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001. letter	King Hussein to POTUS (2 pages)	06/24/1993	P1/b(1)

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June 27-30, 1993 [2]

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RESTRICTION CODES

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

P1 National Security Classified Information [(a)(1) of the PRA]
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Clinton

THE WHITE HOUSE
WASHINGTON

DATE: 6/28

NOTE FOR: Ricki Seidman

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

Information ☐

Action ☑

[redacted]

You're getting worse than George.

Your Staff Secretary

Thank you.

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

cc:

[redacted]

THE PRESIDENT HAS SEEN
6.28.93

THE WHITE HOUSE
WASHINGTON

[redacted]

Rubin

— circulate this
— we need to, must do more about this

B.

[redacted]

[redacted]

6/25

[redacted]

THE WHITE HOUSE

George Will, with whom I rarely agree, is right about this movie, but for the wrong reason. It is unremittingly violent, but that is not its point. It's a stark depiction of the life that faces millions of inner city kids, their isolation from the world in which _we_ live, and their lack of hope for a better future – or even the idea that a better future exists. It will be a long

[redacted]

[redacted]

[redacted]

time before we could make a real difference in the lives of those like the characters in the movie, but it's a good reminder of what we're all working for.

So I highly recommend Menace II Society and think you should definitely see it, if you haven't already. But Be warned – it's not entertainment.

[redacted]

Vicki

[redacted]

6/17/93

George F. Will

'Menace II Society': Violence Therapy

Allen Hughes, one of the 21-year-old twin brothers who directed the movie "Menace II Society," says, "Our intention was to have the audience turn away." These two African American prodigies have made a stunning, troubling movie that compels contemplation of this question: In a nation saturated with violence, can a portrayal of violence be valuable because it is therapeutic? The answer may be: Yes, if the portrayal is so relentlessly realistic that it nearly sickens viewers and strengthens their resolve to enforce domestic tranquillity.

This "Menace" does, from the first frames, showing the casual murder of a Korean couple in their convenience store, to the final fusillade of the drive-by shooting that kills the movie's protagonist and narrator, Caine.

Caine is shown as the essentially unparented child of an addictive mother (soon dead of an overdose) and a murderous father who guns down a man during a living room card game. At the end of the movie a child watches Caine die. The movie's unrelievedly bleak message is that the intergenerational transmission of violence will continue. The almost randomness of the killings and beatings, and the almost affectlessness of the killers and beaters, combined with the numbing profanity of people whose most common locutions are the coarsest in the language, bludgeon the audience into a frame of mind akin to the fatalism that envelops most of the movie's characters.

The Hughes brothers live in Pomona, quite a social distance from the grim Los Angeles neighborhoods their movie portrays as grinders of young lives. The script was written by another young African American, Tyger Williams, 24, who calls himself "a suburban child." He says, accurately, that "Menace" is less like the most successful—until now—movie portrayal of Los Angeles gang life, "Boyz N the Hood," than it is like "GoodFellas."

"GoodFellas," an unblinking and entirely unsentimental look at the violent world of petty white New York mobsters, was a brilliantly made movie that, arguably, should not have been made. It told a truth rigorously, but, in a nation echoing with gunfire, there may be some subjects too savage, too desensitizing, to be suitable for mass entertainment. "Menace" tells a more important truth, about the savagery engulfing wide swaths of America's cities. But might the telling of it contribute to the contagion?

The critic whose judgment I trust most concerning such movies is Leroy O'Shield, a 50-year-old African American who is the no-nonsense commander of Chicago's West Side 15th Police District, a dangerous place. In his astringent opinion, "Boyz N the Hood" is a "training film" for crime, communicating "the mystique of being tough." He noted that one of Chicago's most violent weekends followed the showing of "Boyz" on HBO.

At my request, he saw "Menace" last weekend and came away with mixed emotions. The movie's violence, extraordinary in quantity and character, may, he thinks, be necessary to attract into theaters the inner-city young men who need to see violence presented without a scintilla of romanticism.

The American Psychological Association says that by the time an average television-watching, movie-going (never mind video-game-playing) American child reaches seventh grade, he or she has witnessed 8,000 murders and more than 100,000 other acts of violence. But he or she probably has never seen violence rendered as convincingly as "Menace" does—unless he or she lives in one of urban America's war zones.

O'Shield is pleased whenever he sees movies with strong and caring adult males in inner-city settings. In "Menace," one such, a teacher, says to a pair of young men, "Being a black man in America isn't easy. The hunt is on, and you're the prey." But the point that the movie hammers home is that the predators are young black men.

I wish for "Menace" a huge audience of young inner-city males who need to see violence drained of all traits or consequences that could make it charismatic. "Menace" also deserves a large audience of American adults, for two reasons.

First, it is an utterly unsweetened taste of life in a portion of America that is as foreign to most Americans as, say, Somalia. Such convincing works of art—Richard Price's 1992 novel "Clockers" is another—are invaluable contributions to the nation's stock of realism.

Second, "Menace" may help concentrate the public's mind on the nation's bizarre misallocation of its energies. Since "Menace" opened on May 26, U.S. soldiers have been sent on a "peace-keeping" mission to Macedonia and have punished a Somalian "warlord" responsible for the deaths of 23 Pakistan soldiers. Between May 26 and June 13, 9' people were murdered in Los Angeles County. Just one part of one urban area. Just 1' days.

[illegible]

THE WHITE HOUSE
WASHINGTON

DATE: 6/28

NOTE FOR: Howard Paster

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:

Howard Paster

Rep. Sanders says we should meet w/ —

THE PRESIDENT HAS SEEN
6-28-93

PROGRESSIVE CAUCUS LIST
May 17, 1993

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chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 6/28/93

NOTE FOR: KATIE MCGINTY

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

- Information ☑
- Action ☐

[redacted]

Thank you.

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

cc: [redacted]

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN 93 JUN 19 A12:47

June 18, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: **FOREST CONFERENCE EXECUTIVE COMMITTEE**[1]

VIA: **KATIE MCGINTY** David Tottinghan for

SUBJECT: **FOREST CONFERENCE**

I. OVERVIEW

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

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

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

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

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

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

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

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

II. FOREST MANAGEMENT PLAN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Most options that achieve compliance with the legal requirements[5] produce less than 1 bbf of timber on a sustainable

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

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

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

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

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

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the ESA and NFMA as they relate to federal land.

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

TABLE 1

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

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

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

- **Option 6** has higher viability ratings than the unified reserve option but produces substantially less timber (.9 bbf).

- **Option 8** would achieve higher timber outputs (1.4 bbf) than the unified reserve option or Option 6 because stream buffers are substantially narrower and because it relaxes forest cover requirements outside of forest reserves. However, it has viability ratings for marbled murrelets and at-risk fish (medium low) that prevent it from meeting legal standards.

- **Option 10** provides 1.1 bbf of timber by relaxing forest cover requirements outside of forest reserves but maintaining the same buffers as Option 6. It achieves viability ratings comparable to, but slightly lower than, the similar numbers for the unified reserve option.

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

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

Agree ___✓___ Disagree _________ Discuss ___J___

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

Implementation Issues.

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

The precise numbers for a phase-in are to be determined. If the average annual target for the option selected is 1.2 bbf, we would try to structure the phase-in so that the first year harvest is at 2 bbf[8] and the amount declines each year thereafter. Depending on the rate of descent, by the fourth or fifth year, the sales would have to drop to about 1 bbf so that the amount cut in 10 years averages 1.2 bbf.

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

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

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

Agree ____ Disagree ____ Discuss ____

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

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

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

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

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

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

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

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

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

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

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

Agree ✓_______ Disagree __________ Discuss __________

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

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

- promulgation by the Fish and Wildlife Service of a rule loosening restrictions on timber harvests from certain private lands (i.e., "owl circles");

- federal assistance in bringing to the market backlogged timber sales from Indian reservations in the region;[10] and

- the use of a portion of the supply from an aggressive salvage program for forests on the east side of the Cascades to supply west side mills.

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

- redefinition of unprocessed timber to make it more difficult for companies to avoid export limitations by making minor changes to a log;

[illegible]

- ~~encouraging~~ private companies to commit that timber released by removal of owl circles will be processed in domestic mills; and

- increasing the amount of timber that goes into domestic value-added manufacturing, such as by affording a bidding preference to timber purchasers who agree to commit a percentage of their output to domestic value-added manufacturing.[11]

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

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

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

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

Agree ✓ Disagree ________ Discuss ________

III. COMMUNITY AND LABOR ASSISTANCE

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

- **Assistance to workers and families** -- increased availability of monies from the discretionary national reserve account under Title III of the Job Training Partnership Act (JTPA) for job search assistance, retraining, and relocation. The program also calls for a coordinated effort to expand conservation corps activities for young people in the rural Northwest.

- **Assistance to firms and industries** -- increased funding for successful business grant-making and lending programs (currently administered by the Department of Agriculture), expanded technical assistance (through the Department of Commerce), and adjustments in federal procurement practices. The program also calls for increasing the supply of timber to the secondary processing sector of the Northwest timber industry and for eliminating tax incentives for log exports.

- **Assistance to communities** -- stabilization of fiscal assistance to Northwest counties, strengthening of community capacity to plan for economic development and diversification, and improving the infrastructure necessary for such development.

- **New investments in ecosystems** -- investments in watershed maintenance, ecosystem restoration and research, environmental monitoring, and forest stewardship that will improve the condition of the region's ecosystem, create jobs in timber-dependent areas, improve water quality, and increase salmon stocks to avoid salmon listings and improve commercial fishing.

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

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

1. Revision of fiscal assistance to counties

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

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

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

Agree_____ Disagree_____ Discuss_____

2. Elimination of current tax incentives for raw log exports

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

TABLE 2 Funding Level Options

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

PARTIAL LIST OF FEDERAL ASSISTANCE PROPOSED FOR PACIFIC NORTHWEST "OWL REGION"

(in $ millions)

Initiative	FY1994 Base	FY1994 Investment	FY1994 Reprogram & Redirect	Northwest (FSC) Fund	FY1994 Totals	FY93-FY98 Funds beyond Base (Option 2)	Period
JTPA-Title III: Sec'y Reserve	6.2	5.8	0.0	5.0	17.0	32.4	(3 years)
National Service	1.2	0.0	0.0	1.3	2.5	3.8	(3 years)
JTPA-Title III: Formula	14.0	16.0	0.0	0.0	30.0	48.0	(3 years)
-Total: Workers & Families	21.4	21.8	0.0	6.3	49.5	84.2	(3 years)
RDA Bus. Enterprise Grants*	--	1.1	3.0	0.0	4.1	12.3	(3 years)
RDA Bus. & Industry Program	5.5	9.8	20.0	0.0	35.3	89.4	(3 years)
RDA Intermediary Relending**	--	--	16.0	0.0	16.0	48.0	(3 years)
Old Growth Diversification	1.5	0.0	0.0	3.0	4.5	9.0	(3 years)
Manufacturing Extension***	--	--	--	--	--	--	(3 years)
EDA Technical Assistance	0.5	0.0	0.0	1.8	2.3	5.3	(3 years)
SBA Guaranteed Loans	90.0	65.0	0.0	0.0	155.0	195.0	(3 years)
-Total: Businesses	97.5	75.9	39.0	4.8	217.2	359.0	(3 years)
Revenue-Sharing for Counties	200.0	0.0	0.0	0.0	200.0	250.0	(5 years)
EDA Planning Assistance	2.0	0.0	1.5	3.0	6.5	13.5	(3 years)
RDA Community Facilities	5.0	16.6	20.0	0.0	41.6	109.8	(3 years)
RDA Water/Wastewater Program	55.0	17.0	15.0	0.0	87.0	96.0	(3 years)
CDBG Block Grant & Sec. 108	36.6	1.9	0.0	0.0	38.5	5.7	(3 years)
-Total: Communities	262.0	33.6	36.5	3.0	335.1	469.3	(3 years)
Ecosystem Restoration	178.0	19.3	71.1	0.0	268.4	452.0	(5 years)
Enhanced Private Land Managemt.	2.2	2.2	0.0	4.0	8.4	31.0	(5 years)
Understanding Federal Forests	0.0	****	****	2.0	****	10.0	(2 years)
Other Forest Restoration	258.0	12.0	0.0	0.0	270.0	60.0	(5 years)
-Total: Ecosystems	438.2	33.5	71.1	6.0	546.8	553.0	(5 years)
Totals:	$855.7	$166.7	$146.6	$20.0	$1,187.0	$1,471.1	

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

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

Notes:

*FY1994 Base not available.

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

***FY1994 amount awarded competitively.

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

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

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

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

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

Agree___✓___ Disagree_____ Discuss_____

The Size of the Adjustment Package

- **The FY1994 Budget**

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

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

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

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

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

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

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

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

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

Agree ________ Disagree ________ Discuss ✓

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

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

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

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

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

Agree ✓ Disagree _______ Discuss _______

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

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

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

IV. AGENCY COORDINATION

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

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

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

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

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

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

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

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

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

- revision of the budgeting process (1) to decouple funding of agency budgets from timber sales levels, and (2) to allow flexibility in expending funds when and where needed to manage overall ecosystem health, including expenditures for joint projects such as the interagency GIS database;

- amendment of NFMA, FLPMA, and/or relevant regulations to streamline the process for amending land management plans; and

- revision of legislation or regulations governing BLM lands to more specifically emphasize species viability and habitat protection.

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

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

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

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

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

Agree ✓_________ Disagree __________ Discuss __________

ATTACHMENT 1

POLITICAL SITUATION

A. Expectations

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

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

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

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

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

B. Political Context

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

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

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

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

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

INTEREST GROUPS:

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

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

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

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

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

THE WHITE HOUSE

WASHINGTON

June 12, 1993

MEMORANDUM TO THE PRESIDENT

FROM: Marla Romash
Office of the Vice President

SUBJECT: Public Opinion Surveys on Forest Issues

BACKGROUND:

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

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

INDUSTRY POLL:

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

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

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

The industry poll also asked whether people supported "changing the Endangered Species Act to consider the economic and social consequences of protecting a particular species of wildlife." Fifty-seven (57) percent favored, 32 percent opposed. No doubt this question was asked to reinforce their belief that the ESA must be changed. However, in light of the Ancient Forests Alliance poll, another point could be made as well: people want these issues considered in a comprehensive way; they understand this is about more than the spotted owl.

ANCIENT FOREST ALLIANCE POLL

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

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

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

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

The Clinton plan was described:

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

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

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

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

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

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

The poll provides other information as well:

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

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

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

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

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

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

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

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

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

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

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

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

THE WHITE HOUSE

WASHINGTON

June 19, 1993

MR. PRESIDENT:

This was previously provided to you.

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA
TODD STERN

SUBJECT: FOREST CONFERENCE MEMO

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

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

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

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

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THE WHITE HOUSE

WASHINGTON

June 18, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: **FOREST CONFERENCE EXECUTIVE COMMITTEE**[1]

VIA: **KATIE MCGINTY**

SUBJECT: **FOREST CONFERENCE**

I. OVERVIEW

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

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

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

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

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

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

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

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

II. FOREST MANAGEMENT PLAN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Most options that achieve compliance with the legal requirements[5] produce less than 1 bbf of timber on a sustainable

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

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

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

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

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

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the ESA and NFMA as they relate to federal land.

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

TABLE 1

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

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

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

- **Option 6** has higher viability ratings than the unified reserve option but produces substantially less timber (.9 bbf).

- **Option 8** would achieve higher timber outputs (1.4 bbf) than the unified reserve option or Option 6 because stream buffers are substantially narrower and because it relaxes forest cover requirements outside of forest reserves. However, it has viability ratings for marbled murrelets and at-risk fish (medium low) that prevent it from meeting legal standards.

- **Option 10** provides 1.1 bbf of timber by relaxing forest cover requirements outside of forest reserves but maintaining the same buffers as Option 6. It achieves viability ratings comparable to, but slightly lower than, the similar numbers for the unified reserve option.

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

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

Agree ________ Disagree ________ Discuss ________

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

Implementation Issues.

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

The precise numbers for a phase-in are to be determined. If the average annual target for the option selected is 1.2 bbf, we would try to structure the phase-in so that the first year harvest is at 2 bbf[8] and the amount declines each year thereafter. Depending on the rate of descent, by the fourth or fifth year, the sales would have to drop to about 1 bbf so that the amount cut in 10 years averages 1.2 bbf.

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

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

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

Agree ________ Disagree ________ Discuss ________

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

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

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

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

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

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

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

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

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

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

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

Agree ________ Disagree ________ Discuss ________

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

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

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

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

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

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

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

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

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

Agree ________ Disagree ________ Discuss ________

III. COMMUNITY AND LABOR ASSISTANCE

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

- **Assistance to workers and families** -- increased availability of monies from the discretionary national reserve account under Title III of the Job Training Partnership Act (JTPA) for job search assistance, retraining, and relocation. The program also calls for a coordinated effort to expand conservation corps activities for young people in the rural Northwest.

- **Assistance to firms and industries** -- increased funding for successful business grant-making and lending programs (currently administered by the Department of Agriculture), expanded technical assistance (through the Department of Commerce), and adjustments in federal procurement practices. The program also calls for increasing the supply of timber to the secondary processing sector of the Northwest timber industry and for eliminating tax incentives for log exports.

- **Assistance to communities** -- stabilization of fiscal assistance to Northwest counties, strengthening of community capacity to plan for economic development and diversification, and improving the infrastructure necessary for such development.

- **New investments in ecosystems** -- investments in watershed maintenance, ecosystem restoration and research, environmental monitoring, and forest stewardship that will improve the condition of the region's ecosystem, create jobs in timber-dependent areas, improve water quality, and increase salmon stocks to avoid salmon listings and improve commercial fishing.

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

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

1. Revision of fiscal assistance to counties

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

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

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

Agree_____ Disagree_____ Discuss_____

2. Elimination of current tax incentives for raw log exports

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

TABLE 2 Funding Level Options

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

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

Initiative	FY1994 Base	FY1994 Investment	FY1994 Reprogram & Redirect	Northwest (FSC) Fund	FY1994 Totals	FY93-FY98 Funds beyond Base (Option 2)	Period
JTPA-Title III: Sec'y Reserve	6.2	5.8	0.0	5.0	17.0	32.4	(3 years)
National Service	1.2	0.0	0.0	1.3	2.5	3.8	(3 years)
JTPA-Title III: Formula	14.0	16.0	0.0	0.0	30.0	48.0	(3 years)
--Total: Workers & Families	21.4	21.8	0.0	6.3	49.5	84.2	(3 years)
RDA Bus. Enterprise Grants*	--	1.1	3.0	0.0	4.1	12.3	(3 years)
RDA Bus. & Industry Program	5.5	9.8	20.0	0.0	35.3	89.4	(3 years)
RDA Intermediary Relending**	--	--	16.0	0.0	16.0	48.0	(3 years)
Old Growth Diversification	1.5	0.0	0.0	3.0	4.5	9.0	(3 years)
Manufacturing Extension***	--	--	--	--	--	--	(3 years)
EDA Technical Assistance	0.5	0.0	0.0	1.8	2.3	5.3	(3 years)
SBA Guaranteed Loans	90.0	65.0	0.0	0.0	155.0	195.0	(3 years)
--Total: Businesses	97.5	75.9	39.0	4.8	217.2	359.0	(3 years)
Revenue-Sharing for Counties	200.0	0.0	0.0	0.0	200.0	250.0	(5 years)
EDA Planning Assistance	2.0	0.0	1.5	3.0	6.5	13.5	(3 years)
RDA Community Facilities	5.0	16.6	20.0	0.0	41.6	109.8	(3 years)
RDA Water/Wastewater Program	55.0	17.0	15.0	0.0	87.0	96.0	(3 years)
CDBG Block Grant & Sec. 108	36.6	1.9	0.0	0.0	38.5	5.7	(3 years)
--Total: Communities	262.0	33.6	36.5	3.0	335.1	469.3	(3 years)
Ecosystem Restoration	178.0	19.3	71.1	0.0	268.4	452.0	(5 years)
Enhanced Private Land Managemt.	2.2	2.2	0.0	4.0	8.4	31.0	(5 years)
Understanding Federal Forests	0.0	****	****	2.0	****	10.0	(2 years)
Other Forest Restoration	258.0	12.0	0.0	0.0	270.0	60.0	(5 years)
--Total: Ecosystems	438.2	33.5	71.1	6.0	546.8	553.0	(5 years)
Totals:	$855.7	$166.7	$146.6	$20.0	$1,187.0	$1,471.1	

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

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

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

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

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

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

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

Agree_____ Disagree_____ Discuss_____

The Size of the Adjustment Package

- **The FY1994 Budget**

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

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

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

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

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

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

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

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

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

Agree ________ Disagree ________ Discuss ________

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

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

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

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

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

Agree ________ Disagree ________ Discuss ________

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

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

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

IV. AGENCY COORDINATION

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

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

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

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

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

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

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

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

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

- revision of the budgeting process (1) to decouple funding of agency budgets from timber sales levels, and (2) to allow flexibility in expending funds when and where needed to manage overall ecosystem health, including expenditures for joint projects such as the interagency GIS database;

- amendment of NFMA, FLPMA, and/or relevant regulations to streamline the process for amending land management plans; and

- revision of legislation or regulations governing BLM lands to more specifically emphasize species viability and habitat protection.

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

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

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

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

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

Agree ________ Disagree __________ Discuss ________

ATTACHMENT 1

POLITICAL SITUATION

A. Expectations

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

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

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

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

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

B. Political Context

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

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

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

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

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

INTEREST GROUPS:

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

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

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

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

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

THE WHITE HOUSE

WASHINGTON

June 12, 1993

MEMORANDUM TO THE PRESIDENT

FROM: Marla Romash
Office of the Vice President

SUBJECT: Public Opinion Surveys on Forest Issues

BACKGROUND:

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

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

INDUSTRY POLL:

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

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

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

The industry poll also asked whether people supported "changing the Endangered Species Act to consider the economic and social consequences of protecting a particular species of wildlife." Fifty-seven (57) percent favored, 32 percent opposed. No doubt this question was asked to reinforce their belief that the ESA must be changed. However, in light of the Ancient Forests Alliance poll, another point could be made as well: people want these issues considered in a comprehensive way; they understand this is about more than the spotted owl.

ANCIENT FOREST ALLIANCE POLL

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

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

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

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

The Clinton plan was described:

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

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

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

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

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

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

The poll provides other information as well:

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

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

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

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

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

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

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

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

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

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

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

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

[illegible]

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 6/28

NOTE FOR: Carol Rasco

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

Information ☐

Action ☑

[redacted]

Thank you.

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

[redacted]

cc: Howard Paster

THE PRESIDENT HAS SEEN
6.28.93

Carol
we can try to
do this in conference

June 7, 1993

Bruce
Eileen
Carol
Stan
Hamilton
Gary

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

SUBJECT: MONEY FOR WELFARE REFORM

Here is a proposal you can put to Moynihan as proof of your commitment to welfare reform: Increase funding for the JOBS program by $250 million in both FY94 and FY95, as a way to raise the federal matching rate of 85% in states that begin early implementation of time-limited welfare.

According to his staff, Moynihan has two goals for welfare reform, which you share: 1) increase the federal match for JOBS so that states can afford to implement the Family Support Act; and 2) move toward a system of time-limited welfare. This proposal would enable us to waive the current cost-neutrality rules for demonstrations in states that want to move toward time-limited welfare.

This proposal should pass muster with the Byrd rule, which is being interpreted to allow expansion of an existing program. It would also please the governors, particularly in industrial states where the current federal match is only about 60%. A temporary adjustment in the JOBS matching rate was included in the tax bill Bush vetoed last year (although that provision did not address time-limited welfare). In the meantime, the AFDC caseload has grown to record levels, passing the 5 million mark.

If you raise this idea with Moynihan, you may have to persuade him that it isn't just a token effort on our part, but an important downpayment on welfare reform that will significantly improve the prospects of getting the sweeping reform plan we'll propose late this year. This isn't a substitute for ending welfare as we know it; it's a way both to build on the Family Support Act and to underscore that welfare reform is a make-or-break element of this Administration's agenda.

June 7, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

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PRINCIPLES FOR RECONICILIATION

On February 17, 1993 the President offered a comprehensive economic plan to create 8 million new jobs and a revitalized, high wage, high growth economy. The principles we will fight to keep in the final economic bill that passes reconciliation are as follows:

DEFICIT REDUCTION FOR ECONOMIC GROWTH: In order to get back on a path to longterm economic growth, we will fight to ensure that our package has $500 billion in deficit reduction -- the largest deficit reduction package ever.

IMMEDIATE, SUBSTANTIAL AND FAIR SPENDING CUTS: We will continue to fight for all of the $250 billion of spending cuts in our program and we will always be willing to cut more that deserves to be cut. But we will not make cuts that punish the elderly through excessive Medicare, Social Security cuts, or through callously sacrificing the health interests of our most vulnerable children or by ruining any reasonable chance to provide health security for every American.

FAIRNESS: Any taxes needed to reach the President's deficit reduction plan must continue to be raised in a way that is fair to average working families. At least 75% of the taxes must come from families making over $100,000. Furthermore, we cannot rely on tax increase that are unfair to specific regions or rural areas, such as a major increase in the gas tax.

PRO-INVESTMENT AND PRO-WORK: No change should weaken the pro-investment, pro-family and pro-work povisions in the bill. Therefore, the bill must include key tax incentives that help small business create jobs ($25,000 expensing and venture capital gains provisions), spur economic development in depressed communities (Empowerment Zones), that reward work and ensure that families that work full-time do no live in poverty (Earned Income Tax Credit), while maintaining such vital investments in children and families as immunization and family preservation and hunger relief.

Chance to Alter Conservative Judiciary Beckons, But Seats on Federal Benches Remain Unfilled

By PAUL M. BARRETT
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—Ruth Bader Ginsburg not only holds the distinction of being President Clinton's first Supreme Court nomination – she's his first nomination to any federal bench.

Five months after taking office, Mr. Clinton has failed to fill even one of the 123 vacancies—15% of the total—on the federal appellate and district court benches around the country. So far, the only judgeship he has filled is one on the District of Columbia Superior Court, which handles day-to-day criminal and civil matters in the nation's capital.

All those vacancies represent a giant opportunity to stem the court's rightward tide after 12 years of Republican appointments. The Bush and Reagan administrations put an entire generation of conservative lawyers in black robes, filling more than two-thirds of the federal system's 846 trial and appellate judgeships. This conservative cadre has made life more difficult for elements of the Clinton constituency in areas such as civil rights, environmental regulation and sex discrimination.

The delay worries liberal court-watchers. If Mr. Clinton "fails to move quickly," says Nan Aron of the liberal Alliance for Justice, "a conservative-dominated bench may frustrate his ambitious agenda." Members of the Senate Judiciary Committee also are concerned. "It is disappointing that we are sitting here in the middle of June with not a single judicial nomination having been sent to this committee," Chairman Joseph Biden of Delaware said at a hearing last week.

White House Counsel Bernard Nussbaum blames some of the delay on the 88-day Supreme Court search, as well as problems getting key people in place: The official designated to oversee judge-picking at the Justice Department, Eleanor Dean Acheson, had her confirmation hearing only last week, after a hold-up caused in part by concern over her past membership in an all-white country club.

Clinton's Personal Involvement

But another factor is the desire of Mr. Clinton, a former constitutional law professor at the University of Arkansas, to be personally involved in approving judges—something his Republican predecessors left entirely to aides. The president's sporadic participation in discussions about the lower courts has slowed the selection process, much as it did the Supreme Court search.

Senate Democrats are also part of the problem. Senators of the same party as the president by tradition make recommendations for district court judges in their states. Some Democrats are out of practice and are only now beginning to send candidates' names to the administration, according to White House aides.

Mr. Nussbaum vows that "once we begin announcing judicial appointments in July, we will be doing that on a continual basis." He promises to have all the vacancies filled by the middle of next year, adding, "if we do that, that will be an all-time record."

Many are skeptical, though. "That promise is just as good as any other promise made by this administration," says William Schwarzer, director of the Federal Judicial Center, the judiciary's education and research arm. "It would be a miracle if they get anybody confirmed this year." In addition, since about 50 judgeships come open annually because of deaths and retirements, Mr. Clinton will likely be scrambling to catch up for the foreseeable future.

Mr. Clinton, to be sure, isn't alone in failing to capitalize on lower-court vacancies. President Bush appointed only 15 judges in his first year, and his administration's lethargy was chiefly responsible for allowing so many openings to remain unfilled for so long. Mr. Bush never took full advantage of 85 new judgeships that Congress created in December 1990; dozens of those remain unfilled.

Conservative Stamp

Still, the Bush and Reagan administrations together left a distinctly conservative stamp on the federal bench. For example, Republican appointees now have majorities on all of the federal system's 13 regional courts of appeal.

"You'd think [the Clinton administration] would want to get going," addressing the imbalance, says U.S. District Judge Lucius Bunton, a Carter appointee based in Midland, Texas. Apart from politics, the vacancies are exacerbating delays in civil trials that stretch to three years or more in some parts of the country.

"It's kind of frustrating out here," says Judge Bunton, who officially went on semiretired status when he turned 68 last December, but hasn't been able to reduce his workload because three of the 10 judgeships in western Texas are vacant.

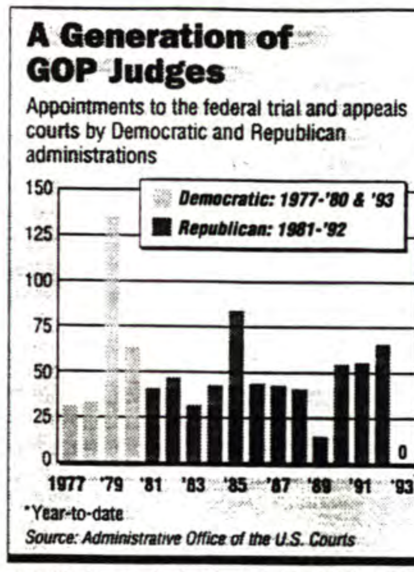
With hearings on Judge Ginsburg's nomination scheduled for late next month, followed by the Senate's August recess, the Judiciary Committee won't begin serious work on lower-court nominees until fall at the earliest. Sen. Biden, the committee's chairman, has suggested that the White House not dump dozens of names on the committee at once, but instead send them up a few at a time so that Senate staffers of both parties aren't overwhelmed.

The committee's ranking Republican, Sen. Orrin Hatch of Utah, has signaled that he is willing to cooperate, as long as the White House doesn't send up "controversial candidates." One such potential Clinton nominee who would provoke a fight is Laurence Tribe, an outspoken liberal professor at Harvard Law School whose opposition to the 1987 Supreme Court nomination of Robert Bork still evokes bitterness among many Republicans.

Outside conservative legal activists, meanwhile, are salivating over the prospect of attacking Clinton appointees in order to avenge Mr. Bork and other conservative judicial nominees shot down by liberals during the Reagan-Bush years.

"We intend to force [Mr. Clinton] to expend the maximum political capital on his nominees," says Clint Bolick, who galvanized opposition to Lani Guinier's failed appointment to the Justice Department's top civil rights job. Paul Weyrich's Free Congress Foundation, which was a key player in the behind-the-scenes battle over the confirmation of Justice Clarence Thomas, now claims 100 regional affiliates for its satellite-television network and is devoting an increasing amount of programming to warnings about a liberal retaking of the judiciary. The idea, according to Thomas Jipping, Free Congress's chief legal strategist, is to make senators' votes for liberal judicial nominees a significant issue in re-election campaigns in 1994 and 1996.

Modifying the cadence of homosexual-rights protest chants, Mr. Jipping says that the message to the White House is: "We're here. We're in your face. Get used to it."



*Year-to-date
Source: Administrative Office of the U.S. Courts

THE PRESIDENT HAS SEEN
6-28-93

Mack/BC
we must get on this — I gather you think we're not to blame — They think we are — it's about time they & we're nominating no one [illegible]

60

THE WHITE HOUSE
WASHINGTON

DATE: 6/28

NOTE FOR: Tony Lake, Bob Rubin

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

Information ☑

Action ☐

Will you forward the President's comments to Mickey?

Thank you.

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

cc:

THE PRESIDENT HAS SEEN
~~CONFIDENTIAL~~

6.28.93

4578

This is a lot to
load on at this time -
Whatever we've gone
we have to be careful
to New PUB - / we are
we do this -

THE WHITE HOUSE

WASHINGTON

93 JUN 28 A10:2

June 28, 1993

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE AND ROBERT RUBIN

SUBJECT: Memorandum from Ambassador Kantor on Retaliation Against Canada for Beer Import Practices

THE WHITE HOUSE
WASHINGTON

DATE: 06/28/93

TO: CAROL RASCO

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

I would like to forward this to the President. Do you have any problems with it? Please let me know.

Thanks.

UNITED STATES DEPARTMENT OF EDUCATION

THE DEPUTY SECRETARY

93 JUN 28 P3:13

June 23, 1993

MEMORANDUM

TO: President and Mrs. Bill Clinton

FROM: Madeleine M. Kunin MMK

SUBJECT: National Commission on Violence Prevention

I would like to suggest that you appoint a national commission on the Prevention of Violence to examine the causes of violence in the family, the school, and the community.

I know of no other question that grips Americans more powerfully than the growing pervasiveness of violence in our society. It affects our sense of security and erodes our optimism.

I understand that you may question the effectiveness of such a commission. In this case, I believe a commission would not be seen as an excuse for inaction, but rather as a serious effort to probe a disturbing phenomenon and thereby, shed light, as well as help direct future public policy. It would demonstrate that the President is sensitive to our deepest concerns.

Establishing some of the causes of violence will not be an easy task, but the process of initiating an open discussion will permit the administration to emphasize the importance of family and community. I believe the public wants to know that the President and other public figures share their fears and will do everything in their power to strengthen their sense of security.

The increased incidents of violence reveal that the center is not holding, that society is more frayed than we would like to believe. As a result, I believe there is a strong desire to find ways in which we can reweave the social fabric.

I suggest that the Commission be chaired by Attorney General Janet Reno, or Marion Wright Edelman.

Participants should include some members of the cabinet, such as Justice, Education and Health and Human Services, Tipper Gore, as well as parents, women's groups, civil rights groups, academicians, theologians and philosophers. For example, Michael Lerner of Tikkun would make an excellent contribution.

I greatly appreciate your consideration of this suggestion and would be pleased to explore it further if you so desire.

cc: Richard Riley
Mike Smith
Ray Cortines

all nine Republicans. The bill now goes to the Senate floor, but the real test looms later this summer, when Mr. Clinton, who has stayed neutral over the House and Senate versions of his own bill, tries to hold his fragile Democratic coalition together as lawmakers attempt to meld the Senate bill with the House one. The Senate bill relies on deeper cuts in benefit programs like Medicare and Social Security, and raises revenue with a gasoline tax, while the House version depends heavily on a tax on the heat content of all fuels, as measured in British

he's heading.

The Republicans are also in an awkward situation. Surely, many of them must think Mr. Clinton is going in the right direction — the only direction available — even if they don't approve of every turn. But they can't afford politically to give him credit for it. That is why they snipe at details of his program, but don't offer any alternatives. Said Senate Majority Leader George Mitchell: "After a fog of rhetoric, after speech after speech after speech by our Republican colleagues about the need to

When it comes to change, Mr. Clinton has not confined himself to domestic affairs. It became clearer last week how far he has tilted the balance between foreign and domestic policy in favor of the domestic. This too is driven by the public's sense that the nation is overextended and overburdened. Last week, the British news magazine The Economist dubbed Mr. Clinton "The Reluctant Sheriff." It is a moniker he seemed to earn when, during one of his news conferences, he was asked

between ... nation th... take cove...

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THE PRESIDENT HAS SEEN
6/28

B Rubin
Dealing w/ this will become critical + NAFTA passes — many think NAFTA = more drugs from Mexico into US
B

The Enemy Within

Mexico's Drug Habit Is Giving It Shivers

By TIM GOLDEN

MEXICO CITY

AFTER the first car bombs exploded last year in one of the dusty capitals of Mexico's drug trade, and after traffickers started attacking one another in resort towns like Puerto Vallarta and Cancún, a strange word began to gain currency here. People spoke of "colombianización." Then the gunmen of drug gangs shot a Roman Catholic Cardinal 14 times in a battle outside a busy airport last month, and the fear was no longer so abstract: Were the traffickers not starting to menace Mexican society, people asked, the way the cocaine suppliers in Colombia menace theirs?

The investigation into the killings of Juan Jesús Cardinal Posadas Ocampo, his driver and five other people in Guadalajara has again exposed a significant difference between the two countries. The greater threat to Mexico, it would seem, is not a war against the state waged by drug lords, Colombian style. It is that collusion with traffickers by elements of the state may run so deep, much deeper even than in Colombia, as to be beyond the Government's reach.

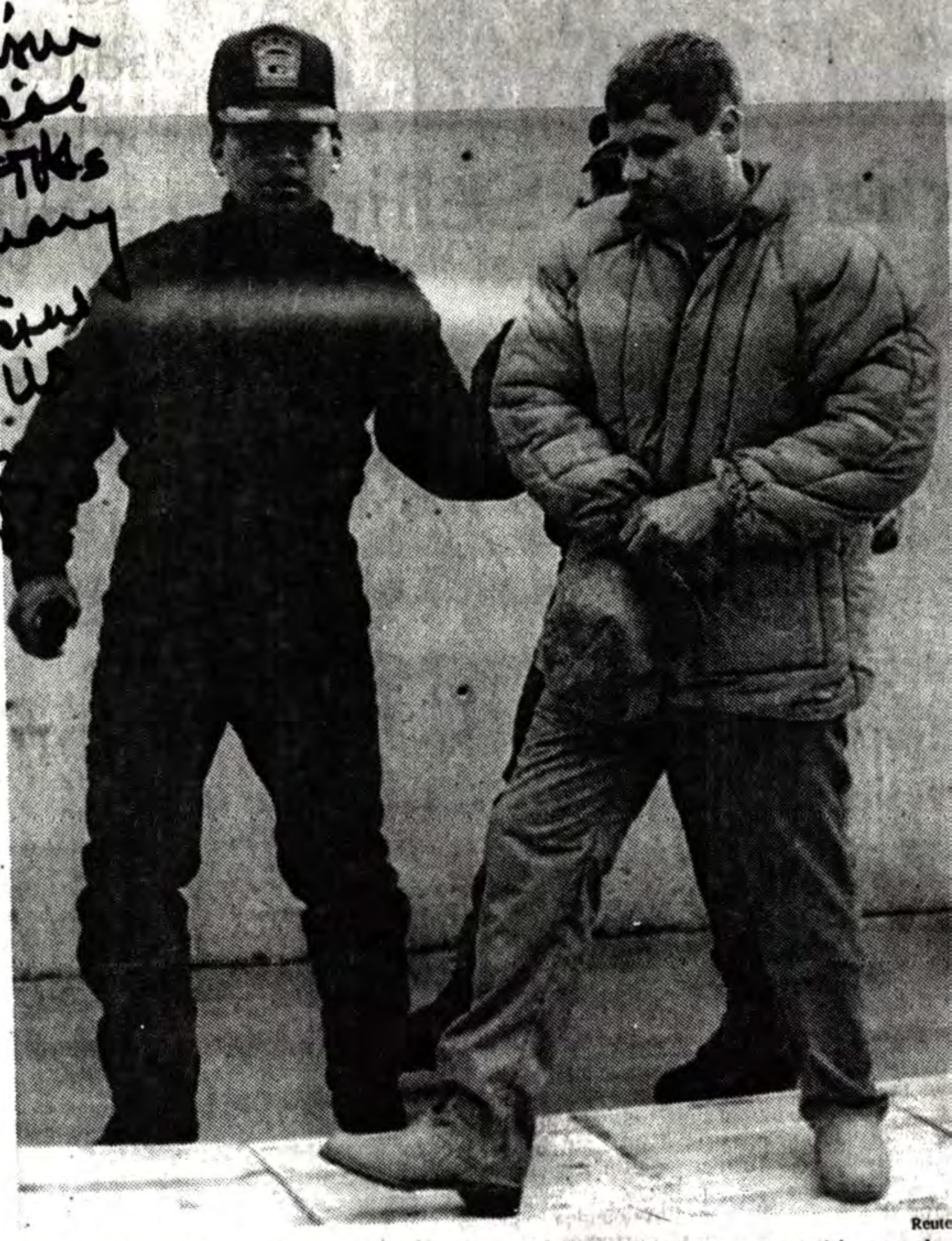
To outraged countrymen, the Government of President Carlos Salinas de Gortari vowed that neither the killings nor the wider corruption they exposed would go unpunished. The intended target of the Guadalajara attack, Joaquín (El Chapo, or Shorty) Guzmán Loera, probably the most powerful trafficker in Mexico, was seized in Guatemala on June 9. Last week the Attorney General dismissed 67 federal agents, waiving his usual insistence on proof of criminal involvement and thereby giving new weight to mere suspicion. A new anti-drug force was ordered formed.

Despite the flurry of new effort, however, Mr. Salinas may continue to be haunted by an official ambivalence toward the drug trade that has lasted long after he promised to make the lives of Mexico's traffickers miserable. Barely a year before the next presidential election, the credibility of his long-ruling party has plummeted again. Mexico may not be sliding toward Colombia, but its rising violence may threaten Mr. Salinas's dream of pulling Mexico up from Latin America, of signing a free-trade agreement with Canada and the United States, of eventually finding it a way from the third world to the first.

The White House has offered little more than praise for Mexico's efforts, in contrast with criticism vented the last time Mexican traffickers claimed such a prominent victim — the 1985 slaying of Enrique Camarena Salazar, an American drug agent.

On Capitol Hill, however, Mexico's rising violence and concerns that its traffickers might exploit freer trade between the two countries have stoked an old mistrust. And it is in Congress where the fate of the still-unratified North American Free Trade

Continued on page 6



Reuters

The Mexican drug trafficker Joaquín Guzmán Loera after his arrest this month.

Mexico's Drug Habit An Enemy Within

Continued from page 1

Agreement will be decided this fall.

Two aides to Mr. Salinas described him as "furious" that the Cardinal had been killed, and at such a bad time. In private, such officials often argue that their governance is in part a matter of containing a dark, corrupt and violent old order that they hope to eventually bleed of power. But until recently, they have been freer about stating their lack of control over, say, the political bosses who try to rig elections. They have tended to play down a threat to law, order and foreign investment from the rogue police who kidnap executives and conspire with traffickers.

The sensitivity of the drug issue in Mexico's relationship with the United States sometimes gets lost in the warm spirit of cooperation that has obtained in recent years. A commitment to fight drugs was central to Mr. Salinas's strategy for closer economic and political ties with the United States. It meant new programs to share drug intelligence, a sharp rise in seizures and eradication, and the capture in 1989 of Miguel Angel Félix Gallardo, then the country's leading cocaine trafficker, who has been linked to Mr. Camarena's killing.

In recent years, cocaine seizures and the destruction of marijuana and opium poppy fields have continued apace. But there have also been indications that while the Government struck at trafficking with one hand, it held the other behind its back. Mr. Salinas chose as his first Attorney General the man who governed Jalisco state when Mr. Camarena was slain there; at the time, the state was described by American officials as a cesspool of corruption. In addition, one drug-control chief appointed under Mr. Salinas is now a fugitive, and officials say he was the traffickers' most important ally on the force.

Until last month, Mexico had seemed to suffer its drug business relatively lightly by South American standards. Its innocents have died in small handfuls, not by the score. Its judges and prosecutors were targeted for retribution relatively infrequently. Because the Mexican traf-

New violence may threaten Mexico's goal of rising from the third world.

fickers are primarily in the cocaine-smuggling business, they generally have less territory to protect than do their suppliers, and less need to buy off politicians along with the police.

Traffickers like Mr. Félix Gallardo also seemed to play by rules. Though he is said by drug agents to have bought the protection of scores of police officers and politicians, he has kept such information to himself even after his jailing. And drug-related violence has generally been a private, almost discreet affair — that is, until the recent escalation of a war pitting Mr. Félix Gallardo's group and that of his Tijuana-based allies, the four Arrellano Félix brothers, against the mafia headed by Mr. Guzmán.

Until last fall, no other top traffickers followed Mr. Félix Gallardo into jail. And before his recent transfer to more secure quarters, Mr. Félix Gallardo continued to administer his vast empire from a prison office equipped with a fax machine and cellular telephones. Mr. Guzmán's capture this month only revived the question of why Mexican officials are sometimes so smashingly able to strike at traffickers, and most of the time not.

To rebut such questions, Mr. Salinas's second Attorney General, Ignacio Morales Lechuga, kept a running list of the hundreds of agents and prosecutors he dismissed. He liked to replace the old cops with bright young lawyers like Rodrigo Esparza Cristerna, a star of the force who rose quickly to become its chief officer in Sinaloa state, the unofficial headquarters of Mr. Guzmán's cartel.

In January, Mr. Morales Lechuga was sent off to Paris as the Mexican Ambassador for reasons yet to be made clear. Mr. Cristerna was fired last week on suspicion of involvement with traffickers, just a few months after he had given reporters an impassioned speech on the new breed in the Attorney General's office.

Of Mr. Morales Lechuga's contention that big drug seizures by his police officers were the proof of headway against corruption, one of the new senior officials said this: "They receive money from one group of traffickers and they cannot act against people from that group. But they have their hands free to arrest people from other groups."

The new Attorney General, Jorge Carpizo MacGregor, has yet to fully answer many questions about the shooting of the Cardinal, including why authorities so vigorously hunted down Mr. Guzmán but have yet to locate his would-be attackers, the Arrellano Félix brothers. But mindful of the Government's credibility problem, he seems to have been candid about the challenges before him. After the Cardinal's death, he conceded he was "surrounded by traitors."

GS/Gearan/Grams
FG1-B

THE PRESIDENT HAS SEEN
6/27

MEMORANDUM

June 11, 1993

TO: Hillary Rodham Clinton

FROM: Garry Mauro Garry Mauro

SUBJECT: Observations Regarding the Budget/Deficit Reduction Process

Until I spent the past thirty days traveling the State of Texas for Bob Krueger, I was convinced that the media furor over the budget was a perception problem that could be solved by a clearer focus and by making a few personnel changes in the White House staff. I am now convinced that the problem is much deeper and requires drastic action. I have waited a week since Krueger's defeat to make sure that I was not overreacting to a friend's defeat by looking for other causes and other places to fix blame.

Let me first make clear that many things contributed to Bob's defeat, not the least of which were his personal inability to focus the issues and a very poorly run campaign.

Throughout the campaign the voters were preoccupied with the spending cuts versus tax increases debate. And the overwhelming majority came down clearly on the spending-cuts-first side. As a result, when a mediocre candidate focused the campaign on sending the President a message that "<u>It's spending, stupid!</u>" the result was a major break in Hutchinson's direction.

For 25 years, the American public has been conditioned to see us Democrats as the tax-and-spend liberals. Bill Clinton convinced them to take a chance on a change with a New Democrat. After the instant gratification years of the Republican Administrations, people expected dramatic changes after the President was elected and they expected those changes soon.

Instead, the perception is that spending is not really being cut <u>and</u> taxes are being raised on the middle class in direct contravention of the President's campaign rhetoric. I am convinced that our own constituents, the Democrats in small towns and big cities alike (and believe me, the people who were turning out for Krueger rallies were the hard-core Democrats!) want to see major <u>visible</u> spending cuts upfront before any discussion of tax increases. They are conditioned to believe that government is bloated and inefficient and that "waste, fraud and abuse" still run rampant in Washington. Unless the President vigorously (and maybe even demogogically, if necessary) takes on visible spending cuts (e.g. elimination of entire programs, agencies, projects, etc.) the tax-and-spend moniker will over-shadow everything else he tries to do.

He must focus on spending cuts in a serious way and he must do it quickly. Otherwise, our own base will not support his programs. I believe people are ready for pain but the pain must be seen as hitting Washington and government first. Symbolism is very important. Sacrifice is required, must be visible and must start in Washington.

For whatever it's worth.

cc: Bill Burton
Jose Villareal

C

THE PRESIDENT HAS SEEN
6/28

BACK-ROOM DEALS WON'T DO IT fyi

Clinton Must Go To the People

BERNARD SANDERS

As Vermont's lone Representative, and as the only Independent in the House, I am convinced that Congress cannot lead us out of the economic morass of the past twenty years. After all, it was Congress, with many of the same players, that shaped and approved the failed economic policies of the past four administrations. If our economy is to be revitalized, if hope for the future is to be rekindled in the hearts of ordinary Americans, President Clinton must become the boldest leader of modern times. The politics of yesterday, the back-room deals with Congressional leaders, will not work. Clinton must get out of Washington and rally the American people against the greed and self-interest of a ruling elite that is causing massive suffering for tens of millions of working people.

The current economic realities that the President must confront are grim and almost overwhelming:

§ Twenty years ago the United States led the world in terms of the standard of living we provided our workers. Today, we're in thirteenth place—far behind in wages, benefits, health care, pensions, paid vacation days and educational opportunities. The real wages of American production workers have declined by 20 percent since 1973, and the standard of living for four out of five American families went down during the 1980s.

§ There has been a massive shift in wealth in the past ten years from the poor and the working class to the rich. According to a 1992 Federal Reserve study, the wealthiest 1 percent of the population now owns 37 percent of the wealth, while the bottom 90 percent owns only 31 percent of the wealth. The annual *Business Week* survey reveals that during the last year alone the C.E.O.s of the major corporations saw a 56 percent increase in their incomes while workers' incomes remained stagnant. The study found that C.E.O.s in America now earn 157 times what a factory worker earns—the greatest gap in the industrialized world.

§ Many of the new jobs being created are temporary, low-wage, no-benefit positions. Already, one in three American workers is a "contingent" worker—part-time or temporary. The ranks of contingent workers are growing so rapidly that some estimate they will outnumber permanent, full-time workers within the next ten years.

§ More and more Americans are free-falling into an economic abyss. At least 2 million Americans are homeless; 22 percent of our children live in poverty, including 5 million who are hungry; 37 million Americans lack any health insurance; and more and more workers earn subpoverty wages.

It is almost humorous how, at the end of each month, the

Bernard Sanders was first elected to the House of Representatives in 1990.

Ph.D. economists and TV talking heads analyze the latest economic indicators, attempting to determine whether or not we are out of the recession and "in recovery." Meanwhile, the workers in my state, and working people throughout the country, know the simple truth. They know the economy has deep structural problems. They also know we're going to need radical changes in national economic policy if we are to reverse the current ominous trends. What sort of economic policy can, in the short run, improve life for millions of Americans? The following are some immediate measures that President Clinton should fight for in Congress:

Congress is ready to do the right thing—when tens of millions of Americans demand it.

(1) A new jobs bill, stronger than the one defeated by Republican senators. Clinton's bill would have created more than 1 million permanent and summer jobs by investing $19 billion in infrastructure, the environment, the needs of our children and higher education. We need legislation that would create at least 3 million jobs by addressing the long-term neglect and misery that Reaganomics has left us. The people of this country must see, in their own communities and with their own eyes, that government can play a significant role in improving their lives. Japan, a nation with a gross national product almost half ours, is creating millions of jobs by investing more than $100 billion in its infrastructure.

If the Republicans choose to bring government to a halt by filibustering a real jobs bill, the President must, as F.D.R. did sixty years ago, rally the workers of the nation to support his effort. Clinton will not succeed by winning the support of Bob Dole. That's a formula for failure. He will succeed only when he gets back into his bus, goes into the streets of America and rallies tens of millions of workers—black, white, Latino and Asian, male and female, urban and rural—so that they fully understand what is at stake and what the struggle is all about. Clinton is opposed in Congress not only by the Republicans but by the powerful right wing of his own party. Congress is ready to do the right thing—but only when tens of millions of Americans demand it. Clinton must create that demand.

(2) A raise in the minimum wage to $5.50 an hour. The minimum wage today does not provide a minimum level of dignity for workers, as was intended when it was established in 1938. Rather, it is a starvation wage that, since 1980, has declined in purchasing power by 23 percent. Every American worker should be entitled to a wage that keeps him/her out of poverty.

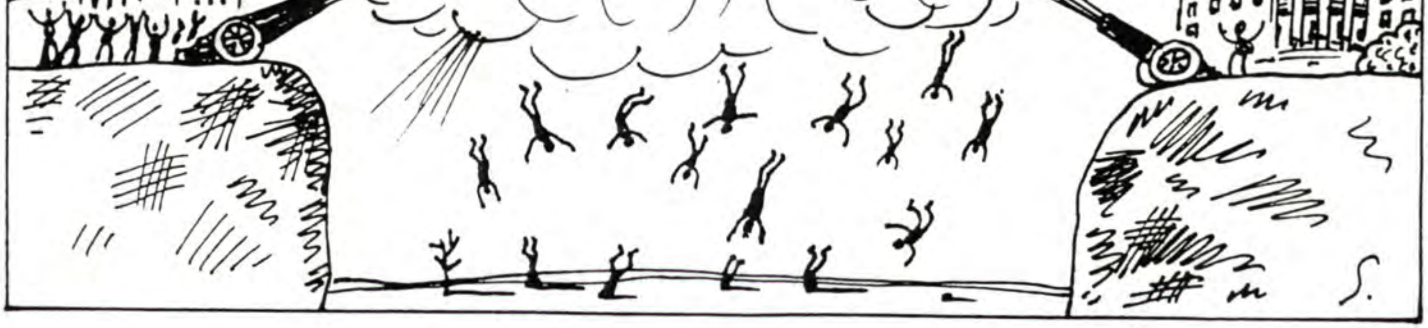
(3) A single-payer, state-administered national health care system that guarantees comprehensive health care to all. It is absurd to be talking about spending tens of billions more on health care when we already spend far more per capita than any other nation. If the Canadians can provide high-quality health care for all their people, at considerably less cost per capita, we can do so as well.

(4) Labor law reform legislation that makes it easier for workers to join unions. Today employers harass labor organizers, intimidate workers during the certification process and refuse to negotiate a first contract. There will be no real improvement in the lives of workers until the trade union movement is revitalized.

(5) Real tax reform, which asks the wealthy to start paying their fair share. By proposing to raise the top tax bracket from 31 percent to 36 percent, and by adding a surtax on incomes above $250,000, Clinton is moving in the right direction. Given the huge tax breaks enjoyed by the rich over the past decade, however, he should be going much further.

President Clinton's current political problems are directly related to his overall political philosophy. As a moderate New Democrat, he is not prepared to take on the class issues boldly and clearly and rally working-class support to his side.

The truth is that he cannot stir up ordinary Americans to demand health care reform if he is not prepared to take on the private insurance companies that are the major source of



waste and inefficiency in our system—and that are preventing us from moving toward a real national health care system.

He can't excite ordinary Americans about "tax fairness" when his Administration is proposing or considering regressive taxes such as the gasoline tax and a value added tax, as well as increased taxes on middle-income Social Security recipients and on health care benefits.

He can't rally public support for deficit reduction while making only minimal cuts in military spending, maintaining the present level of funding of the C.I.A. and continuing to support the superconducting supercollider, the space station and Star Wars.

Bill Clinton won the 1992 election with 43 percent of the vote; 45 percent of the people (mostly poor) didn't bother going to the polls. If present trends continue, he will either be a one-term President or win unenthusiastic re-election in 1996 as the "lesser of three evils." (Already, in Vermont I hear many people who voted for Clinton, and who still see him as far preferable to George Bush, wonder what kind of "change" he will really bring.)

It seems to me that if Clinton is to become a great leader (and he has the intelligence and energy to do so) and bring about the changes that tens of millions of Americans desire, he must soon make a very fundamental decision. Either he will continue to propose uninspired legislation that gains the support of the Rostenkowskis, the Borens and the moderate Republicans in Congress, or he will take the case for real change to the poor and working people of this country—and get them politically involved in the fight for a progressive agenda.

What an extraordinary and uplifting occurrence it would be for this country if, in city after city, rural region after rural region, hundreds of thousands of working people came out to hear a President who was unequivocally on their side, who believed that government should work for them and who educated and involved them in the political struggles of the day. Mayor Ray Flynn of Boston recently made a valiant effort to bring together rioting black and white high school students of his city; think what it could mean for the country if President Clinton appeared on national television with black and white Boston youths at his side and asked them to work together for a meaningful summer jobs program, an educational opportunity program and long-term economic development—and involved them in the political process to achieve those goals.

I must confess that in many ways Clinton has turned out to be a more intelligent and decent President than I had expected. Unlike his predecessors, he has shown courage in acknowledging the enormous problems facing this country, and he has not attempted to sweep them under the rug with moronic soundbites and photo opportunities. He has moved boldly to protect a woman's right to choose and has not evaded the very contentious issue of gays in the military. He has, over and over again, spoken eloquently about the crises facing our children and youth—and has proposed funding to address those needs.

Can Bill Clinton succeed in turning this country around, providing hope and power to the millions of people who today have neither? Probably not. The opposition of Congress, the big-money interests and the corporate-owned media is enormous. But if he stands up and takes the bastards on, he may well be surprised how many millions will stand with him. And when that happens, what Bob Dole or Dan Rostenkowski thinks will matter very little. □

IN THE SHADOW OF SADDAM

For Kurds—Hope And Hard Times

JOOST R. HILTERMANN

Twenty months after Iraqi troops pulled out of Kurdish territory and just over a year after the unprecedented parliamentary and leadership elections of May 1992, Saddam Hussein still casts a pall over Kurdish aspirations. Yet in this half-light, the once inchoate desire for Kurdish self-government is slowly taking shape.

Out of the elections emerged a prime minister, a Cabinet and a parliament. A uniformed police force is back in the streets directing traffic, an internal security system is in place and has intercepted a number of Iraqi infiltrators, and border controls have been tightened. True, it may be just a wisp of a government today, but the fact that it was allowed to form at all is remarkable, considering the odds. The Kurds have operated in a vacuum of sovereignty brought about by the Iraqi withdrawal of October 1991, and enjoy the protection of the allies who subdued Iraq in the Gulf War and then drew a line across the map (the 36th parallel), north of which Iraqi planes still may not fly. The allied air umbrella created the physical and political space for the Kurds to rebuild their villages and infrastructure, to which the regime had laid waste in the 1980s, and to assert their right to self-determination.

Kurdish leaders have had to start from scratch. A traveler is struck by this landscape denuded of trees (though the rolling hills are lovely in the spring, when they're carpeted with wildflowers) and largely devoid of human habitation—the people having been relocated to huge "collective villages," which reminded me of the worst refugee camps I have seen in the Gaza Strip. In *Lilith*, Primo Levi refers to the "unassuageable sadness that grows on the ruins of lost civilizations." The Kurds may not be a lost civilization, but the Baathist regime had a good try at making them one, with the ruins of some 4,000 villages and—according to eyewitnesses returning from government-controlled areas—huge mass graves to show for it. An old man in the town of Kalar told me he wished to put an end to his life, "and there are many like me," because he had lost his entire family in the brutal 1988 Anfal campaign [see Aryeh Neier, "Watching Rights," March 16, 1992]. The only solace I could offer was a rather hollow promise to con-

Joost R. Hiltermann, who works with Middle East Watch, is an editor of Middle East Report. *He recently returned from fieldwork for M.E.W. in Iraqi Kurdistan. The views expressed here are his own.*

To VP
Fyi -
Bc

THE PRESIDENT HAS SEEN
6/28

Cloud Over Trade Pact —Texas Too

Mexican Pollution Fuels U.S. Criticism

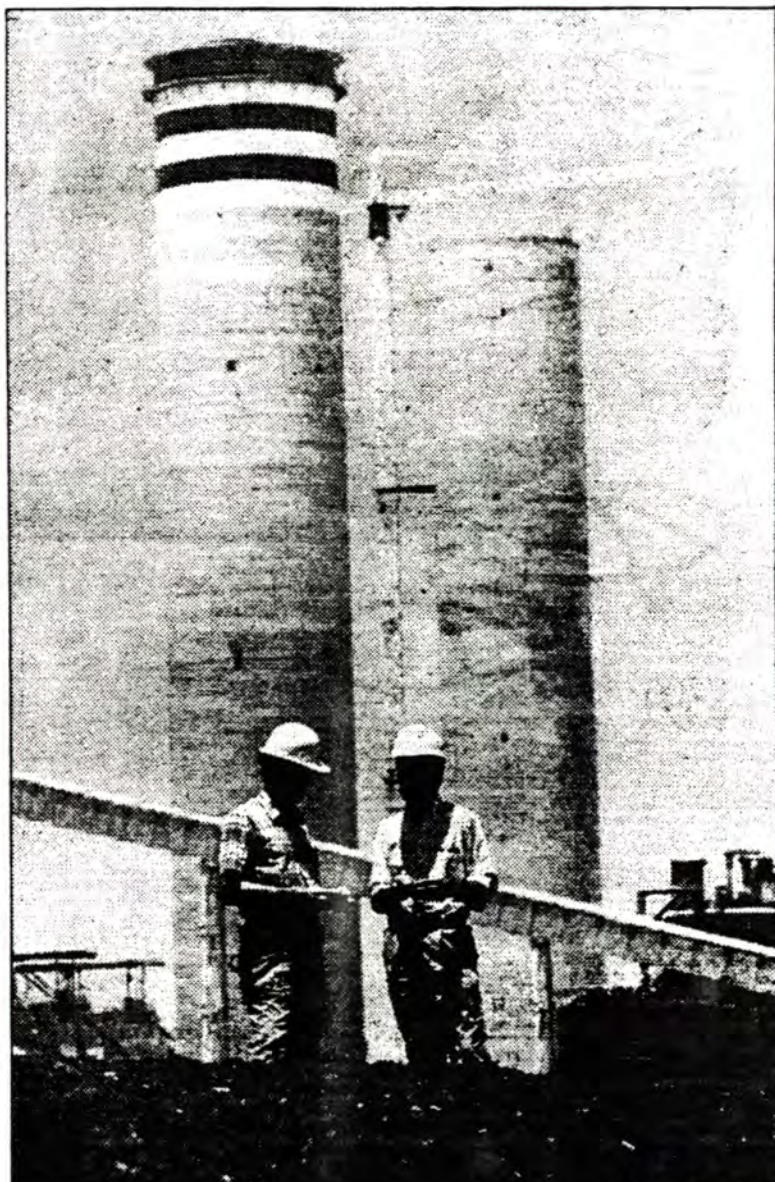
By Tod Robberson
Washington Post Foreign Service

A1

PIEDRAS NEGRAS, Mexico—A smoky gray cloud has formed on the horizon of this Rio Grande border community, and depending on which way the wind blows, it could cast a shadow over U.S.-Mexican relations at a crucial point in negotiations linked to the proposed North American Free Trade Agreement.

The sulfury cloud comes from the smokestacks of two coal-fired electrical plants on the outskirts of Piedras Negras, and prevailing winds are carrying it straight across the border into Big Bend National Park, a wilderness area 100 miles to the northwest that is one of the most popular outdoor recreational sites in Texas.

The cloud and the smokestacks, which have virtually no anti-pollution devices and eventually could pump up to 230,000 tons of sulfur dioxide into Big Bend each year, are at the center of a controversy between Mexico and the United States over territorial rights to clean air. Sources at the U.S. Environmental Protection Agency said the problem threatens to bog down talks on an environmental side accord to the free trade agreement, known as NAFTA.



SAN ANTONIO EXPRESS NEWS

Engineers Constant Derbez and Rafael Garcia work near smokestacks of new Carbon II coal-fired electrical plant outside Piedras Negras, Mexico.

President Clinton has said that without the environmental accord, as well as two other side agreements on labor issues and sudden cross-border trade surges, he will not submit NAFTA to a vote on Capitol Hill.

Critics of NAFTA have argued that Mexico-based companies already have a competitive advantage over their U.S. counterparts because of lax Mexican environmental standards, low wages and other factors that permit them to

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produce much cheaper products. They have said NAFTA, which would eliminate tariffs and other trade barriers among the United States, Mexico and Canada, will encourage U.S. companies to relocate to Mexico, taking American jobs and capital with them.

Promoters of NAFTA say it will create the world's largest free-trade zone uniting more than 350 million consumers and eventually presenting dramatic opportunities for increased employment in all three countries. NAFTA promoters also point to the political capital that the United States could accrue in Latin America with approval of the free-trade accord. In an interview earlier this year, Mexican President Carlos Salinas de Gortari called NAFTA a "historic window of opportunity" for the United States to improve the often uneven relations it has had with its neighbors to the south.

In many ways, the smokestacks at Piedras Negras are the NAFTA debate in miniature, pitting the economic goals of employment, free enterprise and increased cross-border commerce against concerns about unfair trade practices and the environment.

Environmental experts say air pollution at Big Bend would not pose a serious threat to the health of wildlife, vegetation or visitors. However, it would destroy the ambience that national parks are designed for: as a nature reserve where beautiful scenery and clean air can be enjoyed without the irritants normally associated with urban life—in this case sulfurous smoke.

If advisers to EPA Administrator Carol Browner get their way, at least one of the two border electrical stations will be closed or radically modified—at a cost of hundreds of millions of dollars—to meet U.S. environmental standards.

If Salinas gets his way, the power plants, known as Carbon I and Carbon II, will remain operative and unmodified. With much international fanfare, the Salinas administration announced in May that it would privatize Carbon II, half of which is still under construction, in an unprecedented move to open Mexico's government-owned power generators to free enterprise. Carbon I, a 1,200-megawatt station built in the mid-1980s, will remain under control of Mexico's national power utility, the Federal Electricity Commission.

If international financing can be arranged, the 1,400-megawatt Carbon II station will be sold to a private joint venture 49 percent owned by Mission Energy, a subsidiary of Southern California Edison, and 51 percent by Grupo Acerero del Norte, a big Mexican steel and mining corporation. Talks reportedly are underway to hook up Mexican border power plants to the U.S. power grid, enabling stations such as Carbon II to compete with U.S. utilities.

Nearly 10 percent of the electricity produced by Carbon II will go directly to steel mills owned by Grupo Acerero. Those same steel mills were sanctioned by the U.S. Commerce Department in January for dumping cheap steel products on the U.S. market.

The two power plants sit atop

BY DAVE COOK—THE WASHINGTON POST

their own fuel source—a large vein of medium-sulfur, high-ash coal—that crosses under the Rio Grande and abuts the neighboring border community of Eagle Pass, Tex. If both power plants stay open, coal-mining operations here and in Eagle Pass could provide an important source of employment for decades to come. If the plants close, this already depressed region likely will sink further into poverty.

Despite the plant's potential economic infusion, specialists at EPA are warning of serious hazards posed by Carbon I and II, neither of which were built with stack scrubbers or other anti-pollution devices to control emissions of sulfur dioxide, nitrous oxide or ash, according to EPA documents obtained under the Freedom of Information Act.

Thomas Reed, Mission Energy's project director for Carbon II, said in a telephone interview that his company is not willing to spend the estimated $200 million to $300 million necessary to retrofit the plant with scrubbers and other anti-pollution devices. "Those plants were built to meet Mexican standards, and they meet those standards," he said.

Social Development Secretary Luis Donaldo Colosio, whose ministry oversees environmental protection, said in an interview last March that his country imposes standards that meet or exceed those of the United States. EPA officials, however, described Mexico's standards for coal-burning power plants as equivalent to what the United States imposed in 1970. U.S. standards have since been dramatically tightened.

Carbon II "does not meet EPA new source standards, and it will not do it without installing scrubbers," Reed acknowledged. A typical scrubber injects a watery spray containing a basic substance, such as lime, that combines with the acids of sulfur dioxide to form a heavy compound. This compound, which is solid as opposed to the sulfur dioxide gas, is more easily collected before it exits the smokestack.

Reed added that Carbon II's prospective new owners are under no obligation to meet U.S. standards—or even to supply EPA with data about the plant's design and emissions rates—because the plant is not located in U.S. territory. Aside from the standards set by the Mexican government, Reed said, the plant also must meet specifications set by the World Bank, which is considering financing the plant's privatization.

Nevertheless, Reed said his company's analysis indicates that "there will be no impact" on the environment.

But in a June 4 memorandum to EPA Administrator Browner, two assistant administrators and a regional administrator strongly disagreed with Reed's assessment.

"Despite Mission's assurances, EPA and National Park Service staff remain concerned that existing and planned units may significantly impact U.S. national park areas," administrators Alan Hecht, Michael Shapiro and Joe D. Winkle said in the memo. "Neither the existing facility nor the new units could be permitted anywhere in the U.S. because of their failure to meet EPA new source performance standards, let alone the best available control requirements mandated by the Clean Air Act."

The memo added, "Moreover, at this point we have no information indicating the facility would be barred by the Mexican government from burning even dirtier, higher sulfur coal" than what is being extracted from the Piedras Negras area.

Browner, a supporter of NAFTA who has praised Mexico's environmental cleanup efforts, has taken no position regarding Carbon II, EPA staff members said.

In other EPA internal memos, advisers to Browner appeared divided on whether to make a high-profile issue about Carbon II's problems or to be low-key for fear of impeding the progress of talks on the NAFTA environmental side accord. Asked whether the Clinton administration was concerned about repercussions that the Carbon II controversy could pose for NAFTA, an EPA staff member replied, "Absolutely, there's no question about it."

In hopes of making a more precise evaluation of Carbon II's environmental impact, EPA regional officer A. Stanley Meiburg sent a letter April 21 to Rene Altamirano, Secretary Colosio's environmental director, requesting various technical details about the power plant's design and test results on its emissions rates.

EPA staff members said that so far Altamirano and other Mexican officials have not acted on the request for reasons they could not explain. Altamirano was unavailable for comment in Mexico City.

An EPA source said it appeared that the Mexican government was withholding environmental impact data for fear it could negatively influence Mission's and Grupo Acerero's pending applications for international financing. Potential financiers include the International Finance Corp., the private arm of the World Bank; Barclays bank; Citibank, and two Mexican banks.

Susana Romero, spokeswoman for the International Finance Corp., declined to comment specifically on the Carbon II loan application but said environmental concerns always weigh heavily in World Bank loan considerations. Another World Bank source confirmed that the lack of scrubbers on Carbon II's smokestacks posed a serious impediment to financing. "No scrubber at all does not meet World Bank guidelines," the source said.

The source said the World Bank also is concerned that Carbon I and II could be closed as a result of the NAFTA environmental negotiations, which would mean that the plant's financiers could lose everything.

Reed said his company was prepared to pull out of the project altogether if the financiers or the Mexican government required the plant to be retrofitted with scrubbers. "The economics of retrofitting are just not there," he said. Even if Mission withdraws from the privatization effort, he added, "the plant is going to run—regardless of who owns it. This is just a question of ownership."

One option, Reed explained, was a provision in the sales contract permitting the private owners to pass on the cost of retrofitting to the plant's customers. Under Mexican law, however, Carbon II would have only one customer—the government-owned electricity utility. Carbon II's owners plan to give nearly 10 percent of the electricity they produce to Grupo Acerero's steel mills under a "private service" contract unregulated by the government. Under current arrangements, Grupo Acerero would retain its source of cheap energy for steel production while the Mexican public would bear the cost of retrofitting the plant.

Meanwhile, pollution from Carbon I and II is having a negative ripple effect across the border in Texas. An EPA staff member said the federal and state governments impose "incremental" air-quality standards that must be met by all U.S. companies in Texas. Those standards are set by region, and when a region exceeds its pollution limit—regardless of whether the pollution comes from Mexico or Texas—Texas-based companies are required to reduce their own emissions to bring pollution levels down.

In the June 4 memo to EPA Administrator Browner, her senior advisers warned that Carbon I and II are already using up Texas's pollution increments. As a result, the state may have to cut back on new permits for industries and utilities hoping to open in southern Texas, while existing factories may have to reduce production to compensate for pollution produced by Mexico. "Thus, this source as presently configured can preclude industrial growth in the U.S.," the memo stated.

"This is unfair competition," said an executive with a major Texas utility. "What happens if they decide to export this electricity? There's no way we could compete."

The executive added, "We had hoped that with privatization, these environmental problems would be taken care of. But I guess now it will just be private companies invading our airspace."

Special correspondent Ted Bardacke contributed to this report from Mexico City.

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Navy Sets Course to Save Industrial Base Amid Downsizing of Pentagon's Budget

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

WASHINGTON – The reeling defense industry finally won a round.

In the absence of a clear Clinton administration policy on how to preserve the defense industry as the Pentagon budget shrinks, the Navy decided to keep its industrial base alive by pushing as much work as it deems possible into the private sector. A top Navy officer said the service is reversing itself and shrinking its huge in-house aircraft-maintenance capabilities.

Competition Avoided

"The Navy's strategy in the downsizing environment is to maintain only the minimum level of organic capacity," said a policy statement distributed to reporters by Vice Adm. William Bowes, head of the Naval Air Systems Command.

Competition between the public and private sectors will be avoided by allocating work to each, the statement said. A senior Navy officer said that the other parts of the sea service haven't issued written papers but plan similar cuts in capacity.

The Navy move represents a significant victory for the defense industry, which in the post-Cold War era has found itself fighting the military services for slices of the shrinking defense pie. The Navy, Air Force and Army in recent years have all taken in-house work that once was done by contractors.

Moreover, the Navy move may foreshadow a broader move by the Pentagon to curtail the defense depot system. That department-wide policy is expected to be announced later this summer, after Defense Secretary Les Aspin completes his "bottom-up review" of how to reshape the military establishment to fit the post-Cold War world.

Change Is Welcomed

Don Fuqua, president of the Aerospace Industries Association, a trade group that has accused the military of trying to nationalize the defense industry, welcomed the Navy's policy reversal, calling it "very definitely a step in the right direction." He added: "It would be very nice if the Air Force followed suit. What the Air Force has been doing is, in effect, expanding."

The Air Force's approach is to reserve a core of work for itself and compete with the private sector and the other services for the rest. Gerald Yanker, deputy director of logistics for the Air Force Materiel Command, said that of 15 contracts put up for competition during the past three years, the Air Force bid for 12 and won only seven; the Army won two and private concerns won six. "We're telling industry, 'Here it is: We'll put our workload up for bid and see who wins it,'" Mr. Yanker said. He argued that this is more cost-effective than the Navy's new policy.

Explaining the Navy's new stance, Adm. Bowes said that "all we'll do in the Navy is core" work, leaving the rest to industry. Defined as the minimum amount of work necessary for the Navy to maintain its repair skills and acquisition knowledge, that "core level" varies by weapons system, he said. But he added that for the F/A-18 strike fighter, the level is only 20 aircraft a year. Any major maintenance or modification work beyond that, he said, would go to the private sector.

Currently, naval aviation depots employ about 20,000 civilians, Adm. Bowes said. After the current round of base closings, which will leave the Navy with one aviation depot on each coast, plus one Marine aviation facility, that number will drop to about 12,000, he added.

Rep. Rostenkowski Backs 25-Cent Rise in Gas Tax

By a WALL STREET JOURNAL *Staff Reporter*

WASHINGTON – With the Senate poised to vote on a deficit-reduction plan that would raise gasoline taxes 4.3 cents a gallon, the House's top tax writer, Rep. Dan Rostenkowski, reiterated his support for an increase of as much as 25 cents a gallon.

The Illinois Democrat, in a speech yesterday to Harvard Business School alumni in Chicago, said, "Gas taxes could go up seven cents a gallon. [Senate Democrats] suggested 4.3. I'd be for raising gas taxes 25 cents" a gallon.

A spokesman for Rep. Rostenkowski cautioned against reading larger meaning into the remark, saying, "He's expressing a long-held point of view, and it should come as no surprise to anyone that he'd say that."

However, the decision of Senate Finance Committee Democrats to replace President Clinton's proposed broad-based energy tax with a higher tax on transportation fuels puts the issue on the table as part of pending legislation. Rep. Rostenkowski, as chairman of the House Ways and Means Committee, would lead House negotiators this summer in a conference committee with the Senate to resolve differences between the two chambers' bills. The bargainers will be under pressure to find additional revenues or spending cuts.

The Senate is to begin debating its version of Mr. Clinton's deficit-reduction plan tomorrow, and Democratic leaders hope to finish by the weekend.

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Demands on New Orleans's 'Big Charity' Hospital Are Symptomatic of U.S. Health-Care Problem

By JOHN J. FIALKA
Staff Reporter of THE WALL STREET JOURNAL

NEW ORLEANS – For Armadella Kedrick, a 52-year-old beauty-parlor aide, this city's Charity Hospital is her doctor: She gave birth to two babies here and had their childhood diseases treated in the emergency room, where she now sits waiting for treatment. Some day, she adds, she will likely die here.

Multiply Ms. Kedrick by a million and you get some idea of the health-care crisis facing Louisiana this year. It has more working-age people without health insurance than any other state. For many of them, "Big Charity," as the hospital is known, is the only medical care provider they ever see.

The problem isn't limited to Big Charity. There are 37 million uninsured people in the U.S., and many of them use the local hospital as the principal source of medical care. The growing substitution of a hospital emergency room for a doctor is bad from every angle: There are massive government costs, daylong waits, short tempers and little of the preventive health care that can keep people from becoming ill in the first place.

Part of U.S. Health Crisis

As one of 10 state-owned free hospitals, Big Charity has an unusual concentration of patients who don't see doctors. But according to a new study by the American Hospital Association, the problem has become one of the major symptoms of the health crisis in the U.S. – and it affects all sorts of hospitals.

According to the U.S. General Accounting Office, 43% of the 96 million Americans who visited an emergency room in 1990 were there for "non-urgent" conditions. The long lines of people waiting in emergency rooms have grown by 25% over the past five years.

Louisiana's health-care system is in a kind of death spiral. A recent report by the state's Health Care Commission notes that Louisiana ranks among the least healthy states in the nation even though it has more hospital beds and about as many doctors per capita as the nation's average. The sicker the populace, the higher the cost of health insurance; the higher the costs, the more people drop out and turn to Big Charity's cavernous, beige-tiled waiting room.

On a recent day here, patients began lining up in the hallway outside of the walk-in clinic at Charity's emergency room at 6 a.m. By 3:30 p.m., when head nurse Helen Sagul locked the doors to prevent overcrowding, most of the 200 people waiting had yet to see a doctor. By 10 p.m., some would be told to come back the next morning.

"When you know you have to come here and spend a whole day waiting, you can be real sick, but you just keep putting it off and putting it off," explains Ms. Kedrick, a pleasant, round-faced woman. She came to have a suspicious lump on her back checked, after procrastinating for two weeks. Others also put off visits until their symptoms worsen, which presents a further challenge for Nurse Sagul.

For the patients at this sprawling medical mill, the ordeal begins with taking a number, as at a meat market. Ms. Sagul makes the rounds with her stethoscope and her blood pressure cuff, marking the sickest "RUSH," and the next sickest "ASAP" for "as soon as possible."

When the sickest are allowed to jump the queue, arguments erupt. "The patients watch each other all the time," says Ms. Sagul. "If you put somebody ahead of them, they'll come up and cuss you up and down. I say, 'Wait a minute, honey, this person is having trouble breathing.' "

One problem with Big Charity emergency-room care is the lack of continuity from one visit to the next. One of Ms. Kedrick's daughters once came down with a strange illness involving fevers, hysteria and eyes rolling back into her head. During the crisis, she made more than 20 visits to the Big Charity emergency room, getting a new doctor and a fresh diagnosis nearly every time.

Finally, Ms. Kedrick ran into a doctor who had seen her daughter before. "She told me she was play acting," Ms. Kedrick recalls. "The next time she did that, the doctor told me to ignore it." Ms. Kedrick did and her daughter's symptoms ended.

Expensive Use

Using a big hospital like Charity for primary health care is expensive. The hospital estimates it costs an average of $548 for each emergency room visit. A visit to a family doctor would be quicker, much cheaper and more focused on preventive care. Nor is the cost is just a local issue: Washington put up $3.5 million to build the hospital in 1938 and has been paying bills ever since. Last year, it poured $1 billion into Louisiana's hospital system through Medicaid, and now the state is looking for greater federal support.

Meanwhile, some Louisianans can't imagine a health-care system other than heading to Big Charity when there is trouble. "The quickest way to go broke is goin' to a doctor," explains Joe "Fox" Smith, a rail-thin, 62-year-old with a persistent cough. Sitting in the back of the waiting room holding a pair of drumsticks, he recalls that years ago, when he worked in the oil business, he had health insurance. Now he is a drummer in a Dixieland band on Bourbon Street and has no insurance. Shelling out the $150 a month it would cost to buy private health insurance strikes him as a waste. "Look, man, I never figured I would live *this* long," he says.

Charity's doctors are frustrated with the place. Mehdi Mosadegh, one of two doctors who see the emergency-room patients, complains that when he asks people to return for a follow-up visit, half don't. Others fail to follow the instructions on their medicine bottles. Others are angry when the doctors don't find problems.

"We check them, do tests and if I find nothing, they're outraged," says Dr. Mosadegh. " 'I've been waiting here all day,' they yell at me. 'You mean to tell me there's nothing wrong with me?' "

There are a lot of schemes to get around the long wait at Charity. Mr. Smith, the drummer, breezes in at 9:30 a.m., takes a ticket, then goes home for a shower and a nap. He is back at 4:30 p.m. in plenty of time. "They're just starting on the eight-thirties now," he explains.

A popular scheme for beating the crowd is to arrive by ambulance – which adds another $330 onto the government's bill. "They figure if they come wheeling in with an IV [intravenous line] hanging out of them, they'll beat the line, but it doesn't work," says William Gonzaba, medical control officer for the city's Emergency Medical Services. Still, ambulance calls in New Orleans have nearly doubled during the past five years.

Some Won't Go

Dr. Gonzaba, who spends his evenings riding ambulances, worries more about the people who should go the hospital but don't. One recent night he encountered a pregnant 17-year-old with early labor pains waiting on the porch of a dilapidated public housing project for the ambulance ride to Charity. She hadn't seen a doctor since her first birth at Big Charity two years before – even though doctors had then warned her that her next birth would be difficult.

A few minutes later, Dr. Gonzaba pleads with a gasping 58-year-old man slumped in the front seat of a big white 1968 Oldsmobile. Diagnosing severe emphysema, Dr. Gonzaba urges him to get into the ambulance. The man, three packs of cigarettes stuffed into his shirt pocket, shakes his head. He owns the corner bar and says if he winds up in the waiting room at Big Charity, the woman tending his cash register "will rip me off."

A Health-Care Crisis

	LOUISIANA	U.S. AVG.
Emergency room visits per 1,000 pop.	409.1	361.5
Hospital admissions per 1,000 pop.	151.5	135.9
Infant deaths per 1,000 births	11.9	10.4
Low birth weight infants per 1,000	88	69

Source: Public Policy Institute

Like many states, Louisiana has decided it can't wait until health-care reform materializes in Washington. A new state law calls for a statewide health insurance purchasing cooperative that will try to persuade commercial insurers to cut their rates in half in exchange for a large volume of new business coming from the state's 300,000 uninsured workers.

Meanwhile, Arnold M. Lupin, chairman of the state's Health Authority, is working on a plan to reduce the waiting times at Charity Hospital. His idea is to set up five satellite clinics in outlying neighborhoods. He hopes they will pay for themselves by cutting back on abuses of emergency room care and by sparing the city's ambulance fleet some wear and tear.

When and if President Clinton delivers on his promise for a universal health insurance program, the enormous pressure on Louisiana's state hospitals will likely continue for some time. Relatively few of Louisiana's doctors work in poor neighborhoods and getting them there will require a major rearrangement. As Dr. Lupin puts it: "We're treating one million people. To throw that many people into the private sector at once is impossible."

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Bob Rubin
good article
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Robert J. Samuelson

Why Are We Fighting With Japan?

It is experiences like Stephen Spragens's that inspired President Clinton's new trade policy toward Japan. I met Spragens in 1978. He was a marketing manager for a company called Plantronics, which makes lightweight telephone headsets. The company had exported to dozens of countries but was stymied in Japan. Spragens had spent four years visiting many potential customers, who admired his product—superior to their bulky headsets—but didn't buy.

He was mystified until a young Japanese manager pulled him aside and, in effect, said: The headsets are fine, but no one will buy them because the market belongs to NTT (Nippon Telegraph & Telephone). Countless Americans have had similar frustrations. Clinton proposes to deal with those frustrations by negotiating about specific products and industries, with "benchmark indicators" to monitor progress.

We may have a huge brawl with the Japanese over this. They say the plan verges on "managed trade": The "indicators" are merely euphemisms for guaranteed export orders for U.S. producers. The Japanese vow to reject such a scheme. American officials deny the label but contend that something is needed to pry open Japan's restrictive markets. How refreshing it would be if both sides could say: "You're right."

"Managed trade" is (as the Japanese argue) a lousy idea and, if the Clinton plan isn't that, it could become so. Once governments start bargaining over specific export targets, the process could take on a life of its own—and be turned against us. Some countries may decide that our exports ought to be limited. A trading system like this isn't in our national interest. Contrary to popular wisdom, the United States is now the world's biggest exporter. We shouldn't give other countries any pretext to restrict our sales.

In the 1990s, our export position will probably grow stronger, not weaker. Many U.S. companies have cut costs and improved product quality. Moreover, the dollar has depreciated sharply against other currencies, making U.S. exports cheaper. The dollar's drop meant that in 1992 Japan's manufacturing labor costs (measured in dollars) were equal to ours for the first time in history: $16.17 an hour. Since then, the dollar's further decline has given us a cost advantage.

If the Clinton administration does nothing, our competitive position against Japan—in the U.S. market and third countries, if not Japan—should continue to gain. Still, Japan's markets remain (as American officials argue) far too restrictive for such a major trading nation. Formal trade barriers are tiny. Tariffs average 3.5 percent, and quotas apply only to a handful of farm products. But informal obstacles abound.

Spragens's experience is hardly unique. The Wall Street Journal recently ran a riveting story about the difficulties of a U.S. slot-machine maker in cracking the Japanese market. There is a pattern of "closed, exclusionary relationships among [Japanese] corporations that's reinforced by government policy," says C. Fred Bergsten, head of the Institute for International Economics in Washington. *Kei re tsu*—loose groups of companies—channel sales among members. Cartels smother price competition. A complex distribution system impedes companies from entering the market.

In a study for Bergsten's institute, Japanese economists Yoko Sazanami and Shujiro Urata tried to estimate how much prices are raised by such practices. The table below gives some of the striking results. The first column shows the official tariff on specific products and the second column shows what the economists term the "tariff equivalent"—how much prices are increased by the special features of Japan's markets. In the table, that's called "the invisible tariff."

Product	Official Tariff	Invisible Tariff
Clothes	10%	187%
Plywood	12%	36%
Medical Instruments	2%	33%
Soda Ash	0%	162%
Beer	2%	143%

If Japan had genuinely open markets, the higher prices would be beaten down by a flood of imports. That hasn't happened. Clinton's proposed policy offers Japan a way to benefit from lower prices. But paradoxically, Clinton's proposal would also help protect Japan's advanced export industries. Unless Japan imports more (what Clinton wants), its exports will inevitably suffer in one of two ways.

The first is rising protectionism. But the second is more potent: a continuing increase in the yen's exchange rate, making Japan's exports more expensive. As excess dollars earned abroad (the result of huge trade surpluses) are sold by the Japanese for yen, the dollar's value falls. In 1992, a dollar bought 127 yen; now it buys about 106. As the yen's value increases, Japanese cars and computers become costlier compared with U.S.-built cars and computers. This hurts the competitiveness of Japan's best companies and may deepen the country's recession.

We and the Japanese have convergent interests. Both of us would benefit from more open Japanese markets. But you wouldn't know that from Japan's hysterical reaction to Clinton's proposal. Most of the Japanese cannot admit, either intellectually or emotionally, that their constricted markets create a big problem for everyone.

Ideally, Japan would embrace Clinton's plan while resisting rigid import targets. Japanese leaders would take symbolic steps to nourish consensus that importing is genuinely in *their* national interest. There's now a 50 percent tariff on beef imports; that would be dropped. Japanese government agencies would buy more U.S. supercomputers, because that market has been artificially closed. We have had sector negotiations before with Japan; they can succeed in removing obstacles to imports—if the Japanese want them to succeed. American (and all foreign) companies need opportunities to sell, not guaranteed sales.

What's missing is goodwill and trust. The more hostile the Japanese reaction to Clinton's plan, the more likely the United States will want the rigid targets that the Japanese rightly condemn. If we drift into "managed trade" or retaliation, it will be Japan's fault as much as ours.

THE WALL STREET JOURNAL WEDNESDAY, MAY 26, 1993

To Grainger / Graham — good piece B.

CAPITAL JOURNAL
By Gerald F. Seib

Arkansas School Crusade Offers Lesson to Clintons

When President Clinton invited his cabinet to Camp David this year, he asked Hillary Rodham Clinton to tell everybody the story of how she led the drive to reform the education system in Arkansas.

Mrs. Clinton's story is worth re-examining now, because President Clinton is flat on the political mat and needs his wife's coming health-care reform plan to help put him back on his feet. There are similarities in the path Mrs. Clinton traveled on education then and the health-care path she is on now. Bill Clinton was seeking a political comeback. Mrs. Clinton formed a task force to challenge an entrenched system, held well publicized hearings, launched a grand reform plan and sales campaign, fought bruising battles over taxes, and ultimately won.

That experience offers lessons for a White House in trouble. Mrs. Clinton's health-care initiative represents a giant roll of the dice, one that could revive the administration if it works or sink it if it doesn't. Already the Clintons are paying a price for the gamble. The intense focus on health care has sapped the attention of Mrs. Clinton, a tough-minded political adviser who otherwise might have foreseen the political snares that have trapped her husband.

Now the Clintons must hope they can repeat the formula that worked on education in Arkansas. In a nutshell it was: Identify enemies everyone can see, be prepared to confront your friends, and be flexible in dealing with timid lawmakers seeking political cover. Above all, don't promise miracles. Education reform was a success, but has hardly produced the spectacular results proponents suggest.

The parallels between the Clintons' situations a decade ago and today are eerie. Then as now, Bill Clinton was trying to return from the political wilderness. He had been governor, lost the job, and had just won it back.

He decided that reforming Arkansas' woeful education system would be the cornerstone of his new administration, and put his wife in charge. She hit the road, holding public hearings in each of Arkansas' 75 counties. In short order, her commission produced a bill setting new standards for Arkansas schools and students, imposing new curriculum requirements, raising teacher pay, and lengthening the school day.

In a performance that amazed friend and foe alike, Mrs. Clinton appeared before the Arkansas Legislature and explained her reform package for more than an hour, without benefit of notes. She got a standing ovation.

Then she hit the road again to sell the plan. Author David Osborne described the scene in his book, "Laboratories of Democracy": "The Clintons pulled out all the stops to get the reform package through the Legislature. They raised money from the business community for ads in the media. They gave out thousands of blue ribbons, asking people to wear them to broadcast their theme: 'Our kids need a blue-ribbon education.' And they drummed home the message that education meant jobs."

But horse-trading was still needed. The Legislature threw overboard two of the three tax increases Mr. Clinton proposed to fund higher teacher salaries, leaving only a sales tax increase. And, crucially, Mr. Clinton responded to a popular desire to go after incompetent teachers by proposing a bill requiring teacher testing. That put him on a collision course with his friends in the teachers' lobby, who thought they were being turned into political punching bags to help sell his program. "It was strictly a fall-guy situation," says Grainger Ledbetter, president-elect of the Arkansas Education Association.

But it worked. The Clinton reforms became law.

Have they succeeded? The results are mixed. Teacher salaries are up, as are Scholastic Aptitude Test scores. But statistics show that Arkansas eighth-graders still rank in the bottom one-third in mathematics proficiency among 42 states rated. Many Arkansans think Mrs. Clinton's main achievement was simply putting education firmly atop the Arkansas agenda.

The parallels between the Arkansas experience and the health-care debate are obvious. Then and now, for instance, the stories told at public hearings have deeply affected Mrs. Clinton. One participant in the administration's current health debate says she will frequently interrupt policy discussions with comments beginning, "When I was in Houston, I heard this . . . ."

But the crucial lesson to be gleaned from the Arkansas experience is that voters have to be warned that changes won't come instantly — a notion the White House has done a miserable job getting across on other issues. "One of the problems we've had is that toward the end of the campaign and the few months thereafter, we were all so exuberant about the process of change that we've lost sight of how long change would take," says Clinton strategist Paul Begala.

70

Mack (Gergy) FYI

THE PRESIDENT HAS SEEN 6/24

Political Memo

New Republican Group (But It's Not Like Perot's)

By RICHARD L. BERKE

Special to The New York Times

THE NEW YORK TIMES, TUESDAY, JUNE 22, 1993

WASHINGTON, June 21 — Sometimes loudly, sometimes quietly, Republicans and Democrats are grousing about Ross Perot at every turn. But they are not reluctant to imitate him.

Six months after Mr. Perot proclaimed the formation of his own grass-roots organization, the Republican Party announced today that it was doing the same thing, and that its group would use the same kind of public opinion surveys the Perot group does. Not to be left out, the Democratic Party is establishing its own group that may even have a toll-free telephone number, à la Perot.

Political parties exist, of course, to give citizens a vehicle for participating in politics at the grass-roots level. So why set up a separate operation for that very purpose?

Leaders in both parties say they can better satisfy the political hankerings of the 19 million Americans who were attracted to Mr. Perot, although they insist their not-for-profit groups have little to do with the Texan's continuing appeal.

The anxiety over Mr. Perot goes as high as the White House, where Paul Begala, a senior adviser to President Clinton, has been dispatched to develop a strategy for dealing with the Texas billionaire.

"I think the President wanted to make sure we were at least thinking about it," said George Stephanopoulos, a top aide to Mr. Clinton, who echoed other White House officials in playing down the worries about Mr. Perot.

Debating Divisive Issues

Haley R. Barbour, the chairman of the Republican National Committee, said at a news conference here today that the party was establishing the National Policy Forum to hold public meetings around the country on a variety of issues, including the abortion debate that has divided the party. Though he contended that the party would have formed the group even if Mr. Perot were not around, Mr. Barbour did not dispute that the goal was to attract Democrats and others who supported Mr. Perot last year.

"I do think it will be effective in allowing people who voted for Ross Perot, who had voted Republican in the past — and that is most of the people who voted for Ross Perot — in making them feel like they've got a seat at the table," Mr. Barbour said. "They have a voice in what our party in saying and in what's going on."

While Mr. Barbour said his group would have a $4 million budget for the next year, including a $100,000 loan from the party, and operate independently of the Republican National Committee, its mission seemed undefined, except for its aim of luring Perot backers. At the news conference, for instance, Mr. Barbour described the group as "like a think tank," but told reporters afterwards that it was "not really a think tank — it's very participatory."

The Democrats are not as far along, and do not plan to announce their Perot look-alike organ until later in the summer. Catherine Moore, the party's spokeswoman, echoed the Republicans in denying that Mr. Perot was a model, saying a new group had been long planned.

But the plans sound strikingly similar to Mr. Perot's United We Stand America. The Democrats are considering whether to charge a $15-a-year membership fee, the cost of joining Mr. Perot's group.

The Republicans seem to be appropriating another Perot tactic: the largely symbolic voter survey. Mr. Barbour said the Republican Party was commissioning a major survey of its own that would be used by the new group as the basis for discussions.

The new policy group, to be headed by Michael E. Baroody, a senior vice president of the National Association of Manufacturers and a veteran Republican strategist, will consist of as many as 20 "policy clusters" that after Labor Day will stage forums on issues ranging from the environment to small business to abortion. By keeping the group separate from the party, Mr. Barbour said, the party will provide more incentive for Democrats to join.

The mimicking of Mr. Perot should come as no surprise. After all, it was a favorite pastime during the fall campaign, when Mr. Clinton and President George Bush at times sounded like Perot converts as they denounced the evils of Washington.

An advantage of a separate group is less-discussed but at least equally important: it can raised unlimited sums from wealthy donors, and not be bound by Federal restrictions on party organizations. Mr. Barbour said the names of contributors would not be disclosed.

Working on another front is Mr. Begala, who contended that the White House should essentially ignore Mr. Perot while trying to win his backers. "What I keep trying to do is make sure that we keep our eyes on the prize," Mr. Begala said.

The big question is whether the political parties can steal some of Mr. Perot's political power by stealing his "800" numbers, colorful charts and graphs and use of technology.

Morton Blackwell, the Republican Party's national committeeman from Virginia, thinks it is foolish for his party to form a foundation that may only encourage an embarrassing public airing of intra-party squabbles.

Mr. Blackwell said it was unlikely that the group would draw Perot supporters because it would promote "the image of a Republican Party badly divided and fighting itself on these issues." He derided the group as an "effort to get a lot of publicity."

6

THE WHITE HOUSE
WASHINGTON

DATE: 6/28

NOTE FOR: Leon Panetta

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

6/28

Robert Greenstein

Clinton's Plan: The Facts

Taking Exception

There are ample grounds to debate the Clinton economic program, including elements designed to promote work among the poor and ease child poverty. But the debate cannot proceed if basic facts about the Clinton proposals are misunderstood and mischaracterized. Jodie Allen's recent Outlook article ["Rhodes to Ruin: Clinton's Too-Clever Plan," May 30] is a case in point.

The article attacks "the administration's plan to allow families with unusually high housing costs to qualify for food stamps even though their incomes exceed the program's normal limits." But hold up a minute—there is no such Clinton proposal.

Under current law, the amount of a household's food stamp benefits depends partly on how high its housing costs are in relation to its income. After all, a family whose housing costs consume 60 percent of its income has less to spend on food than a family in public housing that spends 30 percent of income on housing. But there is a problem. The food stamp benefits provided to elderly and disabled households reflect the full amount by which housing costs consume more than half of their incomes. For poor families with children, in contrast, food stamp benefits reflect these costs only in part. This is a reason some poor families with high housing costs run low on food toward the end of the month.

Since 1990, a bipartisan group—including at various times former representative and now Budget Director Leon Panetta, Rep. Bill Emerson and Sens. Patrick Leahy, Jim Sasser and Pete Domenici—has called for ending this inequity. The group's proposal would take the high housing costs of poor families into account as is already done for the elderly and disabled. The proposal is fashioned so *no* family exceeding the program's income limits would be made eligible for stamps.

The Clinton budget simply adopts this proposal without change. Allen's article errs in presenting it as some newfangled Clinton idea to let people at higher income levels into the food stamp program, undo past reforms and make the program more susceptible to error. In fact, state food stamp administrators, who are subject to fiscal penalties for high error rates, support the change.

Equally off-base is the article's treatment of the earned income credit for the working poor. The article contends that in 1990 Congress expanded the EITC despite an IRS study showing about a 40 percent error rate. It then criticizes Clinton for proposing to expand the credit further.

The old adage that a little knowledge can be a dangerous thing is sadly relevant here. The IRS audit showing a high error rate was based on 1985 tax returns. It showed the principal reason for the high error rate was a series of arcane IRS rules on household filing status that few low-income families could understand and the IRS could not enforce.

When the audit was unveiled in 1990, the IRS, the Treasury Department and congressional committees responded. They designed legislation that eliminated these complex rules, replacing them with much simpler, more enforceable ones. The legislation, enacted in 1990, also required families to file a separate tax schedule to receive the earned income credit. The IRS has now testified that these reforms have reduced the error rate substantially.

Jodie Allen's article is on target in criticizing one action Congress took in 1990—adding a complicated health insurance component to the earned income credit. The article notes this has generated insurance scams.

I know a little about this, since our center uncovered the scams. We also argued unsuccessfully in 1990 against creation of the health insurance credit.

But her article makes another unfortunate omission here. It fails to note that the Clinton administration it so heavily criticizes has proposed abolishing the insurance credit. It credits a "Ways and Means Committee panel" for recommending this, without noting the panel was adopting a Clinton proposal.

Perhaps the most serious omission is the article's failure to explain what the proposed earned income credit expansion would accomplish—raising millions of families with full-time working parents closer to or above the poverty line, while also blunting the impact of the energy tax on the poor. If achieved, this would be a historic accomplishment.

So let the shoot-out over the Clinton budget continue. But let participants on all sides check their facts before coming out with their guns blazing.

The writer is executive director of the Center on Budget and Policy Priorities.

Mack / cc Ellaro

I hope we can keep these changes in conference —

TUESDAY, JUNE 22, 1993 THE WASHINGTON POST

THE PRESIDENT HAS SEEN

6/28

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So let the shoot-out over the Clinton budget continue. But let participants on all sides check their facts before coming out with their guns blazing.

The writer is executive director of the Center on Budget and Policy Priorities.

Mack / cc Leon
I hope we can keep these changes in conference –

TUESDAY, JUNE 22, 1993 THE WASHINGTON POST

C

THE PRESIDENT

Charles Krauthammer

Human Rights Shell Game

We need no lessons from those who try to undermine the American idea of rights.

In Vienna this week representatives of every country on Earth are in conference on human rights. The conference's principal aim—as is to be expected of any conclave of 183 governments, the majority of which are despotic—is to destroy the human rights idea.

On Monday, Secretary of State Christopher went to Vienna to hold the fort. The results were mixed.

The destroyers—led by China, Iran, Cuba, Vietnam and other paragons of human rights—are not very subtle. Their strategy is to shred the idea of human rights by having the world deny that they are universal and by insisting that they "must be considered in the context of . . . national and regional particularities and various historical, cultural and religious backgrounds."

That is U.N.-ese for saying that human rights is a Western invention and that non-Westerners have their own definition of human rights, which—as a cursory look at China, Myanmar, Iran and other signatories of the so-called Bangkok Declaration of April 1993 will tell you—includes the right to repress.

The only right this gang truly believes in is "the right to development," meaning their right to Western aid money. That these thugs and kleptocrats should elevate their claim to a piece of your paycheck to an inalienable human right is a sign of the contempt with which human rights are treated in international forums.

Given what he had to deal with, Christopher delivered a speech offering a fine, hard-line defense of the universality of human rights. He even coined a good line: "We cannot let cultural relativism become the last refuge of repression."

Unfortunately, the attack on universality is only one aggression against the human rights idea, and the easiest to fend off. There is another, more subtle attack that Christopher did not parry. In fact, he caved.

BY TACHYDROMOS

He agreed to embrace the "International Covenant of Economic, Social and Cultural Rights," a document that for 15 years the United States has refused to ratify. Why? Because it undermines what we in America have long understood by the idea of rights.

The enemies of human rights like to pretend that there are two kinds: "political rights" (free speech, worship etc.) that the West emphasizes, and "economic and social and cultural rights" (the right to social and economic services guaranteed by the state) that non-Western countries champion.

What's wrong with expanding the list of rights to include such nice things as the right to a guaranteed job, the right to "social insurance," the right "to enjoy the benefits of scientific progress" and the right to "periodic holidays with pay, as well as remuneration for public holidays"?

What's wrong is that these rights undermine—intentionally undermine—the very idea of political rights. A right is something that the individual claims against the state. You have the right to free speech. It is a personal liberty, a sphere of activity protected from state encroachment.

Economic rights are not claims of the individual against the state. They are claims *on* the state, demands for things to be granted by the state to the individual. As such, they guarantee the individual's dependence on the state for the necessities of life and thus are instruments for increasing state power over the individual.

Now if the government owes you economic and social and cultural well-being by right, it is no wonder that many governments then claim that they cannot possibly be burdened with those restrictive "political rights"—say, having to tolerate an opposition—and still deliver the goods. The Soviets used to say: "We have economic rights—a guaranteed job, free health care, cheap transportation. You have political rights—free speech, free worship, free emigration. To each his own."

Of course, it was all a lie. The Soviet people lived not just in repression, but in abysmal living conditions. They had neither political nor economic well-being. The West had both.

That is because this supposed trade-off between economic and political rights is nonsense. In fact, those societies that cherish political rights also offer their citizens the most economic and social possibilities.

With the fall of the Soviet empire and the exposure for all the world of its Potemkin "rights," the debate on economic vs. political rights is over. We won. Having won the debate, the administration now proceeds to concede it.

Christopher not only promised to submit the economic, social and cultural rights convention for Senate ratification. He praised it and a few other unratified treaties as "far-reaching documents" and "solemn commitments." The New York Times quotes State Department officials as saying that they made the concession to avoid "a sterile debate in Vienna."

Sterile? If everything is a human right, then nothing is a human right. That is the obvious reason for this proliferation of "rights": to diminish and dilute the very idea of rights. That is why every thug regime in the world is so committed to these "rights." That is why the gang at Bangkok "reaffirmed the interdependence and indivisibility of economic, social, cultural and civil and political rights and the need to give equal emphasis to all categories of human rights."

It is true that the original Universal Declaration of Human Rights of 1948 had some economic and social clauses. But that does not justify compounding the error with an entirely new and comprehensively destructive covenant.

"The Universal Declaration of Human Rights," writes historian Arthur Schlesinger Jr., " . . . included both 'civil and political rights' and 'economic, social and cultural rights,' the second category designed to please states that denied their subjects the first."

Why please them again?

The Washington Post

FRIDAY, JUNE 18, 1993

Tony

What's our answer to this – I find it persuasive –

B.

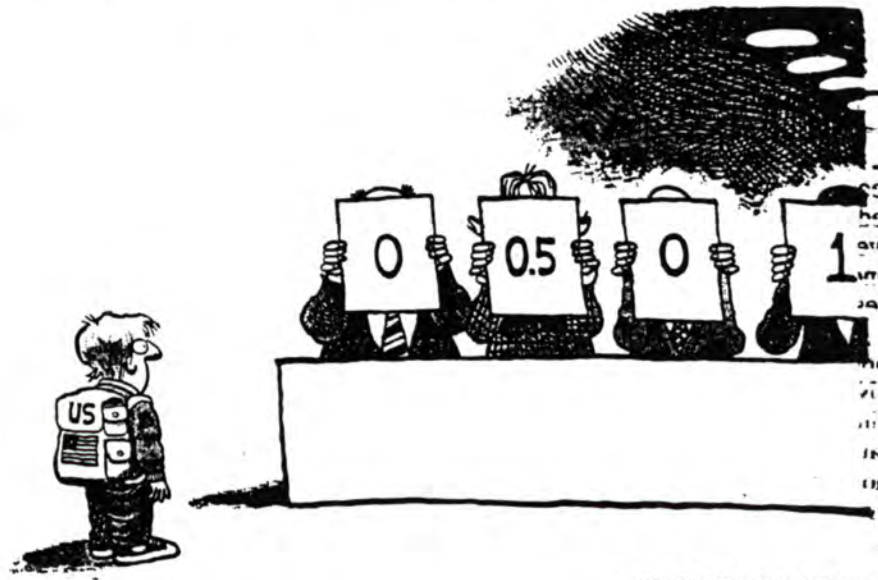
61

THE PRESIDENT HAS SEEN
6/28

Diane Ravitch

Evaluate Schools, Not Just Students

'Imagine an annual report card for every school in the United States.'



BY ROGERS FOR THE PITTSBURGH PRESS

According to recent reports, President Clinton's health care task force working group will propose an annual report card for competing health plans so that consumers will be able to make informed choices. The annual report card would give consumers specific information about the performance of the plan, using as many as 50 criteria: for example, the plan's immunization rate, the percentage of pregnant women who received prenatal care in their first trimester and whether its diabetic patients received appropriate treatment. The consumer would also learn how many customers were unhappy with the plan and dropped it.

This idea has exciting implications for the reform of American education. Imagine an annual report card for every school in the United States, a report card that told prospective parents and students vital information about the climate and performance of the school.

Consumers of education should have a right to reliable information about the resources, the staff, the program, the physical security and the academic success rate of the school before enrolling their children. No one should be compelled to send his child to a school that refuses to provide such information.

Every school should provide an annual report card that reveals its dropout rate, its daily attendance rate, its academic program and requirements, average class size, the performance of its students on city or state academic achievement tests, the ratio of administrators to classroom teachers, the availability of arts programs, whether it has a library, whether it has science laboratories, which foreign languages are offered, what percentage of the students enroll in foreign language classes, the percentage of students enrolled in an academic program; the percentage of students who take algebra and geometry, the percentage of parents who attend at least two school meetings a year, the percentage of staff who are teaching subjects for which they are educated and certified, the percentage of staff who are qualified to teach science and mathematics.

Every school should provide a physical security index that reports, for example, incidents of vandalism, violence against teachers or students, drug and alcohol use, number of security guards and other indicators of the school's climate.

In addition to the above, students who are choosing a high school should receive specific information about the school's performance during the past five years. The school should report the percentage of students who graduated in the past five years, the percentage who entered college or postsecondary vocational programs, the percentage of students who got jobs directly after graduation, the percentage of female students who became pregnant, its disciplinary code, its dress code and its academic expectations for every student.

None of this information is impossible, difficult or even expensive to obtain. Most of it is already available but is not reported to the public except on a district-wide or state-wide basis. Some of it is gathered at a national level, but knowing the test scores of American eighth-graders or what percent of all parents across the nation regularly volunteer to help in their school does not help parent or student consumers choose a particular school in their own community.

Just as in health care, consumers of education need to know what they are choosing. At present, most parents send their children to the neighborhood school, knowing only hearsay about its quality. Imagine the reform potential of arming parents and students with valid information to compare schools.

The effect on schools of providing an annual report card would be beneficial. They would know that parents will judge them by the quality of their staff and their resources as well as by the success of their educational program.

As a spokesperson for President Clinton's health care task force working group said, "The engine that will drive this is information. You really can't improve the system without knowing a fair amount, and you can't make choices without knowing a lot."

The same dynamic holds true for education. If consumers have a right to know the nutritional content of supermarket foods, the energy efficiency of refrigerators and the fuel consumption of automobiles, shouldn't they be entitled to full disclosure about the institutions to which they entrust the lives and futures of their children?

The writer, an assistant secretary of education in the Bush administration, is a visiting fellow at the Brookings Institution.

Carol Rasco — I agree with this

B

MONDAY, JUNE 28, 1993 THE WASHINGTON POST

4E

THE PRESIDE[illegible] [illegible]

6/28

B Rubin

THE WHITE HOUSE

WASHINGTON

93 JUN 18 P2:20

June 18, 1993

This is good
prov. sure summary
along w/ Magaziner's
for Hawaii,
Charleston

Mr. President,

The attached memorandum summarizes the interagency activity on the base closure process. You requested this information at the last Cabinet meeting. The process is being run by the NEC and the Department of Defense. The NEC is in the process of preparing further briefings for you on the issue.

Bob Rubin
Christine Varney

THE WHITE HOUSE

WASHINGTON

June 17, 1993

93 JUN 18 P2:20

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: Robert E. Rubin RER
Christine Varney

SUBJECT: Military Base Closures

On Thursday, July 1, the Defense Base Closure and Realignment Commission will send you its list of recommended closures. This memo is to post you on interagency efforts to ease the burden on communities ultimately selected for closure.

Interagency Preparations for Base Closure

As part of its Interagency Working Group on Defense Reinvestment and Conversion, the NEC convened a Task Force on Base Cleanup and Reuse, chaired by DoD. The task force is focusing on four problem areas: cutting red tape in property disposal, accelerating environmental cleanup, community economic redevelopment, and improving DoD's internal procedures (e.g., timing closures in a way that is sensitive to community needs). On Mon., June 21, the task force will present its recommendations to a meeting of the NEC deputies; soon after, you will receive a preliminary interagency action plan. Within the next few days, we will propose a strategy for announcing this plan.

This is a tentative sketch of what the plan will contain:

1. Sizable planning grants. Every community on the final list will receive a sizable planning grant from DoD's well-regarded Office of Economic Adjustment. The grants will be considerably larger than in the past; they will be automatic for any community on the list (also a change -- communities previously had to demonstrate injury); and they will be available less than 30 days after a community formally establishes its Reuse Committee.

2. "Common-sense" environmental cleanup. (1) A three-person environmental management team (representing EPA, DoD and the state) will be assigned to each base to coordinate cleanup. (2) Within 18 months, DoD will (a) identify and make available for transfer all clean parcels of land and (b) complete an assessment of all contaminated parcels. (3) Once a contaminated parcel has been assessed, it can be leased on an interim basis (DoD and EPA have developed a model lease). (4) We will seek legislation to allow the cleanup standard to vary depending on the anticipated

use of the land (so, for example, land to be used for an industrial park will no longer have to meet a residential standard).

3. Cutting red tape in property disposal. Bases are a valuable asset (many are worth $300-$400 million), and DoD previously tried to get communities to pay top dollar. But DoD is no longer interested in making money from base closures. Disposal of personal property (fire trucks, furniture) will favor community over military needs. When it comes to real property (land, buildings) DoD will discount the price to encourage economic redevelopment and job creation. (DoD is even considering the option of giving bases to the host community after closure.)

4. Single point of contact. Each base will be assigned a fulltime DoD employee to serve as the federal point of contact for the community. These transition coordinators will be trained and ready to be dispatched on July 1. They will be overseen by John Shannon, the highest-ranking civilian service employee in the Pentagon and former acting secretary of the Army.

5. Other sources of economic redevelopment funds. The Departments of Commerce and Labor also have funds for defense conversion; DOC and DOL are streamlining and expediting their application procedures for these funds, and the agencies will contact communities proactively. (With DOL conversion funds, communities can begin retraining civilian base personnel two years before the base closes.) The FAA's Military Airport Program has funds for transferring to civilian use many military airfields that are slated for closure. SBA, HUD, and USDA also have programs that may be able to help communities.

Agencies Involved

The agencies involved in the NEC Task Force on Base Cleanup and Reuse include: Defense (chair), EPA, Energy, Commerce, Labor, Transportation, HUD, Justice, Agriculture, SBA and General Services Administration. OMB, NSC, CEA and OSTP are also involved.

Broader Effort on Defense Conversion

The NEC Working Group on Defense Reinvestment and Conversion is coordinating implementation of your broader initiative on defense conversion. This group is preparing a white paper, for release in July, that will elaborate our responses to the two major challenges posed by the defense drawdown: (1) to ease economic adjustment, and (2) to provide efficiently for defense needs through reinvestment in dual-use technology and major procurement reform.

JUN-18-93 FRI 10:28 P.02

THE PRESIDENT HAS SEEN
6/28

Chron

Bill - If not going to do this - should get some credit

GS/Tony
Need meeting
announcement of
position

NYLAWS

NEW YORK LAWYERS ALLIANCE FOR WORLD SECURITY

June 18, 1993

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

Dear President Clinton:

As a group of lawyers, arms control experts, entertainers, scientists, economists and religious leaders, we respectfully request a meeting with you to discuss the critical issue on which you must decide -- whether to resume nuclear testing. Already more than 20 United States Senators, numerous congressional representatives and huge numbers of public interest groups have written to you stressing that the United States must not be the first nation to resume testing.

Public opinion polls reflect that approximately 80% of American citizens favor the ban on nuclear testing. A decision to continue the test moratorium, to appoint a negotiator to advance a comprehensive test ban treaty, and to extend the nuclear non-proliferation treaty due to expire in 1995, will be widely supported both by American voters and an overwhelming majority of other countries.

We are counting on you to honor your campaign pledge and statement of March 1992:

> "A comprehensive test ban would strengthen our vital efforts to stop the spread of nuclear weapons to other countries, which may be our greatest future security threat." Arms Control Today.

Resumption of nuclear testing by the United States will result in substantial expense, the resumption of testing by other nuclear powers, the opposition to the extension of the non-proliferation treaty by non-nuclear powers, will enhance the position of militarists in Russia who oppose Yeltsin's moratorium and will make it more difficult to convince the Ukraine to give up their inherited nuclear weapons from the former Soviet Union. If the Ukraine does not do so, the Strategic Arms Reduction Treaties START I and START II will never go into effect.

After conducting close to a thousand nuclear tests, the United States arsenal of more than 10,000 nuclear weapons is safer and more reliable than those of any country. The U.S. military has announced that it will not spend any additional funds on safety features even if further testing is conducted.

Resumed testing by the United States will precipitate testing by Russia, Great Britain, France and China. This would totally undermine world-wide efforts to curb the proliferation of nuclear weapons to North Korea, Iraq, Iran, India, Pakistan and other nations.

We have now reached the 30th anniversary of President Kennedy's Limited Test Ban Treaty. There is no better way to celebrate this anniversary than to move toward and complete a comprehensive nuclear test ban.

41 Madison Avenue, 33rd Floor, New York, New York 10010
Telephone 212-481-1700 • Facsimile 212-481-1722

While it is clear that many issues addressed in the campaign have become much more complex when seen from the Oval Office, this one is as clear today as it was then, and we regard it as critical to the Presidency, the country and the world. We trust, therefore, that we can discuss our views with you personally before any final decision is made.

Very truly yours,

Leonard M. Marks

Leonard M. Marks
Chair, NYLAWS

Erwin N. Griswold

Erwin Griswold

W E Colby

William E. Colby

Desmond Cape

The Most Reverend DM Tutu

George Bunn

George Bunn

Carl Sagan

Carl Sagan

Coretta Scott King

Coretta Scott King

Adrian de Wind
Chairman Emeritus
Natural Resources Defense Council

James Parks Morton
Dean of The Cathedral of St. John the Divine

Franco Modigliani
Nobel Laureate- Economics

Dr. Wasslly Leontief
Nobel Laureate, Economics

James Tobin
Nobel Laureate, Economics

Kenneth Arrow
Nobel Laureate, Economics

Billy Joel

Judy Collins

Beverly Sills

Gloria Steinem

Chief Oren R. Lyons
Onondaga Nation

The Rev. Dr. Paul Sherry
President, United Church of Christ

Bishop Melvin Talbert
Executive Secretary of The United Methodist Church

Shirley Hufstedler

The Rev. Dr. Joan B. Campbell
National Council of the Churches of Christ

Dr. Francis Slakey
The American Physical Society

Lawrence Korb
Former Assistant Secretary of Defense

Dr. Frank Von Hippel, Physicist

Robert Musil
Physicians for Social Responsibility

Philip A. Fleming
President, LAWS

Steven Sunshine
Creative Coalition

Brenda Boozer
Creative Coalition

Robert Eisner

Robert Eisner, Economist

Alice Slater

Alice Slater, ECAAR

Robert Schwartz

Dr. Robert Schwartz
Economist

Dr. Walter Isard
Economist

Theodore B. Taylor

Dr. Theodore B. Taylor
Physicist

Jonathan Granoff

Jonathan Granoff
U.N.-Representative, LAWS

Dr. William Brockett

William Brockett
Keker, Brockett & Van Nest

Jon Keker

Jon Keker
Keker, Brokett & Van Nest

Charles Clifford

Charles Clifford
Heller, Ehrman, White & McAuliffe

C. William Nichols

C. William Nichols
General Minister and President
Christian Church (Disciples of Christ)

Ismar Schorsch

Ismar Schorsch
Jewish Theological Seminary

Luis M. Dolan

* The Reverend Luis M. Dolan, C.P.
International Program
Temple of Understanding

Daniel Gómez-Ibáñez

* Mr. Daniel Gomez Ibanez
Executive Director
Council for a Parliament of the
World's Religions

William F. Vendley

* William Vendley
General Secretary, USA
World Conference on Religion and Peace

A. R. Osman

* Dr. A.R. Osman
Senior Imam
Islamic Center of New York

William E. Swing

* The Right Reverend William E. Swing
Episcopal Bishop of California

* For Identification only.

THE PRESIDENT HAS SEEN 6/28

IGOR KOPELNITSKY

GS/

America Out of Reach

Younger generations are battling to achieve their parents' living standard.

DECLINING FORTUNES
The Withering of the American Dream.
By Katherine S. Newman.
257 pp. New York:
Basic Books. $23.

By Robin Toner

THE great strategic insight of the Clinton campaign was the recognition that America's middle class was in turmoil, terrified that the ordered suburban existence it considered its birthright was slipping away. The principal political flaw of the Clinton Administration so far may be its failure to maintain that focus in day-to-day policy making.

It is easy for elites, liberal and otherwise, to move on to other things in nonelection years, to issues less prosaic than homeownership, job security and educational opportunity. But Katherine S. Newman, in "Declining Fortunes," makes a persuasive case that middle-class anger and middle-class fear will run deep in American politics for some time to come. In a New Jersey suburb that she gives the pseudonym Pleasanton, Ms. Newman goes beneath the poll numbers and glib generalities that color so much political discussion, and gives a poignant portrait of how broad economic trends affect individual lives.

That the 72 million Americans born between 1946 and 1964 — the so-called baby boomers — represent "the first generation since the Great Depression that can expect to have a *lower* standard of living than its parents" is not a new insight. But Ms. Newman, whose previous books include "Falling From Grace: The Experience of Downward Mobility in the American Middle Class," does not make the mistake of treating the boomers as a monolithic victim class. In fact, she argues that the sharp differences among them are what keep them from becoming the potent political force that their parents became — and remain. The older boomers view the younger as "hopelessly materialistic ... utterly lacking in commitment," she writes. Younger boomers "often look over their shoulders at the flower-power generation as ... people whose attitudes were fine for their own time but out of step with today's realities." The clash of culture and values obscures shared economic interests.

Based on interviews with about 60 families who were promised confidentiality to protect their privacy, "Declining Fortunes" tells the story of a community that was wide open to the World War II generation of upwardly mobile urban emigrants, but that, in an era of wage stagnation and enormous increases in real-estate values, is out of reach for their children. The fact that many of these children have educations and professional credentials that surpass their parents' only makes their troubles more perplexing to them.

Ms. Newman, an anthropologist who teaches at Columbia University, is particularly good on the boomers' dispossession. The men and women who moved to Pleasanton after World War II sit tight, amazed at the value their homes have acquired, but yearning for the children and grandchildren driven out into a kind of suburban diaspora, unable to afford to live where they grew up. She also shows how some of the basic beliefs of the postwar era — that all things come to those who work hard and "wait their turn," for example — obscure the fact that Government actions, from low-interest home mortgages to the G.I. Bill of Rights, helped create the vast middle class of the 1950's.

Such beliefs, of course, have important political ramifications for an Administration trying to make the case (however intermittently) that there is a role for Government in helping this new generation of middle-class Americans. Do Pleasanton's baby boomers want too much, too soon, as many of their parents seem to think? Or do they deserve a hand, like national service programs to help pay for their children's educations?

MS. NEWMAN gives a far more sympathetic portrayal of the baby boomers than they usually get. Yes, they had privileged childhoods, but many spend their adulthoods trying to duplicate — with two careers — the style of life their parents enjoyed on one.

They put off having children, sometimes with much regret, or have fewer children than they want. And the women "worry — a lot — about the consequences for their children of their absence from the home," Ms. Newman writes. The women who came of age with the feminist movement find staying at home with their children a luxury that is out of reach. "Isn't that ironic?" one boomer says. "The deal was going to be that you didn't *have* to stay home. Now it's like you can't stay home if you wanted to."

It is such voices, and the voices of the boomers' parents, that give "Declining Fortunes" much of its power. In fact, the reader is left hungry for more texture, more detail on the residents of Pleasanton, particularly how this generation's turmoil affects its views on the issues percolating through politics today. One wants to hear more, for example, about how boomers who feel their own childbearing choices are limited react to "the new paternalism" that attempts to regulate the behavior of mothers on welfare; one suspects they are not appalled. □

Robin Toner is a correspondent in the Washington bureau of The New York Times.

Small-Town Smart Alecks

In a fictional town in upstate New York, punches are thrown and marriages wrecked.

NOBODY'S FOOL
By Richard Russo.
549 pp. New York:
Random House. $23.

By Francine Prose

YEARS ago, when I felt that the world weighed too heavily on my shoulders and believed (as only the young do) that the world would not willingly let me go, I used to dream of disappearing to some remote upstate New York town and checking in, a permanent guest, at its crumbling bleak hotel. Such towns, which I imagined to be off the edge of the map, are very much at the center of Richard Russo's fictional geography. His ambitious new novel, "Nobody's Fool," is set in North Bath, N.Y., a fractionally less blighted version of the blue-collar dead end where his earlier novels, "Mohawk" and "The Risk Pool," take place.

North Bath is the sort of community we might drive through without pausing, except to fantasize roomier lives for ourselves in its "aging clapboard Victorians and sprawling Greek Revivals that would have been worth some money if they were across the border in Vermont." But Mr. Russo encourages us to stop and look around; he shows us that what seems static is churning, underneath. And one soon realizes that no sensible person would go to North Bath to disappear, since life there, as Balzac wrote of the provinces, is lived entirely in public.

Perhaps that's the reason that small towns, like seagoing vessels, have always suited fiction: manageable little pressure cookers with a fixed cast of characters, whose lack of privacy and enforced proximity may cause the plot to boil over. What's turned up the heat in North Bath is the possibility that a theme park, to be called the Ultimate Escape, may be built there, and may breathe some economic life into the moribund former spa. Once a thriving resort, the town has declined steadily since 1868, "when the unthinkable began to happen and the various mineral springs, one by one, without warning or apparent reason, began, like luck, to dry up, and with them the town's wealth and future."

It's autumn 1984 and North Bath is "still waiting for its luck to change," but one senses its luck would need a fairly dramatic reversal to much affect the fortunes of Sully, Donald Sullivan, the novel's incorrigible and engaging hero: "Throughout his life a case study underachiever, Sully — people still remarked — was nobody's fool, a phrase that Sully no doubt appreciated without ever sensing its literal application — that at 60, he was divorced from his own wife, carrying on half-heartedly with another man's, estranged from his son, devoid of self-knowledge, badly crippled and virtually unemployable — all of which he stubbornly confused with independence."

• • •

Sixty years have knocked Sully from one part of North Bath to another, from his violent father's house to the rooms he rents now from the elderly Miss Beryl Peoples, his former teacher. A painful knee injury has him working odd jobs, off the books.

Sully is a partly domesticated, slightly maddened bear, feinting and jabbing at the center of the book's many subplots and hard-luck characters. His estranged

Continued on next page

Francine Prose's new collection of stories, "The Peaceable Kingdom," will be published in the fall.

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 6/24

NOTE FOR: Danny Wexler

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

Information ☐

Action ☑

[redacted]

for forwarding
original to D Wexler

Thank you.

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

cc: [redacted]

THE PRESIDENT HAS SEEN 6/28

MEMORANDUM

TO: NANCY HERNREICH
FROM: DANNY WEXLER DW
SUBJECT: THE ATTACHED
DATE: JUNE 24, 1993

The attached is a copy of the remarks given by the President at a photo-op in the Rose Garden earlier today. I submitted these remarks however, the original draft was written by one of our volunteers, Myron Marlin. He has worked in the Office of Public Liaison since February full-time and even a little more than full-time. Tomorrow is his last day, he is a lawyer and will be working at the Justice Department beginning Monday, June 28.

As a token of our appreciation I would request to have the President sign the attached to Myron. He is an enthusiastic worker and this would mean a lot to him.

Please let me know if this is possible.

Thank you.

To Myron Marlin
Thanks for all your
good work, and good luck at
the Justice Department
Bill Clinton

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release June 24, 1993

REMARKS BY THE PRESIDENT
WITH THE WINNERS OF THE ACADEMIC DECATHLON

The Rose Garden

5:43 P.M. EDT

THE PRESIDENT: I hope you enjoyed your tour of the White House. And I'm sorry we had to start a little late, but as I'm sure you know, a very important debate is now occurring in the United States Senate on the administration's economic plan; and I had to make a call or two.

Congressman Beilenson, it's good to see you. I bet you're glad you're not involved in that this afternoon, and glad to be here with your folks.

It's a real honor for me to welcome to the White House a group of true student athletes -- the gold, silver and bronze medal-winning teams in the 1992-93 United States Academic Decathlon. The gold medalists are from Plano East High School of Plano, Texas; the silver medalists from Taft High of Los Angeles; the bronze medal winners of Mountain View High School of Mesa, Arizona.

These students have experienced the excitement of competition and the thrill of victory. And they should be a source of pride for young people all across our country. They've competed for medals in 10 different events -- from math and science to language and literature -- in an innovative and inclusive program which fosters competition, enhances self-image, and shows how truly exciting the pursuit of knowledge can be.

As I understand it, the team members also are required to give speeches, both prepared and impromptu -- that's a good preparation for being President -- (laughter) -- write essays and experience interviews. These young people are equipped not with javelins or shotputs, but with intellect and knowledge and the ability to think creatively but with discipline.

The importance of this kind of pursuit of educational excellence cannot be overemphasized. We're at a moment in our history when we have to increase the educational ability of all Americans; and in which it is not simply important how much our people know, but what they are capable of learning and how quickly and well they are capable of thinking through complex problems that may face them tomorrow but are even unpredictable today.

Because of these kinds of challenges, we cannot meet our educational excellence goals through government mandates, we have to meet them through incentives and through environments which promote excellence and leadership from teachers and principals, the kind of group work that we see in this Academic Decathlon.

I applaud the Academic Decathlon, its President, John Foley, and it's Executive Director, Ann Joynt. At this time, I want to say a special word of congratulations to the national champions, Plano Senior High School from Plano, Texas -- Plano East. They're right behind me, right? In the center. (Laughter.)

MORE

MR. FOLEY: Thank you very much. (Applause.) Thank you, Mr. President. This is a great and memorable day for us. I know it's a day that our students will never forget. They worked very hard to be here. They tell me that often they spend as much as seven hours a day in preparing these 10 extremely challenging events.

If I could I'd like to just mention our founder. Twelve years ago, Dr. Bob Peterson, who was then superintendent of schools in Orange County, had a great idea. He wanted to promote learning and achievement in our schools by creating new role models on the campus. If athletes could be heroes, as they are, why not recognize outstanding students? That's what you're doing today, Mr. President, and we truly appreciate it.

I just want to say that we're all extremely pleased and gratified to be here. Your speech captured, I think, our program very well -- its essence, its cooperation, team spirit, and nonelitism, since these students all represent -- we have students representing A, B, and C grade levels.

We had over 3,000 students -- high school's participating last year. At our national finals in Phoenix, Arizona, we had teams from 43 states and the District of Columbia. That competition was very closely fought. There was very little difference between the top three teams, as you noted. Next year we will be in Newark. Our theme will be the documents of freedom; and if you're schedule, which I know is a very busy one, should permit, we'd love to have you join us there.

Thank you very much, sir.

THE PRESIDENT: Thank you. (Applause.)

Q Mr. President, the House has voted to kill the supercollider program. Do you have any reaction, sir?

THE PRESIDENT: They did last year. Maybe the Senate will save it and we can save it in conference. I'm not surprised. You know, I'm grateful to them for saving the space station. That was headed for defeat, and we did a lot of work on it, and I'm glad we were able to save it. I always anticipated that if we were going to save the supercollider, it would have to come in a conference after the Senate did it. So it's really up to the Senate now to decide on the supercollider.

END 5:44 P.M. EDT

THE WHITE HOUSE
WASHINGTON

DATE: 6/28

NOTE FOR: Bernie Nussbaum

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

Information ☑

Action ☐

[redacted]

Thank you.

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

cc:

THE PRESIDENT HAS SEEN 6/28

THE WHITE HOUSE

WASHINGTON

June 25, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: BERNARD W. NUSSBAUM
CLIFFORD M. SLOAN

SUBJECT: FBI Director

Attached is a profile of Judge Louis J. Freeh.

Ready to return

LOUIS J. FREEH

I. Introduction and Summary

Louis Joseph Freeh, 43, has devoted his entire professional career to public service. Graduating from law school in 1975, Freeh spent five years as an FBI agent and supervisor in New York and Washington. He helped run the Bureau's famed New York waterfront racketeering investigation, which resulted in the conviction of union leader Anthony Scotto and more than 125 organized crime figures.

Freeh went on to a highly successful 10-year stint as a federal prosecutor in the Southern District of New York. He was personally responsible for two of the most publicized federal prosecutions of the past decade -- the complex "Pizza Connection" drug smuggling case and the prosecution for the mail-bomb murders of federal Judge Robert Vance and civil rights lawyer Robert Robinson (a task for which he was selected from all the prosecutors in the nation and for which he was dispatched from New York to Atlanta and other locations for the successful investigation and prosecution).

In 1991, soon after obtaining convictions in the mail-bomb case, Freeh was tapped to be a federal district judge in the Southern District of New York, and he currently serves in that position.

II. Basic Biographical Information

Born and bred in New Jersey, Freeh graduated from St. Joseph's Boys High School in 1968 and went on to Rutgers College ('72) and Rutgers Law School ('75). He joined the FBI immediately after graduating from law school and served as a Special Agent in the Bureau's New York office for five years. In 1980-81, he briefly served as a supervisor in Washington. Freeh joined the U.S. Attorney's Office in Manhattan as an Assistant U.S. Attorney in 1981 and rose to chief of the organized crime unit, Deputy U.S. Attorney, and Associate U.S. Attorney. Freeh twice received the Attorney General's Award for Distinguished Service (in 1987 and 1991), and he also received the J. Edward Lumbard Bowl in recognition of his meritorious achievement as an Assistant U.S. Attorney. In 1991, President Bush named Freeh to the federal trial bench.

Freeh is married and has four sons, ranging in age from 1 to 9 years old. In addition to his prosecutorial responsibilities, Freeh served as an adjunct professor at Fordham Law School from 1988 to 1990.

Freeh is a man of modest means. Since joining the bench, he has regularly been listed last in the New York legal press's published ranking of local federal judges' financial assets (based on their financial disclosure forms).

III. Professional History

Freeh's professional career has progressed in three stages -- his FBI service, his prosecutorial experience, and his tenure on the bench.

Freeh's FBI service was distinguished by significant achievements. Most notably, as a Special Agent in the New York office, he played a major role in the waterfront racketeering investigation that led to the conviction of Anthony Scotto and scores of organized crime figures. During his tenure as an FBI supervisor, moreover, Freeh testified before the Senate's permanent investigations subcommittee regarding Mafia influence in the International Longshoremen's Union. During his dramatic and well-publicized testimony, Freeh introduced transcripts in which a reputed mobster alleged that the head of the Longshoremen's Union had been installed at the Mafia's behest.

Freeh was a highly successful prosecutor. Drawing on his background as an FBI agent, he immediately prosecuted high-profile organized crime cases. One of Freeh's most important cases was the exceedingly complex "Pizza Connection" drug trafficking prosecution. Freeh obtained convictions of 18 of the 19 defendants. (After one of the convictions was reversed on appeal for lack of evidence and the defendant claimed that he had been treated unfairly, Freeh publicly defended the fairness of the prosecution).

Perhaps the greatest tribute to Freeh's skills as a prosecutor came in 1990. In the wake of the shocking mail-bomb murders of U.S. Court of Appeals Judge Robert Vance and Savannah civil rights attorney Robert Robinson, Attorney General Thornburgh tapped Freeh to run the investigation of the murders. Less than six months later, Freeh obtained a 70-count indictment against Walter Leroy Moody for the murders of Vance and Robinson. In June 1991, Freeh successfully prosecuted Moody. Four months later, President Bush presented him with an exceptional leadership award for his role in the prosecution. Freeh also received an award from the Southern District for his role in the mail-bomb prosecution, but declined to accept the cash portion of the award.

The only notable controversy involving Freeh's tenure as a prosecutor concerns the Wedtech prosecution of E. Robert Wallach. Freeh was not the trial lawyer. Because he has been mentioned in some news discussions of the case, however, the controversy bears mention. In brief, Wallach's conviction at his first trial was reversed by the Second Circuit on the ground that an important witness had committed perjury on a collateral point and the government should have known of the perjury. (The witness who gave the perjured testimony was ultimately prosecuted for perjury by the U.S. Attorney's Office for the Southern District). Represented by Robert Bork and others, Wallach sought to prevent a retrial on the theory that the perjured testimony represented deliberate prosecutorial misconduct.

As part of the motion practice regarding this claim, the trial prosecutors submitted an affidavit suggesting that their superiors (including then-Deputy U.S. Attorney Louis Freeh) had been informed of the relevant facts and had participated in questioning the witness. This affidavit led to some public questioning of Freeh's possible role. Legal reporter Stuart Taylor, for instance, noted that Freeh "has a strong reputation for integrity," but that, if he and the prosecutors knew of all relevant facts, the testimony was a "'well-considered stratagem' approved at high levels of the office" and a "sorry tale of federal prosecutors pulling the rug over proof of perjury by their stool pigeon."

Since the filing of the affidavit, the district court and the Court of Appeals have both explicitly rejected Wallach's contention that the prosecutors actually knew of the perjury and thus have permitted Wallach's retrial to proceed.

Freeh's tenure on the bench has been relatively free of publicity. He has been reversed by the Second Circuit in a handful of cases. A largely favorable New York Times profile in March 1992 depicted the life of the "rookie judge" and Freeh's love of his new position. "Being a trial judge is the greatest," Freeh exclaimed. "There's something about the ebb and flow of human events, ordinary and sublime, all the different hues of human nature." The profile also reports an early "gaffe," in which Freeh said that "the government grants your motion" before correcting himself and saying, "the court, the court."

IV. Comment on Professional Record

Freeh's record as an FBI agent and prosecutor is singularly distinguished. His tenure on the federal bench has been relatively brief, but he appears to be well-regarded.

Freeh's crowning achievement is his central role in the mail-bomb investigation and prosecution -- both the honor of being selected to head this vitally important case and his resounding success in its resolution. At the time of Freeh's appointment as the special prosecutor in the mail-bomb case, U.S. Attorney Otto Obermaier of the Southern District of New York hailed Freeh as "one of the country's best" prosecutors. "Nobody will find it out faster," Obermaier observed. In the Pizza Connection and other cases, Freeh was noted for his ability to untangle complicated and difficult cases.

The contretemps over the Wallach prosecution does not present a significant stain on Freeh's impressive prosecutorial record. The U.S. Court of Appeals explicitly held that the prosecutors did not know that the testimony was perjured. Although the finding that they "should have known" that it was perjured stands, Freeh's own involvement in the case was somewhat peripheral and tangential. It appears, moreover, that Freeh did not even know all of the facts known to the trial prosecutors (who themselves have been found not to have had actual knowledge of the perjury).

Freeh's record of public service -- as an FBI agent, as a prosecutor, and as a judge -- is impressive.

V. Views and Philosophy

Freeh's career reflects a deep personal commitment to law enforcement and public service. Beyond these two guiding principles, neither his public statements nor his opinions reveal a particularly notable public philosophy. In the New York Times profile on his perspective as a "rookie judge," Freeh was depicted as eagerly and earnestly steeping himself in subjects to which he had had little previous exposure, including civil law and procedure. He also emphasized his efforts to ensure that, his long government record notwithstanding, he would be scrupulously fair to both sides in any controversy coming before him. (In criticizing the practice of naming former prosecutors to the bench, William Kunstler has pointed to Freeh, among others, and has quoted Freeh's gaffe about "the government" granting a motion).

VI. Analysis

Freeh is an appealing candidate. A man of limited means, he has spent his lifetime as a public servant. He knows the FBI well, was a stellar prosecutor, and now has a modicum of judicial experience.

One possible drawback to a Freeh appointment is that he has a relatively low public profile. Although he is well known in certain legal circles (particularly in New York), he is not generally well known to the public or the national press. His appointment would require some education about his background (including his role in being named to head the mail-bomb investigation and prosecution, and his success in that assignment). Additionally, some might object that the FBI background would make Freeh too susceptible to the FBI's inside culture and "old boys network."

Neither of these objections appears substantial. With regard to his public profile, Freeh's role in the mail-bomb and Pizza

Connection cases is readily available in the public record. With regard to his FBI background, Freeh left the Bureau more than a dozen years ago and has been a standout prosecutor and a federal judge since that time. His reputation for integrity and professionalism is well-established.

In sum, Freeh is an accomplished FBI veteran, a seasoned prosecutor, and a sitting federal judge. He also presents an appealing life story -- raised in modest circumstances, he has devoted his life to public service and excelled in every post that he has had. He is a strong candidate for the Directorship.

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 6/28

NOTE FOR: Howard, Maggie

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

Information ☑

Action ☐

[redacted]

Thank you.

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

[redacted]

cc:

THE PRESIDENT HAS SEEN 6/28

THE WHITE HOUSE

WASHINGTON

93 JUN 26 P1:49

June 25, 1993

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: HOWARD PASTER

Please find attached a letter from Senator Cohen that I thought you might enjoy reading.

Need to invite other GOPs to dinner.

WILLIAM S. COHEN
MAINE

United States Senate
WASHINGTON, D. C.

93 JUN 25 P3: 33

June 22, 1993

Dear President Clinton:

Many thanks for inviting Janet and me to share an evening with you and Mrs. Clinton. It was great fun to have you take us on a "magical mystery tour" of the White House.

We enjoyed meeting a few of your many friends and sharing some thoughts on life in the fast (and slow) lanes of politics and business.

Thanks again for your "bipartisan" comments in Maine.

Sincerely,

Bill

William S. Cohen
United States Senator

[redacted]

P.S. When you finally satisfy Mary McGrory about the reason for my presence (an impossibility), send me a blind carbon copy!

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 6/28

NOTE FOR: Bob Rubin

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

Information ☑

Action ☐

[redacted]

return originals to Bob
copies to RM

Thank you.

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

[redacted]

cc: [redacted]

THE PRESIDENT HAS SEEN 6/28

THE WHITE HOUSE

WASHINGTON

June 25, 1993 93 JUN 25 P9:52

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT E. RUBIN

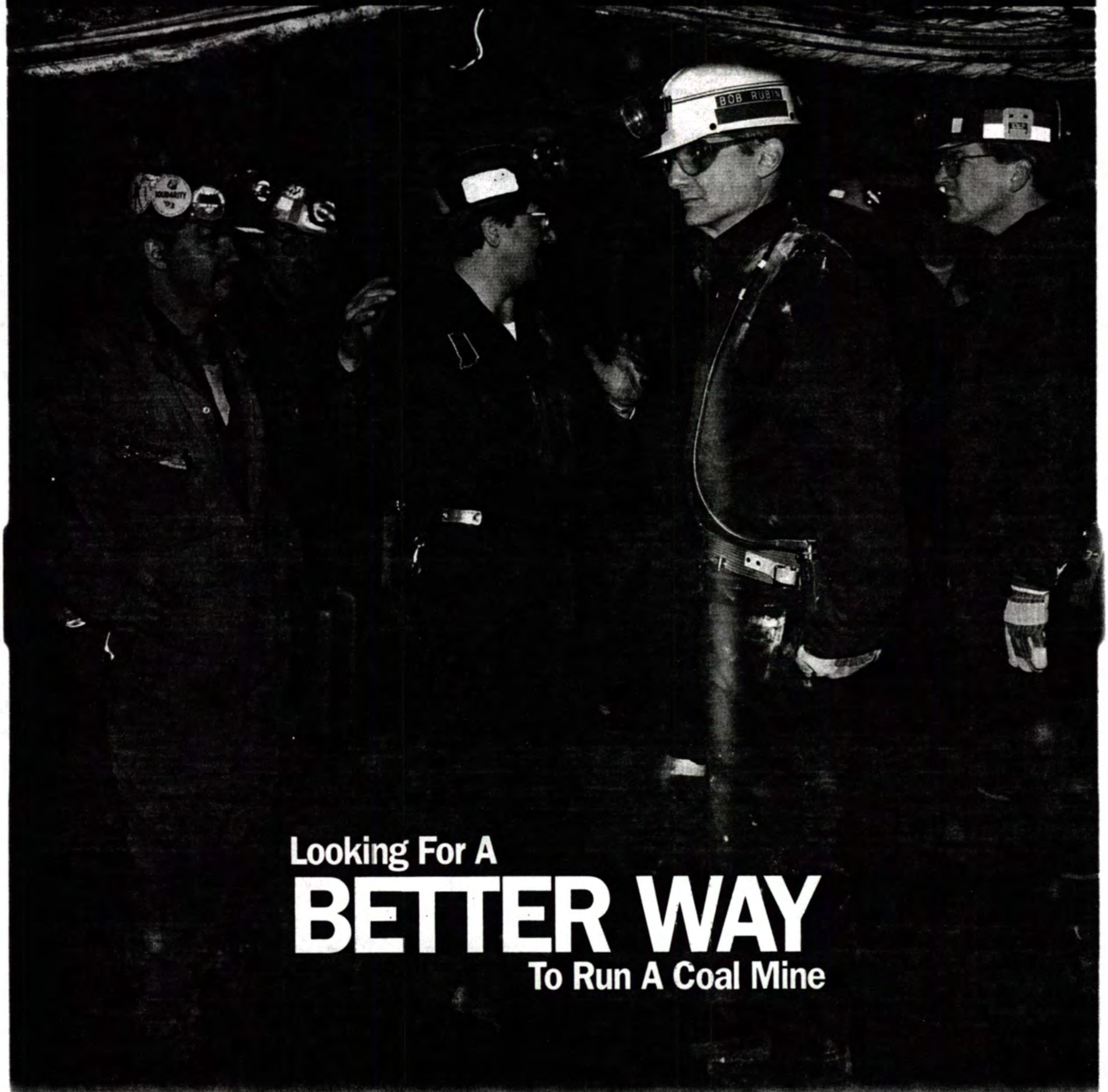
SUBJECT: **Economic Team "Down Under"**

The attached is to show you that your Economic Team is branching out in its search for wisdom.

Attachment

You have to be willing
to get your hands dirty
in this business!

United Mine Workers
JOURNAL
104th Year, No. 4
May 1993



Looking For A
BETTER WAY
To Run A Coal Mine

Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 6/28

NOTE FOR: Tony Lake/Will Itoh

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

Information ☐

Action ☑

[redacted]

Thank you.

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

[redacted]

cc:

[redacted]

THE PRESIDENT HAS SEEN 6/28

Personal letter
from the King
of Jordan

President William J. Clinton

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	King Hussein to POTUS (2 pages)	06/24/1993	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

June 27-30, 1993 [2]

2018-0662-S
rs3057

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.
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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]