we conclude this inflammatory issue and return to a DLC-type social agenda.

One option for concluding gays in the military is abolishing the recruitment question, returning the matter to its pre-Reagan status, and declaring victory.

I thought the meeting Thursday was very helpful. It is extremely heartening for us in the House when you take so much time to visit with us.

Sincerely,

Peter Hoagland

[redacted]

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

HQ 76 G
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APR 18 1993 sec. 4 p. 1,3

GF

The Odd Place of Homosexuality in the Military

By CATHERINE S. MANEGOLD

UNTIL 1942, no specific proviso barred homosexuals from serving in the military. That year, military psychiatrists, new to the ranks, warned of the "psychopathic personality disorders" that would make homosexuals unfit to fight. Then they devised supposedly foolproof guides to ferret them out: an effeminate flip of hand or a certain nervousness when standing naked before an officer.

It never really worked. Homosexuals served throughout World War II and after. In the repressive atmosphere of the 1950's, discharges for homosexuality soared; at the height of the Vietnam War, when recruitment drives were at their peak, enforcement was lax.

That military tradition of keeping out homosexuals could end on July 15, when President Clinton has said he will lift the ban. Pentagon officials, who had been notably recalcitrant in cooperating with the plan, said last week that they are rushing through several studies to address key matters like housing.

As things have stood, homosexuals could serve so long as they could hide. In the 1940's, if something untoward occurred, it was ascribed to "emergency" or "deprivation" homosexuality, according to John Costello in "Virtue Under Fire," a 1985 study of changing sexual mores brought about by World War II. Homosexual interludes were discounted as sparked by frustration. The armed forces thus maintained the facade of sexual purity (read: heterosexuality).

With President Clinton's announcement in January that the ban on homosexuals in the military would be lifted, a military tradition became harder to keep. Gay advocacy groups like the Campaign for Military Service saw the issue rapidly expand into a national debate on the worthiness of homosexuals. They have spent millions of dollars on a neatly packaged, well-advertised battle, underscored by a march on Washington next Sunday, to win inclusion in the ranks as blacks and women did before them.

Polls show that the nation remains divided, working its way through a subject as fiery as abortion yet imbued with more primal fears and deep social and religious constraints. The result has often been the rhetorical equivalent to the fog of battle, a fog in which women have been peculiarly absent, the ghosts of the debate.

Sex and Puritanical Roots

The argument has many voices. Some say it's a question of civil rights. Others say combat effectiveness. Or fear. Or homophobia and a surge in gay bashing that would devastate unit cohesiveness. Perhaps it is really about control and what would happen to one of the last bastions of American traditionalism if its defining social order were tampered with.

The argument is also, inevitably, about sex. That may be why keeping the subject hidden has always had a certain intrinsic appeal in a country with puritanical roots.

Military leaders who reject the civil rights analogy say the controversy is not about sex or even equal rights, but the agenda of a special interest group. They fear that complying with President Clinton's orders would set a precedent, inviting demands for inclusion by everyone from the mentally handicapped to other sexual minorities like transsexuals. They also argue that it is a privilege to serve in the fighting forces, not a right. "It's a nightmare as far as the military is concerned," said Bernard E. Trainor, a retired Marine lieutenant general. "It threatens the strong, conservative, moralistic tradition of the troops."

Not everyone in the military agrees. Adm. William

> The President's promise to lift the ban has made the services think about what they never wanted to think about.

J. Crowe Jr., a former Chairman of the Joint Chiefs of Staff, told The Washington Post recently that the argument was fueled "more by emotion than by reason." He said that the armed forces' culture of strict discipline is, in fact, uniquely suited to control the behavior of both homosexuals and the heterosexuals who might bash them — more so than civilian society.

Randy Shilts, the author of "Conduct Unbecoming," a new history of homosexuality in the military, points to the armed forces' policies on AIDS to illustrate how well the four services can cope with thorny problems when they must. "The armed forces has some of the most enlightened policies on H.I.V. in the country," he said. Discounting fears that wounded AIDS-infected soldiers might bleed on their buddies, he cited as an example the fact that regulations already prevent those soldiers from going into combat.

But even if the military can manage the transition, that does not necessarily mean the controversy will fade. There is a deeper source of discontent: "They want us to move faster than the country," said a former general who did not wish to be identified. Sodomy laws based on religious proscriptions against sex for sex's sake are still on the books in 24 states. The District of Columbia recently moved to drop its sodomy law, but Congress, which has final say, blocked a similar attempt in 1981.

The Supreme Court, too, was disinclined to undo a taboo that it says dates to biblical times. In its 1986 decision Bowers v. Hardwick, the Court upheld Georgia's sodomy law.

So for months now, Americans have been watching ominous shower shots on the nightly news and wrestling with their fears. Women soldiers have voiced support for the policy change and do not express the fear of being attacked by same-sex predators that preoccupies some men. Many of their male comrades, some of whom still believe that women are ancillary to the fighting troops, have made macho threats about just what they would do if they found a gay man in their midst.

Another widespread objection is that it would feminize a male club. Enduring images of homosexual men depict them as effeminate, therefore weak, therefore a drain upon a mighty fighting force. Yet that ignores the role of a dominant participant in homosexual sex, a partner who takes the aggressive "male" role. The argument also raises the question whether anything could have feminized the force more than women. And women are already there.

Yet some soldiers are so perturbed by the prospect of including gay men in the ranks that they are willing to break the rules by assaulting fellow soldiers. Their explanation is that they fear attack or unwanted sexual advances — sexual harassment — as if they really don't believe that no means no. It is likely, too, that some fear their own reactions and the prospect that they might respond sexually. "Hatred of gay men," Ken Corbett, a psychologist, wrote in an Op-Ed article for The New York

Continued on page 3

Homosexuality in the Military Tradition

Continued from page 1

Times in February, "is based on fear of the self, not of an alien other." For decades, psychologists have said that at the core of homophobia is repressed fear and latent homosexuality.

Psychologists point to a rich history of songs, drag shows and jokes in the military that serve to neutralize powerful feelings. As early as 1941, the psychiatrist William Menninger described the typical soldier's wartime relationship as one of "disguised and sublimated homosexuality," a theme given voice in the popular war song, "My Buddy": "I miss your voice and the touch of your hand, my buddy."

That intense companionships were both so common and so acceptable in pop culture must have alleviated some soldiers' fears about unexpected longings. With those fears neutralized and the relationships the cause of celebration, the military became a safe place for the emotional intimacy so compelling to men and women facing the chaos and terror of war.

Seen from a distance, the logic of the military's denial of homosexuality in the ranks was simple: as long as no homosexuals were enlisted, soldiers could play at being lovers (and even consummate the roles) without ever having to acknowledge those feelings. Whatever happened, happened. There was a war on.

The implied double standard was made official in 1982. The Department of Defense regulations adopted that year allow a heterosexual to have homosexual sex and to be exonerated — so long as he or she states that the incident was a lapse. Gay and lesbian soldiers, by contrast, are discharged just for identifying themselves as such.

Women More Vulnerable

Col. Margarethe Cammermeyer, a much-decorated nurse in the Army National Guard who was discharged last May for her sexual orientation, says the ban has left women particularly vulnerable. "There is a tremendous amount of lesbian-baiting in the service," she said. "Any straight man who propositions a woman and she's not interested, well, it can't be because he's not attractive. So it must be because she's a lesbian. It's used as a threat all the time."

Because homosexuals now have to hide, anyone in the armed forces, she says, can sabotage the career of another by making allegations about their sexuality. If homosexuals were allowed to be open, that disruption would disappear. Though men are equally susceptible to such accusations, they are less likely than women to be dismissed because of their orientation. Lesbians are discharged at a rate from two to six times higher than gay men, depending on the branch of the service.

In the 1940's, if anything sexually untoward occurred, it could be attributed to "deprivation." Then it was all right.

Several books, but most notably Allan Bérubé's "Coming Out Under Fire," trace the start of a gay rights movement in America to the military itself. They argue that the relative openness of gay and lesbian relationships in the military in World War II eventually led to those veterans settling in port cities like San Francisco and New York where, for the first time, they established identifiable subcultures.

Depending on its own convenience, the military operated with a double standard: while there were purges and discharges during that war, scores of written accounts show an easy acceptance among the Allied forces (German S.S. officers, in contrast, faced death by firing squad). Women in particular were likely to escape punishment. The Women's Army Corps actually dealt with lesbianism as a normal part of life. "A lecture to WAC officer candidates on homosexuality, prepared by the Surgeon General's Office and revised by WAC officials," wrote Mr. Bérubé, included the observation that "every person is born with a bisexual nature." In that corps, discharge was used only as a last resort in cases that disrupted a unit.

Men, too, often seemed to accept their gay comrades. Ben Small, a gay Army Air Corpsman stationed near New Guinea, once wrote away for a pile of dresses for a drag show. When the dresses arrived, he recounted in Mr. Bérubé's study, "Well, here's everybody in the office from the lieutenant on down trying on dresses! Everybody suddenly becomes a drag queen!"

Such tolerance would not last through the cold war. By the 1950's, Senator Joseph McCarthy was well into a civilian witch hunt that would quickly bleach the military's ranks as well. At the time, Senator McCarthy's right-hand man, Roy Cohn, and J. Edgar Hoover of the Federal Bureau of Investigation, both closeted themselves, presented the argument that homosexuals were the agents of communism. "One homosexual can pollute a Government office," concluded a report authorized by the Senate in 1950. Military discharges based on sexual orientation doubled in the 1950's and then increased by half again in the 1960's.

When recruitment demands were high during the Vietnam War, the situation loosened. Cal Anderson, an Army court reporter who would later join the Washington State Assembly, recalled in "My Country, My Right to Serve," that he was once caught in the act. The commander's reprimand was short and mild: "Now, I don't care what people do in their own time," he told the terrified young soldier. "But the Army doesn't feel that way, so in the future, be more discreet."

Klinger in Drag

By 1972, the popular television show "M*A*S*H" featured a soldier who almost always appeared in drag: Corporal Klinger, played by Jamie Farr. Though the show stopped short of explicitly dealing with his sexuality — always leaving open the question that he was merely trying to get a discharge — the character became one of the most beloved in the series.

Today, many senior officers see the issue in a long historical perspective. Steeped in military lore that traces homosexuality to pre-Christian history, they point to tales of homosexuality on the front lines from the Sacred Band of Thebes in 338 B.C. (where each soldier was said to be a lover of another) to such military giants as Alexander the Great, Richard the Lion-Hearted and T. E. Lawrence (popularly known as Lawrence of Arabia). Seen in that context, said a retired general, the issue becomes more a matter of management than revolution.

In an open letter to his soldiers printed in the Marine magazine "Leatherneck" last month, Gen. Carl E. Mundy Jr., the Marine Corps Commandant, advised: "We are made up not of individuals who seek self-identity, but of selfless men and women who place country and corps ahead of self . . . whatever their privately held preferences or belief may be." He urged tolerance: "We treat all marines with firmness, fairness and dignity."

Those comments were supportive, but typically oblique. General Trainor, who now directs the national security program at Harvard's Kennedy School of Government, may have encapsulated the military's gut reaction best. Given half a choice, he said, the military would have looked long and hard at the matter and then decided: "Listen, I'd rather not deal with it."

Sex, Lies and Statistics

SINCE the days of the first Kinsey report in 1948, its finding that one person in 10 is gay or bisexual has been repeated over and over. Now comes a study of male sexuality that leaves conventional wisdom in tatters, indicating that the number of men willing to call themselves gay is closer to one in 100.

The new figure has been disputed by gay rights groups arguing that, however confidential a survey, many gay men won't take the risk of identifying themselves.

But whether it measures American sexual practices accurately or is distorted by young men's embarrassment or braggadocio, the study, "The Sexual Behavior of U.S. Men," conducted by the Battelle Human Affairs Research Centers and financed by a $1.8 million Federal grant, tells the country as much about its sexual practices as any study since Kinsey.

The survey, published by the Alan Guttmacher Institute last week, was designed to help public health officials in the fight against sexually transmitted diseases. It found that white men on average began to have sex at the age of 17 and had had 6.6 partners. Among black men, the average age was 15 and the number of partners 10.2. The survey included interviews with 3,321 men aged 20 to 39.

If the researchers found fewer exclusively homosexual men, a population at high risk of transmitting the H.I.V. virus, than they had expected, they found other risky behavior to be common. More than 23 percent of the men said they had had sex with more than 20 women. Of those who had had four or more partners, only half used condoms.

"As number of partners increase, condom use increases, which is good news," said Koray Tanfer, one of the Battelle researchers. "The bad news is, we only get half as many as we should."

Dr. Tanfer is following up with a survey of the sexual practices of 1,700 women. He said that the men were studied first because earlier studies of women's reproductive health had already given researchers good evidence about their risk for sexually transmitted diseases.

FELICITY BARRINGER

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 5/3

NOTE FOR: MACK

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

Information ☐

Action ☑

Thank you.

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

[redacted]

cc:

J. ROBERT KERREY
NEBRASKA

UNITED STATES SENATE
WASHINGTON, D. C.

THE PRESIDENT HAS SEEN 5/3

[redacted]

April 20, 1993

Mack,

This is neither eloquent nor sagacious. It is an attempt to be back on the high ground and co-opt the opposition.

B

[redacted]

Mack

We do need to discuss the entitlement cap

I CHOOSE TO ADDRESS YOU DIRECTLY THIS EVENING BECAUSE I NEED YOUR HELP.

I NEED YOUR HELP TO GET CONGESS BACK ON TRACK TOWARDS THE GOAL OF RENEWED ECONOMIC PROSPERITY FOR ALL AMERICANS. I NEED YOUR HELP BECAUSE IN THE EIGHT WEEKS SINCE I DELIVERED MY STATE OF THE UNION ADDRESS THE CONGRESS HAS REVERTED TO FORM. RATHER THAN A NEW ERA OF UNSELFISH AND HONEST ACTION WE ARE BACK INTO THE OLD GAME OF BLAMING ONE ANOTHER FOR YESTERDAY'S MISTAKES.

IT IS OBVIOUS TO ME THAT THE STIMULUS PACKAGE - WHICH I BELIEVE WOULD HAVE BEEN GOOD FOR THE AMERICAN ECONOMY - WILL NOT BE PASSED. I REGRET THIS BECAUSE I BELIEVE THE AMERICAN ECONOMY NEEDED THIS PUSH. TIME WILL TELL WHETHER I WAS RIGHT OR WRONG. NOW IT IS TIME FOR US TO MOVE ON TO THE DIFFICULT TASK OF ENACTING A BUDGET WHICH IS REAL ECONOMIC CHANGE.

WHEN I SPOKE TO YOUR CONGRESS EIGHT WEEKS AGO I TOLD THEM THE TRUTH: UNLESS WE CHANGED OUR WAYS WE WERE GOING TO HAVE A COUNTRY NONE OF US RECOGNIZED. UNLESS WE CHANGED OUR BORROWING AND SPENDING HABITS AMERICA WOULD BECOME A DEBT RIDDEN, IMMOBILIZED DECLINING POWER.

I TOLD THEM THE TRUTH: IT WOULD TAKE REAL SPENDING CUTS AND TAX INCREASES TO DO THE JOB. THE DAYS OF THE FREE RIDE - SPENDING INCREASES AND TAX CUTS - WERE OVER. IT IS TIME FOR AMERICA TO PAY HER BILLS. IF WE DO NOT FACE THIS SINGLE FACT - RESPONSIBLY AND COURAGOUSLY - I AM AFRAID FOR WHAT WE WILL BECOME.

TONIGHT, I CHOOSE TO SPEAK TO YOU DIRECTLY BECAUSE IN SPITE OF CONGRESS'S DRIFT BACK INTO THE CONFORTABLE HABIT OF GRIDLOCK AND FINGERPOINTING, I SENSE THAT YOU, THE AMERICAN PEOPLE, ARE PREPARED FOR THE SHARED SACRIFICE NEEDED TO GET THIS DEFICIT BEHIND US.

I AM PARTICULARLY HEARTENED BY YOUR WILLINGNESS TO HAVE THE FEDERAL GOVERNMENT SPEND LESS MONEY. IT NOW APPEARS WE WILL BE ABLE TO DO MORE THAN I HAD ANTICIPATED.

TONIGHT, IN ADDITION TO ACKNOWLEDGING THAT MY STIMULUS PACKAGE WILL NOT BE ENACTED INTO LAW, I AM ASKING YOUR HELP IN TAKING

FEDERAL SPENDING LOWER THAN I HAD RECOMMENED. I NEED YOUR HELP BECAUSE IT WILL NOT BE EASY, BUT IT WILL BE RIGHT.

TONIGHT, I CALL ON CONGRESS TO SUPPORT THE FOLLOWING ADDITIONAL SPENDING REDUCTIONS:

1. A CAP ON ENTITLEMENTS. THREE WEEKS AGO FORTY THREE REPUBLICAN SENATORS VOTED FOR THIS CHANGE. ALL WE NEED ARE EIGHT DEMOCRATS AND WE WILL SAVE $80 BILLION OVER THE NEXT FIVE YEARS.

2. END BOTH THE SUPERCONDUCTING SUPER COLLIDER AND THE SPACE STATION. THIS WILL SAVE US $50 BILLION OVER FIVE YEARS.

3. IMPLEMENT THE STREAMLING RECOMMENDATIONS OF VICE PRESIDENT GORE.

4. TERMINATE WITH EXTREME PREJUDICE EVERY PROGRAM IN KANSAS.

IN JUST A FEW WEEKS I WILL BE COMING TO YOU AGAIN TO ASK YOUR HELP ENACTING COMPREHENSIVE HEALTH CARE REFORM. THERE IS AN ECONOMIC AND ETHICAL URGENCY WHICH GROWS EVERY DAY WE WAIT.

YOU VOTED FOR CHANGE LAST FALL AND I INTEND TO GIVE IT TO YOU.

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 5/3

TO: Sandy Berger

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

fyi
NRN

[redacted]

JAMES H. BILBRAY
1st District, Nevada

COMMITTEE ON
ARMED SERVICES

COMMITTEE ON
SMALL BUSINESS
CHAIRMAN, SUBCOMMITTEE ON
PROCUREMENT, TAXATION
AND TOURISM

PERMANENT SELECT
COMMITTEE ON INTELLIGENCE

Congress of the United States
House of Representatives
Washington, DC 20515-2801

2431 Rayburn House Office Building
Washington, DC 20515-2801
(202) 225-5965

DISTRICT OFFICE:
1785 E. Sahara #445
Las Vegas, NV 89104
(702) 792-2424

April 22, 1993

Dear Colleague;

I would like to make available to you, and to all members of the Human Right Caucus, an opportunity to hear a first-hand account of the suffering inside war ravaged Bosnia-Herzegovina.

Mr. Giles Pace, a former member of the U.S. Special Forces and a resident of my Las Vegas district, has spent considerable time inside the troubled region. He has seen the suffering of the residents and has taken upon himself a mission to assist them by offering military escort for caravans carrying food to the Tuzla region.

Mr. Pace has a unique understanding of the problems faced by the people of Tuzla and the surrounding regions. I have spoken with him and believe him to have a particular insight that might be beneficial in our efforts to better understand the conflict that is proving so difficult to resolve.

Although he is very anxious to return to Bosnia and continue his work, Mr. Pace has agreed to come to Washington, D.C., to share what he has learned with U.S. intelligence services, the staff of the House Intelligence Committee, and any interested Members of Congress. Rep. McClosky and I will be meeting with Mr. Pace on Tuesday, April 27th, at 4:15 P.M. Please contact Gordon Absher or Mike Talisnik of my staff, at 5-5965 if you would like more information on this valuable opportunity.

Sincerely,

James H. Bilbray

James H. Bilbray
Member of Congress

Nancy -
I have no
idea what
this is or where
it came from
V.

Republic of Bosnia and Herzegovina
Permanent Mission to the United Nations
New York

November 27, 1992

RE: MR. GILES PACE, AUTHORIZED REPRESENTATIVE
COORDINATION COUNCIL OF TUZLA REGION
REPUBLIC OF BOSNIA AND HERZEGOVINA

Dear Sirs,

At the direct request of the Coordination Council of the Tuzla Region and the Council's President, Mr. Selim Beslagic, this is to confirm that Mr. Giles Pace is an Authorized Representative of the Council and has been duly recognized and confirmed as such by this Mission and the Republic of Bosnia and Herzegovina.

If you should have any questions or need to confirm, please feel free to conatct this Mission at (212) 867 - 6743 or (212) 867 - 5412 or by fax transmittal (212) 867 - 5416.

Muhamed Sacirbey
Ambassador and Permanent
Representative

202 628 2100
ROOM 704

CELL 301 ~~5430~~
503 0372

WILL BE BACK
HOME ON 1ST
702 898 2229

P.O. Box 1896 • New York, NY 10163 • Phone (212) 867-6743 • Fax (212) 867-5416

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 5/3

TO: SLR

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

S- response

[redacted]

Princeton University

Woodrow Wilson School
of Public and International Affairs
Robertson Hall
Princeton, New Jersey 08544-1013

Dr. Wolfgang F. Danspeckgruber
Instructor in Politics and International Affairs
Director, LCM on European Affairs
tel.: (609) 258-5685
fax.: (609) 258-3988

FAX

Please deliver immediately to: *The President of the United States of America*

Organization: *The White House (202/456-1121)*

Date: *4/29/1993* **Total number of pages (including cover page):** *6*

I would greately appreciate the *<u>urgent</u>* *delivery of these pages to The President.*

With many thanks and kind regardc

'Jt -
This is a letter
re: Yugoslavia from
a professor at
Princeton. Correspondence
to handle ?
Kelly

Princeton University
Woodrow Wilson School
of Public and International Affairs
Robertson Hall
Princeton, New Jersey 08544-1013
FAX (609) 258-2809

Dr. Wolfgang F. Danspeckgruber
Lecturer in Politics and International Affairs
Director, LCM on European Affairs
tel.: (609) 258-5685
fax.: (609) 258-3988

April 29th, 1993

The President of the United States

The White House
Washington, D.C.

per fax.: 202 / 456-1121

Dear Mister President !

As an Austrian who loves the United States of America and who is extremely concerned about the developments on the Balkans, I take the liberty to send the enclosed pages.

It now seems absolutely imperative that you, Mr. President, and the United States take the lead in what should be a concerted international operation under UN auspices. But American action does not necessarily mean immediate direct military involvement. Rather it should be a credible, combined, step-by-step approach which entails a balanced, de-emotionalized, long-term plan which should take into account future evolution on a communal, national, and regional level. It should envisage life after the fighting is over: how do Bosnians, Serbs, and Croats, Muslims and Christians live together?; does the community need further international monitoring?; would it require an international UN protectorate?

The strategy has to address three objectives: termination of bloodshed and suffering at once, avoidance of expansion, reconciliation, inter-party-negotiations - also including non-government entities - and reconstruction of viable communities for the future.

Action must be taken not only to convince the warring factions but also to deter future would-be ethnic demagogues elsewhere. A military operation will be effective only if it follows three rules: it has to be part of a long term strategy, it must be credible, and it must be feasible.

There is no need to see another Vietnam syndrome, for Yugoslavia is in Central Europe, and active military forces may have to be replaced with UN Peace Keeping units anyhow.

If America fails to act now, whether unilaterally or through the appropriate international organizations, the Balkan struggles will continue, intensify, and expand. The resulting tensions may eventually draw in US involvement anyway - though at much higher risks and costs.

I trust that you, Mr. President, will shape the action of the United States in this conflict which certainly will influence the international system for many years to come.

With my very best wishes for that and all your endeavors as well as kind regards from Princeton

Sincerely your's

Enclosures 3 pages

c.c.: H.R.H. Prince Hans Adam II. of Liechtenstein

Bosnia: America must lead!

Wolfgang Danspeckgruber1*

The weekend's conference of EC Foreign Ministers in Denmark shows once again that without American leadership, the Europeans will do nothing to stop the slaughter in Bosnia. If the US fails to act, whether unilaterally or through the appropriate international organizations, the Balkan struggles will continue, intensify, and expand. Political leaders, governments, and rival groups will search for their own allies - however nationalistic, zealous, expansive, or belligerent their intentions may be. The resulting tensions may turn into nasty conflicts which eventually will draw in US involvement anyway, though at much higher risks and costs.

To have left the solution of the disintegration of Yugoslavia and its problems to the Europeans alone has proven disastrous. To remain inactive today may spell disaster for yet untouched areas like Kosovo and Macedonia, even Greece and Hungary, and may lead to Balkanization from the Adriatic to the Aral Sea. Emerging alignments between new states in the area and outside powers promise rapid and increasing complication, intensification, and expansion of the conflict. They counteract European integration and stability and ultimately will even hurt Washington's relations with Moscow.

Alignments include: Germany, Austria, Italy, Hungary with the Catholic north of the Yugoslav territory; the intensification of the alignment Vienna-Budapest-Zagreb, with Hungary supporting Croatia; the historical link between Paris, Belgrade--and Bucharest--existed since the *petite alliance* in the interwar period which was again demonstrated by President Mitterrand's visit to Sarajevo; Albania & Turkey share common Islamic belief and are concerned about protection for the Muslim Bosnian Slavs and Kosovo Albanians (Ankara even maintains a defense agreement with Albania, and there exists also Italian sympathy); and Romania supports Serbia, as does to a certain extent also Greece. Bulgaria was among the first states to recognize

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*) Wolfgang Danspeckgruber, an Austrian, teaches European politics at Princeton University's Woodrow Wilson School. He directs the Liechtenstein Colloquium and its international project on the *Danger of Balkanization*.

independence of Macedonia and has great interests in the further developments. The alliance between Russia and its Slavic brother Serbia goes back to historic Pan-Slavism [witness the increasing Russian popular (and parliamentary) support for the Serbian cause and the evidence of CIS contravention of the embargo against rump-Yugoslavia (Serbia and Montenegro)]. That Russian-Slaviclink is enhanced by the orthodox church, as these relations play a role between Yugoslavia's catholic parts and Central Europe's catholic states. Even China is said to have regional interests due to her intensive contacts with Romania and Albania. Finally, the forgotten *Baghdad connection*; formerly Yugoslavia with Iraq and other Arabic states; Yugoslav armed forces were a major supply and training partner of the Iraqi armed forces including close links in the UN non-aligned movement. Today this has been followed by Iranian and Saudi help for Bosnian Muslims. Voluntary fighters on all fronts include Australian, German, Austrian, French, British, Italian, Cossacks, Iranian, and Mudjahedins.

The pressure on the Clinton Administration to act is therefore enormous. An active and clear US policy may or may not mean immediate direct military involvement in the former Yugoslavia. But it certainly entails a credible long term strategy, concepts for the peaceful resolution of conflicts, and the transmission of a clear message of principles. Washington must show the intentions and objectives of American foreign policy - and its inherent limits.

Bosnia is both an inferno and a potential quagmire. Any military intervention must be linked to a balanced, credible, de-emotionalized, long-term plan, that takes into account future evolution on a communal, national, regional, and even continental level. Such a plan must include UN-sanctioned power, a determined show of limits, and the clear message that the international community will accept no more atrocities nor redrawn borders, nor may the parties who commit crimes against human rights expect future participation in European integration. Action must be taken not only to convince the warring factions but also to deter future would-be ethnic demagogues elsewhere.

A military operation will be effective only if it follows three rules: it has to be part of a long term strategy, it must be credible, and it must be feasible. It has to be well balanced and must not single out one party nor become one-sided. Either bomb any Serbian, Croatian, or Muslim artillery position that is aggressively firing, or do not bomb at all.

The strategy should envisage life after the fighting is over: how do Bosnians, Serbs, and Croats, Muslims and Christians live together?; does the community need further international monitoring?; would it require an international UN protectorate? It has to address three objectives: termination of bloodshed and suffering at once, conflict limitation and avoidance of expansion, and reconciliation, inter-party-negotiations - also including non-government entities - and reconstruction of viable communities for the future. This may include an adaptation of the Vance-Owen Plan or a new international agreement reducing Serbian gains. The best seems to be a credible, combined, step-by-step approach, each time connected to an all-encompassing ultimatum: Stop fighting, or we tighten the international ring and sanctions; stop fighting or we lift arms embargo (there will be enough supply and training); stop fighting, or we bomb any firing position; stop fighting, or major UN peace-making operations will take place. There is even the option to change the UN troops already on the ground into combat units. Any action must include a deadline under full UN Security Council approval, EC and Russian collaboration, and accompanying further tightening of the international ring which may become like a fire-break around the former republics. However, we should continuously try to provide maximum humanitarian aid--even by use of force if necessary to evacuate the wounded and fly out civilians.

If the US does not create and implement such strategy, no one will do it - but developments may turn against US interests. The way President Clinton acts now in the Balkan drama will have influence long beyond his presidency on the international system of which the United States is, like it or not, the preeminent member.

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 5/3

NOTE FOR: MACK Howard

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

Information ☐

Action ☐

Thank you.

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

[redacted]

cc:

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 5/2

FROM THE PRESIDENT

TO: Mack Staff

Re: La. Congressional Delegation

(1) Billy TAUZIN

wants disaster decl. from FEMA for Grand Isle - 1st turned down based on wrong damage estimates - now being reconsidered - promised try to help.

(2) B Tauzin

wants Keystone Energy Center in Colo to sponsor big conference on Endangered Species Act - Sec. O'Leary will be there - Carol Browner will - (I'm not sure about VP) - we need to check this out.

[redacted]

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 5/2

FROM THE PRESIDENT

TO:

re La. Cong. Delegation

(3) They all want Cong. Cleo Fields to be cosponsor of Nat'l Service I'd like that too—

(4) Bill Jefferson said he & John Lewis asked W Hse for an appointment 6 weeks ago ~~and got turned down~~ and never got an answer — that's hard to believe check out.

(5) Jefferson sent 2 ideas to John Lewis & other names Dem. Reg. - want to see that they be considered—

[redacted]

THE WHITE HOUSE
WASHINGTON

Chron

[redacted]

DATE: 5/3

NOTE FOR: Will H+L

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

Information ☐
Action ☑

Please reply as soon as possible

Thanks

Thank you.

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

[redacted]

cc: Tony Lake

THE PRESIDENT HAS SEEN 5/3

Tony
we need to reply
B

UNOFFICIAL TRANSLATION

CARLOS SALINAS DE GORTARI
CONSTITUTIONAL PRESIDENT OF THE
UNITED MEXICAN STATES.

Los Pinos, April 27, 1993.

Dear Mr. President:

I have followed the first hundred days of your Administration with the keen interest of a friend and a neighbor. You are promoting -with vision and enthusiasm-- a great change in the United States that has elicited your people's genuine support. I especially congratulate you for your political skill in presenting to the United States public the main points of your economic agenda. I am convinced that your ability, and the trust that the U.S. people have deposited in you, will make your program succeed in Congress, marking the beginning of a new era of prosperity for the United States.

The success of your economic program will have a global impact. The preeminent position the United States occupies in international relations and your own personal leadership will be essential in facing the many sources of conflict and instability in the world. Many people, and especially those close to the United States such as ourselves, believe that your success in domestic issues will be instrumental in your effective handling of the complex international agenda.

I particularly wish to thank you for your statements of steadfast support for the United States' Free Trade Agreement with Mexico and Canada. I am encouraged by the fact that the discussions for the parallel agreements on environmental and labor issues --two areas of paramount importance for my Administration-- have already began, and are moving at a good pace. And I believe that the resolute commitment of the parties to reach an agreement will make it possible for such negotiations to conclude within the next four or five weeks. Once these additional agreements are completed, your personal intervention and the support of your Administration will be decisive for this visionary trade initiative --that stands to benefit your country and mine-- to overcome the obstacles it is still facing. Thus, I trust that the FTA will be a reality by January 1, 1994.

Accept, Mr. President, my appreciation and friendship.

(signature)

The President
of the United States of America.

THE WHITE HOUSE
WASHINGTON

Chron

[redacted]

DATE: 5/3

NOTE FOR: MAck, Alexis, Howard, Tom Daggett

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

Information ☑

Action ☐

Thank you.

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

[redacted]

cc:

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE:

FROM THE PRESIDENT

To: Mack/Alexis – FYI –
He's a lifelong friend – strongly opposed to striker replacement –

MR PRESIDENT - WE LOVED SEEING YOU! THANKS - I'D LOVE TO HELP ON CONTRACTOR - LABOR THINGS IF I CAN - PLEASE CALL - I'M GOING TO CHECK ON HEALTH INSURANCE ~~[illegible]~~ ~~[illegible]~~ PROVIDED BY OUR CONTRACTORS - BOB & CYNTHIA -

ROBERT E.\ST
COMPANY, INC.

Robert Eas

GENERAL CONTRA RS
P.O. BOX 251556 • LITTLE ROCK ANSAS 72225-1556
501/661-1646 FAX 501/661-9546

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 05/03/93

NOTE FOR: GENE SPERLING

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:

Perot Throws Stones at Clinton's Tax Proposals From His Glass House of Even Larger Increases

By GERALD F. SEIB
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON – Ross Perot bought a costly block of television time last week to deliver this warning: "The American people are about to get hit with the largest tax increase in the history of this country."

What Mr. Perot didn't say was that he himself has proposed tax increases even larger than what President Clinton has suggested so far. And he would raise less from the wealthy and more from the middle and lower-middle classes.

The economic program Mr. Perot presented during his independent presidential campaign last year called for net tax increases of about $320 billion over the next five years, some $50 billion more than the current Clinton tax program. The Clinton plan, which Mr. Perot is urging his followers to oppose by placing protest calls to the White House and Congress, calls for tax increases of about $270 billion over the same time period.

A Tale of Two Tax Plans

What Perot would do:	What Clinton would do:
Increase the gasoline tax by 10 cents a gallon every year for five years	Raise the top individual income tax rate to 36% and impose a surtax on wealthy Americans
Tax some employer-paid health insurance	Impose a broad-based energy tax
Raise the top individual income tax rate to 33%	Increase the top income tax rate on large corporations
Tax 85% of Social Security benefits for higher-income recipients	Tax 85% of Social Security benefits for higher-income recipients

Sources: Perot Deficit Reduction Plan, Clinton Vision of Change for America

Many Similarities

Upon closer examination, Mr. Perot's tax plan, while larger, actually is strikingly similar to the Clinton plan in many respects. Both would raise the tax rate on the richest Americans, both would tax more Social Security benefits and both have significant energy taxes. Both would spend some of that revenue by giving investment tax credits to businesses.

But there is a difference. Mr. Perot, largely because of an enormous gasoline tax and taxes on health benefits, "clearly would hit the middle class more," says Steve Bell, a managing director at Salomon Brothers' Washington office. "And there's a reason for that: That's where most of the money is." That's the unhappy truth about deficit reduction, which the Perot plan tacitly confirms.

Mr. Perot acknowledges that he would be a big taxer. After warning viewers of the coming tax increase in a paid half-hour broadcast on NBC last week, the Texas billionaire declared: "I feel a great sense of responsibility for this tax increase because during the campaign I stressed the need to raise taxes to balance the budget, to pay off the debt, to stop spending our children's money."

The real problem with the Clinton tax plan, Mr. Perot argues, is that the revenue won't go strictly to reduce the federal deficit. Because Mr. Clinton isn't cutting deeply enough into spending programs, he complains, the tax receipts will only push the deficit down for the next few years before it begins shooting back up again. "The American people are only willing to sacrifice and pay more taxes to clean up the mess Washington has created for our children and our grandchildren," he maintains. In his TV address, he called on people to "say no to a tax increase until we get real government reform and a solid program to pay our debt."

He also argues that the Clinton tax bill will be much higher once the president reveals what taxes he will impose to pay for his big overhaul of the health-care system, which is to provide coverage to 37 million uninsured people. Indeed, it is likely that with those additional taxes, the total Clinton tax bite will become bigger than Mr. Perot's over time.

Mr. Perot won't say which of Mr. Clinton's taxes he opposes, leaving some to suggest his rhetoric is more politically than economically driven. And some of Mr. Perot's rhetoric is clearly misleading. He has been suggesting falsely that President Clinton has decided to pay for his health plan by imposing a 5% value-added tax that "will hit everybody." In fact, the value-added tax is only one of many options being weighed, and many presidential advisers think it will never be enacted.

What's more, the fine print of the Perot plan suggests that had he become president he, too, would have imposed additional taxes of some kind to pay for health benefits for millions of uninsured people. His program called for a "basic benefit package for universal coverage," without spelling out how those health benefits would be paid for.

And while Mr. Perot lambastes President Clinton for simply assuming that he will be able to bring down the deficit over time by putting a lid on the government's health-care costs, the Perot plan makes a similar assumption. One big reason Mr. Perot's plan would eliminate the deficit is that it envisions a huge $141.4 billion in budget savings through "cost containment" in Medicare and Medicaid over the next five years. But it doesn't specify where those savings would come from, saying only that "both a short-term and long-term strategy must be adopted."

Hoped-for cuts in health costs are "the mirror or the smoke" of both the Perot and Clinton deficit-reduction plans, says Gary Robbins, a senior fellow at the National Center for Policy Alternatives.

In many ways, the Perot tax plan would be a model in political courage if it were ever really proposed, for it attacks many political sacred cows. "In a way you have to take your hat off to him" for going after powerful groups, says Robert Reischauer, head of the Congressional Budget Office. But that also means that the Perot plan would be deeply unpopular with some of the same people Mr. Perot is now encouraging to block Clinton's program.

The centerpiece of the Perot tax plan was a big gasoline tax. He proposed raising the federal tax on gasoline by 10 cents a gallon in each of the next five years, an increase that would bring in about $157.8

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GS-save

52

billion by 1998. That tax dwarfs the broad-based energy tax Mr. Clinton has proposed, which would tax all forms of energy according to the amount of BTUs, or units of heat, that they produce. Mr. Clinton envisions collecting just $72.8 billion over five years with his energy tax, less than half the revenue of the Perot gas tax.

A gasoline tax is a popular idea with many analysts, not only because it would raise lots of money but because it also would conserve energy and reduce dependence on foreign oil and environmental damage. But a gasoline tax also is considered a highly regressive tax, because it would hit lower-income people just as hard as the wealthy.

Mr. Perot's next-biggest revenue earner would be a tax on some employer-paid health insurance benefits. He would tax as income premiums over $135 a month for individual coverage or $335 a month for family coverage. That tax would pull in $57.1 billion over five years.

In addition, Mr. Perot proposed taxing 85% of Social Security benefits for higher-income recipients, rather than the current 50%, precisely the same proposal Mr. Clinton has made. The Treasury estimates that would raise $23.2 billion over five years.

Clinton Hits Wealthy Harder

Taxes on the wealthy would go up under both plans, but there is a dramatic difference over how much. Mr. Perot would raise the top marginal tax rate to 33% from 31%, bringing in $33.2 billion. The president proposes raising the top rate to 36% and imposing a surtax and other new taxes, raising almost $125 billion. Mr. Clinton's top tax rate would start with couples with taxable income of $140,000 or more; Mr. Perot's would kick in at $89,000.

The president would also pull in more taxes from corporations than would Mr. Perot. The Clinton plan calls for getting roughly $29 billion over five years by raising the tax rate on large corporations to 36%. Mr. Perot doesn't propose a change in the corporate tax rate.

But in Mr. Perot's view, the truly significant difference in the plans is that he would slice much deeper into spending while collecting higher taxes. In the campaign, Mr. Perot promised $108 billion in savings over five years by simply imposing a 5% cut in spending on domestic discretionary programs and an across-the-board 10% cut in administrative costs.

But he didn't specify where the cuts would come, which is the sort of tactic he now criticizes Mr. Clinton for using. In critiquing Mr. Clinton's defense budget last week, Mr. Perot asserted, "They just pull the number out of air and now they're trying to put it together in a rational way. That's not the way you do business, folks. You put together your plan, and then you figure out your numbers."

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Sent Fed. Express
5/3/93

THE WHITE HOUSE

WASHINGTON

May 3, 1993

The Honorable Brereton Jones
Governor of Kentucky
700 Capital Avenue
Frankfort, Kentucky 40601

Dear Brereton:

Knowing that we have a shared commitment to health care reform, I am writing to encourage you to continue your efforts in that area for the Commonwealth of Kentucky.

As we have discussed on several occasions, our states and nation must act to ensure that all of our citizens have health insurance coverage that does not penalize them for preexisting conditions and that improves access to preventive care. Equally imperative is controlling health care costs.

I know that you are fully aware of my Administration's plans to address these issues on the federal level, and I also recognize that these areas are the focus of the initiatives you have proposed in Kentucky.

I urge you to continue to press forward on the state level for two very fundamental reasons. First, the citizens of your state, as do all Americans, need and deserve immediate relief from the burdens of our health care system. In addition, the states will be called upon to play a leadership role in implementing the health care reforms enacted by the federal government.

Sincerely,

Bill Clinton