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001. letter	Maria Cockinos to Diane Green re: Ladeeta Smith (3 pages)	05/19/1993	b(6)

COLLECTION:

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Staff Secretary
John Podesta (Chron Files)
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FOLDER TITLE:

June 20-26, 1993 [1]

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RESTRICTION CODES

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

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

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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]



93 JUN 23 All : 26

TO: Senior Staff
FROM: Howard Paster *WP*
DATE: June 21, 1993

RE: Hill Contacts

As we move into the last stages of the reconciliation process we want to make sure that as many Members of Congress as possible are contacted by the White House and urged to support the President.

I know many of you have close personal and professional relationships with many House and Senate members. It would be helpful for me to have a list of these members from all of you so we can put together an outreach plan for the White House staff to touch base with their friends and associates on the Hill over the next few weeks.

Your help in this effort will allow us to reach many more members than we would be able to were we to rely only on the Legislative Affairs staff. Please get back to me with a list of Hill associates as soon as possible. Thank you.

CHRON

THE WHITE HOUSE
WASHINGTON

DATE: _____

NOTE FOR: Leon Panetta, Howard, Barbara
Chow

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

Information ☐

Action ☒

How do you guys want
to handle this one??

Thank you.

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

cc:

Congressional Roundup

Senate Passes a Smaller Stimulus Bill

By CLIFFORD KRAUSS
Special to The New York Times

WASHINGTON, June 22 — The Senate today approved by voice vote a far smaller version of President Clinton's ill-fated economic stimulus package, with fresh financing for summer jobs and child immunization and an unexpected last-minute Republican addition on welfare.

The supplemental appropriations bill is a diminutive orphan of the original \$16 billion stimulus package, which was killed on April 21 after a Republican filibuster. The new \$1.9 billion bill is not proposed as an economic stimulus because it includes a few million dollars more in cuts than added expenditures, but it will bring some relief to hard-pressed cities.

Reflecting growing support for imposing restrictions on welfare aid, the Senate also approved by voice vote an amendment proposed by Senator Alfonse M. D'Amato, Republican of New York, requiring that state and local governments institute workfare programs for able-bodied welfare recipients without dependents or risk losing their Federal share of welfare funds.

Under the amendment, states would be required to enlist 10 percent of qualifying welfare recipients in workfare programs after a year. About 20 states already have such programs.

The proposal by Mr. D'Amato passed after a motion to kill it, offered by his Democratic colleague from New York, Senator Daniel Patrick Moynihan, was defeated by a vote of 64 to 34. A similar amendment was approved last year but did not survive a Senate-House conference committee, and a similar fate is expected for this year's version.

Mr. D'Amato said the measure would simply put into effect the President's own ideas on welfare changes. But Administration officials have said they are in only the early stages of what is bound to be a broad and complicated effort to translate those ideas into legislation.

The appropriations measure provides \$200 million in Justice Department grants to local governments to expand law-enforcement programs, \$360 million in financial aid to students, \$175 million in loan guarantees for small businesses and \$200 million in summer jobs. But most of the money will go to the military, with \$750 million for the Somalia operation.

The measure is expected to create 160,000 summer jobs nationwide, 12,500 of which will be filled in New York State, roughly half of which will go to New York City. New Jersey will be allotted 6,500 summer jobs, and Connecticut 1,600 more.

While support for the measure was bipartisan, Democrats largely expressed disappointment with the bill while Republicans praised it.

"It's better than nothing, but it's not the sort of stimulus," said Senator Harry Reid, a Nevada Democrat. He complained that cities would receive funds too late in the summer to plan an adequate summer jobs program.

Senator Ted Stevens, Republican of Alaska, said the Senate's decision to reject more deficit spending and pass a more modest measure showed that "Congress has gotten the message: We have to make cuts first."

The bill must still be reconciled with a House version that includes \$120 million more for summer jobs and \$290 million for construction of waste-water treatment plants.

Gain for Abortion Rights

Abortion-rights advocates won a modest victory today when the House

Some financial relief for hard-pressed cities.

passed the \$22.7 billion Treasury-Postal Service appropriations bill without language barring Federal employees' health-care benefits from covering abortion.

The prohibition had been included in the spending bill every year since 1983.

The bill, which passed by a party-line vote of 241 to 171, largely followed President Clinton's spending objectives for the Treasury Department, the Postal Service and the President's executive offices.

Abortion opponents chose to fight another day. They plan to make their stand in the House Appropriations Committee on Thursday when they

try to reinstate a provision prohibiting Medicaid from covering abortions. An appropriations subcommittee dropped the ban on Government payments for elective abortions for poor women, reversing a policy that has been in effect since 1977.

Loss for Ex-Presidents

An amendment to the spending bill passed today would be unpleasant news for the five living former Presidents.

Pushed mainly by deficit-hawk freshmen in the House, the amendment limits the former Presidents to five more years of Government financing for clerical staff, mail services, office rentals and travel. Mr. Clinton would be limited to five years of such services once he leaves office.

Such clerical and office expenditures now cost the Treasury \$2 million a year. That is a small fraction of the amount it costs for the Secret Service to protect former Presidents, a service that will not be touched by the measure.

*I think the House
is giving a clear signal
that they want to cut
the President's expenses
and that's a good thing.*

THE WHITE HOUSE
WASHINGTON

June 22, 1993

MEMORANDUM FOR THE PRESIDENT:

FROM:

JOHN PODESTA *JP*
TODD STERN *TS*

SUBJECT:

FOREST CONFERENCE MEMO -- FOLLOW-UP

We have now received some comments on the lengthy forest conference memo prepared by the Forest Management Executive Committee and wanted to alert you to certain points of concern both on substance and on congressional strategy.

Substance

First, both George and David Gergen are concerned about the dissent to the community assistance plan registered by Interior, Commerce, Labor and Agriculture. These agencies would all like to see more money in the plan. The problem is that it isn't clear where the additional money would come from. If more money is to be "found", it will take some clear direction from you that this is an extremely high priority.

Second, there is some dissent on the idea of phasing in the harvest reductions. The environmental community views this as brazenly political. Governor Roberts also objects (see attached memo from Katie) and questions whether the phase-in would have any upside, since she thinks it wouldn't do enough to stop industry and labor from actively opposing the plan.

Finally, George is concerned about whether we can back up and defend the judgment of our scientific team that no plan can comply with existing law and produce sustained yields of as much as 2 billion board feet. Katie feels that we can.

Strategy

The larger area of disagreement concerns the consultative process with Congress and, to some extent, the timing of the announcement. George, David, Howard and Leon all favor a consultative phase in which your plan is discussed with key Members of Congress as a working framework, but not as a finished

product that you are up there selling. They believe you will have real trouble unless you can get major congressional players to buy into what you are doing, and that you can't do that if they feel that you have cut them out of the final decision process. They would also like to put this off until after reconciliation.

The Vice President and Secretary Babbitt, by contrast, feel strongly that you must go to the Hill with a specific plan and sell it. They argue that to do otherwise would be to let people who don't like it -- and that will include parties on all sides of the issue -- define the plan and possibly kill it before it gets off the ground. They also note that we are operating against a strict court deadline of July 16 to submit a draft environmental impact statement on a proposed land management plan.

Recommendation

It is difficult to reconcile the positions of the Vice President and Secretary Babbitt on the one hand and George, David, Howard and Leon on the other, particularly on the strategic side. To move this process forward, we suggest convening a meeting of the key White House and Cabinet players tomorrow, when the Vice President returns from California.

THE WHITE HOUSE

WASHINGTON

June 21, 1993

13 JUN 21 10:55

MEMORANDUM FOR THE PRESIDENT

FROM: Katie McGinty
Office on Environmental Policy

Peter Yu 
National Economic Council

SUBJECT: Addendum to Forest Conference Decision Memorandum

The Vice President asked that we convey to you the following concerns expressed by Oregon's Governor Roberts in their meeting this morning.

Governor Roberts voiced three concerns about the "phase-in" of lower timber harvests currently under consideration and outlined in the decision memorandum.

- First, a phase-in may be perceived as unduly political. The Governor emphasized that scientific credibility was essential to the success of any proposed plan and that a phase-in could be interpreted as a willingness to compromise science. She anticipates that, for this reason, a phase-in would be strongly criticized by environmental groups.
- Second, a phase-in would encourage ongoing debate over harvest levels. The Governor believed that, if the plan began with a harvest level of 2.0 billion board feet (BBF), industry and labor would, every year, renew their efforts to maintain harvests at that level.
- Finally, a phase-in is unlikely to secure a significant increase in support from labor or industry. Here the Governor stressed that those groups would likely oppose harvests in the range of 1.0 to 2.0 BBF, and that the intensity of their opposition would not be significantly reduced by a phase-in.

The Governor recommended that the Administration focus on other sources of short-term supply, such as salvage, harvests from private and state lands, and harvests from Native American lands.

THE WHITE HOUSE

WASHINGTON

June 19, 1993

MR. PRESIDENT:

This was previously
provided to you.

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA
TODD STERN (j) >

SUBJECT: FOREST CONFERENCE MEMO

The attached is a memo on your forest management plan from the Forest Management Executive Committee. We received it this morning and have circulated it broadly within the White House. We do not expect to receive comments until Monday, but are forwarding this to you now at the Vice President's request. There is considerable pressure for moving this issue forward on the Hill, where people are clamoring to hear our proposals.

Given the controversial nature of the subject, and the fact that, no matter what you do, vocal, passionate interests will be distressed (sometimes on all sides of an issue at the same time), the memo warrants the level of detail provided. However, there are not many true decision points, with competing options. In most cases -- such as deciding on the basic forest management plan (how many board feet to cut, how to manage the cutting) the Executive Committee all favor a single option.

There are, however, a few real decision points to which we want to call your attention. First is the question of whether to phase in the sharp reductions in harvest levels that are part of the plan (p. 5). This would not affect the overall board feet to be cut over the next 10 years, but would phase in the lowered levels a bit more gradually. Most of the Executive Committee favors this approach, but the NEC dissents.

Second, in connection with the community and labor assistance part of the plan, there are three notable decisions: (a) whether to legislatively reduce current BLM and Forest Service revenue sharing arrangements with counties (revenue sharing adds to the pressure to harvest) -- the Executive Committee recommends reductions, though this would be controversial (p. 12); (b) whether to eliminate the current tax incentives for raw log exports, favored by most of the Executive Committee, but opposed by Treasury and CEA (pp. 12-13); and (c) whether assistance should be at levels favored by the majority of the Executive Committee or at higher (though unspecified) levels, as recommended by Labor, Interior, Agriculture and Commerce (p. 14).

THE WHITE HOUSE
WASHINGTON

June 18, 1993

33 JUN 19 12:47

MEMORANDUM FOR THE PRESIDENT

FROM: FOREST CONFERENCE EXECUTIVE COMMITTEE¹
VIA: KATIE MCGINTY *David Tuttle*
SUBJECT: FOREST CONFERENCE

I. OVERVIEW

At the Forest Conference, you directed the Cabinet Secretaries to develop within 60 days a balanced plan to break the stalemate in the Pacific Northwest. Three interagency working groups were established:

- the Ecosystem Management Assessment Team to examine forest management issues and their ecological and economic impacts;
- the Labor and Community Assistance Working Group to explore economic development and assistance proposals; and
- the Agency Coordination Working Group to examine ways to improve interagency efforts.

This memorandum synthesizes the reports of the three working groups and presents options for your decision.

The bottom line: Excessive timber cutting in the previous decade has left us very little decision space. **The Administration is under a court order to submit by July 16 a draft environmental impact statement on a proposed land management program that complies with the law.** Compliance with conservation and land management provisions of the numerous statutes that guide the Forest Service (in the Department of Agriculture) and Bureau of Land Management (in the Department of the Interior) will necessarily result in timber harvests that are far below the levels of the 1980s. Our primary opportunities to be creative and to "put people first" come under the community/labor assistance and institutional reform programs

¹ The Committee includes representatives from EPA and the Departments of Agriculture, Interior, Commerce, Labor and Treasury, Justice, US Trade Representative as well as relevant White House offices.

discussed below and through a new forest management option we recommend that emphasizes community involvement.

We seek your approval of (1) a proposed forest management plan, (2) proposals for labor and community assistance, and (3) a plan for agency coordination to implement the new management strategy. Parts of the package will require new legislation. Once you have indicated your agreement with the plan, we will (over a period of two or three days) consult with the Hill and other key constituencies on the general framework of a solution. We then suggest that you announce a plan to deal with all issues before the end of next week.

As a result of today's article in the Post, the anxiety over this issue on the Hill and among key interest groups has increased tremendously. It is imperative that we move quickly.

II. FOREST MANAGEMENT PLAN

Our instructions to the Ecosystem Management Assessment Team were to prepare a series of options that would, in essence, keep the timber harvest level from federal lands as high as possible consistent with environmental laws.²

The Ecosystem Management Assessment Team analyzed ten options, making assessments of the effects on animal and plant species, potential timber harvests, employment, and other economic and social consequences.

The options range from the agency plans (largely inherited from the Bush Administration), which would allow an annual timber harvest of about 1.8 billion board feet (bbf) from federal forests within the range of the northern spotted owl,³ to a maximum conservation option that would allow only 195 million board feet to be cut. Most of the other options (differentiated, for the most part, by issues such as whether to focus more on protecting individual species or the best old growth forests) are all clustered in the range of .7 to 1.2 bbf.

² The applicable environmental laws are primarily the Endangered Species Act (ESA) and the National Forest Management Act (NFMA). Under the ESA, several species have already been listed as threatened (northern spotted owl, marbled murrelet, and some salmon species), and many more -- especially fish species -- could be listed in the near future. NFMA requires the maintenance of "viability" of vertebrate species on Forest Service land without regard to whether a species is listed.

³ The range of the northern spotted owl is generally the forests on the west side of the Cascade mountains in Washington, Oregon, and northern California.

In addition to these harvest amounts for west side forests, the regional total (all of Oregon and Washington, plus northwestern California) from federal forests could be about 1.5 to 1.6 bbf, including sustainable "east side" harvests of about .4 bbf. Moreover, there would be short-term salvage of an additional 150 to 200 million board feet for two years.

These numbers will not be good news for the timber industry, rural communities, or labor. In the 1980s, when excessive and unsustainable harvests were the rule, timber from the west side forests was cut at an average annual rate of 4.6 bbf. From 1990 to 1992, timber was harvested at an average rate of 2.4 bbf per year. And while industry and labor have been bracing for lower levels, they argue that future harvests of at least 2 bbf are required.

The problem is that, in the judgment of our scientific team, no option exists that can comply with the law and still produce 2 bbf annually over the long term from federal forests on the west side.

The disappointing numbers are only in part a function of compliance with environmental statutes. When the team looked at the Forest Service timber base, it found that previously-generated forest plans overestimate by 20 to 30 percent the average sustainable annual timber sale level -- i.e., under any plan, we cannot produce as much timber as had been thought.

The harvest numbers are further driven down by the impact of earlier overcutting on the viability of various species. Until now, attention has been focused primarily on the spotted owl and its habitat needs. But it is now apparent that the protection of marbled murrelets and fish species (several of which are likely to be listed under the Endangered Species Act within the next year) will have at least as much effect on timber harvests as the owl.

Industry, labor, and their allies on the Hill, to the extent that they accept our scientific/legal analysis, say that the law should be changed to accommodate the higher harvest levels that they believe are needed to protect jobs. But trying to change those laws would provoke a storm of protest on the Hill and around the country and would be inconsistent with the positions that you took in your campaign and since.

Environmentalists will also be displeased with several aspects of the option that we recommend. The main objective of most environmental groups is the protection of the remaining old growth. The recommended option protects only some (not all) old growth; indeed, about 50 percent of the timber harvested will be at least 150 years old. In addition, environmentalists will be unhappy that the option permits some timber cutting in the reserves. Moreover, although we believe that the option provides

sufficient protection to species to comply with the law, many environmentalists will argue that it does not.

From the standpoint of industry and labor, we have three principal sweeteners on which to rely, though none will mollify those hurt most.⁴ First, we will have to rely on labor and community assistance, discussed at pp. 11-16, below. These measures will help, though they will not be enough in the eyes of industry and labor. Nonetheless, we will have to keep emphasizing that no one will win in the end by cutting at unsustainable levels; that the only economically viable choice over the long term is **sustainable** cutting; and that we are ready to make an unprecedented commitment to help the region -- even as we recognize that our efforts will not ease everyone's pain.

Second, we may be able to soften the blow of lower harvest levels by phasing in those levels over time, thereby easing the region's transition (see p. 8 below).

Third, we can take other actions that will either increase timber production from non-federal lands or increase the domestic processing of that timber (see p. 10 below).

From the standpoint of environmentalists, the main advantages of the proposal will be the Administration's commitments to ecosystem management, to compliance with the environmental laws, and to the protection of much of the most important old growth.

Job Losses. Job losses associated with any management plan will be a disputed issue. Economists on the scientific team estimate that direct forest industry job losses resulting from implementing most of its options would range from 6000 to 9000, when compared to the number of jobs for the most recent year, 1992. This is a reasonable estimate of the direct jobs currently held that will be lost as a result of reduced harvest levels.

However, 20,000 jobs in the Pacific Northwest forest industry were lost between 1990 and 1992, and some of the people who lost their jobs in this period (possibly 5000 to 10,000) still need assistance in making an adjustment to the permanent reduction in employment opportunities in the industry. Thus, we estimate that 11,000 to 19,000 people (a) have lost or will lose their jobs as a result of changes in federal forest policy, and (b) still need assistance in making an adjustment. The community and labor assistance program that the Administration is proposing will provide \$1.47 billion in new federal funds to the region over the next five years. This package will create more than

⁴ The impact will be most severe in coastal and southwestern Oregon and the Olympic peninsula (Rep. DeFazio's and Dicks' districts, respectively).

13,000 employment and training opportunities and thousands of new jobs in the private sector and in state and local government.

Industry and labor will say that job losses are much higher. They will contend that the appropriate baseline is the mid-1980s, when employment was very high, and will apply a multiplier to take into account indirect losses. They can be expected to use job-loss figures of approximately 25,000 to 40,000 direct jobs and a total of 75,000 to 150,000 jobs lost in the region.

Possible Budgetary Effect of Reserves. All of the options involve the establishment of old-growth reserves. This raises potential budgetary issues, since contracts have already been entered into for some of the timber located in those reserves. Under the recommended option, approximately 1 bbf of timber under contract is located in reserves. We are assessing how much can be harvested without causing significant ecological impacts and how much should not be harvested. A worst case analysis indicates that the government could lose up to \$300 million in expected revenues from those sales, as well as up to \$270 million to buy back valid contracts. In previous exercises recommending creation of reserves, scientists determined that over 90 percent of sales under contract could be harvested without jeopardizing species or ecosystems. Therefore, it is likely that the actual cost of designating reserves will be substantially less than the worst case scenario. At this point, we are unable to determine the anticipated magnitude of the cost.

The Options. Framing the decision space are two options: the existing agency plans and a maximum conservation option. The agency plans would produce by far the largest timber harvest of all options considered; however, they do not protect species (particularly marbled murrelets and fish) sufficiently to meet legal requirements. The conservation option would be embraced by environmentalists but would outrage industry and timber-dependent communities. It also would not be viewed as the "balanced policy" that you promised during the forest conference.

Between these two extremes are a number of options that start from different places (either in protecting certain species and building on that or in protecting the best old growth areas and adding species protection) but end up producing timber harvest and job loss numbers that are tightly grouped. (This again demonstrates that we are dealing with a narrowly constrained decision space as a result of the practices of previous Administrations.)

Most options that achieve compliance with the legal requirements⁵ produce less than 1 bbf of timber on a sustainable

⁵ Though the issue is not free from doubt, we believe that any plan that achieves "high" or "medium high" viability ratings for key species will likely be deemed to be in compliance with

basis. (Table 1 summarizes viability ratings, timber harvest consequences, and effect on jobs, for all options.) Three options produce slightly more than 1 bbf. Of these, the one that produces the largest amount of timber (1.2 bbf) is an option newly developed by the scientific team, referred to as the "unified reserve" option (Option 9).

This option takes a different approach from previous proposals by focusing, not on a species-by-species approach, but on watershed protection, specifically key watersheds with at-risk fish stocks and high quality habitat. It develops reserves that accomplish multiple purposes.

This option also identifies ten large adaptive management areas (100,000 to 500,000 acres each) for intensive ecological experimentation and social innovation, with the objective of developing and demonstrating integration of ecological and economic/social objectives. It thus incorporates some of the cooperative, community-based principles that you laid out at the Forest Conference. The adaptive management areas will be very popular with local communities and labor, as they will provide opportunities for agencies, non-governmental organizations, local groups, and communities to work together to develop innovative management approaches.⁶ Environmentalists, however, will stridently oppose adaptive management areas because they view them as leading to increased "community control" and over-harvesting.

The principal drawback to the unified reserve option is that the adaptive management areas will involve somewhat greater expense for monitoring and research than the other options. A rigorous monitoring program is required to build and maintain public trust and provide the scientific data needed to assess the status of the forest ecosystem under this option particularly but also under all other options. On average, the additional expense for research and monitoring under this option is estimated to be approximately \$15 million per year. Moreover, there will be additional expenses in connection with establishing the areas and coordinating public involvement. The relevant land management agencies believe that this expense can be accommodated within existing agency budgets and that the political and social advantages of the adaptive management option outweigh the additional cost.

the ESA and NFMA as they relate to federal land.

⁶ The approach of identifying adaptive management areas could probably be applied to other options as well. However, it would require modification and specific assessment based on the strength and location of the reserves included in each option and the types of cutting allowed outside of the reserves. It would also require reassessment of viability ratings for the option.

TABLE 1

	<u>OPTION</u>									
	1	2	3	4	5	6	7	8	9	10
<u>VIABILITY *RATINGS</u>										
owls	H	H	H	H	H	H	MH	MH	H	MH
marbled murrelets	H	H	H	H	H	H	ML	ML	MH	H
fish	H	MH	MH	H	MH	MH	L	ML/M	MH	MH
 <u>TIMBER HARVESTS</u>										
(billion board feet)	0.20	0.68	0.74	0.74	1.01	0.85	1.84	1.41	1.21	1.08
 <u>EMPLOYMENT IMPACTS</u>										
(projected direct job losses in thousands, using 1992 baseline)	12.5	8.8	8.5	8.4	6.8	7.9	1.7	4.5	5.7	6.7

*In some cases, these are measures of the habitat to support viability, not the viability of the species.

Three other options (Options 6, 8, and 10) warrant mention. All start from the standpoint of protecting the best old-growth areas and have similar definition of the acreage that is set aside from future timber cutting. The biggest differences between them are the width of buffers along certain classes of streams and the level of forest cover in non-reserved areas. Because of these differences in guidelines and buffer widths, the three options vary in both projected timber outputs and viability ratings. The following description of options demonstrates the sensitivity of timber harvest numbers to slight changes in conservation requirements:

- **Option 6** has higher viability ratings than the unified reserve option but produces substantially less timber (.9 bbf).
- **Option 8** would achieve higher timber outputs (1.4 bbf) than the unified reserve option or Option 6 because stream buffers are substantially narrower and because it relaxes forest cover requirements outside of forest reserves. However, it has viability ratings for marbled murrelets and at-risk fish (medium low) that prevent it from meeting legal standards.
- **Option 10** provides 1.1 bbf of timber by relaxing forest cover requirements outside of forest reserves but maintaining the same buffers as Option 6. It achieves viability ratings comparable to, but slightly lower than, the similar numbers for the unified reserve option.

In summary, Option 6 is inferior to the unified reserve option in terms of timber output, Option 8 fails to meet legal requirements, and Option 10 offers no advantage in terms of either viability or timber.⁷ Consequently, on balance we believe that the unified reserve option (Option 9) is preferable.

Recommended decision: The Executive Committee recommends that we base the Administration's proposed new forest management plan on the "unified reserve" option (subject to the additions and modifications discussed below).

Agree _____

Disagree _____

Discuss _____

⁷ Moreover, the adaptive management aspect of the unified reserve option is considered an advantage of that option. If the same concept were applied to Option 10, it would require reassessment of the viability ratings and harvest levels, and it could lower those estimates.

Implementation Issues.

1. Phase-in. To mitigate the social and economic consequences that would result from a dramatic reduction from the historic timber harvest level, the majority of the Executive Committee favors phasing in the new plan, starting at a higher level than the average annual amount and reducing annual sales thereafter.

The precise numbers for a phase-in are to be determined. If the average annual target for the option selected is 1.2 bbf, we would try to structure the phase-in so that the first year harvest is at 2 bbf⁸ and the amount declines each year thereafter. Depending on the rate of descent, by the fourth or fifth year, the sales would have to drop to about 1 bbf so that the amount cut in 10 years averages 1.2 bbf.

The leaders of the scientific team have stated that a careful phase-in would not alter their viability assessments as long as the ten-year harvest total is not exceeded and all guidelines for the chosen option are followed and accompanied by rigorous monitoring.

The NEC dissents from the recommended phase-in because it may be viewed as perpetuating the Bush Administration approach of short-term fixes.

Recommended decision: The majority of the Executive Committee (NEC dissenting) recommends that the Administration plan include a "phase-in" feature.

Agree _____ Disagree _____ Discuss _____

2. Administrative actions. The Departments of Agriculture and Interior have started to prepare a draft environmental impact statement on the new forest management plan, describing all the options that have been developed by the Ecosystem Management Assessment Team and the consequences of those options. A preferred alternative will have to be identified prior to July 16, when the Administration is obligated to comply with a court order to present the draft to Judge Dwyer.

We intend to take all steps to implement the new plan administratively as soon as possible. However, proceeding in accordance with existing procedural requirements would probably

⁸ In practice, it may be difficult to achieve this amount during the first year because of the time required to plan and prepare new sales. Once the decision on a strategy is made, we should move quickly to begin the planning process.

delay the preparation and sale of new timber until late next year. Many small mills and communities cannot wait that long.

3. Legislative action to accelerate implementation. Only Congress has the power to speed up the implementation of your program so that the injunctions can be lifted and timber sales commenced this year.

One possibility is for Congress legislatively to declare the preferred option to be the new "regional guide" for Forest Service and BLM lands that are considered to be habitat of the northern spotted owl and other old-growth associated species.⁹ Legislation could further direct that timber sales that have been awarded, offered, or prepared, can proceed -- provided they are consistent with the new regional guide and the underlying statutes. The bill could also direct that new Forest Service and BLM sales in the region be prepared in accordance with the new regional guide. (The Secretaries of Agriculture and Interior would then direct the Forest Service and BLM to revise their existing forest plans to be consistent with the policies and program direction included in the regional guide.)

We anticipate that the Fish and Wildlife Service (FWS) and National Marine Fisheries Service (NMFS) will have completed formal consultation under the ESA prior to issuance of the draft environmental impact statement.

The timber industry and labor strongly favor legislation providing a higher degree of "certainty" than we are recommending. They would prefer to have Congress override the ESA and other statutes and mandate a specific harvest level for several years. They also want that harvest level to be insulated from legal challenge, by having Congress find that the program meets procedural and/or substantive requirements of all statutes. Environmental groups would bitterly contest all of these aspects.

EPA expressed the concern, shared by other members of the Executive Committee, that, while justified in these unique circumstances, this expedited process should not be viewed as a precedent for other complex environmental problems.

Recommended decision: The Executive Committee recommends that we ask Members of Congress to speed up administrative implementation of the forest management plan by a legislative declaration that the preferred option will be the new regional guide.

⁹ The Forest Service develops a plan for each national forest. In addition, it has a "regional guide" applicable to management of all forests in a region. The BLM does not currently have a "regional guide." It will implement the Administration plan by finalizing its district Resource Management Plans.

Agree _____

Disagree _____

Discuss _____

Other Components Related to Timber Production. A number of additional issues that have a bearing on harvests and/or jobs should be part of the broader package of actions to address the Northwest forest situation.

Some of these would be intended to offset the effects of the reduced timber harvests on federal lands by increasing harvests on non-federal land. They include:

- promulgation by the Fish and Wildlife Service of a rule loosening restrictions on timber harvests from certain private lands (i.e., "owl circles");
- federal assistance in bringing to the market backlogged timber sales from Indian reservations in the region;¹⁰ and
- the use of a portion of the supply from an aggressive salvage program for forests on the east side of the Cascades to supply west side mills.

Other possible actions could increase the amount of timber that is processed domestically and thereby mitigate job losses. These include:

- redefinition of unprocessed timber to make it more difficult for companies to avoid export limitations by making minor changes to a log;
- encouraging private companies to commit that timber released by removal of owl circles will be processed in domestic mills; and
- increasing the amount of timber that goes into domestic value-added manufacturing, such as by affording a bidding preference to timber purchasers who agree to commit a percentage of their output to domestic value-added manufacturing.¹¹

¹⁰ It is estimated that the total may be as high as 450 million board feet. However, we cannot be certain how much of this total can be brought to market in the near term.

¹¹ See also the recommendation below to eliminate the FSC preferred treatment of income derived from the export of unprocessed logs.

In addition, certain actions that are desired by environmental groups may be necessary if we are to achieve an acceptable package to address the broader Northwest forest issues. Chief among these is the provision of permanent protection (either administratively or legislatively) for some high priority old-growth areas in which no logging will be allowed. We also anticipate the negotiation of habitat conservation areas for riparian protection on private lands.

Recommended decision: We are asking your approval to proceed administratively with the implementation of these actions and, to the extent necessary, to pursue legislation.

Agree _____ Disagree _____ Discuss _____

III. COMMUNITY AND LABOR ASSISTANCE

The Labor and Community Assistance Working Group has developed an integrated program to improve economic conditions in timber-dependent communities -- conditions that will be exacerbated by implementing any ecosystem management plan. The program addresses both immediate and intermediate-term needs, and it has four elements:

- **Assistance to workers and families** -- increased availability of monies from the discretionary national reserve account under Title III of the Job Training Partnership Act (JTPA) for job search assistance, retraining, and relocation. The program also calls for a coordinated effort to expand conservation corps activities for young people in the rural Northwest.
- **Assistance to firms and industries** -- increased funding for successful business grant-making and lending programs (currently administered by the Department of Agriculture), expanded technical assistance (through the Department of Commerce), and adjustments in federal procurement practices. The program also calls for increasing the supply of timber to the secondary processing sector of the Northwest timber industry and for eliminating tax incentives for log exports.
- **Assistance to communities** -- stabilization of fiscal assistance to Northwest counties, strengthening of community capacity to plan for economic development and diversification, and improving the infrastructure necessary for such development.
- **New investments in ecosystems** -- investments in watershed maintenance, ecosystem restoration and research, environmental monitoring, and forest stewardship that will improve the condition of the region's ecosystem, create jobs

in timber-dependent areas, improve water quality, and increase salmon stocks to avoid salmon listings and improve commercial fishing.

The estimated dollar amounts associated with this program are described in the attached Table 2. The bulk of the funding is identified from your FY1994 budget request (base program plus investment package) and has not yet been appropriated. Availability of funds is subject to final appropriations by Congress.

Two issues need to be addressed separately from the rest of the package. Both involve legislation.

1. Revision of fiscal assistance to counties

This is a controversial issue. Currently, both the BLM and Forest Service participate in revenue sharing with county governments (with payments near \$100 million and \$200 million per year, respectively, during the late 1980s). This method of revenue sharing has proved problematic because significant fluctuations in harvests have produced significant fluctuations in revenues and because revenue sharing generates pressure for increased harvesting. In each of the past two years, Congress has established a "safety net," guaranteeing minimum revenue sharing equivalent to 85 percent of the five-year average past payments in fiscal years 1986 through 1990.

The Group recommends the establishment of a ten-year schedule of federal payments, beginning at safety-net levels and declining three percent per year. The current stipulation limiting revenue sharing to total timber receipts should continue. This approach would offer communities stability and predictability and thus provide a more attractive investment climate, while at the same time encouraging communities to become less dependent upon federal fiscal assistance, as the payments would be limited in duration and gradually declining. The payments would reach 55 percent of the 1986-1990 average in FY2004; at that time, the payment regime would be reexamined.

Recommended decision: The Executive Committee recommends the establishment of a ten-year schedule of federal payments, beginning at safety-net levels and declining three percent per year.

Agree_____

Disagree_____

Discuss_____

2. Elimination of current tax incentives for raw log exports

Currently, the Foreign Sales Corporation (FSC) provisions in the Internal Revenue Code exempt from US tax a portion of the

TABLE 2 Funding Level Options

Options	FY1994	FY1993-1998
FY1994 Base --	\$855.7	--
FY1994 Budget --	\$1,022.4	\$561.4
FY1994 Reprogrammed & Redirected	\$1,169.0	\$1,393.4
Option 1 + NW Economic Fund --	\$1,189.0	\$1,471.1

PARTIAL LIST OF FEDERAL ASSISTANCE PROPOSED FOR PACIFIC NORTHWEST "OWL REGION"
(in \$ millions)

Initiative	FY1994 Base	FY1994 Investment	FY1994 Reprogram & Redirect	Northwest (FSC) Fund	FY1994 Totals	FY93-FY98 Funds beyond Base (Option 2)	Period
JTPA-Title III: Sec'y Reserve	6.2	5.8	0.0	5.0	17.0	32.4	(3 years)
National Service	1.2	0.0	0.0	1.3	2.5	3.8	(3 years)
JTPA-Title III: Formula	14.0	16.0	0.0	0.0	30.0	48.0	(3 years)
-Total: Workers & Families	21.4	21.8	0.0	6.3	49.5	84.2	(3 years)
RDA Bus. Enterprise Grants*	--	1.1	3.0	0.0	4.1	12.3	(3 years)
RDA Bus. & Industry Program	5.5	9.8	20.0	0.0	35.3	89.4	(3 years)
RDA Intermediary Relending**	--	--	16.0	0.0	16.0	48.0	(3 years)
Old Growth Diversification	1.5	0.0	0.0	3.0	4.5	9.0	(3 years)
Manufacturing Extension***	--	--	--	--	--	--	(3 years)
EDA Technical Assistance	0.5	0.0	0.0	1.8	2.3	5.3	(3 years)
SBA Guaranteed Loans	90.0	65.0	0.0	0.0	155.0	195.0	(3 years)
-Total: Businesses	97.5	75.9	39.0	4.8	217.2	359.0	(3 years)
Revenue-Sharing for Counties	200.0	0.0	0.0	0.0	200.0	250.0	(5 years)
EDA Planning Assistance	2.0	0.0	1.5	3.0	6.5	13.5	(3 years)
RDA Community Facilities	5.0	16.6	20.0	0.0	41.6	109.8	(3 years)
RDA Water/Wastewater Program	55.0	17.0	15.0	0.0	87.0	96.0	(3 years)
CDBG Block Grant & Sec. 108	36.6	1.9	0.0	0.0	38.5	5.7	(3 years)
-Total: Communities	262.0	33.6	36.5	3.0	335.1	469.3	(3 years)
Ecosystem Restoration	176.0	19.3	71.1	0.0	266.4	452.0	(5 years)
Enhanced Private Land Managemt.	2.2	2.2	0.0	4.0	8.4	31.0	(5 years)
Understanding Federal Forests	0.0	****	****	2.0	****	10.0	(2 years)
Other Forest Restoration	256.0	12.0	0.0	0.0	270.0	60.0	(5 years)
-Total: Ecosystems	438.2	33.5	71.1	6.0	546.8	553.0	(5 years)
Totals:	\$855.7	\$166.7	\$146.6	\$20.0	\$1,187.0	\$1,471.1	

AMOUNTS REFLECT FUNDS AVAILABLE (I.E., INCLUDE LOAN AMOUNTS)

Assumptions:

3 and 5 year agency commitments on reprogramming and redirection
straight-lined investment levels

Notes:

*FY1994 Base not available

**In the past, appropriations for the RDA IRP have not been allocated by State.
Instead, projects compete for funding. The FY1994 base program level for
the entire program is \$34 million. \$140 million in additional loans are proposed in the investment package.

***FY1994 amount awarded competitively.

****Marketing non-timber environmental resources from the forest (e.g., carbon storage)
is expected to become a new source of revenue.

income derived from the export of most goods, including unprocessed logs, when FSC participates in an export transaction. The majority of the Group recommends that the FSC be amended to deny FSC benefits to income from the export of raw logs. This would likely decrease exports and increase domestic processing. The Treasury Department estimates that this would increase revenues by \$15 million per year.¹²

The CEA and Treasury oppose this proposal. They believe that any reform of FSC rules should be undertaken in the context of a comprehensive study of tax incentives for exports, rather than on a piecemeal basis. In addition, CEA points out that the overall impact of reduced log exports could actually be to reduce rather than increase jobs if the change results in a reduction of timber harvests off private land.

While campaigning in Oregon, you indicated that you did not think that the government should continue to give preferential tax treatment for raw log exports. Labor unions, environmentalists, and most of the Northwest delegation favor eliminating the export credit. The Agricultural Export Alliance has accepted the likelihood of that result. Congressman DeFazio would go further and ban all log exports.

Recommended decision: The majority of the Executive Committee (except CEA and Treasury) recommends that the FSC be amended to deny FSC benefits to income from the export of raw logs.

Agree_____

Disagree_____

Discuss_____

The Size of the Adjustment Package

• The FY1994 Budget

The starting point for analyzing the adjustment package is the current FY1994 budget. In the FY1994 budget, OMB has identified \$1.02 billion for worker, business, and community assistance as well as ecosystem investment programs in the Pacific Northwest -- \$855.7 million in FY1994 "base" programs and \$166.7 million in "investment" programs. Successful implementation of the program requires passage of the investment package items for Agriculture, Interior, Commerce, Labor, EPA, and the Small Business Administration.

¹² During the Forest Conference, there was mention of a larger revenue estimate (\$70 to \$100 million) that was developed on the Hill last year based on rough calculations not using micro data (as is used in Treasury's estimate).

• **Option 1: Reprogram and Redirect FY1994 Budget Levels**

Under this option, the agencies would augment FY1994 budget amounts targeted to the rural Northwest by reprogramming monies from FY1994 base spending and redirecting FY1994 base and investment spending to increase economic assistance. It is currently envisioned that this option would provide an additional \$146.6 million for the region in FY1994. We would implement this option through approval of appropriate Congressional committees and/or through administrative action.

Approximately half of the reprogrammed money would go into ecosystem restoration, providing additional jobs in the woods. The remaining funds would support community infrastructure improvement and Rural Development Administration and other business programs.

The investment package combined with this reprogramming and redirection would provide \$313 million in FY1994 and would likely create 8,000 to 10,000 new jobs in the Pacific Northwest and support new retraining programs for 1,500 persons. Over five years, the package would provide \$1.4 billion in new monies and create jobs for 22,000 workers and retraining for 5,000 workers.

Although targeting funds to the Northwest may create resentment in other regions, political leaders in the Northwest will approve of the reprogramming. The Group worked closely with Oregon and Washington officials in developing the package.

The Departments of Labor, Interior, Agriculture, and Commerce believe that this package is insufficient, particularly in light of the magnitude of the reduction of timber harvests, the likely political response, and your campaign pledge of "no net loss of jobs." Other agencies and departments believe that the package amount is appropriate, given the phase-in, other mitigating timber policies, and budgetary constraints. These agencies and departments emphasize that this Northwest economic adjustment package should be viewed in the context of other dislocations caused by federal policies.

Recommended decision: The majority of the Executive Committee recommends the reprogramming and redirection of \$146.6 million for the region in FY1994 (in addition to the \$167 million from the investment package). (Labor, Interior, Agriculture, and Commerce recommend that additional monies be identified to increase this amount.)

Agree _____

Disagree _____

Discuss _____

• **Option 2: Create a Northwest Economic Assistance Fund**

Under this option, \$20 million a year (in FY1994-FY1998) would be dedicated to a fund to support retraining, youth services, planning assistance, and private land management in the rural Northwest. This \$20 million would be offset by \$15 million in increased revenues from the restriction on FSC benefits (discussed above), combined with potentially \$5 million in increased log-sale revenues. Each year these monies would fund an additional 1,500 retraining opportunities, summer opportunities for 400 youth, as well as creating another 500 permanent jobs.

Together, the investment package, Option 1, and Option 2 would provide \$333 million in new federal funds for the region in FY1994 (for a five-year total of \$1.47 billion). This combination of funds would create:

- 8,500 to 10,500 new jobs in FY1994 (about 23,000 over five years);
- 3,000 job training opportunities in FY1994 (about 9,000 over five years); and
- 400 summer youth opportunities in FY1994 (about 1,200 over five years).

Recommended decision: The majority of the Executive Committee recommends that this option be implemented. Because they believe that the FSC should not be revised, CEA and Treasury dissent.

Agree _____

Disagree _____

Discuss _____

Implementation Mechanism. The Group presently contemplates the delivery of federal assistance, in the short term, through an "incident command" system, such as that used in natural disasters and other emergencies. Under this system, representatives of the relevant agencies and affected states would form a "Multi-Agency Command" that would oversee and coordinate the activities of federal and state entities, most often through a memorandum of understanding.¹³ This structure is well-recognized in the Northwest and will be well received. Within twelve months, this rapid-response structure would give way to a more developed structure that would ensure interagency cooperation.

¹³ It would not be our intent to eliminate or interfere with existing interagency activities that have demonstrated an ability to manage resources effectively.

Initial discussions with the Agency Coordination Working Group suggest that it may be possible to incorporate aspects of this function into the interagency management structure described in that Group's report. Further study of this potential is recommended.

IV. AGENCY COORDINATION

Too often in the past, various federal agencies have acted in isolation or even at cross-purposes in connection with the management of forests in the Pacific Northwest and northern California. This lack of cooperation has undeniably contributed to the current gridlock. The adoption of a new forest management strategy provides an ideal opportunity for this Administration to correct the existing problems and to fulfill your pledge at the Forest Conference to have the agencies cooperate more closely.

The new plan will be based on ecosystem management. Ecosystems are not generally contained within the geographic boundaries of a single ownership (e.g., the ecosystem for salmon species can extend from small mountain streams, through rivers that pass through federal, state, and private ownerships, and into the ocean). Managing an ecosystem can involve dealing with multiple property owners, multiple users of the property, and various federal and state agencies with regulatory responsibilities. As a result, ecosystem-based management of federal lands will require vastly increased agency coordination.

We propose a new scheme of land management planning for the region, including the following:

1. New Planning Units. Under the options developed by the scientific team, the beginning place for analysis is the individual watershed, and the most logical planning unit is a "physiographic province," consisting of a number of watersheds. Over time, we propose to switch from the existing planning units (individual national forests and BLM districts) to these provinces. In the case of the Forest Service, complete implementation of this change would require amendment of NFMA.¹⁴ While the Department of Agriculture is committed to this new approach to land management, the magnitude of statutory and programmatic changes required -- particularly as they relate to current land management planning requirements for the national forests -- should (in the view of Agriculture) be viewed as a long-range objective.

¹⁴ BLM currently has authority under FLPMA to adjust planning boundaries (districts) administratively to conform with physiographic provinces.

2. Interagency GIS Database. We propose the immediate development of an interagency Geographic Information System (GIS) database in order to allow land management and resource agencies to coordinate their efforts in the collection and development of research and data. Agencies will respond as available funds allow in FY1993 and FY1994 and will consider budget initiatives during the FY1995 budget formulation process.

3. New Planning Structure. Most of the planning work would be done by provincial-level teams -- i.e., these teams would develop analyses for physiographic provinces and particular watersheds. The membership of these teams would include the relevant federal agencies, states, and tribes.¹⁵ In addition, when individual watersheds are analyzed, the objective would be to get all affected parties to the table to discuss biological needs, timber needs, community needs, etc. An Interagency Executive Committee would coordinate and provide direction for the work of the provincial teams. It is our intent to begin to establish this structure as soon as feasible.

4. Revised Consultation Process. The existing consultation process under the Endangered Species Act would be revised to emphasize an integrated ecosystem approach. This would include involving FWS, NMFS, and EPA early in the process, so that the views of those agencies can be made known when the land management agencies begin to develop their plans for a particular area. (In contrast, under previous practices, consultation agencies have sometimes not made their views known until late in the planning process). It would also involve the use, where appropriate, of regional consultations (as contrasted with consultations on individual timber sales).

5. Additional Legislative Changes. To achieve maximum benefits from the new ecosystem-based approach, certain statutory and regulatory changes will be desirable, including:

- revision of the budgeting process (1) to decouple funding of agency budgets from timber sales levels, and (2) to allow flexibility in expending funds when and where needed to manage overall ecosystem health, including expenditures for joint projects such as the interagency GIS database;
- amendment of NFMA, FLPMA, and/or relevant regulations to streamline the process for amending land management plans; and
- revision of legislation or regulations governing BLM lands to more specifically emphasize species viability and habitat protection.

¹⁵ Federal Advisory Committee Act (FACA) considerations are still being addressed.

We recognize that some of these legislative changes may prove to be controversial. The Department of Agriculture has stated that it would be unwise to request changes to NFMA at this time. We recommend that these subjects (other than NFMA changes) be included in the discussions with Members of Congress and that the question of NFMA changes be deferred until a later date.

Effect on Budget. Preliminary review suggests that, during the interim period, when agencies are operating under the old system but also preparing to switch over to the new strategy (and when they are investing in a common database and related technology), agency costs will be increased. In the short term, it is estimated that ecosystem management for the region could add up to 30 percent to the cost of agency operations per year, or \$78 million. In the long term, however, efficiencies and cost savings seem likely. The agencies will begin implementation within existing FY1993 and FY1994 budgets and will be able to refine their estimates of budgetary impact before the FY1995 budget process.

We caution against any expectation that agency budgets can be reduced commensurately with the decrease in timber harvest levels on federal lands, since the increased emphasis on objectives other than timber production (including recreation, species protection, rehabilitation, conservation, and other commodity production) will require the maintenance of adequate staffing levels. Moreover, monitoring and research will be significant factors in any ecosystem-based plan.

Recommended decision: We recommend that you approve the new land management framework in concept and authorize us to implement it administratively (to the extent possible), perhaps through an Executive Order, and to include the necessary legislative changes (other than NFMA) in our discussions with Members of Congress.

Agree _____

Disagree _____

Discuss _____

ATTACHMENT 1

POLITICAL SITUATION

A. Expectations

Following the Forest Conference, expectations of all parties were exceptionally high that the Administration plan would produce components they favored. People came away from the Conference selectively having heard what they wanted. "Balance" became a "silver bullet" magic solution. Not surprisingly, "balance" is being defined by perspective:

- to loggers and the timber industry, it means lifting the injunctions, modifying the Endangered Species Act, and increasing the timber harvest level;
- to environmentalists, it means increasing protection of the remaining old-growth forest ecosystems and establishing permanent reserves.

In recent weeks, expectations have been lowered. Most people now realize that no "silver bullet" solution exists.

Industry, labor, and community leaders, while expecting a reduction from historical harvest levels and levels stated in resource plans, will be very unhappy to learn that the forest plan estimates were too high even before one overlays additional habitat conservation.

These groups will also be upset to learn that there is little new money to assist affected people. The Labor and Community Assistance Team report recommends developing and/or enhancing several programs. The total available funds is \$1.02 billion in FY1994. This level of funding, while substantial, does not compensate communities or workers at a level equal to the resulting declines of services resulting from lower timber harvest levels from federal lands.

B. Political Context

Now that we have draft reports from each working group, we must move quickly to maintain: (1) leadership and (2) control of the information. Congressional leaders, Governors, and interest groups following this process are becoming increasingly anxious to know what the Administration will propose and how they will be involved/consulted. Recent media coverage revealing details of the scientific plan have heightened that anxiety.

CONGRESS: Implementing this comprehensive program will require legislation. The best way to gain Congressional support is to ensure that Members of the delegation and key committee chairs are invested in the plan. Once consultations begin, however, the working group options and recommendations will leak. Lobbying efforts from all sides will intensify -- on you, senior staff, and Congress. Claims and counter-claims will be vicious.

We propose to continue working with Congressional representatives to explain the program as soon as you provide your approval. Their primary incentive for enacting the plan is that they have no better alternative. Congress has wrestled with this for years and been unable to resolve it. The administrative outcome would provide little new timber until late next year.

You, Cabinet Secretaries, and other senior officials will have to use all your persuasive powers to get this through Congress and earn the support of Governors Lowry and Roberts.

GOVERNORS: Governors Lowry and Roberts have been far more active than Governor Wilson because their states are more widely affected. We are working to gain the support of Governors Lowry and Roberts. We do not anticipate Governor Wilson will support the Administration plan.

INTEREST GROUPS:

Labor: Labor, specifically the Carpenters' Union, has formed an alliance with the industry to fight against timber harvest reductions. They indicate that they need 2.0 bbf harvest from federal lands in the region. (In addition to the 1.2 bbf from "owl forests", the region includes forests on the east side of the Cascades that will produce harvest levels of about 0.4 bbf annually.) They also want some sense of certainty that timber sales will go forward and that community and worker assistance programs will be funded.

Environmentalists: Environmentalists want protection of all remaining old growth forests and no weakening of important statutes. They also demand less intensive timber harvesting practices on non-protected forests.

Local Government: Local governments receive 25% of gross Forest Service revenues and 50% from Bureau of Land Management lands in lieu of taxes that would be collected if those lands were privately held. As much as eighty percent of some county budgets result from these payments. They rely on, and have become accustomed to, high levels of timber sales from Federal lands.

Forest Products Industry: The industry seems to be preparing to criticize sharply the Administration proposal. They will criticize the process because the range of options prepared does not include weakening existing laws such as the Endangered Species Act. Private landowners want both to have their conservation efforts recognized and to have harvest restrictions eased. They will criticize the reduced harvest levels. The proposed program accomplishes two things for industry: (1) access to timber supplies (although limited) as soon as possible; and (2) possible easing of owl conservation restrictions on private lands.

Urban Dwellers: Voters who live in cities want to protect the forests. At the same time, they show compassion for those whose livelihoods have depended on the forest. If the Administration's plan is presented effectively, it should satisfy the concerns of this group and be perceived as a fair accommodation of diverse interests.

THE WHITE HOUSE
WASHINGTON

June 12, 1993

MEMORANDUM TO THE PRESIDENT

FROM: Marla Romash 
Office of the Vice President

SUBJECT: Public Opinion Surveys on Forest Issues

BACKGROUND:

There have been two public opinion surveys recently conducted on forest management issues related to the Pacific Northwest and Northern California. One, a national poll conducted in late May by the Western Council of Industrial Workers and the Timber Industry Labor Management Committee; the other, a regional poll conducted earlier this month by the Ancient Forest Alliance.

The poll completed for the Ancient Forest Alliance is far more comprehensive than the industry poll and mirrors both the content and design of the survey Stan Greenberg conducted in Oregon earlier this year.

INDUSTRY POLL:

The industry/labor poll was used to reinforce two points: the public wants a balanced solution, and people are unwilling to protect the spotted owl if it will cost jobs. However, the polarization on these issues also is revealed (42 agree more with environmentalists, 47 with timber industry and workers).

On the balance issue, 71 percent say they want a balanced solution "so that the spotted owl is protected and job losses are kept to a minimum."

On the job losses, the industry poll asked the same question ("Number of jobs you would be willing to see lost to protect the spotted owl") and simply changed the job number from 5,000 to 100,000 through a series of questions. Not surprisingly, throughout the series of questions, a majority said they would not be willing to see that number of jobs lost. For example, 59 percent would not want to see 5,000 jobs lost; 75 percent on 10,000 jobs, 84 percent on 50,000 jobs, 87 percent on 100,000 jobs.

The industry poll also asked whether people supported "changing the Endangered Species Act to consider the economic and social consequences of protecting a particular species of wildlife." Fifty-seven (57) percent favored, 32 percent opposed. No doubt this question was

asked to reinforce their belief that the ESA must be changed. However, in light of the Ancient Forests Alliance poll, another point could be made as well: people want these issues considered in a comprehensive way; they understand this is about more than the spotted owl.

ANCIENT FOREST ALLIANCE POLL

The conclusions of this poll are encouraging, specifically if we choose a forest management plan that uses watersheds as a starting point and the economic health of the region as a long term goal. Voters want to protect the environment and develop a sustainable economy.

The POLARIZATION is real: voters split between protecting old growth forests and timber jobs [41-43] (in Oregon, which has more federal lands, voters place more emphasis on jobs [51-39]; in Washington, which has more private lands and where the largest job losses already have occurred, voters place higher priority on protecting the old growth forest [43-36]). However, voters seek a balanced solution and believe strongly that you are balanced in your approach and will present a balanced plan [48 percent believe you are balanced; 43 percent believe Vice President Gore puts more priority on old growth forests; 56 percent believe your plan will strike a balance].

But voters recognize that this is about more than owls (only 15 percent say timber jobs have been lost to too stringent environmental laws) and they expect continued timber job losses [55], but they accept that in return for a sustainable, diversified economy and environment. There is broad and strong support of a plan that protects the environment and is focused on the long-term economic health of the region.

There also is SUPPORT FOR a CLINTON PLAN. Before receiving any information about the plan, voters support it [46-24]. Even in timber communities, without any information, there is support for the plan [41-27].

The Clinton plan was described:

President Clinton has made solving the Northwest's old growth forest crisis one of his top priorities. The President has promised a sustainable economic and environmental plan that will balance the interests of loggers, fishermen, the forests, and the communities. His plan will do three things: First, he will implement a scientifically sound, legally responsible plan that will end the gridlock, allow timber sales and logging to go forward, and improve forest management. To help put the economy on stronger footing, the President will provide loans to create new jobs in growing industries, like secondary wood manufacturers, as well as funding to retrain workers and assist communities. Further, the President will fund new jobs restoring damaged watersheds and fish habitat. And, he will remove subsidies that promote exports of raw logs and jobs overseas. Second, the plan will use the best available science to manage the forests -- protecting old growth forests and threatened wildlife, and opening up some other areas for cutting. The plan is designed to keep the entire forest

healthy, and put the management of the forests back in the hands of the scientists who do it best. Finally, the plan will eliminate the conflicts among federal agencies that have contributed to gridlock in the past.

Support for the plan increases substantially with this information [79] and holds even under the expected attacks [67 after attack that it will cost jobs; 68 after attack it will destroy economic health]. Even in timber communities support for the plan increases with information [65] and after attack, holds up [51], though not as well as the overall numbers. [Overall, 37 believe your plan will have little job impact; 18 believe it will create jobs; 26 believe it will cost jobs -- but of those who think the plan will cost jobs, 44 percent believe they would have been lost anyway, and 50 percent say they would not have been lost.]

There is support for a plan that balances the interests of loggers, fishermen, the forests and communities; that puts forest management back in the hands of scientists; and includes economic transition and retraining of workers.

The strongest argument for the plan is an economic argument that talks about a sustainable harvest and long term jobs for the future. Voters find most convincing [75 convincing, 31 very convincing] an argument that says we can't go back to the timber boom of the past and must move instead to provide a sustainable harvest, long-term jobs, and economic transition assistance and programs. By a 4-1 margin, this argument also makes them feel personally more favorable to you. (The exact argument: *We can't go back to the huge timber cut boom of the past. We've been shortsighted in our overcutting and we're paying the price for past mistakes. Now what we need to do is provide a sustainable harvest and long term jobs for the future, make available incentives and loans to create new jobs, and provide retraining to displaced workers and assistance to communities.*)

CLINTON VOTERS ARE STRONG SUPPORTERS: Without any information, 2/3 of Clinton voters support the plan and Perot voters split. After the plan has been described and attacked, 81 percent of Clinton voters support it and 60 percent of Perot voters support it. (NOTE: Clinton voters are urban voters concentrated in the region's big cities.)

(FYI: The attacks center on job losses -- predicting an additional 15,000 jobs lost; and on destroying the economic health of the region in favor of saving "critters and plants.")

The poll provides other information as well:

- o The quality of the water supply is the most important issue [86] identified as part of this plan, speaking to a strong concern about drinking water supplies (salmon don't rate very high [47] and fishing jobs rate at the very bottom [30].

- o The quality of life/environment and educating and training workers are the second most important issues [71 and 70].

o The third most important issues [55 each] are small business loans/community assistance, saving last 10 percent of the old growth forests, and saving species for medicine.

o Jobs for loggers and their families fall below salmon [46] and the old growth forests fall below that [44]. The timber industry [38] falls just above fishing jobs.

o Scientists are rated most favorably [65], followed by timber workers [63]. The U.S. Forest Service is third [57], followed by timber companies [54] and WA environmental groups [52] and national enviro groups [49]. Wise use groups are at the bottom of the scale [41].

o Sustained economic growth is more important than short-term job considerations. [55 want to sustain economy for long term; 12 believe we should expand cutting to make up for lost jobs; 29 can't lose more jobs].

o Voters recognize this is about more than owls. [35 say we need sustainable economy; 27 say more than just owl but entire environment at stake; 17 say we can't lose jobs; 17 say job loss from factors other than spotted owl].

o Timber companies and federal agencies are blamed for job loss. [25 blame overcutting and poor management by timber companies; 23 blame politics and poor management by federal agencies; 18 blame raw log exports to Japan; 15 blame environmental policies; 8 blame general economic downturn.] (NOTE: In fact, it is probably the economic downturn more than anything else that's created job losses.)

o Most voter [70] believe no one should be above the law. That is, they believe the law should be followed and laws should not be overlooked even if it saves jobs.

o Convincing arguments also can be made regarding balance and breaking gridlock.
The exact arguments:

1) *Some people in this debate want to save every tree; others want to cut every tree. This plan is balanced. We're going to continue cutting timber in these forests over the long-term, though we will cut less than in the past. And we are going to protect the last old growth forests and the key rivers and streams, but we're not going to lock up every acre.* [70 convincing, 24 very convincing].

2) *The best part of this plan is that it will break the gridlock and end the uncertainty that threatens loggers, communities, the forests, and fishermen. It will allow the timber sale program to go forward, create new and sustainable economic opportunities and help communities put the management of the forests back in the hands of the scientists who do it best.* [61 convincing, 19 very convincing].

THE WHITE HOUSE

WASHINGTON

June 19, 1993

MR. PRESIDENT:

This was previously
provided to you.

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA
TODD STERN (j))>

SUBJECT: FOREST CONFERENCE MEMO

The attached is a memo on your forest management plan from the Forest Management Executive Committee. We received it this morning and have circulated it broadly within the White House. We do not expect to receive comments until Monday, but are forwarding this to you now at the Vice President's request. There is considerable pressure for moving this issue forward on the Hill, where people are clamoring to hear our proposals.

Given the controversial nature of the subject, and the fact that, no matter what you do, vocal, passionate interests will be distressed (sometimes on all sides of an issue at the same time), the memo warrants the level of detail provided. However, there are not many true decision points, with competing options. In most cases -- such as deciding on the basic forest management plan (how many board feet to cut, how to manage the cutting) the Executive Committee all favor a single option.

There are, however, a few real decision points to which we want to call your attention. First is the question of whether to phase in the sharp reductions in harvest levels that are part of the plan (p. 5). This would not affect the overall board feet to be cut over the next 10 years, but would phase in the lowered levels a bit more gradually. Most of the Executive Committee favors this approach, but the NEC dissents.

Second, in connection with the community and labor assistance part of the plan, there are three notable decisions: (a) whether to legislatively reduce current BLM and Forest Service revenue sharing arrangements with counties (revenue sharing adds to the pressure to harvest) -- the Executive Committee recommends reductions, though this would be controversial (p. 12); (b) whether to eliminate the current tax incentives for raw log exports, favored by most of the Executive Committee, but opposed by Treasury and CEA (pp. 12-13); and (c) whether assistance should be at levels favored by the majority of the Executive Committee or at higher (though unspecified) levels, as recommended by Labor, Interior, Agriculture and Commerce (p. 14).

THE WHITE HOUSE
WASHINGTON

June 18, 1993

33 JUN 19 12:47

MEMORANDUM FOR THE PRESIDENT

FROM: FOREST CONFERENCE EXECUTIVE COMMITTEE¹
VIA: KATIE MCGINTY *David T. Hughes*
SUBJECT: FOREST CONFERENCE

I. OVERVIEW

At the Forest Conference, you directed the Cabinet Secretaries to develop within 60 days a balanced plan to break the stalemate in the Pacific Northwest. Three interagency working groups were established:

- the Ecosystem Management Assessment Team to examine forest management issues and their ecological and economic impacts;
- the Labor and Community Assistance Working Group to explore economic development and assistance proposals; and
- the Agency Coordination Working Group to examine ways to improve interagency efforts.

This memorandum synthesizes the reports of the three working groups and presents options for your decision.

The bottom line: Excessive timber cutting in the previous decade has left us very little decision space. **The Administration is under a court order to submit by July 16 a draft environmental impact statement on a proposed land management program that complies with the law.** Compliance with conservation and land management provisions of the numerous statutes that guide the Forest Service (in the Department of Agriculture) and Bureau of Land Management (in the Department of the Interior) will necessarily result in timber harvests that are far below the levels of the 1980s. Our primary opportunities to be creative and to "put people first" come under the community/labor assistance and institutional reform programs

¹ The Committee includes representatives from EPA and the Departments of Agriculture, Interior, Commerce, Labor and Treasury, Justice, US Trade Representative as well as relevant White House offices.

discussed below and through a new forest management option we recommend that emphasizes community involvement.

We seek your approval of (1) a proposed forest management plan, (2) proposals for labor and community assistance, and (3) a plan for agency coordination to implement the new management strategy. Parts of the package will require new legislation. Once you have indicated your agreement with the plan, we will (over a period of two or three days) consult with the Hill and other key constituencies on the general framework of a solution. We then suggest that you announce a plan to deal with all issues before the end of next week.

As a result of today's article in the Post, the anxiety over this issue on the Hill and among key interest groups has increased tremendously. It is imperative that we move quickly.

II. FOREST MANAGEMENT PLAN

Our instructions to the Ecosystem Management Assessment Team were to prepare a series of options that would, in essence, keep the timber harvest level from federal lands as high as possible consistent with environmental laws.²

The Ecosystem Management Assessment Team analyzed ten options, making assessments of the effects on animal and plant species, potential timber harvests, employment, and other economic and social consequences.

The options range from the agency plans (largely inherited from the Bush Administration), which would allow an annual timber harvest of about 1.8 billion board feet (bbf) from federal forests within the range of the northern spotted owl,³ to a maximum conservation option that would allow only 195 million board feet to be cut. Most of the other options (differentiated, for the most part, by issues such as whether to focus more on protecting individual species or the best old growth forests) are all clustered in the range of .7 to 1.2 bbf.

² The applicable environmental laws are primarily the Endangered Species Act (ESA) and the National Forest Management Act (NFMA). Under the ESA, several species have already been listed as threatened (northern spotted owl, marbled murrelet, and some salmon species), and many more -- especially fish species -- could be listed in the near future. NFMA requires the maintenance of "viability" of vertebrate species on Forest Service land without regard to whether a species is listed.

³ The range of the northern spotted owl is generally the forests on the west side of the Cascade mountains in Washington, Oregon, and northern California.

In addition to these harvest amounts for west side forests, the regional total (all of Oregon and Washington, plus northwestern California) from federal forests could be about 1.5 to 1.6 bbf, including sustainable "east side" harvests of about .4 bbf. Moreover, there would be short-term salvage of an additional 150 to 200 million board feet for two years.

These numbers will not be good news for the timber industry, rural communities, or labor. In the 1980s, when excessive and unsustainable harvests were the rule, timber from the west side forests was cut at an average annual rate of 4.6 bbf. From 1990 to 1992, timber was harvested at an average rate of 2.4 bbf per year. And while industry and labor have been bracing for lower levels, they argue that future harvests of at least 2 bbf are required.

The problem is that, in the judgment of our scientific team, no option exists that can comply with the law and still produce 2 bbf annually over the long term from federal forests on the west side.

The disappointing numbers are only in part a function of compliance with environmental statutes. When the team looked at the Forest Service timber base, it found that previously-generated forest plans overestimate by 20 to 30 percent the average sustainable annual timber sale level -- i.e., under any plan, we cannot produce as much timber as had been thought.

The harvest numbers are further driven down by the impact of earlier overcutting on the viability of various species. Until now, attention has been focused primarily on the spotted owl and its habitat needs. But it is now apparent that the protection of marbled murrelets and fish species (several of which are likely to be listed under the Endangered Species Act within the next year) will have at least as much effect on timber harvests as the owl.

Industry, labor, and their allies on the Hill, to the extent that they accept our scientific/legal analysis, say that the law should be changed to accommodate the higher harvest levels that they believe are needed to protect jobs. But trying to change those laws would provoke a storm of protest on the Hill and around the country and would be inconsistent with the positions that you took in your campaign and since.

Environmentalists will also be displeased with several aspects of the option that we recommend. The main objective of most environmental groups is the protection of the remaining old growth. The recommended option protects only some (not all) old growth; indeed, about 50 percent of the timber harvested will be at least 150 years old. In addition, environmentalists will be unhappy that the option permits some timber cutting in the reserves. Moreover, although we believe that the option provides

sufficient protection to species to comply with the law, many environmentalists will argue that it does not.

From the standpoint of industry and labor, we have three principal sweeteners on which to rely, though none will mollify those hurt most.⁴ First, we will have to rely on labor and community assistance, discussed at pp. 11-16, below. These measures will help, though they will not be enough in the eyes of industry and labor. Nonetheless, we will have to keep emphasizing that no one will win in the end by cutting at unsustainable levels; that the only economically viable choice over the long term is **sustainable** cutting; and that we are ready to make an unprecedented commitment to help the region -- even as we recognize that our efforts will not ease everyone's pain.

Second, we may be able to soften the blow of lower harvest levels by phasing in those levels over time, thereby easing the region's transition (see p. 8 below).

Third, we can take other actions that will either increase timber production from non-federal lands or increase the domestic processing of that timber (see p. 10 below).

From the standpoint of environmentalists, the main advantages of the proposal will be the Administration's commitments to ecosystem management, to compliance with the environmental laws, and to the protection of much of the most important old growth.

Job Losses. Job losses associated with any management plan will be a disputed issue. Economists on the scientific team estimate that direct forest industry job losses resulting from implementing most of its options would range from 6000 to 9000, when compared to the number of jobs for the most recent year, 1992. This is a reasonable estimate of the direct jobs currently held that will be lost as a result of reduced harvest levels.

However, 20,000 jobs in the Pacific Northwest forest industry were lost between 1990 and 1992, and some of the people who lost their jobs in this period (possibly 5000 to 10,000) still need assistance in making an adjustment to the permanent reduction in employment opportunities in the industry. Thus, we estimate that 11,000 to 19,000 people (a) have lost or will lose their jobs as a result of changes in federal forest policy, and (b) still need assistance in making an adjustment. The community and labor assistance program that the Administration is proposing will provide \$1.47 billion in new federal funds to the region over the next five years. This package will create more than

⁴ The impact will be most severe in coastal and southwestern Oregon and the Olympic peninsula (Rep. DeFazio's and Dicks' districts, respectively).

13,000 employment and training opportunities and thousands of new jobs in the private sector and in state and local government.

Industry and labor will say that job losses are much higher. They will contend that the appropriate baseline is the mid-1980s, when employment was very high, and will apply a multiplier to take into account indirect losses. They can be expected to use job-loss figures of approximately 25,000 to 40,000 direct jobs and a total of 75,000 to 150,000 jobs lost in the region.

Possible Budgetary Effect of Reserves. All of the options involve the establishment of old-growth reserves. This raises potential budgetary issues, since contracts have already been entered into for some of the timber located in those reserves. Under the recommended option, approximately 1 bbf of timber under contract is located in reserves. We are assessing how much can be harvested without causing significant ecological impacts and how much should not be harvested. A worst case analysis indicates that the government could lose up to \$300 million in expected revenues from those sales, as well as up to \$270 million to buy back valid contracts. In previous exercises recommending creation of reserves, scientists determined that over 90 percent of sales under contract could be harvested without jeopardizing species or ecosystems. Therefore, it is likely that the actual cost of designating reserves will be substantially less than the worst case scenario. At this point, we are unable to determine the anticipated magnitude of the cost.

The Options. Framing the decision space are two options: the existing agency plans and a maximum conservation option. The agency plans would produce by far the largest timber harvest of all options considered; however, they do not protect species (particularly marbled murrelets and fish) sufficiently to meet legal requirements. The conservation option would be embraced by environmentalists but would outrage industry and timber-dependent communities. It also would not be viewed as the "balanced policy" that you promised during the forest conference.

Between these two extremes are a number of options that start from different places (either in protecting certain species and building on that or in protecting the best old growth areas and adding species protection) but end up producing timber harvest and job loss numbers that are tightly grouped. (This again demonstrates that we are dealing with a narrowly constrained decision space as a result of the practices of previous Administrations.)

Most options that achieve compliance with the legal requirements⁵ produce less than 1 bbf of timber on a sustainable

⁵ Though the issue is not free from doubt, we believe that any plan that achieves "high" or "medium high" viability ratings for key species will likely be deemed to be in compliance with

basis. (Table 1 summarizes viability ratings, timber harvest consequences, and effect on jobs, for all options.) Three options produce slightly more than 1 bbf. Of these, the one that produces the largest amount of timber (1.2 bbf) is an option newly developed by the scientific team, referred to as the "unified reserve" option (Option 9).

This option takes a different approach from previous proposals by focusing, not on a species-by-species approach, but on watershed protection, specifically key watersheds with at-risk fish stocks and high quality habitat. It develops reserves that accomplish multiple purposes.

This option also identifies ten large adaptive management areas (100,000 to 500,000 acres each) for intensive ecological experimentation and social innovation, with the objective of developing and demonstrating integration of ecological and economic/social objectives. It thus incorporates some of the cooperative, community-based principles that you laid out at the Forest Conference. The adaptive management areas will be very popular with local communities and labor, as they will provide opportunities for agencies, non-governmental organizations, local groups, and communities to work together to develop innovative management approaches.⁶ Environmentalists, however, will stridently oppose adaptive management areas because they view them as leading to increased "community control" and over-harvesting.

The principal drawback to the unified reserve option is that the adaptive management areas will involve somewhat greater expense for monitoring and research than the other options. A rigorous monitoring program is required to build and maintain public trust and provide the scientific data needed to assess the status of the forest ecosystem under this option particularly but also under all other options. On average, the additional expense for research and monitoring under this option is estimated to be approximately \$15 million per year. Moreover, there will be additional expenses in connection with establishing the areas and coordinating public involvement. The relevant land management agencies believe that this expense can be accommodated within existing agency budgets and that the political and social advantages of the adaptive management option outweigh the additional cost.

the ESA and NFMA as they relate to federal land.

⁶ The approach of identifying adaptive management areas could probably be applied to other options as well. However, it would require modification and specific assessment based on the strength and location of the reserves included in each option and the types of cutting allowed outside of the reserves. It would also require reassessment of viability ratings for the option.

TABLE 1

	<u>OPTION</u>									
	1	2	3	4	5	6	7	8	9	10
<u>VIABILITY *RATINGS</u>										
owls	H	H	H	H	H	H	MH	MH	H	MH
marbled murrelets	H	H	H	H	H	H	ML	ML	MH	H
fish	H	MH	MH	H	MH	MH	L	ML/M	MH	MH
 <u>TIMBER HARVESTS</u>										
(billion board feet)	0.20	0.68	0.74	0.74	1.01	0.85	1.84	1.41	1.21	1.08
 <u>EMPLOYMENT IMPACTS</u>										
(projected direct job losses in thousands, using 1992 baseline)	12.5	8.8	8.5	8.4	6.8	7.9	1.7	4.5	5.7	6.7

*In some cases, these are measures of the habitat to support viability, not the viability of the species.

Three other options (Options 6, 8, and 10) warrant mention. All start from the standpoint of protecting the best old-growth areas and have similar definition of the acreage that is set aside from future timber cutting. The biggest differences between them are the width of buffers along certain classes of streams and the level of forest cover in non-reserved areas. Because of these differences in guidelines and buffer widths, the three options vary in both projected timber outputs and viability ratings. The following description of options demonstrates the sensitivity of timber harvest numbers to slight changes in conservation requirements:

- **Option 6** has higher viability ratings than the unified reserve option but produces substantially less timber (.9 bbf).
- **Option 8** would achieve higher timber outputs (1.4 bbf) than the unified reserve option or Option 6 because stream buffers are substantially narrower and because it relaxes forest cover requirements outside of forest reserves. However, it has viability ratings for marbled murrelets and at-risk fish (medium low) that prevent it from meeting legal standards.
- **Option 10** provides 1.1 bbf of timber by relaxing forest cover requirements outside of forest reserves but maintaining the same buffers as Option 6. It achieves viability ratings comparable to, but slightly lower than, the similar numbers for the unified reserve option.

In summary, Option 6 is inferior to the unified reserve option in terms of timber output, Option 8 fails to meet legal requirements, and Option 10 offers no advantage in terms of either viability or timber.⁷ Consequently, on balance we believe that the unified reserve option (Option 9) is preferable.

Recommended decision: The Executive Committee recommends that we base the Administration's proposed new forest management plan on the "unified reserve" option (subject to the additions and modifications discussed below).

Agree _____

Disagree _____

Discuss _____

⁷ Moreover, the adaptive management aspect of the unified reserve option is considered an advantage of that option. If the same concept were applied to Option 10, it would require reassessment of the viability ratings and harvest levels, and it could lower those estimates.

Implementation Issues.

1. Phase-in. To mitigate the social and economic consequences that would result from a dramatic reduction from the historic timber harvest level, the majority of the Executive Committee favors phasing in the new plan, starting at a higher level than the average annual amount and reducing annual sales thereafter.

The precise numbers for a phase-in are to be determined. If the average annual target for the option selected is 1.2 bbf, we would try to structure the phase-in so that the first year harvest is at 2 bbf⁸ and the amount declines each year thereafter. Depending on the rate of descent, by the fourth or fifth year, the sales would have to drop to about 1 bbf so that the amount cut in 10 years averages 1.2 bbf.

The leaders of the scientific team have stated that a careful phase-in would not alter their viability assessments as long as the ten-year harvest total is not exceeded and all guidelines for the chosen option are followed and accompanied by rigorous monitoring.

The NEC dissents from the recommended phase-in because it may be viewed as perpetuating the Bush Administration approach of short-term fixes.

Recommended decision: The majority of the Executive Committee (NEC dissenting) recommends that the Administration plan include a "phase-in" feature.

Agree _____ Disagree _____ Discuss _____

2. Administrative actions. The Departments of Agriculture and Interior have started to prepare a draft environmental impact statement on the new forest management plan, describing all the options that have been developed by the Ecosystem Management Assessment Team and the consequences of those options. A preferred alternative will have to be identified prior to July 16, when the Administration is obligated to comply with a court order to present the draft to Judge Dwyer.

We intend to take all steps to implement the new plan administratively as soon as possible. However, proceeding in accordance with existing procedural requirements would probably

⁸ In practice, it may be difficult to achieve this amount during the first year because of the time required to plan and prepare new sales. Once the decision on a strategy is made, we should move quickly to begin the planning process.

delay the preparation and sale of new timber until late next year. Many small mills and communities cannot wait that long.

3. Legislative action to accelerate implementation. Only Congress has the power to speed up the implementation of your program so that the injunctions can be lifted and timber sales commenced this year.

One possibility is for Congress legislatively to declare the preferred option to be the new "regional guide" for Forest Service and BLM lands that are considered to be habitat of the northern spotted owl and other old-growth associated species.⁹ Legislation could further direct that timber sales that have been awarded, offered, or prepared, can proceed -- provided they are consistent with the new regional guide and the underlying statutes. The bill could also direct that new Forest Service and BLM sales in the region be prepared in accordance with the new regional guide. (The Secretaries of Agriculture and Interior would then direct the Forest Service and BLM to revise their existing forest plans to be consistent with the policies and program direction included in the regional guide.)

We anticipate that the Fish and Wildlife Service (FWS) and National Marine Fisheries Service (NMFS) will have completed formal consultation under the ESA prior to issuance of the draft environmental impact statement.

The timber industry and labor strongly favor legislation providing a higher degree of "certainty" than we are recommending. They would prefer to have Congress override the ESA and other statutes and mandate a specific harvest level for several years. They also want that harvest level to be insulated from legal challenge, by having Congress find that the program meets procedural and/or substantive requirements of all statutes. Environmental groups would bitterly contest all of these aspects.

EPA expressed the concern, shared by other members of the Executive Committee, that, while justified in these unique circumstances, this expedited process should not be viewed as a precedent for other complex environmental problems.

Recommended decision: The Executive Committee recommends that we ask Members of Congress to speed up administrative implementation of the forest management plan by a legislative declaration that the preferred option will be the new regional guide.

⁹ The Forest Service develops a plan for each national forest. In addition, it has a "regional guide" applicable to management of all forests in a region. The BLM does not currently have a "regional guide." It will implement the Administration plan by finalizing its district Resource Management Plans.

Agree _____

Disagree _____

Discuss _____

Other Components Related to Timber Production. A number of additional issues that have a bearing on harvests and/or jobs should be part of the broader package of actions to address the Northwest forest situation.

Some of these would be intended to offset the effects of the reduced timber harvests on federal lands by increasing harvests on non-federal land. They include:

- promulgation by the Fish and Wildlife Service of a rule loosening restrictions on timber harvests from certain private lands (i.e., "owl circles");
- federal assistance in bringing to the market backlogged timber sales from Indian reservations in the region;¹⁰ and
- the use of a portion of the supply from an aggressive salvage program for forests on the east side of the Cascades to supply west side mills.

Other possible actions could increase the amount of timber that is processed domestically and thereby mitigate job losses. These include:

- redefinition of unprocessed timber to make it more difficult for companies to avoid export limitations by making minor changes to a log;
- encouraging private companies to commit that timber released by removal of owl circles will be processed in domestic mills; and
- increasing the amount of timber that goes into domestic value-added manufacturing, such as by affording a bidding preference to timber purchasers who agree to commit a percentage of their output to domestic value-added manufacturing.¹¹

¹⁰ It is estimated that the total may be as high as 450 million board feet. However, we cannot be certain how much of this total can be brought to market in the near term.

¹¹ See also the recommendation below to eliminate the FSC preferred treatment of income derived from the export of unprocessed logs.

In addition, certain actions that are desired by environmental groups may be necessary if we are to achieve an acceptable package to address the broader Northwest forest issues. Chief among these is the provision of permanent protection (either administratively or legislatively) for some high priority old-growth areas in which no logging will be allowed. We also anticipate the negotiation of habitat conservation areas for riparian protection on private lands.

Recommended decision: We are asking your approval to proceed administratively with the implementation of these actions and, to the extent necessary, to pursue legislation.

Agree _____ Disagree _____ Discuss _____

III. COMMUNITY AND LABOR ASSISTANCE

The Labor and Community Assistance Working Group has developed an integrated program to improve economic conditions in timber-dependent communities -- conditions that will be exacerbated by implementing any ecosystem management plan. The program addresses both immediate and intermediate-term needs, and it has four elements:

- **Assistance to workers and families** -- increased availability of monies from the discretionary national reserve account under Title III of the Job Training Partnership Act (JTPA) for job search assistance, retraining, and relocation. The program also calls for a coordinated effort to expand conservation corps activities for young people in the rural Northwest.
- **Assistance to firms and industries** -- increased funding for successful business grant-making and lending programs (currently administered by the Department of Agriculture), expanded technical assistance (through the Department of Commerce), and adjustments in federal procurement practices. The program also calls for increasing the supply of timber to the secondary processing sector of the Northwest timber industry and for eliminating tax incentives for log exports.
- **Assistance to communities** -- stabilization of fiscal assistance to Northwest counties, strengthening of community capacity to plan for economic development and diversification, and improving the infrastructure necessary for such development.
- **New investments in ecosystems** -- investments in watershed maintenance, ecosystem restoration and research, environmental monitoring, and forest stewardship that will improve the condition of the region's ecosystem, create jobs

in timber-dependent areas, improve water quality, and increase salmon stocks to avoid salmon listings and improve commercial fishing.

The estimated dollar amounts associated with this program are described in the attached Table 2. The bulk of the funding is identified from your FY1994 budget request (base program plus investment package) and has not yet been appropriated. Availability of funds is subject to final appropriations by Congress.

Two issues need to be addressed separately from the rest of the package. Both involve legislation.

1. Revision of fiscal assistance to counties

This is a controversial issue. Currently, both the BLM and Forest Service participate in revenue sharing with county governments (with payments near \$100 million and \$200 million per year, respectively, during the late 1980s). This method of revenue sharing has proved problematic because significant fluctuations in harvests have produced significant fluctuations in revenues and because revenue sharing generates pressure for increased harvesting. In each of the past two years, Congress has established a "safety net," guaranteeing minimum revenue sharing equivalent to 85 percent of the five-year average past payments in fiscal years 1986 through 1990.

The Group recommends the establishment of a ten-year schedule of federal payments, beginning at safety-net levels and declining three percent per year. The current stipulation limiting revenue sharing to total timber receipts should continue. This approach would offer communities stability and predictability and thus provide a more attractive investment climate, while at the same time encouraging communities to become less dependent upon federal fiscal assistance, as the payments would be limited in duration and gradually declining. The payments would reach 55 percent of the 1986-1990 average in FY2004; at that time, the payment regime would be reexamined.

Recommended decision: The Executive Committee recommends the establishment of a ten-year schedule of federal payments, beginning at safety-net levels and declining three percent per year.

Agree_____

Disagree_____

Discuss_____

2. Elimination of current tax incentives for raw log exports

Currently, the Foreign Sales Corporation (FSC) provisions in the Internal Revenue Code exempt from US tax a portion of the

TABLE 2 Funding Level Options

Options	FY1994	FY1993-1998 Funds beyond base
FY1994 Base --	\$855.7	--
FY1994 Budget --	\$1,022.4	\$561.4
FY1994 Reprogrammed & Redirected	\$1,169.0	\$1,393.4
Option 1 + NW Economic Fund --	\$1,189.0	\$1,471.1

PARTIAL LIST OF FEDERAL ASSISTANCE PROPOSED FOR PACIFIC NORTHWEST "OWL REGION"
(in \$ millions)

Initiative	FY1994 Base	FY1994 Investment	FY1994 Reprogram & Redirect	Northwest (FSC) Fund	FY1994 Totals	FY93-FY98 Funds beyond Base (Option 2)	Period
JTPA-Title III: Sec'y Reserve	6.2	5.8	0.0	5.0	17.0	32.4	(3 years)
National Service	1.2	0.0	0.0	1.3	2.5	3.8	(3 years)
JTPA-Title III: Formula	14.0	16.0	0.0	0.0	30.0	48.0	(3 years)
-Total: Workers & Families	21.4	21.8	0.0	6.3	49.5	84.2	(3 years)
RDA Bus. Enterprise Grants*	--	1.1	3.0	0.0	4.1	12.3	(3 years)
RDA Bus. & Industry Program	5.5	9.8	20.0	0.0	35.3	89.4	(3 years)
RDA Intermediary Relending**	--	--	18.0	0.0	18.0	48.0	(3 years)
Old Growth Diversification	1.5	0.0	0.0	3.0	4.5	9.0	(3 years)
Manufacturing Extension***	--	--	--	--	--	--	(3 years)
EDA Technical Assistance	0.5	0.0	0.0	1.8	2.3	5.3	(3 years)
SBA Guaranteed Loans	90.0	65.0	0.0	0.0	155.0	195.0	(3 years)
-Total: Businesses	97.5	75.9	39.0	4.8	217.2	359.0	(3 years)
Revenue-Sharing for Counties	200.0	0.0	0.0	0.0	200.0	250.0	(5 years)
EDA Planning Assistance	2.0	0.0	1.5	3.0	6.5	13.5	(3 years)
RDA Community Facilities	5.0	16.6	20.0	0.0	41.6	109.8	(3 years)
RDA Water/Wastewater Program	55.0	17.0	15.0	0.0	87.0	96.0	(3 years)
CDBG Block Grant & Sec. 108	36.6	1.9	0.0	0.0	38.5	5.7	(3 years)
-Total: Communities	262.0	33.6	36.5	3.0	335.1	469.3	(3 years)
Ecosystem Restoration	178.0	19.3	71.1	0.0	268.4	452.0	(5 years)
Enhanced Private Land Managemt.	2.2	2.2	0.0	4.0	8.4	31.0	(5 years)
Understanding Federal Forests	0.0	****	****	2.0	****	10.0	(2 years)
Other Forest Restoration	258.0	12.0	0.0	0.0	270.0	60.0	(5 years)
-Total: Ecosystems	438.2	33.5	71.1	6.0	548.8	553.0	(5 years)
Totals:	\$855.7	\$166.7	\$146.6	\$20.0	\$1,187.0	\$1,471.1	

AMOUNTS REFLECT FUNDS AVAILABLE (I.E., INCLUDE LOAN AMOUNTS)

Assumptions: 3 and 5 year agency commitments on reprogramming and redirection
straight-lined investment levels

Notes: *FY1994 Base not available.
**In the past, appropriations for the RDA IRP have not been allocated by State.
Instead, projects compete for funding. The FY1994 base program level for
the entire program is \$34 million. \$140 million in additional loans are proposed in the investment package.
***FY1994 amount awarded competitively.
****Marketing non-timber environmental resources from the forest (e.g., carbon storage)
is expected to become a new source of revenue.

income derived from the export of most goods, including unprocessed logs, when FSC participates in an export transaction. The majority of the Group recommends that the FSC be amended to deny FSC benefits to income from the export of raw logs. This would likely decrease exports and increase domestic processing. The Treasury Department estimates that this would increase revenues by \$15 million per year.¹²

The CEA and Treasury oppose this proposal. They believe that any reform of FSC rules should be undertaken in the context of a comprehensive study of tax incentives for exports, rather than on a piecemeal basis. In addition, CEA points out that the overall impact of reduced log exports could actually be to reduce rather than increase jobs if the change results in a reduction of timber harvests off private land.

While campaigning in Oregon, you indicated that you did not think that the government should continue to give preferential tax treatment for raw log exports. Labor unions, environmentalists, and most of the Northwest delegation favor eliminating the export credit. The Agricultural Export Alliance has accepted the likelihood of that result. Congressman DeFazio would go further and ban all log exports.

Recommended decision: The majority of the Executive Committee (except CEA and Treasury) recommends that the FSC be amended to deny FSC benefits to income from the export of raw logs.

Agree_____

Disagree_____

Discuss_____

The Size of the Adjustment Package

• The FY1994 Budget

The starting point for analyzing the adjustment package is the current FY1994 budget. In the FY1994 budget, OMB has identified \$1.02 billion for worker, business and community assistance as well as ecosystem investment programs in the Pacific Northwest -- \$855.7 million in FY1994 "base" programs and \$166.7 million in "investment" programs. Successful implementation of the program requires passage of the investment package items for Agriculture, Interior, Commerce, Labor, EPA, and the Small Business Administration.

¹² During the Forest Conference, there was mention of a larger revenue estimate (\$70 to \$100 million) that was developed on the Hill last year based on rough calculations not using micro data (as is used in Treasury's estimate).

• **Option 1: Reprogram and Redirect FY1994 Budget Levels**

Under this option, the agencies would augment FY1994 budget amounts targeted to the rural Northwest by reprogramming monies from FY1994 base spending and redirecting FY1994 base and investment spending to increase economic assistance. It is currently envisioned that this option would provide an additional \$146.6 million for the region in FY1994. We would implement this option through approval of appropriate Congressional committees and/or through administrative action.

Approximately half of the reprogrammed money would go into ecosystem restoration, providing additional jobs in the woods. The remaining funds would support community infrastructure improvement and Rural Development Administration and other business programs.

The investment package combined with this reprogramming and redirection would provide \$313 million in FY1994 and would likely create 8,000 to 10,000 new jobs in the Pacific Northwest and support new retraining programs for 1,500 persons. Over five years, the package would provide \$1.4 billion in new monies and create jobs for 22,000 workers and retraining for 5,000 workers.

Although targeting funds to the Northwest may create resentment in other regions, political leaders in the Northwest will approve of the reprogramming. The Group worked closely with Oregon and Washington officials in developing the package.

The Departments of Labor, Interior, Agriculture, and Commerce believe that this package is insufficient, particularly in light of the magnitude of the reduction of timber harvests, the likely political response, and your campaign pledge of "no net loss of jobs." Other agencies and departments believe that the package amount is appropriate, given the phase-in, other mitigating timber policies, and budgetary constraints. These agencies and departments emphasize that this Northwest economic adjustment package should be viewed in the context of other dislocations caused by federal policies.

Recommended decision: The majority of the Executive Committee recommends the reprogramming and redirection of \$146.6 million for the region in FY1994 (in addition to the \$167 million from the investment package). (Labor, Interior, Agriculture, and Commerce recommend that additional monies be identified to increase this amount.)

Agree _____

Disagree _____

Discuss _____

• **Option 2: Create a Northwest Economic Assistance Fund**

Under this option, \$20 million a year (in FY1994-FY1998) would be dedicated to a fund to support retraining, youth services, planning assistance, and private land management in the rural Northwest. This \$20 million would be offset by \$15 million in increased revenues from the restriction on FSC benefits (discussed above), combined with potentially \$5 million in increased log-sale revenues. Each year these monies would fund an additional 1,500 retraining opportunities, summer opportunities for 400 youth, as well as creating another 500 permanent jobs.

Together, the investment package, Option 1, and Option 2 would provide \$333 million in new federal funds for the region in FY1994 (for a five-year total of \$1.47 billion). This combination of funds would create:

- 8,500 to 10,500 new jobs in FY1994 (about 23,000 over five years);
- 3,000 job training opportunities in FY1994 (about 9,000 over five years); and
- 400 summer youth opportunities in FY1994 (about 1,200 over five years).

Recommended decision: The majority of the Executive Committee recommends that this option be implemented. Because they believe that the FSC should not be revised, CEA and Treasury dissent.

Agree _____ Disagree _____ Discuss _____

Implementation Mechanism. The Group presently contemplates the delivery of federal assistance, in the short term, through an "incident command" system, such as that used in natural disasters and other emergencies. Under this system, representatives of the relevant agencies and affected states would form a "Multi-Agency Command" that would oversee and coordinate the activities of federal and state entities, most often through a memorandum of understanding.¹³ This structure is well-recognized in the Northwest and will be well received. Within twelve months, this rapid-response structure would give way to a more developed structure that would ensure interagency cooperation.

¹³ It would not be our intent to eliminate or interfere with existing interagency activities that have demonstrated an ability to manage resources effectively.

Initial discussions with the Agency Coordination Working Group suggest that it may be possible to incorporate aspects of this function into the interagency management structure described in that Group's report. Further study of this potential is recommended.

IV. AGENCY COORDINATION

Too often in the past, various federal agencies have acted in isolation or even at cross-purposes in connection with the management of forests in the Pacific Northwest and northern California. This lack of cooperation has undeniably contributed to the current gridlock. The adoption of a new forest management strategy provides an ideal opportunity for this Administration to correct the existing problems and to fulfill your pledge at the Forest Conference to have the agencies cooperate more closely.

The new plan will be based on ecosystem management. Ecosystems are not generally contained within the geographic boundaries of a single ownership (e.g., the ecosystem for salmon species can extend from small mountain streams, through rivers that pass through federal, state, and private ownerships, and into the ocean). Managing an ecosystem can involve dealing with multiple property owners, multiple users of the property, and various federal and state agencies with regulatory responsibilities. As a result, ecosystem-based management of federal lands will require vastly increased agency coordination.

We propose a new scheme of land management planning for the region, including the following:

1. New Planning Units. Under the options developed by the scientific team, the beginning place for analysis is the individual watershed, and the most logical planning unit is a "physiographic province," consisting of a number of watersheds. Over time, we propose to switch from the existing planning units (individual national forests and BLM districts) to these provinces. In the case of the Forest Service, complete implementation of this change would require amendment of NFMA.¹⁴ While the Department of Agriculture is committed to this new approach to land management, the magnitude of statutory and programmatic changes required -- particularly as they relate to current land management planning requirements for the national forests -- should (in the view of Agriculture) be viewed as a long-range objective.

¹⁴ BLM currently has authority under FLPMA to adjust planning boundaries (districts) administratively to conform with physiographic provinces.

2. Interagency GIS Database. We propose the immediate development of an interagency Geographic Information System (GIS) database in order to allow land management and resource agencies to coordinate their efforts in the collection and development of research and data. Agencies will respond as available funds allow in FY1993 and FY1994 and will consider budget initiatives during the FY1995 budget formulation process.

3. New Planning Structure. Most of the planning work would be done by provincial-level teams -- i.e., these teams would develop analyses for physiographic provinces and particular watersheds. The membership of these teams would include the relevant federal agencies, states, and tribes.¹⁵ In addition, when individual watersheds are analyzed, the objective would be to get all affected parties to the table to discuss biological needs, timber needs, community needs, etc. An Interagency Executive Committee would coordinate and provide direction for the work of the provincial teams. It is our intent to begin to establish this structure as soon as feasible.

4. Revised Consultation Process. The existing consultation process under the Endangered Species Act would be revised to emphasize an integrated ecosystem approach. This would include involving FWS, NMFS, and EPA early in the process, so that the views of those agencies can be made known when the land management agencies begin to develop their plans for a particular area. (In contrast, under previous practices, consultation agencies have sometimes not made their views known until late in the planning process). It would also involve the use, where appropriate, of regional consultations (as contrasted with consultations on individual timber sales).

5. Additional Legislative Changes. To achieve maximum benefits from the new ecosystem-based approach, certain statutory and regulatory changes will be desirable, including:

- revision of the budgeting process (1) to decouple funding of agency budgets from timber sales levels, and (2) to allow flexibility in expending funds when and where needed to manage overall ecosystem health, including expenditures for joint projects such as the interagency GIS database;
- amendment of NFMA, FLPMA, and/or relevant regulations to streamline the process for amending land management plans; and
- revision of legislation or regulations governing BLM lands to more specifically emphasize species viability and habitat protection.

¹⁵ Federal Advisory Committee Act (FACA) considerations are still being addressed.

We recognize that some of these legislative changes may prove to be controversial. The Department of Agriculture has stated that it would be unwise to request changes to NFMA at this time. We recommend that these subjects (other than NFMA changes) be included in the discussions with Members of Congress and that the question of NFMA changes be deferred until a later date.

Effect on Budget. Preliminary review suggests that, during the interim period, when agencies are operating under the old system but also preparing to switch over to the new strategy (and when they are investing in a common database and related technology), agency costs will be increased. In the short term, it is estimated that ecosystem management for the region could add up to 30 percent to the cost of agency operations per year, or \$78 million. In the long term, however, efficiencies and cost savings seem likely. The agencies will begin implementation within existing FY1993 and FY1994 budgets and will be able to refine their estimates of budgetary impact before the FY1995 budget process.

We caution against any expectation that agency budgets can be reduced commensurately with the decrease in timber harvest levels on federal lands, since the increased emphasis on objectives other than timber production (including recreation, species protection, rehabilitation, conservation, and other commodity production) will require the maintenance of adequate staffing levels. Moreover, monitoring and research will be significant factors in any ecosystem-based plan.

Recommended decision: We recommend that you approve the new land management framework in concept and authorize us to implement it administratively (to the extent possible), perhaps through an Executive Order, and to include the necessary legislative changes (other than NFMA) in our discussions with Members of Congress.

Agree _____

Disagree _____

Discuss _____

ATTACHMENT 1

POLITICAL SITUATION

A. Expectations

Following the Forest Conference, expectations of all parties were exceptionally high that the Administration plan would produce components they favored. People came away from the Conference selectively having heard what they wanted. "Balance" became a "silver bullet" magic solution. Not surprisingly, "balance" is being defined by perspective:

- to loggers and the timber industry, it means lifting the injunctions, modifying the Endangered Species Act, and increasing the timber harvest level;
- to environmentalists, it means increasing protection of the remaining old-growth forest ecosystems and establishing permanent reserves.

In recent weeks, expectations have been lowered. Most people now realize that no "silver bullet" solution exists.

Industry, labor, and community leaders, while expecting a reduction from historical harvest levels and levels stated in resource plans, will be very unhappy to learn that the forest plan estimates were too high even before one overlays additional habitat conservation.

These groups will also be upset to learn that there is little new money to assist affected people. The Labor and Community Assistance Team report recommends developing and/or enhancing several programs. The total available funds is \$1.02 billion in FY1994. This level of funding, while substantial, does not compensate communities or workers at a level equal to the resulting declines of services resulting from lower timber harvest levels from federal lands.

B. Political Context

Now that we have draft reports from each working group, we must move quickly to maintain: (1) leadership and (2) control of the information. Congressional leaders, Governors, and interest groups following this process are becoming increasingly anxious to know what the Administration will propose and how they will be involved/consulted. Recent media coverage revealing details of the scientific plan have heightened that anxiety.

CONGRESS: Implementing this comprehensive program will require legislation. The best way to gain Congressional support is to ensure that Members of the delegation and key committee chairs are invested in the plan. Once consultations begin, however, the working group options and recommendations will leak. Lobbying efforts from all sides will intensify -- on you, senior staff, and Congress. Claims and counter-claims will be vicious.

We propose to continue working with Congressional representatives to explain the program as soon as you provide your approval. Their primary incentive for enacting the plan is that they have no better alternative. Congress has wrestled with this for years and been unable to resolve it. The administrative outcome would provide little new timber until late next year.

You, Cabinet Secretaries, and other senior officials will have to use all your persuasive powers to get this through Congress and earn the support of Governors Lowry and Roberts.

GOVERNORS: Governors Lowry and Roberts have been far more active than Governor Wilson because their states are more widely affected. We are working to gain the support of Governors Lowry and Roberts. We do not anticipate Governor Wilson will support the Administration plan.

INTEREST GROUPS:

Labor: Labor, specifically the Carpenters' Union, has formed an alliance with the industry to fight against timber harvest reductions. They indicate that they need 2.0 bbf harvest from federal lands in the region. (In addition to the 1.2 bbf from "owl forests", the region includes forests on the east side of the Cascades that will produce harvest levels of about 0.4 bbf annually.) They also want some sense of certainty that timber sales will go forward and that community and worker assistance programs will be funded.

Environmentalists: Environmentalists want protection of all remaining old growth forests and no weakening of important statutes. They also demand less intensive timber harvesting practices on non-protected forests.

Local Government: Local governments receive 25% of gross Forest Service revenues and 50% from Bureau of Land Management lands in lieu of taxes that would be collected if those lands were privately held. As much as eighty percent of some county budgets result from these payments. They rely on, and have become accustomed to, high levels of timber sales from Federal lands.

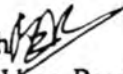
Forest Products Industry: The industry seems to be preparing to criticize sharply the Administration proposal. They will criticize the process because the range of options prepared does not include weakening existing laws such as the Endangered Species Act. Private landowners want both to have their conservation efforts recognized and to have harvest restrictions eased. They will criticize the reduced harvest levels. The proposed program accomplishes two things for industry: (1) access to timber supplies (although limited) as soon as possible; and (2) possible easing of owl conservation restrictions on private lands.

Urban Dwellers: Voters who live in cities want to protect the forests. At the same time, they show compassion for those whose livelihoods have depended on the forest. If the Administration's plan is presented effectively, it should satisfy the concerns of this group and be perceived as a fair accommodation of diverse interests.

THE WHITE HOUSE
WASHINGTON

June 12, 1993

MEMORANDUM TO THE PRESIDENT

FROM: Marla Romash 
Office of the Vice President

SUBJECT: Public Opinion Surveys on Forest Issues

BACKGROUND:

There have been two public opinion surveys recently conducted on forest management issues related to the Pacific Northwest and Northern California. One, a national poll conducted in late May by the Western Council of Industrial Workers and the Timber Industry Labor Management Committee; the other, a regional poll conducted earlier this month by the Ancient Forest Alliance.

The poll completed for the Ancient Forest Alliance is far more comprehensive than the industry poll and mirrors both the content and design of the survey Stan Greenberg conducted in Oregon earlier this year.

INDUSTRY POLL:

The industry/labor poll was used to reinforce two points: the public wants a balanced solution, and people are unwilling to protect the spotted owl if it will cost jobs. However, the polarization on these issues also is revealed (42 agree more with environmentalists, 47 with timber industry and workers).

On the balance issue, 71 percent say they want a balanced solution "so that the spotted owl is protected and job losses are kept to a minimum."

On the job losses, the industry poll asked the same question ("Number of jobs you would be willing to see lost to protect the spotted owl") and simply changed the job number from 5,000 to 100,000 through a series of questions. Not surprisingly, throughout the series of questions, a majority said they would not be willing to see that number of jobs lost. For example, 59 percent would not want to see 5,000 jobs lost; 75 percent on 10,000 jobs, 84 percent on 50,000 jobs, 87 percent on 100,000 jobs.

The industry poll also asked whether people supported "changing the Endangered Species Act to consider the economic and social consequences of protecting a particular species of wildlife." Fifty-seven (57) percent favored, 32 percent opposed. No doubt this question was

asked to reinforce their belief that the ESA must be changed. However, in light of the Ancient Forests Alliance poll, another point could be made as well: people want these issues considered in a comprehensive way; they understand this is about more than the spotted owl.

ANCIENT FOREST ALLIANCE POLL

The conclusions of this poll are encouraging, specifically if we choose a forest management plan that uses watersheds as a starting point and the economic health of the region as a long term goal. Voters want to protect the environment and develop a sustainable economy.

The POLARIZATION is real: voters split between protecting old growth forests and timber jobs [41-43] (in Oregon, which has more federal lands, voters place more emphasis on jobs [51-39]; in Washington, which has more private lands and where the largest job losses already have occurred, voters place higher priority on protecting the old growth forest [43-36]). However, voters seek a balanced solution and believe strongly that you are balanced in your approach and will present a balanced plan [48 percent believe you are balanced; 43 percent believe Vice President Gore puts more priority on old growth forests; 56 percent believe your plan will strike a balance].

But voters recognize that this is about more than owls (only 15 percent say timber jobs have been lost to too stringent environmental laws) and they expect continued timber job losses [55], but they accept that in return for a sustainable, diversified economy and environment. There is broad and strong support of a plan that protects the environment and is focused on the long-term economic health of the region.

There also is SUPPORT FOR a CLINTON PLAN. Before receiving any information about the plan, voters support it [46-24]. Even in timber communities, without any information, there is support for the plan [41-27].

The Clinton plan was described:

President Clinton has made solving the Northwest's old growth forest crisis one of his top priorities. The President has promised a sustainable economic and environmental plan that will balance the interests of loggers, fishermen, the forests, and the communities. His plan will do three things: First, he will implement a scientifically sound, legally responsible plan that will end the gridlock, allow timber sales and logging to go forward, and improve forest management. To help put the economy on stronger footing, the President will provide loans to create new jobs in growing industries, like secondary wood manufacturers, as well as funding to retrain workers and assist communities. Further, the President will fund new jobs restoring damaged watersheds and fish habitat. And, he will remove subsidies that promote exports of raw logs and jobs overseas. Second, the plan will use the best available science to manage the forests -- protecting old growth forests and threatened wildlife, and opening up some other areas for cutting. The plan is designed to keep the entire forest

healthy, and put the management of the forests back in the hands of the scientists who do it best. Finally, the plan will eliminate the conflicts among federal agencies that have contributed to gridlock in the past.

Support for the plan increases substantially with this information [79] and holds even under the expected attacks [67 after attack that it will cost jobs; 68 after attack it will destroy economic health]. Even in timber communities support for the plan increases with information [65] and after attack, holds up [51], though not as well as the overall numbers. [Overall, 37 believe your plan will have little job impact; 18 believe it will create jobs; 26 believe it will cost jobs -- but of those who think the plan will cost jobs, 44 percent believe they would have been lost anyway, and 50 percent say they would not have been lost.]

There is support for a plan that balances the interests of loggers, fishermen, the forests and communities; that puts forest management back in the hands of scientists; and includes economic transition and retraining of workers.

The strongest argument for the plan is an economic argument that talks about a sustainable harvest and long term jobs for the future. Voters find most convincing [75 convincing, 31 very convincing] an argument that says we can't go back to the timber boom of the past and must move instead to provide a sustainable harvest, long-term jobs, and economic transition assistance and programs. By a 4-1 margin, this argument also makes them feel personally more favorable to you. (The exact argument: *We can't go back to the huge timber cut boom of the past. We've been shortsighted in our overcutting and we're paying the price for past mistakes. Now what we need to do is provide a sustainable harvest and long term jobs for the future, make available incentives and loans to create new jobs, and provide retraining to displaced workers and assistance to communities.*)

CLINTON VOTERS ARE STRONG SUPPORTERS: Without any information, 2/3 of Clinton voters support the plan and Perot voters split. After the plan has been described and attacked, 81 percent of Clinton voters support it and 60 percent of Perot voters support it. (NOTE: Clinton voters are urban voters concentrated in the region's big cities.)

(FYI: The attacks center on job losses -- predicting an additional 15,000 jobs lost; and on destroying the economic health of the region in favor of saving "critters and plants.")

The poll provides other information as well:

- o The quality of the water supply is the most important issue [86] identified as part of this plan, speaking to a strong concern about drinking water supplies (salmon don't rate very high [47] and fishing jobs rate at the very bottom [30].

- o The quality of life/environment and educating and training workers are the second most important issues [71 and 70].

o The third most important issues [55 each] are small business loans/community assistance, saving last 10 percent of the old growth forests, and saving species for medicine.

o Jobs for loggers and their families fall below salmon [46] and the old growth forests fall below that [44]. The timber industry [38] falls just above fishing jobs.

o Scientists are rated most favorably [65], followed by timber workers [63]. The U.S. Forest Service is third [57], followed by timber companies [54] and WA environmental groups [52] and national enviro groups [49]. Wise use groups are at the bottom of the scale [41].

o Sustained economic growth is more important than short-term job considerations. [55 want to sustain economy for long term; 12 believe we should expand cutting to make up for lost jobs; 29 can't lose more jobs].

o Voters recognize this is about more than owls. [35 say we need sustainable economy; 27 say more than just owl but entire environment at stake; 17 say we can't lose jobs; 17 say job loss from factors other than spotted owl].

o Timber companies and federal agencies are blamed for job loss. [25 blame overcutting and poor management by timber companies; 23 blame politics and poor management by federal agencies; 18 blame raw log exports to Japan; 15 blame environmental policies; 8 blame general economic downturn.] (NOTE: In fact, it is probably the economic downturn more than anything else that's created job losses.)

o Most voter [70] believe no one should be above the law. That is, they believe the law should be followed and laws should not be overlooked even if it saves jobs.

o Convincing arguments also can be made regarding balance and breaking gridlock.
The exact arguments:

1) *Some people in this debate want to save every tree; others want to cut every tree. This plan is balanced. We're going to continue cutting timber in these forests over the long-term, though we will cut less than in the past. And we are going to protect the last old growth forests and the key rivers and streams, but we're not going to lock up every acre. [70 convincing, 24 very convincing].*

2) *The best part of this plan is that it will break the gridlock and end the uncertainty that threatens loggers, communities, the forests, and fishermen. It will allow the timber sale program to go forward, create new and sustainable economic opportunities and help communities put the management of the forests back in the hands of the scientists who do it best. [61 convincing, 19 very convincing].*



Working here is like an
amusement park!
There's excitement!
There's challenge...

Marcia

We need a meeting w/
for the political folks to go over
the ^{1. common} Hawaii - B.

...and it will often make you sick.

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THE WHITE HOUSE

WASHINGTON

33 JUN 17 P5:24

MEMORANDUM TO THE PRESIDENT

FR: Marcia Hale
RE: G-7 Summit Schedule
DT: June 16, 1993

Attached is a draft schedule for your trip to Tokyo and Seoul. I have held numerous meetings to discuss this schedule with those that need to be involved and two pre-advance trips to Japan have been completed. We will need to finalize this with the Japanese and Koreans soon -- as well as with our embassies.

As soon as a schedule is finalized a communications strategy will be planned for the summit. This will include a press lead up to the summit, a plan for the actual 3 days in Tokyo, and press briefings after both Tokyo and Korea. It is important that the themes for the speeches be agreed upon as soon as possible.

As drafted the schedule includes a bilateral meeting with the Japanese, Italians, Russians, and Koreans. The bilateral with Miyazawa is shortly after you arrive in Tokyo on Tuesday afternoon. If concluded successfully, this bilateral is one of the best news opportunities of the summit.

On Wednesday, the draft proposes a speech intended to frame the G-7 summit from your perspective and includes the results of the Japanese bilateral.

Wednesday afternoon the G-7 begins and lasts until Friday afternoon. The G-7 includes a working dinner on Wednesday and a State dinner on Thursday. Tuesday night and Friday night are free for family/private dinners.

Saturday morning you are scheduled to have a bilateral meeting and a press availability with Yeltsin. You depart for Seoul at noon.

Upon arrival in Korea you will meet with President Kim and speak to the National Assembly on international security issues. Saturday evening is a State Dinner with President Kim. It has been proposed that you helicopter to the DMZ that evening to spend the night at Camp Casey. (HRC and CVC will stay in Seoul.)

Sunday morning you will tour the DMZ and greet troops stationed there as well as go to church. You would return to Seoul to rejoin HRC and leave for Hawaii late Sunday afternoon.

Upon arrival in Hawaii, you will need to do a public event. (The NSC has not given me a proposal yet.) However, you should be finished with any official schedule by noon on Sunday and will have until Wednesday morning free, before returning to Washington.

Travelling with you on this trip will be Secretary Christopher, Secretary Bentsen, and Ambassador Kantor. Secretary Aspin will join you in Korea.

Please let me know what you think of this proposed schedule.

JULY 4th

In April, we committed to Mayor Rendell that you would celebrate the fourth of July in Philadelphia. Mayor Rendell and the city of Philadelphia celebrate the Fourth of July for 11 days!

On the Fourth, you will attend a ceremony at the Liberty Bell with the Mayor and descendants of the signers of the Declaration of Independence. Senator Wofford as well as many members of the Congressional delegation will attend. You will actually ring the Liberty Bell at 2PM. This bell ringing ceremony is replicated in hundreds of communities across the country at exactly the same time. There are numerous other events (picnics/celebrations) that you could attend before the bell ringing, if you chose to do so. However, we have not planned any of these, as of now, due to your early departure for Tokyo the next day.

Previous to this you committed to meeting with Nelson Mandela and President de Klerk when they came to this country. They will be in Philadelphia to receive the Philadelphia Liberty Medal on the Fourth. The Philadelphia Liberty Medal is given every year by the city to prominent world figures -- last years recipient was Thurgood Marshall. You will attend this ceremony and speak. You will need to meet privately with deKlerk and Mandela as you committed. However, I would like to schedule this for Friday afternoon July 2. You would not need to do any press after these meetings as the appearance in Philadelphia will suffice for a press event.

You will leave Philadelphia around 5pm and will attend a casual White House picnic (mainly close friends and staff) to watch the fireworks on the Mall.

JULY 5th

On July 5th, you will need to leave for San Francisco by 7:30am in order to speak to the NEA convention. They are meeting

in the Moscone Center and there will be 10,000 NEA members present. We talked previously about your addressing the "Returned Peace Corps Volunteers" while you are in San Francisco. We should discuss this, but I don't think you have the time, unless you feel strongly about it. Secretary Christopher will be travelling with you and has agreed to speak to them if you don't.

Please let me know if you have any questions about any of this. Thanks.

WORKING DRAFT SCHEDULE FOR TOKYO ECONOMIC SUMMIT

[draft 6/17/93, 7:00 am]

Monday, July 5, 1993

7:30 am DEPART Andrews AFB for San Francisco
[5 hr 15 min flight time; Time change: -3 hours]

9:15 am ARRIVE San Francisco Airport

10:00 am NEA convention/San Francisco

1:00 pm DEPART San Francisco for Tokyo.
Flying time: 10 hours, 10 minutes. Time change: +16 hours

Tuesday, July 6, 1993

3:10 pm ARRIVE Tokyo/Haneda airport
(2:10 am edt) NOTE: No arrival ceremony.
Immediate departure by helicopter for Prime Minister's official residence. First lady and staff depart by motorcade for Okura Hotel.

4:00 pm- BILATERAL DISCUSSION with Prime Minister Miyazawa
5:30 pm PHOTO OP
(3:00 am edt)

5:45 pm PRESS AVAILABILITY

6:15 pm DEPART for Okura Hotel.

6:30 pm ARRIVE at Okura Hotel.
(5:30 am edt) Private time

Options: Asakusa shopping district/Senso-ji Temple for walking tour; dinner with family
at restaurant

RON Hotel Okura, Tokyo

Wednesday, July 7, 1993

8:45 am
(7:45 pm edt Tue.)

DEPART Hotel Okura for site of speech (tba)

9:00 am-
10:00 am
(8:00 pm edt Tue.)

SPEECH

Site options: Edo Tokyo Museum (500 seats); NHK Hall (similar to Kennedy Center, 4,000 seats); Hibiya Hall, 2,047 seats.

10:05 am

DEPART from site of speech (tba) en route via motorcade to Hotel Okura

10:20 am

ARRIVE Hotel Okura
DOWN TIME

2:00 pm

DEPART Hotel Okura en route Akasaka Palace.

2:10 pm

ARRIVE Akasaka Palace

2:20 pm

PHOTO OPPORTUNITY

2:30 pm
6:00 pm
(1:30 am-6:00 am edt)

INITIAL G-7 MEETING BEGINS

6:00 pm

DEPART from Akasaka Palace en route Hotel Okura

6:10 pm

ARRIVE Hotel Okura

DOWN TIME

7:50 pm

DEPART Hotel Okura for Prime Minister's Official Residence

8:00 pm-
(7:00 am edt)

ARRIVE Prime Minister's residence for G-7 Working Dinner

10:00 pm

DEPART for Hotel Okura

10:10 pm
(9:10 am edt
RON

ARRIVE Hotel Okura

Hotel Okura, Tokyo

Thursday, July 8, 1993

7:30 am-	LIVE U.S. EVENING NETWORK INTERVIEW (tentative)
8:15 am	
(6:30 pm - 7:15 pm edt Wed.)	
9:00 am	DEPART Hotel Okura for Akasaka Palace
9:15 am	G-7 CONFERENCE (Second day begins)
(8:15 pm edt Wed.)	
	WORKING LUNCH
5:45 pm	G-7 CONFERENCE CONCLUDES.
5:55 pm	DEPART for Hotel Okura
6:00 pm	ARRIVE Hotel Okura
7:15 pm	DEPART Hotel Okura en route Imperial Palace
7:30 pm-	ARRIVE Imperial Palace
10:00 pm	COURT DINNER BEGINS
(6:30 am-9:00 am edt Thur.)	Attire: Black tie
	Note: Court Dinner now includes Yeltsin
10:05 pm	DEPART from Imperial Palace en route Hotel Okura
10:20 pm	ARRIVE Hotel Okura
RON	Hotel Okura, Tokyo

Friday, July 9, 1993

Note: Secretary Bentsen will be meeting with American Chamber of Commerce, Hotel Okura from 8:00 am - 9:00 am.

9:00 am	DEPART from Hotel Okura en route Akasaka Palace
(8:00 pm edt Thur.)	
9:15 am	ARRIVE Akasaka Palace for G-7 Conference
(8:15 pm edt Thur.)	
	MEETINGS?
11:45 am	ANNOUNCEMENT OF ECONOMIC DECLARATION
(10:45 pm edt Thur.)	AKASAKA PALACE

Note: Working lunch with Yeltsin has been cancelled.

12:15 pm DEPART from Akasaka Palace en route Ambassador's House

12:25 pm ARRIVE Ambassador's House

**12:30 pm-
1:30 pm
(11:30 pm edt Thur.)** **BILATERAL WITH PRIME MINISTER OF ITALY**

1:30 pm DOWN TIME

**2:00 pm
(1:00 am edt Fri.)** **G-7 LEADERS AND PRESIDENT YELTSIN MEET**

6:00 pm CONFERENCE ADJOURNS

6:05 pm DEPART from New Atani Hotel en route Hotel Okura Return to hotel. Press availability.

6:20 pm ARRIVE Hotel Okura

**6:45 pm-
7:15 pm** **PRESS CONFERENCE
Hotel Okura**

Note: Prime Minister Miyazawa will have press conference with Yeltsin at approximately 6:30 pm at the New Atani Hotel (the official press center of the Economic Summit)

RON Hotel Okura

Saturday, July 10, 1993

8:00 am DEPART Hotel Okura en route via walking ambassador's residence

8:10 am ARRIVE ambassador's residence

**8:15 am
(7:15 pm edt Fri.)** **WORKING BREAKFAST with President Yeltsin
PHOTO OPPORTUNITY/PRESS AVAILABILITY at
beginning of meeting**

10:15 am MEETING CONCLUDES

10:25 am DEPART from ambassador's residence en route via walking to U.S. Embassy

TBA

MEET AND GREET Japanese friends

Location: tba

10:30 am

GREETING/REMARKS to U.S. Embassy personnel

11:00 am

DEPART from U.S. Embassy by motorcade for Haneda airport.

11:30 am

Arrive airport.

Noon

WHEELS UP for Seoul, Korea.

(11:00 pm edt Fri.)

Flying time: 2 hours.

Time change: none.

WORKING DRAFT SCHEDULE FOR PRESIDENT'S TRIP TO SEOUL, ROK
[draft 6/17/93, 7:25 am]

Saturday, July 10, 1993

12:00-noon (11:00 pm edt Fri.)	WHEEL UP Haseda International Airport, Tokyo, Japan
2:05 pm	WHEELS DOWN K-16 Airport, Seoul, ROK
2:20 pm	BOARD MARINE ONE and depart from K-16 Airport en route Blue House [15 min flight time]
2:35 pm	ARRIVE Blue House (Chong Wa Dae)
2:40 pm (1:40 am edt Sat.)	MEETING WITH PRESIDENT KIM BLUE HOUSE (Chong Wa Dae)

Format:

- * 2:40 PM - 2:42 PM
The President and Mrs. Clinton are greeted by the President and Mrs. Kim at the porch and escort them to the entrance of the Main Building.
- * 2:42 PM - 2:45 PM
The President is invited to sign the guest book by President Kim.
- * 2:45 PM - 2:48 PM
Four principals pose for photo session at the foot of the staircase.
POOL PRESS

(Mrs. Clinton proceeds with Mrs. Kim to First Lady's drawing room for separate meeting.)
- * 2:48 PM - 3:10 PM

President Clinton and President Kim proceed to the small drawing room on the 2nd floor for private bilateral meeting. (20 minutes)

POOL SPRAY AT THE BEGINNING OF THE MTG

* 3:10 PM - 4:10 PM

After private bilateral, the two principals will join ongoing expanded meeting (1hr).

* 4:10 PM - 4:40 PM

Press conference (reception room) (25 min) [we agreed to 15 min.]

4:40 pm

DEPART from Blue House en route National Assembly Building
[drive time: 25 minute drive time approximately, or 10 minute Marine One flight time]

5:05 pm

ARRIVE National Assembly Building for speech

Format:

* The President arrives at the National Assembly and are greeted by the General Secretary of the National Assembly at the porch area.

* The Speaker and Mrs. Lee receive the President in front of the VIP elevator.

* The President proceeds to Audience Room and meets leaders of political parties.

* Address National Assembly Members

6:15 pm

DEPART from National Assembly Building en route RON location

6:30 pm

ARRIVE RON location for down time

7:15 pm

DEPART from RON location en route Blue House

7:30 pm

9:30 pm-

(6:30 am-

8:30 am Sat.)

**STATE DINNER WITH PRESIDENT KIM, MRS. KIM
BLUE HOUSE**

Attire: Business

Format:

- * The President and Mrs. Clinton are greeted by the President and Mrs. Kim at the porch area.
- * Principals proceed to Reception Hall for receiving line.
- * Principals proceed to Dining Hall for State Dinner.

9:35 pm DEPART from Blue House en route Hyatt Regency Hotel
[drive time: 15 minute]

9:45 pm ARRIVE Hyatt Regency Hotel
(8:45 am edt Sat.)

RON Hyatt Regency Hotel, Seoul, ROK or Camp Casey

SCHEDULING OPTION: Potus could spend the night at Camp Casey. USSS would prefer is Potus RON at Hyatt Regency, however, they said they could work it out. We would need to look into how many troops we might displace (if any) if Potus and a small pool of staff/press RON at Camp Casey.

Sunday, July 11, 1993

Note: Schedule reads as if RON at Hyatt Regency Hotel, Seoul

4:30 am DEPART from Hyatt Regency route Yongsan Army Base, Seoul
[3:30 pm edt Sat.) [15 minute drive time]

4:45 am ARRIVE Yongsan Army Base

4:55 am BOARD Marine One

5:00 am DEPART from Yongsan Army Base via Marine One en route Camp
Bonifas
[30 min approx. flight time]

5:30 am ARRIVE Camp Bonifas
BOARD motorcade

5:45 am ARRIVE DMZ and TOUR

7:00 am DEPART DMZ en route Camp Bonifas
(6:00 pm edt Sat.)

Note: Press must begin filing at 7:00 am to meet Sunday morning papers.

7:15 am	ARRIVE Camp Bonifas
7:30 am	BOARD Marine One
7:40 am	DEPART from Camp Bonifas en route Camp Casey
7:50 am	ARRIVE Camp Casey
8:15 am (7:15 pm edt Sat.)	ADDRESS TROOPS AT CAMP CASEY
10:00 am	DEPART from Camp Casey en route Yongsan Army Base via Marine One [30 min flight time approx.]
10:30 am	ARRIVE Yongsan Army Base

SCHEDULING OPTIONS AT YONGSAN ARMY BASE:

1. Meet and greet with American business leaders at Officer's Club (although Bentsen may be able to do this event solo)
2. Meet and greet with embassy staff

SCHEDULING OPTION FOR THE AFTERNOON

1. 3:15 pm SITE SEEING FAMILY/CULTURAL EVENT OR BASEBALL GAME
(2:15 am edt Sun.) (tentative)
2. Jog with President Kim

4:45 pm	DEPART from site seeing event en route K-16 Airbase via motcade [30 min drive time]
5:45 pm	ARRIVE K-16 Airbase
6:00 pm	BOARD AIR FORCE ONE
6:10 pm (5:10 am edt Sun.)	WHEELS UP from K-16 Airbase en route Hawaii [8 hr 20 min flight time, -19 flight change]
7:00 am (Sunday)	WHEELS DOWN Hawaii

Note: 8 hr 50 min flight from Hawaii to Andrews AFB with +6 hr time change.

As Yale Scientist Is Injured in Bombing, Universities and Companies Go On Alert

By STEVE STECKLOW
And MARILYN CHASE

Staff Reporters of THE WALL STREET JOURNAL

Several universities, research facilities and companies went on alert following the second mail bombing this week targeting an academic scientist.

In the latest attack, a computer expert at Yale University was seriously injured yesterday after a package exploded that he was opening at his New Haven, Conn., office at about 8:15 a.m. David Gelernter, a 38-year-old associate professor of computer science, was listed in critical condition at the campus hospital with wounds of the abdomen, chest, face and hands.

The Federal Bureau of Investigation and other law enforcement agencies were attempting to determine if there was any link between the incident and a similar mail bombing Tuesday at the home of University of California at San Francisco geneticist Charles Epstein, 59, who's widely known for his research into Down's syndrome and other genetic defects. Dr. Gelernter's brother also is involved in genetics research.

FBI Director William Sessions, at a late afternoon press conference in San Francisco, said federal agents are combing crime scenes near East and West Coast universities in an effort to link the two mail bombings.

"I don't think it's illogical for people to suggest a link" between them, Mr. Sessions said.

The FBI director hinted that the agency also is probing the cases for possible links with the unsolved series of a dozen bombings between 1978 and 1987, 11 of which were aimed at academics.

The earlier string of incidents, dubbed "Unibomb" by the FBI, are believed to be the work of a lone individual. In all, 21 persons were injured, one fatally, by the explosives. Those bombs were either sent in packages or planted in buildings or parking lots at universities and computer companies in six states.

The New York Times reported that it had received a letter, postmarked June 21 from Sacramento, Calif., that warned of "a newsworthy event" and identified its author as FC. Authorities said that the bomber previously had identified himself as FC, the newspaper reported.

Mr. Sessions said that following yesterday's bombing, the agency had alerted

eight regional university systems to the danger, urging "persons associated with universities" to take special precautions.

Harvard and Stanford universities and the Massachusetts Institute of Technology warned their faculties yesterday to take precautions on opening mail. Harvard cautioned its faculty against opening any padded manila envelopes or packages that appear to contain such items as plastic boxes, copper tubing or batteries. Academic institutions, including Harvard, were notified that in both the San Francisco and New Haven incidents, the explosives were sent in manila envelopes, one of which contained those items.

FBI Director Sessions said he was aware of, but couldn't confirm, reports that both bombs carried Sacramento, Calif., return addresses.

Meanwhile, at Genentech Inc. in South San Francisco — a biotechnology company where access to all buildings is controlled by plastic keycards — employees worked in an atmosphere of heightened alert.

"We have stepped up our level of security awareness, and we are screening all incoming mail and packages. We're on a heightened alert," said spokesman James Weiss. He added that "top executives were briefed" on safety and security procedures.

"Places like Genentech can keep people out," said one West Coast scientist. "But our public institutions are really vulnerable." Envisioning an era of metal detectors and bomb-sniffing dogs, he added: "It's gonna be like airports in the future."

Other West Coast university and corporate scientists involved in the field of genetics said they have been bracing themselves for protests since the debut of the movie "Jurassic Park," which spins apocalyptic scenarios out of the science of gene-splicing.

In the San Francisco case, the package bomb carried a return address from James Hill, chairman of the chemistry department at California State University in Sacramento. He's not considered a suspect "at this time," said FBI special agent Joseph T. Sheehan.

In a telephone interview, Dr. Hill, an inorganic chemist, said he was visited by an FBI agent and a postal inspector late Tuesday who told him that in other mail bombings involving academics, university professors had been used in the return address "to give it credibility."

Dr. Hill said the agents "were suspicious that [the bomber] might be an older person who may have been going to school off and on in different places."

Special agent John Sennett of the FBI's New Haven office said the two bombings this week may be a "resumption" by the serial bomber. "We're looking closely for any kind of motive, including those that are terrorist in nature," Mr. Sennett told the Associated Press.

Both Dr. Epstein and Dr. Gelernter are well known in their fields. Dr. Epstein, a professor of pediatrics, edits the American Journal of Human Genetics. Dr. Gelernter, who directs undergraduate studies in computer science, is an outspoken critic of the present use of computers in education, and has published numerous articles in national publications, including the New York Times. He's an expert in the linking of powerful computers, known as parallel processing. As a graduate student, he wrote a landmark computer language known as Linda that enabled multiple computers to work on a single problem.

Authorities noted that Dr. Gelernter's brother, Joel, is a Yale psychiatrist who specializes in genetics research. Following yesterday's bombing, the switchboard at the medical center where Joel Gelernter works received a phone call from a person who said: "You are next," according to a spokeswoman for the facility. Police then searched the mailroom but found nothing, she said.

THE PRESIDENT

THE WALL STREET JOURNAL FRIDAY, JUNE 25, 1993

*George: Thurman
I'm trying to
1/2*

Black Caucus in Congress Opposes Free-Trade Pact

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON — The Congressional Black Caucus announced that it opposes the North American Free Trade Agreement, arguing that it would hurt U.S. workers.

The protest comes on the heels of the group's criticism of President Clinton's handling of the doomed nomination of Lani Guinier as the top civil rights official at the Justice Department. Some congressional aides viewed the formal opposition to the free-trade agreement as a signal by the caucus that it can be a political force on issues as far-flung as trade.

Caucus members rejected that analysis, however, and said they opposed the trade pact because it wouldn't create as many jobs in the U.S. as initially thought. The caucus includes 38 House members and Democratic Sen. Carol Moseley Braun of Illinois.

The opposition comes at a delicate time in the Clinton administration's effort to wrap up tough negotiations over the agreement, which is supposed to dismantle trade barriers between Mexico, Canada and the U.S. over the next 15 years. U.S. negotiators are trying to finish side agreements intended to enforce environmental and labor standards.

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Fear of Compassion

At last, the Government of the United States is pulling itself together — White House, Congress, Supreme Court — to show how determined and target-minded it can be when it comes to handling a social crisis.

Well, not all social crises — not things like controlling the gun epidemic that sickens American life, or helping the mentally ill to get the care to take them off the streets, or pushing the war against drugs to the victory in sight.

But when it came to some boatloads of people fleeing China and Haiti, the Government showed its stuff pretty quick.

First, the Chinese were hustled off to prisons distant from human rights lawyers. And now Haitians have been taught by the Administration and the Supreme Court that the Coast Guard can hijack them at sea and send them right back home; never mind what Mr. Clinton promised to the contrary when he was running toward the White House instead of living in it.

Some Americans are ashamed — among them liberals, radicals and conservatives. They are connected by the belief that the open-held arms of American history is one of those things that makes the country more than a very large piece of real estate.

But many more Americans — liberals, radicals, conservatives — react as if refugees must be fought from ship to cell. They seem afraid of the American sense of compassion and welcome that makes people all over the world bless the name of the land.

Among these Americans are descendants of immigrants who simply have become bigots themselves, clones of those who warned that this country would be ruined by Jewish peddlers, Italian gangsters and Irish layabouts. America provides many things, but no vaccine against hate.

But mostly coldness to immigrants comes from economic fears and confusion about the complications of immigration and asylum.

About 800,000 immigrants come to the U.S. annually. Sometime, lying in a hospital emergency room, look up at a Philippine nurse bringing relief. Decide whether the U.S. needs fewer immigrants or more.

About three million foreigners live illegally in the U.S., many of them Mexicans who saw no moral reason why they should not go from their poor country to seek work in a rich country across a historically receptive border. We can stop this by help; the neighbor become somewhat

poor, or saying our house is your house. Otherwise — argue with America's lusty history, which made its borders too big to patrol.

In any case, immigration creates national wealth, not national burden. It does add government costs in some places — which Washington wrongly shoves off on cities and states.

About 90,000 to 100,000 other foreigners arrive every year to ask for asylum as refugees — people who fear death, imprisonment or torture if returned. Most prove their cases.

But suppose some do pretend to be "genuine" refugees, to find economic survival. Is that a reason for America to panic against the ideals of immigration and refuge, which helped create the country?

Groups like the New York Immigration Coalition and the Lawyers Committee for Human Rights explain the much-publicized backlog problem of 250,000 pending asylum cases.

Sweden has 800 officers handling asylum cases. Germany has 3,000. America has 150. Who created the backlog — desperate people seeking a safe life or the U.S. bureaucracy, the same bureaucracy that allowed Middle East terrorists to get through despite strong existing laws?

Haitians have no clout in the U.S. But the truth is they flee Haiti to

First for Chinese, now Haitians.

escape "endemic widespread human rights abuses," dictatorship and "the worst poverty in the hemisphere." Doris Meissner, the immigration specialist, wrote that in December.

Candidate Clinton said the Bush policy of hijacking Haitians on the high seas to send them back was so cruel that he would reverse it. But then President Clinton fought successfully in the Supreme Court to uphold the Bush order.

Dr. Meissner is now Mr. Clinton's nominee to head the Immigration Service. Perhaps she can convince the President that although the Court gave him the right to go back on his word it is not forcing him to do so.

In the end, faithfulness to compassion as national interest remains a matter of choice, for Presidents as for all Americans.

THE NEW YORK TIMES NATIONAL FRIDAY, JUNE 25, 1993

George/ [redacted] / [redacted]

a lot of their problems
are management problems
would that both conservatives
& liberals — we need to go
after that

FRIDAY, JUNE 25, 1993

THE PRESIDENT IS SEEN

Charles Krauthammer

Spineless at Penn

The only reason to regret Bill Clinton's abandonment of Lani Guinier is that it deprived the country of an open debate on the question of racial quotas. If the president sticks by another friend, Sheldon Hackney, his nominee for chairman of the National Endowment for the Humanities, and if the Senate Labor and Human Resources Committee holding hearings on his nomination today has any gumption, we shall have a debate on political correctness.

Hackney, president of the University of Pennsylvania, became a symbol of political correctness when, on April 15, a group of minority students, offended by a right-wing columnist at the student newspaper, *The Daily Pennsylvanian*, stole and destroyed nearly its whole press run of 14,000 copies.

President Hackney's statement "On the Campus Controversy of April 15-16," as he delicately called this little piece of campus fascism, gives fecklessness new meaning. It forthrightly promised to reassign to desk duty a campus security officer involved in the "altercations" that occurred when he tried to prevent the theft or, as Hackney put it, "in the ensuing altercations between security personnel and some of the students involved in this protest activity against the editorial policies of the Daily Pennsylvanian." (More delicacy. Destruction of a press run is a "protest activity." But then, what is any book-burning if not a protest against editorial policy?)

Hackney also appointed two committees to investigate the strained relations between minority students and campus police. A separate brief statement promised that "any violation" of university policy banning newspaper confiscations "will be pursued through the university judicial system."

What was Hackney's view of this violation of free speech? "Two important university values now stand in conflict," namely "diversity and open expression," he wrote. "We must work together to narrow the distance that now seems to preclude their peaceful coexistence."

This spineless moral equivalence between writing a newspaper and destroying a newspaper was too much for 16 Pennsylvania Law School faculty. They jointly signed a letter saying the obvious: "The important university values of diversity and open expression were not in conflict here. The offensive columns in no way prevented the university from carrying out its policy of diversity. . . . Removal of the newspaper struck at the heart of the most fundamental diversity which the university should foster—diversity of thought, views and expression."

Hackney is a man who at a 1990 conference on "Academic Freedom and Artistic Expression" denounced Jesse Helms for trying to cut off federal funding for the Mapplethorpe exhibit. "My own career is built on knowing when and when not to compromise," he said flatteringly. "I generally see compromise as a virtue, but I get very nervous when fundamental principles are at stake."

So, protecting federal funding for Maplethorpe is a fundamental principle not to be compromised. But protecting his own

student newspaper from destruction by an offended group is another matter. In this case, Hackney's duty is to try "narrowing the distance"—the subtitle of his craven statement on the "campus controversy"—between writer and trasher.

President Hackney's other brushes with free speech have occurred when, under his leadership, Penn adopted codes that ban hurtful—racist, sexist etc.—speech.

One can debate the merit of speech codes. But there is no debating the merit of the

Sheldon Hackney's failure to defend principle at Penn embodies the shame of American academic leadership.

defense of speech codes that Penn issued on April 28. It is a disgrace. The suppression of free speech is presented as yet another clash of values: "freedom of expression" vs. "freedom of expression for all."

What does this mean? Try to follow. "Racist hate speech," says the university, can have the effect of preventing the "full participation" of those subject to that hate speech "in the academic community." Indeed it can have the effect of "preventing some members of the community from exercising their right to participate in [the] marketplace of ideas." How? Presumably, the emotional distress produced in those offended inhibits them from speaking. Hence allowing unfettered free speech really prevents "freedom of expression for all" (i.e., for the offended).

Now, had the university been honest it would simply have said: On the one hand there is open expression, and on the other there is the pain that such open expression can cause. And on those occasions where the pain is very great, we care enough about those pained that we are prepared to curtail free speech. Hence speech codes.

Not a great argument, not very constitutional, but at least honest. Penn's argument, on the other hand, that curtailing speech is really an expansion ("for all") of free speech is a travesty, a classic Orwellianism—unfreedom is really greater freedom—of the kind one now routinely finds in that swamp of political correctness that is the American academy.

Sheldon Hackney has had a distinguished academic career. He is a noted historian. He is a man of obvious good intentions. He is also, unfortunately, a perfect example of the failure of nerve—the failure of intellectual honesty, the failure to defend principle—that is the shame of American academic leadership. To elevate Hackney (the most exquisitely named public figure since former Perot spokesman Orson Swindle) to the chairmanship of the National Endowment is to endorse those failures.

11 Gregory
* in need of
answers to the
previous answers
to the minutes
of the last meeting
answer the
B.C.



024450

THE WHITE HOUSE
WASHINGTON

DATE: 6/22

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

Secretary Christopher's
dissenting views are at
TAB B. OTHER PRINCIPALS
VIEWS ARE NOTED. I
HAVE COPIED MARK + GEORGE
BUT THEY HAVE NOT REVIEWED

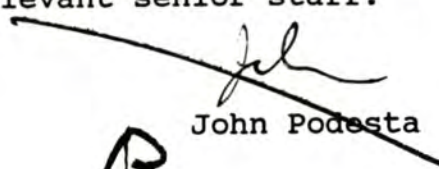
JOH

THE WHITE HOUSE
WASHINGTON

June 24, 1993

MR. PRESIDENT:

The attached lays out a recommended strategic approach to NAFTA. It is styled as a decision memo, but is really a framework for the discussion which is scheduled for tomorrow. In addition to the Vice President and Mack, I've circulated to relevant senior staff.


John Podesta

Barack Obama
Joe Manly
meeting today

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6/23/93

Macl (George)
 fcp -

Dear Mr. President,

Congrat on a great press conference last Thursday. That was vintage Bill Clinton. Do more of those. Do them regularly. The press will like it but most especially the American people will like it. Just like in New Hampshire, your supporters get buoyed by seeing you on the offensive, at your best. When you are being Bill Clinton you're the best there ever was. It's only when you try to fit someone else's mold that you have difficulty.

A suggestion for the Congressional leaders "spending cuts" bill. Challenge each Congressman or Senator to suggest specific spending cuts in their district or state not someone else's. On campaign finance reform offer to say nice things about each Congressman (Rep or Sen) in their home area if they support the bill. Remember how you did that in Arkansas for the members of the legislature who supported your ethical Bill. You're doing great! Best to Hillary.

MATTHEWS, CAMPBELL & RHOADS, P.A.
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TELECOPIER COVER SHEET

MARY B. MATTHEWS
OF COUNSEL

*ALSO ADMITTED IN OKLA.

TO: Dancy Heinrich FAX # 202-456-2883

FROM: Daniel Matthews FAX #: (501) 636-8150

DATE: 6-22-93 TIME: 12:00

☒ ORIGINAL WILL NOT FOLLOW
☐ ORIGINAL OR COPY WILL FOLLOW VIA: ☐ U.S. MAIL
☐ OVERNIGHT

TOTAL NUMBER OF PAGES 2 (INCLUDING COVER SHEET)

COMMENTS: _____

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chion

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF IOWA

DONALD E. O'BRIEN
Senior Judge

POST OFFICE BOX 267
SIOUX CITY, IOWA 51102
(712) 252-4238

3 824 P5: 41
[Handwritten signature]

June 18, 1993

~~The President~~
~~The White House~~
Washington, DC 20500

Dear President Bill:

When over 600 friends and associates showed up at The Convention Center for a party for me I was certainly thankful and impressed. A short time after the festivities got going, you called. It was the topper for all toppers. I never expected it and I certainly appreciated your taking the time from your own Georgetown party. My 600 friends were as impressed as I was. It was certainly great of you to do it.

Don't worry about the polls. No president in my 50-year memory has ever come close to trying to get as many good things done all at once as you have. There are bound to be a few hitches, but it's all going to work out. Our prayers are with you.

Thanks again.

Best regards,

[Handwritten signature]
Donald E. O'Brien

United States Senate

WASHINGTON, DC 20510-1303

3 24 P6:57

June 24, 1993

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

Dear Mr. President:

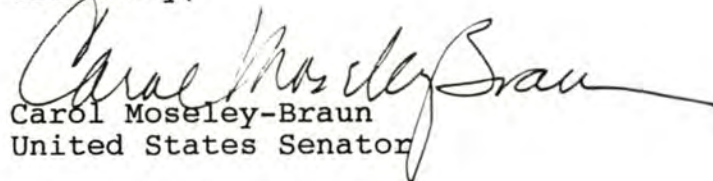
I am writing you to reiterate my strong support for your commitment to develop a policy that will allow gay and lesbian Americans to serve with pride and dignity in our armed services.

Extending to gay and lesbian Americans the right to serve their country is a matter of fundamental justice and fairness. I believe that all of us gain when we move towards a society where Americans are judged on the basis of their conduct rather than their status. I have therefore been extremely disturbed by reports that the Pentagon intends to recommend to you a policy that would prohibit gay and lesbian soldiers from revealing their sexual orientation, even while off-base and out of uniform.

I have always acknowledged the military's need to maintain good order, discipline and morale, and I know these considerations are critical to you as Commander-in-Chief. However, there is no evidence that the private, consensual sexual activity or private speech of homosexual servicemembers is incompatible with military service. Gays and lesbians can serve in the military today if they are willing to endure the painful, deceptive and unnecessary ordeal of remaining in the closet. It is therefore difficult to see how the Pentagon's proposal would promote the principles of fairness and justice to which you have always been committed.

Your willingness to recognize the humanity and dignity of gay and lesbian Americans has advanced the causes of justice, equality and tolerance. I look forward to supporting a new policy on gays in the military which will reflect those high ideals.

Cordially,


Carol Moseley-Braun
United States Senator

CMB:gtg

MEYER, SUOZZI, ENGLISH & KLEIN, P.C.

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JOSEPH A. SUOZZI
JOHN F. ENGLISH (1960-1987)
BASIL A. PATERSON
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JOHN V. N. KLEIN
HAROLD ICKES
ROBERT M. ARCHER
BRIAN MICHAEL SELTZER
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18 June 1993

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*MEMBER NY BAR ONLY
REGISTERED LOBBYIST IN NY STATE

Honorable John Podesta
Assistant to the President
The White House
Washington, D.C. 20500

Re: Ladeeta Smith

Dear John:

This is in response to your fax to me of 16 April 1993 which contained copies of a New York Times article dated 4/6/93 about Ladeeta Smith, a note from the President expressing concern about Ms. Smith's 2 younger sisters and a letter from the President to Ms. Smith dated April 7, 1993.

Enclosed please find a copy of Judith Berek's letter to me, dated 11 June 1993, concerning Ms. Smith's 2 sisters. Judy, who I know well, is the Executive Deputy Administrator for Personnel Administration of the Department of Social Services/Human Resources Administration for the City of New York ("HRA"). Pursuant to the President's request, I asked Judy to see what could be done to help Ms. Smith's 2 sisters. Also enclosed is confidential letter to Ms. Diane Green, also of HRA, dated 19 May 1993, from Maria Cockinos, C.W.W., Office Director of the foster care agency responsible for the supervision of Ms. Smith and her 2 sisters, reporting favorably on the status of Ms. Smith and both of her sisters.

As you can see, Judy plans to continue monitoring this case and will provide periodic updates, which I will forward to you as they come in.

Please let me know if there is anything else I can do.

Sincerely,

Harold Ickes
Harold Ickes

HI:je
enc.

Mr. President:

Fji

John

FAX IS FOR MR. HAROLD ICKES

FROM: JOHN PODESTA
456-2702

The President's note says:

"Show all this to Howard Ickes and see if he can get
someone to help the girl's two sisters."

*5 pages Being sent including
this cover page.*



HUMAN RESOURCES ADMINISTRATION
OFFICE OF PERSONNEL ADMINISTRATION
271 CHURCH STREET, NEW YORK, N.Y. 10013

BARBARA J. SABOL
Administrator/Commissioner

JUDITH BEREK
Executive Deputy Administrator
Personnel Administration

June 11, 1993

Harold Ickes
Meyer, Suozzi, English & Klein, P.C.
Counselors at Law
1505 Kellum Place
Mineola, New York 11501-4824

Re: Ladeeta Smith

Dear Harold:

I am enclosing a letter that was sent to Human Resources Administration by the Foster Care Agency that is responsible for the supervision of Ladeeta Smith and her siblings.

It appears that her grandmother and the agency are doing a good job.

I am releasing this letter to you, despite the confidentiality laws, because the President is our ultimate supervisor. I know I can trust you to treat the information as confidential.

We will continue to oversee this case and provide you with periodic updates.

Talk to you soon.

Sincerely,

Judith Berek

cc:Barbara J. Sabol

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	Maria Cockinos to Diane Green re: Ladeeta Smith (3 pages)	05/19/1993	b(6)

COLLECTION:

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

FOLDER TITLE:

June 20-26, 1993 [1]

2018-0662-S

rs3055

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]

Chen

THE WHITE HOUSE
WASHINGTON

33 JUN 24 PM 12:12

MEMORANDUM TO THE PRESIDENT

FROM: Mark Gearan *me*
RE: Christian Science Monitor Article
DATE: June 24, 1993

Attached is the article we discussed yesterday.

*Pro. 44 should
have a get out
there. Put 9 weeks
to 10 weeks
for. Gearan to New Gannett
Run -*

cc: Mack McLarty
David Gergen
George Stephanopoulos



CHRISTIAN SCIENCE MONITOR

VOL. 85, NO. 138

ROBERT HARBISON - STAFF



g Fray
 epleted, New England
 one at Gloucester, Mass.,
 ng restrictions from the
 on how they can fish.
SE 8.

Airstrikes in Somalia Show UN Is In for Long Haul

US-led raids deal a 'significant military setback' to warlord Aideed

By Peter Grier

Staff writer of The Christian Science Monitor

WASHINGTON

WAVES of United States-led attacks on the Somali warlord seen as responsible for the killing of Pakistani peacekeepers emphasize that, for the world community, getting out of Somalia is going to be much harder than going in.

Some six months after US troops first landed on Mogadishu beaches in a blaze of television lights, Somalia is still far from a politically stable country. It has no functioning government, no national security forces, and is still unable to feed many of its people without outside aid. **(Somalis call for follow-up, Page 14)**

At the same time, the large-scale presence of United Nations forces seems to be a symbol of

quasi-occupation to restive elements of the Somali population. In what appeared to be well-coordinated attacks on Pakistani patrols last week, Gen. Mohamed Farah Aideed seemed to be trying to test the UN's mettle. General Aideed perhaps thought he could expand the limits of his own power, since heavily armed US troops had mostly left.

Instead, he provided the occasion for the Clinton administration. **See SOMALIA page 14**

Despite Conventional Wisdom, Clinton Chalks Up Early Wins

By Linda Feldmann

Staff writer of The Christian Science Monitor

WASHINGTON

PSSST. If you read the fine print in Congressional Quarterly, you'll discover a secret about Bill Clinton's presidency: It's been a smashing success so far.

In its "presidential success" study, CQ has found that, through

the Memorial Day recess, President Clinton's position has won in the House 96 percent of the time and the Senate 87 percent.

The CQ study looks only at items that go for a final vote, so, for example, the president's failure to end a GOP filibuster on his economic-stimulus bill doesn't count. But the fact remains that he has enjoyed considerable success in Congress.

Mr. Clinton is also beating his two immediate predecessors in

putting top appointees in place, according to the White House. As of June 1, it says, Clinton had confirmed 151 people to senior positions. President Reagan had 140 people confirmed and President Bush 97 by this point.

"There are many ways of measuring success and failure" when looking at a president, says presidential scholar Norman Ornstein. "You can do a batting-average approach and show that, in some

See CLINTON page 14

ET TU, NORMAN?

Major Faces New Enemy: a Former Friend

the prime minister by his former friend were so deep that Major's days as Britain's leader may be numbered.

Back in November-December 1990, in the clamor caused by Margaret Thatcher's removal as prime minister, it was all very different. Major was chancellor, and Mr. Lamont his loyal deputy at the Treasury. When Michael Heseltine, a Conserva-

The Conservatives' victory in the April 1992 general election appeared to cement the two men's political alliance. Lamont devised a novel plan for reducing income tax for low-wage earners. Major stumped the country, commending his chancellor's tax cuts.

But the seeds of a falling-out were already present. According to William

COVER STORY



designed to pro-
for the UN.

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killed demon-

rability of lightly
the unstable So-

at the reaction of
appears to have

e consequences.
e on a crowd of

a Mogadishu on
at least nine, in-

for bandits. "Somali's troubles are
far from over," gloomily writes
the Nairobi-based Jonathan
Stevenson.

As of this writing, US-led at-
tacks against Aideed had de-
stroyed a radio station under his
control that had continually de-
nounced the UN, a cigarette fac-
tory used as a troops and weap-
ons assembly area, and several
weapons depots where his "tech-
nicals" - trucks with ma-
chine guns - and other
heavy gear had been stored,
per agreement with the UN.

Under the deals struck
earlier, the US and the UN
had agreed not to confiscate
the warlord's weapons un-
der condition that they not
be used. Similar arrange-
ments have been made with
other Somali warlords.

The attack against the
Pakistanis last week came as
they were in the process of
proceeding to take inventory
at Aideed's agreed-upon
weapons depots. According
to the Pentagon, this count
found significant numbers of
weapons missing, including
20 technicals. Presumably
they had been surrepti-
tiously withdrawn for use
against UN troops.

The AC-130 gunships
flown from the US to retal-
iate are one of the US military's
weapons of choice for sustained
fire against ground targets that
are largely devoid of anti-aircraft
protection. They carry a 105mm
howitzer with 100 rounds - an
airborne tank gun, in essence - as
well as 4,000 rounds of 40mm
and 20,000 rounds of 20mm
ammunition. The Pentagon says it
took pains to try and limit col-
lateral damage by the gunships.



military response is
Somali warlord. He is
Somali peacekeepers.

as where the UN
regular patrols
trol, there is now
the country than
first arrived, ac-
British journalist
current issue of
magazine.

g of Somalis has
en selective, and
tain easy targets

Warlords, Are Needed

"Perhaps the [warlords] we were dealing with
all along have no intention of putting the country
back on course," Col. Labbe said. "Aideed has now
openly gone down the road of violence."

Somalis from factions other than Aideed's,
contacted in Nairobi, welcomed the attacks,
saying all the warlords should be arrested and
their forces disbanded in order to restore peace.

"I think the UN is finally beginning to realize
you can't do business with warlords," says Hassan
Ali Mirreh, a co-founder of one of Somalia's key
political parties, the Somali Salvation Democratic
Front (SSDF). "A group of us within the SSDF
maintain that all the warlords - even ours -
should be tried for war crimes," he said.

Somalia's current military factional leaders
have repressed the views of civilian elders and
others who are more inclined toward peace,
claims Said Samatar, a Somali professor of Afri-
can history at New Jersey's Rutgers University.

"These so-called warlords are not legitimate
clan leaders," he said in a telephone interview.
"Provided the legitimate leadership is given [UN]
protection, they would be able to exert their in-
fluence for peace." In the towns of Baidoa and Belet
Uen, for example, where warlords have been
checked by UN troops, civilian leadership has
begun to take hold.

- Robert M. Press

CLINTON from page 1

ways, Clinton has had astonishing success."

In other ways, Clinton is still stumbling. The latest bump
comes over his apparent top choice for the Supreme Court, Judge
Stephen Breyer. Clinton was on the verge of nominating him when
it became known that Judge Breyer had violated a federal law
requiring him to pay Social Security taxes for a maid.

Clinton's success in Congress must also be qualified. The
White House's liaison to Congress, Howard Paster, admits that
some of the legislation that has passed Congress was a "slam
dunk," such as the Family Leave Act. The bill had passed Con-
gress under Mr. Bush, but he vetoed it.

Legislation designed to boost voter registration, called "motor
voter," falls into the same category. Clinton has also passed his
budget resolution, extension of unemployment benefits, and reau-
thorization of the National Institutes of Health.

His most important success was the close-shave victory in the
House to pass his budget, but that one carries a price: In working
to pass the budget in the Senate, he has abandoned the controver-
sial Btu energy tax, angering the House members who went out
on a limb and voted for a budget that included the tax.

Clinton, of course, has stumbled spectacularly in the first one-
twelfth of his term and has record-low public-approval ratings to
show for it. His blunders - the failure to end the stimulus-bill fil-
ibuster, bungled nominations of Zoë Baird and Lani Guinier for
Justice Department positions, and public-relations missteps over
a haircut and the White House travel office - dominated media
coverage for days on end and have come to symbolize the early
going of Clinton's presidency. He has also been bombarded with
headlines such as "Failed Presidency" (Washington Post) and "The
Incredible Shrinking President" (Time magazine).

But it has not been that long since the Washington press corps
was singing the chief executive's praises. On March 26, a front-
page analysis in the Washington Post asked if Clinton's early suc-
cesses were "beginner's luck or president's prowess." Republican
strategist Ed Rollins was quoted as calling Clinton "as formidable
a political figure as I've seen in my lifetime."

Now Mr. Rollins says: "I feel he's wasted a great talent. He
understands politics and can communicate with voters, but he
appears to have no center, no
convictions.... He does have
3 1/2 years left, but the
problem is that the first
impression is often a lasting
impression."

Rollins adds that Clinton
made a mistake by trying to
go around the White House
press corps and take his mes-
sage to the people through
town meetings and inter-
views with local TV report-

ers. But specialists on presidential politics agree that the press
has gone overboard in dumping on him. "The media notion that
the presidency is over is absurd on its face, especially coming
from people who, during the campaign, declared Bill Clinton dead
and buried," Mr. Ornstein says.

Public-relations blunders aside, Clinton is at core "a very
astute politician," says George Edwards III, a presidential expert
at Texas A & M University. True, he has backtracked and compro-
mised on issues, but he has remained "true to his concerns" - cut-
ting the budget deficit and fixing the nation's health-care system,
Dr. Edwards says.

Even though Clinton has gained a reputation in the corridors
of Congress for being easy to "roll" - easy to squeeze concessions
out of - "We have to look at the big picture," he says. "Are we
going to have deficit reduction? That's the central issue right now.
And it looks like he hasn't given up on that."

Clinton has other things going for him, Ornstein says. He is an
active president, engaging issues, unlike his predecessor. He has
"significant learning ability." In his handling of swing votes in the
Senate on his budget, he has shown that he learned lessons from
the failure of his stimulus bill. He also, Ornstein says, "clearly has
an enormous capacity for rhetoric," as demonstrated in his Feb.
17 State of the Union speech.

"Clinton is trying to pass one of the highest tax increases in
modern times; no one ever said that would be easy," says James
Thurber, an American University professor. "Two or three years
from now, this period will be looked back upon as a time of
reform." The cure for what ails Clinton is to score more big wins
in Congress, pundits say. Then the press will likely love him again.
"There's one thing you have to remember about Washington," Dr.
Thurber says. "The fat lady never sings."

**'He does have 3 1/2 years
left, but the problem is
that the first impression is
often a lasting
impression.'**

- Ed Rollins

6/25

Chen
Georges/Graes
for new re: this -
B

Promising Medical Devices To Be Speeded to Market

By John Schwartz
 Washington Post Staff Writer

The Food and Drug Administration announced a series of reforms yesterday that could speed up the workings of the much-criticized Center for Devices and Radiological Health, the part of the agency that approves and regulates medical devices.

The CDRH has long been attacked by lawmakers and industry alike for its extensive backlog and delays in shepherding promising new products to market. The delays have been blamed for stifling innovation and crippling small, entrepreneurial companies.

The new rules will set up a new "fast-track" approval process for innovative medical devices, pave the way for easier approval of relatively simple devices, and give companies better access to information about the progress of their applications.

"Important breakthrough devices are now going to get a priority," said FDA Commissioner David A. Kessler through a spokesman. "That's what it's all about."

CDRH director Bruce Burlington said yesterday that some of the new rules will be implemented immediately.

There will be four major areas of reform:

- **Expedited review.** CDRH will begin to separate products that offer innovation in health care from those that merely copy existing products. "When we've got a product that's going to make a real difference," said Burlington, "we're going to move it forward."

Burlington gave as an example a new method of inserting defibrillator electrodes for heart therapy. Today, they are commonly connected through open-heart surgery, but the FDA has applications from companies for devices that could be snaked through veins—potentially a much less risky procedure.

- **Risk assessment.** Under the old system, every product under consideration got the same general kind of review. Under the new system, uncomplicated products such as adjustable headrests for dentists' chairs would receive an administrative review. "It doesn't deserve a team of rocket scientists to work that out," Burlington said. Complex medical products with greater inherent risks will receive more intense scrutiny.

- **Status Reports.** The CDRH, often criticized as a "black hole" for applications, has created a new record-keeping system that will allow companies to track the status of applications. Starting next week, companies will be able to send a fax request for status reports. In time, Burlington hopes to make the system accessible through a computer bulletin board.

- **More stringent filing requirements.** In the past, the FDA has begun the approval process with incomplete or vague applica-

tions from companies, but then bounced the applications back midway through the process for clarification. Under the new rules, applications will be screened early on and returned to companies for prompt revision.

The CDRH has been one of the most controversial branches of the FDA. A recent report released by Rep. John D. Dingell (D-Mich.) sharply criticized the CDRH as a bureaucratic swamp and cited a backlog of more than 1,100 applications for approval of new devices, not including a sizable number of applications sitting unopened in the CDRH mail room. The report said the CDRH had "significant problems" that have led to an "intolerable" state of affairs. A January survey by the Department of Commerce cited 49 U.S. products ranging from pacemakers to incontinence aids that were approved in for use in foreign countries long before gaining approval here.

Dingell said in a statement yesterday that although he had not reviewed the new rules in detail, "I am heartened that FDA recognizes the need for improvements, and has been so quick in responding to the subcommittee's recommendations."

Rep. Ron Wyden (D-Ore.) also applauded the reforms, but said that they don't go far enough. Wyden has recommended a fast-track process that takes into account not just innovation but also economy: rewarding new products that might do the same job as existing ones, but at a lower cost. "At a time when technology is responsible for almost 50 percent of the rate of growth in health care spending, this is an absolutely key reform," Wyden said.

Representatives of the medical device industry also supported the FDA move. "It's hard to argue with," said Alan Magazine, head of the Health Industry Manufacturers Association. He said his membership would prefer to see even more sweeping reforms "to fundamentally change the product approval system," further speeding up a process for a industry with many small, entrepreneurial companies.

Burlington, who has been on the job four months, was instrumental in cleaning up the FDA's generic drug scandal. Kessler then moved him into the CDRH to cut through bureaucracy and to mend fences with industry.

47

chiron



Brooklyn



X Lautenberg
X Doolittle
X Thurmond

Bob Graham

THE PRESIDENT HAS SEEN

The Democrats have an agreement to restore \$9 billion to the Medicare account, leaving the Senate Medicare savings \$10 billion above the House number. This is acceptable to the liberals and to Boren. Graham wants to offer a second degree amendment to take the Medicare reductions down to the House level, i.e. restore another \$10 billion. It is essential he not do so because: 1) it would create yet another very difficult vote for Senate Democrats who have had to cast tough votes on fuel taxes and social security; and 2) if adopted the Graham 2nd degree amendment would kill the bill since we would lose Boren and others on final passage.

The President needs to press Graham as hard as possible NOT to offer the 2nd degree amendment AND to vote for final passage.

Other calls on final passage:

✓ Kohl - still uncertain and worth pressing

Johnston - Sasser had a conversation that made him anxious about Johnston's intentions on final passage

✓ Bob Kerrey - Mitchell had an excellent conversation with him and thinks a final push from the President may get a commitment

✓ Lieberman - Pass on the fuel tax should give him cover at home - he will have difficult time holding defense spending for Connecticut if he causes reconciliation to fail

Bryan - Did President reach understanding with him earlier today on Yucca Mountain study?

✓ DeConcini - Voted wrong on fuel tax and social security - that should provide sufficient political cover and now he can vote for final passage - needs to be for something

X Lautenberg - presumed wrong, but did vote with us on social security (Gore pressed him hard)

X Nunn - Spoke to Rostenkowski - He has no special relationship with him but may call to assure him of intention to save business incentives in conference - President should call again and stress consequence to country's strategic position if reconciliation fails

Graham

? Haggard

→ Need went over CSIS report
under meet w/ Boren
in goal 8/20 -
to bring things back
need Green & Graham -
and have vote for W-then
→ 270 votes
must get 60 votes - 60 votes by 1st
Be cap by 1st -

M E M O R A N D U M

To: ~~THE PRESIDENT~~
From: Nancy Hernreich
Date: June 23, 1993
Re: VARIOUS CALLS

Information I think you might want from several calls I received yesterday and today.

Bill Bowen will be in town on Monday for the DNC Gala. I have asked them for a list of people coming.

Elizabeth May and her 2 year old daughter may come on Friday for the radio address taping and possibly bring her mother, Stephanie. Any problems with that?

Loretta said that you wanted Barry Goldwater to ride on Air Force one sometime. Should I forward this request to Marcia to implement? *Yes - I think so now -*

Also she said that you wanted to watch the Tina Turner movie this weekend. It is one of the ones on the list right now. Scent of a Woman, What's Love Got to Do with It, Life with Mikey and the Last Action Hero. Loretta wants to watch it with you. Also, Shiela Bronfman is in town and would like to watch a movie with you all if you do see one. *Same w/ that -*

Lisa Cornwell had me beeped last night and I talked to her. She is back in Northwest Arkansas at home for a while. She will be in Pennsylvania in mid July. Do you want her to come stay with you all one night? Of course I will run it by HRC. *Oh well - good if comes May/June.*
 Did you know that Buddy has retired from the State Police to take a job with FEMA. I assume you do. Susie told Trey about a reception Shiela gave for him at the State Police HQ today.

Yes - I should send him a letter -
 Brian and Mya Greenspun will be in town this weekend and would love to take you and Hillary out to dinner. They are arriving on Friday at 5 and are staying at the Willard. They will be at the DNC Dinner on Monday night. *Can he - (and so on) -*

Dick Celeste is back in town 6/28/29 and 30. Let's have him drop by.

Yes -

Gulf War hits home, painfully

Army backs off stress as cause of mysterious ailments

By Soraya S. Nelson
Times staff writer

WASHINGTON — The military has reversed its long-standing position that stress, not disease or chemicals, caused unexplained illnesses in thousands of veterans of Operation Desert Storm.

The exact cause of the unexplained fatigue, joint aches, rash, fevers and other flu-like symptoms remains a mystery, however, and the government may have to use unconventional methods to determine it, said Maj. Gen. (Dr.) Ronald Blanck, commander of Walter Reed Army Medical Center here.

"We recognize [that the problems are] due to some cause that is more than stress," said Blanck, who testified June 9 on behalf of the Defense Department before

the House Veterans' Affairs Committee's oversight and investigations subcommittee. Among the possible causes, Blanck said, are chronic fatigue syndrome — a disease that causes constant tiredness — and an allergy-like reaction to chemicals or other toxins.

But the Army's first-ever acknowledgment that some claims made by ailing veterans could have physical — rather than psychological — roots had no effect on other testimony at the hearing. That testimony reflected the distrust and anger that have been building among sick Persian Gulf War veterans and their families who have been desperately seeking financial and medical help.

They found an unexpected ally in Rep. Steve Buyer, a freshman Republican from Indiana. Buyer, who serves on the Veterans' Affairs Committee, announced at the hearing that he too suffers from unexplained ailments that surfaced shortly after his return from Operation Desert Storm.

"The Persian Gulf war changed my life and changed my body," said Buyer, an Army Reserve major who worked as a law-

yer at a prisoner-of-war camp.

Buyer said he has recurring asthma, post-nasal drip, allergies and loss of energy for which he is currently being treated at the National Naval Medical Center, Bethesda, Md. He also has had numerous infections since his return.

Complaints pour out

Veterans' complaints poured out in a steady stream for nine hours at the packed hearing, called to discuss government efforts related to the mystery illnesses.

Some said their illness has cost them their homes and their jobs. Others have thousands of dollars in unpaid medical bills.

A number of veterans' spouses and children also have developed debilitating conditions that defy explanation, some witnesses testified.

"As an American, I am furious," said Betty Zuspahn of Waco, Texas, as tears streamed down her face. "These last two years have been a travesty for all Desert Storm veterans. We should all be ashamed of ourselves."

Her husband, former Navy Petty Officer Gary Zuspahn, served aboard a ship in the Persian Gulf. Now he can barely walk and eat as a result of "multiple-chemical sensitivity," the Department of Veterans Affairs, or VA, has ruled. However, the VA also ruled there is no way to prove his problem is related to his Gulf War service, and refused to treat him or pay civilian providers to care for him.

To date, the illness has cost the Zuspahns their home and \$170,000 in medical bills, Betty Zuspahn said.

The VA's treatment of her husband's case is a violation of federal law that bars discrimination against the disabled, she argued.

Case not unique

The Zuspahns' case is not unique, other witnesses testified. VA hospitals, which must care for ailing veterans after they leave active duty, do not do enough to help, some complained.

According to the Department of Veterans

Affairs, only 26 veterans have been admitted to the three medical centers where the mystery illness is being treated, although 70 times as many have filed disability claims related to it.

Of more than 250,000 Desert Storm veterans no longer on active duty, fewer than 5,000 have had congressionally mandated physical exams, the results of which will be registered in a computerized Persian Gulf Registry.

The registry is intended to help determine in the future whether Desert Storm service resulted in health problems, officials said.

Compounding the problem is the rejection of several civilian doctors' claims that the syndrome is a result of bacteria and allergy-like sensitivity to chemicals and toxins, said subcommittee member and hearing co-chair Joseph Kennedy II, D-Mass.

Possible causes listed

Among the suspect causes listed at the hearing are: exposure to unconventional vaccines and drugs designed to protect service members against disease and chemical or biological attack by the Iraqis; local bacteria, parasites and viruses; chemicals and toxins from the Kuwaiti oil-well fires; repeated sprayings of pesticides in troop encampments; depleted uranium in shell tanks; uncontrolled burning of trash; and cleaning solutions and paint.

But VA and Defense Department officials have said those possibilities are speculative at best, and that the methods used to reach those conclusions violate accepted scientific standards. The officials called for new research to study the claims, and funding from Congress to help pay for the research.

Other steps VA and military officials are expected to take in response to the problems highlighted at the hearing include:

- A militarywide policy, to be announced in October, that will require the services offer standardized physical exams to service members when they leave active duty.

- A Pentagon and VA request to the National Academy of Sciences in the near future to study the health consequences serving in Operation Desert Storm.

"I'm very concerned ... that it takes hearing like this for the VA to get it," Kennedy told Dr. James Holsinger Jr., the VA undersecretary for health. "There should be better relations between veterans and the VA."

Holsinger agreed the hearing showed there is a "glitch" in the system.

THE PRESIDENT HAS SEEN

6.24.93

chm



THE WHITE HOUSE
WASHINGTON

DATE: 06/24/93

TO: HOWARD PASTER

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



Chiron
THE PRESIDENT HAS SEEN 6/24

THE WHITE HOUSE
WASHINGTON

7:23 P6:33

June 23, 1993

RECOMMENDED TELEPHONE CALL

TO: Senator Robert Packwood (202) 224-5244 (Work)

DATE: June 24, 1993, before noon

RECOMMENDED BY: David Gergen ^{DK} and Senator Patrick Moynihan;
Howard Paster has signed off on this call.

PURPOSE: To thank the Senator, as the ranking Republican on the Senate Finance Committee, for his support in the Committee today on "fast track" authority for the Uruguay Round of GATT.

BACKGROUND: Today the Senate Finance Committee approved and sent to the full Senate legislation that will give the Clinton Administration "fast track" authority provided that a Uruguay pact is concluded by December 15, 1993. All nine Republicans on the Committee supported this measure.

TOPICS OF
DISCUSSION:

1. Appreciation for bipartisan support of initiatives upon which there is agreement, especially in the midst of the consideration of the Economic Plan.
2. Importance of "fast track" authority to strengthen our hand in Tokyo.

CONTACT PERSON AND
TELEPHONE NUMBERS: David Gergen or Jody Greenstone (2195)

DATE OF SUBMISSION: June 23, 1993

THE WHITE HOUSE
WASHINGTON

June 23, 1993

RECOMMENDED TELEPHONE CALL

TO: Senator Richard Bryan

DATE: June 23, 1993

RECOMMENDED BY: Howard Paster

PURPOSE: To ask for his vote for reconciliation

BACKGROUND: When Hazel O'Leary was named Secretary of Energy during the transition, Sen. Bryan called to express concern since O'Leary had testified in favor of burying nuclear waste at Yucca Mountain in Nevada. Sen. Bryan made much of this when he called in December about your campaign promise to take a fresh and independent review of the Yucca Mountain decision when you were campaigning in Nevada.

After some difficulty a meeting was arranged during the transition between O'Leary and the Nevada delegation, and O'Leary appeared to be favoring an independent review of the Yucca Mountain decision.

Since the Administration took office, however there have been a series of meetings and conversations between Secretary O'Leary and Sen. Bryan all of which have been unsatisfactory to Sen. Bryan. The White House has been in constant touch with the DOE reflecting the unhappiness of Sen. Bryan.

The problem exploded last week when Secretary O'Leary gave Governor Miller advance word of a decision to seek an independent review of the accounting and finances of the Yucca Mountain project. Sen. Bryan will was livid for the following reasons:

- a) Governor Miller had advance word and got all of the credit in the Nevada newspapers;
- b) Secretary O'Leary did not tell Senator Bryan she had only given advance word to

Governor Miller, Sen. Bryan only found out when he was faxed the clippings from Nevada;

c) Sen. Bryan has long argued that the independent review had to include the science in the Yucca Mountain decision, not just the finances, and the Senator considers the decision by Secretary O'Leary to be short of the commitment you made as a candidate.

Subsequent to Sen. Bryan's explosion at the manner in which he has been treated by the DOE, Roy Neel called O'Leary, who was unwilling to modify her action or take other steps to mollify Sen. Bryan. The Legislative Affairs staff tried, without success, to offer Sen. Bryan an alternative in which the President would direct his science advisor to order a fresh review of the science in the Yucca Mountain decision. This evening Sen. Bryan rejected that offer as not being really helpful following Governor Miller's well publicized statement of last week. Howard asked Sen. Bryan what we might do to merit his support tomorrow, and he said he really could think of nothing that would solve his problem with Yucca Mountain and the DOE.

Sen. Bryan has indicated that he has problems with the reconciliation bill because: the business and entertainment deduction hurts Nevada's tourism industry; social security affects the elderly population of Nevada; and the fuels tax disproportionately hurts large states.

Howard pressed the Senator on the possibility of voting with us tomorrow and reserving his rights on the conference report. There will be significant pressure in conference to lessen the reduction in the deductibility of business entertainment and travel expenses (reduced from 80 to 50 percent in the bill).

Sen. Bryan has been a loyal supporter to date and is susceptible to pressure. He is up for re-election in 1994.

TOPICS OF DISCUSSION:

1. Tell him you know he has some problems (Yucca Mountain, entertainment deductions) with the bill but hope that some of his problems can be dealt with in conference.
2. Tell him how important passage of the bill is for the country and for you personally.
3. Ask for his vote.

CONTACT PERSON AND
TELEPHONE NUMBER(S):

Susan Brophy X2230

DATE OF SUBMISSION:

June 23, 1993

ACTION: _____

HOLDING

Call back?
Wait?

THE PRESIDENT HAS SEEN 6/24

June 23, 1993

RECOMMENDED TELEPHONE CALL

TO: Senator Richard Bryan

DATE: June 23, 1993

RECOMMENDED BY: Howard Paster

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TELEPHONE NUMBER(S):

Susan Brophy X2230

DATE OF SUBMISSION:

June 23, 1993

ACTION: _____

THE PRESIDENT HAS SEEN 6/24

M E M O R A N D U M

TO; THE PRESIDENT

FROM: BETTY CURRIE

RE: CALL FROM CONG. CONYERS

DATE: JUNE 24, 1993

Cong. Conyers called this morning.

Legislative Affairs is checking, but they think he wants to talk w/you re. seeking your support for the upcoming mayoral race.

1 hour to call



Working here is like an
amusement park!
There's excitement!
There's challenge...



Saison Bowly
my calls from
yesterday — B.

...and it will often make you sick.

© HALLMARK CARDS INC



THE PRESIDENT HAS SEEN 1/24/93

✓ Lautenberg - Preparing to announce opposition, but has agreed to wait 24 hours at White House request, President needs to try to walk him back - recommend President stress impossibility of running in 1994 if Democrats fail

✓ DeConcini - Commented on surprise at "soft sell" in meeting with President - Mitchell staff reports progress on giving him lead on deficit reduction trust fund amendment - may well respond to hard push from President

✓ Kohl - President should express distress at reports that Kohl not responsive to White House visit, Gore spoke with him late Tuesday and got same weak response - Republican alternative hurts middle income people and he cannot take risk on being for nothing, ala Kreuger

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✓ John Kerry - He sought out Mitchell yesterday to say he had not decided how he was going to vote - Needs to hear President's patriotic plea - Small business stuff will help MAN GAIN GAIN → WANTS TO TALK TO YOU - DIDN'T WANT TO SAY NO MORE CUTS - NO MORE CUTS

✓ Feinstein - Worried about small business stuff and Mitchell trying to get her in line - She needs strong and direct personal appeal from President and hard commitment must be stressed

✓ Lieberman - Small business deal important to him - Truth is he doesn't want to vote for taxes - Administration has done a great deal for him (base closures, progress on seawolf) - he needs to respond to his friend Bill Clinton and promise not to hurt him

→ 25,000
→ missing cap
→ 400,000,000

conservative

NEED
SPEAKS

✓ Johnston - Leon spoke to him after the President and think he is leaning right - Needs to be turned into hard commitment, after positive vote in Budget Committee

✓ Winn - No follow-up since Monday call aside from Gore conversation without commitment - Probably will be working for entitlement cap - need to get commitment to oppose other amendments and support passage

✓ Markin - Need to assure him that Medicare cuts will not hurt beneficiaries and room for ample growth - Make 45% growth argument

*Clear legislation on company 1.36
106 million →*

✓ Heflin - Need to confirm understanding of support from yesterday's meeting and thank him

✓ Hollings - We are not very concerned, but do not want to take him for granted

~~_____~~
Others

✓ Bob Graham - How did conversation go this morning

✓ Campbell - We think he is OK, but if time no harm in confirming

✓ Bryan - Paster awaiting word on whether we can get deal on Yucca mountain - President should NOT call until Howard reports on Yucca

✓ *Brigman*

~~_____~~

✓ *Reid - likes BTU + high gas taxes.*

✓ *Baucus*

Boyer

THE PRESIDENT HAS SEEN 6/24 Chw

NATIONAL ASSOCIATION OF POLICE ORGANIZATIONS, INC.

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Sergeant-at-Arms
MARTIN McKEAN
*Executive Secretary,
Ohio PBA
Berea, OH*

June 24, 1993

Executive Director
ROBERT T. SCULLY

Legislative Counsel
JULES BERNSTEIN
LINDA LIPSETT

**The President
The White House
Washington, DC 20500**

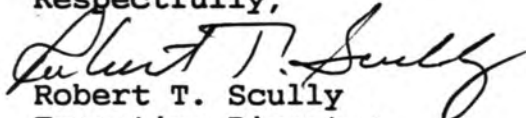
Dear Mr. President:

I am writing in my capacity as Executive Director of the National Association of Police Organizations ("NAPO"), which represents approximately 140,000 law enforcement officers throughout the United States to advise that NAPO would wholeheartedly support the nomination of Eduardo Gonzalez to be U.S. Marshall. Chief Gonzalez has worked with two of NAPO's member organizations, the Dade County Police Benevolent Association in Miami, Florida and the Hillsborough County Police Benevolent Association in Tampa, Florida. The leadership of both these organizations wish you to be aware of their unreserved support for Chief Gonzalez.

The Florida Police Benevolent Association representing 26,000 law enforcement officers also supports Chief Gonzalez and hopes you will make this nomination.

Accordingly, NAPO supports the nomination of Eduardo Gonzalez and is hopeful you will nominate him to the Office of U.S. Marshall and that he will be promptly confirmed by the Senate.

Respectfully,


Robert T. Scully
Executive Director

RTS/jj

THE PRESIDENT HAS SEEN

2

4/24

**RTC WONDERS WHO WILL BE
MINDING THE STORE AFTER JULY 15.**

The clock is beginning to run out on how long Treasury Deputy Secretary **Roger Altman** may serve as acting president of the **Resolution Trust Corp.**, sources are pointing out. Altman took the post on a temporary basis when former RTC president **Albert Casey** left in mid-March. But will he still be able to run RTC after mid-July, sources are wondering, and if not, who will do so?

There is a statute called the "Vacancies Act" which governs how long he can stay on before the **Clinton** administration is obliged to come up with a candidate specifically nominated to fill that job. Until now, it has been assumed that Altman's tenure runs 120 days—that is, until July 15. But there is no sign of a Clinton-designated successor for RTC president and it is beginning to look as though there wouldn't be time to confirm if the White House did promptly send a name to Capitol Hill. So now, sources say, administration lawyers are rereading the "Vacancies Act" to see if perhaps it won't allow for a further temporary arrangement after mid-July.

The RTC has no board of directors and all power in the giant thrift bailout agency is centered in the presidency. Sources recall that when Casey headed the RTC he held to the legal view that if nobody is president the RTC must grind to a halt. The agency already has enough other problems. Last Friday the president of the parent Oversight Board, **Peter Munro**, left for a career in private business. And since funding for the RTC has been lacking for over a year, an RTC money bill now pending in the House of Representatives could stall.

The "Vacancies Act" does allow for an unfilled position to be occupied for a period of 120 days by an official appointed by the president to some other post and subject to Senate confirmation. Altman meets those conditions. Now administration lawyers are looking to see if the law can be interpreted as allowing Altman to have a second 120-day interval as acting president of RTC or whether some other presidentially-appointed and Senate-confirmed individual could succeed him as a temporary RTC head.

BC - what's
the deal here -
(C. H. H. H.)



Working here is like an
amusement park!
There's excitement!
There's challenge...

Susan Bowpley
my calls from
yesterday — B.

...and it will often make you sick.

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4/24/93

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→ 25,000
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→ Budget/Matthia

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✓ *Broussard*

Boyer

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THE PRESIDENT HAS SEEN

Chiron
6/24
Timothy J. Russert
Moderator
Meet the Pres.



June 23, 1993

JUN 23 RECD
Gergen
Cedra

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

Dear Mr. President:

It was good seeing you at the 25th Anniversary of the death of Robert F. Kennedy.

As I told you then, I truly believe we all "can do better."

Mack McLarty and David Gergen have raised the possibility of broadcasting a special edition of *Meet the Press* live from the White House.

NBC is very interested in pursuing such an idea. Our plan would be to devote the entire program to your interview (that actually times out to 44 minutes -- four 11-minute segments -- after commercials and station breaks).

We would allow all other international and national television and radio networks to use lengthy excerpts in their Sunday daytime and evening and Monday morning newscasts thus guaranteeing maximum media exposure for a full 24-hour news cycle.

I would hope the exchange could be as conversational as possible and to that end would involve only one other panelist, Tom Brokaw.

We could schedule the interview on any Sunday morning at 9:00 a.m. that is convenient for you -- even as early as July 18 or July 25. If you choose to wait until after summer vacations and the like, Sunday, September 12 would be ideal. That coincides with the return of Congress.

It is obviously important to us that *Meet the Press* be the first Sunday morning interview program you appear on so again I underscore our flexibility.



Page Two
The President
June 23, 1993

Mr. President, *Meet the Press* is really a national institution. It is the longest-running television program in the world -- 46 years old. We are proud of the contribution we make to the public dialogue. We are not interested in playing "gotcha," but prefer to engage in a substantive and civil discussion of the issues confronting our nation and your plans to deal with them.

We would be honored to originate our program from the White House.

I very much thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Russert". The signature is written in a cursive, flowing style.

Timothy J. Russert

TJR:bf

cc: Thomas F. McLarty, III
David Gergen

Approved by
Carol Rasco
Rez

THE WHITE HOUSE
WASHINGTON

June 23, 1993

23 JUN 93 P3:28

OK - being trying - heard some H.C. voices

MEMORANDUM FOR THE PRESIDENT

FROM: BILL GALSTON

WAG

SUBJ: WAGING THE WAR OF IDEAS FOR GOALS 2000

In a series of discussions this week with the Department of Education, I have underscored your concern about broadening our public defense of the Goals 2000 bill, which has come under repeated attack from former Reagan/Bush education officials. In response, the Department is accelerating its efforts to find credible outside experts to speak and write on our behalf.

In fairness, I should say that the Department is already trying pretty hard. They have already obtained supportive op-ed pieces from a bipartisan list of nationally known figures, including:

- o Joe Gorman, CEO of TRW
- o Terrell Bell, former Secretary of Education (Reagan administration)
- o David Kearns, former Undersecretary of Education (Bush administration)
- o Bill Brock, former Secretary of Labor (Reagan administration)
- o Ray Marshall, former Secretary of Labor (Carter administration)
- o Bill Gray, former Congressman and member of the House leadership

* The Department has discovered that in many cases, newspapers have refused to publish our reply to critical editorials and op-eds. They are working to correct this, but it is not easy.

As I mentioned in our brief conversation yesterday, we are working on a response to the latest critical op-ed from a former Republican official, which appeared this week in the Wall Street Journal. I attach that piece, along with a draft of Secretary Riley's reply.

Deliver Us From Clinton's Schools Bill

By BRUNO V. MANNO

In 1989, Gov. Bill Clinton played a major role in the bipartisan effort begun by the nation's governors to reform education by developing world-class voluntary national achievement standards. These standards were to define what all our children should know and do—and tests would measure whether the children are learning to those standards. Ironically, if President Clinton's \$420 million "Goals 2000: Educate America Act" becomes law, education reform will dangerously shift from a focus on what our children learn to what education bureaucrats spend. The full Senate is expected to consider the bill soon, while the House version is scheduled to be voted out of the Education Committee tomorrow.

Resources, Not Results

"Goals 2000" would subvert education reform by proposing so-called voluntary national delivery standards, which would measure whether there's adequate money, programs, and other human and physical resources in every school, every district, and every state. For example, they'd determine if a school has up-to-date technology and textbooks or "reasonable" policies on class size and discipline; if teachers and administrators receive "top notch" training; or if teachers know the curriculum and teach to meet the needs of culturally diverse students.

The delivery standards would describe resources—what we put into the system—and not results—what we expect our children to know and do. They're standards for schools, not standards for students.

What's the problem with delivery standards? First, supporters believe that until they're met, students can't be held accountable for learning to high standards. That's why "Goals 2000" money can't be used by states and communities to create exams that decide if students can advance, graduate or be employed.

This approach blocks the development of a meaningful national testing system, as Secretary of Education Dick Riley (another former governor) admits: "We are

Money Doesn't Help

This table, produced by the Heritage Foundation, compares the dollars spent per student in each state with that state's ranking according to 1992's Scholastic Aptitude Test and eighth-grade National Assessment of Educational Progress math scores. Many states with consistently high test scores spend well below average per pupil on education. In contrast, the states that spend the most have among the lowest test scores.

	AVG. PER PUPIL EXPENDITURE	SAT RANK	NAEP RANK		AVG. PER PUPIL EXPENDITURE	SAT RANK	NAEP RANK
New Jersey	\$9,159	39	14	Kansas	5,009	6	N.A.
New York	8,500	42	22	Hawaii	5,008	44	37
District of Columbia	8,210	49	42	Georgia	4,860	50	31
Connecticut	7,914	35	11	Iowa	4,839	1	1
Alaska	7,877	31	N.A.	California	4,826	34	29
Rhode Island	6,989	43	23	Colorado	4,809	23	12
Pennsylvania	6,534	45	14	North Carolina	4,802	48	34
Massachusetts	6,351	33	12	Nevada	4,564	29	N.A.
Maryland	6,184	32	25	New Mexico	4,446	15	31
Delaware	6,016	37	27	Missouri	4,415	13	16
Wisconsin	5,946	7	6	Kentucky	4,390	18	28
Maine	5,894	41	4	Nebraska	4,381	8	6
Vermont	5,740	36	N.A.	South Carolina	4,327	51	29
Ohio	5,639	24	18	Texas	4,238	46	25
New Hampshire	5,504	28	4	Arizona	4,231	25	23
Virginia	5,360	38	18	Louisiana	4,012	16	40
Oregon	5,291	26	N.A.	Oklahoma	3,742	11	18
Minnesota	5,260	3	3	South Dakota	3,730	5	N.A.
Michigan	5,257	20	18	Tennessee	3,707	9	34
Wyoming	5,255	21	8	North Dakota	3,685	2	1
Montana	5,184	19	N.A.	Alabama	3,648	14	39
Florida	5,154	40	31	Arkansas	3,334	17	38
Illinois	5,062	10	N.A.	Mississippi	3,322	12	41
Indiana	5,051	47	17	Idaho	3,200	22	8
West Virginia	5,046	27	34	Utah	2,993	4	8
Washington	5,045	30	N.A.	Nat'l Average	\$5,261	-	-

N.A. = state does not participate.

Sources: Heritage; Department of Education; College Board.

not proposing in any way national testing for individuals."

Second, delivery standards are linked with a state's eligibility for federal education money. "Goals 2000" money would be withheld from states and communities lacking delivery standards that mirror the "voluntary" national ones.

Not to be outdone by the administration, House Education Committee Democrats go further. They've amended the bill to require that before states receive any federal education money, they must specify corrective actions they'd take if a school fails to meet delivery standards requirements.

Third, national delivery standards require a national mechanism to direct development and to police enforcement. "Goals 2000" wants a National Education Standards and Improvement Council cho-

sen by the president and dominated by education bureaucrats. Thus Nescic would become a powerful national school board with no requirements for bipartisanship or lay control of education, defying longstanding American tradition.

Fourth, delivery standards are opportunities to drag states and communities into court to equalize resources. As Rep. Bill Goodling (R., Pa.) said at the committee hearing on the bill: "I agree with the concept that you need to have equal opportunity, but all I can see is the trips to the court."

Litigation is not some far-fetched imagining. An Alabama state court ruled recently that the K-12 state system is unconstitutional because it doesn't provide students with an adequate education. Judge Eugene Reese in a 125-page opinion lists criteria schools must meet, including

More...

SCHOOL BILLS, continued...

16.

"providing students with an opportunity to attain" sufficient skills to compete with students throughout the world and "sufficient understanding of the arts to enable each student to appreciate his or her cultural heritage and the cultural heritage of others." Helen Hershkoff, a lawyer for the American Civil Liberties Union, representing the plaintiffs, calls the decision "a landmark because it recognizes that children have a right not only to an equitable education but also to an adequate education." All this language reflects a delivery standards approach.

While former Govs. Clinton and Riley have come out for delivery standards, at least two of their former colleagues are in strong opposition. Govs. Roy Romer (D., Colo.) and Carroll Campbell (R., S.C.) wrote Mr. Riley to say that "Goals 2000" would create a "federal intrusion" into

state policies and give the department too much control over curricula and how states spend education funds. Washington will impose on states, communities and classrooms more federal red tape, more requirements, and more directives through rules and regulations.

Same Old Agenda

Even Albert Shanker, president of the American Federation of Teachers, while generally praising "Goals 2000," thinks it wrong to pair the defining of outcomes with the defining of resources because, "Those are two different discussions." And any new council doing that "will be paralyzed [and] unlikely . . . to achieve its mission of certifying world-class [achievement] standards for students."

Bill Clinton ran as a "new" Democrat, but he's picked up the old Democrats' education agenda: more government from Washington and with it, more money, more lawsuits, and more bureaucracy strangling states and communities. It's the most amount of money for the least amount of change, with the money going to the crowd that controls the schools and likes them the way they are.

Mr. Manno, former U.S. assistant secretary of education for policy and planning, is an education consultant at the Washington office of the Hudson Institute.

DRAFT

OPPORTUNITY TO LEARN: THE FACTS
Richard W. Riley

I don't mind honest differences over policy. Anyone who has ever tried to lead an education reform movement, as I have, knows that on most important issues there is more than one legitimate point of view. And anytime you try to do something different, you are sure to generate controversy. Debates over policy differences are important to the process of building agreement over policy direction.

Deliberate distortions are another story entirely. They contribute little to the public dialogue about education. Instead, they serve the forces of the status quo. They perpetuate both the gridlock in Washington and the unacceptably poor performance of our education system and students.

Former Assistant Secretaries of Education from the Reagan/Bush Administration have turned distorting President Clinton's education reform proposal, the Goals 2000: Educate America Act, into a minor cottage industry. Bruno Manno made the latest contribution in the June 22 Wall Street Journal, and his colleagues Diane Ravitch and Checker Finn launched nearly identical attacks previously in the pages of the New York Times and the Washington Times.

The President's bill is pretty straightforward, and is built solidly on a bipartisan foundation. It incorporates into law the National Education Goals established in 1990 by President Bush and the nation's governors, led by Bill Clinton. It advances the cause of establishing a voluntary, national system of internationally competitive standards for what students should know and be able to do, and supports states in their efforts to design new measures of student performance geared to these standards.

It provides federal seed money for state and local education reforms, to support a sorely needed overhaul of our schools so that all students can reach the challenging standards. As part of this program, state, local school districts and individual schools will be able to receive waivers from federal rules and regulations that interfere with their reforms. This approach to reform builds heavily on recommendations made in 1990 by the National Governors' Association, in a report prepared under the leadership of Bill Clinton and my Republican successor in South Carolina, Carrol Campbell. It also reflects the education reform agenda of the Business Roundtable, the Chamber of Commerce, and other business groups--all of which have endorsed the President's bill.

Critics of the bill have attacked the provisions calling for the establishment of

opportunity-to-learn standards. These are school quality standards, carefully defined in the President's bill to address the extent to which students have access to the curriculum, instructional materials and well prepared teachers needed for them to achieve the challenging performance standards they will be expected to meet. It is as important to set these standards as it is to establish student performance standards. Common sense, supported in this case by more than a decade of research, recognizes that students can't learn what we expect them to if we don't teach it to them.

Our critics claim these input standards are a retreat from an emphasis on results. They conveniently overlook the fact that the heart of the Goals 2000 bill is the establishment of challenging, though voluntary national standards for student performance. There is no contradiction in paying careful attention to the inputs that are required in order to produce the outcomes we want. Only those who think that merely wishing for change will make it so would be troubled by this balanced approach.

These same critics argue that opportunity-to-learn standards will lead to excessive federal regulation of everything from curriculum to class size to professional development. They assert that we are establishing an intrusive new federal agency--the National Education Standards and Improvement Council--that will poke its bureaucratic head into school business throughout the country, and undermine the principles of lay governance in the process. Worse yet, the argument goes, these standards will fuel a new round of school finance equity lawsuits, through which misguided state justices will take the voluntary standards called for in the bill and turn them into mandates.

None of these charges is true, nor do they reflect the President's proposal with any accuracy or honesty. They reflect a deliberate misreading of the bill, and are repeated solely to create a unfavorable climate for the bill as it works its way through the legislative process.

They also reflect a denial of the bipartisan origins of this key feature of our bill. To read Manno, Finn and Ravitch, you'd think that the idea for establishing opportunity-to-learn standards, and the Council that will oversee the development of these and the student performance standards, came from a liberal think tank someplace. Wrong. The entire framework for standards and assessments incorporated in this bill is based on the recommendations presented in a 1992 report by the National Council on Standards and Testing. This was a temporary body established by Congress with the full support of the Bush Administration. The Council was cochaired by Governor Campbell, and included such leading Republicans as Roger Porter, Orrin Hatch, Bill Goodling, David Kearns, and Checker Finn. Not exactly a group of flaming liberals. Yet they came to the important conclusion that school delivery standards are an essential part of a national system of standards and assessments.

The recommendations about opportunity-to-learn standards were controversial. They led to an effort involving the National Governors' Association and the states of Vermont, New York, California and South Carolina, to attempt to define these standards in each state. Just last week these states submitted their interim reports, after nearly a year of work. They are rather instructive.

Each state's approach to education reform was, naturally, quite different. However, they shared one key feature in common. In each state, the main driver of reform is more challenging standards for students and new ways of assessing student performance. And, in each of these states, opportunity-to-learn standards were seen as an integral part of their overall reform efforts, not a barrier to them.

Each state also took a decidedly nonregulatory approach to opportunity-to-learn standards, contrary to the predictions of the critics. They continue to keep the primary focus of accountability on results, and view the opportunity-to-learn standards as part of a process of continuous improvement. In Vermont, for instance, schools are expected to monitor their own progress on the opportunity-to-learn standards, with external monitoring occurring only when student performance levels are unsatisfactory. In these cases, the opportunity-to-learn standards will provide a useful template for examining a school in trouble and determining what needs to be addressed. In South Carolina, the opportunity-to-learn standards are part of a broader quality review process, along the lines of total quality management as applied in business.

Finally, each of these state defined opportunity-to-learn standards more broadly than does the President's bill. While Goals 2000 carefully focuses the standards on teaching and learning, the states included such factors as student access to social services and adequate financial resources. It's fine with me that states have a more expansive definition than the national model. These are matters are ultimately, state, not federal responsibility. Each state should be able to define the standards in the ways most appropriate for its circumstances. That is entirely consistent with the Administration's bill.

The repeated attacks against this bill by members of the previous Administrations are unfounded. They are attacking proposals which they and other members of those Administrations previously supported. If they succeed, they will prevent the federal government from becoming a real and helpful partner in state and local reforms. Partisan gridlock will once again preclude needed federal leadership and support. And the desperately needed movement toward high standards for students and fundamental reform of our schools will be needlessly delayed.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

23-Jun-1993 07:56pm

TO: Gibson, Kumiki S
TO: Kathleen A. McGinty

FROM: John Podesta
Office of the President

SUBJECT: FACA Woes

OLC and the Civil Division can't quite agree on the FACA language.
Well have to get this resolved in the morning.

✓ cc. Steve Newirth

Genentech, Inc.

03 JUN 23 P1:14

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June 23, 1993

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San Francisco Examiner

June 22, 1993

Gore sees a diverse economy for state

He says high-tech
firms will mean jobs

By Christopher Matthews
SUNDAY WASHINGTON BUREAU CHIEF

Vice President Al Gore suggests that Californians look on the bright side of post-Cold War economic conversion — it will mean a far more diverse state economy.

In an interview Monday with Examiner reporters and editors, Gore sketched a portrait of a high tech, high-speed tomorrow that will replace some of the jobs the state is now losing because of military base closings and the decline of Cold War-related defense industries.

"We're spending an enormous amount of time being certain we're doing everything we can to create more jobs in California," Gore said.

He cited five key areas of 1990s job growth:

► High-tech industries, particularly biotechnology.

► "Information superhighways," systems that will move huge chunks of data at high speed over fiber-optic networks.

► A nationwide high-speed rail network.

► New automobile technologies.

► Environmental protection.

Gore said the Clinton administration is committed to active government involvement in developing these industries.

"California is not only our largest state and one of the 10 largest economies in the world, it is also



Al Gore

the key to the national economic recovery," he said. "We can't pull out of this and get moving in the right direction unless California pulls out and moves in the right direction. We just have that as an article of faith."

Softening blow of base closures

Sipping a diet cola in the hour-long session, Gore spoke of the area's economic prospects as both vote-conscious politician and savvy futurist.

He tried to soften the blow, both psychological and financial, expected when an independent base-closing commission begins voting this week on shutting down California military installations.

He said no decision had been made on whether President Clinton would forward the panel's report to Congress if it suggests closing most or all of the 10 installations in California targeted by the military services. But he spoke hopefully of what the Clinton administration can do to help offset the job losses.

"Whether it is biotechnology, aerospace or information technology, we are placing a great deal more emphasis on the development of new jobs in high-technology areas than our predecessors."

Gore said the White House is "keenly aware" that the state has been suffering from a jobless rate higher than the national average. Fortunately for California, he said, the state that's getting hardest hit by defense cutbacks will also "benefit more than any other state" from conversion efforts.

High tech can't do it all

Gore conceded that high-tech industries couldn't absorb all the jobs lost to military cutbacks. But

he cited additional areas of job growth, including "new kinds of personal vehicles" that rely on electricity and other alternative fuels.

"In the next 15 years, you will see a profound transition in at least part of the auto industry. The Big Three are now heavily involved, but their competitors are here in California."

He pointed to early signs, such as increased home-building, that the administration's economic program of deficit-reduction and low interest rates is working.

But unlike the Bush administration, Gore said, Clinton isn't willing to rely on low interest rates alone to revive the economy.

"The whole difference between what we want to do and what our predecessors did is that we want to get involved in helping a better economy and a brighter future rather than just letting it happen."

Gore cited the administration's efforts to convert local economies from defense to other enterprises — citing the transfer of the Presidio to the National Park Service — and his own record of facilitating government involvement in information superhighways intended to transmit the world's accumulated knowledge to the American home.

Impressed by 'Summer of Service'

Before attending The Examiner meeting, Gore visited the Treasure Island site of "Summer of Service," where 1,500 young people are being trained to perform such community services as tutoring, building rehabilitations and immunizations.

Gore arrived at The Examiner thrilled with what he had seen.

"Anybody who is in the slightest cynical about the national service program should spend a half-hour with these kids. They are so fired up. This is going to work just as the Peace Corps worked and for the same reason."

Later, Gore met for an hour and a half with 19 biotechnology indus-

try executives. They tried to convince him of the need to protect the emerging field from another Clinton project, health-care reform.

The executives told of hunting for funding, discovering drugs and saving lives, in hopes of impressing on Gore the harm that they feel price controls and certain tax- and accounting-rule changes might cause.

Gore made no specific commitments but called biotechnology a

"vitally important American-dominated industry."

He told the group "he didn't want to do anything that would hurt the industry, but instead wanted to see the industry grow and flourish," said Kirk Raab, president and chief executive officer of Genentech Inc. "This is an area that he has a sincere interest in, and he proved it today."

Sally Lehrman of The Examiner staff contributed to this report.



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AMERICAN BIOTECH LEADERSHIP CITED A PRIORITY BY VICE PRESIDENT GORE

(SAN FRANCISCO, CA, June 21, 1993)... Vice President Al Gore today met with a dozen leaders from the biotechnology industry to underscore the Administration's commitment to protect U.S. leadership in what he said is a "vitally important American-dominated industry."

In remarks before the group, the Vice President said, "We will offer a comprehensive health care reform plan that preserves the free-market incentives essential to continued American leadership in biotechnology. It is the biotechnology industry that holds the greatest promise for finding effective treatment and cures for the world's most dreaded diseases."

The Vice President's meeting with biotechnology leaders highlighted the Administration's determination to convince the capital markets -- on which biotechnology depends for its vital R&D funds -- that biotechnology will thrive under any Administration health care reform plan.

During the meeting, the Vice President heard firsthand about the medical and economic potential of the biotechnology industry, and the unique characteristics of the U.S. business environment that have fostered its growth to a global leadership position. According to the industry leaders present, the primary characteristics of the industry's success include: strong government support of the academic biomedical research establishment, market-driven rewards for biotechnologically-derived pharmaceuticals, and a ready availability of investment capital.

(more)

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BIO Chairman and Genentech CEO G. Kirk Raab told the Vice President that "The earnest desire of the Administration to craft the health care reform package so as to safeguard the unique characteristics of the biotechnology industry is consistent with the best interest of continued American leadership in this field. We accept our responsibility as members of the health care industry to help hold down rising costs, but that has to be balanced against our own internal needs to fund high-risk R&D. It is important that the Administration is sensitive to that balancing act, and that we will be working together, as a team, to find solutions."

The Vice President pointed out that the Administration supports innovation and understands the special needs of biotech firms, including the risks associated with breakthrough research and product development. He also reminded the industry leaders that the Administration has proposed, and will fight for, a permanent R&D credit and a targeted capital gains tax.

"Biotechnology is exactly the type of industry that will benefit from the capital formation, incentive and market-driven policies of the Clinton/Gore Administration," he said.

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Gore Meets with Industry Leaders

In a Monday meeting with more than a dozen top biotech industry leaders held in San Francisco, Vice President Al Gore underscored the administration's commitment to protecting U.S. leadership in biotechnology.

The meeting was organized by Robertson Stephens & Co. and several biotechnology industry executives, including G. Kirk Raab, chairman of the Biotechnology Industry Organization (BIO) and chief executive officer of Genentech Inc.

The organizers hoped to be able to share with the vice president the advances made in biotechnology and explain to him the importance and fragility of the industry, according to Laura Leber, director of corporate communications at Genentech.

Administration Is Listening

She said the meeting was positive and that Gore emphasized that the administration is listening to the industry and understands and cares about biotechnology.

"We will offer a comprehensive health-care reform plan that preserves the free-market incentives essential to continued American leadership in biotechnology," Gore told the group. "It is the biotechnology industry that holds the greatest promise for finding effective treatment and cures for the world's most dreaded diseases."

Speaking for his biotechnology industry colleagues, Raab told Gore: "We accept our responsibility as members of the health-care industry to help hold down rising costs, but that has to be balanced against our own internal needs to fund high-risk R&D. It is important that the administration is sensitive to that balancing act, and that we will be working together, as a team, to find solutions."

The vice president assured his listeners that the administration does indeed understand the special needs of biotechnology companies, including the risks associated with R&D. "Biotechnology is exactly the type of industry that will benefit from the capital formation, incentive and market-driven policies of the Clinton/Gore administration," said Gore.

Also attending the meeting were: Frank Baldino (Ceptalon Inc.), David Oeler (Genentech), Brook Byers (Kleiner Perkins Caufield & Byers), Lisa Conte (Shaman Pharmaceuticals Inc.), Carl Feldbaum (BIO), Reinaldo Gomez (Terrapin Technologies Inc.), Jim Gower (Tularik Inc.), John Groom (Athena Neurosciences Inc.), Vaughn Kallian (Cor Therapeutics Inc.), Edward Penhoet (Chiron Corp.), Michal Perkuvich (Robertson Stephens), Tony Podesta (Podesta Associates Inc.), Sanford Robertson (Robertson Stephens), David Robinson (Ligand Pharmaceuticals Inc.), Timothy Ryan (from U.S. Rep. Lynn Schenk's office), Steve Sharwin (Cell GeneSys Inc.), Mark Simon (Robertson Stephens) and Ken Widder (Molecular Biosystems Inc.). — Jennifer Van Arunt

Gore: Biotech needn't fear health care plan

BY RON WOLF

Mercury News Staff Writer

On a swing through the Bay Area, Vice President Al Gore Monday sought to assure biotechnology executives that Clinton administration plans for health care reform would not undermine the financial condition of their industry.

Gore strongly implied the health care plan would impose no price restraints on new biotech products but stopped short of declaring price controls out of the question, participants said.

Gore met with a dozen chief executives of Bay Area biotech companies at a hotel near San Francisco International Airport for about an hour and a half, double the scheduled time.

The vice president said the administration understood the fragility of the biotech industry, according to G. Kirk Raab, chief executive of Genentech Inc., who said the executives were pleased with what they heard.

New financing for biotech firms has all but dried up, and stock prices have fallen in recent months amid widespread concern the administration's health care plans would reduce potential earnings for the industry. Pres-

'We will offer a comprehensive health care reform plan that preserves the free-market incentives essential to continued American leadership in biotechnology.'

— Vice President Al Gore



ident Clinton fueled anxiety among biotech investors by criticizing the high profits of pharmaceutical companies.

Gore told the biotech executives the Clinton administration would protect U.S. leadership in what he said is a "vitally important American-dominated industry."

"We will offer a comprehensive health care reform plan that preserves the free-market incentives essential to continued American leadership in biotechnology," the vice president said in a statement. "It is the biotechnology industry that holds the greatest promise for finding effective treatment and cures for the world's most dreaded diseases."

"Biotechnology is exactly the type of industry that will benefit from the capital-formation, incentive and market-driven policies of

the Clinton/Gore Administration," the vice president said.

Gore also told the executives the administration understood their concern about possible changes to financial accounting rules. The proposed changes could force companies to reduce earnings when they issue stock options, a move that would sharply curtail an important incentive for biotech firms and many other start-up ventures.

Gore told the group the administration will do its best not to let that happen, Raab said.



Mercury Center

INSTRUCTIONS ON PAGE 2A

■ Genentech news release on Gore's remarks, B5B4