THE WHITE HOUSE

WASHINGTON

[redacted]

July 24, 1993

Mr. President:

I've been coordinating the White House effort on Dr. Elders. Yesterday, Senator Boren did an exceptional job of filling in for Senator Pryor in introducing Dr. Elders. He was terrific. Please thank him.

John Podesta

P.S. I'll be sending along a few other thank you calls and notes concerning the hearing later today.

[redacted]

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 07/24/93

TO: THE VICE PRESIDENT
MACK MCLARTY
DAVID GERGEN
GEORGE STEPHANOPOULOS
MARK GEARAN
ROBERT RUBIN

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

The attached has been forwarded to the President.

029446

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

23 P7:40

July 23, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: ALAN BLINDER AB

SUBJECT: Foreign Economic Developments

Exchange Rates: The value of the dollar changed little this week.

	Week Ending 7/16/93	Week Ending 7/23/93	Percent change	
			Week ago	Year ago
Deutschemark	$1 = 1.716 DM	$1 = 1.718 DM	+0.1%	+15.8%
Yen	$1 = 107.4 Yen	$1 = 106.7 Yen	-0.7%	-15.8%
Multilateral (March 1973 = 100)	94.60	94.64	0.0%	+14.9%

EMS: Speculative pressures on the French franc grew, spurring concerted intervention by the Bank of France and the Bundesbank. The Bank of France raised overnight interest rates by more than 250 basis points to stabilize the franc. Speculative pressure on the franc and political pressure on the Bundesbank to cut interest rates are likely to intensify as the Bundesbank's July 29th meeting approaches. Bundesbank members now say interest rate cuts are unlikely. Key rates were last cut on July 2.

Japan: ▸ The index of leading indicators fell sharply to 30.0% in May from 63.6% in April. Values below 50% forecast contraction, values above 50% forecast expansion. Consumer spending in May declined 1.8% from a year earlier. Government contracts for public works were up 17.7% in May from a year earlier.

Europe: ▸ **German** second quarter GDP was unchanged after having declined by 1.5% in the first quarter. Producer prices in June were unchanged from May and down 0.4% from June 1992. June M3 grew at an annual rate of 7.1%, exceeding the Bundesbank's target of 4.5-6.5%.

▸ **UK** GDP grew by 0.5% during the second quarter and is up 1.5% since the recession ended in 92:2. Retail sales in June were 3.9% higher than in June 1992, reinforcing other signs of recovery. The government won a confidence vote today on its policy of opting-out of the social provisions of the Maastricht treaty. The government had lost a vote on that issue yesterday.

▸ **Swedish** unemployment reached 9.0% in June, up from 7.5% in May and 5.7% a year ago.

▸ First quarter **Italian** GDP was down 0.9% from 92:1.

Other Countries: ▸ **Canadian** retail sales in May were up 5.5% from a year earlier.

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON, D.C. 20500

July 23, 1993 23 P7:40

MEMORANDUM FOR THE PRESIDENT

FROM: ALAN BLINDER AB

SUBJECT: Interest Rates, Stock Market, and Money Supply, Week Ending Friday, July 23, 1993

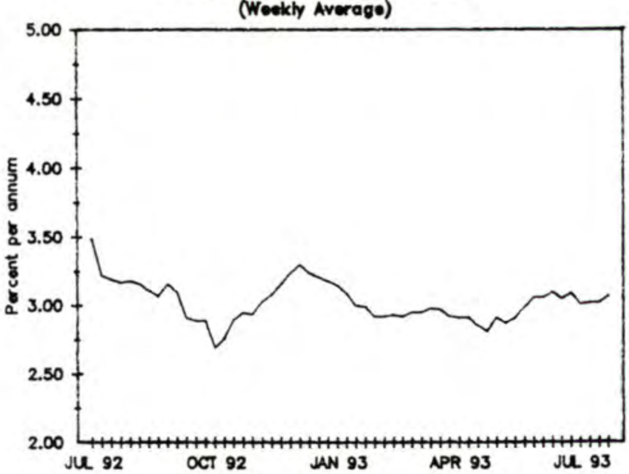
Bond yields rose sharply this week. Much of the increase was probably related to investors' reactions to comments by Chairman Greenspan about the economy, inflation, and interest rates. Increases in commodity prices also played a part. Changes in Treasury borrowing rates over the week were as follows:

	Close 7/16/93	Close 7/23/93	Change
3-month bills	3.08	3.16	+0.08
10-year bonds	5.71	5.95	+0.24
30-year bonds	6.54	6.71	+0.17

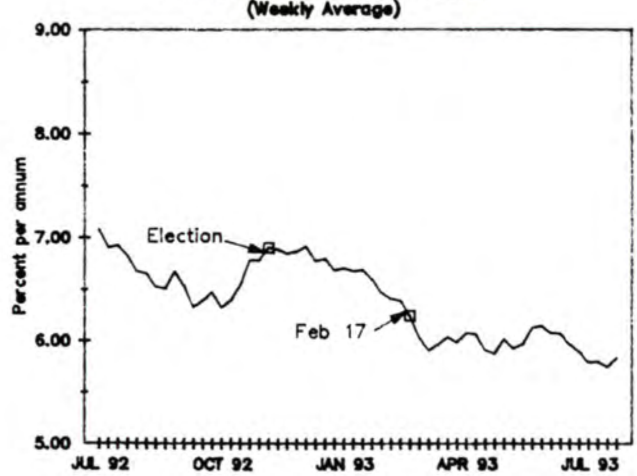
The stock market closed higher for the week. The S&P index closed Friday (July 23) at 447.10, up 0.3 percent from the preceding Friday's close. The Dow Jones Industrial Average reached a new all-time high on Wednesday, and increased 0.5 percent over the week to close at 3546.74.

This week the Fed announced that all three monetary aggregates increased during the week ending July 12. The increases in M2 and M3 came after four weeks of consecutive declines.

3-Month Treasury Bill Rate
(Weekly Average)



10-Year Treasury Note Yield
(Weekly Average)



THE WHITE HOUSE
WASHINGTON

DATE: 07/23/93

NOTE FOR: JOHN DWYER

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

Information ☐

Action ☒

Please prepare a Presidential response to David B. Roosevelt and return to my office.

Thanks.

Thank you.

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

cc: Dan Burkhart

THE PRESIDENT HAS SEEN 7/22

THE WHITE HOUSE

WASHINGTON

July 20, 1993

MR. PRESIDENT:

Attached is a memorandum from Howard concerning your serving as Honorary Chairman of the Franklin D. Roosevelt Memorial Commission. Given the strong Congressional interest, and David Roosevelt's attached request, I recommend that you agree to the request.

[✓] Concur   [ ] Discuss

JP

John Podesta

OK

HAS SEEN
7/22

THE WHITE HOUSE

WASHINGTON

July 12, 1993

93 JUL 12 A10:23

MEMORANDUM FOR JOHN PODESTA

FROM: HOWARD PASTER

SUBJECT: FRANKLIN D. ROOSEVELT MEMORIAL COMMISSION

Senators Dan Inouye and Carl Levin are members of this commission; Senator Inouye is Chair.

Both Senators called on the President prior to his trip to Asia to urge him to reconsider the declination of the Honorary Chairmanship of the Commission. It seems a routine request for the President and the First Lady to serve as honorary chairs had been declined without the President's knowledge. In addition, the Senators asked the President to consider holding a White House "thank you" reception for the principal fundraisers and donors of the $10 million in private donations that the Congress has demanded as a condition of continued appropriations for the Memorial.

In his conversation with the Senators, the President did not make a commitment, but he expressed very real interest in both accepting the honorary chairmanship and hosting a White House event for the FDR Memorial Commission. After the Senators left, the President specifically told me he would like to do this.

Can you help me find out who has to be contacted to clear such a honorary chairmanship so that we may get that process done quickly? Also, is there a logical person within the White House to serve as liaison to the Memorial Commission for future activities including the possible reception?

I'd welcome guidance and help in getting this done for these two Senators. Thanks very much.

(Attached is the material left by the Senators.)

DAVID B. ROOSEVELT
4 SUNNY LANE
WESTPORT, CONNECTICUT 06880

June 18, 1993

The Honorable William J. Clinton
President of the United States
The White House
Washington D.C. 20500

Dear Mr. President:

I was deeply disappointed to learn that you and the First Lady had declined Senator Inouye's invitation, on behalf the Franklin Delano Roosevelt Memorial Commission, to serve as the Commission's Honorary Co-Chair. I was particularly saddened that you did not feel, according to Mark Gearan's response to Senator Inouye, that establishment of this national memorial to my grandfather was a cause to which you could lend your names.

Hopefully there was a misinterpretation by your staff of the invitation's essence. Although the Commission has indeed been charged by Congress to seek some private sector funds as a supplement to federal construction appropriations, this will be a function of a separate Capital Campaign Committee, not the Memorial Commission itself. We realize that it would be inappropriate for either of you to be involved in any fundraising activities. Thus, the invitation was related to the federal FDR Memorial Commission only, and your names would be used in this context alone.

Mr. President, I know from our many conversations over the years the esteem you held for my grandfather and his place in our nation's history. Perhaps you were not aware that it was FDR who, even during those difficult days, insisted on the completion of the Jefferson Memorial. It was the Commission's thought that since this national presidential memorial, the first in fifty years, will be completed and dedicated during your administration, you and the First Lady might wish to be an integral part of the culmination of this thirty-seven year project and gift to the nation.

Perhaps, however, there are reasons behind your declination of this invitation that I do not understand. And I hope you both know that I would never suggest your association with any activity which might reflect adversely on either of you. The historically bipartisan nature of the Commission would seem to be a positive rather than negative factor.

On behalf of Senators Inouye and Hatfield, and all of our colleagues on the FDR Memorial Commission, I respectfully request the you reconsider your decision, and honor us and thousands of supportive Americans by serving as Honorary Co-Chair. Thank you for your consideration, and I hope we might hear from you in the near future.

Sincerest personal regards,

David

David B. Roosevelt

THE WHITE HOUSE

WASHINGTON

May 20, 1993

The Honorable Daniel K. Inouye
Franklin Delano Roosevelt Memorial Commission
H2-347 Ford House
Office Building
Washington, DC 20515

Dear Senator Inouye:

Thank you very much for your letter requesting that President William J. Clinton and First Lady Hillary Rodham Clinton serve as Honorary Co-Chairs of the FDR Memorial Commission.

It is a great honor to be considered for such a role, and the President and First Lady sincerely appreciate your interest. Unfortunately, they are unable to accommodate your request at this time and cannot lend their names to your cause.

President and Mrs. Clinton do, however, wish you the greatest success in your efforts.

Thank you again for your interest.

Sincerely,

Mark Gearan

Mark D. Gearan
Deputy Chief of Staff

THE WHITE HOUSE
WASHINGTON

DATE: 07/23/93

NOTE FOR: HOWARD PASTER

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

Information ☐

Action ☐XX

Please respond to the Congressmen regarding the President's answer.

Thanks.

Thank you.

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

cc:

THE PRESIDENT HAS SEEN 7/22

THE WHITE HOUSE

WASHINGTON

July 20, 1993

MR. PRESIDENT:

Attached is a memorandum from Howard concerning your serving as Honorary Chairman of the Franklin D. Roosevelt Memorial Commission. Given the strong Congressional interest, and David Roosevelt's attached request, I recommend that you agree to the request.

[✓] Concur [ ] Discuss

John Podesta

OK

THE PRESIDENT HAS SEEN
7/22

THE WHITE HOUSE

WASHINGTON

July 12, 1993

93 JUL 12 A10:23

MEMORANDUM FOR JOHN PODESTA

FROM: HOWARD PASTER HP

SUBJECT: FRANKLIN D. ROOSEVELT MEMORIAL COMMISSION

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(Attached is the material left by the Senators.)

THE WHITE HOUSE
WASHINGTON

DATE: 7/22

NOTE FOR: George S, Gene Sperling, Ricki

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

Information ☐

Action ☑

Is this a Gene call
or a George?
You decide

Thank you.

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

cc:

THE PRESIDENT HAS SEEN
7-22-93

COS - He's a friend
Pls call + tell him what we're doing - maybe he could do some surrogate work

WILLIAM S. SINGER
200 EAST RANDOLPH DRIVE
SUITE 5900
CHICAGO, ILLINOIS 60601

7/21/93

Dear Mr. President:

I saw you last night on Larry King and on the C-Span rebroadcast of your speech to the Budget Conferees. I only wish that every American could have seen or heard your remarks. You were terrific and so is the substance of your message.

I know that many people don't understand what you and the Congress (Democrats) are trying to do. Seniors don't understand how few of them will be impacted by the Social Security changes for relatively well off recipients. The middle class does not understand how little they will pay and how the bulk of the money will be raised from people with incomes over $100,000. Few people know of, or if they ~~don~~ do, don't trust the Trust Fund benefit for the deficit reduction. Nor do they understand the mandatory obligation on you if the deficit reduction targets are not

WILLIAM S. SINGER
200 EAST RANDOLPH DRIVE
SUITE 5900
CHICAGO, ILLINOIS 60601

met.

I'd like to suggest a P.R blitz with simple message and the use of the charts you used on Jerry King: who pays (including the few seniors); the need for deficit reduction and the commitments to it; and the very positive relationship between what you have proposed and low interest rates!

I would also suggest the following:

. The blitz should begin ASAP and continue after the Congress passes the bill and you sign it.

. Surrogates should be dispatched throughout the country to give speeches and meet with editorial boards and other opinion leaders and appear on TV and radio talk shows. This could be a highly visible effort with all the surrogates meeting with you and then immediately

WILLIAM S. SINGER
200 EAST RANDOLPH DRIVE
SUITE 5900
CHICAGO, ILLINOIS 60601

deputies to fan out across the country on the same weekend.

. More public comment from Greenspan - He validates the wisdom of what you are trying to do -- and he is very credible. He is not viewed as partisan.

. a speech to the nation by you before the House-Senate vote on the Conference Report.

Watching you last night made me proud and angry. I'm angry because I want you and this effort to succeed and I know it has been grossly distorted.

I believe you will win this battle and that Americans will accept it as fair and necessary in the end because we do tend to reach the right conclusions! But I know it's necessary to help this along and I hope these suggestions are helpful!

Yours,

Bill

OK
JDP

93 JUL 22 P5:44

Please
Deliver
ASAP FRI.
A.M.
JDP
7-22-93

MEMORANDUM

To: John Podesta
Via: The Executive Clerk
From: Bruce R. Lindsey
Subject: **Nominations**
Date: July 20, 1993

The following individual has been approved by the President and is ready to be nominated to the Senate:

Walter F. Mondale
Ambassador to Japan

per DeB - needs to go
to hill on Friday
for sure

THE WHITE HOUSE

WASHINGTON

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

TO: NEIL EGGLESTON 383 6610 FAX

FROM: John Podesta

SUBJECT:

DATE: 07/22/93

Phone Number: 456-2702 **Fax Number:**

NUMBER OF PAGES (including cover sheet): 4

MESSAGE:

If all pages are not received, please call 202/456-2702

THE WHITE HOUSE

WASHINGTON

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

TO: MARK CHILDRESS FAX 224-5128

FROM: John Podesta

SUBJECT:

DATE: 07/22/93

Phone Number: 456-2702 **Fax Number:**

NUMBER OF PAGES (including cover sheet): 4

MESSAGE:

[redacted]

Little bank is big news over decade

BY LEROY DONALD
Democrat-Gazette Business Writer

It was called the "Littlest Bank with the Biggest Heart" when National Bank of Arkansas opened in North Little Rock in January 1981.

For a few years it was the fastest-growing bank in Arkansas, in large part because of the marketing flair of its founder and president, Ron Tullos.

Then, trouble: some bad loans, dissent in the ranks, a hostile takeover attempt and, finally, the ouster of Tullos and his board of directors.

A new group of directors was seated, with a new head man — Al Harkins, a West Memphis troubleshooter. Lawsuits followed, the new guys suing the former directors over $1.5 million in losses.

Gradual recovery followed; a solid showing in profitability in recent years. Settlement of the lawsuits came a few weeks ago.

Out of all this came a situation that reaches all the way to the White House — confirmation hearings for Dr. Joycelyn Elders, President Clinton's nominee for surgeon general.

She was one of Tullos' directors who found themselves sued.

A major issue expected to confront Elders in Washington is National Bank of

See NBA, Page 12A

[redacted]

[redacted]

NBA

• Continued from Page 1A

Arkansas and her role as a director of it.

She was one of the 10 organizers of the bank. At the time -- in early 1979 — she was a pediatrician at the University of Arkansas School of Medicine.

The other organizers were Mrs. Emma W. Hall, owner of Hall Tank Co.; Lyndell Lay, owner of Charter Mortgage and Investment Inc.; Justin Matthews III, board chairman of Metropolitan Trust Co.; W.H. "Bill" Moore, chairman of the board of Moore Ford Co.; Andrew Power, assistant superintendent of the North Little Rock public schools; John S. Smith, president of North Little Rock Funeral Home; Loyd Stanley, owner of Stanley Jewelers-Gemologists Inc., and William G. Thompson, owner of Thompson Grocery and Railroad Salvage.

Together with Tullos they would own less than 40 percent of the stock, allowing people outside the bank to buy the rest.

The 10 organizers would serve as an interim board until the remainder of the stock was sold and the stockholders met.

Tullos hoped to raise some $3 million, but that sum wasn't reached and the bank opened capitalized with $2.35 million.

Both of North Little Rock's other banks -- Twin City Bank and First American National Bank — opposed the opening of a third national bank. So did Worthen Bank and Trust Co., across the Arkansas River in Little Rock.

Tullos saw a niche, however.

"It was all my idea," he said in an interview Wednesday. After a time in Memphis after his ouster, Tullos is back in North Little Rock practicing law.

Barely 30 when he began putting the bank together in 1978, Tullos had returned to Little Rock after working four years in Washington for the American Bankers Association as government relations counsel and liaison with the White House on banking matters.

Tullos said his first move was to talk to Bill Bowen, president of what was then Commercial National Bank. Bowen gave him the names of some people involved in an unsuccessful attempt some years earlier to form a third bank in North Little Rock.

"I began talking to these people. Some were still interested, some not," Tullos said.

He also learned of others who were interested in setting up another bank and who had shown some outstanding leadership in the community.

"Dr. Elders fell into that category," he said.

At a news conference a short time later, Elders said she became involved as an organizer because she was concerned about providing a community need, especially to blacks and women.

She also noted that she had been named a member of the Arkansas Industrial Development Commission and felt that being on that commission probably would aid in her contributions to the bank.

"Dr. Elders was an exemplary contributor to the bank," Tullos said. "She chaired the personnel committee and was involved with the people in the bank. I've never had a cross word with Dr. Elders over any issue."

He also said she sold NBA stock to numerous members of her family in Arkansas and other states.

There were few minorities involved in managing or on the boards of banks at the time, Tullos recalled.

"Our whole concept from the very beginning was that we would be people responsive to the average man and not be a product or influenced by the big players," he said.

To this end stock was sold to about 500 people outside the bank.

After a protracted review, National Bank of Arkansas opened on Jan. 2, 1981, in a prefabricated building in The Other Shopping Center parking lot off McCain Boulevard.

It should have been an awful time for a bank to open. Interest rates were high, inflation was galloping and the economy was depressed.

In its first year, National Bank of Arkansas grew to more than $13.4 million in assets and $10.7 million in deposits and money fund investments.

Then in 1987, Tullos recalled, the bank began to have some loan losses. After six years, the bank reported its first losing year, some $700,000 in the red.

"It began to be apparent that it was going to take time and effort to overcome those losses and make the changes that were needed," he said.

At this point the board "kind of took two alignments," he said.

One group "rolled up their sleeves and said they would stay with it until it was fixed," Tullos said. Other directors decided that they didn't want to fight the long fight and put their stock up for sale.

"That really created the opportunity for a takeover," he said.

Don Parks, the owner of a company operating Western Sizzlin' franchises in Central Arkansas, expressed interest in owning a significant amount of the bank's stock. When a couple of the directors decided they wanted to sell, Tullos went to Parks and offered him the chance to buy the stock.

Parks bought the stock that had belonged to Justin Matthews. The other directors and Park bought Lyndell Lay's stock on a pro rata basis according to the stock they already owned.

That put a significant block of stock in Parks' hands, he said.

In the next few months, a lawyer for an undisclosed person began circulating word that his client was seeking to buy stock. That turned out to be W.A. "Tony" Rand, the one-time movie house owner.

Rand did buy the stock belonging to John Smith and Bill Thompson, Tullos said.

The day after that purchase was the day of the regularly scheduled stockholders meeting. Parks and Rand showed up together, which was a surprise, Tullos recalled. They sent a letter to him saying they wanted him and all the directors to resign.

Tullos began his fight, advising them that the bank, through its holding company, National Banking Corp., had several anti-takeover defenses in place and that their request couldn't be granted. Eventually, Parks, who had been elected to the board, was kicked off and the bank sued him in federal court over his efforts to gain control. Parks countersued. U.S. District Judge Henry Woods said he would not order an end to the takeover fight.

"I think it's a fight between two groups of people," the judge said in his ruling. "Go to it and let the best side win is about all I have to say."

Parks and Rand never acquired a controlling percentage of stock, but persuaded enough other shareholders to vote with them and replace the old board. The new slate of directors subsequently sued the former board members for some $1.56 million in losses. Earlier this summer, a settlement was reached with all the directors and Tullos. Because of non-disclosure clauses in the settlements, details have not been released.

However, Tullos said, "I think the suit was totally without foundation and I think the directors, all of whom settled, did so because it was easier to settle from a financial standpoint than go through extensive, lengthy and complex litigation."

He said he could not state how much money was involved in the settlement or how it was paid, but said the figure of $1.5 million sought in the lawsuit was "far, far off the mark."

Harkins said the lawsuit never had any effect on the operational side of the bank. When he took over in 1989, he said, he made the first year a "workout year, just tried to get a handle on things."

By 1991, the bank had a profitable year.

"In 1992 we had an outstanding year, we were one of the most profitable banks in the state," Harkins said. "We are having an excellent year going this year."

Rand and Parks, the two takeover leaders, sold their stock, about 35 percent of the outstanding shares, long ago to existing directors.

"There was no internal fight," Harkins said. "They decided they didn't want to be in banking business. They really didn't have time for it, either one of them."

and Desire in American Art." NEA defenders said: Yes, the Whitney has received NEA money, but that exhibit was funded privately. NEA critics countered: Money is fungible, so NEA money helped condition all the Whitney's activi-

Art, perhaps, but alas only partially degradable.

Eli Segal | Carol — what's your reaction to this? — B.

THE PRESIDENT HAS SEEN
7.22.93

William Raspberry

Service Spread Too Thin

There are at least three ways of looking at the national service program President Clinton wants enacted: as a way of getting young people in the habit of service, as a way of getting college tuition paid and as a way of getting serious problems solved.

Clinton as candidate managed to weave all three together into an attractive unit. Clinton as president has run head-on into the dilemma inherent in the approach: Make the program big enough to be a viable tuition program and you send the cost through the ceiling; make it small enough to be affordable and you limit both the number of servers and the amount of good they can do.

That's the obvious problem, and any number of observers have commented on it. S. P. Browning, a 25-year-old graduate student at Trinity College, Hartford, Conn., thinks there is another, less obvious flaw that, if uncorrected, will doom a good idea to costly failure.

"They have managed to duplicate the worst features of VISTA [Volunteers in Service to America], while ignoring the lessons from President Johnson's war on poverty," he told me the other day.

"VISTA, which allows individual volunteers to do anything that comes into their minds, has had little effect in transforming America because it is too fragmented to create a critical mass. That's exactly where the national service idea seems to be headed. And to the extent that it gets involved in 'empowerment' and local choice, it runs the risk of repeating the errors of the Johnson years. Remember the Woodlawn Organization?"

Interestingly enough, Browning doesn't: he was a 1-year-old kid when Johnson left office. But he has read a lot about that period, his interest piqued by a stint with Habitat for Humanity. The one thing he has learned, he says, is the importance of focus.

"The approach the administration has chosen almost guarantees fragmentation. They say they hope to 'transform America' by changing the individual participants while at the same time dealing with the 'unmet educational, environmental, human or public safety needs' of the country. What they miss is that without a centralized theme, national service won't be able

Without focus, the program is doomed to be a costly failure.

to establish a real commitment to deal with ***any*** critical need.

"Instead, by the end of 1997, we will have a $7.4 billion program that dabbles in many areas, makes its participants feel good, and leaves the society unchanged."

Browning, interviewed by phone from his home in Norwich, Conn., offered an alternative: "Suppose the administration—perhaps after a series of conferences or town meetings—chose one specific problem, defined one activity to solve that problem and personalized the mission so individuals could relate to it. Instead of getting 150,000 college-age participants, you could, for the same money, enlist more than a million students on a full- or part-time basis. You could make a difference."

Nor is there any doubt as to where Browning would seek to make a difference. "If you want to get the most mileage for the money," he said, "the obvious choice is in education—more specifically, urban grammar school education. Look, the three worst problem areas we have as a society are probably jobs, crime and education. You can't use national service to handle the jobs issue; that's not a mass activity. You could use national service with something like the Police Corps. But education is where a large number of servers could make a real difference."

It makes sense. I understand the administration's reluctance to dictate programs and directions, preferring to let a thousand flowers bloom. But I also understand Browning's notion of focus.

"Changing the behavior of a criminal or drug addict is very difficult," he wrote in a paper that first called him to my attention. "Grammar school children are much easier to help, and individually focused, part-time tutoring programs using national servers are one way to do this." In addition, he said, it could also establish important social links between rich and poor, city and suburb, black and white.

Browning pictures a flood of energetic young servers, perhaps responding to a call from a hard-pressed principal, engulfing a school, providing one-on-one tutoring at least an hour a day for every troubled student, forming relationships, helping teachers—making a difference. That's what focus can do.

Now picture a like number of VISTA volunteers at work . . . But you can't. No particular problem, or concerted action to solve it, comes to mind.

Which is Browning's point.

THE WASHINGTON POST THURSDAY, JULY 22, 1993

51

[redacted]

THE PRESIDENT HAS SEEN
7-22-93

Rory
good briefing piece

Robert D. Novak

A Hopeful Look At China

BEIJING—Hordes of junketing American congressmen about to descend upon this capital during August might seem like a nuisance for the U.S. Embassy and the Chinese government, but their bothersome visits conceivably could promote mutually productive relations between the two countries.

If the junketeers keep their eyes and ears open, U.S. diplomats here hope, they may recognize that the last great totalitarian state is slipping the bonds of communism toward a semblance of individual freedom unthinkable short years ago. Cooling congressional demands to democratize China, in turn, could free President Clinton for a more constructive posture toward Beijing.

The memory of the People's Liberation Army's murderous assault in Tiananmen Square in 1989 has lost four years in which the United States could have built closer ties with and exerted more influence on the world's most populous nation. The tension is not over.

While Clinton has abandoned his 1992 campaign rhetoric about Chinese "tyrants," he still publicly bashes the country's Communist rulers. That is counterproductive to U.S. desires for a peaceful, prosperous and ultimately democratic China.

Chinese officials were vexed by the president's critical remarks earlier this year when he extended, on a probationary basis, most-favored-nation trade treatment. They were similarly displeased when Clinton, addressing the South Korean National Assembly July 10, expressed "serious concerns" about China and then added: "China cannot

> *"The last great totalitarian state is slipping the bonds of communism toward a semblance of individual freedom."*

be a full partner in the world community until it respects human rights."

That approach gets nowhere with the Chinese. On July 15, Foreign Ministry spokesman Wu Jianmin attacked Clinton's Korean speech as "unjust" in seeking a "monopoly of power" in Asia. A few nights earlier, Wu—a respected career diplomat—stressed to me the need for U.S.-Chinese cooperation.

U.S. Ambassador J. Stapleton Roy, a Foreign Service officer and old China hand, experienced this phenomenon in the fall of 1992. He was making progress persuading the Chinese to bar arms shipments to Iran, but his efforts were demolished when President Bush sent F-16 fighter planes to Taiwan (an election campaign boost for McDonnell-Douglas employment in Texas).

Roy, one of the few ambassadors to a major post who apparently will be kept by Clinton, might well advise less confrontation. But the president's China strategy is more directed by Assistant Secretary of State Winston Lord, a former ambassador to Beijing who felt personally betrayed by Tiananmen Square, and by Democrats in Congress who had hounded Bush's China policy.

Thus, it is important that the congressional delegations to Beijing see China as it is. The democracy movement has been ruthlessly crushed with no signs of revival. But China is freer today than before the demonstrations of 1989. Over the past half-century, U.S. policy has enthusiastically embraced more openness ...

That leaves the question of whether China is a ... to the United States. A reporter spending ... days in Beijing, Shanghai and the new ...mmercial hub of Shenzhen must conclude the ...inese want to make money, not war. PLA ...diers, once omnipresent, are seldom seen. Red ...ts and revolutionary posters are in storage.

Nevertheless, in reacting to Desert Storm's ...h-tech lessons, China is upgrading its military. ...at action is described by one Western diplomat ... "very modest, long overdue and terribly alarm...g to its neighbors." They would be all the more ...rmed if the United States ended China's MFN ...tus and thus drew a line in the sand.

Using MFN as a club is to brandish the ...achronistic Cold War sanctions that would most ...mage U.S. commercial interests in China. Com...unist rulers have set a course of increasing ...ivatization (though it isn't called that) with an ...egral link to the West's economy, whether or ...t Washington withdraws from China.

The United States did not withdraw during the ...t four years only because George Bush refused ... submit to heckling congressmen from both ...rties and to sniping journalists (including this ...lumn). It is now up to Bill Clinton whether he ...nts to forgo China bashing and instead do ...siness with Beijing on the basis of mutual ...interest.

Jim Hoagland

Libyan Spin Control

"The Sofaer case is the tip of a very big and interesting iceberg," said a caller who had just read my column about Libya hiring the former State Department legal adviser as its lawyer. "Keep digging on Libya's charm offensive, and look for the Israeli connection."

The caller is correct. Abraham D. Sofaer's aborted big-bucks contract with Libya, which Sofaer soon abandoned, is only a piece of Moammar Gadhafi's effort to gain forgiveness and influence in America. And there is a surprising Israeli angle that carries echoes of the Iran arms-for-hostages scandal.

"Follow the go-betweens and you will see a familiar picture," said a U.S. official, confirming the caller's tip that Washington is concerned about growing signs of a Libyan-Israeli detente. A detente with Israel would undercut American efforts to keep Gadhafi isolated diplomatically and to squeeze him into turning over the two Libyans accused of bombing Pan Am 103 for trial in America or Britain.

Gadhafi cannot afford to do that politically. The two Libyan operatives know too much and are key figures in the tribal politics of Gadhafi's regime. So he is desperate to do a deal that would get them off the hook and get Libya out from under U.S. and U.N. economic sanctions imposed on Libya because of that state's long-standing support for terrorism.

Libyan officials and businessmen living abroad have quietly sounded out American lawyers, political scientists, public relations experts, academics and others on how Gadhafi can repair his image internationally and influence the new U.S. administration.

The twist worthy of O. Henry is that the Libyans have also sought out American Jews and others close to Israel and have even had contacts with Israelis—some of whom reciprocate Gadhafi's interest in dialogue.

Intermediaries working for improved Libyan-Israeli relations have ties to Israeli Foreign Minister Shimon Peres, who encouraged the Reagan administration to reach out to "moderates" in Iran by selling missiles to Tehran through Israel in 1985. U.S. officials have begun to suspect that Peres is once again seeking strategic advantage by converting and neutralizing a bitter foe of Israel.

U.S. officials are skeptical that Gadhafi has changed his spots. So, apparently, is Israeli Prime Minister Yitzhak Rabin, who has kept his distance from behind-the-scenes efforts to reach out to the erratic Libyan ruler, whose fiery condemnations of Israel and of Zionism have been one of the few constants of his 23-year rule.

Israeli arms dealer Yaacov Nimrodi and Saudi financier Adnan Khashoggi (who played prominent roles in arranging initial U.S. arms shipments to Iran in 1985 when Peres was prime minister of Israel) organized a visit to Jerusalem by 192 Libyan Muslim pilgrims in June. The visit ended in controversy when the pilgrims cut short their visit and called for ...

Fellah is also a close friend of Micha... Ledeen, a national security consultant ... the Reagan administration who arrange... initial U.S.-Israeli contacts on arms ship...ments to Iran. Ledeen acknowledges th... he met privately with "one of the top fiv... figures in the Libyan government" th... past winter in Cairo, but denies that the... discussion had anything to do with Israe... The Libyan asked Ledeen whether he o... other prominent Americans would be in...terested in working for Libya to mediat... the Pan Am 103 case.

"I told him it was a terrible idea an... that I wouldn't be involved," Ledeen tol... me.

Joseph Churba, head of the Interna...tional Security Council, a conservativ... and pro-Israel Washington think tank... met with senior Libyan political figure... in Rome in April. Churba says he use... the meeting to press the Libyans t... open the country to inspection of suspected chemical weapons factories an... missile sites. The failure of the Libyans to give him a clear answer on this, and objections to the contacts from the State Department, led Churba to cancel a second meeting scheduled in Geneva.

Churba told me the Rome conference cost his organization $50,000. Most of his activities are funded by the Rev. Sun Myung Moon, the South Korean evangelist whose newspaper, The Washington Times, published on July 6 an interview in which Gadhafi praised President Clinton as "a kind, well-intentioned man." The story emphasized Gadhafi's willingness to cooperate with Clinton on counterterroist intelligence if America made a gesture to Gadhafi.

Gadhafi was interviewed on Cable News Network by the Rev. Jesse Jackson a week earlier, and offered to turn the two accused terrorists over to Jackson, but not to the U.S. government.

The interview comments were Gadhafi's inimitable way of saying he has no intention of giving up his two agents for trial in the United States. Americans and Israelis who think they can moderate Gadhafi's behavior by talking to him have a heavy burden.

They must make it clear that he cannot escape sanctions and perhaps more drastic punishment to come unless he surrenders the men who bombed Pan Am 103 and gets completely out of the terrorism business. Any other message dishonors the memory of the 259 passengers and crew members who perished aboard that flight ... years ago.

...TON POST ... 22, 1993

THE PRESIDENT HAS SEEN

2·22·93

Tony

painting Italy as a troublemaker, a disobedient child who thinks it knows better than its elders. When Rome dared to raise its concerns about the increasingly bloody course of the humanitarian mission in Somalia, it was quickly and publicly slapped down by U.N. officials from ground commanders to the Secretary General. Such high-handed behavior does little for the U.N.'s image and, worse still, it risks obscuring the real issue: that the methods and scope of the peacekeeping operation need to be reviewed.

The criticisms voiced by Rome, after three of its soldiers were killed in an ambush by followers of Gen. Mohammed Farah Aidid, are based on its heavy military presence in Somalia, its belief in dialogue to reach a settlement and its colonial links to Somalia.

No nation likes to see its soldiers return in body bags. With 2,600 troops, Italy is the second biggest force in Somalia, and its troops are in one of the most dangerous areas of Mogadishu. In six weeks, the Italians destroyed nearly two tons of arms in Somalia without a single shot being fired, but because of the ill-advised decisions of their U.N. commanders they became targets.

The Italians killed in the ambush paid with their lives for American air raids that had enraged and alienated the local population and not just the followers of General Aidid. The United States military attacks its targets from the safety of helicopters and planes and the marines retire to their ships overnight. The Italians and the rest of the force remain on land, vulnerable to reprisals.

Italy's criticism is based not just on self-interest but on an entirely different conception of the peacekeeping mission. Italian politics is exceptional in its reliance on compromise, so it's hardly surprising that Rome places a high priority on negotiation. This flexibility has served well on the international scene.

Italy played a crucial role in securing the accord that ended 16 years of civil war in Mozambique. It has also been discreetly active in promoting dialogue between Israel and the Palestinians. Italian soldiers in the multinational force in Lebanon were praised for their good relations with all parties.

Italians negotiate. The U.N. goes in with guns blazing.

The American military command, which has imposed a Rambo approach on the U.N. force, distrusts what it sees as Machiavellian maneuvering by Italy. It prefers to clearly identify an enemy — General Aidid — put a price on his head and go in with guns blazing, irrespective of the human cost. Until recently, General Aidid — now defined as a war criminal, terrorist, the Saddam Hussein of Africa — was Washington's best friend in Somalia. Then something changed; perhaps American officials realized he was stringing them along. The first fruit of this about-face was the U.N. forces' attack on his radio station in which 24 Pakistanis were killed. This prompted an escalation that has seen the death toll rise.

Against this spiral of violence, the much-maligned head of the Italian contingent, Gen. Bruno Loi, sought to prove a

Frances Kennedy is a correspondent in Rome for the British Broadcasting Corporation.

... World War II. In 1950, Italy became the administering power in the run-up to independence, creating the base for a close and cordial relationship. Even if Rome's reputation was tarnished by its support for the President-turned-dictator Mohammed Siad Barre, its investment and technical support created a reserve of goodwill.

The Italian Ambassador to Somalia, Enrico Augelli was the only foreign diplomat to remain in Mogadishu as the country descended into chaos. He has painstakingly established contact with virtually every clan or subclan in the country, following the U.N.'s mandate to encourage "broad participation by all sectors of Somali society to promote political settlement. Mr. Augelli was withdrawn to Rome last month to avoid a head-on confrontation with Adm. Jonathan Howe, the U.N.'s special representative in Somalia, who did not appreciate the independence of Italy's military or political representatives on the ground.

The events of the last week clearly reveal the inadequacies of the post-cold-war U.N. The Somalia operation was supposed to restore its credibility after the fiasco in the former Yugoslavia. Instead, the Somali people's faith in the neutrality and goodwill of the U.N. is being undermined, and there are damaging divisions in the peacekeeping forces. A unified central command is essential to any operation, but it needs to reflect common goals, not those of just one country, in this case the United States.

The appointment on Tuesday of an Italian military official to the Secretariat's peacekeeping operation, while an obvious attempt to appease Italy, is being welcomed in Rome. So is the scheduled meeting of Italy's Under Secretary of Foreign Affairs, Bruno Bottai, with the Secretary General. But patching up the diplomatic rift will not resolve fundamental concerns about the military operation. Are the means actually achieving results or becoming an end in themselves?

Are the military decision-makers becoming dominant in what is meant to be a humanitarian mission?

Does the U.N.'s approval of the use of force to impose peace in Somalia need clarifying?

Unless these issues are resolved, there is the risk that Italy may pull out. Worse yet, foreign forces may find themselves still in Somalia years after the U.N. mandate expires in October. □

THE WHITE HOUSE
WASHINGTON

DATE: July 22, 1993

TO: David Gergen, George Stephanopolus and Tony Lake

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

The attached has been forwarded to the President.

THE WHITE HOUSE

WASHINGTON

'93 JUL 22 P1:54

MEMORANDUM TO THE PRESIDENT

FROM: Mark Gearan

RE: **G-7 Summit** clips

DATE: July 21, 1993

This memo provides a summary of both the American press coverage at the G-7 Summit and the foreign coverage from the July 2 interview session with the six foreign G-7 countries' correspondents. I have also included a News Photo Summary that includes pictures from Japan and Korea.

As you will observe, your performance at the G-7 demonstrated your leadership both nationally and internationally.

C.C. David Gergen
George S
Tony Lake

July 15, 1993

MEMORANDUM FOR MARK GEARAN

FROM: KEITH BOYKIN

RE: AMERICAN PRESS SUMMIT COVERAGE

American news coverage of the President at the G-7 Summit was generally positive, qualified by mixed reviews of the trade pact. The Russian aid package was portrayed favorably by the media. Overall, the President was praised for his leadership on the world stage.

Monday, July 5: Portions of both the print and television media previewed the upcoming meeting. On July 5 only ABC lead with coverage of the summit, while both CBS and NBC placed stories concerning the floods at the top of their broadcasts.

Tuesday, July 6: All the morning news shows led with summit news and all three networks began their evening broadcasts with their anchors in Japan. The print media generally characterized the President's goals to be a revival of the GATT talks and assurances to both China and Japan that the U.S. will continue to protect South Korea while blocking nuclear initiatives in Pyongyang.

Wednesday, July 7: The morning network news shows led with the summit, with ABC reporting the meetings were "off to a good start" and NBC reporting that the mood was upbeat.

All three network evening news broadcasts led with summit stories. CBS's Dan Rather said recession, unemployment, scandals, and lack of public confidence had contributed to the "summit of discontent." NBC's Tom Brokaw said the G-7 leaders "faced cloudy prospects on trade, jobs, and Bosnia."

Newspapers, overall, were skeptical of the summit's ability to deliver tangible results in the face of the G-7 leaders' low popularity in their home countries. The Dallas Morning News did not believe that the summit would produce a tentative tariff reduction in the Uruguay Round or an adequate aid package to Russia.

Thursday, July 8: NBC began the evening news with "President comfortable at G-7 Summit amid victory on trade." CBS put the same information third in its broadcast following flood stories.

Newspaper headlines questioned Administration attempts to label the trade deal a "breakthrough." Critics said the talks provided for only marginal growth stimulation. Reports focused on whether the agreement would fit into the larger trade talks. The New York Times reported, "It remains to be seen whether today's narrow success will energize the larger, more complex talks that are to resume later this month."

News reports praised the President's ability to demonstrate the charm and political savvy that he cultivated so well in the campaign. Flattering stories and photos appeared of the President and First Lady on the streets of Japan, along with the President's phone call to the parents of the slain Japanese exchange student. Newspapers, though, were critical that summit leaders were focusing more on Russia and the Koreas than on the situation in Bosnia. Overall, newspaper editorials identified the trade pact as an accomplishment, but were quick to recognize its limitations.

Friday, July 9: News reports praised the $3 billion aid package to Russia. NBC opened with the President and Mrs. Clinton at an Imperial Palace Gala and Tom Brokaw called the aid package "the one real accomplishment of the economic summit." (NBC) The President's emergence as the leader of the summit was widely reported on the evening news, though some critics were quick to identify the low popularity ratings of the other leaders at the summit in an attempt to diminish the President's accomplishments.

Follow up reports on the G-7 Summit were generally favorable. Both the New York Times and USA Today credited the President with burnishing his image through campaign-style political techniques. A Los Angeles Times editorial said, "For his first go at this sort of thing, the new President demonstrated a sense of command and priorities even among more experienced world leaders. So the Asian trip almost certainly has to help him." On July 13 a new USA Today/CNN/Gallup Poll indicated that the President's approval rating on trade issues rose to 43% from 37% following the summit and that the President's approval rating on foreign affairs is 49%.

Following is a chart listing the lead stories on each network's nightly news broadcast during the week of the summit...

	JULY 5	JULY 6	JULY 7	JULY 8	JULY 9
ABC	Summit	Summit	Summit	Flood	Flood
CBS	Flood	Summit	Flood	Flood	Summit
NBC	Flood	Summit	Summit	Summit	Summit

THE WHITE HOUSE

WASHINGTON

July 3, 1993

MEMORANDUM FOR ANTHONY LAKE
DAVID GERGEN
MARK GEARAN
DEE DEE MYERS

THRU: DON STEINBERG

FROM: PAUL CLARKE

SUBJECT: Foreign Coverage of President Clinton's Interview with G-7 Correspondents, July 2

This memo provides a summary of the first-day television and print coverage of the P esident's interview with correspondents from the six foreign G-7 countries.

Coverage was extensive in all the outlets participating in the interview media -- the interview was covered on the front page of each participating newspaper and on the television morning/evening news programs of each participating network. In most cases, the interview was presented with little commentary.

We will provide a summary of subsequent coverage.

JAPAN

Television: President Clinton's NHK-TV Interview was shown extensively on the morning news shows. The broadcast emphasized the President's statement that changes in the trade relationship between the U.S. and Japan would benefit both countries and that changes in Japan's political system are a good thing. White House correspondent Fujisawa reported that "Clinton wants to avoid a confrontation over trade issues that will lead to protectionism."

Print: Major papers (including participant Yomiuri Shimbun) highlighted the President's optimism for success for the Summit, his support of U.S. political and security commitments to Asia and his admiration of Japan. Asahi Shimbun reported that the President hopes that the current turmoil in Japan will lead to a more internationally-oriented and consumer-conscious society.

FRANCE

Television: France-2 carried the interview complete and without commentary. The wire service Agence France Presse and the influential Liberation welcomed the President's willingness to discuss U.S. sanctions against European steel at the Summit, as well as his desire for France to "change on the issue".

Print: Le Monde praised the President's commitment to reducing the U.S. budget deficit and his conciliatory views toward France on trade issues. It stressed that the only point of contention between the United States and Europe is how to handle the crisis in Bosnia. The International Herald Tribune reported that President Clinton feels the United States is fulfilling its obligation to enhance the global economy. It stressed the need for action to reform the economies in Europe and Japan, noting that American growth itself can do only so much for these other economies.

GERMANY

Television: ARD ran an abbreviated version of the full interview, highlighting questions on UN Security Council seat for Germany, U.S. involvement to end the crisis in Bosnia, and the U.S. airstrike on Iraq.

Print: Frankfurter Allegmeine led that the President expects the Summit to lead to serious efforts to overcome weak global growth. The article noted President Clinton's efforts to achieve that goal, including deficit reduction and securing fast track approval for the Uruguay Round. The story also reported the President places great importance on lower German interest rates and stimulus for growth and opening of markets in Japan.

UNITED KINGDOM

Television: ITN gave an unprecedented seven minutes at the top of its evening news show to the interview, focussing on the questions of American global leadership, Bosnia and Iraq. Washington Bureau Chief Neely said that President Clinton has "a clear task to lead the world out of a global slump". White House correspondent McDonald said the Summit would produce "few hard conclusions".

Print: Financial Times gave extensive coverage to the interview, characterizing the President as having only modest hopes for progress and that he doubts the Summit will halt friction between the U.S. and Japan. The Times praised the President's thoughtful answers during the interview.

ITALY

Television: The President's condolences on the loss of three Italian soldiers in Somalia dominated RAI's coverage of his interview. Short statements on Bosnia, Iraq and U.S. leadership were also carried without commentary.

Print: Corriere della Sera played up the condolences on the three slain soldiers, but also gave coverage to the President's overall message on political and economic objectives for the Summit: "[President Clinton] rejected the image of a presidency incapable of confronting great crises. Woe to those who withdraw, who turn inward, was his message".

CANADA

Television: CBC highlighted the President's rejection of a "double standard" in U.S. policy toward Iraq and Bosnia, as well as his comments on the prospects for NAFTA. White House correspondent Halton reported that the President will put forward new proposals on Bosnia at the G-7.

Print: Toronto Globe and Mail focussed on the President's statement that it will be a "tough sell" to achieve Congressional approval for a NAFTA agreement. It also reported the President's comments on the need for cooperative policies to achieve an expansion of global growth and trade.

Economic Summit Trip

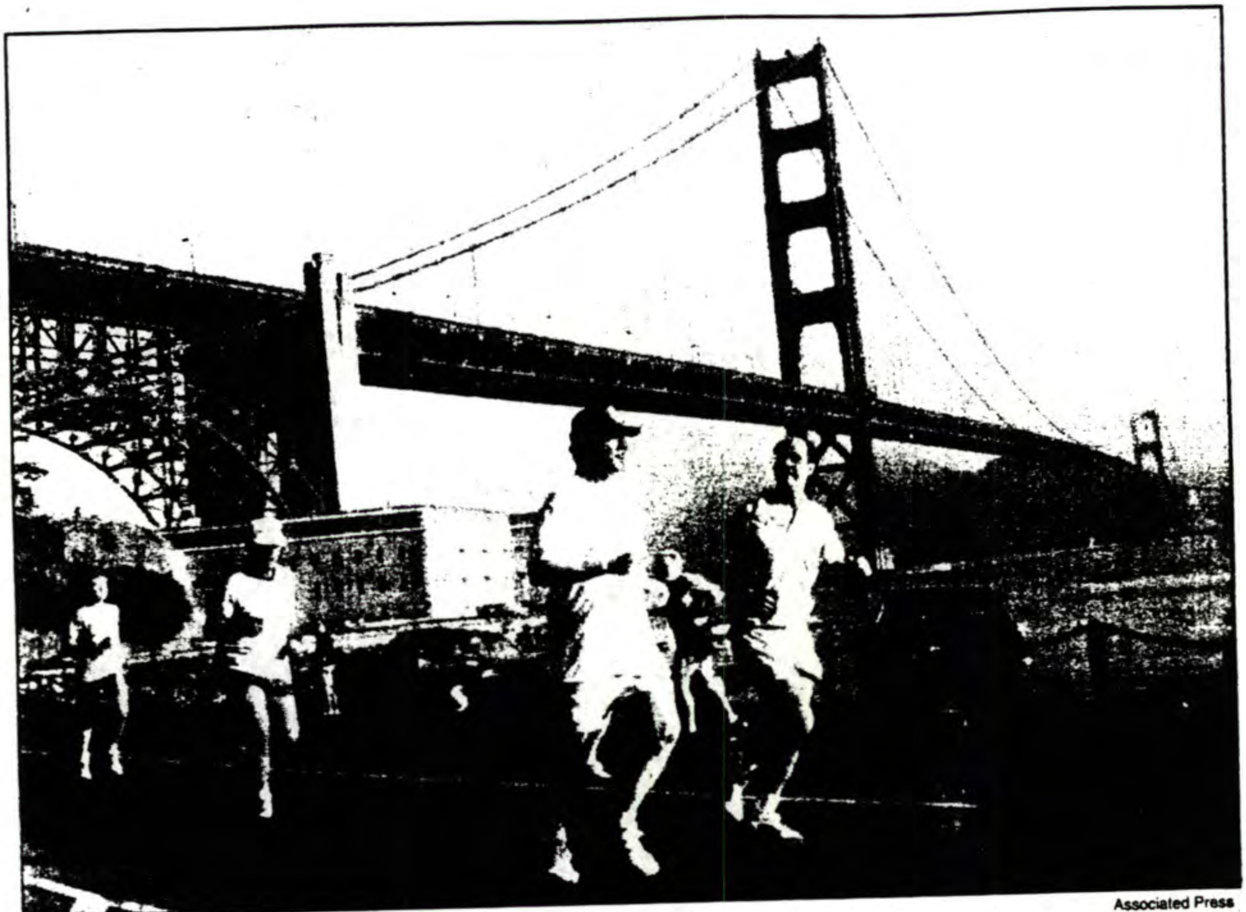
News Photo Summary

July 5 - 13, 1993

AGENCE FRANCE-PRESSE

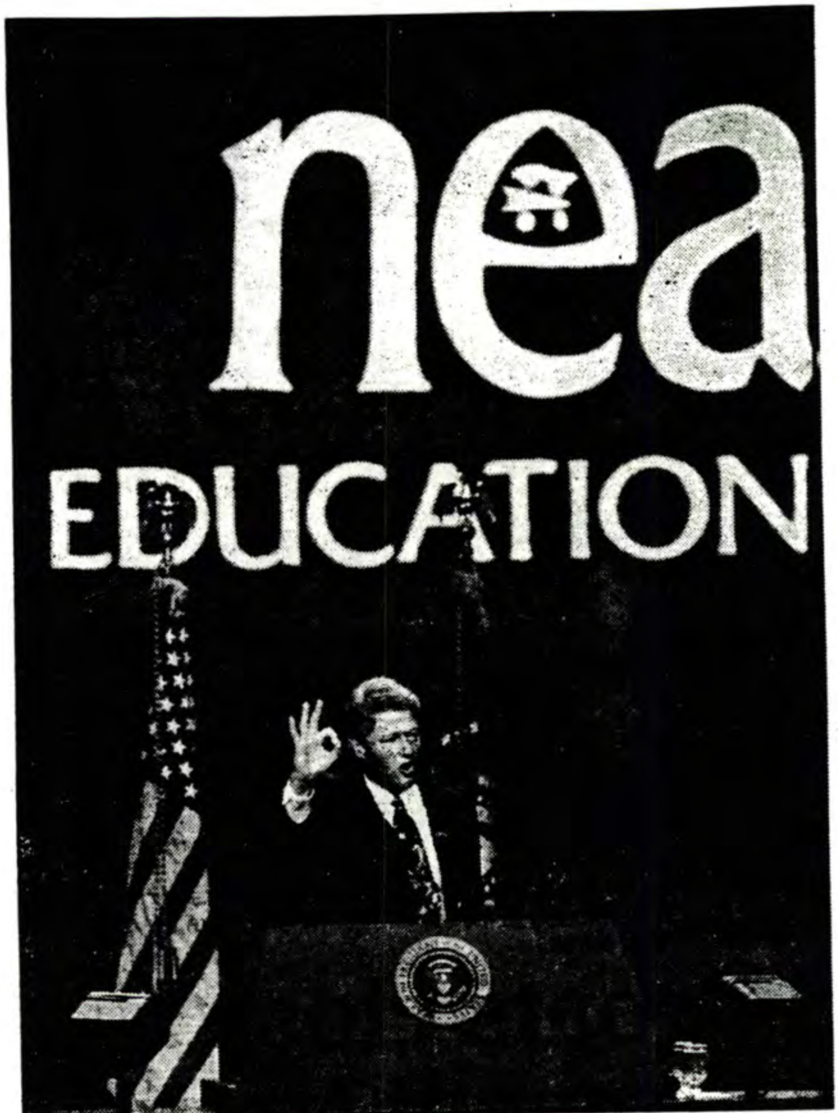
President Clinton and Japanese Prime Minister Kiichi Miyazawa walk toward talks aimed at reducing the imbalance of U.S.-Japanese trade.

Mark Gearan
1FL/WW



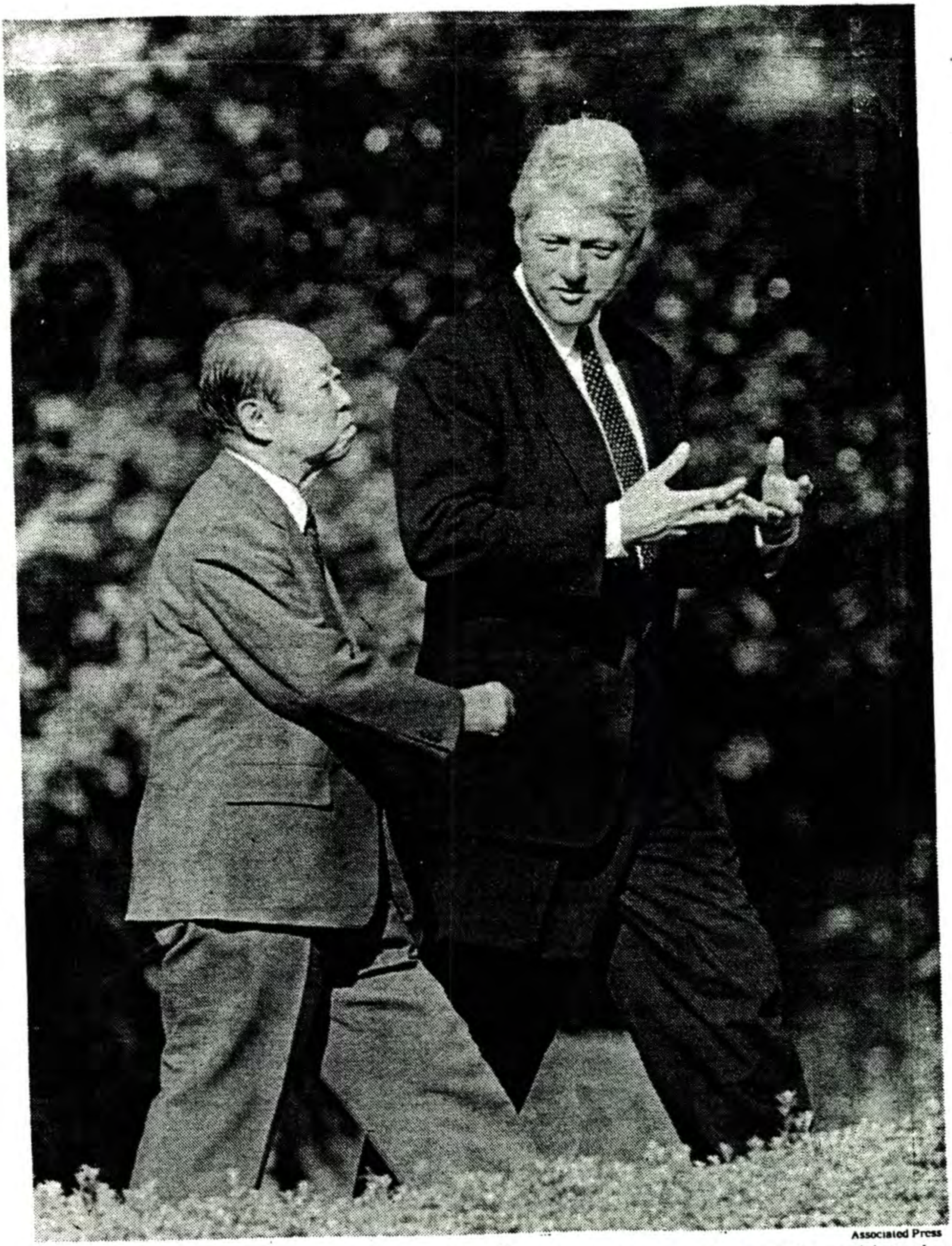
Associated Press

GOLDEN GAIT — President Clinton is joined by Secret Service agents Monday in an early morning jog in the shadow of San Francisco's Golden Gate Bridge. The president was in San Francisco to address the National Education Association before leaving for Tokyo and the Group of Seven summit.



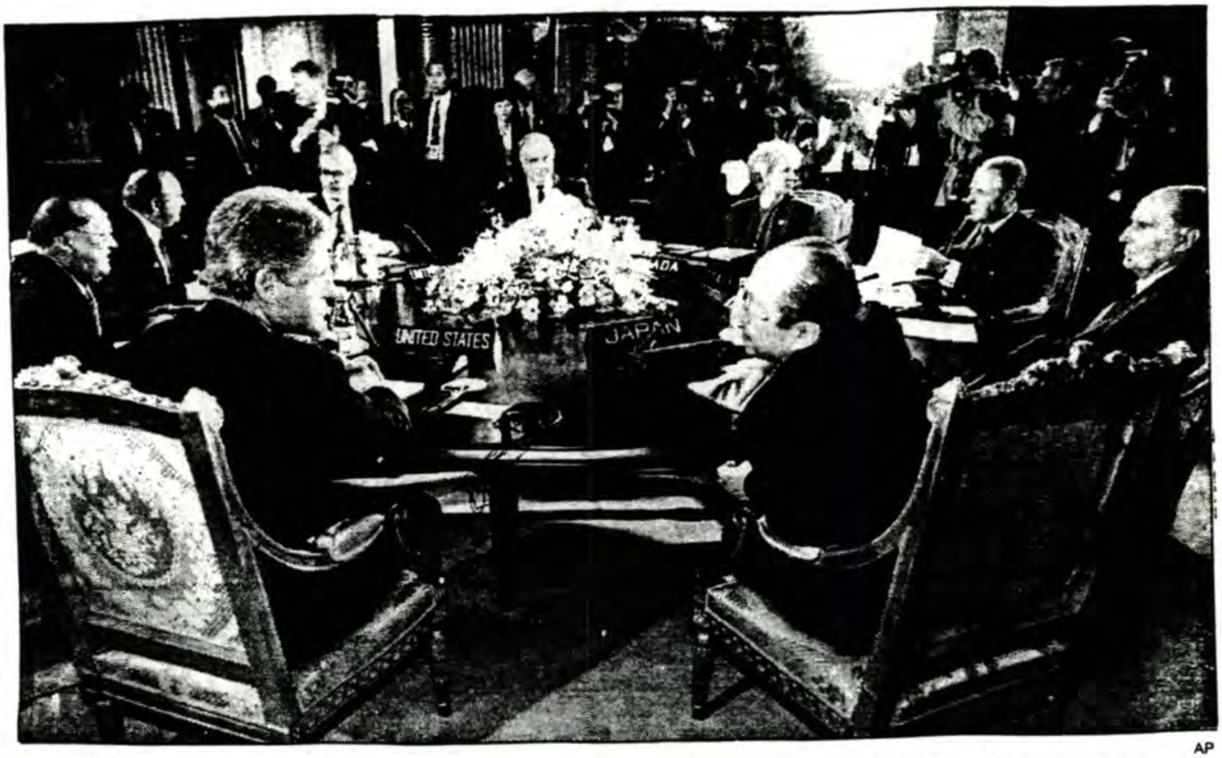
AP

President Clinton tells the National Education Association in San Francisco that Goals 2000 legislation will "encourage schools to be more creative in organizing classrooms, training teachers and motivating students."



Associated Press

President Clinton talking with Prime Minister Kiichi Miyazawa of Japan yesterday during a visit to the Prime Minister's residence in Tokyo shortly after arriving for the Group of Seven summit meeting.

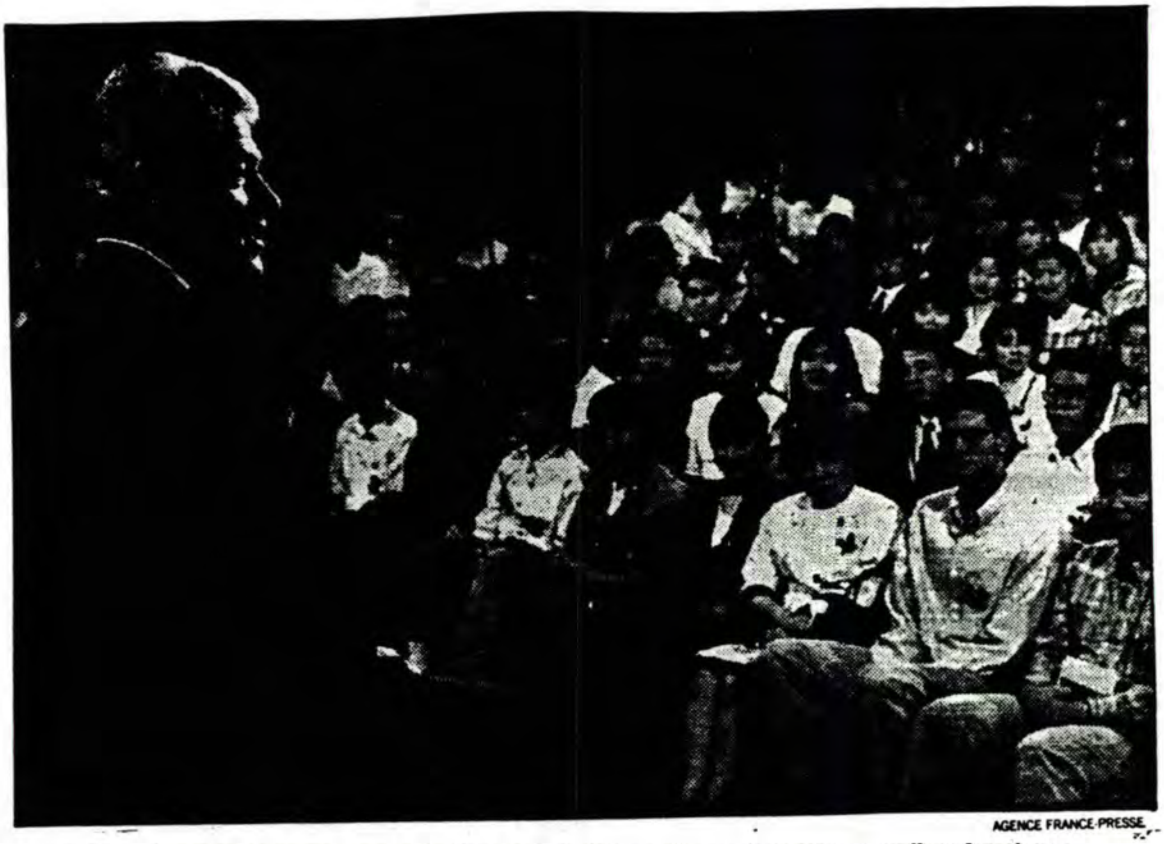


AP

President Clinton talks to Japanese Prime Minister Kiichi Miyazawa yesterday at the Akasaka Palace in Tokyo. Clockwise from Mr. Clinton are Belgian Prime Minister Jean-Luc Dehaene, European Community Vice President Henning Christophersen, British Prime Minister John Major, German Chancellor Helmut Kohl, Canadian Prime Minister Kim Campbell, Italian Prime Minister Carlo Ciampi and French President Francois Mitterrand.

Reuters

President Clinton confers with Japanese Prime Minister Kiichi Miyazawa at the start of the first summit session in Tokyo.



AGENCE FRANCE-PRESSE

Clinton tells Waseda Unive.sity students that trade imbalance harms Japanese as well as Americans.

REUTER

Clinton laughs as a Tokyo student asks him how he feels about his wife being his political partner. He stressed his commitment to full equality.

Associated Press

President Clinton plunges into crowd outside Tokyo's Waseda University, where he gave major address.

ASSOCIATED PRESS

President and Mrs. Clinton pause to greet Japanese children after the president's speech at Waseda University.

GREG GIBSON/Associated Press

President Clinton and his wife, Hillary, take time from summitry Wednesday for souvenir shopping.

In Tokyo with other heads of state, Clinton's performance was tightly focused on his domestic agend

TOKYO SUMMITTEERS: *A Japanese aide directs world leaders as they pose for photographers – (from left) Helmut Kohl, Francois Mitterrand, Bill Clinton, Kiichi Mizuazawa, Kim Campbell, John Major, Jean-Luc Dehaene.*

Reuters

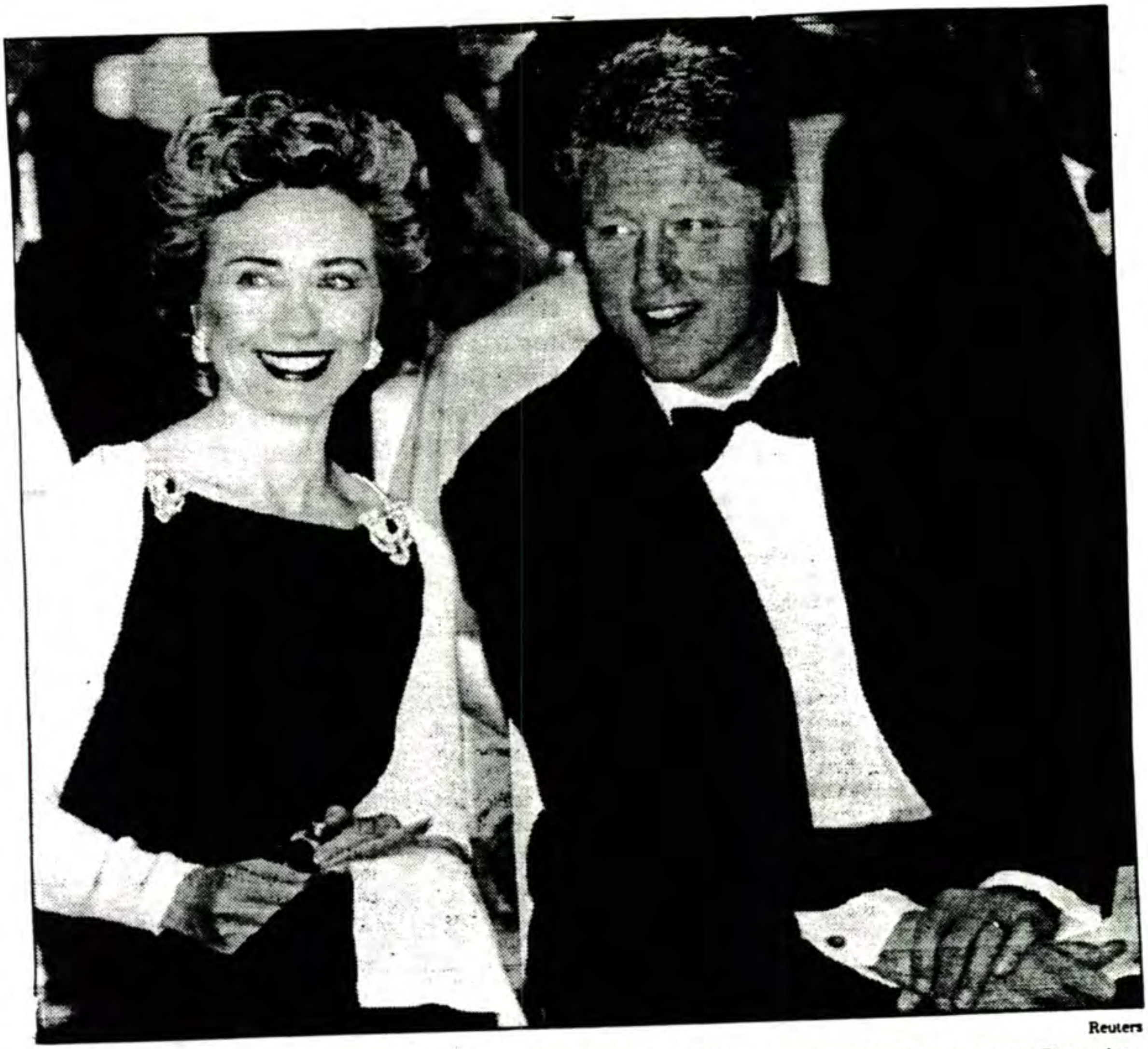
President Clinton gets a refill during a working lunch for leaders. At left is Japan's Kiichi Miyazawa; Kim Campbell of Canada is at right.

AP

First Lady Hillary Rodham Clinton moves through an admiring crowd at the Tokyo National Museum yesterday.

Reuters

... of amate candy making during her Tokyo visit.


Reuters

First Lady Hillary Rodham Clinton and President Clinton before banquet for G-7 leaders Thursday.

Reuters photo

President Clinton and Japan's Prime Minister Kiichi Miyazawa cheerfully settle into a sushi meal Friday evening while their trade negotiators were still working to complete an accord on future talks.

President Clinton with other leaders yesterday outside the Akasaka guest house in Tokyo. With him from left were Henning Christophersen, European Community Economic and Financial Affairs Commissioner; Chancellor Helmut Kohl of Germany; Prime Minister John Major of Britain; President François Mitterrand; Prime Minister Kiichi Miyazawa of Japan; President Boris N. Yeltsin of Russia; Prime Minister Carlo Ciampi of Italy; Prime Minister Kim Campbell of Canada, and Prime Minister Jean-Luc Dehaene of Belgium.

AP PHOTO

Hillary Clinton is greeted at the Kamakura train station yesterday during a tour south of Tokyo.

IRA WYMAN FOR NEWSWEEK

The First Lady charmed her hosts in a series of un-Hillary-like events

AP

First lady Hillary Rodham Clinton greets Kabuki actors after their performance at the the famed Kabuki Theater in Tokyo's Ginza district last night. Keeping a separate, low-key schedule, Mrs. Clinton let her husband get the spotlight.

Associated Press

President Clinton and President Boris N. Yeltsin yesterday after a picture-taking session at the economic summit meeting in Tokyo.

REUTER

President Clinton outlines results of the Group of Seven summit and bilateral U.S.-Japan talks and joins Prime Minister Miyazawa and President Yeltsin for a last photo session before the world leaders head home from Tokyo.

REUTERS PHOTO

President Clinton confers with advisers in Tokyo Friday.

Associated Press / MITSUHIKO SATO

President Clinton and Japanese Prime Minister Kiichi Miyazawa display accord at their joint news conference. Soon after the two had exchanged congratulations, questions began at briefings.

AGENCE FRANCE-PRESSE

South Korean President Kim Young Sam and President Clinton put on their shoes after a breakfast meeting in Seoul, South Korea.

AP

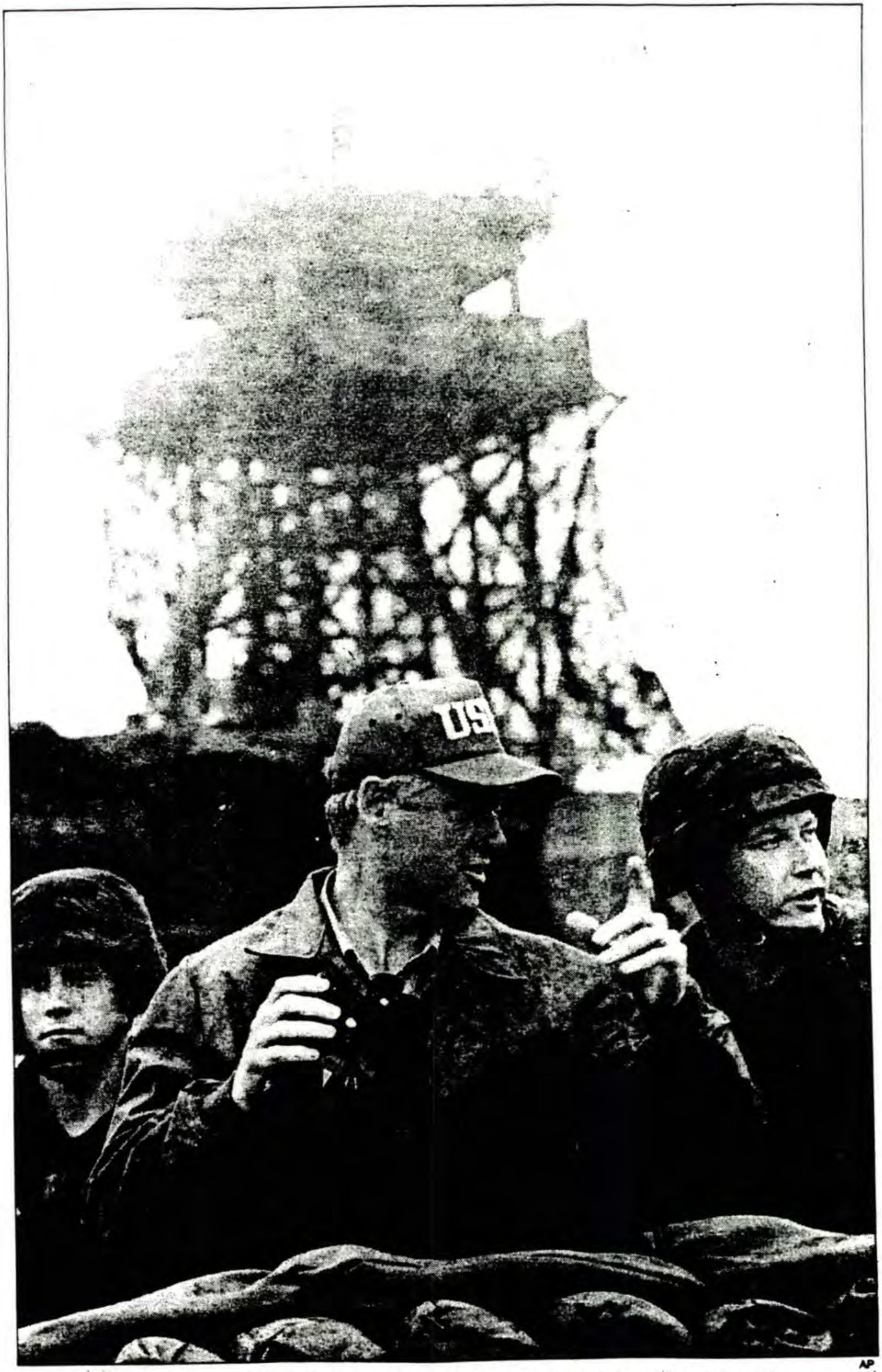
President Clinton (left) denounces North Korea's nuclear ambitions and traffic of long-range Scud missiles on Saturday during a news conference in Seoul. South Korean President Kim Young-sam looks on.

AP PHOTO

Hillary Rodham Clinton greets a child during her visit to the National Folk Museum in Seoul yesterday.

By Win McNamee, Reuters

AT DMZ: President Clinton takes a look at North Korea during his visit to the demilitarized zone at the 38th parallel. 'In the end, our side will prevail,' he said of one of the last communist strongholds.



AP

President Clinton talks with American troops behind sandbags at a guard post at Camp Oulette near the Demilitarized Zone between North and South Korea. The camp is on a hilltop overlooking North Korean positions.

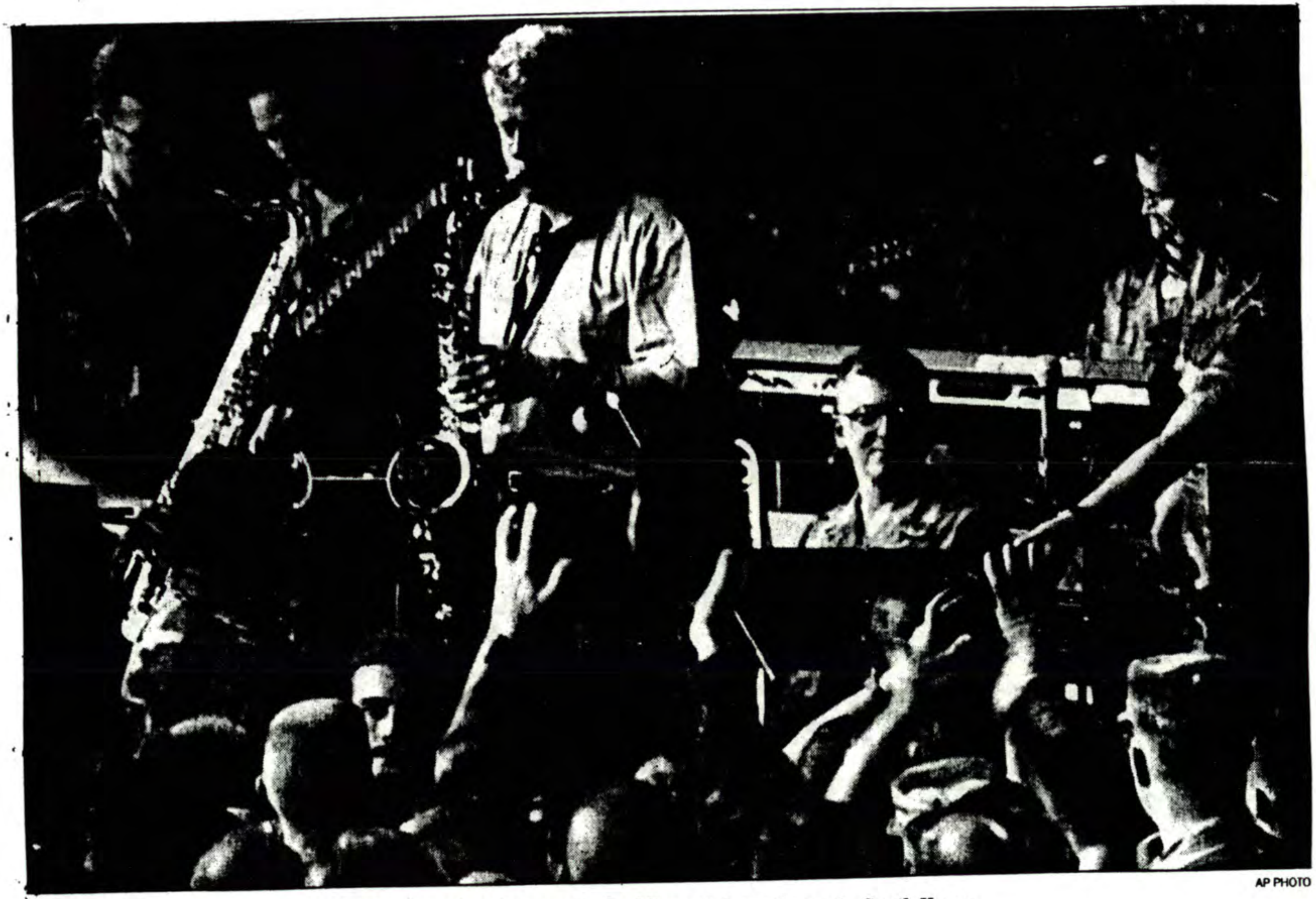
Associated Press

President Clinton addresses troops Sunday in South Korea, vowing to keep the military strong despite budget cuts.

[redacted]

REUTERS PHOTO

President Clinton greets a solider at the Bridge of No Return, the closest a US president has come to the North Korean border. Page 5.



AP PHOTO

President Clinton plays the sax yesterday for a cheering crowd of soldiers at Camp Casey, in South Korea.

[redacted]

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515–1011

PUBLIC DOCUMENT

OFFICIAL BUSINESS

THE PRESIDENT HAS SEEN
7.21.93

Cynthia McKinney M.C.

BL
can we do
this? — to build a bridge
this good — R?

President William Clinton
The White House
Washington

[redacted]

[redacted]

THE PRESIDENT HAS SEEN 7/21

CYNTHIA A. McKINNEY
11TH DISTRICT, GEORGIA

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July 21, 1993

President William Clinton
The White House
Washington

Dear Mr. President:

I would like to convey in the strongest possible terms my support for Dr. George Mitchell for the position of Deputy Assistant Secretary of State for European and Canadian Affairs. As a student of Dr. Mitchell and a Member of the Foreign Affairs Committee of the U.S. House of Representatives I can attest to the important contribution Dr. Mitchell would make to U.S. diplomacy.

Dr. Mitchell is presently a professor of international political economy at the Fletcher School of Law and Diplomacy. From 1971-1983 he held increasingly responsible positions in the U.S. Foreign Service.

While African Americans have been appointed to key positions in the State Department, there is only one African American at the Deputy Assistant Secretary level. I understand that the lack of opportunity at that level is one of the key factors contributing to the high attrition rate among African American foreign service officers.

It is a pleasure to be loyal to your Administration and a strong supporter of your vision for America. I would be especially pleased to see Dr. George Mitchell appointed to the position for which he is so well-qualified.

Sincerely,

Cynthia McKinney

THE WHITE HOUSE
WASHINGTON

DATE: 7/21/93

TO: DAVID GERGEN
GEORGE STEPHANOPOULOS

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

The attached has been forwarded
to the President.

THE WHITE HOUSE

WASHINGTON

July 21, 1993

93 JUL 21 P3:58

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: ANTHONY LAKE
HOWARD PASTER

SUBJECT: Report to Congress on Efforts to Obtain Iraqi Compliance with U.N. Security Council Resolutions

Purpose

To report to Congress consistent with the Authorization for Use of Military Force Against Iraq Resolution on the status of efforts to obtain compliance by Iraq with U.N. Security Council resolutions.

Background

The Authorization for Use of Military Force Against Iraq Resolution (Public Law 102-1) requires that you submit to Congress at least once every 60 days a report on the status of efforts to obtain compliance by Iraq with resolutions adopted by the United Nations Security Council. You submitted the last such report on May 21, 1993.

The proposed report (Tabs A and B) describes, among other things, the missile assault in response to Iraq's attempt to assassinate former President Bush, the progress of the U.N. Special Commission on Iraq (UNSCOM), resumed consultations concerning the sale of Iraqi oil as previously authorized by the Security Council, the U.N. Compensation Commission's activities and the delivery of humanitarian relief to Iraq.

The Departments of State and Defense concur in the report.

RECOMMENDATION

That you report to Congress consistent with the Authorization for Use of Military Force Against Iraq Resolution on the status of efforts to obtain compliance by Iraq with U.N. Security Council resolutions by signing the letters at Tabs A and B.

Attachments
Tab A Letter to the Speaker of the House of Representatives
Tab B Letter to the President pro tempore of the Senate

cc: Vice President
Chief of Staff

THE WHITE HOUSE

WASHINGTON

Dear Mr. Speaker:

Consistent with the Authorization for Use of Military Force Against Iraq Resolution (Public Law 102-1), and as part of my effort to keep Congress fully informed, I am reporting on the status of efforts to obtain Iraq's compliance with the resolutions adopted by the U.N. Security Council.

Over the last several months, we have seen more examples of the Iraqi Government's refusal to comply with relevant Security Council resolutions and international law. In May, I reported on our investigation of allegations that Iraq attempted to assassinate former President Bush during his recent trip to Kuwait. That investigation produced compelling evidence that the Iraqi Intelligence Service directed the attempt. I concluded that there was no reasonable prospect that new diplomatic initiatives or economic measures could influence the current Government of Iraq to cease planning future attacks against the United States and that a continuing threat was posed to the United States. Accordingly, I ordered a precise and limited strike against the headquarters of the Iraqi Intelligence Service in the exercise of our inherent right of self-defense under international law. In accordance with the Charter of the United Nations, we reported our actions to the Security Council immediately.

We will strive to use law enforcement and international cooperation to prevent the Iraqi regime from once again killing innocent people in pursuit of its ends. It should be clear, however, that we will strike directly at those who direct and pursue Iraqi policies when it is necessary to do so in our self-defense.

Also, on June 19, a U.S. aircraft fired a missile at an Iraqi anti-aircraft site that had displayed hostile intent. The site has not been active since the attack.

Inspections by the U.N. Special Commission on Iraq (UNSCOM) and the International Atomic Energy Agency (IAEA) to date have forced Iraq to disclose, destroy, or render harmless all the major nuclear weapons facilities and equipment of which we are aware. Along with damage inflicted in combat, these inspections have effectively put the Iraqi nuclear weapons program out of business in the near-term and have substantially impaired Iraq's other weapons of mass destruction (WMD) programs.

Over the long-term, however, we believe that Saddam Hussein is committed to rebuilding his WMD capability, especially nuclear weapons. UNSCOM and the IAEA are therefore developing a program of long-term monitoring in accordance with Security Council Resolution 715. Iraq has refused to accept that Resolution, blocking UNSCOM from installing cameras to monitor Iraq's compliance with restrictions on long-range missiles and from sealing missile sites. The Security Council has declared these actions, along with Iraq's failure to comply with demands related to its chemical weapons program, to be a material and unacceptable breach of Resolution 687 and has warned Iraq of "serious consequences" if it fails to comply. Discussions between UNSCOM and Iraq on these issues are currently underway.

Iraq depicts itself as seeking consultations, rather than confrontation, in complying with Security Council resolutions. Iraq, however, has attempted to obstruct even the clearest Security Council requirements. In June, Iraq missed two deadlines to deliver equipment for producing chemical weapon precursors to UNSCOM for supervised destruction. UNSCOM has reported the matter to the Security Council, which has the matter under consideration. Iraq still refuses to divulge information indicating the foreign companies from which it purchased equipment and materials. Accurate information is integral to a workable and realistic mechanism for import control, as required by Security Council Resolution 715.

Iraq has also tried to restrict the exercise of UNSCOM's aerial inspection rights, impose limits on the duration of inspections and the size and composition of inspection teams, required advance notice of inspection activities, and limit inspectors' rights to take photographs. Vandalism, harassment, and theft have continued against inspectors and U.N. property. Iraq is responsible for improving this hostile environment.

We have received reports of Iraqi forces shooting at Saudi border guards across the Iraq-Saudi border. These acts appear to violate paragraph 3(a) of Security Council Resolution 686, which demanded that Iraq cease hostile or provocative acts against other states. These incidents are the first of their kind since the ceasefire and further call into question Iraq's intention to live in peace with its neighbors.

The "no-fly zones" over northern and southern Iraq permit the monitoring of Iraq's compliance with Security Council Resolutions 687 and 688. Over the last two years, the northern no-fly zone has deterred Iraq from a major military offensive in the region. Since the no-fly zone was established in southern Iraq, Iraq's use of aircraft against its population in the region has stopped, as have large-scale troop movements. However, the no-fly zone has not prevented the Iraqi army from conducting an ongoing campaign against Iraqi Shias in the southern marshes, involving the recent burning of several villages. We are continuing to work toward the placement of human rights monitors throughout Iraq as proposed by Max van der Stoel, Special Rapporteur to the U.N. Human Rights Commission, and to work for the establishment of a U.N. Commission to investigate and publicize Iraqi war crimes and other violations of international humanitarian law.

The international community has continued its efforts, consistent with Security Council resolutions, to alleviate suffering in Iraq. The United States is working closely with the U.N. and other organizations to provide humanitarian relief to the people of northern Iraq, in the face of Iraqi Government efforts to disrupt this assistance. We continue to support new U.N. efforts to mount a relief program for persons in Baghdad and the South and will ensure that the U.N. will be able to prevent the Iraqi Government from diverting supplies.

The U.N. sanctions regime exempts medicine and requires only that the U.N. Sanctions Committee be notified of food shipments. In accordance with paragraph 20 of Resolution 687, the Committee received notices of 20 million tons of foodstuffs to be shipped to Iraq through June 1993. The Sanctions Committee also continues to consider and, when appropriate, approve requests to send to Iraq materials and supplies for essential civilian needs. The Iraqi Government, in contrast, has maintained a full embargo against its northern provinces and has acted to distribute humanitarian supplies only to its supporters and to the military.

The Iraqi Government has so far refused to accept U.N. conditions for selling $1.6 billion in oil as previously authorized by the Security Council in Resolutions 706 and 712, although talks between Iraq and the United Nations on implementing these resolutions were resumed in New York on July 7 for the third time in two years. Iraq could use proceeds from such sales to purchase foodstuffs, medicines, materials, and supplies for essential civilian needs of its population, subject to strict U.N. monitoring of sales and the equitable distribution of humanitarian supplies (including to its northern provinces).

Proceeds from oil sales also would be used to compensate persons injured by Iraq's unlawful invasion and occupation of Kuwait. The U.N. Compensation Commission has received about 800,000 claims so far, with a total of roughly two million expected. The U.S. Government has filed a fourth set of individual claims with the Commission, bringing U.S. claims filed to about 1,100. The Commission's efforts will facilitate the compensation of those injured by Iraq once sufficient funds become available.

Security Council Resolution 778 permits the use of a portion of frozen Iraqi oil assets to fund crucial U.N. activities concerning Iraq, including humanitarian relief, UNSCOM, and the Compensation Commission. (The funds will be repaid, with interest, from Iraqi oil revenues as soon as Iraqi oil exports resume.) The United States is prepared to transfer up to $200 million in frozen Iraqi oil assets held in U.S. financial institutions, provided that U.S. contributions do not exceed 50% of the total amount contributed. We have arranged a total of over $51 million in such matching contributions thus far and anticipate making another matching contribution of just over $40 million.

Iraq still has not met its obligations concerning Kuwaitis and third-country nationals it detained during the war. Iraq has taken no substantive steps to cooperate fully with the International Committee of the Red Cross (ICRC), as required by Security Council Resolution 687, although it has received over 600 files on missing individuals. Regional organizations have also been engaged -- thus far to no avail -- in trying to obtain Iraqi compliance on the issue of detainees. We continue to work for Iraqi compliance.

The United Nations has completed its technical task of demarcating the previously agreed Iraq-Kuwait border, and the President of the Security Council accepted its work. Iraqi Government officials have refused to recognize the boundary, despite the requirement to do so under Security Council Resolution 687. In accordance with Security Council Resolution 806, which responded to Iraqi disruptions on the border, the U.N. continues to seek the identification and deployment of an armored battalion to the United Nations Iraq-Kuwait Observer Mission (UNIKOM), so that UNIKOM has sufficient force to take necessary actions to prevent violations of the border and the demilitarized zone. The United States and our allies also continue to press the Government of Iraq to return all property and equipment removed from Kuwait by Iraq.

Iraq can rejoin the community of civilized nations only through democratic processes, respect for human rights, equal treatment of its people, and adherence to basic norms of international behavior. A government representing all the people of Iraq, which is committed to the territorial integrity and unity of Iraq, would be a stabilizing force in the Gulf region. The Iraqi National Congress (INC) espouses these goals and our support for the INC is a signal of the future we seek for Iraq.

I am grateful for the support of the Congress of our efforts.

Sincerely,

The Honorable Thomas S. Foley
Speaker of the
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

Dear Mr. President:

Consistent with the Authorization for Use of Military Force Against Iraq Resolution (Public Law 102-1), and as part of my effort to keep Congress fully informed, I am reporting on the status of efforts to obtain Iraq's compliance with the resolutions adopted by the U.N. Security Council.

Over the last several months, we have seen more examples of the Iraqi Government's refusal to comply with relevant Security Council resolutions and international law. In May, I reported on our investigation of allegations that Iraq attempted to assassinate former President Bush during his recent trip to Kuwait. That investigation uncovered compelling evidence that the Iraqi Intelligence Service directed the attempt. I concluded that there was no reasonable prospect that new diplomatic initiatives or economic measures could influence the current Government of Iraq to cease planning future attacks against the United States and that a continuing threat was posed to the United States. Accordingly, I ordered a precise and limited strike against the headquarters of the Iraqi Intelligence Service in the exercise of our inherent right of self-defense under international law. In accordance with the Charter of the United Nations, we reported our actions to the Security Council immediately.

We will strive to use law enforcement and international cooperation to prevent the Iraqi regime from once again killing innocent people in pursuit of its ends. It should be clear, however, that we will strike directly at those who direct and pursue Iraqi policies when it is necessary to do so in our self-defense.

Also, on June 19, a U.S. aircraft fired a missile at an Iraqi anti-aircraft site that had displayed hostile intent. The site has not been active since the attack.

Inspections by the U.N. Special Commission on Iraq (UNSCOM) and the International Atomic Energy Agency (IAEA) to date have forced Iraq to disclose, destroy, or render harmless all the major nuclear weapons facilities and equipment of which we are aware. Along with damage inflicted in combat, these inspections have effectively put the Iraqi nuclear weapons program out of business in the near-term and have substantially impaired Iraq's other weapons of mass destruction (WMD) programs.

Over the long-term, however, we believe that Saddam Hussein is committed to rebuilding his WMD capability, especially nuclear weapons. UNSCOM and the IAEA are therefore developing a program of long-term monitoring in accordance with Security Council Resolution 715. Iraq has refused to accept that Resolution, blocking UNSCOM from installing cameras to monitor Iraq's compliance with restrictions on long-range missiles and from sealing missile sites. The Security Council has declared these actions, along with Iraq's failure to comply with demands related to its chemical weapons program, to be a material and unacceptable breach of Resolution 687 and has warned Iraq of "serious consequences" if it fails to comply. Discussions between UNSCOM and Iraq on these issues are currently underway.

Iraq depicts itself as seeking consultations, rather than confrontation, in complying with Security Council resolutions. Iraq, however, has attempted to obstruct even the clearest Security Council requirements. In June, Iraq missed two deadlines to deliver equipment for producing chemical weapon precursors to UNSCOM for supervised destruction. UNSCOM has reported the matter to the Security Council, which has the matter under consideration. Iraq still refuses to divulge information indicating the foreign companies from which it purchased equipment and materials. Accurate information is integral to a workable and realistic mechanism for import control, as required by Security Council Resolution 715.

Iraq has also tried to restrict the exercise of UNSCOM's aerial inspection rights, impose limits on the duration of inspections and the size and composition of inspection teams, required advance notice of inspection activities, and limit inspectors' rights to take photographs. Vandalism, harassment, and theft have continued against inspectors and U.N. property. Iraq is responsible for improving this hostile environment.

We have received reports of Iraqi forces shooting at Saudi border guards across the Iraq-Saudi border. These acts appear to violate paragraph 3(a) of Security Council Resolution 686, which demanded that Iraq cease hostile or provocative acts against other states. These incidents are the first of their kind since the ceasefire and further call into question Iraq's intention to live in peace with its neighbors.

The "no-fly zones" over northern and southern Iraq permit the monitoring of Iraq's compliance with Security Council Resolutions 687 and 688. Over the last two years, the northern no-fly zone has deterred Iraq from a major military offensive in the region. Since the no-fly zone was established in southern Iraq, Iraq's use of aircraft against its population in the region has stopped, as have large-scale troop movements. However, the no-fly zone has not prevented the Iraqi army from conducting an ongoing campaign against Iraqi Shias in the southern marshes, involving the recent burning of several villages. We are continuing to work toward the placement of human rights monitors throughout Iraq as proposed by Max van der Stoel, Special Rapporteur to the U.N. Human Rights Commission, and to work for the establishment of a U.N. Commission to investigate and publicize Iraqi war crimes and other violations of international humanitarian law.

The international community has continued its efforts, consistent with Security Council resolutions, to alleviate suffering in Iraq. The United States is working closely with the U.N. and other organizations to provide humanitarian relief to the people of northern Iraq, in the face of Iraqi Government efforts to disrupt this assistance. We continue to support new U.N. efforts to mount a relief program for persons in Baghdad and the South and will ensure that the U.N. will be able to prevent the Iraqi Government from diverting supplies.

The U.N. sanctions regime exempts medicine and requires only that the U.N. Sanctions Committee be notified of food shipments. In accordance with paragraph 20 of Resolution 687, the Committee received notices of 20 million tons of foodstuffs to be shipped to Iraq through June 1993. The Sanctions Committee also continues to consider and, when appropriate, approve requests to send to Iraq materials and supplies for essential civilian needs. The Iraqi Government, in contrast, has maintained a full embargo against its northern provinces and has acted to distribute humanitarian supplies only to its supporters and to the military.

The Iraqi Government has so far refused to accept U.N. conditions for selling $1.6 billion in oil as previously authorized by the Security Council in Resolutions 706 and 712, although talks between Iraq and the United Nations on implementing these resolutions were resumed in New York on July 7 for the third time in two years. Iraq could use proceeds from such sales to purchase foodstuffs, medicines, materials, and supplies for essential civilian needs of its population, subject to strict U.N. monitoring of sales and the equitable distribution of humanitarian supplies (including to its northern provinces).

Proceeds from oil sales also would be used to compensate persons injured by Iraq's unlawful invasion and occupation of Kuwait. The U.N. Compensation Commission has received about 800,000 claims so far, with a total of roughly two million expected. The U.S. Government has filed a fourth set of individual claims with the Commission, bringing U.S. claims filed to about 1,100. The Commission's efforts will facilitate the compensation of those injured by Iraq once sufficient funds become available.

Security Council Resolution 778 permits the use of a portion of frozen Iraqi oil assets to fund crucial U.N. activities concerning Iraq, including humanitarian relief, UNSCOM, and the Compensation Commission. (The funds will be repaid, with interest, from Iraqi oil revenues as soon as Iraqi oil exports resume.) The United States is prepared to transfer up to $200 million in frozen Iraqi oil assets held in U.S. financial institutions, provided that U.S. contributions do not exceed 50% of the total amount contributed. We have arranged a total of over $51 million in such matching contributions thus far and anticipate making another matching contribution of just over $40 million.

Iraq still has not met its obligations concerning Kuwaitis and third-country nationals it detained during the war. Iraq has taken no substantive steps to cooperate fully with the International Committee of the Red Cross (ICRC), as required by Security Council Resolution 687, although it has received over 600 files on missing individuals. Regional organizations have also been engaged -- thus far to no avail -- in trying to obtain Iraqi compliance on the issue of detainees. We continue to work for Iraqi compliance.

The United Nations has completed its technical task of demarcating the previously agreed Iraq-Kuwait border, and the President of the Security Council accepted its work. Iraqi Government officials have refused to recognize the boundary, despite the requirement to do so under Security Council Resolution 687. In accordance with Security Council Resolution 806, which responded to Iraqi disruptions on the border, the U.N. continues to seek the identification and deployment of an armored battalion to the United Nations Iraq-Kuwait Observer Mission (UNIKOM), so that UNIKOM has sufficient force to take necessary actions to prevent violations of the border and the demilitarized zone. The United States and our allies also continue to press the Government of Iraq to return all property and equipment removed from Kuwait by Iraq.

Iraq can rejoin the community of civilized nations only through democratic processes, respect for human rights, equal treatment of its people, and adherence to basic norms of international behavior. A government representing all the people of Iraq, which is committed to the territorial integrity and unity of Iraq, would be a stabilizing force in the Gulf region. The Iraqi National Congress (INC) espouses these goals and our support for the INC is a signal of the future we seek for Iraq.

I am grateful for the support of the Congress of our efforts.

Sincerely,

The Honorable Robert C. Byrd
President pro tempore
of the Senate
Washington, D.C. 20510

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S/S 9316474

United States Department of State

Washington, D.C. 20520

July 16, 1993

MEMORANDUM FOR ANTHONY LAKE
THE WHITE HOUSE

SUBJECT: Periodic Report to Congress on Iraq

The Authorization for Use of Military Force Against Iraq Resolution was adopted in January 1991 to authorize the use of military force for the implementation of relevant U.N. Security Council Resolutions. It requires that the President submit to Congress, at least once every 60 days, a "summary on the status of efforts to obtain compliance by Iraq with the resolutions adopted by the United Nations Security Council in response to Iraq's aggression." We have regularly submitted these reports, the last one on May 21, 1993. The reports inform Congress and establish that the authorization granted in the Joint Resolution has not expired.

The draft report at Tab 1 describes the events of the past two months, including the missile assault in response to Iraq's attempt to assassinate former President Bush, the progress of the U.N. Special Commission on Iraq (UNSCOM), resumed consultations concerning the sale of Iraqi oil as previously authorized by the Security Council, the U.N. Compensation Commission's activities, and the delivery of humanitarian relief to Iraq.

We therefore recommend that the President sign the attached report.

Thank you for your assistance in this matter.

for Marc Grossman
Executive Secretary

Attachment:
As stated.

Dear Mr. President:

Consistent with the Authorization for Use of Military Force Against Iraq Resolution (Public Law 102-1), and as part of my effort to keep Congress fully informed, I am reporting on the status of efforts to obtain Iraq's compliance with the resolutions adopted by the U.N. Security Council.

Over the last several months, we have seen more examples of the Iraqi Government's refusal to comply with relevant Security Council resolutions and international law. In May I reported on our investigation of allegations that Iraq attempted to assassinate former President Bush during his recent trip to Kuwait. We uncovered compelling evidence that the Iraqi Intelligence Service directed the attempt, threatening the United States. I concluded that there was no reasonable prospect that new diplomatic initiatives or economic measures could influence the current Government of Iraq to cease planning future attacks against the United States and that a continuing threat was posed to the United States. Accordingly, I ordered a precise and limited strike against the headquarters of the Iraqi Intelligence Service in the exercise of our inherent right of self-defense under international law. In accordance with the Charter of the United Nations, we reported our actions to the Security Council immediately.

We will strive to use law enforcement and international cooperation to prevent the Iraqi regime from using terrorism to achieve its ends. It should be clear, however, that we will strike directly at those who direct and pursue Iraqi policies when it is necessary to do so in our self-defense.

The U.N. Special Commission on Iraq (UNSCOM) and the International Atomic Energy Agency (IAEA) have continued to encounter Iraqi interference. Inspections by UNSCOM and IAEA to date have forced Iraq to disclose, destroy, or render harmless all the major nuclear weapons facilities and equipment of which we are aware. Along with damage inflicted in combat, these inspections have effectively put the Iraqi nuclear weapons program out of business in the near-term and have substantially impaired Iraq's other weapons of mass destruction (WMD) programs.

The Honorable
Al Gore,
President of the Senate.

Over the long-term, however, we believe that Saddam Hussein is committed to rebuilding his WMD capability, especially nuclear weapons. UNSCOM/IAEA is therefore developing a program of long-term monitoring in accordance with Security Council Resolution 715. Iraq has refused to accept that Resolution, blocking UNSCOM from installing cameras to monitor Iraq's compliance with restrictions on long-range missiles and from sealing missile sites. The Security Council has declared these actions, along with Iraq's failure to comply with demands related to its chemical weapons program, to be a material and unacceptable breach of Resolution 687 and has warned Iraq of "serious consequences" if it fails to comply.

Iraq depicts itself as seeking consultation, rather than confrontation, in complying with Security Council resolutions. Iraq, however, has attempted to obstruct even the clearest Security Council requirements. In June, Iraq missed two deadlines to deliver equipment for producing chemical weapon precursors to UNSCOM for supervised destruction. UNSCOM has reported the matter to the Security Council, which has the matter under consideration. Iraq still refuses to divulge information indicating the foreign companies from which it purchased equipment and materials. Accurate information is integral to a workable and realistic mechanism for import control, as required by Security Council Resolution 715.

In addition, the Iraqi Government has failed to act in good faith to implement those requirements it has accepted. It has tried to restrict the exercise of UNSCOM's aerial inspection rights, impose limits on the duration of inspections and the size and composition of inspection teams, require advance notice of inspection activities, and limit inspectors' right to take photographs. Vandalism, harassment, and theft have continued against inspectors and U.N. property. Iraq is responsible for the hostile environment.

We have received reports of shooting by Iraqi forces at Saudi border guards across the Iraq-Saudi border. These acts appear to violate paragraph 3(a) of Security Council Resolution 686, which demanded that Iraq cease hostile or provocative acts against other states. These incidents are the first of their kind since the ceasefire and further call into question Iraq's intention to live in peace with its neighbors.

The "no-fly zones" over northern and southern Iraq permit the monitoring of Iraq's compliance with Security Council Resolutions 687 and 688. Over the last two years, the northern no-fly zone has deterred Iraq from a major military offensive in the region. Since the no-fly zone was established in southern Iraq, Iraq's use of aircraft against its population in the region has stopped, as have large-scale troop movements. We are continuing to work toward the placement of human rights monitors throughout Iraq as proposed by Max van der Stoel, Special Rapporteur to the U.N. Human Rights Commission, and to work for the establishment of a U.N. Commission to investigate and publicize Iraqi war crimes and other violations of international humanitarian law.

The international community has continued its efforts, consistent with Security Council resolutions, to alleviate suffering in Iraq. The United States is working closely with the U.N. and other organizations to provide humanitarian relief to the people of northern Iraq, in the face of Iraqi Government efforts to disrupt this assistance. We continue to support new U.N. efforts to mount a relief program for persons in Baghdad and the South and will ensure that the U.N. will be able to prevent the Iraqi Government from diverting supplies.

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The Iraqi Government has so far refused to sell $1.6 billion in oil as previously authorized by the Security Council in Resolutions 706 and 712, although talks between Iraq and the United Nations on implementing these resolutions were resumed in New York on July 7 for the third time in two years. Iraq could use proceeds from such sales to purchase foodstuffs, medicines, materials, and supplies for essential civilian needs of its population, subject to U.N. monitoring of sales and the quitable distribution of humanitarian supplies (including to its northern provinces). Iraqi authorities bear full responsibility for any suffering in Iraq that results from their refusal to implement Resolutions 706 and 712.

Proceeds from oil sales also would be used to compensate persons injured by Iraq's unlawful invasion and occupation of Kuwait. The U.N. Compensation Commission has received about 800,000 claims so far, with a total of roughly two million expected. The U.S. Government has filed a fourth set of individual claims with the Commission, bringing U.S. claims filed to about 1,100. The Commission's efforts will facilitate the compensation of those injured by Iraq once sufficient funds become available.

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The United Nations has completed its technical task of demarcating the previously agreed Iraq-Kuwait border. A statement by the President of the Security Council accepted its work. Iraqi government officials have refused to recognize the boundary despite the requirement that they do so under Security Council Resolution 687. In accordance with Security Council Resolution 806, which responded to Iraqi disruptions on the border, the U.N. continues to seek the identification and deployment of an armed battalion to the United Nations Iraq-Kuwait Observer Mission (UNIKOM), so that UNIKOM has sufficient force to take necessary actions to prevent violations of the border and the demilitarized zone. The United States and our allies also continue to press the Government of Iraq to return all property and equipment removed from Kuwait by Iraq.

Iraq can rejoin the community of civilized nations only through democratic processes, respect for human rights, equal treatment of its people, and adherence to basic norms of international behavior. A government representing all the people of Iraq, which is committed to the territorial integrity and unity of Iraq, would be a stabilizing force in the Gulf region. The Iraqi National Congress (INC) espouses these goals.

I am grateful for the support by the Congress of our efforts.

Sincerely,

William J. Clinton

Dear Mr. Speaker:

Consistent with the Authorization for Use of Military Force Against Iraq Resolution (Public Law 102-1), and as part of my effort to keep Congress fully informed, I am reporting on the status of efforts to obtain Iraq's compliance with the resolutions adopted by the U.N. Security Council.

Over the last several months, we have seen more examples of the Iraqi Government's refusal to comply with relevant Security Council resolutions and international law. In May I reported on our investigation of allegations that Iraq attempted to assassinate former President Bush during his recent trip to Kuwait. We uncovered compelling evidence that the Iraqi Intelligence Service directed the attempt, threatening the United States. I concluded that there was no reasonable prospect that new diplomatic initiatives or economic measures could influence the current Government of Iraq to cease planning future attacks against the United States and that a continuing threat was posed to the United States. Accordingly, I ordered a precise and limited strike against the headquarters of the Iraqi Intelligence Service in the exercise of our inherent right of self-defense under international law. In accordance with the Charter of the United Nations, we reported our actions to the Security Council immediately.

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The Honorable
Thomas S. Foley,
Speaker of the House of Representatives.

Over the long-term, however, we believe that Saddam Hussein is committed to rebuilding his WMD capability, especially nuclear weapons. UNSCOM/IAEA is therefore developing a program of long-term monitoring in accordance with Security Council Resolution 715. Iraq has refused to accept that Resolution, blocking UNSCOM from installing cameras to monitor Iraq's compliance with restrictions on long-range missiles and from sealing missile sites. The Security Council has declared these actions, along with Iraq's failure to comply with demands related to its chemical weapons program, to be a material and unacceptable breach of Resolution 687 and has warned Iraq of "serious consequences" if it fails to comply.

Iraq depicts itself as seeking consultation, rather than confrontation, in complying with Security Council resolutions. Iraq, however, has attempted to obstruct even the clearest Security Council requirements. In June, Iraq missed two deadlines to deliver equipment for producing chemical weapon precursors to UNSCOM for supervised destruction. UNSCOM has reported the matter to the Security Council, which has the matter under consideration. Iraq still refuses to divulge information indicating the foreign companies from which it purchased equipment and materials. Accurate information is integral to a workable and realistic mechanism for import control, as required by Security Council Resolution 715.

In addition, the Iraqi Government has failed to act in good faith to implement those requirements it has accepted. It has tried to restrict the exercise of UNSCOM's aerial inspection rights, impose limits on the duration of inspections and the size and composition of inspection teams, require advance notice of inspection activities, and limit inspectors' right to take photographs. Vandalism, harassment, and theft have continued against inspectors and U.N. property. Iraq is responsible for the hostile environment.

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The international community has continued its efforts, consistent with Security Council resolutions, to alleviate suffering in Iraq. The United States is working closely with the U.N. and other organizations to provide humanitarian relief to the people of northern Iraq, in the face of Iraqi Government efforts to disrupt this assistance. We continue to support new U.N. efforts to mount a relief program for persons in Baghdad and the South and will ensure that the U.N. will be able to prevent the Iraqi Government from diverting supplies.

The U.N. sanctions regime exempts medicine and requires only that the U.N. Sanctions Committee be notified of food shipments. In accordance with paragraph 20 of Resolution 687, the Committee received notices of 20 million tons of foodstuffs to be shipped to Iraq through June 1993. The Sanctions Committee also continues to consider and, when appropriate, approve requests to send to Iraq materials and supplies for essential civilian needs. The Iraqi Government, in contrast, has maintained a full embargo against its northern provinces and has acted to distribute humanitarian supplies only to its supporters and to the military.

The Iraqi Government has so far refused to sell $1.6 billion in oil as previously authorized by the Security Council in Resolutions 706 and 712, although talks between Iraq and the United Nations on implementing these resolutions were resumed in New York on July 7 for the third time in two years. Iraq could use proceeds from such sales to purchase foodstuffs, medicines, materials, and supplies for essential civilian needs of its population, subject to U.N. monitoring of sales and the quitable distribution of humanitarian supplies (including to its northern provinces). Iraqi authorities bear full responsibility for any suffering in Iraq that results from their refusal to implement Resolutions 706 and 712.

Proceeds from oil sales also would be used to compensate persons injured by Iraq's unlawful invasion and occupation of Kuwait. The U.N. Compensation Commission has received about 800,000 claims so far, with a total of roughly two million expected. The U.S. Government has filed a fourth set of individual claims with the Commission, bringing U.S. claims filed to about 1,100. The Commission's efforts will facilitate the compensation of those injured by Iraq once sufficient funds become available.

Security Council Resolution 778 permits the use of a portion of frozen Iraqi oil assets to fund crucial U.N. activities concerning Iraq, including humanitarian relief, UNSCOM, and the Compensation Commission. (The funds will be repaid, with interest, from Iraqi oil revenues as soon as Iraqi oil exports resume.) The United States is prepared to transfer up to $200 million in frozen Iraqi oil assets held in U.S. financial institutions, provided that U.S. contributions do not exceed 50% of the total amount contributed. We have arranged a total of over $51 million in such matching contributions thus far and anticipate making another matching contribution of just over $40 million.

Iraq still has not met its obligations concerning Kuwaitis and third-country nationals it detained during the war. Iraq has taken no substantive steps to cooperate fully with the International Committee of the Red Cross (ICRC), as required by Security Council Resolution 687, although it has received over 600 files on missing individuals. Regional organizations have also been engaged -- thus far to no avail -- in trying to obtain Iraqi compliance on the issue of detainees. We continue to work for Iraqi compliance.

The United Nations has completed its technical task of demarcating the previously agreed Iraq-Kuwait border. A statement by the President of the Security Council accepted its work. Iraqi government officials have refused to recognize the boundary despite the requirement that they do so under Security Council Resolution 687. In accordance with Security Council Resolution 806, which responded to Iraqi disruptions on the border, the U.N. continues to seek the identification and deployment of an armed battalion to the United Nations Iraq-Kuwait Observer Mission (UNIKOM), so that UNIKOM has sufficient force to take necessary actions to prevent violations of the border and the demilitarized zone. The United States and our allies also continue to press the Government of Iraq to return all property and equipment removed from Kuwait by Iraq.

Iraq can rejoin the community of civilized nations only through democratic processes, respect for human rights, equal treatment of its people, and adherence to basic norms of international behavior. A government representing all the people of Iraq, which is committed to the territorial integrity and unity of Iraq, would be a stabilizing force in the Gulf region. The Iraqi National Congress (INC) espouses these goals.

I am grateful for the support by the Congress of our efforts.

Sincerely,

William J. Clinton

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William J. Clinton

Tony Fyl—B

THE PRESIDENT HAS SEEN 7/21/93

ey

Ford Festiva will be replaced . . . early next year with a new subcompact car called Aspire. The South Korean-built Aspire — imported from Kia Motors — will have dual air bags and optional anti-lock brakes.

'The Job Search Guide' . . . is a Labor Department publication aimed at experienced workers searching for a job. The guide costs $5.50. Another guide, 'Tips for Finding the Right Job,' costs $1.25. For copies, call 202-783-3238 or write: U.S. Government Printing Office, Washington, D.C. 20402.

By Robert Deutsch, USA TODAY
BOB HERBERT: Joins roster of eminent columnists.

FRESH FACE AT 'TIMES'

FORMER 'DAILY NEWS' COLUMNIST BRINGS A STREETWISE APPROACH, WITH SOME NEW SOPHISTICATION, TO 'NEW YORK TIMES.' MEDIA, 2B.

TUESDAY
BUSINESS TRAVEL

.INE

OF THE DAY

555-5555

...tes, CD rates, interest ...ctions, 5B.

...0-USA-TODAY

...s industrial average ...tting its gain for the ...nposite index lost 8.96 ...ts for the week. The ...pped to 6.54% Friday ...a row that the yield ...ns of 30-year bonds ...ee-month T-bills held ...90 an ounce. Comex ... On the N.Y. Merc.: Light sweet crude oil — its lowest in three ...ering the oil market. ...l 180 points to 20,151

GAP: A big im... trade with Japan the U.S. trade deficit ...4 billion from $10.2 ...il. Commerce Secre...wn says exports rose second-highest level on. Imports fell 2.8% ... The trade deficit ...ll to $3.8 billion from the largest monthly ...cember 1986. But the ...ement may be short-reported last week surplus with the USA ...in June. And econo...ld back by sluggish ...r this year, the U.S. annual rate, sharply

OWS: Production ...2% in June, the first ...rve says. Production ...y the slowdown is ...production plans to ...er confidence index ...5 in June, reflecting ...economic growth, a ...of Michigan says.

RE: The cellular ...ellular phones cause ...existing studies has ...alled for the study in ...a widower who said ...brain cancer. The ...lion to $25 million to ...years. The National ...three-year study of and other emissions.

...for U.S. airlines is ...tional Commission to Industry releases its ...15-member commis...ects to release final ...xpected to: suggest ...n 10% to 8% to save ...xemption of airlines ...$506 million a year; ...and suggest reform ...n. Sunday on ABC's ...ning TWA Chairman also should consider ...t carriers from de...

...ted the Fox network ...pping network, has ...phen Chao to help ...wsweek says. Chao, ...ox after reportedly ...'s Rupert Murdoch ...ny meeting.

Source: International Trade Administration

By Elys A. McLean, USA TODAY

Rally's future may hinge on earnings news

By Eric D. Randall
USA TODAY

The stock market has the hiccups. And investment doctors are worried that the patient — outwardly robust — may be coming down with the earnings-disappointment flu.

This week a bunch of big firms report earnings for the quarter ended June 30. If reports meet expectations, analysts say market averages could set records the next few days — especially the Dow Jones industrial average. It closed at 3528 Friday, down from Thursday but still within 1% of its record 3555 set May 27.

If companies fail to meet earnings expectations, watch out. The summer rally could fall apart.

A stock to watch: Digital Equipment. Analysts expect it to earn $1.08 a share, its first net income in six quarters. Market activity last week had some on Wall Street reaching for aspirin — and Dramamine:

▶ Apple Computer stock lost about one-fourth its value after the company reported its worst quarterly loss ever late Thursday. And the stock dragged down other technology stocks.

The prospect that stocks of other industry groups could ... dragged down by similar disa...pointments is disturbing, sa... Greg Nie, stock analyst ... Kemper Securities.

▶ Consumer stocks fell F...day, including Philip Morr... down 2⅛ to $47¾. "People w... be watching the consumer s...ples," says John Manley, Smi... Barney market strategis... "They were viewed as safe h...vens" but now look shaky.

Weak earnings, which pu... down the market, are rooted ... the slow-growth economy. B... slow growth has helped stoc... by keeping interest rates low.

"It's really a perfect enviro...ment (for stocks)," Dun ... Bradstreet economist Do... Handler says. "You've got lo... rates. And there is growth - slow growth, but still growt... That suggests corporate profi... will be there" eventually.

Reports to watch

Important quarterly earnings re...ports due this week:

	Same share¹	Chg vs. yr. ago
Am. Brands	+$0.84	–14%
Citicorp	+$0.59	+490%
Exxon	+$0.88	+7%
IBM	–$0.23	loss vs. gai...
Microsoft	+$0.86	+21%

1 – Consensus ... among stock analys... of earnings ... continuing operations
Source: Zacks Investment Research

COVER STORY

Election may help break old barriers

Reforms to come slowly, give boost to U.S. farmers

▶ Japan vote, 1,4A

By Bill Montague
and Michael Clements
USA TODAY

Political change came to Japan Sunday. But economic change may take more time.

In Japan's most crucial election since 1954, the ruling Liberal Democratic Party lost its majority in the powerful lower house of Japan's parliament, the Diet. The LDP's 38-year monopoly on power has come to an end.

That should be good news for Japanese consumers — and for the U.S. economy. Many U.S. analysts hope a new Japanese government will move quickly to stimulate Japan's flagging economy, deregulate its markets and lower trade barriers that keep out U.S. products and services. That could reduce Japan's huge trade surplus with the USA and give a big boost to U.S. manufacturers and farmers.

But such reforms probably won't come quickly. In fact, in the short term, economic change may be blocked by political uncertainty. The election will trigger days, maybe weeks, of back-room bargaining among Japan's politicians.

Reason: The LDP, while humbled, is far from beaten. Although weakened by the defection of many pro-reform members, the LDP is still Japan's largest party. It may be able to form a ruling coalition with one of the smaller parties. So the new government may look a lot like the old one.

Skeptics say the status quo will survive — no matter who wins the political struggle. In the end, true power will remain in the hands of Japan's bureaucrats — many of them fierce opponents of reforms that would limit their control over the economy. "This is not a revolution. It doesn't mark the beginning of a new age in Japan," says Clyde Prestowitz,

Please see COVER STORY next page ▶

Tokyo stocks ease some after election

From wire reports

Tokyo stocks fell a bit today after Sunday's elections. Traders say investors were taking profits after last week's run-up in anticipation of the results, which took away the Liberal Democratic Party's majority.

The Nikkei average dropped 180 points to 20,151 by midafternoon (12:30 a.m. ET). The dollar rose to 107.90 yen from 107.60 Friday. Tokyo traders say the yen's long-term fate will depend on how a coalition government shapes up.

"The big positive factor is the election grudge has been lifted from investors' minds," said Kuniro Yamada, analyst at Wako Securities. "Investors can now look forward to credit easing, which the new government needs to help the economy." The LDP will have to form a coalition with one or more reform parties. To gain their support, it may have to agree to steps to stimulate the economy, such as cutting interest rates and lowering taxes.

Analysts and brokers say the market has been focusing on the possibility of lower interest rates for a long time. Those hopes, heightened by the election, helped boost the Nikkei 351 points last week to 20,332.

Analysts expect it to cross its next psychological barrier at 21,000, but they don't expect a steep rise as long as the economy remains weak.

Hard times tear Claiborne stock

By Ellen Neuborne
USA TODAY

Liz Claiborne had a tough quarter, and the rest of the year looks no better.

Shares of the clothing maker lost more than one-fifth their value Friday after it released poor second-quarter earnings.

The bad news came a day after a vice chairman, Jay Margolis, unexpectedly left.

Net income for the three months ended June 26 fell to $31.1 million from $39.5 million a year ago — well below analyst estimates. The bigger shock: The company says full-year earnings per share will be 30% lower than last year's.

Samuel Miller, vice chairman for finance, said he had expected business to turn around the second half. Friday, he reversed that forecast.

Deborah Bronston, stock analyst at Prudential Securities, says some problems are unique to Liz Claiborne. For example, store orders to Liz Claiborne can take four months to reach shelves. Department stores want faster reordering.

But retail analyst Ed John...son says some other clothin... makers are in the same boa... "Department stores are not do...ing as well as discount stores. Liz Claiborne has considerabl... sales to department stores. That is the case with other ap...parel makers as well," he says.

Liz Claiborne stock plunges

Source: USA TODAY research

By Stephen Conley, USA TODAY

cable charges to subscribers and because there are fewer new markets for cable.

▶ Similarly, Veronis Suhler says it doesn't expect anything like the 1980s' sales booms for videotapes and recorded music triggered by consumer purchases of home-video players

The report assumes real economic growth of 4.5% in 1994, 4% in 1995, then 3.5% and 3% in 1996 and 1997. "If 1993 growth falls short (of a forecast 3.5%), look for growth in the following years to fall short," the report says.

— Wire reports

Spreading the growth around

Annual revenue forecasts for the media industry:

	1987-92 growth	1992-97 growth
TV	3.0%	5.7%
Radio	3.7%	6.8%
Cable TV	12.2%	4.0%
Film	8.2%	7.1%
Recorded music	10.1%	7.4%
Newspapers	2.1%	5.1%
Book publishing	7.5%	7.0%
Mag. publishing	4.2%	6.0%
Info. services	7.4%	6.9%

Source: Veronis, Suhler & Associates

umn appeared June 27.

"If I know Bob, he will fight to see that his style doesn't change," says Bella English, now a columnist at *The Boston Globe* who used to work with Herbert at the *Daily News*.

Says pal Ron Claiborne, ABC News correspondent in Los Angeles: Even though Herbert "wrote from the perspective of the little guy, the victim of the system, and is now writing for the newspaper that is the system, I don't think he will be seduced by (*The Times*). I think he will be wary but polite."

In a bow to his new surroundings, Herbert is wearing slacks, a tie and leather shoes these days instead of his usual jeans, sweatshirt and sneakers. But he agrees with his friends.

Being at *The Times* "doesn't affect me as far as my approach to the column and I don't think it's going to affect my writing," he says. He still will go to the streets for his stories, instead of pontificating from thin air in his 10th-floor perch.

But writing twice a week for *The Times*, in the company of Russell Baker, Anthony Lewis, Anna Quindlen and William Safire, will mean more analysis and discussion of ideas, he says. "The trick is, you want to provide the analysis and insight but also keep the column interesting and bring some reporting to the reader," he says.

He's also determined not to be pigeonholed as a black columnist. "I'm not interested in people who are looking at me and seeing me in terms of my race," he says adamantly. "That's aggravating and it's an annoyance."

He says the way he will write about racial and ethnic issues will be to "write about matters important to black people." That means columns on the state of the economy, on joblessness and conditions in schools. So far, "In America" has covered issues including violence in schools, immigration and the New York Yankees.

Herbert wrote on similar themes after he became a *News* columnist in 1985.

He had been at the *News* since 1976, progressing from general assignment reporter, rewrite editor, national correspondent, consumer affairs editor to city hall bureau chief and city editor.

By the time then-editor Gil Spencer asked him to pen a column, Herbert was hungry to write again.

Michael Pakenham, a former editorial page editor at the *News* who edited Herbert's columns, says ... and smoothly ... as a columni... was always ma... skepticism abo... and popular ... kenham says. ... ideological as ... without being ... erything he v... ished by empa... ual human ex...

Herbert ha... going for him ... columnist: ple...

Claiborne sa... "Bob is one of ... argumentative ... met." But he a... is extremely t... makes his op... ones, not off... head rambling...

Herbert cla... "pretty much ... most issues

Saturn raises '94 prices

Saturn small cars won't be quite the bargains in 1994 they once were.

Saturn said Friday that it is raising the price of 1994 cars 5% from what it charged last fall, when the 1993-model year began.

The 3-year-old company raised prices about 1.5% in March. Prices of the 1994 models are up 3.5% from March.

The cheapest Saturn, SL sedan, will cost $9,995 for 1994. That's up 8.7% from last fall and up 25% from 1990, when SL cost $7,995. In that same period, the consumer price index has gone up about 11%.

"Overall, our cars are priced very competitively," Saturn Vice President Jim Farmer says. Saturn sales are up 25% this year from 1992. Nationwide, dealers have just a 22-day supply of Saturns in stock, compared with the 60-day stockpile the industry considers ideal.

Saturn wins consistent raves from marketing firms such as J.D. Power and Associates for its standout consumer service and no-hassle buying process. Last week, Saturn parent General Motors said it will raise prices 1.8% for 1994. Those prices didn't include Saturn cars. GM's car sales are down 1.2% this year.

GOING UP: '94 Saturn SL sedan to cost $9,995, an 8.7% jump from last fall.

Details of the Saturn price increases:

▶ Saturn's top-of-the-line SL2 sedan rises 2.6% from fall 1993 to $11,795. It's up 1.7% from the model year-end price.

▶ Saturn's top coupe, SC2, goes up just 0.8% from 1993 to $12,895. Saturn didn't raise its price in March.

▶ Popular SW2 station wagon costs $12,595 for 1994, up 3.3% from 1993, when it was introduced.

— Micheline Maynard

Lopez could face cri...

The Justice Department says criminal charges could be brought against Volkswagen executive Jose Ignacio Lopez de Arriortua for allegedly stealing confidential General Motors documents when he left that company earlier this year, according to Reuters.

The news agency cited a Justice Department source as saying, among other things, that Lopez could be charged with transportation of stolen property across state lines or international borders and theft of trade secrets related to U.S. patents.

La... vesti... certa...

On... man... item... Opel. a list...

Op...

COVER STORY

Japan vote may help U.S.

Continued from 1B

president of the Economic Strategy Institute and a leading critic of Japan's trade policies.

U.S. business leaders are eager to see if the changes in Japan will be fundamental or merely cosmetic.

"I don't know whether it's a small step or a giant step, but it won't be long before we do know," says T. Boone Pickens, CEO of Mesa, a natural-gas producer. Pickens was rebuffed in his 1990 effort to win a seat on the board of directors of Koito Manufacturing, despite his 26% stake in the Japanese auto-parts supplier. "They've got a long way to go before they have open and free markets," he says.

Most experts are optimistic. They view Sunday's election as the first step toward sweeping away Japan's archaic political system. "Japan is really in a very exciting period of change," says Sam Nakagama, a Wall Street economist who follows Japanese affairs. "That's good for everybody." At stake for the USA:

▶ **Farm trade.** Japan's election system favors rural areas, a key LDP power base. The LDP has long protected Japan's farmers by limiting food imports — including a ban on rice imports. Result: Japanese shoppers pay food prices that are twice as high, on average, as in the USA. But opposition parties are demanding political changes that would reduce rural clout. The Japan New Party, which could hold the balance of power in a new government, wants to lift the ban on rice imports. Reform could mean billions in sales for U.S. farmers.

▶ **Factory trade.** Japan's imports of manufactured goods equal only 3% of its gross domestic product, compared with 7% for the USA. Critics say Japan's *kieretsu* — tightly knit groups of industrial and financial firms — exclude foreign firms and products. The U.S. wants Japan to open the system — by reforming government purchasing, for example. A new government might be more sympathetic to such demands.

▶ **Financial trade.** Japan has opened its markets to U.S. investors and brokerages. But many areas — pension management, for instance — remain tightly controlled by its Ministry of Finance. Opposition leaders, including former LDP finance minister Tsutomu Hata, now head of the largest pro-reform party, have backed the U.S. call for deregulation.

▶ **Global trade.** The U.S. and Japan are involved in talks aimed at expanding the existing General Agreement on Tariffs and Trade, an international treaty that encourages lowering trade barriers. But Japan's resistance to free farm trade has encouraged other countries, like France, that also want to protect farmers. Japanese concessions on farm trade could help clear the way for a GATT deal.

The Japanese election may complicate the Clinton administration's effort to negotiate a trade agreement covering those and other issues. A framework for the talks was set when President Clinton visited Tokyo earlier this month for the Group of Seven summit. The U.S. wants Japan to slash its trade surplus from 3.3% of GDP to about 2% the next three to five years. And it is seeking better access for specific U.S. goods, including auto parts, medical equipment and supercomputers.

Japan's lame duck prime minister, Kiichi Miyazawa, agreed to use "quantitative indicators" to measure Japan's progress in opening its markets. The Clinton team says that could include targets for U.S. exports, similar to a 1991 agreement on semiconductors that set a goal of 20% share of the Japanese market for foreign-made chips. But Japan's trade bureaucrats bitterly oppose such targets. Political paralysis could strengthen their hand. "In situations like this, the bureaucracy tends to gain power," says Bill Brock, a former U.S. trade representative.

A weak government led by the LDP might be unwilling or unable to challenge the bureaucrats on trade issues. Opposition leaders may be more inclined to offer trade concessions if they take power. But a pro-reform coalition might be too weak to challenge the bureaucracy.

Clinton administration officials expect trade talks to make progress no matter who takes power in Japan. Its new government will want to cement relations with the U.S., and that will require progress on trade.

Experts outside the administration agree. "None of the (Japanese) parties has an interest in stonewalling the U.S.," says Bob Hormats, co-chairman of Goldman Sachs.

An even more pressing issue: What will the new government do to shore up Japan's economy — still sagging from the collapse of its inflated stock and real-estate markets? After improving slightly earlier this year, economic indicators have turned down again in recent months. Increased government spending is keeping the economy afloat for now, but additional steps — like a cut in income taxes — may be needed.

But cutting taxes would require Japan to run a budget deficit, something the bureaucrats who run the Ministry of Finance hate. A weak government might not have the clout to push it through, says Rama Krishna, director of Asian research for Alliance Capital Management. But without such steps, slower economic growth could boost Japanese exports and decrease imports from the USA.

As Japan's trade and economic problems mount, Sunday's election may have created more questions than it answered. The next government's hold on power may be brief. "I would not be surprised to see another election in 12 months, perhaps even sooner," says Sen. Richard Lugar, R-Ind., a member of the Senate Foreign Relations Committee.

The long-term question: Will Japan's political evolution help defuse growing conflict with the U.S.? Some Japanese officials hope so.

"For the first time we're seeing basic change in both the U.S. and Japan," says Hiroshi Hirabayashi, deputy chief of Japan's embassy in Washington. "If that continues, I think tensions will ease."

Document No.__________

WHITE HOUSE STAFFING MEMORANDUM

DATE: 07/20/93 **ACTION/CONCURRENCE/COMMENT DUE BY:** ----

SUBJECT: LETTER TO THE WHITE HOUSE STAFF FROM FORMER PRESIDENT NIXON

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

REMARKS:

The President has seen the attached, and is forwarded to you - FYI.

RESPONSE:

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

THE PRESIDENT HAS SEEN 7/20

RICHARD NIXON

July 1, 1993

577 CHESTNUT RIDGE ROAD
WOODCLIFF LAKE, NEW JERSEY

To the White House staff,

I want you to know how much I appreciated the beautiful flowers you sent for Mrs. Nixon.

She would have been very proud that you remembered her so thoughtfully and that makes me doubly proud.

For the past fifty-three years I have usually finished personal letters with the phrase, "Pat joins me in expressing our appreciation and sending our best wishes." I can't say that now in a physical sense, but there is no question that in a spiritual sense she joins me in saying that to you today.

Sincerely,

Richard Nixon

The White House Staff

THE WHITE HOUSE
WASHINGTON

DATE: 7/20

TO: MACK

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

fyi

JOHN

THE WHITE HOUSE
WASHINGTON

DATE: 7/20

TO: MAGGIE

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

fyi

JOHN

LAW/JUDICIARY

Judiciary Committee Rejects White House Travel Inquiry

However, Republicans still are trying to bring the issue to the House floor

After heated partisan debate, the House Judiciary Committee on July 14 rebuffed a Republican effort to force a congressional inquiry into allegations of misconduct at the White House travel office.

The committee voted 20-15 almost along party lines to recommend that the full House defeat a resolution (H Res 198) requesting documents from the Clinton administration regarding the firing of seven travel office employees. Only Romano L. Mazzoli, D-Ky., sided with the Republicans.

Seven employees of the travel office, which makes travel arrangements for the White House press corps, were fired May 19 for alleged mismanagement and possible financial wrongdoing.

In a report issued July 2, White House Chief of Staff Thomas F. McLarty III acknowledged that the dismissals were mishandled. These mistakes, the report said, were based on bad judgment. Five of the seven fired employees have been reinstated in different positions, and four aides involved in the dismissal have been reprimanded.

But Republicans have called for more details and stronger punishments, saying the incident demonstrates cronyism in the Clinton administration.

Republican Allegations

Republicans say the shake-up at the travel office may have been precipitated by people close to the president who were looking to benefit financially. For example, Republicans allege, longtime Clinton friend Harry Thomason, who is part owner of an airline charter company, pressured administration staff members to investigate possible irregularities at the travel office. Thomason, according to a report by the House Republican Conference, also had complained that the office was excluding his travel company from bidding on White House travel business.

By David Masci

Hyde

Republicans also say the FBI and IRS were "politicized" when they were inappropriately brought into the investigation in order to create the impression that the administration was concerned about possible criminal activity at the travel office.

The resolution, sponsored by Rep. Henry J. Hyde, R-Ill., would make 26 document requests from the White House concerning nearly all aspects of the affair.

"The American people deserve to be told the truth," Hyde said, calling the McLarty report woefully inadequate. The report "isn't even an investigation, it's a 'management review' — whatever that is," Hyde said.

But committee Democrats urged patience, pointing out that Attorney General Janet Reno and the General Accounting Office (GAO) are investigating the incident. The GAO was directed in the 1993 supplemental appropriations bill enacted July 2 (HR 2118 — PL 103-50) to conduct a review of the affair and reporting any findings to Congress by Sept. 30. Reno has not indicated when her inquiry will be completed.

"If we're not satisfied with their investigations, we can return and pass 25 resolutions of inquiry regarding this matter," said William J. Hughes, D-N.J.

The panel voted along strict party lines to reject, 14-21, an amendment by Bill McCollum, R-Fla., requesting additional documents and expanding the inquiry to include questions about first lady Hillary Rodham Clinton's role in the matter and the procedures the White House used in its internal review.

In the past, the Judiciary Committee has made similar requests for information in cases involving possible ethical lapses by government officials. In July 1991, Chairman Jack Brooks, D-Texas, subpoenaed Justice Department documents over allegations that the department stole software from the INSLAW Corp., a computer firm.

Acrimony — the Order of the Day

In addition to the document request, several committee Republicans called on Reno to appoint a special counsel to fully investigate the situation. Minority Leader Bob Dole, R-Kan., echoed that request in a letter to Reno dated July 13 and in a speech on the Senate floor July 14.

"While the administration is slapping itself on the wrist with its internal reviews and sanitized reports, the American people are slapping themselves on the forehead, wondering what is going on," Dole said.

Given the potential for political damage if an administration is embroiled in scandal, partisan and occasionally acrimonious debate was the order of the day, with members using words like "hypocrisy" to describe opposing viewpoints.

Hughes asked GOP members why, having on March 24 refused to support a bill reauthorizing renewal of the law establishing procedures for appointment of independent counsels (HR 811), they now wanted an independent investigation of the travel office controversy. Conversely, a number of Republicans wondered why Democrats suddenly had lost their zeal for probing possible executive branch wrongdoing, after backing document requests concerning INSLAW, the Iran-contra scandal and other probes of the Reagan and Bush administrations. *(Independent counsel, Weekly Report, p. 758)*

Procedural Considerations

Republicans were able to force the Democrats to vote on a resolution they would rather ignore because a resolution of inquiry cannot be bottled up in a committee. Such resolutions automatically are discharged from a committee for floor action unless they are taken up within 14 legislative days after introduction. In this case, H Res 198 was taken up within that time and sent to the floor with a recommendation that it be defeated.

On the House floor, rules limit debate on such resolutions to one hour. During this time, Judiciary Committee Chairman Brooks can — and almost certainly will — move to kill the resolution by tabling it. A vote on such a motion is expected to run along party lines, which would spell the resolution's doom. ■

THE WHITE HOUSE
WASHINGTON

DATE: 7/20

NOTE FOR: George S

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

Information ☑

Action ☐

Paul has a copy; you don't need to follow up.

John

Thank you.

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

cc:

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
7-20-93

July 20, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: R. PAUL RICHARD

SUBJECT: GAYS IN THE MILITARY

Although I had hoped that the social and political circumstances would allow you to lift the ban against gays in the military completely, I understand and accept the realities underlying your compromise policy. I am sure that this was not an easy decision for you to make, and both as a gay man and as a member of your White House team, I want you to know that I share your pain and frustration over the limited actions you were able to take.

I hope that the policy you announced yesterday will lead eventually to greater tolerance and acceptance of gay men and lesbians, both within the military and in civilian society. You have made a historic step in this first public acknowledgement that the President of the United States shares the concerns, hopes and pains of the gay and lesbian community. I was particularly pleased that in addition to acknowledging the contributions of Secretary Aspin and the Joint Chiefs, you mentioned Barney, Gerry and the Campaign for Military Service in your remarks.

Rob Keyes, my companion of nearly twelve years, and I remain very proud of you personally, and I am proud to be a member of your Administration. Please let me know if I can help in any way.

GS - Bye -
[illegible] [illegible]
a copy of the policy
to Gerry & tell him
I really appreciate this.

July 20, 1993

MEMORANDUM FOR JOHN D. PODESTA

FROM: TERRY W. GOOD TWG

SUBJECT: POSITION VACANCY IN ORM

One of our staff members, Paul Raizk, plans to leave us in the near future in order to begin law school. His departure will reduce the staff size of the Office of Records Management to 26 full time employees. This would be the smallest staff in ORM in the past 30 years. By comparison, the average staff size during previous administrations was 50 during Johnson, 57 during Nixon, 47 during Ford, 42 during Carter, 32 during Reagan, and 30 during Bush. (The staff size actually dipped to 27 briefly at the end of the Reagan Administration, but three additional staff were authorized during the Bush Administration, primarily to allow us to operate the new optical disk system.)

We, of course, would like to be able to replace Paul. Frankly, we are already doing more work with fewer people than was the case during the Bush Administration. May we begin to interview applicants for this position?

I plan to deliver to you shortly a memo that addresses in a comprehensive manner the personnel concerns of ORM. Included will be requests for some long-delayed and well-deserved promotions.

TRIM —
call me about
this
JOHN

7/20/93

THE PRESIDENT HAS SEEN
7.20.93

July 19, 1993

To Ira - Fyi
Nitechnology

President Bill Clinton
1600 Pennsylvania Avenue
Washington, DC 20500-2000

Dear Mr. President,

I hope your visit home was a good one. We certainly enjoyed having you here. Having you home raised all of our spirits. You are very special to us. We admire you, we respect you, we support you and we believe in you.

I hope we did not over do it by having so many people over. We thought you would enjoy seeing all of your HSHS friends. Let me know, we want you to be comfortable.

I did not get a chance to let you know what I am doing now. I am selling a system that automates medical records in physicians offices. It was created by a physician named, Dr. Randall Oates. He lives in Springdale, and will be the next person to make it big from the Great state of Arkansas. I am pretty excited about this opportunity. It is a definite gamble, but I hated selling copiers and I really think this could be a big opportunity for our family. If it goes, it will be very big. If it flops, I will be out of a job the end of next month probably. Keep your fingers crossed for me - thanks.

Anyway this system will cut the cost of a physician to create his SOAPnotes for his charts. The charts will be very complete and professionally done, unlike most done today. The price coding will be more accurate. The physician will spend much less time dictating or writing each day, allowing them to spend more time with the patient or seeing more patients. The medical record information will be stored on computer. Once it is stored on computer it can be studied. A wealth of knowledge can be derived from patient charts. Up till now this whole process has pretty much been ignored by the profession. Dr. Oates has had this dream for years. He is way ahead of his time. Different groups around the nation have finally begun to recognize him for his vision in electronic medical records. Hillary's task force has even spoken with Dr. Oates. They saw him speak in St. Louis a couple of months ago and invited him to speak. Dr. Oates has spoken before Congress several times. He is a neat guy. He told me that the profession does not really believe that the government will dictate that medical records will be computerized. He said that if a strong signal came from above that the industry would move much faster towards developing that expertise. We are one of the few doing this and I might say we are pretty good at it. My only concern is that I can hold out financially until our concept catches fire.

I heard your speech about the gays in the military. I thought you did what you could. You were in between a rock and a hard place. Good Job!!!! You have a lot of guts. I am very proud of you. Keep making history. Keep doing the right thing. Have faith in yourself. You know what is right and you know what is wrong.

God Bless.........I will be watching tomorrow night........Larry King.!!! Educate Educate Educate...

Your Friend.

David

VP — I like a couple of these ideas Are they practical? Doable?

B

THE PRESIDENT HAS SEEN 7.20.93

Mr. Babbitt, Make the Grass Greener

By Karl Hess Jr.

LAS CRUCES, N.M.

Bruce Babbitt is gunning for change on the range. The reform-minded Interior Secretary has set his sights on ridding the West of the policies and subsidies of the Reagan-Bush era that abetted the over-logging, overmining and, above all, the overgrazing of the West.

Sharply criticized by environmentalists for retreating from the grazing fee issue earlier this year, Mr. Babbitt hopes to redeem himself by announcing, perhaps by July 30, a major overhaul of the nation's grazing program. Not surprisingly, his reform package will call for an increase in Federal grazing fees, well above the current $1.86 per cow per month paid by ranchers.

Environmentalists see higher fees as the first step in shifting priorities for the use of public lands from cattle and sheep to protecting endangered species and wildlands. Fiscal conservatives, such as those at The Economist, think they will end the era of "cowboy socialists" and "bring the market to America's wild West."

While action is needed, it is doubtful whether higher fees can salvage an ailing grazing program. The hope is that higher fees will end an unjust subsidy, restore depleted ranges and save taxpayers millions of dollars. Sadly, the benefits — even by optimistic projections — are trifling when compared to the opportunities forgone because of Government restrictions on the uses of public rangelands.

Right now, public grasslands and wetlands can only be used as a 375-million-acre pasture. As a result, vegetation that could feed game for fee-paying hunting, open spaces that could enhance biological diversity and therefore paid recreation and streams that could be oases for wildlife and fishermen are squandered to produce 5 percent of the nation's beef.

Secretary Babbitt's prior statements on grazing reform suggest that he may not fully grasp the pathology of the Federal grazing program. He wants, he says, "to make a populist statement that it's good public policy to make sure the small guys stay on the land." Although the sentiment is noble, it is not good public policy.

Mr. Babbitt has floated the idea of cushioning the blow of higher fees by offering grazing-fee credits to ranchers who meet federally set land-improvement targets. Not only would this program be difficult and costly to administer, its outcome would benefit neither the land nor the public.

A grazing-fee credit would still be a subsidy to a privileged few and would not change the allocation of public resources. Meadows and streams would still be grazed by livestock despite markets that call for more recreation and wildlife on Federal rangelands. Moreover, a grazing-fee credit is a bad strategy for achieving environmental goals. If ranchers must be bribed with subsidies to take care of leased lands, something is dreadfully wrong with the nation's grazing program.

Protecting arid lands may not even be Secretary Babbitt's top priority. To make grazing reform fair, Mr. Babbitt has suggested exempting small ranchers from higher fees and favoring them in public policy. But doing so would simply turn range reform into a welfare program for otherwise unsustainable ranching. More than half of all ranches on public land are too small to be economically viable. They are kept alive by subsidies and by Federal tolerance for abuse of grazing that is unacceptable on larger operations.

In drafting reforms, Mr. Babbitt should understand that such ideas are the cause of, not the solution to, the failed grazing program. Proper reform means exorcising the policies that have encouraged the worst ranchers and discouraged the very best. The way to do this is through the market, and Mr. Babbitt ought to take bold steps in that direction.

First, push for an end to subsidies on Federal lands. Make users pay for the cost of administering public lands. For example, user fees, retained by the Bureau of Land Management and the Forest Service, would stimulate those agencies to meet the demand for more recreation and wildlife.

Let the market save the ailing grazing program.

Second, make grazing permits transferable to people other than ranchers and, under other names, valid for uses other than raising livestock. Marketable permits would allow environmentalists to acquire public ranchlands, remove livestock and protect grasslands and wetlands.

Interesting

They would also allow ranchers to diversify by tapping the wellspring of recreation for a fee. Marketable permits would democratize Federal rangelands by granting to all Americans opportunities previously reserved to ranchers.

Third, encourage grassroots innovation and experimentation in stewardship. Decentralized strategies that would make users of public land more accountable for the well-being of deserts, wetlands and endangered species would go a long way toward making ecosystem management a reality and realizing a land ethic on Federal rangelands.

Fourth, establish a biodiversity trust fund financed from user fees, open to all Americans. This would enable ranchers and environmentalists alike to finance projects that restore rangeland ecosystems and would encourage them to cooperate as never before.

Federal ranges would prosper under a market regime that penalized poor management and rewarded stewardship. Unleashing pent-up demand for recreation and wildlife would benefit people and the environment. And Western communities that face the phasing out of grazing, mining and logging would get a second chance. Market reform is best for the livelihood of the land and its people. □

Karl Hess Jr. is author of "Visions Upon the Land: Man and Nature on the Western Range."

THE NEW YORK TIMES, MONDAY, JULY 19, 1993

THE PRESIDENT HAS SEEN
7-20-93

cc GS
Our program needs to
reflect the rhetoric
the reality
B

William Raspberry

Investments That Pay For Themselves

The word is that President Clinton is about to launch a major campaign to sell his economic package. I wish him luck. He's had precious little success so far—despite an early predisposition on the part of the voters to give his plan a chance.

It's impossible to say just what combination of political distractions, unexpected economic news and Republican opposition has put the tax-increase/deficit-reduction package in such trouble. But surely among the causes is Clinton's own poor job of distinguishing between expenditures and investments.

He used to pay a good deal of attention to the distinction. The whole idea of rebuilding America's infrastructure, for instance, was that, however costly it might be initially, it was a necessary first step to get the economy rolling again. Money spent on infrastructure—replacing bad roads, crumbling bridges and collapsing sewers—would go on the Clinton books not as expenditures but as investments that would pay for themselves.

Money spent for reliable returns should not have to compete with everything else in the budget.

But of late, such talk has given way to the notion that the federal government should enter the business of picking—and heavily subsidizing—industrial winners. Republicans have found these echoes of a "planned economy" too inviting a target to resist. It's one reason Clinton is on the defensive now.

I don't have a lot of faith in the ability of bureaucrats to pick winners, but I do find it useful to differentiate between spending and investment.

Marian Wright Edelman has been urging the distinction for years—both as a way to fulfill a part of her agenda as head of the Children's Defense Fund and as a matter of fiscal prudence.

She has argued, for instance, that a dollar spent on childhood immunizations saves $10 in subsequent medical costs, that $4,500 per family for family preservation services saves $10,000 per child per year in foster care.

Some of her numbers are so mysteriously precise ($765 a month in homelessness prevention could save the $3,000 a month it takes to keep a homeless family in a hotel) as to stretch the credibility even of her supporters. But surely the idea is unarguable: Prevention is better—and cheaper—than treatment.

Take the matter of early intervention programs. A recent study of the High/Scope Perry Pre-school program in Ypsilanti, Mich., came up with this fascinating finding: Children who participated in the program grew up to have fewer criminal arrests, higher earnings, more accumulated wealth and stronger marriages than those who didn't.

This is not just some theoretical manipulation of unreliable numbers. This is research on the lives of 123 poor black individuals, born in poverty and statistically at risk of school failure. At ages 3 and 4, they were divided randomly into two groups—one receiving a high-quality preschool program, the other not.

All but six of the original 123 were interviewed in the recent survey. The findings: 29 percent of the program group (but only 7 percent of the no-program group) were earning $2,000 a month or more as adults; 36 percent (but only 13 percent of the no-program group) owned their own homes; 30 percent (compared with 13 percent of the nonparticipants) owned second cars; 80 percent of the no-program group had received social services at some time in the previous 10 years, compared with 59 percent for the program group.

Program participants were much more likely to have finished high school (71 percent to 54 percent) and were less likely to have had children out of wedlock (57 percent to 83 percent). Forty percent of the females in the program were married; only 8 percent of the no-program females were.

The results raise a number of interesting questions, including whether there were special features of the High/Scope model that made it peculiarly effective among early intervention programs. There is in addition the question of the ethics of withholding from the control group an experience that could reasonably be expected to make a positive difference in their lives.

But one thing is beyond question, given what we know about the importance of academic achievement, marriage, economic self-sufficiency and social responsibility. Money spent to reduplicate the results of the Perry Pre-school should not be considered just another expenditure in competition with all other expenditures but an investment likely to pay for itself many times over.

Let Clinton sell *that.*

Chron

THE WHITE HOUSE

WASHINGTON

July 19, 1993

93 JUL 20 P1:40

MARSHA Scott

MEMORANDUM FOR JOHN PODESTA

FROM: HOWARD G. PASTER HP

SUBJECT: Executive Orders

Enclosed please find a copy of the letter which was sent to the President from Representative Harry Johnston (D-FL). I would appreciate your giving this recommendation of an executive order for "National Day of Healing Against Incest and Sexual Abuse" your utmost attention.

Thank you for your assistance.

Enclosure

Lana

?

HARRY JOHNSTON
CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-0919

93 JUN 28 P 2: 32

June 24, 1993

The Honorable
Bill Clinton
President of the United States
Washington, DC 20500

Re: National Day of Healing Against Incest and Sexual Abuse

Dear Mr. President:

On Sunday, August 1, 1993 there will be meetings throughout the country with the theme of speaking out against incest and sexual abuse. These meetings will be sponsored by non-profit organizations, corporate America and educational institutions.

As you are aware, sexual abuse creates devastating problems, often leading to emotional and psychological trauma and profound mental anguish. As more survivors step forward, others gain hope and the courage to begin the process of healing and renewal.

You have already received a letter requesting that you issue an executive order declaring August 1st as "National Day of Healing Against Incest and Sexual Abuse". I join with those people who have requested such a declaration.

With warmest regards,

Sincerely,

Harry Johnston

HARRY JOHNSTON, M.C.

19TH DISTRICT, FLORIDA
MAJORITY WHIP-AT-LARGE
CHIEF OF STAFF
SUZANNE STOLL
DISTRICT ADMINISTRATOR
DIANE BIRNBAUM

COMMITTEES:
BUDGET
FOREIGN AFFAIRS
SUBCOMMITTEES:
AFRICA, CHAIRMAN
INTERNATIONAL ECONOMIC
POLICY & TRADE
INTERNATIONAL OPERATIONS

WASHINGTON OFFICE:
204 CANNON HOUSE
OFFICE BUILDING
WASHINGTON, DC 20515-0919
202-225-3001

BROWARD COUNTY OFFICE:
MARGATE CITY HALL
5790 MARGATE BOULEVARD
MARGATE, FL 33063
305-972-6454 X-378

PALM BEACH COUNTY OFFICE:
1501 CORPORATE DRIVE
SUITE 250
BOYNTON BEACH, FL 33426
407-732-4000
305-428-4888

THE WHITE HOUSE

WASHINGTON

July 19, 1993

Dear Representative Johnston:

Thank you for your letter recommending that the President issue an executive order declaring August 1, 1993, "National Day of Healing Against Incest and Sexual Abuse."

I have forwarded your recommendation to the Office of the Staff Secretary and requested that your recommendation be considered with the utmost attention.

Best wishes.

Sincerely,

Howard G. Paster
Assistant to the President
for Legislative Affairs

The Honorable Harry Johnston
House of Representatives
Washington, D.C. 20515

5164

THE PRESIDENT HAS SEEN 7/20

THE WHITE HOUSE

WASHINGTON

Schedule Proposal date 7/15/93

____ACCEPT ____REGRET ____PENDING

TO:	Marcia L. Hale Assistant to the President and Director of Scheduling and Advance
FROM:	Anthony Lake Howard Paster
REQUEST:	Telephone Call to Senator Patrick Leahy Chairman, Foreign Operations Subcommittee
PURPOSE:	To ask for his support for Russian Aid
BACKGROUND:	Senator Leahy will be the key figure in the Senate in pushing for funding for our request for aid to Russia. Leahy must work with a smaller budget allocation than in the House and may face opposition to funding Russia programs at the expense of some other foreign aid programs traditionally having strong constituents.
DATE AND TIME:	As soon as possible.
CONTACT:	Jeremy Rosner, 395-3055

He'll help
+ – says it'll be tough
– prev [illegible]
Seems [illegible] food aid [illegible]

POINTS TO BE MADE FOR TELEPHONE CONVERSATION WITH SENATOR PATRICK LEAHY

-- I know you have just returned from a visit to Moscow, and I know that you had interesting discussions there on the priorities for our assistance programs in Russia.

-- If it were not for the intense focus now on Reconciliation, I would have liked to have sat down with you to compare notes. As it is, I wanted to make sure I at least spoke with you over the phone to hear your thoughts about Russia, and Russian aid, soon after your trip.

-- I know you are taking the lead on Russian aid in the Senate, and that this will not be an easy task. I also know that you share my view that this our highest foreign policy priority.

-- First let me say that the United States is not alone in its support for the reforms in Russia. In Tokyo, the other G-7 leaders committed to strong support for democratic and economic changes taking place in Russia. But, as you are well aware, continued American leadership remains vital.

-- Further, I want you to know that you can count on my strong support, and that of the entire Administration, as you move forward with the Russian aid package in the Senate.

-- Please let me know in what ways I, or Tony Lake, or Secretary Christopher can be helpful. I want to work with you to make sure we are successful with this historic initiative.

Tony Lake

THE PRESIDENT HAS SEEN 7/20

Henry Kissinger

NAFTA: Clinton's Defining Task ✓

Before the end of the summer, President Clinton will ask Congress to approve the North American Free Trade Agreement linking the United States with Canada and Mexico in a free trade area comprising a population of 370 million and a gross national product of $6 trillion. It will represent the most creative step toward a new world order taken by any group of countries since the end of the Cold War, and the first step toward the even larger vision of a free trade zone for the entire Western Hemisphere.

BY BISHOP FOR THE DALLAS MORNING NEWS

And yet, recent polls show that barely half the American people have ever even heard of it.

This presents the president with a rare opportunity for leadership in educating the American people to the opportunity before them. Since the end of the Cold War, it has become apparent that fear of communism can no longer serve as the cement of the international order. With the collapse of the ideological challenge, traditional patterns of nationalism have gained ground nearly everywhere. The post-Cold War world has already witnessed growing rivalries reminiscent of the tensions preceding World War I.

In this light, developments in the Western Hemisphere become crucial to global order. Here, a group of democratic nations has pledged itself to the Enterprise for the Americas initiative based on popular governments and market economies. The sole dictatorship remaining in the Western Hemisphere is Cuba; state-run enterprises are being privatized; nationalistic, protectionist methods of economic management are being replaced by export-oriented economies hospitable to foreign investment and supportive of open international trading systems. The revolution sweeping the Western Hemisphere can point the way to an international order based on cooperation.

It is this revolution that is at stake in the ratification of NAFTA. What Congress will soon have before it is not a conventional trade agreement but the hopeful architecture of a new international system.

Strong presidential leadership in the ratification battle is urgently required. As the only nationally elected American leader, the president is in the best position to put NAFTA into a broad strategic framework and to show the American public why its passage serves the fundamental national interest. He must not permit the treaty's opponents to define NAFTA as a problem of economic arithmetic. In this task, the president is entitled to bipartisan support. NAFTA is so vital to prospects for global progress that it needs to transcend partisanship and merits a demonstration of nonpartisan unity.

America has never had a neighbor of the importance Mexico will acquire in the next century, with or without NAFTA. By then it will be a country with a population of well over 100 million and equal to the Asian "little tigers" such as Korea. Our de facto open borders make friendly relations a vital national interest.

Even on strictly economic grounds, I believe NAFTA to be to our long-range advantage. Most studies suggest that we would gain more jobs than we would lose—though of course the problem with that calculation is that those who lose jobs are not usually the ones who benefit from gains in employment.

Nevertheless, let us not delude ourselves: The movement of American industry to Mexico cited by many NAFTA critics has occurred despite present tariff barriers, which are already quite low. What the critics are implying is not just a defeat of NAFTA—which would not accomplish their objective—but an increase in tariffs against Mexico. Such a policy would put an end to any hope of a new Western Hemisphere relationship and encourage the rise of nationalism.

For Mexico has been in the vanguard of the revolution sweeping the Western Hemisphere. Not so long ago, its foreign policy was defined by anti-American rhetoric and its economic policy by statist left-wing attitudes. Import substitution, the fashionable euphemism for protectionism, was the dominant trend, and anti-gringo suspicion a principal feature of the internal Mexican debate.

Starting with the presidency of Miguel de la Madrid in 1982, Mexico began to reverse these patterns. Under President Carlos Salinas de Gortari, the process assumed tidal proportions. Salinas turned Mexico on its head. He opened it to foreign investment, lowered tariffs, insisted on free competition, quelled corruption and brought into office an extraordinary group of young, highly trained technocrats. I know no government anywhere that is more competent.

In going all-out for NAFTA, Salinas has overcome considerable domestic Mexican reservations. He has gone to great lengths to respond to American concerns—even to the point of negotiating side agreements on the environment and labor that his left-wing opponents describe as gringo interference in domestic legislation.

Nevertheless, to this day the ancient themes of Mexican political discourse are still just below the surface. They remain the staple of Salinas's left-wing opposition. NAFTA's defeat would cause them to boil rapidly to the surface, and would humiliate President Salinas in his bet on trust and cooperation with the United States. This would be a particular problem as Mexico gears up for next year's presidential election.

History will almost surely record the Enterprise Initiative for the Americas as one of the most important American initiatives since the Marshall Plan. It is a blueprint for which the North American trade agreement with Mexico is the vital first step for a new kind of community of nations, built on a common base of democratic values, drawn strongly together by the free exchange of goods, services and capital, dedicated to human rights and committed to the preservation of their common environment. Argentina, Venezuela and Chile have already indicated a strong interest in it. It looks far beyond the Organization of American States, the only existing institutional expression of common purpose in the region, and its outmoded concentration on national security; rather it responds to the contemporary agenda.

At a moment when all the major Latin American countries have raised their sights to a new partnership based on values the United States has been espousing for decades, a retreat from it by America would be a shattering blow to their enthusiastic response to this vision for a new and better world.

A regional Western Hemisphere Organization dedicated to democracy and free trade would be a first step toward the new world order that is so frequently cited but so rarely implemented. It would permit the countries of the hemisphere to respond creatively to any of the various ways the international order may evolve. Almost every country pays lip service to a global free trading system and to the urgency of the Uruguay round as its expression. It would be shortsighted, however, to ignore the regional groupings emerging in both Europe and Asia as possible alternatives.

A Western Hemisphere-wide free trade system—with NAFTA as the initial step—would give the Americas a commanding role no matter what happens. If the principles of the Uruguay round prevail, it will become a major participant in global economic growth. If regional groupings dominate, the Western Hemisphere, with its vast market, will more than hold its own in regional competition. Opening itself up to associate membership by nations outside this hemisphere could create a system for global free trade based on incentives for those willing to abide by its principles and by penalties for those nations not playing by the rules.

President Clinton has understandably preferred not to deflect Congress from concentrating on his economic package. But the stakes are too high to wait much longer. He must take the lead in defining the issues. But he should not be asked to fight this battle alone. It should be possible to enlist former presidents, secretaries of state and other leaders in one of the broad-based coalitions by which previous new departures in foreign policy—like the Marshall Plan—have been put before the American people.

If that happens, Clinton's will be perceived as a seminal presidency whatever else transpires while he is in office.

The writer, former secretary of state, is president of Kissinger Associates, an international consulting firm with business interests in many countries abroad.