Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Bruce Lindsey to POTUS re: Martha Krebs [partial] (1 page)	05/26/1993	b(6)

COLLECTION:
Clinton Presidential Records
Staff Secretary
John Podesta (Chron Files)
OA/Box Number: 1038

FOLDER TITLE:
June 6-12, 1993 [3]

2018-0662-S
rs3053

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

THE WHITE HOUSE
WASHINGTON

DATE: 6/8

TO: Alexis Herman

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

Have we agreed
to do this?

John

The National Italian American Foundation

666 Eleventh Street, N.W., Suite 800 • Washington, D.C. 20001-4596 • (202) 638-0220
FAX (202) 638-0002

May 11, 1993

Mr. John Podesta
Assistant to the President
and Staff Secretary
The White House
Washington, DC 20500

Dear John:

We would be grateful for any follow up assistance you can provide on the attached.

Sincerely,

Frank

Frank J. Guarini
President, NIAF

FJG:gj

Enclosure

The National Italian American Foundation

666 Eleventh Street, N.W., Suite 800 • Washington, D.C. 20001-4596 • (202) 638-0220
FAX (202) 638-0002

May 11, 1993

Ms. Alexis Herman
Assistant to the President
Director of Public Liaison
The White House
Washington, DC 20500

Dear Alexis:

I apologize in advance for following up so quickly on the enclosed letter to you; however, because of the schedule of the CEO's involved we are required to give them a lot of notice for the proposed Washington briefings on October 22, 1993.

I look forward to hearing from you at your earliest convenience in the hope that we might confirm this important project.

Sincerely,

Frank J. Guarini
President, NIAF

FJG:gj

The National Italian American Foundation

666 Eleventh Street, N.W., Suite 800 • Washington, D.C. 20001-4596 • (202) 638-0220
FAX (202) 638-0002

April 15, 1993

Ms. Alexis Herman
Assistant to the President
Director of Public Liaison
The White House
Washington, DC 20500

Dear Alexis:

In 1990 and 1992, the National Italian American Foundation held highly successful Washington briefings at the White House and in the Congress for our nation's top Italian-American CEO's. This event brought in the CEO's of Dow Chemical, Conair, Avis, Nissan USA, Northwest Airlines, Chrysler, Viacom, Memorex, Northwestern Golf, as well as the president of the New York Stock Exchange -- totalling 35 Italian-American executives throughout the country.

Because of the tremendous interest expressed by the CEO's in a follow-up Washington briefing, we would respectfully request that the Administration consider participating in a similar briefing at the White House on the afternoon of Friday, October 22, 1993. As in 1990 and 1992, we would prefer a briefing in addition to a reception which NIAF would underwrite through the Department of Commerce.

The Chairman for our CEO's in the Washington event will be the chairman of K-mart Joseph Antonini. We would anticipate a slightly larger group of attendees this year, since more Italian Americans have reached the top positions in major U.S. corporations.

Since an event of this nature requires that substantial advance notice be sent out to the CEO's, we would appreciate hearing from you at your earliest convenience. We hope you will agree with our conclusion that the proposed briefing will be a positive activity for both the participants as well as the Administration.

Sincerely,

Frank J. Guarini
President, NIAF

FJG:gj

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 6/8

NOTE FOR: Howard Paster

[redacted]

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

- [x] **Information**
- [ ] **Action**

Thank you.

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

cc:

[redacted]

Presidential Phone Calls

DATE: 6/6 TIME: ______ incoming/outgoing

[redacted]

WITH: ______

SUBJECT: ______

Senate calls

Mitchell, Leahy

Re: Guinier

Budget

FOLLOW UP: ______

Presidential Phone Calls

DATE: 6-6-93

TIME: 12 30

incoming/outgoing

WITH: Sen G. Mitchell

SUBJECT: (1) BC was right to pull Guinier - could not have been confirmed

[redacted]

(2) wants to cut, change BTU - delay inc. tax increase

(3) maybe change substitute

FOLLOW UP:

Presidential Phone Calls

DATE: 6-6-93 TIME: ______ incoming/outgoing

WITH: Sen. Leahy

SUBJECT:

① His Staff reported in Post ~~and~~ as saying he wanted Guinier to have hearing. He thinks I have a hard case, did the Right thing

② talked to Boren who asked for Ag. help! He told Boren it's a two way street —

[redacted]

FOLLOW UP:

Reconciliation

Presidential Phone Calls

DATE: 6-7-93

TIME: ________ incoming/outgoing

WITH: Cong. Eshoo

SUBJECT: As endorser Mon
loved Arlington speech

Keep fighting – people want
to see us fighting –

Panetta was good, Leon too.

Close in Panetta's dist
Sam Farr –

FOLLOW UP:

Surrogate for Seniors
AOPLE

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 6/8

NOTE FOR: Mike Lux

[redacted]

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

- **Information** ☑
- **Action** ☐

Thank you.

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

cc:

[redacted]

Thanks for service

Presidential Phone Calls

DATE: 6-7 TIME: 10 30
incoming/outgoing

WITH: Justin Dart

[redacted]

SUBJECT: "Here on the team
want to support
you in any way,
can help him as
outside advocate."

FOLLOW UP:

[redacted]

THE WHITE HOUSE
WASHINGTON

June 8, 1993 93 JUN 8 P5:51

NOTE FOR: John Podesta

FROM: Karen Sudbay

The attached faxes regarding the Lani Guinier nomination were sent to the President via Mack. I asked Howard if Mack needed to respond and his answer was yes. Bill Burton would like to know your opinion on whether Mack should respond. If you believe he should, please advise as to the proper response.

Please let me know at your opinion at your earliest convenience

Karen
CRIB THE
PRESIDENT'S
LETTER

JOHN
6-8-93

EDOLPHUS "ED" TOWNS
MEMBER OF CONGRESS
10TH DISTRICT, NEW YORK

ENERGY AND COMMERCE
HEALTH AND THE ENVIRONMENT
COMMERCE, CONSUMER PROTECTION, AND COMPETITIVENESS

GOVERNMENT OPERATIONS
ENVIRONMENT, ENERGY AND NATURAL RESOURCES
CHAIRMAN:
HUMAN RESOURCES AND INTERGOVERNMENTAL RELATIONS

Congress of the United States
House of Representatives
Washington, DC 20515-3210

WASHINGTON OFFICE:
SUITE 2232
RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3210
(202) 225-5936

BROOKLYN OFFICE:
545 BROADWAY, 2D FLOOR
BROOKLYN, NY 11206-2967
(718) 387-8696
16 COURT ST., SUITE 1505
BROOKLYN, NY 11241
(718) 855-8018

PHONE: (202) 225-5936

FAX: (202) 225-1018

TO: MACK McLARTY

FROM: Edolphus Towns, M.C.

Pages: 2 (not including cover)

Date: 6/3/93

Time:

Message:

EDOLPHUS "ED" TOWNS
MEMBER OF CONGRESS
10TH DISTRICT, NEW YORK

ENERGY AND COMMERCE
HEALTH AND THE ENVIRONMENT
COMMERCE, CONSUMER PROTECTION, AND COMPETITIVENESS

GOVERNMENT OPERATIONS
ENVIRONMENT, ENERGY AND NATURAL RESOURCES
CHAIRMAN:
HUMAN RESOURCES AND INTERGOVERNMENTAL RELATIONS

Congress of the United States
House of Representatives
Washington, DC 20515-3210

WASHINGTON OFFICE
SUITE 2232
RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3210
(202) 225-5936

BROOKLYN OFFICES:
545 BROADWAY, 2D FLOOR
BROOKLYN, NY 11206-2862
(718) 387-8696
16 COURT ST., SUITE 1505
BROOKLYN, NY 11241
(718) 855-8018

June 3, 1993

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

Dear President Clinton:

The purpose of this letter is to urge your support of the nomination of Professor Lani Guinier as Assistant Attorney General for Civil Rights.

It is my understanding that the Office of the Assistant Attorney General for Civil Rights should be occupied by a person who has demonstrated a thorough grasp of the letter and spirit of the civil rights laws; an understanding and appreciation of individuals and groups who suffer from illegal discrimination and the strength of purpose, skill and willingness to enforce those laws on behalf of the federal government. As an accomplished civil rights litigator and noted scholar,m Ms. Guinier possesses all of these characteristics.

After reviewing Prof. Guinier's allegedly controversial writings, I cannot find that they contain any rationale radically divergent from the mainstream philosophy and practice in the civil rights and civil liberties community which would render her unqualified to serve. I find it deeply troubling that her qualifications to served this administration are questioned based solely on non-contextual reports and "sound bites" on the alleged content of extremely complex legal writings. Moreover, it is ironic that a nominee to head an office in the United States Department of Justice, an agency charged with the protection of rights, the investigation and prosecution of alleged criminal conduct and civil misdeeds is not afforded the same right guaranteed to criminal defendants--the opportunity to confront her accusers.

Therefore, I strongly urge you to refuse to withdraw Prof. Guinier's nomination. Although I have never met or spoken with Prof. Guinier, I have every confidence that she is an articulate, intelligent woman who can adequately answer any questions, explain any perceived inconsistencies or meet any spurious allegations concerning her character, fitness to serve or content of her writings. I urge you to invest that same confidence in this nominee by allowing her nomination to go forward.

Sincerely,

Edolphus "Ed" Towns
Member of Congress

ET/cb

BENNIE G. THOMPSON
2D DISTRICT, MISSISSIPPI

1408 LONGWORTH BUILDING
WASHINGTON, DC 20515-2402
(202) 225-5876

Congress of the United States
House of Representatives
Washington, DC 20515-2402

JUN 4 1993

FAX COVER SHEET

TO: MR. Mc CLARTY W/W
COMPANY: WHITE HOUSE
PHONE: (202)456-1111
FAX: (202) 456-2461

FROM: REPRESENTATIVE BENNIE G. THOMPSON
SECOND CONGRESSIONAL DISTRICT MISSISSIPPI

PHONE: (202) 225-5876
FAX: (202) 225-5898

DATE: June 3, 1993
PAGES: (INCLUDING THIS COVER SHEET) 2

COMMENTS:

PLEASE MAKE CERTAIN THE PRESIDENT READS THIS LETTER. I, ALONG WITH A GREAT NUMBER OF AFRICAN AMERICAN AND OTHER CITIZENS, ARE GREATLY CONCERNED WITH THE TURN OF EVENTS IN THE NOMINATION OF MS. GUINIER. PLEASE KEEP ME INFORMED OF ANY ACTIONS TAKEN OUTSIDE OF THOSE REQUESTED IN THIS LETTER.

BENNIE G. THOMPSON
2D DISTRICT, MISSISSIPPI

1408 LONGWORTH BUILDING
WASHINGTON, DC 20515-2402
(202) 225-5876

Congress of the United States
House of Representatives
Washington, DC 20515-2402

June 3, 1993

President William J. Clinton
The White House
1700 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear President Clinton:

I write this letter in support of the nomination of Ms. Lani Guinier to head the Justice Department's Civil Rights Division. Media coverage, including articles in today's Washington Post, indicating that there is pressure on the White House from the Senate Judiciary Committee, other Senators, and your advisors to officially withdraw the nomination is disturbing. It can only be surmised that it is almost a certainty that you will either withdraw Ms. Guinier's nomination or will encourage her to withdraw her name. This is not acceptable! Ms. Guinier deserves the rights accorded any candidate, as highly qualified as she, to present her views and allay any unfounded fears which may rest in the minds of her potential supporters as well as her detractors.

Your selection of Ms. Guinier demonstrated your concern, on several levels, that the position be appropriately filled by an individual possessing the highest qualifications and standards. Ms. Guinier has direct work experience with the Justice Department, and with her outstanding legal background she is considered by many to be the most qualified person for this position. To entertain the idea of abandoning her candidacy at the insistence of those persons one would normally expect to voice opposition would appear not to be in the best interest of those who have staunchly supported you. I trust you will remain steadfast in the support of this candidate and in support of your, very sound, decision; and at a minimum allow Ms. Guinier to complete the process as any other worthy candidate might.

Sincerely,

Bennie G. Thompson

Bennie G. Thompson
Member of Congress

FROM THE OFFICE OF CABINET SECRETARY

202-456-6280

93 JUN 8 P1:43

Date: 6-8-93

Response Needed by: 6-10-93

☐ Rahm Emanuel	☐ Bernie Nussbaum
☑ Mark Gearan	☐ Howard Paster
☐ Jack Gibbons	☐ Leon Panetta
☐ Marcia Hale	☑ John Podesta
☐ Alexis Herman	☑ Carol Rasco
☐ Nancy Hernreich	☐ Bob Rubin
☐ Anthony Lake	☐ Eli Segal
☐ Bruce Lindsey	☑ George Stephanopoulos
☐ Katie McGinty	☐ David Watkins
☐ Regina Montoya	☐ Maggie Williams
☑ Roy Neel	cc: Steve Silverman

Remarks: Attached is a draft letter from the President to National Commission on AIDs. Please provide any comments to me by Thursday. Christine

Response:

6/8/93 To MARSHA SCOTT
JOHN DWYER

DEPARTMENT OF HEALTH & HUMAN SERVICES

Chief of Staff

Washington, D.C. 20201

93 JUN 4 AM 11:39

MEMORANDUM

To: Christine Varney

From: Kevin Thurm

Re: Letter to the National Commision on AIDS

The National Commission on AIDS was established by Congress in 1988. It expires in September of this year. On June 28, the Commission's final report will be released at a press conference.

The Commissionors have written to the President twice: one letter requested a meeting with him, and the other transmitted recommendations for Presidential actions to take in fighting the AIDS epidemic. We have spoken with the White House correspondence office and there apparently has been no response.

The Commision ought to receive a letter from the President well before the press conference on June 28 in order to head off negative statements. Attached are the letters from the Commission and a draft response to be signed by the President. If you approve the letter, could you see that it is sent before June 25th?

DRAFT

Letter to the National Commission on AIDS

From the President

During the past three-and-a-half years, the National Commission on AIDS has made an enormous contribution to the nation through its efforts to illuminate the problems and propose the solutions to the tragedy of AIDS. You have labored to inform the government, the public and the Congress of the extent and the severity of this epidemic.

I write to thank you for your work and to let you know that it has fallen on fertile ground. For this Administration will strive as none before it to carry out your recommendations with concern, commitment and resolve.

I have reviewed the letter and recommendations you submitted to me in January. They are based, I am sure, on evidence gained through your investigations, hearings and reviews. The recommendations speak to the need for swift and heroic action to stop the sweep of AIDS throughout this nation and the world.

You are undoubtedly aware that we have undertaken a serious effort to place a highly qualified person in the position of AIDS

DRAFT

Policy Coordinator. This search has proven more difficult than we anticipated, but I expect this position to be filled very soon.

As I stated during the campaign, I am committed to implementing many of the Commission's recommendations. We are not waiting for the placement of an AIDS Coordinator for this process to begin. Among the first budgetary actions taken by my administration was a request for greatly increased funding for AIDS research and prevention, and a commitment to fully fund the Ryan White programs.

I understand that the Commission is about to issue a final report, and as you do so, I wish to offer my gratitude for your invaluable service to the nation. Your work will guide us through the coming months and years as we continue the fight against this tragic disease.

NATIONAL COMMISSION ON ACQUIRED IMMUNE DEFICIENCY SYNDROME
1730 K Street, N.W., Suite 815
Washington, D.C. 20006
(202) 254-5125 FAX 254-3060 TDD 254-3816

January 22, 1993

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

Dear Mr. President:

As you know, over the past three years, the National Commission on AIDS has worked intensively to document the nature, extent, and severity of the AIDS epidemic as it has swept relentlessly through our country and the world. In our reports we have made many recommendations which you have already embraced through your campaign positions. We hope through this letter to suggest some actions that we feel should be given urgent priority since they can have important immediate impact on the AIDS epidemic.

The onslaught of this disease has become both a national and a global human horror. Since its 1981 appearance in the United States, more Americans have died of AIDS than have died in all of the military conflicts combined since World War II. It has produced incredible human suffering worldwide and we have witnessed that suffering in all parts of our country.

Despite the magnitude of this tragedy, twelve years into the epidemic we remain without a well-articulated national plan by which to comprehensively address the crisis. We are not caring adequately for many of those who are ill. We live in a climate that still tolerates irrational stigmatization and rejection of those who are infected with the human immunodeficiency virus (HIV), the causative agent of AIDS. Our research and prevention efforts fall disturbingly short of what is needed in scope, direction, and funding.

We believe you have an unparalleled opportunity to forge a new covenant with the nation in addressing this tragic epidemic.

Enclosed are six recommendations for initiatives we believe you could set in motion early in your Presidency. These acts could improve dramatically the American response to AIDS. They are distilled from three years of the National Commission's work including: the thoughtful testimony of many hundreds of Americans, including people living with HIV; careful review of the rich literature on HIV and AIDS, and policy proposals from many AIDS and health organizations; the wisdom acquired from experiences of other nations; and the ten published reports produced by the National Commission on AIDS since November 1989.

We attach considerable urgency and priority to these suggestions since if they are set in motion very soon, they represent critical opportunities to avert the unnecessary loss of further lives. We have kept the list short since the cost of over-promising is also a concern. We believe all of the recommendations are within Presidential authority to set in motion.

Clearly these Presidential actions alone will not solve the massive problems presented by this disease, nor do they even begin to address the wrenching and complex social conditions in which it is embedded. But they will help and give hope to the many thousands of people struggling to cope with the ravages of the epidemic. They will set the stage for the development of sustained and durable solutions. Above all, they will set a tone of concern and compassion to reinforce the commitment and intent you have articulated so well in recent months.

With such a start from you we believe that many other positive actions will follow, as a deeply concerned nation responds to your leadership.

As you may be aware, the legislative mandate of this Commission expires in September. Therefore, we will review the situation again in the early summer with a view to making further recommendations, as needed, before we cease activities. In the meantime, the Commission stands ready to assist you and your appointees in any way you feel would be helpful.

Sincerely,

David E Rogers

David E. Rogers, M.D.
Vice-Chairman

June E. Osborn MD

June E. Osborn, M.D.
Chairman

NATIONAL COMMISSION ON ACQUIRED IMMUNE DEFICIENCY SYNDROME
1730 K Street, N.W., Suite 815
Washington, D.C. 20006
(202) 254-5125 FAX 254-3060 TDD 254-3816

February 3, 1993

Carol Rascoe
Special Assistant to the
President for Domestic Policy
The White House
West Wing - 2nd floor
1600 Pennsylvania Ave., N.W.
Washington, D.C. 20500

Dear Ms. Rascoe:

I write regarding the request of the National Commission on AIDS to meet with President Clinton to discuss its recent recommendations. The attached materials were sent to Mr. Magaziner on January 22, as we were informed that he was the only person handling health issues actually in the White House at that time.

However, this morning I spoke with Patsy Fleming, Special Assistant to Secretary Shalala, she informed me you had now taken up your position and might be more likely to handle the Commission's request for a meeting with President Clinton (Mr. Magaziner's focus apparently being health care reform).

If after reviewing the enclosed materials you have any question please do not hesitate to call me.

Any assistance you could render in bringing these issues to the President's attention or in clarifying with whom to communicate about a possible meeting with him would be most appreciated.

Yours sincerely,

Roy Widdus

Roy Widdus, Ph.D.
Executive Director

JUN-03-1993 22:33 FROM DEP SEC HHS TO 94562983 P.08
SENT BY:COMMISSION ON AIDS : 6- 3-93 :11:07AM : 96907098:# 3/ 4

NATIONAL COMMISSION ON ACQUIRED IMMUNE DEFICIENCY SYNDROME

1730 K Street, N.W., Suite 815
Washington, D.C. 20006
(202) 254-5125 FAX 254-3060 TDD 254-3816

February 8, 1993

Carol Rascoe
Special Assistant to the
President for Domestic Policy
The White House
West Wing–2nd floor
1600 Pennsylvania Ave., N.W.
Washington, D.C. 20500

Dear Ms. Rascoe:

The National Commission on AIDS meets on Friday, February 12th, 1993 to discuss its activities for the remainder of FY 1993 (agenda attached).

As I previously indicated the Commission would very much like to meet with President Clinton in the near future, to discuss with him its recent recommendations (sent to you on February 3, 1993).

Any information you could provide prior to Friday, as to the prospect for such a meeting would be greatly appreciated.

Yours sincerely,

Roy Widdus

Roy Widdus, Ph.D.
Executive Director

NATIONAL COMMISSION ON ACQUIRED IMMUNE DEFICIENCY SYNDROME

1730 K Street, N.W., Suite 815
Washington, D.C. 20006
(202) 254-5125 FAX 254-3060 TDD 254-3816

April 16, 1993

Carol Rasco
Special Assistant to the
President for Domestic Policy
The White House
West Wing - 2nd floor
1600 Pennsylvania Ave., N.W.
Washington, D.C. 20500

Dear Ms. Rasco:

In regard to our conversation in late March regarding a meeting between the National Commission on AIDS and President Clinton, it may be useful for you and the President's scheduler to know that the Commissioners will be meeting on Wednesday, April 28th.

If this opportunity is not convenient, we hope that a meeting can take place at some other early time.

Yours sincerely,

RW

Roy Widdus, Ph.D.
Executive Director

bcc: P. Lee, HHS
Donna Shalala, HHS

THE WHITE HOUSE

WASHINGTON

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

TO: Steve Metalitz

FROM: John Podesta

SUBJECT:

DATE: 06/08/93

Phone Number: **Fax Number:** 638-4403

NUMBER OF PAGES (including cover sheet):

MESSAGE:

STATEMENT BY THE PRESIDENT

It is with great pleasure that I sign into law S. 564, the "Government Printing Office Electronic Information Access Enhancement Act of 1993," which will enhance electronic access by the public to Federal information. Under this Act, the public will have on-line computer access to two of the major source documents that inform us about the laws and regulations that affect our daily lives: the Congressional Record and the Federal Register. With recent advances in information technology, we can go beyond the costly printing of tons of paper documents without diminishing the quick and accurate delivery of important information to the public.

As Vice President Gore and I announced in our February 22nd statement, Technology for America's Economic Growth, A New Direction to Build Economic Strength, we are committed to working with the private sector to use technology to make Government information available to the public in a timely and equitable manner. Federal agencies can make Government information more accessible to the public, and enhance the utility of Government information as a national resource, by disseminating information in electronic media.

For many years, Vice President Gore has been a leader in this area. He introduced the Senate version of this Act last year and worked closely with Chairmen Charlie Rose and Wendell Ford and others on both sides of the aisle to refine the Act.

This important step forward in the electronic dissemination of Federal information will provide valuable insights into the most effective means of disseminating all public Government information. The system to be established by the Government Printing Office (GPO) will complement, not supplant, commercial information services and Federal agency information dissemination programs. Likewise, it should not supplant existing GPO mechanisms of information dissemination to the private sector. Indeed, the lessons learned from this program will be used by Federal agencies to develop the most useful and cost-effective means of information dissemination. To do this, the GPO initiative must be coordinated with related projects in the Executive branch.

William J. Clinton

THE WHITE HOUSE,

June 8, 1993.

THE WHITE HOUSE

WASHINGTON

6/8

Dear Tony

Thanks for your defense of my action on the Guinier nom. I really appreciate it.

Sincerely

Bill

THE PRESIDENT HAS SEEN 6/7

THE WHITE HOUSE

WASHINGTON

June 6, 1993

MEMORANDUM TO THE PRESIDENT

From: David E. Dreyer

Subject: Guinier Defense

Before the radio address on Saturday, I neglected to mention that *Tony Podesta* appeared on CNN Friday evening to defend vigorously the hard choice you made and the leadership you showed on the Guinier nomination. I have no idea whether he was booked by the press operation. But it seemed to me that the case he made could only have been of his own devise, and clearly came from his own heart. At a time when people of his ideological stripe are unable to see the forest for the trees, Tony deserves credit for his more panoramic political perspective.

MR. PRESIDENT:

I didn't solicit, but couldn't resist passing it along.

John

[redacted]

[redacted]

<u>Howard et al</u>

Written from my
Black Commun cards
w: Grimes

[redacted]

— Rum Sup Ct
— Gergen

THE PRESIDENT HAS SEEN
6/7/93

Conyers
— if I'd understood letter — let him pass — another black caucus — Lani popular in Detroit..
— in morning -> coffee

THE WHITE HOUSE

WASHINGTON

RECOMMENDED CALL

Craig Washington
— Thanks for the [illegible] — wants to help, take some heat —
— [illegible] whole caucus
— [illegible]
— a lot like you

Marion
↳ message: Mom to RT
↳ Gergen -> guys
↳ Eizenstat ->
↳ Brown
↳ no contacts in Adm.
↳ Africa

TO: THE PRESIDENT
↳ no one in WH helping [illegible]

FROM: Bruce R. Lindsey
↳ [illegible] friends.

DATE: June 6, 1993

We recommend that you call the following members of the Black Caucus either tonight or first thing in the morning:

√ Bill Clay
√ Bill Jefferson
John Lewis
Alan Wheat
Julian Dixon
Cardiss Collins

√ Craig Washington
√ John Conyers
√ Carol Moseley-Braun
√ Louis Stokes
√ Ron Dellums
√ Maxine Waters
√ Eleanor Holmes Norton

Don Payne
Major Owens
√ Corrine
C Meeks
A Hastings
McKinney

Dellums and Waters are probably in California and could be reached late tonight Eastern time. In these calls, you need to stress that no matter how they might feel about your decision, you still need to find a strong replacement for the Assistant Attorney General for Civil Rights position and ask them to give you any recommendations as soon as possible, preferably by Friday afternoon.

These, unfortunately, are just the beginning. We will have more calls for you tomorrow during the day.

Clay
[illegible]
100 [illegible]
[illegible]
[illegible] great things.
[illegible]
[illegible] wanted
[illegible]
call [illegible]
[illegible]

Stokes — talked w/ Thurgood Marshall
— TX – Gabrielle McDonald
— need a Black FEMALE.

~~[illegible]~~

Rangel — gets some help fr. Senate
— at least walk water —
— what about oil

Rum many by Joe Lowery

Dellums — wait on appt for a while —
Jefferson — a real mess — gets credit + blame for whatever BC does —
↳ [illegible] communication
↳ real work w/ the caucus — can affect Women / Hispanic caucus

THE PRESIDENT HAS SEEN
6/7

Marty
FYI

CAPITAL SOUTH

June 2

Dear Mr. President,

Thank you for your note. I am proud to have it.

You need not write me again as you have so much to do. I will continue my notes to you as a voice from the countryside to a friend in the Crucible — in the hopes they will help. - And never more than one page!

1) Historic congratulations on the House budget vote.
2) Gergen move is brilliant.
3) To hell with the approval polls. The proof will be in the pudding and they will follow your upward progress.
4) Sen Hollings says the Senate will give you victory on the Budget bill - with a little compromise.
5) Confidential to the White House Fellows: Colin Powell said: "This president is an excellent Commander in Chief and will be an excellent C.i.C. because of the way he listens and responds."
6) Great work at West Point and Vietnam memorial.

Capital South Corporation • 134 Meeting Street • P.O. Box 68 • Charleston, S.C. 29402 • 803-577-7236

Pug

THE PRESIDENT HAS SEEN 6/7

THE WHITE HOUSE

WASHINGTON

June 8, 1993

RECOMMENDED TELEPHONE CALL

TO: Senator Patty Murray

DATE: June 8, 1993

RECOMMENDED BY: Howard Paster HP

PURPOSE: Senator Murray would like to express her reservations about the potential nomination of Secretary Bruce Babbitt to the Supreme Court.

BACKGROUND: Freshman Senator Murray is a member of the Appropriations, Banking and Budget Committees. She would like to talk to you prior to the Congressional Picnic about the potential nomination of Secretary Babbitt for the Supreme Court. She believes that he is very critical to the success of resolving a number of contentious matters in states such as Washington involving timber, mining, and grazing. She has strong reservations about Secretary Babbitt moving from Interior, but does <u>not</u> oppose him for the Court. She does, however, believe that women and minorities ought to be considered in the search for a Supreme Court nominee.

TOPICS OF DISCUSSION:

1. Secretary Babbitt's potential nomination to Supreme Court
2. Impact on the Department of Interior

CONTACT PERSON AND TELEPHONE NUMBER(S): Senator Patty Murray 202-224-0217
Margaret Ershler (Scheduler)

DATE OF SUBMISSION: June 8, 1993

ACTION: — Concerned the momentum of For Comp, will quit — Confidence in Babbitt <u>very</u> high

THE PRESIDENT HAS SEEN 6/7

MEMORANDUM

TO: THE PRESIDENT

FROM: BETTY CURRIE

RE: TELEPHONE REQUEST - SEN. PATTY MURRAY

DATE: JUNE 8, 1993

Senator Patty Murray (D - WA) called this morning. She would like to speak with you re. Secy Babbit.

Howard Paster said she was calling in opposition to taking Secy Babbitt off Interior.
When you talk w/her you should also discuss reconciliation.

THE PRESIDENT HAS SEEN
6-

GS/Gergen
Warren
Nancy

Fixing Immigration

New Waves of Refugees Buckle System As Cold War Policies Become Obsolete

By TIM WEINER
Special to The New York Times

WASHINGTON, June 7 — The human cargo washes up on America's shores — Chinese bodies, Haitian bodies. Congress considers narrowing the gateway to liberty. Anti-immigration groups argue passionately that there is no more room at the American inn.

News Analysis

Will the United States always remain a refuge for the tired, the poor and the tempest-tossed? Or will the nation move, as Germany did last week, to restrict its policies of political asylum — "to shut this traffic down," in the words of New York's top immigration official?

On the day after the Golden Venture spilled nearly 300 refugees into New York City's waters, discussions of quick fixes took on an increased urgency in Congress, the Justice Department and the White House. The Clinton Administration has ordered a review of immigration policy aimed at figuring out how to repair a broken system. In the National Security Council and Congress, those who want to tighten the asylum laws are talking about detaining and expelling illegal aliens upon arrival, and cracking the international cartels that smuggle thousands of people into the United States.

History suggests these methods are no more likely to work than past efforts that have run up against political and practical limits. The two most ambitious recent efforts to control immigration — a 1986 law aimed at undocumented workers and a Bush Administration decision to intercept Haitian boat people — were at best only partially successful.

Can the United States remain the world's refuge?

The United States cannot board and search every suspect ship on the open seas, erect a police barricade on its borders, or shut down every sweatshop employing illegal aliens.

And the legal fixes proposed against future Golden Ventures may run afoul of an important psychological and political bedrock.

"It's been our tradition to protect these people," said Stephanie Marks, a lawyer representing asylum seekers. "If you ever wanted to see a picture of huddled masses yearning to breathe free, it was on the front page of today's New York Times."

Does the United States really want to stop oppressed people from coming to America, or return them to totalitarian China, or to Liberia with its murderous civil war? In the case of the Chinese, the answer has been explicit: let them come.

After the 1989 Tiananmen Square massacre, the Bush Administration and Congress sought to make immigration from China easier. The Immigration and Naturalization Service enforced regulations and administrative decisions intended to smooth the passage of Chinese dissidents, students and ultimately anyone who felt repressed by Chinese population-control policies.

"The Bush Administration encouraged this," a senior Immigration and Naturalization Service official, who spoke on the condition of anonymity, said of the Golden Venture situation. "They sent a signal: If you get to the U.S., no matter in what manner, we'll accept your presence here."

Pathways to Freedom

After Tiananmen, the United States began smuggling political dissidents out of China through underground networks, in some cases using the Central Intelligence Agency's expertise. The pathways to freedom for dissidents fleeing repression are still open, and are being used by people fleeing poverty as well.

The routes out of China are now used profitably by "snakeheads," as the Chinese call the smuggling gangs that charge tens of thousands of dollars to bring an immigrant into the United States, where the immigrant often works off the debt in a sweatshop in a form of indentured servitude.

Now, the Golden Venture grounding has generated a new round of demands, often couched in humanitarian terms, for a crackdown. But as a practical matter, this would mean either spending vast sums of money to police the seas and skies or a coldhearted decision to send Chinese people seeking freedom back home.

"We might see accelerated exclusion hearings as well as automatic and prolonged detention, the theory being if you mistreat these individuals you will send a signal to others not to come," said Arthur Helton, director of the Refugee Project at the Lawyers Committee for Human Rights in New York. "We should be sure we do not extinguish the opportunity for genuine refugees to receive asylum. We should work toward a system that balances immigration control and the human rights of refugees."

Creating Exceptions

The Bush Administration also created important exceptions in immigration and asylum law for Chinese citizens who want to have more than one child. As a consequence, 85 percent of those seeking asylum in the United States from China since 1989 have been granted it by immigration courts and hearing officers, and those denied asylum have won win new hearings, said Duke Austin, an I.N.S. spokesman. Mr. Austin said 3,440 Chinese immigrants applied for political asylum in 1992; 89 were deported, usually for crimes committed while in the United States.

Today, thousands of provincial Chinese know that the United States opened a wide loophole in its political asylum policies in 1989 by providing asylum to those who say they are escaping Chinese population control, which can impose sterilization or abortion on couples to limit them to one child.

"What you have is an ideological decision made by the Bush and Reagan Administrations based on their attitudes toward population control and politics," said George High, executive director of the Center for Immigration Studies, which supports restrictions on immigration.

The push to restrict immigration comes as the rigid, cold-war asylum policies of the past have undergone an incomplete reform. From the 1950's until 1989, United States asylum policy could be reduced to a simple maxim: Cuba, yes, Haiti, no. People fleeing Communist dictatorships had an open door; people fleeing right-wing regimes did not.

A Backlog of Claims

With the end of the cold war, the ideological glue that held that policy together evaporated. Nothing coherent has replaced it except a backlog of claims that have suffocated the immigration bureaucracy. Most asylum-seekers, with or without legitimate claims, get on with their lives while the enforcement machinery staggers along.

To send a signal to future passengers on Golden Ventures still at sea, the immigration service sent the Chinese immigrants from the ill-fated ship to detention centers far from New York, to areas of the country where detention cells are more readily available and human-rights lawyers less so. There was a practical aspect to this: Not only is every bed for detaining illegal aliens in the New York area filled, the deportation system is next to unworkable.

"I have 62,000 people under deportation proceedings in this district," said William Slattery, the ranking I.N.S. officer in New York. "I deport 750 a year. At this rate it would take me 80 years to clear the system out."

12

THE WHITE HOUSE
WASHINGTON

[redacted]

June 4, 1993

MR. PRESIDENT:

I asked Eli and Bill Galston for their views regarding the attached Panetta memo on student aid, national service and the FY 94 budget. Leon's memo is annotated with their brief comments on page 5.

[redacted]

John Podesta

6/8

JOHN: JIM MURR NEEDS OUR HELP IN DECIPHERING. THIS IS AS GOOD AS I COULD DO.

I think best in Cong is to work at restoring

What's cut from Pell (110) plus putting $ back into campus programs programs - perhaps can do ~~[illegible]~~ 200 million on theory that Natl Service available to students in college

less than

These cuts are simply inconsistent with my campaign commitments.

THE PRESIDENT HAS SEEN 6/7

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

THE DIRECTOR

June 2, 1993

93 JUN 2 P5:51

MEMORANDUM FOR THE PRESIDENT

FROM: LEON PANETTA

SUBJECT: Student aid, National Service and the 1994 Budget

ISSUE: Some in Congress, the higher education community, and the press are criticizing the Administration for funding National Service out of cuts in student aid. Although such tradeoffs in funding decisions between National Service and student aid did not occur, the perception of many critics is quite different. This perception could jeopardize the National Service initiative.

We requested substantial new funding for National Service, which is available to students without regard to their financial situations or needs; we reduced overall funding for student aid programs, which are based on financial need. Critics, therefore, say that the Administration supports aid for middle income students while reducing funding for financially needy students.

- In the 1994 Budget, the program level for Pell Grants would decline by $110 million between fiscal years 1993 and 1994; funding for campus-based aid would decline by $200 million.

This memo asks you to consider whether funding for the Pell Grant or campus-based aid programs should be increased in order to appease these critics, who are likely to oppose, or delay consideration of, National Service.

If you decide on any increase, it must, to be credible, be accompanied by offsets in addition to those we are already working with the appropriators to identify to meet the spending caps. Sources for offsets are suggested. They are primarily from Education, but finding all the offsets there for the most expensive option would exacerbate our problems with the education constituency. Specific offsets would have to be negotiated with the Appropriations Committees; items suggested illustrate what we would have to give up in the process.

BACKGROUND:

The Pell Grant program provides need-based grants to over 4 million undergraduate students, 78 percent of whom are from families with incomes under $20,000.

For the last three years, the appropriation has been insufficient to fully fund awards for all eligible students, leading to a cumulative shortfall of $2 billion. You recently approved funding the shortfall out of budget authority available under the FY 1994 caps. Although this action has been widely applauded in the education community, there are new signs that it will not satisfy many advocates. Specifically:

- While continuing to advocate National Service, Senator Kennedy has expressed reservations to Eli Segal about pushing it aggressively at the same time that the Administration is perceived as reducing funding for financially needy students. Kennedy fears that Nancy Kassebaum might offer what could be an embarrassing amendment to the National Service authorization (scheduled for mark-up June 9), to require that no money be appropriated for National Service until the Administration asks for more resources for student aid.

- A May 11 Washington Post editorial, entitled "What About Needy Students?" argues that the Administration has focused on college costs and loans for middle-class students, but has not adequately addressed the needs of lower-income students.

- College presidents, particularly those from the large public schools, and higher education interest groups, such as the American Council on Education, are making similar charges.

Although the number of recipients would increase under your proposed Pell policy, given current budget constraints, this could only be achieved by lowering average Pell awards for students in all income classes.

- Lower average awards result from requiring of all students with family incomes over $5,000 a "minimum contribution" to their cost of education: $200 for dependent freshmen from families with incomes between $5,000 and $10,000, rising to $800 for independent students with incomes over $20,000.

Campus-based programs include college work-study, supplemental education opportunity grants, and Perkins loans. Each is a formula grant to schools, which then make the awards to students within broad Federal guidelines. Schools like these grants because they have greater flexibility on how much aid they give to which students than under the Pell grant program's uniform national rules.

In your FY 1994 Budget, Campus-based programs were cut by $200 million (from $1.4 billion in 1993) primarily to reduce the deficit, but also because Pell grants and guaranteed student loans, which have similar objectives, are better targeted and more uniformly administered.

OPTIONS

Option 1: Add no new funds to student aid.

- PRO: The minimum contribution policy can fairly be described as consistent with your principles of personal responsibility and self help. In absolute terms, the amounts are small and clearly achievable by limited amounts of student work -- which most students do in any event. Almost any other policy would cost more money. The Campus-based policy also has a supportable rationale. Finding the necessary additional budgetary offsets is extremely difficult and will make some other groups equally unhappy.

- CON: The risk to 1994 funding for National Service is real and significant. This is one of your highest priorities. The damage to your Administration's goals from losing all or a large part of National Service should be avoided. One of the Options below could well accomplish this.

Option 2: Add $200 million to the Campus-based aid programs.

The $200 million Campus-based aid cut in the Budget could be restored. This option is designed to please Senator Kennedy. Eli Segal believes that as little as $50 to $100 million for Campus-based programs would solve the student aid/national service problem politically, but the Education Department and the DPC believe a higher amount is needed.

Offsets:

- $50 million from six small Education Department (ED) non-formula grant programs (each has congressional support and a constituency that would oppose the cuts, but this opposition may be worth it to solve the National Service problem);

- $30 million from ED's Chapter 2 Elementary and Secondary Block Grant (liked by States but not well targeted; $385 million would remain);

- $50 million from ED's Vocational Education Basic Grants (popular in Congress, but limited evidence of effectiveness; $917 million would remain);

- $70 million from ED's Impact Aid "b"s (accelerates by one year the phase-out path already in the budget).

Option 3: Add up to $380 million to Pell grants.

At $380 millions, the minimum student contribution requirement would phase in beginning at $15,000 instead of $5,000; contributions would be reduced for the poorer students. This would provide awards to about 16,000 more recipients than current policy and an average award about half way back to the 1993 level. Smaller amounts could also be provided.

For about the same amount, we can raise the maximum award by $100 -- to $2,400 -- which is where it was in 1992. This would not raise average awards as much. The symbolism of raising the maximum award might outweigh the average award effects in the minds of the higher education community.

Although less popular with Senator Kennedy and many private institutions than Campus-based aid, Pell grants are better targeted on needy students. Without an increase in Pell grant funding, we remain vulnerable to the criticism that we are cutting back assistance to the most disadvantaged.

Offsets. In addition to those for option 2:

- $100 million from DOL's Employment Service (a troubled program already the subject of intensive review by DOL and the NPR; $1 billion would remain);
- $80 million from DOL's Dislocated Worker training request (total request: $1.7 billion; Congress will not provide the full amount in any event).

Summary Table

		($ in millions) 1994 BA	1994 Outlays
Option 1:	Current policy	-0-	-0-
Option 2:	Campus-based only	200	20
Offsets:	Small ED programs	- 50	- 6
	Chapter 2	- 30	- 3
	Vocational Education	- 50	- 6
	Impact aid "b"	- 70	- 57
Option 3:	Pell only ($380m) increment:	+ 180	+ 56
Offsets:	Employment Service	- 100	- 20
	Dislocated worker assistance	- 80	- 4
	MAXIMUM POLICY ADD-ONS:	380	76
	MAXIMUM OFFSETS:	380	96

RECOMMENDATIONS

The Education Department will accept a decision to cut more of its programs in hopes of resolving the national service issue, if you decide that is necessary. However, Education has already been very forthcoming in volunteering offsets to OMB to help the appropriators fund your investments under the discretionary spending caps. Education believes that cutting its programs still further explicitly to help National Service will be counterproductive: it may confirm the fears of the education community that funding for National Service is a trade-off for education funding. This will hurt both Education and National Service. The education lobby will not be satisfied and will continue to make an issue of the National Service/Education trade-off.

You should note that the recently passed Jobs bill pays for non-Education activities in part by rescinding $136 million in student aid and other programs (a year ahead of the Budget schedule). Sensitivity to cuts in Education to pay for non-education priorities is, therefore, already running high.

<u>Eli Segal</u> is primarily concerned about timing issues. We need the authorization passed in time for funds to be appropriated this year. The House and Senate may mark up National Service as early as June 9. Early action would be facilitated by moderate increases in student aid funding.

Eli, eager for a big Administration win as soon as possible, recommends that additional funds for Campus-based aid be made available. He believes that there is no political need to go any further on Pell grants than our plans to fund the shortfall. He cautions, however, that when we are looking at offsets, we should be as conscious of Bill Ford's perspective on where they come from as Senator Kennedy's. He concludes that regardless of whether funds are or are not found, we should move quickly to advise Senator Kennedy. Failure to find funds <u>may</u> be a problem for National Service, but failure to tell Kennedy and Bill Fo (per Eli) our plans as soon as possible will be an unnecessary complication.

OMB recommends option 2 and suggests that whatever your decision, early guidance is needed so that we can discuss this with the House Appropriations subcommitee and with Senator Kennedy.

DECISION:

_____ Option 1: Add no new funds to student aid.

_____ Option 2: Add $50 to $200 million to Campus-based after * further discussions with Senator Kennedy and the appropriations committees.

_____ Option 3: Add up to $380 million to Pell, after similar ** discussions.

_____ Other: — I think we're in Cong's to work at restoring what's cut from Pell (110) plus putting $ back into campus programs — perhaps can do less than 200m on money that isn't available to students in [illegible]

*/ GALSTON FAVORS THE HIGHER END OF THIS OPTION

**/ GALSTON FAVORS DOING SOMETHING ON PELL GRANTS DEPENDING ON ABILITY TO FIND OFFSETS

— These cuts are simply inconsistent with my campaign commitments, June 3, 1993

TO: **John Podesta**

FROM: **Bill Galston**

SUBJ: **Student Aid, National Service, and the 1994 Budget**

I strongly agree that we ought to implement Option 2. Based on my conversations with Sen. Kennedy's staff and higher education groups, I doubt that we can satisfy our critics for much less than $200 million.

I also think we should do something other than nothing on Option 3. Sen. Pell's support will be critical, both in committee and on the floor, if we are to pass the President's direct lending proposal. Pell is lukewarm at best about direct lending. Late last week he made a counterproposal that is giving us considerable trouble and may ultimately require a phone call from the president to derail. A show of good faith on Pell grants would greatly smooth these discussions and contribute to a successful resolution of outstanding difficulties.

I can't identify offsets off the top of my head. But given the President's emphasis during the campaign on not cutting Pell grants, we should be willing to cast a pretty wide net.

cc
to David
Dreyer
(not cvr. note)

6/3

6/7 sent to Dreyer 2nd time

John, Nancy Hernreich wants to know what goes on with this. She found it in the President's office and he has made some edits. Wants to know if he should continue working on it. I passed a copy to RM (which they cannot locate) and I thought "someone" had pencilled something at the bottom that it wasn't going to happen, but I could be wrong.

Fran

6/8 per Nancy Hernreich gave copy to. Ricki Seidman

Nancy —

The Communications Dept. (some combination of George, Ricki + Dreyer) have talked to the President about this. I don't think he likes it much, but I think we've committed to doing a piece for this issue. If he can finish editing it, it would be great. Dreyer has the lead on it.

John

TIME OF RECEIPT

WHITE HOUSE SITUATION ROOM

THE PRESIDENT HAS SEEN 6/3

PRECEDENCE: IMMEDIATE
PRIORITY
ROUTINE

RELEASER: [signature]

DTG: 281450Z MAY 93

MESSAGE NO. 4 CLASSIFICATION UNCLAS PAGES 5

FROM JOHN PODESTA, STAFF SECRETARY (NAME) x2702 (PHONE NUMBER) GR FL/WW (ROOM NO.)

MESSAGE DESCRIPTION

TO (AGENCY)	DELIVER TO	DEPT/ROOM NO.	PHONE NUMBER
Philly	MARK GEARAN	DCOS	STAFF OFC
	ANDREW FRIENDLY	PERSONAL AIDE	STAFF OFC

REMARKS:

The attached is time sensitive. If you can get the President to review this during his office time, I can give the go-ahead to George.

THE WHITE HOUSE

WASHINGTON

May 28, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA

SUBJECT: **By-Line for PARADE Magazine**

George has drafted the attached article to appear under your signature in the July 4, 1993 issue of **Parade** Magazine.

There is some urgency in getting this text back to **Parade**. Please make any edits and approve as edited or reject.

Approve [ ] Approve with Edits [ ] Reject [ ]

President William Jefferson Clinton
Draft for Parade Magazine Article
May 27, 1993
(to run July 4, 1993)

On this Independence Day, thousands of Americans are looking forward by taking a first look at the Charters of Freedom: the Declaration of Independence, the Constitution and the Bill of Rights.

They're making a pilgrimage in our nation's capital, up granite steps, past stone pillars and bronze gates and under a marble rotunda. They are of all ages, singles, couples, families holding hands, mothers and fathers with babies strapped to their backs.

They have been drawn to the National Archives to look at the greatest of inventions, for beneath that rotunda are three of the greatest documents written by human hands. Shielded from decay in a special glass case, they were and are the bedrock of our country, and they are a sight that every American should have a chance to see.

Every day, thousands of our citizens step up to that glass case, then step away with a renewed sense of our nation's great past and even greater potential for the future.

Exactly 30 years ago this month, I was one of those people, gazing in awe at the precious sheepskin papers that together hold the American creed. It didn't matter to me that the calligraphy was faded in many spots and not easily read. For a high school student on his first trip to Washington with the American Legion's Boys' Nation program, it was an unforgettable lesson in democracy, an inspiration that burned into the mind and soul.

So was another part of that trip, meeting President John F. Kennedy.

Imagine, a boy from a small town in Arkansas, with no money, no political connections, coming face-to-face with the President of the United States in the Rose Garden and shaking his hand.

Now, three decades later, one of my greatest joys is meeting fellow Americans from all walks of life, at the White House and on the road. Maybe among them one day I'll meet a future President or two, if I haven't already.

It's an exciting time to be an American. As we stand on the threshold of a new century, we are ~~ready~~ challenged to renew the values that have made our nation great ~~and~~ to secure our prosperity at home and our pre-eminence in the world.

It's no small task, but ~~in~~ true to the spirit of our Founders, Americans have never shied from a challenge. To ~~get the job~~ done, ~~we are counting on every American to play a role.~~

In this new global economy, we must work to realize basic American values

~~Three words sum up my public policy, one that's grounded~~ in ~~the best American values: Opportunity~~, responsibility and community. ~~When historians look back on my Presidency, I want them to say that Bill Clinton fought for the values that the American people share.~~

The people I have met ~~and talked with~~, first as a candidate and now as President, have reaffirmed my commitment to restore the sense that to be an American is to be blessed with the opportunity to fulfill personal potential, no matter how humble one's beginnings, ~~no matter what~~ regardless of race, gender, religion or class.

That sense should be instilled in every child, as it was in me when I was a youngster ~~in Hope, Ark~~. My own childhood was hardly the stuff of great expectations. My father was killed in a car accident three months before I was born. And because my mother was determined to better our lives, she went away to nursing school. I was raised by my grandparents and my great-grandparents. They were poor but made the best of what we had. And even though it broke my mother's heart and mine to be apart for a time, none of us ever lacked for love or support.

The strength of our family could not be measured by the weight of our wallets.

That feeling of love and self-worth may be the most valuable gift a parent, a grandparent or a teacher can give a child. It's a feeling that breeds responsible adults, citizens who because they respect themselves, can respect others, can recognize the dignity of the lives and the work of our fellow citizens. And that is a glue for our communities.

Americans are unique among the nationalities of the world for many reasons, but especially because of the simple fact that our diversity is our strength. There's no country in the world where people look more different from one another, where the people diverge in customs and traditions.

But while such differences have torn other countries apart, America works because whatever our problems, respect for individual rights, freedoms and liberties remain the rule and not the exception.

Our citizens are striving to protect the world we share: our streets, our jobs, our environment, our economy. The new interest Americans are showing in their government is a direct outgrowth of respect for the rights of future generations. Quite simply, we don't want to burden them with the mistakes of yesterday, so we're trying to fix them now.

I have been heartened by the determination of Americans to get this work done to put our economic house in order, but it's not surprising. As Americans, we are the proud inheritors of a simple notion that built our great nation: that the future can be better than the present and that every person has a personal, moral responsibility to make it so.

Hillary and I believe that the future can be better for our daughter Chelsea and for every child in America, because we have seen Americans in action. Across our country, from the farm to the barrio, citizens are reclaiming the legacy given us by our Founders. In community after community, they are giving of themselves to rebuild lives and neighborhoods.

Abraham Lincoln said it was the duty of government to bring out the "better angels of our nature," and that's really what we're trying to do.

One sure way is through our plan for national service. In this program, thousands of young people will have the opportunity to pay for college by helping us address needs in our communities that have been ignored for too long. Whether it's tutoring children in New York or improving parks in North Dakota; whether it's helping immunize infants in Georgia or helping to fight crime in California -- through national service Americans can become the agents of change who will help deliver us to a better tomorrow.

And they will be following in a tradition as old as the republic, for to be an American is to eschew the unexamined life, as individuals and in the larger community. The great American experiment in democracy has always depended on service to the common good and it has always employed our nature as a people of action. We are forged of self-reliance and responsibility, and we are ever in search of a sense of purpose for ourselves and our nation.

Thomas Jefferson was himself a man of few spoken words. He rarely spoke publicly, but fortunately for us all, his great mind never rested, it was always examining the world around him. And look what we have to show for it.

In July 1776, when Mr. Jefferson and the other Founders acted, they did so not out of greed, selfishness or hunger for power. They did so as our nation's first and greatest national servants, risking everything they held dear for a higher purpose.

"For the support of this Declaration," Mr. Jefferson wrote, "with a firm reliance on the protection of divine Providence, we mutually pledge to each other our Lives, our Fortunes and our sacred Honor."

We are the proud beneficiaries of the sacrifices and the collective wisdom of that band of noble revolutionaries. Now, 217 years later, the time has come to justify that legacy by renewing what we stand for as Americans.

We have each other to count on and our own personal faith to draw upon. Today, millions of my fellow citizens, my family and I will go to our places of worship. I will carry as I do every Sunday, a favorite passage from the Bible: Hebrews, Chapter 11, Verse 10. It says, "Faith is the assurance of things hoped for, the conviction of things unseen."

It is faith that will help guide us as our nation finds the courage to embrace change and to prosper, to fulfill the vision seen so long ago, a vision of a more perfect union.

Tonight, from parks and waterfronts to back lawns, the skies will burst in a jubilation of our freedom, awakening the night and stirring our patriotic souls until the last spark twinkles back to earth. But let the celebration within each of us, the welling of pride at the realization of our great fortune and our unique heritage, never fade from our lives.

God bless America, and each one of us.

RR

THE WHITE HOUSE

WASHINGTON

May 23, 1993

MEMORANDUM FOR JOHN D. PODESTA

FROM: R. PAUL RICHARD rpr

SUBJECT: CABINET WEEKLY REPORTS

Attached are the current weekly reports from the Cabinet. I have highlighted items that bear watching. Following is a summary of those matters.

I. **Agriculture**

A. Despite personal intervention by Secretary Espy and Ambassador Kantor, shipments of softwood lumber to the European community will cease, effective June 1. Negotiations are continuing.

B. USDA has closed down the meat packing plant featured on CBS for violations of inspection laws.

C. Secretary Espy will attend meetings in the California agricultural regions with Congressmen Dooley, Lehman and Fazio.

II. **Labor**

A. The striker replacement legislation, H.R. 5, may be considered on the House floor before the Memorial Day recess or during the first two weeks in June.

III. **Housing and Urban Development**

A. Senate floor vote on confirmation of Roberta Achtenberg to be Assistant Secretary for Fair Housing and Equal Opportunity due May 24.

IV. **Transportation**

A. DOT and Justice may be asked to testify on the state of competition in the domestic airline industry. The Secretary suggests avoiding firm positions, pending the report of the airline commission.

B. Memorandum from Secretaries Pena and Reich and Director King to the President containing options on the rehiring of former air traffic controllers fired for striking in 1981.

V. **Energy**

A. Energy is actively developing a policy on nuclear testing. The issue is complicated because resumed testing will be seen as encouraging other nations to continue testing, and a continued moratorium might weaken our nuclear deterrent capacity.

VI. **Environmental Protection Agency**

A. On May 24, Attorney General Reno and Administrator Browner announced a settlement in an enforcement action against Louisiana Pacific Corporation for the largest penalty ever assessed under the Clean Air Act.

VII. **U.N. Representative**

A. The Security Council will try to formulate a response to the Bosnian Serb referendum. The Council remains divided, and without U.S. leadership, the initiative may be seized by countries that do not share American policy goals.

B. The Council is expected to authorize the formation of a war crimes tribunal on the former Yugoslavia sometime this week.

Document No.______________

WHITE HOUSE STAFFING MEMORANDUM

DATE: June 6, 1993 **ACTION/CONCURRENCE/COMMENT DUE BY:**

SUBJECT: OMB Friday Economic and Financial Report

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	MONTOYA	☐	☐
McLARTY	☐	☐	NUSSBAUM	☐	☐
GEARAN	☐	☐	PASTER	☐	☐
NEEL	☐	☐	RASCO	☐	☐
PANETTA	☐	☐	RUBIN	☐	☐
EMANUEL	☐	☐	SEGAL	☐	☐
GIBBONS	☐	☐	STEPHANOPOULOS	☐	☐
HALE	☐	☐	TYSON	☐	☐
HERMAN	☐	☐	VARNEY	☐	☐
LAKE	☐	☑	WATKINS	☐	☐
LINDSEY	☐	☐	WILLIAMS	☐	☐
McGINTY	☐	☐	Berger	☐	☑

REMARKS: The attached is a weekly report on economic topics prepared by OMB. Thought you might be interested in the China analysis in this week's report.

John

RESPONSE:

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
Ext. 2702

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

021636

93 JUN 4 P9:10

June 4, 1993

MEMORANDUM FOR THE DIRECTOR

FROM: Joseph J. Minarik

SUBJECT: Friday Economic and Financial Report

SUMMARY

The May labor market report shows the economy has considerable forward momentum. Payrolls increased by about 210,000 in both April and May, the workweek increased substantially in May and the unemployment rate edged down 0.1 percentage point to 6.9 percent.

- Based on labor input data for the first two months of the quarter, second quarter real GDP growth is likely to be in the neighborhood of a 2-1/2 percent rate, up considerably from 0.9 percent in the first quarter.

Revised payroll data show that job losses in the recession were not as large as suggested previously and job creation since last July was stronger. Even with these revisions, payroll gains in this business cycle pale by comparison with similar stages of past cycles.

* * * * *

The second story in this Report analyzes China's impressive economic performance since market reforms were launched in 1978. Those reforms included open market economic zones in coastal regions and the revitalization of agriculture.

- Rapid growth and a growing trade surplus have, however, been accompanied by accelerating inflation. The trade surplus with the United States has given rise to several issues, including China's exchange controls and limitations on market access by U.S. exporters.

Further reform is needed to maintain the pace of expansion: inefficient state enterprises need to be restructured or privatized; macro policy tools need to be developed to control inflation; and infrastructure needs to be greatly expanded and modernized, especially in the interior regions.

Gathering Strength

The labor market report released this morning provides new insights into the sustainability of the expansion and the weakness of job creation since the last cyclical peak.

The report revealed that April employment growth was stronger than initially estimated, nonfarm payrolls and workweek expanded significantly in May, and the unemployment rate edged down 0.1 percentage point to 6.9 percent. Based on labor input data for the first two months of the quarter, second quarter real GDP growth is likely to be in the neighborhood of a 2-1/2 percent rate. Third quarter growth could be higher still as an improving labor market generates higher levels of income, consumer confidence and spending.

May Labor Market: According to the household survey, a huge increase in the labor force in May (up 790,000) was even exceeded by the increase in employment (up 860,000). These advances, far above those of recent months, are unlikely to be maintained. They reflect the difficulty of seasonally adjusting labor market data near the end of the school year. But even discounting some of the household survey's employment strength, May's reading is still strong.

LABOR MARKET INDICATORS

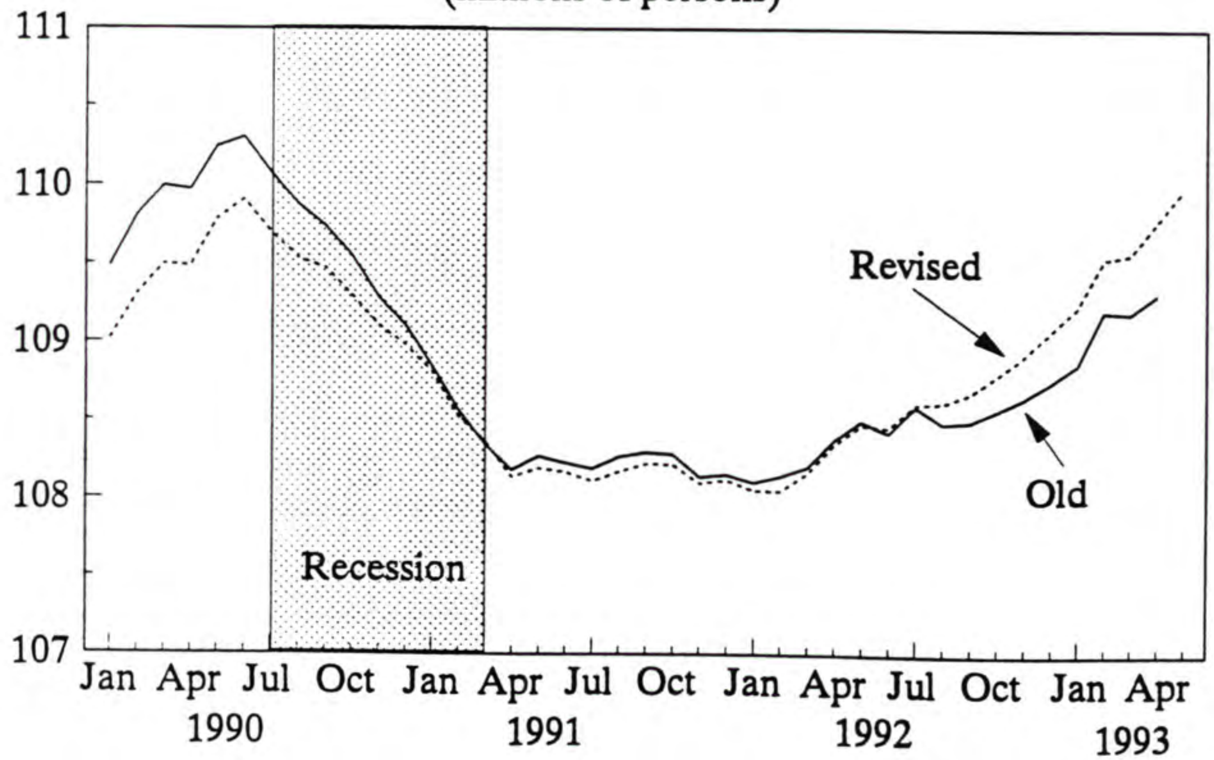
	1992	1993				
	Q4	Jan	Feb	Mar	Apr	May
Unemployment Rate	**7.3**	**7.1**	**7.0**	**7.0**	**7.0**	**6.9**
Unemployment (millions)	9.3	9.0	8.9	8.9	8.9	8.9
	Average Monthly Change (1000s)					
Employment	196	-240	380	114	-149	857
Unemployment	-90	-267	-137	-12	61	-67
Payroll Jobs	**135**	**156**	**304**	**26**	**216**	**209**
Private	73	413	282	15	209	196
Manufacturing	-12	23	18	-19	-75	-39
Mining	-1	-8	-11	0	-1	0
Construction	4	-128	61	-34	36	67
Services	132	70	214	68	249	168
Government	12	70	22	11	7	13

According to the payroll survey of establishments, about 210,000 new jobs were created last month and in April as well. Moreover, April's job gain had originally been reported at only 120,000. Although manufacturing payrolls shrank in both months and mining jobs were about unchanged, these were more than compensated for by large increases in the private service sector and in construction.

In addition to a large gain in new jobs, the average workweek in the private sector jumped to 34.8 hours from 34.4 in April. The factory workweek held at 41.5 hours, the highest level since 1966. Based on almost unchanged factory employment and workweek, manufacturing production was probably little changed last month. [Data to be released June 16.] If the economy does gather momentum, as implied by the job and workweek rise outside of manufacturing, gains in factory payrolls and production should be not be far behind.

Payroll Revision: Today's labor market report included a major historical revision of the payroll employment series -- and provided a new perspective on the job market since the last cyclical peak. The new figures suggest that job losses in the last recession were not as large as reported previously -- down 1.3 million rather than 1.7 million. During the first 16 months of the expansion, from March 1991 to July 1992, both the old and new series show very little new hiring. Since July 1992, however, payrolls have grown noticeably faster than previously reported. Even with these revisions, payroll employment last month was only 1.5 percent above the level at the cyclical trough, and just 0.3 percent above the level at the July 1990 cyclical peak. Those gains pale by comparison with similar stages of past business cycles.

Payroll Employment
(millions of persons)



China: Economic Powerhouse

China's impressive economic performance of recent years has been a magnet for foreign investors that have flocked to the country in search of potential riches. The attraction is a giant market of 1.2 billion consumers and an economy whose output of goods and services is growing at a double-digit rate. The IMF now estimates that China's GDP, using purchasing power parity comparison, is about $2.2 billion, third after the United States and Japan.

What has transformed China into an increasingly market-based economy since 1978? What have been the results of this economic transformation, measured by real GDP growth and other variables? How sustainable is the rapid pace of recent growth, given China's serious problems with inflation and inefficiency-driven bottlenecks? What are some of the policy issues relating to the U.S.-China bilateral trade relationship, especially the persistent external payment imbalances between the two countries? This issue of the Friday Report answers these and related questions.

Unique Experience

China's experiment with structural reform differs from those of other centrally planned economies in several important respects.

- The post-1978 reform was initiated not because of an immediate macroeconomic crisis, but to guard against future potential ones. Even with the economic upheavals associated with the Great Leap Forward and Mao's Cultural Revolution, China had achieved a real GNP growth averaging 6 percent a year between 1952 and 1978, and measured inflation was for the most part low.

- The political climate for basic structural reform was greatly improved following the death of Chairman Mao in 1976. The new Chinese leadership saw economic reform as a vehicle for improving the country's standard of living, and thus preserving the political status quo. The situation was the opposite of what occurred in the former Soviet Union, where the pre-reform political order had collapsed and the decline in economic activity had intensified.

- Pragmatism continues to be the overall guiding principle. The practice has been for the Chinese authorities to initiate market reform piecemeal and to allow time for evaluating the results. Institutions would be overhauled only when new and viable ones were in place.

- The reform process began in rural areas with the goal of enhancing agricultural productivity and output. Under the household responsibility system initiated in late 1978, plots of collectively owned land were made available to farmers who were given greater responsibility to produce and sell their products in the free market. The immediate success of the plan led to the development of township and village enterprises (TVEs), which were to become the most dynamic component of the industrial sectors during the 1980s. Conceived as a means of absorbing surplus labor associated with rising farm productivity, these TVEs achieved immediate success due to several favorable factors: their concentration on consumer goods that were in high demand; abundance of cheap labor; the limited capital requirements; and freedom from government controls.

- Another pillar of reform is the development of special economic zones (SEZs) that have opened up China to the rest of the world. Located in the trade-accessible coastal provinces and armed with preferential government policies, these SEZs have helped China to develop rapidly by attracting foreign capital and technology, and by tapping into overseas markets.

Reform Dynamic: Role of SEZs

Market reform was launched with the creation in 1979-80 of four special economic zones in China's coastal regions: three are located in Guandong province near Hong Kong and Macao, the fourth is in Fujiam province. Enterprises operating in these SEZs have unique advantages that helped insure their early success.

- They were insulated from the cumbersome administrative and regulatory controls that state planning authorities typically impose on domestic enterprises. Their ability to make their own decisions on investment, production and marketing explains their growing economic importance.

- They were given preferential treatment in terms of taxes, import licenses and exchange control so that they could use the earned foreign exchange from increased exports to finance needed infrastructure investment and build industrial capacity. Foreign capital inflows have been heavy so that, by 1991, the four special economic zones accounted for as much as one-half of China's total equity venture capital.

- Special tax concessions were given to foreign-funded enterprises (FFEs). While the FFEs pay no taxes in the initial two years and only 15 percent after five years, those operating outside the special economic zones pay 33 percent. The tax rate is even higher (55 percent) for domestic enterprises.

Buoyed by the success of the original four SEZs, the Chinese Government decided in 1984 to extend foreign investment privileges to 14 coastal cities and to Hainan Island. More significant was the subsequent decision to open up China's inland regions with the creation in 1990 of the Pundong development zone in Shanghai.

Pundong's development strategy was more comprehensive than that of the original four SEZs. Its goal was to establish a finance and trade zone, an export-processing zone, a free trade zone, and high-technology areas.[1] To implement this strategy, the Government is spending heavily to put up bridges, new thoroughfares, deeper port facilities and industrial parks. It is also developing China's first trade zone where goods can be imported and exported without duties.

---

[1] "China's Open Economic Zones Are Speeding its Transformation to a Market Economy," IMF Survey, April 19, 1993, page 116.

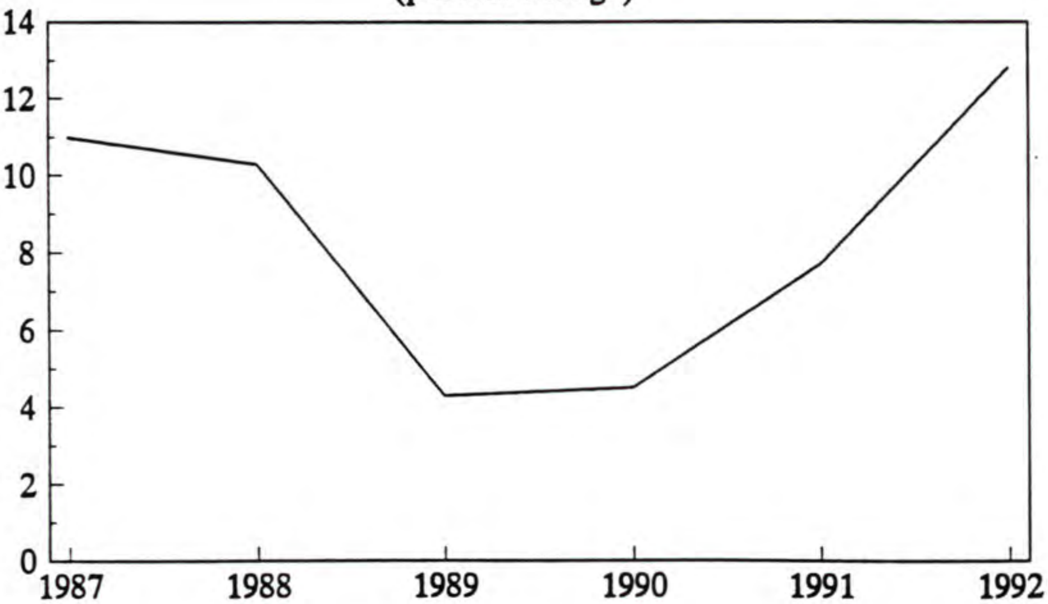
Economic Performance

China's reform experiment has been quite successful, judging by the rapid rate of output growth and the surge in external trade. Success, however, is tempered by the slow pace of reform in the state-owned enterprise sector and by the persistence of several other bottlenecks (discussed below).

Output Growth: Real GNP growth increased from an average annual rate of 6 percent in 1953-78 to nearly 9 percent in 1979-92. The post-reform growth acceleration was mainly due to higher productivity gains, especially in agriculture where farmers were given incentives to spur production and to sell their produce in open markets.

The pace of economic activity was particularly rapid in 1992 when China's real GNP grew at 12.8 percent, while growth in most developed countries was either sluggish or negative. Preliminary readings suggest the pace may have accelerated in the first quarter of this year.

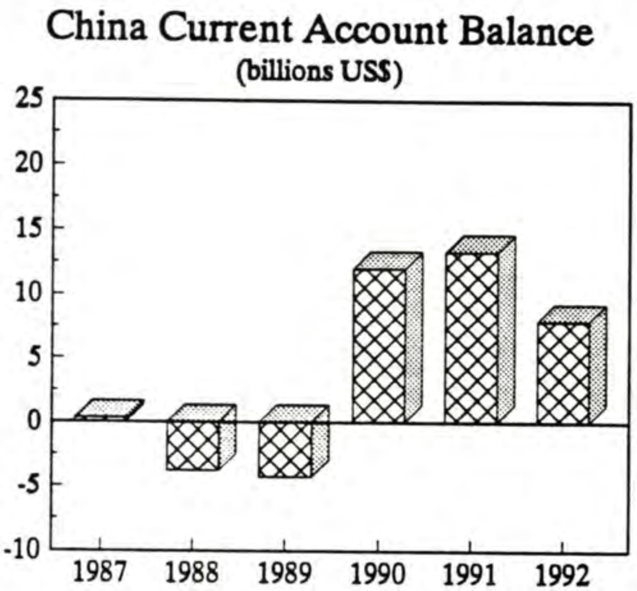
Real GNP Growth
(percent change)

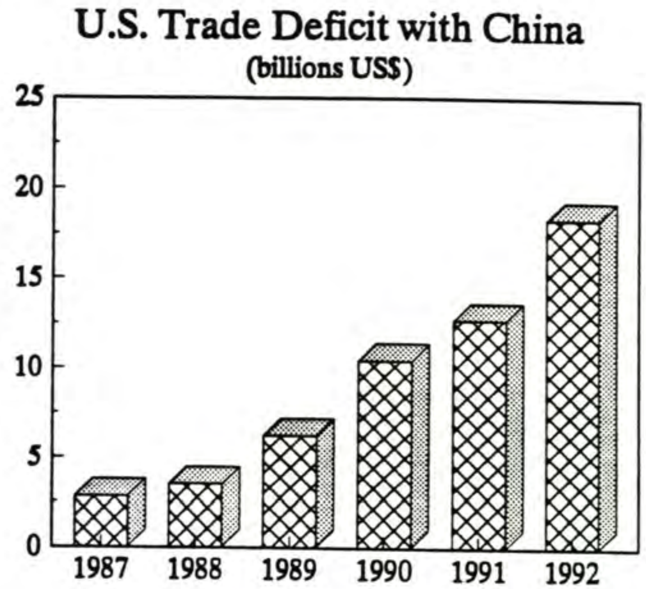


- o This recent strength in aggregate demand is putting strong upward pressures on prices. Measured by the widely used cost of living index in 35 cities, prices rose 13.3 percent between December 1991 and December 1992, and have recently accelerated above 20 percent.

- o Price increases of this magnitude have not been seen since 1988 when the cost of living index rose 21 percent, forcing the government to cut subsidies and undertake other retrenchments. Under the rectification program, administrative controls on credit and imports were tightened, state investment expenditure was cut, and the currency was devalued. As a result, the rate of inflation came down to only 2 percent in 1990, real GNP growth was cut to 4.5 percent, and the external balance turned sharply into surplus.

Improved Trade Balance: Next to growth, China's most notable achievement has been in foreign trade. Since 1978, exports have grown at a 35 percent annual rate, and their share of GNP climbed from 5 to 20 percent. Imports have grown even more rapidly (about 38 percent a year), resulting in merchandise trade deficits during most of the 1980s.





As indicated above, the 1988 rectification program slowed both growth and imports and improved the overall trade deficit. The current account balance shifted from a deficit of $4 billion in 1988-89 to a surplus of $13 billion in 1991, before declining to a surplus of $8 billion last year. This raised China's foreign reserves (excluding gold) to $46 billion in September 1992 from $18 billion in late 1989.

Bilateral Trade: Chinese trade with the United States is lopsided. In 1992, China exported $25.7 billion to the United States, while importing only $7.5 billion. The resulting $18.2 trade surplus with the United States is well above the $3 billion of 1987. Some argue that the trade surplus with the United States may be inflated by the value of goods shipped to China from Hong Kong, Taiwan and Japan, and then exported as Chinese products. They also maintain that some product exports to China may be impeded by U.S. controls on exports of sensitive technology. But even when adjusting for these factors, trade remains lopsided in favor of China.

Persistence of bilateral payment imbalances has given rise to several trade issues, including the government's foreign exchange controls and market access by U.S. exporters to China. There is also the thorny issue of giving China the Most Favored Nation (MFN) trade status and supporting her drive to rejoin GATT.

- China has been accused by the Treasury Department of manipulating exchange markets to gain trade advantages. Although a quasi-free swap market now exists for foreign exchange trading, access to the market is restricted to certain enterprises, thereby suppressing the demand for imports.

- The swap market exchange rate has depreciated sharply in recent months, from 7 yuan per dollar last October to over 10 yuan per dollar in early June. The depreciation, in large part, reflects speculation and hoarding of foreign currency, as well as capital flight related to inflation fears. The yuan depreciation is likely to exacerbate the trade imbalance in the short run.

- American and other foreign exporters encounter enormous difficulties in penetrating Chinese internal markets, largely because of the existence of extensive trade barriers including high tariffs. <u>Following an investigation of unfair trade practices under Section 301 of the 1988 Trade Act, China concluded a memorandum of understanding with the United States regarding market access in October 1992</u>. Implementation of this agreement -- as well as the previous agreement relating to the protection of property rights -- continues to be a source of concern and active negotiation.

- China is actively trying to rejoin GATT, partly to avoid the annual spring debate in the U.S. Congress about the political and economic conditions under which the country would be granted the MFN trade status. The Clinton Administration has just extended the MFN for one year. Renewal of the trade status, however, is conditional on China's progress on human right abuses, arms sales, and trade practices.

<u>Unfinished Task</u>

China has already done much to open up its economy, revitalize agriculture and small-scale enterprises, and encourage foreign investment. It must now persevere in the reform process to sustain the economic gains of the past 14 years. Doing so is not easy since it would require: (1) revitalizing the state-run enterprises whose economic inefficiency is symptomatic of the entrenched bureaucracy; (2) developing more viable macro policy tools to cope with the frequent episodes of accelerating inflation that previously interrupted market reforms; and (3) expanding and modernizing inland infrastructure.

State-Run Industrial Dinosaurs: Despite their gradual exposure to market forces, most state-owned enterprises (SOEs) remain subject to mandatory government planning and control. These enterprises, which dominate heavy industries (e.g., steel mills, mining concerns and motor vehicles), are protected from market forces; they are not allowed to fail because of fear of possible massive social unrest. <u>Protection is achieved through direct budget subsidies and central bank lending</u>.

- Direct budget subsidies are estimated to be about 2-1/2 percent of GNP. Additional subsidies of about 3 percent of GNP are provided through low interest rate central bank loans.

- Subsidies are needed to cover SOE losses and keep them afloat. Their inefficiency, which limits their ability to compete with the more dynamic private sector enterprises, is reflected in changing market shares. <u>While state-owned enterprises accounted for about 81 percent of China's gross value of industrial output in 1978, their relative share fell to only 55 percent by 1990</u>. During this time period, nonstate enterprises (e.g., town and village enterprises, individual firms, foreign-owned enterprises) correspondingly increased their relative share from 19 to 45 percent.

Inadequate Macro Policy Tools: China does not have an independent central bank that can conduct open market operations and/or discount rate policy to control inflation. Monetization of government budget deficits -- which have been running 2-1/2 percent of GNP in recent years -- has been primarily responsible for the rising cost of living. When inflation accelerates, as it did in 1988, the People's Bank of China would impose stringent credit quotas and other types of controls to cope with the problem. Such indirect controls are not only blunt, but they also interfere with the efficient functioning of the economy.

Infrastructure: Infrastructure is not well developed in the interior regions of China to attract capital and achieve the kind of success made by the coastal regions. China's rail system is old and overburdened; its navigable rivers are few and do not extend far into the interior; and the country lacks adequate public utility and communication systems.

Conclusion

China has already implemented sweeping structural reform measures that led to rising economic growth and an improved living standard. The drive toward market reform is likely to continue irrespective of who will eventually succeed the aging Deng Xiaoping. Assuring continued success requires reforming the state-owned enterprises to boost their productivity, increase their managerial independence, and reduce their reliance on the government for subsidies.

While sustained growth in the two-digit range is not likely even with more market reforms, China's real GNP is likely to double over the next decade. It is in our interest to solve the outstanding trade problems with China so as to give American exporters a fair share of a booming market.

RECENT ECONOMIC INDICATORS AS OF JUNE 4, 1993

(S.A. OR AS INDICATED)

	May-92	Jun-92	Jul-92	Aug-92	Sep-92	Oct-92	Nov-92	Dec-92	Jan-93	Feb-93	Mar-93	Apr-93	May-93
GDP (Quarterly Series, % A.R.)													
Nominal GDP		4.3			5.3			7.1			4.4		
Real GDP		1.5			3.4			4.7			0.9		
Implicit Price Deflator		2.7			2.0			2.3			3.3		
Fixed-Weight Price Index		3.0			2.3			3.3			4.3		
CYCLICAL INDICATORS													
Leading Index, Percent	0.6	-0.3	0.1	-0.2	0.1	0.5	0.7	1.7	-0.3	0.5	-1.0	0.1	NA
Coincident Index, Percent	0.0	-0.1	0.4	-0.5	0.1	0.5	0.2	1.0	-0.1	0.2	0.2	-0.4	NA
Purchasing Managers' Diffusion Index	55.7	52.3	53.0	52.2	48.7	50.7	54.7	55.4	58.0	55.8	53.4	49.7	51.1
Percent	6.7	-6.1	1.3	-1.5	-6.7	4.1	7.9	1.3	4.7	-3.8	-4.3	-6.9	2.8
Industrial Production	106.7	106.0	106.8	106.6	106.2	107.5	108.4	108.9	109.3	109.9	109.9	110.0	NA
Percent	0.38	-0.66	0.75	-0.19	-0.38	1.22	0.84	0.46	0.37	0.55	0.00	0.09	NA
Capacity Utilization, Manufacturing	79.1	78.6	78.9	78.7	78.4	79.2	79.7	79.8	80.3	80.5	80.5	80.7	NA
EMPLOYMENT INDICATORS													
Civilian Employment, Million	117.6	117.5	117.7	117.8	117.7	117.7	118.1	118.3	118.1	118.5	118.6	118.4	119.3
Nonfarm Payroll Employment, Million	108.5	108.5	108.6	108.6	108.7	108.8	108.9	109.1	109.2	109.5	109.6	109.8	110.0
Civilian Unemployment Rate, Percent	7.4	7.7	7.6	7.6	7.5	7.4	7.3	7.3	7.1	7.0	7.0	7.0	6.9
Employment/Population Ratio	61.5	61.4	61.4	61.4	61.3	61.3	61.4	61.5	61.3	61.4	61.4	61.3	61.7
Average Weekly Hours, Manufacturing	41.2	41.1	41.1	41.1	41.0	41.1	41.2	41.2	41.4	41.4	41.2	41.5	41.5
CONSUMER SECTOR													
Retail Sales, Billion $	161.3	161.1	162.3	163.2	164.2	167.6	167.3	169.2	169.2	169.1	167.7	169.7	NA
Percent	0.7	-0.1	0.7	0.6	0.6	2.1	-0.2	1.1	0.0	-0.1	-0.8	1.2	NA
Total Auto Sales, Milion Units, A.R.	8.4	8.9	8.3	7.9	8.3	8.3	8.2	8.7	8.6	8.0	8.3	8.9	NA
Domestic Auto Sales, Million Units, A.R.	6.3	6.7	6.4	6.0	6.3	6.3	6.2	6.7	6.6	6.0	6.3	6.8	NA
Personal Income, Billion $, A.R.	5032.7	5038.5	5048.7	5056.4	5080.9	5145.0	5143.7	5194.0	5223.1	5228.7	5261.0	5262.0	NA
Percent	0.3	0.1	0.2	0.2	0.5	1.3	-0.0	1.0	0.6	0.1	0.6	0.0	NA
Disposable Personal Income, Billion $, A.R.	4415.1	4419.5	4424.6	4426.3	4448.7	4505.9	4500.4	4545.4	4566.1	4572.7	4605.2	4603.8	NA
Savings Rate, Percent	5.3	5	4.8	4.6	4.6	4.4	4.4	4.4	4.5	4.8	4.7	NA	NA
Real Personal Income, Billion 87$, A.R.	4078.4	4076.5	4078.1	4094.3	4090.9	4125.9	4118.3	4155.2	4161.8	4153.1	4175.4	4159.7	NA
Percent	0.2	-0.0	0.0	0.4	-0.1	0.9	-0.2	0.9	0.2	-0.2	0.5	-0.4	NA
Real Disposable Personal Income, Billion 87$, A.R.	3578.6	3576.1	3574.4	3585.5	3581.7	3613.4	3604	3637.1	3639.4	3633.3	3654.5	3640.6	NA
Percent	0.1	-0.1	-0.0	0.3	-0.1	0.9	-0.3	0.9	0.1	-0.2	0.6	-0.4	NA
Consumer Sentiment Index, U of Michigan	79.2	80.4	76.6	76.1	75.6	73.3	85.3	91.0	89.3	86.6	85.9	85.6	NA
Percent	2.6	1.5	-4.7	-0.7	-0.7	-3.0	16.4	6.7	-1.9	-3.0	-0.8	-0.3	NA
HOUSING SECTOR													
Housing Starts, Thousand Units, A.R.	1197	1141	1106	1229	1218	1226	1226	1286	1171	1180	1137	1213	NA
Single-Family Starts	1019	994	961	1038	1045	1079	1089	1133	1051	1036	1000	1063	NA

06/04/93

	May-92	Jun-92	Jul-92	Aug-92	Sep-92	Oct-92	Nov-92	Dec-92	Jan-93	Feb-93	Mar-93	Apr-93	May-93
BUSINESS SECTOR													
Nondefense Capital Goods Orders, Billion $	30.5	31.0	29.3	28.2	30.6	31.7	28.6	34.0	30.4	34.6	30.8	31.3	NA
Percent	1.9	1.6	-5.4	-3.9	8.6	3.6	-9.7	19.0	-10.8	13.9	-10.9	1.5	NA
Nonresidential Construction Put in Place, Billion $	124.1	127.6	124.7	117.8	122.5	123.3	122.7	122.2	123.0	126.8	125.3	125.9	NA
Inventory Change Book Value, Billion $, A.R.	-4.4	55.4	40.6	27.0	-11.5	11.4	14.9	26.6	26.6	42.5	77.8	NA	NA
Inventory/Sales Ratio, Total Business	1.51	1.50	1.50	1.52	1.50	1.49	1.49	1.46	1.46	1.46	1.47	NA	NA
INFLATION INDICATORS													
CPI, Percent	0.1	0.2	0.3	0.2	0.1	0.4	0.2	0.1	0.5	0.3	0.1	0.4	NA
CPI Less Food and Energy, Percent	0.3	0.1	0.3	0.2	0.1	0.5	0.3	0.2	0.5	0.5	0.1	0.4	NA
PPI Finished Goods, Percent	0.3	0.2	0.0	0.1	0.2	0.1	-0.2	0.0	0.2	0.4	0.4	0.6	NA
PPI Less Food and Energy, Percent	0.4	-0.2	0.1	0.0	0.1	-0.1	0.2	0.1	0.3	0.3	0.1	0.4	NA
Gold, $ per ounce	337.3	341.3	353.2	344.6	345.3	344.0	334.4	334.0	329.4	329.2	330.3	341.6	364.2
W. Texas Spot Oil Price, $/bbl	20.9	22.4	21.8	21.4	21.9	21.7	20.3	19.4	19.1	20.1	20.3	20.3	19.9
MERCHANDISE TRADE													
Exports, Billion $, A.R.	431.7	456.5	449.2	436.4	451.9	466.6	453.6	470.1	450.1	443.1	468.0	NA	NA
Imports, Billion $, A.R.	523.7	538.7	539.3	540.6	551.6	553.4	547.6	553.7	542.1	538.0	590.4	NA	NA
Deficit, Billion $, A.R.	-92.1	-82.2	-90.1	-104.2	-99.7	-86.8	-94.0	-83.6	-92.1	-94.8	-122.5	NA	NA
U.S. EXCHANGE RATE													
Multilateral	88.3	85.9	82.6	81.0	82.0	85.0	90.0	90.5	92.4	93.8	93.7	90.6	90.2
Percent	-1.7	-2.7	-3.9	-1.9	1.2	3.7	5.9	0.5	2.1	1.6	-0.2	-3.2	-0.4
Yen/$	130.8	126.8	125.9	126.2	122.6	121.2	123.9	124.0	125.0	120.8	117.0	112.4	110.3
DM/$	1.62	1.57	1.49	1.45	1.45	1.49	1.59	1.58	1.61	1.64	1.65	1.60	1.61
$/Pound	1.81	1.86	1.92	1.94	1.85	1.65	1.53	1.55	1.53	1.44	1.46	1.54	1.55
MONEY AND CREDIT													
M2, Billion $	3467.5	3462.1	3463.6	3472.4	3480.2	3491.4	3498.0	3497.0	3486.9	3475.2	3472.7	3473.3	NA
Percent	0.9	-1.9	0.5	3.1	2.7	3.9	2.3	-0.3	-3.4	-4.0	-0.9	0.2	NA
M3, Billion $	4179.8	4170.1	4169.0	4178.7	4183.0	4180.0	4178.5	4166.5	4140.9	4134.4	4129.0	4136.0	NA
Percent	0.5	-2.7	-0.3	2.8	1.2	-0.9	-0.4	-3.4	-7.1	-1.9	-1.6	2.1	NA
C&I Loans & Commercial Paper, Billion $, N.S.A.	1000.0	990.9	966.0	981.4	987.1	991.1	996.9	989.8	986.1	978.4	979.9	NA	NA
Percent, A.R.	3.9	-10.4	-26.3	20.9	7.3	5.0	7.2	-8.2	-4.4	-9.0	1.8	NA	NA
C&I Loans, Billion $	454.3	447.3	422.8	439.3	439.3	439.5	441.0	438.3	436.3	437.4	438.4	NA	NA
Commercial Paper, Billion $	545.7	543.5	543.2	542.0	547.9	551.7	555.9	551.5	549.9	541.1	541.4	NA	NA
INTEREST RATES													
Federal Funds Rate	3.8	3.8	3.3	3.3	3.2	3.1	3.1	2.9	3.0	3.0	3.1	3.0	3.0
T-Bill, 3 Month	3.6	3.7	3.2	3.1	2.9	2.9	3.1	3.2	3.0	2.9	3.0	2.9	3.0
T-Bond, 30 Year	7.9	7.8	7.6	7.4	7.3	7.5	7.6	7.4	7.3	7.1	6.8	6.9	6.9
Corporate AAA Bonds	8.3	8.2	8.1	8.0	7.9	8.0	8.1	8.0	7.9	7.7	7.6	7.5	7.4
Mortgage Commitment Rate	8.7	8.5	8.1	8.0	7.9	8.1	8.3	8.2	8.0	7.7	7.5	7.5	7.5
STOCK MARKET													
Dow Jones 30 Industrials	3376.8	3337.8	3329.4	3307.5	3293.9	3198.7	3238.5	3303.2	3277.7	3367.3	3440.7	3423.6	3478.2
Standard & Poor's 500	414.8	408.3	415.1	417.9	418.5	412.5	422.8	435.6	435.2	441.7	450.2	443.1	445.3

DEPARTMENT OF THE TREASURY
WASHINGTON

June 7, 1993

93 JUN 7 P7:01

Mr. John D. Podesta
Assistant to the President and
Staff Secretary
The White House
Washington, DC 20500

Dear John:

Enclosed is a letter to the President from the Prime Minister of Sweden, Carl Bildt. This was handed to Secretary Bentsen during their luncheon meeting in Sweden on Saturday, June 5.

Please call if you have any questions.

Sincerely,

6/8/93
Per John Podesta
C-Track to the
NSC
FW

the

Encl

dic
-
nt

n
ng

ch
s

President, the former Prime Minister of Norway, Mr Jan P
Syse.

It is my responsibility to coordinate the cooperation of the Prime Ministers of the Nordic countries this year. All five of us will meet in Stockholm at the Annual Meeting, and we would hope that you will be able to meet with us.

At our most recent meeting, I have informed them of my intention to invite you to the Annual Meeting and to the meeting of the Prime Ministers.

DEPARTMENT OF THE TREASURY
WASHINGTON

June 7, 1993

3 '' 7 P7:01

Mr. John D. Podesta
Assistant to the President and
Staff Secretary
The White House
Washington, DC 20500

Dear John:

Enclosed is a letter to the President from the Prime Minister of Sweden, Carl Bildt. This was handed to Secretary Bentsen during their luncheon meeting in Sweden on Saturday, June 5.

Please call if you have any questions.

Sincerely,

Ed

Edward S. Knight
Executive Secretary and
Senior Advisor to the
Secretary

Enclosure

STATSMINISTERN

Stockholm, 5 June 1993

The President of the United
States of America
The White House

WASHINGTON DC

Dear Mr. President,

I am taking the opportunity offered by the Secretary of the Treasury's brief visit to invite you to visit Sweden and the Nordic countries in connection with the 1994 Annual Meeting of the Nordic Council.

As you might know, the Nordic Council links the five Nordic countries - Sweden, Finland, Denmark, Norway and Iceland - together in a network of cooperation that precedes current integration endeavors in Europe.

At the Council's Annual Meeting, most of the leading politicians of the five countries meet for discussions on topics of current concern. The 1994 meeting will be taking place in Stockholm during the first week of March.

During the past few years, important personalities have addressed the Council. At the 1992 Annual Meeting in Helsinki, the Council was addressed by Chancellor Helmut Kohl of Germany.

An invitation to address the Nordic Council itself - which is primarily a parliamentary body - will be issued by its President, the former Prime Minister of Norway, Mr Jan P Syse.

It is my responsibility to coordinate the cooperation of the Prime Ministers of the Nordic countries this year. All five of us will meet in Stockholm at the Annual Meeting, and we would hope that you will be able to meet with us.

At our most recent meeting, I have informed them of my intention to invite you to the Annual Meeting and to the meeting of the Prime Ministers.

It is a somewhat embarrassing fact that a President of the United States has never visited Sweden.

During the 1990's, you will see the Nordic region gaining in importance in a number of ways. With Sweden, Finland och Norway joining Denmark in the European Union, our political importance will with no doubt increase.

It is often overlooked, that after the liberation of Central Europe, Russia only meets Western Europe here in the Baltic Sea region, and our task is to contribute to the stability of the three independent Baltic states at the same time as we develop new links with neighbouring regions in Russia.

I hope that you will have the possibility of making use of the opportunity offered by the Annual Meeting of the Nordic Council to visit Sweden and this increasingly important part of Europe.

Sincerely yours,

Carl Bildt

To Dave Gergen
Fyl — B.

THE PRESIDENT HAS SEEN
6.7.93

In his foreword to John W. Gardner's compendium of JFK's early speeches To Turn The Tide, (published by Harper & Brothers, 1962, pages x and xi) talking about how the President (JFK) is interpreted (or misinterpreted), Sandburg says,

> "If he speaks to the country, there are those who are sure he has said just the right thing and others sure that once more he has opened his mouth to no use and avail. He says nothing, there are those who are sure he will speak in the future at the precise hour when his words will count, while others are sure that either his silence is significant and connects with his ignorance and vacillation or he is holding back and keeping secret important matters he should be telling the country about. If he opens any door of policy, he is sure to hear it should be opened wider, it should be closed entirely, or there should be a new door or a return to the door that was there before, or the original intention of the Founding Fathers was that a window is better than a door anyhow." (Emphasis added.)

THE WHITE HOUSE

WASHINGTON

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

TO: Jim Murr

FROM: Karen McCalley

SUBJECT: Leon Panetta Memo

DATE: 6/7/93

Phone Number: x 3060 **Fax Number:** x 3174

NUMBER OF PAGES (including cover sheet): 6

MESSAGE:

THE PRESIDENT HAS SEEN 6/7

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

THE DIRECTOR

June 2, 1993

2 P5:51

MEMORANDUM FOR THE PRESIDENT

FROM: LEON PANETTA

SUBJECT: Student aid, National Service and the 1994 Budget

ISSUE: Some in Congress, the higher education community, and the press are criticizing the Administration for funding National Service out of cuts in student aid. Although such tradeoffs in funding decisions between National Service and student aid did not occur, the perception of many critics is quite different. This perception could jeopardize the National Service initiative.

We requested substantial new funding for National Service, which is available to students without regard to their financial situations or needs; we reduced overall funding for student aid programs, which are based on financial need. Critics, therefore, say that the Administration supports aid for middle income students while reducing funding for financially needy students.

- In the 1994 Budget, the program level for Pell Grants would decline by $110 million between fiscal years 1993 and 1994; funding for campus-based aid would decline by $200 million.

This memo asks you to consider whether funding for the Pell Grant or campus-based aid programs should be increased in order to appease these critics, who are likely to oppose, or delay consideration of, National Service.

If you decide on any increase, it must, to be credible, be accompanied by offsets in addition to those we are already working with the appropriators to identify to meet the spending caps. Sources for offsets are suggested. They are primarily from Education, but finding all the offsets there for the most expensive option would exacerbate our problems with the education constituency. Specific offsets would have to be negotiated with the Appropriations Committees; items suggested illustrate what we would have to give up in the process.

BACKGROUND:

The Pell Grant program provides need-based grants to over 4 million undergraduate students, 78 percent of whom are from families with incomes under $20,000.

For the last three years, the appropriation has been insufficient to fully fund awards for all eligible students, leading to a cumulative shortfall of $2 billion. You recently approved funding the shortfall out of budget authority available under the FY 1994 caps. Although this action has been widely applauded in the education community, there are new signs that it will not satisfy many advocates. Specifically:

- o While continuing to advocate National Service, Senator Kennedy has expressed reservations to Eli Segal about pushing it aggressively at the same time that the Administration is perceived as reducing funding for financially needy students. Kennedy fears that Nancy Kassebaum might offer what could be an embarrassing amendment to the National Service authorization (scheduled for mark-up June 9), to require that no money be appropriated for National Service until the Administration asks for more resources for student aid.

- o A May 11 Washington Post editorial, entitled "What About Needy Students?" argues that the Administration has focused on college costs and loans for middle-class students, but has not adequately addressed the needs of lower-income students.

- o College presidents, particularly those from the large public schools, and higher education interest groups, such as the American Council on Education, are making similar charges.

Although the number of recipients would increase under your proposed Pell policy, given current budget constraints, this could only be achieved by lowering average Pell awards for students in all income classes.

- o Lower average awards result from requiring of all students with family incomes over $5,000 a "minimum contribution" to their cost of education: $200 for dependent freshmen from families with incomes between $5,000 and $10,000, rising to $800 for independent students with incomes over $20,000.

Campus-based programs include college work-study, supplemental education opportunity grants, and Perkins loans. Each is a formula grant to schools, which then make the awards to students within broad Federal guidelines. Schools like these grants because they have greater flexibility on how much aid they give to which students than under the Pell grant program's uniform national rules.

In your FY 1994 Budget, Campus-based programs were cut by $200 million (from $1.4 billion in 1993) primarily to reduce the deficit, but also because Pell grants and guaranteed student loans, which have similar objectives, are better targeted and more uniformly administered.

OPTIONS

Option 1: Add no new funds to student aid.

- o PRO: The minimum contribution policy can fairly be described as consistent with your principles of personal responsibility and self help. In absolute terms, the amounts are small and clearly achievable by limited amounts of student work -- which most students do in any event. Almost any other policy would cost more money. The Campus-based policy also has a supportable rationale. Finding the necessary additional budgetary offsets is extremely difficult and will make some other groups equally unhappy.

- o CON: The risk to 1994 funding for National Service is real and significant. This is one of your highest priorities. The damage to your Administration's goals from losing all or a large part of National Service should be avoided. One of the Options below could well accomplish this.

Option 2: Add $200 million to the Campus-based aid programs.

The $200 million Campus-based aid cut in the Budget could be restored. This option is designed to please Senator Kennedy. Eli Segal believes that as little as $50 to $100 million for Campus-based programs would solve the student aid/national service problem politically, but the Education Department and the DPC believe a higher amount is needed.

Offsets:

- o $50 million from six small Education Department (ED) non-formula grant programs (each has congressional support and a constituency that would oppose the cuts, but this opposition may be worth it to solve the National Service problem);

- o $30 million from ED's Chapter 2 Elementary and Secondary Block Grant (liked by States but not well targeted; $385 million would remain);

- o $50 million from ED's Vocational Education Basic Grants (popular in Congress, but limited evidence of effectiveness; $917 million would remain);

- o $70 million from ED's Impact Aid "b"s (accelerates by one year the phase-out path already in the budget).

Option 3: Add up to $380 million to Pell grants.

At $380 millions, the minimum student contribution requirement would phase in beginning at $15,000 instead of $5,000; contributions would be reduced for the poorer students. This would provide awards to about 16,000 more recipients than current policy and an average award about half way back to the 1993 level. Smaller amounts could also be provided.

For about the same amount, we can raise the maximum award by $100 -- to $2,400 -- which is where it was in 1992. This would not raise average awards as much. The symbolism of raising the maximum award might outweigh the average award effects in the minds of the higher education community.

Although less popular with Senator Kennedy and many private institutions than Campus-based aid, Pell grants are better targeted on needy students. Without an increase in Pell grant funding, we remain vulnerable to the criticism that we are cutting back assistance to the most disadvantaged.

Offsets. In addition to those for option 2:

- $100 million from DOL's Employment Service (a troubled program already the subject of intensive review by DOL and the NPR; $1 billion would remain);
- $80 million from DOL's Dislocated Worker training request (total request: $1.7 billion; Congress will not provide the full amount in any event).

Summary Table

		($ in millions) 1994 BA	1994 Outlays
Option 1:	Current policy	-0-	-0-
Option 2:	Campus-based only	200	20
Offsets:	Small ED programs	- 50	- 6
	Chapter 2	- 30	- 3
	Vocational Education	- 50	- 6
	Impact aid "b"	- 70	- 57
Option 3:	Pell only ($380m) increment:	+ 180	+ 56
Offsets:	Employment Service	- 100	- 20
	Dislocated worker assistance	- 80	- 4
		----	----
	MAXIMUM POLICY ADD-ONS:	380	76
	MAXIMUM OFFSETS:	380	96

RECOMMENDATIONS

The Education Department will accept a decision to cut more of its programs in hopes of resolving the national service issue, if you decide that is necessary. However, Education has already been very forthcoming in volunteering offsets to OMB to help the appropriators fund your investments under the discretionary spending caps. Education believes that cutting its programs still further explicitly to help National Service will be counterproductive: it may confirm the fears of the education community that funding for National Service is a trade-off for education funding. This will hurt both Education and National Service. The education lobby will not be satisfied and will continue to make an issue of the National Service/Education trade-off.

You should note that the recently passed Jobs bill pays for non-Education activities in part by rescinding $136 million in student aid and other programs (a year ahead of the Budget schedule). Sensitivity to cuts in Education to pay for non-education priorities is, therefore, already running high.

<u>Eli Segal</u> is primarily concerned about timing issues. We need the authorization passed in time for funds to be appropriated this year. The House and Senate may mark up National Service as early as June 9. Early action would be facilitated by moderate increases in student aid funding.

Eli, eager for a big Administration win as soon as possible, recommends that additional funds for Campus-based aid be made available. He believes that there is no political need to go any further on Pell grants than our plans to fund the shortfall. He cautions, however, that when we are looking at offsets, we should be as conscious of Bill Ford's perspective on where they come from as Senator Kennedy's. He concludes that regardless of whether funds are or are not found, we should move quickly to advise Senator Kennedy. Failure to find funds <u>may</u> be a problem for National Service, but failure to tell Kennedy and Bill Ford (per Eli) our plans as soon as possible will be an unnecessary complication.

OMB recommends option 2 and suggests that whatever your decision, early guidance is needed so that we can discuss this with the House Appropriations subcommitee and with Senator Kennedy.

<u>DECISION</u>:

_____ Option 1: Add no new funds to student aid.

_____ Option 2: Add $50 to $200 million to Campus-based after * further discussions with Senator Kennedy and the appropriations committees.

_____ Option 3: Add up to $380 million to Pell, after similar ** discussions.

_____ Other: — I think we're in Cong'n to work at restoring what's cut from Pell (110) plus putting it back into campus programs — perhaps can do it then zoom on money that will be available to students in future

*/ GALSTON FAVORS THE HIGHER END OF THIS OPTION

**/ GALSTON FAVORS DOING SOMETHING ON PELL GRANTS DEPENDING ON ABILITY TO FIND OFFSETS

— These cuts are simply inconsistent with my campaign commitments.

CLINTON FAULTED ON HAITI SANCTIONS

Critics Complain That Steps on Assets and Travel Are Weak and Not New

By HOWARD W. FRENCH
Special to The New York Times

MIAMI, June 5 — Even as the Clinton Administration adopts new sanctions to punish the military-backed Government of Haiti, officials of other nations, as do American analysts of Haitian affairs, say Washington has failed to apply the type of pressure needed to restore the elected President, the Rev. Jean-Bertrand Aristide, to power.

On Friday, with senior Administration officials' saying that they were imposing "a very high price" for the continued defiance by the military leaders of Haiti against international demands for a return to democracy, President Clinton signed an executive order freezing the assets of and barring travel to the United States by backers of the coup in September 1991 that overthrew Father Aristide.

Critics of Washington's diplomatic approach say although the measures are the first punitive actions by the Clinton Administration against the leaders in Port-au-Prince, they are far from new. As with President Clinton's decision to continue the Bush Administration policy of summary repatriations of Haitians fleeing their country at sea — a policy that the President had harshly criticized when he was a candidate — the critics say Mr. Clinton is again adopting tactics of his predecessor, which proved ineffective in settling the crisis.

President Bush, too, banned travel to this country by people thought to be important supporters of the coup leaders, although he later dropped the ban. Likewise, the Bush Administration froze Haitian state assets and repeatedly warned that individual assets might be seized, as well, if progress was not made toward a return of democracy.

Protection of Holdings

Clinton Administration officials have declined to estimate publicly the value of the private assets they expect to freeze but concede privately that with the possibility for such an action being waved for a long time before the tiny but economically potent Haitian elite, many, if not most, of its members had already acted to protect their holdings.

Even before the latest measures, analysts, including supporters and opponents of Father Aristide's return, were discounting their potential effects and saying that by following such a studiously gradualist approach the Administration was unlikely to secure Father Aristide's return.

"The Clinton Administration team has treated this thing like suburban social workers, when in fact what they've needed is someone used to dealing with Chicago gangs," said a former senior Haitian official who insisted on anonymity. "Nothing can happen until there is a meaningful threat from Washington. So far the culprits here are completely unimpressed."

Reinforcing such impressions has apparently been a reluctance by the Clinton Administration to proceed quickly toward harsher sanctions. Those include an enforced oil embargo against Haiti and a suspension of ordinary air travel toward the United States, measures that most observers say are the only ones, short of the unlikely use of military force, that would provide hope of quickly ending the resistance to a democratic settlement.

Punishment of the Poor

"It's not always the best tactic to use all of your tools all at once at the beginning," one senior Administration official told reporters on Friday when he was asked why an oil embargo was not being applied. "You use them in some kind of measured way to try to keep driving the process forward."

Under Mr. Clinton, as under Mr. Bush, another prominent rationale for the slow ratcheting of pressure has been concern that sanctions not punish the poor, who overwhelmingly support President Aristide. But 20 months after Father Aristide's ouster, critics say it is clear that the poor rather than rich supporters of the coup have paid the highest price for the defiance by the country's de facto leaders.

If the newly announced sanctions fail to have a quick political impact, bringing Haiti's leaders to accept a proposed settlement that would include a pardon for military officers for their roles in a harsh campaign of repression and the deployment of an international police force to help create a climate of security, observers say the Clinton Administration has been warned that it will itself be faced with high new costs in the form of the embarrassing withdrawal of the United Nations from its leading role in brokering an end to the crisis.

"The United Nations entered these negotiations at the behest of the United States, and will carry on as long as we have strong backing from Washington," said one diplomat who has closely followed the negotiations. "They really want to play ball with the Administration, but in the absence of something stronger, they won't want to pretend that they can produce any miracles in Haiti."

THE PRESIDENT HAS SEEN 6/7

YG D Gergen - Fyi

THE PRESIDENT HAS SEEN 9/7

Perot's Budget Proposal Wouldn't Cure Deficit

Plan May Understate Red Ink by $400 Billion

By Dan Balz
Washington Post Staff Writer

A1

NEWS ANALYSIS

Ross Perot has spent the past two weeks belittling President Clinton in a series of television interviews, saying the president couldn't get a job above middle management in private industry.

But the Texas businessman has a credibility problem of his own: His numbers don't add up.

Perot, who ran as an independent candidate for president last year, says Clinton has sent Congress a "tax-and-spend" program that won't eliminate the deficit. In contrast, he claims that his own plan, released during the campaign and contained in his most recent book, "Not for Sale at Any Price," would eliminate the deficit by 1998. But it appears he is off by roughly $400 billion.

The reason is that Perot's plan is based on out-of-date deficit projections. "He's getting away with murder," said John P. White, who assembled the Perot plan last year and later became an adviser to Clinton.

Perot's budget plan is based on deficit projections issued in January 1992 by the Congressional Budget Office. But the most recent projections, issued in March, show that the deficit picture deteriorated significantly.

Based on those new projections, Perot's plan would still leave a deficit of more than $100 billion in 1998. When adjusted for other questionable savings on interest costs and unspecified program cuts, Perot's deficit could be tens of billions of dollars higher, and in the same ballpark as Clinton's plan. Altogether, Perot's plan fails to account for $431 billion in additional deficits, according to CBO projections.

"He sounds good," White said. "He can . . . say, 'I've got a plan.' The fact is, he doesn't."

Perot spokeswoman Sharon Holman, asked about the failure to update the budget plan, said she would find out the reason. She did not call back last night.

Perot has been on a remarkable ride in the past few weeks, with

See PEROT, A6, Col. 1

Perot's Deficit-Cutting Proposals May Fall Short by $400 Billion

PEROT, From A1

appearances on CBS's "This Morning," NBC's "Today" show, two interviews in eight days on CNN, an hour interview with David Frost for PBS, an hour with Phil Donahue and his own commercial on NBC Sunday night denouncing the North American Free Trade Agreement with Mexico and Canada. ABC's "Nightline" devoted two shows to an examination, some of it quite critical, of Perot and his organization.

Perot has emerged both as Clinton's harshest critic and perhaps the most popular political figure in the country today. Polls show him running neck-and-neck with Clinton in a hypothetical contest, although about half of all Americans say they would not vote for him.

Perot's ability to command television time is rivaled only by his ability to deflect scrutiny. When challenged, he skillfully bobs and weaves, or changes the subject. None of the criticism appears to have hurt him politically.

"He has created a shield around him that is becoming more and more impenetrable," said Frank Luntz, who worked as Perot's pollster last year and has since become one of his toughest critics. "That's what's scary about him."

When pressed on CBS about having to get rid of top campaign advisers last year—a rough parallel to some of the staffing problems Clinton is having—he claimed he had not actually done the hiring, then quickly shifted the focus to the uproar over the White House travel office.

When CNN's Bernard Shaw, trying to find out what kind of compromise Perot might support on Clinton's economic plan, asked the Texan whether he would junk what Clinton has done and start over, he responded, "You're picking at pieces."

When NBC's Bryant Gumbel tried to force Perot to explain how he would produce roughly $140 billion in savings in Medicare and Medicaid, as he claims in his budget, Perot bristled: "I'll be glad to give you the details where it's to be found. If I had known you wanted them, I would have brought my charts. I would have brought the details. But see, I don't have them with me."

White said such details for cutting $140 billion out of Medicare and Medicaid never existed. What Perot is relying on to challenge Clinton is merely a campaign document, not a genuine budget. "He can't tell you how he can get those health care costs," White said.

White said Perot's estimated savings for Medicare and Medicaid were based on Bush administration projections, which were then roughly adjusted downward, not on specific policy recommendatons. "We didn't know how to do it either," White said.

Perot has attacked Clinton for offering the country a "tax-and-spend" budget plan but rarely talks about the taxes he proposed in his own budget—including a 50-cent-a-gallon gasoline tax, phased in by 10-cent-a-year increments, that would raise $157.8 billion over five years, twice as much as Clinton's proposed energy tax. When pressed, as he was last week, he reaffirms his support for the gas tax, then quickly moves back to the issue of cutting spending.

But Perot says the difference between his plan and Clinton's is that his would eliminate the deficit whereas Clinton uses taxes for more spending programs. He has urged Congress to provide more spending cuts than Clinton has proposed. But his own plan falls short on this same question.

He would cut discretionary spending by an estimated $108 billion but turn around and pour all of that back into new spending initiatives, such as infrastructure improvements and additional research and development. The result is a wash in deficit terms.

His spending cuts are hardly detailed. Perot called unspecified savings of 5 percent by cutting programs and a 10-percent across-the-board cut in the budgets of all agencies.

Perot also assumed $145 billion in interest savings over the five years of his budget plan, $64 billion of it in 1998 alone. Clinton assumes only $51 billion over the full five years.

Perot has urged Clinton to put together a bipartisan solution to the budget that includes more cuts and fewer taxes. But when asked whether he supports the bipartisan proposal put forward by Sen. David L. Boren (D-Okla.), with Republican support, he said, "No, not as is. It's moving in the right direction." What he would support is not clear.

Last week, on CBS's "This Morning," Perot ridiculed Clinton for what he suggested was a vague statement saying that the solution to the health care crisis was to control costs and provide more security for all Americans. "If he had said that in a business presentation to a company, people would say, 'Son, come back when you get organized,'" Perot said. "He didn't say anything."

But Perot's ideas for reforming the health care system are anything but detailed. In "Not for Sale at Any Price," Perot says a goal of health care reform should be a reduction in costs, not a reduction in services. He also notes that Clinton wants to make sure more than 30 million people now without health insurance are covered.

"Of course, spending more money [to cover the uninsured] conflicts with the goal of reducing costs," Perot writes. "I'm not saying that a solution can't be found or that we shouldn't try to find one. I'm only saying that whoever solves this problem will rank up there with Edison, Ford and the Wright brothers."

THE WASHINGTON POST WEDNESDAY, JUNE 2, 1993

Carol Rasco

WEDNESDAY, JUNE 2, 1993 THE NEW YORK TIMES

CLINTON IDEA USED TO LIMIT WELFARE

States Issue Their Own Plans to Put Two-Year Curbs on Those Getting Benefits

By JASON DePARLE
Special to The New York Times

WASHINGTON, June 1 — States have begun appropriating an idea that President Clinton popularized in the fall campaign, beating him to the punch by issuing their own plans to place two-year limits on welfare benefits.

The actions create a potential dilemma for the Clinton Administration, which must decide whether to approve them on an experimental basis.

The states are generally borrowing the idea of a two-year time limit without taking the other, more expensive actions the Administration has called for to ease the transition to the world of work, like expanding training opportunities or providing new child-care or medical benefits.

The politics of the Administration's response could indicate the larger forces Mr. Clinton will encounter as he begins drafting his own welfare revisions.

Millions on Welfare

Welfare rolls are now at a record high, with five million families collecting benefits under Aid to Families with Dependent Children, the main Federal welfare program.

But liberal advocates contend that by instituting time limits without providing other benefits, the states may put vulnerable families on the streets. If the Administration bars the plans, however, it could face charges of backsliding on its commitments.

Last Thursday, Wisconsin became the third state to begin work on a time-limit plan, joining Vermont and Florida. Wisconsin, like Florida, announced that it would seek Federal permission to try the idea in two counties.

"I think they would look very foolish if they turned it down," Gov. Tommy G. Thompson of Wisconsin, a Republican, said in a telephone interview.

In April the United States Department of Health and Human Services ruled in one case, granting Vermont the waiver from Federal welfare rules that it needs to proceed. The department is still awaiting the waiver requests from Florida, where a plan was signed into law in April, and Wisconsin, where it must still be voted on.

Clinton's Welfare Promise

Representative Maxine Waters, Democrat of California, said, "It is not plausible that Americans will stand by and watch hungry children starve because their mothers did not meet a two-year deadline."

Mr. Clinton's call for a limit on welfare was part of his claim to be a responsibility-oriented Democrat, and as President he has continued to say he will "end welfare as we know it."

He has appointed David T. Ellwood, the intellectual godfather of the time-limit idea, to a top welfare position. Mr. Ellwood, however, has long argued against imposing time limits without offering other new benefits.

Carol Rasco, the President's domestic policy adviser, said she could not react without seeing the details of the Wisconsin plan. But she added, "I always look to make sure there is a quality education and training program included."

Public Service Jobs Urged

With time-limit proposals, the question is always, Then what? What happens to people who still cannot find jobs? In his writings, Mr. Ellwood has suggested that the Government create "a limited number" of public service jobs for them.

The Vermont plan in effect does this. It imposes a time limit of 30 months, but it guarantees welfare recipients a job at the end of that time, either with the government or with a not-for-profit agency that would receive a subsidy. The plan must still be approved by the Legislature.

The proposals in Florida and Wisconsin offer no guarantees of employment at the end of two years. Even the nation's most successful welfare training program, in Riverside, Calif., leaves half its participants without jobs at the end of two years.

"It's a recipe for social disaster," Mark Greenberg, a lawyer for the Center on Law and Social Policy, a Washington-based advocacy group, said of the time-limit proposals.

Need for Pay Supplements

The idea of time limits was promoted in Mr. Ellwood's 1988 book, "Poor Support," written while he was a professor at Harvard University. Though the idea enjoyed a modest chic among some policy analysts, it was not until Mr. Clinton's Presidential campaign that it moved toward political maturation.

But the Wisconsin and Florida proposals may embody Mr. Ellwood's often-expressed fear that his ideas would be taken out of context.

He argued that the Government first had to supplement the pay of low-wage earners to insure that no one who worked remains in poverty. And he called on the Government to guarantee that working mothers receive child care, medical insurance and child support from an absent parent.

Mr. Ellwood is now Mr. Clinton's nominee to be the Assistant Secretary of Health and Human Services for planning and evaluation. He has declined to comment until he is confirmed by the Senate, but in a paper last December he wrote of his fear that because of time limits, "desperately needy people will be cut off welfare and hurt."

10

TB Bowie
Interesting
B.

THE PRESIDENT HAS SEEN 6/7

Robert J. Samuelson

Giving Recovery a Bad Name

In general, I avoid economic predictions like the plague. It's easy to forecast; it's easier to be wrong. Why bother? So what follows is not a prediction or a forecast but merely a commentary on the current recovery: It's getting a bum rap. If it continues as it has—slow, plodding, sometimes sputtering—it will be good for the country and, quite ironically, good for the political future of Bill Clinton.

As a public-relations phenomenon, the recovery is new Coke. Almost no one says anything nice about it. The latest revision of economic growth won't enhance its image (gross domestic product, the economy's output, rose at only a 0.9 percent annual rate in the first quarter). The recovery is called "feeble" and "lackluster." Clinton, plugging his own policies, is among its biggest detractors. The White House wants to take credit for accelerating economic growth.

Well, Clinton shouldn't want it to go too much faster. This grudging expansion tends to suppress inflation and promote productivity. Companies can't easily raise prices and, to improve profit margins, must increase efficiency. A much quicker recovery might be more satisfying now, but it would create bigger risks later. Jimmy Carter also complained that the economy was growing too slowly when he became president. He succeeded in temporarily raising growth by encouraging easy credit. That was a mistake.

Carter "stuck too long to the stimulative . . . policies promised in the 1976 presidential campaign, to end what we called 'the Ford recession,' " as Stuart Eizenstat, Carter's chief domestic adviser, recently wrote. Between 1976 and 1979, inflation jumped from 5 percent to 13 percent. Inflationary economic policies, not a 50 percent jump in oil prices, were the cause. Clinton ought to learn from this. He needs steady growth that slowly cuts unemployment and raises incomes—not a supercharged economy that might worsen inflation and trigger a recession around the 1996 election.

Despite its lousy image, the recovery is not a complete dud. We are now two years from the bottom of the recession. The unemployment rate is 7 percent. Two years after the 1974-75 and 1981-82 recessions, the unemployment rates were 7.4 percent and 7.3 percent respectively. Some of the recent slowdown in economic growth stems from the March snowstorms. People shopped less; store inventories rose.

Nor is it true that the recovery is "jobless." The government has two monthly employment surveys. One (a survey of households) shows an increase of 1.9 million jobs from its low point. The other (a survey of businesses) shows a job rise of 1.2 million from its low point. "First we had George Bush, who would never admit there was a recession. Now, we have Bill Clinton, who never admits that there's a recovery," as economist Susan Sterne of Economic Analysis Associates aptly puts it.

Indeed, the economy has changed less than popular psychology. There's a new insecurity. Big companies—the IBMs and GMs—no longer seem safe havens. White-collar and middle-aged workers feel more vulnerable. And they are. As a society, we're aging. Since 1970, the population's median age has risen from 28 to 33. Naturally, any unemployment increasingly hits older workers. So, too, with white-collar workers. They must suffer more from unemployment, because most new jobs are in the service sector.

But just because people feel vulnerable does not mean (as some commentators suggest) that the economy has lost its capacity to generate new jobs. That argument seems seductive. It goes like this: Companies are becoming more productive and can meet their sales with the same number or fewer workers; therefore, new hiring and employment stagnate. Although this is often true of individual firms or industries, it isn't true of the economy as a whole.

When a company becomes more efficient, the gains don't simply vanish. They raise someone's income and buying power in one of three ways: (a) lowering prices—companies cut prices to expand demand or beat competition, (b) raising wages or fringe benefits—companies can pay more, or (c) increasing profits—shareholders benefit from higher dividends or stock prices. Sooner or later, the increased income is spent on consumer goods or new investment and creates new jobs. Obviously, this process doesn't occur instantly. Companies' efforts to improve productivity may temporarily hurt job growth. But ultimately, productivity gains raise spending, living standards and employment.

One reason the recovery looks so haggard is that we're in the midst of this messy process. We can still see (and feel) the effects of the recession's industrial shakeouts and corporate overhauls, even while they create conditions for future growth. In other ways, though, the constant disparaging of the recovery is misleading. True, economic growth has been slower than in past recoveries. But you need to qualify this statistical fact with two other statistical facts.

First, the recession itself was fairly mild (GDP dropped 1.8 percent compared with 4.1 percent in the 1973-75 recession and 2.7 percent in 1981-82). This recovery has been less robust, in part because there was less to recover from. Second, economic growth is slower because labor-force growth is slower. The number of new workers (and consumers) is one of the main engines of economic expansion. In the 1970s, the flood of baby-boom workers caused the labor force to grow 2.6 percent annually. Now, the underlying increase is half that.

What has also hurt growth is the legacy of the 1980s' debt. Since 1990, consumers and businesses have sacrificed some spending to repay and refinance old loans. But this process may be ending, as debt burdens drop. Consumer debt payments (including mortgages) have fallen from a high of nearly 14 percent of disposable income in late 1989 to about 12 percent now, estimates economist Sterne. Meanwhile, a study by the Federal Reserve Bank of New York finds that business interest payments have decreased from 25 percent to 20 percent of corporate cash flow since late 1989.

Every recovery has its own rhythm. Surely there are now threats to continued growth, as there always are: from government policies to weak demand from abroad. I don't know what will happen, but I do have a bias and a hunch. The bias is for a sober recovery that, for all its uncertainties, would produce more lasting income and job gains. The hunch is that's precisely what we've got.

THE WASHINGTON POST WEDNESDAY, JUNE 2, 1993

47

Chron

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE LINDSEY, Director of Presidential Personnel

DATE: June 4, 1993

RE: RICHARD STALLINGS, as Nuclear Waste Negotiator, Department of Energy (PAS)

I. BACKGROUND

The Nuclear Waste Negotiator has the Congressionally mandated mission of finding a site for temporary storage of domestic spent nuclear reactor fuel. Yucca Mountain, in Nevada, is currently under study as a potential permanent storage site. After a two-year, three million dollar hunt, Secretary O'Leary sees little real progress having been made towards finding a site.

II. DISCUSSION

Richard Stallings--US House Member 1985 to 1992, Idaho 2nd District--has broad political support for this position. Stallings served eight years on the Space and Technology Committee, and has experience dealing with the DOE. Richard Stallings has substantial experience and understanding of the nuclear policy issues and energy and environmental laws related to the Negotiator's mission. In addition, he has the political skills, and working relationships that will be necessary to coordinate the project with Members of Congress, nuclear industry, environmental groups, state officials, and Native American tribal leaders.

Sponsors include: Senators: Harry Reid, Paul Simon, Tom Daschle, Max Baucus, Charles Robb, GJ Mitchell. Representatives: Tom Foley, Larry LaRocco, Lee Hamilton, Steny Hoyer, Pat Williams. Governor Cecil Andrus.

III. RECOMMENDATION

It is recommended that you approve Richard Stallings to serve as Nuclear Waste Negotiator, Department of Energy.

APPROVE ✓ DISAPPROVE ______ DISCUSS FURTHER ______

Is Dick Bryan Bob Miller + Cong Bilbray OK on? If so, good

Jim Bailey 456-6676
Brison Bickerton 456-7846

THE HONORABLE RICHARD H. STALLINGS
7304 Rockford Drive
Falls Church, Virginia 22043
(703) 573-0132

Member of the House of Representatives for eight years. Extensive knowledge of the federal government and its programs, particularly in the energy and natural resource fields. Served on Science, Space, and Technology Committee and represented major Department of Energy facility.

PROFESSIONAL STRENGTHS

- Substantial experience with nuclear policy issues, including waste management, Price-Anderson, licensing reform, and uranium enrichment.
- Solid understanding of environmental and energy laws, including the Nuclear Waste Policy Act, Superfund, Clear Air Act, and National Environmental Policy Act.
- Extensive knowledge and experience with the Department of Energy, particularly its nuclear weapons complex and laboratory system.
- Strong working relationships with Members of Congress, nuclear industry, environmental groups, state officials, and Indian tribal leaders.
- Effective facilitator and communicator with diverse groups from various social, economic, geographic, and political backgrounds.

ACHIEVEMENTS

- Facilitated Congressional approval of a bill to clear the way for the Department of Energy to begin storing certain defense-related nuclear waste at the Waste Isolation Pilot Plant in New Mexico.
- Appointed to key House-Senate conference committees on national energy strategy, clean air, and log exports.
- Drafted and enacted legislation to ratify the Swan Falls and Fort Hall Indian Water Right Agreements, two controversial agreements between the federal government, State of Idaho, private water users and Native American tribes.
- Negotiated a compromise agreement for the development of a laser-driven plutonium refinery with House leadership, House Armed Services Committee, and Department of Energy.
- Developed a "Defense Workers' Bill of Rights" in conjunction with Congressman David Skaggs to retrain Energy Department workers displaced by military budget cuts.

EMPLOYMENT HISTORY

1985 - 1992 U.S. Congressman, Second District of Idaho.

1969 - 1984 Ricks College, History Department, Chairman and Professor, Rexburg, Idaho.

1964 - 1969 Bonneville High School, Professional Secondary Educator, Ogden, Utah.

EDUCATION

B.S., Weber State College, Ogden, Utah.

M.S., Utah State University, Logan, Utah.

PROFESSIONAL AFFILIATIONS AND HONORS

- Nuclear Weapons Facilities Study Group
- Environmental and Energy Study Conference
- Democratic Leadership Council
- Idaho Statesman of the Year, 1987
- Military Reform Caucus
- Guardian of Small Business Award, 1986 and 1988
- Child Survival Award for Leadership in Legislation, 1987
- Ethanol Fuel Association for Distinguished Service, 1987
- Ricks College Distinguished Service Award, 1991
- Congressional Rural Caucus
- Congressional Arts Caucus
- Rural Health Care Coalition
- Grace Caucus

Chron

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE R. LINDSEY, Director of Presidential Personnel

DATE: JUNE 2, 1993

RE: WILLIAM BENJAMIN GOULD IV
NATIONAL LABOR RELATIONS BOARD
MEMBER AND CHAIRMAN (PAS)

I. BACKGROUND

The National Labor Relations Board (NLRB) is an independent agency responsible for enforcing the National Labor Relations Act. Under the Act, the NLRB has two primary functions: 1) preventing and remedying unfair labor practices by employers and labor organizations; and 2) conducting secret ballot elections among employees in appropriate bargaining units (as defined by the NLRB) to determine whether employees desire to be represented by labor organizations in bargaining with their employers about wages, hours, and working conditions.

The NLRB has a 53 field offices and a headquarters in Washington D.C. Approximately 2,100 persons are employed at the NLRB and the agency has an annual budget of approximately $169 million budget.

The Board is composed of five (5) members who are appointed by the President with the advice and consent of the Senate. The Chair of the Board is designated by the President from among the Board's members. There currently are two (2) available positions on the Board and both may be filled by a Democrat. One of these new members should be designated to serve as Chair. A third term expires in August, following past practice, this position would be filled by a Republican or an Independent.

The current Membership is as follows:

Name	Position	Term expires
vacancy		8/27/96
John Raudabaugh (R)	Member	expired 12/16/97, recess appointee
Clifford Oviatt (R)	Member	08/27/93
James Stephens (R)	Member and Chair	08/27/95
Dennis Devaney (D)	Member	12/16/94
Jerry Hunter (R)	General Counsel	11/27/93

Accordingly, there are two nominations to the Board, and a third to be filled in August. While the term of the General Counsel does not expire until November, this appointee serves at the pleasure of the President and may be replaced at any time.

The Chair of the NLRB is largely ceremonial. The responsibility for the administration of the entire NLRB long ago was delegated to the General Counsel.

II. DISCUSSION

William Benjamin Gould, IV, a Democrat of California, is recommended for nomination to be a member and Chair of the NLRB. He is a nationally known expert in labor law and labor management relations and is widely supported for this position by both management and labor. Gould, an African-American, has been a Professor of Law at Stanford Law School since 1972. In 1984 Gould was named Charles A. Beardsley Professor of Law at the Stanford Law School.

Secretary Robert B. Reich has appointed him to serve on the Commission on the Future of Worker Management Relations due to his expertise and national reputation. He has been a member of the National Academy of Arbitrators since 1970 and has arbitrated and mediated more than 200 labor disputes, including the 1989 wage dispute between the Detroit Federation of Teachers and the city Board of Education as well as the 1992 salary dispute between the Major League Baseball Player Committee and the Major League Baseball Players Relations Committee. Gould is a past Secretary of the Labor and Employment Law section of the American Bar Association, and presently serves as a member of numerous Committees and Boards involved in employment issues.

Gould has written over 50 law review articles and a number of books including Black Workers in White Unions: Job Discrimination in the United States and Labor Relations in Professional Sports. He will publish a new book in July entitled Agenda for Reform: the Future of Employee Relations and the Law. Gould also is an avid baseball fan and writes on social issues facing baseball as well as historical commentary on the sport.

He is one of the few potential candidates who has experience representing labor (as assistant general counsel for the United Auto Workers in Detroit) as well as management (with Battle, Fowler, Stokes & Kheel in New York, New York). In addition, Gould has worked at the NLRB. Gould has served as lead counsel in numerous cases, including Stamps v. Detroit Edison Co., a class action involving racial discrimination in connection with hiring and promotion which resulted in a settlement of $5,350,000. From 1966-67 he served as a consultant to the EEOC at which time he drafted a position paper on seniority and discrimination which became the framework for both the EEOC and subsequent federal court decisions.

Gould received an A.B. from the University of Rhode Island in 1958 and an LL.B. from Cornell Law School in 1961.

Gould is sponsored by Senator Barbara Boxer, Senator Herb Kohl, Representative Eshoo, Representative Conyers, Representative Waters, Representative Jefferson and Representative Reid, among others.

Gould has been the most supported choice for this position. The majority of candidates have been supported for or were interested in appointments as Members of the NLRB or as General Counsel.

III. RECOMMENDATION

We recommend that you appoint William Benjamin Gould IV to be a Member of the National Labor Relations Board with the designation as Chair for a term which expires on December 16, 1997.

Approved ✓ Disapprove_____ Discuss further_____

Chr...

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN

6/8/93

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE LINDSEY, Director of Presidential Personnel

DATE: May 26, 1993

RE: MARTHA KREBS, as Director, Office of Energy Research, Department of Energy (PAS)

I. BACKGROUND

The Director advises the Secretary and manages a comprehensive program of basic and applied research and development ("R&D"). Included in this program is the Superconducting Supercollider and basic fusion research. The Director reviews the effectiveness of all Departmental programs related to energy R&D. The Director also oversees grants and other R&D programs on health, safety, and the environmental effects of energy technologies.

II. DISCUSSION

The Director will deal with novel issues related to the economics of defense conversion, the role of the National Laboratories, and the way DOE oversees its granting function. A scientific background and familiarity with the grant giving process will be helpful to carry out reforms.

Dr. Martha Krebs, currently Associate Lab Director for Planning and Development (the #2 spot for R&D) at the Lawrence Berkeley Laboratory, is O'Leary's choice to serve as Director. Dr. Krebs has experience with the National Labs, and congressional affairs experience--having held several senior staff, energy-related positions on Capitol Hill. She has broad technical knowledge, and has written extensively on energy research issues. Her responsibilities at the Lab include oversight of the budget and the Institution's directed R&D fund.

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Bruce Lindsey to POTUS re: Martha Krebs [partial] (1 page)	05/26/1993	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
John Podesta (Chron Files)
OA/Box Number: 1038

FOLDER TITLE:

June 6-12, 1993 [3]

2018-0662-S
rs3053

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

While Dr. Krebs has no known campaign experience, her name was submitted by the transition staff on January 7th to the Secretary.

Other names reviewed for this position were: (b)(6) [redacted]

Sponsors: Congressmen Vic Fazio (CA), George Brown (CA), Ronald Dellums (CA), and Norman Mineta (CA). The Association for Women in Science; and The National Network of Women in Science. Secretary O'Leary has discussed Martha Krebs with Dr. Jack Gibbons who concurs with O'Leary's recommendation.

III. RECOMMENDATION

It is recommended that you approve Martha Krebs to serve as Director of the Office of Energy Research:

Martha Krebs, Democrat, California.

APPROVE ________ DISAPPROVE ________ DISCUSS FURTHER ________

Jim Bailey 456-6676
Brison Bickerton 456-6236

Resume

Dr. Martha Krebs

Home Address:
481 La Vista Road
Walnut Creek, CA 94598

Work Address:
Lawrence Berkeley Laboratory
1 Cyclotron Road
Building 50A/4112
Berkeley, CA 94720

Work Experience:

November 1991 to present	Associate Laboratory Director, Planning and Development

Reports directly to the Laboratory Director. Oversees a strategic, participatory scientific program planning process for the Laboratory working with Laboratory directorate and scientific divisions. Responsible for five year institutional plan and long range site development plan required by the Department of Energy. Primary liaison with the University of Caliornia Office of the President for Laboratory reviews by the Scientific and Educational Advisory Committee(SEAC) and the Oversight Subcommittee of the Regents. Supports the Directorate and the scientific divisions in developing strategies for new scientific initiatives. Established an effective Federal and Congressional relations program emphasizing budget and science policy analysis. Manages Laboratory public information programs for outreach to internal and external audiences. Manages the Center for Science and Engineering Education. Responsible for selection process and administration of the Laboratory's Laboratory Directed R&D fund. Responsible for Laboratory compliance with NEPA and California Environmental Quality Act (CEQA) compliance; coordinate Laboratory NEPA/CEQA activities and approvals with UC Office of the President. In the area of Technology Transfer, responsible for planning and policy development; identification and promotion of opportunities for industrial partnerships and Cooperative Research and Development Agreements (CRADAs).

VIC FAZIO

January 1990 to November 1991 — Associate Laboratory Director, Planning and Assurance

Reports directly to the Laboratory Director. Continues responsibilities held previously.Responsible for establishing new function, the Independent Review and Assurance Department. Responsible for preparation of pre-Tiger Team Self Assessment Document, logistics for Tiger Team visit, preparation of the Laboratory's Corrective Action Plan. Developing on-going Self Assessment Program and guidance; undertakes assurance reviews of Laboratory EH&S activities to provide senior management with status reports on Laboratory performance. Responsible for development and implementation of Laboratory Corrective Action Management system including database, reporting and prioritization of laboratory wide corrective actions.and inclusion in Laboratory planning processes. Responsible for Laboratory compliance with NEPA and California Environmental Quality Act (CEQA) compliance; coordinate Laboratory NEPA/CEQA activities and approvals with UC Office of the President. In the area of Technology Transfer, responsible for negotiations and approval of intellectual property agreements for Laboratory; identifies and promotes opportunities for Cooperative Research and Development Agreements (CRADAs); negotiates intellectual property clauses of CRADAs.

July 1983 to January 1990 — Associate Laboratory Director, Planning and Development

Reported directly to the Laboratory Director. Established a strategic, participatory scientific program planning process for the Laboratory working with Laboratory directorate and scientific divisions. Responsible for five year institutional plan and long range site development plan required by the Department of Energy. Primary liaison with the University of Caliornia Office of the President for Laboratory reviews by the Scientific and Educational Advisory Committee(SEAC) and the Oversight Subcommittee of the Regents. Supports the Directorate and the scientific divisions in developing strategies for new scientific initiatives. Established an effective Federal and Congressional relations program emphasizing budget and science policy analysis. Responsible for Laboratory public information programs, reorganized Laboratory publications for more effective outreach to internal and external audiences. Responsible for Laboratory technology transfer programs; reorganized and enlarged program to respond to national policy. Established the Center for Science and Engineering Education;developed program from \$600K/yr to \$2700K/yr. Responsible for selection process and administration of the Laboratory's Laboratory Directed R&D fund.

November 1980 Staff Director
to
June 1983 Subcommittee on Energy Development and Applications, House Committee on Science and Technology Chairman Don Fuqua (D-Fla.).

Reported to Committee Chairman. Responsible for planning and execution of the Subcommittee's legislative and oversight jurisdiction for Department of Energy programs in fossil, solar, geothermal and conservation energy research and development, and basic energy research, including high energy and nuclear physics. Represented the Chairman to members of special interest groups and to the general public at public and private functions.

Oversaw budget review and analysis for Department of Energy budget authorization bill. Recommended budget actions to the Chairman. Supervised preparation of the Subcommittee portion of the Committee report and planned the floor strategy for the bill. Maintained liaison with House and Senate Appropriations and Budget Committee staffs.

Planned and executed oversight activities addressing enhanced gas recovery, synthetic fuels from coal and oil shale, the regulatory and financial status of electric and gas utilities, the solar photovoltaics and wind programs, and district heating technologies with special emphasis on technical content of the DOE programs.

February 1979 Deputy Staff Director
to Subcommittee on Energy Development and
November 1980 Applications
House Committee on Science and Technology
Chairman Richard Ottinger (D-N.Y.).

Functioned as alternate for Director across full responsibilities of the Subcommittee, including legislative jurisdiction for the budget of the fossil, solar and conservation R&D programs of the Department of Energy and oversight jurisdiction for all public and private research, development, demonstration and commercialization activities for fossil, solar and conservation technologies.

Reviewed and analyzed the DOE fossil energy programs and budget; recommended budget changes and wrote the fossil energy section of the Committee's report on the DOE budget. Organized hearings on fossil energy topics, such as alternative liquid fuels, coal combustion, the SRC I and II projects, as well as the legislative hearings for the DOE budget. Proposed and was chief staff member for a "blue ribbon" Advisory Panel on Synthetic Fuels for the Committee.

February 1977 Science Consultant
to Subcommittee on Fossil and
Nuclear Energy
February 1979 Research, Development and Demonstration
House Committee on Science and Technology
Chairman Walter Flowers (D-Ala.)

Reviewed and analyzed DOE fossil energy programs with special emphasis on synthetic fuels and a number of nuclear programs: (1) nuclear waste management, (2) uranium resource assessment, (3) advanced isotope separation, (4) inertial confinement fusion, and (5) magnetic fusion.

August 1975 Analyst, Science and Technology
to Science Policy Research Division
February 1977 The Library of Congress

Responsible for policy analysis on energy research and development with special attention to basic research needs and fossil energy technologies, especially coal-based synthetic fuels. Studies were published by the Congressional Research Service.

January 1974 Instructor
to Montgomery College
July 1975 Rockville, Maryland

Taught astronomy and physics for engineering majors and developed the materials for the course using a self-paced mastery approach.

January 1973 Consultant
to Montgomery College
May 1973 Rockville, Maryland

In collaboration with a colleague, developed a self-paced mastery approach course for general physics for engineering and physics majors.

EDUCATION:

Undergraduate Studies:	The Catholic University of America Washington, D.C. Physics major, A.B., summa cum laude, 1966
Graduate Studies:	The Catholic University of America Washington, D.C. Ph.D. in Physics, May 1975
Field of Concentration:	Statistical mechanics, thermodynamics

Honors: National Merit Scholar
Phi Beta Kappa
Sigma Xi
National Science Foundation Fellow
GE College Bowl Team

Other Activities:

Research Coordination Council, Gas Research Institute, Member 1983 - Present, Vice Chairman 1985 - 1987, Chairman 1987 - 1989

Defense Science Study Group, Institute for Defense Analysis, Senior Advisor 1985 - Present

Energy Research Advisory Board Staff 1984-1985 "Guidelines for DOE Long Term Civilian research and Development Volume III Basic Energy Sciences, High Energy and Nuclear Physics"

American Association for the Advancement of Science

Women's Council on Energy and the Environment: Founding Member and Member of the Board of Directors, 1981-1983

Additional Training

Senior Managers in Government Program, 1981, Kennedy School of Government , Harvard University

Senior Executives Seminar, 1986, Menninger Institute

Senior Management Training in Environmental Laws and Regulations, 1990, DOE

Applying the NEPA Process, 1991, Shipley Associates

Transition Management Training Program, 1992, William Bridges and Associates

Publications, Speeches

1. "Basic Research Needs in Energy Technologies." Congressional Research Service, Multilith 76-81 SP, April 20, 1976

2. "The Synfuels Interagency Task Force Report: A Review and Analysis." Congressional Research Service, Multilith 76-104 SP, May 20, 1976

3. "Readings on International Cooperation In Energy Research and Development." House Committee on Science and Technology, Committee Print, Serial DD, June 1976.

4. The Clinch River Breeder Reactor Project: A Congressional Perspective." Invited paper, American Physical Society, Washington, D.C., April 24, 1978.

5. "Coal Use Issues." Invited talk, Interdisciplinary Center for Aeronomy and Atmospheric Sciences, University of Florida, Gainesville, Florida, June 30, 1980

6. "Coal Research and Development Priorities." Keynote address, National Fuel Cell Conference, San Diego, California, July 14, 1980.

7. "Science and the Career Public Service: A Congressional Perspective." Invited talk, Annual Meeting of the American Association for the Advancement of Science, Washington, D.C., January 8, 1982.

8. "The Federal Research Budget: Priorities and the Process." Invited paper, American Physical Society, San Francisco, California, January 23, 1982

9. "Two Wrongs Don't Make a Right: Energy R&D Policy Under Carter and Reagan." Invited paper, International Association of Energy Economists, Cambridge, England, June 29, 1982.

10. "The Future of Synthetic Fuels: A Congressional View." Invited paper, Eighth Annual Underground Coal Conversion Symposium, Keystone, Colorado, August 26, 1982.

11. "Synthetic Fuels -- The Consensus Reconsidered." Invited paper International Association of Energy Economists, Denver, Colorado, November 18, 1982.

12. "Research Priorities for Advanced Fossil Energy Technologies", National Research Council report, 1984 (Panel Member)

13. "LBL Education Programs", Testimony before the House Subcommittee on Energy Research and Development, March 1990.I

Chron

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO THE PRESIDENT

FROM: BRUCE R. LINDSEY, Director of Presidential Personnel

DATE: May 26, 1993

RE: COORLIS MOODY SMITH, as Director, Office of Minority Economic Impact, Department of Energy. (PAS)

I. BACKGROUND

The Director is responsible for advising the Secretary on the effects of DOE activities on minority business enterprises, including minorities in the Department's programs. The Director also administers a minority enterprise loan program.

II. DISCUSSION

Coorlis Moody Smith is an African American who currently works at Northern States Power (Secretary O'Leary's former employer), as a human resources manager.

Mrs. Smith's appointment will bring diversity of several dimensions to the Department. Her past close working relationship with Secretary O'Leary signals that, as Director, Ms. Smith will be successful in attracting this Secretary's attention to the Department's minority programs.

Mrs. Smith has no known campaign experience, and Secretary O'Leary interviewed no others for this position.

Sponsor(s): Secretary Hazel O'Leary; Senator Paul D. Wellstone; Congressman Martin Olav Sabo.

III. RECOMMENDATION

We recommend that you approve Coorlis Moody Smith to be Director, Office of Minority Economic Impact.

Coorlis Moody Smith, Democrat, Minnesota

Approve ✓ Disapprove_________ Discuss Further________

Jim Bailey 456-6676
Brison Bickerton 456-6236

Corlis S. Moody
5090 Arrowood Lane North
Plymouth, Mn. 55442
(612) 557-1725

EDUCATION:

Master of Public Administration, Personnel
Drake University, Des Moines, Iowa 1977

Bachelor of Arts-Political Science
Southern University, Baton Rouge, La. 1976

EXPERIENCE:

7/89-5/93 Northern States Power Co. Minneapolis, Mn.

7/92-5/93 Director Workforce Effectiveness and Diversity

This position directs the company's workforce placement and diversity activities. This includes overseeing recruitment and employment services; job reassignemnt services, consultation on reorganizations and restructuring issues and initiatives. Ensures compliance with corpoirate objectives and all Federal, State, and local employment requirements; implementation and facilitation of the workforce planning process; and continuous development and implementation of company diversity strategy.

4/91-7/92 Manager Workforce Effectiveness and Diversity

Managed department responsible for handling employee concerns, workforce discrimination/harassment, diversity and internal consulting with management.

4/90-5/91 Sr. Employee Relations Consultant

In partnership with co-workers handled employee concerns, discrimination, harassment, and internal consulting with management and development of corporate diversity strategy.

4/89-4/90 Human Resources Representative

Responsible for various human resources functions throughout the corporation, including compensation, compensation research, communications, training, job evaluation, and salary administration. Along with Affirmative Action training.

11/79-4/89	Consultant, Smith, Moody, and Smith, Des Moines, Ia.
	Responsible for program writing and training in business specializing in Equal Employment Opportunity and Affirmative Action plan development and training.
8/95-7/96	Outreach Educator, Planned Parenthood of San Joaquin Valley, Stockton Ca.
	Responsible for adapting an providing programs and materials to meet the educational needs of individuals and community groups. Accountable for community resource referral and counseling of county residents.
6/81-1/85	Norwest Bank Camden, Minneapolis, Mn.
2/84-1/85	Consumer Lending Trainee
	Accountable for contributing to the development of a sound profitable portfolio through loan origination, processing and servicing consumer loans and ready reserve lines of credit.
6/82-2/84	Special Services Representative
	Responsible for collection of delinquent installment and mortgage loan accounts; monitoring and collecting reserve for loan loss debts.
6/81-6-82	Personal Banking Representative
	Provided customer service needs to banking public through the use of varied bank products.
8/77-9/79	Southern University, Baton Rouge, La. Instructor
	Taught courses in American Government, Introduction to Public Administration and Business/Government
REFERENCE:	Available Upon Request

Chom...

NOTES ON NAFTA

'The Masters Of Mankind'

NOAM CHOMSKY

Throughout history, Adam Smith observed, we find the workings of "the vile maxim of the masters of mankind": "All for ourselves, and nothing for other People." He had few illusions about the consequences. The invisible hand, he wrote, will destroy the possibility of a decent human existence "unless government takes pains to prevent" this outcome, as must be assured in "every improved and civilized society." It will destroy community, the environment and human values generally—and even the masters themselves, which is why the business classes have regularly called for state intervention to protect them from market forces.

The masters of mankind in Smith's day were the "merchants and manufacturers," who were the "principal architects" of state policy, using their power to bring "dreadful misfortunes" to the vast realms they subjugated and to harm the people of England as well, though their own interests were "most peculiarly attended to." In our day the masters are, increasingly, the supranational corporations and financial institutions that dominate the world economy, including international trade—a dubious term for a system in which some 40 percent of U.S. trade takes place within companies, centrally managed by the same highly visible hands that control planning, production and investment.

The World Bank reports that protectionist measures of the industrialized countries reduce national income in the South by about twice the amount of official aid to the region—aid that is itself largely export promotion, most of it directed to richer sectors (less needy, but better consumers). In the past decade, most of the rich countries have increased protectionism, with the Reaganites often leading the way in the crusade against economic liberalism. These practices, along with the programs dictated by the International Monetary Fund and World Bank, have helped double the gap between rich and poor countries since 1960. Resource transfers from the poor to the rich amounted to more than $400 billion from 1982 to 1990, "the equivalent in today's dollars of some six Marshall Plans provided by the South to the North," observes Susan George of the Transnational Institute in Amsterdam; she notes also that commercial banks were protected by transfer of their bad debts to the public sector. As in the case of the S&Ls, and advanced industry generally, "free-market capitalism" is to be risk free for the masters, as fully as can be achieved.

The international class war is reflected in the United States, where real wages have fallen to the level of the mid-1960s. Wage stagnation, extending to the college-educated, changed to sharp decline in the mid-1980s, in part a consequence of the decline in "defense spending," our euphemism for the state industrial policy that allows "private enterprise" to feed at the public trough. More than 17 million workers were unemployed or underemployed by mid-1992, Economic Policy Institute economists Lawrence Mishel and Jared Bernstein report—a rise of 8 million during the Bush years. Some 75 percent of that is permanent loss of jobs. Of the limited gain in total wealth in the eighties, "70% accrued to the top 1% of income earners, while the bottom lost absolutely," according to M.I.T. economist Rudiger Dornbusch.

Structures of governance have tended to coalesce around economic power. The process continues. In the London *Financial Times*, James Morgan describes the "de facto world government" that is taking shape in the "new imperial age": the I.M.F., World Bank, Group of 7 industrialized nations, General Agreement on Tariffs and Trade (GATT) and other institutions designed to serve the interests of transnational corporations, banks and investment firms.

The aim of NAFTA is to keep the public 'in its place.'

One valuable feature of these institutions is their immunity from popular influence. Elite hostility to democracy is deep-rooted, understandably, but there has been a spectrum of opinion. At the "progressive" end, Walter Lippmann argued that "the public must be put in its place," so that the "responsible men" may rule without interference from "ignorant and meddlesome outsiders" whose "function" is to be only "interested spectators of action," periodically selecting members of the leadership class in elections, then returning to their private concerns. The statist reactionaries called "conservatives" typically take a harsher line, rejecting even the spectator role. Hence the appeal to the Reaganites of clandestine operations, censorship and other measures to insure that a powerful and interventionist state will not be troubled by the rabble. The "new imperial age" marks a shift toward the reactionary end of the antidemocratic spectrum.

It is within this framework that the North American Free Trade Agreement (NAFTA) and GATT should be understood. Note first that such agreements have only a limited relation to free trade. One primary U.S. objective is increased protection for "intellectual property," including software, patents for seeds and drugs, and so on. The U.S. International Trade Commission estimates that American companies stand to gain $61 billion a year from the Third World if U.S. protectionist demands are satisfied at GATT (as they are in NAFTA), at a cost to the South that will dwarf the current huge flow of debt-service capital from South to North. Such measures are designed to insure that U.S.-based corporations control the technology of the future, including biotechnology, which, it is hoped, will allow protected private enterprise to control health, agriculture and the means of life generally,

Noam Chomsky is Institute Professor in the department of linguistics and philosophy at M.I.T. His latest book is Year 501 *(South End).*

locking the poor majority into dependence and hopelessness. The same methods are being employed to undermine Canada's annoyingly efficient health services by imposing barriers to the use of generic drugs, thus sharply raising costs—and profits to state-subsidized U.S. corporations. NAFTA also includes intricate "rules of origin" requirements designed to keep foreign competitors out. Two hundred pages are devoted to rules to insure a high percentage of value added in North America (protectionist measures that should be increased, some U.S. opponents of NAFTA argue). Furthermore, the agreements go far beyond trade (itself not really trade but in large part intracompany transfers, as noted). A prime U.S. objective is liberalization of services, which would allow supranational banks to displace domestic competitors and thus eliminate any threat of national economic planning and independent development. The agreements impose a mixture of liberalization and protection, designed to keep wealth and power firmly in the hands of the masters of the "new imperial age."

NAFTA is an executive agreement, reached on August 12, 1992, just in time to become a major issue in the U.S. presidential campaign. It was mentioned, but barely. To give just one example of how debate was precluded, take the case of the Labor Advisory Committee (L.A.C.), established by the Trade Act of 1974 to advise the executive branch on any trade agreement. The L.A.C., which is based in the unions, was informed that its report on NAFTA was due on September 9. The text of this intricate treaty was provided to it *one day before*. In its report, the L.A.C. notes, "the Administration refused to permit any outside advice on the development of this document and refused to make a draft available for comment." The situation in Canada and Mexico was similar. The facts are not even reported. In such ways, we approach the long-sought ideal: formal democratic procedures that are devoid of meaning, as citizens not only do not intrude into the public arena but scarcely have an idea of the policies that will shape their lives.

One can readily understand the need to keep the public "in its place." Though the scanty press coverage is overwhelmingly favorable to NAFTA in its present form, the public opposes it by nearly 2 to 1 (of the 60 percent who have an opinion). Apart from some meager rhetoric and a few interventions by Ross Perot, that fact was irrelevant to the presidential campaign, as were health reform and a host of other issues on which public opinion remains largely off the spectrum of options considered by the "responsible men."

The Labor Advisory Committee concluded that the executive treaty would be a bonanza for investors but would harm U.S. workers and probably Mexicans as well. One likely consequence is an acceleration of migration from rural to urban areas as Mexican corn producers are wiped out by U.S. agribusiness, depressing still further wages that have already dropped sharply in recent years and are likely to remain low, thanks to the harsh repression that is a crucial element of the highly touted Mexican "economic miracle." Labor's share of personal income in Mexico declined from 36 percent in the mid-1970s to 23 percent by 1992, reports economist David Barkin, while fewer than 8,000 accounts (including 1,500 owned by foreigners) control more than 94 percent of stock shares in public hands.

'Corporations stand to reap enormous profits.'

Property rights are well protected by NAFTA, the L.A.C. analysts and others note, while workers' rights are ignored. The treaty is also likely to have harmful environmental effects, encouraging a shift of production to regions where enforcement is lax. NAFTA "will have the effect of prohibiting democratically elected bodies at [all] levels of government from enacting measures deemed inconsistent with the provisions of the agreement," the L.A.C. report continues, including those on the environment, workers' rights, and health and safety, all open to challenge as "unfair restraint of trade."

Such developments are already under way in the framework of the U.S.-Canada "free trade" agreement. Included are efforts to require Canada to abandon measures to protect the Pacific salmon, to bring pesticide and emissions regulations in line with laxer U.S. standards, to end subsidies for replanting after logging and to bar a single-payer auto insurance plan in Ontario that would cost U.S. insurance companies hundreds of millions of dollars in profits. Meanwhile Canada has charged the United States with violating "fair trade" by imposing E.P.A. standards on asbestos use and requiring recycled fiber in newsprint. Under both NAFTA and GATT, there are endless options for undermining popular efforts to protect conditions of life.

In general, the L.A.C. report concludes, "U.S. corporations, and the owners and managers of these corporations, stand to reap enormous profits. The United States as a whole, however, stands to lose and particular groups stand to lose an enormous amount." The report calls for renegotiation, offering a series of constructive proposals. That remains a possibility if the coalition of labor, environmental and other popular groups that has been calling for such changes gains sufficient popular support [see Amy Lowrey and

David Corn, "Mexican Trade Bill: Fast Track to Unemployment," June 3, 1991].

An October 1992 report from the Congressional Office of Technology Assessment reached similar conclusions. A "bare" NAFTA of the form now on the table would ratify "the mismanagement of economic integration" and could "lock the United States into a low-wage, low-productivity future." Radically altered to incorporate "domestic and continental social policy measures and parallel understandings with Mexico on environmental and labor issues," NAFTA could have beneficial consequences for the country. But the country is only of secondary concern to the masters, who are playing a different game. Its rules are revealed by what *The New York Times* called "Paradox of '92: Weak Economy, Strong Profits." As a geographical entity, "the country" may decline. But the interests of the "principal architects" of policy will be "most peculiarly attended to."

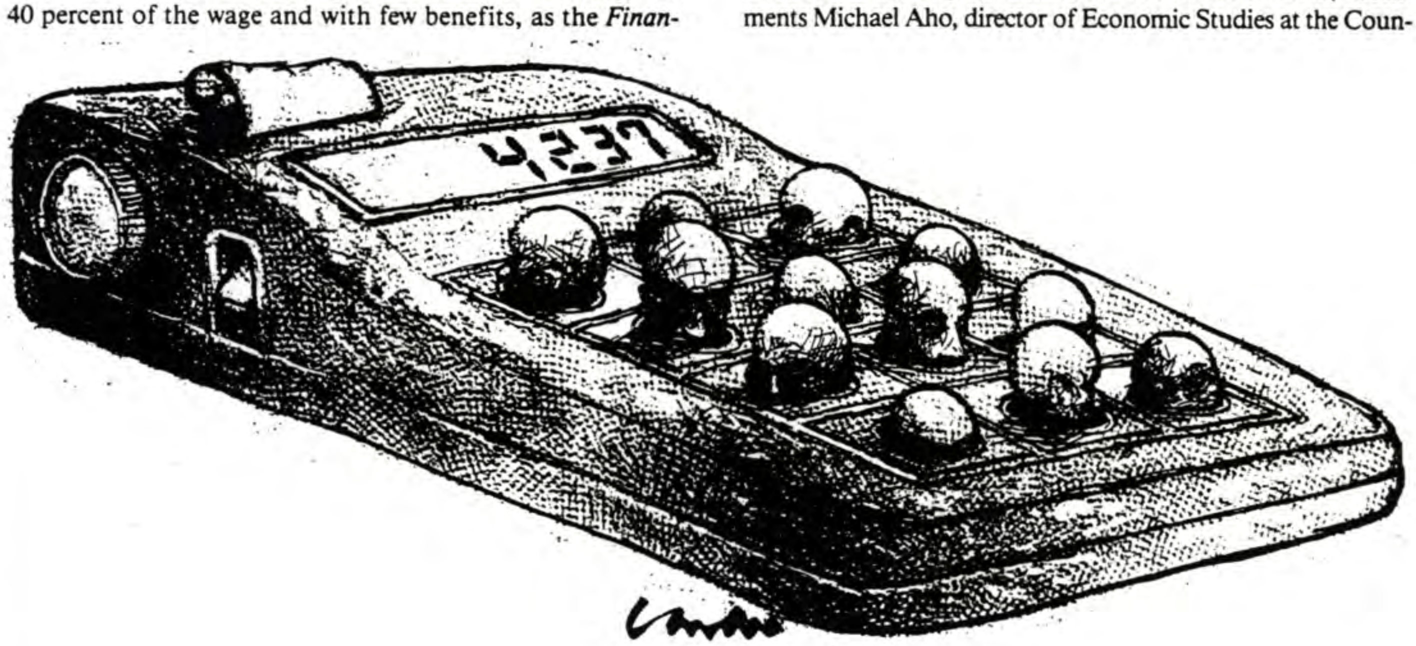
One consequence of the globalization of the economy is the rise of new governing institutions to serve the interests of private transnational economic power. Another is the spread of the Third World social model, with islands of enormous privilege in a sea of misery and despair. A walk through any American city gives human form to the statistics on quality of life, distribution of wealth, poverty and employment, and other elements of the "Paradox of '92." Increasingly, production can be shifted to high-repression, low-wage areas and directed to privileged sectors in the global economy. Large parts of the population thus become superfluous for production and perhaps even as a market, unlike the days when Henry Ford realized that he could not sell cars unless his workers were paid enough to buy cars themselves.

Particular cases fill out the picture. G.M. is planning to close almost two dozen plants in the United States and Canada, but it has become the largest private employer in Mexico. It has also opened a $690 million assembly plant in eastern Germany, where employees are willing to "work longer hours than their pampered colleagues in western Germany," at 40 percent of the wage and with few benefits, as the *Financial Times* cheerily explains. Capital can readily move; people cannot, or are not permitted to by those who selectively applaud Adam Smith's doctrines, which crucially include "free circulation of labor." The return of much of Eastern Europe to its traditional service role offers new opportunities for corporations to reduce costs, thanks to "rising unemployment and pauperisation of large sections of the industrial working class" in the East as capitalist reforms proceed, according to the *Financial Times*.

The same factors provide the masters with new weapons against the rabble at home. Europe must "hammer away at high wages and corporate taxes, short working hours, labor immobility, and luxurious social programs," *Business Week* warns. It must learn the lesson of Britain, which finally "is doing something well," the *Economist* observes approvingly, with "trade unions shackled by law and subdued," "unemployment high" and the Maastricht social chapter rejected so that employers are protected "from over-regulation and under-flexibility of labour." American workers must absorb the same lessons.

The basic goals were lucidly described by the C.E.O. of United Technologies, Harry Gray, quoted in a valuable study of NAFTA by William McGaughey of the Minnesota Fair Trade Coalition: "a worldwide business environment that's unfettered by government interference" (for example, "package and labelling requirements" and "inspection procedures" to protect consumers). This is the predominant human value, to which all else must be subordinated. Gray does not, of course, object to "government interference" of the kind that allows his corporation, an offshoot of the Pentagon system, to exist. Neoliberal rhetoric is to be selectively employed as a weapon against the poor; the wealthy and powerful will continue to rely on state power.

These processes will continue independently of NAFTA. But, as explained by Eastman Kodak chairman Kay Whitmore, the treaty may "lock in the opening of Mexico's economy so that it can't return to its protectionist ways." It should enable Mexico "to solidify its remarkable economic reforms," comments Michael Aho, director of Economic Studies at the Coun-



cil on Foreign Relations, referring to the "economic miracle" for the rich that has devastated the poor majority. It may fend off the danger noted by a Latin America Strategy Development Workshop at the Pentagon in September 1990, which found current relations with the Mexican dictatorship to be "extraordinarily positive," untroubled by stolen elections, death squads, endemic torture, scandalous treatment of workers and peasants, and so on, but which saw one cloud on the horizon: "a 'democracy opening' in Mexico could test the special relationship by bringing into office a government more interested in challenging the U.S. on economic and nationalistic grounds." As always, the basic threat is functioning democracy.

The trade agreements override the rights of workers, consumers, and the future generations who cannot "vote" in the market on environmental issues. They help keep the public "in its place." These are not necessary features of such agreements, but they are natural consequences of the great successes of the past years in reducing democracy to empty forms, so that the vile maxim of the masters can be pursued without undue interference. □

■ RETRIAL OF EVERS'S KILLER

The Murder That Wouldn't Go Away

NICOLAUS MILLS

By a 4-to-3 vote, the Mississippi Supreme Court has paved the way for Byron De La Beckwith to be tried a third time for the 1963 murder of civil rights leader Medgar Evers. After a year in which racially charged trials in Los Angeles and New York dominated the national news, the Beckwith decision has generated little interest outside the South. That is unfortunate. The Mississippi Supreme Court ruling speaks as much to our troubled present as to our troubled past.

In 1963 Medgar Evers was an outspoken field secretary for the Mississippi National Association for the Advancement of Colored People. Hours before Evers was shot, President John Kennedy delivered a nationally televised speech, talking with a passion he had never shown before on civil rights issues. The significance of the Evers shooting was impossible to miss in a state where the 1964 Governor-elect's favorite stump speech was one in which he declared that the initials of the N.A.A.C.P. stood for "niggers, apes, alligators, coons and possums." The Evers assassination, like most of the 581 reported lynchings that occurred in Mississippi between 1882 and 1968, was not an isolated killing. It was a murder designed to keep the state's black population in fear.

Eleven days after Evers's murder, police arrested Beckwith, well known for his white-supremacist views. A .30 caliber rifle with his fingerprints on it was found near the scene of the killing. But Beckwith claimed that his rifle had been stolen, and two all-white juries, chosen from virtually all-white voter rolls, deadlocked on whether to convict him.

The lessons of the Evers shooting—the approval it generated among so many Mississippi whites—were not lost on the state's die-hard segregationists. In June 1964, as the massive civil rights undertaking known as the Mississippi Summer Project was beginning, three civil rights workers—Michael Schwerner, James Chaney and Andrew Goodman—were shot and buried in an earthen dam, where they remained for forty-four days until the F.B.I. recovered their bodies. Seven of the men responsible for the deaths of Schwerner, Chaney and Goodman eventually served time in prison as a result of charges brought by the Justice Department.

Nothing similar happened with Beckwith. After two hung juries, charges against him were dropped in 1969. Then in 1989 his case came back into the news when the *Jackson Clarion-Ledger* reported that once-sealed files from Mississippi's Sovereignty Commission, a group formed in 1956 to defend segregation, revealed that the commission had screened potential jurors at Beckwith's second trial. In 1990 Beckwith was reindicted on murder charges, and the legal battle that led to last December's Mississippi Supreme Court decision began.

The Mississippi Supreme Court decision does not guarantee an end to the controversy surrounding Evers's death. If Beckwith is convicted by a jury, his lawyers will be free to argue on appeal that the years have made it impossible for him to mount an adequate defense and that his constitutional right to a speedy trial has been violated. But the decision will have far-reaching consequences whether or not Beckwith, now 72 years old, is convicted. No matter what happens to him, the decision has changed the legal climate in Mississippi, and by extension the Deep South. There is now a precedent local prosecutors can use to reopen any of the unsolved murder cases from our civil rights past.

When segregation laws were officially wiped off the books, we did not as a nation think we needed special judges or Nuremberg-like trials to undo the harm caused by a Southern legal system in which blacks were consistently denied basic rights. The Mississippi Supreme Court's Beckwith decision reminds us that the nation's refusal to take extraordinary measures decades ago placed an ongoing burden on courts to be particularly sensitive to the past they inherited.

One reason for the popularity of films like *Driving Miss Daisy* or television series like *I'll Fly Away* is that they allow white Americans to point to the overt racism once commonplace in this country and say we are not like that anymore. But in the 1990s the question haunting us and making the battle over affirmative action so bitter is: How do we go about remedying the effects of our earlier racism? The Mississippi Supreme Court has provided an important answer to that question. In a case it might have decided on narrow procedural grounds, the Court has chosen instead to rule with the full weight of the legal history before it in mind. □

Nicolaus Mills is the author of Like a Holy Crusade: Mississippi 1964—The Turning of the Civil Rights Movement in America *(Ivan R. Dee).*

THE PRESIDENT HAS SEEN

Bob Rubin

FYI, [illegible]

J

THE WHITE HOUSE
WASHINGTON

DATE: 6/6/93

NOTE FOR: Tom Glynn

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

Information ☒

Action ☐

[redacted]

Thank you.

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

cc:

U.S. DEPARTMENT OF LABOR THE PRESIDENT HAS SEEN 6/1

DEPUTY SECRETARY OF LABOR
WASHINGTON, D.C.
20210

May 28, 1993 '93 MAY 28 P6:36

MEMORANDUM TO: MARK GEARAN
JOHN PODESTA

FROM: THOMAS P. GLYNN T

RE: Savannah Cardinals Batboy

Attached are:

1) The Secretary's two statements; and

2) A few key news clips.

To The President

fyi

John

Mark G/Gearan

[illegible]

Never Before, the labor Dept took away the Ark. Travelers Batboy (wrongly, if they can go on) Cards, (wrongfully) or whatever's happens elsewhere) + getting wrong OK

B.

News United States Department of Labor
Office of Information Washington, D.C. 20210

USDL 93-193

CONTACT: Mary Meagher
OFFICE : 202/219-7316

FOR RELEASE: IMMEDIATE
THURSDAY, MAY 27, 1993

STATEMENT BY SECRETARY OF LABOR ROBERT B. REICH

Tommy McCoy can go back to the ball park.

After a preliminary review, the current child labor policy, as it has been applied to batboys and batgirls, seems off base.

While we consider revisions, I am today suspending the enforcement of this federal regulation for the remainder of this baseball season.

I wish Tommy and the Savannah Cardinals well.

###

News United States Department of Labor
Office of Information Washington, D.C. 20210

For Immediate Release
May 26, 1993

Contact: Mary Meagher
202/219-8211

STATEMENT BY SECRETARY ROBERT B. REICH

The Department of Labor has many important enforcement responsibilities, one of which is to protect the health and welfare of our nation's children through legislated labor guidelines.

The application of child labor laws in the case of fourteen year old bat boys does, at first glance, look silly. It is not the intent of the law to deny young teenagers employment opportunities, so long as their health and well-being are not impaired.

Consistent with the current efforts to reinvent government, to make it more responsive and efficient, I have directed the Department of Labor to examine if the child labor regulation in such a case is truly necessary.

Labor Secretary Calls Batboy Rule 'Off Base'

WASHINGTON (AP) - Labor Secretary Robert B. Reich declared Thursday the child-labor rule that got a 14-year-old batboy fired is "off base" and suspended enforcement for the rest of the baseball season.

The Savannah, Ga., Cardinals of the South Atlantic League said they planned to hire back 14-year-old Tommy McCoy who had been sidelined by the Labor Department regulation.

"Tommy McCoy can go back to the ball park," Reich said in a statement.

Under the rule, youngsters under 16 years old must finish work by 7 p.m. on school nights and 9 p.m. on other nights.

McCoy had been batboy of the Georgia team until May 20 when he was fired after the Labor Department told Cardinals general manager Ric Sisler that he was in violation of the child labor laws.

Reich said in his statement that "after a preliminary review, the current child labor policy, as it has been applied to batboys and batgirls, seems off base."

"While we consider revisions, I am today suspending the enforcement of this federal regulation for the remainder of this baseball season," Reich said. "I wish Tommy and the Savannah Cardinals well."

Earlier, U.S. Rep. Jack Kingston, R-Ga., wrote Reich a letter asking that the Labor Department make a waiver for youth "who are doing the right thing, who are showing initiative, and who have a summer job which was not provided for them by the government."

Georgia Labor Commissioner David Poythress said Thursday he granted a waiver of state laws at the request of Marcia McCoy, Tommy's mother. He

Batboy 1, Bureaucracy 0

14-Year-Old Can Return To SavCards Job

By JIM THOMAS
Assistant Sports Editor

"I'm glad it's over. I was kind of getting tired of it. I was tired of all the reporters. They were hounding me. I never expected it to get this big."
— Tommy McCoy

■ Republicans jump on batboy story/1B

Tommy McCoy has his job back.

A ruling by the U.S. Department of Labor Thursday will allow the 14-year-old batboy to return to work for the Savannah Cardinals after being fired for being underage.

The federal labor department said it will delay enforcing child labor laws that led to the firing of the Savannah youth. Meanwhile, Georgia's labor commissioner also waived state child labor laws entirely for batboys.

Savcards General manager Ric Sisler said Tommy would be back at his old job 5 p.m. today when the minor league baseball team play the Augusta Pirates at Grayson Stadium.

"I'm pretty excited about it," Tommy said, after learning of the good news at the ballpark Thursday night. "I'm going to get my job back."

Tommy was fired May 20 after the Labor Department told Sisler that the club was violating child federal labor laws that limit hours for children under 16.

The case resulted in nationwide publicity for Tommy, who was featured on ABC's World News Tonight Thursday.

"It's been a pretty long week," he said. "I'm glad it's over. I was kind of getting tired of it. I was tired of all the reporters. They were hounding me. I never expected it to get this big."

■ See BATBOY, Page 8A

Post-it™ brand fax transmittal memo 7671 | # of pages ▸ 2

To Bob L	From Sav AD
Co.	Co.
Dept.	Phone #
Fax #	Fax #

Batboy

Continued From Page 1A

Labor Secretary Robert B. Reich said in a statement released Thursday:

"Tommy McCoy can go back to [illegible] the ballpark.

"After a preliminary review, the current child labor policy, as it has been applied to batboys and batgirls, seems off base. While we consider revisions, I am today suspending the enforcement of this federal regulation for the remainder of this baseball season.

"I wish Tommy and the Savannah Cardinals well."

Sisler read a copy of Reich's statement over the public address system in the bottom of the fourth inning at Thursday's game, which prompted the crowd to applaud.

Marcia McCoy, Tommy's mother, said she was glad her son is going back to work on the baseball diamond.

"I'm hoping things will get back to normal and we can get back to our old baseball routine," she said.

"This must be a record. It was one week ago they let him go. This is great. Hopefully, we can watch the game like we did before and cheer for the team and people will start concentrating on the team again instead of the batboy."

McCoy said she was surprised a decision was made so quickly after the matter was brought to the attention of Reich's [illegible].

"I never thought any of this would happen," she said. "Once they let him go, I thought that was the end of it.

"Never in my wildest dreams did I think this would happen. Hopefully, they'll rewrite the law," McCoy said.

Child labor laws prohibit any child under 14 from working and stipulate that 14- and 15-year-olds must not work past 7 p.m. on a school night or past 9 p.m. in the summer.

Georgia Labor Commissioner David Poythress said Thursday he granted a waiver of state laws at the request of Marcia McCoy. He said state law allows him to grant such an exception providing the youngster's health and education are not adversely affected and as long as the job complies with the law's restrictions on the entertainment industry.

"I'm glad to make an exception in Tommy's case," Poythress said. "Baseball is an American tradition and millions of boys and girls enjoy playing the game. Many of them dream of becoming a batboy for a professional team. I'm please we can help keep Tommy's dream alive."

U.S. Rep. Jack Kingston, R-Savannah, wrote Reich a letter asking that the Labor Department make a waiver for youth "who are doing the right thing, who are showing initiative, and who have a summer job which was not provided for them by the government."

"We're obviously glad it's over and done with," Sisler said. "It's something which I felt was a very strong issue. It surprised me to see a reaction this quick, especially when this thing just came to light a couple of days ago."

SavCard fan Skip Jennings, who had planned a protest today in support of Tommy, called off the protest after Thursday's decision.

The Associated Press contributed to this report.

Batboy Is Called Out By Labor Officials, Who Vow a Review

5/28/93

Special to The New York Times

ATLANTA, May 27 — Facing accusations that insensitive bureaucrats were trampling on the national pastime, the United States Department of Labor says it is reconsidering the case of a 14-year-old Georgia batboy who was sacked after his employment was found to run afoul of child-labor laws.

Shortly after a local newspaper published an article about the Class A Savannah Cardinals' new 14-year-old batboy early this month, a Labor Department official told the team that their employment of Tommy McCoy violated child-labor laws, which state that 14- and 15-year-olds must not work past 7 on school nights or 9 during the summer.

The club reluctantly dismissed the boy, who had papered the walls of his room with pictures of team members even before being hired, and put a 16-year-old in his job.

The article set off a blizzard of local and then national publicity, and Labor Secretary Robert B. Reich issued a statement Wednesday that termed the application of child-labor laws to batboys "silly." A department spokeswoman, Mary Meagher, said today that the department would not enforce any hourly violations in organized baseball pending a review of the law.

Mr. Reich said: "The application of child-labor laws in the case of 14-year-old batboys does, at first glance, look silly. It is not the intent of the law to deny young teen-agers employment opportunities so long as their health and well-being are not impaired."

The Cardinals' general manager, Ric Sisler, whose team has a 32-14 record in the South Atlantic League, seems to be making the best of things. Tommy threw out the first ball at the Cardinals' Wednesday night game, and Friday has been designated as "Save Tommy's Job Night."

Batboy's back as feds relent

Daily News 5/28

ATLANTA — The federal labor department yesterday said laws that led to the firing of a 14-year-old minor-league batboy will not be enforced this season, and Georgia's labor commissioner waived state laws entirely.

The moves clear the way for 14-year-old Tommy McCoy to return to work as a batboy for the Savannah Cardinals of the South Atlantic League, and general manager Ric Sisler said McCoy would be back with the team tonight.

"I'm pretty excited about it," McCoy said at the ballpark. "I'm going to get my job back."

McCoy was fired May 20 after the U.S. Department of Labor told Sisler that he was violating child labor laws limiting hours for children under 16.

Child labor laws prohibit any child under 14 from working and stipulate that 14- and 15-year-olds must not work past 7 p.m. on a school night or 9 p.m. in the summer.

— AP

ST. Pete Times 5-28-'93

SPORTS COLUMNIST

GARY SHELTON

An example of labor laws going foul

The boy sat on the top step beside the dugout, a chain-link gate behind him and the glory of baseball in front.

He was wearing a uniform, of sorts, that proclaimed him to be part of it all. Every now and then, he would jump to his feet and run to get a discarded bat or to hand an umpire a ball. He didn't talk, and he didn't smile. This batboy business, after all, is pretty serious stuff.

Funny thing, he didn't look abused.

The federal government, of course, would tell you different. According to the federal government, it is perfectly fine for a 14-year-old boy to hang out at the tattoo parlor, or to roam the streets, or to set up squatter's rights in a video arcade. But be a batboy? Ooooh, that's scary stuff.

If you haven't been paying attention, the minor-league Savannah Cardinals were forced last week to fire batboy Tommy McCoy when it was discovered — a federal officer read it in a weekly newspaper — that McCoy is only 14.

According to federal child labor laws, children under 14 cannot work and those who are 14 and 15 cannot work past 7 p.m. on school nights.

As laws go, this one is fair and fine and all of that . . . if we're talking about a sweat shop. This, however, is a chance for a kid to hang around a ballpark and ballplayers. It isn't exactly digging coal, you know?

"It's ridiculous," said Ric Sisler, the general manager of the Class AA Cardinals. "When the guy first told me, I thought it was a joke. I asked him, 'Are you serious?' "

He was. Before long, Sisler was firing McCoy for the grievous crime of being 14.

"We tried every way we could to get out of it," Sisler said. "He was destroyed. His parents were destroyed."

It is an absurd situation, of course. We sit and grumble about the lack of drive and work ethic by teenagers, then we take away a job that one of them has

You want to know where being a batboy can lead? It can lead to being a big-league catcher, as it did for the Dodgers' Mike Piazza. It can lead to being a big-league manager, as it did for the Marlins' Rene Lachemann. It can lead to being a governor, as it did for Lawton Chiles. It can lead to being a rapper, as it did for Hammer.

For Tommy McCoy, the job was just a good way to spend his evenings.

When McCoy started his job, six weeks earlier, his mother pulled him aside. "I was leery," Marsha McCoy said. "I told him that if his grades went down any at all, I'd make him quit. Instead, his grades went up. He started using his time more wisely."

Tommy McCoy would do his homework when he came home from school. Then, the entire family would go to the ballpark at 5 p.m. They would be home by 10:30. In the meantime, McCoy would help fill the water cooler, shag balls, give new balls to the umpire, run out for bats during the game, then pick up the loose paper in the dugout after the game. There were only 18 nights when he had to do this and attend school the next day.

"This was good for him," Marsha McCoy said. "I feel good about the short time he was there. I hope it doesn't end all batboy jobs."

Already, however, minor-league teams were walking softly around the labor regulations. The National Association of Professional Baseball Leagues has sent memos to minor-league teams to remind them of the rules for two seasons.

In Clearwater, the minor-league Phillies no longer pay their batboys. "It's a shame," GM John Timberlake said. "A kid used to make six bucks a night. But we felt that constituted employment. Our kids are on a volunteer basis. I suppose we could still be chastised for that kind of thing. They're 12 or 13 and they're here because they love the game."

Tony Flores, general manager of the St. Petersburg Cardinals, said he could have a thousand batboys through volunteers. He may need them. Flores said the team rotates its volunteer batboys.

Suddenly, America is watching. ABC, CNN, *Inside Edition*, *A Current Affair* and Maury Povich have shown interest in Tommy McCoy's story. And the heat is having some effect.

It appears McCoy will get his job back. Thursday, the federal labor department said it will delay enforcing laws that led to McCoy's firing, and Georgia's labor commissioner waived state laws entirely. The team said it would rehire him.

It just goes to show you that every now and again, a bureaucrat does his job when he steps to the plate.

Provided he has someone to hand him the bat.

Back to bat racks for fired 14-year-old

ASSOCIATED PRESS

ATLANTA — Ah, sweet justice. A 14-year-old Georgia bat boy, fired by a minor-league baseball team earlier this month because his employment violated federal labor laws, apparently will get his job back.

The United States Labor Department said yesterday that it will delay enforcing the pertinent laws, and Georgia's labor commissioner waived state laws altogether.

Thus was the way cleared for Tommy McCoy, 14, to return to work as a bat boy for the Savannah Cardinals of the South Atlantic League. The team said it would rehire him.

McCoy was fired May 20 after the Labor Department told Cardinals general manager Ric Sisler that he was violating child labor laws. Those laws prohibit any child under 14 from working and say that 14- and 15-year-olds must not work past 7 p.m. on school nights or 9 p.m. on weekends or in the summer.

"The Department of Labor will not enforce any hour violations in organized baseball until the examination of child labor regulations ... is completed," department spokeswoman Mary Meagher said.

On Wednesday, U.S. Labor Secretary Robert B. Reich had ordered a review of those laws, saying their application in regard to bat boys appeared silly.

Meagher pointed out that the Labor Department did not order Savannah to fire McCoy. "The department doesn't have the authority to do that," she said.

Georgia Labor Commissioner David Poythress said he granted a waiver of state laws at the request of Marcia McCoy, Tommy's mother. "That's what he really wants is to get his job back and to make an exception to this law for 14- and 15-year-old bat boys," Marcia McCoy said. "This was just a simple little job for Tommy that was fun for him and a wonderful experience, and it turned into chaos."

5/28/93 Phila. Inquirer

THE WHITE HOUSE
WASHINGTON

June 2, 1993

MR. PRESIDENT:

The attached is a memo from Bob Reich on a short-term agenda to accelerate job creation. Because Bob's last memo on a jobs strategy was leaked to the press by a career employee at USTR, Bob has asked that no copies of this memo be circulated and I have complied with that request. However, I am going to walk a copy through Bob Rubin and Laura Tyson so they have a chance to react to Bob's ideas.

John Podesta

Mack / Gergen

- This is very good -
- perhaps should ask Bob to make a presentation on this Thurs — What do you think?

THE PRESIDENT HAS SEEN 6/7

~~CONFIDENTIAL~~

U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR
WASHINGTON, D.C.

93 JUN 2 P3:42
JUN - 2 1993

MEMORANDUM FOR THE PRESIDENT

FROM: Labor Secretary Robert B. Reich RBR

SUBJECT: A Jobs Agenda

The purpose of this memorandum is to review the jobs situation, and suggest a short-term agenda for dealing with it.

<u>Job growth continues to be sluggish</u>

--The unemployment rate has been stalled at 7% since January. This is not a robust job recovery by anyone's measure, and job growth is still far from matching previous recoveries.

--To make matters worse, much of the unemployment is concentrated and highly visible--especially in California, Connecticut, Massachusetts, and Rhode Island, where the 1980s boom was most evident and where defense contractors are actively scaling back; rural pockets of the South, where textile and apparel manufacturers continue to slim down; Washington and portions of Oregon, where lumbering has been limited or where Boeing and its subcontractors have been hurting; much of Ohio and Pennsylvania, where long-term industrial stagnation continues; and large and medium-sized cities, where major corporations continue to cut middle-level management and to reduce manufacturing employment. In our central cities, significant numbers of adult men and youth are without work, but not even counted in the unemployment figures.

--Continuing high rates of unemployment may make it more difficult to cut defense expenditures as quickly as they should be cut, imperil NAFTA (given the mistaken but widely-accepted view that Mexico will take jobs away from Americans), hamper environmental protection (Pacific Northwest timber, for example), and force the Administration into a series of industry bailouts and specialized subsidies.

DETERMINED TO BE AN ADMINISTRATIVE
MARKING INITIALS: DB DATE: 5/8/18

Why low interest rates aren't working

--Your resolve to cut the deficit--demonstrated in the Budget Resolution and, now, in reconciliation--is having the desired effect. Interest rates are sufficiently low to allow companies to refinance their debt, or add debt, at very attractive terms.

--Businesses are not adding employees, however, because of their expectations of insufficient demand for their goods and services. Not even low interest rates will spur new employment unless businesses perceive a demand for the output of these workers. The pessimism is fed by a fiscal policy which is now quite contractionary, and will become even more so in 1994, as Laura Tyson and Alan Blinder pointed out in their May 19 memorandum. In addition, several major export markets are in recession.

--You are in danger of having the worst of both worlds--budget austerity, and continued high unemployment. It is the mirror image of Ronald Reagan; he used "military Keynesianism" to engineer a huge jobs recovery, and drove up the deficit. By the time Reagan had to pay the piper, he was long gone. By the time America can enjoy the prosperity which you have engineered, you may be, too.

How to break out of the gloomy cycle

--If all businesses decided to increase their employment, consumers would have more money in their pockets, consumer confidence would increase, demand for goods and services would increase (even without a fiscal stimulus), and the extra employment would be fully justified. So why don't businesses do so? It's rather like the classic "prisoner's dilemma." Although the low interest rates allow businesses to expand, no single business is willing to increase employment because of the general expectation that other businesses won't, and that demand will be inadequate to justify the addition to the payroll.

--Thus, in order to take advantage of this "window" of low interest rates, it's necessary to create positive expectations about demand for goods and services. To do so, the Administration must send a clear signal that it won't allow employment to stagnate. The signal could take several forms:

* Jawbone for "jobs now." You might challenge American business to utilize part of its refinanced debt in order to hire more Americans. The logic is that your Administration is close to fulfilling its part of the deal--crafting the largest deficit-

reduction package in history. Now it's business's turn to take responsibility and begin hiring. You might want to make the challenge specific: You expect that every $ x drop in the cost of capital since the Budget Resolution should result in the hiring of y additional workers.

* Announce a "jobs now" agenda which doesn't depend on additional deficit financing, and which could be accomplished administratively. The following possibilities are intended to give you an idea of the scope of such an agenda, although you should be warned that I have not thought through any one of them. (You may want to ask the NEC to consider this list, and add to it.)

-- Asking the Department of Defense to accelerate the procurement of labor-intensive goods and services, wherever appropriate; doing the same with the General Services Administration and other major Government procurers.

-- Asking the Department of Commerce to focus its export promotion programs, in the immediate term, on labor-intensive goods and services.

-- Asking the Defense and Commerce Departments to accelerate reform of "COCOM" restrictions against exports of American high-technology products.

-- Asking the U.S. Trade Representative to place highest priority on opening foreign markets to goods and services produced in the United States, as opposed to goods and services produced by U.S. companies abroad. (Mickey, Bob Rubin, Laura, Ron Brown, and I have been working up some guidelines for you on this).

-- Asking the Department of Labor to strengthen the worker protection provisions of immigration programs such as H-1B of the Immigration and Naturalization Act, which now admits up to 65 thousand skilled foreign workers annually to work in the United States for up to six years, with only weak barriers against displacement.

-- Asking the Department of Labor's Bureau of Labor Statistics to analyze which American occupations and skills are in short supply, and report back within 60 days, so that unemployed Americans may have some rough guidance about what they might train for.

-- Asking the Department of Labor to target newly-unemployed workers from contracting industries, who are unlikely ever to regain their old jobs, and help them get the training and job-search assistance they need.

-- Asking the Departments of Commerce and Labor, and the Small Business Administration, to coordinate economic development and job training, focussing on regions hardest hit by cuts in defense and industrial contraction.

-- Asking the Treasury Department to make available loan guarantees to the airline industry for orders for new aircraft made within the next six months (at least 75 percent of the value of the aircraft should derive from the United States).

-- Asking all departments and agencies which subsidize research and development (AARPA, NSF, NIH, NIST, etc.) to accelerate their funding of labor-intensive research projects (as opposed to capital-intensive projects).

* <u>Be clear that if these steps are inadequate,</u> you will do whatever is necessary to get jobs for Americans. Deficit reduction is a <u>means</u> to creating more and better jobs, not an end in itself.

Rowland Evans
And Robert Novak

Clinton: Awash Abroad

LONDON—Relief bordered on glee in Europe over Bill Clinton's retreat from hard military threats against the Bosnian Serbs, but beneath the surface is concern that, under the new president, the United States is forfeiting leadership of the Western alliance.

That concern turned to outright fear in London when Undersecretary Peter Tarnoff, the State Department's top policy maker, warned that the United States was pulling back from its role as world leader. Secretary of State Warren Christopher's claims that his most intimate aide was talking nonsense are discounted.

Thus, less than five months in office with his approval ratings at record lows, President Clinton faces a trans-Atlantic crisis that boils down to his competence and credibility.

His allies in Europe did indeed want him to back down on Bosnia. In the words of a British statesman: "We punctured Bill Clinton's illusion." Labor's shadow foreign minister, Jack Cunningham, told us that if Clinton "really believed his campaign promises about Bosnia, he has now learned a lesson" and will not overreach again. Cunningham could cite only one postwar example of Washington admitting it could not dominate the alliance: Europe's refusal to send troops to Vietnam 25 years ago.

Europeans are unnerved at any prospect of U.S. withdrawal from Western leadership.

But the Europeans were shocked at how Clinton backed away. They are unnerved at any prospect of U.S. withdrawal from Western leadership at a time of rising instability throughout Eastern Europe and the former Soviet Union.

The threat to Clinton's leadership arises not so much from the question of who is right about military intervention, Europe or Clinton. It comes instead from the reaction of practical politicians to the way a consummate politician like Clinton was maneuvered into humiliating defeat in full public view after months of what a British critic called "boastful talk." More mournful than carping, the respected Sir Michael Palliser, who ran the British Foreign Office for a decade, told us the president "has thrown away a lot of cards on this."

Some politicians we talked to here said that Christopher must have known before his mission to Europe that he had no chance to swing the alliance behind Clinton's interventionist policy. That should have dictated confidential talks aimed at providing Clinton a safe and respectable retreat, not headlines that trumpeted Christopher's journey as a presidential show of political force.

When we asked Foreign Secretary Douglas Hurd about Clinton's doomed role in the Bosnian quagmire, he was impeccably discreet. The president and Christopher, he said, deserved praise for joining the Russian-British proposal for "safe havens" to protect Bosnia's Muslims from slaughter. Any other U.S. course, he added, could have imperiled the Western alliance and likely undermined NATO.

But Hurd's associates told us a sadder story. In the 40-year postwar history of American leadership in Europe, they said, Washington would agonize over policy, reach the right decision and then "give us a week or two" to sign up. It always worked.

Apparently under Clinton's orders, Christopher did not even try such tactics. "He was friendly and outgoing, seeking our views more than pressing his own," according to a Tory insider. The secretary of state gave the impression that if Europe said no, it would be just dandy with Clinton. This raised at least a suspicion here that the president may have been resigned to defeat and was using Christopher's trip to explain it.

Prime Minister John Major, Hurd and a handful of other government leaders were greatly cheered last week when they were privately told about the imminent formation of a high-level, bipartisan group of U.S. foreign policy leaders. They will include Brent Scowcroft, national security adviser under several Republican presidents, and former secretary of state Lawrence Eagleburger.

The purpose of these experienced Atlanticists is to act as watchdog over Clinton policies and prevent the alliance from foundering. That was good news for America's most faithful ally, worried that the only superpower had so ignominiously bowed to pressure from Europe.

Essay

WILLIAM SAFIRE

Sad State of State

WASHINGTON

Bill Clinton has made two major orays into foreign affairs so far. His irst was a winner: the embrace of Boris Yeltsin at the Vancouver summit probably helped democratic reformers increase the size of their victory in the Russian referendum.

His second was a loser: he announced his intention to coerce the Bosnian Serbs to the peace table with air power, then dispatched his Secretary of State to Europe to bring the allies along; instead, Warren Christopher brought back the first public humiliation of an American President since World War II.

What caused this loss of leadership? Three possibilities:

1. *Warren Christopher may be the most inept Secretary of State since Edward Stettinius.* Trained under Cyrus Vance in the Carter era, he may never have developed the necessary assertiveness. Instead of interpreting *consult* in the traditional way as "show respect in lining up their support," he may think it now means "see what they think." Call this the incompetent possibility.

2. *The Secretary may be pursuing his own agenda.* When his and Gen. Colin Powell's dovish view did not prevail against the recommendation of the national security adviser and Defense Secretary, and President Clinton decided to provide Bosnian Muslims with arms and suppressing fire, Mr. Christopher may have undermined the President's decision by making it impossible to carry out. This is the dishonorable possibility.

3. *The President at first flexed his muscles, then looked at the polls and changed his mind; he then dispatched the loyal Christopher to Europe with the express intention of getting turned down, which the skilled lawyer, by interpreting "consult" in the passive sense, succeeded in doing.* Thus, since America could not "go it alone," Mr. Clinton could get off the hook by blaming the feckless Europeans. This is the Machiavellian possibility.

I confess that my initial judgment was to reject (1) because Christopher is an intelligent man and a successful lawyer; possibility (2) was out because he is surely honorable, and a suggestion of policy sabotage is scurrilous; leaving only (3), the Machiavellian option, which seemed to fit with Clinton's flip-floppiness, his need to concentrate on domestic concerns, and Christopher's reputation for being a professional ready to serve his client no matter how dumb it makes the lawyer look.

Recent evidence suggests my logic was flawed. The ineptness possibility has to be re-examined.

Boris Yeltsin's position on the Clinton "lift [the arms embargo] and strike [the Serbian artillery]" plan was to threaten a veto in the Security Council. He expressed respect for the coming Serbian referendum in Bosnia, known to all as a delaying tactic.

But nobody — before, during or after the Christopher humiliation — forcefully reminded the Russian leader of "the spirit of Vancouver" and the bailout promises extracted. Nobody at State marshaled private and public-opinion resources to lean on Yeltsin from inside and outside Russia. His insulting veto threat was not publicized and has had no consequences; the U.S. simply caved.

In London, the Christopher presentation was flaccid and unpersuasive; Prime Minister John Major described it to colleagues as "bloodless." The Brits claim they were prepared, however, to go along with Clinton if Christopher had pressed hard.

In Brussels, NATO Secretary General Manfred Wörner offered to convene a meeting of ambassadors at which he would firmly support the Clinton plan; inexplicably, Christopher said no, he preferred to consult bilaterally. The message got around instantly: The Secretary was not looking for serious support.

Deep fog at Foggy Bottom.

Our tentative envoy returned to the White House with a puzzled, frustrated report. President Clinton was genuinely distressed, I am told; he was not putting on an act. But in this case he did not blame his agent for making him look irresponsibly belligerent and vacillating.

When Under Secretary Peter Tarnoff sought to justify Christopher's rejection by allies with an accurate but pitiable "too poor to lead" doctrine, the Secretary panicked and disavowed the views he holds.

I think Christopher is an honorable man serving a non-duplicitous President; he's just not yet on top of the job of Secretary of State. □

14

THE PRESIDENT HAS SEEN 6/7

Tony

What's yr. response
to these — They look pretty
close to me, ~~[illegible]~~ and what was done
~~[illegible]~~ about Magaffe? —

B.

chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: June 12, 1993

NOTE FOR: ALEXIS, RAHM, RASCO, SLR

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

Information ☒

Action ☒

SLR please do response
Coordinate with Alexis or Mike Lux.

Thank you.

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

[redacted]

cc:

JUSTIN DART, JR.
907 6TH STREET, S.W., APT. 516C
WASHINGTON, D.C. 20024
202-376-6200 (W)
202-488-7684 (H)

Alexis / Rahm / Rasco
Dorigny

03 JUN 11 A9:48

June 7, 1993

Dear Mr. President -

I was deeply moved by your telephone call today. Please know how proud I am of your courageous advocacy for people first policies - for the rights of people with disabilities.

I also want you to know that the enclosed letter was written before you called.

(over)

EQUAL ACCESS TO THE AMERICAN DREAM

Copy for President Clinton

JUSTIN DART, JR.
907 6TH STREET, S.W., APT. 516C
WASHINGTON, D.C. 20024
202-376-6200 (W)
202-488-7684 (H)

dnc.j7

June 7, 1993

Mr. David Wilhelm
Chairman
Democratic National Committee
430 South Capitol Street, S.E.
Washington, D.C. 20003

Dear Mr. Wilhelm:

Enclosed is my check for $15,000-, a contribution by Mrs. Dart and me to the Democratic National Committee.

As a person with a disability and a life-long advocate for human rights, I want to express my most profound admiration and support for the historic contributions that many Democrats have made and are making to the equality and empowerment of 43 million Americans with disabilities.

- Tom Harkin, the father of ADA in the Senate, Mr. Profile in Courage.

- Steny Hoyer, Major Owens, and Norman Mineta, heroes of ADA in the House.

- Tony Coelho, who introduced the ADA in the House, and has been a mighty advocate since his resignation.

- Bob Silverstein, architect of ADA as a masterpiece of justice and free enterprise democracy - and many others.

I am particularly impressed by the strong support that President Clinton has given to people with disabilities.

He has made repeated firm pledges to implement the ADA. He has appointed several magnificent disability rights advocates to serve in his administration. To an unprecedented extent he has involved representatives of major disability community constituencies in the White House decision making process - especially in developing the health care reform plan. His cooperation with the agency which I chair has been outstanding. He has reached out to us; he has responded to us; he has not tried to limit us.

I appreciate the members of the President's great people-first team that I have come to know: Mike Lux, Debbie Fine, Bob Boorstin, Paul Miller, Dave Anderson and others. I appreciate your appointment of Bob Sevigny, who has been a good friend of people with disabilities at DNC.

I remain a Republican. But I am first an American. It is morally and economically imperative that all Americans unite with President Clinton to overcome the lobbies for an obsolete, wasteful status quo that pander to our fears and to our addictions. We must unite in sacrificial personal and collective effort to pay our debts and to make significant investments in the empowerment of all citizens, with and without disabilities, to live the magnificent potential of an age of science and free enterprise. If we do not win this battle for individual and social responsibility, it will be tragic for our grandchildren and for democracy in the world. People with disabilities will suffer first and they will suffer most.

People with disabilities cannot afford big money PACs. Mrs. Dart and I make this contribution from hearts filled with love, hope and anguish for democracy. We urge the President and the Party to continue supporting the ADA, health care that meets the needs of all people with disabilities, investments in the productivity of all Americans, and the elimination of deficits.

We appreciate your personal contributions to the nation. We wish you good fortune in all things.

Sincerely,

Justin Dart, Jr.