Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. message	[Personally Identifiable Information] [partial] (3 pages)	04/26/1993	b(6)

COLLECTION:

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

FOLDER TITLE:

June 20-26, 1993 [2]

2018-0662-S
rs3056

RESTRICTION CODES

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

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

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

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

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

THE WHITE HOUSE
WASHINGTON

DATE: 06/23/93

NOTE FOR: GEORGE STEPHANOPOULOS

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

Information ☐XX

Action ☐

Thank you.

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

cc:

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
6-23-93

93 JUN 22 A9:07

June 22, 1993

To: President Clinton
Fr: Gayle S.
This recommendation seems to make perfect sense.

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE
LEON PANETTA

SUBJECT: Paying for Peacekeeping

Purpose

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 06/24/93

TO: GEORGE STEPHANOPOULOS
DAVID GERGEN

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

[redacted]

The attached has been forwarded to the President.

[redacted]

THE WHITE HOUSE

June 24, 1993

MR. PRESIDENT:

The following seeks approval to explore the possibility of scheduling an Asian-Pacific leaders retreat in the U.S. in November.

I discussed this with Marcia who notes that the opening of the Denver Airport, which is a potential stop for you, is November 19. I would also note that this needs to be viewed in light of NATO and Russian Summits.

John

John Podesta

cc: George Stephanopoulos
David Gergen

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

4126

THE WHITE HOUSE

WASHINGTON

June 19, 1993

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE

SUBJECT: Asia Pacific Economic Cooperation (APEC)

THE WHITE HOUSE
WASHINGTON

DATE: 6/23

NOTE FOR: Howard & Barbara Chen

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

Information ☑

Action ☐

Thank you.

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

cc:

THE PRESIDENT HAS SEEN
6.23.93

THE WHITE HOUSE

WASHINGTON

May 21, 1993 93 MAY 22 A11:27

RECOMMENDED TELEPHONE CALLS

TO: Senator Russell Feingold
Senator Herb Kohl
Senator Sam Nunn
Senator John Breaux
Senator Jeff Bingaman
Senator Fritz Hollings

DATE: May 22-23

RECOMMENDED BY: Howard Paster HP, Barbara Chow BC

PURPOSE: To shore up support for the economic program.

BACKGROUND: The Boren/Danforth plan has picked up two more supporters today, Senators Kerrey and Exon. It is important to ensure that there is no further erosion over the next few days or the consequences for the House vote could be significant. Clearly, the Senate vote is equally if not more at risk. Our margin in the Senate is very narrow and could be worsened if Senator Krueger is defeated in June.

For the most part, these Senators have not indicated that they support Boren/Danforth but their past voting records indicate that it is possible. It was widely rumored that Senator Nunn would attend the Boren/Danforth press conference but refrained from doing so. The entitlement cap proposal included in the Boren plan is similar to one endorsed by Senator Nunn earlier this year.

TOPICS OF DISCUSSION: 1. The Boren/Danforth plan robs low-and middle income families and individuals in order to avoid a tax on oil companies and provide a tax break for the wealthy. A widow dependent upon Social Security benefits earning $7,200 would see a reduction in their cost-of-living adjustments. Thirteen states (including California) would lose $31 billion in federal funding over the next five years as the result of the reduction in the federal share of AFDC and Medicaid benefits. At the same time, the Boren/Danforth plan would greatly intensify the fiscal difficulties of the states, shift more health care costs to the private sector and state governments and make national health care reform legislation much harder to pass.

2. The Boren/Danforth plan is in part, designed to scuttle the House vote but will be difficult to pass in the Senate. There are significant economic consequences, if Reconciliation fails. The financial markets have already incorporated a significant deficit reduction plan into their projections and will be thrown into disarray if this is not realized.

3. We will work with you to address specific concerns you may have regarding the Reconciliation bill.

6/14 9 am

THE PRESIDENT HAS SEEN
6.23.93

MEMORANDUM TO THE PRESIDENT

FROM: BETTY CURRIE

RE: PRIORITY TELEPHONE CALLS

DATE: JUNE 12, 1993

BILL LERACH - Home: 619-756-0363
Office: 619-338-4550

HOWARD PASTER WENT THROUGH THE CONGRESSIONAL CALLS AND STATED THE FOLLOWING CALL SHOULD BE PLACED OVER THE WEEKEND, IF POSSIBLE.

CONG. FLOYD FLAKE

CONG. EVA CLAYTON

CONG. JOHN LEWIS

CONG. CARRIE MEEK

CONG. JAMES CLYBURN

CONG. EARL HILLARD

CONG. MEL REYNOLDS

CALLS ON MONDAY: ~~CONG. HENRY WAXMAN~~
~~CONG. DENNIS DE CONCINI~~

CALLS TO HOLD: CONG. ROSTENKOWSKI - Currently in Poland

CONG. MAZZOLI - Howard checking on issue
6/14 - CALLED AND TALKED W/LORRAINE MILLER
WOULD LIKE TO DISCUSS CHINESE MATTERS
IMMIGRATION

From the Office of the Chief of Staff

Phone: 202/456-6797 Fax: 202/456-1121

93 JUN 21 P5:59

Date: June 21, 1993
Response needed by:
COS Office Contact: Bill Burton

	Action	FYI		Action	FYI
Rahm Emanuel			Howard Paster		
Mark Gearan		XXX	John Podesta	XXX	
David Gergen		XXX	Jack Quinn		
Jack Gibbons			Carol Rasco		
Marcia Hale	XXX		Bob Rubin		
Alexis Herman		XXX	Eli Segal		
Nancy Hernreich	XXX		George Stephanopoulos		
Tony Lake	XXX		Christine Varney		
Bruce Lindsey			David Watkins		
Katie McGinty			Maggie Williams		
Regina Montoya					
Roy Neel		XXX			
Bernie Nussbaum					
Leon Panetta					

Remarks:

Mack received the attached material from Hershel Gober at Veterans Affairs recommending strongly against the President's acceptance of the so-called "Ellis Island Congressional Medal of Honor." Mack would appreciate any thoughts/information anyone has on this issue -- and certainly should be advised before any steps are taken contrary to Hershel's advice.

Response: forward to MARSHA SCOTT/ JOHN DWYER

Please give SLK heads up also

JOHN

6-23-93

VILLAGE VOICE - MAY 18TH 1993 - TEL 475-3300

The Deputy Secretary of
Veterans Affairs
Washington DC 20420

Mack - Attached is more information on why I think the President should not accept this medal.

Herb


FRED W. McDARRAH

...rport to honor.

TAKEN FOR A RIDE

Bill Fugazy's 'Medal of Honor' is Just One of His Shams

By Wayne Barrett

This Sunday on Ellis Island, Bill Fugazy, grandson of an immigrant, bankrupt ex-limo tycoon and perpetual friend of the powerful and prominent, will prove once again that America is the land of opportunity, especially of imaginative commercial opportunity. For the fourth time, he will hand out 100 or so Ellis Island Congressional Medals of Honor to recipients ranging from Chrysler Chairman Robert Eaton to New York First Deputy Mayor Norman Steisel, and people will pay up to $15,000 a table to join a ceremonial dinner hosted by Fugazy that is supposed to be a celebration of the ethnic diversity of American greatness.

Until a few days ago, President Clinton himself was expected to come, which would have made him the third sitting president (and sixth overall, going back to Nixon) to receive the bronze medal displaying the Statue of Liberty and the Ellis Island Museum. What few, if any, of the 340 recipients in 1986, 1990, and 1992, or those who agreed to accept the medal this year, understand is that the award, like the man who invented them, is a sham.

While Fugazy, the tireless 68-year-old self-promoter, has alternated over the years in his own description of the awards, sometimes calling them "congressional medals" and sometimes just plain medals, he has consistently claimed that they have been "sanctioned by Congress." In fact, every time a resolution authorizing the awards has been introduced in Congress, it has died in committee. Steve Mangione, a spokesman for Fugazy, told the *Voice* that the reason Fugazy has made claims of congressional sanction is because the winners' names "have always been read into the congressional record," a perfunctory and commonplace process if true (in fact, the *Voice* could only find a full listing of winners in 1992).

Elliott Williams, a Vietnam veteran from North Carolina who heads the national association of real winners of the Congressional Medal of Honor, blasted Fugazy's imitation medal in a *Voice* interview, saying it is "insulting to the legitimate recipients" who "risked their lives" in combat. Told that a Fugazy-published magazine called *The Forum* has routinely referred to the Fugazy award as a "congressional medal," Williams vowed that his society, which he says includes the 204 living recipients of the medal actually awarded by the president, will "take the appropriate steps to end this disrespect." Last week, Williams wrote Clinton blasting Fugazy's "purported medals" as a "disgrace," charging that they were being given out "to enhance the success of a dinner."

Similarly, though the Fugazy organization that sponsors the ceremony and dinner, the National Ethnic Coalition of Organizations (NECO), has been repeatedly instructed in writing by the Statue of Liberty/Ellis Island Foundation that it is not to use the Foundation's logo on its letters and the Foundation, the logo remains and the glossy brochure for the current event still boldly proclaims that the awards are granted "with the sanction of" the Foundation. As far back as October 1990, Foundation president Steve Briganti wrote Fugazy an unambiguous warning: "We do object when you . . . make it appear that the Foundation sanctions or sponsors the Medals—we do not." Indeed, though the Foundation sent copies of NECO newspaper ads to the group with the sanction claim crossed out in July 1991, a *Daily News* ad last month still contained the same censored language.

If those who have supported the event over the years, buying hundreds of thousands of dollars of dinner tickets, thought the proceeds were going to the restoration of the island, they were sadly mistaken. Pat Zitko, the spokesperson for the Foundation (which raises funds for and oversees the restoration of the island), says that not one cent of the funds raised at the awards events "has ever gone" to Ellis, adding that the Foundation "has nothing to do with the event" and "no idea what happens to the money."

In fact, NECO—which is nothing more than a loose amalgam of dozens of other organizations and operates out of Fugazy's Madison Avenue office—used most of the $288,000 it grossed on the December 1990 dinner, as well as the nearly $50,000 in additional contributions raised in 1991, to cover its own administrative costs. While NECO has yet to file a statement with state agencies for its April 1992 dinner, its filings with the 1990 dinner, as well as expenses of $24,000 a year for a public relations consultant, $28,000 for a professional fundraiser, a $12,000-a-year sublet of Fugazyspace (which Fugazy claims is a bargain), $14,000 in conference costs, and $20,000 for "outside help."

NECO has never explicitly claimed that the proceeds from the event go to the island's restoration. Instead, one artfully worded promotional statement says only that ticket and journal ad purchases "benefit NECO, which is proud to have raised over $1 million for the Statue of Liberty/Ellis Island Foundation." The reference, often cited in NECO literature, is to a campaign that was completely separate from the medals ceremony—namely when

etro

SOLICITING TROUBLE

Bill Fugazy's National Ethnic Coalition of Organizations, the prime sponsor of the Ellis Island medal, is hardly the only Fugazy nonprofit out there raising big bucks, or even the only one associated with the medals. Fugazy's promotional literature describes two other organizations—the Coalition of Italo-American Associations and the Forum Club—as sister organizations also involved with the medals.

While both groups have been involved in one form of fundraising or another for years, state records indicate that neither is registered as a charity. Though NECO is current with its required state disclosure filings, the Coalition has been so negligent its registration was canceled in 1990 by Secretary of State Gail Shaffer.

It has also failed to file required disclosures with Attorney General Robert Abrams since 1985, though *Voice* inquiries sparked an April 30 letter from Abrams's office, which were followed by partial filings the day before this story closed. The last-minute filings, however, only covered up to 1989. A Coalition official, Richard Grace, contended in a letter to the *Voice* that the organization only learned "late last year" about the delinquent filings, though letters addressed to Grace warning of fines were sent to him by Abrams in 1991 and early 1992. Grace also claimed that preparation on the sudden rush of Coalition filings predated *Voice* inquiries.

Shaffer's formal notice of cancellation on January 3, 1990, advised the Coalition that "any further solicitation of funds is in violation of the Executive Law and subject to the penalties provided therein," but the organization went right on hosting its annual dinner dance at the Waldorf Astoria. While IRS officials indicate that the organization appears to have made the submissions it requires, its failure to file with the two appropriate state agencies means that there is no immediately available public record of the organization's finances and expenditures (which amount to approximately $270,000 a year). Though required by law to make their annual financial returns available for any citizen to inspect, Fugazy's office declined to allow the *Voice* to examine the Coalition's (or those of any other Fugazy entity). A lawyer for the organizations, Vincent Delorio, instead wrote a threatening letter to the *Voice* that simply asserted that the organization is "duly authorized to conduct business in the State of New York" and "are in good standing."

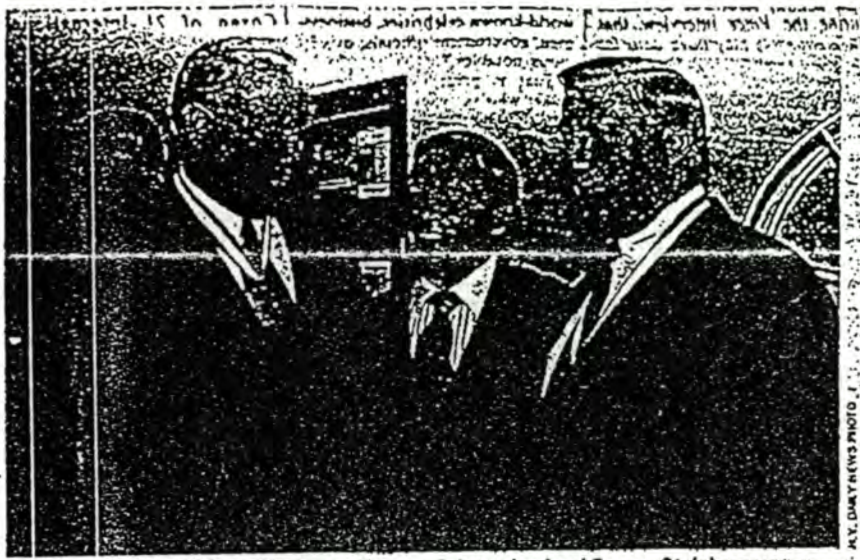
Despite the state's bar on

CONTINUED ON PAGE 14

it, like many other citizen groups, sold the right, at $100 a pop, for any family to buy space and have its name inscribed on the island's Immigrant Wall of Honor. While the Foundation has raised almost $42 million selling these wall placements, mostly to Ellis visitors, NECO raised $757,000 over a six-year period ending in 1992. Wall sales is all, Zitko says, that NECO has contributed to the island. Though the organization has acted as just a solicitor and pass-through for wall donors, an appreciative Zitko is quick to note that it has sold more placements than any other group.

Fugazy created the awards in 1986, while serving as the chair of the New York State Statue of Liberty Centennial Commission, a post he was appointed to by his longtime friend Mario Cuomo. The original awards, which did involve the Foundation more directly, were announced in response to an outcry from Fugazy and others over the lack of ethnic diversity among the 12 recipients of Liberty Medals awarded by President Reagan during the July 4 festivities. Senator Al D'Amato and congressman Mario Biaggi, both of whom have long been closely associated with Fugazy, sponsored resolutions endorsing the medals that year, but Senate records indicate that the concurrent resolution died in the Judiciary Committee.

D'Amato, whose 1986 campaign periodically paid Fugazy Express for limo service, had previously been accused by United Nations officials of personally intervening in the award of a lucrative UN travel contract to try to steer it to Fugazy. While D'Amato, Cuomo, and the governor's wife ultimately got medals themselves, Biaggi, who then was just months away from his first of two widely anticipated and publicized federal indictments, did not. Fugazy remained so close to the two-time convicted felon that he led a rally in Biaggi's support in 1988, hosted a welcome-home party for him when he got out of jail in 1991, and included the ex-congressman on the dais of the annual dinner dance of another of his "charitable" organizations, the Coalition of Italo-American Associations. In 1992, Biaggi was just one of several felons listed at that event—including Andy Capasso and former city transportation commissioner Tony Ameruso.



Fugazy with 1992 medal winners Norman Schwarzkopf and George Steinbrenner.

Fugazy's first link to the Foundation was Lee Iacocca, its founder and current chair emeritus, who has been a close friend of Fugazy's for more than 30 years. Their relationship was apparently a key to Fugazy's ability to get Iacocca's successor at the Foundation, William May, to play an active role in the 1986 awards event. Fugazy insists, through a spokesman, that May is still a member of NECO's executive committee, and that the Foundation, despite its paper trail of objections, is "deeply involved" in the awards activities (the Foundation did contribute $70,000 to NECO in 1990–91). But Zitko says that having "no problem" with the awards is a far cry from sanctioning them. Though Iacocca, May, Briganti, and two other Foundation officials have received medals, and though May has been present at medal activities in the '90s, the Foundation insisted in letters to Fugazy that these signs of "personal involvement" do not "imply the Foundation's sponsorship or sanction."

Though the Foundation did grant access to island facilities for the first two award ceremonies, it has not done so since 1990 for technical reasons. Instead, the National Park Service director on the island, Anne Belkov, gave Fugazy a permit in 1992 and 1993. While the 1993 permit for an evening event is now standard NPS practice (NECO will pay $6000 for the use, like any other group), Belkov acknowledges that NECO was the only group allowed to use the island for a daytime function when it hosted the medals there in April 1992. Asked why she approved the unique NECO use, Belkov said: "I was ordered to by then interior secretary Manuel Lujan"—another medal winner.

In addition to Fugazy's misleading claims about the medals, the awards have also been plagued by narrow commercialism. Fugazy did not resurrect the medals until hit by what appeared to be insurmountable personal and financial problems in 1989 and 1990 (prior to that, the problems in his checkered career had merely seemed enormous). Since then, and to a degree even as far back as 1986, he has not hesitated to exploit the medals for his own purposes, including awarding them to at least 25 honorees with apparent business ties to the various Fugazy firms (Fugazy's defense to this charge is simply that he is not "a committee of one" and that NECO names the recipients). NECO's penchant for selecting, from supposedly hundreds of nominees, business leaders connected to Fugazy interests has cheapened the medals, though it has passed unnoticed in the press.

The awards were revived six months after a jury in a federal civil racketeering lawsuit found Fugazy guilty of four separate acts of fraud—wire, mail, bankruptcy, and securities. The jury awarded a $46 million judgment against Fugazy to billionaire John Kluge, who contended in the lawsuit that his longtime friend had deceived him into buying Fugazy Express with false financials and a host of misleading claims. By July 1990, the Kluge verdict had sent Fugazy—whose prior history of 122 reportedly unpaid judgments stretched for more than a decade and reached a $19 million tally—into personal bankruptcy.

A suddenly destitute Fugazy reported in bankruptcy court that he actually owns virtually nothing, including none of the four homes—a Florida condo, two country estates, and an east side Manhattan apartment—that had once appeared to be his. A longtime business associate of George Steinbrenner, Fugazy even contended that the World Series ring he wears is really owned by his son John, a Yankee marketing director. With even his meager $100,000-a-year salary partially garnished by taxing authorities, Fugazy in recent years has subsidized his lavish lifestyle through the expense accounts of Fugazy business entities, including several owned by his children.

According to legal papers, Fugazy family companies cover the cost of a cook, housekeeper, and secretary in one country home, as well as pay for Fugazy's membership in three country clubs: the New York Athletic Club, the Columbus Club, and the Metropolitan Club. Restaurant tabs at a half dozen of Manhattan's best are also covered by the companies, as are his burgeoning legal fees and his constant transport in a Fugazy limo. An attorney for the companies, David Kaufman, told the *Voice* that these are legitimate business expenses because "Bill Fugazy spends 24 hours a day, seven days a week, 365 days a year doing nothing but business—everything except the few hours a week he spends with his wife."

[...] legal action. Kaufman conceded during the *Voice* interview that the companies may have paid for personal Fugazy items that could not under any circumstances be seen as business-related, including toys Fugazy bought for his grandchildren. But the companies are taking the position that the cost of these personal items is more than offset by the tax garnishes on Fugazy's salary, which, strangely enough, Kaufman says have been unfairly assessed against Fugazy personally, when they should have been a liability of the businesses. State tax warrants against Fugazy personally total a current $4.1 million, including more than a million in warrants already filed when the governor installed him at the head of the centennial commission, while the IRS has a $288,000 claim against him.

These Fugazy businesses, ranging from a new limo company to lobbying and consulting firms, have conceded in the current Kluge litigation that they depend largely on the contacts cultivated by the senior Fugazy, though they are usually run by Fugazy's youngest son, Roy. In a recent deposition, Roy justified the exorbitant expenses the companies pay for his father by arguing that Bill Fugazy "means everything" to the family business "with respect to its promotions, PR, sales, marketing," adding that he "is the person that people most readily identify with through his contacts." Contending that the senior Fugazy's "high profile sustains" the family businesses' "very existence," Roy insisted, in the words of his lawyer, that his companies were merely trying to "take advantage [...] individuals and entities, most of them world-known celebrities, businessmen, government officials, or religious notables."

That is precisely the sort of folks who've won Ellis Island medals. And that may also be why the one-page promotional résumé for the senior Fugazy features his work with NECO and two other nonprofit entities, even taking the space to list 14 winners of what it calls the "Congressional Medals of Honor."

In any event, Fugazy has managed to smartly mix the honorees with business ties to his family firms inside a larger universe of widely recognized, and even acclaimed, winners like Terry Anderson, Chicago Cardinal Joseph Bernardin, Cesar Chavez, Walter Cronkite, Coretta Scott King, General Colin Powell, General Norman Schwarzkopf, FBI director William Sessions, and Elie Wiesel. This has made the award valuable to the businessmen Fugazy courts, including these winners whose companies have been identified as clients of Fugazy firms by Fugazy sources in depositions, legal papers, or disclosure statements:

- Guy Snowden, chair of GTECH, the scandal-scarred lottery management firm that Roy Fugazy lobbies for in Albany;
- Abraham Gosman, president of the Mediplex Group Inc., the health care company for which a Fugazy firm is also registered to lobby at the city and state level;
- George Steinbrenner, whose payments to a Fugazy family firm were apparently structured to at least help cover a vital Bill Fugazy legal retainer; [...] Cossette Productions; Marshall S. Cogan of 21 International Holdings;
- Robert L. Crandall and Jerry R. Jacob of American Airlines, which reportedly paid Fugazy a fee for securing a Rome route;
- Bob Hope of Bob Hope Productions, who was featured in Fugazy TV commercials;
- Dr. Harvey Schiller of the U.S. Olympic Committee (who denied a Fugazy tie in a *Voice* interview);
- Lee Iacocca, J. Paul Bergmoser, Gerald Greenwald, and Robert Eaton, current or former Chrysler officials whose business deals with Fugazy date back to Iacocca's arrival;
- E. Lawrence Bellante, a partner in the engineering firm of GSGS&B, which project-managed the Ellis Island restoration for the Foundation.

Besides these variously claimed clients, nine other medal winners have been described by Fugazy sources in legal papers, and other documents, as having done or attempted business deals with him:

- Donald Trump, who cosigned a major loan for Fugazy and paid him brokerage commissions on two real estate transactions (the ill-fated purchases of Trump Plaza of the Palm Beaches and Trump Palace in Manhattan);
- Howard Lorber, who bought 10 apartments in Trump's Palm Beach disaster, where Fugazy retained an interest;
- Alexander Haig, the former secretary of state who reportedly formed a partnership called Four Star with Fugazy and a major insurance provider;
- Maurice Greenberg of American International Group, a part- [...]
- Jon Hanson, former shareholder in Fugazy Express of New Jersey;
- Bill Simon, the Reagan Treasury secretary who once joined an unsuccessful Fugazy/Steinbrenner partnership that tried to buy Roosevelt Raceway in Long Island;
- Lew Rudin, the landlord at the company's east side apartment where Fugazy frequently stays;
- Tony Burgos, the longtime Cuomo aide whose largest lobbying contract was a half-share in the $20,000-a-month retainer a Fugazy firm won from GTECH;
- Zachary Fisher, whose family real estate firm was said by Roy Fugazy to have offered his father a job after his business collapse, ~~and~~ has reportedly paid Fugazy at least one commission.

Even John Kluge, who acquired Fugazy Express in 1985, won a medal before their 1987 falling out, as has NECO publicist Howard Rubenstein, who's helped keep Fugazy's name in the news for years. Of course the city and state officials Fugazy firms are paid to influence—from Cuomo to Mayor David Dinkins to Steisel—have also been named medal winners. John Brophy, the president of one new and controversial Fugazy client, Lockheed Information Management Systems Inc., told the *Voice* that he retained the Fugazy firm to help win a state contract after Bill Fugazy boasted to him of his close ties to Cuomo and state economic czar Vincent Tese, another medal winner.

With the PR and celebrity needs of his business activities in mind perhaps, Fugazy has also awarded medals to media giants like Arthur Sulzberger; Mort

BARRETT

CONTINUED FROM PAGE 13

pert Murdoch, and then *Daily News* editor Jim Willse. He's even included prosecutors like Manhattan D.A. Robert Morgenthau and then U.S. Attorney Andy Maloney, though ex-prosecutor Rudy Giuliani, whose mayoral campaign in 1989 featured Fugazy in a prominent fundraising capacity, declined the award this year.

Despite numerous suggestive findings in Fugazy civil cases of fraud and apparent forgery over the years, no prosecutor in town has ever taken a serious look at him. Though Giuliani installed Fugazy as the master of ceremonies and one of the cochairs of his first political fundraiser in the spring of 1989, he refused to comment when asked by the *Voice* if he'd ever become aware when he was a federal prosecutor of possible criminal allegations involving his longtime friend. In fact, Fugazy acknowledged in a Manhattan federal court proceeding as early as 1987 that he had improperly transferred a vital Federal Communications Commission license from the already bankrupt Kluge-owned entity, Fugazy Express, to one of Roy's companies, a finding that could've invited prosecutorial interest.

Giuliani's current law firm, Anderson, Kill, has represented Fugazy for years and is listed as a $1.7 million creditor in the bankruptcy. But the representation predates Giuliani's arrival and Giuliani was never involved. In fact the firm, which uses Fugazy limos and other services, is headed by Eugene Anderson, Morgenthau's brother-in-law. Fugazy has been active for years in Morgenthau's campaign finance committee.

Morgenthau is even listed as an officer of one of Fugazy's nonprofits, while a host of other prominent officials, including the governors of New York and New Jersey and all four U.S. senators from both states, are also name-dropped on the letterhead of these entities. While some of these officials told the *Voice* that they had not authorized the use of their names, others have frequently appeared at Fugazy's dinners and events as speakers and honorees, including Cuomo and Tesc—apparently unconcerned about his outrageous record of state tax dereliction. Even the findings of a federal jury have deterred few from his embrace. A stark symbol of the political culture's indifference to values and its vulnerability to charm, Fugazy just seems to march on, a survivor of his own endless and dirty wars. ■

SOLICITING TROUBLE

CONTINUED FROM PAGE 11

Coalition fundraising, Mario Cuomo attended the group's August 1990 dinner, where tickets went for $250 a person, and received its highest honor, the Hall of Fame award. Other state officials have participated in more recent Coalition affairs. A state tax warrant for $14,849 in unpaid withholding taxes was served on the Coalition this year.

There is some question about whether the Forum Club, which sponsors monthly "power lunches" attended by prominent business and political leaders, functions as a charitable or membership organization. The group's glossy journal, published monthly, advertises individual memberships at $500 a year and corporate memberships at $1000, suggesting that it functions as a private club—which would exempt it from public reporting requirements. Yet the same statement says the group was "conceived as a means of furthering civic and philanthropic activities," claiming specifically that it "raises funds for educational and life-enriching programs" from the "business community." Since the club has not filed as a charity—though DeIorio says its affiliates are "very actively engaged in a variety of charitable activities"—there is no public record of any donations or other financial support it may have provided. DeIorio claims, apparently accurately, that the Forum is registered as exempt with tax authorities (the club operates under three names, and one of them, Forum Metropolitan, is registered with the IRS and the state).

The only specific charitable activity cited in the Forum newsletter is a claim that the club, combined with NECO and the Coalition, is "committed to constructing a $1 million Inter-Group Relations Crisis Center" at John Dewey High School in Brooklyn, to be run by an organization called the Council for Unity. But council officials told the *Voice* that none of the organizations has yet contributed anything to the project, which has barely gotten off the ground.

While the Forum's philanthropic activities are unclear, its commercial usefulness is apparent. When two top state health officials appeared at the February power lunch as featured speakers, one was introduced by Mediplex president Abraham Gosman, a client of the Fugazy lobbying firm that is seeking state business. City transportation commissioner Lou Riccio, another recent speaker, was seated at lunch near Lockheed president John Brophy, a Fugazy lobbying client then negotiating a $200 million contract with Riccio's agency. In recent months, Fugazy has begun handing out Ellis Island medals to Forum speakers who won them in 1992 but did not appear at the awards ceremony. —W.B.

NEW YORK POST, TUESDAY, MAY 18, 1993

SO, SPEAKING of immigrants. If you were an Ellis Island Medal of Honor Awardee last Sunday and it was black tie, 85 degrees but 15 degrees colder on the Island, and it meant a boat ride, leaving by day, back at night, and it was rainy, and outdoors, what would *you* wear?

My husband, Joey, sat in a hat, raincoat and scarf. Cosmetics queen Tova (Mrs. Ernest) Borgnine wore floor-length slinky black and silver beaded Bob Mackie. One-time vice presidential candidate Geraldine Ferraro wore a short red suit with her husband's umbrella. Gloria Estefan, a white coat dress. "I didn't know what to put on," she told me. Penthouse mag publisher Kathy Keeton (Mrs. Bob) Guccione did a strapless pink ballgown, the skirt of which she carried schlepped up in her arms. Marathon racer Fred Lebow wore his racer's cap. Newswoman Rox Abrams featured a huge gray straw garden hat. Edward James Olmos' tux was as beautiful as his moustache.

George Steinbrenner had his barber specially come out to cut his hairs on Sunday. Someone said Steinbrenner nearly missed the boat "but it's OK because he could have walked over." Judith Lieber counted 35 ladies carrying her bags. Literary agent Mort Janklow, viewing the exhibit of pitiful baggage our ancestors came over with in the old days, said: "Look, Ralph Lauren luggage." Melba Moore said "Amen" after singing the Star-Spangled Banner. Archbishop Ted McCarrick threw in a prayer for weather, but no dice. The heavens opened.

John Zaccaro, Geraldine Ferraro's husband, cracked: "Bill Fugazy, the chairman of this, is Italian. If it had been a Jewish affair, they'd have put a tent over the whole thing."

Jay Leno, who had accepted the honor, never showed. Bill Clinton, who also accepted, asked that his be postponed. His Special Assistant Linda Moore told Bill Fugazy the Prez will come in next month to get it.

Howard Stringer, CBS exec who's Welsh and who nailed David Letterman, was excited when they hung the medal on his neck. He wore it home. The problem was, the thing bore the name of fellow Awardee, George Klein, a developer who's Austrian.

COPY

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

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No. 1120

August Term, 1991

(Argued: April 24, 1992

Decided: DEC 17 1992)

Docket No. 91-7049

METROMEDIA COMPANY,

Plaintiff-Appellee,

- v. -

WILLIAM D. FUGAZY, TRAVELCO, INC., FUGAZY INTERNATIONAL CORPORATION, ROY D. FUGAZY,

Defendants,

WILLIAM D. FUGAZY, TRAVELCO, INC., FUGAZY INTERNATIONAL CORPORATION,

Defendants-Appellants.

WILLIAM D. FUGAZY, TRAVELCO, INC., FUGAZY INTERNATIONAL CORPORATION, ROY D. FUGAZY,

Third Party Plaintiffs,

WILLIAM D. FUGAZY, TRAVELCO, INC., FUGAZY INTERNATIONAL CORPORATION,

Third Party Plaintiffs-Appellants,

- v. -

JOHN W. KLUGE,

Third Party Defendant-Appellee.

METROMEDIA COMPANY,

Plaintiff-Appellee,

- v. -

WILLIAM D. FUGAZY, SR. and ROY D. FUGAZY,

Defendants,

WILLIAM D. FUGAZY, SR.,

Defendant-Appellant.

Before: OAKES*, KEARSE, and WALKER, *Circuit Judges*.

Appeal from so much of a final judgment entered in th United States District Court for the Southern District of Ne York, Robert L. Carter, *Judge*, as awarded plaintiff a total o $46,661,792.67 on claims under § 12(2) of the Securities Act o 1933, 15 U.S.C. § 77l(2), the Racketeer Influenced and Corrup Organizations Act, 18 U.S.C. § 1961 *et seq*., and common law.

Affirmed.

MARTIN I. SHELTON, New York, New York (Peter C. Neger, Mary Gail Gearns, Shea & Gould, New York, New York, on the brief), *for Plaintiff-Appellee and Third-Party-Defendant-Appellee*.

ANTHONY PRINCI, New York, New York (Steven Cooper, Jordan W. Siev, Anderson Kill Olick & Oshinsky, P.C., New York, New York, on the brief) *for Defendants-Third-Party-Plaintiffs-Appellants*.

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*Judge Oakes was Chief Judge until July 1, 1992.

KEARSE, Circuit Judge:

Defendants-third-party-plaintiffs William D. Fugazy ("William" or "William Fugazy"), Travelco, Inc. ("Travelco"), and Fugazy International Corporation ("International") appeal from so much of a final judgment, entered in the United States District Court for the Southern District of New York following a jury trial of consolidated actions before Robert L. Carter, Judge, as awarded plaintiff Metromedia Company ("Metromedia") a total of $46,661,792.67 in damages. The award included $15,553,930.89 or Metromedia's claim against William Fugazy, Travelco, and International for breach of warranty, the same amount against William on a claim under § 12(2) of the Securities Act of 193: ("1933 Act"), 15 U.S.C. § 77l(2) (1988), and $46,661,792.67 i: treble damages against William for violation of the Racketee: Influenced and Corrupt Organizations Act ("RICO"), 18 U.S.C § 1961 et seq. (1988). On appeal, appellants contend that th district court improperly deprived them of a jury trial on th breach-of-warranty claim; William contends that Metromedia's othe claims should have been dismissed as a matter of law and that th trial court erred in its instructions to the jury with respect t the fraud and RICO claims. For the reasons below, we rejec appellants' contentions and affirm the judgment of the distric court.

I. BACKGROUND

At all pertinent times, William Fugazy was, directly or indirectly, the owner of a number of concerns engaged in the ground transportation business, including International, Travelco and Fugazy Express, Inc. ("Express"). He owned all of the stock of International, a holding company for the other Fugazy companies. International owned 100% of Travelco and 60% of Express; Travelco owned the remaining 40% of Express. William was president of Travelco and International; he was chairman of the board of directors of Express.

Metromedia, noncorporate successor-in-interest in 1986 to Metromedia, Inc., was a large conglomerate operating a number of diversified businesses, primarily in the communications and entertainment industries, and had assets of approximately $600,000,000. Third-party-defendant John W. Kluge was chairman and chief executive officer of Metromedia, Inc., until its liquidation, and in 1986 he became a general partner and 97.5% owner of Metromedia. Stuart Subotnick, an executive of Metromedia, Inc., was Metromedia's other general partner.

A. <u>The Investment in and Bankruptcy of Express</u>

In December 1984, the Fugazy companies were in dire need of capital, and William asked his then-friend Kluge to consider having Metromedia purchase an interest in one or more of them. In January 1985, Kluge asked Subotnick to sign a letter of intent expressing an interest in purchasing Express, a radio-dispatche car business. After signing such a letter, Subotnick and hi staff began to explore the financial viability of Express, an conducted, <u>inter alia</u>, an audit, a market analysis, and a "du diligence" investigation.

Subotnick returned to Kluge with a report that, thoug "optimistic" about Express, advised against the acquisitio because Subotnick believed "this was not the kind of business w should be in." Kluge responded by having Subotnick inform Willia that Metromedia would not purchase Express. William urged Kluge to reconsider, however, and after additional analysis Subotnick and his staff concluded that Express was a potentially sound acquisition that could be made profitable with expanded operations and improved management.

As a result, on March 21, 1985, Metromedia and appellants entered into a Stock Purchase Agreement ("Agreement") pursuant to which Metromedia acquired newly issued common stock representing an 80% interest in Express. In exchange, Metromedia agreed principally to (1) pay $2,000,000 cash to Express or others on Express's behalf, (2) make a $4,000,000 subordinated loan to Express, (3) guarantee up to $3,000,000 in promotional advances from an automobile company to Express, and (4) cure any default on a loan previously made by Citibank, N.A., to William ("Citibank loan") in the original principal amount of $3,500,000. As discussed in greater detail below, the Agreement contained a section entitled "Representations and Warranties of Express and the Stockholders" with respect to, inter alia, Express's outstanding contracts, its exposure to pending or threatened litigation, and its financial condition.

In July 1986, Express filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code, 11 U.S.C. § 1101 et seq. (1988). In March 1987, the proceeding was converted into one under Chapter 7 for liquidation, 11 U.S.C. § 701 et seq. (1988). In the course of the bankruptcy proceeding, Metromedia discovered that in or about January 1987, William had transferred one of Express's assets, to wit, a Federal Communications Commission ("FCC" or "Commission") license and two radio frequencies (collectively "License"), to Fugazy Limousine Limited ("Limousine"), a company owned by William's son, defendant Roy D. Fugazy ("Roy" or "Roy Fugazy"). William had transferred the asset without notice to or permission from the bankruptcy court, and without consideration. Limousine had then obtained approval of the transfer from the FCC by failing to inform the FCC that Express was in bankruptcy. Eventually, in a Memorandum Decision dated May 14, 1990, and filed on May 15 ("Bankruptcy Court Decision"), the bankruptcy court ruled that William had improperly transferred the license "in direct, willful contravention" of the automatic stay imposed at the commencement of the bankruptcy proceeding, see 11 U.S.C. § 362 (1988), and it ordered, inter alia, that William pay attorneys' fees to the bankruptcy trustee. Matter of Fugazy Express, Inc., 114 B.R. 865 (Bankr. S.D.N.Y. 1990), aff'd, 124 B.R. 426 (S.D.N.Y. 1991), appeal dismissed for lack of jurisdiction, Nos. 92-5005, -5007 (2d Cir. Dec. 17, 1992).

B. The Present Actions

In April 1987, Metromedia commenced the first of the present actions, asserting claims against William, International, Travelco, and Roy Fugazy for misrepresentations and nondisclosure of material facts in connection with the issuance of the Express stock, in violation of, inter alia, § 12(2) of the 1933 Act, § 10(b) of the Securities Exchange Act of 1934 ("1934 Act"), 15 U.S.C. § 78j (1988), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5, along with claims of common-law fraud, negligent misrepresentation, and breach of warranty. It sought, inter alia, $35,000,000 in compensatory damages and $250,000,000 in punitive damages. Defendants asserted various counterclaims against Metromedia and brought third-party claims against Kluge, contending, inter alia, that he had entered into written agreements entitling them to contribution or indemnification for any judgment Metromedia might recover against them.

In 1989, Metromedia commenced a second action against William and Roy, alleging that they had engaged in, and conspired to engage in, a pattern of racketeering activity in violation of RICO, 18 U.S.C. § 1962(b)-(d). The complaint alleged that the predicate RICO crimes were bankruptcy fraud, in violation of 18 U.S.C. § 152 (1988); mail fraud, in violation of 18 U.S.C. § 1341 (1988); wire fraud, in violation of 18 U.S.C. § 1343 (1988); and securities fraud, in violation of § 12(2), § 10(b), and Ru 10b-5. It sought damages in the amount of $35,000,000, trebl pursuant to 18 U.S.C. § 1964(c). The district court ordered th actions consolidated.

Prior to trial, the court issued a "Joint Consolidate Pre-Trial Order" ("Pretrial Order") itemizing, inter alia, fact that the parties agreed were not in dispute. In it, defendant admitted that as of the date of the Agreement, (1) there were at least six litigations pending against Express or companies for which Express could be held liable, (2) that Express had entered four confessions of judgment, (3) that Express and/or William were in default on certain franchise notes, (4) that the $3,500,000 Citibank loan was in default, (5) that William was aware that Express could be liable for certain liabilities of other Fugazy companies, and (6) that William had represented to others that Metromedia would arrange for the cancellation of prior loan guarantees. Appellants conceded that these facts were not disclosed in their "Representations and Warranties of Express and the Stockholders" in the Agreement.

Appellants also admitted that in mid-March 1985, William sent a letter to a Fugazy Continental Corp. creditor in whose favor Express had confessed judgment, urging him to be patient because the Metromedia purchase was within a week of consummation. In the letter, which was introduced in evidence at trial, William asked the creditor not to "upset the apple cart" and stated: "As I explained to you, the auditors played games with . . . Express in order to make Express's statement look better."

William and Roy admitted in the Pretrial Order that at the time William transferred the Express License to Roy, both had actual knowledge that Express was in bankruptcy. They admitted that the transfer was not authorized by the bankruptcy court.

At trial, in support of its securities fraud and RICO claims, Metromedia presented evidence that, inter alia, in January 1985, it had received by mail from Express financial statements for Express and one of its subsidiaries. Subotnick testified that these financial statements contained material misrepresentations on which Metromedia relied in deciding to purchase Express. In particular, a "Consolidating Income Statement for the 9 Months Ended Nov [sic] 30, 1984" showed Fugazy Express with a nine-month net loss of $2,683,256. While Metromedia's analysts speculated that the loss might perhaps be as high as $4,700,000, they did not anticipate that Express's eventual audited financials would in fact reveal a net loss of $9,912,802 for the fiscal year. Similarly, though appellants gave Metromedia an unaudited consolidated balance sheet as of November 30, 1984, which showed Express as having a net worth of $2,869,890, the audited balance sheet as of February 28, 1985, received by Metromedia months after the purchase was consummated, revealed a net worth of minus $5,530,468.

Prior to the purchase, Subotnick wondered whether Express might have liabilities or obligations that had not been disclosed.

He testified that William assured him in a face-to-face conversation that "there were no oral obligations. There was nothing that we didn't know about. In fact, he sent me a memo I think the very next day, 10 pages long, that he is disclosing everything; we know about everything; there isn't anything that he hasn't told us about this company." In addition, Subotnick testified that William, whose office was in New York, telephoned him in New Jersey on at least a half-dozen occasions to press for the acquisition. Subotnick's telephone logs, reflecting several conversations with William, were also introduced. Subotnick testified that when Metromedia entered into the Agreement it was unaware of the extent of Express's losses or of its negative net worth of more than $5.5 million. He stated that if he had known the truth as to Express's financial status, Metromedia would not have entered into the Agreement.

With respect to documents that defendants contended that Kluge had signed, agreeing to indemnify them, Metromedia introduced expert testimony that the documents had not in fact been signed, and that the alleged Kluge signatures had likely been added by means of xerography. Defendants eventually conceded at trial that most of the documents were "not authentic."

C. The Trial Court's Rulings and the Jury Verdict

After the close of the evidence, following motions by both sides for directed verdicts on various claims, the court determined a number of issues as a matter of law. Finding that there was no dispute that there were express warranties in the Agreement and that those warranties had been breached, and reading New York law as not requiring any other proof of reliance in such circumstances, the court granted Metromedia's motion for a directed verdict as to appellants' liability on the breach-of-warranty claim.

In addition, the district court ruled that the Bankruptcy Court Decision collaterally estopped William from denying that he had engaged in bankruptcy fraud in violation of 18 U.S.C. § 152. That section makes it unlawful for any person "either individually or as an agent or officer of any person or corporation, . . . with intent to defeat the provisions of title 11, [to] knowingly and fraudulently transfer[] . . . the property of such other person or corporation." The bankruptcy court had found that William's conduct constituted a "clear violation" of § 549(a)(2)(B) of the bankruptcy code, 11 U.S.C. § 549(a)(2)(B) (1988), Bankruptcy Court Decision at 22, and that it was "serious misconduct" by William "in a less than arms-length transaction" in "connivance" with Roy, id. at 25-26. Accordingly, the district court decided that it would instruct the jury that, in considering Metromedia's RICO claim, the jury must find that William had engaged in bankruptcy fraud, but that whether or not that fraud constituted part of the alleged pattern of racketeering activity would remain a question for the jury to decide.

As for the counterclaims asserted by defendants, all but one asserted by William were withdrawn after the close of the evidence, and the court dismissed the one that remained. court also dismissed one of defendants' two third-party cla against Kluge.

The court submitted the rest of the case to the jury the form of special interrogatories. To the extent pertine here, the jury found that Metromedia had proven its claims agair William under § 12(2) of the 1933 Act and under RICO. As for t predicate acts for the RICO claim, in addition to findi pursuant to the trial court's instruction that William h committed bankruptcy fraud, the jury found that William h committed mail fraud in violation of 18 U.S.C. § 1341, wire fra in violation of 18 U.S.C. § 1343, and securities fraud violation of § 12(2). The jury found that Metromedia had suffer damages in the amount of $15,553,930.89. It denied puniti damages. As to defendants' surviving cross-claim against Klug for indemnification, the jury found that defendants had not show that Kluge entered into the claimed agreement.

Thereafter, defendants moved for judgment n.o.v. or alternatively, a new trial. In support of the former, the argued, to the extent relevant here, (1) that Metromedia's § 12(2) claim should have been dismissed because that section wa inapplicable and because the evidence did not support the verdict; (2) that that claim could not constitute a RICO predicate unless the violation were willful, and the jury was not instructed as to the need to find willfulness; (3) that the allegations of securities fraud, mail fraud, and wire fraud as RICO predicates should have been dismissed for lack of causation because there was no evidence of reliance by Metromedia itself; and (4) that the allegation of bankruptcy fraud should have been dismissed because Express's License was not an asset of the bankruptcy estate when William transferred it to Roy. In support of their motion for a new trial, appellants argued, inter alia, that the question of whether the warranties that were breached had been "bargained for" should have been submitted to the jury; that the court's instructions to the jury with respect to the RICO claims were erroneous; and that Metromedia had waived any right to assert collateral estoppel with respect to its allegation of bankruptcy fraud, because collateral estoppel had not been pleaded.

In an Opinion dated December 5, 1990, and published at 753 F. Supp. 93, the district court denied both motions. Reviewing the trial evidence in the light most favorable to Metromedia as the nonmoving party on the motion for judgment n.o.v., the court rejected all of defendants' challenges to the sufficiency of the evidence. It also rejected most of the legal premises of their motions for dismissal and their challenges to the instructions. Reviewing the evidence under a more relaxed standard on the new trial motion, the court stated that it would not order a new trial unless it were persuaded that prejudicial error had crept into the record or that a substantial injustice had been done, and it concluded that it was not so persuaded. The court noted that though appellants were perhaps correct in their contention that willfulness was a prerequisite for use of a § 12(2) claim as a

RICO predicate, it would not grant a new trial on this basis since appellants had failed to raise this issue before the jury began its deliberations.

Following the denial of these motions, the court entered an amended judgment ("judgment") in favor of Metromedia (1) against William, Travelco, and International, jointly and severally, in the amount of $15,553,930.89 for breach of warranty, and (2) against William alone in the amount of $46,661,792.67 on the RICO claim, representing treble the amount of damages found by the jury, and including $15,553,930.89 on the claim under § 12(2). The judgment provided that "Metromedia shall not recover more than a total of $46,661,792.67." It dismissed all of Metromedia's other claims and dismissed all counterclaims and third-party claims.

This appeal followed, with appellants challenging so much of the judgment as awarded Metromedia damages on its claims for breach of warranty, securities fraud, and racketeering. Appellants have not addressed so much of the judgment as dismissed their counterclaims or third-party claims, and those dismissals are affirmed without discussion.

II. DISCUSSION

On appeal, William, International, and Travelco contend that the district court erred in directing a verdict as to liability on the breach-of-warranty claim. William also contends that the court (1) should have granted his motion for judgmen n.o.v. dismissing the § 12(2) claim; (2) erred in ruling that h was collaterally estopped from contending that he had no committed bankruptcy fraud, instead of ruling that Metromedia wa: collaterally estopped from contending that he had committed suc! fraud; and (3) erred in its instructions to the jury as to RICO's pattern requirement and the elements of the various RICO predicate acts. For the reasons below, we find no basis for reversal.

A. The Breach-of-Warranty Claim

In the Pretrial Order, appellants admitted (a) that in the "Representations and Warranties of Express and the Stockholders" section of the Agreement, they had warranted that Express had no pending or threatened litigation or outstanding contracts that were not there disclosed; and (b) that in fact there were six such litigations, four confessions of judgment, and a number of contractual obligations that were not there disclosed. Nonetheless, they contend that the district court erred in directing a verdict against them as to liability on Metromedia's breach-of-warranty claim, on the premise that there was a triable issue of fact as to whether the express warranties given by them in the Agreement were "bargained for." We reject their contention.

The trial court may direct a verdict where the evidence, viewed in the light most favorable to the nonmoving party, "'is such that, without weighing the credibility of the witnesses or otherwise considering the weight of the evidence, there can be but one conclusion as to the verdict that reasonable men could have reached.'" Sir Speedy, Inc. v. L & P Graphics, Inc., 957 F.2d 1033, 1038-39 (2d Cir. 1992) (quoting Simblest v. Maynard, 427 F.2d 1, 4 (2d Cir. 1970)). The framework that governs the district court's decision on a motion for a directed verdict also applies to our review of that decision. See, e.g., Sir Speedy, Inc. v. L & P Graphics, Inc., 957 F.2d at 1039; Powell v. Gardner, 891 F.2d 1039, 1043 (2d Cir. 1989); Konik v. Champlain Valley Physicians Hospital Medical Center, 733 F.2d 1007, 1013 (2d Cir.), cert. denied, 469 U.S. 884 (1984). If, drawing all reasonable inferences in favor of the party that opposed the directed verdict and making all credibility assessments in its favor, there was not sufficient evidence to permit a rational juror to find in its favor, we will uphold the directed verdict.

The substantive framework for Metromedia's breach-of-warranty claim is provided by New York law. In the leading case, CBS Inc. v. Ziff-Davis Publishing Co., 75 N.Y.2d 496, 554 N.Y.S.2d 449 (1990), the New York Court of Appeals noted that a breach-of-warranty claim is grounded in contract, and it stated that a buyer need not show that he "believed that the assurances of fact made in the warranty would be fulfilled. The right to indemnification depends only on establishing that the warranty was breached . . . ." Id. at 503-04, 554 N.Y.S.2d at 453. The court noted that it was not suggesting that there need be no reliance; rather, it stated that "the required reliance is established if, as here, the express warranties are bargained-for terms of the seller." Id. at 506 n.5, 554 N.Y.S.2d at 454 n.5. The court stated that an "express warranty is as much a part of the contract as any other term." Id. at 503, 554 N.Y.S.2d at 453.

Since as a matter of law, an express warranty is as much a part of the contract as any other term, the inclusion in the Agreement here of the "Representations and Warranties of Express and the Stockholders" established that those representations and warranties were part of the bargain reached between Metromedia and appellants. No rational juror could have found that it was not part of the bargain. Indeed, it is noteworthy that appellants in their proposed jury instructions did not ask to have the jury decide such a question. Rather, they asked the court to inform the jury that Metromedia could prevail on its breach-of-warranty claim if it proved (1) the existence of an express warranty, (2) material breach of the warranty, (3) damages proximately resulting from the material breach, and (4) justifiable reliance on the warranty. Neither in their initial submission of this request nor in a slightly amended version thereafter did appellants make any mention whatever of a supposed question as to whether the warranties were "bargained for."

The first two questions appellants sought to have the jury consider had been answered by appellants' admissions in the Pretrial Order; the fourth was a matter of law under the ruling in CBS Inc. v. Ziff-Davis Publishing Co. Only the matter of damages was left to be decided, and that question was given to the jury.

As the district court noted, appellants advanced no defense to the breach-of-warranty claim, making no showing that they agreed to the warranties as a result of, for example, fraud, mistake, or duress. Accordingly, there was no issue for the jury to decide with respect to appellants' liability on the breach-of-warranty claim, and the district court properly ruled that Metromedia was entitled to recover its damages on that claim as a matter of law.

B. <u>The Section 12(2) Claim</u>

With respect to Metromedia's claim for damages under § 12(2) of the 1933 Act, William contends (a) that the district court should have summarily dismissed this claim on the ground that that section applies only to public offerings, not to a private sale such as this, or (b) that in any event, the court should have granted judgment n.o.v. dismissing it on the ground that there was insufficient evidence that any prospectus or oral communication was instrumental in effecting the sale of the Express stock to Metromedia. These contentions have no merit.

To the extent pertinent here, § 12(2) imposes civil liability on any person who

> offers or sells a security . . . by the use of any means or instruments of transportation or communication in interstate commerce or of the mails, by means of a prospectus or oral communication, which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading (the purchaser not knowing of such untruth or omission).

15 U.S.C. § 77l(2). In support of their contention that this section does not apply to private sales, William cites only to general statements about the 1933 Act's legislative history and to various cases stating that the legislation was intended to protect the public. The section has, however, consistently been applied to private as well as public offerings of securities. See, e.g., Hill York Corp. v. American International Franchises, Inc., 448 F.2d 680, 695 (5th Cir. 1971) ("liability under Section 12(2) would not be affected by a finding that the offering was private"); see Wilson v. Saintine Exploration & Drilling Corp., 872 F.2d 1124 (2d Cir. 1989) (applying § 12(2) to private sale); Adalman v. Baker, Watts & Co., 807 F.2d 359 (4th Cir. 1986) (same); Nor-Tex Agencies, Inc. v. Jones, 482 F.2d 1093, 1099 (5th Cir. 1973) (same), cert. denied, 415 U.S. 977 (1974); see also L. Loss, Fundamentals of Securities Regulation 1021-22 (1983).

With respect to William's contention that he was entitled to judgment n.o.v. on the ground that the evidence was insufficient to establish an offer or sale "by means of" a prospectus or oral communication, our standard of review is identical to that with respect to review of the decision on a motion for directed verdict. See, e.g., Sir Speedy, Inc. v. L & P Graphics, Inc., 957 F.2d at 1038-39; 9 C. Wright & A. Miller, Federal Practice and Procedure § 2524, at 541-42 (1971) ("9 Wright & Miller"). Again we view the evidence in the light most favorable to the party against which the motion was made, see, e.g., Auwood v. Harry Brandt Booking Office, Inc., 850 F.2d 884, 889 (2d Cir. 1988); Mattivi v. South African Marine Corp., "Huguenot", 618 F.2d 163, 167 (2d Cir. 1980); Simblest v. Maynard, 427 F.2d at 4, and we may reverse the denial of judgment n.o.v. only if we can conclude that, even making all credibility assessments and drawing all inferences against the moving party, a reasonable juror would have been compelled to accept the view of the moving party.

In order to prevail on a claim under § 12(2) for a sale based on an oral communication, a purchaser of securities must show that the communication was "intended or perceived as instrumental in effecting the sale." Jackson v. Oppenheim, 533 F.2d 826, 830 n.8 (2d Cir. 1976). Reliance by the buyer need not be shown, for § 12(2) "is a broad anti-fraud measure and imposes liability whether or not the purchaser actually relied on the misstatement." Akerman v. Oryx Communications, Inc., 810 F.2d 336, 344 (2d Cir. 1987). The section requires only "some" causal connection between the alleged communication and the sale, "even if not 'decisive.'" Jackson v. Oppenheim, 533 F.2d at 830 n.8.

The oral statement itself need not be considered in isolation rather than in the context of the total presentation. A seemingly innocuous oral communication not containing affirmative misrepresentations may violate § 12(2) if it is used to emphasize, or induce reliance on, some other representation that is false or misleading. See, e.g., Casella v. Webb, 883 F.2d 805, 808 (9th Cir. 1989). Further, § 12(2) reaches false or misleading oral statements communicated intrastate, if in some other respect the mails or instruments of interstate transportation or communication have been used in the sale of the securities. See, e.g., Schillner v. H. Vaughan Clarke & Co., 134 F.2d 875, 877 (2d Cir. 1943); Creswell-Keith, Inc. v. Willingham, 264 F.2d 76, 81 (8th Cir. 1959) ("a sale of securities induced by oral face to face fraudulent representations, which is completed by means of payment of the purchase price by mail, is protected by section 12(2)"); L. Loss, Fundamentals of Securities Regulation 1027-28 (1983).

Here, the evidence was sufficient to permit a rational juror to infer that false and misleading oral communications by William were instrumental in causing Metromedia to purchase the Express stock. Appellants delivered financial statements to Metromedia falsely showing, for example, that Express had a net worth of some $2.9 million when in fact its net worth was minus $5.5 million, and William assured Subotnick in a face-to-face conversation that "[t]here was nothing that [Metromedia] didn't know about." Subotnick testified that William also repeatedly telephoned him and attempted to convince him to consummate the acquisition, describing various Express prospects that William said would improve its business; that prior to the acquisition Metromedia did not know Express's true financial condition; and that had it known, it would not have proceeded with the acquisition. With Subotnick's testimony fully credited and all reasonable factual inferences drawn in favor of Metromedia, the record permitted the jury to find that in orally touting Express's prospects to Subotnick in an effort to persuade Metromedia to purchase Express, William did not disclose the fact that, or the degree to which, Express's financial condition had been misrepresented, and he orally assured Subotnick that nothing had been concealed. The jury was therefore entitled to conclude that certain of William's oral assurances were false statements, that other statements were misleading at least by omission, and that either or both contributed to Metromedia's decision to purchase. The district court thus correctly denied the motion for judgment n.o.v. with respect to this claim.

C. <u>The Civil RICO Claim</u>

William makes a number of challenges with respect to Metromedia's claim under RICO. He contends principally that no predicate acts were properly established because (a) the jury was not instructed that it must find that a § 12(2) violation was willful in order to constitute a RICO predicate, (b) Metromedia, not William, should have been held collaterally estopped from litigating the question of whether he had committed bankruptcy fraud, and (c) the jury was not properly instructed with respect to reliance as an element of mail and wire fraud as RICO predicate acts. He also contends that the court erred in its instructions with respect to RICO's pattern requirement.

1. <u>The Section 12(2) Violation as a RICO Predicate Act</u>

In addition to his challenges to Metromedia's claim directly under § 12(2), discussed in Part II.B. above, William contends that in order to use a violation of § 12(2) as a predicate for a RICO claim, a plaintiff must prove that the violation was willful. He argues that the district court erred in failing to instruct the jury as to the need to find willfulness in considering the RICO claim. Accepting William's legal premise as valid, see Sedima, S.P.R.L. v. Imrex Co., 473 U.S. 479, 488 (1985) ("'a racketeering activity . . . must be an act in itself subject to criminal sanction' (emphasis added)" (quoting S. Rep. No. 617, 91st Cong., 1st Sess. 158 (1969)); Holmes v. Securities Investor Protection Corp., 112 S. Ct. 1311, 1325 (1992) (O'Connor, J., concurring) (RICO "unmistakably requires" that securities fraud, in order to serve as a predicate act, must have been "sufficiently willful to constitute a criminal violation"); Trane Co. v. O'Connor Securities, 718 F.2d 26, 29 & n.4 (2d Cir. 1983); § 24 of the 1933 Act, 15 U.S.C. § 77x (1988) (imposing criminal liability under § 12(2) only for violations that are "willful"), we nonetheless conclude that in light of the procedural posture of the case and the evidence in the record, there is no basis for reversal.

Several sets of procedural principles are pertinent. First, Fed. R. Civ. P. 50(b) generally prohibits judgment n.o.v. on any ground not raised in a motion for a directed verdict. See Abeshouse v. Ultragraphics, Inc., 754 F.2d 467, 473 (2d Cir. 1985); 5A Moore's Federal Practice ¶ 50.08, at 50-83 to 50-86 (2d ed. 1992); 9 Wright & Miller § 2537, at 598. Relief from this requirement is available only to prevent a "manifest injustice."

Sojak v. Hudson Waterways Corp., 590 F.2d 53, 54-55 (2d Cir. 1978) (per curiam). If the evidence was insufficient but no motion for directed verdict was made, the court could grant a new trial if it were satisfied that justice so required. See, e.g., Russo v. State of New York, 672 F.2d 1014, 1021-22 (2d Cir. 1982); Sojak v. Hudson Waterways Corp., 590 F.2d at 54-55; Oliveras v. American Export Isbrandtsen Lines, Inc., 431 F.2d 814, 816-17 (2d Cir. 1970).

Second, the civil procedure rules also provide that "[n]o party may assign as error the giving or the failure to give an instruction unless that party objects thereto before the jury retires to consider its verdict, stating distinctly the matter objected to and the grounds of the objection." Fed. R. Civ. P. 51. The purpose of this Rule is to require the parties to give the trial court an adequate opportunity to cure any error in the instructions before the jury deliberates. See, e.g., 9 Wright & Miller § 2551, at 623. Absent objection, an error may be pursued on appeal only if it is "plain error" that may result in a miscarriage of justice, or in "obvious instances of . . . misapplied law." City of Newport v. Fact Concerts, Inc., 453 U.S. 247, 256 (1981); see, e.g., Air et Chaleur, S.A. v. Janeway, 757 F.2d 489, 494 (2d Cir. 1985).

Further, under Fed. R. Civ. P. 49(a), a party who failed to object, before the jury retired, to the substance of special verdict questions to be put to the jury has no right to object to such matters on appeal. See, e.g., Bohack Corp. v. Iowa Beef

Processors, Inc., 715 F.2d 703, 710 n.8 (2d Cir. 1983). A party who only belatedly noticed the failure to submit a needed question to the jury could ask the court to submit that question in a postverdict interrogatory, and the trial judge would have discretion to submit such an interrogatory. See, e.g., Croce v. Kurnit, 737 F.2d 229, 233-34 (2d Cir. 1984).

Finally, a motion for a new trial on the ground that the verdict was against the weight of the evidence is committed to the sound discretion of the trial judge. See, e.g., Brady v. Chemical Construction Corp., 740 F.2d 195, 200 (2d Cir. 1984); Bevevino v. Saydjari, 574 F.2d 676, 684 (2d Cir. 1978). Assuming that the district court's denial of such a motion is reviewable, but see Dunlap-McCuller v. Riese Organization, Nos. 92-7676, etc., slip op. 189, 197 (2d Cir. Nov. 25, 1992) ("district court order granting or denying a motion for a new trial on the grounds that a verdict is against the weight of the evidence is not reviewable in this Circuit"); Kirschner v. Office of the Comptroller, 973 F.2d 88, 96 (2d Cir. 1992) (same); Roberts v. Consolidated Rail Corp., 893 F.2d 21, 26 (2d Cir. 1989) (same), such a denial will not be reversed unless the denial constituted an abuse of discretion, Brady v. Chemical Construction Corp., 740 F.2d at 201-02; Bevevino v. Saydjari, 574 F.2d at 684. See generally 11 C. Wright & A. Miller, Federal Practice and Procedure § 2819, at 120 (1973) (noting trend away from view that such decisions are not reviewable at all). Where the resolution of the issues depended on assessment of the credibility of the witnesses, it is proper for the court to refrain from setting aside the verdict and granting a new trial. See, e.g., Tennant v. Peoria & P. Union Ry., 321 U.S. 29, 35 (1944) (jury's credibility assessments are entitled to deference); Wade v. Orange County Sheriff's Office, 844 F.2d 951, 955 (2d Cir. 1988).

On the present appeal, it is not entirely clear whether William's willfulness argument is based solely on the district court's failure to instruct, which would be a basis for a new trial, or whether he also contends that there was no evidence of willfulness, a potential basis for judgment n.o.v. In the district court, the question was raised in the judgment n.o.v. section of defendants' posttrial motion, not in the section in which appellants alternatively requested a new trial. To the extent that appellants seek to assert that there was no evidence of willfulness and that they were entitled to judgment n.o.v., that argument is procedurally barred. Though at the close of the evidence defendants moved for a directed verdict on a number of grounds, this ground was not among them. Thus, judgment n.o.v. would have been improper, and they are not entitled to entry of judgment in their favor on this appeal.

To the extent that the willfulness argument challenged the trial court's instructions or suggested that the verdict was against the weight of the evidence as to willfulness, the argument was more properly one for a new trial, and the trial judge so treated it. Though noting that the contention that willfulness is an element for RICO purposes "may be correct," the court denied a new trial on the ground that appellants had not raised the question before the jury retired to begin its deliberations. The finding of default is clearly supported by the record. Defendants made no request for an instruction that § 12(2) could not serve as a RICO predicate act unless the violation was willful. Their requests to charge included a lengthy proposed instruction with respect to Metromedia's claim directly under that section; that request, properly, did not mention any need for a finding of willfulness. Though defendants also made a number of requests for instructions with respect to the other alleged RICO predicate acts, they made no mention of § 12(2) as a RICO predicate or of any additional questions to be considered by the jury in that connection. Further, defendants did not object to the trial court's instructions with respect to use of the § 12(2) claim as a RICO predicate; and they did not object to the special verdict form, which expressly instructed the jury that if it found in favor of Metromedia on the § 12(2) claim it was required to find that Metromedia had proven securities fraud as a RICO predicate act. Nor did they request that a postverdict interrogatory be submitted to the jury on the question of willfulness.

In this appeal, William argues that the trial court should have excused appellants' failure to raise the issue timely in order to avoid "obvious injustice." Given our interpretation of the term "willful" and given the evidence of record, we are not persuaded that a new trial was needed to avoid injustice.

Although we have not directly addressed the meaning of tl term "willful" in § 24 of the 1933 Act as it would apply to § 12(2) violation, we have stated that the government could pro that a violation of § 17(a) of the 1933 Act, 15 U.S.C. § 77q((1988), was willful within the meaning of § 24 "by proving that defendant deliberately closed his eyes to facts he had a duty t see." United States v. Benjamin, 328 F.2d 854, 862 (2d Cir.) cert. denied, 377 U.S. 953 (1964). In addition, we have mor fully explored the meaning of "willful" in connection wit prosecutions under § 32(a) of the 1934 Act, 15 U.S.C. § 78f (1988), the first clause of which is similar to § 24 of the 193 Act. Compare § 24 of the 1933 Act, 15 U.S.C. § 77x (imposin criminal liability on "any person who willfully violates any o the provisions of this subchapter [1933 Act]") with § 32(a) of th 1934 Act, 15 U.S.C. § 78ff (imposing criminal liability on "[a]n person who willfully violates any provision of this chapter [193 Act]"). In United States v. Peltz, 433 F.2d 48 (2d Cir. 1970) cert. denied, 401 U.S. 955 (1971), we held that a prosecutio under the quoted clause of § 32(a) required a showing "that th act [was] wrongful under the securities laws and that th knowingly wrongful act involve[d] a significant risk of effectin the violation that has occurred," id. at 55; see also Unite States v. Dixon, 536 F.2d 1388, 1397 (2d Cir. 1976). Given th similarity of the language of the two statutory provisions, w believe the Peltz test too should be applied in determinin whether a violation of § 12(2) was willful. Thus, we conclud that, with respect to oral communications in violation of § 12(2), willfulness may be established by a showing (1) that the defendant either (a) knowingly made false or materially incomplete misleading statements or (b) made false or materially incomplete misleading statements with respect to facts to which he had deliberately closed his eyes but which he had a duty to see, and (2) that he knew that his statements significantly increased the possibility of a sale of the securities in question.

We conclude that had the jury been so instructed in the present case, it could easily have found that William's violation of § 12(2) was willful. As discussed in Part II.B. above, William made oral statements falsely assuring Subotnick that all material facts had been disclosed to Metromedia, and he made other oral statements that were materially misleading because of their implicit adoption of, and failure to disclose the falseness of, the financial documents' representations as to Express's condition. As to willfulness, there was a sufficiently great disparity between the Express financial statements given to Metromedia prior to the acquisition (assets of some $11.65 million and liabilities of some $8.77 million) and the postacquisition revelation of its true financial condition (assets of approximately $8.59 million and liabilities exceeding $14 million) to permit the jury to infer that the preacquisition financials were false and that their inaccuracy was not attributable merely to negligence. The jury could also infer that William, given his 100% ownership of, and top executive positions in, International, Travelco, and Express, was aware that Express did not have a net worth of some $3 million, as represented, but instead had a deficit of some $5.5 million. It had been conceded prior to trial that the Fugazy companies were in dire financial straits, and the evidence depicted a William who was desperate for Metromedia to purchase Express. And, if in doubt as to whether the above factors circumstantially bespoke willfulness, the jury could infer from William's own words that his misrepresentations and nondisclosures were intentional and designed to deceive, as in mid-March he wrote that his auditors had "played games with . . . Express in order to make Express's statement look better."

In sum, the question of willfulness was indeed one for the jury, but the evidence was such that, had the jury been instructed that it must answer that question, a finding of willfulness could not have been set aside for lack of evidence. In all the circumstances, it was within the discretion of the trial court to decline to excuse appellants' failure to ask for an instruction on willfulness and to deny their motion for a new trial.

2. Bankruptcy Fraud

In challenging the district court's ruling that the Bankruptcy Court Decision collaterally estopped him from contending that he had not committed bankruptcy fraud, William contends that as a matter of law his transfer of the Express License to Roy could not constitute bankruptcy fraud because, he claims, the FCC in an October 26, 1988 letter ("FCC Letter") ruled that at the time of that transfer the License was not property o[illegible] the bankruptcy estate. He also argues that Metromedia waived the right to assert collateral estoppel by failing either to plead it originally or to ask for leave to file a supplemental pleading asserting it, and that he was unduly prejudiced by Metromedia's presentation of evidence as to an issue on which there was to be an estoppel. We reject all of his contentions.

The doctrine of collateral estoppel, or issue preclusion, bars a party from relitigating in a second proceeding an issue of fact or law that was litigated and actually decided in a prior proceeding, if that party had a full and fair opportunity to litigate the issue in the prior proceeding and the decision of the issue was necessary to support a valid and final judgment on the merits. *See, e.g., Gelb v. Royal Globe Insurance Co.*, 798 F.2d 38, 44 (2d Cir. 1986), *cert. denied*, 480 U.S. 948 (1987); *Zdanok v. Glidden Co., Durkee Famous Foods Division*, 327 F.2d 944, 955 (2d Cir.), *cert. denied*, 377 U.S. 934 (1964); *see generally Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 n.5 (1979); 18 C. Wright, A. Miller & E. Cooper, *Federal Practice and Procedure* § 4416, at 136-48 (1981) ("18 *Wright & Miller*"); *Restatement (Second) of Judgments* § 27 (1982). Certain of these conditions warrant elaboration for purposes of the present appeal.

First, the issue [illegible]

are significantly different. See, e.g., Jim Beam Brands Co. v. Beamish & Crawford Ltd., 937 F.2d 729, 734 (2d Cir. 1991), cert. denied, 112 S. Ct. 1169 (1992); Cullen v. Margiotta, 811 F.2d 698, 732 (2d Cir.), cert. denied, 483 U.S. 1021 (1987).

Further, even if the issues in the two proceedings are identical, a decision by an administrative agency cannot be the basis for collateral estoppel unless it was an adjudicative decision. An agency action granting or denying a privilege is not an adjudicative decision unless the agency has made its decision using procedures substantially similar to those employed by the courts. See generally Delamater v. Schweiker, 721 F.2d 50, 53 (2d Cir. 1983) (per curiam); Associated Industries of New York State, Inc. v. United States Department of Labor, 487 F.2d 342, 350 n.10 (2d Cir. 1973); 4 Davis, Administrative Law Treatise § 21:3 (2d ed. 1983); Restatement (Second) of Judgments § 83, comment b (1982).

As to the need for finality of decision, collateral estoppel, unlike appealability under 28 U.S.C. § 1291 (1988), "does not require a judgment 'which ends the litigation . . . and leaves nothing for the court to do but execute the judgment.'" Zdanok v. Glidden Company, Durkee Famous Foods Division, 327 F.2d at 955 (quoting Catlin v. United States, 324 U.S. 229, 233 (1945)). Rather the concept of finality for collateral estoppel purposes "includes many dispositions which, though not final in that sense, have nevertheless been fully litigated." Zdanok v. Glidden Company, Durkee Famous Foods Division, 327 F.2d at 955.

whether a judgment that is not final within the meaning of § 1291 "ought nevertheless be considered 'final' in the sense of precluding further litigation of the same issue, turns upon such factors as the nature of the decision (i.e., that it was not avowedly tentative), the adequacy of the hearing, and the opportunity for review." Lummus Co. v. Commonwealth Oil Refining Co., 297 F.2d 80, 89 (2d Cir. 1961), cert. denied, 368 U.S. 986 (1962). The mere fact that the damages awarded to the plaintiff have not been yet calculated, though normally precluding an immediate appeal, see our companion opinion filed today in In re Fugazy Express, Inc., Nos. 92-5005, -5007 (2d Cir. Dec. 17, 1992), does not prevent use of a final ruling on liability as collateral estoppel. Zdanok v. Glidden Company, Durkee Famous Foods Division, 327 F.2d at 955; 18 Wright & Miller § 4434, at 321 ("Recent decisions have relaxed traditional views of the finality requirement by applying issue preclusion . . . to determinations of liability that have not yet been completed by an award of damages or other relief.").

When two lawsuits have resulted in inconsistent final decisions of the same issue, the general rule is that "it is the later, not the earlier, judgment that is accorded conclusive effect in a third action." Restatement (Second) of Judgments § 15 (1982). Although we question whether such a rule would be applicable to inconsistent decisions if the second "judgment" were an administrative agency decision and the first were a court decision, we have no doubt that where the court decision is later, it, and not the agency decision, is to be given preclusive effect.

These principles defeat William's claims, for the Bankruptcy Court Decision meets all of the requirements for collateral estoppel, and it is unclear that the FCC Letter meets any of them. There is no question that the issues in the present case as to (a) whether the License was property of Express's bankruptcy estate at the time of William's purported transfer and (b) whether William fraudulently transferred the License to Roy's company are among the very questions that were litigated in, and necessary to the decision of, the bankruptcy court. It is also indisputable that William had a full and fair opportunity to litigate these issues in the bankruptcy court. He appeared in that proceeding, conceded that in making the transfer he had acted without authority, and consented to an order entered in September 1987 declaring the assignment null and void and directing the Trustee to convey the License to Metromedia. In its 1990 decision, the bankruptcy court found that the License was bankruptcy estate property and that William had transferred it without permission of or notice to the bankruptcy court, in "connivance" with Roy. There was nothing tentative about the bankruptcy court's decision. See, e.g., Bankruptcy Court Decision at 23 ("The undisputed liability of the transferor, William Fugazy, for the improper transfer of the License is . . . a settled matter of the law of this case."). And that decision has been reviewed--and affirmed--by the district court in accordance with procedures established in 28 U.S.C. § 158(a) (1988). The fact that the appeal of that matter from the district court to this Court is being dismissed for lack of appellate jurisdiction does not mean that the bankruptcy court's decision was not sufficiently final for purposes of collateral estoppel.

On the other hand, even if there were no bankruptcy court decision, the language of the FCC Letter itself suggests that it could not be the basis for collateral estoppel in favor of William. That letter, which does not appear to have been issued after court-type proceedings, stated in part as follows:

> . . . . Express, Inc., licensee of record, assigned the license for KXY-610 to R.D.F. Limousine, who then became the licensee of record for our purposes. Information submitted to us, the Consent Order of the Bankruptcy Court in particular, casts doubt upon the validity of this transaction, and would under other circumstances require an administrative inquiry on our part. . . .
>
> Affidavits submitted with the pleadings establish that KXY-610 ceased operations in December, 1986. Under Section 90.157 of our Rules, 47 C.F.R. § 90.157, the license for KXY-610 has therefore cancelled and must be returned to the Commission.

The reference to the need, or lack thereof, for "administrative inquiry" suggests that the agency itself treated its ruling as an administrative decision. Moreover, it is hardly clear that a decision as to whether the License was bankruptcy estate property when William transferred it would have been necessary to a regulatory decision as to whether to approve the trustee's sale of the License to Metromedia. Nor is it likely that the regulatory principles shaping such a decision would have been the same as the bankruptcy principles governing what assets are to be considered property of a bankrupt's estate.

Further, the regulation cited in the FCC Letter provides that for purposes of return of licenses to the Commission, a broadcast station is considered to have been permanently discontinued if it "has not operated for 1 year or more." 47 C.F.R. § 90.157(c). The inference to be drawn from the FCC's invocation of this regulation and its view that Express ceased operations in December 1986 is not that Express had no property interest in the License in January 1987 but rather that its interest continued until at least December 1987.

Other statements in the 1988 FCC Letter support this inference. The Letter states that the License was in fact transferred and that Limousine thereby became the new licensee, implying that in January 1987 the License was indeed, in the FCC's view, a transferrable asset. That implication is also consistent with the facts that in April 1987 the FCC approved the transfer, and in October 1987 it advised the trustee that he could not then sell the License to Metromedia without the consent of Limousine. In sum, after January 1987 the FCC itself treated as belonging to Limousine the very License that had belonged to Express until William transferred it. This treatment belies any supposed FCC ruling that in January 1987 the License was not property of the bankruptcy estate.

William's other challenges to the district court's collateral estoppel ruling do not require extended discussion.

The waiver argument borders on the frivolous. The bankruptcy court decision was filed on the day the present case went to trial. Metromedia's counsel made reference to the decision in his opening statement to the jury and asserted during trial that the decision collaterally estopped defendants from contesting that there had been bankruptcy fraud. Appellants had as much notice of the claim of estoppel as could reasonably be required.

Nor is there merit in the contention that appellants were unduly prejudiced by Metromedia's presentation of evidence in connection with a matter as to which they were collaterally estopped. Though the question of whether William had committed bankruptcy fraud had been determined, Metromedia was nonetheless required to introduce some evidence with respect to that fraud in order to show that it was part of the alleged pattern of racketeering activity.

3. The Mail and Wire Fraud Predicate Acts

William argues that the jury's findings with respect to mail and wire fraud as RICO predicate acts should be reversed because (1) the district court failed to instruct the jury properly as to the required "causal nexus" between these predicate acts and Metromedia's injury, and (2) the evidence adduced by Metromedia was insufficient to support a finding of justified reliance. We find no basis for reversal.

RICO provides that "[a]ny person injured in his business or property by reason of" a RICO violation may bring a civil action to recover treble damages. 18 U.S.C. § 1964(c). "'The phrase "by reason of" requires that there be a causal connection between the prohibited conduct and [the] plaintiff's injury.'" County of Suffolk v. Long Island Lighting Co., 907 F.2d 1295, 1311 (2d Cir. 1990) (quoting Norman v. Niagara Mohawk Power Corp., 873 F.2d 634, 636 (2d Cir. 1989)); see Holmes v. Securities Investor Protection Corp., 112 S. Ct. 1311 (section 1964(c) requires plaintiff to establish proximate cause). In the context of an alleged RICO predicate act of mail fraud, we have stated that to establish the required causal connection, the plaintiff was required to demonstrate that the defendant's misrepresentations were relied on. County of Suffolk v. Long Island Lighting Co., 907 F.2d at 1311; see also Brandenburg v. Seidel, 859 F.2d 1179, 1188 n.10 (4th Cir. 1988); Grantham & Mann, Inc. v. American Safety Products, Inc., 831 F.2d 596, 606 (6th Cir. 1987).

In the present case, the trial court instructed the jury on causation without specifying the role of reliance. It stated as follows:

> If you find that all of the elements of the alleged violation of Section 1962(b), (c) or (d) . . . have been established by a preponderance of the evidence, before you may find for Metromedia, you must also find that Metromedia sustained an injury to its business. Either damages *caused* by the unlawful acts or damages *caused* by the pattern of acts, or both, will satisfy th[is] requirement. *Damages not caused by the unlawful acts or pattern of acts do not satisfy this requirement.*

(Trial Transcript 2252 (emphasis added)). Though it would have been preferable to have included an instruction that informed the jury of the relationship between causation and reliance, the absence of such an instruction here provides no basis fo: reversal. Subotnick testified that he received some of the fals· financial statements in the mail, that he had numerous telephon· conversations with William urging Subotnick to have Metromedi: make the purchase, and that if Subotnick had known the extent t· which the financial figures provided by William and Express wer inaccurate, Metromedia would not have entered into the stoc: purchase agreement. Thus, there was plainly sufficient evidenc· for the jury to find causation and reliance.

Finally, we reject William's contention that any relianc by Metromedia could not have been justified because it had a tea of attorneys and financial experts studying Express's condition Appellants' misrepresentations and nondisclosures denie Metromedia's advisors access to accurate information, and th record does not suggest that they knew the true state of Express' affairs. The suggestion that Metromedia could not justifiabl rely on appellants' representations is meritless.

4. RICO's Pattern Requirement

William challenges the trial court's instruction as t what Metromedia was required to prove in order to establish "pattern" of racketeering activity within the meaning of RICC The court told the jury, inter alia, that Metromedia was require to show that William's unlawful acts were neither isolated nc sporadic, that those acts were related to each other, and tha they were continuing or constituted a threat of continuir racketeering activity. The court instructed that one way in whic Metromedia could meet this burden was by showing that William' unlawful activity was "repeated over a substantial period o time--for example, a few weeks or months." William contends tha this was error. While the contention appears to have merit, w conclude that the error was harmless.

Though there is no bright line test for determininc precisely what period of time is "substantial" for purposes of finding the continuity necessary to establish a RICO pattern, the Supreme Court in H.J. Inc. v. Northwestern Bell Telephone Co., 492 U.S. 229 (1989), stated that "[p]redicate acts extending over a few weeks or months and threatening no future criminal conduct do not satisfy this requirement." Id. at 242. Periods of 19 or 20 months, however, have been held sufficient to support a finding of continuity, see United States v. Pelullo, 964 F.2d 193, 210 (3d Cir. 1992) (19 months sufficient); United States v. Stodola, 953 F.2d 266, 270 (7th Cir. 1992), (closed-ended period of 20 months sufficient), cert. denied, 61 U.S.L.W. 3257 (U.S. Oct. 5, 1992), and "where continuity can be inferred from the jury's findings, an erroneous instruction may constitute harmless error." United States v. Pelullo, 964 F.2d at 209; see United States v. Kotvas, 941 F.2d 1141, 1144-45 (11th Cir. 1991).

In the present case, the district court's illustration that "a few weeks or months" might constitute a "substantial period of time" was erroneous. The RICO predicate acts found by the jury, however, were not so limited. In addition to the bankruptcy fraud found by the bankruptcy court, the jury found that William had committed three other types of predicate acts--mail fraud, wire fraud, and securities fraud. The record supports inferences that the securities and mail fraud began at least as early as January 1985, when appellants mailed to Subotnick financial statements for Express that significantly overstated its net worth and understated the losses incurred in its recent performance. The unlawful activity continued at least until January 1987, when William committed bankruptcy fraud by transferring one of Express's assets to his son. The jury was instructed that in order to find for Metromedia on the RICO claim it must find that the predicate acts were related, and it presumably so found. The related predicate acts that the jury found proven spanned approximately two years, and the instructions' reference to a few weeks or months was therefore harmless.

CONCLUSION

We have considered all of appellants' arguments on this appeal and have found in them no basis for reversal. The amended judgment of the district court is affirmed.

CONGRESSIONAL MEDAL OF HONOR SOCIETY
UNITED STATES OF AMERICA
CHARTERED BY THE CONGRESS

May 25, 1993

Dear Medal Recipient:

We were disturbed to learn that you accepted a medal at Ellis Island on May 16, 1993 which has been called the "Ellis Island Congressional Medal of Honor" and "The Medal of Honor". Our Society is offended by the use of these terms. The medal is not sanctioned by Congress. Furthermore, the funds solicited for the ticket sales have never gone to Ellis Island.

As deserving as you may be of recognition, we consider this medal to a sham and crass commercialism intended to sell dinner tickets and to provide publicity for the presenters of the medals.

We assume that you were unaware of the enclosed Village Voice article. We would hope that your acceptance of the medal resulted from an innocent lack of information about the medal's background. We would also hope that had you known all the facts about the medal, it would have been rejected by you, as it was by others.

The members of our Society feel deeply about the medal that they earned risking their lives for America. It is the only Congressional Medal of Honor, or Medal of Honor, sanctioned by the United States Congress.

The dinner and medals ceremony in which you participated demeans the heroism and value of the medal for which the members of our Society and the families of those recipients no longer living feel strongly.

We have also included a copy of the Court of Appeals decision regarding the organizer of this medal ceremony.

We look forward to hearing from you concerning this matter.

Sincerely,

J. Elliott Williams

J. Elliott Williams, President
Congressional Medal of Honor Society

40 PATRIOTS POINT ROAD, MT. PLEASANT, SOUTH CAROLINA 29464, TELEPHONE (803)884-8862

Sunday Star-Ledger

MAY 30, 1993

SUNNY AND PLEASANT Details on Page 2

JUST DOING THEIR JOBS, THEY SAY

MEN OF COURAGE, MEN OF HUMILITY

Medal of Honor recipients content in their obscurity

There's nothing in Nicholas Oresko's living room from his war years. He will take you to the dark cellar, where black and white photographs of Oresko with presidents and generals line one wall. He apologizes when he discovers his original framed citation, signed by President Truman, its glass cracked, in the middle of a stack of plaques piled on a chair.

Photo by Jerry McCrea

Photo by Pim Van Hemmen

Hector Cafferata, left, enjoys a chat with old friend Richard Bernard at an outing in Oxford. Bernard lost both legs in action in Korea. Cafferata received the Medal of Honor for heroism that saved Bernard's life. At top, Nicholas Oresko at his Tenafly home, where he was kind enough to wear his medal for a photo

By DAVID SCHWAB

You've probably never heard of Nicholas Oresko. Born in Bayonne, the son of a laborer at the Bayway Refinery, Oresko worked for the Veterans Administration for 32 years before retiring in 1978 as a supervisor of the adjudication division.

Now 76, his wife having died years ago, he spends much of his time cooking, sewing and maintaining his modest Tenafly home almost as if to pass inspection.

You wouldn't know it by his demeanor or conversation, but he is also a recipient of the Medal of Honor, this nation's highest military decoration for bravery in action.

You might think the medal would make a person famous, that the nation would know and remember its 204 living recipients. But in many instances, we don't.

Most civilians wouldn't recognize the Medal of Honor, a small, dull bronze star that hangs beneath a field of 13 tiny white stars on a pale blue ribbon worn around the neck—certainly not the way they would spot an Olympic gold medal.

That's partly because of the nation's collective memory lapse the more time passes between wars and partly because of the way recipients view themselves.

Oresko and others downplay what they did, insisting they were only doing their duty. They keep their medals in a drawer, taking them out only for occasional functions, normally military affairs where it is the equivalent of the Olympic gold.

Medal of Honor recipients belong to one of the nation's most selective fraternities. They are invited to every presidential inauguration and given VIP seats. Presidents and generals salute those wearing the medal. As he presented them with their medals at the White House, President Truman would tell some recipients he would rather have that honor than be president.

"It's hard to explain," said Oresko, a short man with silver glasses and white hair, when asked why recipients appear so modest about the medal.

"You're happy that you have it,

Please turn to Page 16

Courageous men content with their obscurity

Medal of Honor recipients say they were just doing their duty

Continued from Page One

you are so grateful you are alive, and that actually is good enough," he said.

Oresko still remembers the chill that came over him when he realized he was preparing to die as he jumped from a foxhole in Germany one frigid January day in 1945. An Army master sergeant, he destroyed two machine gun bunkers that threatened his platoon before collapsing from bullet wounds.

But he's not eager to talk about this, and his official citation sits amid a stack of plaques piled on a chair in his cellar. He shrugs when he mentions how police in New Jersey periodically pull him over, not recognizing his specially issued license plate, believing it a fake.

Precisely because Medal of Honor recipients are known for their refusal to seek anything for themselves, a coalition of other veterans organizations is mounting a campaign on their behalf to increase recipients' special monthly stipends.

A bill to increase it from $200 to 500, the first raise in 14 years, was introduced in the House of Representatives last month. This is needed because at least 40 recipients are living at or near the poverty level, supporters say. Recipients like Oresko will have little or nothing to do with the effort.

Leading this national campaign is Richard Bernard, a deputy commissioner in the New Jersey Department of Military and Veterans' Affairs.

As a 19-year-old Marine reservist, Bernard was in Korea in November 1950 as the First Marine Division tried to retreat from the Chosin Reservoir in the face of an overwhelming attack by Chinese soliders. The Marines eventually succeeded in breaking out; Bernard lost both his legs.

Sliding out of his wheelchair onto a couch in his East Hanover home, Bernard, now 62, explained some of what happened. He was shot in the legs and spine, but had to wait with others for five days to be evacuated.

His life was saved, in part, by the 30-degree below zero temperatures that caused the blood to coagulate around his wounds. And it was saved by other Marines who continued to fight, including another Medal of Honor recipient who lives in New Jersey, his friend, Hector A. Cafferata Jr.

According to the official military citation, Cafferata, a 20-year-old Marine private, single-handedly held off an attacking force with grenades and sharpshooting after the rest of his rifle squad of 12 was struck down.

An enemy grenade landed in a foxhole occupied by wounded Marines and Cafferata rushed forward to throw it free; the grenade exploded, severing part of one finger.

He killed 15 and wounded many more, forcing a retreat and saving the lives of several fellow Marines until he was shot himself and forced to evacuate. Witnesses say he fought in his bare feet, having had no time to prepare for the surprise attack.

Cafferata, now 63, a resident of Alpha who works at the state's trout hatchery in Pequest, declined to be interviewed. But he's willing to be quoted as saying he's no hero.

"It was just a case of doing my job, like every other Marine, which was to defend each other and keep the hill," he said.

For some time there had been talk of honoring Cafferata in Montville, where he grew up and where his skills with a hunting rifle were considered legendary before he joined the Marines. But he had let it be known he would not approve—until last year that is.

When construction of a new subdivision began in the woods near where Cafferata used to hunt, Cafferata Court, now a cul-de-sac with two homes, was born.

About the same time, the Lance Cpl. Robert J. Slattery detachment of the Marine Corps League of Morris Plains decided a plaque should be erected at town hall. The event grew into a major celebration even though organizers held back on publicity for fear that Cafferata might disapprove of the larger crowds that would certainly attract.

Last October, more than 700 people filled the stadium at the high school. There were speeches by local dignitaries and by Gen. Alfred Gray Jr., the retired Marine Corps commandant.

A Marine Corps color guard and a detachment in its dress blue uniforms prepared to pass in review to honor Cafferata. He invited the other members of his unit to the front to share in the honor. They stood in line, their hands over their hearts, as the young Marines marched by.

One of those who understands the psychology of the Medal of Honor recipient is Paul Bucha.

In March 1968, Bucha, an Army captain, directed his company of about 90 soldiers to engage what later turned out to be a force 15 times his own in the thick jungles of Vietnam, then organized a withdrawal and defense until his men could be evacuated. After learning he was to receive the Medal of Honor, his first reaction was to turn it down.

Bucha, 49, is a partner in Port Liberte, the struggling real estate venture in Jersey City on the Hudson River, who moved there from New York several years ago. The son of an Army colonel, he attended West Point and received his master's degree from Stanford Business School before reporting to duty. He later taught at West Point and worked for Ross Perot for many years.

Bucha knows many Medal of Honor recipients and understands why they may feel uncomfortable in the spotlight. He believes that's because the medal recognizes not simply daring on the battlefield but selflessness, putting the lives of others before your own, assuming they would do the same. Recipients really don't think they are special.

"It recognizes common day Americans who lived up to the potential that resides in every single kid," Bucha said of the medal.

Each recipient will insist he knows others in his unit who were more worthy. Bucha himself recommended a medic from his own unit for the Medal of Honor.

This all helps explain an important distinction the Congressional Medal of Honor Society draws: soldiers didn't "win" the award—as one might a contest—but were chosen without their knowing to receive it, as one might hold a trust for others.

This selfless attitude is why Bucha believes the effort to increase the monthly stipend could be doomed. This is one constituency that simply will not speak out and may not be noticed otherwise, like a decoration kept in a drawer.

"Recipients are like well placed flagpoles, of interest to people on certain days. But the vast majority of the time they are not aware of their presence," he said. He insists this doesn't bother him.

There's a flagpole in Bayon[ne] that sits in the middle of a block-lo[ng] park bounded on one side by Gre[gg] Lane, which runs from 23d Street [to] 24th Street. The street was named [for] Stephen R. Gregg, the second of t[he] city's two World War II Medal [of] Honor recipients. Graffiti cover t[he] base of the flagpole, as well as t[he] stone monument to Sister Miria[m] Teresa, a candidate for sainthood, [for] whom the park is named.

In August 1944, Gregg was [an] Army technical sergeant in Fran[ce] who in two days personally led medi[cs] to rescue seven injured soldiers; w[as] briefly captured by German soldie[rs] but escaped when they were fir[ed] upon, and then recaptured a mort[ar] position, killing or injuring three a[nd] taking two prisoners.

Ever since returning to Bayon[ne] in 1945, Gregg has worked for th[e] Hudson County Sheriff's Office. No[w] 78, he is chief of the uniformed of[fi]cers. He had expected to return [to] the Kearny shipyards but was offer[ed] the job by then Jersey City May[or] Frank Hague, a legendary Huds[on] County political figure.

Hague also offered a similar pos[i]tion to a another Medal of Honor r[e]cipient, Army Technical Sgt. Joh[n] Meagher of Jersey City, and the tw[o] worked side by side for some 35 year[s]. Meagher retired 13 years ago an[d] moved to Toms River. He's now at th[e] Veterans Affairs Medical Center [in] Lyons.

Sitting in his basement office [in] the Hudson County Courthous[e] Gregg fondly recalled the many la[v]ish, black-tie affairs he has been i[n]vited to attend. He remembered ha[v]ing drinks with Eddie Rickenbacke[r] being greeted by Cabinet membe[rs] during a lawn party at the Whit[e] House with John Kennedy, and Ge[n.] Colin Powell giving a prompt "Ye[s] sir!" when asked if he would join hi[m] so his wife could snap a picture.

His voice lowered just a bit whe[n] he's asked if he considers himself [a] hero.

"We shy away from that word be[-] cause we saw so many who were kille[d]

Continued on next page

Section One: Page 17
THE SUNDAY STAR-LEDGER
May 30, 1993

Veterans dedicated to humility

From preceding page

who could have been heroes had they lived," he said. "Men died beside you, in front of you ... We who were there know what action is and don't love to brag about it anyhow."

The Medal of Honor is presented by the President, on behalf of the Congress, which is why it is often imprecisely called the Congressional Medal of Honor.

It is given on the basis of recommendations of commanding officers or peers that are verified through interviews with witnesses. Recipients are normally unaware they have been nominated. Since the Civil War, 3,393 men and one woman have received the honor. About 60 percent of those honored died in combat.

The Medal of Honor recognizes those who have acted "above and beyond the call of duty," which normally means they did something they didn't have to do at the risk of being killed, often in hand to hand combat. None has been given since the Vietnam War. Most of the awards have gone to infantrymen. Many, therefore, believe the Medal of Honor tends to recognize the common man.

When Marine Pvt. Franklin E. Sigler returned to Little Falls with his medal, he thought about returning to work at a gas station.

Sigler had been at Iwo Jima in March 1945 and was recognized for fighting and helping to rescue other Marines even after a grenade took off a part of his ear and nose and he was shot through the hand.

Like other recipients, Sigler had been led to believe that job offers and opportunities might come his way, and like others he was disappointed. He had applied for jobs with the state game warden, the VA and others. Yet in August 1947 he was unemployed and engaged to be married.

That's when The Star-Ledger published a front page article explaining how town leaders two years before had raised $7,000 for a homecoming parade to honor him and had never given him a share of the money they had promised. A week later, he was appointed a state fish and game warden.

For 12 years, Sigler worked as a detective with the Passaic County Sheriff's Office. He retired in 1962, spent 10 years with a firm that built golf courses and now lives in Hampton in Sussex County.

Sigler, 68, doesn't attend many military functions these days. But he mentioned how honored he was to return last fall to Parris Island, S.C., for the graduation of his grandson, Pvt. Derrick J. Peter.

Peter recalled how thrilled the young Marines were to meet his grandfather. They had never seen a Medal of Honor but knew what it symbolizes.

Sigler is asked whether he feels Medal of Honor recipients have been forgotten.

"No, I don't think so," he said. "You got to realize the war's been over for quite a while, and the only ones who know would be people in the military."

The Deputy Secretary of
Veterans Affairs
Washington DC 20420

[redacted]

Mack – The President should not accept this medal. It would cause him problems.

I'll be glad to discuss if you need further information.

Hershel

[redacted]

…nton As 'Serious'

…arles Doe

…C (UPI)—An Air …l who allegedly …aging public re- President Clinton …d a scheduled se- …ommand until that …rge is fully inves- …ntagon said 8 June. …serious matter," …n spokesman Bob Hall. "The Air Force feels it's a serious charge that the Air Force…needs to look into."

During a public speech in Europe last month, Maj. Gen. Harold Campbell allegedly called Clinton a "gay-loving," "pot-smoking," "draft-dodging," "womanizing" commander-in-chief.

"There are specific guidelines…in terms of behavior towards elected officials," Hall said, "and if there's a charge that this has been violated, they need to look into it."

Hall said Campbell would not be allowed to assume command of the Defense Fuel supply Center near Washington until the Air Force's investigation is complete.

"According to the Air Force," the Pentagon spokesman said, "his future assignment has been delayed until the completion of …

…At the White House, press secretary Dee Dee Myers said Clinton had been advised of Campbell's alleged remarks before the case became public but insisted the matter should be left to the Air Force.

"The Air Force is investigating at this point," Myers said. "We'll leave it to them."

She said Clinton would have no comment on case.

The Air Force investigation of the incident is being carried out by Lt. Gen. Dale Thomp- … Force Materiel Command and Campbell's former boss. Thompson is already in Europe and his initial report is due later this month.

Campbell, 53, a highly decorated fighter pilot who served two tours of combat duty during the Vietnam War, was deputy chief of staff for plans and programs at the commander at Wright-Patterson Air Force Base in Ohio through the end of last month. The command oversees

See Air Force, Pg. 10

Court Action Mulled Over 'Medal Of Honor' Promoter

By Sheryl Henderson
Stars and Stripes Staff Writer

Since when are former vice-presidential candidate Geraldine Ferraro, comedian Jay Leno, singer Gloria Estephan and President Bill Clinton eligible for the Congressional Medal of Honor?

They aren't, according to the Congressional Medal of Honor Society (CMHS), whose members are recipients of the nation's highest military honor for acts of bravery in wartime.

The society is considering court action against William Fugazy, promoter of the "Ellis Island Congressional Medal of Honor," who for the past seven years has been awarding the medals to U.S. citizens of ethnic descent who can plop down as much as $1,500 for a seat at the event.

"This has nothing to do with the military," said Mike Williams, director of the CMHS.

According to Williams, the award is no medal of honor at all, but part of "a private enterprise for the promotion of one person's purse."

Williams said the CMHS had received complaints from the VFW, The American Legion and the Ancient Order of Hibernians, who thought the organization had loaned Fugazy's group its name and was somehow connected with the awards.

CMHS President J. Elliott Williams has called the presentation "crass commercialism" that is "blatantly offensive to the legitimate military heroes and families of the heroes who earned the Medal of Honor."

Fugazy, who has been accused

See Court Action, Pg. 10

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Deputy Commissioner
Veterans Affairs
NJ Dept Mil & Vet Affairs
CN 340 08625-0340
Trenton, NJ

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With Vietnam

From 1

Affairs.

The resulting 1,223-page report of the 15-month investigation said there was "no compelling evidence" that any Americans currently remain alive in captivity in Vietnam, though the report also said questions remain for U.S. military teams regarding particular cases.

"We do not yet have the full accounting we insist upon," said James L. Brazee Jr., president of Vietnam Veterans of America, Inc. who was among the delegates, "but we are four steps closer to determining what became of our lost brothers."

The four steps include an ... ese veterans will pool information on MIAs from both countries, the joint archive, President Clinton's pledge to declassify American POW documents by 11 Nov., and the newly-released documents.

Among the documents given to the delegation are prisoners' medical records, statistical com-

The delegation also interviewed several Vietnamese military and prison officials, including Col. Doan Hanh, who managed POW camps, and Gen. Tran Van Quang, the subject of the controversial Russian document that alleged more prisoners were being held in Vietnam during the war than the U.S. was

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Court Action Mulled Over 'Medal Of Honor' Promoter

From 1

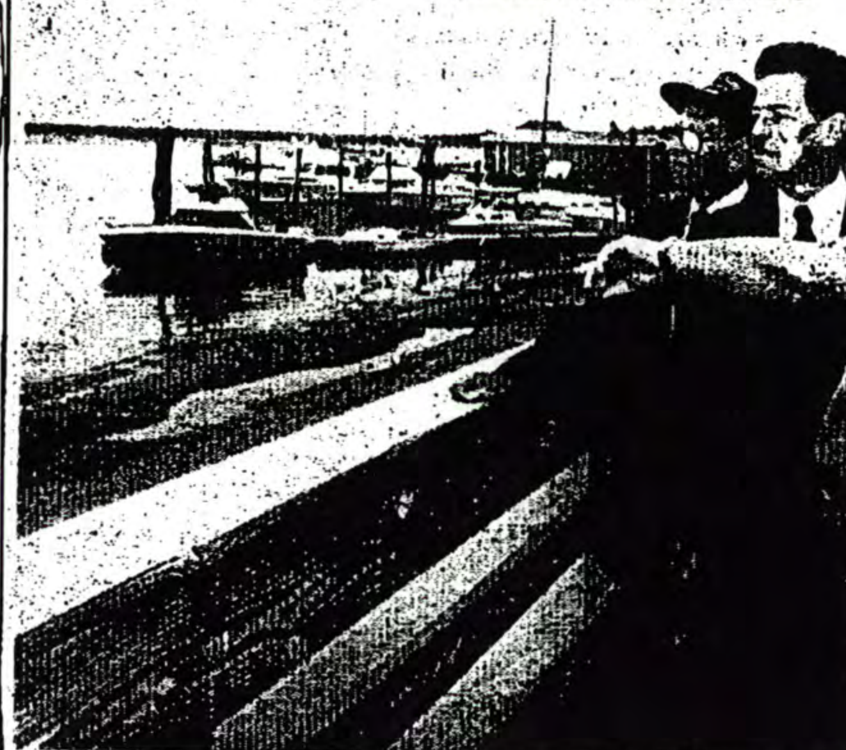
of forgery and an "alleged pattern of racketeering activity," was found guilty last year of mail fraud, wire fraud, securities fraud and bankruptcy fraud, according to U.S. Court of Appeals records.

Although Fugazy and the National Ethnic Coalition of Organizations (NECO), the group that sponsors the awards, have repeatedly claimed that the awards "are sanctioned on each occasion by the United States Congress," an investigative article published last month in the New York newspaper *The Village Voice* found that "every time a resolution authorizing the awards has been introduced in Congress it has died in committee."

Past recipients of the award include numerous state attorneys general and state supreme court justices, several congressmen, FBI Director William Sessions, Gen. Colin Powell, Gen. Norman Schwarzkopf, former U.S. Secretary of State James Baker and five former presidents.

According to a White House aide, President Clinton is expected to accept his award on his next trip to New York.★

Submarine Site



New Jersey Gov. Jim Florio, second from left, joins veterans viewing the future moo... submarine, in the bay off Veterans Park in Highlands. Florio recently visited the park to a... Acres funds for open space preservation statewide. Highlands, which received a gr... Jersey Naval Museum to Veterans Park. Also pictured are Herb Georges, of Hackensac... Jersey Naval and Museum Submarine, and Paul Russ, MCPO state commander, Sub...

The Stars and Stripes
The National Tribune

THE OLDEST NATIONAL VETERANS' WEEKLY NEWSPAPER

"To Care For Him Who Shall Have Borne The Battle And For His Widow And His Orphan" Abraham Lincoln

75¢ Per Copy U.S. Edition

116th Year Number 24 WASHINGTON, D.C., FOR THE WEEK OF 14 - 20 JUNE 1993

story on next page

BBL Contribution

Dallas Cowboy legend Roger Staubach, second from left, recently presented representatives of the Dallas VA Medical Center with a check for $15,000 on behalf of the Benevolent Bowlers League (BBL). The BBL is comprised of representatives of various bowling centers in the Dallas area. The VAMC will use $12,000 of the money to construct a lighted softball field for veteran patients. The remaining funds will be used for patient bowling activities. Standing, from left, are Terry Wickman, chief, Recreation Therapy Service; Staubach; William Cox, assistant medical center director; and Charlie Baker, chief, voluntary service, Dallas VAMC.

S. Delegation Cites ew POW Cooperation /ith Vietnam

By Sheryl Henderson
tars and Stripes Staff Writer

A U.S. delegation to Hanoi ys the Vietnamese govern- ent is showing "a significant ew level of cooperation" in the arch for U.S. servicemen still issing from the Vietnam War, ccording to a statement released ast week.

The bipartisan congressional lelegation led by Sen. John Kerry (D-MA) returned from the Memorial Day trip to Vietnam 8 June reportedly encouraged by Vietnam's release of 12 new documents and the opening of a joint archive, said the statement.

"This trip reassured me that recent progress toward an accounting for our POW/MIAs is genuine," said Sen. John McCain (R-AZ), a former Vietnam POW.

The delegation's trip came four months after an exhaustive investigation by the Senate Select Committee on POW/MIA

See U.S. Delegation, Pg. 10

...l's Alleged Ridicule

the investigation."

son, vice commander of the Air

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THE PRESIDENT HAS BEEN

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P. 02

Unlike Perot, Clinton has faced the facts in the budget debate

JOHN WHITE

We are now fully engaged in a national debate on how to curtail our debilitating and ever-growing national debt.

The bargaining and posturing give the appearance of just another colorful political battle, but that should not be allowed to hide the importance of what is going on. Unfortunately, there is a good deal of confusion about the choices and a certain lack of memory about how we got here.

We should remember that serious deficit reduction was not a campaign issue until late July, after both Gov. Clinton and Ross Perot had released their budget plans. As Perot's issues director during the first leg of his presidential campaign, I am proud to have been involved in the creation of the Perot plan. It played an important role in the campaign debate, even though it was not released until after Perot dropped out of the race in July.

In recent years our politicians have perfected the ability to pledge their devotion to deficit reduction while carefully avoiding any specifics that offend constituents. But the Perot plan was different. It drove the deficit to zero in five years through a combination of spending cuts and tax increases worth $754 billion. In so doing it starkly demonstrated the basic truth that any honest deficit reduction plan requires raising some people's taxes, cutting some entitlements and eliminating some programs for special interests.

After the election the new president was faced with revised forecasts from the Congressional Budget Office that increased the size of the deficit substantially. As a result, he faced a much tougher deficit reduction challenge than had been suggested by his campaign promises.

I had grown to admire Clinton while working for him during the campaign; but I did not know whether he would make the tough choices necessary for deficit reduction. He did. At substantial political risk, the president presented a budget tailored to substantial spending cuts and tax increases with the objective of getting the chronic deficit under control.

When the president presented his plan on Feb. 17, it received favorable reviews. Since then it has not fared as well. I am among those who have criticized the plan for relying too heavily on tax increases, proposing too few program cuts outside of defense and never getting the deficit low enough to reduce the national debt. The administration's response is that it did all that was politically feasible at the time.

But the criticisms and responses miss the central point. The president has demonstrated political courage not seen in our memory. We are finally arguing over specific, painful choices. Clinton has changed the nature of the debate.

Furthermore, the Clinton plan is strikingly similar to the Perot campaign plan. It provides for a combination of both tax and spending cuts and increases. It emphasizes taxes on upper-income people, closing loopholes, reducing subsidies, increasing energy taxes, cutting entitlements, including Social Security, and so on. And I believe that some of the specifics Clinton added in turning his campaign document into a real budget would have been included in a Perot budget, particularly offsets to ensure a progressive tax system and specific adjustments to protect the poor.

Yet instead of supporting the president for making a bold first step, Perot has chosen to criticize, even mock, the president for his efforts. To say that such behavior is disappointing is an understatement.

To make it worse, Perot has attempted to capture a leading role in the debate by claiming that he has a plan. But he does not.

The Perot campaign plan was issued on July 25 and is obsolete. It uses the January 1992 Congressional Budget Office estimates of the deficits for the years 1994 through 1998. But the Congressional Budget Office made major upward revisions to these estimates in both August 1992 and January 1993.

Today Perot's plan is a whopping $425 billion short of the balanced budget that he claims to achieve. And yet Perot uses the old numbers in his 1993 book, "Not For Sale at Any Price," and in his numerous appearances. Someone who buys national television time to criticize the president should make sure he has his facts straight, or at least not be off by hundreds of billions of dollars.

Deficit reduction is serious business. We should demand that those active in the debate, particularly those who claim to be above any special interests, present honest and realistic choices.

John P. White is the director of the Center for Business and Government at the Kennedy School of Government at Harvard.

Op-Ed Boston Globe June 23, 1993

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Military Scientist

A1

A Sociologist Helps Pentagon Find a Way To Lift Its Gay Ban

Research by Charles Moskos Led to a Compromise: 'Don't Ask, Don't Tell'

Joint Chiefs to Act This Week

By THOMAS E. RICKS
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — Charles Moskos appears to be everywhere these days.

The 59-year-old military sociologist is gathering evidence on the hardships of peacemaking in places like Somalia. A civilian national-service program—an idea he brought to Bill Clinton's attention—was approved by two congressional panels earlier this month. As for race relations within the military, Prof. Moskos stands out as a global authority.

But most critically, he is architect of the compromise on homosexuals in the military that will probably end a painful standoff between the White House and the Pentagon. Yesterday, a leaked version of that compromise appeared on the front page of the Washington Times. The version, drawn up in the Pentagon, would lift the ban on gays in the military but keep language stating that homosexuality is incompatible with military service. The White House disagrees with that language and hasn't decided on final details of the new policy.


Charles Moskos

But the fundamental plan — known as "don't ask, don't tell" — was hatched by Prof. Moskos earlier this year, and is expected to be embraced. Under the compromise, the U.S. would permanently end the practice of asking enlistees about their sexual orientation; however, homosexuals in the military wouldn't declare it.

Though based at Northwestern University in Illinois, Prof. Moskos is a special kind of Washington player: the behind-the-scenes thinker. "Charley's one of those quiet guys nobody outside his discipline knows much about who is going to wind up having enormous influence on his country," says Al From, president of the centrist Democratic Leadership Council. If the compromise he fashioned flies, he will be credited with helping ease the president out of one of his earliest and most vexing political snarls.

A Walking Tribune

Prof. Moskos, who criticizes President Clinton for being "tone deaf on the military," has spent decades listening to everyone from buck privates to four-star generals. "He has the unusual willingness to go where the troops are," says retired Gen. Maxwell Thurman, who oversaw the 1989 U.S. invasion of Panama. "When I was doing Panama, he came on down." Indeed, Prof. Moskos has done field research during every major Army deployment over the last 30 years except Grenada, an omission that annoys him. And while he is on friendly terms with the Pentagon's top brass, he likes to think of himself as a walking "tribune of the enlisted man."

"He's certainly the most influential military sociologist in the country, and probably in the world," says University of Maryland sociologist David Segal. "He's a top-flight field researcher, and he sees things going on in the military before other people see them."

After years of getting to know military personnel at all levels, he isn't surprised that the homosexual question has erupted into a political trauma, while causing less of a stir in the militaries of many U.S. allies. "No other country has a strong religious right and an active gay movement," he says. "We are unique. That's why the military is being torn on this."

Friendly Skepticism

Striding into a mess hall at Fort Drum in upstate New York one morning this month, the barrel-chested, crew-cut Prof. Moskos is a whirl of energetic but skeptical observation. He interviews everyone he encounters. He is pleased to see that black and white soldiers are mixed throughout the room. "There's no racial clumping," he observes happily.

Though Prof. Moskos clearly likes the military, he doesn't romanticize it. After a Fort Drum sergeant major tells him that base rules limit alcohol in barracks to a six-pack of beer or a bottle of wine for each person, Prof. Moskos checks with an enlistee, who tells him the rules aren't enforced. "Some people you have to pour into bed," the soldier reports. And when an infantryman complains about power-tripping sergeants, Mr. Moskos shrugs with the knowledge of one who has been there: "What's new about that?"

Drafted after graduating from Princeton in 1956, Mr. Moskos did a tour with the Army in Germany. While still a private, he wrote his first article on military life, "Has the Army Killed Jim Crow?" and published it in the Negro History Bulletin.

Since then, he has managed to visit and write about the U.S. military all over the world, using grants from the Ford Foundation, the Rockefeller Foundation, the Twentieth Century Fund and the Army itself. In Vietnam — his first tour as a combat sociologist — he irked the Army by pointing out that U.S. soldiers disdained

Please Turn to Page A9, Column 1

1/2

THE WALL STREET JOURNAL WEDNESDAY, JUNE 23, 1993

60

Military Scientist: Sociologist Charles Moskos Helps The Pentagon Find a Compromise to End Gay Ban

Continued From First Page

their Vietnamese allies. He also pointed out the corrosive effect of moving individuals in and out on 12-month rotations, rather than keeping units together.

In 1966, he followed U.S. forces to the Dominican Republic. In 1970, he spent eight months with United Nations peacekeepers on Cyprus, concluding that "peacekeeping isn't a soldier's job, but only a soldier can do it."

He traveled to Honduras in 1985, and then witnessed the Panama action. After interviewing nearly all the women who came in harm's way there, he concluded that "there was an officer-enlisted difference: Enlisted women aren't keen on going into combat." On the eve of the Persian Gulf War, he assessed the motivation of U.S. troops and found it strong.

Recently, he has globe-trotted to the U.S. operation in Somalia and to the Italian military mission in Albania. Next on the schedule is a trip to South Africa to advise the African National Congress and the Defense Ministry on integrating the post-apartheid military.

Prof. Moskos charged into the gay debate early – but on the side of continuing the current gay ban. "Enlightened gay advocates shouldn't argue for compulsory intimacy among persons of openly different sexual orientation," he wrote in a 1992 Army Times column. Rep. Barney Frank, one of two openly gay members of Congress, complains that the article supplied the military brass with a rationale for continuing the prohibition.

But after President Clinton's election, Prof. Moskos reconsidered. During a two-hour meeting with Sam Nunn, chairman of the Senate Armed Services panel, the sociologist suggested there might be a limited step that would be acceptable both to the military and the new president.

"He's been a valuable resource for a long time," says Sen. Nunn. Of "don't ask, don't tell," he says, "That phrase was attributed to me, but I think it was originally Charley's." Sen. Nunn also says that his November talks with Prof. Moskos played a role in the interim solution he negotiated with the White House in January, under which the military stopped asking recruits about sexual orientation.

In the wake of those negotiations, Defense Secretary Les Aspin awarded Rand Corp. a $1.3 million contract to fashion a possible compromise. Rand proposed not only lifting the ban but also letting gays declare their sexual orientation, and deleting antisodomy language in the Uniform Code of Military Justice.

Military leaders rejected the proposals that Rand delivered this month, and "don't ask, don't tell" became the working framework for the compromise. It is expected that the Joint Chiefs, whose approval is crucial, will endorse the plan later this week, clearing the way for the White House and Congress to sign on.

Prof. Moskos contends the plan relieves the military of some nettlesome secondary questions, like how to treat housing for same-sex companions or whether to track promotion histories of gay officers to make sure discrimination hasn't occurred. Still, he contends that, after years of costly military investigations into personnel suspected of homosexuality, "'Don't ask, don't tell' is a tremendous change. It means gays don't have to lie anymore."

Gay activists disagree, contending it allows them to serve only if they hide their orientation. "The closet isn't a compromise," says a statement issued by the Washington-based National Gay and Lesbian Task Force. Under "don't ask, don't tell," it says, gay service members would need to lie or tell half-truths about their partners, life histories and even weekend plans. Nor is it certain just what would constitute a declaration. A photo of a same-sex friend? Possession of a homoerotic magazine?

But Prof. Moskos feels strongly that silence on sexual orientation is for the good. In his Fort Drum troop surveys, he detected a new polarization on homosexuals. While some troops are moving toward grudging accommodation, as many as half now are vociferously opposed. Partly because they fear homosexuals will become a privileged group, he says, "they're talking in terms of violence, which we didn't see before." That finding argues for his compromise, he says, because under it gay men and lesbians wouldn't be a visible group.

If Prof. Moskos has fought the left on homosexuals, he has antagonized the right by advocating civilian national service, which he sees as a way of transferring the lessons of the military to the larger U.S. society. Linking student aid to civic service, he says, would give GI Bill-like benefits to those who provide such needs as day care or aid to Alzheimer's patients.

After he laid out those ideas at a 1988 meeting of the Democratic Leadership Council, he recalls, a man quizzed him for 20 minutes, and then finally introduced himself as Arkansas Gov. Bill Clinton. Four years later, Mr. Clinton made national service a part of his platform.

Unlike many of the president's proposals, a national-service program is moving through Congress and may become law by summer's end. Under the plan approved by the House Education and Labor Committee last week, students could receive $5,000 a year in educational benefits in exchange for working in education, environmental or public-safety programs. The plan hasn't drawn plaudits from the right. "I think it's a basically immoral program, and I think it won't work," says Martin Anderson, a former Reagan policy adviser. "It's based on servitude to the state."

But Mr. Moskos's core work, and his passionate interest, involves issues of race and military service. "The Army is the only place in the United States where whites are routinely bossed around by blacks," he says. The main message a racially troubled civilian society can draw from the military experience, he says, is this formula: "No dropping of standards, and absolutely no discrimination. Both have to go together – one won't work without the other."

At Fort Drum, Prof. Moskos was curious to know what black soldiers felt about the Somali operation, the first U.S. military mission to black Africa. What he found was a bitterness among both blacks and whites about the expedition, where the military intervened without being asked by a government or any factional leaders to assist humanitarian efforts. Prof. Moskos quotes one woman who went: "What is the point of trying to help people who really don't want your help? I didn't enjoy having rocks thrown at me." Then, from a sergeant: "We treated the Somalis better than any other nation did, and they treated us worse."

Even before he leaves Fort Drum, Prof. Moskos begins formulating conclusions. "The story of Somalia is, attitude was low, but discipline was high – which may be the mark of a true professional," he says.

2/2

123 P5:10

THE PRESIDENT HAS SEEN
6.23.93

Chron

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT

6.23.93

D Gergen

We need to revisit this - in spite of all my efforts there are still problems that are deep — B

EDITORIAL

BY DAVID GERGEN
EDITOR AT LARGE

THE COMMANDER'S CHALLENGES

In another generation that now seems long ago, the Democratic speaker of the House of Representatives, Sam Rayburn, kept fellow politicians in line with lots of homespun wisdom. It takes a carpenter years to build a barn, he would warn, but a mule can kick it down in an afternoon.

Many folks who have served in the U.S. military wish that Bill Clinton would pay more heed to Rayburn. They are convinced that the new president – the first since FDR who has never worn a uniform – is on a reckless course that could destroy the finest fighting force in the world, one that has been carefully and painstakingly rebuilt from the ashes of Vietnam.

To be sure, they concede, the Pentagon should be reduced in size, but Clinton is going at it backwards: He is making deep cuts now and only later – after a strategic review is completed by Defense Secretary Les Aspin – will he decide what missions the military should actually take on. The military, they worry, could be on the road back to the hollow forces of the late 1970s, when planes wouldn't fly and ships couldn't sail. They also complain that the administration seems overly ready to send American troops into combat zones the military would like to avoid, starting with Bosnia. Finally, in their harshest complaint, a president who has never known life in the barracks now insists on turning the military into a laboratory of social experimentation. His campaign commitment of allowing gays in the military is yet another example, they say, of "ready, fire, aim."

> *'Bill Clinton is starting his military service at the top – but that is all the more reason for strong leadership.'*

In due course, Bill Clinton will surely turn out to be a better commander in chief than most troops now think. As Democrat Dale Bumpers pointed out in Senate debate last week, the Clinton defense budget still leaves the United States with immensely powerful forces. In 1993, we will spend twice as much on defense as our 10 biggest potential adversaries combined, says Bumpers. In his first formal press conference last week, Clinton bristled when Andrea Mitchell of NBC asked him about his leadership of the troops, but he also showed greater sensitivity to the military's well-founded concerns about homosexuals in uniform. Clearly, he wants to build better ties to the military.

Even so, he must be far more aggressive than he has been in repairing the damage. Nearly 6 out of 10 people who work for him in the vast federal bureaucracy are either Pentagon civilians or wear a military uniform. More to the point, it is dangerous for the country when feelings of disrespect separate the White House from the nation's best generals. Only in an atmosphere of trust can frank, searching conversations occur about the potential military threats to the United States as Russia unravels, the Balkans implode and terrorism threatens to lap up on American shores.

The White House should begin by turbocharging the appointments process at the Pentagon. Incredibly, of some 45 political positions to be filled, only two people have been confirmed and three more have been named. Working with Gen. Colin Powell, the current head of the joint chiefs, and Adm. William Crowe, the retired head who has been a crucial supporter, the president should find better ways to become acquainted with military leaders. He might try a weekend with the four-stars, working through war games, for example, or visits with students at the National Defense University or informal dinners with men and women who have led the forces in the past. He can spend time on military bases and visit enlisted personnel running junior ROTC programs in public schools, successfully working to reduce the dropout rate. He will discover some of the finest people in America.

Just as he is poring over health care of late, Clinton should turn in the next few months to an intensive, personal review of U.S. military needs and strategy. Be willing to change course on gays as evidence warrants from Sen. Sam Nunn's hearings. Be willing to reconsider controversial weapons systems such as SDI, if they appear promising. Clean up the Tailhook mess, no matter how many flag officers must be fired. Launch much more ambitious plans to help the hundreds of thousands of military personnel mustering out of the service find jobs in private life. And once in a while, tell those who still complain in public to shut up or ship out. Bill Clinton is starting his military service at the top – but that is all the more reason for strong leadership. ■

chron

THE WASHINGTON POST
WEDNESDAY, JUNE 23, 1993

THE PRESIDENT HAS SEEN
6.23.93

Japan Urges Cut In Aid to Russia

$4 Billion Privatization Fund in Dispute

By Paul Blustein
and Daniel Williams
Washington Post Staff Writers

Japan said yesterday that an ambitious U.S.-backed package to aid privatization in Russia should be slashed from $4 billion to $500 million, dealing another setback to President Clinton's effort to help finance the transformation of Russia's economy.

The cutback would mean that aid pledges from the Group of Seven industrialized nations would fall below the $28 billion promised during a meeting of the seven countries' ministers in April. The $4 billion privatization fund was part of the $28 billion total.

Clinton has taken a strong lead in exhorting Congress, the allies and international lending institutions to provide immediate help to the government of Russian President Boris Yeltsin lest anti-democratic forces reassert control in Moscow. For the moment, Russia can expect less than pledged.

The proposed reduction was disclosed by Japanese Foreign Minister Kabun Muto in Tokyo, where the program is scheduled to be wrapped up by leaders of the seven richest industrialized democracies at a summit conference July 7 to 9.

In a comment likely to anger U.S. officials, Muto termed the original $4 billion proposal "a preposterous suggestion," according to a Kyodo news service report on the minister's remarks at a Tokyo hotel. A Foreign Ministry spokesman said it would be impossible to confirm the quotes, but he did not dispute them.

In Washington, Treasury Secretary Lloyd Bentsen told reporters that "at the present time, we have not been able to get the full amount we had hoped for."

He blamed the outcome on budgetary problems in "the other countries," an apparent reference to economic difficulties in Europe and Japan. "I don't know what we will finally come up with," he said.

In reference to the $4 billion pledge, he added: "It will be very difficult to achieve that."

Treasury officials disputed the $500 million figure Muto suggested as a likely outcome of the Group of Seven summit, although they declined to give an estimate of their own. They said further talks will take place before the summit.

The $4 billion fund, intended to finance the transfer of Russian industries into private hands, was the brainchild of the Clinton administration. Bentsen and Secretary of State Warren Christopher unveiled the proposal in April at a meeting of Group of Seven ministers in Tokyo. Washington agreed to put up $500 million, but only if its allies would contribute another $1.5 billion. The remaining $2 billion would come from international lending agencies.

The fate of the $500 million U.S. contribution is now in question, a Treasury Department official said.

In aid to Russia, Clinton and the allies have had trouble matching words with deeds. At the April meeting, several countries expressed unwillingness to give more money to Russia, preferring to offer loans that would be used to buy their own products and therefore largely benefit home industries. Germany and Italy said they had given enough in the past; Germany in particular was stuck with large amounts of unpaid Russian loans.

Besides the hitch in the privatization fund, a promised disbursement of easy-access loans from the International Monetary Fund, also part of the $28 billion package, is on hold. The IMF insists that the Russians provide concrete guarantees of economic reform before releasing the money. The United States put public pressure on the IMF recently to give in, and officials expect the first of the funds, totaling $1.5 billion, to be delivered before the Tokyo summit.

Delivery of another $1.6 billion in American aid has been slowed by bureaucratic procedures. The aid, mostly in food, was promised by Clinton to Yeltsin at their early April summit in Vancouver, British Columbia.

Deputy finance ministers and technocrats from the Group of Seven countries, including Treasury Undersecretary Lawrence H. Summers, met Thursday and Friday in New York to discuss the privatization fund, a centerpiece of the Russian initiatives launched by Clinton in April.

In his remarks yesterday, Muto made clear Japan's concern about the lack of capable proprietors and managers in Russia who understand how capitalism works.

"Time is needed for such people to be educated and learn techniques," Muto said, according to the Kyodo news service. "I have been saying all along that not so much money is required to do that, and the U.S. has apparently come to realize this."

Muto also said that because of Japan's territorial dispute with Russia over several small islands in the Kuril chain, Tokyo will pledge no new money for the privatization fund. Rather, it will use money out of the $1.82 billion it already promised at the April ministers' meeting.

Russia received one boost from the international lending community last week: The World Bank approved a $610 million loan to boost oil production. The project is the largest ever funded by the World Bank, bank officials said.

Blustein reported from Tokyo and Williams from Washington.

Chron

Tony Lake
what's our response to this layout from the Clinton personal one — B

6 23 93

Like It or Not, We Must Lead

By Michael Mandelbaum

WASHINGTON

Under Secretary of State Peter Tarnoff caused an uproar recently when he said the United States was withdrawing from its role as international leader.

The chief problem with American foreign policy, however, is not what he said but what the Clinton Administration has not said.

Unlike cold war Administrations, whose central international goal — the containment of the Soviet Union — was fixed, the Clinton Administration must devise and present its own vision of American purposes in the world. It has not done so.

To dispel the doubts the speech raised at home and abroad, the Administration must explain why our international leadership continues to be required, and, more importantly, to what ends.

Mr. Tarnoff rightly noted that we have entered a new era in which American cooperation with other countries will be a major theme. This has not, however, reduced the need for American leadership. The two go together, because virtually any important international goal will require U.S. leadership to achieve.

Operation Desert Storm was the prototype. Although the campaign was a truly multinational effort, the United States took the lead in organizing the victorious coalition and contributed most of the fighting forces. Without American political and military leadership, Saddam Hussein's army would still be in Kuwait.

In a speech in Minneapolis a few days after Mr. Tarnoff's remarks, Secretary of State Warren Christopher did emphasize the importance of U.S. leadership. But neither he nor President Clinton has ever adequately answered the important question that follows: leadership for what?

There are three areas of international affairs of surpassing importance where U.S. leadership is required.

The first is Russia. A stable, peaceful Russia is the key to stability and peace in Europe and Asia. The best guarantee of a Russia at peace with its neighbors is the maintenance of a democratic regime in Moscow. But President Boris Yeltsin's democratic Government is unlikely to survive unless it succeeds in the difficult transition it has undertaken from a centrally planned to a market economy. Western economic assistance can help to ease that transition.

Here the Administration has taken the lead in what inevitably will be a protracted and difficult multinational effort to keep Russia on the path to free markets and democracy. Democracy in Russia is in the interest of all countries. All should, and many will, contribute to achieving it. But we will have to organize the effort and make a significant financial contribution to it.

The Administration has said and done little about the second great international task: the creation of a new security order. Even with the cold war at an end, an American military presence of some kind is needed in Europe and the Pacific. The purpose is no longer deterrence but reassurance.

American military forces prevent the creation of a vacuum that the major powers of each region would be tempted to fill for fear of what their neighbors might do. As long as the U.S. maintains the security treaty with Japan, for instance, the Japanese will feel protected against hostile developments in the policies of their nuclear-armed neighbors, Russia and China, and will see no reason to increase their own military forces dramatically.

Consequently, the Russians and the Chinese will not feel the need to arm against the prospect of a remilitarized Japan. The withdrawal of American forces from the Pacific would raise anxieties in each country about the other two. Similarly, in Europe, without an American military role of some kind Germany would have to recalculate its security requirements, which would produce unease and perhaps sharp departures from existing military policies among its neighbors. Only the U.S. can provide reassurance because only U.S. military forces are politically acceptable to all the major European and Asian countries.

The third international task for which U.S. leadership is indispensable is the expansion of the global trading system. Broadened trade is crucial for global economic growth, without which the developing world will remain poor, democracy will fail throughout formerly Communist Europe and social tensions will rise in the West.

The main vehicle for global trade expansion, the Uruguay Round of negotiations, has dragged on for more than six years. The U.S. is not the party most responsible for the delay, nor are we the most egregious violators of free-trade principles.

The Europeans have put up protective walls around their products, particularly in agriculture; the East Asians subsidize their exports and have formal and informal barriers to imports. Japan, with its huge trade surpluses with the rest of the world, poses special problems.

Nonetheless, as the world's largest economy, its largest market and the country with the most powerful tradition favoring freer trade, the U.S. has a particular responsibility for keeping the cause of trade expansion alive and well. American leadership involves making many concessions for the sake of the world trading system as a whole.

Achieving these three goals is the condition for addressing other important issues. Protecting United States interests in the Middle East will require an active policy. The spread of nuclear weapons poses a continuing threat. The international community must learn how to deal with ethnic conflict before it reaches the murderous dimensions it has attained in the former Yugoslavia, the Caucasus and the Sudan. And the West is doing less than it should to promote democracy and free markets in the formerly Communist countries other than Russia, notably Ukraine.

Where is Clinton's leadership and vision on foreign policy?

Other countries would welcome American leadership in the three major areas of concern: Americans will have to be persuaded that they are vital. There is already public resistance to sending money to Russia.

As for international security, Americans were willing to pay for a policy of deterrence because its purpose was obvious and plausible: to meet the danger the Soviet Union presented. Reassurance is a far less compelling objective. It involves not standing up to a belligerent bully but preventing a sequence of events that might lead to friction between countries far from North America.

The expansion of trade is always difficult in a democracy because its benefits, though considerable, are spread among all citizens and accrue over the long term, while the price, although lower in the aggregate, is paid in the short term by those whose jobs are jeopardized by foreign competition. The aggrieved naturally organize to block trade expansion.

Thus the immediate challenge for the architects of the Clinton foreign policy is to rally public support for leadership in the three crucial areas. If they do not meet it, what has come to be known as the Tarnoff doctrine, with its connotation of American weakness and retreat, could become a self-fulfilling prophecy, with tragic consequences for the whole world. □

Michael Mandelbaum, a foreign policy adviser to Bill Clinton's Presidential campaign, is professor of American foreign policy at The Johns Hopkins School of Advanced International Studies.

Clinton 1

BSV Rubin

THE PRESIDENT HAS SEEN
6.23.93

Boston Sunday Globe June 6, 1993
Founded 1872

A higher minimum wage, a lower deficit

BERNARD SANDERS

I am disturbed to learn that the Clinton administration has decided to delay its plan to raise the minimum wage. As the author of legislation that would raise the minimum wage to $5.50 an hour, which now has 44 cosponsors in the House, I hope the president will reconsider his position and move as quickly as possible to address the terrible crisis facing our low-wage workers.

What must be fully appreciated is that the minimum wage today is not really a "minimum." It is a starvation wage. Working 40 hours a week, a minimum-wage worker has an income 29 percent below the poverty level for a family of three. Many of these workers lack health insurance, paid vacation time, regular schedules or other minimal benefits.

When the minimum wage was first adopted in 1938, its purpose was clearly stated: to assure "the maintenance of the minimum standard of living necessary for health, efficiency and general well-being for workers." Clearly, with the purchasing power of the minimum wage having declined by 26 percent since 1970, that standard is no longer being met.

President Clinton has stressed the importance of controlling our burgeoning deficit. Raising the minimum wage would help do that. One reason that the cost of government programs such as Medicaid, food stamps and subsidized housing is rising so rapidly is that millions of working people are unable to survive on their inadequate wages and require government help.

It is absurd to make the taxpayers of America subsidize huge multinational corporations like McDonald's and Burger King, which pay their workers horrendous wages. If these companies paid a living wage, allowing their employees to avoid government programs, the taxpayers of America could save billions. Fast-food corporations and other low-wage employers often make huge profits. It's time for them to pay their workers a living wage without a subsidy from Uncle Sam.

PETER KUPER ILLUSTRATION © INX

The decline in real income for minimum-wage workers is part of a frightening trend that affects virtually the entire American working class. With the loss of millions of good-paying manufacturing jobs and the decline of the trade union movement, the real wages of Americans have dropped back to the 1965 level.

Three decades ago, the United States led the world in wages and benefits. Today we're in 12th place and falling. Who would ever have believed that German companies like BMW would be moving to the United States to find "cheap labor"?

And what about the future? The outlook is not good. With our largest corporations either moving abroad or "downsizing," the major private employer in the United States today is Manpower Inc., which provides temporary labor. Already, one in three American workers is a "contingent" worker – part-time, contract, and/or temporary. This group is growing so rapidly that some estimate it will outnumber permanent full-time workers within 10 years. The vast majority of these part-time workers are not only employed at lower-than-average wages but often have inadequate benefits.

Whenever there is discussion about raising the minimum wage, there are always those who who say, "We can't afford it." Really? Last year Michael Eisner, the CEO of Walt Disney Co., made $197 million in salary and stock options, and Thomas Frist, the CEO of Hospital Corp. of America, made $127 million. The incomes of these two men alone last year are equivalent to $1.25 per hour for 40 hours a week for close to 125,000 minimum-wage workers, taking them from $4.25 to $5.50 per hour.

Apparently as a nation we can afford to allow two multimillionaires to become much richer, but we can't afford to raise 125,000 workers to a minimal standard of living.

Last year, continuing the trend established in the 1980s, the CEOs of the major American corporations saw a 56 percent increase in their incomes. This year they are earning an average of $3.8 million. The CEOs in America now earn 157 times what the average factory worker earns – the greatest gap in the industrial world. In 1960 that gap was only 41 to 1. In Japan today the gap is 32 to 1.

Raising the minimum wage alone will not solve the major economic crises facing our nation. We need to rebuild our manufacturing base, improve our infrastructure and make fundamental changes in our educational system. What raising the minimum wage will do, however, is ensure that all American workers will have at least a minimal standard of living. That's a lot more than they have today.

Bernard Sanders of Vermont is an Independent member of Congress.

THE WHITE HOUSE

WASHINGTON

June 22, 1993

MEMORANDUM FOR JOHN D. PODESTA

THROUGH: RONALD GEISLER

FROM: DAVID KALBAUGH

The attached military nomination has been reviewed. We are submitting it to you for the President's signature.

The attached is a copy of a package submitted earlier but was misplaced.

3 JUN 22 A9:31

OK
JDP
6-23-93

4/29

THE DEPUTY SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301-1000

26 APR 1993

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Air Force Officer Nomination

On behalf of the Secretary of Defense, I recommend you nominate the 36 officers and the 11 individuals whose names appear on the attached list for appointment in the United States Air Force or Reserve of the Air Force, as indicated.

William J. Perry

William J. Perry

Attachment:
As stated

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. message	[Personally Identifiable Information] [partial] (3 pages)	04/26/1993	b(6)

COLLECTION:

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

FOLDER TITLE:

June 20-26, 1993 [2]

2018-0662-S
rs3056

RESTRICTION CODES

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

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

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

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

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

The White House

Washington

To the Senate of the United States:

I nominate - -

The following officers for appointment in the Regular Air Force under the provisions of Title 10, United States Code, Section 531, with a view to designation under the provisions of Title 10, United States Code, Section 8067, to perform duties indicated with grade and date of rank to be determined by the Secretary of the Air Force provided that in no case shall the following officers be appointed in a higher grade than that indicated.

MEDICAL CORPS

COLONEL

ANDERSON JOHN D
BOEHNKE KATHRYN L
DEWITT DEXTER D
GARRAMONE STEPHEN M
VIZCARRONDO FELIPE E
WHITEHURST LAWRENCE R
YU PERCY P C

LIEUTENANT COLONEL

COTTA CHARLES W
HATTRUP LEO M
HRNCIR DAVID E
PETERS RICHARD A
ROBINSON RUTH A

(b)(6)

MAJOR

ASCHER DAVID P
TORRESREYES LAURA A
TURNER RUSSELL A

CAPTAIN

SWANK DOUGLAS J

DENTAL CORPS

COLONEL

POTTER MICHEAL T

LIEUTENANT COLONEL

BOYARS HENRY S
CRANE GERALD R
FISHER WILLIAM C
HENDERSON CHARLES W
LOUDENSLAGER CRAIG A
RAMER JOHN P
SHEETRUM LARRY D

MAJOR

(b)(6)

ALEXANDER JOEL B III
BEECHER DIANE M
BISANG BARBARA G
ERKES EDWARD O
FUREY DENNIS C
GRIMM THOMAS J
HARTUP GRANT R
KELLY DENNIS W JR
SMITH JAY C
TROLENBERG WILLIAM F IV
VANDEWALLE KRAIG S
VIDUNAS RICHARD P JR

The following individuals for appointment as Reserve of the Air Force, in grade indicated, under the provisions of Title 10, United States Code, Section 593, with a view to designation under the provisions of Title 10, United States Code, Section 8067, to perform the duties indicated.

MEDICAL CORPS

LIEUTENANT COLONEL

ARNOLD STEVEN L
BATTHANY STEPHEN T
BERNHARD KARL A
BIRSE GREGORY S
CLARK WILLIAM D
FACINOLI JOHN F
KULUND DANIEL N

MCNAMARA JOHN M
MEYER JOHN G
NISHITANI MICHAEL E
SOLIN MICHAEL E

(b)(6)

June 23, 1993 93 JUN 23 P3:31

MEMORANDUM FOR JOHN D. PODESTA

FROM: TERRY W. GOOD TWG

RE: REQUEST TO ORDER NEW PRESIDENTIAL MATRICES

May I place an order for two new signatures?

It has been our experience that signatures should be replaced approximately every six months whether worn out or not. Excluding Congressional correspondence, this reduces the possibility that people will receive more than one letter with the same signature. The "old" signatures are not totally retired but continue to serve as back-ups.

Yes ✓ No________ Order two new signatures.

I would look to you and/or Nancy Hernreich to select/approve the choices. Or if you prefer, ORM will be on the look out for signatures from which you may choose. In any case, we would not order a new signature without your approval.

The selection will be made by:

✓ John Podesta

______ Nancy Hernreich

______ Office of Records Management

hrm

THE WHITE HOUSE
WASHINGTON

DATE: 06/23/93

NOTE FOR: TONY LAKE

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

Information ☒x

Action ☐

Please see the President's note.

Thank you.

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

cc: MARK GEARAN
GEORGE STEPHANOPOULOS

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

THE PRESIDENT HAS SEEN 6/23

4336

THE WHITE HOUSE

WASHINGTON

June 22, 1993

93 JUN 22 P5:20

We should be able to give a report on our efforts in Tokyo

B

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE AL

SUBJECT: Washington Post Article on Problems in U.S. Aid to Russia

Chroc

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 6/23/93

TO: GEORGE STEPHANOPOULOS

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

[redacted]

[redacted]

THE WHITE HOUSE
WASHINGTON

June 17, 1993

MR. PRESIDENT:

Leon Panetta just brought in the attached materials comparing the Administration proposal and House and Senate Committee action on the reconciliation package. I have sent copies to the Vice President, Mack, David Gergen, Roy, George, Mark Gearan, Bob Rubin and Howard Paster.

Todd Stern

THE PRESIDENT HAS SEEN
6/23

COMPARISON OF ADMINISTRATION, HOUSE AND SENATE COMMITTEE ACTION
(preliminary estimates)

	Admin.	House	Senate
$500 billion of deficit reduction	$496 bil.	$499 bil.	$509 bil.
Entitlement Cuts	$103 bil.	$100 bil.	$119 bil.
Agriculture	$3 bil.	$3 bil.	$3 bil.
Medicare	$48 bil.	$48 bil.	$67 bil.
Medicaid	$8 bil.	$8 bil.	$8 bil.
Veterans	$3 bil.	$3 bil.	$3 bil.
Federal Retirees	$12 bil.	$12 bil.	$12 bil.
Discretionary Cuts	$102 bil.	$102 bil.	$102 bil.
Revenue increases	$272 bil.	$275 bil.	$249 bil.
Taxes on the Wealthy	$144 bil.	$144 bil.	$144 bil.
Energy Tax	$71 bil.	$71 bil.	$25 bil.
Investments			
EITC	yes	yes	yes
Nutrition	yes	yes	no
Immunizations	yes	yes	yes
Family Preservation	yes	yes	no
Empowerment Zones	yes	yes	no
Budget Enforcement	Yes	Yes	Yes
Deficit Reduction Trust Fund	Yes	Yes	Yes

GS:

This doesn't get at real issues:

1 Sen. changes OK — 6 mo. delay; SS 32/40; S. 956; waterways

2 Sen changes I question — Energy amount; "premium level"

3 Sen. changes to be changed — R+D to 1 yr - back to 3; Expensing; Cap gains mileage; Foreign tax bill; AMT; EITC cut

4 other poss. Δs — [illegible]

Qs -> what do 3 + 4 costs
how to pay for —

RECONCILIATION UPDATE
June 17, 1993

Today the twelfth Senate Committee will complete action on deficit reduction legislation, completing reconciliation action before the June 18th deadline set by the congressional budget resolution. All of the Senate Committees will comply with their reconciliation instructions.

Agriculture: $3.1 billion over five years

o The Administration's three major deficit reduction proposals were triple basing, elimination of the pay/92 program and increasing assessments on "non program" crops.

o The House met its reconciliation instructions by adopting triple base reforms, increasing assessments on non-program crops and reductions in the market promotion program.

o The Senate Agriculture Committee has also met its reconciliation instruction with a mandated acreage reduction proposal, reductions in the market promotion program and with changes in the pay/92 program.

Armed Services: $2.4 billion over five years

o The Administration did not propose COLA reductions for military retirees.

o Based on the congressional budget resolution the House adopted a four month COLA delay for FY 1994, and COLA delays for three additional months each year from FY 1995 to FY 1998.

o The Senate committee has approved a nine month COLA delay for each of the next four fiscal years.

Banking: $3.1 billion over five years

o The Administration proposed state bank fees and GNMA reforms.

o The House adopted the GNMA reforms and several additional proposals: depositor preference, amortization of FHA upfront premiums and IRS income verification for housing programs.

o The Senate has adopted the House proposals with some minor changes.

Commerce: $7.4 billion over five years

- o The Senate committee and the House have adopted the Administration's spectrum auction proposal.

Energy: $.7 billion over five years

- o The Administration proposed a water irrigation surcharge, hardrock mining fees, mineral receipt sharing, and recreation fees.

- o The House adopted the Administration proposals with minor variations.

- o The Senate Energy Committee adopted the Administration proposals with the exception of the water irrigation surcharge. Fees were increased to make up the deficit reduction shortfall.

Environment and Public Works: $1.3 billion over five years

- o The Administration proposed increasing recreation fees for the Corps of Engineers.

- o The House and the Senate Environment Committee have adopted the recreation fees and added extension of the Nuclear Regulatory Commission fee.

Finance: $307 billion over five years

- o The Administration proposed $48 billion of Medicare cuts, $8 billion of Medicaid cuts and $272 billion of revenue increases.

- o The House adopted $50 billion in Medicare cuts, $8 billion of Medicaid cuts and $275 billion of revenue increases.

- o The Senate Finance Committee will adopt $19 billion in additional Medicare cuts (above the Administration request), $8 billion in Medicaid cuts and $249 billion in net revenue increases (preliminary numbers).

Foreign Relations: $.01 billion over five years

- o The Administration did not propose COLA reductions for Foreign Service retirees, however the congressional budget resolution assumed reductions in retirement programs and the House and Senate Foreign Relations committee have approved COLA delays for these retirees.

Governmental Affairs: $10.6 billion over five years

o The Administration proposed higher contributions from the postal service for retirement benefits, cuts for providers of Federal Employee Health Benefits, reductions in survivor benefits in the civil service retirement programs and ending lump-sum benefits.

o The House approved the postal service contribution, FEHB and lump-sum reductions and added a three-month COLA delay for Federal civilian retirees for fiscal years 1994, 1995 and 1996.

o The Senate committee has also approved a 3-month COLA delay for three years, lump sum and postal service cuts adopted in the House and replaced the House FEHB cuts with a different proposal requiring D.C. to make FEHB payments for D.C. retirees.

Judiciary: $.3 billion over five years

o The Administration proposed and the House and Senate Judiciary Committee have approved extension of the patent and trademark fees.

Labor: $4.6 billion over five years

o The Administration proposed and the House and Senate Labor Committee have adopted two proposals: a Direct Student Loan proposal and requiring states to share GSL default costs. The Senate direct loan proposal calls for direct lending of 50% of student loans by FY 1998, the House version calls for 100% direct lending by FY 1998.

Veterans Affairs: $2.6 billion over five years

o The Administration proposed a number of deficit reduction items, including increased contributions for GI bill benefits, increased housing loan fees, and extending medical care cost recovery.

o The House adopted the Administration proposals with the exception of the increased contributions for GI bill benefits.

o The Senate Veterans Affairs Committee adopted seven of the eight Administration proposals for reductions in the VA programs. The rejected Administration proposal was replaced by a COLA delay for VA compensation benefits.

16-Jun-93 5:00pm

#93-2 104
PRELIMINARY
16-Jun-93

- Chairman's Mark -

ESTIMATED BUDGET EFFECTS OF THE HOUSE-PASSED RECONCILIATION BILL, AS MODIFIED BY THE SENATE COMMITTEE ON FINANCE

Fiscal Years 1994-1998

[Millions of Dollars]

Provision	Effective	1994	1995	1996	1997	1998	1994-98
I. REVENUE-RAISING PROVISIONS							
A. Individual Income and Estate and Gift Tax Provisions							
1. Increase tax rates paid by high-income individuals (1)........................ [a.] Add fourth bracket at 36% rate for taxable income over $140,000 (joint), $127,500 (head of household), $115,000 (single). [b.] Impose a 10% surtax on taxable income over $250,000 (also applicable to capital gains). [c.] Increase minimum tax rate to 26% for AMTI of less than $175,000 and 28% for AMTI over $175,000; increase AMTI exemption to $45,000 (joint) and $37,500 (single). [d.] Extend itemized deduction limitation and personal exemption phaseout scheduled to expire for 1996 and 1997, respectively.	7/1/93	21,309	13,217	20,837	24,856	26,545	106,764
2. Repeal Health Insurance (HI) wage base cap (2)..............................	1/1/94	2,750	6,030	6,374	6,808	7,200	29,161
3. Reinstate top estate and gift tax rates at 53% and 55%....................	1/1/93	475	512	553	598	647	2,785
4. Reduce deductible portion of business meals and entertainment from 80% to 50%..	1/1/94	1,823	3,124	3,287	3,448	3,605	15,287
5. Deny deduction for club dues (includes hotel and airport clubs)..	1/1/94	132	227	236	247	259	1,101
6. Deny deduction for executive pay over $1 million............................	1/1/94	42	55	57	76	105	335
7. Reduce compensation that can be taken into account for purposes of benefits and contributions under qualified retirement plans to $150,000 in 1994 (1993 cap is $235,840), with modifications..	1/1/94	179	574	565	581	561	2,460

Provision	Effective	1994	1995	1996	1997	1998	1994-98
8. Disallow moving expense deduction for meals and real estate expenses; impose $10,000 cap	1/1/94	50	499	525	554	597	2,224
9. Individual estimated tax simplification	1/1/94	-1,900	--	--	2,600	--	700
10. Impose 2-tier system to determine taxable portion of Social Security and Railroad Retirement Tier 1 benefits	1/1/94	2,072	4,932	5,680	6,435	7,154	26,273
B. Provisions Affecting Businesses							
1. Increase corporate tax rate to 35% for taxable income above $10 million (phaseout benefit of 34% rate beginning at $15 million) (3)	1/1/93	4,404	2,808	2,943	3,080	3,186	16,421
2. Deny deduction for lobbying expenses	e/a 12/31/93	148	254	267	279	288	1,236
3. Require mark-to-market accounting method for dealers in securities; transition rule for LIFO inventory	tyeo/a 12/31/93	822	795	804	816	558	3,796
4. Prohibit double-dip related to FSLIC assistance	3/4/91	278	78	31	266	363	1,016
5. Extend and modify corporate estimated tax rules	tyba 12/31/93	2,116	428	59	4,279	929	7,810
6. a. Repeal stock-for-debt exception to section 108	DoCA	35	83	125	167	212	622
b. Add passive activity losses and credits to list of tax attributes reduced by cancellation of indebtedness	1/1/94	8	34	73	112	152	378
c. Add AMT credits to list of tax attributes reduced by cancellation of indebtedness	1/1/94	28	64	91	116	139	439
7. Limit section 936 credit	tyba 12/31/93	447	907	884	780	669	3,687
8. Modify earnings stripping, portfolio interest, and conduit rules	tyba 12/31/93	63	78	83	88	93	405
C. Foreign Tax Provisions							
1. Repeal deferral for excessive accumulated foreign earnings	tyba 9/30/93	25	54	69	75	84	306
2. 50% place of performance R&E allocation for 12 months	(4)	-225	-225	--	--	--	-450
3. Revise foreign tax credit for oil and gas and shipping income	tyba 12/31/92	622	440	461	486	510	2,520
4. Transfer pricing compliance initiative (enhanced penalty provision)	tyba 12/31/93	73	73	73	73	73	366
5. Deny tax subsidies for exports of certain unprocessed timber	tyba DoE	56	77	81	87	92	393
D. Energy and Motor Fuels Provisions							
1. Transportation motor fuels tax increase of 4.3 cents/gallon:							
a. Motor fuels tax	10/1/93	4,791	4,887	4,839	4,838	4,884	24,238
b. Diesel fuel compliance	1/1/94	249	188	193	198	204	1,031
c. Exempt ethanol and methanol from 1.7 cents of the 4.3 cents/gallon tax	10/1/93	-25	-35	-39	-41	-45	-187
2. Extend 2.5 cents/gallon motor fuels tax (10/1/95 - 9/30/99); transfer revenues to Highway Trust Fund (5)	10/1/95	--	--	2,595	2,670	2,651	7,916

Provision	Effective	1994	1995	1996	1997	1998	1994-98
E. Compliance Provisions							
1. Service industry non-compliance initiative	1/1/94	26	89	94	99	103	411
2. Modified substantial understatement penalty	1/1/94	84	104	101	94	85	469
3. Raise standard for tax shelter and preparer penalties	1/1/94	--	--	--	--	--	---
4. Information reporting for discharge of indebtedness for FDIC, RTC, and financial institutions	DoE	115	115	102	82	75	490
F. Intangibles							
1. Amortization of acquired intangible assets (14 years; 75% amortizable)	DoE (7)	245	642	1,007	1,390	1,791	5,075
G. Miscellaneous Revenue-Raising Provisions							
1. Deny business travel deductions for spouse and dependents on non-business travel	1/1/94	2	20	21	23	24	90
2. Increase withholding rate on bonuses to 28%	1/1/94	188	9	10	10	11	228
3. Permanent extension of vaccine excise tax	DoE	147	154	154	139	133	727
SUBTOTAL: REVENUE-RAISING PROVISIONS		41,654	41,291	53,235	66,409	63,937	266,523
II. INVESTMENT AND TRAINING PROVISIONS							
A. Education and Training Provisions							
1. Extend employer-provided educational assistance through 6/30/94 (24 months)	7/1/92	-601	-156	--	--	--	-757
2. Extend targeted jobs tax credit through 6/30/94 (24 months)	7/1/92	-253	-175	-91	-35	-12	-566
B. Investment Incentives							
1. Extend research and experimentation credit through 6/30/94 (12 months)	7/1/93	-811	-408	-201	-142	-77	-1,639
2. Elimination of ACE depreciation adjustment	ppisa 12/31/93	-344	-986	-1,112	-1,026	-880	-4,348
3. Increase section 179 expensing to $15,000	tyba 12/31/92	-1,509	-624	-433	-254	-109	-2,928
4. Extend small-issue manufacturing and agricultural bonds through 6/30/94 (24 months)	7/1/92	-14	-29	-38	-37	-34	-152
C. Expansion and Simplification of Earned Income Tax Credit (EITC) (8)	1/1/94	-6	-95	-411	-423	-434	-1,369
D. Real Estate Investment Provisions							
1. Extend mortgage revenue bonds through 6/30/94 (24 months)	7/1/92	-50	-97	-135	-140	-132	-554

Provision	Effective	1994	1995	1996	1997	1998	1994-98
2. Extend low-income housing tax credit permanently, with modifications	7/1/92	-373	-597	-938	-1,296	-1,660	-4,864
3. Provide passive loss relief for real estate professionals	1/1/94	-261	-471	-436	-491	-578	-2,237
4. Facilitate pension investments in real estate	1/1/94	-46	-60	-63	-68	-73	-310
5. Increase recovery period for non-residential real property to 38 years	pplso/a 2/25/93	112	316	587	926	1,248	3,189
E. Luxury Excise Tax; Diesel Fuel Tax for Motorboats							
1. a. Repeal luxury excise tax on boats, aircraft, jewelry, and furs	1/1/93	-69	-46	-49	-52	-55	-270
b. Index luxury excise tax on automobiles for inflation (9)	1/1/93	-98	-124	-179	-237	-300	-938
2. Impose excise tax on diesel fuel used in noncommercial motorboats	1/1/94	25	37	37	38	41	178
F. Other Provisions							
1. Extend AMT treatment of gifts of all appreciated property to charities permanently	(11)	-100	-77	-78	-80	-82	-417
2. Substantiation and disclosure of charitable contributions (10)	1/1/94	15	103	109	118	124	469
3. Extend General Fund transfer to Railroad Retirement Tier 2 Fund permanently	(2)	*No Revenue Effect*					
4. Extend 25% deduction for self-employed health insurance for individuals through 12/31/93 (18 months)	7/1/92	-566	--	--	--	--	-566
SUBTOTAL: INVESTMENT AND TRAINING PROVISIONS		-4,949	-3,489	-3,431	-3,199	-3,013	-18,079
INCREASE IN PUBLIC DEBT LIMIT	DoE	--	--	--	--	--	--
OUTLAY PROVISIONS: (12)							
1. Expand 45-day interest rule for certain refunds (2)	1/1/94	4	46	64	64	64	242
2. Prohibit double-dip related to FSLIC assistance	3/4/91	136	-14	29	95	109	355
3. BATF user fees for alcohol labeling and formula applications (2)	90 days after DoE	5	5	5	5	5	25
4. Use of Harbor Maintenance Trust Fund for administrative expenses (6)	fya DoE	--	3	9	11	12	35
5. Increase Presidential checkoff (2)	______	______	______	______	______	______	81
6. Extend tax information access for Department of Veterans Affairs (through 9/30/98)	10/1/97	--	--	--	--	136	136
7. Access to tax information by the Department of Education (through 9/30/98)	DoE	--	--	--	--	--	--

Provision	Effective	1994	1995	1996	1997	1998	1994-98
8. Access to tax information by the Department of Housing and Urban Development (through 9/30/98)...	DoE	--	--	--	--	--	---
NET TOTAL (Does not include Outlay Provisions)..		**36,705**	**37,802**	**49,804**	**63,210**	**60,924**	**248,444**

Joint Committee on Taxation

NOTES: Details may not add to totals due to rounding.
The effects of certain interactions are not accounted for in this table.

Legend for "Effective" column: DoCA = date of Committee Action
DoE = date of enactment
e/a = expenses after
fya = fiscal years after
ppisa = property placed in service after
ppiso/a = property placed in service on or after
tyba = taxable years beginning after
tyeo/a = taxable years ending on or after

(1) Effective 7/1/93, but no penalties for underwithholding or estimated tax in 1993; indexing of 36% rate and surtax brackets effective 1/1/95. Estimate includes certain provisions to prevent conversion of ordinary income to capital gains.
(2) Estimate for this provision provided by the Congressional Budget Office (CBO).
(3) Effective 1/1/93, but no penalties for underwithholding or estimated tax in 1993.
(4) Effective upon expiration of Rev. Proc. 92-56, which is generally the third taxable year beginning after 8/1/91.
(5) Revenues from the 2.5-cent-per-gallon tax on diesel used in trains would be retained in the General Fund, as would 2.5 cents per gallon of the tax on motorboat, small-engine, and nonhighway recreational fuels.
(6) Subject to passage of legislation to appropriate funds from the Harbor Maintenance Trust Fund (estimate does not include effect on outlays).
(7) Taxpayer may elect to apply to all property acquired after 7/25/91. Estimate also includes a provision affecting payments to partners retiring or dying on or after 1/5/93.
(8) EITC outlays would be $198 million in 1994, $2,305 million in 1995, $5,231 million in 1996, $5,484 million in 1997, and $5,750 million in 1998.
(9) Estimate includes the effects of (i) exempting demonstrator cars from the luxury tax, effective 1/1/93, and (ii) exempting equipment installed on vehicles for use by disabled individuals, effective 1/1/91.
(10) Substantiation requirement for charitable contributions of $250 or more; disclosure related to quid pro quo contributions ($75 exemption).
(11) Effective for contributions of tangible personal property made after 6/30/92, and for contributions of all property made after 1992.
(12) Estimates are not included in Net Total.

PROVISIONS IN HOUSE BILL THAT ARE MODIFIED IN POSSIBLE SENATE FINANCE MARK

<u>Individual tax rates</u>

The effective date for all rate increases would be changed to July 1, 1993, by using blended tax rates for taxable years beginning in 1993. Capital gains income would be subject to the surtax rate included in the House-passed bill. Minor modifications would be made to anti-conversion provisions.

<u>Deny deduction for club dues</u>

Subject hotel and airline clubs to the deduction disallowance.

<u>Deny deduction for executive compensation over $1 million</u>

Committee report may vary from House report.

<u>Reduce compensation that can be taken into account</u>

Indexing of the $150,000 would occur only in $10,000 increments. The effective date would be delayed for certain collectively bargained plans, and certain employees of State and local governmental plans would be grandfathered.

<u>Deduction for moving expenses for meals and real estate expenses</u>

Add $10,000 cap on expenses eligible for the deduction, adjusted annually for inflation.

<u>Increase taxable portion of Social Security and Railroad Retirement Tier I Benefits</u>

Impose a two-tier system for taxing social security benefits. Taxpayers with provisional income below $32,000 (unmarried individuals) or $40,000 (married taxpayers filing jointly) would be subject to present law; taxpayers with provisional income above those thresholds would be taxed on up to 85 percent of social security benefits. Increased revenues attributable to this increase would be deposited in the HI Trust Fund.

<u>Deny deduction for lobbying expenses</u>

Expanded provision applicable to certain Federal executive branch lobbying, with other modifications.

<u>Require mark-to-market accounting method for dealers in securities</u>

Markup document will differ as to valuation method. Add special 15 year rule: Allow floor specialists and market makers to include ratably their LIFO reserves in taxable income over a 15-year period for taxpayers that have maintained LIFO inventories for a minimum of 5 years. A 5-year spread would be provided for taxpayers that have maintained LIFO inventories for less than 5 years.

Prohibit double dip related to FSLIC assistance

Delete footnote from House revenue table. Revenue number is gross, rather than net.

Provisions relating to cancellation of indebtedness income

Add new provisions: Repeal stock-for-debt exception. Add passive activity losses and credits to list of tax attributes reduced by cancellation of indebtedness. Add AMT credits to list of tax attributes reduced by cancellation of indebtedness.

Limitation on section 936 credit

[Open]

Repeal deferral for excessive accumulated foreign earnings

[Open]

Allocation of R&E expenses

50 percent place of performance R&E allocation for 12 months.

Energy tax provisions

a. Modified BTU energy tax

Delete the modified Btu energy tax. Substitute a 4.3-cents-per-gallon excise tax on the transportation motor fuels that currently are subject to the Leaking Underground Storage Tank Trust Fund ("LUST") excise tax. In general, these taxable motor fuels are--

(a) Gasoline, diesel fuel, and special motor fuels used in highway transportation;

(b) Diesel fuel used in rail transportation;

(c) Gasoline and jet fuel used in domestic commercial and general aviation; and

(d) Fuels used in water transportation on the inland waterways system.

In addition, the tax would apply to gasoline and diesel fuel used in motorboats.

Exemptions.--All fuel uses that are exempt from the LUST tax would be exempt from the new tax. These uses include, for example, diesel fuel used as heating oil; gasoline and diesel fuel used for farming purposes; highway fuels used by States and local governments and nonprofit schools; exported fuels, including fuels used in international aviation and international and domestic shipping, other than shipping on inland waterways; and off-highway business uses such as natural resource exploration and development, timber operations, and fisheries. Ethanol and methanol would be exempt from 1.7 cents of the 4.3 cents/gallon tax.

Effective date.--The provisions would be effective on October 1, 1993, with appropriate floorstocks taxes being imposed on that date.

b. Modification of the collection of the diesel fuel excise tax

Modify the House bill provision to move the effective date to January 1, 1994, and to conform September payment rules for the diesel tax to the gasoline tax rules.

c. Increase inland waterways fuel tax

Delete the House bill provision.

Use of Harbor Maintenance Trust Fund for administrative expenses

Move to outlay provisions.

Treatment of intangibles

Treat 25 percent of all acquired intangibles as nonamortizable. With respect to purchased mortgage servicing rights, require amortization over 9 years. With respect to the acquisition of certain software companies, 50 percent of the 75 percent that is amortizable is amortized over 5 (?) years and 50 percent over 14 years.

Substantiation and disclosure of charitable contributions

(a) The dollar threshold for the substantiation requirement would be reduced from $750 to $250. Thus, taxpayers who claim a charitable contribution of $250 or more would be required to obtain from the donee written substantiation of the contribution, rather than relying solely on a canceled check.

(b) The quid pro quo information disclosure requirement imposed on charities would apply only if the payment made to a charity in a quid pro quo contribution transaction exceeds $75.

(c) The proposal would clarify that the required quid pro quo information disclosure must be made in writing at the time of the solicitation of the contribution or the furnishing of goods or services by the charity to the contributor.

(d) The statutory language would be clarified to provide that, for purposes of the substantiation and disclosure provisions, a quid pro quo contribution does not include a payment to a religious organization in return for which the payor receives solely an intangible religious benefit (such as admission to a religious ceremony) that generally is not sold in commercial transactions outside the donative context.[1]

(e) The statutory language would be clarified to provide that the substantiation provision does not require charities to value a non-cash donation that the donor claims to exceed the $250 threshold.

Expand 45-day interest rule for certain refunds

Move to the outlay provisions.

Extend employer-provided educational assistance

Exclusion expires after June 30, 1994, and delete the transition rules available for 1993 (i.e., waiver of penalties, special rules for 1992, and income tax treatment).

Targeted jobs tax credit and youth apprenticeship program

Credit expires after June 30, 1994; no extension to youth apprenticeship programs.

Extend research and experimentation credit

One year extension of the credit (i.e., from 1/1/93 to 12/31/93); prospective only

Targeted capital gains incentives for investment in small businesses

Delete the House bill provision.

Modify AMT depreciation schedule

Repeal the depreciation component of the adjusted current earnings (ACE) adjustment of the corporate AMT, effective for property placed in service after December 31, 1993. Thus,

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[1] However, no inference would be intended whether or not any contribution outside the scope of the substantiation or disclosure requirements is deductible (in full or in part) under the present-law requirements of section 170.

corporations would compute AMT depreciation by using the methods applicable to individuals (generally, the 150-percent declining-balance method over the class life of the property for tangible personal property).

Increase section 179 expensing

Change $25,000 cap on expensing to $15,000.

Exempt high-speed rail bonds from private activity bond caps

Delete the House bill provision.

Extension of qualified small-issue bonds

Authority to issue qualified small-issue bonds expires after June 30, 1994.

Earned income tax credit

Round the earned income tax credit (EITC) rates to full percentage numbers. Phase in the new EITC for workers with no qualifying children over a three-year period. The credit rate for 1994 and 1995 would be 3.8 percent, and the credit rate for 1996 and later would be 7.65 percent.

Extend mortgage revenue bonds

Authority to issue qualified mortgage revenue bonds (QMBs) and to elect to trade in private activity bond volume limit for authority to issue mortgage credit certificates (MCCs) expires after June 30, 1994.

Extend low-income housing credit

Extend the low-income housing credit permanently, with possible modifications.

Provide passive loss relief for real estate professionals (Administration proposal)

Permit an eligible individual taxpayer's net loss from certain rental real estate activities generally to offset income from real property trade or business activities. The loss allowed under the provision could not exceed the lesser of (1) the taxpayer's net income from real property trade or business activities which are not passive activities, or (2) the taxpayer's taxable income (determined without regard to this provision). A similar rule would apply with respect to passive activity credits. An individual taxpayer would be eligible if more than half of the personal services he performs in a trade or business are in real property trades or businesses in which he materially participates (not including services as an employee unless he owns more than 5 percent of the employer).

Treatment of certain real property business indebtedness of individuals

Delete House bill provision.

Increase recovery period for nonresidential real property to 38 years

Extend the recovery period for determining the depreciation deduction with respect to nonresidential real property from 31.5 years to 38 years, applicable generally to property placed in service on or after February 25, 1993.

Empowerment zones and enterprise communities

Delete the House bill provisions.

Access to tax information by the Department of Veterans Affairs

Move to outlay provisions.

BATF user fees for alcohol labeling and formula application

Move to outlay provisions.

Childhood immunization program

Delete the House bill provision.

THE PRESIDENT HAS SEEN

This is great

Where Is The Old Bob Dole?

By Alice M. Rivlin

WASHINGTON

I have such a longstanding respect for Senator Bob Dole that I fantasize that the old Bob Dole — the responsible statesman — will weigh back into the budget debate.

He was one of the first Republicans to recognize that the towering Reagan deficits endangered the health of the economy. Ignoring the political risk, he stood up to his own President, who offered supply-side nostrums, blithely talking about "growing out of the deficits" and minimizing their size by basing projections on rosy scenarios.

The old Bob Dole cut through the malarkey. He knew the Government was living beyond its means, borrowing the nation's savings, punishing farmers, home buyers and investors with high real interest rates. He knew there were no easy answers, that deficit reduction required tough political compromises involving spending cuts and tax increases.

The old Bob Dole, as Finance Committee chairman, then majority leader and finally minority leader, took on two Presidents of his own party, in 1982, 1985 and 1990, to try to tame the deficit. He got precious little White House support but kept fighting for saner fiscal policy.

Now, finally, we have a President who is leading the fight for fiscal responsibility. Bill Clinton did not have to be urged or cajoled. His first priority was an economic plan to reduce the deficit by $500 billion over five years. His plan included unpopular tough spending cuts: Well over 100 domestic programs would be cut by $100 million, including reductions in Medicare and agricultural subsidies and deep cuts in Government administrative costs and personnel. It called for tax increases on those most able to pay and a broad tax on energy. It showed the reductions in Federal interest costs that would result from the lower deficits.

The plan was balanced and fair: roughly half the deficit reduction would result from spending cuts, half from tax increases that would fall overwhelmingly on the most well-off Americans. And the numbers were real: The estimates rest not on a rosy scenario but on the Congressional Budget Office's conservative assumptions, also used by the Congress.

Congress passed a resolution reflecting the main features of the plan. In working with it, we agreed to cut the deficit even more than our original proposal would have by putting a "hard freeze" — no adjustment even for inflation — on discretionary spending programs. A reconciliation bill passed the House with only slight modifications in the Administration's basic design. The Senate Finance Committee reached the same deficit reduction target, with differences in some tax and spending cut components; passage of its bill this week would move action to a conference. Next, appropriation action consistent with the budget resolution would lock in spending cuts, so that half of all deficit reduction would come from those cuts. Indeed under the Clinton plan, all discretionary spending would be frozen for five years. No other President has been so courageous. The old Bob Dole would have lead the cheering.

He fought phony G.O.P. budgets. Ours is for real.

Instead of pitching in to help solve the deficit problem, Mr. Dole is sabotaging the effort with misleading rhetoric. He says the Democrats' plans are mostly tax increases because some of their spending cuts do not count. He claims the appropriation cuts should not count because the budget resolution caps might not hold. (Why not? Those in the 1990 agreement held, and Congress is more serious about deficit reduction now than it was then. So is the electorate.) He says cuts in interest costs should not count. (Why not? It's real money and he was happy to count it in the 1990 agreement.) He says cutting Federal subsidies by charging higher user fees is really raising taxes, although longstanding budgetary practice and common sense say otherwise. He talks vaguely about controlling entitlement spending, but offers no specific proposals.

The old Bob Dole would have had little patience with such nitpicking. He knew deficit reduction is tough, requiring not only tax increases and spending cuts but user fees and interest cost cuts. He would have recognized the Administration's plan, in the House or Senate versions, as a balanced package of politically difficult changes, pleasing no one but designed to get the job done. I still respect him, but I sure miss the old Bob Dole.

Alice M. Rivlin is deputy budget director.

THE NEW YORK TIMES INTERNATIONAL WEDNESDAY, JUNE 23, 1993

THE PRESIDENT HAS SEEN

Congressional Roundup

Senate Passes a Smaller Stimulus Bill

By CLIFFORD KRAUSS
Special to The New York Times

> Some financial relief for hard-pressed cities.

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 son 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 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 x Pres should be given a choice. Would have more impact than SS to them!

6

CAPITAL JOURNAL
BY GERALD F. SEIB

For the President, It's Decision Time On Attacking Iraq

WITHIN THE next few days, a confidential report will hit President Clinton's desk, pushing him toward one of the toughest decisions of his young presidency: whether to order new military action against Iraq.

The report will summarize the Federal Bureau of Investigation's inquiry into whether Iraq dispatched a group of terrorists to Kuwait to try to kill former President Bush when he visited there in April. U.S. officials familiar with the affair assume that the FBI, like the Kuwaiti government that is trying the terrorists, has found some clear links between the terrorists and the Iraqi government of Saddam Hussein.

If so, tough questions have to be answered soon. If Iraq was behind a bungled, slipshod effort to kill a former president, does that alone call for a new American bombing run against Iraq? Maybe not. But if that bungled terrorist act is combined with other new examples of Iraqi misbehavior, is there a good case for action? Probably so.

IN SOME WAYS, the easy call for Mr. Clinton would be to simply unleash the bombers. Saddam Hussein has become the Moammar Gadhafi of the 1990s, a villain so widely despised that he is a politically convenient target. There are few actions against Iraq that would arouse strong domestic opposition, and little reason to think Iraqi air defenses yet pose much of a deterrent.

It also seems clear that some type of Iraqi connection to a plot against Mr. Bush can be established. The terrorists have confessed that they were trained by Iraqi agents. Such confessions may be suspect because they could have come under Kuwaiti duress, of course. But U.S. officials also say privately that there is compelling forensic evidence. Most important, one official says, the car bomb found in Kuwait is a "virtual twin" of one discovered and disarmed elsewhere in the Middle East during Operation Desert Storm, then traced to Iraqi operatives.

Still, this is a much more dicey situation for Mr. Clinton than it seems. For starters, there's an important question of whether the terrorists were trained in Iraq and then let loose to generally wreak havoc, or dispatched specifically to assassinate Mr. Bush.

Iraq is a pure police state where underlings aren't exactly prone to independent action, so most analysts assume a link to Iraqi intelligence operatives is a link to Saddam's inner circle. But that doesn't automatically translate into a link between the Iraqi leader and a specific act. So whether the FBI draws a clear or a fuzzy line between Saddam and any assassination plot will be crucial in determining how much public pressure emerges for revenge.

There's also a much broader complication. After failing to actively defend Muslims under seige in Bosnia, Mr. Clinton will be accused of a double standard if bombs fall on Iraq now. A cry will instantly go up from the Islamic world that the U.S. wasn't willing to stop Muslims from being slaughtered in Bosnia, but was eager to strike out at them in Iraq.

THAT'S ONE reason many Arab allies would be happy if the U.S. would simply let this Iraqi provocation pass. Kuwait and neighboring Saudi Arabia probably would be happy to see another swipe taken at Iraq, but some other Arabs friendly to the U.S. are starting to mutter that the Iraqi people may have suffered enough. That sentiment is further fueled by the growing sense, both in the Arab world and the U.S., that Iran and not Iraq is the real long-term regional threat.

But none of these complications erases the fact that the U.S. can't let an attempt to kill a former president go unanswered. At a minimum, the Clinton administration can use any evidence of an Iraqi plot to shore up enforcement of United Nations economic sanctions against Iraq, and to immediately squelch any thoughts of loosening them. By happenstance, Iraq is busy right now, both in talks with the U.N. in Geneva and at a human rights conference in Vienna, trying to wriggle out of the economic sanctions and earn the right to sell more of its oil.

Beyond that, it may be time to start building a case for renewed military action against Iraq, in which the plot to kill Mr. Bush could be the main exhibit. The experience of the last two years shows that the U.S. has far more success generating international support for striking Iraq when it responds to a pattern of Iraqi misbehavior, rather than individual incidents.

Typically, Saddam Hussein is opening himself up to just such an American diplomatic campaign right now. He's just refused to let U.N. weapons inspectors install surveillance cameras at missile test sites in Iraq, earning a stern warning from the Security Council last week. There's little doubt that Saddam Hussein will challenge President Clinton eventually. It would be wise for Mr. Clinton to start loading his gun now, so that he can pull the trigger at a time of his choosing.

Tony - interesting

BC

THE WALL STREET JOURNAL WEDNESDAY, JUNE 23, 1993

71

A Budget Too Much Like Perot's ✓

Ross Perot told voters he would reduce the deficit. So did Bill Clinton. But Mr. Clinton added a more profound promise: to tilt Federal spending toward investments in education, training, technology and research. In his February budget message President Clinton lived up to his promises, proposing to cut the deficit by $500 billion over five years, yet add $200 billion in programs to raise public and private investment.

Now Congress is about to dispose of Mr. Clinton's investment plans. Unless the Administration lobbies effectively, Congress will pass a budget that focuses on deficit reduction and virtually ignores economic growth.

•

The President's five-year budget plan included several tax subsidies for corporate investment and about $150 billion in public investment in, for example, technological research and training for displaced workers. But soon after the President presented his plan in February, the political mood turned nasty toward anything that sounded like Government spending. Congress rejected the President's stimulus package, which included some investment initiatives, and his proposed $30 billion tax credit for corporations, which increased their investment spending above past levels.

But these blows were light compared with Congress's decision to knock more than $50 billion over five years out of the President's proposed non-defense discretionary spending. And Congress refused to consider raising caps set for discretionary spending in 1994 and 1995. Those caps are tight — requiring non-defense spending to *fall*, after accounting for inflation, by a few billion.

So unless Congress cuts defense spending more than Mr. Clinton proposes, which isn't likely, it will have to cut non-defense spending by a whopping 10 percent for 1995. Say goodbye to most of Mr. Clinton's initiatives. And hello to Ross Perot's crimped vision, which puts deficit reduction above all else.

Appropriations committees are already busy with their budget shears; tentative agreements would cut Mr. Clinton's request for Head Start, the program of early education for children, and the Job Corps, which trains disadvantaged workers, by about one-third. Expect the fraction one-third to keep popping up; that might be what Mr. Clinton is able to preserve of his $150 billion, five-year investment program.

The Administration didn't help its cause by including in its investment plan programs of suspicious worth. The Senate rightly excised a set of corporate tax breaks that would have done little to increase productive investment. The Administration's plan to subsidize investors in small companies and real estate would be wasteful giveaways.

What's needed is for the Administration to set priorities and fight hard for what's most dear. That probably means training programs for displaced workers, the national service initiative, early childhood education and preventive health care, scientific research, technological development and, later, welfare and health-care reform. These are programs that can throw off huge social benefits and are, therefore, a proper function of the Federal Government. **

Congress seems intent on giving Mr. Clinton a third of his loaf. That's too close to Mr. Perot's myopia, and two-thirds away from what Mr. Clinton wisely promised.

Rubin — Your missed on this budget — we do need a strategy on this. B.

THE PRESIDENT HAS SEEN

Jettison the Space Station

It is finally time for Congress to acknowledge that the proposed space station is too expensive to continue while the Federal Government is scrambling to cut expenditures.

There's no doubt that the Clinton Administration has made a valiant, good-faith attempt to pare down the costs of the program. The White House ordered the National Aeronautics and Space Administration to come up with three proposals for redesigning the station to cut costs drastically. And it set up a review committee of experts to judge the worthiness of the proposals and the accuracy of the cost estimates.

By most accounts, the effort was rigorous. Indeed, the space agency was able to project substantial savings with a scaled-down space station — but nowhere near the savings the President had originally sought. Even so, President Clinton has endorsed a hybrid of two redesign proposals that would cost at least $10.5 billion over the next five years and more than $16.5 billion to complete, a reduction from the current design costing $14.4 billion over five years and $25.6 billion to complete.

The most surprising revelation is the presumed source of the savings. They would come mostly from organizational changes, including a huge 30 percent reduction in the 17,000 people working on the program in Government agencies or private industry. How's that for confirming that many Government programs may be bloated far beyond need? Whatever becomes of the space station in Congressional votes starting today, the same steely eye needs to be trained on possible bloat elsewhere in NASA, and throughout the Government.

This page has previously argued for a greatly reduced space station. But as the political need to find deeper budget cuts intensifies, the station looks like one of the best candidates for elimination.

The President's rationale for continuing with the station is that the nation "cannot retreat from our obligation to invest in the future." But this costly program looks more like pork-barrel spending for the aerospace industry than an exciting technological venture. Commercial interest in using the station is negligible. Its only real value is to gain experience and knowledge needed for human exploration of the solar system. But a trip to Mars is probably decades away.

Cutting the program will force the nation to reassess just what role humans should play in space. Meanwhile NASA will have plenty of exciting science and aeronautics even without a station.

THE PRESIDENT HAS SEEN

Gore Gets Earful of Bureaucratic Horror Stories As He Shapes a Plan to 'Reinvent' Government

VP
Good piece
B.

THE WALL STREET JOURNAL WEDNESDAY, JUNE 23, 1993

By JAMES M. PERRY
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON – Cordless microphone in hand, Vice President Al Gore strides back and forth in front of an enthusiastic audience, just as if he were Oprah or Donahue.

But here, the subject isn't serial killers or sex-change operations. It's something called "reinventing government," and the Clinton administration is serious about it.


Albert Gore

Most serious of all is Mr. Gore, named by Mr. Clinton as the head reinventor. He's holding town-hall meetings in every major government department, collecting ideas on what's wrong and what can be done to fix it.

More than 200 reinventing specialists, most of them career federal employees, are toiling in two downtown offices analyzing all the data. The agencies, with 800 more employees working on the project, are doing their share too; this week, top managers at the Labor Department held a three-day retreat to come up with ideas on reinventing their part of the government. The goal is to produce a final report, free of jargon and analysis by highly paid consultants, in September.

Mr. Gore's town-hall meeting with "volunteer" bureaucrats from the Treasury Department is typical. He starts off by saying he wants them to tell him horror stories about why the federal government is so fossilized. They can hardly wait to respond.

"I can't even find a stapler that works in my department," says one woman. "We have a couple of old staplers that still do the job, and we hide them from each other."

"If you blow a fuse," says a maintenance worker, "you're out of business for days. So it's a lot easier to go across the street to Radio Shack and buy a new fuse out of your own pocket."

The Little Green Steam Trap

But the most celebrated horror story of all is the one Mr. Gore tells himself, at all his meetings. It's about a little green steam trap that's used to take dirt and oil out of steam lines.

"It costs about $100," Mr. Gore says. "When it goes bad, it begins to leak. It leaks about $50 worth of steam a week." Mr. Gore says a federal employee came to him and told him what happened when he tried to replace several leaky traps. He was told the central procurement office "had been directed to buy in quantity to save money. To do that, they saved up all their requests for leaky steam traps for a solid year. Sure enough, they got a discount. They bought each $100 trap for $90. Saved 10 bucks. In the meantime, though, they lost 50 weeks of steam. $2,500. That's right. $2,500 to save $10."

It's a nice story. But Robert Stone, a career Defense Department official hired by Mr. Gore to manage the reinventing team, concedes that no one ordered anyone to save up all those requests for new steam traps. "The problem was," he says, "no one was authorized to do anything," so, presumably, the requests just piled up.

It's also a popular story. Mr. Stone tells it in a book called "Reinventing Government," by David Osborne and Ted Gaebler. In Mr. Stone's version, the lost steam was worth $3,000. Mr. Osborne is working as a consultant with the reinventing organization, which is formally known as the National Performance Review. The book is the organization's guiding light.

'Empower People'

But whatever the provenance of the anecdote, the point is valid. The government's centralized procurement process does pose a problem. Mr. Stone says the final report will recommend changes. Managers would be given cash to make these discretionary purchases, he says. They could go out and buy staplers and fuses and even desktop computers on their own, without filling out hundreds of pages of documents for the centralized purchasing office. "Empower people," he says. "That's the advice I'm getting."

It is one of Mr. Gore's basic principles too. He says he wants to invent a government that will be decentralized, that will use market principles and that will "treat Americans like customers again." What private industry has done in the way of total quality management, he wants to do for the federal government.

It might even involve something that used to be called the petty-cash fund. Some government agencies, Mr. Stone notes, have petty-cash funds now, but "the trouble is, hardly anyone is empowered to use the money."

Mr. Gore and his group are also taking on what to many is the coat of arms of the federal government in action – mounds of paperwork. "It took me a whole week to do the paperwork to meet the requirements of the Paperwork Reduction Act," one Treasury employee told Mr. Gore.

Shift to Computers

The paperwork, says Mr. Stone, really is awesome. When he was at the Defense Department and wanted to make a trip, he says, he was required to fill out dozens of forms and send his secretary scurrying all over the Pentagon to get them signed. All day long, says Mr. Stone, thousands of government secretaries are shuttling from office to office just to get papers signed by functionaries. "Why can't these signatures be done electronically?" a Treasury worker asked at Mr. Gore's town meeting.

Good question. Mr. Stone thinks he and his reinventors have an answer – the computer.

As things stand now, most federal departments still use electric typewriters. "New hires sometimes don't know what they are," Mr. Stone points out.

Mr. Stone would replace them all with computers. "Here's what I would do about that trip to Atlanta," says Mr. Stone. "I'd type a line to my boss on my PC, saying I wanted to go to Atlanta at 9 a.m. on Thursday and that I'd be back at 5 p.m. Friday. He'd respond, by computer, that it was OK and then I'd contact the travel office by e-mail, and they'd send my ticket back by e-mail. I'd account for my expenses on my computer and have my boss authenticate them. I'd send my voucher electronically to the payroll office and they would then transfer what I was owed electronically to my bank account."

Mr. Stone says he would lay down a law: Anybody in governmment who works with pencil and paper is hereby authorized to buy a desktop computer. In the end, he says, the government would save money. Hiring a secretary to shuttle back and forth with paperwork probably costs $50,000 a year, with benefits. Buying a PC, and working it into a local-area network costs less than $5,000. The secretaries, of course, would lose their jobs – in theory, anyway.

He would also allow employees to buy state-of-the-art equipment. As things stand now, one of the Treasury employees told Mr. Gore, new computer equipment arrives just about the time the equipment becomes obsolete. Mr. Stone agrees; he says he was assigned a new computer at the Pentagon the day the company that serviced them went out of business.

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THE WHITE HOUSE
WASHINGTON

DATE: 6/22

NOTE FOR: Howard, George, MARCIA
Carol Rasco

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

Information ☐

Action ☑

Thank you.

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

cc:

THE PRESIDENT HAS SEEN
6-22-93

THE WHITE HOUSE

WASHINGTON

93 JUN 21 P2:27

June 21, 1993

Need a meeting
on this in a week
or this soon
Need this soon
B.

MEMORANDUM FOR THE PRESIDENT

FROM: Howard Paster

SUBJECT: Brady bill and crime legislation

Mindful of your desire to move more quickly on the Brady bill, I have spoken with a number of people about this. Word got to Chairman Brooks that I was exploring this possibility and he called me last week to make clear he has not changed his position that Brady must be done within the context of an overall crime bill.

I indicated to the Chairman that we might not agree on this, and asked to see him for a more thorough discussion. Our meeting was quite pointed -- he said we could have Brady now and no crime bill, or we could have a crime bill with Brady. The Chairman placed the responsibility for the delay in moving a crime bill, including Brady, on the Administration and indicated his willingness to move promptly on a crime bill. (I should add he still harbors the hope of making "minor" changes in Brady and this could require some further discussion since I do not believe we can accept changes from last year's compromise unless they are negotiated with the police groups.)

There have been meetings on crime legislation involving Bruce Reed, the Department of Justice and staff for Chairmen Brooks and Biden. It is my sense it may require your personal direction to expedite the process because of Justice Department interest in making substantial changes in controversial portions of last year's crime bill.

In any event, I felt it necessary to advise you that while I prefer a different course it probably is not practical to move independently on Brady at this time.

cc George

THE WHITE HOUSE
WASHINGTON

DATE: 6/22

NOTE FOR: DAVID Gergen

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

Information ☐

Action ☐

Thank you.

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

cc:

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
6-22-93

June 21, 1993

MR. PRESIDENT:

David Gergen wanted to remind you that Walter Annenberg is a close personal friend of former President Reagan's.

TDS
Todd Stern

— Loren Hiley
grew up w/ 7 sisters –

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
6.22.93

93 JUN 21 P3:28

June 21, 1993

Recommended Telephone Call

TO: Walter Annenberg (215) 341-9330 (Work)
Can be reached at home
through White House Operator

DATE: June 21, 1993

RECOMMENDED BY: David Gergen DG

PURPOSE: To acknowledge Mr. Annenberg's exceptional generosity and commitment to education.

BACKGROUND: Mr. Annenberg contributed $365 million to the following educational institutions:

1. Harvard College ($25 million)

2. Communications programs at the University of Pennsylvania and the University of Southern California ($120 million each)

3. The Peddie School, his alma mater ($100 million)

This is the largest one-time gift to private education in American history.

TOPICS OF DISCUSSION:

1. The significance of the donation
   - Mr. Annenberg's generosity
   - The magnitude of the gift

2. The importance of this gift in setting an example for other potential donors.

3. Appreciation for Mr. Annenberg's commitment to supporting education.

CONTACT PERSON AND TELEPHONE NUMBERS: David Gergen - 456-2195
Jody Greenstone - 456-2195

DATE OF SUBMISSION: June 21, 1993

THE WHITE HOUSE
WASHINGTON

DATE: 6/22

NOTE FOR: BARBARA CHOW, HOWARD

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

Information ☑

Action ☐

Thank you.

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

cc:

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
6.22.93

June 21, 1993

RECOMMENDED TELEPHONE CALLS

TO:

Senator Jim Exon
Senator Bennett Johnston
Senator Howard Metzenbaum
Senator Sam Nunn
Senator ~~Dick Shelby~~ Joe Lieberman
Senator Ben Nighthorse Campbell
Senator Paul Wellstone

DATE: As soon as possible

RECOMMENDED BY: Majority Leader Mitchell

PURPOSE: To shore up support for Reconciliation

BACKGROUND: These Senators were flagged by Senators Mitchell and Moynihan as potential problems on the Reconciliation vote this week. A specific list of their concerns is attached. Both Senators Exon and Johnston are members of the Senate Budget Committee and their votes are needed tomorrow to report Reconciliation.

TOPICS OF DISCUSSION:

1. For the moderate/conservative Senators, it is important to stress that the bill is moving in the direction they have been advocating. Under the Senate Finance bill, for every $1 in spending cuts there are 93 cents in revenue increases. Overall the bill achieves over $510 billion in deficit reduction while maintaining a progressive tax structure. You should stress that this is the "only game in town", it is important to keep the process moving and stick together on the floor in the face of harmful Republican amendments.

2. For Senators Metzenbaum and Wellstone, you should acknowledge their concern about the effect of deeper Medicare cuts and indicate that you are sympathetic to a restoration of the food stamps and EITC funding in conference. As a result of their efforts, the Medicare cuts were significantly lower than originally contemplated and not much higher than the House bill. It is important to keep the process moving and you plan to consult with these Senators through the Reconciliation conference.

CONTACT PERSON AND TELEPHONE NUMBER(S): Barbara Chow, x.6493

DATE OF SUBMISSION: June 21, 1993

ACTION: ______________________________

① Oval office Alone ~~chair~~ ~~whenf~~

② Amplify → annual Review

→ Article Deport

Member Concerns

Exon: Strongly opposed to the BTU tax (especially its effect on agriculture), very concerned about the rising national debt and advocates annual debt ceiling review.

Johnston: Strongly opposed to the BTU tax, supportive of entitlement caps, opposed to inland waterway tax (dropped from Senate Finance package) Will vote out of Cte. - Scared of Bdn race

Metzenbaum: Opposes additional Medicare cuts, favors additional reductions in tax expenditures (especially energy expensing), concerned about intangibles provision (opposed by some unions).

Nunn: Favors entitlement caps, supports additional spending cuts. incentives

Shelby: Voted consistently against the leadership position through the budget resolution and is likely to vote against Reconciliation next week.

Campbell: Strongly opposed to the BTU tax, favors greater spending cuts, supports entitlement caps. The Senate Finance provisions go a long way towards resolving his concerns.

Wellstone: Concerned about the Medicare cuts.

Lieberman → absence of inv. incentives
→ US surely on cap g
venture cap g
small bus offers
empower Z
EITC

→ US Treas on EZ - he's for a lga # of EZs w/ Cente - how many?

<u>Budget Review</u>

Description:

o Entitlement spending levels would be constrained to the estimated entitlement amounts included in the Budget Resconciliation, using OMB estimates. However, automatic adjustments would be included for caseload growth. A one/half percent margin of error to address forecasting problems would also be available. Inflation would not be included as an automatic adjustment.

o If projected levels of entitlment spending are breached, the President would be required to report to the Congress the amount of the excess as well as the steps he would take (if any) to reduce the overage (either projected or actual). The President can choose to deal with the overage in whole or in part by proposing a tax increase or a spending cut. He can also recommend that no legislative action be taken.

o The House of Representatives would then consider the President's recommendations which they can either modify, accept or reject. However, the House must respond with a vote. A separate vote would be taken if the House chooses to increas the targest. The Budget Resolution could not move forward without action taken by the House to address the overage either by increasing the targets or making up the overage. The effect of holding up the Budget Resolution is that appropriation bills could not move forward without congressional dispensation of the entitlement cap overage.

o In making recommendations, the President and Congress must consider all options before reducing means tested programs.

o The entitlement review includes no automatic sequestration or debt limit review.

Talking Points:

o The entitlement review will help restrain growth in entitlements and prevent further increases in the deficit.

o While there is no automatic requirement for entitlement reductions in the event of an overage, Congress and the President must acknowledge and address the growth of entitlement spending. Failure to do so would prevent action on the annual Budget Resolution which is needed before appropriation bills can move forward.

o The proposal does not include any automatic sequester, or debt ceiling vote.

o This agreement reflects a broad consensus among members from the House leadership, Congressional Black Caucus, Hispanic Caucus, and Congressmen Stenholm, Penny, and Spratt.

THE WHITE HOUSE
WASHINGTON

DATE: 06/22/93

NOTE FOR: MACK MCLARTY
DAVID GERGEN
HOWARD PASTER

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

Information XX☒

Action ☐

Thank you.

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

cc:

cc: Nach
Geragen
Howard

This is awful
~~Th~~ MUST BE MORE
Discipline -

THE WHITE HOUSE

WASHINGTON

June 22, 1993

Dear Doug:

I am very sorry about the criticism you have been getting regarding your support of the reconciliation package. I appreciated your support and could not have succeeded without it.

I apologize for any comments, false though they were, made by my staff. I hope this incident has not caused you too much embarrassment.

In addition, I have forwarded your concerns about the Newark Air Force Base to the National Security Council. I will be back in touch about the issues you raise.

Again, I am deeply sorry about the flippant remarks that appeared in Newsweek and wish I knew who was responsible for spreading this information.

Sincerely,

Bill

PS - I was stunned by the Newsweek story. No one who was here when I talked to you could have said that. I told them I had asked you to play golf with me. It had *nothing* to do with your vote. Frankly, when you were mentioned I had no idea how you were going to vote. I'm *sorry*.

The Honorable Douglas Applegate
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

OFFICE OF LEGISLATIVE AFFAIRS

FAX COVER SHEET

NOTE: THE INFORMATION CONTAINED IN THIS FACSIMILE MESSAGE IS CONFIDENTIAL AND INTENDED FOR THE RECIPIENT ONLY.

DATE: 6/16

TO: Howard

FROM: LeeAnn

RE: NSC is drafting response re base closures. — What should we do about TP marked?

Page 1 of 3

If there are any problems with this transmission, please call (202) 456-7500.

4422.

1?? Rayburn House Office Building
Washington, DC 20515
202-225-6265

District Offices:
Steubenville 614-283-3716
St. Clairsville 614-695-4600
New Philadelphia 216-343-9112
Zanesville 614-452-7023

Committ
Public Wor
Transport

Chairma
Subcommittee C
Resources and En

Veterans' A

DOUGLAS APPLEGATE
UNITED STATES HOUSE OF REPRESENTATIVES

93 JUN 14 A9:47

June 10, 1993

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

Dear Mr. President,

By the end of this month, the Defense Base Closure and Realignment Commission will issue its final report to you listing those military facilities it believes should be closed. You will have until July 15th to accept or reject the package.

Currently on that list is the Newark Air Force Base, located in my congressional district in Heath, Ohio. This facility is the largest employer in Licking County, employing about 1,800 people all but about 75 of which are civilian. I will not go into detail about the importance of this facility to this area, bu think it is important for you to know that this facility is the Air Force's Aerospace Guidance and Metrology Center and repairs inertial guidance and navigation systems for most of the Air Force's missiles and aircraft as well as a variety of inertial systems for other branches of the armed forces. There is no other facility like it in the country. In fact, an Air Forc official has stated to me that the work at Newark "must continue". Complete documentation on the mission of Newark Air Force Base is readily available for your further information.

Mr. President, maintaining this facility under the guidance of the Air Force is most critical to not just the area and the people who work and reside there, but to the national defense of the nation, too. It is also important to me. My district has suffered economically for the past twelve years. It is simply not fair to subject it to additional hardship.

On May 27th, after much deliberation and intense study of the issue, and with great reluctance, I voted for the reconciliation bill. I did not approve of the BTU tax portion of the bill and my constituents are in strong opposition to it, as well. Nevertheless, in an effort to give you the latitude you needed to start to reduce the deficit, I supported it. But with this vote came more negative criticism from my district than I have ever received before. It continues even today, particularly after a comment to a "Newsweek" reporter from your staff who apparently was in your office when we talked that evening that I traded my vote for your proposal for a round of

HF

?

golf. Not only is such a comment unprofessional and totally incorrect, but I consider it to be an insult to my integrity.

The main purpose of this letter is to urge you in the strongest terms possible to personally review the matter of Newark Air Force Base and to instruct the Commission to remove it from its recommendations before the package reached your desk next month. Mr. President, as badly as you needed my vote on the reconciliation bill, and as badly as you needed your $16.3 billion economic stimulus bill passed that I also supported and spoke in behalf of, I need your vote on Newark. It is that simple. I do not want this facility to close or to be privitized.

I would be happy to meet with you at your convenience to discuss this matter further. I trust you understand the critical nature of this matter and the basis for my request.

I look forward to hearing from you in the very near future.

With best regards, I remain

Sincerely yours,

DOUGLAS APPLEGATE
U. S. CONGRESSMAN

DA/jh

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF ADMINISTRATION
Washington, D.C. 20503

June 21, 1993

93 JUN 22 AII : 55

MEMORANDUM FOR JOHN PODESTA
STAFF SECRETARY
WHITE HOUSE OFFICE

FROM: STACIA L. CROPPER
EXECUTIVE SECRETARY Stacia L. Cropper

SUBJECT: Review of Congressional Directory Information

Attached is the draft Congressional Directory information for your office. Please review and verify the names, titles, telephone exchanges, and room numbers. Any changes to the information should be made clearly on the attached sheets.

A copy of last year's Congressional Directory is also attached to assist you in determining what information to include.

When your review is complete, please sign the bottom of this memorandum, indicating your approval of these changes. A copy of this memorandum and your changes should be sent to Room 479, Old Executive Office Building, by close of business, June 23, 1993. No response by this date will indicate your approval of the information.

This information will be forwarded to the Joint Committee on Printing on Thursday for inclusion in the 1993 Congressional Directory which will be available in July.

Please call me at 395-6963 if you have any questions.

Thank you.

Attachments

****

Please check one:

✓ Approved with no changes.

____ Approved with the changes indicated.

John Podesta
Signature

6/22/93
Date

STAFF SECRETARY
Phone, 456-2702

Podesta, John D.			
Assistant to the President and Staff Secretary			
Stern, Todd D.	456-2702		
Special Assistant to the President and Deputy Staff Secretary			
Richard, R. Paul	456-2702		
Deputy Staff Secretary			
Wessel, Frances R. (Fran)	456-2702		
Administrative Assistant to the Staff Secretary			
Wagner, Sharon E.	456-2702		
Administrative Assistant to the Staff Secretary			
Geisler, Ronald R.	456-2226	5	OEOB
Executive Clerk			
Good, Terry W.	456-2240	80	OEOB
Director of Records Management			

EXECUTIVE

THE PRESIDENT

GEORGE HERBERT WALKER BUSH, Republican, of Houston, TX; 41st President of the United States; born in Milton, MA, June 12, 1924; attended the public schools; graduated, Phillips Academy, Andover, 1942; Yale University, 1948; lieutenant (jg.), U.S. Navy, 1942–45; supply salesman, West Texas and California, 1948–50; cofounder: Bush-Overby Development Co., 1951–53; Zapata Petroleum Corp., 1953, and president and cofounder Zapata Off-Shore Co., 1954–66; Member, U.S. House of Representatives, 1966–70; U.S. Ambassador, United Nations, 1971–73; chairman, Republican National Committee, 1973–74; U.S. Liaison Officer, People's Republic of China, 1974–75; Director, CIA, 1976–77; delegate, Republican National Conventions, 1964 and 1968; recipient: Distinguished Flying Cross and three Air Medals; member and former vestryman, St. Martin's Episcopal Church, Houston, TX; member and vestryman, St. Ann's Episcopal Church, Kennebunkport, ME; member of board, Episcopal Church Foundation; married to the former Barbara Pierce, Rye, NY, 1945; five children: George, Jeb, Neil, Marvin, and Dorothy; elected 43d Vice President of the United States, November 4, 1980, reelected on November 6, 1984; elected President of the United States on November 8, 1988.

EXECUTIVE OFFICE OF THE PRESIDENT

THE WHITE HOUSE OFFICE

1600 Pennsylvania Avenue 20500. Phone, 456–1414
(OEOB) Old Executive Office Building, 17th Street and Pennsylvania Avenue

President of the United States.—George Bush.
Deputy Assistant to the President.—Patty Presock.
The President's Aide.—Maj. Bruce Caughman.

OFFICE OF THE CHIEF OF STAFF

Phone, 456–6797

Chief of Staff to the President.—John H. Sununu.
Assistant to the President and Deputy to the Chief of Staff.—Andrew Card, 456–2533.
Deputy Assistant to the President and Executive Assistant to the Chief of Staff.—Ed Rogers, 456–6594.
Executive Assistant to the Deputy Chief of Staff.—Erlinda Casey, 456–2533.
Special Assistant to the Chief of Staff.—Katherine Winklejohn, 456–6797.
Assistant to the Chief of Staff.—Jackie Kennedy, 456–6797.
Special Assistant to the Chief of Staff.—Mia Kelly, 456–6594.

OFFICE OF THE STAFF SECRETARY

Phone, 456–2702

Assistant to the President and Staff Secretary.—Phillip D. Brady.
Special Assistant to the President and Assistant Staff Secretary.—John S. Gardner.
Administrative Assistant: Frances Wessel; Beth A. Thompson.
Executive Clerk.—Ron Geisler, (OEOB), Room 5, 456–2226.
Director for Records Management.—Terry Good, (OEOB), Room 80, 456–2240.

SCHEDULING OFFICE

Phone, 456–2823

Deputy Assistant to the President for Appointments and Scheduling.—Katherine Super.
Executive Assistant.—Kristin Thompson.
Deputy Director for Scheduling.—Antonio Benedi, (OEOB), Room 182, 456–7560.
Manager of Correspondence Analysis.—Lucy Elkins, (OEOB), Room 182, 456–7560.

THE WHITE HOUSE
WASHINGTON

DATE: 6/22

NOTE FOR: Tony Lake

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

Information ☑

Action ☐

Thank you.

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

cc:

THE PRESIDENT HAS SEEN
6.22.93

EC Spurns Bosnian Plea on Embargo

Community Leaders Agree to Support Unitary State, but Refuse to Supply Weapons

By William Drozdiak
Washington Post Foreign Service

COPENHAGEN, June 21—European Community leaders promised today to help sustain Bosnia-Herzegovina as a unitary state but spurned an emotional appeal from its president to lift an arms embargo that he said has penalized his besieged government and aided Serb aggressors.

Bosnian President Alija Izetbegovic, making a dramatic appearance at a summit of Community leaders, castigated Europe's refusal to rescind an international weapons ban as tantamount to voting in favor of "genocide" and "the capitulation of my country."

Despite his disgust with the European position, Izetbegovic did not ignore Europe's plea that his Muslim-led government pursue fresh negotiations on a proposal by Bosnia's Serbs and Croats to create three ethnically separate republics under a weak central government.

The Bosnian leader said he would return to Sarajevo to consult with his government about whether to join the talks, which are scheduled to start Wednesday in Geneva. He said he welcomed the EC's support to maintain "the integrity and sovereignty" of Bosnia but insisted his government could not acquiesce to any forum that, he said, masked Serb expansionism.

"If the Serbs use these negotiations to take more territory, then we will not participate," Izetbegovic said. The Serb-Croat partition plan reflects the territorial gains made by the Bosnian Serbs in the former Yugoslav republic's nearly 15-month-old war.

Anxiety over the next stage of the Balkan conflict dogged the leaders of the 12-nation Community as they gathered here for a two-day summit to discuss ways for Europe to climb out of a deepening recession, stem the rise in unemployment and extend more help to the emerging democracies in Eastern Europe.

But the sudden death of a peace plan formulated by U.N. and EC mediators and the prospect of Bosnia's imminent partition has again forced Community leaders to confront an intractable conflict on their doorstep that has come to symbolize Europe's political weakness and unfulfilled ambitions.

The plan conceived by David Owen, the EC representative, and Cyrus Vance, the former U.N. negotiator, was formally pronounced dead by Owen last week. He said events on the ground had made the peace plan's map of 10 semiautonomous provinces "unrealistic," and he urged Bosnia's government to consider the new Serb-Croat proposal.

Owen said he realized such a solution would be imperfect, but he felt it was imperative to stop the fighting before next winter. In New York, however, his former mediating partner sharply disagreed. Vance called the new effort to carve up Bosnia under the guise of a confederal state "dead wrong."

"I'm very saddened by what I think is a tragic mistake in moving to a new plan," Vance said. "It will end up rewarding those involved in 'ethnic cleansing.' "

But European leaders, weakened at home by sagging opinion polls and public frustrations over joblessness and unchecked immigration, have been reluctant to make any moves that would embroil them more deeply in the ongoing Balkan crisis.

Izetbegovic was received today by a delegation of EC foreign ministers from Denmark, Britain and Belgium—the present, past and future holders of the Community presidency. Even before European leaders broached the Balkan conflict over dinner, the Bosnian leader was told that Community governments wanted to keep his state alive but were adamantly opposed to lifting the arms embargo, which was imposed by the United Nations on all the former Yugoslav republics in September 1991.

The Clinton administration has urged its European allies to allow weapons deliveries to the Bosnian government so it would have the means to defend its people and lessen the advantage in favor of the Bosnian Serbs, whose patrons in Serbia have been supplying them with arms from the substantial stocks of the former Yugoslav army.

But Denmark's foreign minister, Niels Helveg Petersen, said Community leaders are still convinced that lifting the embargo "would lead to more fighting on the ground and at a more violent level," especially if U.N. forces supervising aid deliveries were forced to withdraw.

Izetbegovic rebutted the European arguments, saying that the EC was responsible for having "tied the hands of the attacked and helped the aggressor."

He said that preventing his government from acquiring the means of "legitimate self-defense" would not diminish the intensity of warfare but would "continue to encourage the Serbian aggressor and make him reluctant to engage in negotiations that would lead to compromise instead of victory."

"This policy only prolongs the aggression and the genocide," the Bosnian leader said. "It cannot be defended from a political, security or moral point of view."

Only Germany has shown any public sign it would go along with the United States in responding favorably to Bosnia's appeal to lift the embargo. Community diplomats said German Chancellor Helmut Kohl unsuccessfully pushed EC leaders to end the arms embargo against the Bosnian government at a tense dinner tonight, Reuter reported.

Kohl's appeal apparently was prompted by a letter from President Clinton to him reasserting the administration's support for easing the embargo.

Administration officials, however, said today that Clinton is not trying to launch a new diplomatic initiative. They said that the letter was sent after Turkish President Suleyman Demirel sought reassurance that the administration still backed lifting the embargo.

EC officials say that Russia and China, two of the five permanent members of the U.N. Security Council, would doubtless reject any resolution calling for an end to the arms embargo.

France and Britain, which, with the United States, hold the other permanent Security Council seats, say they are opposed to easing the embargo because of possible retaliation against their troops in Bosnia. France has deployed about 5,000 troops, Britain 2,300 and Spain 1,000 to the former Yugoslavia to help with humanitarian aid deliveries.

British Foreign Secretary Douglas Hurd said "one can imagine a situation" in which the U.N. forces withdrew and arms were sent to Bosnia. "But that really is a policy of despair," Hurd said in an interview with the BBC. "It could greatly increase the killing and the length of the war."

Staff writer Ann Devroy contributed to this story from Washington.

AGENCE FRANCE-PRESSE

Bosnian President Alija Izetbegovic speaks at a news conference at the EC summit in Copenhagen after asking Community leaders to lift arms embargo.

ASSOCIATED PRESS

German Chancellor Helmut Kohl, left, British Prime Minister John Major and French President Francois Mitterrand gather during a break in the summit.

THE WHITE HOUSE
WASHINGTON

DATE: 6/22

NOTE FOR: V.P., Gergen, George, KATIE McGinty, Gearan

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

Information ☐

Action ☑

Thank you.

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

cc:

THE PRESIDENT HAS SEEN
6.22.93

VP | DGergen

COLMAN McCARTHY

Gore Loses His 'Balance'

Few political promises seemed more emphatic, or less potentially troublesome to fulfill, than Albert Gore Jr.'s of Dec. 7, 1992.

At issue was the world's largest hazardous waste incinerator, a behemoth in East Liverpool, Ohio, on the borders of West Virginia and Pennsylvania and looming 100 yards from homes and 400 yards from an elementary school. The $160 million Waste Technologies Industries incinerator, which has a capacity to burn 60,000 tons of waste a year and emit dioxin, lead and other poisons into an Ohio River Valley atmosphere already burdened by air inversions, is owned by Von Roll, a Swiss multinational. Limited operation began in April.

A broad coalition of incinerator opponents—local citizens, labor unions, national environmental groups, churches—has become the major political and moral force to require the federal government to revoke the permit that was issued in the Reagan-Bush years when lax regulations on burning hazardous wastes prevailed.

In his December Senate statement, Gore was following through on earlier pledges to act that he and Bill Clinton made while campaigning in that area of the Midwest. The incinerator issue was a natural for Gore. It allowed him both to attack the let-it-burn, trust-industry policies of the Reagan-Bush administrations and position himself as clean and green. "For the safety and health of local residents rightfully concerned about the impact of this incinerator on their families and their future," Gore stated, "a thorough investigation is urgently needed. Too many questions remain unanswered about the impact of this incinerator and the process by which it was approved."

Gore, along with the six senators from Ohio, West Virginia and Pennsylvania, asked the General Accounting Office to investigate whether regulatory shortcuts were involved in the 10 years since the Environmental Protection Agency issued the company an operating permit. Gore himself, speaking with the bluntness that won him praise as the Senate's ranking environmentalist, said, "Until all questions concerning compliance with state and federal law have been answered, it doesn't make sense to grant any permit" to burn. "The potential impact on the people of this community . . . is too great to proceed without study and caution."

Stirring words. Except that is all they are. The permit was not revoked. Two months into office, Gore began yodeling like an apologist for the Swiss multinational and a cold betrayer of the local citizens fearing for their health. The original decisions, he said in March, to sanction the plant "were made principally and almost exclusively during the last administration and that incurred certain legal obligations on the part of the federal government toward the company that had invested tens of millions of dollars."

Now it is the corporate ledger to be protected. "Earth in the Balance," the title of Gore's best-selling book, had become "Profits in the Balance." The vice president's argument now is that "the EPA has certain legal obligations that it just can't reverse." That evokes astonishment in Terri Swearingen, a nurse and East Liverpool opposition leader. "Don't insult my intelligence. If Clinton and Gore say they're powerless, where's that leave us? The fact is, they have the legal authority to act."

As the incinerator's burning begins, burning of another kind is occurring in the Ohio Valley—the heated anger of citizens put off by Gore's duplicity and EPA's legalistic evasions of responsibility. Residents have read—and understand—the language of the Resource Conservation and Recovery Act that empowers EPA to move against an incinerator if "imminent and substantial endangerment" to people's health and their environment is present.

If Gore and EPA officials have slinked off from the Ohio Valley citizens and the law that should be protecting them, Judge Ann Aldrich of the federal district for northern Ohio hasn't. On March 5, ruling in a case in which all sides—company, government, citizens and environmentalists—were heard, Aldrich wrote: "It is patently unsafe to subject the population exposed to the facility's emissions to the risks involved in incineration while the EPA determines what the risk is and what risk is acceptable."

This was a major citizens' victory, even though the judge's call to close the plant was stayed by an appellate court while her decision is appealed.

Those whose lives are at risk in the Ohio Valley—Pittsburgh is 25 air-miles downwind—are back where they were before the Big Promisers, Clinton and Gore, passed through mongering votes. As in the Reagan-Bush days when the incinerator was going up, the company has friends in the White House and the citizens do not.

TUESDAY, JUNE 22, 1993 THE WASHINGTON POST

VP/[illegible]

we have gotten not a word of our [illegible] out - if anyone takes it seriously, it's hard to tell - I wonder if there's anything else we can do. — Someone should at least write him a chapter & verse account of the law etc —

1a

THE WHITE HOUSE
WASHINGTON

DATE: 6/22

NOTE FOR: DAVID Gergen

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

Information ☑

Action ☐

Thank you.

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

cc:

D Gearey

pls. initl

RR

U.S. May Ease Curbs On Vietnam

Clinton Is Urged To Back Loan Plan

By Thomas W. Lippman A1
Washington Post Staff Writer

President Clinton's top foreign policy advisers have recommended that the United States allow the International Monetary Fund to refinance Vietnam's debt, giving Hanoi access to global capital markets, but are split on whether the U.S. trade embargo against Vietnam should be lifted, administration officials said yesterday.

IMF directors are scheduled to vote July 12 on a plan that would enable Vietnam to pay off about $140 million it owes the fund. This IMF "seal of approval" would clear the way for international banks to lend money to Vietnamese enterprises, a Treasury Department official said.

If Clinton accepts the recommendation reached at a high-level meeting last week, the United States would vote in favor of the refinancing package—a gesture that would acknowledge Vietnam's cooperation in the ongoing search for information about American servicemen still missing from the Vietnam War.

Defense Department offi-

VIETNAM, From A1

cials and members of Congress have been saying publicly for some time that Vietnam's cooperation in the search for the missing might be jeopardized if the United States did not reciprocate with some gesture. The U.S. business community, chafing on the sidelines as Japan, Taiwan and other nations begin to capitalize on Vietnam's rapid growth, has been lobbying hard for a lifting of the U.S. trade embargo.

But some veterans organizations and some family groups have opposed any softening of the U.S. position toward Vietnam, arguing that Hanoi is still withholding information about more than 2,200 Americans officially unaccounted for.

A decision to approve the IMF refinancing package while maintaining the trade embargo would walk a thin line between the two camps.

If Clinton approves the IMF recommendation, he will still face sensitive political decisions on the Vietnam issue. He has been invited to address the annual meeting here next month of the National League of Families of American Prisoners and Missing in Southeast Asia—the same gathering where President George Bush was heckled last year—but has not decided whether to accept, according to the league.

Then Clinton must decide before Sept. 14 whether to issue an executive order maintaining the trade embargo. Bush last year extended it until that date, but he later authorized U.S. companies to set up offices in Vietnam and sign contracts to do business there in preparation for when the embargo is finally lifted.

Reconciliation between the United States and Vietnam has been blocked for years by disagreements over the issue of the missing in action and over Vietnam's role in Cambodia.

Assistant Secretary of State Winston Lord told a Senate committee recently that the Clinton administration is now satisfied with Vietnam's record in Cambodia, where it has agreed to respect the results of the recent elections. But there are still differences within the administration over whether Vietnam is doing all it can to make documents, photographs, airplane wreckage and witnesses available to U.S. investigators seeking to resolve the fate of the missing.

"Some people believe they're capable of doing this much," said one senior official, holding his thumb and index finger an inch apart. "But some people believe they could do this much," he added, widening the gap to about three inches.

Members of Congress who visited Vietnam recently said after reporting to Clinton that he was concerned about alienating veterans and family members by moving toward reconciliation with Vietnam.

The American Legion, which claims more than 3 million veterans as members, has been lobbying furiously against any relaxation of the economic squeeze on Vietnam.

But a delegation from the Veterans of Foreign Wars, another major veterans group, reported after a recent visit to Vietnam that sentiment among U.S. investigators and foreign diplomats there was unanimous in favor of relaxing the restrictions, which they said are unrealistic and unfair.

A bipartisan study group headed by former secretary of state Edmund S. Muskie recommended yesterday that the embargo be lifted. But one key member dissented—Orson Swindle, a former prisoner of war and a senior aide to billionaire political activist Ross Perot. He said the United States should block the IMF refinancing, keep the trade embargo in place and, if POW-MIA family members agree, stop negotiating with Hanoi to reflect "an absolute relegation of Vietnam to a position of insignificance in our list of national priorities."

If the United States approves, the IMF next month would accept a plan by which France and Japan would lend Vietnam the money to pay off its $140 million debt. Vietnam would then work with the IMF on the restructuring of its economy—once entirely communist, now turning toward free markets. Vietnam could then borrow development capital from international banks or development agencies such as the Asian Development Bank.

We need to discuss this + company strategy

THE PRESIDENT HAS SEEN
6-22-93

TUESDAY, JUNE 22, 1993 THE WASHINGTON POST

THE WHITE HOUSE
WASHINGTON

DATE: 1/22

NOTE FOR: Tony Lake

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

Information ☐

Action ☑

Thank you.

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

cc:

THE PRESIDENT HAS SEEN 4551
6-22-93

THE WHITE HOUSE

WASHINGTON

93 JUN 22 P3:22

June 22, 1993

Is USDA doing anything on this? –

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE

SUBJECT: Aid Package to Georgia

State, AID and USDA have been working diligently to come up with a program to help alleviate Georgia's current food shortages. According to our Embassy in Tbilisi, the shortages, although problematic, will not lead to rampant social unrest in the near future. The aid deliveries outlined below should help ease the shortages.

The near-term U.S. aid strategy to Georgia includes:

- Delivery during June - August of about 255,000 tons of wheat, which is equal to 25 percent of Georgia's annual wheat consumption.

- Distribution during July and August of about 3,600 tons of infant formula, dry milk and other products, which will meet the needs of about one-third of Georgia's pregnant mothers and children under five.

In addition, State, AID and USDA are investigating additional sources of food aid to be delivered in late summer and early autumn. Georgia's other chronic need is fuel. Since we do not have the resources to assist with fuel shortages, we have asked the Russian government to help Georgia. We expect a Russian response soon.

cc: Vice President
Chief of Staff

THE WHITE HOUSE

WASHINGTON

93 JUN 22 P4:01

June 22, 1993

MEMORANDUM FOR MACK MCLARTY

FROM: MARCIA HALE

SUBJECT: ROMER FUNDRAISER

The President committed several months ago to do a fundraiser at some time for Governor Romer. The President will be in Denver on August 12th to meet with the Pope between 2:30 pm and 5:30 pm. Please let me know your thoughts as to whether there would be a problem if the President participated in a fundraiser for Governor Romer on the evening of August 12.

CC:

The First Lady
Rahm Emanuel
Mark Gearan
David Gergen
Alexis Herman
Nancy Hernreich
Anthony Lake
Bruce Lindsey
Mack McLarty
Regina Montoya
Roy Neel
Bernie Nussbaum
Howard Paster
✓John Podesta
Jack Quinn
Carol Rasco
Bob Rubin
Eli Segal
George Stephanopoulos
Ann Stock
Christine Varney
David Watkins
Maggie Williams

MARCIA
As a barely practicing CATHOLIC, that seems a little wierd to me
JOHN
6-22-93

THE WHITE HOUSE
WASHINGTON

DATE: 06/23/93

TO: DAVID GERGEN

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

The attached has been forwarded to the President.

THE WHITE HOUSE
WASHINGTON

June 23, 1993

MR. PRESIDENT:

George favors delaying lifting the embargo until September. I've sent a copy to David Gergen.

John Podesta

~~SECRET~~

~~SECRET~~

4447

THE WHITE HOUSE

WASHINGTON

June 21, 1993

93 JUN 21 P2:39

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE

SUBJECT: Vietnam Policy Options Paper

THE WHITE HOUSE
WASHINGTON

DATE: 06/23/93

TO: DAVID GERGEN
GEORGE STEPHANOPOULOS
MARK GEARAN

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

The attached has been forwarded to the President.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

4336

THE WHITE HOUSE

WASHINGTON

June 22, 1993

93 JUN 22 P5:20

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE

SUBJECT: Washington Post Article on Problems in U.S. Aid to Russia

DECLASSIFIED
E.O. 13526
White House Guidelines, September 11, 2006
By DB NARA, Date 5/11/18
2018-0662-5

Carville & Begala

~~CONFIDENTIAL~~ -- NUMBER 1 OF 10

MEMORANDUM 93 JUN 16 P3:47

TO:	THE PRESIDENT (1)
	THE VICE PRESIDENT (2)
	HILLARY RODHAM CLINTON (3)
	MACK McLARTY (4)
FROM:	YOUR POLITICAL ADVISORS
RE:	MESSAGE ON THE ECONOMIC PLAN
DATE:	JUNE 16, 1993

DETERMINED TO BE AN ADMINISTRATIVE
MARKING INITIALS: OB DATE: 5/9/18

Our message strategy on the economic plan should accomplish the following goals:

1. **Communicate a sense of responsibility;**
2. **Let people know the rich are paying the bulk of the new taxes (and that there really are spending cuts);**
3. **Reassure people we won't hurt older Americans.**

We are fortunate in that our opponents contrast perfectly with us in each of these respects. That is, they A) either have no plan and so are not taking responsibility for the economic crisis we face; or B) have a plan that lightens the load on the rich by increasing the burden on older Americans.

Every time you or one of your aides talks about the economic plan, you should emphasize:

♦ **RESPONSIBILITY** *"After twelve long years, we're finally putting America's economic house in order, paying down the deficit..."*;

♦ **FAIRNESS** *"...making the rich pay their fair share so the middle class can get a fair shake. In fact, for every ten dollars we put in our $500 billion deficit reduction trust fund, $5 comes from spending cuts, $3.75 comes from taxes on the wealthiest 6%, and only $1.25 comes from the middle class..."*;

♦ **REASSURANCE** *"But I draw the line on any further cuts in retirement benefits our older Americans have earned through a lifetime of work. Our budget **does** make cuts in entitlements. But I will not allow the Republicans to balance the budget on the backs of the old, the sick and our veterans, so they can protect the very rich from paying their fair share."*;

♦ **OPTIMISM** *"This plan will work. It is an important first step on the long journey toward reversing the failed policies of the past and jump-starting the economy so middle-class families will have better jobs and higher incomes."*

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It is vital that we drive home these simple, central distinctions in what we do as much as in what we say. We should seek out fights that illustrate our three priorities. The next time Dole snipes, let's challenge him to put up or shut up, thereby reminding America that we didn't create this mess (Dole & Co. did), but that, unlike him, we have a plan to get us out of it. If (or when) the Finance Committee bogs down, we should be prepared the nail the Boren-Danforth proposal for what it is: an attempt to save the rich and the special interests from paying their fair share of taxes by cutting into the muscle of Social Security, Medicare and veterans' benefits. By both word and deed we can use the coming days to help redefine the economic plan as responsible and fair, and you as a conviction politician.

Finally, we must never forget The Story: We are doing all this because for two decades middle-class Americans have been working harder for less money. This Administration has dedicated itself to increasing the standard of living of the hard-working, hard-pressed, forgotten middle class. We are on a long journey toward restoring the middle class by reversing the failed policies of the past and jump-starting this economy. This plan **will** do that: if we have the courage to change, this plan will give us more jobs and higher incomes for the working families who are the backbone of this country.

CC:
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