

Chron



THE WHITE HOUSE
WASHINGTON

DATE: 5.14.93

TO: MACK MCLARTY
MARK GEARAN
BOB RUBIN

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

The attached has been forwarded
to the President.



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

93 MAY 14 P7:29

May 14, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: ALAN BLINDER *AB*
SUBJECT: Interest Rates, Stock Market, and Money Supply,
Week Ending Friday, May 14, 1993

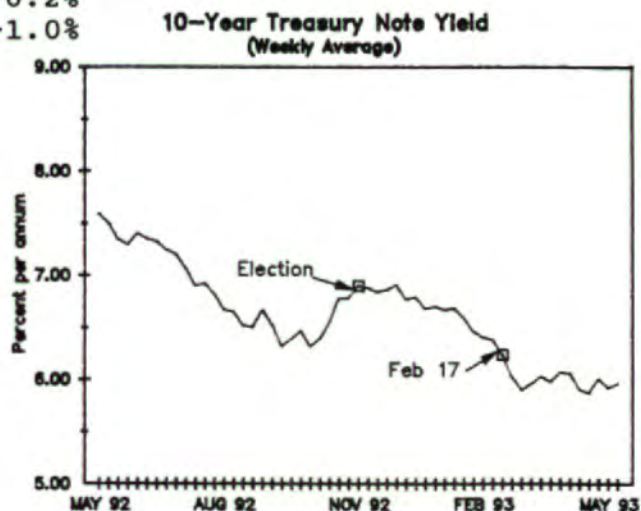
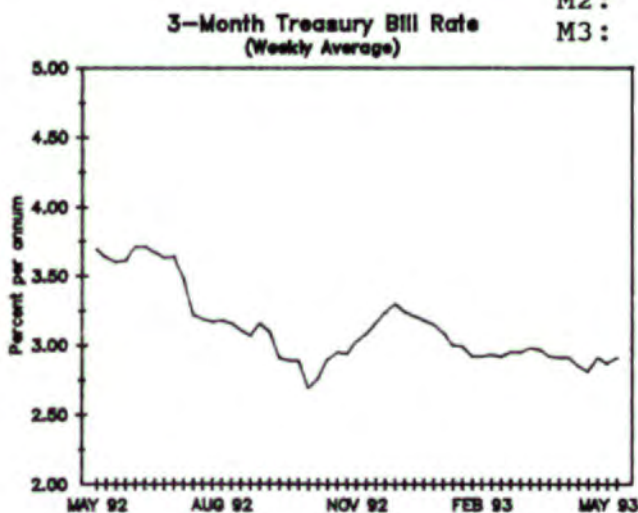
Bond yields increased substantially this week, presumably because of the larger-than-expected increases in both the Producer Price Index and the Consumer Price Index. Changes in Treasury borrowing rates over the week were as follows:

	Close 5/7/93	Close 5/14/93	Change
3-month bills	2.93	3.03	0.10
10-year bonds	5.92	6.03	0.11
30-year bonds	6.85	6.95	0.10

The stock market closed slightly lower for the week. The S&P index closed Friday (May 14) at 439.56, down 0.6 percent from the preceding Friday's close. But the Dow Jones Industrial Average (all blue-chip stocks) increased 0.2 percent over the week, closing at 3443. It hit a new record high on Wednesday of 3482.

This week the Fed announced the average level of the money stocks for the week ending May 3. All three money measures rose. Since April of last year, growth rates of the various M's have been:

M1: +10.8%
M2: +0.2%
M3: -1.0%



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COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

May 14, 1993

93 MAY 14 P7: 29

MEMORANDUM FOR THE PRESIDENT

FROM: ALAN BLINDER *AB*
SUBJECT: Foreign Economic Developments

Exchange Rates: The dollar rose significantly relative to both the yen and the deutschemark this week (see table). In other developments, the Spanish peseta (by 8 percent) and the Portuguese escudo (by 6.5 percent) were devalued in the European Community's Exchange Rate Mechanism. This is the third time the peseta has been devalued since the turmoil in the ERM began last September, resulting in around a 20 percent devaluation since last fall.

Week Ending 5/7/93	Week Ending 5/14/93	Percent Change
\$1 = 1.58 DM	\$1 = 1.61 DM	1.9%
1\$ = 110 Yen	\$1 = 111 Yen	0.9%

Japan: The Diet passed the supplementary budget needed to implement the fiscal package announced in mid-April.

Pay increases in major Japanese companies averaged 3.9 percent this year, the smallest increase in 6 years.

Government funded construction starts were up 8.2 percent in March on a year-over-year basis, but private civil engineering project starts fell 5.4 percent.

Europe: The overall EC unemployment rose to 10.2 percent in March from 10.1 percent in February.

Germany continues to lower its repo rate, its main money market rate, by a few basis points every week; it currently stands at 7.6 percent. West German retail sales were up just 1 percent in March on a year-over-year basis.

Italian industrial production fell 5.7 percent in March on a year-over-year basis.

French consumer prices rose 2.1 - 2.2 percent in the year ending in April.

Other Countries: Canada's index of leading indicators rose a sharp 1.4 percent in April after a 0.5 percent drop in March. Housing starts rose 15.1 percent in April (monthly basis).

Australia's unemployment rate fell to 10.7 percent in April from 10.9 percent in March.

Chen

THE WHITE HOUSE
WASHINGTON

DATE: 5-14

NOTE FOR:

Tony Lake

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

Information ☐

Action ☒

Thank you.

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

cc:

Mack, Nancy

March
Fgl Issue
mtg. do a thank
you - B.

THE PRESIDENT HAS SEEN *5/14*

JAMES A. BAKER, III
555 13TH STREET, N.W.
SUITE 500 EAST
WASHINGTON, D.C. 20004-1109

May 3, 1993

Dear Mr. President:

Thank you for asking me to head the U.S. delegation to the funeral of President Turgut Ozal of Turkey.

President Ozal was a true friend of the United States and an individual with whom I worked very closely both as Secretary of State and as Secretary of the Treasury. He was a man of vision and courage and I felt proud to represent the United States at his funeral.

I appreciate your asking me to undertake this responsibility.

With best wishes,

Sincerely,

Jim Baker

James A. Baker, III

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

March
Send back
to me to
Coordinate TT.
NSC may have
done one.
NS

THE WHITE HOUSE
WASHINGTON

DATE: 5/14/93

NOTE FOR: ELI SEGAL

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:

Eli should contact him.
He's a major figure in
higher education and a
friend.

~~xx~~
Eli
should
contact
him. He
a MAJOR figure in a few
higher
education
and

THE WHITE HOUSE

WASHINGTON

May 13, 1993

Dr. William Friday
Professor Emeritus
The University of North Carolina
The Kenan Center
Post Office Box 3808
Chapel Hill, North Carolina 27515-3808

Dear Bill:

Thank you for your letter and suggestions to mobilize involvement in national service. My staff working on the initiative has had extensive contact and discussions with both students and university presidents. Our goal is to encourage an ethic of service among all Americans, and I agree with you that broad outreach to key opinion-makers is essential.

. Please do not hesitate to contact Eli Segal, the director of the national service initiative, if you have further questions or ideas.

Sincerely,

A handwritten signature in dark ink, appearing to be the name "Tom" followed by a long, horizontal flourish.

① to file / cc GS → new reply B

THE PRESIDENT HAS SEEN 4/28

THE UNIVERSITY OF NORTH CAROLINA

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

WILLIAM FRIDAY
President Emeritus

TELEPHONE: (919) 962-8150

② Marcia Hale
see p. 2

March 31, 1993

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

Dear Mr. President:

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

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

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

My second suggestion is this. On April 18-23, 1993 the Association of American Universities will have a meeting in Washington. The presidents of these best of our private and public universities in North America, fifty-eight in number, will

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

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

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

Thank you for the opportunity to record these suggestions.

Cordially,

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

William Friday

Essay

WILLIAM SAFIRE

The Kurdish Example

WASHINGTON

Remember those gut-wrenching pictures two years ago of Kurdish villagers fleeing the wrath of the defeated Saddam Hussein, tearfully abandoning their homes, children freezing in the snow?

The nation's horror at the sight of that first televised exodus drove George Bush into doing what his advisers warned against: intervening in the complex internal affairs of Iraq, with all its ancient ethnic hatreds and vengeful savagery. U.S. air cover sealed off most of the Kurdish portion of northern Iraq, creating a haven for the targets of genocide.

Let's see how our intervention, so ardently derided by geo-pragmatists as prelude to some awful national "dismemberment," is working out.

Kurdish tribes and clans have stopped bickering and elected a parliament, forming a united front with Iraqi Shiites and Sunnis against Saddam.

Cooperating with Turkey to the north, where 10 million Kurds live, Pesh Merga fighters behind Massoud Barzani successfully took on the Marxist terrorist Kurds. This helps remove Turkish fears of a territorial threat from an autonomous region that might turn into an independent

"We accept their verbal assurances," Mr. Barzani tells me, that the troubling Clinton desire to "depersonalize" the conflict with Saddam means only that any successor regime will be expected to comply fully with the cease-fire terms; that there is no chance for normalization with Saddam or a similar dictator; and that the U.S. seeks a democratic alternative to the present regime. (I'd like to see that in writing, but the "memcon" recording the policy is needlessly classified.)

Beyond the continuance of our air cover, what do the Kurds need to stay free and develop their nation? No U.S. troops. Only emergency economic aid of \$150 million this year; and what they don't talk about publicly, anti-tank and anti-aircraft weapons in case Saddam attacks and the world is afflicted with Bosnianitis.

And they need a way to get oil out of their ground. Although oil-rich Kirkuk, which will one day be the capital of Kurdistan, is still under Saddam's occupation, both Taqtaq and Zakho in Kurdish control cry out for mobile refineries. If State will get the U.N. to permit the needed suspension of the Iraqi sanctions, and will prevail on Turkey to allow overland transportation, the Kurds are confident financing can be found to begin making their region self-sufficient.

The soft-spoken Barzani, 46, son of the legendary Mullah Mustafa and father of eight, is not pushy; he observes the taboo about talking of independence; but on the urgent need for economic and diplomatic aid, even after all the top-level meetings in Washington. "I have no answers for my people."

The Kurds deserve answers. They are no longer ignored: Ray Bonner's on-the-scene reporting in The New Yorker, and Graham Fuller's analysis in the current Foreign Affairs, underscore the value of democratic movements in the Middle East. (Only the U.S. Army War College, Maj. Gen. William Stofft commanding, refuses to correct its infamous monograph that cast doubt on reports of the poison-gassing of the Kurds.)

The Kurdish view of Bosnia? "The West should act decisively to stop the war criminals," says Barzani, whose people were saved by the West from a war criminal. "And why don't the Arabs help? Not just because the people being killed are Muslims, but because they are human beings." He

Intervention is working.

country called Kurdistan.

With about \$50 million in U.S. farm equipment and seed grain, the nascent democracy has begun to feed and shelter its four million people. Two universities have been opened.

But the Kurds in the mountains are by no means out of the woods. Saddam has canceled the currency, sealed off crossing points and raised the price of produce to pull the food out of the Kurdish area. Life is hard; the freed Kurds need help; but they are no longer being wiped out.

Quietly, two weeks ago, a delegation of Kurds, Sunnis and Shiites including Massoud Barzani came to Washington. Accustomed to being shunted off to a third assistant nobody in the Bush Administration, they

THE PRESIDENT HAS SEEN 5/14

Tommy
What are
we going to do w/
Kurdish - it's important

Bosnia and the Credibility Trap

that "75 percent or more of those who will vote for the use of force do not want it to be used, and a significant number will vote for it only because they want to prevent the President from being reversed."

In fact, our adversaries paid little attention to our repeated demonstrations of credibility through strategically meaningful military interventions across the globe. To the degree that they wished us ill fortunes, they must have rejoiced at our ill-considered adventures in Vietnam, Cambodia, Lebanon, Nicaragua and El Salvador.

Most NATO allies certainly made it clear that they resented these escapades, as we moved U.S. forces from more strategically important theaters. Moreover, this legacy of senseless adventurism has undermined American popular support for more enlightened foreign commitment: such as helping the Soviet Union make the transition to democracy.

The insistence that patience, debate and open discussion threaten the survival of democracies while their absence strengthens that of autocracies — an argument frequently put forth by neo-conservative pundits during the 1980's — turned out to be equally misleading.

Had Congress forced Lyndon Johnson to be more forthcoming with details about the supposed North Vietnamese attack on U.S. ships in the Gulf of Tonkin in 1964, they would have learned that the Administration largely fabricated the incident as pretext to make war without having to make a case before the nation ("For all I know," Mr. Johnson later confessed, "our Navy was shooting whales out there.") Mr. Johnson's foolish underestimation of the need for popular support for military commitments cost him his Presidency and the nation 57,000 lives.

Bosnia is as vexing a foreign policy question as any that has faced an American President since World War II. There are conflicting moral imperatives and no good options. To the degree that they approach the problem soberly, follow constitutional procedure and explain their actions in open and non-manipulative fashion, they deserve our support.

But insistence that America do something to prove through a demonstration of force should not hinder full-scale debate. The world does care for such demonstrations. Lives we may be about to risk deserve

By Eric Alterman ✓

The debate over U.S. military intervention in Bosnia is reaching a fever pitch. Senators Bob Dole and Joseph Biden are talking tough from both sides of the aisle. Newsweek warned in its latest issue that President Clinton "can't back down without looking weak." A Time magazine cover story stated that the President will "risk a loss of credibility by backing away." And on Sunday's "McLaughlin Group," the pundit Fred Barnes promised that without intervention — unilateral if necessary — Mr. Clinton will henceforth be considered "President Marshmallow."

Such arguments have surrounded every dispute over using U.S. military force since the cold war began. As recently as the gulf war, proponents of military action argued that "free and open debate over sending troops to free Kuwait would give aid and comfort to Saddam Hussein, as if the proper functioning of a democratic system undermines protection of a democratic society. Even worse, frequently during the cold war Ameri-

Eric Alterman, a senior fellow at the World Policy Institute, is author of "Sound and Fury: The Washington Punditocracy and the Collapse of American Politics."

ca's leaders insisted on military action that they admitted had little strategic importance. Henry Kissinger defended the Vietnam War as a means of protecting our "credibility" in such places as "the Middle East, Europe, Latin America, even Japan."

The credibility of America's political and military commitments has long obsessed our leaders, stifling debate while inspiring decisions to expend blood and treasure on chimerical crusades. Lyndon Johnson defended escalation of the Vietnam conflict by insisting that if Communism prevailed: "We'll lose all of Asia and then Europe, and then we'll be a rich little island all by ourselves. That means World War III."

Richard Nixon, on launching the American bombing of Cambodia, insisted that, "If, when the chips are down, the world's most powerful nation, the United States of America, acts like a pitiful, helpless giant, the forces of totalitarianism and anarchy will threaten free institutions throughout the world." Similarly, Ronald Reagan, at a joint session of Congress in 1983, said: "If we cannot defend ourselves [in Central America], we cannot expect to prevail elsewhere. Our credibility would collapse, our alliances would crumble and the safety of our homeland would be put in jeopardy."

A further complication of the credibility trap is the tendency of Presidents to tie the nation's prestige to

Bush did this masterfully during the gulf war debate when, by positioning troops for war without Congressional assent, he created a situation in which a vote against his initiative would be successfully portrayed as a potential humiliation for the U.S.

Why link the nation's prestige to a President's political fortunes?

Many Congressmen insisted that while they preferred to give sanctions more time, they would not embarrass him by voting their own consciences. Senator Frank Murkowski, a Republican, argued on the Senate floor, "For those who believe in allowing the sanctions to take effect, the only responsible action to take now is to grant the President his request for a realistic threat of force." Senators Bennett Johnston and Albert Gore, both Democrats, made similar statements.

Without these votes, the resolution authorizing war would have been defeated. Senator John Kerry, a Democrat, estimated during the debate

THE PRESIDENT HAS SEEN

Don't say this away from the real

R

Doherty

worth reading

B.

Clinton Moves Toward State Flexibility In Health Care, Making Some Feverish

By HILARY STOLT
And RICK WARTZMAN

Staff Reporters of THE WALL STREET JOURNAL
WASHINGTON — The Clinton administration is moving toward granting states broad flexibility under its health plan, raising growing concern among big business and big labor.

Large companies are upset at the prospect of having to deal with different rules and regulations in different states. "I think we'll end up getting whipsawed," said Frank Shrontz, chairman of Boeing Co., which has operations in 35 states.

Such worries could be exacerbated if the administration decides to require companies to contribute a percentage of their payrolls to help pay for health coverage for their workers and possibly others. Administration officials have been discussing whether such a tax, called a "wage-based premium," should vary from state to state, taking into account differences among their populations and other variables.

Organized labor also has concerns. As part of the Clinton health plan, the administration is looking at revising the Employee Retirement Income Security Act, the basic federal pension law. It blocks states from regulating health benefit packages provided by self-insured companies. Unions say that if Erisa is revamped, states might get mixed up in issues that currently are decided between labor and management under federal guidelines.

"We want to maintain the integrity of the collective bargaining process," said Bob McGlotten, legislative director at the AFL-CIO. "We don't want to see it ripped apart because of what the states say." For some, fear about the role of the states is broader. Administration officials have indicated that the states will be responsible for enforcing a new public and private health spending budget, setting up and overseeing new regional insurance purchasing networks, and making sure all citizens get quality medical care. But officials say the states will be given wide latitude in how they reach those goals.

The probability that some states may try things "that don't work is very high," warned Thomas Pyle, a consultant who until recently was a leading adviser to the White House health-care task force. The administration, he added, seems to be "moving in the direction of allowing every state to do what it wants to do. . . . It's a disaster in my opinion."

Administration officials say they aim to erect a "federal framework" that guarantees the same health benefits for every American, sets quality standards across the country and specifies how the system is to be financed. But they say states should be free to tailor the system to their own special needs.

"We believe in state flexibility because we believe it is just too diverse a country" to have a system that's micromanaged out of Washington, Ira Magaziner, the senior White House adviser overseeing the health reform effort, told representatives of consumer groups this week. "But we recog-

nize that there need to be federal guarantees."

David Helms, a health policy expert who has advised the administration, said he can envision states such as Maryland and New York wanting to set payment rates for all medical services, as they currently do with hospitals. But states such as Colorado, he said, have a different "experience and culture" and might want to set up a "less controlled system," giving health-care providers more discretion in how they comply with the spending budget.

Not surprisingly, governors have been pushing hard for state leeway. "I leave encouraged that the president and the first lady are very cognizant that the states are where health care is delivered . . . and that we must be allowed some flexibility," said Republican Gov. Carroll Campbell of South Carolina, after a meeting last month with the Clintons.

Still, even governors have some apprehension about just how much the states will be asked to do. Democratic Gov. Roy Romer of Colorado, who leads the National Governors Association, said that if a state exceeds its allotted health-care budget, the federal government should bear some of the burden. "I don't think you can leave that entirely on the state's back," he said.

Clearly, though, it's the business community that has the greatest anxiety over what part the states will play in health-care reform. "Giving control to the states moves everything back 30 or 40 years," said Mark Ugoretz, head of the Erisa Industry Committee, which represents 125 of the nation's biggest companies on benefit matters. "One of the reasons that Congress enacted Erisa is that it didn't like the way states were handling health care."

Sharon Canner, a vice president at the National Association of Manufacturers, notes that a number of states are already pursuing their own health-care reform programs. Her fear is that they will get their new systems up and running before the Clinton plan can take effect. "The more states have in place," she said, "the harder it's going to be to move to a federal system."

—Ian Olgeirson contributed to this article.

Chicago Milwaukee Conversion

CHICAGO — Chicago Milwaukee Corp. said holders approved converting the company to an open-end investment company from a closed-end investment firm.

The company said it expects the conversion will occur by early July, after completion of several related transactions.

An open-end investment company continually sells and redeems shares. A closed-end investment firm operates an investment fund with a limited number of shares outstanding.

Economic Scene

Peter Passell

Why the energy tax has turned into a political hard sell.

It was meant to be simple — messy to administer, perhaps, but simple to sell to Congress. But now President Clinton's proposed levy on energy is in political trouble, and for reasons that apparently have a lot to do with the Administration's haste to raise maximum revenue with minimum political pain.

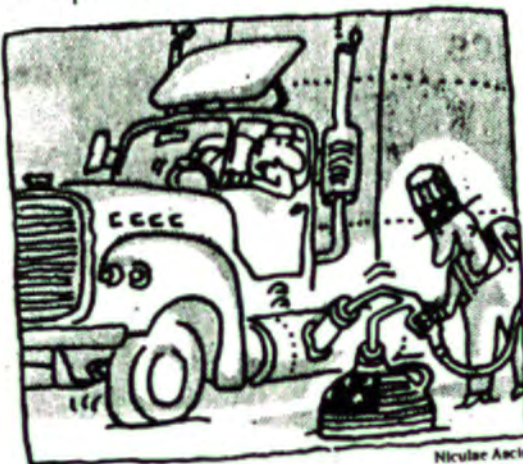
The President may yet be able to build a winning political coalition for the levy. But tinkering will not save Mr. Clinton from the interest group collision he hoped to avoid.

The reasoning behind the proposal, pieced together by analysts sympathetic to the Administration, went something like this:

Tens of billions of dollars would be needed to meet the President's budget goals, and there were limits to how much more could, or should, be squeezed from income taxes. Energy, by contrast, would make a fecund cash cow. And since overall consumption would not change much in response to modest price increases, producers would not squawk because they would be able to pass the tax through to users the way retailers pass on general sales taxes.

Besides, there would be brownie points to score with environmentalists, who never met a tax on fossil fuels they did not like. An energy levy might even take some wind out of Ross Perot's sails, since he favored a stiff gasoline tax.

The most neutral energy tax is one on the heat content of fuels — a B.T.U. tax. But the tax really need not be neutral, the reasoning went, because coal and oil do more environmental damage per B.T.U. emitted. The surcharge on coal did not survive: Coal was already scheduled to take a hit under the Clear Air Act of 1990, and coal-state Democrats served notice they would not sit still for



Nicolae Asciu

another. But the surcharge on oil did, doubling the proposed tax per barrel. All told, the Administration estimated, the typical family would pay a mere \$300 a year more to save the future from the debt sins of the fathers.

So what went wrong? Technical glitches, such as a loophole that would have given foreign oil refiners a cost advantage over domestic competitors, were easily plugged. And a few interest group objections, including the prohibition on listing the tax as a separate line on utility bills, were easily accommodated. But there was no comparable repair for the Administration's misconception that the tax would be spread so thin that no one would bother to make a Federal case of it.

Actually, gasoline does fit the Administration's model. Since the price of gasoline per B.T.U. is very high, the tax amounts to just 7 percent of the cost at the pump. And since there are no ready substitutes, consumers would no doubt hunker down and pay.

But the heavy heating oil used in industrial boilers is a different story. The price per B.T.U. is relatively low, so the tax amounts to a quarter of the current price. And unlike gasoline, heavy heat-

ing oil competes in the marketplace directly with natural gas and coal.

Indeed, notes Philip Verleger of the Institute for International Economics, many utilities routinely switch from fuel to fuel to save their customers a few pennies a month. And since the B.T.U. tax would add just 5 percent to the price of natural gas, heating oil producers would have to eat most of the cost to stay in the game. "It's a tax on heavy oil from California, Mexico and Venezuela," said Mr. Verleger — one that ironically "works to the advantage of light oil producers including Libya and Algeria."

Or consider farmers, whose fuel-hungry machines make it possible for a single family to cultivate thousands of acres of grain. They could not pass through the extra tax to buyers because grain prices are set by world markets. Nor could long-haul truck drivers, who must compete for freight with far more energy-efficient railroads. Thus, even if the President muscled the bill through the House, he will face determined special interests in the more hostile Senate.

The easiest way out, says Larry Goldstein of the Petroleum Industry Research Foundation, would be to drop the surcharge on oil, perhaps recapturing the revenue with a higher rate on all fuels. That would disarm the interests most at risk from the tax on oil products.

A better way, Mr. Goldstein argues, would be to recognize the B.T.U. tax for what it is: a flawed method for raising a lot of money in a hurry. He would pass an energy levy now, with the proviso that within two years it be folded into a broad-based tax on consumption — something on the order of a national sales tax or value-added tax.

Such a tax is probably in the works anyway, he notes, since the Administration will have to find \$50 billion to \$100 billion a year as a reliable source of revenue to cover the cost of national health insurance. The politics of the switch, of adding a percentage point or two to the consumption tax in order to jettison the B.T.U. tax would, at worst, be a wash.

THE PRESIDENT HAS SEEN

TO VP
with reading
B

What's the
begin?

A Recruiter's Dream

The most moving testimony at this week's hearings on whether to lift the military ban against homosexuals came from Col. Fred Peck, the Marine officer whose clean-cut face was beamed into millions of American living rooms when he served as spokesman for the rescue operation in Somalia. Colonel Peck described the close and primitive living conditions in Somalia and suggested that homosexuals could not coexist with other troops in the field.

But then the colonel dropped his bombshell. His oldest son, he revealed, is homosexual. Colonel Peck said he had learned this only five days before the hearing.

"I love him. I love him as much as I do any of my sons," the colonel said. "I respect him. I think he's a fine person." Visibly proud, he described his son, a student at the University of Maryland, as a "recruiter's dream come true" — 6 feet 1 inch tall, blue-eyed, blond hair, and a "great student."

Even so, Colonel Peck said, he would actively fight any effort by his son to join the military. The primary reason: "I would be very fearful that his life would be in jeopardy from his own troops."

That is no idle concern. Only last year a gay sailor was murdered by a shipmate outside a naval base in Japan. But however much Colonel Peck

might anguish as a parent, concern about safety is hardly a valid reason to keep the ban.

Homosexuals who fear for their lives can always stay out of the military, or keep their sexual preferences secret, as most do now. But those who want to serve their country openly should be allowed to make their own judgments about the risk of doing so. Above all, it is the responsibility of military commanders to minimize the risk by maintaining order in their units.

Colonel Peck and other officers also warned that the presence of known homosexuals would destroy the cohesion and effectiveness of military units. But there again, discipline and morale are a command responsibility. The same issue was raised — and ultimately surmounted — when blacks were first integrated into fighting units.

The military does itself a disservice when it refuses to accept "a recruiter's dream" for fear that other soldiers will react violently or negatively. The colonel's son came closer to the truth when he told a local television station:

"Once soldiers and marines find out that the men and women that they have been serving with and have been entrusting their lives to all these years have been gay or lesbian all along, they will be able to have a working relationship."

Tax Breaks in Puerto Rico

Only infrequently, and then fitfully, do mainland Americans pay much attention to their offshore ward Puerto Rico. Many islanders now fear their vulnerable economy will be devastated by a Clinton Administration deficit reduction proposal. These fears could well be overblown, but 3.5 million Puerto Ricans are owed a better demonstration that Treasury Department mandarins have responsibly done their homework.

President Clinton has endorsed, and Congress is weighing, a Treasury proposal to amend Section 936 of the tax code that gives U.S. companies an exemption from Federal taxes on income earned in Puerto Rico. This tax break, which extends to interest on local bank deposits, is seen in Washington as an excessive giveaway whose prudent trimming can yield \$7 billion over five years.

Treasury is doing its job in taking aim at all such long-encrusted tax breaks. But grievously, it has failed to spell out potential damage to an island where unemployment is 18 percent, or more than twice the mainland rate. Hence the outcry in Puerto Rico.

Hence the need for thorough hearings by the House Ways and Means Committee, as urged by Representative Charles Rangel of New York.

Puerto Ricans say that 110,000 islanders are employed by businesses benefiting from Section

936, or 70 percent of all manufacturing jobs. Treasury retorts that the chief beneficiaries have been capital-intensive pharmaceutical companies; it proposes a far less costly tax incentive related directly to payrolls. But Puerto Ricans insist that this would mean the loss of high-skill jobs and the flight of pharmaceuticals, either to Mexico or to Asian competitors.

One unanswered question is how much of this offshore wealth is recouped by parent companies on the mainland, without tangible benefit to islanders. Another is why Puerto Rico has not outgrown its dependence on a tax crutch. And a third is whether Section 936 has provided too generous a relocation subsidy to mainland companies.

These matters call for sensible responses. Amending Section 936 need not be devastating. More narrowly targeted incentives are formulated. But care is surely in order to prevent wanton damage to islanders, who for all their progress average an annual income of \$6,200, or half that of Mississippi, the poorest of the 50 states.

Finally, a measure of extra fairness is owed a territory acquired as war booty in 1898. Puerto Rico's inhabitants became citizens through no quest, not choice. A careful Ways and Means Committee hearing is the minimally decent obligation by a negligent landlord.

THE PRESIDENT HAS SEEN 5/14

March
we need a brief discussion on this -

Mark

THURSDAY, MAY 13, 1993

This is an interesting piece, arguing for a larger economic strategy. — specifies / design w/ germinal point is right I think

THE PRESIDENT HAS SEEN

5/14

THE WASHINGTON POST

Jim Hoagland

It's Jobs, Remember? ✓

To grasp why public confidence and perhaps even power are ebbing away from President Clinton at the moment, take a look at the Labor Department's just-released employment report for April.

U.S. manufacturers eliminated 65,000 more jobs than they added last month. There was growth overall—non-manufacturing employment rose by 198,000 jobs—but these service-sector jobs are precisely the lower-paying, benefit-scarce “hamburger flipping” kind that candidate Clinton scorned as not good enough to spark the American economic renewal he promised.

The problem is not that Clinton has failed to turn around immediately the long-term erosion of America's manufacturing base. The American public knows that not even a combination of Superman, Batman, Wonder Woman and Ross Perot could have done that. The public understands Clinton's lament that these things can't be done overnight.

The problem is that the president has yet to show that he is getting a handle on the central problem of his presidency: jobs. High-wage, value-adding, internationally competitive jobs. He has not yet established in the public mind what Clintonomics is, much less how it will resolve the workplace problems he addressed so eloquently in the campaign.

This is the “focus” that has been lost in these hectic early days of an administration whose success

depends on restoring Americans' confidence in their economic future. That future again looks uncertain as uneven growth fails to restore jobs. After gaining some ground in February and March, factory payrolls now stand where they did when Clinton took office, the April Labor Department report shows.

Clinton won in November, it seems to me, not because he had a better deficit reduction plan or quasi-promised a middle-class tax cut. He won because he convinced the electorate that he best understood its inchoate fears about the global economic revolution that is undermining the American manufacturing base.

Those fears (ignored by Bush and shamelessly exploited by Perot) center on the flight of jobs abroad to developing countries and America's perceived competitive disadvantages against the established economies of Japan and Germany.

Clinton addressed the issue intelligently, talking about the need to upgrade the skills of the U.S. labor force to compete in a global economy where all the other factors of production—capital, raw material, finished goods—are instantly mobile and can move in and out of lower-wage areas with ease.

“Our trade policy must be part of a coordinated and integrated economic strategy,” special trade representative Mickey Kantor promised in his Jan. 19 Senate confirmation hearing. But so far administra-

tion trade policy has resembled a series of drive-by shootings more than a considered extension of the philosophy Clinton expounded in the campaign.

Kantor gets paid to wing shots at Europeans or Japanese. It is harder to understand the president joining in for what I think is limited political gain at home and negative fallout abroad. His April 16 public frosting of Japanese Prime Minister Kiichi Miyazawa at the White House provides a case in point.

Japanese television continues to play excerpts from the press conference of the two leaders, showing Clinton looming over Miyazawa and demanding that Japan agree to guarantee market shares for specific American goods. The small but determined Miyazawa, in what is considered in Japan the high point of his lackluster term in office, is shown saying no to the towering, glowering American.

This performance stood leadership etiquette on its head. The private meeting that preceded the press conference was much more cooperative than confrontational and spent relatively little time on trade. Normally leaders minimize their private differences and exaggerate their agreement when they meet the press. But at American insistence, the differences were played up this time in the jointly reviewed public statements.

Abroad, criticism on trade has swung away from

Japan toward America as a result of the U.S. drive for fixed market shares. The Financial Times of London warned Europe that “results-oriented trade would not be limited to trade with Japan. . . . Others must come to Japan's aid.” Australian Prime Minister Paul Keating told Miyazawa on May 1 how much he admired the “forthright and strong” opposition Japan has shown to U.S. proposals for “managed trade.”

Americans may be more uneasy with managed trade than Clinton assumes. Studies of opinion on the global economy suggest that Americans feel that the steps that will rehabilitate the nation's industrial base must first be taken at home, not abroad.

Moreover, American workers seem to believe that trade agreements invariably end up taking jobs out of America or money out of their pockets as consumers, whatever the U.S. government intends. (This is the sentiment Perot is playing to in his fierce assault on the proposed North American Free Trade Agreement.) Striking trade agreements with Japan is not necessarily seen as a way of ensuring America's economic future.

American competitiveness is the make-or-break subject for Clinton and his overlapping teams of policy- and image-makers. It's time for the president to put up a new sign to focus attention at the White House: It's the global economy, stupid.

THE WASHINGTON POST



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

May 14, 1993

SECRETARY OF THE TREASURY

*Give
to
Marcia
Hale ?
Yes Per Todd
Starn*

The President
The White House
Washington, DC 20500

Dear Mr. President:

The Bureau of Alcohol, Tobacco and Firearms (ATF) will hold a memorial service on May 20, 1993, for the Special Agents who were slain while executing Federal warrants near Waco, Texas, on February 28, 1993.

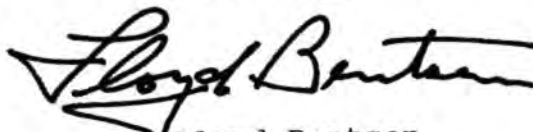
The Treasury Department, ATF, and family members of Special Agents Conway LeBleu, Todd McKeegan, Steven Willis, and Robert Williams would be honored if you could attend and make a few remarks on this occasion. The Special Agents who participated in the execution of those warrants will also be in attendance.

The ceremony is scheduled for 3 p.m. at the National Law Enforcement Officers Memorial located at E Street, between 4th and 5th Streets, NW, Judiciary Square, Washington, DC.

If you are able to participate, please have your staff contact Edward Knight, Executive Secretary, at 622-0027.

We appreciate your consideration of this request and your steadfast support of our law enforcement officers.

Sincerely,


Lloyd Bentsen

THE WHITE HOUSE
WASHINGTON

May 14, 1993

George --

John suggested that I show you my take on the DoE legal opinion blessing DoE's proposed freeze of contractor salaries.

John's feeling is that the best way to handle this is to let it be O'Leary's initiative so that, if the action does get seriously challenged, it is her problem, not the President's. Of course, if the President starts talking the initiative up, this strategy won't work. If you do want this to be the President's initiative, I'd just repeat the last line of my memo to John -- that one of our lawyers ought to have a look.

TDS
Todd

May 14, 1993

John --

I've now closely read the DoE legal opinion on the salary freeze and it strikes me as a very carefully worded document that makes me a bit nervous. The contracts in question condition annual salary increases on DoE approval -- so far so good. But they also set out criteria which are supposed to inform DoE's decisions on increases. Here, in essence, is DoE counsel's bottom line:

"If the extrinsic facts and the types of analyses employed by the Department in taking this action comport with what is required in the contracts, then clearly the Department has legal authority to defer these contractor employee compensation adjustments."

DoE's counsel concludes that the "extrinsic facts" and analyses do comport with what is in the contracts, and he may well be right, but this is inevitably a question of fact and therefore by no means a no-brainer. (Indeed, that's why counsel is conservative enough to say that we'd have only an 80-85% chance of prevailing in court.)

DoE may be right that the extrinsic facts and analyses would justify a freeze here, but you could also imagine a legal attack saying that the freeze was motivated by nothing more than the President's political strategy, and that the exact same factors that have warranted increases in the last [2, 5, 10?] years warrant increases this year.

DoE may be right that we'd have an 80-85% chance of prevailing against such an attack, but it is impossible for us to assess this fairly without seeing the underlying contracts and making some evaluation of past practice.

I continue to feel -- and feel more strongly after seeing this fairly hedged letter -- that one of our own lawyers ought to at least look at the DoE letter -- either Bernie's shop or OLC. My own legal antenna are up.

TD
Todd



Department of Energy
Washington, DC 20585

May 13, 1993

MEMORANDUM FOR: The Secretary

FROM: Acting General Counsel

SUBJECT: Fiscal Year 1994 Compensation Freeze
for Non-Bargaining Unit Management and
Operating Contractor Employees

This memorandum memorializes the legal advice this office provided orally in connection with the staff memorandum to you of April 28, 1993, regarding this initiative.

As you know, the non-bargaining unit contractor workforce affected by this initiative is employed by the Department's management and operating contractors. Because these are cost-type contracts under which the Government agrees to pay all lawfully allowable costs, and because the mission of these contracts uniformly is directed to the management and operation of Government property or facilities, many actions by these contractors may occur only with prior approval by the Department.

Among the types of action requiring prior approval by the Department are annual increases in the amounts to be made available for employee compensation. The ground rules for determining adjustments to employee compensation typically are set forth in a personnel appendix to the pertinent contract. While these personnel appendices may differ slightly from each other because they are separately negotiated, they all specify similar criteria for the Department's judgment on annual increases that each contractor is to propose. Those criteria typically include factors such as comparable commercial practice and the ability to obtain a competent workforce, and some of these contract appendices also include resort to prudent use of federal funds as an additional yardstick when acting on proposed compensation increases.

I am informed that, in the usual course, market comparability surveys are employed by the Department both to formulate across-the-board guidance given all management and operating contractors to aid each one in proposing its annual increase under its contract, and to inform the Department's judgment in acting upon the particular annual increase that each contractor thereafter will propose. This same survey data typically also will have been employed in the general estimates that contribute to the Department's budget submission for the same fiscal year. Notwithstanding the terms of particular guidance for a given fiscal year, each contractor is able to propose departures from the general formulation, although the Department's experience has been such that the general guidance is a reliable predictor of the outcome of each contractor's proposed annual increase.

I am further informed that the current survey data would be compatible with an across-the-board determination by the Department to freeze management and operating contractor compensation levels at the current rates. Those data indicate that, with one exception, all management and operating contractor compensation levels currently are either above or within a one-to-two percentage range of the comparable market.

Our assessment in the April 21, 1993, memorandum to staff was that, if the methodology specified in each contract's personnel appendix is faithfully applied, and if rational application of the factors contained in each appendix yields the conclusion that the amount available for compensation adjustments (excluding individual merit or reclassification increases) should be frozen, our chances of prevailing in any litigation challenging this action would be in the 80 to 85% range, which is about as favorable as one gets.

In short, the contracts condition annual increases on the Department's approval and set out criteria by which the Department is to inform its decision on any proposed increases. If the extrinsic facts and the types of analyses employed by the Department in taking this action comport with what is required in the contracts, then clearly the Department has legal authority to defer these contractor employee compensation adjustments. The information contained in the staff memorandum to you of April 28, 1993, indicates that applying the contract-specified methodology is exactly what the Department proposes to do here, and therefore I conclude without hesitation that the proposal is legally permissible.

A final observation may as well be in order. This proposed initiative would affect departmental outlays in fiscal year 1994. Because the Congress annually makes appropriations for all of the Department's activities carried out through these management and operating contracts, the Congress will have available to it the opportunity to speak to any legal question that may exist through the relevant appropriation act. Properly crafted, an appropriation proviso could be dispositive of any legal doubt that one may harbor here, although this office's conclusion that the course of action is lawful is not at all dependent on the expectation of Congress enacting any such new law.

A handwritten signature in black ink, consisting of a large, stylized 'E' followed by a series of loops and a long horizontal stroke ending in a small upward flick.

Eric J. Fygi

THE WHITE HOUSE
WASHINGTON

DATE: 05/13/93

NOTE FOR: HILLARY CLINTON
IRA MAGAZINER

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

Information ☒

Action ☒

IRA: Please prepare a response for the President's signature and return to my office.

Thanks.

Thank you.

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

cc:



THE PHYS • ED JOURNAL OF
SPORTS MEDICINE

532 LaGuardia Place Suite 709
New York, New York 10012

THE PRESIDENT HAS SEEN 5/13

President Clinton

Handwritten notes:
try for
Gom with
new to my
PS



THE PRESIDENT HAS SEEN 5/13

THE PHYS • ED JOURNAL OF
SPORTS MEDICINE

May 12, 1993

President Clinton,

Please know that you are the first president that I ever envisioned would make a difference for my life and for all Americans.

Compelled to register and vote for the first time in my life and after having walked out of the voting booth, I felt I had contributed something very important for all the American people and the future of our country's children.

I am the publisher of a for-profit medical trade newsletter, The Phys ED Journal of Sports Medicine, The Team Approach Newsletter that helps medical practitioners provide quality care through education. The PEJ reports the latest sports medicine news, issues, clinical treatment and prevention of injury and disease.

The philosophy of sports medicine encompasses a belief in teamwork amongst all physicians in treating injuries and disease. But of no lessor importance is the belief in prevention of injury and disease.

Shouldn't prevention be a priority issue for health care reform? Don't you believe in the possibility of preventing problems before they occur?

President Clinton, prevention must be an integral part of the health care reform effort now. Preventive medical education for the public combine with preventive medical practices by the entire medical community can create an intelligent medical environment that can be responsive and not reactive to health problems--not to mention the long term implications on the cost of health care.

I know I am only one voice in millions...you are one voice that can influence millions. Hear my plea for prevention as a key issue in health reform.

Sincerely,

Liz Medley
Publisher

7 Deadly Sins of Living Linked To Illness as Well as Mortality

By JANE E. BRODY

Special to The New York Times

LOS ANGELES — As if he were a medieval artist depicting the depravity of the seven deadly sins, Dr. Lester Breslow, a California public health specialist, has created a solemn portrait of self-destruction. The weapons are seven unwholesome habits he first identified more than a quarter-century ago. By following the fates of nearly 7,000 adults living in California's Alameda County over three decades, he proved that the more of these poor health habits people practiced in 1965, the greater their chances were of dying within 10 years.

And now his latest study shows that even fewer people than thought escape the ravages of their health "sins." In a study conducted with his son Norman, a statistician at the University of Washington in Seattle, Dr. Breslow has shown that the unhealthy habits portend not only early death for many but chronic and costly disabilities for those who survive.

Predictors of Early Death

Two of the poor health practices, as Dr. Breslow calls them, obesity and physical inactivity, are reminiscent of the ancient sins of gluttony and

1 Excessive Alcohol Consumption



Illustrations by SEAN KELLY

The right kinds of habits seem to be a key to health.

2 Smoking



sloth. The others include both the predictable — smoking and drinking too much alcohol, and the surprising — sleeping too much or too little, eating between meals and skipping breakfast. Based on studies he and others did in the 1960's, Dr. Breslow singled out these seven things as likely to predict an early death.

His first Alameda County report revealed in 1972 that in combination these poor health practices could double a person's chance of dying prematurely. Now, in his latest paper, published in a recent issue of the journal Preventive Medicine, Dr. Breslow reports that even when the practices do not lead to an early death, they increase the risk that a person will

dress how health can be maintained apart from medical services.

There are indications that the Clinton Administration is aware of this, but the issue is not yet being tackled as an integral part of the reform effort.

Dr. Fielding said economic incentives for companies, health maintenance organizations and individuals would be needed to goad them into fostering and practicing preventive medicine.

Dr. Breslow, a professor emeritus at the School of Public Health of the University of California at Los Angeles, is perhaps his own best advertisement for the merits of disease prevention. Noting that he has avoided all seven of the poor health practices for most of his life, the 78-year-old researcher, who retired in 1980, said he worked "only eight days a week." He also swims, continues to eat sensibly and maintains a normal weight.

"With people of the United States

6 Eating Between Meals



sodium and to eat more fiber than in 1991.

And, as an indication that their lives had become more stressful, last year only 50 percent of respondents said they got as much as seven to eight hours of sleep a night, down from 64 percent in 1983.

These survey results represent disturbing trends in the nation's health behaviors," concluded Dr. James S. Todd, executive director of the American Medical Association, a traditionally conservative organization that has belatedly jumped on the preventive-medicine bandwagon.

But for some of the health practices Dr. Breslow has been studying

4 Sleeping Too Little Or Too Much



Preventive Medicine, Dr. Breslow reports that even when the practices do not lead to an early death, they increase the risk that a person will suffer one or more physical or medical limitations that can degrade the later years of life.

Their study found that those Californians whose lives in 1965 were characterized by six or seven of the poor health practices were twice as likely to be disabled 10 or more years later as were their neighbors with no more than two of these habits.

Even without taking age or initial health status into account, among those with no poor health habits or just one, 12.2 percent were disabled, and for those with two or three poor health habits, 14.1 percent were disabled. In contrast, 18.7 percent of those with four or more poor health habits were disabled.

Dr. Jonathan Fielding, chairman of the board of the nonprofit California Wellness Foundation and chief health-policy planner for Johnson & Johnson, said Dr. Breslow's newest study was "critically important" at a time when the nation is trying to revamp its approach to health care.

"The results really say that how



you live determines how long you will live without your state of health interfering with the things you want to do or forcing you to make changes in your life to accommodate your health problems," he said in a telephone interview.

Priorities Are Questioned

The Breslows' findings underscore a theme that public health specialists have been promoting for decades to a nation that has listened with less than half an ear: preventive health practices are important not only in decreasing premature deaths but also in reducing costly debilitating illnesses. Dr. Breslow fears that current efforts to overhaul the health-care system put the cart before the horse by focusing on crisis medicine.

"It's a gross mistake to call what is being attempted now by the Clinton Administration health-care reform," Dr. Breslow said in a recent interview. "It is medical-care reform. To reform health care, we have to ad-



now living typically into their 70's and 80's; the personal and social importance of maintaining health into the later years is mounting," the Breslows wrote. "People are increasingly concerned about how to avoid disability during their longer lives."

A Disturbing Trend

But are people concerned enough to make changes in the living habits that undermine their chances of continued good health? And can young people be enticed to lead "cleaner" lives when the wages of their health sins may not be exacted until decades later?

According to the latest survey of American health practices, the decades-long trend toward healthier living habits has taken a turn for the worse. In December, Louis Harris & Associates polled 1,251 randomly selected adults in a survey by telephone conducted for Baxter International, a Michigan producer of health-care products and services. The survey included many of the same questions the Harris-poll takers have been asking every year for a decade.

The 1992 survey showed that compared with the findings in 1991 or, say, 1983, more Americans were overweight and they were eating less carefully, exercising less and getting less sleep. Last year, 66 percent of Americans were found to be overweight, up from 63 percent in 1991 and 58 percent in 1983. Only 33 percent said they exercised vigorously three or more times a week, down from 37 percent the year before. Fewer of those questioned were "trying hard" to eat less cholesterol, fat and

5 Not Getting Enough Exercise



preventive-medicine bandwagon.

But for some of the health practices Dr. Breslow has been studying, the survey findings were encouraging. Cigarette smoking, the nation's single most damaging and costly habit in terms of health, was practiced by only 24 percent of adult Americans, and 70 percent of them said they wanted to quit. In the 1960's, when Dr. Breslow began the Alameda study, half of Americans smoked regularly.

The survey also found a rise in the number of people who said they drank alcohol either moderately or not at all and a decline in the number who said they consumed more than three drinks on any given day.

In questioning Alameda County residents about how much they slept or whether they ate breakfast or ate between meals, Dr. Breslow said he did not mean to suggest that sleeping too much or too little, snacking and skipping breakfast were deadly habits in themselves on a par with smoking or excessive drinking. Rather, he

7 Not Eating Breakfast



said, "I believe these poor health practices are indicative of a chaotic life style" and that people who follow them are likely to pay inadequate attention to their overall well-being.

Unexpected Findings

As the years passed, to the surprise of nearly all Dr. Breslow's colleagues, the study showed that snackers, breakfast skippers and people who slept more or less than seven to eight hours a night were more likely to die prematurely or to suffer life-limiting disabilities.

"Regularity in one's living habits seems to be important to health and longevity," Dr. Breslow said. He also urged health-care policy planners to recognize that "people do not choose their health habits in a vacuum; rather, they are strongly influenced by their social environment."

"We have to address the environmental and social influences on people's health practices, influences like cigarette advertising and the ease with which teenagers can buy ciga-



THE PHYS • ED JOURNAL OF SPORTS MEDICINE

THE TEAM APPROACH NEWSLETTER

Volume 2 Issue 4

April 1993

WHAT'S BREAKING

▶ **Baseball players are a bad influence on youth, when it comes to chewing tobacco.** The Federal Centers for Disease Control and Prevention reported that 5.3 million adults chewed tobacco or used snuff in 1991. Men accounted for 4.8 million, equating to 5.6% of all men. Less than 1% of all women, 533,000 chewed tobacco. Statistically, the number of users hasn't changed, however more smokeless tobacco is consumed. Snuff (can be sniffed, chewed or rubbed on gums) is the most popular. Of all smokeless tobacco, snuff is believed to be the most carcinogenic (a pinch is 3 times higher in nicotine as a cigarette). About 20% high school boys are using snuff in 1991, an eight-fold increase in the past 15 years. Professional baseball players are often seen chewing tobacco (about 45% use it), then spitting. A negative role model is created, as it implies that chewing tobacco is safe for young, healthy, and wealthy athletes.

Source: *The New York Times*, 4/18/93.

▶ **Is the fitness boom of the 1980s suffering a decline in the 1990s?**

According to a nationwide study of 16,242 Americans conducted by American Sports Data, Inc., fitness activity has declined 2 years in a row (From 1990 at 45.2 million, a 4.8% drop in 1991 to 43.4 million, 2.7% drop in 1992 to 42.2 million). In 1992, activities that leveled off included those that were popular for the past 5 years including the use of stair-climbing, nordic ski, and treadmill exercise machines. There has been an 8% decline in running in 1992. **Gains:** step aerobics at a 25% increase, a 16% increase in home exercise, and 51% for in-line skating. The overall decline does not signal a return to sedentary lifestyles. The study has also shown that since 1987, the number of "core" fitness participants increased 11%, and those over 35 years old have increased participation by 25%.

Source: *Chicago Sun-Times*, 4/16/93.

SPORTS INJURIES IN YOUNG ATHLETES ARE PREVENTABLE

Follow important guidelines to help minimize injuries even for sports with high rates of injury

There has been an unprecedented growth in organized sports for children in North America. With this growth, according to Lyle Micheli, MD, of Harvard University, has come an increase in the number and a change in the types of injuries sustained by children who are active in sports. Not only is it important to recognize and treat these injuries, but also it is important to prevent them, when possible.

According to Edward Abraham, MD, a professor of orthopaedics at the University of Illinois in Chicago, injuries occurring in children and adolescents are different from those that occur in adults due to the fact that youths are still growing.

A child's bones

Bones in children and adolescents have open growth centers (physes) that are more vulnerable to stresses than bone or ligament. Because the growth centers serve as a barrier to blood vessels coming from the wider part at the end of the shaft of the long bone (metaphysis), the end of the bone (epiphysis) is susceptible to localized areas of vascular disturbance (osteochondroses).

Additionally, a child's bone is less dense than an adult's so that it is prone to fracture under stress. Indeed, the greenstick, or incomplete, fracture is unique to the bones of youths. On the bright side, as is commonly known, immature bone heals quicker and remodels better than adult bone.

Lyle Micheli, MD, points out that the growth process itself predisposes the child and adolescent to injury. Growth occurs in the bones, and, as this growth proceeds, the muscle tendon units that span the bones and joints become progressively tighter, especially during growth spurts. This decreases flexibility in the athlete and increases the chance of injury both from a single event with forced elongation, such as

jumping, or from ongoing repetitive strains.

According to Dr. Micheli, sports injuries in children essentially fall into one of two categories – single-impact microtrauma, which is the result of an acute injury; and overuse injury, which is "the result of repetitive training and, in the case of the injured child, of the repetitive microtrauma to tissues of the upper and lower extremity by this training."

Available data

There are virtually no recent national statistics that specifically address noncatastrophic sports injuries in children and adolescents. According to the Committee on

Sports Medicine and Fitness of the American Academy of Pediatrics, problems with epidemiologic studies in sports medicine include the following:

- ☐ Inaccurate reporting of injuries
- ☐ Inconsistent definitions of injury
- ☐ Unknown lengths of athletic exposure
- ☐ Populations studied, are, by definition, unique and select
- ☐ Grading for severity of injury is inconsistent
- ☐ Variables cannot be controlled
- ☐ Lack of funding

We must rely on, and draw conclusions from, individual studies as best as we can, in the absence of large-scale national statistics.

An important source of data is the Athletic Health Care System, which has been nationally validated by the U.S. Department of Education review panel to help high schools prevent and manage athletic injuries. As part of this system, Stephen G. Rice, MD, PhD, MPH at the University of Washington School of Medicine in Seattle, WA, has developed a detailed record-keeping and injury surveillance system where information is gathered by coaches on a daily basis regarding the participation status of every athlete each day is compiled into a statistical report.

(Continued on page 2 →)

INJURY STATISTICS I
Table 1. Top injury prone sports in high school athletes – Fall 1979 to Spring 1991

RANK	SPORT	INJURY per 100 Athletes per Season	RATE per 1000 Athletic Exposures
1	Girls' Cross Country	62.0	17.8
2	Football	57.4	12.4
3	Wrestling	50.5	12.0
4	Girls' Soccer	44.0	11.8
5	Boys' Cross Country	36.9	10.1
6	Girls' Gymnastics	39.2	10.0
7	Boys' Soccer	36.0	9.6
8	Girls' Basketball	34.4	7.1
9	Girls' Track	23.8	6.0
10	Volleyball	20.7	5.6
11	Boys' Basketball	29.5	5.5
12	Softball	17.9	4.7
13	Baseball	17.8	4.4
14	Boys' Track	17.3	4.4
15	Co-ed Swimming	8.3	2.2
16	Co-ed Golf	6.4	1.8
17	Co-ed Golf	1.1	0.6

Note: Rank is based on injury rate/1000 athletic exposures. Data from 21 high schools, mostly in Puget Sound, WA, region. Source: Athletic Health Care System, Copyright 1993, Stephen G. Rice, MD.

INSIDE

- 6 **PRACTICE** Incorporated: The controversy behind physician owned therapy practices
- 7 **Vital Signs:** Vitamin supplements may be useless
- 8 **Magnetic Resonance Imaging:** The good and the bad

The study, which is updated on an ongoing basis, examines athletic exposures in addition to injuries per 100 athletes per season. Athletic exposures include any practice or participation

INJURY STATISTICS II
Table 2. Injuries to body parts (%), 1982 to 1990, all injuries, all sports

BODY PART	%
Ankle	22.8
Knee	16.7
Hand/Wrist/Elbow	13.3
Shin/Calf	9.8
Thigh/Groin	7.3
Head/Neck/Collar	7.3
Shoulder	6.1
Foot	5.7
Back	5.7
Hip	2.8
Hamstring	2.5

Note: Data from 21 high schools, mostly in Puget Sound, WA, region. Source: Athletic Health Care System, Copyright 1991, Stephen G. Rice, MD.

in the particular sport or activity (does not include recreational activity).

Because the injury report is expressed in injuries per 1000 athletic exposures, the data are more meaningful because the number of participants and the length of the season are no longer confounding factors.

Possible mechanisms of injury

Of microtrauma and overuse microtrauma, the latter is of most interest and concern because it was once primarily the domain of adults, the result of repetitive work or sports activities (e.g., construction workers or weekend athletes, such as tennis players). The following are associated risk factors in an overuse injury from Dr. Micheli's study "Sports injuries in children and adolescents:"

1. Training errors, including abrupt changes in intensity, duration, or frequency of training.
2. Musculotendinous imbalance of strength, flexibility, or both.
3. Anatomic malalignment of the lower extremities, including difference in leg lengths, abnormalities of rotation of the hips, position of the knee cap, and bow legs, knock knees, or flat feet.
4. Footwear: Improper fit, inadequate impact-absorbing material, excessive stiffness of the sole, and/or insufficient support of hindfoot.
5. Running surface: concrete pavement versus asphalt versus running track versus dirt or grass.
6. Associated disease state of the lower extremity, including arthritis, poor circulation, old fractures, or other injury.

Prevention

The Committee on Sports Medicine and Fitness of the American Academy of Pediatrics has a ten-point list regarding prevention (*Committee on Sports Medicine and Fitness; American Academy*

of Pediatrics, 1991, 161-163, Table 22) that combines both physical fitness aspects and common sense.

Factors to be considered in the prevention of injuries, according to the American Academy of Pediatrics:

- 1) **Begin with proper conditioning.** This should include aerobic endurance, muscular strength and endurance, flexibility, and heat acclimation.
- 2) **Avoid excesses in training.** Avoid excessive training, sudden changes in training, or training for multiple sports at the same time.
- 3) **Provide an appropriate competitive environment.** The play area should be safe and well maintained.
- 4) **Allow prior injuries to resolve.** Before an athlete is allowed to return to competition, the injury should be adequately healed and rehabilitated to the strength required for his or her particular sport.
- 5) **Provide appropriate supervision.** This is to ensure that correct training and conditioning take place, that medical attention is available as necessary, and that activities are carried out in a safe manner.
- 6) **Evaluate the rules.** It may be necessary not to permit certain practices in a sport to make these sports safer.
- 7) **Teach correct biomechanics.** This is to eliminate or reduce excessive stress on one specific body part.
- 8) **Use appropriate equipment.** Safe equipment that is in excellent condition and fits correctly should always be used.
- 9) **Have preparticipation physical examinations.** This is to determine if the sport that the athlete has selected is appropriate for him or her from a medical standpoint.
- 10) **Match competitors appropriately.** Players should be matched for age, weight, and physical maturity.

An interesting fact, if known high-risk catastrophic sports are eliminated, more fall sports are at the top of the list for injury rates, while spring sports tend to be toward the bottom. Dr. Rice attributes this to students becoming out of shape during the summer and increasing their physical fitness over the academic year. Maintaining consistent fitness levels throughout the year is the best prevention method.

Conclusion

There is no doubt that participation in sports for children and adolescents is important in many areas of their development, including increased physical fitness and self-esteem and the attainment of the moral and ethical skills acquired in fair and safe team play and competition. What is important is that these benefits

not be outweighed by the risks of injury.

Understanding the special needs of the child or adolescent athlete and paying close attention to methods for injury prevention can make the competitive sports environment a fulfilling experience for all.

Sources: Abraham E: Sports-related injuries in children and young adults. *Frontiers in Medicine*, 1992, 18(12):33; Dymont, PG: Committee on Sports Medicine and Fitness. *American Academy of Pediatrics: Sports Medicine: Health Care for Young Athletes*, 2nd edition, Elk Grove Village, IL: American Academy of Pediatrics, 1991; Micheli, LJ: Sports injuries in children and adolescents, in: Nudel DB, ed: *Pediatric sports medicine*, PMA Publishing, New York, 1989, pp. 177-191; Rice, SG: An injury surveillance system. *Sports Medicine Digest*, 13(8):1-2, 1991; Rice, SG: Data from Athletic Health Care System studies, Division of Sports Medicine, University of Washington, Seattle, WA.

Additional sources: Smith, NJ: *Common problems in pediatric sports medicine*. Chicago: Year Book Medical Publishers, 1989; Reider B: *Sports Medicine: The school-age athlete*, WB Saunders, Philadelphia, 1991.

WOMEN

Why females have more injuries than males

An interesting result noticed by Dr. Stephen G. Rice in his study (see previous article) is that when comparisons are made between young females and males playing identical sports, the rate of injury for females is always higher than that for males. Dr. Rice offers several possible explanations for this phenomenon, including the following:

- Females may be consistently less active throughout the year, most noticeably over the summer.
- The angle of the thigh in females is different from that found in males. Females have wider hips than males due to an increase in the Q angle. The Q angle measures the line from the anterior iliac crest of the hip to the middle of the kneecap to the front of the shin bone. The increased Q angle in females tends to make the kneecaps track laterally. And, if certain females should have weaker muscles inside the knees, more injuries can result. Females should exercise to strengthen these knee muscles, regardless of the frequency of their sports participation.
- Females have weaker upper extremities.
- Some men coaching women may not have a full understanding of differences in training females.
- Females may present more than males to physicians/trainers for treatment. According to Dr. Rice's injury data (not shown in Table 1), the rate of 1 week and 3 week injuries (significant and major injury rates that result in time loss) for females is greater than males. Because of this, females may indeed seek medical attention more frequently. Another possibility is that females may have lower pain tolerance than males. The loss in time can possibly be attributed to females wanting full recuperation before returning.
- Access to health care may not be as good or as available for females as for the highly-visible male sports such as football or basketball.
- In some sports or activities where delayed menarche is common (ballet, gymnastics), the lack of optimum calcium intake from dietary sources can result in decreased bone density, posing the possibility of increased stress fractures later in a woman's career.

In support of Dr. Rice's theories, the Committee on Sports Medicine and Fitness of the American Academy of Pediatrics cited studies that state that males have a relatively higher percentage of shoulder injuries while females have more ankle and knee injuries.

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Jock Factor key to fighting cancer effectively

Cancer is debilitating to anyone, but highly successful athletes stricken with the disease have been known to cope better than nonathletes—even recover and compete again.

Athletes are focused, disciplined, and above all, possess a competitive drive (they consider cancer another opponent to obliterate). Athletes are also well-organized, goal-oriented, and deal well with stress. They are pragmatic, accepting the events that happen, but can mobilize emotional resources to function better against disease. They are survivors, refusing to quit. This can be called the Jock Factor.

In a survey to members of the American College of Sports Medicine, respondents agree that athletes are better equipped emotionally than nonathletes to deal with cancer. The theory of the Jock Factor is thus further validated, but not scientifically proven.

To find out more about the Jock Factor, look for an upcoming book about athletes and cancer, "Whatever It Takes," by Robert Brody.

Source: Brody, R: *The Athlete's Edge on Cancer*, The San Francisco Chronicle, 3/21/93.

BRIEFINGS

Sports
Medicine
In The
Media

In the U.S., high iron level not strong heart risk factor

Last Fall, *PEJ* reported on a new study revealing high iron levels in Finnish men contributed greatly to heart disease (*PEJ*, *What's Breaking*, 9/92). These men were 2.2 times more likely to have heart attacks when ferritin levels (which indicates the amount of stored iron in the body) were more than 200 micrograms per liter of blood than those with lower levels.

A new study reported in an American Heart Association meeting this March may have revealed a possible reason for high iron levels that cause heart attacks—and may have deflated the impact of the Finnish study. The American study was conducted by Harvard University researcher Charles Hennekens on 14,916 male U.S. physicians aged 40 to 84. Blood levels of ferritin were measured and the rates of heart attacks were tabulated for these subjects.

FINDINGS: ♦ U.S. men with ferritin levels exceeding 200 micrograms per liter had only a 10% (as opposed to 2.2 times) greater rate of heart attacks. ♦ An explanation of the Finnish study's results could be that those subjects had higher levels of LDL cholesterol than the U.S. subjects. ♦ Many of the U.S. physicians were taking an aspirin every other day as part of another study, which is a known blood thinner and causes blood loss in the intestines, thus lowering iron levels.

FINDINGS FROM A SECOND HARVARD STUDY: ♦ Subjects with high dietary iron from all foods did not significantly increase their risk of heart disease. ♦ Subjects whose main source of iron is red meat experienced increased heart risk—this wasn't explained by fat intake.

The link between iron and heart disease will never be conclusive until there is risk information for individuals with no stored iron. See *PEJ*, 3/93, *Fuel for Sports* for more information on dietary iron intake.

Source: Stipp, D: *High Iron Levels Link to Heart Attack is Weakened, But Questions Remain*, The Wall Street Journal, 3/19/93.

Don't let boxers fight till they drop — regulate!

Many boxers just don't know when to quit, continuing to fight well past the age of 35. They are putting themselves at great risk for more injury. Boxers are licensed by state in order to box in that particular state. If a license is denied in one state because the boxer fails a prefight physical exam, the boxer goes to another state with little or no medical standards to continue fighting.

The problem has been a lack of a national medical standards system and a committee that reviews results from state boxing commission physicians, ultimately enforcing license denials across all state lines. This may not eliminate injuries (boxing is the fifth-highest overall death rate in sports), but a regulatory system can control those at greater risk for injury.

Underway is a bill to be introduced by Senator William V. Roth (R-Del) providing a uniform boxing regulatory system for all states. A national tracking system is proposed that would provide rankings, won-lost records, medical records, and other information on each fighter.

More research is needed on risk factors that lead boxers to sustain brain, eye, and hand injuries. Already known is that boxers who have 10 consecutive losses are more likely to have an abnormal electroencephalogram than those who win more fights. By using CT scans and eventually MRIs, physicians can identify boxers at risk for injury, and order them to stop before catastrophe strikes.

Sources: Dumont, C: *Bill Would Set Up National Regulatory System*, The Washington Post, 3/1/93; *Medical News & Perspectives*: JAMA, 269(9):1063, 3/3/93.

Lung cancer in women can be caused by dietary fat

Smoking is not the only cause of lung cancer. Excess saturated fat in a non-smoking woman's diet may increase the risk of lung cancer fivefold.

At an American Cancer Society Science Writers Seminar the end of March, researchers revealed the findings of a new study involving 2,000 non-smoking women, considered the most extensive so far. *Some findings:*

- In women, 9% to 20% of lung cancer cases found in non-smokers, according to Dr. Michael Alavanja, National Cancer Institute in Bethesda, MD.
- Women consuming 40% of daily calories from fat are 5 times more likely to have lung cancer than women who get less than 30% of calories from fat.
- Common adenocarcinoma (solid tumors formed in tissue linings) strongly linked to fat intake.
- Researchers not sure how fat causes cancer, a theory linking the influence of fats to hormones is possible.

Recommendations: Limit fat intake to less than 30% of daily consumed calories, don't smoke, eat foods high in vitamin A, C, E, and beta carotene (which are low-fat, cancer-fighting foods).

Source: Friend, T: *Tying lung cancer to what women eat*, USA Today, 3/30/93.

RSI—Typing your way to debilitating pain

Repetitive strain injury can strike anyone using a computer keyboard extensively. It is

considered a cumulative trauma, where over a long period of time typing on a keyboard, pain permeates first the dominant hand then the second hand begins to mirror the same problems. If physical therapy doesn't help, surgery may be necessary. The number of RSI sufferers is growing, and they're suing the computer companies.

The culprit—poorly designed workstations: ♦ Keyboards placed too high. ♦ Chairs do not fit the user. ♦ Stress. ♦ Extended periods of typing.

The disorders of RSI—familiar to sports medicine: ♦ Tendinitis. ♦ Epicondylitis (tennis elbow). ♦ Tenosynovitis. ♦ Carpal tunnel syndrome.

Preventing RSI: ♦ Get an adjustable chair, making sure arm rests do not hamper typing. ♦ Make sure top of computer monitor is at eye level. ♦ Get a keyboard with adjustable height/angle settings. ♦ Don't type for more than 30 minutes without a break. ♦ Alternate tasks throughout the day. ♦ Limber up before a long typing session. ♦ If hands get cold, wear lightweight, fingerless gloves.

Source: Furger, R: *Danger at your fingertips*, PC World, p. 118, 5/93.

EXERCISE

Pointers for peak performance

STAIR CLIMBERS

Maximize caloric expenditure on stair climbers by standing upright and keeping weight on the legs. If some weight is shifted onto the handlebars (many people lean), the workout is less intense. To compensate for the postural change, workouts need to be longer in duration to attain the same caloric burn when climbing upright.

Source: Bee News Service: *Stair climbing even benefits cheaters*, The Sacramento Bee, 3/24/93.

RUNNING

When marathon-training for the first time, train for speed not mileage.

Elite marathoners can run more than 100 miles per week, as they are genetically predisposed to resist injuries in long distance running. For beginners, running as many miles as possible can cause more injuries. Instead, practice running fast.

TRAINING FOR SPEED: ♦ Run at the fastest comfortable pace. ♦ Don't expect to run too far. ♦ Allow muscles to recuperate after a fast workout by resting for at least one day. ♦ If practicing daily, on the day of rest, run at a much slower pace.

Source: Mirkin, G: *Fitness Clinic*, The Baltimore Sun, 3/23/93.

AEROBICS

Injuries to the musculoskeletal system can happen with improper aerobic exercise. Since aerobics is popular with many non-athletic individuals who want a cardiovascular conditioning, they should know:

DON'T: ♦ force body into contortions, ♦ jump or run excessively, ♦ touch toes without bending knees, ♦ bounce up and down on one leg, ♦ roll the head rapidly, ♦ perform high-impact moves with both feet off the floor (jumping jacks, jogging, hopping), ♦ take any classes where the instructor performs, rather than teaches.

DO: ♦ low-impact aerobics, where one foot is always on the floor, ♦ look for a qualified aerobics instructor (the major certifiers are the American Council on Exercise, Aerobic & Fitness Association of America and American College of Sports Medicine), ♦ take a sample class before joining, ♦ warm-up and cool-down properly, ♦ wear the right shoes (cushioning sole and lateral support across the foot—replace shoes 3 times a year if exercising 2 to 3 hours per week).

Source: Beighle-French, J: *How to avoid wrong aerobics*, The Cleveland Plain Dealer, 3/23/93.

The hidden dangerous facts behind hi-tech running shoes

Running shoe manufacturers have increasingly marketed the concept of enhanced shock absorption and better control of over-pronation—both associated with running injuries. These messages are targeted to the lay public and to the medical community. Often, when athletes ask their physicians for a shoe recommendation, it is the marketing data that has influenced the practitioner rather than scientific information.

The documented scientific data available in the last 10 years have indicated that shoes that are designed to increase shock absorption and control excessive rearfoot motion may actually increase the possibility of injuries.

Cushioning

Many shoe manufacturers do not use human subjects to test the effects of energy absorbing material. When these materials are tested in vitro, its energy absorbing properties may appear to be excellent.

A visco-elastic polymer called Sorbothane was found to absorb high energy well in materials testing. However, in a study done on human subjects, visco-elastic polymer insoles actually increased tibial impact loading by 26% in certain cases.

The popular notion (and the marketing

Controlling rearfoot motion

It is mostly conjecture that subtalar joint overpronation causes lower extremity sports injuries, as scientific data does not fully support that hypothesis. At the heart of the injury mechanism is the velocity of movement, not overpronation itself. Those who have overpronation experience no injuries until they begin running. In populations where shoes are frequently not worn, there are relatively few running injuries.

Again, by cushioning the foot, the body's natural shock absorbing abilities are compromised, and greater calcaneal eversion can result. If a manufacturer claims to control overpronation at the subtalar joint, be aware that the only way that is possible is through the use of an in-shoe orthotic. In fact, shoes that claim to control pronation may actually aggravate it.

Energy needs

The shoes may be comfortable to wear, and athletes feel they are running faster than before. However, well-cushioned shoes can slow one down while increasing oxygen uptake. This is because there is longer contact times with the ground and reflex muscle activity in leg muscles.

Conclusion

Hi-tech running shoes can actually be detrimental, as the incidence of running injuries has been on the rise. Individuals who are predisposed to biomechanical imbalances will experience discomfort when running on natural surfaces. When these individuals wear shock-absorbing shoes, their body's ability to make the necessary adjustments to prevent injury is significantly decreased because the discomfort is gone.

These new shock-absorbing shoes do little to improve foot function or running performance.

Source: Baycroft, CM, et al: *Running Shoes—Design Facts and Functional Fantasies*, Chiropractic Sports Medicine, 7(1):6, 2/93. Inquiries: V. Culp, DC, 1511 Frankfort St., San Diego, CA 92110.

FLORIDA SWIMMERS: Get ready for another "sea lice" outbreak

Sea lice, known as seabather's eruption (SE) has been long associated with the jellyfish larvae. Swimmers and divers in South Florida and the Caribbean have developed acute, self-limited dermatitis after ocean activities. SE reappeared in South Florida after a 25-year hiatus, and the number of cases has been rising since then, with a significant increase in severity and frequency in 1992. Outbreaks occur between March and August, peaking in May.

Findings

◆ Lesions begin to form on the skin from 4 to 24 hours after ocean exposure. ◆ Affects skin surfaces covered by swimwear, especially in pressure areas around the waist, buttocks, and breasts. ◆ Also affects uncovered skin that comes into contact with surfboards or friction with other objects (bathing caps, swim fins). Wet suits with constrictive cuffs prevent lesions, but may occur at the cuffs. ◆ Characterized by pruritic, vesicular, or maculopapular eruption. ◆ Some develop symptoms swimming in the same locations where others are symptom-free. ◆ Levels of exposure vary based

on the different styles, sizes of swimwear and variable length of ocean exposure. ◆ Skin eruptions are a result of cnidarian stings, which includes the phylum of fire coral, jellyfish, hydroids, Portuguese man-of-war and other non-stinging species. ◆ Specific cause of SE in South Florida in 1992 is attributed to the larvae of the thimble jellyfish. ◆ Pain, itching, and local skin reactions. ◆ Headache, malaise, weakness, perspiration, fever, chills, diarrhea, muscle spasms, and arthralgias can often occur.

Mechanisms of SE

◆ Water flows through swimsuits, trapping larvae within. ◆ Larvae discharges nematocysts that when in contact with skin surfaces, causes lesions. ◆ Sea lice are not evenly distributed in sea water, but clusters in clouds in the upper few meters of water.

Prevention of SE

◆ Avoid swimming in South Florida's ocean from April through July, especially during strong onshore winds. ◆ Men: don't wear T-shirts; women: wear 2-piece bathing suits; do not wear shirts while swimming, use suntan lotion for sunburn protection. ◆ Change swimwear as soon as possible after coming out of the water, do not shower with swimwear on, as nematocysts may be discharged. ◆ Surfers, snorkelers, and divers should wear wet suits with restrictive cuffs. ◆ Those who have suffered from SE should discard garments to prevent recurrence. ◆ Anyone known to have severe allergic reactions or autoimmune diseases should avoid the water.

Treatment

◆ Use of antihistamines and antipruritic agents for milder cases. ◆ Topical steroids are often used, and in more severe cases, steroids may be administered via other routes. ◆ Certain agents often used, such as isopropyl alcohol, vinegar, papain, and baking soda to inactivate nematocysts with limited success, some may induce nematocysts to discharge. ◆ Aluminum sulfate/surfactant compounds beneficial for some cnidarian stings.

Final word

Seabather's eruption is not limited to Florida. Cases have been evident worldwide in temperate and tropical climates, it even exists in New York's waters. When in doubt, ask the lifeguard and always take precautions to prevent SE.

Source: Tomchik, RS, et al: *Clinical Perspectives on Seabather's Eruption, Also Known as "Sea Lice,"* JAMA, 269(13):1669, 4/7/93. Inquiries: RS Tomchik, MD, MPH, Department of Epidemiology and Public Health, University of Miami School of Medicine, PO Box 016069 (R-669), Miami, FL, 33101.

Paraplegics at high risk for heart disease, but benefit from strenuous exercise

Paraplegic individuals have significantly lower levels of HDL cholesterol than the normal population. This tends to increase significantly their risk for developing coronary heart disease (CHD) and has been implicated as the leading cause of death for spinal cord injured individuals. A prospective Harvard study of myocardial infarction affirmed that HDL cholesterol is the single best predictor of risk.

This is a case study of a 41-year old white male with paraplegia to determine if consis-

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one) is that a shoe that absorbs more vertical ground reaction force is ideal. The leg's reflex activity reacts to pressure (relative hardness) underfoot, but not to impact or shock.

In barefoot running, the lack of cushioning is compensated by the plantar flexing the foot at contact and positioning the point of contact under the body that results in a softer landing. By reducing the hardness that the foot senses, the body's natural shock-moderating behavior is altered. The softer the surface, the less effectively the body adapts to vertical ground reaction force. The result is increased impact to the body.

A study of 5,000 runners in the late 1980s found that those who used more expensive running shoes had more injuries. The more shock-absorbing qualities a shoe had, the more expensive it was—sticker price and medical bills.

Less expensive shoes and older models made before the shock absorption craze may present less incidence of injury.

tent long-term strenuous exercise has an ameliorating affect on HDL cholesterol. Since paraplegics have increased risks for CHD because of low HDL levels, the results of this study can be especially valuable.

The subject suffered a spinal cord injury at age 17 resulting from a gymnastics accident. A pathologist, he ambulates with bilateral short-leg braces and forearm crutches—motor and sensory activity was absent in all lower leg muscle groups, and has control of both quadriceps and adductor muscle groups in the upper legs. He has been swimming regularly for 11 years prior to the study, 3 times a week at 20-25 minutes a session for 40 pool lengths of 75 feet each with no rest on a slow to moderate pace.

Exercise program

The subject's swimming program was modified for the study. The total time per week was increased to 3.5 hours, remaining at that level for the next 72 months. Total caloric expenditure increased from about 840 kcal/wk to 2940 kcal/wk. A modified crawl stroke was used, that required effort only from the upper extremities. During each exercise session, his heart rate remained constant at 139 to 141 beats/minute (pulse was periodically checked).

Cholesterol levels

Total cholesterol, HDL, triglycerides, calculated LDL, and lipoprotein electrophoresis were measured after an overnight fast and at least 48 hours after the last exercise session.

Other variables

The subject went from 165 lbs to 147 lbs within the first 9 months of the exercise program, maintaining that weight for 27 months. Then, he gained approximately 2 lbs each year for the last 3 years of the study.

The subject does not smoke, does not take drugs (except for an infrequent aspirin), and drinks a can of beer a day. His daily 2,094-calorie diet consisted of 20% protein, 49% carbohydrate, and 31% fat. During the first 12 months of the program, saturated fat intake was reduced.

Results

Throughout the 6-year study, the subject's HDL cholesterol continuously increased by 84%. After the first 24 months, HDL levels plateaued, with a slight increase within the last 24 months. The subject returned to his prestudy diet after the first 12 months, where saturated fats were not consciously avoided. This caused LDL cholesterol levels to return to prestudy levels. At all times, his total cholesterol level was below 200 mg/dl.

Previous studies on the spinal cord injured patient indicated mild increases in HDL levels, but all were short term (weeks, months), which showed minimal effects of strenuous exercise on lipid markers. This study, by taking its cue from elite athletes who have significant elevated levels of HDL cholesterol, did prove that long-term consistent strenuous exercise can gradually increase HDL levels for the paraplegic.

Source: Sorg, RJ: HDL-Cholesterol: Exercise Formula. Results of Long-Term (6-Year) Strenuous Swimming Exercise in a Middle-Aged Male with Paraplegia. *The Journal of Orthopaedic & Sport Physical Therapy*, 17(4):195, 4/93. Inquiries: RJ Sorg, DO, Chicago College of Osteopathic Medicine, Pathology Department, 5200 South Ellis Avenue, Chicago, IL 60615.

Pre- and early pubertal children lifting weights won't increase muscle size, but will get stronger

Many children are lifting weights to improve health, fitness, and sports performance. Resistance training has been extensively studied for adults, but little research has been conducted on efficacy, benefits, and risks to children.

Start in late childhood

This research paper focused on boys age 6 to 13 years and girls age 6 to 11 which is considered late childhood. Of the research studies published, there were many differences in sports or athletic background and the total volume of work (frequency and intensity of training and number of repetitions and sets of exercise) performed during training, that interpretation of these varying results have been difficult. Uncertainty and controversy still surround resistance training in childhood.

Some findings on resistance training

◆ Does increase strength for both sexes when progressive resistance loading was applied when strength improved. ◆ High intensity loading and volume of work performed, in both isometric and isotonic training, were effective across several studies for gaining strength. ◆ Frequency and duration of training had lesser roles in strength gains. ◆ Even with strength gains, there were no muscle size increases in the arm and thigh muscles. ◆ There is perhaps an increase in neuromuscular activation during training, which might explain observed strength increases, but no change in muscle size. ◆ Improved motor coordination may contribute to neural activation. ◆ Intrinsic muscle adaptations (changes in excitation/contraction coupling, myofibrillar packing density, and muscle fiber composition) could account for some strength increases. ◆ If detrained, muscles regress to pretraining strength levels.

Conclusion

Resistance training is efficacious for pre- and early pubertal children. The decision to allow a child to undergo strength training lies with parents, coaches, trainers, physicians, and youth program organizers. Ethical and philosophical questions need to be addressed. Further research is needed.

Source: Blimkie, CJR: Resistance Training During Pre- and Early Puberty: Efficacy, Trainability, Mechanisms, and Persistence. *Canadian Journal of Sport Sciences*, 17(4):264, 1992. Inquiries: CJR Blimkie, Department of Physical Education, McMaster University, Hamilton, Ontario, Canada L8P 4N9.

F.Y.I. Talk your way out of a malpractice lawsuit

The way you communicate to patients is a risk factor for malpractice lawsuits. When there is a bad medical outcome, a physician's positive or negative communication behavior affects a patient's litigious feelings. By being professional, caring, friendly, trustworthy, and competent while talking and listening to a patient can decrease litigious intentions. Be positive and strive to improve patient education which can lessen the risk of a malpractice lawsuit.

Source: Lester GW, et al: Listening and Talking to Patients. A Remedy for Malpractice Suits? *The Western Journal of Medicine*, 158(3):268, 3/93. Inquiries: GW Lester, PhD, 2402 Westgate, Ste100, Houston, TX 77019.

CONCLUSIONS:

Male anabolic steroid abusers have enhanced sex drives

Anabolic steroids are naturally occurring androgens and can be synthetically produced testosterone or other androgenic compounds. Testosterone plays a key role in sexual behavior for men and women. One of the known side effects of anabolic steroid use is the increased desire for sex.

This study compared male body builders who are current anabolic steroid users with users with a past but not current history of steroid use, and with body builders who train naturally.

Anabolic steroid abusers were found to have: ◆ higher incidences of coitus; ◆ higher orgasmic frequency; ◆ greater frequency of masturbation; ◆ more morning erections; ◆ more sexual thoughts; ◆ greater frequency of erectile dysfunction during both intercourse and masturbation. Conclusion: ◆ Sexual appetite is androgen-dependent, but erectile function is not—so desire sometimes does not correlate with physiologic function. ◆ Increased aggressive and hostile behaviors are also indicated along with increased sexual appetite for anabolic steroid abusers, which may predispose anabolic steroid abusers to violent sex crimes.

Source: Moss, HB, et al: Sexual Functioning of Male Anabolic Steroid Abusers. *Archives of Sexual Behavior*, 22(1):1, 2/93. Inquiries: HB Moss, MD, Center for Education and Drug Abuse Research, Western Psychiatric Institute and Clinic, University of Pittsburgh School of Medicine, 3811 O'Hara St., Pittsburgh, PA 15222.

Ensuring exercise compliance by using an ambulatory electromyography

During rehabilitative exercises that can be performed alone, exercise physiologists and therapists can never ensure that patients would do the required repetitions at the proper intensity—or even perform the exercises at all. By using ambulatory electromyography (EMG) monitoring on the patient, exercise compliance can be measured.

In this study, prone back extensions for lumbar strengthening were performed by healthy subjects with an electrode belt fastened around their waists. The exercise was performed in 4 phases, initially monitored visually, then left alone to exercise while attached to the EMG monitor.

Conclusion: ◆ EMG monitoring correlated closely with visual monitoring of repetition counts and can be considered accurate. ◆ There was a declining slope of amplitude across repetitions, indicating the patient's fatigue curve. ◆ Thus, both occurrence and intensity of exercise can be measured.

Source: Cassisi, JE, et al: The Use of Ambulatory EMG Monitoring to Measure Compliance with Lumbar Strengthening Exercise. *Biofeedback and Self Regulation*, 18(1):45, 3/93. Inquiries: JE Cassisi, PhD, Department of Psychology, Illinois Institute of Technology, IIT Center, Chicago, IL 60616.

PRACTICE INCORPORATED

IN DANGER: Physician-owned physical therapy practices

For many entrepreneurial physicians who own facilities that offer ancillary services outside their own practice, the word "stark" has a negative connotation. Especially when one is discussing legislation introduced by Representative Fortney H. (Pete) Stark (D-Calif.), called "Ethics in Patient Referrals Act (H.R. 939)" in February 1989, which seeks a ban on self-referrals to physician-owned practices.

The Stark reasons

Rep. Stark asserts that physicians with financial arrangements with outside facilities (called joint ventures) can: ♦ dissuade physician-partners from referring patients to the best facility thus compromising the quality of care, ♦ patients are being unnecessarily referred for costly tests and services, ♦ honest competition is being undercut.

Strong support against self-referral

While the American Medical Association had initially responded coolly toward the Stark bill, many organizations have rallied support for it, including the American Association of Retired Persons, the American Clinical Laboratory Association, the American Physical Therapy Association, the American Society of Medical Technology, the Consumer Federation of America, the Health Insurance Association of America, and a host of others—when combined are powerful opponents to physician-owned facilities.

Self-referral a conflict of interest

While there are often good intentions and a sincere belief that patients do come first for many physicians, financial gain can become a primary concern—and that is a conflict of interest. Overutilization of services can result, as many believe financial interests are placed before health needs, which is considered unethical. There may also be higher costs to consumers, and limited access for poor people. Often, physicians have no control of the quality of care at joint venture facilities. And, now there is proof, which hits some physicians in the sports medicine community squarely in the jaw, and eventually the wallet.

The truth about self-referrals

In a study published last year in *The Journal of The American Medical Association*, physician-owned physical therapy practices were evaluated in Florida under legislative mandate. When these joint venture, free-standing facilities were

compared to non-joint venture practices, the findings were quite disturbing. *Note:* Physical therapy services offered within the physicians's practices were not surveyed.

FINDINGS, JOINT VENTURE VS. NON-JOINT VENTURE PRACTICES: ♦ Visits per patient were 39% to 45% higher. ♦ Visits per year were about 50% higher (mean number of visits per patient in joint venture facilities: 16, non-joint venture: 11). ♦ Gross and net revenue per patient were 30% to 40% higher. ♦ Percent operating income and percent markup significantly higher. ♦ More revenue is generated from patients with well-paying insurance. ♦ There are proportionately fewer licensed therapy personnel, so less time per visit is spent treating patients (licensed therapists and licensed therapist assistants in non-joint venture practices spend 60% more time with patients per visit than those in joint ventures).

The Feds step in

Effective since January 1, 1992, is a federal law that prohibits physicians who own, invest in, or have certain compensation arrangements with clinical laboratories from referring Medicare patients to those facilities for testing. These labs that accept such referrals will be denied the right to bill Medicare or any other party for the tests, and will be subject to civil money fines from \$15,000 to \$100,000 per infraction. Physicians would then have one year to bring their ownerships and investments to comply with the law.

Seek a safe harbor from the law

Safe harbors are medical business arrangements that do not violate federal laws that prohibit payment of referrals of services payable under Medicare and Medicaid. The Department of Health and Human Services have identified safe harbors as follows: ♦ investment interests in large, publicly traded companies (assets at least \$1 million), ♦ agreements to rent space or equipment, ♦ personal services and management contracts, ♦ sales of medical practices, ♦ referral services, ♦ warranties, ♦ discounts, ♦ bona fide employment relationships, ♦ group purchasing organizations, ♦ waivers of certain deductibles and copayments. Also considered exempt from federal law are: ♦ physician in-office laboratory testing, ♦ sole rural providers, ♦ ambulatory surgery centers where the referring physician performs the procedures.

The Florida model

PEJ's readers in Florida are fully aware that physicians can no longer refer patients to joint venture physical therapy centers as a result of a bill adopted in April 1992. Florida physicians who have financial arrangements with other outpatient facilities such as clinical laboratories, rehabilitation centers, diagnostic imaging centers, and radiation therapy centers have until October 1, 1995 to divest or cease referring patients to the facilities. In addition, patients can only be billed up to 115% of Medicare charges established for these procedures. What happens in Florida is important for other states, as this law is a prototype for others to follow suit.

Guidelines for ownership

In the guidelines that follow, clearly the AMA is discouraging doctors from referring to businesses in which they have a financial interest. While many physicians

are taking a wait and see attitude about government enforcement, rather than divesting or following the safe harbor guidelines, they should be aware that the courts may eventually come down hard on those who have not heeded all this advance warning.

Complete guidelines from the AMA's Council on Ethical and Judicial Affairs, Conflicts of Interest: Physician Ownership of Medical Facilities:

It is not unethical for a physician to have financial interest in a health care facility to which the physician refers, provided that the potential conflict of interest is addressed by the following:

- The physician has an affirmative ethical obligation to disclose to the patient or referring colleagues his or her ownership interest in the facility of therapy prior to utilization.
- The physician may not exploit the patient any way, as by inappropriate or unnecessary utilization.
- The physician's activities must be in strict conformance with the law.
- The patient should have free choice either to use the physician's proprietary facility or therapy or to seek the needed medical services elsewhere.
- When a physician's commercial interest conflicts so greatly with the patient's interest as to be incompatible, the physician should make alternative arrangements for the care of the patient.
- Investment income should not be related to the number of referrals or the revenue generated by the physician owner or investor, but instead to ownership and equity considerations.
- An internal program of utilization review should be established in health care facilities to which physician investors refer patients.
- Individuals who are not in a position to refer patients to the health care facility should be provided with a bona fide opportunity to invest in the commercial venture on an equal basis with referring physicians.
- Opportunities for physician investment in health care facilities should not be contingent upon referral to that facility, nor should divestiture be required of physicians who do not refer patients to the facility.

The council will be enforcing its guidelines through joint efforts with state, county, and specialty societies, grievance and discipline committees.

Sources: Iglehart, JK: The debate over physician ownership of health care facilities, *N Engl J Med*, 321(3):198; McCormick, B: HHS ruling keeps the heat on physician self-referral, *American Medical News*, 35(12):5, 3/23/92; Mitchell, JM, et al: Physician Ownership of Physical Therapy Services, *JAMA*, 268(15):2055, 10/21/92; Peck, P: States curb physician self-referral, *Medical World News*, 33(5):31, 5/92; Providers challenge Florida's ban on referrals to facilities they own, *Modern Healthcare*, 22(24):8, 6/15/92; Randall, T: Despite Some Overlap, Ethical and Legal Issues of Physician Self-Referral Remain Distinct, *JAMA*, 268(17):2335, 11/6/91; Two-pronged attack seeks to end physician self-referral, *Medical Laboratory Observer*, 21(4):2, 4/89.

STATISTICS: %

Americans show no change in exercise habits in a decade

Where are the hordes of exercisers? It seems that the percentage of Americans exercising has remained flat for almost 10 years. Hard to believe there ever was a fitness revolution. Some statistics from a recent study:

	1983	1985	1991	1992
REGULAR EXERCISE				
Get regular exercise	X	77%	77%	76%
Do not get regular exercise	X	23%	23%	23%
STRENUOUS EXERCISE				
Never	24%	21%	21%	20%
Less than 1 day a month	6%	8%	6%	7%
1 to 3 days a month	9%	13%	12%	14%
1 day a week	13%	16%	11%	11%
2 days a week	12%	11%	12%	12%
3 days a week	13%	13%	17%	14%
4 to 5 days a week	9%	10%	9%	11%
6 to 7 days a week	12%	8%	11%	8%

Source: 1992 Baxter Survey of American Health Habits. X: Not asked. Sampling error: plus or minus 3 points

HIV transmission considered low risk in sports medicine ... for now

The Centers for Disease Control and Prevention announced in early April that AIDS has grown to become the fifth leading cause of premature death of Americans under age 65, replacing birth defects in that same rank in 1991.

The affect of AIDS

In the sports medicine community, we tend to pay scant attention to HIV and AIDS, as AIDS patients are not usually treated by our practitioners.

The sports medicine community should be lauded, however, for its prevention methods to curtail HIV transmission between athletes as a result of athletic competition. Guidelines are in place for professional sports, and many colleges and high schools for the management of injuries and the cleaning of any bodily fluids left on playing fields.

The Good News

The risk of HIV transmission from a healthcare worker to patient is relatively low. In the case of an orthopaedic surgeon in New Hampshire who voluntarily withdrew from practice in June 1991 after discovering he was HIV-positive, a look-back study was conducted to determine virus transmission to patients.

Many of the invasive procedures that an orthopaedic surgeon performs are considered to be at the high end of potential risk for HIV transmission. These procedures are called "exposure prone" since the surgeon's hands and sharp objects are within the same confined space in a patient.

Attempts were made to contact as many previous patients as possible, as well as interviews with other healthcare workers who have worked regularly with the surgeon. The findings of this study were very encouraging: ♦ The observed risk of transmission was 0%. ♦ The surgeon had been scrupulous in his protocol after sustaining a sharps injury—immediate removal of the instrument from the field and change gloves. ♦ Needles were never reused on the patient after the surgeon sustained a needlestick injury, even though needles were reused on patients 32% of the time when other surgeons were surveyed.

The Bad News

There is a period or "window" of seronegativity following HIV infection. The infected individual at this time cannot be detected for the HIV virus with the available HIV antibody tests. It may take at least 4 weeks or several months before the virus reaches levels that are detectable by current testing methods. Naturally, any blood or organs donated at this time period are considered HIV-free, since the virus is still undetectable. This is the danger area for transmission, and evidence is now suggesting this is the most infectious period.

In 1985, a young man died after being shot in the head. Testing confirmed the cause of death from the gunshot wound, and there was no evidence of infectious disease, risk factors for HIV and neoplasm. HIV testing was performed by two laboratories, both indicating negative results.

Deemed a suitable candidate for organ donation, the heart, liver, and kidneys were recovered by the medical center transplant team, sustained by simple hypothermic measures and transplanted within 24 hours. A tissue bank certified by the American Association of Tissue Banks obtained the musculoskeletal tissues and corneas that were subsequently sterilized and fresh-frozen or deep frozen.

Findings: ♦ Three organ recipients tested positive for HIV after transplantation, a fourth recipient died soon after receiving the liver, and was not tested for HIV prior to his death.

♦ For the two recipients who received femoral heads (one for a total hip replacement and the other for a total knee replacement), they both tested HIV-positive within 2 years. ♦ The patient who received a bone-patellar tendon-bone graft for an ACL reconstruction tested positive. ♦ There were several recipients who have tested negative who received bone grafts, soft tissue grafts, dura mater grafts, and corneas. ♦ It should be noted that those who tested positive received fresh-frozen tissue, those who still test negative received grafts that had been freeze-dried and treated with ethanol or irradiation. ♦ A positive note: The combination of processing techniques for preserving musculoskeletal tissue may have contributed to the nontransmission of HIV to recipients. ♦ More study is needed.

What have we learned? Don't be alarmed, but be educated about AIDS. More athletes may become infected, so it may become a sports medicine problem as well.

Sources: Asselmeier, MA: A review of allograft processing and sterilization techniques and their role in transmission of the human immunodeficiency virus, *The American Journal of Sports Medicine*, 21(2):170, Mar/Apr 1993; von Reyn, CF, et al: Absence of HIV Transmission From an Infected Orthopedic Surgeon, *JAMA*, 269(14):1807, 4/14/93.

VITAL SIGNS • Indicators of Good Health
Vitamin & mineral supplements may make no difference to good health

Taking vitamin and mineral tablets daily is a natural part of many people's dietary intake. For this particular study, it was documented that 22.5% use supplements regularly and 10% use them irregularly (14,407 participants aged 25 to 74 years in the First National Health and Nutrition Examination Survey from 1971 to 1975, vital status determined through 1987).

Findings: ♦ Risk of mortality for reg-

ular supplement users similar to nonusers.

♦ Consistent mortality benefits were not found across the population subgroups. ♦ No increased longevity to supplement use. ♦ Regular supplement use highest in the older age groups, and who were white: among women in general, adults with 13+ years of education, with higher nutrient intakes from foods, with lower body mass index, and with a past history of smoking.

Since supplements have been found, in this study, to make no beneficial health differences, are they still necessary? The risk of toxicities due to vitamin/mineral overdose need to be examined further, as well as the cost-effectiveness of an annual \$3 billion expenditure on nutritional supplements.

Source: Kim, I, et al: Vitamin and Mineral Supplement Use and Mortality in a US Cohort, *American Journal of Public Health*, 83(4):546, 4/93.

Can too much calcium intake cause kidney stones?

Since 85% of all kidney stones found in men contain calcium, physicians have often advised patients to decrease their calcium intake—it seems like the natural thing to do. However, little is known about the effect of calcium restriction on the rates of kidney stone recurrence.

The Health Professionals Follow-up Study examined 51,529 men from 40 to 75 years old in 1986. Of those that answered a questionnaire concerning diet, medical history, and medications, 8.7% reported a history of kidney stones. Those with histories were excluded from this analysis because they may have changed their diets as a result having kidney stones. Since 1986 to 1990, men who developed kidney stones were found to have a lower intake of dietary calcium.

Some more findings: ♦ Men with higher intake of skim or low fat dairy products had a decreased risk of kidney stones. ♦ Nondairy sources of calcium, such as oranges and broccoli had a protective effect. ♦ Intake of calcium supplements showed no significant risk. ♦ Potassium and fluid intake is beneficial. ♦ Increased urinary oxalate excretion, which may be a stronger factor in kidney stone formation than urinary calcium, can result with calcium restriction, thus increasing the risk. ♦ As expected, intake of animal protein directly associated with kidney stone risk, which increases the excretion of uric acid and calcium and lowers urinary citrate excretion, predisposing an individual to form kidney stones. ♦ Further study is needed to more accurately assess calcium intake for men with a history of kidney stones.

Recommendations: ♦ A diet low in calcium does not necessarily prevent kidney stones, so calcium restriction must be carefully reexamined. ♦ Drink plenty of fluids. ♦ Decrease intake of animal protein foods.

Source: Curhan, GC, et al: A prospective study of dietary calcium and other nutrients and the risk of symptomatic kidney stones, *N Engl J Med*, 328(12):833, 3/25/93.

WIDE USE OF MRIs BOTH GOOD AND BAD

Breakthroughs that help patients and overutilization by physicians

Neurologists and orthopaedists have relied heavily on magnetic image resonance imaging (MRI) over the past decade since its introduction to the United States in 1980.

Originally used to scan the brain stem, neurologists gradually started using MRIs for the head and spine. Orthopaedic surgeons have used MRIs not only for examining the spine, but have steadily increased its use for studying the musculoskeletal system. The chest and abdomen are the areas least scanned by MRIs. Many exploratory procedures have become unnecessary, as the scans have confirmed many disorders of soft tissues, organs, and bones. As a result, not only do physicians prefer it, patients often demand the use of it.

The use of MRIs by orthopaedists has now surpassed the level of use by neurologists. Now, primary care physicians are increasing their use of MRIs.

The principle of the MRI

Abundant in body tissues containing water, protein, lipids, and other macromolecules are positively charged spinning nuclei of hydrogen atoms called protons. When exposed to a strong magnetic field, the protons align with that field. When a pulse of radio waves is applied, the protons aligned with the magnetic field are dislodged. The protons subsequently release the absorbed energy and return to their normal position in the magnetic field. It is at this moment, that the released energy is picked up by the scanner and used to create a cross-sectional (or slice) image.

Depending on the body part scanned, different imaging techniques and magnetic field strengths are used to produce the desired image. Often several scans are produced utilizing a combination of methods to diagnose more accurately normal and abnormal structures. Images of structures being studied can be bright, dark, or shades in between, depending on the scanning method. MRI images are similar to computerized tomography (CT) scans, but show greater contrast between normal and abnormal structures.

Scanning times are long, so patients must be cooperative. To improve scanned images, patients are injected with contrast agents containing magnetically active substances (the only FDA-approved contrast agent for MRIs are chelates, such as diethylenetriamine pentaacetic acid).

Contraindications

There are relatively few contraindications, but patients who have implanted devices that can be altered by magnetic fields (such as pacemakers, neurostimulators, hearing aids, etc.) are advised against an MRI. Pregnant women, particularly in the first trimester, are also advised not to undergo an MRI scan. Because of the relatively long length of time it takes to be scanned, young children may require sedation and anyone suffering from claustrophobia should be treated with anxiolytic agents.

MRI in sports medicine

Many musculoskeletal disorders stemming from injuries are commonly studied through MRIs. *Some common uses follow:* **Knee:** Identify meniscal tears; and tears of the cruciate ligament in acute care settings when pain and swelling impede a physical examination. **Shoulder:** Assess impingement syndromes; identify rotator cuff injuries; moderately specific in detecting full-thickness tears. **Wrist and ankle:** Avascular necrosis of the navicular bone, fractures, triangular fibrocartilage tears, carpal and tarsal tunnel syndromes, and tendon and ligament tears. **Bone:** Cortical bone produces no signals, but bone marrow edema in occult fractures and bone bruises can be easily detected, for instance, can distinguish between avascular necrosis in hip pain from synovitis, transient osteoporosis, fracture, and metastatic disease. **Soft tissue:** Lesions in muscle tissue can be identified.

• • • AN MRI BREAKTHROUGH • • •

For the first time, specially modified magnetic resonance scanners are able to produce images of nerves. Previously, nerves do not stand out from surrounding tissue, and have been hard to identify in an MRI image. Announced the middle of March, researchers at the University of Washington in Seattle have been able to isolate the image signals of nerve tissues by suppressing signals from obstructing tissues. Then, the processing of the remaining image data is greatly enhanced, producing an image where nerve fibers are the brightest structures. This involved some computer program changes and some needed equipment, costs would be minimal to modify existing MRI machines.

The implications are great for the millions of patients with nerve problems. Exploratory surgery for nerve injuries could be eliminated, and those previously determined untreatable may finally undergo operations. Lead researcher and neurosurgeon Dr. Aaron Filler and his colleagues call this magnetic resonance neurography, where nerves are shown in three dimensional bright clusters of dots. Nerve problems that can be helped by these neurograms include chronic back pain, neck and arm pain, spinal cord injuries, sprains, and carpal tunnel syndrome. (For inquiries, contact: AG

Filler, MD, Department of Neurological Surgery, University of Washington, R1, 20, Seattle, WA 98195.)

The cons

The MRI is a clear example of a medical success. However, this and other medical successes come at a high cost to the healthcare system. Most physicians who order an MRI scan are aware of the cost (from \$600 to \$1,000), but many others do not know—perhaps out of unfamiliarity with MRIs. Neurosurgeons and orthopaedic surgeons require MRIs to diagnose accurately specific neurologic or musculoskeletal disorders (they are most likely to be most familiar with MRIs). Adding to this is the influx of primary care physicians who also order MRIs for their patients. Can there be overutilization or excess waste of MRIs?

Physician responsibility

All physicians must carefully select patients who will benefit the most from an MRI. Proper education in MRI utilization can help decelerate increasing costs. A medical success that can help millions should not be stigmatized by waste, resulting in higher cost. One can only hope that the Clinton administration will back "clinical reform," which is the evaluation of certain procedures on medical, rather than financial grounds. In the meantime, the responsibility of cost containment for MRIs is with the physician.

Sources: A Crisis of Medical Success, *Business Week*, p. 78, 3/15/93; Balder, RA, et al: Magnetic Resonance Imaging Use by Primary Care Physicians, *The Journal of Family Practice*, 36(3):281, 3/93; Edelman, RR, et al: Magnetic Resonance Imaging, Parts One & Two, *N Engl J Med*, 328(10):708, 3/11/93 & 328(11):785, 3/18/93; Filler, AG, et al: Magnetic resonance neurography, *Lancet*, 341:659, 3/13/93.

PE

P.S.

There's an important reason why men should wear loose, stretchable clothing for exercise...

A physician in North Carolina reported that a patient had acute scrotal swelling and pain hours after performing stretching exercises for an injured lower back. The patient was a 40-year-old recreational athlete. There was no history of acute scrotal trauma the week prior, and swelling had gradually decreased several days later. After two weeks, an MRI showed a subacute scrotal hematoma. The patient had performed the stretches with one knee brought to the chest, restrictive gym shorts were worn which compressed the testes. A year after the incident, the neoplasm was gone.

Physicians and physical therapists: Recommend that male patients wear loose, stretchable clothing when performing flexibility exercises for the lower back, or suffer from stretcher's scrotum.

Source: Ragozzino, MW: Correspondence, *Stretcher's*

COMING UP

- ▶ Coping with allergies in physical activities
- ▶ The definitive guidelines for a preparticipation exam

THE WHITE HOUSE
WASHINGTON

DATE: 05/13/93

TO: BRUCE LINDSEY

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

For your appropriate
handling.



HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

*John P. -
To Bruce
L. Howard?*

May 7, 1993

President Bill Clinton
White House
Washington, DC 20500

Dear Mr. President:

We are newly elected members of Congress who have begun our careers in Washington in a new season of hope and renewal for the country. It is our firm belief that the direction and actions taken by your Administration in these four years will firmly set our country on a path of constructive growth at home and fruitful cooperation overseas.

In this context, we feel that it would be most fitting and proper for your Administration to appoint a first-generation American to represent America in one of the South East Asian countries. We say this because, to our good fortune, we are personally familiar with a stalwart naturalized American who hails from that part of the world - Satish C. Mehtani. His unbounded loyalty to you and to our nation cannot be easily matched. We understand that you appointed him a member of the National Finance Committee during the course of your campaign, and more recently, Mr. David Wilhelm, Chairman of the Democratic National Committee, has included him on the steering committee for the Presidential Gala on New York on May 12, 1993. He is also a trustee of the New York State Democratic Party.

The political situation in South East Asia is passing through a period of unusual turbulence, while economic and trade issues are also assuming importance that they simply did not have before. Because Satish C. Mehtani was born in Pakistan, raised and educated in India, and had a most successful career as an engineer in India and



HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

as an independant businessman in the USA, he comes equipped with a sensitivity and understanding of the region, and a blazing sense of purpose to promote American values and business interests.

It is quite significant that the UK Prime Minister John Major has recently appointed a naturalized British citizen of Indian origin, Mr. Swaraj Pal, as the Ambassador of the UK to India. He is slated to assume the position within a few months. An appointment of Satish C. Mehtani as an Ambassador to a South East Asian country will not only serve our own best interests but will also be a wonderful reaffirmation of this Administration's policy of choosing the best with due regard to inclusion and diversity.

As members of the newly emerging Indian caucus in Congress, which includes 29 members in its own ranks, we have had the opportunity to exchange views on various matters among ourselves as well as other friends and supporters. Although it came as no surprise to us, we must say that we were very happy when we found that there is strong support in this group for the view that Satish Mehtani would make an excellent choice to represent us in a South East Asian country such as India, Pakistan, Bangladesh, Indonesia, Malaysia and UAE.

Soon after hostilities broke out in the Gulf War, Satish visited the refugees in connection with his humanitarian mission to distribute food and other supplies. Satish also demonstrated uncanny political instinct when he boldly stated in a press interview that if left unchecked Saddam Hussein would be a dictator who would threaten peace throughout the region.

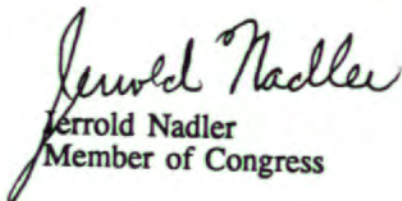


HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

China, which is rapidly moving toward a union with Hong Kong, will soon emerge as a rival power to the USA in Asia. A strong and stable subcontinent to South East Asia will provide a counterweight to the newly unleashed Chinese power and aspirations. With this in mind, it becomes especially important that our envoys in that region should be people with sensitivity, negotiating skills and cultural affinities that will bring about enduring friendship and cooperation amongst the countries in South East Asia.

We look forward to working with your Administration in making our international posture and presence a matter of pride to all Americans.

Sincerely,


Jerrold Nadler
Member of Congress


Nydia Velasquez
Member of Congress


Carolyn Maloney
Member of Congress

4-28-93 MARSHALL COGAN - '21' International Holding, Inc.

Letter from small businessman giving statistics on how small businesses have survived despite many problems and how they helped increase jobs.

Today they are unable to get credit through their local banks. They are unable to invest in social

es growth
o rethink
than

4-21-

5-13-93
Tomy
I did it
see the report
just wanted
to make sure
you were aware
of this.
John - We're
done a memo.
What did you
have in mind?
V
JDD
See Below
5-12-93

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2-1-93 DIONNE WARWICK - Received by Trey on 5/7/93

Letter of congratulations and support.

As the appointed "Ambassador of Health" for the U.S. would like to meet with you and Mrs. Clinton to discuss her ongoing dedication and involvement with regards to health, especially within the minority community.

5-6-93 JIMMY CARTER

Recommends you meet w/Nobel Laureate group that recently travelled to Thailand to focus attention on situation in Burma. Group will be in Washington in mid-May.

- Oscar Arias Sanchez
Desmond Tutu
Elie Wiesel
Betty Williams
Representative from American Friends
Service

Group hopes to mobilize influence on Burmese government to release their fellow Laureate, Daw Aung San Suu Key.
(Marcia Hale received copy)



THE WHITE HOUSE
WASHINGTON

DATE: 5/13/93

TO: MACK McLARTY
HOWARD PASTER
MARCIA HALE

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



THE PRESIDENT HAS SEEN

5/13

THE PRESIDENT HAS SEEN

5.11.93

THE WHITE HOUSE

WASHINGTON

May 8, 1993

93 MAY 11 A8:10

MEMORANDUM FOR MACK

FROM: HOWARD PASTER ^{HP}

SUBJECT: STRIKER REPLACEMENT

This issue will be a constant problem until it is resolved ~~one~~ way or another. I have discussed with Secretary Reich the report I received from the AFL-CIO on the Secretary's meeting last week on this issue with key folks from the Hill (see attached). The Secretary was ill-served because one of the other participants in the meeting was ready to curry favor with the AFL-CIO at the Secretary's expense.

My purpose in sharing this with you is twofold: 1) ~~To make~~ certain we are sensitive to the skepticism among our friends in organized labor about our willingness to help on this issue; and 2) To reiterate my view that we might be best off letting the bill move quickly, having the President ask for support, and letting the chips fall where they may.

President - Thom P. ^{Reich}
Dipl
For
Cov
man

Mack
Reich

Mack

Depends.

Mr. President: I have visited @
June 1st w/ Bob ^{Reich}, Howard, and George.
(you and I)
We need to discuss this matter soon.
We have a thoughtful ~~and~~ consensus
and recommendation for your consideration.
Ulf Smythol - Potomac

THE WHITE HOUSE
WASHINGTON

DATE: 5/12

NOTE FOR: *Rex Scouter; Maecia Hume*

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: *Capricia Maestri*

THE PRESIDENT HAS SEEN ^{5/12}

THE WHITE HOUSE

WASHINGTON

May 5, 1993

Be

MEMO

TO: CAPRICIA MARSHALL

FROM: REX W. SCOUTEN, CURATOR

Rex W. Scouten

SUBJECT: Portrait of the President

Allen Hirsch did the portrait of President Clinton that was reproduced as a TIME magazine cover.

The original work has been on view at the National Portrait Gallery since January.

Mr. Hirsch can retrieve the painting at any time - he wishes to present it as a gift to the President. Any interest?

Yes but no money



THE WHITE HOUSE

WASHINGTON

May 11, 1993

93 MAY 12 P3:44

MEMORANDUM FOR JOHN PODESTA

FROM: HOWARD G. PASTER *HP*

SUBJECT: PRESIDENTIAL PEN

Attached is a letter I received from Representative Faleomavaega regarding the pen he received from the President at the signing of the Asian Pacific American Heritage Month proclamation.

If possible, I would like another pen to give to Rep. Faleomavaega. He gave his to the President of the Senate of American Samoa.

Thank you very much. Please forward the pen to LeeAnn Inadomi and she will send it out.

Attachment

u. Schuster

*Looked on 5/12 in sealed envelope to
Sent pen LeeAnn L.*

THE WHITE HOUSE
WASHINGTON

5/11



Bruce Lindsey
Howard Pitzer

Do you think
Barbara Chow and I
should be insulted
or relieved?

John Podesta



Col Barbara Chow



of respondents accept the use of biotechnology for food production in certain cases. The respondents who were aware of the technology were more positive about it and 71% agreed that biotechnology would personally benefit them in the next five years. The survey found concerns about insertion of animal genes into plants. The study was funded by USDA's Extension Service.

(PRN-5/11) -- A National Food Processors Assn. official said greater public understanding of food biotechnology is needed if consumers are to benefit from it. He said the public is eager to learn more about the technology, and everyone must work together to provide that education.

ADVANTAGES FOR CALIFORNIA FARMERS (FinTimes-5/11) -- A columnist who has been studying California agriculture says they have a big production advantage because of cheap, essentially subsidized water and cheap, partially legal immigrant labor. He says there appears to be little attempt by individual California farmers to address the environmental concerns of urban residents, and intimates that farmers pay their laborers no more than they have to. He concludes that "these hidden subsidies" give California farmers an enormous economic advantage over EC farmers.

MEANING OF LOAN-RATE ANNOUNCEMENTS (krf-5/10) -- The article says USDA's announcement of county-by-county loan rates for some crops based on the national average rate set in the fall indicates that USDA will not raise the 1993 national loan rate for wheat and feed grains. The article notes that the administration has been pressured to raise the loan rates.

WHITE HOUSE AGRICULTURAL KNOWLEDGE QUESTIONED (FWN-5/11) -- Rep. Tim Penny (D-Minn.) says no one at the White House knows agriculture. He said cuts in foreign agriculture and market development programs "are not the right way to go," and points out the importance of exports to farm income. Rep. Penny also expressed concerns about using the ARP to achieve budget savings; he says, "it's not market oriented at all." He said raising loan rates is an issue that is "basically dead on the House Ag Committee," but he thought Sec. Espy was still considering it.

GAO SUGAR REPORT CRITICIZED (FWN-5/11, PRN-5/11) -- Florida sugar growers said the conclusions of a soon-to-be-released GAO report on the sugar price support program are "irrelevant to today's realities." They say the report incorrectly claims the federal program adds \$1.4 billion to sugar prices, and the article outlines other industry objections. A sugar company executive says they favor ending the program, but they must have an end to EC subsidies.

SUGAR QUOTA INCREASED (Reuter-5/11, KRF-5/11) -- USDA extended the tariff rate quota for sugar until Sept. 30, 1994, and increased the quota level to 2.268 million tons (from 1.231 million) effective Oct. 1, 1993. A USDA official said the action was taken to help prop up domestic sugar prices; the official expressed concern that companies would otherwise end up forfeiting on loans they had taken to grow the crop and the department would then have to store and dispose of the sugar.

(PRN-5/11) -- The American Sugar Alliance called the USDA quota announcement the "second positive step in the right direction." The first step was the \$5 million credit for Russia to buy US sugar. They said the actions indicate the administration is serious about solving problems of low sugar prices it inherited from the previous administration.

COTTON CONFRONTATION (JOC, Reuter-5/11) -- Australia's primary industries minister says US cotton subsidies were not justified and could seriously damage Australia's cotton industry. He said he will take up the issue during trade talks with the US later this month.

DISCLAIMER -- AG a.m. content is derived from major wires, news magazines and



President William J. Clinton
Honorary Chairman

Bob Hope
Ambassador of Good Will

ce: Hale
Gen. Bernard W. Rogers, USA (Ret.)
Chairman

Hon. Chapman B. Cox
President

03 MAY 11 P6:29

May 4, 1993

Mr. Mark D. Gearan
Deputy Chief of Staff
The White House
Washington, DC 20500

Dear Mr. Gearan:

Thank you for your letter of April 29, 1993.

Enclosed is a copy of our By-laws which describes the role of the Honorary Chairman. President Clinton's name will appear on all USO letterhead and other publications requiring a listing of USO officers and Board members.

We understand the agreement is strictly for the purpose of using the President's name only as the USO Honorary Chairman. Any other needs will be routed through you in advance.

Also enclosed is a copy of my May 3rd letter to the President inviting him to participate in several USO events. We would be honored to have President Clinton participate.

We look forward to working with you.

Kind regards.

Sincerely,

Chapman B. Cox
President

:jmr



President William J. Clinton
Honorary Chairman

Gen. Bernard W. Rogers, USA (Ret.)
Chairman

Bob Hope
Ambassador of Good Will

Hon. Chapman B. Cox
President

May 3, 1993

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

On behalf of the service men and women who courageously serve our nation, I thank you for honoring them and USO by accepting the USO Honorary Chairmanship. You join the proud leadership tradition of every Commander-in-Chief since our inception 52 years ago -- all of whom served as our Honorary Chairman.

Your support of USO's mission is very important to us. We are eager to have you witness the relevance of USO programs first hand and become aware of the many vital services and programs which USO provides to all soldiers, sailors, marines, airmen and coastguardsmen.

I would like to offer you several opportunities to become involved in USO events.

The annual USO Christmas Celebration is one of the most prestigious events of the holiday season -- and of the year -- in the nation's capital. This year, we will hold the USO Christmas Celebration on Thursday evening, December 2, 1993. This black-tie gala will bring together over 850 top business, government, and military leaders to celebrate USO's tremendous heritage and honor several great American patriots.

This year USO will honor Les Aspin with the USO Distinguished Service Award in recognition for his many years of service to the men and women in uniform. Roger Staubach is the Dinner Chairman and we will also honor Gerald McRaney (TV's "Major Dad") with the USO Bob Hope Entertainment Award. He has demonstrated his commitment to entertaining the troops both during war and peacetime.

The President
May 3, 1993
Page Two

Ideally we would like to request that this year's Christmas Celebration be hosted by you and Mrs. Clinton at the White House. Traditionally we have invited our guests to a reception followed by dinner and conclude the evening with a first-rate USO celebrity entertainment show. We would be delighted to tailor the event in order to make it an appropriate production to be held at the White House.

If hosting the Christmas Celebration at the White House is not a convenient option at this time, we would like for you and Mrs. Clinton to attend the Christmas Celebration as our guests. We would be honored to have you present the USO Distinguished Service Award to Secretary Aspin on our behalf.

A second opportunity for your involvement is the USO World Golf Tournament. It would be fitting to hold this event under the leadership of the USO Honorary Chairman. In May of 1994, USO will invite it's corporate sponsors to participate in a tournament together with U.S. Senators from their respective states. We would be pleased if you could lend your name and office to the event and along with Vice President Gore, encourage participation within the Senate. Ultimately, USO would be honored to have you play in the tournament and also present the President's Cup trophy to the winners during an awards dinner following the tournament.

A third way in which USO would like to recognize your Honorary Chairmanship is to officially announce your acceptance. We could work with your staff to publicly announce your acceptance through a cooperative press release or more officially with a short ceremony and presentation of the USO Chairman's Gavel in the Oval Office.

In addition to these specific programs, USO would like to extend to you an open invitation to include a USO center visit during any of your scheduled trips. You will always find an open door and a friendly face at over 160 USO locations worldwide.

As I stated before, USO cannot adequately express the magnitude of our appreciation to you for becoming our Honorary Chairman. We are honored to have you as part of the USO team, supporting the brave men and women of the U.S. Armed Forces. USO staff will work closely with your staff to create opportunities that are most advantageous to you and make the best use of your time.

The President
May 3, 1993
Page Three

I appreciate your taking the time to review these opportunities. If I can be of further assistance to you please call me directly at (202) 879-4710. I look forward to hearing from you in the near future.

Kind regards.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Chapman B. Cox', written in a cursive style.

Chapman B. Cox
President

CBC\kw

cc: General Bernard W. Rogers, USA (Ret.)
Chairman, USO World Board of Governors
Admiral William J. Crowe, Jr., USN (Ret.)
Chairman, Foreign Intelligence Advisory Board

Much/Conver. Staff

THE PRESIDENT HAS SEEN

5/2

X interesting idea
- need to do more
- we need to organize
a successful campaign
this could be a part

March 4, 1993

The Honorable William J. Clinton
THE WHITE HOUSE
Washington D.C. 20500

Dear President Clinton,

As you begin your tenure as our President, I offer you my sincere congratulations and my deepest commitment to the progress you represent.

On the day of your inauguration, you called for us to do what America does best: "offer more opportunity to all and demand more responsibility from all." I am writing to respond to your challenge to young Americans to contribute to a new "season of service."

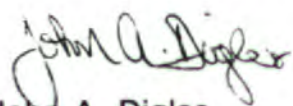
I propose the creation of a "Renew the Dream" Team of young, articulate adults with idealism and energy to serve as motivational speakers who will reach out to youth at campuses and community centers across the country with a message of hope and guidance. These speakers should possess their own strong sense of direction and the ability to enlighten others through their leadership and conviction.

The "Renew the Dream" Team will communicate the importance of goals to our youth, promoting not just college education, but also trade schools, community service opportunities and personal vocations. The Team will motivate young adults to set goals and will deliver the important message that aspirations are attainable with purpose and direction. Members of the Team will also be available for follow-up coaching.

This Team of young adult speakers can awaken their fellow Americans to resurrect the American dream by fulfilling their responsibilities as citizens and preparing for a future rich with opportunity and revitalized by the promise of hope.

You have called on us to invest in our people and our future. I stand ready to assist in the formulation of this motivational Team if you and your staff evaluates my suggestions to be worthy of action. I am prepared to respond to your call and I await to hear from you regarding this concept or others you believe have merit.

With Sincere Respect,



John A. Digles
5806 South Archer
Chicago, Illinois 60638
(312) 582-5873

A Tax-Reform Laundry List for Clinton *

By ALAN REYNOLDS

President Clinton will ultimately be judged by how well the economy performs over four years, not by how many ill-considered programs he crammed through in his first 100 days.

One key to the economy's performance will be Mr. Clinton's tax proposals. These must be carefully evaluated by their real economic effects, not simply on the basis of rosy, unrealistic estimates. New or higher taxes that slow the economy will also slow the growth of real incomes and sales, and thus slow the growth of real tax receipts.

Instead of rushing into policy changes that are unquestionably harmful to economic growth—such as higher tax rates on incomes, profits and energy—Mr. Clinton would do well to take up three unfinished items on the tax-reform agenda that would improve economic growth, and do so without the slightest risk of reducing revenue.

First, index the basis of capital-gains taxes, and cap the maximum rate at 15% to 20% on assets held more than six to 12 months. There is no excuse for trying to tax illusory, inflated capital gains as though they represented real income. And it doesn't work anyway: People with long-term gains that would be subject to such capricious taxation simply do not sell their affected assets. Capital gains should be adjusted for past as well as future inflation, which would create a large revenue windfall as assets purchased in the inflationary 1970s were finally sold.

The reason for the lower tax rate is partly pragmatic. We have learned the hard way that the increased tax rate since 1987 has cost both federal and state governments many billions in lost revenue. Ever since the highest income tax rate was raised to 31% or more, from 28%, and the capital-gains tax increased at all income levels, the Congressional Budget Office has had to scale back its estimates of future revenue—by nearly half a trillion dollars over the next four years. The infamous "tax increase" of 1990 not only vanished but was replaced by huge estimated revenue losses.

The estimated cutback from individual taxes amounts to as much as 1% of gross domestic product—more than \$70 billion in 1995 alone. "Revisions to the forecast of [capital-gains] realizations," says the CBO, are "accounting for about half of the reduction in that tax source." Thus, the increased capital-gains tax could be losing as much as \$35 billion by 1995—far more than the phony estimate of a \$20 billion gain from the administration's plans to soak the rich.

What about the administration's idea of confining capital-gains tax relief only to assets held for five years? Although the Bush administration accepted a mild version of this idea, there was never any economic logic behind bribing investors to defer capital gains for many years—a system that was already tried and found wanting during the Depression. The tax system should not discourage investors from selling assets and reinvesting in oth-

ers at will. The Clinton administration's proposed five-year holding period for a lower capital-gains tax on an extremely limited range of investments misallocates capital toward tax-favored assets, discourages efficient capital mobility and reduces revenues by thwarting asset sales.

Nearly all taxpayers with capital gains are currently subject to the 28% rate. Any significant one-time gain pushes even taxpayers in the 15% bracket into the 28% bracket. Thus, replacing the current 28% cap with the lower 15% rate would be simpler than the old method of excluding a portion of gains.

The second essential tax reform likewise finishes the job of indexing the tax code against inflation, begun in 1985. It involves switching to a system of depreciation that properly allows for full recovery of the cost of plant and equipment. Rep. Nick Smith (R., Mich.) has introduced a bill that would protect depreciation from erosion by inflation, and provide the equivalent of expensing. Such a system is neutral, neither subsidizing capital investment nor penalizing it. Unlike the proposed investment tax credit, it does not distort decisions about when to invest, what size of business should do the investing, or what type of investment should be made. And unlike the investment tax credit, it does not reduce revenue. Indeed, by taking the inflation risk out of business investment, neutral cost recovery would expand the economy and therefore the base of all taxes—federal, state and local.

The third element of a constructive,

revenue-raising tax reform is to abolish federal estate and gift taxes. In "Tax Policy and the Economy," edited by current Treasury Undersecretary Larry Summers, Stanford's Douglas Bernheim estimated that the estate tax reduced revenues by some \$3 billion a year, due to estate planning. To avoid estate taxes, we simply give assets to children, who are typically in lower tax brackets, so the dividends and interest income from those assets is taxed at lower rates for many years before we die. In any case, inheritance taxes are inherently unfair, since the assets that people accumulate for their families are acquired with after-tax income.

Ending the inheritance tax while at the same time indexing capital gains could make it feasible to implement an old dream of liberal tax reformers—taxing unrealized capital gains at death. Heirs would then inherit homes, farms, stock and other assets at their purchase price, thus owing capital-gains tax if such assets are sold.

Replacing the inheritance tax with a tax on indexed gains at death would yield far more revenue over time than the existing system (which loses money). But taxing capital gains at death would be quite impossible without repeal of the money-losing estate tax, because combining both taxes could expropriate family businesses and farms. Making capital gains taxable to heirs would likewise be brutally unfair without adjusting for past inflation, since many inherited assets have been in families for decades.

These three simple, constructive reforms put the long-run health of the economy first, and do so in ways that are quite likely to increase revenue over time. They finish the job begun in 1985 of insulating taxpayers against arbitrary confiscation resulting from inflation, thus reducing the fear, so evident in recent speculation in the precious-metals and foreign-exchange markets, that the U.S. government will once again attempt to fix its budget problems through inflation.

Mr. Reynolds directs economic research at the Hudson Institute in Indianapolis.

THE PRESIDENT HAS SEEN $\frac{5}{12}$

Laura/Bob

What's your
responsibilities

B.

THE WHITE HOUSE
WASHINGTON

DATE: 5/11

NOTE FOR: IRA MAGAZINE

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

Information ☒

Action ☐

(Report should be filed with
Records Management, Room 80 after
review)

Thank you.

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

cc:

TB & La M

THE PRESIDENT HAS SEEN
5.11.93

CONGRESSMAN BOBBY RUSH'S
TOWN HALL MEETING ON HEALTH CARE

REPORT OF PROCEEDINGS in the
above-entitled cause, held at Chicago State University,
Robinson University Center, on the 5th day of April,
1993, at 10:00 o'clock a.m..

PANEL

CONGRESSMAN BOBBY RUSH

DR. GLORIA J. BACON
Clinic In Altgeld, Inc.

MR. SAMUEL HOLTZMAN
Executive Director, Michael Reese Hospital

DR. LINDA MURRAY
Legislative Director, Near North Health
Service

MR. WILLIAM McNARY
Illinois Public Action Council

SISTER ELIZABETH VANSTRATON
St. Bernard Hospital

COMMISSIONER JOHN STROGER
Cook County Board of Commissioners

MS. ELAINE WILLIAMS
Illinois Nurses Association.
President, R.N.s

DR. ARVIND GOYAL
President Illinois State Medical Society.

4-28-93 MARSHALL COGAN - '21' International Holding, Inc.

Letter from small businessman giving statistics on how small businesses have survived despite many problems and how they helped increase jobs.

Today they are unable to get credit through their local banks, problems with environmental welfare, health care costs machinery, etc

rowth
think
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4-21-93

Don't LAKE
see below



Joan/Adeline
what
re
le

2-1-93 DI

Received by Trey on 5/7/93

Letter of congratulations and support.

As the appointed "Ambassador of Health" for the U.S. would like to meet with you and Mrs. Clinton to discuss her ongoing dedication and involvement with regards to health, especially within the minority community.

5-6-93 -JIMMY CARTER

Recommends you meet w/Nobel Laureate group that recently travelled to Thailand to focus attention on situation in Burma. Group will be in Washington in mid-May.

- Oscar Arias Sanchez
Desmond Tutu
Elie Wiesel
Betty Williams
Representative from American Friends
Service

Group hopes to mobilize influence on Burmese government to release their fellow Laureate, Daw Aung San Suu Key.

(Marcia Hale received copy)

THE WHITE HOUSE
WASHINGTON

DATE: 05/12/93

TO: THE VICE PRESIDENT
MACK MCLARTY
ROY NEEL
MARK GEARAN

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

The attached has been forwarded
to the President.

THE WHITE HOUSE
WASHINGTON

May 11, 1993

MR. PRESIDENT:

This is an information memo, bringing you up to date on Bob's thinking, rather than asking for any particular decision. He is looking for guidance if you strongly disagree with his position on not adding young adults to the Summer Jobs program.

In addition to Rubin and Panetta who Bob cc'd, I circulated this to the Vice President, Mack, Roy and Mark.



John Podesta

U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR
WASHINGTON, D.C.

93 MAY 10 P7:19

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT REICH *BR*

SUBJECT: Summer Jobs

You have proposed a new kind of youth summer jobs program that is both expanded in scope and enriched in educational content. The Department of Labor is working with States, local governments, and the private sector to deliver on the commitment to a bigger and better summer jobs effort. But several matters merit your attention:

- We are rapidly approaching the practical deadline for either locking up the summer program or else re-setting our own expectations, and the public's.
- A campaign to ally private-sector summer hiring with the public summer jobs program is progressing well.
- You have been asked to consider adding young adults to the existing summer program, or creating a year-round program for jobless young adults. I have serious reservations about tying such initiatives to the summer jobs campaign, but there may be another way to deal with Rep. Waters' concerns.

Timeline for Summer Jobs

Your summer jobs proposal differs from others--and particularly from last year's effort--in scale, in its academic enrichment component, and especially in the care taken to give local program operators plenty of lead time to put together high-quality operations. Delays with the supplemental appropriation are eroding that advantage day by day. We are front-loading planning and logistical arrangements in anticipation of funding, but local program operators cannot finalize teacher and supervisor hires without the assurance that the money will be available. Already, some of our ablest teachers--the top candidates for staffing summer programs--have accepted other summer positions because of the inability of local officials to make firm job offers.

We probably have a three-week window left for delivering the kind of summer jobs program we've promised. Any delay beyond Memorial Day means a serious reduction in local capacity to mount a major expansion in job slots or develop a quality educational component. In that event--rather than risking what looks to the public like a repeat of last year's performance--we may want to revisit our summer jobs strategy.

Private ~~Sector~~ Campaign

Another distinguishing feature of your summer jobs program is thematically linking public jobs for income-eligible youth with an orchestrated campaign of private-sector hiring for all youth. The private sector's response so far has been encouraging. Your speech at the April 14 kickoff event has received good reviews from most business groups. We are putting the final touches on a public service announcement campaign, and expect to have advertisements running in a few weeks. I have met with groups of CEO's in Seattle and New York, urging them to organize their counterparts to boost summer hiring, and have a similar session scheduled in Boston next week. The Labor Department has established ongoing efforts to publicize the campaign and encourage participation through the National Association of Manufacturers, Businesses for Social Responsibility, the National Alliance of Business, the U.S. Chamber of Commerce, and other business groups. We also are working on the local level in key cities to monitor private-sector hiring campaigns. Progress looks good in Philadelphia, New York, Milwaukee, Boston, Kansas City, and most of the other large cities.

Summer Program Age Limit and Public Jobs

I recommend that we not add young adults to the summer jobs program.

Any such expansion of eligibility would dilute the program's effects. About 5 million disadvantaged young people ages 14 through 21 are eligible for the current summer jobs program. Our public jobs program (assuming a \$600 million supplemental) would reach around 900,000 of them. Adding disadvantaged 22- through 25-year-olds would expand the eligible pool to a total 8 million; and adding disadvantaged young adults up to age 30 would create an overall pool of 11.5 million. This would far exceed our available resources, and short-change the young people that you have already committed to help. Moreover, it would not make much of a dent in the problem of year-round urban joblessness that Rep. Waters hopes to address.

At the same time, I have serious concerns about launching a new year-round public service employment program for young adults. We need to carefully weigh the costs of such a new program, its potential benefits, and its relationship to other workforce efforts. Creating 100,000 year-round government jobs would cost about \$2 billion a year. Such a program would lower the unemployment rate, at best, by one-tenth of one percent. Public employment is an extremely expensive approach to the urban joblessness problem.

We have been down this road before. Most recently, the Comprehensive Employment and Training Act featured a major public-sector employment component. Even CETA advocates would agree that relying on public jobs to remedy unemployment was expensive, and there is no clear evidence that it increased the long-term employability of participating individuals. Public employee unions are likely to have significant objections to a program that may affect the wages and opportunities of State and local government workers. And we must be careful not to confuse the public or complicate logistics through the proliferation of public jobs programs (e.g. National Service Corps, or your future welfare reform jobs program.)

We could run a small young-adult pilot program in Los Angeles, using unspent LA summer money and some additional demonstration funds. But a full-scale, nationwide effort raises fundamental questions of mission and means.

cc: Robert Rubin
Leon Panetta

THE WHITE HOUSE
WASHINGTON

DATE: 5/11

NOTE FOR: Tony Lake

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

Information ☐

Action ☒

Thank you.

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

cc: Leon Panetta



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

May 10, 1993

93 MAY 10 11:09

MEMORANDUM FOR THE PRESIDENT

FROM: Leon Panetta

SUBJECT: North/South Center Funding

As requested, the purpose of this memorandum is to advise you on the funding for the North/South Center. The Center, established by the University of Miami (Florida) in 1984, promotes better relations between the countries of North and South America. The Center (1) provides research and study grants, (2) conducts seminars, workshops, and exchange programs, and (3) publishes four periodicals.

Earmarked United States Information Agency funding for the Center began in FY 1991, primarily at the initiative of former congressman Dante Fascell, in whose former district the center is located. Prior to FY 1991, the Center operated on private funding and competed for, and received, project-specific federal grants. Special funding since then has been as follows:

	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>
Federal grants in \$ millions	10.0	5.0	8.7	0

Funding was discontinued in FY 1994 based on the following considerations:

- During budgetary consultations with State Department officials in February, it became clear that earmarked funding for the Center had relatively low priority in the context of budget stringencies and State's reorientation of international affairs spending.

Many of the Center's programs overlap with other programs run by the United States Information Agency (exchanges, seminars, academic conferences, etc.).

State Department and several international organizations (OAS and UNDP) have provided, and can continue to provide, financial support to the Center apart from the special grant. For example, the Center could compete for grants from an AID Democratic Initiatives program or USIA's Citizen Exchange Program. Therefore, the Center should be able to continue as it did in the 1980s.

THE WHITE HOUSE
WASHINGTON

FAX COVER SHEET

OFFICE OF THE ASSISTANT TO THE PRESIDENT FOR ECONOMIC POLICY
SECOND FLOOR, WEST WING
THE WHITE HOUSE
WASHINGTON, DC 20500
(202) 456-2174
(202) 456-2878 FAX

TO: JOHN ANGEL

ORGANIZATION: _____

FROM: SYLVIA MATHEWS

DATE: _____

NUMBER OF PAGES (including cover sheet): _____

COMMENTS: As per ^{our} conversation we need:

- a response

- a brief memo to BC.

Is Friday by noon 5/7 a reasonable time frame?
If you have any problems with the fax transmission, please call
(202) 456-2174.

If not let me know. TY

The document accompanying this facsimile transmittal sheet is intended only for the use of the individual or entity to whom it is addressed. This message contains information which may be privileged, confidential or exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any disclosure, dissemination, copying or distribution, or the taking of any action in reliance on the contents of this communication is strictly prohibited. If you have received this information in error, please notify us immediately at (202) 456-2174.

8mest
X2174

M E M O R A N D U M

BR/SM

TO:

FROM:

Nancy Harnreich

RE:

PRESIDENTIAL MAIL

DATE:

5.4.93

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

- ☒ ACTION - Please draft reply for the President's signature.
- ☐ ACTION - Please follow up (an initial letter has been sent indicating that it was sent to you for follow up).
- ☐ Follow up - As indicated
- ☐ FYI - Information copy

4-14-93 J. W. FULBRIGHT

Applauds efforts to rationalize federal government and its budget. Brings to your attention an unintended victim of the process - the termination of new funding for the North-South Center after 1993, which is in Administration's budget proposal. Fulbright served on Board of East-West Center and with his son-in-law helped establish the North-South Center.

North-South Center will receive \$8.7 million in federal funding this year - and then terminated. East-West is scheduled to receive \$26 million next year. ^{Information} Hopes North-South Center can be corrected.

US Agency
- consider an
- academic institution
- find money.

1 1/2 yrs

Can we fix it?
Please review
do reply
like - 11

B. Rubin

Can we fix it?
Please review
do reply
like - 11

Can we fix it?
Please review
do reply
like - 11

Can we fix it?
Please review
do reply
like - 11

X VIP Tracy
John Schneider

HOGAN & HARTSON

4/11/93

J. WILLIAM FULBRIGHT
OF COUNCIL
DIRECT DIAL (202) 637-8700

COLUMBIA SQUARE
630 THIRTEENTH STREET NW
WASHINGTON DC 20004-1100
(202) 857-8800

BRUSSELS
LONDON
PARIS
PRAGUE
WARSAW
BALTIMORE, MD
BETHESDA, MD
WILMINGTON, DE

April 14, 1993

By Hand

The President
The White House
Washington, DC 20500-2000

Dear Mr. President:

As I'm sure you can imagine, I applaud your efforts to rationalize the federal government and its budget and to get the country moving in the right direction. It won't be easy after the last twelve years, but I have the greatest faith in what you are doing.

I do want to bring to your attention what I'm sure is an unintended victim of the process, however. It is the termination of new funding for the North-South Center after 1993, which is in the Administration's budget proposal.

You probably know that I served for many years on the Board of East-West Center, located in Honolulu, which began its operations in 1960. In 1980, when my son-in-law Edward T. Foote, II became president of the University of Miami, he and I discussed the need for a similar institution, a North-South Center, to serve the important function of creating better relationships with our Western Hemisphere neighbors. He saw this as the natural role for his University, and the Center began its operations in 1984. It began receiving some federal funding by 1987, with major funding (although far less than the East-West Center) beginning in 1990.

I have followed the North-South Center closely and believe that it has compiled a very impressive list of accomplishments. It is committed to finding practical solutions to all the problems facing the Western Hemisphere such as the consolidation of democracy, the expansion of trade, the solution of environmental integration, and social change and equity. In performing its work, the Center has developed a grant program and has worked with over 110 institutions throughout the region. I honestly believe that it has made a difference and continues to make a difference during a period where, in the post-Cold War era, we have such a unique opportunity to consolidate our mutual interests with Canada, Latin America and the Caribbean.

HOGAN & HARTSON

The President

Page 2

April 14, 1993

This year the North-South Center received \$8.7 million in federal funding. Although the East-West Center is scheduled to receive \$26 million for next year, the North-South Center's funding is being terminated. I think this is a very unwise move, certainly unwarranted in view of the Center's performance, and I hope that it can be corrected.

With warm personal regards,

Sincerely

Bice Fulbright
J. W. Fulbright

this is really important

THE WHITE HOUSE
WASHINGTON

DATE: 5/11

NOTE FOR: MALC

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
5.11.93

THE WHITE HOUSE

WASHINGTON

May 8, 1993

93 MAY 11 A8:10

MEMORANDUM FOR MACK McLARTY

FROM: HOWARD PASTER ^{HP}

SUBJECT: STRIKER REPLACEMENT

This issue will be a constant problem until it is resolved ~~one way or another~~. I have discussed with Secretary Reich the report I received from the AFL-CIO on the Secretary's meeting last week on this issue with key folks from the Hill (see attached). The Secretary was ill-served because one of the other participants in the meeting was ready to curry favor with the AFL-CIO at the Secretary's expense.

My purpose in sharing this with you is twofold: 1) ~~To~~ certain we are sensitive to the skepticism among our friends in organized labor about our willingness to help on this issue; and 2) To reiterate my view that we might be best off letting the bill move quickly, having the President ask for support, and letting the chips fall where they may.

President - Thru P. 45m

Dick

2-4

6-4

mmk

Mack
Reich

MEMORANDUM FOR HOWARD PASTER

FROM: TIM KEATING

DATE: MAY 6TH

SUBJECT: STRIKER REPLACEMENT

Bob McGlothen phoned to let you know that Sec. Reich met with Sen. Kennedy, Sen. Metzenbaum, Rep. Ford (Mich), and Rep. Williams yesterday morning. Bob heard the Secretary told the members the President was not in a hurry to move Striker Replacement.

THE WHITE HOUSE
WASHINGTON

DATE: 05/11/93

NOTE FOR: MARCIA HALE

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

5-11-93

THE WHITE HOUSE

WASHINGTON

May 11, 1993

P2:17

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: Marcia Hale *mh*
Josh King

SUBJECT: The Use of Helicopters for your New York trip

I. SUMMARY

Logistical considerations argue strongly in favor of using three Marine helicopters, instead of the usual motorcade, to transport the party arriving aboard Air Force One from Newark International Airport to Manhattan.

II. DISCUSSION

Downtown Los Angeles, Chicago and New York pose unique logistical, political and economic problems for motorcading from the airport to the downtown area.

Whether we land at Newark or Kennedy, to control access to the highways, bridges and streets along your motorcade route would require, according to the Secret Service, an additional 300-500 uniformed police officers above the number currently detailed to your trip.

In the final analysis, it is less expensive to use the three helicopters for lifting the Air Force One manifest from the airport to Manhattan.

In addition, a motorcade from either airport to your event site will engender ill will among the thousands of commuters who will be delayed by the unavoidable security needed for your transportation.

While helicopters will certainly not be standard operating procedure, in this case, as with your predecessor's trips to Manhattan, they are justified.

*Ok on 5-11-93
Question: But
using 3 helicopters
isn't that another
question?*

02:21

Back but
soon good ideas
also shows we haven't
wanted to let
They don't know → B

THE PRESIDENT HAS SEEN

5-11-93

ENTREPRENEURS SPEAK THEIR MIND

Memo to Bill: Give small business a break

On April 23, we asked entrepreneurs to call a USA TODAY hot line to suggest ways President Clinton could improve business and economic conditions for small firms. In the 12 hours the hot line was open, more than 1,100 callers offered suggestions. Here are some of the most interesting:

Tax credits for apprenticeships

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BRITT: Contract work to businesses.

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University of Toledo's family business cen-

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Small businesses need clout

"Small businesses often are locked out of competition because of deals between large corporations. For instance, large banks make deals with large corporations; large hospitals with large health maintenance organizations. I see it happening in a lot of areas, not just health care, and I'm afraid that



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— Martin Wayner, sales manager
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Compiled by Linda Busche

VBAGT
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Interesting idea?

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ENTREPRENEURS SPEAK THEIR MIND

Memo to Bill: Give small business a break

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THE PRESIDENT HAS SEEN
5-11-23

Tom

Favor Freedom in China ✓

If it wanted to, America could exert more leverage over Chinese human rights practices than any other country in the world. The hard currency Beijing earns through its \$18 billion trade surplus with the U.S. is a key ingredient in China's development strategy.

During the Presidential campaign, Bill Clinton justly criticized the Bush Administration for refusing to use this leverage. In the next few weeks, the Clinton Administration must come up with its own formula for renewing China's trade privileges with this country. By carefully linking China's privileges to achievable human rights objectives, Washington could encourage reform-minded forces in the world's biggest dictatorship.

China is both a great power and an international outlaw. It has nuclear weapons and more than a fifth of the world's people. American foreign policy sometimes depends on China's vote in the U.N. Security Council and its willingness to lean on regional allies from Phnom Penh to Pyongyang.

But China also brazenly tramples on internationally recognized human rights, lowers export costs through prison labor, sells weapons in violation of international proliferation safeguards and regularly breaks its word to Washington.

China's Leninist rulers, now in the early throes of a succession crisis, aren't going to take huge political risks at home to satisfy American sensibilities. But neither will they lightly jeopardize their development plans. Rising living standards, they well know, are their best insurance policy against the kind of collapse that ended Communist rule in Europe. They want and need American trade.

Some free traders argue that prosperity alone will bring political freedom to China. But that seems wishful. There's no harm in trying to give freedom an assist.

Last month Representative Nancy Pelosi and Senator George Mitchell introduced legislation that would extend China's trading privileges for a year, but would make further renewal depend on Beijing meeting four specific human rights conditions and making "overall significant progress" in several other areas. Failure to meet these terms would trigger high tariffs on Chinese government exports; private sector goods would still be admitted on favorable terms.

The White House must make its own proposal on China trade by June 4. It should be tough enough to persuade Congress to drop the legislative approach and let Washington speak with a unified voice. It should include only human rights conditions — proliferation and trade grievances can be better addressed through other channels — and should allow some flexibility of interpretation. The idea is to push for maximum progress in China, not to force an end to trade.

At a minimum, the Administration should require an accounting for all political prisoners, Red Cross visits to prisons and free emigration for those with family members abroad, facing religious or political persecution or having other valid claims.

The infuriating indifference of the Bush Administration to human rights drew Congress into the China trade issue. But while the White House sought too little from Beijing, Congress sought too much. This year's Congressional bill is more carefully drafted. If Mr. Clinton will live up to his rhetoric on American values, he could do better still.

THE NEW YORK TIMES, MONDAY, MAY 10, 1993

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This is pretty good B.

THE PRESIDENT HAS SEEN
5-11-93

Moore

Peter Milius

The Surefooted Backpedal

Presidents must know how to compromise without compromising their convictions.

Presidents compromise and retreat on legislative matters all the time. The trick is not to look beaten in the process. Ronald Reagan was a master at giving ground while pretending not to; George Bush was a stumbler. Bill Clinton is still untried, but on at least three occasions, none of them central to his agenda except insofar as they hinted at weakness, he has gone about the awkward business in the wrong way.

Bush is remembered for having awkwardly raised taxes. Reagan has entered the history books with the opposite reputation. The reputation is partly deserved, but partly also a triumph of speech-writing over fact. Reagan did indeed preside over a huge tax cut in his first year; the country is still reeling from it. But in every subsequent year he then approved partial course corrections in the form of tax increases.

Three were sizable; one was close to the size of the increase for which Republicans are now excoriating Clinton. In Years Two through Eight, the government took back more than a third of what in Year One it indiscreetly gave, but it's as if no one noticed—partly because it was so smoothly done.

Reagan also preserved what he mainly wanted. The progressive income tax was much reduced, particularly at the top. The burden was shifted to other taxes and sectors of society, and the decline in revenues plus his defense buildup put pressure on domestic spending. But if a less surefooted backpedaler had agreed to that many increases in a row, he could easily have come off as a wobbler or worse. Reagan, meanwhile, is regarded on taxes as having, if anything, wobbled too little for the country's good.

The opposite is true of Bush, whose tenure illustrates exactly the awful fate that Reagan deftly avoided. Bush presented himself unconvincingly as the unswerving adherent to the Reagan principles from which Reagan himself annually swerved. The successor made himself almost a caricature at the 1988 convention—"Read my lips; no new taxes"—and when he then had to accept two years later the tax increases that he and everyone else had known were likely all along, he crashed. He lost credibility in the course of shifting to a more credible policy; that has to be a losing proposition for any president.

Clinton has—how to put it politely?—not been encumbered by the problem of sticking to unwise campaign promises too long. He abandoned several inconvenient promises early on, including the impossible one of giving tax relief to the middle class while reducing the deficit. That probably won't hurt him much if he succeeds at the deficit reduction. In the long run, the political miscalculations that cost him his watered-down stimulus bill in the Senate may not hurt him either.

What will hurt him is if legislators of either party begin to think that after he sends a detailed proposal to the Hill or announces that he is about to do so, he still won't stand behind it.

Three examples resonate. As part of his original budget, he included four proposals that surprised and delighted environmentalists, to reduce the subsidies of the timber, mining and cattle industries in the West and western farmers looking to federal reclamation projects to irrigate arid land. Western Democrats in the House were persuaded even so to vote for the budget, which the president urged them not to pick apart—but when western senators then protested, he agreed to move the proposals outside the budget process and seek their enactment another way. The House Democrats who went out on the limb only to see it sawed off are saying not again.

The president was also driven to retreat early and in public on a detail of the national service proposal he made recently. Veterans' groups had been protesting that the proposed benefit to college students and other participants in the form of forgiveness of student loans was larger than the aid the country offers under the GI Bill to those who have served in the military. The administration had stuck by its proposal nonetheless, on grounds that the benefit was commensurate with college costs. Then veterans' advocates stepped up the pressure by threatening to oppose the national service bill. Hours before the plan was announced but after the details had been well leaked, the administration yielded, cutting the benefit it had earlier called necessary by 23 percent.

A third such clumsy retreat has now occurred on childhood vaccines. The president took the position at the urging of advocacy groups that the government should buy all the vaccine in the country and provide vaccinations as a matter of course and right to children at all income levels "free." No one quite understood what he (and/or the advocacy groups) were getting at; the administration wasn't prepared to defend the proposal; and within days after making it with considerable fanfare, the president backed partway off.

The question in these instances has to do, not quite with the president's resolve, but with the depth of his convictions. When, having made a controversial proposal, does he mean it, and when not? Friends and foes alike are led to wonder; that kind of wondering does a president no good. Mr. Clinton's core program of economic and social repair is going to be a hard enough sell as it is. He shouldn't add to its burdens.

The writer is a member of the editorial page staff.

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THE PRESIDENT HAS SEEN
5.11.93

AGT

1. Reaction to the
Nuclear Test
Contaminant
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Space Station Redesign Team Scrambles to Meet Basic Goals

NASA Selects 3 Concepts for Half-Price Plan

By Kathy Sawyer
Washington Post Staff Writer

They are little more than raw outlines. But the three proposed designs for the Clinton-era space station are already drawing fire.

This has made a tough job even tougher for a team of engineers, former astronauts, scientists and accountants who are scrambling to save the planned centerpiece of the American human space flight effort.

The White House told NASA in February that the agency's only hope of salvaging the program, on which it has spent nine years and more than \$8 billion, is to come up with a new, half-price plan by early June.

Working seven days a week, in a warren of offices in Crystal City, the NASA team has selected three design concepts from among the dozens that poured in since they set up shop in March.

Tensions are acute within the top levels of the space agency, and outside skeptics and kibitzers are sniping from all directions. The pessimism is so thick around Houston's Johnson Space Center that engineers are sporting T-shirts that read: "Will Build Space Station for Food."

Key members of Congress and other analysts say that, so far, each of the designs falls short on at least two of the basic objectives: to squeeze the costs into budget limits; and to accommodate official commitments to the international partners—Japan, Canada and nine European countries—that have invested billions of dollars in their components of the space station.

White House guidelines call for NASA: to design a long-duration laboratory in orbit that would use the weightlessness of space as a tool for research on materials and

See REDESIGN, A8, Col. 1

REDESIGN, From A1

living things; to develop technology and engineering skills for advanced human and robotic space systems; and to encourage international cooperation—possibly, but not necessarily, including Russia.

The redesign team is to present the White House with a choice of options costing \$5 billion, \$7 billion or \$9 billion over three years. (The administration has earmarked about \$2 billion for new technology development, so the actual amounts for the station itself are \$3 billion, \$5

billion or \$7 billion, officials said.) By comparison, it would cost \$16.9 billion to complete construction of the previous design for Space Station Freedom (not including the cost of almost 30 construction, logistics and research shuttle flights at around \$500 million each.)

Douglas R. Cooke, chief of space station engineering at Johnson Space Center, said the team is ever mindful of the criticisms. "We all came into this with a concern that we had to demonstrate credibility."

To the untrained eye, two of the new options—A (for "austere") and

B (for "baseline")—look similar. Both are based to varying degrees on elements of the current design: pressurized pods to contain the astronauts and research equipment, and big solar power wings to provide electricity for the station and its experiments—from biotechnology incubators to furnaces for processing various materials—all attached to a support beam known as a truss.

But Option A (the presumed \$5 billion option) is simpler and more spartan, providing for only 30-day stays by astronauts, and it would need to maneuver frequently, inducing some gravitational force and vibrations that would affect experiments.

It would begin as an orbiting utility spacecraft—a source of electrical power—that could be constructed within three shuttle flights and that could be plugged into an arriving space shuttle, which would provide living and work space for five astronauts. It could grow by adding modules and solar power arrays to a support beam up to 228 feet long.

The most ambitious and costly option (the presumed \$9 billion option) is B—a half-length version of the current design for the 350-foot Space Station Freedom. Officials have said that even after deleting the planned astronaut living quarters and other hardware, the design still may not fit within the budget limit. Severe cutbacks in its ground-based management and yearly operations are also in progress.

It too could reach a limited initial research capability, reliant on an attached shuttle, in just two or three launches, but later stages would require up to 13 additional launches, considerably more than the other two options, and it would require by far the most space-walking construction work by astronauts.

Option B, however, could grow to provide permanent habitation by a crew of four and more electrical power for research than either of the others.

Option C—the "can"—(presumed \$7 billion option) is the most radical departure from the original plan. It consists of a 92-foot-long, 23-foot-diameter cylinder that could be hauled to orbit in a single shuttle launch and immediately spread its four solar-power "wings."

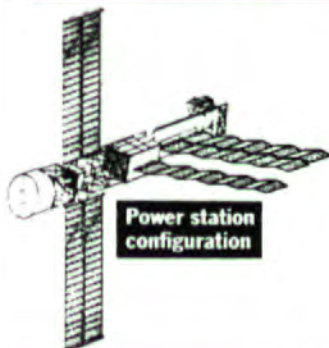
The pressurized cylinder would have seven decks, with room for more experiments than any of the other options (about twice the volume of Skylab, the prototype U.S. space station), and six windows, more than any other option. Its primary disadvantage is that it cannot provide enough electrical power to run the many experiments it has room to carry, according to team member Chester A. Vaughn of Johnson Space Center.

The team is behind schedule in the sensitive task of assessing the costs of each option. NASA's Mal Peterson, who heads this effort,

THREE OPTIONS FOR BUILDING THE SPACE STATION

OPTION A

The simplest and most spartan design, Option A would begin with a "power station"—an orbiting source of electrical power to which a specially equipped shuttle could hook up for as long as 30 days. A crew of five would live and work in the shuttle.



Power station configuration

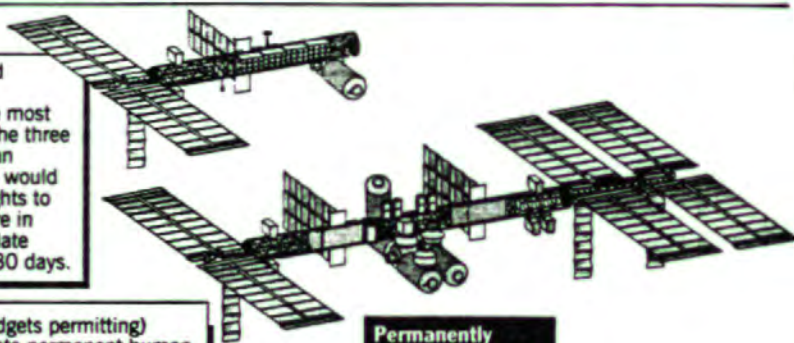
Human-tended capability



Option A could grow (budgets permitting) by adding enclosed modules to house people and equipment—but for no more than 30-day stays. It also might adapt a military satellite system to provide propulsion and attitude control.

OPTION B

Derived from the planned 350-foot Space Station Freedom, Option B is the most costly and ambitious of the three options. The early "human tended capability" phase would require 6 or 7 shuttle flights to place a 174-foot structure in orbit. It could accommodate astronaut stays of up to 30 days.

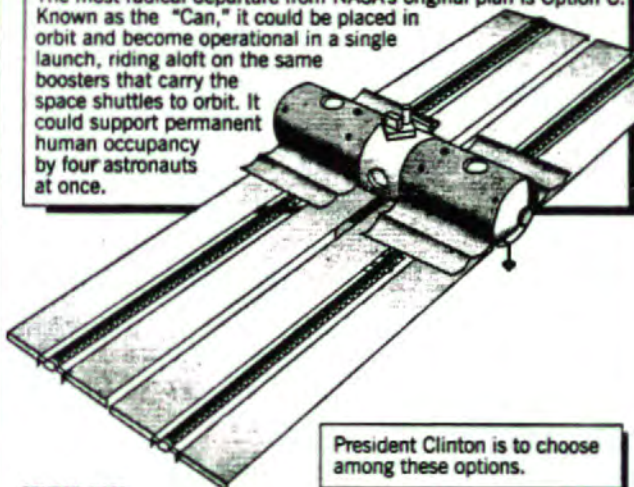


Permanently manned capability

Option B could grow (budgets permitting) eventually to accommodate permanent human occupancy for continuous research, with up to 33 kilowatts of electrical power devoted solely to running scientific experiments.

OPTION C

The most radical departure from NASA's original plan is Option C. Known as the "Can," it could be placed in orbit and become operational in a single launch, riding aloft on the same boosters that carry the space shuttles to orbit. It could support permanent human occupancy by four astronauts at once.



President Clinton is to choose among these options.

The 92-foot-long, 23-foot-diameter cylinder would be divided into seven decks, offering by far the most volume of any option. But with limited attachment points for solar power panels, the design cannot provide enough electricity to power all the experiments it can hold.



- Deck 1: Core systems
- Deck 2: Living quarters
- Deck 3: Lab (medical sciences)
- Deck 4: Berthing ports
- Deck 5: Lab (microgravity)
- Deck 6: Lab
- Deck 7: Core systems, consumables storage

SOURCE: NASA

BY TOBEY—THE WASHINGTON POST

called it "extraordinarily complex. . . . Many people have raised the question of whether we can produce credible estimates in this time frame. I assure you, it's a challenge in any time frame."

Officials said they want to be absolutely convinced the numbers are solid. "The fear is that as soon as you float a number, it's the one you get tagged with. . . . You'd better be prepared to live with it," said NASA spokesman Mark Hess.

NASA Administrator Daniel Goldin told a review panel in open session last Monday that "this redesign is not going to have arbitrary numbers" that do not reflect what is actually required. He said that if the White House guidelines cannot be met within the budget limits, "we will say so."

President Ronald Reagan approved the space station program in 1984 based on NASA's ill-founded, lowball estimate of \$8 billion to develop and construct the facility. Adjusted for inflation, that figure has roughly tripled.

The new cost assessments are bound up with a daunting range of variables the team is trying to sort out. For example, they want to know:

- Is there an economical way around the fact that, in Option C, observing instruments on the Japanese research platform are blocked by a solar power panel?
- Is it worth a saving of \$50 million to delete plans for an airlock on all three design options, thereby limiting astronauts to spacewalks only when a space shuttle is attached to the orbital outpost?

■ Which research gets top priority? Is it more important to society that the space station carry, for example, biomedical isomorphisms test equipment, or a proton exchange membrane fuel cell, or a vapor transport facility?

A key unresolved question is whether to launch the space station to an orbit inclined 51.6 degrees to the equator, where the Russian space station Mir flies, instead of the originally planned orbit of 28.5 degrees. The shuttle requires a bigger boost to reach the higher inclination orbit, and can deliver less cargo there. This would mean more flights, with new lightweight tanks and more powerful solid fuel boosters, and therefore greater costs.

But the higher orbit has pronounced advantages: it would allow scientific observation of more of Earth's surface, and Russian cosmonauts and equipment would be available for joint science endeavors and emergency rescues.

In early June, a panel of independent experts is to provide the White House with an assessment of the three design choices. The president is to select one, and then Congress will determine its fate.

What many say will be a fierce struggle could be joined as early as May 27, when a House Appropriations subcommittee is scheduled to mark up the NASA funding legislation.

2/2

34

Hard Line, Hard Luck, for Cuba

By Rolando Prats Paez*

HAVANA
Cubans, including the island's small group of human rights activists and political dissidents, seem to be trapped between Bill Clinton and Fidel Castro. The Cuban Government seizes any excuse to delay reforms that will carry Cuba toward democracy and prosperity, while Washington is wed to an obsolete and counterproductive policy toward Cuba that provides all the pretexts Havana needs.

The U.S.'s policy seems nonsensical to much of the world. In November, the United Nations called on the U.S. to lift its embargo against Cuba. Only Romania and Israel voted with Washington. And while a U.N. human rights report earlier this year correctly criticized Cuba for violations, it also criticized the U.S. for a policy that worsens the island's standard of living.

The Cuban Government needs to open up the country's political system and its economy which, since it lost its principal trade partner when the Soviet Union collapsed, has shrunk by 40 percent. To rescue the economy, the Government should allow more private initiative and foreign investment. Peaceful political dissidents

Rolando Prats Paez is a leader of the Social Democratic Movement, a pro-democracy group in Cuba.

have consistently called on it to do just that — and have often been beaten up and jailed. It is a price we are willing to pay.

We have been frustrated in our efforts not only by our own Government but by successive administrations in Washington. No government is likely to relax internal discipline and undertake liberalizing reforms just when a vastly more powerful neighbor has increased efforts to isolate it, starve it out and bring about its overthrow.

Yet, lamentably, with the passage of the so-called Torricelli legislation which prohibits foreign subsidiaries of U.S. companies from doing business in Cuba and bars ships that stop in Cuba from U.S. ports for the following six months, Washington has tightened the screws.

In the past, Cuban human rights activists understood the strategic concerns behind Washington's hard line. But the cold war is over and the those worries are no longer relevant. Paradoxically, Washington's line has become even harder, giving the state security officers more excuses to repress dissidents, imposing new hardships on the people by suffocating the economy and stiffening the obstinacy of the Castro Government.

Why does Washington pursue this policy? Perhaps because it believes the predictions that the Cuban Government will soon fall. If so, it is miscalculating. The economic crisis in Cuba is acute but the country can survive at a subsistence level for a very long time. Meanwhile, the repressive apparatus

is strong enough to curb rising discontent. And although Cubans want change, they want a peaceful transition, not bloodshed.

To begin the journey to democracy, human rights activists in Cuba have long called on the U.S. to negotiate its differences with the Cuban Government, lift at least parts of the embargo and, by doing so, bring about a climate in which our leaders are more likely to initiate reforms.

The U.S. embargo
hurts democracy
and helps Castro.

We had little hope that the Republican administrations of the last 12 years would listen to us, and they did not. They preferred to listen to a small group of ultra-conservative exiles in Miami who neither represent the majority of the Cuban-Americans nor speak for the almost 11 million people on the island.

Although Bill Clinton's deference to Miami's leading right-wing Cuban, Jorge Mas Canosa, during the Presidential campaign was troubling, we still hold out hope that the new Administration will be different. It is time for the U.S. to change its policy so as to help, rather than thwart, our struggle. □

Values
Society of our friends
Free this way

B

B

THE PRESIDENT HAS SEEN
5. 11. 93

IMES, MONDAY, MAY 10, 1993

5-11-93

THE PRESIDENT HAS SEEN

Mr. President

I thought your speech in Cleveland was **exactly** what the public should hear. You need speak directly to them and let them know what you are doing and the specific facts about your programs. If your rational is solid behind your programs the public will understand it and support it. Trust THEM...

On CNN tonight it was reported that almost 70% of the public approve large tax increases on cigarettes, however, it probably will not make it through the Congress. The people have no say so in their government unless it is one week before election. It is pretty obvious. If 70% cannot get their way then lobbyists are giving us a good screwing. I'm mad as hell. You must expose these guys. The game needs to be over. Congress has no respect for us. Tell the people what they can do and who the bad guys are.... Please.

Keep the good work up.

Your Friend,

David Leopoulos

P.S. Why don't you have a series of rallies in Stadiums (40,000 or more at a time) Meet with the people level with them - ask them to write their reps.... Just thinks of it - $10 \times 40,000 = 400,000$. Each of these 400,000 speaks to 5 of their friends.....Lets see I think that is a large amount of people...

You have been the first to do so many things --- why not directly personally lobby the public yourself....

Mark / Mervin

Authenticity

Chron

THE WHITE HOUSE
WASHINGTON



DATE: 5/11

NOTE FOR: *Tom Epstein*

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 *5/10*

THE WHITE HOUSE
WASHINGTON

93 MAY 7 PM 12:11

May 7, 1993

MEMORANDUM FOR JOHN *✓* PODESTA

FROM: TOM EPSTEIN *TE*

SUBJECT: TELEPHONE CALL TO PRESIDENT FROM GLORIA MOLINA

I have been advised that Los Angeles County Supervisor and former national campaign co-chair Gloria Molina may call the President today to urge him to endorse Michael Woo for Mayor. In case the President takes her call, he should know that Molina wrote a strong Op-Ed endorsing NAFTA in today's *L.A. Times*. The article is attached for your information.

cc: Rahm Emanuel

*(Don't think
He called)*

Commentary

PERSPECTIVE ON TRADE

NAFTA Needs a Boost, Not Burial



The critics' concerns will remain, whatever the treaty's fate. So improve and pass it, and everybody wins.

By GLORIA MOLINA
and ANTONIO GONZALEZ

With each day, support for the proposed North American Free Trade Agreement erodes as a host of critics bang away at this historic attempt to redefine U.S.-Mexican relations. Because of important shortcomings in the labor and environmental areas, many would like to see NAFTA rejected. But killing NAFTA is both bad public policy and socially irresponsible.

Instead, critics and supporters of NAFTA should support President Clinton's efforts to enhance the benefits and minimize the negatives of the agreement by negotiating additional trilateral agreements on environmental and labor standards. Support is needed also for legislation to fund comprehensive training programs for displaced workers and increase investment for infrastructural and environmental upgrading along the U.S.-Mexico border.

In doing so, President Clinton and his trade ambassador, Mickey Kantor, must advance a new vision of North America, one in which an improved NAFTA catalyzes both economic growth and social equity. They should also set the record straight. While the agreement that former President Bush negotiated is flawed, it is not a recipe for U.S. job loss. The United States enjoys a trade surplus with Mexico, in contrast to U.S. trade deficits with many Pacific Rim nations. Translation: Far more jobs are created than lost in our commerce with Mexico. And every reputable study of the impact of NAFTA finds that the trade surplus will continue. For example, a recent study by the Southwest Voter Research Institute showed that California will gain twice as many jobs as it loses over the first five years of NAFTA's implementation.

The problem is that Mexico has become the metaphor for U.S. job flight. This metaphor is false and dangerous. It

exacerbates already growing ethnic tensions and xenophobia. Rejecting NAFTA and retreating into protectionism would set U.S.-Mexico relations back a generation. It would dry up much needed U.S. private investment into the Mexican economy and precipitate an economic downturn that would cause job loss on both sides of the border. For example, in Mexico's 1982-83 debt crisis, 100,000 U.S. workers lost their jobs in the collapse of industries based heavily on trade with Mexico.

Furthermore, rejecting NAFTA would not do anything for the valid concerns raised by sincere critics. Real abuses like U.S. industry-based border pollution and non-enforcement of environmental and labor standards by companies on both sides of the border would continue unabated. Chronic Mexican poverty due to underdevelopment would continue. Nor would killing NAFTA stop multinational corporations from leaving the United States. The globalization of national economies, including ours, is inevitable.

What is the solution? Only an improved NAFTA package that addresses the valid concerns while preserving the essential benefits can gather enough public and congressional support to win approval. What should it contain? To date, the best plan has been offered by a national coalition of Latino organizations initiated by the Mexican American Legal Defense and Educational Fund, National Council of La Raza and Southwest Voter Research Institute. The coalition believes that rejecting NAFTA or passing the Bush version are both unacceptable options.

They propose a third option consisting of eight proposals hinged on the creation of a North American development bank that would effectively fund much of the spending associated with an improved NAFTA. Capitalization of the bank would come from existing tariff revenue from the NAFTA countries and national subscriptions. The bank would not increase the U.S. deficit, nor would it be a foreign-aid bill, but would efficiently generate two or three dollars for every dollar of capitalization and would invest billions in NAFTA-related infrastructural, environmental and development projects over the next 10 years.

The core of the Latino coalition's plan would:

- Increase the funding and improve the eligibility mechanism for programs for displaced workers in the United States and Puerto Rico.
- Increase investment for infrastructure and environmental upgrading along the U.S.-Mexico border.
- Enhance environmental standards, including the creation of a North American commission on the environment

with appropriate oversight and enforcement powers that would not impinge on sovereignty. Special emphasis would be placed on the U.S.-Mexico border region.

- Enhance labor standards, including the creation of a North American labor commission with appropriate oversight and enforcement powers that do not impinge on sovereignty.

- Create a North American commission on migration that studies problems of labor mobility and immigration and makes proposals for reform to each government within three years.



NARANJO, El Universal, Mexico City

The coalition also proposes programs that would facilitate participation by small businesses in trade with Mexico and Canada; promote economic development projects for regions where communities are especially impacted by trade-related job displacement, and promote alternative development strategies for the Caribbean-basin countries so that NAFTA does not negatively impact their economies.

In sum, it is time for reason to prevail in the NAFTA debate. The United States must listen to the solid advice offered by its Latino community: Don't reject NAFTA and Mexico; instead, support President Clinton's efforts to improve NAFTA and embrace a new partnership with our North American neighbors. This option for economic growth with social equity advances all of our interests.

Gloria Molina is a Los Angeles County supervisor. Antonio Gonzalez is Latin America project director of the Southwest Voter Research Institute in Montebello.

Chron



THE WHITE HOUSE
WASHINGTON

DATE: 5/11

NOTE FOR: *Bruce Lindsey*

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

Information ☐

Action ☒



Thank you.

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

cc:

THE WHITE HOUSE
WASHINGTON

May 4, 1993

MEMORANDUM TO THE PRESIDENT

Copies of letters you requested:

- ~~CAROLINE WHITSON~~
- ~~SAMMYE JOE COLEMAN AUMAN~~
- ~~New England Historic
Genealogical Society~~

BL - Is this the job
country staying
want -

- She's slapping
around a lot
of things - B

THE PRESIDENT HAS SEEN

Caroline Whitson
Rt. 3, Box 269
Clarksville, AR 72830

April 18, 1993

Dear Mr. President:

It is more thrilling to write those words to you than I can express. I hope the thrill in hearing them remains fresh for you. I once introduced you by saying that the time that had passed since I supported your 1974 campaign (it had been about ten years then) had only made me increasingly proud. Now, almost another decade has passed and that pride has increased manyfold.

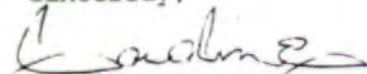
Winda Dixon suggested I address this letter to you directly to express my interest in a position in the Clinton administration. I do not know what your plans are for the National Institute for Literacy, but I do know that the former acting director, Fran Marie Kennedy-Keel, who was a Bush/Alexander appointee, is no longer there. If you intend to fill the position, I would very much like to be considered for it. I believe my years in education as a professor and an administrator and my work with the learning disabled give me a variety of skills and perspectives which would be valuable. This background, along with my work with the National Poetry Series, would also, I believe, allow me to serve your programs very well through the National Endowment for the Humanities.

Please tell Hillary that Turner and I have thought of her so often during her father's illness. Others can only imagine the pull she must have felt between her private and public selves. As always, she was an admirable study in grace and dignity.

Finally, Heather is completing her freshman year at Stanford. Thanks to you, being an Arkansan has meant instant celebrity for her this year. She worked in your campaign, and election night was ecstatic (I am sure you know you carried Stanford by 70%). She says to keep up the good work for Arkansas!

Thank you for your consideration of my request. In all things, our hearts and prayers are with you.

Sincerely,


Caroline Whitson

Rec'd
4/28
Bucci -
She's great
BC HEH6

CAROLINE WHITSON

Home

Rt. 3, Box 269
Clarksville, AR 72830
501/754-8617

Office

415 College Ave.
Clarksville, AR 72830
501/754-3839 ex341

POST-GRADUATE EDUCATION

1988	Post-doctoral Diploma, International Relations London School of Economics (awarded with merit)
1987	Ph.D., English, University of Arkansas British Literature; Women's Studies
1979	M.A., English, University of Arkansas

PROFESSIONAL

1992-present	Program Director, National Poetry Series
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The National Poetry Series was established in 1978 to ensure the continued publication of promising new poets and to advance and demystify poetry in American culture. NPS has successfully promoted the publication of sixty-five books of poetry in its fifteen years. I have joined the staff to extend the regional and educational reach of the series.

1990-present	Chair, Division of Humanities and Fine Arts University of the Ozarks
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As division chair, I oversee the departments of English, art, music, dance, communications, theatre, philosophy, foreign language, and religion. I manage twenty-four faculty members and professional and support staff. I also manage the Walton Arts and Ideas Series, an annual program of concerts, exhibits, and lectures. The series is funded by a million-dollar endowment, for which I wrote the grant proposal.

1990-1992	Vice-president, Institutional Advancement University of the Ozarks
-----------	---

The time I worked in this position was primarily spent in fund-raising and long-range planning. My major responsibility was to develop and seek funding for a national research project to improve diagnosis and remediation of learning disabilities. That project was funded by the National Institute for Literacy. I was also instrumental in obtaining major gifts for science equipment, faculty development, scholarships, cultural programming, and computer technologies to assist learning-disabled students.

1980-present	Professor of English and Communications University of the Ozarks
--------------	---

WRITING/EDITING

- 1990-present Wrote the prospectus and legislation developing the National Center for the Study of Learning Disabilities
- 1988 Edited and helped write Governor Bill Clinton's legislative proposal package
- 1987 Social Contract Theory in the Plays of Thomas Middleton-unpublished dissertation
- 1985 Chapter on the political rhetoric of the Christian right published by the Rhetoric Society of America in OLDSPEAK/NEWSPEAK RHETORICAL TRANSFORMATIONS
- 1979-81 Editor/writer of CofO Today alumni magazine (University of the Ozarks) As Director of Public Relations during this time, I wrote and edited promotional material for print, radio, and television.

SPECIAL ACTIVITIES

- 1987 International Economic Development tour with Arkansas Governor Bill Clinton and the Director of the Arkansas Industrial Development Commission in Italy, the United Kingdom, Belgium, and Germany
- 1988 London School of Economics tour in the Soviet Union to discuss perestroika and glasnost with economists and academicians

PRESENTATIONS

- 1987 linguistic analysis of Ben Jonson's Epicoene presented at the Central Renaissance Conference in ST. Louis, MO
- 1985 a reading of women's concerns in Shakespeare's Cymbeline presented at the Central Renaissance Conference in Carbondale, Illinois
- 1984 linguistic analysis of the political rhetoric of the Christian right presented to the Rhetoric Society of America at the University of Texas, Arlington

SPECIAL ASSIGNMENTS AND AWARDS

1990	Appointed to the Arkansas Educational Television (PBS) Commission (nine-year term). I currently serve as Vice-chair of the commission and foundation.
1990-91	President of Johnson County Helping Hands
1988	Elected faculty representative to the Board of Trustees (University of the Ozarks)
1984	Selected Oxford Scholar of the graduate school University of Arkansas
1979-80	Appointed Special Assistant to the President (University of the Ozarks)
1978-83 & 1989-91	Chosen member of the Board of Directors of West Central Arkansas Human Services Agency

REFERENCES

Michael Banks
International Relations Department
London School of Economics
Houghton Street
London WC2A 2AE
England

Dr. Gene Stephenson
President
University of the Ozarks
415 College Ave.
Clarksville, AR 72830
501/754-3839

Dr. Joseph Candido
English Department
University of Arkansas
Kimpel Hall
Fayetteville, AR 72830
501/575-4301

Daniel Halpern
Editor in Chief
Ecco Press
100 West Broad Street
Hopewell, New Jersey 08525
609/466-4748



4-18-93 CAROLINE WHITSON

Ex 24 (Writes to express interest in a position in Clinton Administration - particularly the National Institute for Literacy. *FC*

Condolences.

Her daughter, Heather, is completing her Freshman year at Stanford.



Chron



THE WHITE HOUSE
WASHINGTON

DATE: 5/11/93

TO: BOB DAMUS

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

The attached should be worked
through OMB.

cc: Bob Kyle
Ira Shapiro



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

33 MAY 11 P1: 47 MAY 11 1993

MEMORANDUM TO THE PRESIDENT

FROM: Michael Kantor

SUBJECT: Implementation of U.S.-EC Agreement on
Government Procurement

ISSUE

Whether to issue an executive order implementing the U.S.-EC agreement on government procurement.

DISCUSSION

On May 10, the EC Council of Ministers approved the agreement on government procurement that I reached with EC Commissioner for External Affairs Leon Brittan on April 21. The agreement partially resolves one of our major trade disputes with the EC. Under this agreement, the EC will remove the discrimination against U.S. suppliers of heavy electrical equipment. In return, the U.S. will remove the Buy America preferences on the Tennessee Valley Authority and the federal power administrations of the Department of Energy. In addition, both sides agreed to extend the equivalent of GATT Government Procurement Code treatment to all executive branch government procurement of services, constructions and goods.

This agreement marks a significant step forward in our attempt to expand coverage under the GATT Government Procurement Code. Both Sir Leon and I expect that the agreement we reached will become part of the expanded Code, which we hope to conclude within the time frame set by the Uruguay Round. In opening the \$20 billion EC electrical market now, this agreement achieves a goal the U.S. has sought for 30 years. I believe that the balance of concessions in this agreement is highly favorable to the U.S.

The attached executive order directs the heads of all executive agencies to waive the price preference for agency procurement of goods and construction services above specified thresholds. The threshold for procurement of goods by federal utilities is higher than for other executive agencies because it applies the threshold contained in the EC Utilities Directive.

After you sign the executive order, Sir Leon and I will sign the agreement, at which time it will enter into force.

RECOMMENDATION

That you sign the attached executive order implementing the U.S.-EC agreement on government procurement. The executive order will be published in the Federal Register.

Agree _____

Disagree _____

Attachment: Executive Order

EXECUTIVE ORDER

- - - - -

IMPLEMENTATION OF AGREEMENT WITH THE EUROPEAN COMMUNITY ON GOVERNMENT PROCUREMENT

WHEREAS, the United States and the European Community (EC) have entered into a Memorandum of Understanding on Government Procurement (Agreement) that provides appropriate reciprocal competitive government procurement opportunities,

WHEREAS, the commitments made in the Agreement are intended to become part of an expanded General Agreement on Tariffs and Trade Agreement on Government Procurement (GATT Code) and are an important step toward an expanded GATT Code,

WHEREAS, as a result of these commitments, U.S. businesses will obtain increased access to EC member state procurement for U.S. goods and services,

WHEREAS, I have determined that it is inconsistent with the public interest to apply the restrictions of the Buy American Act, as amended (41 U.S.C. 10a-d) to procurement covered by the Agreement,

NOW, THEREFORE, by virtue of the authority vested in me by the Constitution and the laws of the United States, including section 301 of title 3, United States Code, Title III of the Trade Agreements Act of 1979, as amended (19 U.S.C. 2511-2518), and as President of the United States, and in order to implement the Agreement, it is hereby ordered as follows:

Section 1. In applying the provisions of the Buy American Act, the heads of the executive agencies listed in Annex 1, Parts A and B, are requested as of the date hereof to apply no price differential between goods of United States origin and goods originating in the member states of the EC.

Sec. 2. For purposes of this order, the rule of origin specified in section 308 of the Trade Agreements Act of 1979, as amended (19 U.S.C. 2518) shall apply in determining whether goods originate in the member states of the EC.

Sec. 3. This order shall apply only to contracts, awarded by executive agencies subject to this order, above the threshold amounts set forth in Annex 2.

Sec. 4. This order shall apply to solicitations outstanding on the date hereof, except for those for which the initial deadline for receipt of bids or proposals has passed, and all

solicitations issued after the date hereof.

Sec. 5. Except for procurements by the Department of Defense, the United States Trade Representative (USTR) shall be responsible for interpretation of the Agreement. USTR shall seek the advice of the interagency organization established under section 242(a) of the Trade Expansion Act of 1962 (19 U.S.C. 1872(a)) and consult with affected executive agencies, including the Office of Federal Procurement Policy.

Sec. 6. Agencies subject to this order shall issue such regulations as may be necessary to assure that their procurement practices conform to the provisions of this order.

William Jefferson Clinton

Annex 1A

Department of Agriculture
Department of Commerce
Department of Defense
Department of Education
Department of Energy

(Not including national security procurement made in support of safeguarding nuclear materials or technology and entered into under the authority of the Atomic Energy Act; and oil purchases related to the Strategic Petroleum Reserve)

Department of Health and Human Services
Department of Housing and Urban Development
Department of the Interior
Department of Justice
Department of Labor
Department of State
Department of Transportation

(The national security consideration currently applicable to the Department of Defense under the GATT Government Procurement Code are equally applicable under this agreement to the Coast Guard)

Department of the Treasury
United States Agency for International Development
General Services Administration (other than Federal Supply Groups 51 and 52 and Federal Supply Class 7340)
National Aeronautics and Space Administration
Department of Veterans Affairs
Environmental Protection Agency
United States Information Agency
National Science Foundation
Panama Canal Commission
Executive Office of the President
Farm Credit Administration
National Credit Union Administration
Merit Systems Protection Board

ACTION

United States Arms Control and Disarmament Agency
Office of Thrift Supervision
Federal Housing Finance Board
National Labor Relations Board
National Mediation Board
Railroad Retirement Board
American Battle Monuments Commission
Federal Communications Commission
Federal Trade Commission
Interstate Commerce Commission
Securities and Exchange Commission
Office of Personnel Management
United States International Trade Commission
Export-Import Bank of the United States
Federal Mediation and Conciliation Service

Selective Service System
Smithsonian Institution
Federal Deposit Insurance Corporation
Consumer Product Safety Commission
Equal Employment Opportunity Commission
Federal Maritime Commission
National Transportation Safety Board
Nuclear Regulatory Commission
Overseas Private Investment Corporation
Administrative Conference of the United States
Board for International Broadcasting
Commission on Civil Rights
Commodity Futures Trading Commission
Peace Corps
National Archives and Records Administration

Annex 1B

The Power Marketing Administrations of the Department of Energy
Tennessee Valley Authority

Annex 2

Thresholds Applicable to Executive Agencies listed in Annex 1A

Goods contracts -- 130,000 SDRs (currently \$176,000)

Construction contracts -- \$6,500,000

Thresholds Applicable to Executive Agencies listed in Annex 1B

Goods contracts -- \$450,000

Construction contracts -- \$6,500,000

Chrom

5/11

belt
went to
UP

AGJ / Tony later Hal
Col in
Colin sent me this
worth a scan

Bz

SSI

**Strategic Studies Institute
U.S. Army War College**

**DECIPHERING THE BALKAN ENIGMA:
USING HISTORY TO INFORM POLICY**

William T. Johnsen



THE WHITE HOUSE

WASHINGTON

May 7, 1993

33 47 7 P5: 31

Mach → Sum
URGENT MEMORANDUM TO THE PRESIDENT

FROM: Katie McGinty McGinty
PREPARED BY: Marc Chupka OEP
Bob Nordhaus DOE
Rich Rosenzweig DOE
THROUGH: John Podesta
SUBJECT: Talking Points for your telephone call today to Rep. Bill Brewster

- o We have to oppose the Brewster Amendment in its current form.
- o However, the Administration is willing to agree to move the point of collection of the Btu tax to the end user of natural gas and electricity.
- o But, we will need to change the way that your amendment would compute the tax on electricity. Your amendment has a uniform national electricity tax, which will not provide incentives for natural gas and other clean fuels. **The tax needs to be based on the utility's actual fuel mix and generation efficiency. Even your revised proposal, with the tax credit for renewables, does not address our concerns.** By basing it on the amount of fuel actually used in generating electricity, we can save the incentives on natural gas use that were included in the Administrations original proposal. This new approach will preserve the environmental benefits which motivated the original Administration proposal.
- o If we adopt this Administration approach, **natural gas will compete more effectively in the power generation market.**
- o **This change is essential to keep environmental groups from opposing the tax.** They have stated strong opposition to your amendment, but may support the tax if environmental incentives are preserved.
- o I will send my team to meet with you immediately at your convenience.

[If Brewster resists the offer on the basis that his proposal will help electric utilities, tell him that the main issue for the utilities is the point of collection, not the actual computation of the tax.]

Chron
-171

Hillary, attached is the memo from John Spotilla which I had mentioned to you. As you will recall, John was extremely helpful in the campaign from the earliest days. The concerns reflected in his memo appear to be shared by others outside of Washington who were campaign stalwarts.

MV

Made

This is pretty disturbing
from our supporters
I need them back to
respond — B.

5/11
original
back to NH
CC to McLarty
FW

THE PRESIDENT HAS SEEN

LAW OFFICES

JOHN T. SPOTILA

Counsellor at Law
CHERRY HILL OFFICE CENTER
SUITE 720
1040 KINGS HIGHWAY NORTH
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FAX: (609) 654-7030

PENNSYLVANIA:
SUITE 200
7848 OLD YORK ROAD
ELKINS PARK, PA 19117
(215) 346-0350

MEMBER: PA & NJ BARS

OF COUNSEL:
DENNIS D. KARPf

April 20, 1993

AIRBORNE EXPRESS

Mrs. Melanne Verveer
2125 Leroy Place
Washington, DC 20008

Dear Melanne:

As you suggested, I am writing to summarize the thoughts expressed to you in our conversation Sunday.

A number of the people in New Jersey who were very active in the Campaign, from the beginning, are showing signs of frustration after three months of the new Administration. They are strongly supportive of our President, believe fervently in his message of change, and are eager to respond to his request that they help on an ongoing basis. For most of them, including many of the earliest and most loyal stalwarts, there has been virtually no response from Washington. Their views are not solicited and it appears that their offers to serve the Administration are ignored.

Most people are willing to be patient. They recognize that the appointment process will be careful and slow. At the same time, total silence from Washington can have a corrosive effect on morale. If people hear nothing, they assume they are not wanted. If their advice is not solicited, they assume it is not valued.

There is a growing suspicion (whether or not justified) that most appointments are and will be going to establishment Democrats and "Beltway insiders", with only lip service being paid to the notion of bringing in talent from the outside. Personal loyalty and early service to the President seem less important than connections to elected officials and large interest groups. Some of our most capable and committed volunteers feel totally cut out of the process. Yet people are hesitant to complain, lest it be held against them. This is not an ideal atmosphere.

Please do not take my comments as negative in tone. I appreciate having had the opportunity to talk with you from time to time to help gain perspective on the process. It just seems to me that if no one says anything about this situation, serious problems could develop.

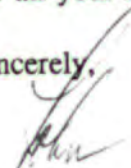
Mrs. Melanne Verveer
April 19, 1993
Page 2

The Clinton volunteer organization did a tremendous job in the Campaign by reaching out to voters who previously may not have been active in Democratic Party politics. If we keep them involved on a continuing basis and make them feel appreciated, they will form an important base of support for the future. If they come to perceive that their commitment is not valued, they may not be as eager to come forward the next time. Having won the election, it would be a mistake to forget people who were critical to our success. If we have not forgotten them, we should let them know.

I would be more than happy to talk further with you about this if you would like. It would not be all that difficult to improve the situation. All it will take is a little effort and sensitivity to the problem.

Best wishes to you and thank you again for all your kindness.

Sincerely,



John T. Spotila

JTS/jc

MEMORANDUM

To: Nancy Harnreich
Tel: 202-456-6610
Fax: 202-456-2397
14 Pages

Dated: April 29, 1993

From: Bob Raynar
Tel: 201-621-9020
Fax: 201-621-7406

Re: Urgent!

At Blair House on April 21st, the President asked me to prepare the attached memorandum. HRC asked to receive a prompt copy.

Would you please distribute the attached to both of them as soon as possible? You may wish to read it, and to handle it especially confidentially.

The originals will arrive tomorrow by Federal Express.

Please let the President and First Lady know that in preparing this memorandum, I consulted with Ronnie F. Liebowitz (my partner, and former General Counsel to Rutgers University), Jonathan L. Goldstein (my partner, and a former U.S. Attorney for D.N.J.), Lewis B. Kaden (a partner at Davis Polk & Wardwell, and Chair of the Cuomo Commission on Competitiveness), Richard C. Leone (Chair of the Port Authority of New York and New Jersey, and of The 20th Century Fund), Dean Guido Calabresi, and Robert L. Herbst '72. In addition, Steve Honigman was enormously helpful as usual, but limited his input to the non-military portions.

Thank you.

RSR/ams
Attachments

MEMORANDUM

To: President Bill Clinton

Dated: April 29, 1993

From: Bob Raymar

Re: The First 100 Days, and the Future

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

Introduction

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

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

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

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

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

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

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

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

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

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

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

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

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

Insufficient commitment to principle is also perceived in the area of foreign affairs. The retreat on the Haitians, while perhaps necessary, was damaging. Much more critical to your future is Bosnia. Immediately after President Bush "won" the Gulf War, the visuals of Kurdish suffering juxtaposed with the absence of American principle, resolve or action, seriously undermined Bush's Presidency. Your Presidency is being eroded in the same way.³ Fortunately, a reassessment appears to be under way, because to date your policy on the former Yugoslavia has been indistinguishable from Bush's, despite your effective campaign denunciations of that policy.⁴ You should also recall

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

your Administration's well-being and success. Countless critical realms are in periods of transition, and present dangers to decision-makers who are forced to, but should not, rely upon the facts and analyses of holdover subordinates. This thinness of your Administration may have been a critical failure in Waco.⁸

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

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

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

⁸Although poll results show the public to be satisfied with the handling of Waco, and even to be unconcerned about the result, the decision-making process was certainly flawed. What seems painfully apparent to an outsider is that only the FBI's fatigue and impatience drove it to urge the AG to do something more than to ring the compound with barbed wire and to wait. Nothing else that has since been said to the public makes any sense. The FBI appears to have taken advantage of an inexperienced AG, just as the ATF may have taken advantage of an inexperienced and thinly staffed Treasury Secretary initially. It is apparent that the AG's mention of peril to children in answer to your penetrating question -- why do we have to act now? -- was driven by an honest belief, totally mistaken, that delay imperilled the children more than action. Bad facts -- i.e., bad staff work and a natural, but dangerous, willingness to rely on so-called experts without cross-examining them rigorously -- led to a bad decision with tragic consequences.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Conclusion

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

RSR/ams

cc: Honorable Hillary Rodham Clinton

LEADERS

strongest instinct: to re-regulate everything. That seems precisely where they are heading.

Their most outrageous step toward re-regulation is rigging the stockmarket, which officials once disdained as a mucky casino. They have ordered public-sector agencies to buy Japanese shares. The past six months have also seen a flurry of administrative guidance, including arbitrary changes in accounting rules designed to prevent institutions from selling shares at a loss or even recognising their diminished value in their books. And the futures market is being manipulated to protect share prices: the Tokyo Stock Exchange, a mouthpiece of the finance ministry, wants the right to prevent securities firms from trading stock-index futures on their own account any time it thinks the stockmarket is "overheated".

The long slow process of deregulating the financial sector in fundamental ways is also coming unstuck. After years of tortuous study, absurdly limited measures to break down the barriers between banks and brokers have been proposed. Stockbroker commissions remain fixed. Liberalisation of insurance is glacial. And then there are the banks.

The way in which the finance ministry is handling the banks' bad-debt problems shows clearly how low a priority it attaches to fostering a competitive banking industry. It has done nothing to encourage banks to reserve against dodgy loans or write them off, for some banks risk insolvency if they do so. Rather than reveal qualitative differences among the banks and draw the public's attention to the bad-debt mess (not to mention the responsibility for it of the finance ministry,

which regulates banks), officials are doing everything they can to help banks sweep their problems under the carpet.

Japan risks remaining saddled for years to come with the primitive financial sector that created the domestic boom and bust of the late-1980s. Its firms depend on bureaucratic guidance; clear winners and losers are not allowed to emerge as they have done in, say, Japan's car and electronics industries. Banks and securities firms lag behind their rivals elsewhere in innovation, and have lost what competitive edge Japan's relatively low interest rates and strong currency gave them abroad a few years ago. They allocate capital inefficiently; they measure risk badly, if at all. The stockmarket has in effect been closed to new equity issues for three years, and banks will lend only to the safest borrowers. Meanwhile regulatory overkill has prevented a desperately-needed corporate-bond market from emerging, and has barred Japan from joining the international trend toward securitisation of assets—which could, for instance, alleviate some of the distress in Japan's property market.

Caught between yesterday and tomorrow

As they seek to reassert control, however, finance officials face a problem. One big piece of deregulation over the past ten years will be hard to reverse: the freeing of interest rates. Since market forces now set the price of money, what counts increasingly is who can raise capital most cheaply, not who has the best access to bureaucrats. Japan may thus end up with a financial system that is caught halfway between freedom and regulation, and more dangerous than either.

Clinton's next 1,361 days

Naah / Brown / 65 - really worth reading this week most of it

Some suggestions for improvement

BILL CLINTON himself tells the story. He was in the Oval Office, on the second day of trying to sell his economic plan. Al Gore, the vice-president, was fussing over him; aides were rushing in and out, adding thoughts to his speech. Suddenly, Mr Clinton was reminded of that quip of Bismarck's, that making laws is a lot like making sausages. But the difference between the Iron Chancellor and the Huggable President is this: Mr Clinton thinks his horizontal management style is modern, exciting, even clever. To others, it looks like chaos. Hubbub, shoving and ten good ideas before breakfast—the character, in short, of the 100 days that have just passed—need to give way to something different in the 1,361 that are left.

Mr Clinton began his presidency wanting to do it all. He still does. This omnivorous man has been kept from sampling every policy dish on the table only because he has chosen two, deficit-reduction and health-care reform, whose size has slowed him down. As priorities go, these two could hardly be bettered. But Mr Clinton has many more (see page 23). Last week he put forward a (disappointing) programme to overhaul the schools; next week he homes in on campaign finance and national service; some day soon, welfare reform. So little time, so many ideas, so much government to get to grips with.

This Gargantua quality is a constant. In the months to come, Mr Clinton will undoubtedly go on gorging. He loves it, and it would be a hard critic who suggested that he should de-

prive himself of, to him, the most enjoyable bit of his job. But, that said, America needs to find some theme in his gorgings, and some sense of priorities between the goats'-cheese salad with balsamic vinegar and the stack of blueberry pancakes with syrup and melted butter, before dyspepsia sets in.

A few good themes

On Mr Clinton's menu, deficit-reduction must stay at the top. This theme has been clouded by different and even contradictory ideas, such as a stimulus package and an investment tax-credit to pep up an economy that will probably grow by 3% this year. Both the budget package, as voted, and any new tax proposals—on energy, on sins, or in the form of a value-added tax—should be linked clearly to cutting the deficit. So too, at least in part, should health-care reform. This makes one coherent line of argument, where at present there are half a dozen. It should not need the Senate Republicans to remind Mr Clinton of the wisdom of fiscal consistency.

Trade policy is another case. In the campaign, when grand themes seemed so much easier, Good New Democrat Mr Clinton linked free trade to economic growth and, from that, to national security. In office, doffing his hat to "fairness", he has presided over a wild game of insults and shadow-boxing between Americans, Europeans and Japanese. At the Vancouver summit in April Mr Clinton found his old line again, to good



Business and Finance

Low points

America's GDP growth slowed to an annual rate of only 1.8% in the first quarter of 1993, from 4.7% in the previous quarter. Some economists are fretting again about a triple dip.

After the dollar fell to another post-war low of ¥109.2 in New York, the Federal Reserve intervened several times to prop it up. That surprised everybody, since the administration has lately tried to talk the dollar down.



The prospects for growth in the world economy have in fact deteriorated, said the International Monetary Fund. Output will grow by only 2.2% this year, well down on last October's prediction of 3.6%.

At the G7 meetings in Washington, America observed the ritual of urging Japan to stimulate its economy.

Germany's Bundesbank cut interest rates again. Its benchmark repo rate fell from 8.09% to 7.75%. Helmut Schlesinger, the bank's president, said his policies were bearing fruit. The central banks of several European countries cut their rates in response.

Shareholders at the annual meeting of the EBRD censured the bank for spending heavily on itself. They did not suggest replacing Jacques Attali, the bank's president, but they did tell him to hurry

up and find a strong budget director soon.

The EC commission approved a package for deregulation of the EC's telephone service by 1998. But one part of the package has been delayed. It would have introduced a little competition among Europe's monopoly operators next January, by allowing large telephone users to lease circuits from cable-television operators and utilities.

Europe's struggle over state subsidies to steel makers continues. The EC commission blocked Germany's plan to give \$1.25 billion to Eko Stahl, an East German producer.

City tremors

Insurance claims from the huge IRA bomb blast in the City of London were expected to be around £300m (\$472m). The government said it will help meet some of the cost of the damage.

Banks involved with London's Canary Wharf project agreed in principle to put up another £500m (\$786m) to get the project back on the road again—under their ownership.



Confidence returned to the market for gold after it reached a six-month high of \$352 in New York. News that Sir James Goldsmith and George Soros were speculating on the metal's rise sparked the recent rally.

Moody's downgraded \$8.5 billion of debt at Sumitomo and Fuji, two of Japan's biggest banks.

New York's Commodity Exchange (Comex), which recently lost the Chicago Board of Trade as a prospective partner, received an offer from the New York Mercantile Exchange. This proposed that Comex become a subsidiary of the Merc in a \$10m deal.

The Clinton administration is to nominate Arthur Levitt to succeed Richard Breiden as chairman of the SEC.

Lloyd's, London's sick insurance market, unveiled a business plan that it hopes will attract corporate members despite recent massive losses. Many names said the plan did too little for them; they will continue to sue.

Ups and downs

Hurt by recession, pre-tax profits at Hoechst, Germany's biggest chemicals company, fell by 28% in the first three months of 1993, to DM436m (\$267m). Jürgen Strube, BASF's chairman, said his company's profits would also be lower in 1993.

Euro Disney, whose Euro Disneyland near Paris has now been open a year, said it lost FF1.1 billion (\$200m) in the six months to end-March, and now needs more money to restructure FF21 billion of debt.

R.J. Reynolds, maker of Winston and Camel, entered America's cigarette price war. Reynolds, which has 29% of the domestic market, made its decision after Philip Morris recently cut the price of Marlboro, America's best-selling brand.

Louis Gerstner, the new head of IBM, told aggrieved share-

holders he would do everything to restore the computer giant to health. More staff cuts ("right-sizing") were needed, he said. Strategic priorities must be defined and commitment to customers must be redoubled. In short, he pleaded for time. Meanwhile Jack Kuehler, vice-president and technologist-in-chief, said he was retiring.



Russia's space industry has won a contract to launch its first western satellite. The \$36m deal was struck between Salyut and Inmarsat, an international-communications satellite operator. Inmarsat needs to spend millions to adapt its mainly-American satellite for a Russian launch, but hopes to save \$10m on the cost in the West.

Keeping well in

Speculation grew that Peter Sutherland, former EC competition commissioner, is being sought by the EC commission to replace Arthur Dunkel as director-general of GATT. America is thought to support the Irishman's candidacy.

British Airways said it will exercise its option on \$86.3m worth of new shares being offered by USAir, to maintain its 24.6% stake in the American airline. In January BA paid \$300m for its stake.

The car division of America's Ford made a \$176m net profit in the first quarter of 1993, compared with a \$26m loss in the same quarter last year.

effect: aid to Russia, he said, was not charity, because "it helps us". A whole set of disagreements on trade, notably over North American free trade and the GATT, could be smoothed over under that rubric: to be open and unbelligerent on trade is not weak-minded, but is in America's interests.

Mr Clinton has failed to draw clear lines not just because the world, seen from the Oval Office, is complicated, nor because he is congenitally easy-going; it is also because the structure for effective leadership is not yet in place. Cabinet officers, dogged by side-issues of "diversity" and "balance", are still struggling to fill the lower-level posts in their departments. Power cannot flow to empty desks; which is why, in part, it has been so hard to devise a policy on Bosnia. As the weeks pass, and the posts are filled, horizontal freelancing should give way to proper vertical management: advice up, orders down. At that point, the Clinton the world pines for see—leader, rather than scrambler—should, with luck, appear.

The long view

It will be none too soon. By that stage, the two giant budget and health bills, probably joined by Russian aid and the North American free trade deal, will be moving through Congress. All Mr Clinton's talents will be required not merely to stroke his allies in the Capitol's anterooms, but to keep the country focused on what he is aiming at. After the bruising of the first 100

days, the president should have a shrewd idea which issues he should fight for, and which he should cheerfully surrender as lost. And he should husband his capital accordingly.

The passage of time will help. Not only Mr Clinton, but most of his advisers came to power on a crest of frustration and almost revolutionary fervour. Once they become bogged down in pushing bills through Congress, that excitement will fade. They will realise they cannot change everything; the hours spent re-inventing government or shifting paradigms will be put down to youthful inexperience. And with that, too, may come a lesson in humility. The Clinton administration, more than any other in memory, sees itself as a *ménage* of bright young minds out to shake up America. In some ways, they may manage it. But America, however sleek the surface, is a massively antiquated contraption in which the wheels grind slowly, and in which it is old pols, not callow meritocrats, who understand the working of the gears.

Alone among his White House colleagues, Mr Clinton knows that. He knows, too, how to bridge the gap between these two sorts of Democrat, old and new. But he can bridge it only if he has broad lines of policy clear in his head; if, knowing his own mind, he drives his authority down through the departments; and if he is prepared to understand that the fruits of his efforts may appear long after the presidency of William Jefferson Clinton, gourmand and ground-breaker.

A job for China

Helping Asia's awkward squad to help themselves

THESE are testing times for China. It has long wanted recognition as a great power, especially among its Asian neighbours. Now the end of cold war, the collapse of the old Soviet Union and the readjustment of America's role in the region are thrusting great-powerdom upon it. Yet, to China's discomfort, great power brings with it big responsibilities—and irksome public scrutiny. In the past China could earn itself plaudits simply by standing aside and not mucking up America's efforts to sort out Asia's trouble spots. No longer. Whether the issue is North Korea's nuclear defiance, tensions between India and Pakistan, or the wrangle over Cambodia, China's new-found influence obliges it to choose: it can join in and help with the sorting out, or confirm the suspicion that China may become, instead, Asia's most troublesome power.

North Korea presents the stiffest test of China's good intentions. It has refused to allow inspection by the International Atomic Energy Agency of two suspected nuclear sites, and has announced that it will pull out of the Nuclear Non-Proliferation Treaty (NPT) in June. North Korea has secretly produced more plutonium (from which nuclear weapons can be made) than it has owned up to; it is suspected of building a bomb, despite its NPT promise not to do so. China has regretted North Korea's defiance and called for a nuclear-free Korean peninsula. But China is also protecting North Korea from the wrath of the United Nations Security Council. North Korea is an old friend, albeit an increasingly crabby and ungrateful one. As an unreconstructed communist regime, it also has a certain rarity value to China's own communist old-timers. China is thus re-

luctant to see it put in the dock.

Even so, China has no interest in seeing North Korea get the bomb. An unpredictable, nuclear-armed North Korea would be a threat to the whole region, including China, since it could provoke South Korea, Japan and Taiwan to go nuclear—and prod India and Pakistan to step publicly across the nuclear threshold. As the country with most influence over North Korea, China is already talking more toughly in private than in public. But it may have to do a lot more than talk.

If North Korea is looking for a way out of its nuclear predicament, and a way back into the NPT, China could offer to do what America once did for Taiwan: persuade it to give up its nuclear moonlighting, and take charge of any offending materials and bomb bits. North Korea would probably still have to admit, as Iraq has done under UN sanctions and as South Africa did voluntarily, that it had been up to no good. But by coming clean and staying clean, North Korea could look forward to much in return: the right to poke about military installations in South Korea, a better relationship with America, more outside help and investment for its decrepit economy. And there would be a lot in it for China too: if it could help to pull all this off, it would establish itself firmly alongside America as the other power to be reckoned with in Asia.

However, the real test comes if North Korea refuses to be helped. It has spent scarce resources on its nuclear programme. It values its self-sufficiency to a fault. And its leaders, with precious little to show for 40 years of economic folly, may see the nuclear crisis they have provoked as a way of taking minds off



AMERICAN SURVEY



The man who wanted to fly

WASHINGTON, DC

"THIS is an ideas battle... not every one of these things can be distilled into politics—you know, who's for this and who's for that, and if this person is for this, somebody else has to be for that. A lot of these things honestly involve real debates over ideas... and the answers are not self-evident. And one of the reasons I wanted to run for president is to open the floodgates for debating ideas so that we could try to change in the appropriate way."

Thus Bill Clinton, at a press conference on April 23rd, shortly before the 100th day of his presidency. Ask the thousands of FOBS—friends of Bill—why they have long thought that he would one day be a great president and their replies will sooner or later share the same point. The man likes ideas. He genuinely does. At any gathering of the faithful, he will stay up until the small hours debating ideas with all and sundry, pulling people with different backgrounds into the same conversation. He is that rare bird, the night-owl who likes talking without the prop of a strong drink in his hands.

Ideas, intelligence, he and his administration have aplenty. But the FOBS have, in the past, liked their man not just because he was interested in ideas for their own sake, but because he wanted to apply them to government. And if there is a question about

the Clinton administration three months into its term it is not about whether he is an "old" or a "new" Democrat; as one of his advisers says, fairly, that will be clear one day. The problem is that the president does not know how to implement "change in the appropriate way".

Part of this is of his own making. The famous EGG formula—"ethnicity, gender and geography"—has slowed the process of appointments in a way that has hurt the administration. It is no doubt laudable to try to craft an executive branch that "looks like America". But America does not look like a disorganised company most of whose workers do not have a boss; or at least it did not the last time it deserved worldwide respect. Part of the problem is that some of the younger Clintonians have got their priorities wrong. The White House may have all the computer wizardry in the world, but it lacked the old-fashioned political skills required to get a \$16 billion "stimulus" package through the Senate.

It was that failure of implementation that seems to have prompted Leon Panetta, Mr Clinton's budget chief, to unburden himself of melancholy thoughts on April 26th. Mr Panetta thought not only that, at present, the mood in Congress is running against ratification of the North American

Free Trade Agreement, but that the administration would have difficulty when it sends its health-care proposals to Capitol Hill this month. This will be the real test of whether ideas can be matched to implementation. That the health-care taskforce is engaged in thorough and original work on reform is not in doubt. But if Mr Clinton allows Congress, the doctors and the drug industry to pick apart his proposals, his public standing will suffer.

There is one other reason why Mr Clinton's implementation has lagged behind his ideas. For a man who studied and coveted the presidency for years, he seems to have been taken aback by the discovery that his time is not his own. An American president can decide to focus on domestic policy only up to a point; events in the wider world, leaders of other countries, have a habit of eating into time that the president thought he would spend on other things.

Mr Clinton has spent far more time on foreign policy than he or most of his staff anticipated. Before the Vancouver summit with Boris Yeltsin, the Russian leader, he was devoting a third of his time to the summit agenda. In the second two weeks of April, he was locked in meeting after endless meeting on Bosnia.

One consequence of time spent on foreign policy is that there are still subjects on which the president himself has not laid down detailed marching orders to his staff. Trade policy is one of these issues. With the exception of preparation for his meeting with Kiichi Miyazawa, the prime minister of Japan, he has still not had a full-blown meeting on trade with his economic team. That has left the impression that trade policy is at the mercy of ad hoc decision-making by a variety of officials.

Education is another area that seems, so far, to have been Clintonless (surprisingly, given his experience in the subject as a governor). The package of education reforms unveiled by Richard Riley, the education secretary, on April 21st was frankly disappointing: more of the old policy of exhortation, together with voluntary codes of curriculum content and methods of assessment. Even given the limits that federalism imposes on any education plan (the federal government spends only 6% of the cash devoted to education) this was a damp squib.

How could such a disappointment have been avoided? For one answer, think back to the triumphant first term of Ronald Reagan. Crucial to Mr Reagan's success was the role in the White House of Jim Baker, his chief of staff; not only to get good things done, but to make sure that bad things were

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AMERICAN SURVEY

left undone. A Baker in Mr Clinton's White House would never have let the education package out. A Baker would have imposed order on the question of whether or not the administration is flirting with a value-added tax. A Baker might even have smelt that the FBI's plan for Waco was madcap.

Mr Clinton has no such man. Mack McLarty, his chief of staff, seems to have imposed his will neither on the business of generating ideas nor on working out how to implement them. Warren Christopher, the secretary of state, will stick to his last. Al Gore, the vice-president, seems to have a good working relationship with the president. But he cannot be a chief of staff: no president can run the risk of seeming to hand the reins of government over to his Number Two. By a similar token, the president cannot possibly grant more responsibility to his wife. This is not because she is unpopular. But there have been enough jokes about the Clintons for the president to avoid any suggestion that he cannot manage without her.

Without a real, head-knocking manager of his programme, the administration continues to live in something of a fool's paradise. The success that Mr Clinton made of his economic package—the speed with which Congress passed his deficit-reduction measures, the positive reaction in the markets—convinced too many that he would turn all he touched to gold. Yet this is, in many ways, a weak administration: supported by a minority vote last November, bereft of men and women as big as the president himself can be.

This would matter less if the rest of the year looked easy. It looks anything but. There is the snakepit of Bosnia; there is health care; there is an economy whose recovery suddenly looks fragile again. Mere ideas, however good, will not get Mr Clinton through that lot. In his second hundred days, he will have to discover how to turn his ideas into lasting achievements.

Defence spending

The possible cuts

WASHINGTON, DC

THE Clinton team had no real defence plans when it took office, beyond a vague determination to cut spending. Now the Pentagon has begun a serious attempt to find out what the future shape of American defence should be, and whether the new shape will in fact save money.

The 1994 budget, submitted in March by the defence secretary, Les Aspin, was merely a holding exercise, designed to keep the system ticking over until the new plan emerges. Budget outlays are set at \$274.4 billion, a 5% cut in real terms from 1993—the seventh



Candidate for the scrap heap

consecutive real reduction. Manpower will be cut faster than the Bush administration intended; the total number of people in uniform will be reduced by 108,000 instead of 83,000, and the number in Europe will be cut to 133,700 instead of 150,000. The Strategic Defence Initiative is rejigged for action against short-range rather than long-range missiles, at a saving of some \$2.5 billion compared with the Bush plan. Apart from this, the 1994 budget's main feature is to put off some hard decisions on weapons procurement.

Between 1994 and 1997, Mr Aspin proposes to cut \$88 billion from the Bush plan. But that plan, it turns out, may have a hole in it. In 1989 the Bush administration foresaw a saving of \$50 billion in 1993-97 through various administrative reforms. This saving was built into its plans. The Clinton team fears the actual saving may be much smaller. And environmental tidiness may cost the Pentagon more than had been planned. When it drew up its ideas for 1994-97, the Clinton administration assumed the Bush programme was underfunded by \$10 billion. If this figure proves wildly optimistic, Bill Clinton will either have to propose more cuts or spend more money.

After the collapse of the Soviet Union and the Warsaw Pact, the Bush people did some thinking of their own. They came up with the "base force"—a ready-for-action assembly of 1.6m men, 12 army divisions, three marine divisions, 12 aircraft carriers and 15 wings (groups of squadrons) of tactical aircraft—as the minimum needed to meet the challenges of the post-cold-war world. Mr Clinton is apparently thinking of a smaller force, with total manpower cut to 1.4m and troops in Europe to around 100,000; but little more is known of his intentions.

What should be the aim of the Clinton

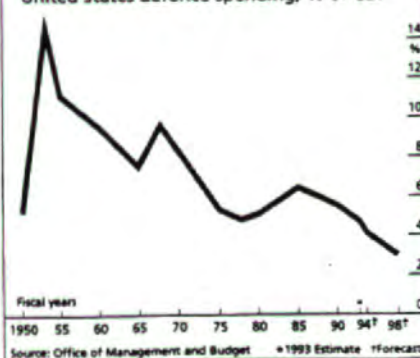
review? During the cold war, the size of America's armed forces was set by the threat from the Warsaw Pact. Such forces could obviously deal with any lesser adversary. Now the dangers are smaller, but could come from almost anywhere. This demands a high degree of mobility (sealift, airlift, deployed amphibious forces, pre-positioned ships) plus well-trained reserves who can get into action with as little delay as possible. This sort of thing costs plenty of money.

The need for flexibility also implies equipping the men with the best weapons, so R&D must be continued at a high level. The technology that won the Gulf war was developed to defeat the Warsaw Pact. It would be folly to shrink R&D spending in proportion to overall budget cuts.

The biggest savings, therefore, will come from asking which existing weapons are still needed, at least in their present numbers. For instance:

- Does the United States need 18 Trident submarines carrying long-range nuclear missiles? Nine should be enough.
- Does America need a huge fleet of manned bombers? Something like the

From bang to whimper
United States defence spending, % of GDP



planned fleet of 20 B-2 Stealth machines may be enough, particularly if they are equipped with accurate conventional weapons. More of these remarkable aircraft, and many new weapons, could be built with just part of the money that could be saved by scrapping the enormously expensive B-1s and B-52s.

• Why does the navy need 80 nuclear attack submarines? Thirty should be enough now, particularly if the navy can bring itself to build some comparatively cheap diesel submarines as well.

• Does the air force really need the 15 tactical aircraft wings in Mr Bush's base force? The air force's reserves seem much more efficient than the army's or the navy's. A lot more of the air job could be shifted to them; about ten active wings should be plenty.

• Does the navy really need 12 giant aircraft carriers, with the escorts and support ships that must accompany them? These are immensely useful for some operations, and a number must be retained at high readiness. But would not nine do?

The answers to these questions ought to supply a fair chunk of the money Mr Clinton hopes to save. But he and his team should resist the old bureaucratic urge to spread the misery among the services more or less equally. The collapse of the Warsaw Pact has produced a new challenge which could be less costly to meet than the old one, but only if the right choices are made now.

The Texas Senate race

A contact sport

DALLAS

UNTIL the last minute, the election on May 1st to fill the Senate seat vacated by Lloyd Bentsen when he went to the Treasury had generated almost no interest in Texas. Then the *Houston Post* reported that Kay Bailey Hutchison, the favoured Republican candidate, had occasionally slapped and pinched her employees at the state treasurer's office. The chief victim, as it happened, was the daughter of John Connally, a former governor of Texas, who has endorsed one of Ms Hutchison's Republican opponents. Both the accuser and the accused have taken, and passed, a lie-detector test. Ms Hutchison did not boost her case, however, by asserting in a recent televised debate that she is "a fighter" who will stand up for Texas in the Senate.

Her best defence may be her demure appearance. Once a cheerleader at the University of Texas, she looks like an innocent suburban housewife unknowingly mixed up in the rough-and-tumble world of Texas politics. Ideologically she belongs to the centre-right of her party, anti-tax and pro-choice on abortion. Some compare her favourably to

Leaving the field

LOS ANGELES

FEW American labour leaders ever achieved the prominence of Cesar Chavez; fewer still deserved it. On April 29th Chavez was buried in Delano, a small town in California's Central Valley, where he founded the United Farm Workers (UFW) in 1962. Chavez spent his life fighting for the migrant Latino labourers who toil in California's dusty vineyards and lettuce fields. His greatest victory came in 1975 when his friend Jerry Brown, then governor, forced through an agricultural labour law.

With his fasting and commitment to



California's Gandhi

non-violence, the diminutive Chavez often seemed like a Spanish-speaking Gandhi. At his death (during yet another fast), his annual salary was only \$6,708 plus room and board. Visitors to the UFW in the 1970s often found nuns typing away in the outer office. He inspired millions of consumers to join in boycotting Californian grapes. His enthusiasm for "La Causa", as he called it, spread to thousands of liberals who joined him on boycotts and on several dramatic marches to Sacramento.

Organisation was never his strength. The UFW's current membership of 15,000 is only a sixth of its total in the 1970s. Only one in 100 workers in California's fields is a union member, although many farm employers now provide the health benefits which Chavez fought for.

Some have criticised him for not doing more to help urban California, where 80% of Latinos live. They miss the point. Chavez's struggle was about dignity. He grew up in a San Jose barrio called *Sal si Puedes* (get out if you can); Mexican-Americans were treated as faceless serfs. Thanks to Chavez, farm-owners now provide outside lavatories for workers; he also prompted legislation to outlaw the hated short hoe. Latinos have walked taller ever since.

Nancy Kassebaum, a respected moderate Republican senator from Kansas. Others say she is "George Bush without the charisma."

If Ms Hutchison survives the allegations against her, she will almost certainly face Bob Krueger in the run-off. A self-styled "independent Democrat" who was appointed in December to fill the empty Senate seat, Mr Krueger is no stereotypical Texan; he is a reserved, scholarly type who earned his doctorate at Oxford (Merton College), taught Shakespeare at Duke University for 12 years, and was ambassador to Mexico under Jimmy Carter. But Mr Krueger's unorthodox manner (by Texas standards) does not bode well: he has been defeated in two previous races for the Senate, and was rumoured to have been chosen to fill the empty seat only after three previous choices had been rejected by special interests.

Since assuming the duties of senator a few months ago, Mr Krueger has drawn attention to himself by campaigning with Larry Hagman, who played J.R. in the soap opera "Dallas" (a popular move), and by composing an impassioned letter in favour of lifting the ban on homosexuals in the armed forces (unpopular, and later with-

drawn). He has also distinguished himself by twice voting against Bill Clinton's economic package. Not supporting Mr Clinton is no liability in Texas: the president received just 37% of the state's votes in 1992, and in February he recorded the lowest-ever approval-rating among Texans for an incumbent president.

Texas does not need the economic stimulus offered by Mr Clinton: the state has a muscular economy with an employment-growth rate that has exceeded the national average for the past three years (see chart on next page). In 1992 Texas produced 91,000 net new jobs, more than twice as many as any other state. The strength of the economy has blunted the one issue that usually pushes voters to go to the polls.

Hence the challenge facing Mr Krueger. In order to succeed, he must rally traditional Democratic supporters such as blacks, Hispanics and union members; and he must do something to attract votes from populist east Texas, which tends to be more sympathetic to a local boy, Ross Perot, who grew up in Texarkana. These voters often determine the outcome of statewide elections, and Texas politicians predict that they will do

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**Stanley K. Sheinbaum**THE PRESIDENT HAS SEEN *5/0***FAX TRANSMITTAL****TO:** Hillary Rodham Clinton
FAX NO. 202-456-2557**FROM:** Stanley K. Sheinbaum
FAX NO. 310-476-9853**DATE:** May 7, 1993**MESSAGE:** This interview with George Shultz is worth a moment. It is being syndicated this weekend to 130 papers around the world through NPQ's syndication deal with the *Los Angeles Times*.

Regards,

PAGES: 6

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GLOBAL VIEWPOINT -- Interview with George Shultz

FOR IMMEDIATE RELEASE (Dist. 5/6/93)

(ITAL) George Shultz was U.S. Secretary of State from 1982-1989. He has just published his memoirs titled "Turmoil and Triumph: My Years as Secretary of State" (Scribner's 1993). He was interviewed on May 4 by Global Viewpoint editor Nathan Gardels. (UNITAL) -- Editor.

SHULTZ: CLINTON NEEDS TO SHOW REAGAN'S BACKBONE IN FACING
DOWN SERBS AND NORTH KOREANS<

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GLOBAL VIEWPOINT: How would you summarize the key lessons
that emerged during your tenure as Secretary of State? And how
might they apply to the global issues faced by U.S. President
Bill Clinton today?<

GEORGE SHULTZ: The first lesson so obviously applicable to
Bosnia is that military strength and diplomatic negotiations
are not alternatives, but must work together.<

The great difference on this score between Ronald Reagan
and some other proponents of the U.S. arms buildup during the
Cold War was that he didn't build up the military for the sake
of confrontation, but in order to negotiate from a position of
strength. It was clear by the time of the Reykjavik Summit
between President Reagan and (then-Soviet President Mikhail)
Gorbachev that the Soviets were willing to make major
concessions owing to our strength, economic as well as
military. President Reagan seized that opportunity to
negotiate, reversing the momentum of the arms race.<

I'd also have to say that force should not just be used as
a "last resort," as spelled out in the so-called Weinberger
Doctrine (of the former Defense Secretary) of the period,
which laid out the criteria for when the U.S. might militarily
intervene in a situation. Rather, early use of force to
prevent a more serious situation down the road can often be
more effective.<

I think, for example, that sending U.S. troops to Grenada

prevented the American students there from being taken hostage in what was an explosively volatile situation. I also think that, had the U.S. and the Europeans stood up with force to the Serbian shelling of Dubrovnik almost two years ago, we might not see today the horrible ethnic cleansing taking place in Bosnia and the need for a much more massive effort now to stop it. <

Another lesson that emerged from my experience is that important things don't happen around the world unless the U.S. gets involved. This remains true today, even after the end of the Cold War. It is only the move toward the use of force against the Serbs by President Clinton that forced the signature of (Bosnian Serb leader Radovan) Karadzic on the Vance-Owen plan. <

Even so, what we still see happening looks like what has been going on for quite a long while, namely, the appearance of negotiation and the possibility of agreement while the Serbs continue to shell and grab land. If the Serbs remain true to this pattern, it seems that nothing short of direct U.S. involvement along with our allies can put a stop to it. And the Bosnian Serb "parliament" has now rejected overwhelmingly the Vance-Owen agreement. <

GV: Opinion polls show by a large margin that the American public does not support U.S. military action in Bosnia. <

SHULTZ: Feathers in the wind have no place in the Oval Office. Leadership as we successfully knew it under President Reagan was about having a vision of where he wanted to go and having the backbone to stick with it. That brought the public along. <

You can't run American foreign policy by public opinion polls. Whether President Clinton has this leadership capacity is being tested right now on the Bosnia issue. <

The fact is that, if Serbia is allowed to get away with this terrible ethnic cleansing and land grab by force it amounts to saying that there are no rules of the game in world affairs. The name of the game in today's world has to be governance over diversity, not governance by separation of peoples. That is what America, after all, is about. It is fundamentally in our interest, and the interest of all countries, to see a world that respects that philosophy. <

GV: U.S. Secretary of State Warren Christopher has run up against the same resistance to action in Bosnia by our European allies that has allowed Serbian ethnic cleansing to go on with impunity over the past year. Haven't the Europeans failed in taking on the new role they sought for themselves after the Cold War? <

SHULTZ: Europe and the U.S. have messed it up. First, had there been determination by the U.S. and the Europeans to use counterforce against the Serbs early on when they shelled Dubrovnik, perhaps the ferocious unraveling of Yugoslavia could have been avoided. United States leadership should have galvanized action at that time: What would have been the impact of putting a U.S. carrier off Dubrovnik with aggressive rules of engagement? <

It clearly turned out to be a mistake for the Germans to push successfully -- in the face of opposition by the U.S. and some Europeans -- for the early recognition of Croatia and Slovenia as independent states. It clearly would have been better to negotiate some type of loose confederation with minority guarantees than to set up boundaries and set off all the alarm bells that led to civil war between the Muslims and Serbs over the fate of Bosnia. Premature recognition of breakaway states aborted the more peaceful option. <

GV: The argument by the Bush Administration which allowed these European failures was that it was time for the European Community to take the lead over its own affairs after the Cold War. Was this view mistaken? <

SHULTZ: If the U.S. had been ready after the end of the Cold War to continue our leading role in NATO and European affairs, as we had been doing for a long time, things would have been different. And not just in Bosnia. <

There is one particular episode that for me stands out. The Bush Administration decided that, if the Europeans wanted a bank for the reconstruction of Eastern Europe and the former Soviet Union -- even if it was not really needed -- then that was fine. Well, the Europeans put together this European Bank for Reconstruction and Development with Jacques Attali as its president. And it is a disgrace. <

As revealed recently, they put scads of money into Italian marble and spent more money on outfitting the offices of the bank in London than on developing Eastern Europe! <

The worst part of it is that this bank was something the Europeans felt they could point to and say "See, we are doing our part." Meanwhile, when a country like Poland finds itself able to produce goods worth buying in the western Europe, the EC puts up tariff barriers against them. <

GV: So, does U.S. leadership have to reassert its role to save Europe from itself, just as it did during the post-World War II period? <

SHULTZ: American leadership is still critically important. However, standing down the Serbs and standing up for free trade is something that is deeply in our interest as well as in the interests of everyone else so that we have a prosperous world in which there is an ability to govern successfully over diversity. It damages everyone if that kind of world falls apart. <

BEGIN OPTIONAL TRIM<

GV: All the focus on Bosnia has masked remarkable progress in the Palestinian-Israeli peace talks. There are now Israeli concessions on autonomous rule by Palestinians in the West Bank and Gaza and the PLO leadership and the Israelis are agreeing on elections for an administrative authority for the territories. Is peace at hand? <

SHULTZ: Well, it may be closer at hand than before. But that is not necessarily saying a lot. You just have to continue working the problem. Secretary Christopher has done a very good job in this respect in reviving the peace talks. <
The Israelis have long called for elections to establish

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the legitimacy of who will represent the Palestinians. Of course, if Arafat accepts that, it means that if someone is elected by the Palestinians in the territories, they have a kind of legitimacy that Arafat himself doesn't have. That will change the equation for the next step after interim rule. <

To be sure, there will be no candidacies not blessed by Arafat and they will be PLO-oriented people. But, just like (President Boris) Yeltsin in Russia, once someone gets elected no one can challenge his legitimacy which comes directly from the people. Then critics can rant and roar, but that person got elected and no one else did. He has legitimacy. <

GV: In 1988, you helped engineer a statement by Yasser Arafat in which he recognized Israel's right to exist and forswore terrorism. Was that a decisive turning point in getting to the current hopeful point in negotiations? <

SHULTZ: It was a very important moment. In Geneva, before the United Nations delegates gathered there, the words were forced out of Yasser Arafat's mouth that "Israel has the right to exist." That was hard for him to say, but it meant a lot. It is very important what people say. Words can't be taken back. Now every step he and the PLO take is measured against those words. Yes, that has made progress possible. <

The most significant factor in progress for the overall Arab-Israeli negotiations, however, has been the demise of the Soviet Union as a sponsor of Syria and the fact that Iraq, a very heavily armed rejectionist state, was demolished to a very considerable extent, both as a result of the Gulf War and the earlier protracted battle with Iran. <

GV: In the larger picture, isn't the Arab-Israeli conflict winding down as a central focus of world affairs, joining a host of other post-Cold War conflicts from Bosnia to Nagorno-Karabakh? Perhaps Islamic fundamentalism, especially because to a resurgent Iran, looms as a concern larger in the region than Palestinian-Israeli issues. <

SHULTZ: It is a real stretch to say the Arab-Israeli conflict is winding down. On the contrary, despite the hopeful signs we see, there is a disposition to violence. <

There is no doubt that Islamic fundamentalism is a menacing threat. No doubt this is one of the reasons why, in Israeli eyes, a somewhat different PLO looks more appealing than the fundamentalist alternative. <

Certainly, Iran is stronger in relative terms since Iraq has been knocked down. It is a country to be very wary of. They are apparently making every effort to acquire ballistic missiles and nuclear weapons. They have a close and very worrying relationship with North Korea, which itself is doing things it should not be allowed to get away with. <

END OPTIONAL TRIM<

GV: You have called for the use of military force to stop the Serbs from getting away with murder and flouting all rules of the game of civilized behavior. North Korea has similarly defied the world community by continuing its efforts to build a nuclear bomb. As the only effective player on the world scene today, should the U.S. take military action against

North Korea?<

SHULTZ: The repercussions of a North Korean bomb for East Asia would be disastrous. Inevitably, a Japan surrounded by nuclear powers -- China, India, North Korea and Russia -- would itself be forced to become a nuclear power, which they could no doubt do virtually overnight.<

It is essential that the U. S. initiate an escalating campaign of insistence that North Korea open its sites for inspection and pressuring them to halt their efforts. If the North Koreans don't relent, at the end of the road it may be necessary to take out their sites the way the Israelis took out the Iraqi reactor some years ago.<

The North Koreans have to learn the opposite lesson the Serbs have so far learned. That lesson for the North Koreans is that, in the end, they cannot get away with it.<

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Syndicate<

(END)

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Mail

This is good - B

THE PRESIDENT HAS BEEN

5/10

EDITORIAL

BY DAVID GERGEN
EDITOR AT LARGE

GIVE CLINTON A CHANCE

W hoooosshhhh!! To paraphrase Ross Perot, that sucking sound you hear is the air rushing out of Bill Clinton's balloon as he ends his first 100 days in office. Over the past two weeks, in an orgy of harsh assessments, enemies and friends alike have been sticking in so many pins that his presidency is losing altitude at an alarming rate.

Clinton brought many of these troubles on himself. By pledging to have "the most productive 100-day period in modern history," he guaranteed a sense of letdown. After running the best Democratic campaign of modern times, his team has also made a surprising number of mistakes in the White House: lurching to the left too often, emphasizing tax increases over spending cuts, treating adversaries with arrogant disdain and gradually losing a central thrust to its leadership. Clinton needs to refocus attention on his economic plan, especially on the creation of jobs, and postpone his health care proposals until fall. Otherwise, he risks loss of both.

Whatever Clinton's sins, however, they hardly merit the extraordinary denunciations that have issued from so many quarters in recent days. Voters express their disappointment that he hasn't brought more change and grade his performance at little more than a gentleman's C. Republicans along with Ross Perot razz him as a liar. Pundits in the press—or the commentariat, as one newspaper calls it—have acted as if he is an utter failure and probably shot his mother when no one was looking. One incident blown out of proportion, for example, was his failure to accept responsibility for Waco in the first hours after the tragedy occurred; in fact, he three times suggested to the staff that day that he speak up and was urged to wait until the facts were clear.

Politicians in his own party have been equally critical. Carefully speaking anonymously, they worry to the press that he is another Jimmy Carter. Every misstep seems to be magnified, every misdemeanor treated as a capital offense. Leon Panetta, his budget director and a former creature of the Hill, added to the frenzy last week with ill-chosen words to the press that his boss was in trouble and Congress might reject his key proposals. Watching his friends pile on, Clinton might have recalled Lyndon

Johnson's remark at a vexatious moment in the 1960s: "The difference between cannibals and liberals," he said, is that "cannibals eat only their enemies."

One might dismiss today's caterwauling as just another outbreak of low jinks on the Potomac were something serious not at stake. But something serious is at risk. Over the past 30 years, America has had a series of broken presidencies: Five of the past six occupants have been driven from the Oval Office in defeat or despair. Only Ronald Reagan survived for two terms, and he too was running out of steam before it was over.

With so much to do at home, America cannot afford the destruction of another presidency. But that is where we are headed unless we regain our sensibility. We are making politics a spectator sport in which our only duty is to vote somebody into office and then retire to the grandstands. When our hero first arrives, we stand and cheer. But when we see he has feet of clay—and they all do—it's "Throw the bum out!" No democracy can succeed as an entertainment.

We owe each other more. The press should show us Clinton's warts, but what about the rest of him? Will his proposal for a national service corps—a fine idea that has been strengthened by his staff—receive as much attention

this week as, say, Panetta's remarks last week? When Education Secretary Richard Riley issued a major initiative for overhauling schools recently, it wound up on page A-28 of the *Washington Post*. Is that balance?

Republicans should indeed stand up against Clinton proposals that violate their philosophy. But where is an alternative Republican agenda that offers positive ideas for change? Where, too, is Ross Perot's real program? He is still maddeningly vague. As for Democrats, they ought to wake up: Voters have put them in charge, at least for now, and rightly expect them to stop complaining and get on with things.

Bill Clinton has had the courage to focus the nation on its major needs of better jobs, better education and better health care, and he is trying to fix them. If he doesn't have all the right answers, we should stop jeering, get off the sidelines and help him find them. For the next 1,300 days, he is the only president we have. ■

*'If he doesn't have
all the right
answers, we
should stop
jeering, get off the
sidelines and help
him find them.'*



White House OKs Limits on Child Vaccine Program

■ **Legislation:** Sources say only youngsters from poor families or without insurance will be covered.

By MARLENE CIMONS
TIMES STAFF WRITER

WASHINGTON—The Clinton Administration has agreed to compromise on its proposal to give all American children free vaccinations, agreeing to limit coverage to children from poor families or those without health insurance, congressional sources said Tuesday.

Thus children covered by private insurance that pays for immunization would not be eligible for free vaccines, the sources said.

The compromise, agreed to by Administration officials and House Democrats, would still meet the Administration's goal of providing every child with access to vac-

cines, the sources said.

The agreement, which still must win House and Senate approval, addresses a number of concerns raised by the pharmaceutical industry and Republicans in Congress.

Under the Comprehensive Children's Immunization Act, proposed by the Administration last month, the federal government would have bought and distributed all childhood vaccines to private doctors and public clinics across the country—essentially monopolizing the purchase of those drugs.

The pharmaceutical industry objected, arguing that the government controls would dry up their profits, force severe cuts in indus-

Please see VACCINE, 17

try spending to develop new vaccines and possibly curtail funds for research into drugs for such diseases as herpes and AIDS. Many Republicans shared those concerns and also objected to the \$1.1 billion cost of the program.

Under the compromise, the secretary of Health and Human Services would negotiate a "consolidated purchase price to buy vaccines in bulk to distribute to the states for eligible children," sources said. The agreement stipulated that the secretary was not bound to buy from a single source, which means that vaccines could be purchased from several companies—also a significant issue for vaccine manufacturers.

The new legislation was negotiated by officials at Health and Human Services and Reps. John D. Dingell (D-Mich.), chairman of the House Energy and Commerce Committee, and Henry A. Waxman (D-Los Angeles), chairman of its subcommittee on health and the environment, sources said.

Waxman said Tuesday that the new proposal "accomplishes the original goal of the Clinton Administration: to assure that every child in America has access to vaccines and that there are no cost barriers to children being immunized.

"The compromise proposal does so at a lower cost, recognizing that we do not have the resources to

The plan 'accomplishes the original goal of the Clinton Administration: to assure that every child in America has access to vaccines and that there are no cost barriers to children being immunized.'

REP. HENRY WAXMAN

respond as fully as the Administration initially suggested," he said. The cost of the revised program was not immediately available.

In announcing the plan in February, Clinton harshly attacked the pharmaceutical industry for raising prices. While the nation's immunization rates have fallen to 59%, the lowest level in the Western Hemisphere aside from Haiti and Bolivia, drug companies have been sharply raising prices.

A complete set of immunization for one child rose from an average of \$23 a decade ago to \$200 today, Clinton said at the time.

Waxman said later, however, that much of the increase stemmed from new vaccines and from a government tax to fund a program to compensate children who suffered reactions from the vaccines.

The compromise legislation was worked out as part of the budget reconciliation process, which must be completed in the House by May 14. Although the Senate, which has a mid-June deadline, has not yet addressed the issue, Republican senators offered a \$450 million alternative Tuesday to Clinton's original plan.

The GOP proposal is similar to the compromise in many respects, but it would give states the authority to require proof of immunization as a condition of receiving welfare assistance under the Aid to Families with Dependent Children program. Under current law, states require a waiver from federal health officials to do that.

Sen. John C. Danforth (R-Mo.), cosponsor of the Republican plan, said that it "offers superior results in child health for less money than the Administration plan, which I believe is seriously flawed."

Free shots are available now at public clinics but only about half of 2-year-olds are fully vaccinated against nine preventable diseases, including polio, measles, mumps and whooping cough.

Critics of the Administration proposal also have argued that the primary problem is parental neglect, not access to free vaccines.

Bill-
Why don't
you support
this? We (or
maybe just I)
have advocated
it. H

L.A. Times 7/5/93

Robert Kuttner

Wrong Road To Health Reform ✓

Reports from the White House health task force suggest that the emerging reform plan is in critical condition. If the plan is to survive, President Clinton himself must overrule his advisers on several key questions.

There is a political logic to overhauling health care: Fundamental reform is politically thinkable today not because insured Americans are suddenly more compassionate about the medically needy but because the middle class is worried sick that their own insurance is no longer secure.

Given Clinton's tenuous majority in Congress, enactment of health reform depends on the president's creating a ground swell of support in the country. But that ground swell requires a package that can win enthusiastic middle-class support.

Such a package would cut costs by producing administrative savings, not by restricting benefits. It would create a unified and simplified health program, with everyone securely in the same system.

But unfortunately, budgetary constraints and interest group politics are leading the health task force in precisely the opposite direction. For example, the task force has already recommended that large companies be allowed to keep their own separate health plans.

This would have several disastrous consequences. It would perpetuate the costly fragmentation of the present system. It would leave employees of big firms (who tend to be relatively young, healthy and hence cheaper to insure) with better coverage at lower cost, while the government financed the unemployed and the uninsured.

That, in turn, would create a political context in which "reform" meant mainly higher taxes on middle-class voters to buy benefits for others, not to strengthen their own coverage. Taking such a program to the country would backfire.

The task force is also envisioning a slow phase-in of benefits, emphasizing cost-containment now and added coverage later. Reform of nursing care for the elderly would be delayed.

A gradual phase-in with taxes now and benefits later would also backfire. Unless the program is comprehensive enough to win wide voter support, the broad public will tune out, and health reform will become just another insider affair. The package eventually legislated would be the lowest common denominator that industry interest groups can agree on.

There is also the issue of how to pay for it. None of the choices is very good, but a combination of "sin taxes" on alcohol and tobacco and a value-added tax at least has the virtue of raising enough money to do the job properly.

A payroll tax, now under serious consideration, would make it more expensive for business to hire workers and would add to unemployment. Here again, the course of least resistance is a minimal program building on the present employer-based system. This would require less tax revenue—but it would hardly be worth having.

Clinton faces a fork in the road. He can embrace a bold reform that stands a chance of making a real difference and tap a reservoir of voter goodwill. Or he can submit a stripped-down package that will neither command popular support nor deserve it.

Health reform is now more politically arduous than it had to be. For one thing, America waited too long. As recently as 1980, health care consumed only about 9 percent of gross national product, compared with more than 14 percent today. As the system has become more expensive, it has become more complex, and its entrenched inefficiencies represent income to potent interest groups that resist fundamental reform.

If we had put in place universal coverage before the system spiraled out of control, it could have been done at far less economic and political cost. The extreme difficulty of reform today is another legacy of the decade of deferral under presidents Reagan and Bush.

Moreover, the general strategy of the Clinton task force makes it harder for Clinton to take the interest groups on. At the outset, the task force calculated that a Canadian-style "single-payer" approach would be too radical a break and instead decided to build on the present system via "managed competition."

A single-payer system is seemingly a tough sell. It would require putting half a trillion dollars of health charges through a tax-supported system. It would also put out of business the private health insurance industry.

On the other hand, a Canadian-style system would present a clearer politics—the special interests versus the people—as well as yielding a better system at the end of the day. By staking out a complex middle ground, Clinton has invited just as much industry opposition to the program's more far-reaching aspects, but without gaining the offsetting support of the broad public. The fact that the insurance industry has been running full-page newspaper ads supporting something very much like the emerging task-force plan is a bad sign.

Somehow, through the distractions of Bosnia, Waco, the spotted owl, tariffs on Japanese minivans, Sen. Dole and a thousand other complications, Clinton must focus on the intricate details of health reform and get them just right. Otherwise, that "great sucking sound," in Ross Perot's graphic phrase, could be Clinton's health reform going down the national drain—and with it the promise of his presidency.

Charles Krauthammer

A Matter of Indifference?

You are liberal. You strongly favor gay rights. You also have young children. Are you indifferent to their ultimate sexual orientation, or do you wish them to grow up to be heterosexual? You can be honest. This is a secret ballot.

One probably needs a secret ballot because, given the level of intimidation in the gay rights debate, to publicly express a preference for heterosexuality is to open oneself up to charges of bigotry and narrow-mindedness.

Why the preference for heterosexuality? For some parents, it is a matter of morality or religion. For others, it is a question of aesthetics. For still others, like me, the reasons are utilitarian. We want happiness for our kids. Life is hard enough. Gay life is particularly hard. One wishes to minimize, to the extent that one can, the burdens one's children will have to bear.

To put it somewhat differently, parents have many wishes for their

position that demands full equality and special protection as for blacks. For Sullivan's fine critique of all three positions see the May 10 issue of the New Republic.)

The moderate position advocates tolerance and attempts to grant as much civic equality to homosexuals as possible—but not to the point of sending societal and pedagogical messages that homosexuality is but one of many lifestyles about which society is indifferent. The "moderate" insists on the right to a cultural and educational environment that conveys, without disrespect but without apology, a societal preference for heterosexuality—in the same way that, for example, society can without disrespect express a preference for two-parent over one-parent families or biological parenthood over surrogacy.

There is nothing here to imply intolerance. It is, for example, the duty of any parent to accept, embrace and love a child who is homosexual. But many parents feel it equally their duty to try to raise a child in such a way as to reduce the chances for such an outcome.

It is perfectly legitimate, therefore, for parents in Queens, N.Y., to have revolted against a school administration that offered "Heather Has Two Mommies" and "Daddy's Roommate" as suggested reading for first-graders. It is one thing to teach children that homosexuals must be treated with respect. It is quite another to teach that there is nothing to choose between homosexual and heterosexual life.

If gay rights were just a demand for "freedom," there would have been no Queens revolt (which brought down the chancellor of the New York City public schools system) and little debate about gay rights. There is, after all, no great constituency for sodomy laws. But one need only read the manifesto issued by last weekend's Gay and Lesbian March on Washington to see how sentimental and anachronistic is the view that gay rights today is about "freedom."

"We demand," it reads, "inclusion of Lesbian, Gay, Bisexual and Transgender studies in multicultural curricula." And "full and equal inclusion of Lesbians, Gays, Bisexuals and Transgendered people in the educational system." And "that the definition of family include the full diversity of all family structures."

Freedom—the ability to conduct private acts without harassment or molestation—of course. But the homosexual movement demands much more: not toleration but public legitimation of homosexuality—through such public institutions as gay marriage and gay school curricula—as the moral equivalent of heterosexuality.

Now that is a very tall ideological order, a demand, in fact, to reorder a nation's social and moral structures. And that, most Americans are not prepared to accept, though fewer will say so for fear of being vilified as homophobic. They respect freedom of private conduct, but will not accept demands for the public legitimation of a lifestyle they could never in good conscience wish upon their children.

The demand is not for toleration but for public legitimation of homosexuality.

children. That they should grow up strong and healthy. That they should have satisfying careers. And that most ancient and common wish: that they should marry and have children and a happy family life. For these last wishes heterosexuality is an overwhelming advantage.

It is natural, therefore, that just as parents have the inclination and right to wish to influence the development of a child's character, they have the inclination and right to try to influence a child's sexual orientation. Gay advocates argue, however, that such influence is an illusion. Sexual orientation, they claim, is biologically fated and thus entirely impervious to environmental influence.

Unfortunately, as E. L. Pattullo, former director of Harvard's Center for the Behavioral Sciences, recently pointed out in Commentary, the scientific evidence does not support such a claim. It is odd, moreover, that those most fervent for multicultural curricula and sensitivity training, on the theory that society can influence how children learn to hate, now protest that society has no influence on how children learn to love.

How is it that one's character, moral sense, capacity for empathy and compassion can all be shaped by education—they must be or we wouldn't be expending vast amounts of effort in schools to teach these things—but the object of one's affections is fixed by some genetic command?

On the other hand, if sexual orientation, like character, is affected by environment, I come to what Andrew Sullivan has called the "moderate" position on gay rights. (As distinguished from the "conservative" position that seeks to repress homosexuals or the "liberal"

Washington's Relations With Local Governments Improve as Clinton Puts Emphasis on Flexibility

By KENNETH H. BACON

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — People from city and state governments are finding that they're getting more respect in Washington than they've gotten for years.

After a decade of being saddled with detailed responsibilities but not enough money to carry them out, local governments are picking up a new spirit of cooperation.

Labor Secretary Robert Reich recently invited officers of the National League of Cities to talk about smoothing out differences in the application of safety standards for public workers. "He recognized that this was a problem for us and asked us to come in and discuss alternatives," says Frank Shafroth, the group's director of federal relations. "We didn't have that during the Bush administration."

'From the Top'

The new attitude "is coming from the top," says William Althaus, the Republican mayor of York, Pa., and the president of the U.S. Conference of Mayors. "Mr. Clinton is trying to give us an opportunity to run our programs better."

As the governor of Arkansas, Bill Clinton often blasted the rigid and costly health, welfare, environmental and other requirements that are written in Washington and carried out locally. As president, he's trying to give states and cities more flexibility to adapt federal programs to their own needs.

"My view is that we ought to give you more elbow room to experiment," Mr. Clinton told the winter meeting of the National Governors Association, a group he once headed. The two former governors and two former mayors in his cabinet share his experience and his approach.

'We'll Work With You'

Jerry Abramson, the mayor of Louisville, Ky., finds the administration is "moving away from one-size-fits-all regulation." At a recent meeting, Housing and Urban Development Secretary Henry Cisneros told Mr. Abramson that the administration will consider a batch of regulatory changes to cut the cost and hassle of building and maintaining low-income housing. And Mr. Reich said he would grant Louisville relief from new job-training rules that would have forced the city to

A Growing Share

Medicaid and welfare are consuming a greater share of federal aid to state and local governments.



Source: Federal Funds Information for States

cut back a successful school dropout prevention program.

"It used to be, 'We want to do this.' Answer: 'No,'" Mr. Abramson says. "Now it's, 'We want to do this.' Answer: 'We'll work with you.'"

Raymond Scheppach, executive director of the National Governors Association, says that since the Clinton team moved in, Washington bureaucrats have moved away from their "I-gotcha mentality."

There will, of course, continue to be disputes and court fights, particularly over costly environmental regulations. In mid-April, Carol Browner, administrator of the Environmental Protection Agency, and Secretary of Transportation Federico Pena sent a stern letter to California Gov. Pete Wilson warning of the imposition of sanctions that "would be costly to industry, jobs and the economic growth of your state" if recession-wracked California fails to adopt a new vehicle emissions inspection and maintenance program required by the Clean Air Act. "We want you to have adequate notice of EPA's intention to enforce the law," the letter says. Gov. Wilson, however, complains that the federal rules are "rigid" and that they "fall far short of California's requirements in formulating a new program."

On the other hand, Interior Secretary Bruce Babbitt has shown flexibility in resolving disputes under the Endangered Species Act. Currently, he is trying to head off a potential collision between environmentalists and business interests over the protection of the Edwards Aquifer, which

supplies water to San Antonio and six surrounding counties.

Flexibility on Health Care

The clearest sign of flexibility involves Medicaid, the federal-state program that provides health care to low-income families and the elderly. The administration allowed Oregon to adopt a new way to ration scarce health-care dollars — the Bush administration had denied Oregon's request. Meanwhile, other states are getting waivers to set up managed-care plans. To reduce delays, the feds have said that a waiver granted in one state would apply to all others.

Such flexibility will be critical after the administration unveils its health-care plan. A number of states, including Oregon, Washington and Florida, have enacted health-care reform packages of their own, and could encounter problems if the federal program doesn't leave room for variations.

Mr. Clinton insists that the feds won't trample state initiatives in either health-care or welfare reforms. "On welfare reform as on health-care reform, there are no top-down, made-in-Washington solutions that will work for everyone," Mr. Clinton says. "The problems and the progress are to be found in the communities of this country."

The administration also is working on a package of initiatives to promote investment and development in poor city and rural areas. "Our goal is to empower communities to develop their own recovery plans," says Bruce Reed, a Clinton domestic policy adviser. "Change is easier and more sustainable at the community level."

Mr. Clinton's economic stimulus package, which was blocked by the Senate, gave mayors unusual leeway to determine how money would be spent.

Declining Federal Aid

For nearly three decades following the Korean War, federal aid to state and local governments grew steadily. But in 1982, the tide changed. Federal aid to state and local government began to decline as a share of federal spending, yet Washington continued to heap responsibilities on states and towns. What's more, over the past decade, spending on two programs for the poor — Medicaid and Aid to Families With Dependent Children — rose to nearly 50% of federal grants to state and local governments, from 25%.

John Shannon of the Urban Institute calls the 1980s a period of "fend-for-yourself federalism." Now, he says, "the national government isn't in a position to relieve state and local governments of their pretty heavy burdens, but Washington is trying to make up for it with as much flexibility as possible and with hand-holding."

Presidents Reagan and Bush resisted regulations, but they weren't as interested in making existing regulations work, and as a result government red tape often became more of a burden. "Basically, the Republicans looked on activist national government as a problem, not a solution, whereas Clinton looks on activist government as a solution," Mr. Shannon says.

The new effort to cooperate with state and local governments is part of an ambitious Clinton plan to "reinvent" government. To this end, he has placed Vice President Al Gore in charge of a crash "National Performance Review" of the federal government. The effort is based on a similar effort in Texas that produced organizational changes, staff cuts and other efficiencies that are saving the state \$2.4 billion a year. John Sharp, the Texas state comptroller who orchestrated the

review, is currently working with Mr. Gore.

The goal of the Gore project is to help government "get the job done quicker."

better and with a big smile on your face — all for less money," says Jim Martin, director of state-federal relations at the National Governors Association.

THE WALL STREET JOURNAL TUESDAY, MAY 4, 1993

THE PRESIDENT HAS SEEN 5/10

Mark
Reed & Goswami
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Two Magic Peace Words . . .

... Islamic fundamentalism.

There is an old and wise rule of thumb about Arab-Israeli negotiations. If they seem to be getting better, just wait a while and they'll almost always get worse.

Yet in the current round of talks in Washington, Israelis and Palestinians are actually making progress for the first time. And while Syrians and Israelis haven't gone forward, they haven't gone backward either.

Two words explain this fragile and unlikely state of affairs: Islamic fundamentalism.

Where war and the threat of war have failed to overcome mutual Arab-Israeli hatreds, fundamentalist fanatics have made peace look almost appetizing. President Assad of Syria fears their resurgence in his country. Palestinians and the Palestine Liberation Organization fear the growing power of fundamentalists in the West Bank and Gaza. So does Israel.

Clinton Administration officials have put this common fear to good use in skillfully shepherding Syria, Israel and the Palestinians toward common ground. Their strategy was to persuade the warring parties that to beat the fundamentalists they had to act together and give their people the one thing the fundamentalists could not — peace.

So the Clinton officials began maneuvering. They cajoled the Saudis into giving humanitarian aid to P.L.O.-oriented Palestinians in the West Bank and Gaza, thus allowing them to compete with fundamentalist relief efforts. But the Saudis did not reopen their money line to Yasir Arafat's P.L.O., thus cleverly strengthen-

ing the more reasonable local Palestinians against their harder-line P.L.O. masters.

Clinton Mideast experts also urged Israel to buck up these same local Palestinians by making conciliatory public gestures. The idea was to make the locals look good against both their local fundamentalist competitors and the P.L.O. Israel obliged in many ways. Yesterday the U.S. and others pledged \$20 million to make the same point.

Clinton officials also may have played a part in arranging the recent love fest between President Assad and Mr. Arafat. Heaven for these rivals would be to see the other burn in hell, largely because both want to control the Palestinian movement and because they've been killing off each other's henchmen for years. But on this occasion, Mr. Assad permitted Mr. Arafat to kiss him on each cheek seven times.

The Syrian strongman and the Clinton team understand Arab political logic very well. The Palestinians won't feel free to negotiate seriously with Israel unless Mr. Arafat blesses their efforts. He won't do that unless he is given some new acceptance and stature by President Assad. And Mr. Assad won't move ahead on his talks with Israel unless the Palestinians first make visible progress in their

own negotiations with the Israelis.

Surprising to all, Israelis and Palestinians have made just such progress in Washington. Israel has shown flexibility in offering the Palestinians much greater scope for interim self-rule. The Palestinian delegation has demonstrated remarkable pragmatism, for the first time, in discussing Israel's proposals.

Negotiators on both sides are emitting noises. Yesterday they agreed to extend their talks for another week. It's possible, they say, that they could sign a declaration of principles on self-rule.

This, in turn, should make it possible for Mr. Assad to demonstrate new flexibility as well. He wants Israel to pledge "full withdrawal" from the Golan Heights, which it won't do until Syria is willing to define the "full peace" Israel demands in return.

What Israelis and Americans are looking for now is a clear, unambiguous and public declaration from Mr. Assad that he is ready for full peace with Israel. So far he's simply proclaimed his support for "the peace of the brave," whatever that means. And that's not enough.

So near and yet so far from agreement. If the Palestinians, Syrians and Israelis wait, things will get worse, as usual.

Yet something new hovers over their haggling — radical fundamentalism. Their common fear of fundamentalists may actually exceed their mutual hatred — and open the door to agreement. It is a proposition, a possibility, worth testing by President Clinton's bold and personal intervention. □

THE PRESIDENT HAS SEEN 5/10

~~Don't~~
Good friend
Get me know
I should see you when
→

Stimulus II

By Jeff Faux

The bad news suggests that Bill Clinton is a better economist than Bob Dole. But is the Senator a better politician?

Senator Dole, arguing that the economy was in good shape, led the Republican filibuster that killed \$16 billion in the \$31 billion economic stimulus package. At times, President Clinton seemed alone in insisting that the economy needed a boost in Federal spending. Now that he is proved right, he should go back to Congress with a new, doubled stimulus plan to prevent the country from falling back into a recession.

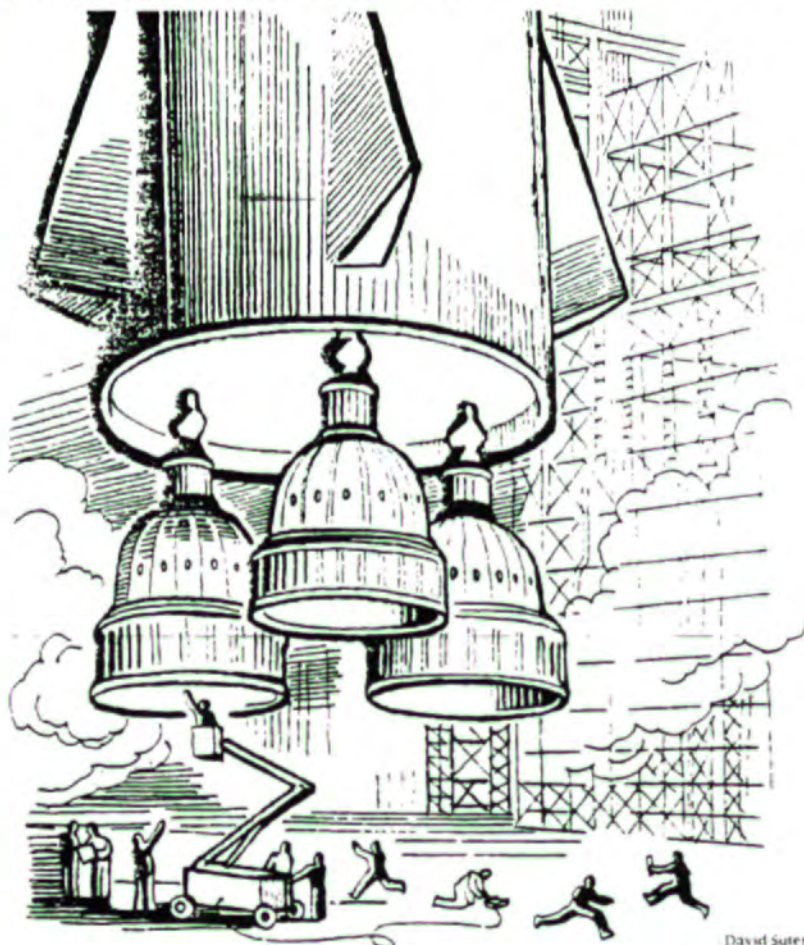
In the first quarter, economic growth slumped to a meager 1.3 percent, all reflecting inventory buildup rather than sales. The index of leading indicators for March dropped 1 percent, the biggest decline since November 1990. Some have attributed the March slump to bad weather, but the early data for April on manufacturing orders and jobless claims indicate that the economy is still sputtering and could stall. Even if a recession is avoided this year, the slowdown increases the risks in the Administration's fiscal 1994 budget.

During his campaign, Bill Clinton showed he understood the danger of cutting deficits too fast. After his election, deficit hysteria was whipped

up by Republicans and conservative Democrats, many of whom supported the quadrupling of the national debt under Ronald Reagan and George Bush, and was fanned by Ross Perot. Added pressure to cut spending and

raise taxes came from deficit hawks in the Clinton Administration itself. The result is a budget proposal for 1994 that cuts the deficit about \$60 billion.

Cuts of this magnitude have led to



Jeff Faux is president of the Economic Policy Institute.

the last four recessions. Even under strong economic conditions, this would cost more than a half million jobs. The doomed Clinton stimulus proposal was aimed at making sure the economy would enter 1994 with enough forward momentum to overcome the drag of deficit reduction.

Businesses are failing to create jobs, not because the Government has not balanced the budget but because they lack customers. Joblessness slows down consumer spending, which slows down business invest-

ment, which creates more joblessness. As a result, Federal revenues fall, making the deficit larger.

Deficit hawks say lower deficits will reduce interest rates, which will boost business spending. But despite steadily falling interest rates, the unemployment rate is higher today than 24 months ago, when the economic recovery began. Lower interest rates make it cheaper to borrow, but they cannot overcome consumer and business anxiety about the future.

The only exit from this trap is for the Government to restore consumer and business confidence by creating more jobs. As Mr. Clinton points out, if the Government invests in people and infrastructure, it helps increase long-run productivity and growth, without which we will never reduce the deficit.

President Clinton would be wise to go back to the Congress with a new, larger investment stimulus proposal — this time, \$60 billion. Given the jobless rate and reduced production in U.S. and foreign factories, there is little danger of inflation and thus little reason for deficit hawks to keep fretting about turmoil in the financial markets.

To overcome another Senate filibuster, President Clinton should vigorously take his case to the nation. Washington insiders would warn that it is politically risky, that Republicans will call him a big spender, that Democrats will not want to revise the budget resolution for 1994 and that Ross Perot will grouse on TV. All problems, no doubt.

But an even greater risk would be for Bill Clinton to repeat the mistake of George Bush, who refused to stimulate the economy — and paid for it.

THE PRESIDENT HAS SEEN 5/0

Laurel
What's the answer
to this (sheep is not
politically possible)
P.



THE WHITE HOUSE
WASHINGTON

DATE: 05/10/93

TO: REGINA MONTOYA

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



I am returning your request for
a Presidential letter for Mayor
Vera Katz.

A letter has been sent to
Mayor Katz from the President.
I am attaching a copy - FYI.



May 6, 1993

The Honorable Vera Katz
Mayor of Portland
Portland, Oregon 97204

Dear Vera:

I want to thank you for the tremendous job you and your city did in hosting the Forest Conference on April 2. Portland is a wonderful city, and I thoroughly enjoyed my visit.

I certainly appreciate the extra hours and attention that such an event requires and commend you and the many men and women who devoted their time and energies to ensuring the success of the conference. The Vice President and I would like to extend our special thanks to Mr. Sam Adams, Mr. Keith Witcosky, Ms. Linda Arnold, Chief Tom Potter, and the commanders and officers of the Portland Police Department for their hard work in this regard.

It is unfortunate that my schedule did not allow me to attend your reception hosted by local businesses. On my behalf, please convey my personal recognition to each organization that supported this program.

Again, thank you for hosting the conference. I look forward to my next opportunity to visit the Pacific Northwest.

Sincerely,

BILL CLINTON

A

930508

BC/TL/RPR/ws

(Corres. #615010)

✓ Xeroxed copy of personally signed original to NH through John Podesta

CLEAR THRU JOHN PODESTA

PRESIDENT TO SIGN

COPY
from ORM

93 MAY 10 P7:15
ROUTING SLIP

FROM: Regina Montoya
Director of Intergovernmental Affairs

DATE: 5-10-93

TO:

Rahm Emanuel	_____	John Podesta	_____✓
Mark Gearan	_____	Carol Rasco	_____
Marcia Hale	_____	Bob Rubin	_____
Alexis Herman	_____	Eli Segal	_____
Nancy Hernreich	_____	George Stephanopoulos	_____
Anthony Lake	_____	Ann Stock	_____
Bruce Lindsey	_____	Christine Varney	_____
Bernie Nussbaum	_____	David Watkins	_____
Howard Paster	_____	Maggie Williams	_____

FOR YOUR:

Information _____ Advice _____ Action ✓

COMMENTS:

for the President's signature

Thanks!

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

The Honorable Vera Katz
Mayor of Portland
1220 S.W. Fifth Avenue, PAC West
Portland, OR 97204

Thanks again for all of your help in making the
Forest Conference such a success.

The facilities were great, and I was amazed at
how well the city handled such a large event.

I look forward to returning to Portland and
seeing you again. Your support is invaluable
and is greatly appreciated.

Sincerely,

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story.