[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 7/29

TO: Terry Good

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

[redacted]

Let's do both
i.e. #1
+ the extra

JDP

[redacted]

THE WHITE HOUSE
WASHINGTON

Bill Clinton

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN 7/30

July 30, 1993

MEMORANDUM FOR NANCY HERNREICH

FROM: JOHN PODESTA JDP

SUBJECT: NEW MATRIX

We need to do a new autopen matrix. Please ask the President if he likes any of the attached samples. If not, ask him for a signature sample on a blank sheet of paper.

Attachments

1 a pin or attached

July 26, 1993 93 JUL 26 P4:39

MEMORANDUM FOR JOHN D. PODESTA

FROM: TERRY W. GOOD TWG

RE: NEW MATRIX POSSIBILITIES

In keeping with my belief that we should order a new matrix approximately every six months, I am attaching some signatures that I have seen on photographs over the last several weeks.

Do any of these appear appropriate for a new matrix?

If more than one is satisfactory, we could order two.

You can mix and match, first name from one with the last name of another.

They can be enlarged or shrunk.

We do need one small signature similar in size to #3 and #8. From time to time, we encounter a need for a smaller signature. At the moment, the Clerk's Office has some certificates that require a small signature. Until we get one they can't be signed.

The first page is the current matrix.

Bill Clinton
(current matrix)

Bill Clinton

2 Bill Clinton

3 Bill Clinton

4 Bill Clinton

5 Bill Clinton

6 Bill Clinton

7 Bill Clinton

8 Bill Clinton

THE WHITE HOUSE
WASHINGTON

DATE: 07/30/93

DAVID GERGEN
GEORGE STEPHANOPOULOS

TO:

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

The attached has been forwarded to the President.

THE WHITE HOUSE
WASHINGTON

July 30, 1993

MR. PRESIDENT:

Attached is the latest report to Congress on the Iraqi emergency, required every six months. It needs to be transmitted to Congress on Monday, August 2. Copies have gone to the VP and Mack and I have sent information copies to Gergen and George as well.

TDS
Todd Stern

THE WHITE HOUSE

WASHINGTON

July 30, 1993

93 JUL 30 P1:14

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: ANTHONY LAKE

SUBJECT: Report to Congress on Iraq

Purpose

To transmit to Congress a report on the Iraqi emergency stressing the need to maintain U.S. support for the UN's economic sanctions.

Background

You are required by the International Emergency Economic Powers Act to report every six months to Congress on the status of the Iraqi emergency which was enacted by Executive Order No. 12722 on August 2, 1990. This order provides the mechanism for U.S. compliance with UN sanctions against Iraq.

Treasury has prepared the report (Tab A) which has interagency clearance. The report summarizes the activities undertaken by the U.S. government in the last six months to comply with the economic embargo of Iraq. It notes that Iraq continues to violate the human rights of its citizens, continues to deprive them of humanitarian assistance, continues to be in non-compliance with UN Security Council Resolutions, and continues to pose a threat to regional peace and security. It concludes that the emergency and sanctions need to remain in effect.

This report should be sent to Congress no later than August 1, 1993.

RECOMMENDATION

That you sign the report to Congress on Iraq at Tab A.

Attachments
Tab A Report to Congress
Tab B Letter from Treasury Secretary
Tab C Copy of February 1993 Report

cc: Vice President
Chief of Staff

TO THE CONGRESS OF THE UNITED STATES:

I hereby report to the Congress on the developments since my last report of February 16, 1993, concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 of August 2, 1990. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c).

Executive Order No. 12722 ordered the immediate blocking of all property and interests in property of the Government of Iraq (including the Central Bank of Iraq), then or thereafter located in the United States or within the possession or control of a U.S. person. That order also prohibited the importation into the United States of goods and services of Iraqi origin, as well as the exportation of goods, services, and technology from the United States to Iraq. The order prohibited travel-related transactions to or from Iraq and the performance of any contract in support of any industrial, commercial, or governmental project in Iraq. U.S. persons were also prohibited from granting or extending credit or loans to the Government of Iraq.

The foregoing prohibitions (as well as the blocking of Government of Iraq property) were continued and augmented on August 9, 1990, by Executive Order No. 12724, which was issued in order to align the sanctions imposed by the United States with United Nations Security Council Resolution 661 of August 6, 1990.

Executive Order No. 12817 was issued on October 21, 1992, to implement in the United States measures adopted in United Nations Security Council Resolution 778 of October 2, 1992. Resolution 778 requires U.N. member states temporarily to transfer to a U.N. escrow account up to $200 million apiece in Iraqi oil sale proceeds paid by purchasers after the imposition of U.N. sanctions on Iraq. These funds finance Iraq's obligations for U.N. activities with respect to Iraq, including expenses to verify Iraqi weapons destruction, and to provide humanitarian assistance in Iraq on a nonpartisan basis. A portion of the escrowed funds will also fund the activities of the U.N. Compensation Commission in Geneva, which will handle claims from victims of the Iraqi invasion of Kuwait. The funds placed in the escrow account are to be returned, with interest, to the member states that transferred them to the United Nations, as funds are received from future sales of Iraqi oil authorized by the United Nations Security Council. No member state is required to fund more than half of the total contributions to the escrow account.

This report discusses only matters concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 and matters relating to Executive Orders Nos. 12724 and 12817 (the "Executive Orders"). The report covers events from February 2, 1993, through August 1, 1993.

1. There have been no amendments to the Iraqi Sanctions Regulations during the reporting period.

2. Investigations of possible violations of the Iraqi sanctions continue to be pursued and appropriate enforcement actions taken. These are intended to deter future activities in violation of the sanctions. Additional civil penalty notices were prepared during the reporting period for violations of the International Emergency Economic Powers Act and Iraqi Sanctions Regulations with respect to transactions involving Iraq.

3. Investigation also continues into the roles played by various individuals and firms outside Iraq in the Iraqi government procurement network. These investigations may lead to additions to the Office of Foreign Assets Control's listing of individuals and organizations determined to be Specially Designated Nationals of the Government of Iraq.

4. Pursuant to Executive Order No. 12817 implementing United Nations Security Council Resolution 778, on October 26, 1992, the Office of Foreign Assets Control directed the Federal Reserve Bank of New York to establish a blocked account for receipt of certain post-August 6, 1990, Iraqi oil sales proceeds, and to hold, invest, and transfer these funds as required by the order. On May 18, 1993, following the payment of $1,492,537.30 by the Government of the United Kingdom to a special United Nations-controlled account, entitled United Nations Security Council Resolution 778 Escrow Account, the Federal Reserve Bank of New York was directed to transfer a corresponding amount of $1,492,537.30 from the blocked account it holds to the United Nations-controlled account. Future transfers from the blocked Federal Reserve Bank of New York account will be made on a matching basis up to the $200 million for which the United States is potentially obligated pursuant to United Nations Security Council Resolution 778.

5. Since the last report, there have been developments in two cases filed against the Government of Iraq. Another ruling was issued in *Consarc Corporation v. Iraqi Ministry of Industry and Minerals et al.*, No. 90-2269 (D.D.C., March 9, 1993), which arose out of a contract for the sale of furnaces by plaintiff to the Iraqi Ministry of Industry and Minerals, an Iraqi governmental entity. In connection with the contract, the Iraqi defendants opened an irrevocable letter of credit with an Iraqi bank in favor of Consarc, which was advised by Pittsburgh National Bank, with the Bank of New York entering into a confirmed reimbursement agreement with the advising bank. Funds were set aside at the Bank of New York, in an account of the Iraqi bank, for reimbursement of the Bank of New York if Pittsburgh National Bank made a payment to Consarc on the letter of credit and sought reimbursement from the Bank of New York. Consarc received a down payment from the Iraqi Ministry of

Industry and Minerals and substantially manufactured the furnaces. No goods were shipped prior to imposition of sanctions on August 2, 1990, and the United States asserted that the funds on deposit in the Iraqi bank's account at the Bank of New York, as well as the furnaces manufactured for the Iraqi government or the proceeds of any sale of those furnaces to third parties, were blocked. The district court ruled on December 29, 1992, that the furnaces or their sales proceeds were properly blocked pursuant to the declaration of the national emergency and blocking of Iraqi government property interests. However, according to the court, due to fraud on the part of the Ministry of Industry and Minerals in concluding the sales contract, the funds on deposit in an Iraqi bank account at the Bank of New York were not the property of the Government of Iraq. The court ordered the Office of Foreign Assets Control to unblock these funds, and required Consarc to block the proceeds from the sale of one furnace and to hold the remaining furnace as blocked property. On January 27, 1993, the Office of Foreign Assets Control complied with the court's order and licensed the unblocking of $6.4 million plus interest to Consarc. On March 9, 1993, the court affirmed its ruling in response to Consarc's motion to clarify the December 29 order and the Office of Foreign Assets Control's motion to correct the judgment to conform to the December 29 opinion. The Office of Foreign Assets Control and Consarc have each appealed the district court's ruling.

In *Brewer v. The Socialist People's Republic of Iraq*, No. 91-5325 (D.C. Cir., 1993) the United States Court of Appeals for the District of Columbia Circuit affirmed the district court's ruling denying appellant's motion to attach U.S.-located assets of the Government of Iraq and its state tourism organization. Following the holding of *Dames & Moore v. Regan*, 453 U.S. 654 (1981), the court upheld the power of the President to freeze foreign assets and prevent their attachment by private litigants in times of national emergency.

6. The Office of Foreign Assets Control has issued a total of 391 specific licenses regarding transactions pertaining to Iraq or Iraqi assets since August 1990. Since my last report, 54 specific licenses have been issued. Licenses were issued for transactions such as the filing of legal actions against Iraqi governmental entities, for legal representation of Iraq, and the exportation to Iraq of donated medicine, medical supplies, and food intended for humanitarian relief purposes.

7. The expenses incurred by the Federal Government in the 6-month period from February 2, 1993, through August 1, 1993, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iraq are estimated at about $2.5 million, most of which represents wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the U.S. Customs Service, the Office of the Assistant Secretary for Enforcement, and the Office of the General Counsel), the Department of State (particularly the Bureau of Economic and Business Affairs, the Bureau of Near East and South Asian Affairs, the Bureau of International Organizations, and the Office of the Legal Adviser), and the Department of Transportation (particularly the U.S. Coast Guard).

8. The United States imposed economic sanctions on Iraq in response to Iraq's invasion and illegal occupation of Kuwait, a clear act of brutal aggression. The United States, together with the international community, is maintaining economic sanctions against Iraq because the Iraqi regime has failed to comply fully with United Nations Security Council resolutions, including those calling for the elimination of Iraqi weapons of mass destruction, the inviolability of the Iraq-Kuwait boundary, the release of Kuwaiti and other third country nationals, compensation for victims of Iraqi aggression, long-term

monitoring of weapons of mass destruction capabilities, and the return of Kuwaiti assets stolen during Iraq's illegal occupation of Kuwait. The U.N. sanctions remain in place; the United States will continue to enforce those sanctions under domestic authority.

The Baghdad government continued to violate basic human rights by repressing the Iraqi civilian population and depriving it of humanitarian assistance. The United Nations Security Council passed resolutions that permit Iraq to sell $1.6 billion of oil under U.N. auspices to fund the provision of food, medicine, and other humanitarian supplies to the people of Iraq. Under the U.N. resolutions, the equitable distribution within Iraq of this assistance would be supervised and monitored by the United Nations. The Iraqi regime so far has refused to accept these resolutions and has thereby chosen to perpetuate the suffering of its civilian population. Discussions on implementing these resolutions resumed at the United Nations on July 7, 1993.

The policies and actions of the Saddam Hussein regime continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States, as well as to regional peace and security. Because of Iraq's failure to comply fully with United Nations Security Council resolutions, the United States will therefore continue to apply economic sanctions to deter Iraq from threatening peace and stability in the region, and I will continue to report periodically to the Congress on significant developments, pursuant to 50 U.S.C. 1703(c).

THE WHITE HOUSE,

5580

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

July 22, 1993

SECRETARY OF THE TREASURY

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

Dear Mr. President:

Under the International Emergency Economic Powers Act, you are required every six months to submit a report to the Congress concerning the Iraqi emergency declared in Executive Order No. 12722 on August 2, 1990.

In addition, under the National Emergencies Act, you are required to report to Congress during each six-month interval of a declared national emergency the total expenditures incurred during that interval by the United States Government which are directly attributable to the exercise of the powers and authorities conferred by the declaration of emergency.

Enclosed is a proposed report covering events under the Iraqi emergency declaration during the period February 2, 1993, through August 1, 1993. The proposed report indicates in its initial paragraph that it is a combined report submitted pursuant to each of the foregoing statutes. The current report is due to Congress on August 1, 1993.

I recommend that you sign and transmit the proposed report to the Congress. The report has been reviewed and approved by the Department of State.

Sincerely,

Lloyd Bentsen

Lloyd Bentsen

Enclosure

Message to the Congress Reporting on the National Emergency With Respect to Iraq
February 16, 1993

To the Congress of the United States:

I hereby report to the Congress on the developments since the last report of August 3, 1992, concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 of August 2, 1990. This report is submitted pursuant to sections 401(c) of the National Emergencies Act ("NEA"), 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. 1703(c).

Executive Order No. 12722 ordered the immediate blocking of all property and interests in property of the Government of Iraq (including the Central Bank of Iraq) then or thereafter located in the United States or within the possession or control of a U.S. person. That order also prohibited the importation into the United States of goods and services of Iraqi origin, as well as the exportation of goods, services, and technology from the United States to Iraq. The order prohibited travel-related transactions to or from Iraq and the performance of any contract in support of any industrial, commercial, or governmental project in Iraq. U.S. persons were also prohibited from granting or extending credit or loans to the Government of Iraq.

The foregoing prohibitions (as well as the blocking of Government of Iraq property) were continued and augmented on August 9, 1990, by Executive Order No. 12724, which was issued in order to align the sanctions imposed by the United States with United Nations Security Council Resolution 661 of August 6, 1990.

This report discusses only matters concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 and matters relating to Executive Orders Nos. 12724 and 12817 (the "Executive Orders"). The report covers events from August 2, 1992, through February 1, 1993.

1. On October 21, 1992, President Bush issued Executive Order No. 12817, implementing in the United States measures adopted in United Nations Security Council Resolution ("UNSCR") No. 778 of October 2, 1992. UNSCR No. 778 requires U.N. member states temporarily to transfer to a U.N. escrow account up to $200 million apiece in Iraqi oil proceeds paid by the purchaser after the imposition of U.N. sanctions on Iraq. These funds finance Iraq's obligations for U.N. activities with respect to Iraq, including expenses to verify Iraqi weapons destruction and to provide humanitarian assistance in Iraq on a nonpartisan basis. A portion of the escrowed funds will also fund the activities of the U.N. Compensation Commission in Geneva, which will handle claims from victims of the Iraqi invasion of Kuwait. The funds placed in the escrow account are to be returned, with interest, to the member states that transferred them to the U.N., as funds are received from future sales of Iraqi oil authorized by the United Nations Security Council. No member state is required to fund more than half of the total contributions to the escrow account.

Executive Order No. 12817 authorized the Secretary of the Treasury (the "Secretary") to identify the proceeds of the sale of Iraqi petroleum or petroleum products paid for by or on behalf of the purchaser on or after August 6, 1990, and directed United States financial institutions holding such funds to transfer them to the Federal Reserve Bank of New York ("FRBNY") in the manner required by the Secretary. Executive Order No. 12817 further directs the FRBNY to receive, hold, and transfer funds in which the Government of Iraq has an interest at the direction of the Secretary to fulfill U.S. rights and obligations pursuant to UNSCR No. 778.

2. The economic sanctions imposed on Iraq by the Executive orders are administered by the Treasury Department's Office of Foreign Assets Control ("FAC") pursuant to the Iraqi Sanctions Regulations, 31 CFR Part 575 ("ISR"). The ISR were amended on September 1, 1992, to revoke section 575.603, which had required U.S. financial institutions to file monthly reports regarding certain bank accounts in which the Government of Iraq has an interest. While this information was needed during the early implementation of the regulations and for a period thereafter, it is no longer required on a monthly basis and can be obtained by FAC on a case-by-case basis as required. The amendment is in harmony with President Bush's Regulatory Initiative.

3. Investigations of possible violations of the Iraqi sanctions continue to be pursued and appropriate enforcement actions taken. These are intended to deter future activities in violation of the sanctions. Additional civil penalty notices were prepared during the reporting period for violations of the IEEPA and ISR with respect to transactions involving Iraq. Penalties were collected, principally from financial institutions which engaged in unauthorized, albeit apparently inadvertent, transactions with respect to Iraq.

4. Investigation also continues into the roles played by various individuals and firms outside Iraq in Saddam Hussein's procurement network. These investigations may lead to additions to the FAC listing of individuals and organizations determined to be Specially Designated Nationals ("SDNs") of the Government of Iraq.

5. Pursuant to Executive Order No. 12817 implementing UNSCR No. 778, on October 26, 1992, FAC directed the FRBNY to establish a blocked account for receipt of certain post-August 6, 1990, Iraqi oil sales proceeds, and to hold, invest, and transfer these funds as required by the order. On the same date, FAC directed the eight United States financial institutions holding the affected oil proceeds, on an allocated, pro rata basis, to transfer a total of $200 million of these blocked Iraqi assets to the FRBNY account. On December 15, 1992, following the payment of $20 million by the Government of Kuwait and $30 million by the Government of Saudi Arabia to a special United Nations-controlled account, entitled UNSCR No. 778 Escrow Account, the FRBNY was directed to transfer a corresponding amount of $50 million from the blocked account it holds to the United Nations-controlled account. Future transfers from the blocked FRBNY account will be made on a matching basis up to the $200 million for which the United States is potentially obligated pursuant to UNSCR No. 778.

6. Since the last report, one case filed against the Government of Iraq has gone to judgment. *Consarc Corporation* v. *Iraqi Ministry of Industry and Minerals et al.*, No. 90–2269 (D.D.C., filed December 29, 1992), arose out of a contract for the sale of furnaces by plaintiff to the Iraqi Ministry of Industry and Minerals ("MIM"), an Iraqi governmental entity. In connection with the contract, the Iraqi defendants opened an irrevocable letter of credit with an Iraqi bank in favor of Consarc, which was advised by Pittsburgh National Bank ("PNB"), with the Bank of New York ("BoNY") entering into a confirmed reimbursement agreement with the advising bank. Funds were set aside at BoNY, in an account of the Iraqi bank, for reimbursement of BoNY if PNB made a payment to Consarc on the letter of credit and sought reimbursement from BoNY. Consarc received a down payment from the Iraqi MIM and manufactured the furnaces. No goods were shipped prior to imposition of sanctions on August 2, 1990, and the United States claimed that the funds on deposit in the Iraqi bank account at BoNY were blocked, as well as the furnaces manufactured for the Iraqi Government or the proceeds of the sale of the furnaces to third parties. The district court ruled that the furnaces or their sales proceeds were properly blocked pursuant to the declaration of the national emergency and blocking of Iraqi Government property interests, but that, due to fraud on MIM's part in concluding the sales contract, the funds on deposit in an Iraqi bank account at BoNY were not the property of the Government of Iraq, and ordered FAC to unblock these funds. FAC has noted its appeal of this ruling.

7. FAC has issued a total of 337 specific licenses regarding transactions pertaining to Iraq or Iraqi assets since August 1990. Since the last report, 49 specific licenses have been issued. Licenses were issued for transactions such as the filing of legal actions involving Iraqi interests, for legal representation of Iraq, and the exportation to Iraq of donated medicine, medical supplies, and food intended for humanitarian relief purposes.

To ensure compliance with the terms of the licenses which have been issued, stringent reporting requirements have been imposed that are closely monitored. Licensed accounts are regularly audited by FAC compliance personnel and deputized auditors from other regulatory agencies. FAC compliance personnel continue to work closely with both State and Federal bank regulatory and law enforcement agencies in conducting special audits of Iraqi accounts subject to the ISR.

8. The expenses incurred by the Federal Government in the 6-month period from August 2, 1992, through February 1, 1993, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iraq are estimated at about $2 million, most of which represents wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in FAC, the U.S. Customs Service, the Office of the Assistant Secretary for Enforcement, the Office of the Assistant Secretary for International Affairs, and the Office of the General Counsel), the Department of State (particularly the Bureau of Economic and Business Affairs, the Bureau of Near East and South Asian Affairs, the Bureau of International Organizations, and the Office of the Legal Adviser), the Department of Transportation (particularly the U.S. Coast Guard), and the Department of Commerce (particularly in the Bureau of Export Administration and the Office of the General Counsel).

9. The United States imposed economic sanctions on Iraq in response to Iraq's invasion and illegal occupation of Kuwait, a clear act of brutal aggression. The United States, together with the international community, is maintaining economic sanctions against Iraq because the Iraqi regime has failed to comply fully with United Nations Security Council resolutions, including those calling for the elimination of Iraqi weapons of mass destruction, the inviolability of the Iraq-Kuwait boundary, the release of Kuwaiti and other third country nationals, compensation for victims of Iraqi aggression, long-term monitoring of weapons of mass destruction (WMD) capabilities, and the return of Kuwaiti assets stolen during its illegal occupation of Kuwait. The U.N. sanctions remain in place; the United States will continue to enforce those sanctions.

The Saddam Hussein regime continued to violate basic human rights by repressing the Iraqi civilian population and depriving it of humanitarian assistance. The United Nations Security Council passed resolutions that permit Iraq to sell $1.6 billion of oil under U.N. auspices to fund the provision of food, medicine, and other humanitarian supplies to the people of Iraq. Under the U.N. resolutions, the equitable distribution within Iraq of this assistance would be supervised and monitored by the United Nations. The Iraqi regime continued to refuse to accept these resolutions and has thereby chosen to perpetuate the suffering of its civilian population.

The regime of Saddam Hussein continues to pose an unusual and extraordinary threat to the national security and foreign policy of the United States, as well as to regional peace and security. Because of Iraq's failure to comply fully with United Nations Security Council resolutions, the United States will therefore continue to apply economic sanctions to deter Iraq from threatening peace and stability in the region, and I will continue to report periodically to the Congress on significant developments, pursuant to 50 U.S.C. 1703(c).

William J. Clinton

The White House,
February 16, 1993.

hd del'd

THE WHITE HOUSE

WASHINGTON

7/29/93

Dear Joycelyn—

Because of your sterling performance in the hearing, I have decided to reject the Japanese demands—

Good for you!

Best,

Bill

Jocelyn Elders, M.D.
Room 736E
Hubert H. Humphrey Building
200 Independence Avenue, N.W.
Washington, DC 20201

[redacted]

[redacted]

Japan Party Members Demand Elders Quit

[redacted]

July 30, 1993 93 JUL 30 A11:54

MEMORANDUM FOR JOHN PODESTA

FROM: HOWARD PASTER HP

Representative Herb Klein (D-NJ) has requested a pen to commemorate the signing of HJRes 127 which was signed on May 6, 1993 in honor of Arbor Day.

If the pen used for the signing is not available, I would appreciate a pen to give to the Congressman in honor of the signing.

Thank you.

Pen provided
FW
7/30

HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

FLOYD H. FLAKE
SIXTH DISTRICT
NEW YORK

July 16, 1993

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

Dear Mr. President:

Thank you for your kind remarks about my efforts to revitalize the communities and neighborhoods that make up the 6th Congressional District of New York. As you are well aware, comprehensive community development and revitalization combined with access to affordable credit for the residents of these economically distressed areas is of great importance to me.

Your concern about the plight of America's rural and urban areas as expressed during your campaign and at the White House ceremony announcing your Community Development Bank bill demonstrates your commitment to the goal of improving the overall quality of life for all Americans.

As your bill moves through the legislative process, I look forward to working with you to make certain that your goals and mine are accomplished.

As always, I stand ready to assist you whenever I can. With warmest regards, I am

Sincerely,

FLOYD H. FLAKE
Member of Congress

cdbc.3

07/27/93 12:03 CBPP → 4566244 THE PRESIDENT HAS SEEN 7/30 NO. 676 D12

1

CENTER ON BUDGET AND POLICY PRIORITIES

TO: Carol Rasco
Greg Simon
Gene Sperling

FROM: Bob Greenstein

RE: Unemployment Insurance — The Problems That Face The Administration and The Options Available to It

GS
Can we put on record
Bill

Background

The unemployment rate remains high at 7.0 percent. Nearly nine million Americans are out of work. In addition, the number of *long-term* unemployed — those out of work for more than half a year and still looking for a job — now stands at 1.7 million. This number is nearly as high as in 1982, when the unemployment rate averaged 9.7 percent.

Unemployed workers qualify for up to 26 weeks of regular unemployment benefits. When these benefits run out, they receive "emergency unemployment compensation" (EUC) benefits. Some 1.4 million unemployed workers nationwide are now drawing EUC benefits.

Serious problems lie ahead. The EUC program is scheduled to expire October 2. If EUC expires and no other action has been taken, most jobless workers whose regular benefits run out after October 2 will receive no additional jobless benefits of any sort.

- Today, 25 states have unemployment rates at or above 6.5 percent, and 21 have jobless rates at or about 7.0 percent. But only 13 currently meet the criteria to pay extended benefits to workers whose regular unemployment benefits run out. This isn't a problem currently because the EUC program supersedes the extended benefits program. It will be a large problem once EUC expires on October 2.

- A large number of states with high unemployment rates do *not* meet the criteria to pay extended unemployment benefits. These criteria have two components: a state's average unemployment rate for the most recent three-month period must be at least 6.5 percent *and* the state's unemployment rate for the three-month period must be *at least 10 percent higher than the state's unemployment rate in the same three-month period of either of the two previous years*. Thus, if a state's unemployment rate is now 7.7 percent, it meets the extended benefits criteria only if its

777 North Capitol Street, NE, Suite 705, Washington, DC 20002 Tel: 202-408-1080 Fax: 202-408-1056
Robert Greenstein, Executive Director ★ Loring Henderson, Deputy Director

unemployment rate in the same months of either 1991 or 1992 was at or below 7.0 percent. States whose unemployment rates have remained high for two years but are not still climbing do not qualify.

- Among the states with high unemployment rates that do not qualify for this reason are such large states as New York, Texas, Michigan, Pennsylvania, and Florida.

- Furthermore, many of the states that will meet the criteria to provide extended benefits after October 2 have not passed the necessary state legislation enabling them to do so. *Only three of the 13 states that currently meet the extended benefit criteria have passed this legislation.* There may be reluctance to pass such legislation because states must pay 50 percent of the extended benefits costs, and a number of states have largely or entirely depleted their state unemployment trust funds due to the prolonged stretch of high unemployment. (States that deplete their trust funds must borrow from the federal unemployment trust fund just to pay regular unemployment benefits. They must pay sizable interest charges on these loans and repay them fairly promptly or else have a tax imposed on employers in their states.) Most state legislatures have now adjourned for the year without passing this legislation.

  Among the states that would meet the extended benefits criteria but have not passed the necessary state legislation are California, Illinois, and New Jersey.

- About a quarter million workers are now exhausting their regular unemployment benefits each month. The large majority of those who exhaust their regular benefits after October 2 stand to receive no further assistance.

Political significance

The political consequences are large. If most jobless workers whose regular benefits run out after October 2 can obtain no additional jobless aid despite a national unemployment rate of close to 7 percent, the Clinton Administration and the Democratic Congress will be subject to sharp criticism. Both Republicans and the media will recall the tough Democratic attacks on George Bush in 1991 over his failure to seek additional weeks of aid for the long-term unemployed. Yet the number of long-term unemployed today is *50 percent higher* than it was in 1991. The Administration does not have an option of doing nothing.

Options

As I see it, the Administration has two options: 1) include temporary changes in the extended benefits program in the reconciliation conference report, or 2) secure legislation in September that extends the EUC program. Given the controversy last week over the emergency financing of the flood relief bill, it is very possible that an EUC extension could only be passed if it were "paid for."

1. <u>The reconciliation option</u>

The Administration and the Congressional leadership could seek inclusion in the reconciliation bill of a provision that temporarily suspends the requirement that to qualify for extended benefits, a state's unemployment rate in the most recent three-month period be at least 10 percent higher than its rate in the same three months of either of the two previous years, along with a companion provision temporarily increasing from 50 percent to 75 percent (or some similar percentage) the federal matching rate for extended benefits. Both temporary provisions could be put in place for a period such as six months. These provisions would enable all states with unemployment rates of at least 6.5 percent to qualify for extended benefits during this period. In addition, since states would have to pay a smaller share of extended benefits costs during that time, most states could be expected to participate in the extended benefits program.

There is precedent for such an approach. An extended benefits requirement similar to the current 10 percent requirement was suspended temporarily in the late 1970s in response to a comparable problem. At that time, as now, a number of states had experienced a prolonged period of high unemployment and failed to meet the tightly-drawn extended benefits criteria because their unemployment rate was not sufficiently higher than their unemployment rate in the preceding years.

At present, the Senate reconciliation bill has no such provisions. The House bill *permanently* raises to 75 percent the federal matching rate for extended benefits. It does not include a provision affecting the 10 percent requirement.

The House provision costs $300 million over five years. I do not know the cost of raising the matching rate for just six months and accompanying it with a temporary suspension of the 10 percent requirement. My guess is that it would be in the $500 million range, but that's a guesstimate.

One other point about this option should be noted. The House reconciliation bill also extends a temporary part of the federal unemployment tax that is scheduled to expire in a few years. This temporary component of the tax, which employers pay, equals 0.2 percent of the first $7,000 of employees' wages. The House extension brings in $2.1 billion over five years.

I understand that the Labor Department opposes extending this tax in reconciliation because it wants to preserve such an extension as a mechanism to pay for the dislocated workers program the Department is now designing. If something like $500 million were needed in the reconciliation conference report to make these temporary changes in the extended benefits program, an extension of this tax for a period of less than a year would cover the cost.

2. EUC Extension Option

If the reconciliation option is not used, there will be no alternative to seeking an EUC extension in September. The question is whether it can pass as an emergency measure, possibly with a second flood relief bill if there is one in September, or whether an EUC extension would have to be paid for. Given the flap this past week on the House floor about the first flood relief bill, there is a reasonable chance it would have to be paid for.

There are ways an EUC extension could be designed to reduce its cost. The cost could be reduced by limiting EUC to states in which unemployment exceeds a specified level, rather than providing it in *all* states as is done at present. EUC benefits could be shut off — or limited to a much shorter number of weeks (an approach that might be necessary for political reasons) — in states with unemployment rates below 6.0 percent or 6.5 percent. (As noted, the extended benefits program is limited to states with unemployment rates equal to or exceeding 6.5 percent.)

In addition, the EUC program could be designed in such a fashion that it would terminate before its scheduled expiration date if the *national* unemployment rate dropped below 6.5 percent for two consecutive months. Thus, if the recovery accelerates and the unemployment rate unexpectedly drops, federal funds would not continue to be expended for EUC benefits. Such a provision might be helpful politically in seeking to pass an EUC extension bill.

Just how much an EUC extension would cost would depend on how long the program was extended (it would probably be desirable to extend it until some time in February) and what provisions were made to shorten the duration of benefits, or end them, in states with lower unemployment rates.

Conclusion

Needless to say, the Administration and the Congressional leadership need to decide quickly what course to follow. If the reconciliation option route is chosen, immediate action will be needed.

Failing either to address this issue in reconciliation or to seek an EUC extension — or seeking an EUC extension but failing to get it through Congress due to a dispute over paying for it — would be politically damaging for the Administration. It would also be undesirable on policy grounds given the high levels of long-term unemployment that persist.

July 26, 1993

THE PRESIDENT HAS SEEN 7/30

RECONCILIATION CONFERENCE REPORT
CDF OPINIONS

50 HOUSE DEMOCRATS RESPONDED TO QUESTIONNAIRES

All responses by Members, not staff
44 Members responded to long form, 6 to short form
All responses from CDF Members, Members who signed Penny letter or Members who voted against the House Reconciliation bill

CUT SPENDING FIRST

88% of all respondents support means-testing Medicare for individuals with incomes above $100,000 ($6.2 billion)

77% support accounting for savings already achieved in appropriations bills by reducing discretionary caps to capture 50% of those savings below the 602(b) allocation ($12.1 billion)

73% support eliminating the EITC increase included in the House-passed bill (many urging its inclusion in Welfare Reform) ($18.3 billion)

70% oppose reinstating the food stamp increase included in the House-passed bill ($7.2 billion)

68% support a COLA of CPI minus 2% on benefits above $600 for civilian & military retirees and Social Security recipients ($22.7 billion)

DO NOT TAX THE MIDDLE CLASS

88% of all respondents support removing all middle-income taxes from Reconciliation
More than half of those state that all energy and middle-income taxes <u>must</u> be removed for their support of the bill

GUARANTEE THE PROMISES

84% of Members signing the Penny letter (i.e. Members voting "yes" on the House-passed bill) state that entitlement discipline language <u>must</u> be included in Reconciliation to maintain their support

MAINTAINING DEFICIT REDUCTION

76% of all respondents want to maintain as close to $500 billion in deficit reduction as possible

INVEST IN AMERICAN JOBS

86% of the Members support indexing capital gains prospectively and reinstating the "small business" capital gains cut included in the House-passed bill

77% support eliminating the Senate provision applying a 10% income tax surtax on capital gains

72% support the reinstating of House provisions on business expensing

COMMENTS RECEIVED ON RECONCILIATION QUESTIONNAIRES

"We need savings but we don't need to take all of our savings out of agriculture and defense."

"I'm very reluctant to vote for the bill because of the appearance of giving in to the threat to my subcommittee chairmanship." (from one who voted no on the House-passed bill)

"I strongly support the inclusion of entitlement discipline language but what I feel most strongly about is getting more actual cuts in the entitlement areas."

"We need $3 in spending cuts for every $1 in increased taxes."

"The tax increases should not go into effect until after we realize the spending cuts we have outlined."

"I cannot support increased taxes to pay for increases in social programs."

"If the energy tax is eliminated, I will support the bill." (from one who voted no on the House-passed bill)

"Now that the BTU tax seems to be dead, I am likely to vote yes." (from another "no" voter on the House-passed bill)

QUESTION: Are there any provisions currently being considered as possible inclusions which absolutely must be part of reconciliation to gain your support for final passage? (listed in order of most frequently given responses)

* --Entitlement discipline language
* --Better ratio of spending cuts to tax increases

--Reinstate business incentives such as capital gains breaks and business expensing
--Maintain the $500 billion deficit reduction
--Deficit Trust Fund

QUESTION: Are there any provisions currently being considered as possible inclusions which absolutely must <u>not</u> be part of reconciliation to gain your support for final passage? (listed in order of most frequently given responses)

* --BTU tax
* --Energy or middle-income tax increase

--Increases in EITC
--Increases in food stamps
--Decrease in the deficit reduction amount
--More agriculture cuts

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 7/30/93

TO: DAVID GERGEN
GEORGE STEPHANOPOULOS
ROY NEEL
HOWARD PASTER

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

The attached has been forwarded to the President.

[redacted]

THE WHITE HOUSE

WASHINGTON

'93 JUL 30 A10:43

July 30, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: **BILL GALSTON** WAG

SUBJECT: **STUDENT LOANS**

During your campaign for President, you promised America's young people a chance to repay their college loans either through service or through a small percentage of income over time. With last night's House/Senate conference agreement on direct lending, the Congress has taken a major step toward turning the your pledge into reality.

You promised change that helps average Americans and their families. With last night's agreement--the most significant change in higher education finance in decades--you are delivering change that truly puts people first.

You promised to break gridlock and get this country moving. Last night's agreement does just that, through bipartisan cooperation and sensible compromise between the House and Senate. (Senator Jeffords and Senator Durenberger supported the final compromise agreement.)

Students will have a variety of loan repayment options, including repayment as a small percentage of income over time--just as you promised during the campaign. This will encourage national and community service by allowing students just out of college or professional school to choose lower-paying service jobs if they wish. And it will ease the burdens of young couples who are just starting families.

Under the terms of this agreement, we will move swiftly toward a "direct lending" system based on lower-cost public capital: 5 percent of loan volume in FY 1994, 40 percent in 1995, and a minimum of 50 percent in 1996 and 1997. By FY 1998, the final year covered by this plan, a minimum of 60 percent of all student loans will be covered by your plan.

The percentages specified in the last three years of the agreement (FY 1996-1998) are floors, not limits. As early as FY 1996, most institutions of higher education could be participating in this new system. The better managed the program is, the faster it will grow.

While the precise numbers are still being worked out, the savings from the government's lower cost of capital will be shared with students through lower fees and interest rates. This means reduced financial burdens for all students, regardless of which repayment option they choose.

You have frequently criticized the excess profits made by banks and other financial intermediaries in the current system. The new system squeezes the excess out. At the same time, it retains enough incentives to keep key players in the system during the transition from guaranteed to direct lending.

Finally, the House/Senate agreement represents responsible government. It makes adequate provision for the administrative infrastructure--personnel and information systems--needed to manage this new program effectively. And it offers carefully crafted backup systems to deal with a wide range of financial and management contingencies.

THE WHITE HOUSE

WASHINGTON

July 30, 1993

MEMORANDUM FOR NANCY HERNREICH

FROM: JOHN PODESTA

SUBJECT: NEW MATRIX

We need to do a new autopen matrix. Please ask the President if he likes any of the attached samples. If not, ask him for a signature sample on a blank sheet of paper.

Attachments

93 JUL 26 P4:39

July 26, 1993

MEMORANDUM FOR JOHN D. PODESTA

FROM: TERRY W. GOOD TWG

RE: NEW MATRIX POSSIBILITIES

In keeping with my belief that we should order a new matrix approximately every six months, I am attaching some signatures that I have seen on photographs over the last several weeks.

Do any of these appear appropriate for a new matrix?

If more than one is satisfactory, we could order two.

You can mix and match, first name from one with the last name of another.

They can be enlarged or shrunk.

We do need one small signature similar in size to #3 and #8. From time to time, we encounter a need for a smaller signature. At the moment, the Clerk's Office has some certificates that require a small signature. Until we get one they can't be signed.

The first page is the current matrix.

Bill Clinton
(current matrix)

Bill Clinton

2 Bill Clinton

3 Bill Clinton

4 Bill Clinton

5 Bill Clinton

6 Bill Clinton

7 Bill Clinton

8 Bill Clinton

→ Copy to Bruce Lindsey
J Podesta
7/30/93 FW

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

BERT H. MACKIE, et al., Plaintiffs,	)	
v.	)	Civil Action No. 93-0032-LFO
WILLIAM J. CLINTON, et al., Defendants.	)	

FILED
JUL 23 1993
CLERK, U.S. DISTRICT COURT
DISTRICT OF COLUMBIA

MEMORANDUM

The dispositive issue remaining in this case is the legality of the January 8, 1993 recess appointment of Thomas Ludlow Ashley to the Board of Governors of the United States Postal Service. On that date, Crocker Nevin occupied that position as a holdover following the December 8, 1992 expiration of the 9-year term to which he had been nominated by President Reagan and confirmed by the Senate on the authority of 39 U.S.C. § 202(b), which continued him in office (for up to one year) "until his successor has qualified."[1] A preliminary injunction entered January 7, 1993 enjoined President Bush from carrying out a threat to remove Postal Service Governors, including Nevin, from office pending resolution by the Court of Appeals of the issue that prompted the President to threaten their removal. Mackie v. Bush, 809 F. Supp. 144 (D.D.C.

[1]Section 202(b) provides in relevant part: "The terms of the 9 Governors shall be 9 years . . . . A Governor may continue to serve after the expiration of his term until his successor has qualified, but not to exceed one year."

1993).[2]

On January 8, 1993, the day after the President was enjoined from removing plaintiffs, he purported to appoint Ashley without the advice and consent of the Senate on the authority of the Recess Appointments Clause of the Constitution.[3] That clause created an exception to the requirement of the Appointments Clause[4] that a Presidential nomination be confirmed by the Senate as a precondition to the appointment and commission of the nominee.

The voluminous briefs and extensive oral argument filed and presented in this final phase of this matter establish that this is the unusual constitutional case which turns on the plain language[5]

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[2] That issue -- the independent litigating authority of the Postal Service -- has been resolved in plaintiffs' favor. See Mail Order Ass'n v. U.S. Postal Service, 986 F.2d 509 (D.C. Cir. 1993).

[3] The Recess Appointments Clause provides:

> The President shall have power to fill up all Vacancies that may happen during the Recess of the Senate, by granting Commissions which shall expire at the End of their next Session.

U.S. Const. art. II, § 2, cl. 3.

[4] The Appointments Clause provides:

> [The President] shall nominate, and by and with the Advice and Consent of the Senate, shall appoint Ambassadors, other public Ministers and Consuls, Judges of the supreme Court, and all other Officers of the United States, whose Appointments are not herein otherwise provided for, and which shall be established by Law: but the Congress may by Law vest the Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments.

U.S. Const. art II, § 2, cl. 2.

[5] E.g., Perpich v. Department of Defense, 110 S. Ct. 2418, 2422 (1990); see also Coleman v. Alabama, 399 U.S. 1, 12-13 (1970) (Black, J., concurring).

-- indeed one word -- of the Constitution: "Vacancies." The President's constitutional power to make a recess appointment depends literally and absolutely upon the existence of a vacancy while the Senate is in recess.

Here, the Senate had adjourned on January 7, 1993, to reconvene on January 20, unless recalled earlier, leaving committees in session to consider nominations submitted by a President during that period. In the circumstances here, it is unnecessary to address the elusive issue of when the Senate is in recess within the meaning of the Recess Appointments Clause.

In an apparent effort to avoid the potentially paralyzing effect of a vacancy among the Postal Service Board of Governors that could be created by the expiration of a Governor's term of office and delay in his or her replacement,[6] Congress has expressly provided for the temporary continuation in office of an incumbent whose term has expired, with the powers, duties and privileges of the office of Governor undiminished. It seems plain from the express language of the statute that Governor Nevin holds and occupies the office of Governor through December 8, 1993, unless he dies, resigns, is lawfully removed[7] or some "successor has qualified," i.e., has been nominated by the President and confirmed by the Senate. Section 202(b) creates not a present vacancy but a

[6]See 129 Cong. Rec. 23,199 (1983) (statement of Rep. Ford) (purpose of § 202(b) is to avoid "vacancies on the Board . . . [which] can greatly inhibit the ability of the Board of Governors to perform its functions").

[7]But see Mackie v. Bush, 809 F. Supp. at 147.

"prospective vacancy," which can only be filled in the manner set forth in the Appointments Clause.[8]

Defendants rely on the decision in Staebler v. Carter, 464 F. Supp. 585 (D.D.C. 1979), which upheld a recess appointment to a position occupied by a holdover Federal Election Commissioner on the theory that the expiration of the predecessor's term created an immediate vacancy. However, that decision was tied to the specific language of the Federal Election Campaign Act (FECA). FECA's holdover provision states that a Commissioner whose term has expired may serve until his or her "successor has taken office as a member of the Commission." 2 U.S.C. § 437c(a)(2)(B). The absence of the "successor has qualified" language in that context evidences an intent not to create the sort of prospective vacancy that appears to have been contemplated with § 202(b). FECA provides that an "individual appointed to fill a vacancy occurring other than by the expiration of a term of office shall be appointed only for the unexpired term of the member he or she succeeds." 2 U.S.C. § 437c(a)(2)(C) (emphasis added). The Staebler court relied on this language in concluding that the "expiration of a term of office" must be treated as a "vacancy." 464 F. Supp. at 589-90. In contrast, the analogous provision of § 202(b) compels no such inference. Finally, unlike § 202(b)'s one-year holdover period, FECA establishes an indefinite holdover period. Section 202(b) is

[8]See Nominations for Prospective Vacancies on the Supreme Court, 10 Op. Off. Legal Counsel 143 (1986); Presidential Appointees -- Resignation Subject to the Appointment and Qualification of a Successor, 3 Op. Off. Legal Counsel 152 (1979).

therefore not susceptible to many of the concerns expressed by the court in Staebler. See id. at 599-601.[9]

Viewing the Appointments Clause and the Recess Appointments Clause together and in context, the opinions in Staebler and McCalpin are not controlling, and, with due respect, are not persuasive. It is apparent that the purpose of the Recess Appointments Clause was to prevent disruptions in the functioning of the government occasioned by periods in which the Senate is unable to perform its role of advice and consent.[10] Congress has filled that gap in 39 U.S.C. § 202(b) by permitting a Governor to remain in office for up to one year while a successor can be nominated and confirmed.

Thus, irrespective of whether the Senate was in a "recess" within the meaning of the Recess Appointments Clause on January 8, 1993, there was no vacancy to be filled by the recess appointment of Ashley and his purported appointment and commission were and are null and void.

It may be that before there can be a final judgment in this case, the incumbent President and the Senate, exercising their authority under the primary (as distinguished from the Recess) Appointments Clause will have qualified, i.e., appointed and

---

[9] In McCalpin v. Dana, No. 82-0582 (D.D.C. Oct. 5, 1982), vacated as moot, 766 F.2d 535 (D.C. Cir. 1985), the court concluded that holdover members of the Board of the Legal Services Corporation could be replaced by recess appointees. In that case, however, the court simply adopted the reasoning of Staebler.

[10] See, e.g., 41 Op. Atty. Gen. 463, 467 (1960); 33 Op. Atty. Gen. 20, 21-23 (1921).

confirmed, a successor to Governor Nevin. But, should the appellate courts have a different view of this matter, the intervening appointment of a Senate-confirmed successor to Nevin would not preempt any claim that Ashley may have for compensation for the period from January 8, 1993 until a qualified successor is sworn in. See Powell v. McCormack, 395 U.S. 486, 498-500 (1969). Therefore, a viable case or controversy could survive the imminent accession to the office by a "qualified" successor.

In light of all the circumstances and the deference owed by one branch of the government to another, an injunction is inappropriate and unnecessary.

In view of the fact that President Bush is no longer in office and the issue which prompted his threat to remove the Governors, including Nevin, has been resolved by the Court of Appeals, Count I of the Amended Complaint is moot.

Accordingly, an accompanying Order grants plaintiffs' motion for summary judgment on Count II, denies defendants' motions for summary judgment on Count II, and dismisses Count I as moot.

Dated: July 23, 1993

Louis F. Oberdorfer
UNITED STATES DISTRICT JUDGE

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

BERT H. MACKIE, et al.,
Plaintiffs,
v.
WILLIAM J. CLINTON, et al.,
Defendants.

Civil Action No. 93-0032-LFO

FILED
JUL 23 1993
CLERK, U.S. DISTRICT COURT
DISTRICT OF COLUMBIA

ORDER

For the reasons stated in the accompanying Memorandum, it is this 23d day of July, 1993, hereby

ORDERED: that plaintiffs' motion for summary judgment on Count II should be, and is hereby, GRANTED: and it is further

ORDERED: that defendants' motions for summary judgment on Count II should be, and are hereby, DENIED; and it is further

DECLARED: that the purported recess appointment and commission of Thomas Ludlow Ashley as a Governor of the United States Postal Service are, and were, null and void ab initio; and it is further

ORDERED: that plaintiffs' application for injunctive relief is DENIED without prejudice; and it is further

ORDERED: that Count I should be, and is hereby, DISMISSED as moot.

Louis F. Oberdorfer
UNITED STATES DISTRICT JUDGE

THE PRESIDENT HAS SEEN
7-29-93

Genentech, Inc.

460 Point San Bruno Boulevard
South San Francisco, CA 94080
(415) 225 1210
FAX: (415) 225-2929

G. Kirk Raab
President and
Chief Executive Officer

July 29, 1993

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

Dear Mr. President:

My mother taught me to always write a thank you note after being a guest for a meal, hence, thank you for yesterday's lunch and your support on the R&D tax credit. I thought you would find the attached Op Ed piece I wrote in yesterday's *San Francisco Chronicle* of interest. I'll be on *McNeil /Lehrer* tonight at 6:00 pm EST and you'll see that you have my support.

Regards,

Kirk

JUL-29-1993 14:24 FROM GENENTECH (CEO&PRES.) TO 912024562215 P.03

OPEN FORUM *G. Kirk Raab*

Funding Research Helps State Economy

THE DEVIL IS in the details, as Ross Perot is fond of saying.

And the way Congress handles the details of President Clinton's economic program will say a lot about what the future has in store — particularly for the emerging biotechnology industry, which holds so much promise for California's economy.

We're all aware of the high profile issues — cutting the deficit, increasing the burden on wealthier taxpayers, raising additional revenues through some form of energy tax. What hasn't gotten nearly enough attention are the critical decisions being made on items like the research and development (R&D) tax credit.

There is obviously a dynamic tension at work here. On the one hand, everyone recognizes the need to significantly reduce the budget deficit. On the other hand, squeezing money out of programs like R&D can only serve to inhibit the kind of economic growth that is needed to produce the kind of revenue growth we need to really close the budget gap.

In trying to trim the deficit, the congressional budget doctors must be careful to avoid crippling side effects.

There are hundreds of companies in California — large and small — whose mission is to invest in developing ideas and technology that really makes a difference. Whether it's advances in health care, information technology, or environmental design, research and development are critical ingredients for fueling progress.

Aggressive research and development programs are essential for biotech and other U.S. industries fighting to be competitive in the world marketplace. Genentech, for instance, spends more than $115,000 per employee on R&D — more than any other public U.S. corporation. Those dollars fuel discoveries about the causes of the world's most deadly diseases.

Right now, American biotechnology is the world leader in developing effective treatments and is considered one of the critical technologies for the 21st century.

With other countries heavily subsidizing research and development operations, the R&D tax credit is vital for America's technology-driven companies. The existing R&D tax credit has been extended on a year-to-year basis, but that approach inhibits growth of R&D by not allowing for long-term planning and investment. President Clinton has noted this flaw and asked Congress to make the R&D tax credit permanent.

To her credit, Senator Dianne Feinstein is taking the lead and has forged a coalition dedicated to fighting for the R&D tax credit in order to encourage U.S. industry to invest the necessary resources to stay on top of breakthrough developments.

The question is whether Congress will heed Clinton and Feinstein in recognizing the kind of positive impact a permanent R&D tax credit will have on biotechnology and other high-value industries.

Or will this be another case where Washington turns out to be penny-wise and pound foolish?

Cutting the federal deficit is essential, but shortsighted efforts to eke a few dollars out of the budget at the expense of present and future economic and technological growth will exact a huge price — both in the short and long term.

G. Kirk Raab is president and chief executive officer of Genentech, Inc. in South San Francisco.

THE PRESIDENT HAS SEEN
7.29.93

28th July 1993

GS/Berger

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

Via Fax

FROM: Thomas Caplan

NO. of PAGES (including this one): 3

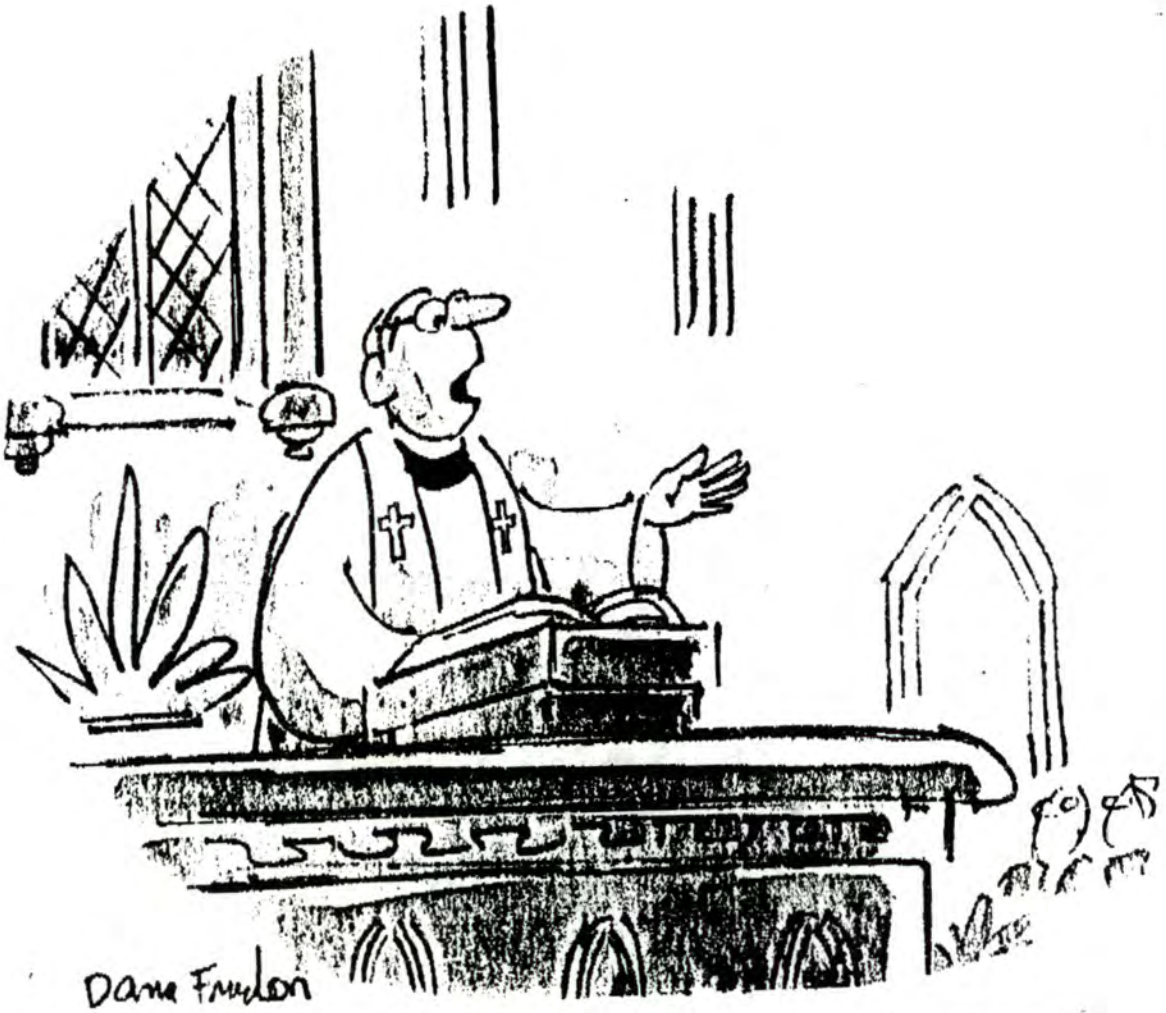
Dear Mr. President,

If you haven't come across them already, the two cartoons attached (which have been enlarged from the current issue of The NEW YORKER) may give you some laughs.

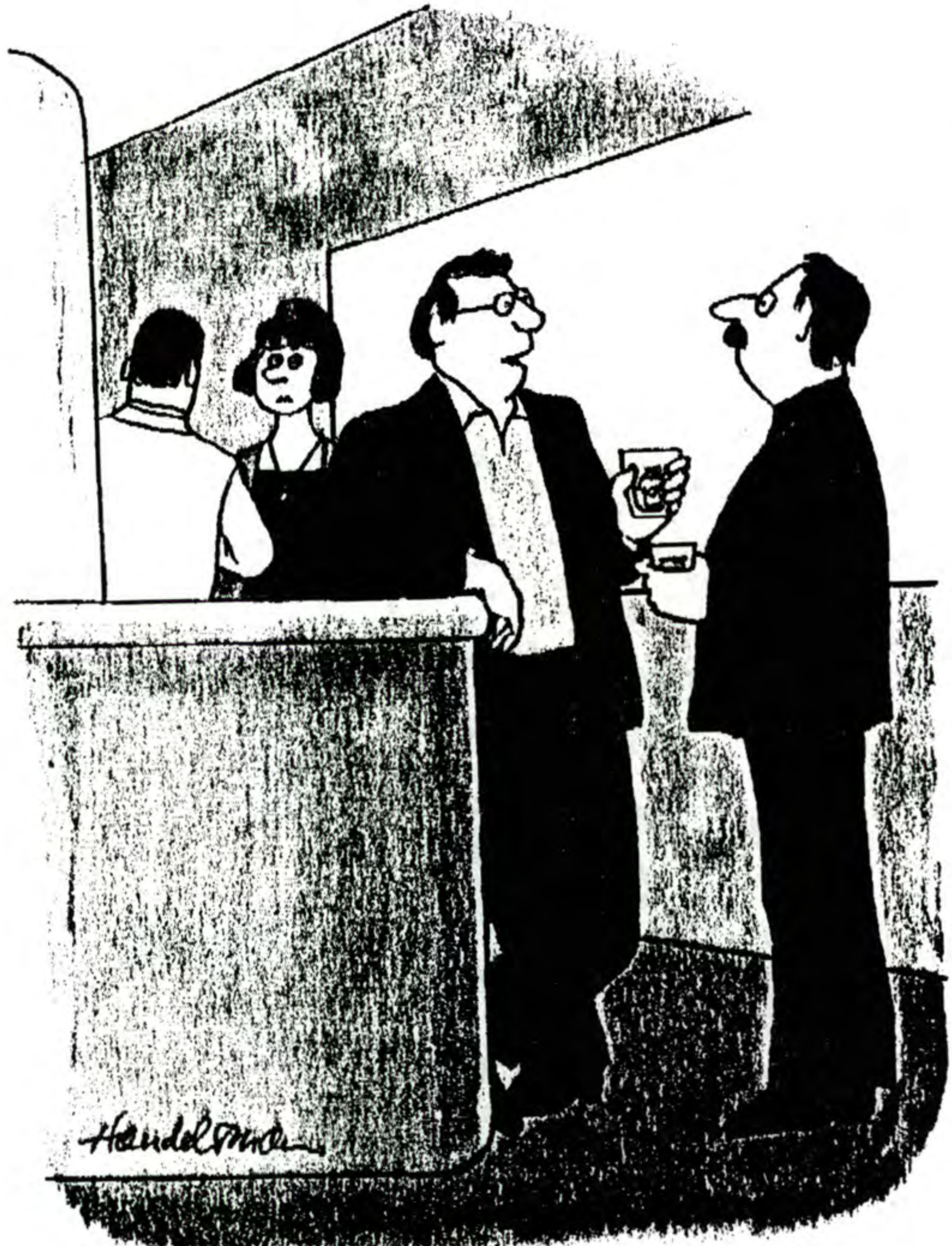
Much look forward to seeing you.

Yours,

Tommy



"And the Lord said, 'They shall gradually, so as not to cause unemployment, beat their swords into plowshares.'"



"I think you may be getting them mixed up—Perot is the one with charts, and Perdue is the one with chickens."

[redacted]

USIA

Joseph Duffey
Director

cc/Gergen

President Clinton:

93 JUL 27 P8:28

Great press and good work!

Al.

THE PRESIDENT HAS SEEN
7-29-93

[redacted]

FOREIGN MEDIA REACTION

USIA

THE PRESIDENT HAS SEEN
7.29.93

SPECIAL REPORT

Tuesday, July 13, 1993

PRESIDENT'S ASIA TOUR: 'CLINTON HAS TAKEN THE REINS'

Foreign journalists declared that, with his successful trip to Asia, President Clinton signalled his readiness to assume world leadership. They singled out his pre-eminent role in securing trade accords on several fronts at the Tokyo summit and his reassuring remarks regarding South Korean security.

Mr. Clinton's New Pacific Community proposal earned high marks in the Japanese press for his nod to Tokyo's leadership role. Dailies in other Asian nations applauded what they saw as a renewed commitment by the Americans to their region's security and an acknowledgement of its importance as a trade partner. Finally, observers were impressed by the president's display of strong bargaining and diplomatic skills and his avowed support for free trade and economic liberalism.

Praise for the president came from the host countries and beyond. Moderate Tokyo Shimbun, for example, said, "We admire President Clinton's dynamic action in Tokyo." Seoul's independent Dong-A Ilbo suggested, "His diplomatic achievement in promoting the U.S. image as the central Pacific nation will surely greatly influence the political and economic composition of this region." Mr. Clinton, according to financial La Tribune of Paris, "proved that he can be perfectly at ease on the international stage.... He even stole the show from his hosts."

Calling the president's debut on the international stage "a thumping success," London's centrist Independent added, "He displayed authority, tact and leadership." The business-oriented Australian Financial Review held, "The Tokyo summit has shown that the 'America-in-decline' and Clinton's 'failed presidency' stories are exaggerated." Madrid's center-right Ya observed, "Clinton has taken the reins." Right-of-center Frankfurter Allgemeine concluded, "Clinton's behavior during the three-day summit demonstrated that he is prepared to take on the role of leader. In contrast to his predecessor George Bush, who loosened the reins, Clinton set the tone on many issues."

Those critical of President Clinton focused on his decision to retaliate against Iraq because of its alleged complicity in a plot against former President Bush or on his warnings against North Korea's nuclear ambitions. Others remained skeptical of the trade deals closed by Mr. Clinton in Tokyo, but nevertheless agreed that the president managed to turn what many feared would be at best a lackluster summit into a showcase of how U.S. leadership can act as a catalyst for international action on economic and political fronts.

This survey was based on 67 commentaries from 20 countries, July 7-13.

EDITORS: Mildred Sola Neely and Diana McCaffrey

Bureau of Policy and Programs (USIA/P)

For further information:
Anne Chermak, Chief ▫ Media Reaction Staff (P/M) ▫ Telephone 619-6511

EAST ASIA AND PACIFIC

JAPAN: "How To Flesh Out Clinton's Concept"

An editorial in top-circulation, moderate Yomiuri held (7/8), "President Clinton's 'Pacific Community' concept is aimed at building prosperity and stability in the Asia-Pacific region, buttressed by the U.S.-Japan relationship and rooted in a common sense of values. We are very pleased Clinton declared that the United States will place emphasis on the region and will strengthen economic and political ties with the countries in this vast area.

"The problem remains, however, of how to flesh out the concept. Obviously it is necessary to consult closely with countries in the region to establish regional stability solidly in the post-Cold War era."

"We Admired Clinton's Dynamism In Tokyo"

Moderate Tokyo Shimbun said (7/8) said, "We admire President Clinton's dynamic action in Tokyo: Stressing the need for a political change (reform) in Japan before opposition (reformist) party chiefs, including the one considered a future prime minister, at a reception, or making a speech on the need for a stronger U.S.-Japan relations at Waseda University.

"The president's remarks are a great encouragement for reformist or new party candidates running in the Lower House election. But isn't it just too simple to expect that a change of government in Japan will help resolve trade disputes?... We hope that Washington's rising expectations of a new Japanese government will not change to a sense of discouragement."

SOUTH KOREA: "Clinton Established A New Image"

An editorial in moderate Hankook Ilbo observed (7/13), "President Clinton's visits to Tokyo and Seoul sparked American re-evaluation of his capabilities. This could be attributed to visible diplomatic achievements made by Mr. Clinton's efforts centered on the economy in Tokyo and security in Korea that work in favor of U.S. national interests.... Clinton considerably wiped away an image of a president who is not well-versed on the military by declaring a firm will for security."

"Clinton Demonstrates Unexpected Leadership"

Independent Dong-A Ilbo's commentary (7/12) by its Washington correspondent held, "President Clinton has earned unexpected political and diplomatic success by performing the role of a powerful man exercising realistic capabilities.... His diplomatic achievement in promoting the U.S. image as the central Pacific nation will surely greatly influence the political and economic composition of this region. Help in recovering his popularity may be the gift Clinton got from Japan and South Korea."

USIA/P/M

"U.S. Leadership Needed In Asia"

Pro-business Joong-Ang Ilbo's commentary (7/9), headed as above, said, "Since the United States sees the Republic of Korea as an exemplary nation where economic and democratic evolution has happened under U.S. support, the United States has chosen the Republic of Korea as a place for its announcement of Clinton's Asia Doctrine. President Clinton will declare that the United States will not abandon the Republic of Korea and cement traditional U.S.-ROK friendship."

"New Pacific Community Deserves Our Attention"

Dong-A Ilbo suggested (7/9), "The creation of the New Pacific Community proposed by President Clinton deserves favorable attention now that the global economy is divided into three major blocs. The New Pacific Community appears not only to seek free trade and economic cooperation, but also to have the political goal of encouraging democracy."

"Warning Shot"

Joong-Ang Ilbo (7/8) noted, "President Clinton's proposal manifests the U.S. interest in East Asia and constitutes a warning shot heralding the U.S. counteroffensive against (the development of) Southeast Asia as the backyard of Japan."

AUSTRALIA: "Clinton's New Asia Doctrine"

A front-page story in the business-oriented Australian Financial Review said (7/12), "Clinton has signaled the end of U.S. military hegemony in Asia and the Pacific and called on the countries in the region to develop 'multiple new arrangements' for their defense. In a landmark address to South Korea's National Assembly, Mr. Clinton spelled out what he called 'a new vision' for security in the region after the Cold War and overturned a long-standing U.S. policy to discourage security talks between Asia-Pacific nations.... Together with his Tokyo speech on regional economy last week, Mr. Clinton is mapping out a policy where the United States becomes just one player in new Asia-Pacific policy bodies, rather than the power that requires regional countries to deal with it individually."

"The Little Giant In Tokyo"

The Australian Financial Review (7/9) maintained, "In Tokyo...Clinton scrubbed up well among the oddly unsettled group of world leaders. Apart from his boyish enthusiasm, Clinton brought with him something which no American president has had for a decade--a genuine prospect of significantly reducing the U.S. federal budget deficit.... In short, the Tokyo summit has shown that the 'America-in-decline' and Clinton's 'failed presidency' stories are exaggerated.... Clinton's performance in Tokyo suggests that, notwithstanding its recent aggressive neo-mercantilist policy lurches, the diminished American giant is still big enough to play the role of a world leader."

"Highly Promising Sign From Clinton"

The conservative Australian said (7/8), "President Clinton's...call yesterday for a meeting of the heads of government of the APEC grouping, when the APEC ministerial meeting is held in Seattle in November, is the single most constructive thing he has done in trade diplomacy. It signals more than anything else that he takes APEC seriously. And, given the APEC is a body whose raison d'etre is regional trade liberalization, this is a highly promising sign."

INDONESIA: "Clinton's Threat"

Independent Media Indonesia (7/12) carried this commentary by Eddie Elison, under the headline above, "Now the United States is grateful because North Korea's 'stubbornness' would allow Washington to maintain its troops in South Korea.... Although Clinton likes to make threats, his recent statements in Tokyo and Seoul should not be seen as empty words.... In this regard, the world should resort to the UN again. Although we know that the United States uses the UN (for its own purposes)...no one wants to see military action.... Economic sanctions would be one alternative."

"Unfair Clinton"

Nationalistic Waspada of Medan (7/7) charged: "The world community knows...that Bill Clinton is an unfair president. He is too quick to take action against his enemy, Iraq, but very slow against human rights violations by Israel, Serbia and Croatia. The United States is actually too busy settling other people's business (to tend to its own) domestic problems."

SINGAPORE: "Epoch-Making Significance"

An editorial in pro-government, Chinese-language Lianhe Zaobao (7/9) felt that President Clinton's proposal to host a summit of leaders of the 15-member Asia-Pacific Economic Cooperation (APEC) would be of "epoch-making significance, if implemented.... It will be a great leap forward in Sino-American relations if Chinese leaders are invited to the United States to attend President Clinton's proposed informal APEC summit.... U.S. relations with Asia-Pacific nations, to a large extent, depend on its commitment to the spirit of free trade. If the United States makes no effort to enhance its relations with Asian nations, it will discover that other developed countries will gain the upper hand in the markets of this region.... The United States cannot continue its endless quibbling over its Western standards of human rights with many Asian countries. In particular, if it achieves no breakthrough in its relations with China, there will not be any substantial progress in the most important part of America's Asia-Pacific relationship."

"Clinton Will Earn Asia's Respect"

The pro-government, English-language Business Times' editor, Patrick Daniel, commented (7/8): "This week, President Clinton's decisive contribution was to add jobs to the G-7 agenda. It has taken him a long time, but U.S. President Bill Clinton might well be hitting his stride at last. A day before his first (G-7) summit...[Clinton] took an initiative which, in my book, was impressive.... Mr. Clinton seems to have seen the light.... If he can sell this message to the G-7, he will surely earn anew the respect of Asia."

EUROPE

BRITAIN: "Asia Trip Thumping Success For Clinton"

In the view of the centrist Independent (7/12), "By the yardstick that matters--how it plays back home--Bill Clinton's Asian trip, his debut on the international stage, has been a thumping success. For months latching on to every failure, the columnists, pundits and others who mold the accepted view of a presidency have praised Mr. Clinton's performance at the G-7 summit. By common consent, he displayed authority, tact and leadership.... After the roughest start of any modern presidency, Mr. Clinton seems to have found his sea-legs."

"Striking Turnaround For Clinton"

The conservative Daily Telegraph (7/12) stressed, "The first American post-war president not to have served in uniform rattled Cold War era sabers as he toured the demilitarized zone dividing Korea.... The performance was a striking turnaround for a man who agitated against the Vietnam War in the 1960s and who had never previously seemed at ease with matters military."

"Shot In The Arm For Clinton"

The conservative Times (7/9) pointed out, "President Clinton was in an exuberant mood toward the end of his first G-7 summit, which by consensus has gone exceedingly well for him personally and politically. The general perception of Mr. Clinton's summit success, whether based on reality or on wishful thinking, amounts to a much-needed shot in the arm for a man who was written off as a has-been by large sections of the American and foreign media not so long ago."

GERMANY: "Clinton Wizard Of Tokyo"

Left-of-center Hamburger Morgenpost made the following comment (7/12): "U.S. President Clinton was the great wizard of the Tokyo summit, whose wordy final communique covered the world with good will and emphasized its support for countries making the transition to reforms. Vietnam was not mentioned. The winner of the war with the United States is a country in transition which is undertaking reforms aimed at introducing a Western-style market economy. There is one obstacle on this long march: the United States. The current U.S. president is a man who was clever enough not to take part in the slaughter. In contrast to his predecessor Bush--who boasted that he had buried the ghost of Vietnam in the desert sands of Kuwait--this should enable him to approach relations with the Asian country with intelligence and moderation."

"Clinton's Warning To N. Korea"

Lothar Ruehl held on the front page of right-of-center Die Welt of Berlin (7/12), "President Clinton's warning to the North Korean leadership hits the nail on the head: The world would be jeopardized by any further proliferation of nuclear weapons, even if this was not initially linked with any acute threat to other countries--something which cannot even be ruled out in relation to North Korea and its neighbors.... It is now up to the United States to make North Korea see reason."

"Arrogant Threats And Intimidation"

Left-of-center, former SED youth paper Junge Welt (7/12) of Berlin's Alex Ost denounced the Clinton remarks at the North-South Korea border, saying they represented "a policy of arrogant threats and intimidation--the song of death which the world is familiar with from America.... If this was a preparation for the (U.S.-North Korea) talks, we can only conclude that America wants them to fail. In view of Clinton's recent policy towards Iraq, it does not require any great imagination to realize what will happen then."

"Clinton Made Progress"

Berlin's right-of-center Neue Zeit (7/12) maintained in an editorial about the U.S.-Japan accord, "The man from the White House made progress along the difficult pathway to solving the trade problems between the two economic superpowers.... Clinton's delegation had got things moving in bilateral talks on the periphery of the Tokyo summit. The impressive thing is the speed with which things happened. It leaves no doubt that the president is staking everything on giving a major boost to the American economy as quickly as possible."

"Clinton Brought A Breath Of Fresh Air To Tokyo"

Carola Kaps wrote in right-of-center Frankfurter Allgemeine (7/9), "With his keenness to discuss problems, American President Bill Clinton brought a breath of fresh air to the 19th summit.... He livened up meetings with his new ideas. This first cautious attempt to break rigid molds does not automatically make Clinton the central figure in the industrialized world. Nevertheless, Clinton's behavior during the three-day summit demonstrated that he is prepared to take on the role of leader. In contrast to his predecessor George Bush, who loosened the reins, Clinton set the tone on many issues.... Thanks to Clinton's determination to save the Uruguay Round and reinforce the credibility of the G-7, the temporary agreement on market access was achieved. But even more important than these first individual successes is Clinton's attempt to remind the Seven of their obligation to their populations....

"As a result of Clinton's active commitment, the questions about the role of the only remaining superpower are no longer being asked. While at the Munich summit, many people were surprised at the passivity displayed by Bush and his staff, attention in Tokyo was focused on how Clinton would cope with the leading role which the American president automatically occupies because of the economic and political importance of the United States. The first five months of Clinton's presidency were not very convincing....

"Complaints about the dilettantism of the young team around Clinton and their frequently shocking ignorance of previous political decisions and obligations have not yet ceased. Nevertheless, the attitude toward America has become much more open and friendly since the Tokyo summit. The personal encounter with Clinton, his eloquence and his power of conviction have allayed the doubts. Nobody is laboring under the illusion that the United States can exercise its leadership effortlessly.... More than ever before, political skill, power of conviction and diplomatic subtlety are being demanded of the American president. Clinton has these qualities."

USIA/P/M

"Clinton's Main Role On Trade"

Martina Ohm held in centrist Der Tagesspiegel of Berlin (7/8), "Bill Clinton's advisers have done a good job. On the stage in Tokyo, the U.S. president has been able to get rid of his image...of a secret protectionist. Is there even more? He indeed seems to succeed in doing something many people ruled out before. In the vacuum of leadership in trade policy, Clinton is now playing the main role."

FRANCE: "Unquestionable Success For Clinton"

On the back page of financial La Tribune, Washington correspondent Jean-Marie Macabrey noted (7/13): "For his debut on the international stage, Bill Clinton got the world dimension that he had been lacking. True, the impact of the trade accords reached at the latest G-7 can be questioned. But the U.S. president won an unquestionable success in terms of prestige in Tokyo.... Bill Clinton, a freshman in foreign affairs, is coming back from Japan covered with glory. That is the fair reward for a successful performance--a mixture of populist relaxation, youthful enthusiasm and trade bargaining--a performance which was made easier by the fading away of 'lame ducks' (Mitterrand, Miyazawa, Major) and the fresh-hatched chicks (Ciampi, Campbell) in the rest of the party. (Bill Clinton's) performance was amplified and embellished by a public relations apparatus, which hardly resembled its old self and which portrayed the U.S. president as the only architect of everything good accomplished at the summit.... Bill Clinton, whose capacity to be a leader had been questioned by some, proved that he can be perfectly at ease on the international stage. He even stole the show from his hosts. Bill Clinton will need this extra credibility in the final, crucial battle on his budget plan that is starting this week in Congress."

"G-7 Gave Clinton Opportunity To Show Asia Focus"

Economic Les Echos' (7/12) editorial pointed out, "During the first months of Bill Clinton's presidency, some denounced--and they were right--the fickleness of the U.S. president's policy.

"However, he has been showing constancy on a major issue: his permanent interest in the development of the Pacific Basin and, in this connection, U.S. leadership in the region. The Tokyo G-7 summit...gave him the opportunity to stress the Asian dimension of U.S. policy.... This project (Pacific Community) does not lack ambition. But nothing indicates that it will be accepted as such by the Asians."

"Clinton Has Many Reasons To Be Satisfied"

Catherine Chatignoux opined in Les Echos (7/12), "Clinton has many reasons to be satisfied. He left the G-7 summit with two trade accords in his pocket. One--multilateral--will ensure easier access to all continents, particularly Europe for U.S. products; the other--bilateral--was concluded with Japan in extremis Saturday, under the nose of its other partners. Once again, the Twelve (have a proof) of the 'pragmatism' of the Americans, who praise and at the same time have no respect for GATT and its free-trade dreams.... (With this accord) Japan has put a finger into a hornet's nest. It just signed up for uncontrolled U.S. harassment; the accord carries the seeds of many conflicts."

"Victorious U.S., Bitter Europe"

Right-of-center Le Quotidien (7/12) observed, "(The U.S.-Japanese accord) makes the Europeans feel bitter, because they got nothing at the annual EC-Japanese summit that took place three days before the G-7 in Tokyo.... The United States, above all its president for whom this was his debut on the international stage, cried victory."

ITALY: "Clinton Should Travel Abroad More Often"

Washington correspondent Francesca Mengarelli said in economic Il Sole-24 Ore (7/13): "First the tariff agreement on GATT among G-7 leaders, then the trade agreement with Japan and, soon, more NAFTA agreements: The Clinton administration trade policy continues to score successes. They have been so many and unexpected that the New York Times has even advised President Clinton to travel abroad more often and thus relaunch not only his own image but also America's foreign policy."

"Clinton-Style Leadership: Socio-Economic Warrior"

Gaetano Scardocchia wrote in centrist La Stampa (7/11), "The Tokyo summit's final communique sounds as if it had been personally written by Bill Clinton, who imposed on the other leaders the winning theme of his electoral campaign--'new jobs.' We must acknowledge the fact that the U.S. president--undoubtedly the protagonist and the winner of the Tokyo summit--was able to impose on his European and Japanese colleagues a difficult debate, which will culminate in a special G-7 meeting this fall to discuss the specific issue of unemployment and how to fight it.... Clinton is unexpectedly proposing himself as a new type of world leader: a social-economic leader more than a political-military leader."

"Clinton Brilliantly Passed Test"

Roberto Pesenti filed from Tokyo in Rome's centrist Il Massaggero (7/10), "At President Clinton's urging, the G-7 summit has become once again the pole-star of the international scene, regaining its raison d'etre in the battle for jobs and in the united front against terrorism and aggression....

"Clinton brilliantly passed the test and is flying to Seoul today after filling the G-7 political vacuum.... Where Clinton was unable to succeed with political proposals, he tried the road of personal contact, the strategy of kindness and good-naturedness which impressed his more experienced colleagues."

BELGIUM: "Clinton Returns Home As Great Victor G-7 Summit"

Under the headline above, Carl Pansaerts observed in financial Financieel-Ekonomische Tijd (7/13): "Bill Clinton undoubtedly is the moral victor of the G-7 summit in Tokyo last week.... William Jefferson Clinton should be pleased. After having to step back domestically in the field of energy taxes, the reduction of the deficit, a more forceful intervention in Bosnia-Herzegovina and the admission of homosexuals in the armed forces, the G-7 summit yields good points internationally for the president."

"Clinton's Strategy Bore Fruit"

Economic editor Jan Bohets judged in independent Catholic De Standaard (7/12) about the U.S.-Japan accord: "(Clinton's) aggressive trade strategy of demands and threats seems to have borne fruit. However, whether this is a triumph remains to be seen."

"Clinton's Success In Japan"

Pierre Lefevre commented in independent Le Soir (7/12), "The commercial accord...confirms (Clinton's) success in Japan.... A new generation is in power in North America. It is called Bill Clinton in the United States and Campbell in Canada. It looks like it's already stimulating new dynamics around the world.... With regard to the Asian train...it goes fast. Last week, Bill Clinton--with determination--attached a U.S. wagon to it. Now it's up to Europe to hurry and impose itself."

"Clinton Radiates Self-Confidence"

Roger Huisman wrote in conservative Catholic Het Belang van Limburg (7/10): "The Americans in particular reacted euphorically to the summit's outcome. Wherever he appeared, President Clinton radiated self-confidence. The numerous U.S. administration press communiques were full of praise. It is clear that Clinton has seized his chance in his first summit to crank up his popularity somewhat which is still at a low point. Prime Minister Dehaene conceded willingly: 'Clinton's first summit was to be a success. The G-7's actual importance is slightly exaggerated by this [fact]."

CANADA: "GATT Taking Fresh Heart; Clinton Surprises Counterparts"

French-language La Presse argued (7/9), "The importance of the Tokyo agreement lies in its capacity to engender other agreements, as is often the case in negotiations.... This does not happen if there is no political will, something that we had thought was lacking for quite a while. President Clinton surprised his counterparts in Tokyo. They found a man who felt at ease and sure of himself, the man they had known during his electoral campaign, and not the Hamlet of the White House."

"Where Does Clinton Fit?"

Peter Cook offered this commentary in the leading Toronto Globe and Mail (7/8): "If we take away Mr. Clinton's cosmetic advantage...there is something to be said for the argument that he arrives at this week's Tokyo summit at a rare moment--when the United States is up, others down.... The issue, however, is not Mr. Clinton's undoubted power to proclaim what needs doing on the world stage. It is his ability to implement change.... There has been a much-ballyhooed breakthrough on tariffs, but the big issues, Japan's rice ban, France's antipathy to farm liberalization and punitive U.S. trade laws, are not resolved and will continue to block progress.... Where does Mr. Clinton fit in as catalyst? Obviously, with high marks. Where does he fit in as exemplar? Regrettably, as a man of straw."

NORWAY: "Clinton In Asia"

Leading, conservative Aftenposten (7/12) commented: "It is almost six months since the American head of state began his...term. After a messy domestic six-month period, there is no doubt that he has grown on his visit to Tokyo and Seoul. General agreement was reached with the six other leaders of the world's biggest industrial nations on the reduction of some customs duties. To the Japanese, who prefer objections to be better packaged, he said a few home(spun) truths about the need to open their domestic market to imports. In South Korea he met a civilian president; there have not been too many of them in this divided country's history.

"Clinton's travel route is a signal to the Europeans. This was his first trip abroad as president, and it did not bring him to Europe. It is true that it was his itinerary, and not Clinton himself who decided to hold the summit in Tokyo. However, financially and therefore politically, Asia has become an increasingly important continent for the Americans."

"Clinton's Debut"

Independent Dagbladet (7/11) commented: "The meeting...was President Clinton's international debut. With his record weak position domestically, he had to show that he has mastered international politics and emphasize that the United States will play the leading role in world politics under his leadership, too.

"There is every indication that Clinton accomplished this task. At the meeting in Tokyo there was no doubt who took the lead, even if the competition was not overwhelming.... It may be that Clinton has presented the result of the Tokyo meeting in a far more positive way than there is reason to. But if this results in speeding up world trade with the customs barriers that now seem to be broken down, it may be possible to stop the depression Western economies have suffered for many years....

"Clinton's international debut had a very serious aspect to it yesterday when he visited South Korea and in no uncertain terms threatened North Korea if (it) develops nuclear weapons. He said that the United States could not accept this and did not hesitate to add that military force may be used."

ROMANIA: "Clinton Scores A Victory At Summit"

Independent Romania Libera said (7/13): "Keeping in mind this benevolent attitude toward Russia and all the other aspects of the summit, we may safely say that President Bill Clinton has scored a victory, since he was the one to initiate and promote many of the points of view adopted."

SPAIN: "Clinton Has Taken The Reins"

Center-right Ya observed (7/9): "Bill Clinton may be new in the international political arena but he certainly knows how to make himself heard.... The young leader has become the center of attention at the summit. In Clintonite style, he walks the floor greeting and talking with everyone, while they all watch him and try to determine his real political weight. Clinton has taken the reins."

USIA/P/M

SOUTH ASIA

NEPAL: "How Do You Spell Security Relief? U.S."

The independent Kathmandu Post (7/8) maintained, "The fact that in his six-month-old presidency, Clinton had been so preoccupied with Europe, the former USSR and Yugoslavia that Asia hadn't received much attention makes his presence in Japan specially significant.

"It is with this visit that Clinton has set his course with respect to Asia, thereby marking the administration's basic policy on economic, security and political relationships. The message is that American security perceptions in the Far East remain unchanged specially because the Korean peninsula is the only place in the world where a Cold-War type of scene still persists.... U.S. warnings to North Korea (on NPT), followed by Clinton's commitment to peace and stability in Asia comes as a much needed relief, as U.S. troops pull out from the Far East would have resulted in a dangerous vacuum in the region."

MIDDLE EAST

ISRAEL: "Tariff Accord: Significant Contribution"

Independent, economic Globes editorialized (7/12), "The tariff accord reached at the G-7 summit is a significant contribution to the world's trade and economic development.... However, the agreement itself is not as important as the fact that it signals that the Clinton administration, which has been sending worrisome messages of isolationism and protectionism, has made clear in Tokyo its commitment to economic liberalism and free trade."

SAUDI ARABIA: "Test Of American Leadership"

In the opinion of influential, internationally circulated Al-Sharq Al-Awsat (7/8), President Clinton, in his first appearance before the club of the top seven industrial nations, is facing a big test. Because preserving U.S. world leadership cannot be based only on its huge military arsenal; it should be accompanied by a return to a strong U.S. economy.... In the club of the top industrial nations, as well as in the whole world, President Clinton must be strong and convincing in order to continue to enjoy the rights of leadership. The G-7 summit is a test for American leadership in a world full of tensions extending from Bosnia to the Middle East without excluding sick Russia under Yeltsin."

AFRICA

SOUTH AFRICA: "So Now We Know"

The independent Business Day (7/12) commented under the headline above regarding the G-7 political communique, "Clinton did not lie--to the world or to President de Klerk and ANC President Nelson Mandela. It is just that South Africa is way down on the list of international priorities, and even lower now as a reforming nation than it was as a pariah.... We get a pat on the head for good behavior now and then, even from the U.S. president, but basically we are on our own. Those looking for international salvation of our political, economic and social woes should take note."

LATIN AMERICA

ARGENTINA: "Clinton Popular In Japan; Dominates Summit"

Leading Clarin noted (7/12): "President Clinton debuted very well in the international arena, dominiating the summit of the G-7 in Tokyo and winning the respect of the Japanese. He also became a possible factor in the historic outcome of the Japanese elections this Sunday.... His popularity with the Japanese people, more than his dominance at the summit, made Japanese officials stop considering him a 'lightweight' and begin to respect him."

BRAZIL: "President Triumphs In Diplomatic Debut"

Conservative O Estado de Sao Paulo (7/12) said under the headline above, "In his first big diplomatic incursion, Clinton achieved the prize that, up to now, has eluded him at home: The aura of a leader. Transformed into the center of attention at the Tokyo summit, Clinton dissipated all doubts the other leaders may have had about his capacity for leadership on the stage of world politics. On leaving Tokyo...the U.S. president also had some great results to exhibit for someone who had arrived saying he hoped for very little.... What Clinton's triumph in Tokyo will mean at home is an unknown factor.... The reports on the accords reached by Clinton in Tokyo were threated with skepticism in the country's major media and not given the primary coverage dedicated to domestic events."

THE WHITE HOUSE
WASHINGTON

DATE: 9/26

TO: Will Itoh / Kristie Kenney

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

Will you process. Thanks.

~~CONFIDENTIAL~~

THE SECRETARY OF THE TREASURY
WASHINGTON

July 22, 1993 93 JUL 23 P12:43

MEMORANDUM FOR THE PRESIDENT

FROM: Secretary Bentsen LMB

SUBJECT: Proposed Letter to the President of Senegal

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: OB DATE: 5/9/18

THE WHITE HOUSE
WASHINGTON

BC

I'd like to do
this if at all
possible

B

THE WHITE HOUSE

WASHINGTON

July 26, 1993

Mary Schroeder
Five Downing Drive
Texarkana, Arkansas 75502

Dear Mary:

Thank you for your letter. I appreciate your recommendation of David Folsom for appointment to the United States District Court for the Eastern District of Texas.

You are right that David has been a good friend to me, and I believe he has much to offer our country. I have forwarded your letter to Bernard Nussbaum, Counsel to the President.

Again, thanks for writing.

Sincerely,

Bill Clinton

July 20, 1993

The President
The White House
Washington, D.C. 20500-2000

Dear Mr. President:

I am writing to recommend my friend David Folsom for the position of United States District Judge for the Eastern District of Texas. Because you were the one who introduced me to David, I don't need to tell you the kind of person he is; you know better than I how many years ago he became your friend and what a good friend he's been.

I believe that David has the traits that a good judge should have - integrity, honesty, an impeccable reputation, and good temperament. His youth would provide for many years of continued service toward the goals of your administration.

I know that there may possibly be others who are interested in this position and that they may well be qualified to serve. I don't believe, however, that there could ever be anyone more loyal to you or more deserving of this position than David Folsom and I'm proud to offer this recommendation to you.

Respectfully,

Mary Schroeder

Mary Schroeder

[redacted]

THE WHITE HOUSE

WASHINGTON

TO: ALEXIS HERMAN

FROM: JOHN PODESTA JDP

DATE: JULY 29, 1993

[redacted]

Can you invite Bob Palmer, CEO of Digital Equipment Corp., to one of your luncheon soirees.

DEC, based in Maynard Ma., is the second largest U.S. computer company with annual sales of $13 billion and very active in many high tech public policy trade associations.

I would say that they're supportive but not supporters of the President. I think the lunch could do some long term good. Palmer himself is youngish (late 40's), smart and aggresive, having survived the chip wars with the Japanese. I think the President would like him.

If you can find room at the inn, he can be invited through his D.C. rep, Michael Aisenberg at 383-5630. Let me know.

[redacted]

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 6/29

NOTE FOR: George / Rubin

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

[redacted]

Information ☐

Action ☑

[redacted]

Thank you.

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

cc:

THE WHITE HOUSE
WASHINGTON

~~[illegible]~~

What's our position on this? ~~can we~~, help —

GS

Need to get the [illegible] out

THE WHITE HOUSE

WASHINGTON

July 23, 1993

Mr. Thomas J. Schneider
O'Connor & Hannan
Suite 800
1919 Pennsylvania Avenue, N.W.
Washington, D.C. 20006-3483

Dear Tom:

Thank you for letting me know of your interest in H.R. 1517, which would extend the National Labor Relations Act and the Fair Labor Standards Act to certain foreign flag vessels in U.S. waters.

I'm glad David encouraged you to tell me about your strong feelings for this bill. In response to your letter, I have communicated directly to Secretary Reich at the Department of Labor about my interest in seeing this issue resolved in as expeditious a manner as possible. I am certain that he and the Department will give this issue the attention it deserves and provide me with their best recommendations.

I appreciate your bringing this issue to my attention. Thanks for your words of encouragement and support.

Sincerely,

Bill

I had no intention of raising the issue with you. Rather I have been working through normal channels to gain Administration endorsement. We are mired in the bureaucracy at the Department of Labor. Admittedly, the issue is obscure, but that is not a reason to avoid dealing with it. They have made clear that they need direction from "the White House" before they will act. So I turn to you.

The issue is not core or mainstream. Because the law would apply uniformly, a shipowner could no longer go flag shopping to escape the law. American flag vessels would no longer be operating at a competitive disadvantage. To the extent that we feel that all our laws ought to apply equally to all companies operating in the United States then the maritime anomaly should be ended. We are not in the eighteenth century.

If the United States were to enact this legislation, the EEC and Australia would probably follow, and the international maritime industry would be transformed. The system of renegade ships operating outside the world legal systems would be largely ended. (This is not to say all the vessels would re-flag in the United States; that would require changing some of the laws requiring constructions in U.S. yards). The Australian Minister of Trade, Peter Cook, who in a previous job oversaw the Australian maritime industry, expressed this view to me.

In the campaign, you recognized the need for action on the matter covered by the legislation, see attached, paragraph 4. H.R. 1517 is the vehicle to end the abuse.

I hope you can be persuaded to endorse H.R. 1517. We have been told by leaders of both the House and the Senate that if you endorse it they will pass it easily. We have Republican co-sponsors, although not proportionate to the Democrats. The AFL-CIO has also endorsed it. Senator Orin Hatch said that he could work with us, but is undecided about co-sponsoring it. In 1992, Senator Pell proposed it in the Senate.

Please endorse it, and tell me what I need to do to help make it happen. Thank you.

Again, I apologize for this request. If I did not strongly believe in the effort, and had not worked as long as I have on it, I would not have bothered you.

As you know our friendship and the success of your Presidency mean more to me than anything, so no hard feelings about H.R. 1517....even though I really think you ought to endorse it. Great job in Japan. I hope you enjoyed your vacation.

Very best regards,

Thomas J. Schneider

Enclosures
TJS\dmt

Bill Clinton
FOR PRESIDENT COMMITTEE

Senator Gore and I are pleased to welcome the Marine Engineers' Beneficial Association/National Maritime Union (MEBA/NMU) to the list of labor organizations that once supported the election of Ronald Reagan and George Bush but have endorsed the Clinton/Gore team in 1992.

This endorsement symbolizes the failure of recent Republican administrations to address the needs of the U.S.- flag maritime industry. The U.S. fleet now carries less than 4 percent of our total waterborne foreign trade. That's unacceptable.

While the problems of the maritime industry and the needs of maritime workers are certainly complex, years of study must soon give way to action. And it is clear that labor, management, and government all have an important role to play.

Our merchant marine can succeed in a global economy, but only if labor and management continue to improve productivity and effectiveness, and only if government helps to level the playing field by insisting that labor standards and tax laws be fairly applied throughout the industry.

Again, we are delighted that MEBA/NMU members will be joining with other American workers in support of our efforts to revitalize the American economy.

TESTIMONY OF

THOMAS J. SCHNEIDER, ACCOMPANIED BY

TALMAGE E. SIMPKINS, EXECUTIVE DIRECTOR,

AFL-CIO MARITIME COMMITTEE,

IN SUPPORT OF H.R. 1517

BEFORE THE HOUSE SUBCOMMITTEE ON LABOR STANDARDS,

OCCUPATIONAL SAFETY AND HEALTH

Thursday, May 13, 1993

Mr. Chairman, on behalf of the AFL-CIO Maritime Committee, I wish to thank the Committee for this opportunity to explain the workings of, the need for and the background of H.R. 1517. I am accompanied by Talmage E. Simpkins, Executive Director, AFL-CIO Maritime Committee.

Purpose of H.R. 1517

H.R. 1517 is intended to rectify the inequity that foreign vessels competing in the U.S. foreign trade are are not covered under the Nation's labor laws, Because of this legal loophole, United States flag vessels are subject to unfair competition. As currently written or interpreted, our labor laws allow foreign flag ships to set up shop here, doing most or all their business out of U.S. ports and serving U.S. customers while avoiding the reach of American labor laws solely because of their foreign registry. They can ignore the obligations and responsibilities our laws impose on the U.S. flag vessels with which they compete.

The exclusion of foreign flag vessels from the jurisdiction of the National Labor Relations Act denies foreign flag crew members the guaranteed right to engage in concerted activities for their mutual aid or protection. These activities are often necessary to enable foreign crews to successfully avail themselves of existing U.S. laws, such as those which protect foreign seamen from being cheated of their rightful wages, and international agreements, including International Labor Organization conventions ratified by the U.S., such as ILO 147.

The exclusion of foreign flag vessels from Fair Labor Standards Act coverage means that most foreign flag operators with regular operations in the U.S. are free to ignore the minimum wage and hours standards established under that law.

The proposed amendments to the NLRA and FLSA extending those laws to certain foreign vessels would close the existing loopholes in U.S. labor laws. The minor changes made by H.R. 1517 will extend those laws to the majority of foreign flag vessels competing in U.S. trades.

Passage of H.R. 1517 would extend coverage of the NLRA and the FLSA to the following foreign flag vessels:

- any non-scheduled ("non-liner") cargo ship regularly serving the foreign trade of the United States, unless it is majority owned, controlled and crewed by citizens of the flag state.

- any cruise ship regularly carrying passengers to and from a U.S. port, unless it is majority owned, controlled and crewed by citizens of the flag state.

- all "factory" ships that produce or process goods for sale in the U.S. and all ships that carry cargo between ships in international waters and vessels, ports or places in the U.S.

Status

The predecessor of H.R. 1517, H.R. 1126, was first introduced as H.R. 3283 by Rep. William Clay, Chairman of the House Labor-Management Subcommittee of the Education and Labor Committee on September 18, 1989. Hearings by that committee were held on October 25, 1989. The legislation, with an amendment, was approved by the Labor-Management Subcommittee, after consideration on June 20, 1990. The Labor Standards Subcommittee approved the bill, as amended, on July 18, 1990.

A statement of opposition from Undersecretary of Labor Roderick DeArment, representing the Bush Administration, was presented to the Labor-Management Subcommittee at the time of its vote, but Administration arguments were undercut and contradicted by Administration support and approval of the Oil Pollution Act of 1990, which, like H.R. 1517, contains provisions that regulate "internal order and discipline" on a vessel, including regulating the hours of work.

On February 27, 1991, Rep. Clay re-introduced the legislation. Jurisdiction was assigned to the Education and Labor Committee and the Merchant Marine and Fisheries Committee. The Labor Standards Subcommittee held hearings on October 10, 1991. The bill was approved by the Subcommittee on June 10, 1992.

A Senate version of the Bill, S. 3235, was introduced by Senator Pell on September 15, 1992. S. 3235 redefined the scope of the bill by extending coverage to all vessels that are not majority crewed, owned and controlled by flag state citizens, and changed the focus on cargo carrying vessels to exclude liner-type vessels.

On March 30, 1993, Rep. Clay introduced H.R. 1517, with twelve co-sponsors.

Background

American workers, including American seamen, are permitted certain rights, subject to certain restrictions, regarding their activities to organize themselves and to bargain collectively under the National Labor Relations Act. Their efforts to do either are protected from punishment or dismissal; they may file charges against their employers for violating their rights.

Foreign crewmen, on the other hand, are subject to many types of mistreatment, including extremely low pay for long hours of work. This abuse is made worse by a pattern of wage cheating by which ship operators deprive crewmen of wages established by legal labor and employment contracts.

In addition, there are hundreds, even thousands, of examples of poor health and safety conditions on seagoing vessels. On long voyages, food that is of poor quality to begin with is often stored improperly. Water stores are not replenished or are easily contaminated, leaving seamen to collect rainwater for drinking, bathing, cooking and washing. Living quarters are unbearably cramped and basic amenities almost non-existent.

Crewmen are subject to retaliation when they attempt to correct or improve their situation. Many ship operators do not hesitate to seek retribution when employees make use, especially successful use, of those few laws that cover foreign crews. Very few foreign seamen can respond by simply quitting and moving on to another ship where the conditions are better. A seaman is certain to be far from home, an alien subject to immediate arrest, with a family dependent on his pay, however meager it is. Having no job and being abandoned in a foreign country is even worse than working for an employer who cheats, abuses and lies.

Legal Considerations

The ability of Congress to pass legislation affecting foreign entities and citizens has been established by its own past actions, expressly authorized by the Supreme Court of the United States, and recognized in agreements made among nations, including the U.S., under international law.

An exhaustive legal study of the issue established that:

1. Extension of the National Labor Relations Act (NLRA) and the Fair Labor Standards Act (FLSA) to foreign flag vessels is within the scope of powers of the Congress.

2. There is already a substantial body of U.S. law that is analogous to H.R. 1517 in its coverage of "foreign" entities.

3. The National Labor Relations Board and the Department of Labor can use available procedures and resources to enforce the provisions of H.R. 1517.

4. International law doctrine permits nations to regulate activities of vessels using their ports ("port state control"). See e.g., Restatement (Third) of the Foreign Relations Law of the United States (1987), hereinafter "Restatement," §§402(1)(b) & 502.

5. An increasing number of laws enacted to cover an increasing range of issues includes provisions that address the conditions of employment of foreign workers.

The Fair Labor Standards Act is expressly limited to seaman aboard "American vessels," defined as "any vessel which is documented or numbered under the laws of the United States." Consequently, seamen employed by foreign flag vessels, even those owned or controlled by American entities, are currently excluded from protection under the FLSA.

While the Supreme Court has interpreted the NLRA as inapplicable to foreign flag vessels, it has also made clear that Congress possesses the authority under the Constitution to regulate such vessels operating in U.S. waters. McCulloch v. Sociedad Nacional de Marineros de Honduras, 372 U.S. 10, 83 S.Ct. 671 (1963). Thus, there is no constitutional impediment to the Congressional exercise of jurisdiction over foreign flag vessels engaged in business in American waters.

Related Legislation

H.R. 1517 is consistent with the well documented interest of Congress in the protection of the rights of foreign workers contained in several pieces of trade legislation, and in the protection of our environment from the effects of oil spills and other dangers to our waters and shoreline.

Foreign seamen on foreign flag vessels are already under the protection of other U.S. laws. They are specifically covered by the Seamen's Wage Protection Provisions of the U.S. Shipping Code. 46 U.S.C. §10313 guarantees to seamen prompt and complete payment of wages on foreign and intercoastal voyages. Section 10314 prohibits unauthorized deductions of various kinds from seamen's wages. Seamen aboard foreign flag ships may sue in U.S. courts to collect wages withheld in violation of these statutory provisions. Southern Cross Steamship Co. v. Firipis, 285 F.2d 651 (4th Cir. 1960), cert. denied, 365 U.S. 869 (1961); Henry v. S/S BERMUDA STAR, 863 F.2d 1225 (5th Cir. 1989).

The most recent example of Congressional action in this area is the Oil Pollution Act ("OPA") of 1990. Despite the unique characteristics of the maritime industry, there was no hesitation by Congress to base its decision on the OPA on the merits of the legislation and the need for action. H.R. 1517 may be treated similarly.

The Oil Pollution Act of 1990 affects crew matters on board a ship by restricting the hours that seamen of all nationalities on U.S. and foreign oil tankers are permitted to work (limiting them to no more than fifteen hours per day or thirty-six hours in any seventy-two hour period).

The willingness of Congress and the Executive Branch to assert the authority of the port state is further evident in the requirement that the Secretary of Transportation evaluate the manning, training, qualification and watchkeeping standards of any nation whose vessel is involved in a significant maritime casualty in U.S. waters. A determination that a nation has failed to enforce standards results in a prohibition against any ships from that nation entering United States ports.

Enforceability of H.R. 1517 will not be a problem because of the requirements that covered vessels be "regularly engaged" in business in the U.S. The NLRB and the Department of Labor will easily be able to exercise physical jurisdiction over the vessels when the vessels return to U.S. waters. Moreover, both organizations have well established experience "piercing the corporate veil" to determine liability.

A wide range of other U.S. laws regulates foreign companies with contacts with the U.S. These other laws plainly demonstrate that the lack of regulation in the maritime industry is the exception rather than the norm.

American tax laws recognize and specifically regulate certain industries that are highly internationally mobile and can easily exploit the legal system to avoid regulation. Moreover, under the Tax Reform Act of 1986, foreign ships transporting cargo to and from the U.S. are now subject to a 4% tax on their U.S. source gross income. With this change, an appropriate portion of the income of foreign flag vessels is subject to U.S. tax laws.

Foreign private entities and governmental institutions have been required historically to comply with the registration requirements of the Securities Act of 1933 if they wish to issue securities publicly in the United States.

When Congress has found the activity of foreign flag vessels within United States territorial waters to be of national concern, it has acted to regulate these vessels and their foreign crews. In the Port and Tanker Safety Act of 1978 and the Oil Pollution Act of 1990, Congress expanded the regulation of marine traffic within U.S. ports and territorial waters to address the growing problem of accidents involving tankers and other vessels.

Opposition to H.R. 1517

Opponents of H.R. 1517 make five basic arguments against the legislation:

1) The legislation is not necessary since an existing international agreement (International Labor Organization Convention 147) ("ILO 147") protects foreign seamen from abusive or unscrupulous ship operators.

Experience has demonstrated that the value and availability of ILO 147 to U.S. authorities is currently in question. But in any case, without the protection of the NLRA, foreign seamen are learning that asking the U.S. Coast Guard to conduct an investigation of health and safety conditions on their ships will lead to retaliation.

2) The legislation contravenes the concept of flag state control, which generally governs the affairs of seagoing vessels.

Over the past 20 years, the concept of port state control has been reflected in a significantly increasing number of national laws and international agreements. The exercise of jurisdiction in this legislation fits well with the current trend toward increased port state control as evidenced by the Oil Pollution Act of 1990, and is fully in accord with international law principles concerning the exercise of port state control over vessels serving the port state's trades. See e.g., Restatement § 402, Comment h.

3) The legislation would create diplomatic problems with our major trading partners by creating conflicts with the laws of other nations.

At hearings held before the House on the Port and Tanker Safety Act of 1978, witnesses expressed apprehension about the international implications of that bill. The concerns centered on possible friction with other countries that could be sparked by the U.S. imposing more rigorous maritime standards (i.e., standards beyond those set by the International Maritime Consultative Organization). The Congress, nevertheless, approved the legislation and the predictions of dire consequences in the international arena proved to be unfounded and no serious challenges were raised to the Act.

Predictions of dire consequences stemming from regulation of the affairs of foreign flag vessels have been made before, but no such consequences ever came to pass. In the 63d Congress debates on what was to become the Seamen's Act of 1915, the leader of the opposition, Senator Humphreys, said:

> Yet this vessel of a friendly nation that has in every way complied with her own laws and with her treaty obligations, with us will not be permitted to depart from our harbors until they have complied with the many provisions of this bill. Does anyone believe that any self-respecting nation is going to submit to such indignities? ... I say to this House today that if you place this law upon the Statute books and attempt to enforce it we will have war with Japan inside of 30 days. Cong. Rec. 63d Cong., 2d Sess., pp. 14354, 14355.

We did go to war with Japan -- 26 years later, but it was not over the Seaman's Act of 1915.

Analysis of the laws of the principal European maritime nations reveals that the approach being proposed here, i.e., allowing a limited right to collective action on certain foreign flag vessels with extensive U.S. operations, is a far more restrictive approach than generally followed in Europe. The changes proposed in H.R. 1517 are consistent with the practices of our major trading partners in Europe.

4) The legislation would not create jobs for Americans and in fact would hasten the "flagging out" of the U.S. shipping industry.

There is no expectation on the part of supporters that H.R. 1517 will necessarily create a single job for Americans or increase the ranks of union members by even a single member. Its intent is to close loopholes in labor laws that permit ship operators, if they choose, to exploit their crews. Doing so may well tend to create a more level playing field, but justice and equality, not economics, is the main rationale for this legislation.

The major difference between H.R. 1517 and its predecessor, H.R. 1126, is that H.R. 1517 does not limit its coverage to U.S.-controlled vessels. Under H.R. 1517, therefore, vessel operators have nothing to gain by transferring their fleets beyond U.S. control. This also means that opponents of the bill can no longer complain of discrimination in the application of the bill only to U.S.-controlled vessels. H.R. 1517 only contributes to a levelling of the playing field, because it treats all vessels equally.

Most ship owners and operators, U.S. and foreign, are committed to maintaining basic standards of safety and reasonable working and living conditions. Shipping companies which treat their employees fairly have nothing to fear from this legislation. Those owners of passenger cruise ships with stable, productive and experienced workforces providing first rate service have little, if anything, at stake. But ship owners who use foreign registries to avoid the laws and regulations of their own countries while taking advantage of our port facilities <u>ought</u> to be made fearful. If they are allowed to profit from access to our markets, including the human market of cruise ship travelers, they should not be permitted to exploit that access at the expense of their crews.

5) The legislation would harm our defense posture by reducing the number of ships available for the carrying of cargo during wartime.

As events in the Persian Gulf have proven, arguments about the relationship of foreign flag merchant vessels to the defense posture of the United States are grounded in political, military and economic realities that are far more relevant than the applicability of U.S. labor laws. Throughout the Gulf war, there were not enough American merchant seamen readily available to man our reserve merchant fleet. The need for foreign crewmen to supplement ship manning thus made the concept of an "American" fleet virtually meaningless.

In fact, reports surfaced of several instances in which foreign crewmen on foreign flag ships refused to perform their duties as their ships approached the war zone. O. Casey Corr, "Ships with Foreign Flags Draw Criticism -- One Supplying Allied Troops Refused to Enter War Zone," Seattle Times, February 5, 1991 at p. A5. Low wages and uncertain treatment are not an inducement to foreign crewmen to help the United States carry out a wartime mission.

Summary

By passing this legislation, Congress can act to improve the situation of a badly exploited group of people, and in doing so, improve the competitiveness of American seamen and U.S. flag ships.

This legislation will provide foreign flag crewmembers on certain seagoing vessels the guaranteed right to engage in concerted activities for their mutual aid and protection so that they may avail themselves of existing U.S. laws, such as those which protect foreign seamen from being cheated of their rightful wages, and international agreements, such as ILO 147.

The legislation will also extend the coverage of the Fair Labor Standards Act to most foreign flag operators with regular operations in the U.S. These operators are presently free to ignore the minimum wage and hours standards established under that law.

Because the main purpose of "flagging out" is to escape the restrictions of legislation and regulation by registering a ship in a nation with few or no governing laws, the extension of U.S. labor law fills a vacuum rather than superimposing our notion of worker rights over that of the flag state.

The application and impact of the legislation is not novel, nor is it disruptive of international relations; it merely applies standards that govern in maritime as well as other industrial and commercial contexts. There is no legal or political validity to the argument that Congressional jurisdiction should stop at the water's edge. Many laws, most recently the Oil Pollution Act, which covers issues of ship safety and crew well-being, project U.S. concerns and interests into the world marketplace. Thus, the clear cut issues of economic fairness and social justice are paramount and persuasively argue for the passage of this legislation.

I thank you for your time and I would be happy to answer any questions.

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
7.22.93

93 JUL 22 P12:03

July 22, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

SUBJECT: PROMOTION AND DEFENSE OF THE PLAN BOOK

Attached are a couple of copies of the "book" in printed form. Many people helped put this into final form, and Sylvia was -- as usual -- essential in managing the final production of the document. It is being widely distributed within legal limits and the reaction we are hearing from the Hill, surrogates and the press is especially positive.

We are planning a second "book" that does the state-by-state analysis of how your program affects each state in terms of jobs and new investments. So as to prevent anyone from stating that we were exaggerating the amount of investments we could get due to the discretionary spending caps, we counted only 66% of what was planned in Vision of Change. Furthermore, where there was a difference between the House and Senate on investments in reconciliation, we just took the average -- so that no one would say that our calculations were reflecting policy choices that hadn't been made yet.

For the state-by-state book, Alicia Munnell and her deputy Brad DeLong, and her assistants Ben Nye and Andy Rittenberg have done tremendous amounts of work over the last few days to produce these numbers. As you know, Alicia's work is excellent. Also, Roger Altman's assistant, Joshua Steiner has worked with me at every stage in producing and designing the state-by-state document. We hope to show you a copy of "Book 2" by Thursday afternoon.

Chron

JAMES H. DAVIDSON

July 26, 1993

Dear John:

I am writing to follow up on my small request. I know there are issues of far greater importance but if you could speak to Dee Dee about the picture for Los Angeles Magazine, I would be grateful.

As I mentioned, interviews have been done and photos taken for all but Dee Dee Myers. She did the interview, but has declined to have the picture taken. If the picture cannot be taken, the feature will have to be taken out at a cost of several thousand dollars. [redacted]

If you could gently raise this with her I would be grateful, and Los Angeles Magazine would be ecstatic! Thanks for your help.

Best regards,

Jim

The Honorable John Podesta
Staff Secretary
The White House
Washington, D. C.

Dee Dee
pissed about request
from some
friends. If
you feel you want
do it
John

Mark —
Richards
is going to
release this
tomorrow
John
- please comment

STATE OF TEXAS
OFFICE OF THE GOVERNOR
AUSTIN, TEXAS 78711

ANN W. RICHARDS
GOVERNOR

TELECOPIER (512) 463-1975

TO: THE HONORABLE WILLIAM JEFFERSON CLINTON
PRESIDENT OF THE UNITED STATES

FAX #: 202/456-6703

DATE: July 27, 1993

TIME SENT: 1:30 P.M. **CST**

FROM: GOVERNOR ANN RICHARDS

 # OF PAGES INCLUDING COVER SHEET: 4

(512) 475-2636
PLEASE CONTACT Trish Jones **AT** ~~463-2198~~ **IF THE TOTAL NUMBER OF PAGES INDICATED ARE NOT RECEIVED.**

Telephone call regarding this will be placed tomorrow by Susan Rieff, Governor's office staff.

cc NSC
NEC
K McGINTY
7/30
NIR
John Podesta
for Reply

State of Texas
Office of the Governor
Austin, Texas 78711

ANN W. RICHARDS
GOVERNOR

Dear Bill,
This formal letter proposes the creation of an International Air Quality Management District. El Paso/Juarez is the perfect location. I am sending Carol Browner and Mickey Kantor a copy. This idea will really be great for the border — good business and good for our communities.

Best,

Ann

Post Office Box 12428 Austin, Texas 78711 (512) 463-2000

STATE OF TEXAS
OFFICE OF THE GOVERNOR
AUSTIN, TEXAS 78711

ANN W RICHARDS
GOVERNOR

July 26 , 1993

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

Dear Mr. President:

Many cities along the border between the United States and Mexico are experiencing environmental problems caused by rapid population growth and expanded economic activity. One of the most severe problems we face is in the border cities of El Paso, Texas and Ciudad Juarez, Chihuahua, where air pollution is the worst of any United States-Mexican border community and seriously threatens public health. I see an opportunity to address this problem by using an innovative approach that would involve binational management of a shared international airshed. I urge you to provide your support and leadership to a proposal to create an International Air Quality Management District encompassing the border cities and surrounding region.

An International Air Quality Management District could promote efficient solutions to this complicated problem by establishing common air quality targets, setting emission limits that reduce pollutants to health levels, and adopting an incentive-based approach to work toward those goals in a timely and efficient manner. The District could also coordinate air pollution monitoring work, inventory sources of pollution, and develop cost-effective and equitable programs to improve air quality. In particular, the District would oversee the establishment of an international emission trading program that would encourage transboundary investment in pollution control and use economic growth to reduce pollution. Individual businesses operating in the airshed would have the flexibility to decide where and how to make the required reductions in pollution and receive valuable emission reduction credits that can be traded or banked for future use.

The ongoing negotiations regarding the environmental accord to supplement the North American Free Trade Agreement provide an excellent opportunity to create an International Air Quality Management District. Alternatively, a Memorandum of Understanding could be negotiated with Mexico, under Annex V of the 1983 La Paz Agreement. In either event, the District would be composed of representatives appointed by the respective federal, state and local governments. The purposes, duties, and powers of the District would, at a minimum, include the following:

POST OFFICE BOX 12428 AUSTIN, TEXAS 78711 (512) 463-2000 (VOICE)/(512) 475-3165 (TDD)

1. Development of air quality goals of the airshed that promote expeditious attainment of U. S. national ambient air quality standards and la Norma Mexicana de Calidad del Aire;

2. Development of guidelines for air pollution control programs that will be effective in meeting air quality goals for the airshed, including specific guidelines governing the creation and use of emission reduction credits and an international trading program;

3. Coordination of monitoring programs (ambient air quality, meteorological and emissions), including establishment of a joint data base, modeling protocols, and appropriate training programs;

4. Preparation of regular reports to inform the public about air quality conditions and trends in the airshed;

5. Establishment of mechanisms to ensure that the necessary pollution reduction and prevention programs are developed, implemented, and enforced on a binational basis; and

6. Adoption of administrative procedures to ensure adequate public participation in the District's activities, including providing a forum for citizen complaints regarding air quality related problems.

Establishing an appropriate framework for regional management will expand our options for achieving pollution reductions and lower the cost of cleaning up air pollution. It will also provide a new source of revenue for investments in environmental protection and infrastructure improvements. For these reasons, the proposal to create an International Air Quality Management District has my full support. In addition, I can assure you that it has been favorably reviewed by federal, state, and local officials in Mexico.

With your leadership, U. S. and Mexican citizens along the border can make this innovative approach work.

Sincerely,

Ann Richards

ANN W. RICHARDS
Governor

THE PRESIDENT HAS SEEN 1/29

Paxton FYI — Big issue w/ freshmen members — apparently something done w/ M — Lou 2/6

CYNTHIA A. McKINNEY
11TH DISTRICT, GEORGIA

WASHINGTON OFFICE
124 CANNON BUILDING
WASHINGTON, DC 20515
(202) 225-1605

COMMITTEE ON AGRICULTURE
DEPARTMENT OPERATIONS AND NUTRITION
ENVIRONMENT, CREDIT, AND RURAL DEVELOPMENT
FOREIGN AGRICULTURE AND HUNGER

COMMITTEE ON FOREIGN AFFAIRS
INTERNATIONAL ECONOMIC POLICY AND TRADE
WESTERN HEMISPHERE AFFAIRS

Congress of the United States
House of Representatives
Washington, DC 20515–1011

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(912) 652-4118

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SUITE 100
AUGUSTA, GA 30901
(706) 722-7551

FOR IMMEDIATE RELEASE
JULY 27, 1993

CONTACT: SUSIE RODRÍGUEZ
(202) 225-1605

CONGRESSWOMAN CYNTHIA McKINNEY MEETS WITH SENATE FINANCE COMMITTEE CHAIR MOYNIHAN ON THE EARNED INCOME TAX CREDIT

On Monday, Georgia's 11th District Congresswoman Cynthia McKinney and four of her freshmen colleagues met with Senator Daniel Patrick Moynihan (D-NY), chair of the Senate Finance Committee concerning the Earned Income Tax Credit. Congresswoman McKinney has been fighting for months to insure that the EITC will be fully appropriated in the final budget.

"I intend to follow though on my commitment and President Clinton's commitment that people who work shouldn't live in poverty," said Congresswoman McKinney. "The EITC promotes independence and rewards hard work. It is critical for the working people of Georgia."

$73 million of EITC provisions for working people in the state of Georgia alone was cut in the Senate from the House-passed budget.

Senator Moynihan was sympathetic and expressed his support for the Earned Income Tax Credit, but said other members of the Senate would have to be persuaded to support the expanded EITC for the budget vote.

"The EITC is the first step toward welfare reform, removing the disincentives for getting off welfare," added Congresswoman McKinney.

Other Members of Congress at the meeting were Eva Clayton (D-NC), Carrie Meek (D-FL), Bobby Rush (D-IL), and Albert Wynn (D-MD).

#30

THE WHITE HOUSE
WASHINGTON

DATE: 07/28/93

NOTE FOR: TONY LAKE
LEON FUERTH

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

Information ☒K

Action ☐

Thank you.

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

cc:

THE PRESIDENT HAS SEEN 7/2

OFFICE OF THE VICE PRESIDENT 93 JUL 28 A8:57

WASHINGTON

July 27, 1993

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH: ANTHONY LAKE

FROM: LEON FUERTH Leon

SUBJECT: Economic Impact of Sanctions on Serbia

Mr. President:

On Tuesday morning, you asked me for information on the impact of economic sanctions on Serbia and Montenegro.

The attached briefing slides and point paper were prepared by the Interagency Task Force on Serbian Sanctions to describe what sanctions have done to the Serbian economy.

Attachments
Tab A Task Force Briefing Slides
Tab B Point Paper on the Effect of Sanctions

cc: Vice President
Chief of Staff

THE WHITE HOUSE
WASHINGTON

DATE: 7/27

NOTE FOR: Gergen / Gearan

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

Information ☑

Action ☐

Thank you.

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

cc:

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
7-27-93

93 JUL 26 P6:17

July 25, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: HOWARD PASTER HP

SUBJECT: PACE OF CONGRESSIONAL ACTIVITY

As demonstrated in the enclosed chart, the pace of Congressional activity through June 30 far exceeds the comparable periods at the beginning of the Reagan and Bush Administrations. The combined total hours that the House and Senate have been in session is more than 50 percent greater than in 1981 and 1989. The days in session is up appreciably compared to 1989, but in line with 1981.

This demonstrates not only the pace of activity we have sought and received from the Congressional leadership, but also indicates why we continue to hear complaints that the Administration is overloading the circuits and demanding too much too soon.

The agenda we are pursuing should serve only to exacerbate this problem. It should not be seen as a source of pride for the Administration, but rather as the basis for heightened sensitivity to the demands we are placing on the Congress and on ourselves.

To Gergen/Gearan
Hyp,
B

c.c. The Vice President
MACK

CONGRESSIONAL ACTIVITY UNDER DIFFERENT PRESIDENTS
PRESIDENTS CLINTON, BUSH, REAGAN'S FIRST SESSIONS: 1993, 1989, 1981

	Jan. 5 -- June 30, 1993	Jan. 5 -- June 30, 1989	Jan. 5 -- June 30, 1981
Days in Session, House	78	71	77
Days in Session, Senate	85	67	81
Days in Session, Total	**163**	**138**	**158**
Hours in Session, House	454 hrs 31'	295 hrs 16'	251 hrs 17'
Hours in Session, Senate	587 hrs 30'	373 hrs 05'	438 hrs 15'
Hours in Session, Total	**1042 hrs 1'**	**668 hrs 21'**	**689 hrs 32'**

Source: Resume of Congressional Activity; The Congressional Record; 7/1/93; 7/8/89; 7/10/81.

THE WHITE HOUSE

WASHINGTON

July 29, 1993

MEMORANDUM FOR JERRY BERMAN
Digital Privacy and Security Working Group

SUBJECT: Key Escrow Encryption Technology

Several of the professional organizations such as yours with whom we have held discussions on encryption policy have posed questons and asked for more detail and background on the Administration's decision to support the introduction of key escrow encryption technology while conducting a complete review of encryption policy issues. I think you will find the attached paper responsive to your questions and look forward to continuing the dialogue.

John D. Podesta
Assistant to the President
and Staff Secretary

Attachment

THE WHITE HOUSE

WASHINGTON

July 29, 1993

MEMORANDUM FOR OLIVER SMOOT
Computer and Business Equipment
Manufacturers Association (CBEMA)

SUBJECT: Key Escrow Encryption Technology

Several of the professional organizations such as yours with whom we have held discussions on encryption policy have posed questons and asked for more detail and background on the Administration's decision to support the introduction of key escrow encryption technology while conducting a complete review of encryption policy issues. I think you will find the attached paper responsive to your questions and look forward to continuing the dialogue.

John D. Podesta
Assistant to the President
and Staff Secretary

Attachment

THE WHITE HOUSE

WASHINGTON

July 29, 1993

MEMORANDUM FOR ILENE ROSENTHAL
Software Publishers Association (SPA)

SUBJECT: Key Escrow Encryption Technology

Several of the professional organizations such as yours with whom we have held discussions on encryption policy have posed questons and asked for more detail and background on the Administration's decision to support the introduction of key escrow encryption technology while conducting a complete review of encryption policy issues. I think you will find the attached paper responsive to your questions and look forward to continuing the dialogue.

John D. Podesta
Assistant to the President
and Staff Secretary

Attachment

THE WHITE HOUSE

WASHINGTON

July 29, 1993

MEMORANDUM FOR RALPH LAURELLO
Overseas Security Advisory Council (OSAC)

SUBJECT: Key Escrow Encryption Technology

Several of the professional organizations such as yours with whom we have held discussions on encryption policy have posed questons and asked for more detail and background on the Administration's decision to support the introduction of key escrow encryption technology while conducting a complete review of encryption policy issues. I think you will find the attached paper responsive to your questions and look forward to continuing the dialogue.

John D. Podesta
Assistant to the President
and Staff Secretary

Attachment

THE PRESIDENT HAS SEEN 7/24

HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

MICHAEL J. KOPETSKI
FIFTH DISTRICT
OREGON

July 19, 1993

Dear Mr. President:

I commend you for your courage and most significant decision to continue the nuclear weapons testing moratorium. I know it was a difficult decision, but you have proved to the world that you are a man of peace, a leader willing to make tough decisions, and a President genuinely committed to making the world a safer place for all.

History will record this decision as one of your most significant. But for now, you have rejuvenated the hope for peace in the world today.

I stand ready to assist you in any way possible to facilitate negotiations for a Comprehensive Test Ban Treaty.

Sincerely,

Mike

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