Copy for
Mack
Roy
Todd
Skip Rutherford
Cliff Sloan

THE WHITE HOUSE
WASHINGTON

DATE: August 8, 1993

TO: Mack, Roy, Todd, Skip, Cliff

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

by telephone, the President said: "I don't know—a bunch. I've lost count."

that fewer than 8,000 of his constituents would be paying higher income taxes but

And what of Abercrombie's reluctance? In

knee a day earlier on the House floor.

5 Ex-White House Travel Office Workers Are No Longer Longer Targets of Probe

By PAUL RICHTER and RONALD J. OSTROW
TIMES STAFF WRITERS

WASHINGTON—Five former White House travel office employees, drummed out of their jobs in May amid allegations of financial mismanagement, no longer are targets of a Justice Department investigation, officials said Thursday.

While an investigation continues into past activities of the office's former top two officials, it is "quite likely" that the other five will be placed in similar-paying federal jobs soon, White House Press Secretary Dee Dee Myers said. "Our commitment is to find them comparable employment," she said.

But Justice Department spokesman Carl Stern declined to rule out the possibility that some of the five employees could become targets as the investigation continues.

And Myers indicated that the White House—which has formally apologized for "insensitive treatment" of the group—has no intention of making any statement to clear them of all wrongdoing.

Nor, she said, would the White House reimburse any of the group for legal expenses. Attorneys indicated that those fees would be substantial. In one case, they could total about $15,000.

Meanwhile, it was learned that the actions of television producer Harry Thomason and of Catherine Cornelius, President Clinton's distant cousin, will be included in the investigation being conducted by the Justice Department's public integrity section.

Thomason, Clinton's longtime friend and television consultant, is one-third owner of an aviation consulting firm and helped initiate the inquiry into the travel office.

Cornelius, who coordinated commercial travel for the Clinton-Gore campaign, proposed replacing the travel office with a scaled-down system similar to the campaign's.

Stern declined to comment on whether their activities will be examined under federal conflict-of-interest statutes. But another government source, who declined to be identified, said that is the case. "This is being very professionally handled," Stern said.

The investigation is expected to take months to complete.

The White House stumbled into a public relations disaster in May when it dismissed the employees. Aides said the office was run sloppily and hinted that it might have been run for some employees' enrichment. But after it was disclosed that the firings were advocated by White House employees and others with a personal interest in the office's management, the White House hastily backtracked and put the employees on administrative leave.

On July 2, the White House released an 80-page report saying it erred in firing the employees and in disclosing that the FBI was investigating them. The mismanagement charges, however, were not withdrawn.

The five employees—John Dreylinger, John McSweeney, Barney Brasseaux, Robert Van Eimeren and Robert Maugham—learned they were not targets in letters that they have received from the Justice Department.

The first such letters apparently came in May but the latest was sent in the last several days.

"These were not declination letters," Stern said. "It's incorrect to say they have been dropped from the investigation; it is correct to say that, based on what we know now, they are not targets or subjects of the investigation."

Mark Shaffer, attorney for John McSweeney, said he expects to begin talks about finding his client a job soon. McSweeney's view, he said, is that "a wrong has been done to him and he hopes it will be remedied."

McSweeney's first preference would be to return to the travel office. But the White House indicated that the five are much more likely to be reassigned than to go back to the travel office, which is being restructured and cut back in size.

Agency Halts Giveaways of Surplus U.S. Planes

■ **Government: The Agriculture Department's program had become mired in controversy. The aircraft were used to fight forest fires.**

By DOUGLAS FRANTZ
TIMES STAFF WRITER

WASHINGTON—A senior Agriculture Department official said Thursday that the agency has ended a controversial program that provided surplus military aircraft to a handful of private companies to fight forest fires.

James R. Lyons, assistant secretary of agriculture, told a congressional panel that the department wants the Defense Department to sell surplus aircraft through competitive bids to companies that will use them to fight fires.

"Our policy will provide for an air tanker and firefighting program which is legal, maintains necessary controls and is cost-effective," Lyons said.

The previous program was marred by allegations that $67-million worth of surplus C-130 airplanes were given to five private companies in exchange for aged aircraft worth far less. A private businessman who negotiated the transactions made $1.1 million

Postal Service to Tighten Job Screening

By GREG MILLER
TIMES STAFF WRITER

WASHINGTON—U.S. Postal Service executives, concerned about a decade of post office-related violence by unstable or disgruntled workers, told members of Congress on Wednesday [illegible] taking steps to im-

carrier with a history of psychiatric problems allegedly killed his mother and a former co-worker in Dana Point, Calif. Earlier that same day, a post office employee in suburban Detroit killed one person and wounded two others before taking his own life.

After those incidents, the Postal Service began analyzing the files of individuals like the former Royal Oak, Mich., worker who killed four supervisors before turning a gun on himself in November, 1991.

After the incident, investigators learned that while in the military the individual had earned a reputation for violent outbursts, including running over an officer's car with a tank after an argument. But postal [illegible] officials hired him be-

signed to build teamwork.

Future performance evaluations will include the opinions of subordinates, not just supervisors. Managers with strong people skills will move on in their careers, Runyon said; those with poor people skills will not be promoted until the skills are improved through training.

But Rep. Frank McCloskey (D-Ind.) said that he is skeptical such

TO RM
per JP
8/8/93
ASW

RM

EXECUTIVE OFFICE OF THE PRESIDENT

04-Aug-1993 09:22pm

TO: Leon E. Panetta

FROM: John Podesta
Office of the President

jd

CC: Thomas F. McLarty
CC: Bernard H. Martin

SUBJECT: Staffing Practices

Do you think that some of the OMB staff liked the old paperwork system better? I am kind of surprised that you wouldn't raise this with me directly, but hey, I guess we just view system design and implementation a little differently.

Attachment

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

August 3, 1993

'93 AUG 4 P12:52

Memorandum For: Mack McLarty

From: Leon E. Panetta

Subject: White House Staffing Practices re the Coordinated Review of Paperwork

The purpose of this memorandum is to provide you with some background on staffing practices related to the coordinated review of material (i.e., paperwork) in the White House. A two-page background paper is attached for your information.

This subject has been raised frequently in discussions with my staff on how we can improve the support that OMB provides the President and his senior advisors. The attached provides a summary of how this type of support was provided in previous years. I hope you will find it useful.

cc: John Podesta

Attachment

PAST WHITE HOUSE (WH) STAFFING PRACTICES RE THE COORDINATED REVIEW OF PAPERWORK

The purpose of this paper is to summarize past WH staffing practices with regard to the coordinated review of material (i.e., paperwork) in the WH. (This paper has been prepared in response to questions asked by staff about such practices in other Administrations.)

WH policy-making activities, as summarized below, usually result in a considerable volume of paperwork that requires coordination within the WH.

Overview of Policy-Making Practices

Compared to recent years, more WH senior advisors are involved in the policy-making process and the President is involved in making direct decisions on a wider range of issues. The following practices, however, have generally been the same from Administration to Administration:

- o The few senior advisors principally concerned with an issue would meet with the President to review major issues and receive Presidential guidance or decisions.

- o Key senior political staff, in various WH offices and OMB, developed close working relationships with each other and, in doing so, provided informal coordination at their level. This complemented the coordination provided by the daily WH senior staff meeting and other more formal coordination done through working groups.

- o From the preceding, the resulting paperwork flowed to WH and EXOP staff for review and comment. A summary description of this paperwork flow/process and a comparison of current and past practices follows.

Paperwork Flow/Process

The Office of the Staff Secretary to the President routinely circulated material for comment to major WH offices and OMB. This "WH staffing process" provided for circulation of the following material to ensure that it was factually correct and reflected the President's policies:

- o Presidential speeches;

- o Press releases that addressed policy and budgetary matters;

- o Fact sheets proposed for release outside the White House;

- o Policy decision and informational memoranda to the President;
- o Non-personal communications to Congress;
- o Material to be transmitted formally to Congress by the President -- e.g., legislative proposals and reports to Congress; and
- o State of the Union Address and related materials.

The President's Staff Secretary would subsequently receive comments from WH staff, thereby ensuring that all materials were correct with respect to the facts and Presidential policy. When differences over policy occurred, the Staff Secretary would ensure that the President was aware of these differences when making a decision.

In the case of OMB, after material was received from the Staff Secretary, it would be circulated to appropriate OMB officials for review and comment. Subsequently, OMB would provide the Staff Secretary with coordinated/consolidated comments on the material that was circulated. If the comments were not accepted, the OMB Director, as were others, was given the opportunity to address further any differences of opinion.

Currently, very little, if any, of the above material is circulated to OMB (or to other offices) for review and comment. When material is circulated, it usually has extremely short or impracticable deadlines, or the material has already been overtaken by events. For example, by the time the material has been received by OMB for review, it has already been released or forwarded to the President; however, not knowing that this has already occurred, time is spent reviewing the material.

Comments About WH Staffing Processes

Practices of the past are sometimes viewed as having been intended to control access to the President. Although the WH staffing process can be administered in such a manner, control should not be its purpose.

Instead, it should be used to ensure that Presidential material has been reviewed by concerned senior advisors, that the material is factually correct, and that the Administration is proceeding in a coordinated manner. This helps to avoid conflicting signals and the appearance of the Administration taking disjointed actions.

The Chief of Staff and the Staff Secretary, subject to the President's preferences, are the two individuals who have determined the type of WH staffing process that is followed.

Cron

THE PRESIDENT HAS SEEN
8/9/93 db

TAX BURDENS

How the average federal tax bill paid by various income groups would change under deficit-reduction plans considered by the Senate, passed by the House and proposed by President Clinton.

Household income	Avg. now	AMOUNT OF CHANGE Senate	House	Clinton
Less than $10,000	$455	-$37	-$28	-$30
$10,000 to $20,000	1,718	-73	-28	-31
$20,000 to 30,000	4,240	-37	33	28
$30,000 to 40,000	6,891	61	164	160
$40,000 to 50,000	9,667	122	271	266
$50,000 to 75,000	14,295	216	369	362
$75,000 to 100,000	21,604	338	492	485
$100,000 to 200,000	33,910	703	765	769
$200,000 or more	135,359	25,195	23,217	23,155
All incomes	**$10,107**	**$423**	**$484**	**$480**

NOTE: Encompasses changes in individual income taxes, payroll taxes and federal excise taxes, including the energy tax.

The share each income group would bear of the all tax changes under the plans (figures are rounded).

Household income	Senate	House	Clinton
$200,000 or more	79%	63%	64%
$100,000 to 200,000	9	8	8
$75,000 to 100,000	5	7	7
$50,000 to 75,000	8	12	12
$40,000 to 50,000	3	6	5
$30,000 to 40,000	2	4	4
$20,000 to 30,000	-1	1	1
$10,000 to 20,000	-3	-1	-1
Less than $10,000	-1	-1	-1

NOTE: Household income is the sum of wages, salaries, self-employment income, rents, taxable and nontaxable interest, dividends, realized capital gains and all cash transfer payments.

SOURCE: Congressional Budget Office

...mittee favored raising ... the ... that total by nearly $19 billion. The ... $180 billion ... the appropriations process, to be con-cluded later this year. In defending the package, De...

Gene Sperling
mid final
distribution
chart
B

[redacted]

[redacted]

Oron

THE PRESIDENT HAS SEEN
8/9/93 db

In Clinton vs. Dole, analysts say Clinton's case is stronger

The senator has attacked the President's deficit numbers as phony. Outside observers disagree.

By Robert A. Rankin
INQUIRER WASHINGTON BUREAU

WASHINGTON — President Clinton and Senate Republican Leader Bob Dole, who don't agree on much, are arguing this week over just how deeply Clinton's economic program would cut future budget deficits.

Their argument goes to the heart of whether Clinton's economic program is trustworthy as a meaningful assault on federal deficits, or little more than a massive tax increase disguised by political rhetoric.

Clinton says his plan, which the Senate hopes to vote on later this week, would cut deficits by $500 billion over five years. Half would come from raising taxes and half from spending cuts, he says.

Dole says Clinton's numbers are largely phony.

The Kansas Republican says the Senate version of Clinton's plan would trim deficits by only about $350 billion over the next five years. Moreover, he insists it would raise more than $3 in taxes for every $1 it cuts in federal spending.

Clinton responded sharply to the criticism yesterday in a speech telecast to the U.S. Conference of Mayors convention in New York.

"I ask my critics in Congress: 'Where are your tough choices? What are you going to do? If you want to reduce the tax burden on the wealthy, where will you make up the money? What will you do to reduce this deficit? Are you willing to make the same kinds of decisions that I have?' "

Both sides make legitimate points, but on balance, Clinton's argument appears stronger, judging by standards accepted by both sides up to now and scored by independent analysts.

Clinton's budget presentation is "more honest than any other budget I've seen in a decade," said Stan Collender, director of federal budget analysis for Price Waterhouse, the big accounting firm, and author of a book on the federal budget process.

Dole's attack is "very misleading," said Collender, who believes Clinton's program will achieve $500 billion in five-year deficit reduction by striking a rough 1-1 balance between tax increases and spending cuts.

An analysis by the Congressional Budget Office indicated that individuals with incomes of $200,000 or more would pay 78.5 percent of the $249 billion in tax increases in the Senate plan. They would pay $25,195 more a year, on average. Those with incomes under $30,000 would get tax cuts.

The typical family with income between $30,000 and $40,000 would pay $61 more a year because of the bill's 4.3-cent-a-gallon tax on motor fuels, the CBO estimated. The $40,000-to-$50,000 family would pay about $122 more; the $50,000-to-$75,000 family, about $338.

Dole says Clinton's projections are deficient in several ways.

He says Clinton counts $70 billion in savings from domestic spending that the Senate Appropriations Committee has not yet approved.

That is true.

But the budget "reconciliation" bill moving Clinton's program through the Senate includes a strict mandate to the committee to obey fixed caps on spending that, if obeyed, would net the $70 billion savings.

"We've locked in a hard freeze, which means there will be no inflation adjustment in spending [on those programs] for five years," said Gene Sperling, deputy director of Clinton's National Economic Council.

"There is no way [those spending caps] can be avoided short of declaring an emergency," Collender said.

That same mechanism was used, and obeyed, under the famous 1990 deficit-reduction deal that President George Bush reluctantly signed. It set caps on spending that Appropriations Committees have obeyed ever since.

"This is, in fact, what budget experts have cited as a real success story of the 1990 five-year agreement," said David Munro, chief economist for High Frequency Economics, a Manhattan consulting firm.

All the other spending cuts that Dole challenges as illegitimate also are quite defensible, analysts say.

Dole says Clinton should not claim as a spending cut $55 billion estimated to come from lower interest fees for servicing the federal debt. But in the past, Bush claimed such interest savings with Dole's support.

What's more, analysts say Clinton's projected savings on interest payments now look to be understated, if anything, because current interest rates are far lower than the administration reckoned.

Dole also challenges Clinton's savings of $44 billion to be gained by obeying spending caps already set in 1990 — although Clinton would extend those caps an extra three years.

In addition, Dole challenges Clinton's claim to save an additional $15 billion by raising user fees on federal services; those fees should be counted as higher taxes, not spending cuts, Dole contends, although both the Reagan and Bush administrations counted them as spending cuts.

While Dole can make a legitimate argument for each of his criticisms, administration officials note that he defended these same approaches as legitimate restraints on spending in 1990 — when Bush was president.

This article contains information from the Associated Press.

Memo backs

Cron

THE PRESIDENT HAS SEEN
8/9/93

Gergen
Worth seeing

Jim Hoagland

Colin Powell: This Debate Is Over

For the military the debate on gay rights is over, Gen. Colin Powell says with the crisp finality of a commander accustomed to having his predictions hardened into fact on the double. "It will drop off the screen quickly." An "or else" hangs in the air.

Powell does not put a comma wrong when he intends to communicate what he wants to the sergeants, warrant officers and unit commanders who make up the central nervous system of the military. Four words he spoke in a recent conversation strip away the protective cover that has existed until now for inquisitions and harassment of gays in the military, even those who play by the rules.

Powell's words of support for President Clinton's policy are a concession to a young president who pushed the general to come up with a better deal for gays in the military. It is a concession that should not be underestimated, either in impact or cost. It touches a vital point for Powell: the military's ability to control its own self-image. That is what he has fought hard to protect.

Speaking at a breakfast meeting with reporters the day after President Clinton announced his "don't ask, don't tell, don't pursue" policy, the chairman of the Joint Chiefs of Staff sounded like a man eager to get back to the less politically exposed ground of nuclear strategy, force structure and NATO readiness. You could hardly blame him.

But Powell and Defense Secretary Les Aspin loyally disputed a questioner's premise that following up on and modifying Clinton's campaign pledge had been a terrible distraction from more important tasks.

The debate, Powell said, had made him, the Joint Chiefs and the military at large think through their attitudes not only about gays but also about the military and society. That had been a valuable exercise in itself, he suggested.

"I come out with a more tolerant view and perhaps more open to what is happening in our society," he said. Powell summed up the balanced compromise he, Aspin and Clinton have struck in four words: "Live and let live." Powell believes his successor (he retires Oct. 1) and unit commanders can enforce that balance of civility between the military establishment and gays accepting the restriction of openly asserting their homosexuality.

Unless, I must add, Congress mucks it up.

Congress should let the compromise stand rather than subject it to a cross-fire between liberals who fault it for not going far enough and conservatives who threaten to enact the previous ban on homosexuals into law. The Clinton-Aspin-Powell plan is not perfect, but it strikes, as Aspin says, "the right balance, right now."

The plan is a working arrangement that combines the reasonable needs of the military and the fairness that should be shown to gay military personnel who do not intrude their sexual preferences, orientation or behavior into the workplace.

Public opinion polls taken since the compromise was announced suggest it fairly reflects majority opinion. Most Americans do not view homosexuality as being criminal or depraved. But neither do they accept it as a status deserving rewards and compensation, or even special recognition from fellow citizens. Like heterosexual orientation or behavior, it should be a non-subject in the workplace, which in the armed forces is not simply the office.

Clinton and Aspin were not able to get Powell to bless a policy that went that far, one closer to the president's desire for a "don't ask, don't shout" approach. "Don't ask, don't shout" would have let military gays "quietly acknowledge their homosexuality without flaunting it," Aspin said.

At the heart of Clinton's 1992 pledge to eliminate the ban on homosexuality in the military is the implicit notion that the professional military is increasingly a career like any other. It should be subject to the standards and demands of civilian society.

The end of the Cold War and the military's shift to an all-volunteer force continue the shrinkage of the central place that the armed forces once occupied in American life. This involves a loss for American society: Communication has become more of a one-way street than at any time since the beginning of World War II. The military no longer automatically transmits its values into civilian institutions through the constant rotation of citizens and soldiers. But civil society increasingly attempts to remake the military to reflect its broader, more diverse values.

Powell resolutely resists the outside grab for control of the self-image of the military. "We are unique," Powell counters. "We are not like the fire department or the police department." Commanders who are required to send units into harm's way and fight wars must have a great deal of latitude in forming those units.

But the general goes on to say it is that latitude that will make "don't tell, don't ask" work. He has added an important codicil to the language of the proposal unveiled by Clinton. The Powell codicil should be respected by Congress, reaffirmed by his successor and observed both by unit commanders and gays in the military. It is the simple admonition to "live and let live."

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A Budget for Conservatives Too

√ Caron

WHEN SEN. Sam Nunn voted against the president's budget on the Senate floor in June, he made a speech giving the reasons why. It seemed to us at the time that the speech added up to an argument *in favor* of the president's plan. We still think so. Sen. Nunn should switch to aye today for the same reason all conservative Democrats should support the proposal.

The point is not to avert defeat; the president seems to have the votes. Rather, it seems to us that this budget would begin to move in precisely the disciplined direction that the conservative Democrats claim to want. To judge by the Senate's own behavior, the plan would move about as far in that direction as the political system (to say nothing of the weak economy) can currently tolerate. No, it doesn't do all it should. It does enough that some of those (not Mr. Nunn) who are denouncing it as too weak have been simultaneously trying themselves to weaken it in various respects.

The Republicans all bemoan its weakness; they'll vote no. These are the same defenders of fiscal principle on whose watch the national debt was allowed to quadruple to more than $3 trillion in the past 12 years; then they call this president soft for undoing in a budget only a part of the grievous damage their policies have done. Six Democrats may vote no too. Some have political reasons for doing so. Mr. Nunn has no such problems, nor did he mention politics in his speech.

What he did instead was "give President Clinton high marks for recognizing the magnitude of the deficit and its impact on our country's future." He praised the president for being "willing to put his reputation and his administration on the line" to correct the inherited policy; for using "honest economic assumptions;" for recognizing that deficit reduction requires a blend of "spending cuts, tax increases and economic growth"; and for "trying to deal with the social deficit at the same time."

What was wrong? The president didn't go far enough. Instead of a five-year plan to get the deficit down to $200 billion, he should have proposed a 10-year plan to get it to zero. He didn't cut spending enough in relation to tax increases, failed to cap on entitlements and would likely end up cutting defense too much. In the name of investment he had also proposed only "incremental changes" in the tax code instead of a "fundamental restructuring" to stimulate saving at consumption's expense.

Last things first. Mr. Clinton's proposal for even a modest tax calculated in part to reduce consumption of energy was denatured in Mr. Nunn's own Senate largely by Democrats, some of whom are now criticizing the bobtailed plan for not doing enough to reduce the deficit. Which way will it be? A 10-year plan to balance the budget would have been as suspect as all 10-year plans to do anything, and as all past plans of however many years to balance the budget. Mr. Nunn was right instead to praise the president's realism. Mr. Clinton has said that the only way to achieve both further deficit reduction and a reduction in entitlement costs is through health care reform, health care being the great budget-buster. An entitlement cap would be a gesture. The budget is a solid first step toward Mr. Nunn's own stated goals. Vote aye.

Mack
we should say this
B

FRIDAY, AUGUST 6, 1993 THE WASHINGTON POST

THE PRESIDENT HAS SEEN
8/9/93 db

50

Mark

we need to discuss ASAP

B

Chron

NEWS RELEASE

OFFICE OF ASSISTANT SECRETARY OF DEFENSE
(PUBLIC AFFAIRS)
WASHINGTON, D.C. 20301

PLEASE NOTE DATE

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IMMEDIATE RELEASE December 1, 1992

TOP CONTENDERS FOR CONSOLIDATED FINANCE AND ACCOUNTING CENTERS ANNOUNCED

The Department of Defense has chosen the top 20 contenders in the competition to select new locations for future consolidated finance and accounting centers of the Defense Finance and Accounting Service (DFAS).

In alphabetical order, the communities are: Bangor, Maine; Cleveland, Ohio; Columbus, Ohio; Denver, Colo.; ~~Evansville, Ind.~~; ~~Huntsville, Ala.~~; ~~Indianapolis, Ind.~~; ~~Jackson, Miss.~~; ~~Lawton, Okla.~~; ~~Lubbock, Texas~~; ~~Macon, Ga.~~; New Orleans, ~~La.~~; ~~Oklahoma City, Okla.~~; ~~Pensacola, Fla.~~; Saginaw, Mich.; San Bernadino, Calif.; Shreveport, La.; Southbridge, Mass.; ~~Tulsa, Okla.~~; and Youngstown, Ohio.

The communities are among 112 sites from 33 states which submitted 216 proposals under a procedure to determine the sites of consolidated finance and accounting centers. The competitive process used to invite participation and select finalists was based on criteria developed under the Defense Base Realignment and Closure Act of 1990.

Following announcement of the top contenders, representatives of the Defense Finance and Accounting Service will begin visiting the finalists to discuss their individual submissions and to inspect the proposed sites. Communities will be informed of visit dates as well as the requirements for the final proposals, due by January 4, 1993.

DFAS will then propose a combination of centers to support its long-term commitments. The names of selected communities, together with recommendations for closures of any existing centers, will be forwarded in mid-February 1993 to the Office of the Secretary of Defense. Following review, the DFAS sites, as well as realignment and closure proposals in other areas of the Defense Department, will be presented to the Secretary of Defense. The Secretary will announce his overall recommendations to the Fiscal Year 93 Base Realignment and Closure Commission on March 15, 1993.

This initiative will enable the DoD to consolidate finance and accounting operations into a smaller number of centers with modern, standardized and highly efficient equipment. This will improve the quality of the service and the volume of work the centers are able to handle and produce significant savings by eliminating the unneeded finance and accounting offices.

For additional information on the selection process, contact the External Affairs office of the Defense Finance Accounting Service at (703) 607-2821.

-END-

Cron

cc Bruce

Wyoming Alliance

For Health, Physical Education, Recreation and Dance

BL This guy is experienced - should really consider appointing him - Advise

THE PRESIDENT HAS SEEN
8/9/93 db

Dear President Clinton,

I am very pleased with your choices for your President's Council. Both Mr. McMillen and Ms. Joyner-Kersee will be excellent role models as well as promoters.

I feel we are in a very crucial time for the present and future of our country. For me, personal wellness is the key to increased personal involvement and productivity. I hope your co-chairs and your wellness council will actively pursue promotion and solution at the grass roots level. In my mind, your council under the direction of Mr. McMillen and Ms. Joyner-Kersee should be at the forefront in the country's quest toward improving the wellness of its people. Empowerment at the grass roots is where it's at.

I have volunteered and stand to serve. Thanks for empowering my message.

Wishing you good health,

Bob Matson

Bob Matson

FROM:NATIONAL BAR ASSOCIATON TO: 2022261239 AUG 4, 1993 4:40PM #091 P.02

Cron

BL

38

Presidential Appointments of Black Federal Judges

compiled by
Judge Edward B. Toles, Historian
Judicial Council of the National Bar Association
and updated by Elaine Jones, Esq.

THE PRESIDENT HAS SEEN
8/9/93

PRESIDENT FRANKLIN D. ROOSEVELT— 1933-1945

William H. Hastie*	Virgin Islands	1937
Herman E. Moore*	Virgin Islands	1939

PRESIDENT HARRY S. TRUMAN— 1945-1953

Irvin C. Mollison*	Customs Court	1945
Herman E. Moore (a)*	Virgin Islands	1949
William H. Hastie* (former Chief Judge)	3rd Circuit Court of Appeals	1949

PRESIDENT DWIGHT D. EISENHOWER-- 1953-1961

Scovel Richardson*	Customs Court	1957
Walter Gordon*	Virgin Islands	1958

PRESIDENT JOHN F. KENNEDY— 1961-1963

James B. Parsons (former Chief Judge now Senior Judge)	Illinois	1961
Wade H. McCree*	Michigan	1961
Thurgood Marshall**	2nd Circuit Court of Appeals	1961

PRESIDENT LYNDON B. JOHNSON— 1963-1969

A. Leon Higginbotham**	Pennsylvania	1964
Spottswood Robinson**	District of Columbia	1964
William B. Bryant (former Chief Judge)	District of Columbia	1965
Aubrey Robinson	District of Columbia	1966
Spottswood Robinson (Chief Judge)	DC Circuit Court of Appeals	1966
Constance B. Motley	New York	1966
Wade H. McCree*	6th Circuit Court of Appeals	1966
James L. Watson	Customs Court	1966
Thurgood Marshall	US Spreme Court	1967
Joseh C. Waddy*	District of Columbia	1967
Damon Keith** (former Chief Judge)	Michigan	1967

PRESIDENT RICHARD M. NIXON— 1969-1974

Almeric Christian*** (Chief Judge)	Virgin Islands	1969
Barrington Parker	District of Columbia	1969
David Williams	California	1969
Clifford Scott Green	Pennsylvania	1971
Lawrence W. Pierce**	New York	1971
Robert L. Carter	New York	1972
Robert L. Duncan**	Military Court of Appeals	1972
Robert L. Duncan	Ohio	1974

PRESIDENT GERALD FORD— 1974-1977

Henry Bramwell***	New York	1974
Mathew Perry**	Military Court of of Appeals	1976
George N. Leighton	Illinois	1976
Cecil F. Poole**	California	1976

PRESIDENT JAMES E. CARTER— 1977-1981

United States Circuit Court of Appeals

A. Leon Higginbotham (PA)	3rd Circuit	1978
Damon Keith (MI)	6th Circuit	1978
Theodore McMillian (MO)	8th Circuit	1978
Joseph W. Hatchett (FL)	11th Circuit	1979
Amalya A. Kearse (NY)	2nd Circuit	1979
R. Jerome Farris (WA)	9th Circuit	1979
Cecil F. Poole (CA)	9th Circuit	1979
Nathaniel R. Jones (OH)	6th Circuit	1979
Harry Edwards (MI)	DC Circuit	1979

United States District Court

29

Almeric Christian (a) (Chief Judge)	Virgin Islands	1978
Robert F. Collins	Louisiana	1978
Jack E. Tanner	Washington	1978
Mary Johnson Lowe	New York	1978
Julian A. Cook, Jr.	Michigan	1978
Paul A. Simmons	Pennsylvania	1978
David S. Nelson	Massachusetts	1978
Joseph C. Howard	Maryland	1979
John G. Penn	District of Columbia	1979
Matthew J. Perry	South Carolina	1979
Benjamin F. Gibson	Michigan	1979
Gabrielle Kirk McDonald**	Texas	1979
Anne E. Thompson	New Jersey	1979
Terry Hatter	California	1979
James Giles	Pennsylvania	1979
Horace T. Ward	Georgia	1979
Anna Diggs Taylor	Michigan	1979
Alcee L. Hastings****	Florida	1979
Odell Horton	Tennessee	1979
U.W. Clemon	Alabama	1979
Myron H. Thompson	Alabama	1979
Consuela B. Marshall	California	1980
Thelton E. Henderson	California	1980
Norma H. Johnson	District of Columbia	1980
Clyde S. Cahill, Jr.	Missouri	1980
George Howard, Jr.	Arkansas	1980
Richard C. Erwin	North Caroline	1980
George White	Ohio	1980
Earl B. Gilliam	California	1980

PRESIDENT RONALD REAGAN— 1981-1988

United States Circuit Court of Appeals

Lawrence W. Pierce	2nd Circuit Court of Appeals	1981

United States Court of Claims

Reginald Gibson	US Court of Claims	1983

United States District Court

John R. Hargrove	Maryland	1984
Ann C. Williams	Illinois	1985
Henry T. Wingate	Mississippi	1985
James R. Spencer	Virginia	1986
Kenneth Hoyt	S.D. Texas	1987
Herbert Hutton	G.D. Pennsylvania	1988

PRESIDENT GEORGE BUSH— 1988-

James Ware	N.D. California	1990
Clarence Thomas	D.C. Cir. Ct. of App.	1990

(a) Reappointment
* Deceased
**Resigned
***Retired
****Impeached

March 1991

H - Should have answer prepared B

THE PRESIDENT HAS SEEN 8/9/93 db

Doctors Lobby Patients in a Campaign To Shape Clinton Health-Care Package

By GEORGE ANDERS
Staff Reporter of THE WALL STREET JOURNAL

When patients in Lubbock, Texas, visit gynecologist Ted Forsythe, one of the things they find in the waiting room is a leaflet entitled: "Is the Clinton proposal for health reform good for you and your family?"

The leaflet is popping up in other doctors' offices across the U.S. The tract's tone is low-key, asking patients to think about 10 questions. The queries – from the American Medical Association – deal with the concerns many doctors feel about health-care reform.

The AMA leaflet is the start of what is likely to be a major campaign by doctors and insurers to protect their interests in the health-care reform debate. In September, the AMA says, it will mail its "detailed analysis" of President Clinton's health plan to all 630,000 doctors in the U.S. Similar mass mailings to health-insurance policyholders are contemplated by insurers and their trade groups.

In this lobbying battle, the AMA and insurance companies plan to stress people's freedom to choose their doctors and insurers. That strategy will let the health-industry groups take issue with new government programs that might curtail people's choices – and reduce medical earnings.

Potent Issue

"Freedom of choice" could be a potent issue, says Robert Blendon, chairman of the department of health policy at the Harvard School of Public Health. A nationwide survey that he helped conduct for the Robert Wood Johnson Foundation this spring found that 50% of the public opposes limiting individuals' choices of doctors and hospitals, even if doing so would save money.

"For a lot of people, choice doesn't matter," Prof. Blendon says. "But for others, it's a big enough issue that they won't support the [Clinton] plan" if they feel their flexibility is being restricted. He says such worries are especially common among people over 65, people on the East Coast and people in blue-collar jobs – all groups President Clinton is counting on for support.

In its campaign, the AMA is laying claim to doctors' waiting rooms. When the AMA sends doctors its 10-question memo, it includes the following instructions: "Help your patients ask the right questions about health reform. Cut out the checklist below and make photocopies for your reception area."

Continuity of Care

That is what Santa Ana, Calif., plastic surgeon Robert Miner is doing. Visitors to his offices get to read such questions as: "Will I still be able to see my own doctor? Will I have to pay extra? And will my doctor and I be free to decide how to treat my illness?"

"It's important to the continuity of care," Dr. Miner says of choosing one's doctor. "A doctor is dealing with something very private. To have a health plan where you can't go back and see someone you've seen for 20 years is very upsetting both to the doctor and the patient."

Such pro-choice rhetoric may have its biggest impact in sowing public doubts about managed-care systems, in which patients are guided toward doctors and hospitals that are found to provide the most cost-effective care.

White House strategists have indicated they favor managed care, including the creation of alliances that would buy health care for 100,000 or more members at a time. In recent weeks, President Clinton and the first lady, Hillary Rodham Clinton,

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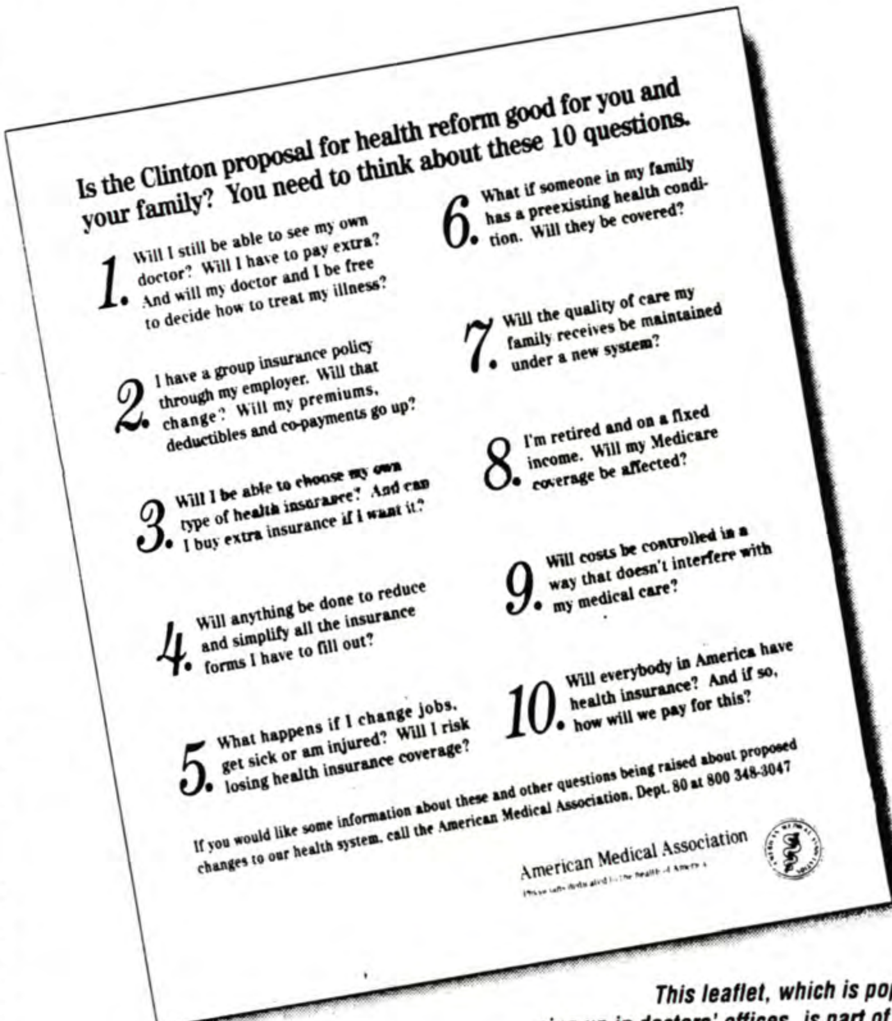

Is the Clinton proposal for health reform good for you and your family? You need to think about these 10 questions.

1. Will I still be able to see my own doctor? Will I have to pay extra? And will my doctor and I be free to decide how to treat my illness?
2. I have a group insurance policy through my employer. Will that change? Will my premiums, deductibles and co-payments go up?
3. Will I be able to choose my own type of health insurance? And can I buy extra insurance if I want it?
4. Will anything be done to reduce and simplify all the insurance forms I have to fill out?
5. What happens if I change jobs, get sick or am injured? Will I risk losing health insurance coverage?
6. What if someone in my family has a preexisting health condition. Will they be covered?
7. Will the quality of care my family receives be maintained under a new system?
8. I'm retired and on a fixed income. Will my Medicare coverage be affected?
9. Will costs be controlled in a way that doesn't interfere with my medical care?
10. Will everybody in America have health insurance? And if so, how will we pay for this?

If you would like some information about these and other questions being raised about proposed changes to our health system, call the American Medical Association, Dept. 80 at 800 348-3047

American Medical Association

This leaflet, which is popping up in doctors' offices, is part of a campaign by doctors to protect their interests in the health-care reform debate.

Patients Want Their Doctors Nearby

By HILARY STOUT
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON – Sue Golden is insistent about the right to choose her doctor. Here are her criteria:

"Initially I do it on how close they are to the office," explains Ms. Golden, a lawyer. "Secondly, I have a 15-minute rule which the staff must abide by: I tell them if you are running 15 minutes behind you are to call me. I can spend the time in my office and get work done. Third, I have to feel at least somewhat comfortable with the doctor. If I feel they are talking down to me and paternalistic, I go haywire."

The right to choose one's doctor is emerging as one of the issues involved in the health-care plan President Clinton is preparing to unveil this fall. Like Ms. Golden, many people make their selection not on any hard knowledge about a physician's expertise but on other criteria: convenience, the recommendations of friends, relatives or co-workers, even the gender of the physician.

A recent poll conducted for the Robert Wood Johnson Foundation asked people to pick the factors that are most important in selecting their doctors. The top two were: 1) The doctor was recommended by a relative or friend and 2) The doctor's office was conveniently located.

Doug Jordan, a lawyer with the federal government, used both those criteria. Years ago, he asked a friend at work, "Have you got a doctor you like?" The recommended physician "was also

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Page 1 of 2

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Cron

THE PRESIDENT HAS SEEN
8/9/93 db

HUD'S CHIEF SEEKS WIDE NEW POWERS

Cisneros Asks Congress's Aid in Dealing With Property Acquired by Default

Rasco
keep up with this

By STEPHEN ENGELBERG
Special to The New York Times

WASHINGTON, July 27 — Housing Secretary Henry G. Cisneros asked Congress today for broad new powers to deal with what he said was the housing department's most serious problem: the rapidly growing inventory of government-owned apartment buildings.

The projects, many of which are in poor condition, have come into the hands of the Department of Housing and Urban Development because of a spate of defaults by private developers on government-insured mortgages. Government auditors have estimated that as much as $11.9 billion worth of mortgages may not be repaid over the next few years, probably expanding the number of buildings in government ownership.

To ease the sales of the projects the department now owns and manages, Mr. Cisneros is seeking to ease the restrictions on selling property to private developers or nonprofit groups. He asked Congress today for the repeal of a 1987 statute that requires the housing department to attach expensive rental subsidies to most of the projects being sold.

Seeks Wider Discretion

That law was intended to preserve the supply of low-income housing in the United States, and Mr. Cisneros wants Congress to give him discretion to use a host of other, less expensive means to protect existing tenants.

Aides to Mr. Cisneros insisted that none of the tenants currently living in buildings owned by the housing department would face rent increases when their buildings are sold off. But tenants advocates said that issue is a crucial one, and has not yet been fully clarified.

The housing department now owns 170 buildings, totaling 29,000 apartments, and that number is expected to more than double by the end of the year. If the department were to follow the existing law, the General Accounting Office estimates it would need as much as $3 billion in rental subsidies to sell off the buildings already owned by the Government.

"This is the tip of a big iceberg directly in our path which will hurt the department and Administration badly if were not able to get a handle on it," Mr. Cisneros said.

Reinventing an Agency?

The legislative proposals unveiled today, part of Mr. Cisneros's plan to "reinvent" HUD, also includes changes in the law on public housing so tenants who find a job would not be penalized with higher rents. In addition, the housing department wants to expand a $2 billion program to spur economic development. Officials said it would provide low-interest loans to communities hoping to attract businesses that would create new jobs.

The Government tries to exit from the apartment business.

In describing his proposals to reporters, however, Mr. Cisneros made it clear that the most pressing problems were posed by the rising inventory of apartment buildings. In 1991, his aides said, the housing agency took over 72 buildings, and sold 11. Last year, it foreclosed on an additional 67 buildings, and sold only 27. The main impediment to selling off the property, HUD officials said, was the lack of subsidy money to meet the Congressionally set requirements.

Mr. Cisneros and other officials acknowledge that HUD has a poor track record of managing apartment buildings it does own. Many of them turn into slums while waiting years to be resold.

Senior aides to Mr. Cisneros said that even if the department wins Congressional approval of he proposed changes, sales of apartment buildings would still require substantial new appropriations. Bruce Katz, Mr. Cisneros's chief of staff, said in an interview that between $500 million and $750 million annually will be needed in rental subsidies over the next five years. Last year, Congress appropriated only $93 million for this purpose.

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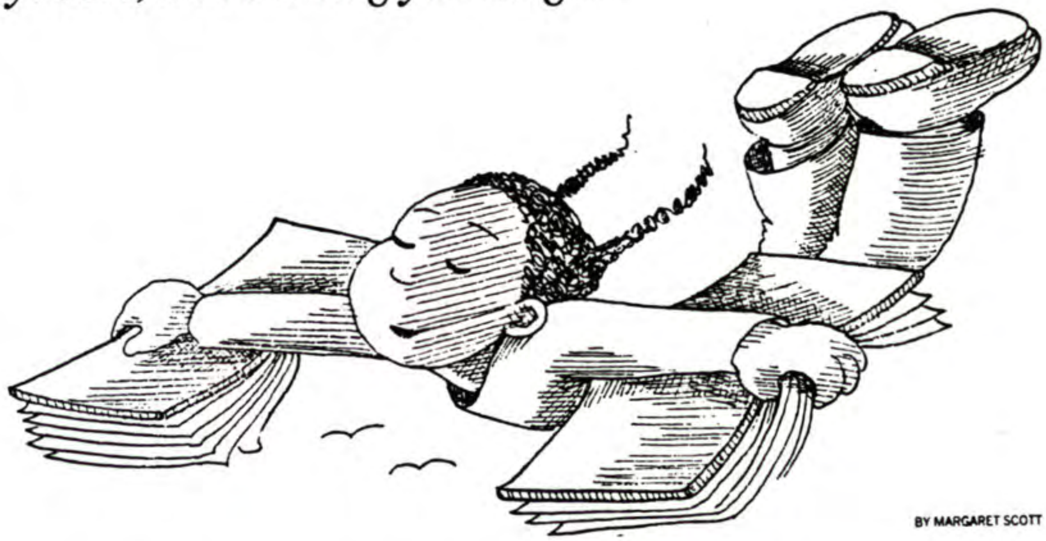
THE PRESIDENT HAS SEEN
8/9/93 db

THE WASHINGTON POST

William Raspberry

High Standards for Black Children

Smart isn't something you are, it's something you can get.



BY MARGARET SCOTT

African Americans surveying the gloomy statistics and dismal trends that mark their status might reasonably ask: Did the civil rights movement fail? Was it doomed from the outset, or was it merely abandoned too soon?

Jeff Howard, in a paper he prepared for the National Urban League, offers a different answer. There have, in this century, been *two* movements—and both succeeded brilliantly. The first, conceived by Charles H. Houston and brought to conclusion by Thurgood Marshall, was the legal struggle to end segregation. Its principal trophy: the Supreme Court's 1954 *Brown* decision. The second movement, spanning the '50s and '60s, used boycotts, marches and nonviolent confrontation to complete that job, finally rendering "the remaining traditional practices of segregation too expensive to maintain."

It's time, says Howard, for a third movement.

The idea of a successor campaign to the 1960s movement is not unique to Howard, of course. A number of people have tried to reinstitute the earlier movement, modifying it for today's changed circumstances but keeping its basic techniques. Others have called for new directions to deal with new realities—an emphasis on black economic development, for example. I have called for a 1990s crusade, equivalent to the '60s campaign, to rescue our children from poverty, crime and despair.

Howard's grander idea is for no less than a movement "to develop black children for the 21st century."

What does this mean? For Howard, it means nothing less than the insistence that all our high school students master calculus or its equivalent *at the advanced placement level*, achieve fluency in a foreign language and write a "literate, well-structured, well-researched" paper of at least 25 pages "on any topic deemed important by teachers and interesting to the student." To this, at the urging of Urban League President John Jacob, he has added a fourth requirement: that each candidate for high school graduation "demonstrate a capacity to live by strict, high ethical standards."

You can't understand what Howard has in mind unless you have some idea of his core belief: that intellectual development is not dependent on special innate gifts but is the result of self-confidence and organized hard work. "Smart," as he puts it, "is not something that you just *are*, but something you can *get*."

This is not empty theory for Howard. It is something he teaches every day at his Efficacy Institute in Lexington, Mass. The institute is infecting teachers and other school leaders—in Boston, Baltimore and the Washington suburbs—with his belief that *all* children can get smart.

But first, he says, some old, crippling notions must be put aside. One of these is the "innate ability paradigm," the idea that children are born with limits on their intellectual development, that these limits are discoverable through testing and that, once they are known, classroom instruction should take these limits into account. The other is "they" as the universal explainer of our difficulties.

Our children don't work because "they" discriminate. Our children don't learn because the schools "they" design set them up for failure. Our children traffic in drugs because "they" bring drugs into the country, kill each other because "they" import assault weapons, get left behind because "they" will let only a hand-picked few make it.

The problem with such explanations, says Howard, is not that they are false (though he believes them to be at best only partially true) but that they put the power in the hands of people who, by definition, have no interest in solving the problem.

"The idea that only white people have the power to change the conditions that afflict our children is very potent," he says, "because belief in it profoundly limits our options for action."

Howard has a different idea, one he sees as critical to children's academic success: "If you believe in yourself, if you think you can, then you will be able to work hard at what you're trying to learn. And if you work hard, if you don't give up, you will learn."

Preachy, useless and divorced from classroom reality? No: It is the key to all successful teaching and learning.

Howard has it right: Our children don't succeed academically because they don't believe they can. Their teachers (and parents and child advocates) don't tell them otherwise because we don't believe it either. We still believe that smart is something you are, not something you can get.

Changing that belief—changing our ideas about what is possible—could transform Jeff Howard's ambitious goals into black America's goals and usher in the "third movement."

Cron

Aid to Afghan Rebels Returns to Haunt U.S.

Washington Created a Monster By Arming Zealots, Many Say

A1

By Thomas W. Lippman
Washington Post Staff Writer

The roundup of Sheik Omar Abdel Rahman and other Islamic militants in the New York area is writing a sour last chapter to one of the great U.S. foreign policy success stories of the 1980s: U.S. support for the Islamic insurgency that drove Soviet troops out of Afghanistan.

Many current and former government officials, independent analysts and Arab diplomats are now saying Washington "created a monster" by encouraging a rebellion based on religious zealotry without stopping to analyze what would happen if the zealots triumphed.

Several of those detained in New York for their alleged involvement in the World Trade Center bombing or plans to attack other high-profile targets participated in the Afghan rebellion as recruiters, trainers or fighters, according to U.S. investigators and Arab diplomats. Abdel Rahman, now in federal custody in New York state pending deportation proceedings, was reportedly a prolific recruiter, preaching sermons urging young men to join their Muslim brothers in the war, according to reports from Cairo. An Afghan link extends as well to a number of accused terrorists in Egypt, Algeria and other Arab countries.

Through Pakistani channels, the CIA provided weapons, money and training for the Afghan insurgents because they were fighting Washington's Cold War rival, the Soviet Union, whose troops invaded Afghanistan in 1979. Young men from several Arab countries not directly involved in the conflict, including Egypt, Jordan and Algeria, went to Afghanistan to join what they viewed as a "holy war" against communist invaders.

AFGHANISTAN, From A1

These young men learned about military tactics, weapons and explosives. Retaining their zeal and their skills long after the last Soviet troops pulled out of Afghanistan, they have become a recurring threat to other nations, including the United States, according to officials and diplomats.

The United States did not create the Afghan insurgency. Inspired and aided by revolutionary Iran, Afghan militants were conducting a guerrilla war against the pro-Moscow government in Kabul even before the Soviet invasion. But after Soviet troops moved into Afghanistan and were perceived as a threat to Pakistan, the United States embraced the Afghan militants as its Cold War proxies.

"The flame that was burning, once the Soviets left, continued to burn," said Robert B. Oakley, who monitored the war as U.S. ambassador to Pakistan. He said the Afghan war had the same inspirational effect on young Muslim men in several countries as the Republican cause in the Spanish Civil War had for idealistic young leftists in the 1930s.

They watched the mullahs of Iran overthrow the pro-Western shah, then saw Iranian-supported rebels take on the Soviets in Afghanistan. They accepted arms and money from the United States, although today Iran, not the United States, is their cultural ideal.

"There was no recognition until very recently," Oakley said, "that these people might come back to the United States or raise hell in other Muslim countries."

According to Charles Hill, who was executive assistant to then-Secretary of State George P. Shultz through much of the administration of President Ronald Reagan, "there was no naivete about who these guys were, they weren't sweethearts." But it "never crossed anybody's mind" that their campaign against infidels would continue against new targets, including the United States, after the Soviet withdrawal.

"We had tremendous battles inside our government over who was getting our resources and whether we were creating a monster, but only after the Soviet pullout," said a senior U.S. official who asked not to be named because he is still involved in regional policy issues. "Before the Soviet pullout, it was open season, just kill as many Russians as possible."

In his recently published memoirs, Shultz refers to the Afghan rebels as "freedom fighters" and reports only one policy disagreement about aiding them: The Defense Department opposed giving them Stinger antiaircraft missiles out of fear that they would be lost to Soviet troops or sold to terrorists elsewhere. Ultimately the United States did provide the shoulder-held missiles, which were instrumental in neutralizing Soviet air power.

Shultz named Morton Abramowitz, then director of the State Department's Bureau of Intelligence and Research and now president of the Carnegie Endowment for International Peace, as a leading advocate of deploying the Stingers.

"Everyone knew there was great concern about some of these people" who received them, Abramowitz said, "but that was not clearly relevant. The main focus was to do our best to get the Soviets out."

The Defense Department's fear that the Stingers would fall into the wrong hands appears to have been well founded. Reports last week in the Los Angeles Times and New York Times said the CIA is seeking $55 million to purchase missiles that are showing up in the international black market. A CIA spokesman refused to confirm or deny the reports.

Jack Blum, a former investigator for the Senate Foreign Relations Committee, said that during the war, "the call went out to the dispossessed of the Middle East, so they could go fight in a holy war, but there was no thought given to the 'disposal problem,' as they called it after the Bay of Pigs." Blum was referring to the Cuban and American survivors of the failed 1961 invasion of Cuba, many of whom were later involved in criminal activities in this country and elsewhere.

"We spent a lot of time looking the other way in Afghanistan," Blum said.

According to accounts at the time and the recollections of several officials, Pakistan insisted on giving most of the aid to a particularly extreme, anti-Western faction in Afghanistan, at the expense of more moderate elements. The United States tolerated this arrangement because that group "killed the most Russians," one former official said.

According to Bernard Rubin, a scholar of Afghan affairs at Columbia University, "anyone here who suggested we should be concerned about the politics of the groups we were aiding was considered terminally naive. The objective was to kill Russians."

He said U.S. policy did contribute to the creation of a monster, but "the monster's name is Hekmatyar, not Abdel Rahman." Gulbuddin Hekmatyar headed the most extreme and most anti-Western of the Afghan groups, the one favored by the Pakistani intelligence service that controlled the distribution of money and weapons. Hekmatyar is now prime minister of Afghanistan—and still fighting the Russians in a border conflict in Tajikistan.

Several former officials said the United States would have preferred to use other Afghan groups, less anti-Western and motivated more by nationalism than religion, as its anti-Soviet proxies, but was obliged to defer to Pakistan because Pakistan was the supply channel. Pakistan's powerful intelligence service favored Hekmatyar, who reportedly had been its agent in Afghanistan for many years.

Algeria and Egypt, under siege from religious militants including veterans of the Afghan war, have tried to deflect U.S. criticism of their crackdowns on the extremists by blaming the United States for creating the problem in the first place. According to the Egyptians, the Pakistani city of Peshawar, which was the support center for the Afghan resistance in the 1980s, remains a base for Arab extremists left over from the Afghan war and now looking for new targets—such as the pro-Western government in Cairo.

"You should have supported it as a nationalist struggle against an invader, not as a jihad [Islamic religious campaign] against an infidel," an Egyptian official said. "The way it turned out, the extremists beat one secular country, now they're turning against others."

Rubin said such criticism is "misdirected. It's part of a diversionary tactic on the part of unsuccessful Arab regimes to find external scapegoats."

According to Oakley, the United States should not be blamed for the activities of the Arab freelancers who signed on with the Afghan cause.

"That was not our network," he said. "The United States was not financing or recruiting the people from the other Muslim countries. That was a whole parallel operation that started long before we got there."

THE PRESIDENT HAS SEEN
8/9/93

THE WASHINGTON POST MONDAY, JULY 26, 1993

Cron 1

THE PRESIDENT HAS SEEN
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RESIDE
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Tony — we need to discuss where we're going w/ this in next 10-14 days — B.

Strikes in Bosnia

E CONSIDERATION of American air rikes in Bosnia is suffering from a basic onfusion about ends and means. Basically, uld be three purposes of strikes. One would ut a facade of American forcefulness on ic efforts that amount to leaning on the to accept the sort of gross dismemberment rbs and Croats appear to have in mind. in this context would be phony and ignoble ld serve no good purpose.

ond purpose of strikes, or of another military uch as helping to arm the Muslims, would be to restore Bosnia as the unitary state it was between its proclamation and the quick f Serb-Croat efforts to carve it up. There is e in this option but not realism and responsi- Strikes in this context would promise more e United States is in a position to deliver, and well encourage Muslims to take risks whose uences Americans would not be prepared to e.

etween lies a third purpose of strikes: as a f pressure to improve the terms on which the 1 presence in Bosnia can be organized and the 1 people protected from this point onward. This requires careful political planning so as to select the objectives appropriate to the force that might now be deployed, and careful military planning as well. Strikes in this context would not be feel-good substitutes for effective aid. Nor would they be provocative hints inviting destructive misinterpretations by Muslims, Serbs and Croats respectively. If well conceived and executed, they could be instruments of an intelligent diplomacy.

At the moment, American policy is flailing. The Clinton administration is caught up between protecting itself against over-extension—that means caution—and projecting power for a defined foreign policy purpose—that requires boldness and, even more, hardheadedness. The administration has allowed an otherwise reasonable respect for procedure and consultation to weaken its grasp on the core issue, which is to decide what to do in the savage and still-deteriorating circumstances of the war in Bosnia. The good options are long since gone. What is now required is to seize the best of what possibilities remain. The right choice, we are convinced, will find popular and international support. No miracle is in prospect. A little saving decency may be.

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[redacted]

Cron

John Waterbury

How to Foil Saddam

THE PRESIDENT HAS SEEN 8/9/93 db

For roughly what it cost to launch 23 Tomahawk missiles against Iraqi intelligence headquarters in Baghdad, the international community could buy most of the wheat now being harvested in the Kurdish areas of northern Iraq. Such a move would do far more to undermine Saddam Hussein's plan to reabsorb the north and to consolidate his position in Iraq than punitive but largely ineffectual military strikes.

Baghdad has the military capability to recapture the autonomous northern region, liberated since the spring of 1991. But knowing that such a move might provoke a major international military response, Saddam has opted for waging a successful economic war against the north.

First, he has imposed his own economic embargo on the north (in addition to the international sanctions applied to all of Iraq). Only emergency, humanitarian aid can reach the north, but nothing that might rehabilitate its crippled economy. Fuel, raw materials and spare parts are almost unavailable.

Second, on May 5, the Iraqi government withdrew all 25 dinar notes from circulation, thereby wiping out more than $20 million in northern savings. Baghdad has threatened to do the same with 5 and 10 dinar notes. This is the only legal tender in the north, and, until May 5, was still accepted as payment by merchants in Turkey and Iran, where the north could buy some of its basic consumption needs. Now those same merchants no longer want to hold Iraqi currency that Saddam has intentionally undermined.

How has the north earned these dinars in the first place? By selling to the south the one commodity the region is able to produce: wheat. In the summer of 1992 some 200,000 tons of it went south to Saddam's captive population in exchange for dinars. So important is this source of food supply that it has contributed to Saddam's ability to flout U.N. resolutions 706 and 712 that would allow it to sell, under U.N. supervision, oil for food and medicine.

It is increasingly likely that at least 200,000 tons of this summer's crop will find its way to Baghdad. The democratically elected but unrecognized government in northern Iraq has no cash with which to purchase the crop. The international community, at a pledging session in Geneva at the beginning of June, came up with $6.5 million toward a buy-back program that would acquire some 50,000 tons that would then be distributed to refugees in the north during the winter months.

However, the population at risk in the north is on the order of 2 million. The food to feed them is now standing in the fields of northern Iraq, but there is no money locally with which to buy it. A recently approved supplemental funding bill in the House could free some additional millions of dollars, but the question is how quickly those funds can be made available.

The pressure for cash-starved northern farmers to sell now is enormous. Merchants on behalf of the south are offering attractive prices, although payment would come either in 5 and 10 dinar notes or in so-called "photo-copy" money that Saddam is using in the south and which is easily counterfeited. The north would then have no alternative but to reintegrate itself with the south and on Saddam's terms. The deal would be to lift the internal blockade so that this funny money could flow back to the south in exchange for consumer goods. Already Jalal Talabani, leader of one of the major Kurdish parties, has talked of negotiating with Baghdad, while Massoud Barzani, leac other major party, told me that the c.. facing the Kurds is to become refugees onc again or to surrender to Saddam.

The United States has two points of leverage on Baghdad: the sanctions and the autonomous northern zone. If Saddam wins the economic war, the autonomous zone will disappear. Moreover, if northern leadership cuts a deal with Saddam, it will be very hard for the international community to maintain the sanctions because of their harsh effects on all the Iraqi people. Both points of leverage would have been lost.

The object is to protect northern autonomy not as a prelude to independence for the Kurds but rather as part of a strategy to weaken Saddam Hussein's regime. To work, the strategy must gradually shift international assistance to the north from emergency aid to economic rehabilitation. The United States and its allies must stress that the longer-term goal is a democratic Iraq in which the north will have its rightful place.

A first step in this direction would be the purchase of a substantial portion of the wheat harvest, which could then be sold back to the people of northern Iraq during the winter months. The cost would be about $25 million. Saddam would be deprived of a crucial supply of food, his economic squeeze would be undone, and the north would continue to escape his direct control. This game will play itself out in the next few months as the harvest comes in. With a little money and imagination, the United States and its allies can play this game and win.

The writer is director of the Center of International Studies, Princeton University.

Tony - what about this?
B.

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[redacted]

Nor did the bank consult with the other republics or the International Monetary Fund as it promised

he's had a tough time making the point clear to Mr. Gerashchenko and company.

Cron

Fix, but Don't Kill, the N.E.D.

THE PRESIDENT HAS SEEN
8/9/93

In a surprising turnabout in June, the House of Representatives voted to kill funding for the National Endowment for Democracy. By Washington standards, the money is trivial — $48 million — but the principle is scarcely petty. Unless the Senate decides otherwise this week, it will mark the end of the N.E.D., which was established during the Reagan years to promote democracy abroad and is now supported by President Clinton.

Opponents charge that the endowment is a cold-war fossil whose mission has been compromised by its peculiar status as a private foundation using public funds. They point with alarm to dubious grants to right-wing trade unions or exile groups favored by one or another of four "core" intermediaries who make the grants — the Republican and Democratic parties, the A.F.L.-C.I.O. and the U.S. Chamber of Commerce. But one can acknowledge the point and still wonder if the right remedy is to scuttle the program rather than repair it.

Paul Kanjorski of Pennsylvania, who led the House rebellion, called the endowment "an insult to the Constitution" because it has provided tax money to private groups to carry on foreign affairs. But there has long been a workable partnership in disaster relief, without anyone perceiving an insult. And the same House voted $127 million to subsidize the overseas marketing of prunes, whisky, candy and fruit juice, a form of private sector partnership it found less offensive than helping democrats in post-Communist and third-world countries.

It is nevertheless true that the endowment needs a different structure. Mr. Clinton has defined promotion of democracy as one of the pillars of U.S. foreign policy. It is far better for both recipient and donor if American help is openly provided. Those aims could be achieved, and constitutional qualms met, if the N.E.D. was reborn as a fully public institution answerable to taxpayers through Congress or the President.

Why not give the N.E.D. a fresh charter under a blue-ribbon, publicly appointed board directly empowered to approve grants, thus removing private groups from the scene? That's a more promising approach than abandoning the field just when democrats elsewhere desperately need support.

Tony — can we save it? It's important —

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THE NEW YORK TIMES, TUESDAY, JULY 27, 1993

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Oron

Senate Votes To Halt Wool Aid

Honey Subsidies Would Be Curbed

By Helen Dewar
Washington Post Staff Writer

The Senate nibbled at the edges of the country's multibillion-dollar farm subsidy programs yesterday as it voted to eliminate payments to producers of wool and mohair and to limit assistance to honey producers during the next fiscal year.

Although small in comparison with corn, wheat, cotton, milk and other major commodity programs, the honey, wool and mohair programs—which stemmed out of post-World War II security concerns—have loomed large as monuments to the immortality of government spending programs.

"Jurassic Park is not the only show about dinosaurs playing this summer," said Sen. Richard H. Bryan (D-Nev.) in proposing an amendment to stop funding for wool and mohair subsidies as part of the $71 billion agriculture appropriations bill for fiscal 1994.

Both amendments were approved by voice votes after proponents of the programs agreed to forgo roll call votes, apparently because they knew they would lose either way.

The House version of the appropriations measure would not reduce or kill either program. If the House goes along with the Senate—which is by no means assured—the government would save $190 million by eliminating the wool and mohair program and trim $1.5 million from the $17 million honeybee program, according to the proposals' sponsors.

Under the proposal from Sen. Hank Brown (R-Colo.) to curtail the honey program, the current ceiling of $300,000 for subsidies and loan forfeitures would be reduced to $50,000 for the fiscal year beginning Oct. 1.

Brown said only 4 percent of all honey producers—"the big guys . . . who rake in the huge collars"—receive subsidies.

"Bees will retain their interest in honey whether we have a federal program or not," Brown said, adding that he would eliminate the program entirely if he could get the votes to do so.

But senators from honey-producing states warned that elimination of the subsidies would drive beekeepers out of business and jeopardize billions of dollars worth of fruit and other crops that are dependent on bees for pollination.

SEN. RICHARD H. BRYAN
. . . seeks to limit some farm subsidies

Brown's victory also was an achievement of sorts for President Clinton, who, during his campaign, cited the honey subsidies as the kind of federal program he would end if he was elected. The honey program was one of few that Clinton targeted for elimination in his fiscal 1994 budget.

The honey subsidies were originally approved to assure the country a reliable supply of sugar substitute and beeswax for waterproofing ammunition and other supplies.

After getting high prices during the war to assure adequate supplies for military uniforms, wool producers, facing a post-war slump, prevailed on Congress to subsidize production of domestic wool and continue duties on imported wool. With demand for mohair also declining, Congress included Angora goats as well as sheep.

"Long after any possible strategic value to having a wool and mohair stockpile, the sheep and mohair producers are still collecting taxpayer money," Bryan said. "A 39-year raid on the Treasury is long enough."

Payments to wool and mohair producers are currently limited to $250,000 for each recipient.

But, in an assessment that could apply to honey subsidy caps as well as those in effect for wool and mohair, the General Accounting Office has found that beneficiaries of farm subsidies have found ways to get around the payment caps and collect more than is allowed.

Still pending is another proposal from Bryan to eliminate $78 million for the Agriculture Department's market-promotion program, which is designed to promote American agriculture products in foreign markets. The Senate is expected to pass the appropriations bill today and send it to a House-Senate conference.

When a Single Sentence Threatens Loss of Millions

THE PRESIDENT HAS SEEN
8/9/93 db

Lobbyist Spots Loophole in Bill's Fine Print

By Charles R. Babcock
Washington Post Staff Writer

Janet Gregor earned her pay this month when she discovered one sentence in the Senate's 880-page budget reconciliation bill: a sentence that state tax commissioners say would let the cellular telephone industry escape hundreds of millions of dollars in state and local taxes.

Gregor, a Washington lobbyist for the state of California, was reading the fine print on the bill July 1, she said yesterday, when she noticed the brief but potent provision. It said licenses for use of the airwaves "shall not be treated as the property of the licensee for property tax purposes, or other similar tax purposes, by any state or local government entity." Further research found a similar one-sentence provision buried in the 1,624-page House version of the bill, which passed in May.

Lawyers and lobbyists around Washington are paid to spot—or insert—just such provisions in just such bills.

The sentence was attached to the section of the bill authorizing the auction of the radio spectrum. While states do not currently tax the value of federal licenses, according to Dan Bucks of the Multistate Tax Commission, they do tax the value of a company's property that is enhanced by such licenses. Bucks said the language is so vague it could cost states more than $1 billion over time. Cellular industry officials said it wasn't their intent to escape current taxes.

Bucks recalled his reaction to learning of the provision: disbelief, because of the potential cash loss for states, and "here we go again." Some industry, he said, tries to fashion such a secret loophole during every session of Congress.

"This was hidden," he said in an interview yesterday. "It was put in without any hearing or notice. And even more outrageous is the substance," Bucks said. "The federal government has never done this before, marketing a state tax break like a little bonus. . . . This thing cannot survive the bright light of scrutiny."

Thomas E. Wheeler, president of the Cellular Telecommunications Industry Association, said his group considers the provision "part of the total auction legislation," but wouldn't take credit for supplying the language. Congressional communications committee staff aides said they saw the sentence as merely clarifying that the auction isn't selling a property interest in the radio spectrum, just the use of it.

"I will confess the multistate people educated us that the language does a little more than that," said one. That "little more" could cost California alone $43 million a year in lost property taxes, according to estimates Gregor cited.

The combatants have spent the last few days trying to agree on language to narrow the provisions. Washington lawyer Ronald L. Plesser, who represents PCS Action, a group of companies pursuing a next-generation cellular technology called "personal communication services," agreed the language "needed a lot of tightening up." The Washington Post Co., which has invested in PCS, is a member of his group.

Plesser said PCS Action is concerned about companies being taxed on the value of a license before they have a cash flow from customers. A compromise is reachable, he said, because "we're not looking for a tax break and they [the state tax commissioners] say they are not looking to clobber us."

Wheeler, president of the cellular trade group, said he thinks the state tax administrators are overreacting. "They dance on the head of these legal taxation policy pins," he said.

He said his group, which represents companies that have 95 percent of the nation's cellular phone customers, was seeking greater certainty about taxes as it faces an expensive auction system that it has always opposed.

The outcome of the current fracas could have an impact on the budget, Wheeler suggested. He noted that it is estimated that the airwaves auction will produce $7.2 billion for the federal government. Removing the state tax provision from the bill might mean licensees won't be willing to bid as much at the auction, he said.

Bob Rubin
How did this
come out
B.

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TB Bob Rubin Laura Tyson FYI B

jobs:
trade policy or
human resource policy

The Economist

THE PRESIDENT HAS SEEN
8/9/93

He wants your job

FOR as long as there have been rich countries and poor ones, the poor have tried to catch up and the rich have tried to stay ahead. The present anxiety in America and Western Europe about losing jobs to the third world is therefore nothing new—but it is greater than for years, and growing.

This fretful mood is easily explained. For ten years America has felt battered by foreign competition; its trade deficit has persisted despite the fall in the dollar, and is starting to look immovable. Now there is a new fear (and a populist crusade to go with it), that the North American Free Trade Agreement (NAFTA) will cause jobs in manufacturing to migrate to Mexico. West Europeans feel insecure, too—partly because of fiercer competition from abroad, partly because of the deepening recession in most of the European Community.

Just as this mood is taking hold, many developing countries are telling the world that they are open for business. In Latin America, Asia and Eastern Europe, countries eagerly seek the rich world's savings—and, often for the first time, many have profitable uses for the cash. Nervous Northerners ask: what will the poor countries do when they have borrowed our money, copied our technology and built their new factories? The answer seems obvious: thanks to cheap labour, and lax or non-existent laws on health, safety and the environment, the third world will steal the rich countries' jobs. If Mexico, China, India and others become prosperous, the argument goes, it will be by making Western Europe and the United States poorer.

Blame the messenger

Such fears are misconceived. But they must be dispelled, not ignored. Policies designed under their influence threaten real, not imaginary, harm to all countries, rich and poor.

The prejudice to abandon first is that a narrowing gap between rich and poor countries is a cause for concern. It is natural and desirable that poor countries should grow faster than rich ones. Desirable, because poverty is a bad thing. Natural, because economic growth is what happens when countries accumulate the right sort of physical and human capital, and use it efficiently. Producers in poor countries can copy the methods and technologies of their rich-country counterparts at relatively low cost; to continue to grow, the rich countries need to devise new methods and technologies for themselves. So, other things being equal, you would expect the poor countries to catch up. For the North, that is the same as "relative economic decline"—and is no bad thing.

Some poor countries may one day overtake the rich ones (just as America overtook Britain, or as Britain overtook Holland)—but not necessarily. As the gap closes, the follower countries lose their advantage in acquiring capital and technology. Their growth slows for other reasons, too. With greater wealth come demands for longer holidays, better pensions and health care, cleaner streets and factories. As countries become richer, they choose to devote more of their resources to such things; growth, narrowly defined, slows as a result.

Nor does catching-up imply that growth in the rich countries must stop, still less turn negative. This fear seems to haunt some in the North. It is groundless. For the past four decades America, Japan and the countries of Western Europe, each competing against the others, have grown enormously richer—all of them at once, not some at the expense of the rest. In every case, the great bulk of each country's output satisfied ever-growing demand at home; in every case, nonetheless, exports expanded hugely, and so did imports. That is, growth created its own demand, domestically and internationally. The same will be true in the third world. A fast-growing Mexico (or China, or India) will be its own biggest customer. As it succeeds, it will export more—but it will import more, too. Its success will therefore "create" as many jobs in America and other countries as it will "destroy".

In this mutually beneficial process of competition and convergence, international trade is crucial: it provides both the incentive and the means for faster capital accumulation and growth. So it is no coincidence that those who regard competition and convergence as a threat have put trade in their sights. The Clinton administration is demanding tough side agreements on NAFTA—agreements that would oblige Mexico to raise its standards of worker protection and environmental control, and thereby become less competitive; even so, Congress may refuse to ratify the pact. The EC's rich countries are keen to apply their own version of NAFTA's side deals—the social chapter of the Maastricht treaty—across the whole Community; it would in the same way reduce the competitive advantage of the region's poorer countries, and hence the competitive pressure on the rich ones.

Another expression of economic neurosis—and another bad policy—is America's evolving approach to trade with Japan. On June 11th America's negotiators were expected to ask Japan to set targets for imports of certain goods and (a new benchmark for fatuous demands) to reduce its current-account surplus by some given amount. Some Americans will welcome this for the plausible (though incorrect) reason that Japan's markets are unfairly closed to outsiders, and such targets are the only way to open them. More will welcome them simply because they regard liberal trade with Japan or any other highly competitive producer as a threat to their prosperity.

Misplaced fears of actual or impending decline are the wrong starting-point for economic policy. During his election campaign, Mr Clinton emphasised the right one: the need to raise productivity. All economic policies should be measured against that criterion. Instead of fearing success in other countries, as they seem to, Western Europe and America should concentrate on becoming even more successful themselves. And the only lasting way to do so is to raise their productivity.

With that as the starting point, the prescriptions for policy alter. In practice, trade protection has nothing to do with spurring productivity at home. Industries seek import barriers (or export assistance) precisely to avoid the need for higher productivity. Foreign competition forces producers to become more competitive, or to make things consumers really want. The effect of Japanese competition on the European and American car industries is a case in point (see page 67).

Instead of trade policy, the need for higher productivity calls for measures such as these: better education and training, lower taxes on saving and investment, greater subsidies for some forms of research and development, more investment in infrastructure, more help for workers from shrinking industries to move to expanding ones, and so on. Mr Clinton talked of such policies before the election; less so since. Meanwhile, the laser-like focus of his economics team appears to have been on developing an idiotic policy towards Japan.

Believers in a liberal trading order, and in the hardly dismal doctrine that economic growth is a positive-sum game, need not yet despair. Life may be stirring in the GATT talks (see page 78). However, the declinist pessimism that threatens NAFTA, insists on Maastricht's social chapter and makes anti-Japanese trade policy such a vote-winner in Europe and America may, in the end, overshadow even a successful Uruguay round. Apologists for economic failure in the third world long argued that the rich countries would never let the poor succeed. It was a lousy excuse for not trying. Now, many are trying hard—and, shameful to report, the apologists had a point.

Bull's-eye

Norman Lamont's attack on the British government was right on target

THE sense of *déjà vu* was overwhelming. After he resigned as foreign secretary in November 1990, Sir Geoffrey (now Lord) Howe stood up in the House of Commons and calmly took aim at the most vulnerable spot of the government he had just left, its policy towards Europe. Within a month, Margaret Thatcher was gone. On June 9th, Norman Lamont, recently sacked as chancellor of the exchequer, chose at short notice to stand up in a packed House and fire straight at the worst weakness of John Major's government, its seeming vacillation. How long before Mr Major, too, resigns or is defeated?

A hefty discount rate naturally applies to statements by sacked ministers. The ego is raw, the instinct for self-justification strong. The recession? Not Mr Lamont's fault; blame it all on the late-1980s boom when Nigel (now Lord) Lawson was chancellor. The fiasco of Black Wednesday, when sterling was unceremoniously ejected from the European Community's exchange-rate mechanism? Not guilty; he was wary of the ERM from the start, he had suggested (but the prime minister had rejected) the idea of suspending sterling's membership, and France had implacably opposed the general realignment of currencies that might have averted disaster. Should he have resigned at the time? Mr Major hadn't, no other EC finance minister did, and one central-bank chief among the devaluers (Italy's Carlo Ciampi) even won promotion to prime minister. His sacking now? Nothing to do with his policies, everything to do with a government that cares too much about opinion polls.

At one level, then, Mr Lamont's speech was merely an eloquent version of recent history as he would like it to be rewritten. But if that were all there was to it, his words would not have seemed so wounding. His wounding-power came from saying out loud, with all the authority of an ex-chancellor and manager of Mr Major's campaign for the leadership, what most Britons feel about the current government. There was something wrong with the way the government made decisions, said Mr Lamont. It was driven by short-termism. It gave the impression, he said in a phrase Mr Major will find hard to shrug off, of being "in office, but not in power."

So there it is. The trouble with the Major government is no mere figment of the media's imagination (even some Tory parts of which now barely contain their hostility to Mr Major), nor is it an invention of the opinion polls (which show that confidence in Mr Major is now lower than for any prime minister since polls began). It is publicly confirmed by a man who has been right at the heart of the government.

If that were not bad enough, consider the damning thought behind the ex-chancellor's two policy recommendations. One was the message to his successor, Kenneth Clarke, stressing the need to be tough in curbing public spending. The other was the revelation that for the past two years he had tried unsuccessfully to win Mr Major over to a reform that would mark a break with the inflationary—and thus recessionary—past: making the Bank of England independent. This, he said pointedly, would eliminate political fiddling with interest rates. The implication: this government is not to be trusted.

Howe now?

Despite that sense of *déjà vu*, there is nothing inevitable about what happens next. Unlike Mrs Thatcher, Mr Major faces no obvious challenger for his job—yet. The recession and the ratification of Maastricht should soon both be behind him. His ex-chancellor has damaged, but not yet destroyed, him.

But if Mr Major is to survive, he has to change. First, he needs to clarify in his own mind his priorities: a commitment to a relaxed Europe, to low inflation and prudent budgeting, to a radical rejigging of social security, and to reforms in education and health. Then, he needs to persuade others that these are what he really minds about, and not (as Mr Lamont suggested) today's poll and tomorrow's headline. The charge remains unproven; but however small the government's majority, Mr Major will not survive by switching direction with every gust of wind. He must show he is made of sterner stuff.

Cron

THE PRESIDENT HAS SEEN
8/19/93 dj

Leroy Aarons

That Moment at Maxim's

Thirty-eight years ago as a young ensign, I went on liberty in the port of Philadelphia. I trooped around Locust Street in civvies convincing myself I was interested in the girlie shows. I knew better. Passing through one of those ubiquitous downtown alleys typical of Philadelphia, I found myself drawn to the door of a place called Maxim's.

I entered, and, as in Dorothy's introduction to Oz, experienced a surreal fade from black and white to technicolor. The place was jam-packed with men, only men, well-groomed masculine men in sport jackets and ties. I had stumbled on my first gay bar and was stunned by the realization that there were hundreds of other people like me. It was a mind-boggling and powerful discovery.

Thus, my entry to the gay life. Looking back, I realize I was one of those "gays in the military," and just by being in Maxim's I was risking my naval career and my entire future. But that didn't stop me. Nothing could. I had found my world, and I was damn well going to explore it to the fullest.

"As a young, gay naval officer, I never questioned the military's policy."

So most of my off-time during my two years of active service was spent grazing gay haunts. I knew it was risky. As personnel officer aboard my ship, I was aware of cases in which sailors were stripped of rank and cashiered from service with undesirable discharges. I was scared, but certain in the knowledge that what I did in my off hours had no effect on my ability to perform while on duty. (Unlike some of author Randy Shilts's case histories, I never got caught.)

Now, from the perspective of the '90s, I look back on that post-McCarthy period with a sense of awe at how far the world has turned. Where younger gays and lesbians today rail at the "betrayal" by the Clinton administration with its watered-down version of don't ask, don't tell, I marvel that we've come this far. Imagine, no more humiliating questions. No more lying. No more witch-hunts. No more forced snitching on others. (Assuming, of course, as I do, that any effort to codify the original ban will fail or be vetoed.)

As recently as one year ago, such a development would have been considered an impossibility. In the broad context of history, this change must be recognized for the markedly forward step that it is—and I stress that I speak for myself. Gays can afford to pause for a moment and acknowledge our blessings.

But not freeze. The policy—advance that it is—is quite unacceptable as a final response. Gay activists and their straight supporters are correct in laying plans to challenge it at every level. Don't ask, don't tell retains the unacceptable notion that gays who try to be fully themselves risk severe penalty. That is the bludgeon by which an antagonistic society has held gays at ransom for centuries.

In thinking back to my service years, I was struck by an astonishing realization. As a young, gay naval officer, I never questioned the military's policy. I accepted the notion that to be gay was indeed criminal, and if one got caught that was the breaks.

Clearly, I had internalized society's picture of me and others like me. Yes, I, a healthy, functioning human being in every other respect, must be sick, indeed criminal, because of my sexual orientation.

It was a distortion that damaged hundreds of thousands of gays and lesbians. Fortunately, the times are changing. Still there is much self-hatred among gay and lesbian individuals. And the fundamentalists are cleverly playing off our nation's sexual phobias in an effort to force homosexuality back into the closet.

So, the answer is to savor your victories, but keep fighting.

Leroy Aarons, a former Washington Post national correspondent and editor, is founder and president of the National Lesbian and Gay Journalists Association.

GS
Worth saving

THE WASHINGTON POST MONDAY, JULY 26, 1993

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GS suggestions

CDF Proposal for Reconciliation Conference Report their ideas

SUMMARY

THE PRESIDENT HAS SEEN 8/9/93

This proposal is based on results of a survey conducted among conservative and moderate Democrats who either voted for H.R. 2264 in the House with the expectation that it would be changed before the House voted on the conference report or who voted against the bill when it was considered by the House. All of the options included below were supported by at least 70% of the members responding to the survey. Using the Senate passed reconciliation bill as a starting point, this proposal would make several changes based on three basic goals supported by the group:

(1) Elimination of taxes on the middle-class;
(2) Increase the amount of spending cuts relative to revenue increases in the package;
(3) Add incentives for investment and capital formation beyond the Senate provisions.

The cumulative effect of these changes to the Senate passed bill would result in a package that would reduce the deficit by $523.9 billion over five years through $318.8 billion in spending cuts and $205.1 billion in revenue increases. As a result of these changes, the ratio between spending cuts and tax increases would be slightly above 1.55 to 1.

ADDITIONAL SAVINGS

~~Means-test Medicare for individuals with incomes above $75,000. Savings -- $10.7 billion~~
~~This proposal would phase in higher premiums beginning at $75,000 so that beneficiaries with incomes above $100,000 pay premiums equal to 100% of costs for individuals. The Medicare premium for individuals with income above $100,000 would be $141 a month.~~

Full COLA for all civilian and military retirees and Social Security recipients on the first $600 in benefits and a COLA of CPI -2% on benefits above $600. Savings -- $22.7 billion.
This provision would give all beneficiaries a full COLA for the first $600 of monthly benefits. Recipients with monthly benefits of more than $600 would receive a COLA of CPI -2% on the benefits above $600. $600 is the poverty threshold for an elderly person. The $600 threshold for COLA reductions would be indexed to maintain its value over time. —120 11.3b
(might then win a [illegible]

Eliminate EITC increase. Savings -- $18.3 billion.
Part of the EITC increase designed to offset the impact of the energy tax would be unnecessary with the elimination of the energy tax. The remaining EITC increase should be incorporated into welfare reform legislation. Of the $18.3 billion, $1.5 billion would be a reduction in tax liability and the remaining $16.8 billion will be government outlays as a supplement to an individuals income beyond their tax liability.

Reduce discretionary caps to capture 50% of savings below 602(b) allocations achieved in House appropriations bills. Savings -- $12.1 billion.
The House has passed eleven of the thirteen appropriations bills so far. Cumulatively, the eleven bills are below their 602(b) allocations by approximately $5.7 billion in budget authority and $1.6 billion in outlays. Since the 602(b) allocations are equal to the discretionary caps, all reductions below the 602(b)'s are reductions from the caps. Assuming a lower baseline from these reductions (particularly from programs that are eliminated), they translate into a $28.9 billion reduction in budget authority and a $24.3 billion reduction in outlays below the caps over five years. Reducing the discretionary caps by 50% of the amount would result in savings of $6.8 billion in outlays over five years. This represents a cut of approximately 0.4% in the outlay caps over the next five years.

Total savings -- $63.8 billion

REVENUE LOSSES

Eliminate 4.3 cent per gallon transportation fuels tax. Revenue loss --- $23.5 billion
The 4.3 cent per gallon transportation fuels tax is the primary middle-class tax in the package. This tax is unfair to rural areas in which individuals travel greater distances. Because it is an easily identifiable and understood tax on the middle-class, this tax has a tremendous political cost for a relatively small amount of deficit reduction. The primary rationale for this tax is the environmental impact, not as fiscal policy. A budget reconciliation bill is for fiscal policy, not environmental policy. 57% of CDF members responding to survey indicated that they would not support a conference report that included any energy tax, and an additional 32% indicated that they strongly prefer the removal of any energy tax.

Index Capital gains prospectively and reinstate "small-business" capital gains cut from the House bill. Revenue loss -- $13 billion
The indexing proposal would eliminate the tax on capital gains solely related to inflation. A corporation or individual taxpayer could elect at the time of the sale to either pay the tax on the full gain at the lower capital gains rate of 28% or to index the basis of the asset to reflect inflationary gains at the ordinary rates. This proposal would apply to sales after January 1, 1993 and indexing would apply after January 1, 1993. The House passed capital gains cut would provide a 50% exclusion from capital gains taxation for the sale of stock in qualified small businesses held for more than five years.

Eliminate Senate provision applying 10% income tax surtax on capital gains. Cost $600 million
Both the House and Senate bills apply a 10% surcharge to incomes above $250,000. Unlike the House bill, the Senate bill would apply this surcharge to capital gains income, effectively reducing the capital gains differential in the tax code.

Adopt House provisions on expensing. Cost -- $1.8 billion.
The House reconciliation bill would allow small businesses to deduct up to $25,000 of the cost of new equipment. The Senate reconciliation bill increased expensing up to $20,500.

Total revenue loss -- $38.9 billion

Miscellaneous

Entitlement Discipline
Inclusion of the entitlement discipline language (with technical improvements) that was in the House Reconciliation bill is strongly supported by 75% of the respondents, 57% of whom said that entitlement discipline must be included in the final bill for them to support it.

Food Stamps
Increasing spending as part of a deficit reduction package that includes significant new taxes has nearly as much political baggage as the energy tax. Increases in the food stamp program more appropriately should be considered as part of welfare reform. The increase in the food stamp program included in the House bill was opposed by 70% of the respondents (including 41% who strongly opposed it), while only 11% supported it.

Achieving $500 billion in deficit reduction
Achieving the goal of $500 billion in deficit reduction is important, although the support isn't as important as maintaining entitlement discipline or eliminating the energy tax. Achieving $500 billion was an absolute must for 39% of the respondents and an additional 37% preferred to achieve the full $500 billion but who were willing to accept as low as $475 billion.

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% support 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

Budget Facts

Entitlement target levels

If the entitlement targets are placed at the levels established in the House bill, entitlement spending would be $260 billion higher in 1998 than it was in 1993 -- a 35.8% increase. The Senate numbers would be slightly lower.

The House bill would allow entitlement spending to **increase by an average $52 billion and 6.3% a year.** This allows for 9% annual inflation in health care.

For each year, the increases would be: 1994 -- $43 billion, 6%; 1995 -- $51 billion, 6.7%; 1996 -- $42 billion, 5.6%; 1997 -- $63 billion, 6.3%; 1998 -- $62 billion, 7%.

Reducing the entitlement targets by 1% for each of the next five years would force reductions of $53.6 billion. Making no changes in the entitlement targets for the next three years and **reducing the targets by 1% for 1997 and 1998 only would force reductions of $19.7 billion.**

Entitlements as part of budget

In 1993, mandatory spending represented just under 50% of the budget ($770 billion). The remainder was discretionary (37.6%) and net interest (13.6%). **In 1998, entitlement spending is projected to represent 53% of the budget** ($1.03 trillion), with discretionary spending accounting for 32% and interest representing (16%).

Under the House-passed budget, we will spend approximately $5.36 trillion on mandatory programs over the next five years, assuming current projections hold.

Since the 1990 Budget agreement, entitlement spending has increased $115 billion beyond projections -- $18 billion in 1991, $43 billion in 1992 and $54 billion in 1993. The increase in entitlement spending was not just because of health care. Only slightly more than half of the increase ($63 billion) was in Medicare and Medicaid.

Discretionary Spending

Discretionary spending will drop to $538.1 billion in 1994, rising to $541.1 billion in 1995 $547.3 billion in 1996 and 1997 and $547.9 billion in 1998.

Cutting discretionary spending 1% across the board in each of the next five years would save **$27.2 billion,** although it may not be practical to achieve a full 1% reduction in the first year. If discretionary spending is cut 0.5% in the first year and 1% in the next four years, the savings would be $24.5 billion.

The eleven appropriations bills that have been passed by the House so far have been $5.7 billion below the 602(b) allocations for budget authority and $1.6 billion below the outlay allocation. **The appropriations bills have effectively been cut by an average of 0.6%.**

If the **savings achieved by the House in the Appropriations process survive** through conference and the baseline is adjusted down to reflect the savings, the five year savings would be **approximately $24.3 billion, a 0.9% reduction over five years.**

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The Senate Deficit Reduction Bill
Myth vs. Fact

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THE PRESIDENT HAS SEEN
8/9/93 db

MYTH: The Senate Deficit Reduction bill increases tax rates on most Americans and Nebraskans.
FACT: False. The only tax rate increases are on those individuals who have more than $115,000 in taxable income after deductions and those couples who have more than $140,000 in taxable income after deductions. Using the latest data available, as verified by the Nebraska Department of Revenue, this represents only 5,345 tax returns filed in Nebraska (0.76%) which would be subject to this tax rate increase.

Conversely, 82,772 tax returns filed in Nebraska (12%) could qualify for the Earned Income Tax Credit reduction in taxes. Depending on the number of children in a family, taxable income levels up to $27,000 per year could qualify for a tax break under this bill.

MYTH: The Senate Deficit Reduction bill increases taxes on small business, killing the biggest engine of U.S. job growth.
FACT: False. There is no small business tax. Most small business owners file individual--not corporate--tax returns as owners of proprietorships, partnerships or so-called Subchapter S corporations. Only such small businesses and individuals who earn more than $115,000 or couples who earn more than $140,000 per year will see their taxes increase. These business owners pay taxes only on their profits after deductions are taken for expenses like paying wages and making new investments to expand. Further, the House and Senate are now negotiating tax breaks for small business. Jobs will be created not lost. Over 90% of small businesses would pay no more and some even less under the Deficit Reduction bill.

MYTH: The corporate tax rate increase will take money out of businesses and cost jobs.
FACT: The corporate tax rate will only increase from 34% to 35%, and only for those corporations with profits of $10 million or more. Again, profits are computed after deductions are taken for expenses like paying wages and making new investments to expand.

MYTH: The BTU tax will impact virtually every American and Nebraskan.
FACT: The BTU tax is dead. The Senate killed it and the Clinton Administration now realizes it must be buried as well, but unfortunately many don't know this.

MYTH: At a time of agricultural stress, this bill will hurt Nebraska agriculture.
FACT: False. The BTU tax is dead. The irrigation surcharge was killed by the Senate. The barge tax, which would have added eight cents to the cost of each bushel of farm products, was killed by the Senate. Off-road agricultural use of gasoline or diesel fuel was exempted from the 4.3 cent per gallon transportation fuel tax. There is now no energy tax on agriculture in the Senate-passed bill.

MYTH: The bill increases taxes on most or all Social Security recipients.
FACT: Wrong. The Social Security tax was changed in the Senate to exempt most middle-income seniors from the tax. Under the Senate bill only seniors with total income above $32,000 as individuals or $40,000

higher-income seniors will now have to pay any tax increase.

MYTH: Many "grass roots" groups like the Citizens for a Sound Economy (CSE) are opposing this plan.
FACT: Let's look at a couple of the most prominent "grass roots" groups who are opposing this bill. The most prominent has been the Citizens for a Sound Economy, which has been running ads and holding press conferences in Nebraska and all over America. The Chairman of CSE is Mr. James Miller, who is currently running against Oliver North for the Republican Senate nomination in Virginia. Jim Miller was Director of the Office of Management and Budget from 1985 through 1988 when the national debt was increased by $784 billion.

The CSE was the brainchild of the Koch brothers who own the largest independent, privately-held oil company in America. David Koch is the Chairman of the CSE Foundation. David Koch ran for Vice President on the "Libertarian" party ticket in 1980. That party's platform included legalizing drugs and prostitution, ending public education, abolishing Social Security, Medicare, and Medicaid, repealing all taxes and privatizing almost everything in America. Koch Industries have a Political Action Committee (PAC) and are large Republican party contributors. That hardly describes a legitimate "grass roots" group.

Between 1986 and 1990 the Koch Foundation gave CSE $4.8 million. The CSE still receives more than $500,000 annually from the Koch Foundation. A CSE spokesman said the organization has 250,000 members who contribute somewhere between $4 million and $10 million to its coffers. The CSE is not obligated to release any information about its membership or finances as is the case with other groups spending thousands of dollars on advertising.

MYTH: The enactment of the Senate-passed bill will simply be a repeat of the 1990 Budget Agreement experience and will not help Americans and Nebraskans.
FACT: One of the little-discussed aspects of this plan is that its enactment would help to keep interest rates at their current low level. Mortgage interest rates are at their lowest level in 20 years and interest rates across-the-board are very low as well. Low interest rates help virtually every American from farmers to business owners to home owners. Testimony from economic experts including the Chairman of the Federal Reserve Board has uniformly indicated that passage of this level of deficit reduction will help maintain low interest rates.

The 1990 Budget Agreement fell short of the mark mostly because of the recession which lowered revenues, the Persian Gulf War and greater-than-anticipated spending on entitlement programs such as Medicare and Medicaid. Both political parties agree that our current budget estimates are based upon honest and conservative economic assumptions. Additionally, the Senate and House are now negotiating on an agreement which will place a cap on both federal discretionary spending and entitlement spending, including Medicare and Medicaid. There are significant differences between the 1990 Budget Agreement and the 1993 Senate-passed bill.

CONCLUSION: This bill is easy to criticize but it's the only chance we have now to begin deficit reduction. Provided the House-Senate conference agrees on a report that generally follows the Senate-passed version, it is my best judgement it should pass.

-end-

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THE PRESIDENT HAS SEEN
8/9/93

To VP

[redacted] — why did we do this? is this right?

THE PRESIDENT HAS SEEN
8/9/93

AT&T Falls Victim to Cold War Trade Limits

U.S. Won't End Ban on Sale of High-Speed Phone Switches to China

By Peter Behr
Washington Post Staff Writer

The Cold War has not ended for the nation's telecommunications industry.

Clinton administration officials have refused to remove restrictions on the sale of high-speed telephone transmission switches to China, citing national security reasons, according to AT&T officials.

Company officials said they have not been told just what the security issues are. But since China has begun making the equipment and other countries have the technology, too, the threat will soon be moot, said Christopher Padilla, AT&T's manager of federal government affairs.

A National Security Council spokesman declined to comment on the case yesterday.

Meanwhile, the ban is costing AT&T many millions of dollars in lost sales to China, which has begun a mammoth campaign to expand and modernize its telephone network, Padilla said.

Such restrictions have long been a sore point for U.S. high-tech manufacturers. The Reagan and Bush administrations kept a tight rein on exports of advanced computers and telecommunications gear to the Soviet bloc, hoping to hamper weapons development.

The high-tech executives who jumped to President Clinton's side during last year's campaign are expecting him to ease restrictions now that the Cold War has ended and U.S. exports are an economic priority.

Commerce Secretary Ronald H. Brown yesterday told a House Foreign Affairs subcommittee that Cold War export controls are "a major impediment to doing business" and should be eased as much as possible.

For now, however, national security interests still override the goal of boosting U.S. exports of telecom-

See TRADE, G4, Col. 1

TRADE, From G1

munications equipment, AT&T's Padilla said.

Deputy Defense Secretary William Perry said last month that while restrictions on computer equipment may be eased, advanced telecommunications exports still pose security problems.

"The administration is on auto-pilot, reverting to the same old arguments we've heard since the Reagan administration," Padilla said. "We've hoped for something better and still do. But this is not a good first sign."

The AT&T switch uses computer technology to send thousands of conversations to be fed through a single fiber-optic cable at the same time.

AT&T switches that handle up to 2,000 conversations simultaneously may be exported to China or other allies of the former Soviet Union. But sales to these countries of the newest switches, which send four times as many conversations at once, are forbidden under a security agreement between the United States and other industrial countries.

Some industry officials speculate that this is because they would make it harder for U.S. intelligence sources to monitor phone conversations.

An Israeli company, ECI Telecom Ltd., makes similar equipment and has sold the slower switch to China. It would like to sell the high-speed devices as well, said David Rubner, president of ECI Telecom.

Israel is not part of the security agreement, known as the Consultative Group and Coordinating Committee on export controls, or CoCom, but Rubner said he would not sell the high-speed switches to China as long as AT&T is banned from doing so.

Staff correspondent David Hoffman in Jerusalem contributed to this report.

Walsh Submits Final Report On Iran-Contra Investigation

Independent counsel Lawrence E. Walsh submitted his final report on the Iran-contra scandal to a special three-judge court yesterday, concluding a controversial, lengthy investigation that began 6½ years ago.

The judicial panel, an arm of the U.S. Court of Appeals here, will decide how much of the three-volume report to make public. That decision is not expected for at least a month, after individuals criticized in the report have a chance to respond.

Walsh has been highly critical in interim reports of the Reagan and Bush administration officials, especially after President George Bush last year pardoned former secretary of defense Caspar W. Weinberger and several other Iran-contra figures. The court will decide from whom to seek comments and may then publish them as an annex to the report.

Under the independent counsel law, Walsh is required to set forth "fully and completely" an account of his work, including both the disposition of the cases brought and "the reasons for not prosecuting any matter" within his jurisdiction during the $35.7 million inquiry.

Walsh said through a spokesman that he intends to remain independent counsel "until all administrative matters are taken care of."

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What about this?

The 'Don't Worry, Be Happy' Route To Energy Policy

AMID ALL the haggling over energy taxes in Washington, one simple, alarming fact seems to have gone unnoticed:

Two weeks ago, the U.S. imported an average of 7.9 million barrels of oil a day, the highest level of imports for any week on record.

This depressing benchmark comes at a time when domestic crude oil production is at its lowest level in 35 years. In short, the U.S. is more dependent on imported oil than ever.

Yet in Congress's current gas-tax debate, there is practically no thought devoted to constructing a real energy security policy. Instead, the only issues that have been debated are whether Americans are willing to pay a broad-based energy tax (senators have decided they aren't) and whether lawmakers are willing to add a few pennies to the gasoline tax (they probably are, but not enough to significantly cut the federal deficit). It's now certain that whatever energy plank emerges in the Clinton economic plan will be so diluted that it won't make any real dent in buying and driving habits.

Those who should be happiest with the way things are developing in Washington today are the oil sheikdoms of the Middle East and the barons of the Organization of Petroleum Exporting Countries. Whatever else may come of the current deficit-reduction struggle, the debate has shown once again that Americans have no interest in policies that interfere with profligate consumption of imported oil.

Nor, it appears, does the Clinton administration have any interest in taking advantage of a period of cheap and plentiful oil to set some aside for a troubled day. With prices slumping to near $16, their lowest level in years, this would seem a ripe time to buy up some oil and store it in the Strategic Petroleum Reserve, designed to protect the U.S. in case of a foreign crisis that disrupts oil flows. The sensible time to buy oil for a reserve, after all, is when prices are low rather than high.

But no. In its eagerness to show that it is cutting spending, the administration has proposed reducing the rate at which the reserve is filled to 13,300 barrels a day from 20,000 barrels. That's less than a tenth the rate at which the reserve was being filled several years ago. Yet, although the reserve has only about half the billion barrels Congress has declared in the past that it should hold, the House already has gone along with the Clinton proposal, and the Senate seems likely to do so.

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THE PERPLEXING ASPECT is that none of these developments are even being discussed or debated as national policy takes shape. Just three summers after Iraqi tanks threatened the world's largest oil fields in Saudi Arabia, political leaders have made a collective decision to simply take the easiest path and ignore the question of energy security.

There's little doubt why these questions are politically easy to avoid right now; voters are happily wallowing in cheap gasoline. By the estimate of the Congressional Budget Office, the combination of lower gasoline prices in inflation-adjusted terms and the rising fuel efficiency of cars has cut the cost of gas needed to drive 100 miles roughly in half since 1976, to less than $4.25. While Americans pay about $1.13 for a gallon of gasoline, consumers in Britain pay $2.68, and in Japan pay $4.25.

It may be that the best economic and foreign-policy course at the moment is to pursue a laissez-faire approach to energy, one in which the nation concludes that letting the economy run on cheap imported oil is the best course. When one looks at the world oversupply of oil, the likelihood that the oversupply will get worse once Iraq is back in the market and the feeble state of the OPEC cartel, there are reasonable grounds to conclude that there are only minimal risks to using more imported oil. The domestic oil industry may be a shriveling giant that is only headed in the direction the marketplace is rightly sending it.

BUT THOSE ISSUES should be debated, not simply skirted for the sake of finding the most politically popular course. "In fact, the entire energy debate the last 13 years has been focused almost entirely on revenue raising," says Steve Bell, a former congressional staffer who now is a managing director of Salomon Brothers Inc.

Oil-state senators, notably Oklahoma Democrat David Boren, obviously think they are protecting the interests of their friends in the domestic oil industry by fighting energy taxes. In the short run, they may be right. But in the long term, it's far from clear that they are doing the U.S. oil industry any good by maneuvering Congress into cheap-energy policies that do little more than encourage the U.S. to burn up more imported oil.

The Clinton administration promises to address these questions in the fall, when the Energy Department is to produce an energy policy plan. That, however, won't do much to enlighten the current pseudo-energy debate.

THE WALL STREET JOURNAL WEDNESDAY, JULY 28, 1993

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THE PRESIDENT HAS SEEN
8/9/93 db

U.S. IS SAID TO LAG IN SPACE RESEARCH

Advances by Foreign Rivals in Communication Satellites Are Reported in Study

By WILLIAM J. BROAD

A Federal study said yesterday that the United States is in danger of losing its lead to foreign rivals in the $15-billion-a-year business of building communication satellites and related systems.

"The United States has lost its leading position in many critical satellite communications technologies," and this erosion has put America's market lead "at risk," said the report's executive summary, which was made public yesterday.

Research on new technologies for the next generation of spacecraft is lagging so badly, the report said, that the United States "is likely to fall behind Japan, and to a lesser extent Europe, in most of these technologies in the next five to 15 years."

The report was commissioned by the National Science Foundation and the National Aeronautics and Space Administration, and was conducted by the International Technology Research Institute at Loyola College in Maryland.

Report Called Pessimistic

A top industry official called the report too pessimistic, but said it was useful in documenting the rise of cash-rich foreign rivals.

"It overstates how serious the problem is today," said Steven D. Dorfman, president and chief executive of the Hughes Space and Communications Company, based in El Segundo, Calif.

"But the fundamental point is right." he continued. "The Europeans and Japanese are investing a good deal of money in this area. It's analogous to the commercial airplane industry. We're dealing with a well-subsidized and well-organized foreign competition."

The chairmen of the 12-person team that produced the report was Dr. Burton I. Edelson, head of the Institute for Applied Space Research at George Washington University, and Dr. Joseph N. Pelton, director of the Center for Advanced Research in Telecommunications at the University of Colorado. The team was made up largely of academic and Government experts in space technology.

The United States now dominates the world market in communications satellites because of the success of such industry giants as Hughes, TRW Inc. and the Loral Corporation. Hughes built the first high-flying communications satellite, which was launched 30 years ago this week, and now wins about half of all international competitions for new satellites.

About 120 civilian communication craft now orbit the globe at an altitude of 22,300 miles, hanging motionless relative to the ground as they relay television, radio and telephone signals and more and more computer data.

The report said the United States still holds the lead in five of 19 advanced technologies that will play important roles in the next generation of communications craft, including processing and transmitting data at very high speeds, and was tied with Japan and Europe in five other technologies, including antennas, electric propulsion, communication links between satellites and on-board control systems.

But it said the United States lags in nine technological areas, including advanced batteries, solar-power arrays, positioning systems and solid-state power amplifiers.

NASA is preparing to study some of these 19 technologies in its Advanced Communications Technology Satellite, a $600 million craft that has been under development since the late 1970's. It is now sitting in the space shuttle Discovery at Cape Canaveral, Fla. The launching of the Discovery has been halted twice in the last two and a half weeks because of technical glitches.

While not explicitly calling for a larger Federal role, the report said an expanded research effort would help the United States "maintain its industrial leadership and recover from the effects of its slipping advanced technology base."

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Advocate for the Poor, Respected on All Sides, Secures a Pivotal Role in Expanding Tax Credit

By Timothy Noah
And Laurie McGinley
Staff Reporters of The Wall Street Journal

THE PRESIDENT HAS SEEN
8/9/93 db

WASHINGTON — A Capitol elevator is an unlikely spot for a legislative strategy session.

But when Rep. Charles Rangel, a key member of the House Ways and Means Committee, found himself thrust together with Robert Greenstein of the Center on Budget and Policy Priorities the other day, the conversation turned quickly to the fate of the expansion of the earned income tax credit, a major provision in the mammoth tax bill being negotiated by the House and Senate.

Robert Greenstein

Mr. Greenstein is the godfather of the plan to expand the tax credit, which is designed to reward low-income families for participating in the work force and which is an issue of intense interest to Mr. Rangel. But more than that, the New York Democrat says, he is a valuable go-between, both "talking with members of the administration that are going to influence this decision and sharing with us what they are saying" and providing "a better understanding of where our support is" among members of the conference committee.

All but unknown to the public at large, Mr. Greenstein is one of a handful of outsiders who are key players in the knotty House-Senate negotiations. Indeed, the loquacious Mr. Greenstein, who makes $85,000 a year as director of the nonprofit think tank, has the kind of influence that

"He's one of the most creative policy analysts in the country," says University of Chicago sociologist William Julius Wilson, an influential poverty scholar. "When he reaches conclusions, they're backed up by systematic evidence."

Prefers House Version

In the debate over the earned income tax credit, Mr. Greenstein starts with a clear preference for the administration's and the House's $28 billion expansion proposal over the Senate's more modest $18.3 billion expansion. Treasury Secretary Lloyd Bentsen predicted over the weekend that the final compromise would end up somewhere around $18 billion or $19 billion, although the Congressional Black Caucus is holding up for a few billion more.

Mr. Greenstein's understanding of how the Washington game is played tends to win him respect even from business lobbyists who don't necessarily share his agenda.

"Greenstein is effective because he's perceived as doing his homework, and he also understands politics," says Mark Bloomfield, president of the big business-backed American Council for Capital Formation. Adds Dave Johnson, a former Republican Senate staffer who is now with Capitol Associates, a government-relations firm that represents corporations and nonprofit health-care groups. "He's even-handed; he's equally willing to damn or praise Republicans or Democrats, depending on what they say."

Under President Clinton's proposal, the earned income tax credit would for the first time be available to some childless low-income people, and most important, would insure that a family of four headed by a full-time wage-earner would not fall below the poverty line. (That assumes, the center notes, that the family is receiving food stamps and that the minimum wage is indexed for inflation, as President Clinton proposed during his campaign.) The Senate bill, though, excludes childless workers.

Although the tax credit provision's notion of rewards for work generally appeals to conservatives, some question the wisdom of the huge increase Mr. Clinton—and Mr. Greenstein—are pushing. Marvin Kosters, director of economic policy studies at the American Enterprise Institute, criticizes expanding the credit to include those who make as much as $28,000; that's only about 20% less than Mr. Clinton's $35,000 salary as governor of Arkansas, he notes.

Fear of Disincentives

Mr. Kosters also argues that the expanded credit could encourage those who are in the phase-out range to work less in order to continue receiving the full credit. Mr. Greenstein replies, though, that any work disincentives at the upper end are minor compared with the substantial incentives for low-income people to work.

Mr. Greenstein assumed his key role in the present deliberations in part because he was willing to criticize the administration's original tax credit proposal. When it came out earlier this year, his organization produced an analysis complaining that it favored people earning more than $20,000 a year at the expense of those who earn less.

Instead of going public with his criticisms, though, Mr. Greenstein quietly circulated it among the many White House officials with whom he retains close ties. Administration officials say the critique eventually reached Mr. Clinton, who ordered Mr. Greenstein's criticisms taken into account when the tax credit provision was redrafted — and who expressed gratitude that Mr. Greenstein had resisted the temptation to generate "a good story" over the matter.

While Mr. Greenstein is effective in working behind the scenes, he also is skilled at creating favorable publicity. His analysts provide reporters with same-day analyses of federal budgets, and he is eminently quotable. And politicians appreciate that he often couples pleadings for money in one area with suggestions to cut spending elsewhere. For example, he proposes to pay for the more generous House version of the earned income tax credit expansion by embracing the Senate's Medicare reductions.

Mr. Greenstein's influence outstrips the time and money he spends on directly lobbying members of Congress, which is restricted by tax rules on nonprofit groups. (He says he spends "a modest amount" of his time on lobbying, along with the center's part-time lobbyist, Ellen Nissenbaum.) His ties to the Clinton team predate the start of the administration. As governor of Arkansas, Mr. Clinton invited him to meet with the state tax commission after his group produced a report criticizing Arkansas's tax treatment of people below the poverty line. Mr. Greenstein also served on the presidential transition team, and declined a high-level White House budget office job.

Now, he often talks to such White House aides as budget chief Leon Panetta; Gene Sperling, a top official of the president's National Economic Council; and Carol Rasco, the president's senior domestic policy adviser. On Capitol Hill, he talks to such influential Democratic liberals as Rep. Rangel and Sens. Bill Bradley of New Jersey and Jay Rockefeller of West Virginia.

"So many other people come and present you with one side of the issue," says Mr. Sperling. "You can't trust what they give you, it's just propaganda." In contrast, he says, Mr. Greenstein provides "very serious, thorough research. He's the conscience of Washington."

Gene S. &
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value.

The economic costs of government regulation, along with whatever benefits it might have, also are socialized. Thus it is difficult to clearly define the costs when regulation goes off track onto mindless, counter-productive and coercive paths, as I have recently argued has been the case with much "environmental" regulation. The self-interested army behind these interferences with markets and human rights is made up of a lot of post-industrial types who have learned that practically everyone cares about the environment. Promoting "environmental" causes thus becomes a good way to make a living. When their efforts are not based on any evidence that a problem exists, they amount to little more than counting how many holes it takes to fill the Albert Hall. Taxpayers and consumers get their pockets picked.

In the post-industrial age, it thus becomes more necessary to measure human progress subjectively.

In a post-industrial society, where people have no direct sense of how much

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THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: August 13, 1993

TO: Tom Kalil

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

[redacted]

The CPSR Newsletter

Volume 11, No. 2 COMPUTER PROFESSIONALS FOR SOCIAL RESPONSIBILITY **Summer 1993**

To Tom Kalil

The National Information Infrastructure : A Public Interest Opportunity

Gary Chapman & Marc Rotenberg
CPSR Staff

Imagine a job search in the early 21st century. You go to your "home information appliance," which is your portal to the "national information infrastructure." You log on to a database of jobs available and the database interface walks you through a series of questions about what sort of job you're looking for, what your qualifications are, where you would like to work, and what sort of salary you expect. After a few moments, your screen displays a list of jobs that match your criteria. The data include the names and postal and e-mail addresses of the people to whom a résumé should be sent. You select all the names, and then call up an electronic copy of your resumé. The document is transferred instantly to the company representatives.

A couple of days later you get a message in your electronic mail to contact the personnel office of one of the companies that received your electronic resumé. You speak by voice with an automated appointment scheduler, which offers you an interview appointment at 1 p.m. The appointment will be by video, reports the scheduler. At 1 p.m. you are sitting in a comfortable chair in front of your home information appliance, having cleaned up the room a little beforehand. On your wall screen appears the interviewer, who thanks you for the resumé and opens the interview with some small talk. The interview is for a job creating multi-media products. Eventually, when the interviewer get down to talking about the job, she wants to see some of the work you've done. You open a secondary screen and start to display some of your best work—an interactive training film, perhaps, or part of an electronic book that sold reasonably well. As your work is playing you are describing the best parts to the interviewer in a running commentary, while the two of you exchange subtle looks over the video link. There's a part in the book that you have to warn her about, when the volume goes way up and there's a nearly subsonic "explosion"—sometimes it rattles things.

Eventually the interview is over and the interviewer asks if you have any questions. You ask if it's possible to find out more about the company, what the place looks like, who works there, and what sort of compensation and benefits package might be offered. The interviewer punches a few keys and a menu comes up on your screen offering you a selection of choices for finding out more about the company. The interviewer says thanks and good-bye, we'll contact you. She fades out and the menu stays on the screen.

You choose a short video on the company's history. When that's over you look at an interactive, hyper-video tour of the company's facilities. A little too slick, you think. Things are never as clean or as cheerful as they look in such packaged presentations. But the interviewer has offered you the chance to speak to some of the employees, people you might be working with. That's a good sign. You send a couple of them e-mail messages and their computers help find a time that you can speak to each other, over the video link of course. The appointments are automatically entered into your on-line datebook. Finally, the

What's inside . . .

We've got a new look!

With this issue, CPSR takes on a new look. We would appreciate your comments and suggestions. Send us email at cpsr@cpsr.org or call the National Office at 415-322-3778.

Cron.

Cranford Johnson Robinson Woods
FAX TRANSMITTAL SHEET

Date: 8-12

To: John Podesta

From: Skip Rutherford

Number of pages sent including this sheet: 3

Time sent: ______ Operator: Sandy

Our FAX number is (501) 376-4241
Telephone (501) 376-6251
Capitol Center / 303 West Capitol Avenue / Little Rock, Arkansas 72201-3593

From Frank Whaley FYI

Andre Oliver
fyi
John
8-13-93

Aftermath of Travelgate: Picking Up the Pieces

GSA Official Is Heading Up Efforts to Improve Travel Management Practices at the White House

BY FRAN GOLDEN

WASHINGTON — Stepping into a political hornet's nest may not be anybody's idea of fun, but Jack Williams said it's all part of his job.

It was Williams, assistant regional administrator for the Federal Supply Service arm of the General Services Administration, who was put in charge of getting a travel agency into the White House after the controversial firing of the White House Travel Office staff over alleged financial mismanagement.

World Wide Travel of Little Rock, Ark., which had handled travel for the Clinton campaign, was asked by White House officials to serve the account on an interim basis but hastily withdrew following charges of cronyism.

Williams, who was called in to straighten out the situation and to look for a permanent solution when World Wide pulled out, said that the White House as least from his perspective, is just like any other customer, another procurement project to oversee.

The GSA was asked to quickly set up a travel management operation for the White House to handle travel by staffers and press charters.

Williams said he met with representatives of the White House and it was decided to modify an existing contract that American Express has to serve the State Department to include the White House's travel needs.

In an arrangement that is considered temporary, American Express is handling all White House commercial travel, estimated at $1 million in annual air volume, with three agents and an on-site manager.

The agreement calls for 30-day renewal options.

A GSA staffer, with occasional assistance from others in the office, is booking the charter press flights.

By piggybacking on the State Department account, the GSA was able to get the White House travel operation up and running "the Monday after the Friday they called us with the request," Williams said.

He said other contracts with agencies were also considered for the piggybacking scenario but the American Express-State Department contract was chosen because the agency was considered able to handle certain requirements, including moving large numbers of travelers at one time.

"Our primary focus was to ensure that White House offi-

Continued on Page 30

TOTALLY AUTOMATES THE FAXING OF FLIGHT CHOICES AND SELECTION

ResFAX On-Site Module Is Unveiled

BY RIK FAIRLIE

The product is essentially a fusion of computer messaging software used by travelers and the ResFAX booking program.

NEW YORK — Automated Travel Systems here has developed an add-on module to its ResFAX product that permits corporate clients to book travel anytime via a personal computer.

The product, called ResFAX On-Site, is essentially a fusion of computer messaging software used at the corporate site and ResFAX, a fax booking program for Sabre agencies that was released last year.

Because the On-Site module automates the faxing of flight options, reservations can now be accomplished without agent intervention.

This, said ATS president Seth Perelman, puts more control at the client's fingertips.

The traveler uses a menu-driven mask format to enter a fax number and flight information such as city pairs, travel dates and airline preference.

The software dials into the agency's ResFAX system through a computer service that uses local phone numbers nationwide, Perelman said. Citing competitive reasons, he declined to name the service.

Once the agency's ResFAX software receives the message it accesses Sabre and searches the data base for flights and fares that meet the specified parameters.

ResFAX can provide up to 49

Continued on Page 30

Brazil Agency Purchased by Amexco

American Express plans to concentrate more on South America because business demands there have increased, an official said.

NEW YORK — American Express has acquired for an undisclosed price virtually all the business travel operations of Kontik-Franstur, one of Brazil's largest agencies.

The acquisition covers Kon

NEWS DIGEST

Continued from Page 29

Airlines

Chicago Regional

Chicago Express, a new regional airline that hopes to serve Chicago's Midway Airport, was deemed fit for commuter/regional service by the Transportation Department.

The airline, which also joined ARC, plans to begin service on Aug. 9 with routes to Milwaukee and Madison, Wis., South Bend, Ind., and other points in the region.

Hotels

Management Merger

The owners of Renaissance Hotels & Resorts, which earlier this year acquired Stouffer Hotels from Nestle S.A., is combining the management of the two chains. Each will retain its own identity, an official said.

Technology

The First ETDNs

San Diego-based Mail Boxes Etc. printed the first customer ticket ever generated via anelectronic ticket delivery network on July 20, the firm said.

Eight days earlier, Airline Computerized Ticketing in Houston printed an ETDN ticket using test stock.

Rail

Tilt-Train Returns

Amtrak is bringing the X2000 tilt-train back for Metroliner service between Washington and New York this summer.

It will be the last chance to ride the high-speed train in the U.S. before Amtrak returns it to Sweden in October.

Travelgate Aftermath: GSA Standards Applied

Continued from Page 29

cial travel as of that Monday was promptly and properly handled like it is handled for other federal travelers," Williams said.

The efforts, he said, have been largely successful.

As in other government contracts, American Express is providing a management reporting package that Williams said was critical to the White House since a lack of proper reporting procedures was blamed for some of the problems the previous internal White House Travel Office encountered.

"We knew that, in and of itself, would help the situation and provide the reports you want in any sort of business operation," he said.

Soon, Williams and others will begin to laying the groundwork for putting the White House travel account out to bid.

He said the operation will be examined closely during the next several weeks in an attempt to better understand White House travel needs.

He noted the White House is made up of several offices, all of which may have different travel requirements, and that he wants to know all the requirements before putting the account out to bid.

"We want to take our time and do it right," he added.

The controversy began when the White House this spring suddenly fired its seven-person in-house travel office amid allegations of financial mismanagement.

Officials later said five of the seven fired employees would be offered other jobs in government.

The travel office was not a travel agency but rather consisted of government employees writing tickets by hand on a noncommissionable basis.

Travel by the president and vice president is handled separately by the Air Force.

An internal White House report dated July 2 said the administration had erred in the firings and in urging the FBI to investigate the employees.

'Our primary focus was to ensure that [travel] was promptly and properly handled.' — GSA manager Jack Williams

Four White House staff members were reprimanded for their handling of the matter of the firings.

As he considers the bid process, Williams said there is a chance the White House travel account may be broken up or added to other government accounts.

It is also not clear whether or not the charter portion of the travel will be added to the contract.

While he has not received any telephone calls because his name has not appeared in print on the subject before, Williams said travel agencies had been contacting the GSA about the account.

And he said he expects a lot of interest from agencies when it is put out to bid.

Awarding the account will be part of a normal, full and open procurement procedure, likely including a pre-bid conference.

Williams noted that the White House "has worked cooperatively to make sure this thing gets running properly."

LEGAL BRIE

Predatory Pricing Very Tough to Pro

BY MARK PESTRONK

The following is one of a series of forums that examine legal questions affecting the corporate travel field.

Q: My agency's big competitor keeps offering predatory rebates to lure away my corporate accounts. Since my competitor must be losing money on these accounts, can't I sue for unfair competition or predatory pricing?

A: Yes, but this would be a difficult case to win, es cause of a new U.S. Supreme Court case decided on J is called Brooke Group Ltd. v. Brown & Williams Corp.

The Brooke case will govern not only your suit bu ant predatory pricing case that Continental and Nort brought against American in federal court.

While it has always been hard for the plaintiff t predatory pricing suits, the Supreme Court has adde new hurdles.

Your travel agency would have to prove three thin

- You would have to show through expert testim rebates are below an "appropriate measure" of your costs.

This alone is difficult because the court may hold propriate measure is the incremental or variable cost one extra account, as opposed to higher average co

- If you get this far, you then have to prove that y tor has a "reasonable prospect of recouping its inve low-cost pricing."

This means that you must show that your agency departed from the particular marketplace and that, the market, the competitor could have lowered its ciently to compensate it for the amounts expended petitive rebates.

- You would have prove — again by expert testi the competitor's predatory pricing poses "a danger ty of actual monopolization" of the market.

In other words, you would have to show that, with competitor would already be well on the way to a mo corporate travel business in your area.

The good news is that if you can prove all of this y a jury to award you millions of dollars in damages.

Mark Pestronk, based in Washington, is an attorney s travel law.

ResFAX Developer Releases Automated Booking System for Tr

Continued from Page 29

possible flight combinations, and faxes a confirmation to the traveler.

compatible PC using a 386 microprocessor or faster, modem

a year.

Perelman sai

Leon

From the Office of the Chief of Staff
Phone: 202/456-6797   Fax: 202/456-1121

Date: 8-9-93   Response needed by: ______

COS Office Contact: Bill Burton   93 AUG 10 P5:48

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

Remarks:
John –
your thoughts on this, please.
Bill

Response:
Bill – Good idea –
I don't know
whether there is enough
lead time. Do you
want to follow up?
8-13-93

THE DEPUTY SECRETARY OF VETERANS AFFAIRS
WASHINGTON

August 5, 1993

MEMORANDUM FOR THOMAS (MACK) MC LARTY

SUBJ: GI Bill, 50th Anniversary

Mack,

The GI Bill is one of the most important pieces of legislation in history. June 22, 1994 will be the 50th Anniversary of the signing of the Bill.

Many of Americas past and present leaders credit the GI Bill with making it possible for them to receive a college degree and then succeed in life.

We have submitted a request to the Postal Service, copy attached, for a commemorative stamp.

RECOMMENDATION: *That President Clinton indicate to the Postmaster General and Congress his wholehearted support for the commemorative stamp.*

Hershel

Hershel W. Gober

THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

The Honorable Marvin T. Runyon
Postmaster General
United States Postal Service
475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-6756

Dear Mr. Postmaster General:

June 22, 1994, will mark the fiftieth anniversary of the GI Bill, and a commemorative stamp would be a particularly effective way to note this historic event.

On June 22, 1944, President Franklin D. Roosevelt signed Public Law 78-346, the Servicemen's Readjustment Act of 1944, commonly known as the GI Bill of Rights. At the time there was little realization of the dramatic impact this legislation would have on the Nation. Now the GI Bill is generally recognized as one of the most significant pieces of legislation in American history. Author James Michener has suggested that it is one of two or three of the finest programs ever passed since the Constitution took effect. Michener went on to say "...veterans got first-class assistance in entering the job marketplace and, once settled, they helped revolutionize American business."

The GI Bill changed America. By 1947, veterans accounted for 49 percent of college enrollment. American colleges in 1950 conferred 496,874 degrees, which was a 162 percent increase from 1939. Management expert Peter F. Drucker noted the fundamental change in American society as a result of the G.I. Bill which "signaled the shift to a knowledge society." The program changed the entire concept of adult education in this country and started the greatest home construction boom in history.

The guaranteed loans jolted the economy into a building boom which resulted in more than 5 million new homes. Within a decade "Levittowns," named for the originator of tract housing William J. Levitt, became the generic word for bedroom communities across the land. The lives of millions of Americans were enriched as they employed a higher level of education than their parents and experienced the pride of owning their own home.

From an economic vantage point, it is a widely accepted fact that funds expended to train and educate our veterans are recovered several fold in tax revenues. Senate Report 94-1243, dated September 16, 1976, stated, "... the impact of the GI Bill on the American society cannot be underestimated. For each dollar spent in educational benefits, the Federal Government has received from $3 to $6 in additional tax revenue from veterans whose education has given them increased earning capacity."

Fifty years later, the GI Bill continues its impact on American society. Higher education and training and unequaled housing opportunities have raised the standard of living for millions of Americans. Over 20 million veterans have received benefits for education and training under the GI Bill in its various forms, an investment by the American people of almost $61 billion dollars . More than 13 million home loans totalling more than $360 billion dollars have been guaranteed. The Montgomery GI Bill, as it is called today, has proven to be a critical factor in recruiting "the brightest and best" for our all-volunteer forces, the quality of which is unsurpassed.

I believe that a commemorative stamp is appropriate for an event of such significance in the history of our Nation. I appreciate your consideration of this proposal, and will be happy to provide any further information you may need in this regard.

Sincerely yours,

Jesse Brown

JB/cpd

Cron

From the Office of the Chief of Staff
Phone: 202/456-6797   Fax: 202/456-1121

Date: 8/12/93   Response needed by: ASAP

COS Office Contact: Bill Burton x 6797

93 AUG 12 P5:45

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

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Remarks:
John, Cliff —
please advise whether we need to prepare a formal response on this to Finch.
Bill

Response:
NO — Done, Neel/Sloan handling
John
8/13/93

GAO

United States
General Accounting Office
Washington, D.C. 20548

General Government Division

August 4, 1993

Mr. Thomas F. McLarty
Chief of Staff
The White House

Dear Mr. McLarty:

This is to inform you of our plans to review matters relating to the White House travel office. Congress has mandated this work in Public Law 103-50, which was signed by the President on July 2, 1993.

We plan to begin our work immediately. Our work will be carried out at the White House, the Department of Justice, the Federal Bureau of Investigation, the Internal Revenue Service, and other relevant agencies and organizations. We would appreciate your notifying the appropriate White House officials of our plans and designating a principal point of contact for our review.

If you have any questions, please contact Ms. Nancy Kingsbury, Director, Federal Human Resource Management Issues, on (202) 512-5074.

Sincerely yours,

Johnny C. Finch

Johnny C. Finch
Assistant Comptroller General

Cron

United States Senate

MEMORANDUM

[redacted]

John -

Thanks for your help.

I have also sent the same information to Jose Cerda.

Susan Kaplan

Send to Bruce Reed

8/13/93

[redacted]

Bruce / Jose

GUN DEALER LICENSING REFORM ACT
S. 496

As the office's resident gun nut, I have to say this is a pretty good line
John Podesta

SENATOR PAUL SIMON, SPONSOR

- **raise the license fee for gun dealers.**

This bill would raise the license fee for firearm dealers to $ 750. The current fees, $ 25 per year for pawnbrokers who deal in firearms and $10 per year for all other dealers, have remained unchanged since enactment of the Gun Control Act of 1968. The proposed new fees will help absorb the increasing costs of processing and investigating license applications and renewals. In addition, the increased fee will help to discourage individuals from obtaining a dealer's license merely to obtain personal firearms at wholesale prices or to skirt state and local laws. **IT IS MORE EXPENSIVE TO JOIN THE NRA THAN IT IS TO GET A FEDERAL FIREARMS LICENSE!**

- Senator Moynihan introduced a bill earlier this year that we are including in this package as well. The bill would **require dealers to certify that they are in compliance with state and local laws before receiving a new license.**

This provision would strengthen the licensing provisions of the Gun Control Act by requiring, as a prerequisite to the issuance of a new license, that the business to be conducted is not prohibited by any state or local law applicable in the jurisdiction where the applicant's premises are located. For example, to receive a Federal firearm license, a dealer would need to be in compliance with local zoning laws.

- **drop the 45-day requirement for action on firearm dealer license applications.**

Current law requires the Secretary of the Treasury to approve or deny applications for federal firearms licenses within 45 days of receipt of such applications. Further, if action is not taken within such period, an applicant may seek mandamus to compel the Secretary to act. The 45-day period has proven to be unrealistic since the time needed to conduct a thorough background check of an applicant and to determine whether the applicant meets all of the eligibility requirements for licensing routinely takes longer than 45 days. In order to ensure that licenses are

identification from individuals who receive a firearm shipment.

Persons acquiring firearms for illegal purposes and for illegal firearms trafficking are known to receive shipments of firearms away from their place of residence. Taking delivery of firearms in this manner helps conceal the identity of the recipient. Our proposed legislation would help resolve the problem by requiring carriers to identify persons who take delivery of firearms.

- **require identification (fingerprints and photograph) for individuals applying for a license to sell machine guns.** (Currently, this is a requirement for individuals who are applying for a license to possess a machine gun, but not for those applying for a license to sell machine guns.)

Current law requires individuals to whom National Firearms Act weapons (e.g. machine guns) are transferred to be identified by photographs and fingerprints to ensure that the weapons may be lawfully received and possessed. Ironically, there is no similar requirement for individuals engaged in the firearms business of selling such weapons. This legislation would impose such a requirement on individuals doing business in these types of weapons prior to commencing such business.

- **Criminalize the sale of firearms or ammunition when there is reasonable cause to believe the weapon will be used in a crime of violence.**

Dealers must be held responsible for selling guns to individuals who are likely to commit crimes of violence. This bill would make it unlawful for a dealer to sell or otherwise dispose of a firearm if that dealer has reasonable cause to believe that the firearm will be used in such a crime. The term "reasonable cause" is found throughout the firearm sections of the federal code. For example, one closely analogous provision in the code states that:

"Whoever, with knowledge or reasonable cause to believe that an offense punishable by imprisonment . . . exceeding one year is to be committed . . . ships, transports, or receives a firearm or any ammunition in interstate or foreign commerce shall be fined not more than $10,000, or imprisoned not more than ten years, or both," 18 §924(b).

S.496 extends the scope of this prohibition to cover all guns transferred between two individuals, not just those a dealer "ships, transports, or

S.496

5pgs

103D CONGRESS
1ST SESSION

S. 496

To amend chapter 44 of title 18, United States Code, to strengthen Federal standards for licensing firearms dealers and heighten reporting requirements, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 3, 1993

Mr. SIMON (for himself, Mrs. FEINSTEIN, Mr. LAUTENBERG, and Mr. KENNEDY) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

---

A BILL

To amend chapter 44 of title 18, United States Code, to strengthen Federal standards for licensing firearms dealers and heighten reporting requirements, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. IDENTIFICATION OF RECIPIENT OF FIREARM.

Section 922(e) of title 18, United States Code, is amended—

(1) by inserting "(1)" after "(e)"; and

(2) in paragraph (1), as designated by paragraph (1), by striking ", to persons other than li-

TALKING POINTS: GUN DEALERS LICENSING FEE AMENDMENT

THE PROBLEM

- Since 1980, the number of firearm dealers in this country has increased by 113,000 to a total of 287,000. That means there is 1 firearm dealer for every 1,000 Americans, or **1 dealer for approximately every 290 firearm owners** (Bureau of Alcohol, Tobacco, and Firearms, or ATF). The Violence Policy Center puts this into perspective when they note that **there are more gun dealers in our country than there are gas stations.**

- **The number of license applications is exploding.** In FY 92, ATF's licensing center received an average of 2,900 applications each month. In December 1992, the number jumped to 5,200 applications. From January through April 1993, the center received an average of 6,000 applications each month. According to ATF, the escalating number of applications is primarily the result of minimal licensing standards and fees.

- ATF spokesman Jack Killorin noted: "There is no question that illegal activity by [dealers] is a threat to the community. **The volume of licenses has outstripped [ATF's] ability to keep up**" (Washington Post, December 12, 1992). While the number of dealers has increased by 65 percent since 1980, the number of investigators assigned to inspect these dealers has decreased by 13 percent.

- In 1991, ATF issued 270 licenses a day, for a total of 91,000 new and renewed licenses that year. Only 37 of the 34,000 requests for new licenses that year were denied. Only 15 of the 57,237 requests for renewal licenses that year were denied.

- **Generally, fewer than 10 percent of dealer applicants undergo an actual inspection** in the form of a personal interview or an on-site visit. **Once licensed, a typical dealer is audited by federal inspectors only once every twenty years.**

- ATF relies primarily on a computer search to inspect applicants. However, since the ATF database does not include arrests and dispositions from many states, errors can be made. Moreover, the license application contains no stringent identification requirements, not even fingerprint checks. Applicants often get friends to file license applications for them; two years ago, ATF officials approved applications for two dogs (Washington Post, May 8, 1991).

● Only about one-quarter of all federally licensed dealers are actually storefront businesses (ATF). Out of the remaining three-quarters of all dealers who operate out of their homes, ATF estimates that a majority of these "kitchen-table" dealers acquire a license in order to buy guns in bulk at lowered prices and to skirt state and local laws such as waiting periods and other restrictions.

THE AMENDMENT

● **The amendment will raise the annual license fee for firearm dealers to $375.** Currently, the federal firearms statutes impose an annual fee of $10 on federal licensees. This figure has remained unchanged since the enactment of the 1968 Gun Control Act. **It is more expensive to join the NRA than it is to get a federal firearms license.**

● ATF estimates that an increase in license fees to $375 would reduce the total number of firearm dealers from the current 287,000 to somewhere between 40,000 and 70,000. The proposed user fee would enable ATF to do thorough computer checks, as well as to conduct on-site visits and background checks for every applicant. It would also enable ATF to investigate every dealer at least once a year.

● **The proposed fee increase will ensure that firearms licensees and customers, not taxpayers, bear the full burden of the program's costs.** The current $10 fee does not even cover the costs of processing paperwork and issuing a license. Moreover, since federal law imposes various regulatory requirements on licensees, American taxpayers currently pay for the rising costs of background investigations and periodic inspections.

● **The proposed fee increase will discourage individuals from obtaining a dealer's license for illegal purposes.** The current system encourages people to file applications even if they have no intent to actually engage in a firearms business. Licensees often acquire firearms at wholesale prices for their personal use; in a recent sampling of gun dealers, 73 percent had conducted fewer than 10 transactions in the preceding year. Licensees also obtain licenses to circumvent state and local laws that impose restrictions on firearm acquisition; restrictions such as waiting periods and the Virginia one-gun-per-month rule do not generally apply to transactions between dealers.

- **Investigation of firearms licensees is highly effective.** In February of this year, the ATF implemented an initiative to contact every firearms license applicant. Approximately 19 percent of new license applicants who were directly contacted by field inspectors withdrew or abandoned their applications. Over a period of three months, increased efforts by ATF's licensing center resulted in 3,620 new and renewal applications being withdrawn, abandoned, or voluntarily discontinued. Unfortunately, without the additional revenues sought by the amendment, this program must be cancelled.

- **This amendment is supported by the Fraternal Order of Police and the International Brotherhood of Police Officers.** It is also supported by the National Alliance of Gun Stocking Dealers (which represents store-front dealers) as well as the ATF.

DANGERS OF LICENSED GUN DEALERS

- Josh Lee, a federally licensed dealer in Orange County, California, supplied guns to the **Fourth Reich Skinheads**, who were plotting to kill Rodney King and blow up the First African Methodist Episcopal Church in Los Angeles. ATF spokesman Jack Killorin opined: "**If . . . you want to put down on your application 'American Nazi Gun Shop,' we have no ability under the law to shut you down.**" [Los Angeles Times]

- During a six-month period in 1990, Gustavo Salazar, a federally licensed gun dealer in Los Angeles, purchased more than **1,500 guns** which he sold to **gang members** and other individuals. An ATF check on 1,165 of these handguns showed that only four had been registered under California law. [Violence Policy Center]

- 22-year old gun dealer Sam Miller, a **convicted drug dealer and felon**, sold guns, including at least ten high-powered semiautomatic pistols, to teen-age members of **Boston's inner-city gangs**. Yet Miller's convictions were not forwarded to the FBI's National Crime Information Center; thus nothing on the computer suggested that he was a felon. [Boston Globe]

- More than a dozen federally licensed dealers in **Detroit** have been charged with providing more than **2,000 firearms** to criminals in the city. [Violence Policy Center]

- Carroll Landis Brown, a federally licensed dealer in **Baltimore**, sold more than **300 handguns**, fewer than half of which were properly recorded, and at least 14 of which have turned up at Baltimore crime scenes. Brown took out **classified ads** in the Baltimore Sun, advertising the semiautomatic pistols. [Washington Post]

- Federal firearms licensee David Taylor, a Bronx man with a long record of misdemeanors and an indictment for murder at the age of 16, ordered more than 500 guns from Ohio, which he sold to **New York City drug dealers**. [New York Times]

- James Boyd, a gun dealer and Los Angeles County sheriff's reserve deputy, falsified firearms forms and sold handguns to a citizen of the **Philippines** who smuggled the weapons out of the country in microwave ovens. Boyd worked with Willie Harris, a convicted felon, who allegedly sold weapons to **Los Angeles gang members**. [Los Angeles Times]

- From February to June in 1990, Detroit "kitchen table" dealer McClinton Thomas ordered **hundreds of handguns**, and sold them off the books, including 90 guns to a "big-time dope dealer." [Violence Policy Center]

- A firearms dealer in Texas falsified his records to conceal the diversion of over **2,000 firearms to a Mexican national** who is a major firearms trafficker. [ATF testimony]

- A firearms dealer in North Carolina provided between 6,000 and 10,000 handguns to the black market after **altering the serial numbers of the handguns**. Several of the firearms have been recovered from convicted felons, drug dealers, and a firearms trafficker in New York City involved with **Pakistan Nationals**. [ATF testimony]

- Two Miami gun dealers sold machine guns to operatives of the **Medellin cocaine cartel**, and an Ohio dealer shipped weapons to the **Irish Republican Army**. [Washington Post]

DEPARTMENT OF THE TREASURY
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
WASHINGTON, D.C. 20226

DIRECTOR

JUL 26 1993

Honorable Paul Simon
Chairman
Subcommittee on the Constitution
Committee on the Judiciary
United States Senate
Washington, DC 20510

Dear Senator Simon:

This is in response to your inquiry of July 23, 1993, in which you asked for our evaluation of how many current Federal firearms licensees are actively engaged in the business of buying and selling firearms, for which a Federal firearms license is required.

Fortunately, we recently completed a study specifically designed to answer such questions. A statistically valid random sample of 400 licensed firearms dealers (Type 01) was selected. Inspections commenced in fiscal 1992 and the last were completed earlier this year. The rates of occurrence of specific findings can be projected to the entire Type 01 licensed firearms dealer population. Projection of findings results in a precision rate of plus or minus 5 percent with a confidence level of 95 percent. We are enclosing a full report of this study, entitled "Operation Snapshot," for your information.

Use of commercial premises is one indication of actual engagement in the business. However, we recognize that there are some very active dealers who do work from their homes. On the other hand, a firearms business may also be a very small or incidental part of operations at a commercial premises. In the sample, 26 percent of the dealers operated from commercial premises rather than from a residence. Therefore, we can be 95 percent certain that between 21 and 31 percent of all dealers have commercial premises. Based on 244,000 Type 01 dealers, we can estimate that approximately 50,000 to 70,000 operate from commercial premises.

Further, only 19 percent of dealers acquired more than 10 firearms in the year preceding the inspection. Dispositions of more than 10 firearms were recorded for only 20 percent of dealers. Inventory of more than 10 firearms was found for only 16 percent of the sample. The lower range projection for all of these measures is 40,000 dealers.

Honorable Paul Simon

We expect that some of those using commercial premises and having annual activity levels of more than 10 firearms will probably abandon their licenses at the level of fees that have been discussed. However, we also expect most of the Type 02 licensees (pawnbrokers), of which there are over 10,000, to remain licensed. Similarly, the more than 2,000 manufacturers and importers would remain licensed. Using these numbers plus the more active dealers as determined from Operation Snapshot we conclude that at least 40,000 licensees requiring regular inspection will remain even after increased annual fees of $250 or more are imposed.

Finally, you are correct in your recollection that I testified in favor of increased fees for Federal firearms licensees on June 17, 1993, before the House Subcommittee on Crime and Criminal Justice, Committee on the the Judiciary.

We trust this information is responsive to your request. If we may be of further assistance, please let us know.

Sincerely yours,

Steve Higgins

Director

GRAND LODGE
FRATERNAL ORDER OF POLICE
NATIONAL PRESIDENT • 520 SOUTH HIGH STREET • COLUMBUS, OHIO 43215-5605
(614) 221-0180

DEWEY R. STOKES
NATIONAL PRESIDENT

July 26, 1993

Honorable Paul Simon
United States Senate
Washington, DC 20510

Dear Senator Simon:

According to information we have received from the Bureau of Alcohol, Tobacco and Firearms (ATF), there are currently in excess of 280,000 licensed firearms dealers in the United States. The primary reason for this excessive number of persons licensed to deal in firearms is the low fee currently contained in the Gun Control Act.

As you are aware, the current fee for a Federal Firearms License (FFL) is a mere $10 annually. My organization encourages and supports the imposition of an annual user fee in the range of $375 to $500.

At the current rate, the American taxpayer is subsidizing the issuance of firearms licenses to an abundance of individuals who are, at best, minimally engaged in activities requiring a license. A recent study conducted by ATF showed that 74% of the licensed dealers are operating from their residences. Only 13% of the dealers bought or sold more than 50 firearms in a year. The cost of processing an application and issuing a license for dealers who engage in these minimal activities far exceeds the current $10 fee.

There are approximately 220 ATF inspectors who conduct application and compliance inspections on the 280,000 dealers. It is apparent that at the current staffing level, ATF cannot inspect all firearms dealers to ensure their compliance with laws. Obviously, the volume of dealers would decrease dramatically with an increase in the fee to $375-$500 annually, thereby making the number of dealers more manageable to ATF.

In order to support ATF's firearms program in conducting application and compliance inspections on firearms dealers, the $375-$500 annual user fees for FFLs should go directly to ATF. This enhanced funding would enable ATF to hire additional inspectors to ensure that no new or renewal FFLs are issued without contact made by ATF inspectors, which is essential to ensure the legality and integrity of all firearms dealer operations.

ATF has initiated several firearms programs to target those firearms dealers that are either illegally trafficking in firearms or the sources of firearms purchased by criminals. However, neither ATF nor state or local law enforcement agencies have the resources to inspect and locate all dealers operating outside the law. Recently, a firearms dealer operating from his residence in Tinley Park, Illinois, was the subject of numerous complaints from his neighbors for firing weapons in the area. When local police investigated the complaints, the dealer refused entry to the police and threatened to kill them if they attempted entry. Although the dealer had an extensive arrest record, there were no convictions that would prohibit issuance of an FFL. Additionally, local ordinances did not prohibit operating a firearms business from a residence. Although ATF is taking action in this matter, this instance serves as an example of a dealer who may not have been inspected, except for the referral from local authorities that arose from citizen complaints.

In summary, we strongly support an imposition of an annual user fee in the range of $375 to $500 for issuance of Federal Firearms Licenses for the following reasons:

-- The U.S. taxpayer should not be subsidizing the cost of establishing and maintaining firearms businesses.

-- A $375-$500 annual user feel would reduce the current number of licensees (280,000) to an estimated 40,000 to 70,000.

-- By directing the funds resulting from the $375-$500 user fee to ATF, all new and renewal FFL applicants would be inspected to ensure compliance with the law.

-- Since a $375-$500 user fee would virtually eliminate dealers operating from their residences, it would support the efforts of local law enforcement and zoning officials in enforcement of their laws.

-- The increased fee will not affect firearms dealers that engage in the business as a primary source of income. In fact, these dealers would benefit from the reduced competition they are experiencing from people who are mere hobbyists, but licensed as dealers.

If you wish to discuss this matter in more detail, please call me at (614) 221-0180.

Sincerely,

Dewey R. Stokes

Dewey R. Stokes
National President

DRS:cch

INTERNATIONAL BROTHERHOOD OF POLICE OFFICERS
2011 Crystal Drive, Suite 206 Arlington, VA 22202
703/979-0290 Fax 703/979-0294 AFL/CIO

July 26, 1993

Honorable Paul Simon
United States Senate
Washington, DC 20510

Dear Senator Simon:

The International Brotherhood of Police Officers encourages and supports the imposition of an annual user fee in the range of $375 to $500 for issuance of Federal Firearm Licenses (FFL).

At the annual rate of only $10 that is currently imposed by the Gun Control Act, the number of licensed dealers is approximately 280,000. From a law enforcement perspective, this volume of licensed dealers is not only excessive, but is problematic in our effort to control crime. Additionally, with the current inspector staffing level for the Bureau of Alcohol, Tobacco and Firearms (ATF), their approximate 220 inspectors who conduct inspections of dealers cannot ensure that all 280,000 dealers are operating within the law.

According to a recent study conducted by the ATF, the vast majority of firearms dealers operate from their residences in quantities that indicate they have no intention of engaging in the business for support or livelihood. These dealers are merely operating as hobbyists.

There are several reasons for our support of an annual user fee in the range of $375 to $500, including:

* At the current $10 rate, the American taxpayer is subsidizing the issuance of Federal Firearms Licenses. Obviously, the cost of processing, issuing and maintaining firearms licenses far exceeds the current rate.

* ATF currently has approximately 220 inspectors dedicated to the firearms program. A fee of $375 to $500 would reduce the number of licensees to approximately 50,000. By directing the funds generated from the $375 - $500 user fee to ATF, all firearms dealers could be inspected.

* Local law enforcement and zoning officials would be supported in their efforts to control the proliferation of dealers that do not meet state and local licensing and zoning requirements. Dealers currently operating from their residences would be greatly reduced, if not eliminated.

* A vast majority of firearms dealers who derive their primary source of income from their firearms business are opposed to the current $10 annual fee. A $375 to $500 user fee would discourage the abundance of hobbyists who negatively affect the operations and livelihoods of storefront-type dealers.

To summarize, we strongly encourage and support imposition of an annual user fee in the range of $375 to $500 for Federal Firearms Licensees, and the direction of the resultant funds to ATF for additional staffing to ensure the integrity and legality of all firearms dealers.

If you want to discuss this matter further, please feel free to call me at (703) 979-0290.

Sincerely,

Kenneth T. Lyons

Kenneth T. Lyons
National President

Bureau of Alcohol, Tobacco and Firearms
Office of Compliance Operations
Firearms and Explosives Division

Operation Snapshot

July 12, 1993

OPERATION SNAPSHOT

BACKGROUND

Since passage of the Gun Control Act of 1968 (GCA) there has been a steady increase in the population of Federal firearms licensees (FFL's) in the United States. In 1968 there were about 87,000 licensees. Today there are over 287,000. In 1968 we did not have sufficient resources to inspect all licensees; nor do we today. Given our current commitment of resources, we project that it would take over ten years to inspect each and every licensee.

Historically, we have based our inspection targeting on some assumptions that we have made about the entire FFL population. We assumed that the vast majority of licensees were residential dealers, but couldn't, with any degree of certainty, calculate how many there were. We suspected that a large number of dealers obtained their Federal firearms license but never engaged in the business contemplated by that license. It seemed that a significant number of dealers were found in violation of the GCA during our compliance inspections, but again, we couldn't quantify the results.

In an effort to bring the Federal firearms licensee population into perspective, Operation Snapshot was conceived. We needed to know who the average licensee was; what kinds of activities and how much of these activities he/she engaged in; and a whole host of other questions which, when answered, would provide us basic information relative to the firearms industry.

Given that our resources would not permit an inspection program that targeted each and every licensee, we developed a program that would provide us the information we needed based on a statistical sampling of the entire firearms dealer population. This program, when completed, would provide us information about Federal firearms licensees within defined degrees of accuracy.

July 12, 1993

METHODOLOGY

In January of 1992 there were approximately 287,000 Federal firearms licensees, including manufacturers, importers, dealers, pawnbrokers, and collectors. Of that number, 244,042 licensees were dealers authorized to deal in firearms other than destructive devices. These dealers are commonly referred to as Type 01 dealers.

Using a software package designed for the task, ATF selected a random sample of 400 Type 01 dealers. Each dealer in the sample was inspected. ATF inspectors used a uniform workplan and questionnaire to ensure the accuracy of the information being gathered. In those instances where licensees had discontinued business, their records were examined at the ATF's Out of Business Records Center.

The rates of occurrence of specific findings, which are reflected in terms of percentages, can be projected to the entire Type 01 dealer population. The projections, based on a sample size of 400 dealers, will result in a precision rate of plus or minus 5%, with a confidence level of 95%. For example, Operation Snapshot inspections found that 26% of the dealers have commercial premises from which to conduct business. Therefore, we can project, with a 95% level of confidence, the true percentage rate of dealers having commercial premises will be between 21% and 31% of the total dealer population.

CONCLUSION

As a result of the information gathered during the course of Operation Snapshot, we can now conclude, with a high degree of probability, certain characteristics about the Federal firearms licensee population in the United States.

July 12, 1993

LOCATION AND BUSINESS CHARACTERISTICS

- THE TYPICAL FEDERAL FIREARMS DEALER
  - IS A SOLE OWNER
  - IS A 45-YEAR OLD MALE
  - HAS HELD A LICENSE FOR 7 YEARS AND 4 MONTHS

- 85% OF DEALERS HAVE OTHER SOURCES OF INCOME OR EMPLOYMENT OTHER THAN A FIREARMS BUSINESS

- 56% OF DEALERS HAVE THEIR BUSINESS LOCATION IN OR WITHIN 25 MILES OF A CITY HAVING A POPULATION OVER 100,000 PEOPLE

- 74% OF DEALERS CONDUCT THE FIREARMS BUSINESS IN THEIR HOMES

- 18% OF DEALERS ARE LOCATED IN COMMERCIAL PREMISES WHERE OTHER GOODS ARE SOLD TO THE PUBLIC (e.g., sporting, hardware and general merchandise)

- 8% OF DEALERS ARE LOCATED AT OTHER COMMERCIAL PREMISES NOT ASSOCIATED WITH SALE OF GOODS TO THE PUBLIC (e.g., medical, real estate, insurance office, auto repair, beauty shop, etc.)

BUSINESS VOLUME AND ACTIVITY

DURING THE 12 MONTHS PRECEDING THE OPERATION SNAPSHOT INSPECTIONS

- 7% OF DEALERS HAD MULTIPLE HANDGUN SALES (SALE OF 2 OR MORE HANDGUNS TO THE SAME PERSON DURING A 5-DAY PERIOD)
- 20% OF DEALERS DEALT IN HANDGUNS HAVING A RETAIL VALUE OF LESS THAN $200
- 3% OF DEALERS HAD DISPOSED OF FIREARMS AT GUNSHOWS
- 4% OF DEALERS DISPOSED OF FIREARMS ONLY TO THEMSELVES
- 8% OF DEALERS DID GUNSMITHING
- 2% OF DEALERS HAD THEFTS

BUSINESS VOLUME AND ACTIVITY

FIREARMS ACQUISITIONS

DURING THE 12 MONTHS PRECEDING THE OPERATION SNAPSHOT INSPECTIONS

- **45% OF DEALERS ACQUIRED NO FIREARMS**
- **36% OF DEALERS ACQUIRED 1 TO 10 FIREARMS**
- **13% OF DEALERS ACQUIRED 11 TO 50 FIREARMS**
- **6% OF DEALERS ACQUIRED OVER 50 FIREARMS**

BUSINESS VOLUME AND ACTIVITY

FIREARMS DISPOSITIONS

DURING THE 12 MONTHS PRECEDING THE OPERATION SNAPSHOT INSPECTIONS

- **46% OF DEALERS DISPOSED OF NO FIREARMS**
- **34% OF DEALERS DISPOSED OF 1 TO 10 FIREARMS**
- **13% OF DEALERS DISPOSED OF 11 TO 50 FIREARMS**
- **7% OF DEALERS DISPOSED OF OVER 50 FIREARMS**

BUSINESS VOLUME AND ACTIVITY

FIREARMS INVENTORY

DURING THE 12 MONTHS PRECEDING THE OPERATION SNAPSHOT INSPECTIONS

- 59% OF DEALERS MAINTAINED NO INVENTORY OF FIREARMS
- 25% OF DEALERS MAINTAINED AN INVENTORY OF 1 TO 10 FIREARMS
- 10% OF DEALERS MAINTAINED AN INVENTORY OF 11 TO 50 FIREARMS
- 6% OF DEALERS MAINTAINED AN INVENTORY OF OVER 50 FIREARMS

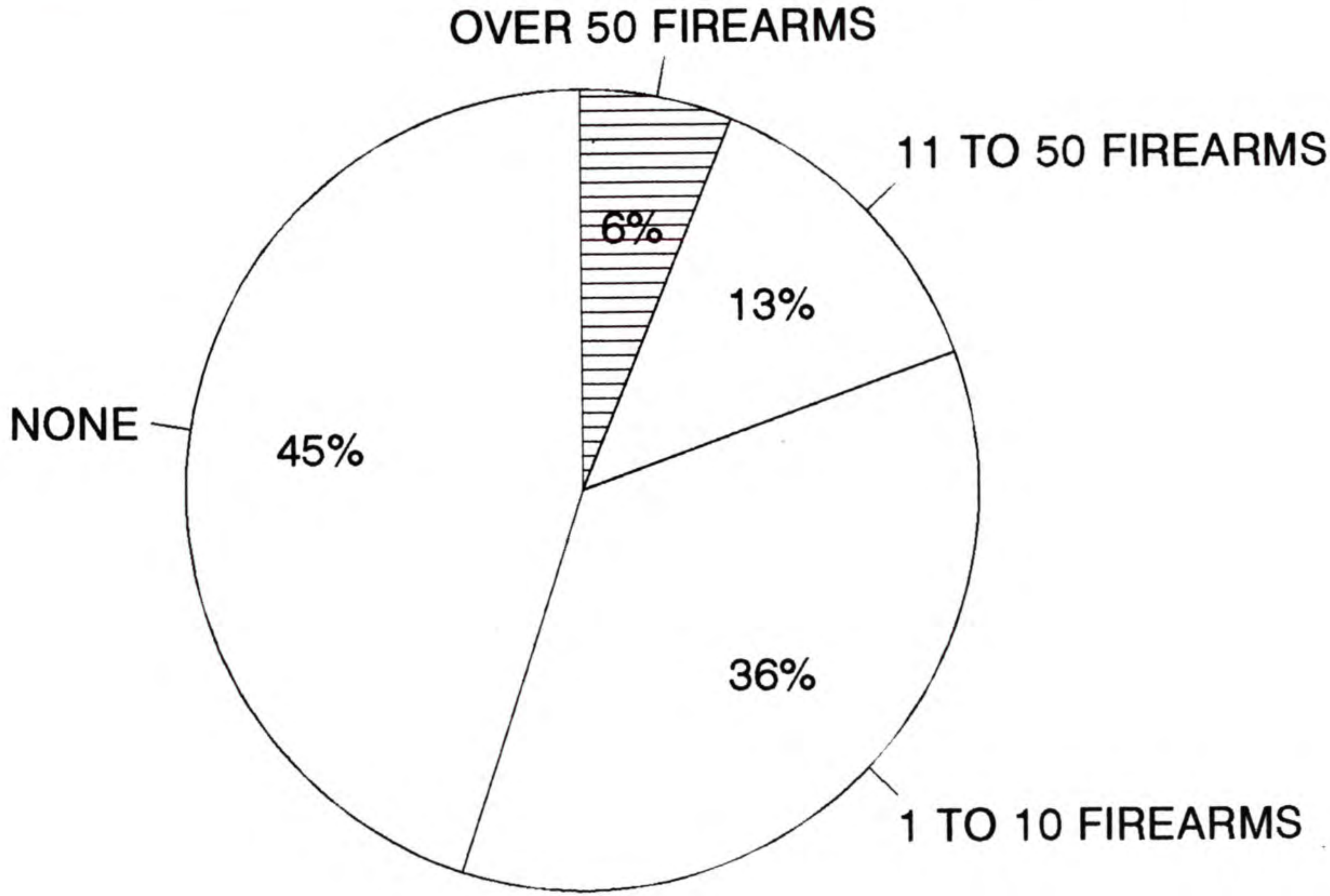
INSPECTION HISTORY AND RESULTS

- 9% OF DEALERS HAD PREVIOUSLY BEEN THE SUBJECT OF AN APPLICATION INVESTIGATION BY ATF
- 10% OF DEALERS HAD PREVIOUSLY BEEN THE SUBJECT OF A COMPLIANCE INSPECTION BY ATF
- 34% OF DEALERS WERE FOUND TO HAVE FEDERAL FIREARMS VIOLATIONS
- 7% OF DEALERS WERE FOUND TO HAVE VIOLATIONS FOR WHICH A FOLLOWUP INSPECTION WAS REQUIRED
- 4% OF DEALERS COULD NOT ACCOUNT FOR THE DISPOSITION OF ONE OR MORE FIREARMS
- 12% OF DEALERS SURRENDERED THEIR LICENSE DURING THE ATF INSPECTION
- 3% OF DEALERS WERE OUT OF BUSINESS BEFORE THE ATF INSPECTION

STATE AND LOCAL LICENSING

- 35% OF DEALERS ARE REQUIRED TO HAVE A STATE OR LOCAL FIREARMS LICENSE BUT ONLY 6 OF 10 COMPLY
- 65% OF DEALERS ARE NOT REQUIRED TO BE LICENSED FOR FIREARMS UNDER STATE OR LOCAL LAWS

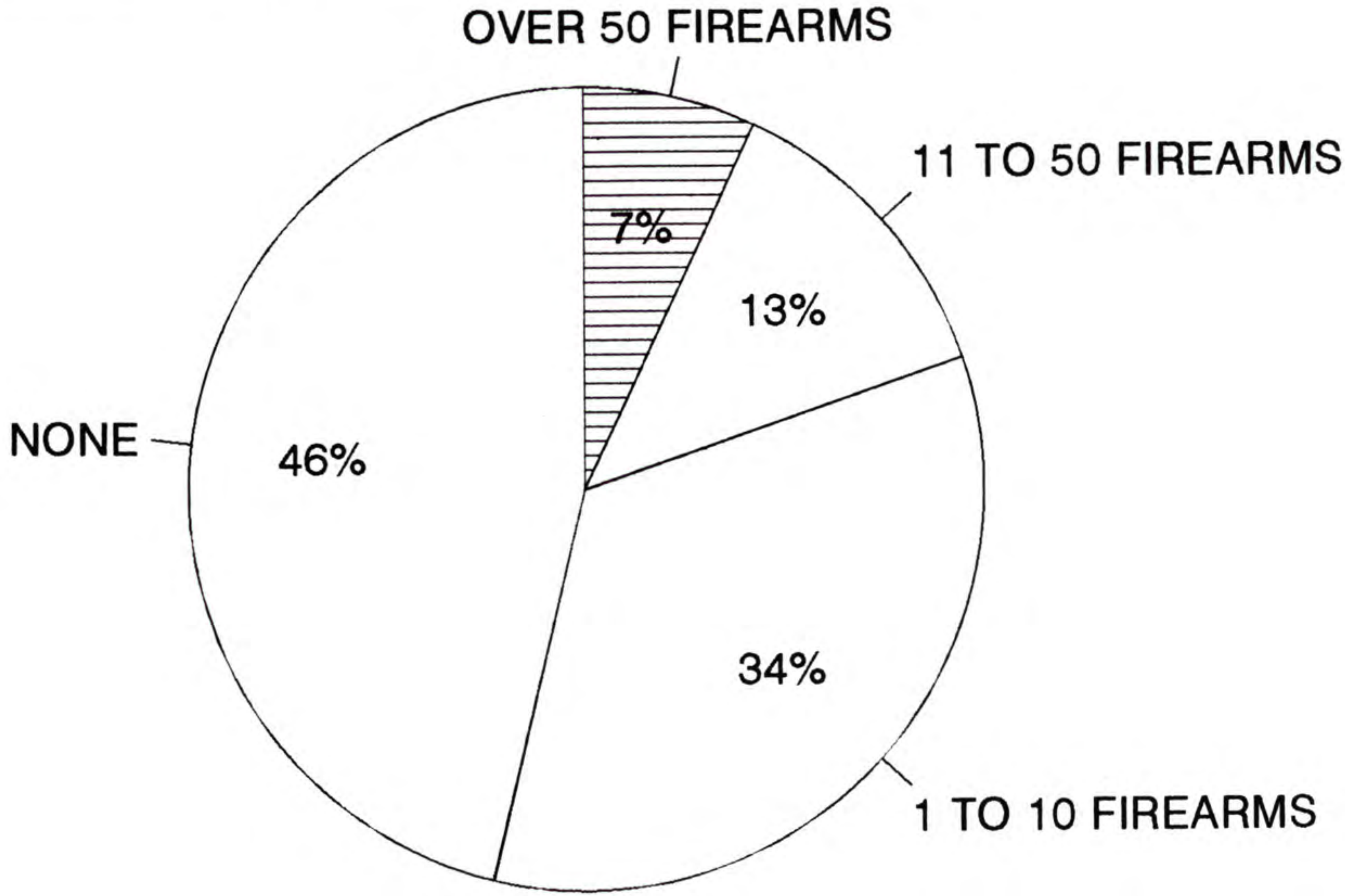
OPERATION SNAPSHOT
FIREARMS ACQUISITIONS 1 YEAR BEFORE INSPECTION



(Dealers whose records or business could not be located are included in the NONE category.)

July 12, 1993

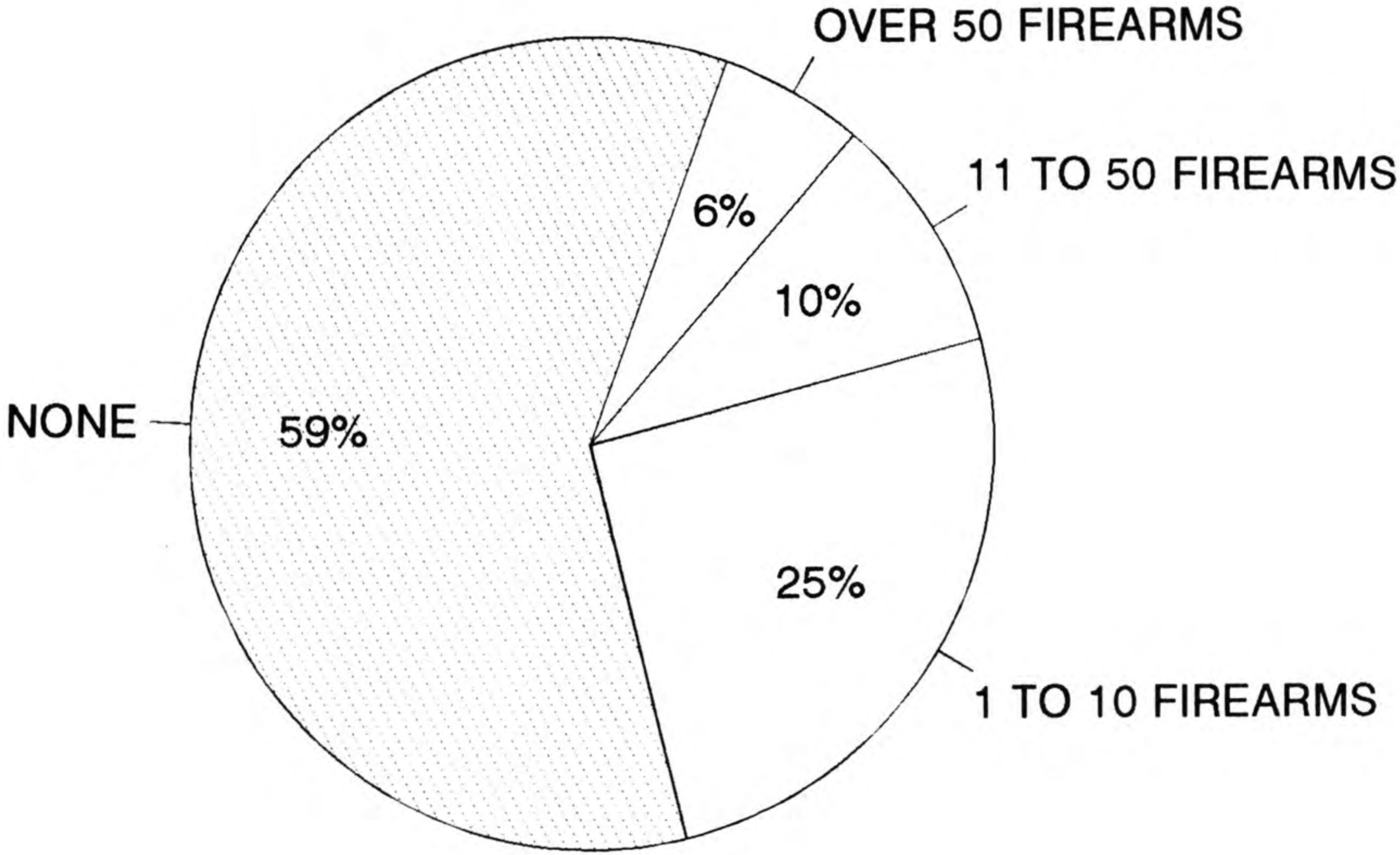
OPERATION SNAPSHOT
FIREARMS DISPOSITIONS 1 YEAR BEFORE INSPECTION



(Dealers whose records or business could not be located are included in the NONE category.)

July 12, 1993

OPERATION SNAPSHOT
FIREARMS INVENTORY AT TIME OF INSPECTION



July 12, 1993

Lion

THE WHITE HOUSE
WASHINGTON

DATE: 08/13/93

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

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

The attached has been forwarded to the President.

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

MEMBER

'93 AUG 13 P7:01

August 13, 1993

MEMORANDUM FOR THE PRESIDENT

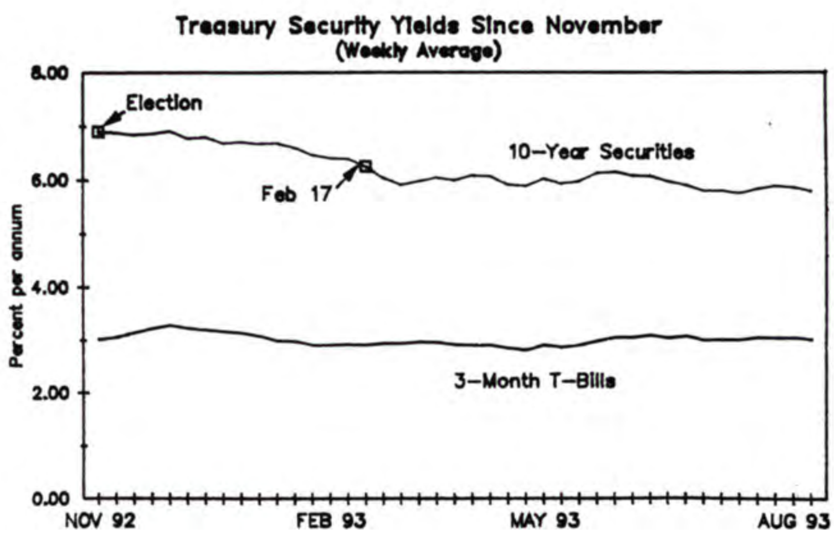
FROM: ALAN S. BLINDER AB

SUBJECT: Interest Rates and the Stock Market, Week Ending Friday, August 13, 1993

Interest rates fell this week, with sharp declines at the long end. Thirty-year bond yields hit a new record low each day. The main news this week was the passage of the budget (to which markets reacted on Monday) and slightly better than expected PPI and CPI inflation reports. Changes in Treasury borrowing rates over the week were as follows:

	Close 8/6/93	Close 8/13/93	Change
3-month bills	3.04	3.02	-0.02
10-year bonds	5.86	5.72	-0.14
30-year bonds	6.53	6.35	-0.18

The stock market closed higher for the week. The S&P index closed Friday (August 13) at 450.14, up 0.3 percent from the preceding Friday's close. The Dow Jones Industrial Average reached a record high on Wednesday, and rose 0.3 percent over the week to close at 3569.65.



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

MEMBER

93 AUG 13 P7:01

August 13, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: ALAN S. BLINDER AB

SUBJECT: Foreign Economic Developments

Exchange Rates: Despite repeated and aggressive intervention by the Bank of Japan, the yen rose sharply against most currencies and reached a new post-war high of ¥101.80 per dollar in Friday trading. The yen's rise followed Wednesday's announcement that Japan's trade balance in July rose 28% from a year ago. Several officials, including the Prime Minister, called for concerted G-7 action to stop the yen's rise. Other than against the yen, however, the dollar continues to increase in value.

Value of the Dollar in terms of:	Week Ending 8/6/93	Week Ending 8/13/93	Percent change from: Week ago	Percent change from: Year ago
Deutschemark	$1 = 1.695 DM	$1 = 1.710 DM	+0.8%	+17.5%
Yen	$1 = 104.60 Yen	$1 = 102.05 Yen	-2.4%	-19.3%
Multilateral (March 1973 = 100)	94.23	95.20	+1.0%	+17.1%

EMS: A second consecutive week of relative calm followed last Monday's widening of the ERM bands. The DM rose late in the week and finished 1.7% higher relative to the French franc. The Bank of France announced that intervention led to a $31.4 billion decline in net reserves in the week ending August 5. The Bank of France cut its overnight lending rate by 75 basis points but kept other key rates unchanged. The Bank is expected to rebuild reserves before implementing more substantial cuts in interest rates that would lead to a depreciation of the franc.

Japan: ▸ Wholesale prices fell by 0.1% in July and are down 3.4% from a year ago due to weak demand and the effects of the strong yen on import prices.

Europe: ▸ First quarter **French** industrial output fell by 1.9%, following a 2.7% drop in 92:4. Second quarter non-farm payroll jobs fell by 0.7% from a year ago.

▸ The **German** economy continues to look weak. Unemployment jumped last month to 7.5% (from 7.0%) in the West and 15.3% (from 14.4%) in the East. Wholesale prices in the West fell by 0.2% in July and were 0.7% below their level a year ago.

▸ **UK** industrial production fell 0.5% in June but was up 3.3% from a year earlier. Manufacturing productivity rose a sharp 6.8% for the year ending in June.

Other Countries: The **Mexican** stock market surged 3.7% on Friday on news of the NAFTA agreement.

Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: August 14, 1993

NOTE FOR: Tim Flynn

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)

[redacted]

cc:

THE WHITE HOUSE

WASHINGTON

August 11, 1993

Gail and Joe Montuori
801 Oak Lane
Radford, Virginia 24141

Dear Gail:

Thanks so much for your birthday card and for sending The Silver Chalice. It was one of my favorite books when I was young, and I appreciate your kindness in sending me a copy.

Again, thanks.

Sincerely,

Bill

Autopen 2nd letter
Book sent to Chelsea
cc Jim Flynn

THE WHITE HOUSE

WASHINGTON

August 11, 1993

Marissa Montuori
801 Oak Lane
Radford, Virginia 24141

Dear Marissa:

Happy Birthday! I hope you have a very special 10th birthday.

Thank you so much for my birthday card. It's very unique, and I think you are kind to send it.

See you soon.

Sincerely,

[redacted]

[redacted]

Mr. President,

Your information page that I received in response to our Girl Scout letters listed this as one of your favorite books while in high school.

I also enjoyed the book while in H.S. We had this copy in our home library and wanted you to have it.

Happy Birthday!
Gail

and the courage
to follow them.
Happy Birthday

Gail and Joe Montuori

Happy

Birthday

Pres.

Clinton

Love

Gail

Martin's

daughter, Marissa

Cro4

THE WHITE HOUSE
WASHINGTON

DATE: August 14, 1993

NOTE FOR: Linda Lader

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

Information XX

Action ☐

Thank you.

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

d U
Phil

cc:

cc This letter
to L Lady

Make copy for
Leada Loder —
I have her
address or send it
to her through Phil
Loder

THE WHITE HOUSE

WASHINGTON

August 10, 1993

Stan Hastey
Executive Director
The Alliance of Baptists
1328 16th Street, N.W.
Washington, D.C. 20036

Dear Stan:

Thanks for your kind letter. I appreciate your prayers and your encouraging words.

I am glad to know of the Alliance's work and of your efforts to address this issue in such a forthright way. And while I regret that I missed your sermon, "Overcoming Obstacles to Inclusion," last Sunday, I do look forward to having an opportunity to read it if you'll share it with me.

Again, thanks for writing and for your continued prayers.

Sincerely,

Bill Clinton

THE *Alliance* OF BAPTISTS

July 30, 1993

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

Dear Mr. President:

At the suggestion of our mutual friend and my Pastor, Everett Goodwin, I write concerning the following items.

First, along with many others, I was deeply offended at the actions of the Southern Baptist Convention in its most recent annual session concerning you and Vice President Gore. In addition, the treatment afforded Immanuel Baptist Church in Little Rock was both demeaning and un-Baptist.

For our part, the Alliance of Baptists champions freedom of the individual conscience, freedom of the local congregation, and religious freedom for all citizens. These principles, along with four others enumerated in our Covenant, form the historical-theological framework for our group.

Second, I want to commend you for your openness to the serious questions raised surrounding homosexuality. Although most religious groups are yet unwilling to deal with them, the Alliance is. For more than a year, we have had a Special Task Force on Human Sexuality dealing specifically with homosexuality and the church. Thus far, this panel has produced a bibliography of resources for churches affiliated with our group and others willing to deal honestly and seriously with the subject.

Two of our North Carolina congregations, Pullen Memorial Baptist Church in Raleigh and Binkley Memorial Baptist Church in Chapel Hill, were the churches that provoked the recent action of the Southern Baptist Convention to expel churches that "affirm" homosexuals.

1328 16th Street, N.W. • Washington, D.C. 20036 • (202) 745-7609 • FAX (202) 234-9139

Despite the lamentable trend toward authoritarianism in Southern Baptist life, the Alliance seeks to become a truly welcoming home for free Baptists in our day and to build bridges between ourselves and other Baptist bodies and the larger church.

Dr. Goodwin specifically has encouraged me to mention that in his absence from the pulpit of First Baptist Church on August 8, I will be preaching a sermon, "Overcoming Obstacles to Inclusion," that will touch on race, gender and sexual orientation as three primary examples of the divisions that plague our churches. Should you be in town and choose to attend First Baptist that day, I will look forward to meeting you. Otherwise I'd be pleased to send you a copy of the sermon.

Please know that I am among those of your supporters who believe strongly that your election signals great hope for our nation. I pray for you often, as well as for Mrs. Clinton and Chelsea, that each of you will be kept safe and well. And I pray for you, as I do for myself, that God will grant strength and wisdom beyond our own for "the living of these days" and "the facing of this hour."

Very respectfully yours,

Stan Hastey

Stan Hastey
Executive Director

Cron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: August 14, 1993

NOTE FOR: Marsha Scott
Ann Stock

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

Information XX

Action ☐

Thank you.

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

[redacted]

cc:

THE WHITE HOUSE

WASHINGTON

August 11, 1993

Christopher C. Ashby
17 Side Hill Road
Westport, Connecticut 06880

Dear Kit:

Thanks for your letter and for sending the Georgetown Soccer schedule. I'd love to see one.

I appreciate your perspective on such a wide range of issues. We're working hard on the press criticism, and I agree that it's getting better.

Call when you come to town.

Sincerely,

Bill

Dick Gardner not
John is going to Spain.

THE WHITE HOUSE

WASHINGTON

August 10, 1993

Christopher C. Ashby
17 Side Hill Road
Westport, Connecticut 06880

Dear Kit:

Thanks for your letter and for sending the Georgetown Soccer schedule. I'd love to play sometime.

I appreciate your perspective on such a wide range of issues. We're working hard on the press criticism, and I agree that it's getting better.

Call when you come to town.

Sincerely,

Rec'd by
Trey on
8/10/93

CHRISTOPHER C. ASHBY

July 30, 1993

Dear Bill,

First, I want to thank you and Hilary for allowing the class to spend our 25th reunion at the White House. I especially thank you for inviting the Ashbys to spend the night there. Amy had never had that thrill before, and it was a marvelous experience for us both.

Second, i want to thank you for not resuming nuclear weapons testing. I was afraid it would go the other way. I can't imagine how we could control India, Pakistan, N. Korea, et al, if we are the first to resume testing. I read that 1993 could be the first year since 1946 in which no nuclear weapons were detonated. Thanks very much.

You will find included a copy of the Georgetown Soccer schedule for next fall. Hopefully you, Hilary and Chelsea can join us for a game. As you know, next summer we will host the World Cup, and I assume you will go to some of the games. Come to a Georgetown game and we will teach you the vocabulary.

cc Tony [illegible]

I read that you nominated John Gardner to be Ambassador to Spain. I saw him once with Winston Lord at the UN making a presentation on Changing Our Ways. Frankly, he seemed a bit like an old fashion liberal who doesn't really have a feel for people. Sort of central casting's version of a professor. I doubt that the Spanish will warm up to him. However, a relationship is not made by one ambassador, and I'm sure he will be just fine.

As I'm sure you've noticed, the New York Times has become rather positive for some reason. A few weeks ago in the Sunday paper they had a great article using the metaphor of a boat, captain and crew. I'm sure you saw it, but I was glad they seemed to be taking a different tact. Today there was a article about how fast you jog. Again, a subtle but hopefully important shift. Like most people, I only read one local paper, but perhaps the press in general is reacting more flexibly.

I am writing Ann Stock a letter to continue a discussion we had in June on the lack of technology she had available to her in her office. She was clearly very frustrated by the volume of work and the lack of resources to handle it properly. We discussed briefly what kind of office automation systems she had available, and it appeared pretty sparse. I thought perhaps I could help her design an office that if more productive, because I have bought a good bit of that type of equipment over the last couple of years. For instance, the White House's ability to answer all your correspondence could be automated, such that you could have customized standard response, and at the end of the day(month, year) you would know how many people thought which way on which issues. It would save you a pollster. I'll see what I can do.

And finally, I will add my 2 cents on Bosnia., like everyone else. It is of course, the major tragedy of our time, and probably of your Presidency. It is startling to see that the American people "have the battlefield brought into their living rooms" every night, and to their front door every morning, and do not react. How can we see such vivid portrayals of what is going on there and not feel that we ought to try to do something to stop it. I think your policy of arming the Bosnians and providing air support was exactly correct. I'm sorry you didn't push the Europeans harder to either accept it or be left out. Force them to use their Security Council veto and show the world the extent of their view of "self interest." I have a 20 year old son, and I have seen combat. Lord knows I don't want him to go to war. But I am embarrassed to see that my country doesn't care enough to do more than we have. Sofia, which I told you I visited in May, is 45 miles from Serbia. They believe that eventually there will be a Baltic war, involving them, the Greeks, and perhaps the Turks. We may not be able to appease the Serbs by giving them what they want in Bosnia.

Enough of that. I hope to be in Washington in the late summer. I'll call you before hand and perhaps we can get together. Hang in there, and If I can help in any way, please let me know.

Best Regards
Kit

GEORGETOWN UNIVERSITY

Department of Athletics

1993 GEORGETOWN SOCCER SCHEDULE

9/4 Sat.	at UNC Greensboro	7:00 pm
9/6 Mon.	at. N.C. State	1:30 pm
9/8 Wed.	at Univ. of Maryland Eastern Shore	3:30 pm
9/12 Sun.	at Syracuse	1:00 pm
9/15 Wed.	at Mt. St. Mary's	3:30 pm
9/19 Sun.	Villanova	1:00 pm
9/22 Wed.	at Virginia	4:00 pm
9/25 Sat.	Seton Hall	2:00 pm
9/29 Wed.	UMBC	3:30 pm
10/3 Sun.	at Connecticut	1:00 pm
10/10 Sun.	Providence	1:00 pm
10/13 Wed.	Philadelphia Textile	3:30 pm
10/16 Sat.	at St. John's	7:30 pm
10/20 Wed.	American	3:30 pm
10/23 Sat.	Boston College	2:00 pm
10/27 Wed.	Towson State	2:30 pm
10/31 Sun.	at Pittsburgh	1:00 pm
11/2 Tues.	St. Francis (PA)	2:30 pm
11/5 Fri.	Big East Tournament Semi-Finals	
11/7 Sun.	Big East Tournament Finals	

POSSIBLE GAME VS JOHNS HOPKINS at GTOWN.

Washington DC 20057
202-687-2435