Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	David Leopoulos to POTUS [partial] (1 page)	09/00/1993	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
John Podesta (Chron Files)
OA/Box Number: 1391

FOLDER TITLE:

September 12-18, 1993 [3]

2018-0662-S
rs3070

RESTRICTION CODES

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

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

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

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

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

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 9/15

TO: Stephanie Street

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

This did not go to the President. Will you follow up + get/or make a decision

John

THE WHITE HOUSE

WASHINGTON

'93 SEP 15 P2:15

September 15, 1993

MEMORANDUM TO THE PRESIDENT

Fr: David E. Dreyer
Re: An Appearance for Mark Green

Summary

George Stephanopoulos recommended I forward this note regarding Mark Green.

Mark would like to do an event with you while you are in New York for Mayor Dinkins. As you may know, Mark won his race for Public Advocate last night in New York with 46% in a six-man field, escaping the need for a run-off. With Dinkins running behind Giuliani, there is a good chance that Mark will be the highest ranking Democrat in New York City come January 1, 1994. While Mark will be in attendance at your Dinkins event, he would like something separate -- perhaps as simple as a morning jog, or an appearance before a New York hospital on health care. Mark continues to be a strong advocate for you and the policies of the Administration.

Would you do this?

____ Yes   ____ No   ____ More information

cc: Roy Neel
Marcia Hale
Joan Baggett

c.c. Mack

THE PRESIDENT HAS SEEN
9.15.93

Mack etal
There is the minority
sophisticated and Rockefeller
attack → seem need a point
by point response for the
argument that Audubon took
a dive on the side agreements -
Pls have a memo
to me.

B

JP Bill Daley
etal -
who
else
(MACK's copy is
done

Bill Daley

COLUMN LEFT/
ROBERT KUTTNER

Put NAFTA on Ice to Pass Health Reform

■ **Clinton doesn't have enough Democratic votes for both.**

Whatever you think of the North American Free Trade Agreement as an economic idea, it is becoming a political nightmare for the President. A basically Republican idea is weakening his links with the Democratic Congress.

This would be damaging enough all by itself, but NAFTA also complicates the Administration's other big autumn initiative—health reform—in ways that harm the prospects of both.

Candidate Clinton supported NAFTA to underscore his posture as a "New Democrat" and to attract business backing. However, he made his support conditional on negotiating side deals on labor and environmental standards. These were supposed to win over skeptical Democrats.

The token side deals that have been concluded satisfy very few Democratic legislators. The deals allow challenges only to Mexico's failure to enforce its own labor and environmental laws, but they do nothing to raise those laws' standards.

Meanwhile, the Administration is putting the final touches on its health-reform plan. While most Democratic liberals applaud the general goal of the plan—comprehensive health insurance at a fairly high level of coverage—many liberals are less than thrilled with all the details.

For example, the Administration program removes the tax deductibility of any health-insurance coverage more generous than that of the benchmark plan.

Unions in particular have problems with this feature, since many union contracts include hard-won generous health packages. Nonetheless, most union presidents are sympathetic to the Administration's broad strategy and its calculation that this plan is probably the best one that can make it through Congress.

So union leaders such as Gerald McEntee of the American Federation of State, County and Municipal Employees and Owen Bieber of the United Auto Workers are loyally working to persuade their members to support the Administration's basic approach—and are taking great political risks to do so.

Unfortunately, health reform is not their top priority. Defeating NAFTA is.

Scarce union dollars and political resources that might be spent rounding up support for the Administration's health plan, are instead going to defeat NAFTA. Unionists and their congressional allies who are working hand-in-glove to devise a common legislative strategy on health reform are sworn enemies on NAFTA. Given that the budget passed by just one vote in the Senate and two in the House, this conflict is creating a strain on intraparty goodwill that Clinton can scarcely afford. Dozens of skeptical legislators have already risked an unpopular vote to give Clinton his budget. Democrats Clinton desperately needs on health reform he is likely to lose on NAFTA—and vice versa.

'NAFTA was George Bush's initiative; the ideology was entirely Republican.'

This incipient donnybrook was altogether unnecessary. NAFTA was George Bush's initiative; the ideology was entirely Republican.

While Democrats as well as Republicans have historically supported freer global trade, the idea of a preferential "North American" trade bloc with special privileges for cheap Mexican labor actually violates the principles of global free trade. It was devised mainly to reward Mexican President Carlos Salinas de Gortari for being loyal to Reagan-Bush economic policies.

Clinton could easily have made a good-faith effort to enact tough agreements raising Mexican environmental and labor standards. When that failed, he could have backed away from the Bush Administration's draft NAFTA agreement. Instead, he settled for very weak agreements that few Democrats in Congress take seriously. If NAFTA is now approved in a very slow economy, and if jobs shift to Mexico at an accelerating rate, Clinton will reap the political blame.

In two senses, it would be salutary if NAFTA were voted down. Economically, it would spare the country a dubious policy likely to cost American jobs. Politically, it would remind Clinton that the liberals in his own party have been his most reliable supporters on most issues, and that he cannot take that support for granted.

An even better outcome would be for Clinton to inform Mexico that he has taken a head count and, regrettably, there are not the votes in Congress for NAFTA's enactment. Clinton could then withdraw the proposed agreement and negotiate a new trade liberalization pact, gradually lowering trade barriers as Mexico delivers on its pledge to raise labor and environmental standards.

This would put a Democratic spin on a Republican idea, and win wide backing in his own party. It would also be cause for cheer in the Mexican barrios, where raw sewage and toxic chemicals run in the streets and where wages are at starvation levels—conditions unlikely to be improved by the present version of NAFTA.

THE WHITE HOUSE
WASHINGTON

DATE: 09/15/93

NOTE FOR: SECRETARY REICH

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

Information ☐

Action ☒

BoB ~~Need~~?

?

Reich

who/

where

Thank you.

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

cc:

Bob Rubin / Bob Reich
[illegible]
B

Clinton Mulls Requiring More Notice of Layoffs

Current Plant-Closing Law Has Proven to Be Flop, GAO Study Indicates

ECONOMY

By KEVIN G. SALWEN
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — The Clinton administration is weighing a plan to force more companies to give workers advance notice before closing plants.

A draft document outlining the proposal is circulating around Capitol Hill as part of the Labor Department's "dislocated worker" plan, which proposes transforming the unemployment-insurance system into a broader job training and career counseling program.

Since its enactment in 1988, the plant-closing law has been a flop. Officially, it requires corporations to provide 60 days notice any time they furlough a third or more of the full-time workers at any site of at least 150 workers, or if they cut 500 employees at any facility. Notice also is required for any permanent plant closure that affects 50 workers.

Low Rate of Compliance

But whole sectors of corporate America have shuttered plants over the past several years without ever telling workers of their impending fate. In a study of the law, the General Accounting Office earlier this year said about half the plant closings were exempt from the law because of size. The GAO said that of the remaining plants, about half didn't provide enough notice or any at all.

The GAO said much of the failure stemmed from companies' lack of knowledge about the provisions of the law. And no government entity currently has the power to enforce the law.

The administration's proposal would lower the threshold requiring employee notification by ending the one-third rule. Under that new proposal, any company that lays off 50 workers would have to give workers advance notice, no matter what portion of the company's work force that number represents.

But administration officials also are offering alternatives for how to amend the law. One option would be to end the one-third requirement and cut the threshold to 25 workers, an option that Sen. Howard Metzenbaum (D., Ohio) and Rep. William Ford (D., Mich.) have embraced. Another option would keep the one-third rule and reduce the 500-worker limit. A third alternative would be to reduce the one-third limit.

According to the Labor Department, there were nearly 3,900 plant closings of more than 50 workers in 1991.

The administration plan doesn't address the compliance issue. Currently, workers who have lost their jobs without appropriate notification can file lawsuits.

Democrats said that while a broader plant-closing law would help, compliance is the bigger problem. "The administration's plan would move very substantially to fix the problem," said Sen. Metzenbaum. "But we need to provide the Department of Labor with enforcement power."

Retaining GOP Support

On Capitol Hill, Republicans cautioned that reopening the plant-closing issue, which proved contentious when it first arose in Congress, could hurt the administration's chances to push through its dislocated-worker program, which Republicans would like to support.

"Lowering the threshold . . . doesn't prevent workers from being laid off," said Sen. Nancy Kassebaum of Kansas, the ranking Republican on the Labor Committee. "On the contrary, this expanded workplace regulation could end up being yet another reason for employers to move toward part-time and contract workers."

Doug Ross, assistant secretary for employment and training at the Labor Department, said the agency will review comments about its draft proposal and decide next month whether to propose changes to the plant-closing law. "The question is: How do we do a better job of knowing when significant groups of workers are about to be laid off?" Mr. Ross said. He said studies show that when the government is able to reach laid-off workers earlier, they find new jobs faster.

U.S. Relaxes Trade Embargo On Vietnam

Firms Can Bid on Projects Funded by International Development Agencies

By CARLA ANNE ROBBINS
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — President Clinton eased the U.S. trade embargo on Vietnam, clearing the way for some American companies to do business there for the first time in 18 years.

The White House announced yesterday that U.S. businesses will be allowed to bid on development projects funded by international lending institutions. U.S. companies will continue to be barred, however, from pursuing other trade and commercial interests there.

The World Bank and Asian Development Bank are considering an estimated $500 million in projects in Vietnam, including rebuilding ports and roads, improving telecommunications and the electrical grid, and agricultural development.

The embargo won't be lifted totally, say administration officials, until the U.S. is satisfied that Vietnam has turned over all information on Americans missing or held prisoner after the Vietnam War. Vietnam has offered "significant" cooperation on the emotionally charged issue, say officials, and yesterday's decision acknowledges that. But officials say that some questions still need to be resolved before remaining restrictions can be lifted.

U.S. business interests are lobbying the White House heavily to end the embargo as soon as possible. Vietnam, they believe, could be a lucrative market, and they fear they are losing out to Asian and European competitors there.

Some veterans and family members of those lost in Vietnam vehemently oppose any rapprochement. And the issue is an especially sensitive one for Mr. Clinton, who avoided military service during the Vietnam War.

The administration has been particularly skittish since the Russian government turned over a series of documents from its archives suggesting that Vietnam intentionally underreported the number of prisoners it held at the end of the war. U.S. military and intelligence experts doubt the veracity of these reports, but the administration still fears that it could be surprised, and embarrassed, if it moves too quickly.

President Bush first moved to ease the embargo late last year, allowing U.S. companies to set up offices in Hanoi, but prohibiting them from conducting any business. The Clinton administration followed up in July, when it stopped blocking international lending to Vietnam. Yesterday's decision was a logical step, because it frees American companies to bid on projects backed by international lending institutions, which receive sizable funding from the U.S. Nevertheless, the action was a fundamentally cautious one, reflecting the political sensitivities of the issue.

At the same time as the Vietnam announcement, the administration extended restrictions on trading with Cuba and North Korea, under the Trading With the Enemy Act.

77

Bill Daley Rm 1112

THE PRESIDENT HAS SEEN
9.15.93

Bill Daley
(Often overlooked as we argue, Great Rep is mighty persuasive on the case for commun
B.

Robert J. Samuelson

Scare Talk About NAFTA

WEDNESDAY, SEPTEMBER 15, 1993 THE WASHINGTON POST

On NAFTA, Jay Leno got it about right. NAFTA is shorthand for the North American Free Trade Agreement—a free trade pact between the United States and Mexico. Last week, Leno wandered out of his studio to ask people on the street what they think of it. Think of it? Hey, they have hardly heard of it. A typical response went: "Nafta? How do you spell that?" As Leno discovered, Americans aren't lying awake worrying about NAFTA.

All of which makes the strident opposition of so many congressional Democrats mystifying. They're not only against it. They're determined to defeat it and humiliate President Clinton, who backs the agreement. Hello, anybody home? Yes, George Bush originally negotiated NAFTA, but he's gone to Texas; this guy Clinton is your president. The opposition is all the more perplexing, because the case against NAFTA is so weak.

What we're being told is that free trade with Mexico would devastate the U.S. economy. With its low wages, Mexico would unleash a flood of cheap imports into our markets. There would be a mass exodus of U.S. factory jobs, as hordes of American companies fled across the border. "Save Your Job, Save Our Country: Why NAFTA Must Be Stopped—Now" is the book by Ross Perot and Pat Choate that captures the worst fears. Many unions make similar arguments.

All this is scare talk. To understand why, you need to grasp NAFTA's basics. They boil down to three propositions.

(1) Contrary to anti-NAFTA rhetoric, the trade agreement would probably boost U.S. jobs. But the impact on jobs—whether good or bad—would be small.

The idea that Mexico will hijack our industrial base is a myth. "If this fear were realistic, it would already have happened," as economist Gary Hufbauer of the Institute for International Economics puts it. Mexico's wages have long been lower than ours, and most of its exports already enter our market without any tariff. (The average tariff: 1.9 percent.) If companies were going to flee, they would have done so years ago. They haven't fled for lots of reasons: American workers are more productive than Mexican workers; Mexico's transportation and communications systems are less efficient; U.S. companies need to be close to U.S. customers.

Our economy is 20 times the size of Mexico's. Mexico simply isn't capable of flooding us with cheap goods. Nor can it absorb enough of our exports to generate dramatic U.S. job increases. Still, most of the import barriers that would come down under NAFTA would be Mexico's against our products. Its tariffs average about 10 percent. This is one reason most experts think NAFTA initially would raise U.S. exports and jobs. Recent experience is encouraging. Since the mid-1980s, Mexico has unilaterally cut its steep tariffs and quotas. Annual U.S. exports soared from $12 billion to $41 billion between 1986 and 1992. A $5 billion trade deficit became a $5 billion trade surplus.

(2) NAFTA is an exercise in enlightened foreign policy—an effort to make Mexico richer and thereby, a better neighbor.

Both Presidents Bush and Clinton have bought the promise of NAFTA, which is the brainchild of Mexican President Carlos Salinas de Gortari. For Salinas, NAFTA represents a way to consolidate radical changes in Mexico's economic policies. He has tried to dismantle elaborate economic controls. Many state-owned companies have been sold. Tariff reductions have been dramatic. The goal is to spur economic growth by creating a climate that attracts investment and opens Mexico to global competition.

So far, Salinas has enjoyed modest success. Since 1989 Mexico has lured about $42 billion in new foreign investment. Meanwhile, its economy has grown consistently for six years, a contrast with the stagnation of the early 1980s. NAFTA would make Mexico's low tariffs and relaxed restrictions on foreign investment harder to undo by encasing them in a treaty. Salinas's economic policies have also had a political edge. Trying to cooperate with the United States, he has abandoned anti-American rhetoric.

(3) If NAFTA works, huge gains for the United States would emerge gradually over 10 or 15 years.

A prosperous, stable and democratic Mexico would simply be a better neighbor than a poor, unstable and undemocratic Mexico. Higher economic growth would ultimately reduce illegal immigration into the United States. Mexicans could stay home and get jobs. It would be easier to cooperate with Mexico on issues ranging from the environment to drug traffic. Finally, a more prosperous Mexico would help some mature U.S. industries. Autos are a good example. Mexico has about eight cars per 100 people; we have about 57 per 100. A richer Mexico would buy more cars, and many of these would be designed and built in the United States.

The obsession with jobs obscures what NAFTA is really about: the remaking of Mexico. Some U.S. industries would lose under NAFTA; others would gain.

The effect on jobs would be small.

But the potential losses are tiny compared with job disruptions that are caused by business cycles or new technologies. The real cloud over NAFTA is that it may not remake Mexico, as Mexican political scientist Jorge Castaneda argues in "Foreign Affairs." Mexico might not attract ample foreign investment. Joblessness might rise, because inefficient Mexican firms can't withstand foreign competition. Salinas's modest political reforms, designed to end one-party rule, might stall. Corruption, as Castaneda notes, remains widespread.

But NAFTA is the gamble that Mexico's leaders have made, and no one has advanced a better idea. The question for Americans is whether the alternative—conducting U.S.-Mexican relations without the agreement—is good policy. It isn't. Defeating NAFTA might stunt Mexico's economic development. It would also represent an enormous setback to U.S.-Mexican relations, because Mexico's leaders have staked so much on NAFTA.

The alarmism about jobs is actually an assault on the president's authority to make foreign policy. The economic logic against NAFTA is weak as is the political logic. Congressional opposition is a wrecking operation. It has little popular appeal. Jay Leno knows this, but do congressional Democrats?

Melinda Schwegmann
Lieutenant Governor
P. O. Box 44243
Baton Rouge, Louisiana
70804

THE PRESIDENT HAS SEEN
9.15.93

To Eli Segal
She's sharp,
good supporter
for [illegible] make
contact with her & find
ways to involve her
BC

STATE OF LOUISIANA
OFFICE OF THE LIEUTENANT GOVERNOR

MELINDA SCHWEGMANN
LIEUTENANT GOVERNOR
AND
COMMISSIONER
DEPARTMENT OF CULTURE,
RECREATION AND TOURISM

P. O. BOX 44243
BATON ROUGE, LOUISIANA 70804
(504) 342-7009
FAX (504) 342-1949

September 15, 1993

Mr. President:

Enclosed you will find a list of the Delta Service Corps sites in Louisiana. We are already seeing the benefits to the communities and the difference that these volunteers are making in their own lives and those of everyone they touch. Thank you for being so supportive of this program!

I will be honored to be present on Tuesday as you sign the National Community Service Act and look forward to seeing you at that time.

Sincerely,

Melinda

Melinda Schwegmann

1993 DELTA SERVICE CORPS
TEAM LEADER ASSIGNMENT

NORTH LA REGION I - NEW TEAM LEADER

OUACHITA PARISH	ARCO - Teen Pregnancy Monroe Guidance NLU Family Resource Center YWCA Ouachita Council on Aging LA the Beautiful
MADISON PARISH	LA Cooperative Extension 6th Judicial Adolescent Diversion Program

NORTH LA REGION II - VERBERLYN WASHINGTON

OUACHITA PARISH	Project Read Boys Scouts of Ouachita W. Ouachita Senior Center Supreme Intervention Southern Oaks Addition Recovery
LINCOLN PARISH	Grambling Parks & Recreation North Central LA Literacy Council Center for Rehab. Science & Biomedical

CENTRAL LA REGION - NEW TEAM LEADER

RAPIDES PARISH	Food Bank of Central Central LA Partners in Literacy Family Counseling Agency (Turning Point) CENLA Pride Extra Mile
WINN PARISH	Literacy Council of Winn Parish

CENTRAL/EASTERN REGION - JANICE PROMISE

CATAHOULA PARISH	Sicily Island Elem. - Tutoring & Literacy Sicily Island High Martin Jr. High
CONCORDIA PARISH	Vidalia Jr. High Ferriday Jr. High Vidalia Economic Development Vidalia Farmers Market

SOUTH/WESTERN REGION - NEW TEAM LEADER

ACADIA PARISH	Crowley Chamber of Commerce
EVANGELINE PARISH	Evangeline Community Action
IBERIA PARISH	ARC Unlimited Iberia Council on Aging
ST. MARTIN PARISH	St. Martin Parish Library St. Martin Community Action
ST. LANDRY PARISH	United Way of St. Landry Parish Southern University Cooperative Extension Northeast Elem. St. Landry Parish Community Action Thensted Center Village of Palletto

SOUTH/CENTRAL REGION I - JANE SULLIVAN

E.B.R. PARISH	Audubon Girl Scouts Baton Rouge Green American Diabetes E.B.R. Council on Aging Volunteers of America (Parker House) Health Care Centers
TANGI. PARISH	LA Special Olympics QUAD Area Boys & Girls Club of Hammond
WASHING. PARISH	Washington Parish Council on Aging

SOUTH/CENTRAL REGION II - NEW TEAM LEADER

E.B.R. PARISH	Boys & Girls Club of Baton Rouge CAWSC Dalton Elem. Mid City Redevelopment Southern University Cooperative Ext. YWCA Big Buddy Capitol Area Council on Aging Gov. Office on Women Services Housing Authority
IBERVILLE PARISH	Promotion & Preservation of Iberville Soil Conservation Service

SOUTH/EASTERN REGION I - LAWRENCE WILLIAMS

ORLEANS PARISH	Associated Catholic Charities N.O. Habitat of Humanity Bridge House Volunteers of America of N.O. Grace House Toyota Families House of Ruth Second Harvesters Food Bank Learning Skills Center

SOUTH/EASTERN REGION II - PARIS BROWN

ORLEANS PARISH	Associated Catholic Charities Great Expectations Neighborhood Math Place My House Summerbridge PHILMAT Inc. WYES-TV
ST. CHARLES PARISH	River Parish Alcohol & Drug Abuse Clinic

SOUTHERN REGION - NEW TEAM LEADER

LAFOURCHE PARISH	Project Read (Napoleonville/Pierre Part) City of Thibodaux Parent & Family Resource Center North Lafourche Parish Revitalization American Red Cross Nicholls State Univ. (UCAN) Special Ed. District No. 1
ST. JAMES PARISH	St. James Youth Center River Parish Alcohol & Drug Abuse Clinic

THE PRESIDENT HAS SEEN
9.15.93

Rada / BC

This is real important to many. Can we do it?

B.

THE PRESIDENT HAS SEEN
9-15-93

MARY L. LANDRIEU
STATE TREASURER

September 15, 1993

Mr. President,

Please recommend for appointment, as an at-large DNC member, my aunt Phyllis Landrieu. Phyllis was very active in your campaign and is a long-term Democratic activist. David Wilhelm has records on file and I have previously written you urging Phyllis' appointment (see attached). She also has the support of:

Senator John Breaux
Congressman Bill Jefferson
Senator George Mitchell
Senator Babara Mikulski
Senator Dale Bumpers
Thomas "Mack" McLarty
... and many others.

This appointment is very important to me personally. Thank you for your attention to the this matter.

With kindest and warmest regards,

Please do this for me! Thanks

Sincerely yours,

Mary L. Landrieu

TREASURER OF THE STATE OF LOUISIANA

MARY L. LANDRIEU
TREASURER

P. O. BOX 44154
BATON ROUGE 70804
(504) 342-0010

April 21, 1993

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

Re: Recommendation of Phyllis Landrieu for Appointment to an At-Large seat on the Democratic National Committee

Dear Mr. President:

I am writing to you directly on behalf of my aunt, Phyllis Landrieu, who is presently under consideration for appointment to an at-large seat on the Democratic National Committee. I respectfully ask that you speak with David Wilhelm so that Phyllis is appointed to this Committee.

Phyllis is a remarkable individual, the mother of 10 grown and prosperous children, the owner of a very successful public relations firm, and a leading political activist in Louisiana.

Phyllis is an effective, "can do" person, who will add greatly to the energy and effectiveness of the Democratic National Committee. On the political front, Phyllis has played an active role as a grassroots organizer, as a fundraiser, and as a financial contributor to the election of a number of public officials, including my father's two elections as Mayor of New Orleans, the election of Pascal Calegaro as Chief Justice of the Louisiana Supreme Court, the many re-election campaigns of Lindy Boggs, former congresswoman from New Orleans, President Jimmy Carter's election campaigns, New Orleans Mayor Sidney Barthelemy's campaigns, our mutual friend Congressman Bill Jefferson's successful campaigns for congress, Louisiana Senators J. Bennett Johnston and John Breaux's campaigns, and my several political campaigns. Most recently, Phyllis was very active in your campaign for President here in Louisiana.

Phyllis' length of service in democratic party circles here in Louisiana and in Washington dates back more than 20 years. She first served as State Democratic Vice Chair from 1972-1976, and during those same years served as a member of the Democratic National Committee. It is Phyllis' long-standing involvement in state and national democratic causes that has earned Phyllis the support of the entire Louisiana Democratic Delegation for this position, the support of Senate Majority Leader George Mitchell, and your White House Chief of Staff Mack McLarty.

I can tell you that Phyllis' commitment to your presidential campaign was extraordinary. As co-chairman of your campaign here in Louisiana, I saw first hand Phyllis' ability to organize and raise funds effectively and with great speed. She is deserving of this appointment and will bring her great experience to our party. I know that the next DNC meeting is not until October, but to have Phyllis' appointment secured now only assures that her considerable talents can be directed toward the goals and objectives of the party immediately.

Thank you, Mr. President, for your attention to this matter.

With kindest and warmest personal regards, I am

Sincerely yours,

Mary L. Landrieu
State Treasurer

MLL:tad

Enclosures

Consulting

Public Relations

Marketing

Advantage

PHYLLIS LANDRIEU

LIST OF PERSONS SUPPORTING NOMINATION:

Secretary of Commerce Ron Brown

Senator J. Bennett Johnston
Senator John Breaux
Congressman William Jefferson
Congressman James (Jimmy) Hayes
Congressman Billy Tauzin
Congressman Cleo Fields
Former Congresswoman Lindy Boggs
Senator Barbara Mikulski
Senator George Mitchell
Senator Dale Bumpers
Honorable Robert Strauss
Mr. Lee Kling
Mr. Tommy Boggs
Governor Edwin Edwards
Lt. Governor Melinda Schwegmann
Governor Ann Richards
State Treasurer Mary Landrieu
Comm. of Insurance Jim Brown
Mayor Sidney Barthelemy

DNC Secretary Cathy Vick
DNC Vice Chairman James Brady
State Committeeman Tucker Melancon
State Committeewoman Doris Reggie
Arkansas Vice Chair Jimmielou Fisher, State Treasurer
Arkansas State Chairman George Jernigan
Thomas (Mac) McClarty, Whitehouse Chief of Staff

Phyllis Landrieu

Canal Place One

Suite 2300

New Orleans, LA 70130

504 522-0935

FAX 504 522-2662

PHYLLIS A. LANDRIEU

OUTLINE OF ACTIVITIES PERTINENT TO APPOINTMENT AS A MEMBER-AT-LARGE TO THE DEMOCRATIC NATIONAL COMMITTEE

Member, Democratic National Committee	1972 - 1976
Member Mikulski Delegate Selection Commission	1972
Member Mikulski Compliance Review Commission	1973
Former Vice-Chair, Louisiana Democratic State Central Committee	1972 - 1976
Delegate, Democratic National Convention	1972
Delegate, Democratic Mini-Convention	1974
Delegate, Democratic National Convention	1976
Member Democratic Finance Council	1976 - 1984
Member, Arrangements Committee	1980
Member, Judicial Council, DNC	1981
Represented President Carter at the Inauguration of the President of Columbia	1982
Participant, Harvard Kennedy School of Government Roundtable on Political Party Structures	1974
Voted Democratic in every election since	1954
City coordinator, McGovern for President	1972
Appointed by President Carter, under HHS Secretary Joseph Califano to the National Health Planning Council	1980 - 1984

Member, Clinton State Finance Committee, New Orleans Finance Committee. Personally contributed $1000. Corporate contribution, $6500 for television advertising for Clinton-Gore rally, and $5000 to state party for get out the vote effort; total contribution: $12,500.

✓

United States Senate
WASHINGTON, D.C. 20510

January 6, 1993

The Honorable William Clinton
Office of the President-Elect
1120 Vermont Avenue, N.W.
Washington, D.C. 20270

Dear Bill:

The Louisiana Democratic Congressional Delegation is very proud of our state's strong support of your candidacy in 1992. Your overwhelming victory on Super Tuesday and, more importantly, our state returning to the presidential Democratic column once again made each of us especially proud.

The purpose of our letter is to express our support for our current Democratic National Committee Member at Large, Fran Bussie, and of a dedicated Louisiana Democrat wishing to serve on the Democratic National Committee as a Member at Large, Phyllis Landrieu.

Mrs. Bussie has served on the DNC in this capacity for many years. Fran has always been our friend and a very hardworking supporter. She is an asset to the DNC and we look forward to her re-election.

Mrs. Landrieu served on the Committee during the 1970's and was a respected participant in bringing about many progressive changes that became the foundation of the party we know today as the "New" Democratic Party. She has been a staunch advocate of the Party's values and continues to support many Democratic candidates.

We want to emphasize that we are pleased with Mrs. Bussie's service as DNC Member at Large and are recommending Mrs. Landrieu for another at-large position. We believe that Mrs. Bussie and Mrs. Landrieu will devote their tireless energies and dedication to the continued success of the Democratic Party. Therefore, we respectfully request your support of Mrs. Bussie's re-election and Mrs. Landrieu's election to the DNC as Members at Large.

The Honorable William Clinton
January 6, 1993
Page Two

Best regards.

Sincerely,

J. BENNETT JOHNSTON
U.S. Senator

JOHN BREAUX
U.S. Senator

BILLY TAUZIN
U.S. Representative

JAMES HAYES
U.S. Representative

WILLIAM J. JEFFERSON
U.S. Representative

CLEO FIELDS
U.S. Representative

GEORGE J. MITCHELL
MAINE

United States Senate
Office of the Majority Leader
Washington, DC 20510-7010

February 2, 1993

Mr. David Wilhelm, Chairman
Democratic National Committee
430 S. Capitol Street, SE
Washington, DC 20003

Dear David:

I'm writing to add my voice to the chorus of praise for Phyllis Landrieu of New Orleans, Louisiana who is desirous of a Member-at-Large position on the Democratic National Committee.

I served with Phyllis on the DNC and can attest to her tireless dedication to the Democratic Party and its principles. Phyllis was always there when we needed her, whether it was to work in the trenches, make personal contributions or raise them, or to serve on commissions to reinvigorate the Party.

I believe Phyllis has earned such a prestigious position on the DNC, and I recommend her to you enthusiastically.

Warmest personal regards.

Sincerely,

George J. Mitchell

THE WHITE HOUSE

WASHINGTON

February 11, 1993

Ms. Phyllis Landrieu
Canal Place One
Suite 2300
New Orleans, LA 70130

Dear Phyllis:

Thank you for your recent letter; your kind words are appreciated. I, too, enjoyed our visit during the Inaugural festivities.

As you indicated, I am supportive of your desire to seek an appointment as a member-at-large of the Democratic National Committee. In fact, I passed along your impressive credentials to David Wilhelm for his serious consideration.

You were very helpful to the Clinton-Gore campaign and we will continue to need your great support in the days ahead.

Please keep in touch.

Personally,

Mack

Mack McLarty
Chief of Staff to the President

MMcL:cn

THE PRESIDENT HAS SEEN
9.15.93

Bob Reich

tell Stone you
why we need regional
& state strategies
B

East, West Coasts' Recovery Lagging, Fed Survey Finds

Overall, Economy Is Growing Modestly

By John M. Berry
Washington Post Staff Writer

The overall economy is growing moderately, although the East and West coasts are lagging behind most of the rest of the country, the Federal Reserve reported yesterday in its latest survey of conditions across the nation.

The sharp regional disparities in the economic recovery reflect much of the pattern of the recession, which hit the two coasts much harder than the rest of the country.

The concentration of economic trouble spots along the coasts presents a challenge to President Clinton as he seeks to boost the sluggish national economy. Broad measures to trigger growth are not needed in much of the country and probably would not offset the damage being done, for example, by defense spending cuts in Southern California.

In the Northeast and Mid-Atlantic regions, economic growth is sluggish, the Fed reported.

New York is still plagued by commercial real estate problems and the lingering effects of massive layoffs by Wall Street firms. The national economic recovery has skipped most of the state, which has had no job gains at all.

In the region stretching from Maryland south to South Carolina, including the District, the economy "continued to grow sluggishly during late July and the first three weeks of August," the report said. "Hot, dry weather in the region boosted tourism but dampened shopper traffic at retail outlets, pushed up manufacturers' costs and devastated crops."

Conditions are bleakest on the West Coast. California's economy, battered by defense cutbacks, an overbuilt real estate market and other troubles, continues to shrink. The unemployment rate there last month was 9 percent, well above the 6.7 percent national rate.

Between the coasts, the news is much better. For example, in a broad swath of states running from Ohio west across the Great Plains, through the Rocky Mountains and on to the eastern flanks of the Sierras and Cascades, joblessness last month averaged less than 6 percent. In several more northern states west of the Mississippi River, the average was only 4.4 percent.

In Ohio and neighboring areas, the Cleveland Federal Reserve Bank said it found the economy rebounding, "driven by brisk retail sales and steady gains in production. Strong demand for furniture and appliances

See ECONOMY, B12, Col. 3

FED FINDINGS

Here is a look at how some cities are faring according to the Federal Reserve's report on economic conditions.

- **Boston:** "Marginal" economic expansion. Uneven manufacturing growth.
- **New York:** Slightly more positive outlook. Increased interest in mid-Manhattan commercial real estate.
- **Richmond:** Hot weather boosts tourism but dampens traffic at retail stores. Crops devastated.
- **Atlanta:** Growth slows from first half of year.
- **Chicago:** Modest improvements in consumer spending, housing markets.
- **St. Louis:** Continued slow growth. Flood damage estimated at $2 billion to $3 billion.
- **Dallas:** Stronger orders for construction materials.
- **San Francisco:** Weakness continues in aerospace and defense-related industries.
- **Hawaii:** Tourism slump.

ECONOMY, From B11

and exceptional new-car sales have helped to sustain significant overall retail sales growth during the last two months.

"Manufacturers generally report strong orders," the Cleveland Fed continued. "Steel producers . . . continue to operate near capacity, and automakers expect higher production this quarter" compared with the same quarter last year.

By contrast, the San Francisco Fed reported that the "recovery continues to elude California. . . . Weakness continues to be reported in a broad range of sectors—including aerospace and defense-related manufacturing, trade, construction, finance and government."

Conditions in California are so bad that they sour the national statistics. The state, which has almost one-fifth of the country's workers, accounted for nearly a quarter of its unemployment last month. If California's workers, both those with jobs and those without, had been excluded from the national averages, the U.S. unemployment rate would have dropped to 6.3 percent last month.

Joseph Wahed, chief economist for Wells Fargo Bank in San Francisco,

In the Northeast and Mid-Atlantic regions, economic growth is sluggish, the Fed reported.

said the state's biggest problems are continued layoffs in defense and construction.

"We are still not able to come out of the housing recession, which is now three years old," he said in a telephone interview yesterday. "We are building very few homes."

While the economic recovery has added more jobs than were lost in the recession nationally, California continues to lose jobs. About 600,000 jobs disappeared between the beginning of the recession in mid-1990 and the end of last year as one in every 20 workers was laid off, Wahed said. He predicted that another 170,000 jobs will be gone by the end of this year and maybe another 90,000 in 1994 before the state hits bottom.

In such a climate, both businesses and households have become wary about spending money, and firms are far more intent on cutting costs to survive the slump than on expanding or hiring new workers, Wahed said.

THURSDAY, SEPTEMBER 9, 1993 THE WASHINGTON POST

THE PRESIDENT HAS SEEN
9.15.93

Mack et al
This is the most
sophisticated and articulate
attack → we need a point
by point response etc. to the
argument that Nafta took
a dive on the side agreements –
Pls have a memo done
to me.
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THURSDAY, SEPTEMBER 9, 1993
LOS ANGELES TIMES / WASHINGTON EDITION

COLUMN LEFT/
ROBERT KUTTNER

Put NAFTA on Ice to Pass Health Reform

■ Clinton doesn't have enough Democratic votes for both.

Whatever you think of the North American Free Trade Agreement as an economic idea, it is becoming a political nightmare for the President. A basically Republican idea is weakening his links with the Democratic Congress.

This would be damaging enough all by itself, but NAFTA also complicates the Administration's other big autumn initiative—health reform—in ways that harm the prospects of both.

Candidate Clinton supported NAFTA to underscore his posture as a "New Democrat" and to attract business backing. However, he made his support conditional on negotiating side deals on labor and environmental standards. These were supposed to win over skeptical Democrats.

The token side deals that have been concluded satisfy very few Democratic legislators. The deals allow challenges only to Mexico's failure to enforce its own labor and environmental laws, but they do nothing to raise those laws' standards.

Meanwhile, the Administration is putting the final touches on its health-reform plan. While most Democratic liberals applaud the general goal of the plan—comprehensive health insurance at a fairly high level of coverage—many liberals are less than thrilled with all the details.

For example, the Administration program removes the tax deductibility of any health-insurance coverage more generous than that of the benchmark plan.

Unions in particular have problems with this feature, since many union contracts include hard-won generous health packages. Nonetheless, most union presidents are sympathetic to the Administration's broad strategy and its calculation that this plan is probably the best one that can make it through Congress.

So union leaders such as Gerald McEntee of the American Federation of State, County and Municipal Employees and Owen Bieber of the United Auto Workers are loyally working to persuade their members to support the Administration's basic approach—and are taking great political risks to do so.

Unfortunately, health reform is not their top priority. Defeating NAFTA is.

Scarce union dollars and political resources that might be spent rounding up support for the Administration's health plan, are instead going to defeat NAFTA. Unionists and their congressional allies who are working hand-in-glove to devise a common legislative strategy on health reform are sworn enemies on NAFTA. Given that the budget passed by just one vote in the Senate and two in the House, this conflict is creating a strain on intraparty goodwill that Clinton can scarcely afford. Dozens of skeptical legislators have already risked an unpopular vote to give Clinton his budget. Democrats Clinton desperately needs on health reform he is likely to lose on NAFTA—and vice versa.

'NAFTA was George Bush's initiative; the ideology was entirely Republican.'

This incipient donnybrook was altogether unnecessary. NAFTA was George Bush's initiative; the ideology was entirely Republican.

While Democrats as well as Republicans have historically supported freer global trade, the idea of a preferential "North American" trade bloc with special privileges for cheap Mexican labor actually violates the principles of global free trade. It was devised mainly to reward Mexican President Carlos Salinas de Gortari for being loyal to Reagan-Bush economic policies.

Clinton could easily have made a good-faith effort to enact tough agreements raising Mexican environmental and labor standards. When that failed, he could have backed away from the Bush Administration's draft NAFTA agreement. Instead, he settled for very weak agreements that few Democrats in Congress take seriously. If NAFTA is now approved in a very slow economy, and if jobs shift to Mexico at an accelerating rate, Clinton will reap the political blame.

In two senses, it would be salutary if NAFTA were voted down. Economically, it would spare the country a dubious policy likely to cost American jobs. Politically, it would remind Clinton that the liberals in his own party have been his most reliable supporters on most issues, and that he cannot take that support for granted.

An even better outcome would be for Clinton to inform Mexico that he has taken a head count and, regrettably, there are not the votes in Congress for NAFTA's enactment. Clinton could then withdraw the proposed agreement and negotiate a new trade liberalization pact, gradually lowering trade barriers as Mexico delivers on its pledge to raise labor and environmental standards.

This would put a Democratic spin on a Republican idea, and win wide backing in his own party. It would also be cause for cheer in the Mexican barrios, where raw sewage and toxic chemicals run in the streets and where wages are at starvation levels—conditions unlikely to be improved by the present version of NAFTA.

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THE PRESIDENT HAS SEEN
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THE NEW YORK TIMES, THURSDAY, SEPTEMBER 9, 1993

BROADER USES SEEN FOR ABORTION PILL

Science Academy Panel Says RU-486 Shows Promise in Many Applications

By WARREN E. LEARY
Special to The New York Times

WASHINGTON, Sept. 8 — The French abortion pill, RU-486, and other drugs in its class should be extensively studied as possible treatments for many health problems, a National Academy of Sciences panel said today.

The committee of experts empaneled by the academy's Institute of Medicine to review a class of drugs used in the pill, antiprogestins, said the drugs showed considerable promise. RU-486 is made of an antiprogestin called mifepristone.

Protests by abortion opponents have kept RU-486's French manufacturer, Roussel-Uclaf, from marketing the pill in the United States. Last April, however, the company licensed the drug to the Population Council, a New York City research organization, which said it would find an American manufacturer and try to win Federal approval to market the drug.

The academy's panel, convened in January to examine all available information on antiprogestins including RU-486, said European data on using the drugs as an abortion pill were good enough to be submitted to the Food and Drug Administration so it could consider such use in the United States.

Other Possible Uses

The committee said in a report that RU-486 has been used with an effectiveness rate of 96 percent by more than 60,000 European woman for abortion, and that data on this should be examined immediately to see if it meets regulatory requirements in the United States.

The drug works by countering a hormone that makes the uterus hospitable for a growing embryo and, given in conjunction with another hormone called prostaglandin, induces uterine contractions that aid the ejection of an embryo.

The panel recommended that any risk of using RU-486 and prostaglandin for first-trimester abortion should be compared with the risks of continued pregnancy and surgical termination of pregnancy.

The panel noted that in addition to their use as an abortive agent, antiprogestins appeared promising as contraceptives and in so-called morning-after pills to prevent pregnancy.

The chairman of the committee, Dr. Leslie Z. Benet, a professor of pharmacy at the University of California at San Francisco, said that in reviewing information on antiprogestins, the committee had been surprised by the number of other promising applications.

Antiprogestins should be researched "aggressively" for treatment of two common pelvic disorders in women, endometriosis and fibroid tumors, as well as being examined for use in treating breast cancer and benign brain tumors, the committee said. "There appear to be a lot more uses for these drugs than simply as abortive agents, and some of them are quite exciting," Dr. Benet said in an interview.

Attacks by Abortion Foes

Abortion opponents attacked the new report, calling it an attempt to win approval of RU-486 for other uses so it would be available for abortions. Antiabortion sentiment kept RU-486 off the market in the United States during the Reagan and Bush Administrations, but President Clinton has called for research on the drug and urged that it be made available in this country.

Richard D. Glasow, education director of the National Right to Life Committee, said abortion opponents do not oppose testing RU-486 for purposes unrelated to abortion. But, he said in an interview, the new report "merely recycles exaggerated claims for the nonabortion uses of RU-486 which remain based on fragmentary and inconclusive research."

"That's not good science; that's playing politics with science," he said.

The study by the seven-member committee was requested and sponsored by the Henry J. Kaiser Family Foundation.

Uneven Scientific Knowledge

The committee said its research recommendations indicate "how uneven current scientific knowledge is regarding the many actual and potential uses of antiprogestins in clinical practice."

The report recommended studies to determine the minimum effective doses of RU-486 and other antiprogestins for treating endometriosis and uterine fibroids, common conditions that can be painful and affect fertility. Limited data suggest that the drugs can shrink benign fibroid tumors, the most frequent reason for surgery in women of childbearing age.

In addition, the report said, early studies also suggest that the drugs may reduce the pain and progression of endometriosis, a disease that occurs when tissue from the uterus lining grows outside the womb.

The committee also said a particularly promising application for the drugs was in treating meningiomas, a condition in which nonmalignant but life-threatening tumors arise in the membranes around the brain. Initial studies indicate that RU-486 reduces the size of these tumors, which are now treated with varying degrees of success with surgery and radiation, experts said.

Because of the many potential uses, the report also urged further research on potential detrimental side effects of RU-486 and related compounds, particularly with long-term use and high doses. These side effects include fatigue, nausea and anorexia. Adverse effects of RU-486 used in one dose for abortion include nausea, bleeding and abdominal pain, as well as heart attack in a small number of patients, the manufacturer has said.

THE PRESIDENT HAS SEEN
9-15-93

Babbitt's Grazing Fee Increase Unsaddled by Westerners' Rider

Senate Bars Raising Ranchers' Cost of Using Federal Range for Year

By Tom Kenworthy
Washington Post Staff Writer

The Clinton administration's drive to overhaul the management of federal lands suffered a serious setback yesterday as the Senate voted to derail Interior Secretary Bruce Babbitt's plan to more than double grazing fees paid by western ranchers.

On a 59 to 40 vote, the Senate approved an amendment sponsored by Sens. Pete V. Domenici (R-N.M.) and Harry M. Reid (D-Nev.) that bars the Interior Department from spending money to implement the proposed policy for one year. The amendment was offered during Senate consideration of the fiscal 1994 Interior appropriations bill.

Domenici characterized the vote as "a major victory for small ranchers and townspeople who live in America's West. . . . The administration's plan would have fundamentally altered life in America's rural areas."

The defeat for the Clinton administration occurred despite a concerted lobbying effort by Babbitt and his top assistants at the Interior Department, who early in the day appeared guardedly confident they would prevail.

The issue must go to a conference with the House, which has supported raising the fees paid by western ranchers who use federal lands. The House, however, did not attach such an amendment to its version of the spending bill this year because Babbitt was proceeding to raise fees by administrative action.

Babbitt, responding to the Senate vote, said he is confident the administration can kill the one-year moratorium during the House-Senate conference committee and then move on to either negotiating a legislative plan with Congress or implementing one administratively.

"I'm going to go to work in the House tomorrow morning lining up the votes to kill this," Babbitt said. "Some of the western senators have said they want to sit down and talk this thing out and I, of course, am ready to do that, to find a reasonable solution that meets the administration's objectives."

The vote was an important one for the administration, which is under pressure from environmentalist allies to make good on promises to raise fees on those who use federal lands for mining, grazing and timber cutting, as well as those who receive cheap federal water for agriculture. Although the White House early last spring dropped those proposals from its budget plans, Babbitt and other administration officials have vowed the changes would be implemented through executive orders and separate legislation.

Last month, in the first installment on that pledge, Babbitt unveiled a comprehensive overhaul of federal grazing policies to be imposed by administrative edict after soliciting comment from the public.

The plan not only would have raised fees, but also eroded the long-standing power of ranchers to influence local grazing decisions, giving both the federal government and interested parties such as environmental groups more control over how federal lands are treated. The goal, Babbitt said at the time, was to improve the condition of federal range that, according to some studies, has been seriously degraded by overgrazing.

Under Babbitt's plan, which was not scheduled to go into effect before late 1994 at the earliest, ranchers who now pay $1.86 a month to graze one cow and calf or five sheep on federal land would have paid $4.28 a month after a three-year phase-in. About 26,000 ranchers hold permits to graze stock on land managed by the U.S. Forest Service and the Bureau of Land Management.

Western senators from both parties yesterday bitterly protested that the changes Babbitt proposed would have such a dire effect on the social and economic fabric of the rural West that they should be studied and negotiated with Congress over the next year.

Staff writer Helen Dewar contributed to this report.

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WEDNESDAY, SEPTEMBER 15, 1993 THE WASHINGTON POST

More Whistle-Blower Protection Sought

Rep. McCloskey Backs Stronger Shield From Retaliation by Agencies

By Stephen Barr
Washington Post Staff Writer

Rep. Frank McCloskey (D-Ind.) yesterday kicked off his effort to expand protections for whistle-blowers, saying that many federal employees are afraid to report waste, abuse and misconduct "because they fear for their jobs and retaliation from their agencies."

McCloskey, chairman of the House Post Office and Civil Service subcommittee on civil service, has introduced a bill to reauthorize the Office of Special Counsel—the agency charged with protecting government whistle-blowers—for two more years and to tighten up the Whistleblower Protection Act of 1989.

But Kathleen Day Koch, the government's special counsel, said at a hearing on the bill that several of its provisions would cause problems for her agency, especially a provision aimed at protecting the identity of whistle-blowers. The provision calls for stricter limits on the information that the Office of Special Counsel can disclose to agencies.

"We are concerned that if we can't go to the agency and tell them what the allegation was, we can't investigate it," Koch told McCloskey.

Critics of Koch's office have complained that when whistle-blowers come to the agency, its investigators reveal too much of the evidence or arguments provided by the whistle-blower, allowing supervisors or managers who took revenge on the whistle-blower to cover their tracks.

REP. FRANK McCLOSKEY
. . . bill extends Office of Special Counsel

Whistle-blowers also complain that investigations and decisions by Koch's office take too long. McCloskey acknowledged that while delays cannot always be blamed on Koch's office, the handling of cases needs to be faster. His bill would impose a 120-day time limit for Koch to decide whether to go forward with a case.

Koch opposed the time limit, suggesting it would serve no useful purpose and could undermine the thoroughness of investigations.

The Office of Special Counsel, charged with investigating alleged violations of federal personnel laws, received 1,891 cases containing 3,156 separate allegations in fiscal 1992. "Reprisal for whistleblowing" accounted for 575 of the allegations, the agency reported.

Rep. Constance A. Morella (R-Md.) praised McCloskey's bill for expanding whistle-blower protection to governmental corporations and other employees not previously covered. Representatives of the American Federation of Government Employees, the National Treasury Employees Union and the Government Accountability Project testified in favor of the bill.

Sens. Carl Levin (D-Mich.), William S. Cohen (R-Maine) and David Pryor (D-Ark.) have introduced legislation in the Senate also aimed at revamping the Office of Special Counsel. In remarks earlier this year, Levin said that if the office's "performance does not improve soon, we will have to give serious consideration to alternative approaches to whistle-blower protection, including proposals to abolish the Office of Special Counsel altogether."

THE PRESIDENT HAS SEEN
9-15-93

Bob Rubin

we really need to coordinate this -

B

Losing Ground

In Latest Recession, Only Blacks Suffered Net Employment Loss

Firms Added Whites, Asians And Hispanics Overall, But They Deny Any Bias

Effects of Seniority, Location

A1

By ROCHELLE SHARPE
Staff Reporter of THE WALL STREET JOURNAL

The last recession seriously eroded equal opportunity for America's black workers.

Blacks were the only racial group to suffer a net job loss during the 1990-91 economic downturn, at the companies reporting to the Equal Employment Opportunity Commission. Whites, Hispanics and Asians, meanwhile, gained thousands of jobs, according to a Wall Street Journal analysis of EEOC records.

The computer-aided study shows that some of the nation's largest corporations shed black employees at the most disproportionate rate. At Dial Corp., for instance, blacks lost 43.6% of the jobs cut, even though they represented 26.3% of Dial's work force going into the recession. At W.R. Grace & Co., they held 32.2% of the jobs cut, while they accounted for 13.1% of the company's pre-recession payroll. At BankAmerica Corp. and ITT Corp., blacks lost jobs at more than twice the rate of their companies' overall work-force reductions.

Unequal Opportunity

Related charts, tables and articles on pages A12-A13 describe:

- **Companies where blacks' share of job losses most exceeded their share of the overall work force.**
- **The impact of job cuts on blacks at individual companies with employment losses.**
- **Why blacks at some companies maintained their share of jobs despite large corporate-wide cutbacks.**
- **How major racial and ethnic groups fared in various job categories during the 1990-91 recession.**

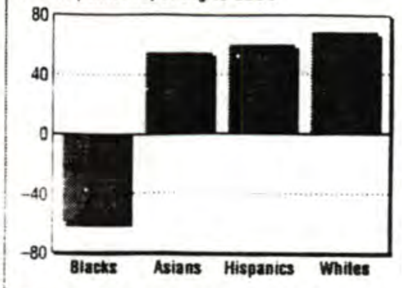
Companies say the sudden demographic shift is a statistical fluke, the unintentional fallout of corporate cutbacks and reorganizations. But some civil-rights advocates argue that something more insidious is going on.

"This is subconscious, deep-seated racism," says George Fraser, who publishes directories of black professionals. "People don't even know these patterns and behaviors are being initiated until you begin to see the pieces of the puzzle together and look at the numbers."

In an analysis of the 35,242 companies that filed EEOC reports for more than 40 million workers in both 1990 and 1991, the Journal found:

- Blacks lost a net 59,479 jobs at these businesses during the recession, which officially began in July 1990 and ended in March 1991. Overall, blacks' share of jobs at the companies dropped for the first time in nine years, wiping out three years of gains. Black employment at the companies fell in 36 states and in six of nine major industry groups.
- By contrast, Asians and Hispanics, who in recent years have become more vocal about getting their share of jobs, both made gains. Asians gained a net 55,104 jobs during the recession and Hispanics a net 60,040 jobs. Whites, who outnumber blacks nearly eight to one at these companies, gained 71,144 jobs.

Net Employment Changes
From 1990 to 1991, in thousands, at companies reporting to EEOC



Source: Wall Street Journal study

- Black workers were especially hard hit in blue-collar jobs, losing nearly one-third of the net 180,210 such slots lost. They were the only group to lose service-worker positions, dropping 16,630 such jobs while businesses added 53,548 new ones. They were the only group to lose sales jobs.
- Blacks did show some progress in several highly prized white-collar job categories. They gained a disproportionately high number of managerial, professional and technical jobs. But they held such a small percentage of these jobs before the recession began that their actual gains were meager. Companies added a net 2,719 black managers during the recession, bringing the 1991 number to 248,915, which is just 5.2% of the total for all races.

Even with the job losses, black workers represent a higher share of the staffs of EEOC companies than of the U.S. population (11.8%) or of the overall U.S. work force (10.4%). Considering the size and locations of the EEOC companies, they could be expected to have more than the nationwide proportion of black workers.

Yet blacks, who accounted for 12.5% of the work force of companies filing with the EEOC, not only lost a disproportionately high share of jobs in companies that cut staff, but also gained a disproportion-

Please Turn to Page A12, Column 1

Continued From First Page

ately low share of positions added during the recession. They lost 15% of the jobs at the roughly half of EEOC firms that had net employment cuts, and gained just 11.4% of new jobs at firms that added staff.

"The recession in America means depression in the black community," says Carol Massey, president of the Los Angeles chapter of the National Black MBA Association.

The losses can be partially explained by blacks' relatively low seniority in companies and their heavy concentration in the types of jobs eliminated. Corporations' continuing decisions to abandon inner-city offices, factories or franchise outlets didn't help blacks, either.

But the demographic change suggests something more fundamental has occurred, a pronounced shift in the way affirmative action operates. Several companies with poor records of retaining blacks say they were mostly concerned with their aggregate minority employment rates and never calculated whether blacks bore a disproportionate share of cutbacks. Thus, they could claim to the government continued progress by minorities as a whole even as blacks were suffering reversals—in some cases dramatic ones.

Black workers had their biggest setbacks at retailers. About half of their losses were in retailing, where blacks lost jobs at a 50% higher rate than the overall work force.

At Sears, Roebuck & Co., for example, blacks lost 54.3% of jobs cut, according to the company's original filing with the EEOC. After extensive interviews with the Journal, the company said it had discovered a gargantuan addition error in the numbers it gave the government and printed in its annual reports for three years—a mistake that exaggerated blacks' proportion of job losses. The revised records, which the EEOC is now investigating for accuracy, still show blacks losing a disproportionate 20% of the jobs cut by Sears. The company's work force was 15.8% black in 1990.

SEARS SAYS ITS BLACK work force wasn't hurt because of inattention to diversity, but by the need to eliminate expensive distribution centers in the inner cities. The giant retailer closed two major urban distribution centers in 1991, relocating part of the operations to suburbs largely inaccessible to blacks without cars.

"It's not like we set out to eliminate black jobs," says a Sears spokesman. "We set out to streamline our catalog and distribution centers to make them more competitive." The centers, built in the early 1900s, had been designed to house relatively small merchandise and be accessible to railroads, the spokesman says. The new ones, he says, are built in the suburbs to be more convenient to trucks.

But several former black managers at Sears believe that corporate indifference toward affirmative action caused them problems during the recession and that this attitude grew throughout the 1980s as federal enforcement declined. "It appeared the company discontinued its emphasis on having a diversified work force," says Bob Johnson, Sears's first black vice president, who retired in 1991.

Like Sears, most companies say blacks' job losses were completely unrelated to affirmative action. At W.R. Grace, for instance, where blacks lost jobs at more than twice the rate of overall work-force cuts, officials say the drop was due entirely to Grace's extensive restructuring.

"This issue has nothing to do with diversity," says Fred Bona, a company spokesman. "The restructuring has to do with a world-wide business strategy, involving which businesses we should be in." The company sold several businesses unrelated to its basic chemical manufacturing work, such as restaurants, he says. He argues that blacks' share of Grace's work force rose if one excludes a Mexican fast-food business that was partially divested.

But some black employees complain of persistent racial bias. "They are very, very prejudiced," Frank Bellow, a machinist, says of Grace's management at its Lake Charles, La., catalyst manufacturing plant. When the company makes personnel decisions, he asserts, they revert "to the old Jim Crow ways."

Mr. Bona says Grace has addressed the black employees' complaints.

Critics consider many companies' explanations about black job losses hollow excuses, designed to hide unspoken bias. Charges Wesley Poriotis, who heads Wesley, Brown & Bartle, one of the nation's oldest minority search firms: "There's a deep sourness in corporate America that they had to hire minority professionals. Downsizing has been their first opportunity to strike back."

For many firms that cut a high percentage of blacks in the recession, the reasons are the same: They closed or sold operations in inner cities. But whether the cutbacks reflect bias isn't easily clear.

McDonald's Corp., for instance, says the statistic that blacks accounted for 36.5% of its job losses in the 1990-91 period merely reflects the sale of 270 company-owned restaurants to franchisees. While most of these blacks probably now have jobs with the new franchisees, the corporate switch could indicate McDonald's was unloading many of its inner-city restaurants to blacks; the fast-food chain declines to say where the stores are located, but contends the changes reflect nothing about its inner-city policies.

Yet what looks like abandoning the inner city may really be giving economic opportunity to an underprivileged group. Even attorneys who sued McDonald's on behalf of black franchisees credit the company with giving blacks liberal franchising terms, making it possible for some to own a business for the first time in their lives.

Geography plays a major role in black-employment patterns. At BankAmerica, blacks did poorly during the recession because of attrition combined with the fact that the company expanded in states that have low black populations, such as Arizona and New Mexico, says spokesman Russ Yarrow. Blacks accounted for 28.1% of the lost jobs, even though they made up just 7.9% of the company's work force before the recession.

Companies say they didn't deliberately reduce their black work forces. A high percentage of blacks

Good & increased 1/6 Black ownership & store staffed opps.

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John
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Bob Rubin
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cc Bob Reich

9.15.93

THE PRESIDENT HAS SEEN

Bob Reich
Alexis
cc Bob Rubin
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William Raspberry

Lots of Reasons, One Bad Result

It's not just racism, but black job losses were highest in the recession.

When America has a recession, *black* America has a depression.

This notion, long a staple of civil rights rhetoric, turns out to be dismayingly accurate. Indeed, according to the lead story in Tuesday's Wall Street Journal, blacks were the only racial group to suffer a net loss of jobs during the 1990-91 recession. Everybody else—whites, Asians, Hispanics, women—gained more jobs than they lost during that period of restructuring, relocation and downsizing.

In an impressive—and deeply disturbing—piece of computer-assisted journalism, the Journal analyzed the employment records of 35,242 companies that file reports with the Equal Employment Opportunity Commission. These companies employ more than 40 million people—about a third of the national work force—so the findings are of profound significance.

Sorting out the causes and cures of the trend may take years of investigation and analysis—no doubt beginning with Congressional Black Caucus Foundation's 23rd annual legislative conference.

BY TIM BRINTON

But some things already are clear, including the fact that EEOC filings on "minority" employment—because they include statistics for *all* minorities and women—tend to hide the specific work force problems of blacks. For instance, Dial Corp., which takes pride in its diversity program, was able to show an impressive increase in "minority" hiring, thanks to the recruitment of Asian-Americans and American Indians and to the fact that a disproportionately small percentage of white women were laid off. But blacks at Dial lost jobs at a rate two-thirds higher than for the work force as a whole.

It is also true—though not discernible from EEOC reports—that blacks still suffer from racial discrimination, both unconscious and deliberate. Job qualifications unrelated to the actual work to be performed—subjective assessments of their ability to get along with their co-workers, general but unsubstantiatable notions of their overall competence—all work against blacks at the personnel office. (Test-case experiments involving white and black applicants of identical age and qualification consistently show employers preferring whites.)

But what is also clear is that racial disparities are not necessarily the result of racism. The Journal sought explanations from executives of companies where the black job losses were proportionately highest, and the responses, while not exactly reassuring, at least seem to make sense.

Sears, for example, says the closing of expensive distribution centers in the inner cities and the reduction of clerical and support staff hit black employees hardest. Schering-Plough says 70 percent of its reduction in black employment is attributable to the company's divestiture of its Maybelline Cosmetics division. J. P. Morgan blames the move of its clerical and data-processing staff from New York City to Delaware for its disproportionate loss of black workers.

McDonald's says what looks like a job loss is the result of what is in fact a positive development—the selling of 200 corporate-owned outlets to franchisees, 53 of these to blacks.

Other explanations abound: the relatively low seniority of black workers, the concentration of blacks in divisions that were divested or shut down during downsizings and reorganizations, the EEOC's de-emphasis of class-action suits in favor of individual discrimination claims.

And, of course, there are legitimate questions of qualification. For instance, only 13.1 percent of blacks in the work force are college graduates, compared with 24.6 percent for whites and 38.6 percent for Asians. Moreover, the corporate executives who complain about the poor quality of public education must surely have particular doubts about the products of inner-city schools.

There is, in short, enough in the Wall Street Journal analysis to satisfy every prejudice, prove every racial theory and confirm every fear.

The task for the black leadership (and for American leadership generally) is to figure out which lines of attack hold the most promise of progress: an intensified attack on racism, a campaign to improve the education of our young people, renewed attempts at job creation, or maybe all these things together.

I have often argued that most of the problems associated with the so-called underclass have their origins in inner-city joblessness and that the remedies must include a reasonable chance for people to be self-sufficient.

If I am right, the trends reported by the Journal threaten to make everything immeasurably worse—and not just for black America. There's work to be done, and not a lot of time to do it.

WEDNESDAY, SEPTEMBER 15, 1993 THE WASHINGTON POST

THE NEW YORK TIMES, WEDNESDAY, SEPTEMBER 15, 1993

Mideast: Now, a People's Peace

The leaders of Israel and the Palestine Liberation Organization have signed their historic peace agreement, but it will be up to millions of Israelis and Palestinians to make peace.

The essential requirement, transcending even the delicate details of territorial jurisdiction and the need for emergency development aid, is to replace the long-entrenched rhetoric and psychology of demonization on both sides with a new vocabulary. Israel's leaders have already made a brave start in this direction. The P.L.O. still has not.

The two sides have experienced decades of mortal conflict, but also share some experiences and dreams. The early Zionists saw a national homeland as the only way to make the world's Jews safe from persecution, expulsion and extermination. Over the years, Palestinians — herded into refugee camps, subjected to occupation and painfully dependent on the shifting whims of Arab governments — developed similar aspirations.

The men and women who 45 years ago rejoiced at the creation of Israel would surely understand the emotions of Ismail Ibrahim Abuhayy, who told a reporter from The Los Angeles Times this week: "For 40 years I have no identity. I am pushed from here to there. I am shunned by the world. . . . But when I hear this news, I lift my head. Today I am a citizen from Gaza."

Now leaders on both sides have concluded that Israeli and Palestinian goals need not be mutually exclusive, that the best hope of real security is to share the land rather than fight for its exclusive possession. The boldest even dream of economic cooperation, uniting the energies and talents of two extraordinarily creative peoples.

But it is going to be extremely difficult for people on either side to shift gears from the emotionally consuming struggle for national survival to the more prosaic tasks of cooperation, coexistence and development. Can Israelis whose relatives have been massacred and Palestinians whose families have been uprooted, imprisoned and killed now learn to trust each other enough to live in peace?

To build that kind of trust, leaders on both sides need to actively address not only their own people but each other's, to transform the old images of hatred and suspicion into something more promising.

At the signing ceremony, Prime Minister Yitzhak Rabin of Israel and his Foreign Minister, Shimon Peres, spoke directly to Palestinian pain and anger. "Suffering is first of all human," Mr. Peres said. "Two parallel tragedies have unfolded. . . . We also feel for the innocent loss of Palestinian lives." And Mr. Rabin declared that "We, like you, are people, people who want to build a home."

Regrettably, the P.L.O.'s chairman, Yasir Arafat, and its negotiator, Mahmoud Abbas, missed a chance to reach out to the Israeli people in the same vein. They should look for an early opportunity to remedy that omission.

"The battle for peace," Mr. Arafat acknowledged, "is the most difficult battle of our lives." It cannot be won merely by addressing the politics of one's own side, or by striking a deal across the bargaining table. A letter from Mr. Arafat accepting Israel made Monday's peace agreement possible. By taking the further step of accepting the common humanity and suffering of the Israelis, he can help a people's peace to take root.

THE PRESIDENT HAS SEEN
9-15-93

Who Silenced Mr. Quayle's Accuser? √

B Nussbaum

Just before the 1988 election, a Federal prison inmate was slapped into "the hole" when he tried to tell reporters that he had once sold marijuana to Dan Quayle, the Vice-Presidential candidate. For this outrageous intervention on orders from Washington, the Justice Department now concludes that no one is really responsible and the deed not even worthy of denunciation.

Admitting only that the prisoner, Brett Kimberlin, received "disparate treatment" because of his attempt to publicly accuse Mr. Quayle, the Justice Department's Office of the Inspector General finds "no evidence" that the Bush-Quayle campaign had anything to do with squelching the inmate. This despite abundant evidence that the campaign was deeply interested in the case and fully informed about it.

The report is the product of 10 months of prodding by a Senate subcommittee, whose chairman, Carl Levin, finds it "a major disappointment." He notes that the department does not even register disapproval of what happened to Mr. Kimberlin.

Mr. Kimberlin is no saint. He is a convicted felon, serving a long sentence at the El Reno prison in Oklahoma. His charges against Mr. Quayle never checked out. But neither did the Bureau of Prisons' explanation that he had been confined because he feared violence from other prisoners.

At a time when campaign officials were being briefed about this upstart inmate, the Prisons Bureau ordered his news conference canceled and special confinement imposed. Yet the Justice Department bloodhounds can find nothing more sinister than the "perception" by El Reno's officials that Washington wanted Mr. Kimberlin isolated.

That itself would be reprehensible: extra punishment meted out to please politicians in Washington. Where's the outrage over even so modest a finding? This kennel of toothless bureaucrats finds only that Mr. Kimberlin "was treated differently and held to a different standard of conduct" and that the Bureau of Prisons failed to follow "traditional" methods in dealing with him.

This is an old case, but it's not over. The growling is left to Senator Levin, who needs to keep after Justice's tired inspectors.

Secrecy Sideshow in the House √

An emotional battle rages in the House over an obscure device known as the discharge petition.

Ordinarily, a bill must go through committees before reaching the floor. The discharge petition allows a member to move a bill directly to the floor by getting a majority of members to sign a petition. The names of the signers are kept strictly secret from the public until the magic number of 218 members is reached — making it easier for the House leadership to twist arms to get members to add or withdraw their names.

Representative James Inhofe, Republican of Oklahoma, has now called into question the secrecy of the petition process, which allows members to block legislation in Washington while telling constituents back home they support it.

Last week Mr. Inhofe obtained the required 218 signatures on a discharge petition to kill such petitions' secrecy provisions. All but two of the 176 House Republicans and 44 of 259 Democrats signed it, setting the stage for floor action this month.

Supporters of the current rule, like House Rules Committee chairman Joe Moakley, contend that ending the secrecy will make members even more susceptible to pressures from special-interest lobbyists and invite ill-considered "flavor-of-the-month legislation" that appeals to public whims.

But the public has a right to know where their representatives stand on issues. And speaking of special interests, how about the cozy ties that already exist between lobbyists and powerful committee chairmen, who control the legislative flow?

Mr. Moakley is said to be searching for a compromise that would make discharge petitions more difficult, perhaps by requiring two-thirds of the members to sign. But Mr. Inhofe is right: The secrecy is offensive.

The issue has attracted attention in Congress because the media — especially radio talk shows — and Ross Perot have discovered it. No one in the House seems able to generate this kind of emotion for more serious reform. The same Republicans who are now scoring easy points on secrecy remain opposed to the sort of changes that would really improve Congress, most notably to clean up Congressional campaign financing.

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
9.15.93

93 SEP 14 P3:12

September 13, 1993

MEMORANDUM TO THE CHIEF OF STAFF

FROM: Andre Oliver AO.

RE: Charleston -- Congressional Liaison

In response to an update from me on DOD's awarding of a maritime ships contract to Charleston, the President stressed that "we should have called the South Carolina congressional delegation on this. (note attached)"

By and large, the DOD's Office of Legislative Affairs has been the primary liaison with the Congress on base closure matters. It is the office's "standard operating procedure" to inform the congressional delegation on matters such as the awarding of ship contracts and other initiatives. For example, when Charleston receives its first reuse planning grant in the coming days, the South Carolina congressional delegation will be the first informed -- by DOD's legislative affairs shop. Working in concert with DOD's legislative affairs, we will inform Mayor Riley and the BEST Committee of the grant award.

attachment

cc: Bill Burton

Mack

All true

should be LA

① pol — said to WH for — giving

② p.r. in the [illegible] decision

by whoever can [illegible]

B

THE PRESIDENT HAS SEEN 1/9

THE WHITE HOUSE

WASHINGTON

Good, But we should have called the Cong deleg & our main pol. folks in S.C. on this — We are still not handling framing it right

MEMORANDUM TO THE CHIEF OF STAFF

FROM: Andre Oliver

RE: Charleston Base Closure Update

DATE: 3 September 1993

Here's the latest from Charleston. I've placed a call into Mayor Riley, who's in transit today.

o **Charleston Submits $740,000 Grant Request**

The Charleston base closure committee has just completed a planning grant application to DOD for $740,000, to cover staff salaries, community relations efforts and the development of a strategic plan for reuse of the shipyard and naval station. Staff at DOD assert that this initial planning grant will likely be approved by early next week. DOD is also working out details on who will announce the grant award.

o **Perry Offers Charleston Maritime Prepositioning Ships**

Deputy Secretary Perry recently chose Charleston as the service location for 13 Army supply vessels, or "Maritime Prepositioning Ships." This will greatly ease the transition from the base for hundreds of shipyard workers. As you know, Charleston's shipyard has had excess capacity for several years.

① POTUS —

We are following this matter closely and positively @ this point.

Mac

cc: Bill Burton
Marcia Hale
David Lane

② cc: [illegible] / ③ POTUS file

THE PRESIDENT HAS SEEN
9-15-93

Mack
we need to
decide what to do
& give him up —
B

THE NEW YORK TIMES, TUESDAY, SEPTEMBER 14, 1993

'93 Crime Bill Still Faces '92 Problems

By CLIFFORD KRAUSS

Special to The New York Times

WASHINGTON, Sept. 13 — Ensnarled in Presidential election politics, a major crime bill died last year as Republicans and Democrats refused to compromise on difficult issues like capital punishment, death row appeals and gun control.

This year was supposed to be different. With Democrats controlling both the White House and Congress, many hoped the impasse would break. "It's time we put aside the divisions of party and philosophy," President Clinton pleaded last month in a ceremony announcing his commitment to push for the same crime bill that failed in 1992.

But proponents of the measure in the Senate and the House alike are expressing deep reservations about its prospects, saying the complex issues that sank the bill last year remain a source of friction, even though Republicans and Democrats agree on many essential provisions.

Questions of Strategy

Proposals like restricting the sale of handguns or expanding the number of offenses punishable by death tend to overwhelm the widespread support for the rest of the bill. Its other provisions would, for instance, put tens of thousands more police officers on the streets,offer college scholarships to students willing to be police officers, toughen penalties on terrorism and gang violence, and provide metal detectors to schools.

While some lawmakers advocate stripping the disputed provisions from the bill to improve its chances, others are not certain that can happen.

"It will take a fairly tricky strategy to pass this," said Senator Joseph R. Biden Jr., the Delaware Democrat who heads the Senate Judiciary Committee. He called the chances of passage no better than even.

Prospects in the House, where the number of members with ideologically hardened positions is greater than in the Senate, may be even dimmer as sponsors prepare to introduce the measure in the next few days.

"Gun control gets the liberals on board but repels many conservatives," said Representative Charles E. Schumer, the Brooklyn Democrat who heads the House Subcommittee on Crime and Criminal Justice. "And the death penalty and habeas corpus have the converse affect."

Personal Priorities

Most Democratic leaders, for instance, would like the bill to ban sales of assault weapons, a proposal that Republicans and some conservative Democrats say would conflict with the Second Amendment's guarantee of the right to bear arms. Republicans insist on a provision to limit death row inmates to a single habeas corpus appeal that would have to be filed within six months of conviction, a proposal that most Democrats fear could lead to the execution of innocent people.

Such deep philosophical divisions defy easy compromise, but the mine field also consists of jealous Congressional power brokers competing for influence and warring special interest groups like the National Rifle Association that can mobilize potent constituencies.

Senator Phil Gramm, the Texas Republican who is a leading conservative on the crime issue, insists that the bill include more mandatory minimum sentences for offenses like selling drugs to minors, no matter how small the amount. Attorney General Janet Reno and many liberal lawmakers oppose that tack, arguing that mandatory sentences are unfair and counterproductive.

Several Southern Democrats in the Senate, particularly J. Bennett Johnston of Louisiana and Richard C. Shelby of Alabama, will also fight gun-control provisions that their liberal counterparts insist on.

In the House, Representative Don Edwards, the California Democrat who heads the Subcommittee on Civil and Constitutional Rights and who is his chamber's conscience on civil liberties issues, can be expected to sway dozens of liberals against the legislation if he believes that it impinges on the rights of defendants or significantly increases the number of executions. And Representative Jack Brooks of Texas, the chairman of the House Judiciary Committee, ardently opposes the strict gun control that liberals insist upon before they will agree to expand the Federal offenses punishable by death.

Will gun control kill some popular anti-crime proposals?

The divisions among Democrats will require the President to knock some heads, several Democratic lawmakers say. So far, the Justice Department has helped members of the Congressional staff draft the crime measure, but Mr. Clinton has left it up to Mr. Biden and Mr. Brooks to lead the effort.

What to Do Next?

The two chairmen are divided over tactics. Mr. Brooks insists that a provision requiring a seven-day waiting period on handgun purchases be in the legislation, while Mr. Biden argues that the provision should be considered separately so it does not jeopardize the entire package.

Mr. Brooks, a strategist who keeps his cards close to the vest, is thought by Judiciary Committee colleagues to want the waiting-period provision in the package because he fears it would pass if taken up separately.

While the White House has been expected to work hard for the crime package, one of its major advocates, Senator Orrin G. Hatch of Utah, the ranking Republican on the Judiciary Committee, grumbled: "I haven't seen an ounce of Administration effort. I don't think they have picked up the phone yet."

The chances for passing a crime package would be vastly improved, many lawmakers say, simply by stripping out the contentious issues.

Representative Henry J. Hyde of Illinois, a ranking Republican on the Judiciary Committee, is a proponent of that strategy. "I think the pressure from the American people is going to have a magic influence on usually contentious senators and congressmen," said Mr. Hyde, who is committed to forging a compromise bill that can pass.

Points of Agreement

Republican senators are introducing their own crime bill, and there is much in common between it and the Democrats' version. Democrats, for example, would provide local communities with $3.5 billion over five years to hire 50,000 new police officers, while Republicans would provide $2 billion to hire 30,000 new officers.

Both plans call for more money to build prisons, although the Republicans are somewhat more generous. Both parties also want to apply the death penalty to terrorists and to increase the penalty for bombings. And both would toughen penalties on gangs that use minors to distribute drugs.

Mr. Hatch has suggested to Mr. Biden that they streamline the bill, and Mr. Biden has expressed interest in that.

But Democratic strategists say they doubt they can come to an agreement with Senator Bob Dole of Kansas, the Republican leader, to restrict extraneous amendments. They believe that since Mr. Dole appears to be running for President in 1996, he cannot afford to be seen blocking Mr. Gramm's efforts to toughen the bill even if such a strategy improved its chances for passage.

9

Carol —
Here can we have a 2000 goal for adults
Also perhaps Adult education next yr
GED
B.

THE NEW YORK TIMES, TUESDAY, SEPTEMBER 14, 1993

THE PRESIDENT HAS SEEN
9-15-93

Illiterate Americans

Half the adults in the United States can't read or do simple math, according to an Education Department study. Pretty shocking; but what does it really tell us about America's ability to function as a society?

First of all, things are not getting worse. As the study observes, "Today we are a better educated and more literate society than at any time in our history." Second, even those who do have problems with sentences and sums don't seem to feel at a disadvantage. Most of the respondents at the two lowest levels of proficiency (respondents were divided into five levels) said they could read or write English "well" or "very well."

What has changed — and it's a recent change — are our expectations. Only in the last 20-odd years, for instance, have colleges and universities become truly serious about increasing the diversity of their student bodies. Only in that period have we begun to expect anything like truly equal opportunity at success for all Americans.

As a nation, we are still shedding the durable assumption that a literate elite would make the decisions for a less educated majority. The kind of egalitarianism that demands truly equal opportunity is still in its infancy, a struggling legacy of the civil rights movement and idealism of the 1960's.

Another change during the last two decades is in the nature of work in America. Well-paying jobs requiring little education have been disappearing. At the same time, the growth of the suburbs has depleted the cities of their middle-class residents, the people who pay property taxes to finance schools and who protest most effectively when schools don't deliver. Just as it becomes harder to get good work without a good education, good education itself is becoming more elusive for the increasingly isolated children of the cities.

The survey, conducted by the people who also conduct the Scholastic Aptitude Tests for college admission, confirms conventional wisdom: The more literate you a..., the less likely you are to depend on food stamps or to be in prison, and the more likely you are to have a decent income.

But it's almost certain that the same things could have been said at any point in our history. The difference now is that our sensibilities have changed, and so has the job market. In earlier decades Americans were more accepting of social inequities, while the economy was kinder to those without much learning.

For those who can read it, the lesson is pretty clear. Disinvestment in American cities, and particularly in their public schools, is dangerous. While more Americans expect a fair shot at success, the gap between skilled and unskilled workers' income, particularly between those with and without college degrees, gets wider.

A large percentage of people who scored in the bottom group on this survey were older, or were immigrants, or had physical, mental or health problems. But that still leaves many who couldn't solve everyday problems such as reading a pay stub or a bus schedule. The workplace of the 21st century will have very few places for such people.

Such a message tests another kind of literacy: Americans' ability to read the message in conflicting social and economic trends, and to act accordingly. Reading this survey, it's hard to escape the conclusion that we are badly undereducated *for our times* and that the United States needs to invest widely in public education.

32

THE PRESIDENT HAS SEEN
9.15.93

K McGinty

This is good
should do more —
B

Labor Letter

A Special News Report on People And Their Jobs in Offices, Fields and Factories

A1

BUSINESS APPLAUDS a White House plan on workplace safety, but unions groan.

The proposal, part of the "reinventing government" effort, would let firms tap employees for inspections, or hire outside safety auditors. Business groups hope the plan will jump-start a proposal by congressional Republicans to cut burdens on safe companies. Says John Tysse of the Labor Policy Association, "It lets the good programs operate without government interference and concentrates enforcement on the bad actors."

But Democrats and unions, trying to push Congress to require stricter safety standards, worry the proposal will damage efforts to beef up the Occupational Safety and Health Act for the first time since 1970. "History shows these types of safety plans are easily circumvented," says Debbie Berkowitz of the food workers' union.

While Labor Department officials privately disavow the White House plan, their original proposal similarly argued for more corporate self-policing.

UNEMPLOYMENT INSURANCE looms as a political battleground.

Current federal "emergency" benefits are set to expire Oct. 2. The White House will seek an extension, but probably less than the current $12 billion-a-year payout; unemployed workers probably wouldn't receive the standard 26 weeks of U.S. aid after using up state benefits. Labor Secretary Reich wants eventually to link federal money to job counseling and training.

Republicans, while worried about looking callous, mull ways to fight the extension, which they view as a budget buster. Liberal Democrats, meanwhile, try to make federal benefits permanent, ending the biannual fight. "When the long-term unemployed lose jobless benefits, their poverty rate soars," says Iris Lev of the Center on Budget and Policy Priorities.

RIDE-SHARING REVS UP, as firms ponder new mandates under the Clean Air Act.

By the end of next year, companies in the smoggiest cities must tell states how they plan to lift their workers' average car occupancy by 25%. In Southern California, where a regional antipollution plan already is in effect, Amgen pays workers $25 a month to ride bikes, and advances them bike-purchase money. Fluor gets ride-share credit for giving workers every other Friday off. In Houston, Pennzoil pays city bus fares and subsidizes parking for group vehicles.

But many firms are lagging. Fox, the movie and TV company, offers car-pooling incentives, but production schedules hurt efforts. Concedes Fox's Robert Payne, "This isn't a place where the whistle blows and everybody leaves at once." Like many companies, Scott Paper's Philadelphia headquarters hasn't started developing a plan.

U.S. aides wonder if the effort will work. "It's the only Clean Air Act program designed to get people out of their cars," notes the EPA's Don Zinger. "It's kind of an experiment."

DUCK! BUT DON'T PULL something. Being hit by an object is the most common workplace injury, accounting for nearly 27% of all claims, ITT Hartford reports. But sprains and strains are close behind; and they are the most costly in terms of days lost, followed by slips and falls.

PROFESSIONAL TRAINERS urge tax breaks for corporations to boost worker education, but they generally oppose mandated training. A survey of trainers by Lakewood Research of Minneapolis shows that less than a third want a government-dictated training requirement, although 42% say it would help create a high-skilled work force. Nearly 70% say tax breaks would boost their companies' spending on training.

EQUAL BYTES? Pay parity may be coming for the computer industry, Computerworld's newest survey shows. The salary gap between men and women slimmed to 15% from 21% last year, the magazine says. Among personal-computer managers, women are actually paid 6.1% more than men; at the chief information officer level, men earn 6.2% more.

THE FIGHT RESUMES in Congress over "orphans" of the coal industry.

Last year, Congress tried to fund retired miners' health benefits by allowing assessments on all employers covered by a coal wage contract dating from 1950. The goal was to provide for so-called orphan miners, whose companies have since gone out of business. But companies on the hook are trying to sway Congress to repeal the measure before Oct. 25, when the funding is required.

Small businesses paraded before the House Ways and Means Committee last week to plead their case. Barnes & Tucker Co., which no longer mines but leases lands to mine operators, says it would owe as much as $3.7 million a year, even though its annual revenue is just $1.4 million. United Mine Workers' President Richard Trumka counters that letting employers out would place increased burdens on the remaining firms.

About three-quarters of the $240 million in health and death benefits paid out by the Mine Workers' fund last year was linked to orphans, a congressional report says.

THE CHECKOFF: Moses Knows Work? Opponents of a bill that would bar permanent replacement of strikers tap Charlton Heston for TV ads. . . . The headline over a Teamsters' news release plugging a lawsuit against Kmart for allegedly hiring investigators to spy on workers: "Attention Kmart Snoopers."

—KEVIN G. SALWEN

Congress Allows Swap of U.S. Land For Ancient Forest

By CHARLES MCCOY
Staff Reporter of THE WALL STREET JOURNAL

Congress passed legislation enabling a timber company to exchange 80,000 acres of ancient forest for less ecologically sensitive government-owned lands, in a deal that could serve as a model for helping resolve the bitter battle over the nation's forests.

The transaction calls for a combination of swaps of Big Sky Timber Co. land for U.S. Forest Service land and outright purchases by the government, possibly with financial help from such organizations as the Nature Conservancy. Tim Blixseth, a co-owner of Big Sky, valued the deal at about $100 million. Some environmentalists said the figure was high, but both sides said it is believed to be the largest such land exchange ever undertaken by the Forest Service.

Such combinations of swaps and purchases have been seen by the Clinton administration as a tool for trying to forge compromises between loggers and environmentalists. In this case, conservationists have been trying to wrest the land — which includes 37,000 acres of virtually roadless wilderness near the Gallatin River — from private hands for nearly 75 years.

Although the land sits within the boundaries of the Gallatin National Forest adjacent to Yellowstone National Park, it has been privately owned since Congress granted huge tracts of Western lands to the railroads. In recent years, pressure from conservationists picked up as Big Sky, which acquired the land last year from Plum Creek Timber L.P., made plans to log areas such as Porcupine Creek, a back-country watershed that drains into the Gallatin, one of three major rivers that flow through Yellowstone. Environmentalists also have been concerned about possible mining by Meridian Mining Co., which owns mineral rights to the Big Sky land.

The legislation authorizes the Forest Service initially to swap 16,000 acres to Big Sky in return for the 37,000 acres near the Gallatin River. That Forest Service land contains less-valuable second-growth timber, but is easier for loggers to access and isn't likely to stir as much environmental resistance. In addition, the legislation will provide an as-yet undetermined amount of money toward the purchase of Porcupine Creek's 8,000 virgin acres. Estimates of the potential price tag range from $4 million to many times that amount.

Over the next few years, Big Sky will be able to swap more land for government land or negotiate sales. Meridian has agreed to swap its mineral rights for those on other public lands and also will receive certain payments from the government.

The deal "is a bellwether model for how different interests can come together to solve difficult resource issues," said Mr. Blixseth. Added Michael Scott of the Wilderness Society, one of the country's biggest environmental groups: "It's a significant victory for the Yellowstone ecosystem that shows how a variety of techniques can be applied to these kinds of problems."

For Mr. Blixseth and Big Sky, it also would be a windfall. Big Sky bought the land for about $25 million, meaning that if his $100 million estimate of the deal's value is correct, Big Sky will triple its money in just a few years.

THE WALL STREET JOURNAL TUESDAY, SEPTEMBER 14, 1993

Bill Daley Rm 111 1/2

THE WALL STREET JOURNAL 9/15/93

THE PRESIDENT HAS SEEN 9.15.93

Bill Daley — we can do something with this — Mexican lots of examples, starting with recent GM decision to move 1,000 back BC

Illusory Bargain

Some U.S. Companies Find Mexican Workers Not So Cheap After All

Low Productivity and a Host Of Other Woes Undercut Americans' Nafta Fears

Why a Coil Firm Went Home

A1

By Bob Davis
Staff Reporter of The Wall Street Journal

BRISTOL, Conn. — Keith Gibson heard the "giant sucking sound" of cheap Mexican wages four years ago and headed south. He shut down a factory on the Connecticut coast and opened one in Ciudad Juarez, where he could pay Mexicans one-third the wage rates he was paying Americans. "All the figures pointed out we should make a killing," he says.

Instead, the company he runs, Quality Coils Inc., nearly got killed.

The Bristol-based maker of electromagnetic coils lost money regularly in Mexico, he says, because of high absenteeism, low productivity and problems with long-distance management. Worn down, Mr. Gibson pulled the plug on the Mexican operation last April, moved the factory back to Stonington, Conn., and rehired some of the 30 people laid off in 1989.

> **Opposition to the Accord**
>
> **A new Wall Street Journal/NBC News poll found that 36% of Americans surveyed opposed Nafta, while only 25% approved — the lowest level of approval, and the highest level of disapproval, registered this year. Article on page A24. In related coverage on page A18:**
>
> - **Launching his Nafta drive, President Clinton signed supplemental deals.**
> - **Facing a tough congressional fight, the president will need GOP's assistance.**
> - **For Mexico, pact would mark a fundamental change in foreign relations.**

Here's what he learned: "I can hire one person in Connecticut for what three were doing in Juarez."

The fate of the North American Free Trade Agreement, which faces tough opposition in Congress, rests largely on the question: Will the trade-liberalization pact ~~c~~ost the U.S. jobs? Ross Perot argues that ~~ch~~eap Mexican wages will suck millions of ~~-~~paying U.S. jobs across the border giant vacuum, reinforcing many ' deep fears that they are being y multinational companies. Unio ...vists complain that they can't possibl, compete with the 60-cent-an-hour minimum wage in Mexico. Teamster rallies chant: "$4 a day/No way!"

But the experience in Mexico of companies such as Quality Coils suggests that the Perot argument is simplistic — and probably wrong. It overlooks the many factors, other than wage levels, that actually drive business decisions.

For one thing, wages in Mexico aren't nearly as low as many people believe, and low Mexican productivity often erases much of the wage advantage anyway. Moreover, a host of problems, ranging from congested roads to corrupt judges, run up operating costs. And few companies base plant locations on a simple calculation of wage differentials; for most U.S. manufacturers, the cost of labor is less important than such factors as the skills of the work force, the quality of transportation and the access to technology.

Big U.S. Export Market

Meanwhile, Mexico has become a vast market for U.S.-made goods, creating hundreds of thousands of jobs at home. The Nafta tariff reductions and investment protection should accelerate those gains, most economists predict, swamping any loss of jobs from factories heading south. "The sucking sound you hear is 85 million Mexicans sucking on U.S. straws, drinking their U.S. colas and eating their *hamburguesas* from McDonald's," says Don Nibbe, publisher of Twin Plant News, a magazine in El Paso about managing businesses in Mexico.

To help exports along, the Commerce Department plans a program called "Export Mexico," which will counsel industries on how to expand sales to Mexico. "Mexico buys $40 billion worth of American goods each year, and we want to teach companies how to do more business," says Commerce Secretary Ron Brown.

Sometimes, the job vacuum pulls north, too. McIlhenny Co. set up a Tabasco factory in Mexico City in the 1950s because Mexico's high tariffs and stiff regulations blocked imports and made that the only way to sell there. But Mexico dismantled its import barriers during the past decade; so, McIlhenny shut down its Mexican operations in 1989, expanded in Avery Island, La., and started exporting to Mexico instead.

The machinery in Louisiana could bottle the hot sauce four times as quickly as in Mexico City, wiping out any labor advantage, says Carlos Malespin, the company's vice president, international. Moreover, the company could keep better tabs on quality at its home base.

Endangered Mexican Plant

Thomson SA, the French electronics company that bought RCA's consumer-electronics business, may follow suit. Joseph Donahue, senior vice president of Thomson's U.S. subsidiary, says RCA has produced picture tubes in Mexico City for decades to sell locally because of Mexican import restrictions. "If the border opens up, there's no reason" for the "small and inefficient" plant, he says. Thomson would

Please Turn to Page A18, Column 1

1/2

Some U.S. Firms Find Mexico No Bargain

Continued From First Page

probably retain separate TV-component manufacturing in Juarez, however.

Haworth Inc., a big office-furniture maker in Holland, Mich., weighed the full costs of Mexican production twice in recent years — and both times calculated that it could manufacture more cheaply in Michigan. In 1989, Richard Berreth, the company's vice president for manufacturing, flew to Nogales to see whether Haworth should build a plant there to produce office furniture for the burgeoning Mexican market and to escape 15% Mexican tariffs.

Even if he could pay Mexicans only $1 an hour, he realized, he could still produce furniture 25% more cheaply in Michigan. Haworth would have had to spend several million dollars building the Nogales factory, staffing it and training the workers; later, during production, it would run up steep bills shipping parts back and forth to Mexico. Labor savings couldn't come close to covering those expenses.

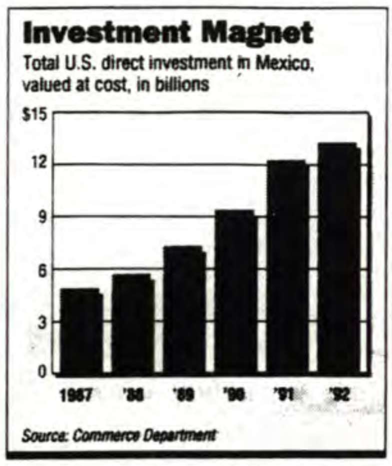
Then, when designing new office equipment in 1991, Haworth faced another choice: Buy certain electrical systems from a regular supplier that would produce them in Mexico, or make the components at a Haworth factory in Michigan. Haworth calculated that it could make them for 20% less than the cost of buying them in Mexico. In Michigan, Haworth could produce the systems in three days and thus hold down inventories and meet customer demands for quick delivery. His Mexico-based supplier couldn't do better than two weeks. "If you chase cheap labor, you may regret it," Mr. Berreth says. So far, Haworth has added 35 jobs in Michigan to produce the electrical systems.

The fear of a big job loss to Mexico stems from the proximity of Mexican cities to important U.S. markets, the huge pool of underemployed Mexicans and their startlingly low wages. Labor Department figures estimate the average Mexican manufacturing wage in 1992 at $2.35 an hour, one-seventh the U.S. level. Common sense would indicate that employers would jump to take advantage of that gap, and some low-wage U.S. industries such as apparel are indeed likely to shift production. "The cost savings are so great that they are the overwhelming factor" for companies choosing a production site, says Pat Choate, who co-authored an anti-Nafta book with Mr. Perot. However, the apparel industry is losing jobs anyway to various underdeveloped nations.

Since 1965, several thousand factories have set up just south of the U.S. border to take advantage of tax breaks and low wages. But in recent years, as U.S. exports to Mexico have surged, those so-called *maquiladora* factories have accounted for an ever-smaller percentage of U.S.-Mexican trade. And Gary Hufbauer and Jeffrey Schott, two trade economists at the Institute for International Economics, contend that decades of free trade with another low-wage Hispanic area near the U.S. — Puerto Rico — didn't siphon U.S. jobs. Between 1970 and 1990, they say, manufacturing jobs there rose only to 160,000 from 132,000, and the manufacturing sector declined as a share of the work force.

But like a fabulist Latin American novel, the realities of Mexico have been enveloped by myth. Its labor costs are surprisingly high because of benefits required by law or labor agreements. Hewitt Associates, a consulting firm in suburban Chicago, tracks 103 collective wage agreements to calculate Mexican wages. Including the full range of fringe benefits — Christmas and vacation bonuses, profit sharing, grocery allowances, savings plans and free lunches — Hewitt estimates that Mexican production workers along the U.S. border are averaging $3.39 an hour. In the more highly unionized interior of Mexico, they average $5.05.

As for senior executives, salaries in Mexico City and Monterrey can top those in New York or Los Angeles. Arturo Fisher, a Mexican consultant at Hewitt, says that Mexican managers with 15 years of experience, including a stint at a U.S. multinational, command annual salaries of $175,000 and that $500,000 isn't uncommon.



The biggest problem concerns productivity. Daniel Oks, a World Bank economist, calculates that U.S. wages are 5.25 times higher than Mexico's, but that Mexican workers are about one-fifth as productive as Americans because of much outdated machinery, clogged transportation, ineffective management and poor education. The result: U.S. wages are just 2.6% higher than Mexico's, on average, after factoring in productivity. Mr. Oks worries about the fallout from Nafta — but his fears don't track Mr. Perot's. He frets that Mexico's manufacturers wouldn't be able to compete with higher-quality U.S. companies if trade barriers are phased out.

Some U.S. companies, especially large ones, bring their Mexican operations up to U.S. standards. Ford Motor Co. says its Hermosillo plant ranks in the top third of auto-industry productivity. But Ford lavished far more attention on the plant than most companies can afford: busing workers, sending several hundred abroad for training and lobbying the Mexican state government to build housing.

For smaller companies, that level of effort is too much. Quality Coils, with $10 million in annual sales, had figured on big cost savings four years ago when it closed the Stonington plant. As with many small businesses first venturing into Mexico, Quality Coils contracted with a company that provided factory space in Juarez, utility services and laborers at an all-inclusive rate of $3.35 an hour. With its Connecticut production workers making $10 an hour, with benefits — and labor constituting 30% of the cost of a coil — the potential savings seemed immense.

But problems surfaced quickly. Many Quality Coils customers, seeking to keep their inventories lean, expected the company to fill a variety of small orders, for several thousand coils each, within 30 days. But the Mexican operations couldn't adapt well to such flexible-manufacturing requirements; instead, they could produce only long runs of the simplest products.

"When you're talking about short runs, the materials-supply problems get unmanageable" in Mexico, says Ned Dougherty, president of Pentex Enterprises Inc., the El Paso, Texas, company that set up Quality Coils' Juarez facility.

And even on coils that could be produced in Mexico, production fell below U.S. standards. Shipments of components would sit at the border for weeks, delaying production. After some Christmas holidays, when homesick workers went back to the interior of Mexico, nearly half the plant's 50 employees wouldn't return. "We were continually retraining," Mr. Gibson says. "That did away with any productivity gains." Under Nafta, however, this problem could diminish because many such plants would be located away from the border and near the workers' homes.

For a time, Mr. Gibson was bewildered by the problems in Juarez. He says he flew there to try to measure how many coils a worker could produce, and he found that the number was roughly comparable to that in Connecticut. But somehow, the Mexican operations were losing $100,000 to $150,000 a year on sales of $750,000. If labor was cheaper and production comparable, why the losses?

Mr. Gibson says that he slowly realized that the Juarez workers were pumping up production whenever he or other Connecticut managers were in town. To confirm his suspicion, he says, managers would pretend to watch production in one end of the plant, while keeping an eye on other workers. They noticed that the Mexican workers were producing at half the rate of their American counterparts, many of whom had at least five years of experience winding, soldering and wrapping coils.

Mr. Gibson tried various ways to raise productivity. He even offered workers who exceeded their production quotas coupons that could be used to buy food in local supermarkets. But such efforts flopped.

Finally, a year ago, Mr. Gibson says he set an ultimatum: The Mexican operations must be able to run 2,000 coils a week through a machine that winds coils on spools, using two workers — a standard the Connecticut plant had met for years. But he says the Mexican plant rarely managed more than 1,000. The Mexican workers were taking far longer to set up the machine and maintain it; so, it was operating fewer hours each day.

Finally, in frustration, Quality Coils shut down the Mexican operation in April and reopened the Connecticut factory. Randy Shorts, Quality Coils' manager in Juarez, says that the Mexican workers could match the productivity in Connecticut, and he blames Mr. Gibson for giving up. But Mr. Gibson says he is glad he got out. Quality Coils' costs for wages and overhead were due to increase to $5.38 an hour this year. With Juarez productivity, overall, only one-third of Connecticut's, he figures he is better off hiring workers up north. Mark Gibson, a vice president, says that "$5.38 an hour times three is a heck of a lot more than we pay in Connecticut."

In Stonington, Karen Clark looks up for a moment from her job wrapping small coils with plastic tape. Four years ago, Quality Coils laid her off; now, she's back on the production line. "People should be worried about going to Mexico," she says. Then she quickly tapes another coil.

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THE PRESIDENT HAS SEEN
9.15.93

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Clinton Mulls Requiring More Notice of Layoffs

Current Plant-Closing Law Has Proven to Be Flop, GAO Study Indicates

ECONOMY

By Kevin G. Salwen
Staff Reporter of The Wall Street Journal

WASHINGTON – The Clinton administration is weighing a plan to force more companies to give workers advance notice before closing plants.

A draft document outlining the proposal is circulating around Capitol Hill as part of the Labor Department's "dislocated worker" plan, which proposes transforming the unemployment-insurance system into a broader job training and career counseling program.

Since its enactment in 1988, the plant-closing law has been a flop. Officially, it requires corporations to provide 60 days notice any time they furlough a third or more of the full-time workers at any site of at least 150 workers, or if they cut 500 employees at any facility. Notice also is required for any permanent plant closure that affects 50 workers.

Low Rate of Compliance

But whole sectors of corporate America have shuttered plants over the past several years without ever telling workers of their impending fate. In a study of the law, the General Accounting Office earlier this year said about half the plant closings were exempt from the law because of size. The GAO said that of the remaining plants, about half didn't provide enough notice or any at all.

The GAO said much of the failure stemmed from companies' lack of knowledge about the provisions of the law. And no government entity currently has the power to enforce the law.

The administration's proposal would lower the threshold requiring employee notification by ending the one-third rule. Under that new proposal, any company that lays off 50 workers would have to give workers advance notice, no matter what portion of the company's work force that number represents.

But administration officials also are offering alternatives for how to amend the law. One option would be to end the one-third requirement and cut the threshold to 25 workers, an option that Sen. Howard Metzenbaum (D., Ohio) and Rep. William Ford (D., Mich.) have embraced. Another option would keep the one-third rule and reduce the 500-worker limit. A third alternative would be to reduce the one-third limit.

According to the Labor Department, there were nearly 3,900 plant closings of more than 50 workers in 1991.

The administration plan doesn't address the compliance issue. Currently, workers who have lost their jobs without appropriate notification can file lawsuits.

Democrats said that while a broader plant-closing law would help, compliance is the bigger problem. "The administration's plan would move very substantially to fix the problem," said Sen. Metzenbaum. "But we need to provide the Department of Labor with enforcement power."

Retaining GOP Support

On Capitol Hill, Republicans cautioned that reopening the plant-closing issue, which proved contentious when it first arose in Congress, could hurt the administration's chances to push through its dislocated-worker program, which Republicans would like to support.

"Lowering the threshold . . . doesn't prevent workers from being laid off," said Sen. Nancy Kassebaum of Kansas, the ranking Republican on the Labor Committee. "On the contrary, this expanded workplace regulation could end up being yet another reason for employers to move toward part-time and contract workers."

Doug Ross, assistant secretary for employment and training at the Labor Department, said the agency will review comments about its draft proposal and decide next month whether to propose changes to the plant-closing law. "The question is: How do we do a better job of knowing when significant groups of workers are about to be laid off?" Mr. Ross said. He said studies show that when the government is able to reach laid-off workers earlier, they find new jobs faster.

U.S. Relaxes Trade Embargo On Vietnam

Firms Can Bid on Projects Funded by International Development Agencies

By Carla Anne Robbins
Staff Reporter of The Wall Street Journal

WASHINGTON – President Clinton eased the U.S. trade embargo on Vietnam, clearing the way for some American companies to do business there for the first time in 18 years.

The White House announced yesterday that U.S. businesses will be allowed to bid on development projects funded by international lending institutions. U.S. companies will continue to be barred, however, from pursuing other trade and commercial interests there.

The World Bank and Asian Development Bank are considering an estimated $500 million in projects in Vietnam, including rebuilding ports and roads, improving telecommunications and the electrical grid, and agricultural development.

The embargo won't be lifted totally, say administration officials, until the U.S. is satisfied that Vietnam has turned over all information on Americans missing or held prisoner after the Vietnam War. Vietnam has offered "significant" cooperation on the emotionally charged issue, say officials, and yesterday's decision acknowledges that. But officials say that some questions still need to be resolved before remaining restrictions can be lifted.

U.S. business interests are lobbying the White House heavily to end the embargo as soon as possible. Vietnam, they believe, could be a lucrative market, and they fear they are losing out to Asian and European competitors there.

Some veterans and family members of those lost in Vietnam vehemently oppose any rapprochement. And the issue is an especially sensitive one for Mr. Clinton, who avoided military service during the Vietnam War.

The administration has been particularly skittish since the Russian government turned over a series of documents from its archives suggesting that Vietnam intentionally underreported the number of prisoners it held at the end of the war. U.S. military and intelligence experts doubt the veracity of these reports, but the administration still fears that it could be surprised, and embarrassed, if it moves too quickly.

President Bush first moved to ease the embargo late last year, allowing U.S. companies to set up offices in Hanoi, but prohibiting them from conducting any business. The Clinton administration followed up in July, when it stopped blocking international lending to Vietnam. Yesterday's decision was a logical step, because it frees American companies to bid on projects backed by international lending institutions, which receive sizable funding from the U.S. Nevertheless, the action was a fundamentally cautious one, reflecting the political sensitivities of the issue.

At the same time as the Vietnam announcement, the administration extended restrictions on trading with Cuba and North Korea, under the Trading With the Enemy Act.

93 SEP 15 P5:42

THE WALL STREET JOURNAL TUESDAY, SEPTEMBER 14, 1993

September 15, 1993

MEMORANDUM FOR SENIOR STAFF

FROM: JOHN PODESTA

RE: ATTACHED

We've requisitioned potted plants for the Roosevelt Room to simulate the out of doors.

THE PRESIDENT HAS SEEN 7/30

JUDY MANN

The High Price of Overwork

If I had as much money as Apple Computer Chairman John Sculley does, I would not be posing for Fortune magazine, sitting on my bed at 3:30 in the morning, sipping coffee and watching CNBC. I'd be sound asleep.

Of course, this might be one reason why I write a newspaper column and Sculley has spent the past decade running a company with $7 billion in annual sales. Sculley told Fortune that the age of global communications has made a good night's sleep a relic of the industrial age. "It's a 24-hour day, not an 8-to-5 day."

Harvard University's Juliet Schor, who wrote "The Overworked American: The Unexpected Decline of Leisure," has just returned from Japan where, she says, "the same mentality reigns. While I was there, a young man in Osaka dropped dead from overwork. He was averaging about three hours of sleep a night. He was 26 years old and worked as a stockbroker."

She says that estimates of deaths from overwork in Japan range from 10,000 to 20,000 a year. "Human beings are not made to go without sleep. If people think economic incentives can best biology, I think that's a very foolish point of view.

"It's very difficult to keep a clear head and to keep one's intellectual and personal equilibrium when you live with such a high level of stress as one must if one is getting so little sleep. For both ordinary good thinking but also for creative thinking and deep thinking, it's necessary to have some kind of peace of mind and equilibrium."

Working excessively long hours creates a collision between corporate time and family time. "The rhythms at the workplace are very different," she says, "and what I fear is that the rhythms of corporate life are encroaching too much on the rest of society and that they are leading to a speed-up in other places as well."

Bob Reinheimer, a professor of management practices at Duke University's Fuqua School of Business, says, "There's a point where someone becomes so fatigued and so stressed out that in the short term they are likely to make poor decisions and in the long run they damage their ability to lead productive lives." The old model of the corporate person who is first in to work and the last to leave, he says, "is out of step with the times. The goal of technology is to allow people to work efficiently and effectively and, I hope, to free them up to enjoy lives outside of work. What's interesting is in the last 10 years, it's suddenly okay to have a family.

"Enlightened organizations recognize that the best employees are folks who have a sense of balance in their lives, because they are the people who make better decisions in the short run and who are alive in the long run to benefit the organization with all they have gained over their years of employment. An integrated life is what works, and companies are allowing people to do it."

Stephen Kaplan, a professor of psychology at the University of Michigan, is part of a group that has been researching mental fatigue. "The essential factor is the capacity to focus one's attention, and when that starts to deteriorate there are a whole series of difficulties that arise. It's difficult to listen to somebody else, to make effective decisions; there's a tendency to be impatient and impulsive, to get on with it, rather than consider alternatives. There's a tendency that goes against being reflective or being thoughtful."

The single most powerful antidote, he says, is the natural environment—"even looking out the window into the natural environment." Studies have shown that cancer patients recover faster, prison inmates stay healthier, and people experience less work pressure when they have a window view of nature. For reasons no one quite understands, a view of trees is "an extremely powerful factor," he says.

A study of AIDS caregivers in San Francisco found that the "single most helpful factor in resisting mental fatigue and burnout was locomotion in the out-of-doors. And probably the worst single thing you could do is watch television." Proofreaders who took a wilderness vacation returned refreshed and their work improved. No such improvement was found for proofreaders who took an urban vacation or failed to take a vacation, Kaplan says.

We all know that some people need more sleep than others, and maybe some executives can get by with just a few hours' sleep. But they set a terrible organizational example: Subordinates feel they have to do the same thing, and they end up exhausted, ineffective and vulnerable to depression. "Under conditions of mental fatigue, there's a tendency for things to fall apart," Kaplan says. "And for one not to remember what the purpose of it all is."

That's when we need a walk in the woods.

MOTHER GOOSE & GRIMM MIKE PETERS

THE WHITE HOUSE

WASHINGTON

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

TO: JONATHAN PRINCE

Fax Number: 708-3336 **Phone Number:**

FROM: Todd Stern

SUBJECT:

DATE: 09/14/93

NUMBER OF PAGES (including cover sheet): 6

MESSAGE:

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

THE WHITE HOUSE

WASHINGTON

September 4, 1993 SEP 6 P1:23

MEMORANDUM FOR THE PRESIDENT

FROM: THE VICE PRESIDENT
CAROL RASCO
BOB RUBIN

RE: PROPOSED PRESIDENTIAL MEMORANDUM ESTABLISHING THE COMMUNITY ENTERPRISE BOARD

Attached is a proposed Presidential Memorandum establishing an intergovernmental "Community Enterprise Board" to coordinate your Administration's community empowerment strategy. The Community Enterprise Board will be chaired by the Vice President, with Carol Rasco and Bob Rubin serving as Vice-Chairs. The Board will be comprised of the Secretaries of HUD, Agriculture, Treasury, Commerce, HHS, Interior, Education, Transportation, and Labor; the Attorney General; the Administrator of EPA; the Director of the Office of National Drug Control Policy; the Administrator of SBA; the Director of OMB; and the Chair of the Council of Economic Advisors.

The Board will serve as a forum for (1) the development of selection criteria for the designation of empowerment zones and enterprise communities, (2) the discussion of proposed exemptions from legislative and regulatory mandates requested by communities, and (3) the coordination of existing programs that promote community empowerment. Its first task will be to assist Secretaries Cisneros and Espy in the successful implementation of your empowerment zone legislation, which was signed into law as part of the Omnibus Budget Reconciliation Act.

In addition to establishing the Community Enterprise Board, the proposed Memorandum also requires the Secretaries of HUD, Agriculture, and HHS to develop (by November 1, 1993) regulations regarding the dispensation of the $1 billion in Title XX grants provided for in the empowerment zone legislation. The directive also requires the participating agencies to identify (within 15 days of the issuance of the Memorandum) existing programs for the use in empowerment zones and enterprise communities.

We hope you will be able to issue this Memorandum on Wednesday, September 9, 1993, as part of the community development event in Cleveland.

Please indicate your decision: ✓ Approve ___ Discuss Further

Thank you.

DRAFT

September 9, 1993

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF THE TREASURY
THE ATTORNEY GENERAL
THE SECRETARY OF THE INTERIOR
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF LABOR
THE SECRETARY OF HEALTH AND HUMAN SERVICES
THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY OF TRANSPORTATION
THE SECRETARY OF EDUCATION
THE ADMINISTRATOR OF THE ENVIRONMENTAL PROTECTION AGENCY
THE DIRECTOR OF THE OFFICE OF NATIONAL DRUG CONTROL POLICY
THE ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION
THE ASSISTANT TO THE PRESIDENT FOR DOMESTIC POLICY
THE ASSISTANT TO THE PRESIDENT FOR ECONOMIC POLICY
THE CHAIR OF THE COUNCIL OF ECONOMIC ADVISORS
THE DIRECTOR OF THE OFFICE ON MANAGEMENT AND BUDGET

The Vice President and I strongly believe that the best way to serve distressed communities in urban and rural America is through a comprehensive, coordinated, and integrated approach that combines bottom-up initiatives and private sector innovations with responsive Federal-State support. Today, I direct the Federal agencies to work cooperatively to implement this approach in a way that reflects the principles of the Vice President's National Performance Review -- i.e., meeting the needs of local communities through a performance-measured, customer-driven philosophy and a cross-agency approach. I also hereby establish the President's Community Enterprise Board ("Board") to advise and assist me in coordinating across agencies the various Federal programs available (or potentially available) to distressed communities and in developing further policies related to the successful implementation of our community empowerment efforts.

The Vice President has agreed to chair this Board, and the Assistant to the President for Domestic Policy and the Assistant to the President for Economic Policy have agreed to serve as Vice-Chairs of the Board. I request the following Administration officials to serve on this Board: the Secretary of the Treasury, the Attorney General, the Secretary of Interior, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, the Secretary of Health and Human Services, the Secretary of Housing and Urban Development, the Secretary of Transportation, the Secretary of Education, the Administrator of the Environmental Protection Agency, the Director of the Office of National Drug Control Policy, the Administrator of the Small Business Administration, the Director of the Office of Management and Budget, and the Chair of the Council of Economic Advisors.

The first task of the Board is to assist in the successful implementation of the Administration's empowerment zone legislation, Subchapter C of Title XIII of the Omnibus Budget Reconciliation Act of 1993, Pub. L. No. 103-66, reprinted at 139 Cong. Rec. H5851 (daily ed. Aug. 4, 1993) ("Empowerment Zones, Enterprise Communities, and Rural Development Investment Areas"). This Act authorizes the Secretaries of HUD and Agriculture to designate certain localities as empowerment zones and enterprise communities, thus enabling them to receive certain federal funds and other benefits from the Federal Government.

Other programs, old and new, are similarly beneficial to local communities. These programs, however, form an overly complex, categorical, unworkable, and ineffective response to the needs of distressed communities. I hereby direct the Board to review these programs in order to ascertain how we can make the entire Federal effort more responsive to the needs of distressed communities. In addition, with respect to the empowerment zones and enterprise communities, I direct the Secretary of the Treasury, the Attorney General, the Secretary of the Interior, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, the Secretary of Health and Human Services, the Secretary of Housing and Urban Development, the Secretary of Transportation, the Secretary of Education, the Administrator of the Environmental Protection Agency, the Director of the Office of National Drug Control Policy, and the Administrator of the Small Business Administration to (1) identify, within 15 days of this directive, existing programs that further the goals and objectives set forth in this memorandum and the Act and (2) make available, to the extent permitted by law, funds from those programs for use in implementing the strategic plans of the designated empowerment zones and community enterprises.

In order to advise and assist me regarding issues that relate to community development and empowerment, I request that each Board member --

(a) Provide me with recommendations, consistent with Section 13301 of the Omnibus Budget Reconciliation Act of 1993 ("OBRA" or "the Act"), on the criteria to be used for selection and designation of empowerment zones and enterprise communities, as set forth in Section 13301 of the Act;

(b) Identify additional legislative mandates that further the goals and objectives set forth in this memorandum and the Act and, where appropriate, develop for my consideration recommendations for further action;

(c) Identify legislative mandates that may be impeding State, local, and tribal governments from meeting the goals and objectives set forth in this memorandum and the Act, and, where appropriate, develop for my consideration recommendations for further action; and

(d) Consult with the Board regarding exemptions from regulatory mandates for which the member agency has jurisdiction and inform his or her decisions regarding any such exemptions with the recommendations of the Board.

In addition, I direct each of the agencies to cooperate fully with the Chair, the Vice Chairs, and the Secretaries of HUD and Agriculture in assisting designated zones and enterprise communities in successfully implementing their strategic plans under Section 13301 of the Act. This inter-agency effort shall, among other things, coordinate federal assistance and support within each empowerment zone and enterprise community.

In order to meet the goals and objectives set forth above, I also request the Secretary of HUD and the Secretary of Agriculture to consult with the Board regarding (1) the designation, under Section 13301 of the Act, of empowerment zones and enterprise communities and (2) possible revocation of designations, as set forth in Section 13301 of the Act.

Finally, I direct the Secretaries of HUD, Agriculture, and HHS (in consultation with the Board) to take, by November 1, 1993, the appropriate regulatory measures to ensure that the use of all Title XX grants awarded under the Act meets the criteria of Section 13761 of the Act, including, specifically, that portion of Subsection C that requires, among other things, localities to use Title XX grants (1) in accordance with the strategic plans approved by the Secretaries of HUD and Agriculture, (2) for activities that directly benefit the residents within the designated empowerment zones and enterprise communities, and (3) to promote economic independence for low-income families and individuals.

* * *

With the Board members' commitment to achieving community empowerment and to providing our local communities with a single Federal forum, we will be able to assist distressed communities and American families all across urban and rural America in obtaining economic self-sufficiency.

Thank you.

THE PRESIDENT HAS SEEN

9. 14. 93

Tony

Recent Violence in Somalia

Background

There continue to be ambushes of UNOSOM forces in Somalia by Aideed's forces, including one over the weekend which provoked a response by UNOSOM forces resulting in the deaths of some women and children being used as shields for Aideed's forces. The OAU Secretary General has called for a rethinking of the UNOSOM role in Somalia, as have leading American newspapers. As part of the Senate Defense Bill, a compromise "sense of Congress" amendment was adopted which called on the Administration to report to Congress by October 15 on the goals and duration of our presence in Somalia, and to seek by November 15 Congressional authorization for continued deployment of U.S. forces in Somalia.

Points

-- We are saddened by the loss of life in Somalia in the latest outbreaks of violence there. U.N. peacekeepers in recent tragic incidents were ambushed and in risk of being overrun. We have received reports that the ambushing forces used women and children as shields for the attacks, as they have done in the past, such as during the attack in June in which 24 Pakistani peacekeepers were killed.

-- These incidents underscore the need to re-establish security in Mogadishu to ensure that international efforts to overcome the humanitarian disaster in Somalia is not undermined. We must ensure that Somalia does not return to the anarchy which claimed more than 350,000 lives and threatened millions more before the engagement of U.S. forces there began last November. These deaths were caused in large measure by warlords who disrupted relief efforts and contributed to mass starvation.

-- Our efforts as part of a 25-nation U.N. mission in Somalia have helped revive that country. Crops are being planted and harvested; markets, hospitals and schools are reopening; and civil society and government are being created throughout the country, including 30 district councils recently established. But this substantial yet fragile progress could be undermined by the efforts of warlords who would profit from the suffering of others and who have killed American and Pakistani peacekeepers.

-- While we do not have a specific date on which the last US forces will withdraw, we will draw down our forces as these objectives are achieved.

-- I will ensure that U.S. forces do not remain in Somalia any longer than is absolutely necessary. We have already reduced our troop level from more than 20,000 at its peak to about 4500 now.

-- Ny Administration will continue to consult frequently and fully with Congress on the goals and exit plans for our forces in Somalia.

New Zealand

Background

In 1985, New Zealand declared that no nuclear-powered or nuclear-armed U.S. vessels would be allowed to use its ports. The U.S. responded by suspending our security obligations under the ANZUS Treaty. President Bush ordered nuclear arms removed from surface vessels last year, removing that obstacle, but the problem of nuclear-powered vessels remains. Neither major party in New Zealand seems ready to risk the public's ire by reversing the policy on this issue in anticipation of an election in November, for although public sentiment remains pro-American, it is also strongly anti-nuclear. The issue was given renewed attention when Prime Minister Bolger expressed interest in re-establishing high-level contacts.

Our former Charge in Wellington, David Walker, was quoted as saying as he left his post in mid-August that the U.S. wants to resume top-level contacts with New Zealand, including a meeting between President Clinton and Prime Minister Bolger. Walker's comments were his own personal views.

You were asked a question regarding this issue at the June 17 press conference, and given the proximity of Australia to New Zealand, you may receive a question on this today.

Points

-- Our over-all relations with New Zealand are very good, especially in areas such as global growth and trade. We've worked very closely to promote free trade in the GATT and other international bodies. Secretary Christopher met with Foreign Minister McKinnon in March to discuss UN Security Council issues when New Zealand had the UNSC Presidency.

-- Our policy toward New Zealand, including the implications of New Zealand's nuclear policy, is being discussed informally. This process is ongoing, and there is no set date for its completion.

-- However, I have made no decision to change policy toward New Zealand, nor are there plans to resume high-level contacts.

[If asked about the remarks by our former Charge:]

-- Our Charge in Wellington at the time was reflecting his personal views. No decision has been taken to change U.S. policy toward New Zealand, nor are there plans to resume top-level contacts.

Trade Embargo on Vietnam

Background

You renewed yesterday (September 13) the authority under the Trading with the Enemy Act to impose trade embargoes and freeze assets on Cuba, North Korea, Vietnam, Cambodia and the Baltic nations. The embargo against Cuba was maintained because of Castro's unrelenting dictatorship and the embargo against North Korea was maintained because that country continues to pose a threat to peace in Asia. You maintained frozen assets involving Cambodia and the Baltic states pending a resolution of claims.

With respect to **Vietnam**, you decided to maintain the existing trade embargo, but allowed U.S. companies to participate in development projects in Vietnam funded by international financial institutions, including the World Bank and Asian Development Bank. This decision was taken in line with your commitment to achieve the fullest possible accounting of POW/MIA's. It is designed to recognize some recent progress on cooperation on outstanding issues (i.e., return of remains, supply of documents, cooperation on "discrepancy" cases and trilateral assistance with Laos), but to indicate that more needs to be done by Vietnam.

In July, you decided that sufficient progress had been achieved on the POW/MIA issue to allow the United States to drop its objection to loans to Vietnam from the international financial institutions. We anticipate that up to $500 million in infrastructure projects for Vietnam -- including port and road construction, electricity generation and agricultural development -- could be approved by the World Bank and Asian Development Bank within a few months.

Points

-- The action yesterday to extend the trade embargo on Vietnam but to allow U.S. companies to participate in projects of international institutions was in support of our strong efforts to achieve the fullest possible accounting of POW/MIAs. This decision recognizes that Vietnam has made some progress in areas such as the supply of documents, the return of remains, resolution of "discrepancy cases" and joint investigations with Laos, but also makes it clear to the Vietnamese that more needs to be done.

-- The issue of whether Vietnam has made sufficient progress in POW/MIA accounting to allow the lifting of the trade embargo will remain under constant review. In evaluating how best to achieve the fullest possible accounting, I look forward to the continued counsel of the families of those who are missing and veterans whose fellow soldiers did not come home.

At the State Department,

KEATING PRESS OPPORTUNITY:

MIDDLE EAST PEACE PROCESS TALKING POINTS

-- Today we have witnessed another major step forward in the peace process. At the State Department, Israel and Jordan have signed a ~~Common~~ substantive Agenda which both sides ~~agree~~ believe will culminate in a peace treaty.

-- In yet another extraordinary development, Prime Minister Rabin and Foreign Minister Peres have been in Morocco meeting with King Hassan.

-- I want to congratulate Morocco for this bold step forward and it is my hope that other Arab states will act similarly. It is time for the remaining barriers separating the parties in the Middle East to fall.

-- I am delighted that the movement begun with the dramatic events of yesterday is continuing. Our goal is a comprehensive peace. We will be actively involved to see that progress is made on all the negotiating tracks.

(FYI: Press reporting indicates there will be a joint announcement following the Rabin-Hassan talks. While there is speculation that Morocco will establish relations with Israel, we have no corroborating information.)

This agreement was the product of the peace process that we will continue to nurture ~~which~~ ~~have been~~ ~~nurturing~~ here in Washington.

THE PRESIDENT HAS SEEN

9.14.93

THE WHITE HOUSE

WASHINGTON

September 13, 1993

93 SEP 14 A8:27

MEMORANDUM FOR THE PRESIDENT

FROM: HOWARD PASTER

SUBJECT: TAXES ON LIQUOR

cc HRC

Senator Wendell Ford and Chairman Dan Rostenkowski both weighed in against including liquor taxes in the health package and asked that I convey their views to you. Their approaches are different.

Senator Ford finds it a double hit on Kentucky that heightens his problems at a time that he wants to be supportive.

Chairman Rostenkowski says he will not do liquor taxes without doing beer and wine and that will place health care proponents in the position of advocating broadly based middle income tax increases.

The Washington Post Writers Group
1150 15TH STREET, N. W., WASHINGTON, D. C. 20071-9200
TEL: (202) 334-6375 (800) 879-9794

THE PRESIDENT HAS SEEN
9-14-93

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^EDWIN YODER COLUMN<

^(Advance for Monday, September 13, 1993, and thereafter)<

^(For Yoder Clients Only)<

^By EDWIN M. YODER, JR.=

WASHINGTON--On the day, now nearly foreseeable, when the Department of Agriculture has more employees than there are farmers; or when the Veterans Administration (excuse me, the Department of Veterans Affairs) operates ten times as many hospital beds as there are ailing war heroes, government may be ''reinvented.'' But before? I wonder.

Diligent study and high hopes have been invested in Vice President Gore's ''performance review,'' and it calls for many attractive changes and economies. But ''reinventing government'' is one of those rhetorical extravagances more useful in advertising than government.

To say that is more than mere cynicism; and it may be worth asking why. It is essentially because big historical change, seldom if ever willed, is also seldom reversible. Huge, impersonal, centralized government--the implied target of the ''performance review''--tends just to grow. No one seeks wars and depressions, the incubators of government growth, but they happen. In coping with such emergencies, large and small, government grows and expands and seldom ungrows when the crises pass. Think of such small fry of stormy-season importance as the National Hurricane Center, or the Federal Emergency Management Agency. We once did without them; now they are regarded as vital. More to the point, examine what Congress did for railroads, education and homesteading during the Civil War, or the new presidential powers obtained by Woodrow Wilson during World War I, or the benign autocracy of FDR during World War II.

It is equally obvious that education and business also suffer from similar inflationary pressures. When I was a college student in the mid-1950s, a university enrolling some 5,300 students could be administered

(more)

by one or two people, aided by a small personal staff. Today, the lowliest cow college requires an administrative staff numbering in the dozens, if not scores; and this is in part because the reach of the federal government has extended to every level of educational affairs--not merely to dispense research grants, or underwrite loans and scholarships, but also to enforce ambitious standards of racial or sexual equality not contemplated as recently as 40 years ago. So there must be a campus functionary, and usually more than one, to cope with some Washington functionary; and the Washington functionary will need a staff counterpart on Capitol Hill. Multiply this trend by thousands of new activities and you will understand why government is bureaucratized.

Congress is the nexus where these trends meet, for it is Congress which ratifies the growth of the bureaucratic system. When Jimmy Carter created a Department of Education at the cabinet level, or when George Bush elevated what had been the Veterans Administration to the same status, consolidation and streamlining were cited as the rationale. But this was at best self-deception. The fundamental imperative was political. It had to do with the influence of a vital presidential constituency, the National Education Association or the veterans lobby. But none of this growth could be accomplished, then frozen into place, without congressional consent; and little of it will be undone without it. And at last notice, Congress was only just beginning to grapple with the strangling absurdities of its own swollen subcommittee system--trying in other words to ''reinvent'' itself. Other tasks of reinvention may have to wait in line.

Do the American people really disapprove of big government? Rhetorically, yes; we are all theoretical Jeffersonians--''that government is best which governs least.'' That is why government-bashing remains a durable feature of political discourse. But words are cheap. No more vocal government-basher ever breathed than Ronald W. Reagan, under whom federal employment grew, federal services disintegrated, and the national debt tripled. The Reagan experience is a school of skepticism.

(more)

Government is no more or less than the tangle of synapses by which we assent to, and seek the benefits of, collective political life, neither good nor evil in itself. The pressures of history, and our national style of accommodating them, account for the perceived governmental elephantiasis. Will this complex creature be humbled and brought to heal by the trumpet blasts of Dr. Gore? I would guess not, and I would guess, accordingly, that it would be easy to squander valuable political energy on the ''reinvention'' enterprise. I say that with regret, and with a quiet prayer that I am mistaken.

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

September 13, 1993

① Dorts
② Dahn

NOTE TO MACK MCLARTY

FROM: Federico Peña

Attached is a copy of the letter from Senator Breaux to the President dated September 9, 1993, per our conversation today. You may want to alert the President about this letter since it may come up in conversations with the Senator during his trip to the Port of New Orleans.

Attachment

cc Robin
Gergen
Roy Neel

red dot

FYI

United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

September 9, 1993

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

Dear Mr. President:

The United States merchant marine, which for over 200 years has made this country the preeminent world shipping power, is on the verge of collapse!

The two largest U.S.-flag shipping companies have already applied to the Department of Transportation (DOT) to transfer a substantial portion of their fleets to foreign registry and to employ foreign crews. You should be aware that recent proposals by the Administration have exacerbated the situation and are likely to contribute to the demise of this American industry. I ask that you give this issue your immediate attention before it is too late.

It is my understanding that the fate of the United States maritime industry is being addressed in two documents at the White House. The first is a memorandum from the National Economic Council (NEC) which offers options for supporting American-flag ships at different levels. One of the options was recommended by DOT. The other options, however, were recommended by the NEC which is composed of agencies that have traditionally opposed maritime promotional programs.

The second document, released Tuesday, is the National Performance Review (NPR). This document, while highly commendable in many areas that I support, is devastating to the maritime industry. While it simply recommends that a commission be established to study the future of the maritime industry, the papers supporting this recommendation appear to presuppose the conclusion the commission should reach. Furthermore, establishing a commission will only further delay a decision on the industry's fate - a decision that will ultimately fall on this Administration.

The NPR suggests that the benefits derived by the "narrow interests" currently receiving subsidies do not justify the cost of supporting the industry. I strongly disagree. The United States maritime industry is essential to our national defense and economic security - both of which are benefits well worth the minimal costs of reforming the industry. Furthermore, the NPR is based on the opinions of individuals, including Republican appointees, who have a predisposition against the industry. This is especially disturbing given that neither I, as Chairman of the Merchant Marine Subcommittee, nor my staff, have ever been consulted or briefed on any of the issues addressed in the NPR.

On June 15, I sent you a memorandum recommending a program for reforming the maritime industry. I have not received a response on that proposal. Let me again express my support for a program that would revitalize this industry. The reasons for supporting our maritime industry are clear:

- <u>It is in the national interest to do so.</u>

A U.S.-flag commercial fleet is essential to our national defense. This country cannot afford to rely on foreign ships to carry America's military cargo in times of war. Vessels engaged in the domestic, Jones Act, trade cannot be pulled out of that service to carry goods abroad in an emergency. To do so would incapacitate domestic trade. Use of commercial ships is inherently less costly to the government than building and maintaining military reserve ships (many of which are likely to be called into service fewer than 10 times over the next 30 years). Commercial ships also can be called into service quickly - often on a moment's notice - unlike military reserve ships which can take weeks or months to activate.

Additionally, the United States is the world's largest trading nation. It is the world's largest single economy. It has among the world's highest per capita standard of living and is the world's only remaining superpower. All of these require that we have the means to guarantee fair trade in the world markets. An active commercial fleet gives us that assurance.

- <u>It is less costly to support an active commercial fleet than to build a government fleet that will be held in reserve.</u>

We could support our entire commercial fleet and ensure that there would continue to be a U.S.-flag shipping presence for a fraction of the cost of building reserve vessels that the military is seeking. In fact, the Navy just awarded a $1 billion contract to refurbish five ships. For that amount, we could support <u>50</u> commercial ships for <u>10</u> years - all employing U.S.-citizen crews. Supporting our commercial fleet does not <u>create</u> additional costs. It <u>avoids</u> them.

- <u>Failure to revitalize our maritime industry would result in the loss of tens of thousands of American jobs.</u>

The U.S. maritime industry directly employs almost 300,000 people. The loss of U.S.-flag ships and the resultant closing of our shipyards would put most of these people, and others whose employment is indirectly related to the maritime industry, out of work.

• <u>Support of the maritime industry is consistent with your Presidential campaign pledge.</u>

During the campaign you called for encouraging investment to create growth and jobs. That is precisely what investment in the maritime industry would do. To allow the industry to "go foreign" is to say to American workers that their support and their jobs are expendable. Afterall, American workers do not have the option that their employers have of leaving the country. Although President Bush was not successful in enacting maritime reform legislation, he did send a bill to Congress for its consideration.

To address the critical state of this industry and the Administration's role in its survival, I recommend that you call a meeting between you, Secretary Peña, Secretary Aspin, and me to discuss the national interest in supporting a U.S.-flag commercial shipping fleet and ways to make the industry more competitive. It is essential that this meeting occur before the final NPR is released. Unless we act quickly, the options available for resolving the industry's problems will be further foreclosed. Unfortunately, without your personal direction, the United States merchant marine is likely to disappear during your Presidency and a Democratic Congress.

Thank you for your attention to this important issue.

Sincerely,

John

John B. Breaux
Chairman
Subcommittee on Merchant Marine

GS | Review — (1) we need to follow up on this — need ~~[illegible]~~

~~MR. PRESIDENT~~

(2) must get visibility for actual decision in affected St — B

COPY OF MEMO ON

CONGRESSIONAL INCREASE FOR TRP

WHICH YOU WANTED TO TAKE WITH YOU.

9-10-93

9.17.93

THE WHITE HOUSE
WASHINGTON

Yes - do it up ASAP

September 9, 1993

MR. PRESIDENT:

Attached is a decision memo from Bob Rubin recommending that you endorse an action by the Senate and House Armed Services Committees to authorize about $300 million more in FY 94 than the Administration's request for your Technology Reinvestment Project. OMB, NSC, DoD and Congressional all concur in NEC's recommendation.

NEC would like an early public endorsement of this and suggests doing it as early as tomorrow in California. We will run this by the Vice President's office and the Communications staff and to see whether it can be integrated with tomorrow's event, assuming you approve of the approach.

John Podesta
Todd Stern

Make sure this fact sheet is put in my paper to go to Calif—

THE WHITE HOUSE

WASHINGTON

P9:17

September 9, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: Robert E. Rubin REA

SUBJECT: Congressional Increase for TRP

The Senate and House Armed Services Committees have authorized roughly $300 million more than the Administration requested for the ARPA-led Technology Reinvestment Project in FY94. The defense appropriators have yet to act. When you are in California tomorrow, you may want to endorse this "plus-up" in the authorization for the TRP, which is a cornerstone of your defense conversion initiative. This memo lays out the arguments for and against such an endorsement.

Background

The TRP is an innovative effort to develop dual-use technologies and to help small defense firms make the transition to commercial production. It consists of eight programs established by the Defense Conversion Act of 1992. Matching funds, on a competitive basis, will go to (1) industry-led consortia to <u>develop</u> dual-use technologies with the potential for commercialization within five years; (2) manufacturing extension programs and other mechanisms to <u>deploy</u> existing technology and best practices to small firms; and (3) programs to <u>educate and train</u> manufacturing engineers and technicians.

Over 2,800 proposals, requesting $8.5 billion, were submitted in response to the offer of $472 million in matching funds. (The technology development programs were most heavily subscribed: 2,000 proposals, requesting $6.5 billion, are chasing $200 million of federal funds.) Each proposal had, on average, 5 participants.

Nearly one-quarter of the proposals came from California. Large numbers of proposals also came in from New York, Massachusetts, Florida, Pennsylvania and Texas. Awards will be announced beginning late this month.

Funding

The Administration's FY94 request for the TRP programs is $275 million, down from $472 million in FY93. The decrease is due largely to a substantial drop in requested DoD funds for technology deployment, which the Commerce Department is expected to take the lead in funding (although at lower levels) beginning in FY95.

Arguments for Endorsing the TRP Plus-Up

1. The TRP has drawn a powerful show of interest from American industry and from states hard-hit by defense cutbacks. The TRP's technology development programs are oversubscribed by a factor of 30-to-1. Applicants pledged <u>$3 billion in cash match</u> (that's 5 percent of industry's R&D budget) as well as $5.5 billion of in-kind match.

2. The TRP is seen as the heart of the Administration's defense conversion initiative; it is what industry talks about and what the press writes about. Moreover, you are personally identified with the TRP.

3. California will likely be a big winner under the TRP. Nearly one-quarter of the proposals came from California, and they should fare well in the competition, given the state's superb science and technology base.

4. Because of the discretionary caps, the Administration will have a tough, year-by-year fight to get a high fraction of its $20 billion in investments for defense conversion. Given that reality, we should take conversion funds where we can get them.

5. The plus-up does not jeopardize DoD's military mission. The Senate diverted funds largely from test and evaluation accounts that remain at 1980s levels; unlike military bases, the T&E facilities (e.g., Aberdeen Proving Grounds or White Sands Missile Range) have not yet been subject to a consolidation and closure process. (The House plus-up is impossible to trace because it draws from many different accounts.)

Arguments Against Endorsing the TRP Plus-Up

1. The TRP represents a new approach, and we don't yet know what the quality of the proposals will be. We should proceed with caution, and avoid ramping the program up too quickly, lest we ruin a good thing.

2. An endorsement of the plus-up would undermine the integrity of the Administration's budget. We ought not set that precedent.

3. DoD has major fungibility problems. Everything in the defense budget is getting squeezed, and there is pressure to cut still more. In this kind of budget environment, an increase for the TRP is not justified.

4. The appropriators may earmark some of the TRP funds. (Last year, they earmarked one-quarter of the TRP appropriations; but because the earmarks were in report language, rather than bill language, DoD was able to defer to the authorization requirement for competitive selection.) The plus-up may be more susceptible to earmarking than the Administration request.

Recommendation

NEC, DoD and OMB all recommend that you endorse the increase for the TRP. DoD wants your endorsement to convey as well a strong opposition to any earmarking of the funds, and that's consistent with the NEC's view.

The NEC staff feels especially strongly about the wisdom of this action. Gene Sperling thinks it is important that you get out in front on the TRP and be seen as aggressively going after the increase in appropriations. Dorothy Robyn, our technology policy expert, believes that the TRP is an excellent program: The authorizing legislation was enlightened (competitive selection of proposals, requirement for matching funds), the implementation has been visionary (six federal agencies, led by ARPA, working hand-in-hand), and the program has catalyzed industry to form much-needed partnerships to apply for the funds.

The message you should convey is threefold:

- I strongly support this increase; the additional funds are essential, given industry's enthusiastic response to the TRP, and I will do everything possible to see that the funds are fully appropriated.
- Part of what has made this program so successful is the requirement for competitive selection. We will work closely with Congress to prevent "earmarking" of any of the funds.
- This program is an example of "reinventing government." Through grants to locally-based projects, the TRP is giving communities the tools to rebuild their local economies. Our nation's most dynamic regional economies have grown out of strong regional economic strategies. The TRP is about getting resources and decision-making to flow back to regional efforts, which is the best way to spark economic growth.

Timing

The sooner the better. Silicon Valley would be a good place, because of the high interest there in the TRP.

OCCIDENTAL COLLEGE
LOS ANGELES, CALIFORNIA 90041

INTERNATIONAL AND
PUBLIC AFFAIRS CENTER
DIRECTOR, DEREK SHEARER
(213)259-2539
FAX (213)259-2734

BC

B

9/17/93 db

Sept. 14, 1993

Dear Bill,

Thanks for your notes about the Australian mysteries, Keating's speech collection, and other items. I hope that you found the briefing on Australia of some use (and that you had time to read it, given all of the preparations for the incredible peace signing). Let me know, if you can, how the meeting with Keating went and what you thought of him. I do think that the Australians might prove useful in Asian politics for us, especially around APEC and making that a more serious organization.

The Middle East Peace ceremony was very moving. I thought that your remarks were perfect--and that the entire event was world class. Perhaps, now more attention can be paid to economics and to economic development in that region. When Ruth and I visited Israel in the 1970s, our reaction was: if only Arabs and Jews could link up in an economic union, the coupling of oil money and talented people could build a real center of finance (the Beirut of old), commerce, and tourism. You, Chris, Stanley, the Norwegians all deserve credit for helping make this historic step towards building a new post-Cold War world.

Our only regret, frankly, is that we weren't there with all of you, as part of your team. I hope that we can move ahead on the ambassadorial post for me, once you have time to have a meeting on the last round of appointments. I think that you could move ahead for me with Singapore or New Zealand (and even Malaysia, where I'd be willing to go if it turns out that Marge Fong Eu is not the right person for that job.)

One of the reasons that I'd earlier asked for Norway or Denmark is that my relatives on my mother's side came from these countries. My great-great grandfather was born in Copenhagen. He married my great-great grandmother who was born in Norway on the boat over to the U.S. They walked in a wagon train in the 1860s all the way to Utah. They were Mormon converts.

I've recently learned that their son, my great grandfather John Magelby, who was born in Salt Lake in 1862, was one of the most famous missionaries in New Zealand. He first went to New Zealand from 1885 to 1889 at age 23 on a mission to the Maori people. He learned the language and apparently won over many converts. He returned twice more in his life, and by the end of his work there was, I'm told, celebrated by the Maoris as someone who'd dealt with them in an honest and fair way. He had learned their language and lived among them. I'm also told that there's a mountain in New Zealand named after him (Mt. Ephraim, his middle name).

I mention all this because it's a good story line, if I became Ambassador to New Zealand--and it would certainly be interesting for me (and Casey) to trace our roots and my great grandfather's travels. From what I've recently read, the Maoris ended up with a better deal in New Zealand and are more fully integrated into white society than the Aborigines in Australia.

OCCIDENTAL COLLEGE
LOS ANGELES, CALIFORNIA 90041

INTERNATIONAL AND
PUBLIC AFFAIRS CENTER
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There's a new movie coming out set in New Zealand in the 19th Century titled THE PIANO by a woman director Jane Campion. It won all of the awards in Cannes, and I expect it to get many Academy Award nominations. It stars Holly Hunter and Harvey Keitel. Ruth and I saw it in Australia, and we recommend that you and Hillary put it on your Friday night viewing list at the White House.

While I've indicated that Singapore is my first choice, as a family we'd be equally happy in New Zealand. I know that I'd do a good job for you, be a popular representative of your government, and also be able to contribute ideas about APEC and the future of Asia from that post, as well as from Singapore or Malaysia.

I do miss being a part of your team. My friends and contemporaries--Ira, Strobe, Bobby R., and others--are all doing important work for you in key positions. It's not surprising that I should feel somewhat left out of the game. Anyway, I hope that my request to get back in to things via the ambassadorial route will work out. Please ask Bruce or Emerson to keep me posted.

In the meantime, I'm busy with preparations for fall classes, and dealing with occasional foreign visitors (the Vice Minister of MITI and his team have asked to see me tomorrow, and invited me and Ruth to lunch).

I've enclosed the bound galleys of our friend Richard Reeves new biography of JFK in power. I think that it's the fairest and best book on Kennedy's presidency, and that you'll find it interesting. JFK made a lot of mistakes his first 6 months, although he didn't suffer as much in the polls as you have. However, he never really took any political risks to push for a domestic agenda as you have, espcially with your bold health care plan. You will end being a much greater President, certainly by the end of your second term! I have some thoughts about how to use the Jobs Summit next year to help politically, but I'll save that for another memo.

I've also stuck in a few mysteries. The Taibo one is by the best Mexican detective fiction author that I've so far read, and the other is very interesting for its setting in the Canadian artic. You and Chelsea might want to go shopping some Sunday at the Mystery Book Store on Conn. (the place that sent you the T-shirts). It has the best selection of mysteries of any book store in the U.S.
I suggested to Hillary that some evening, for a lighter event, you should invited America's leading mystery writers to dinner at the WH.

Congratulations again on Monday's event--and good luck with the health initiative. The coverage in today's newsmags seems good.

Hope to talk with you or see you sometime this month.

Regards,

Derek

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	David Leopoulos to POTUS [partial] (1 page)	09/00/1993	b(6)

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Staff Secretary
John Podesta (Chron Files)
OA/Box Number: 1391

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September 12-18, 1993 [3]

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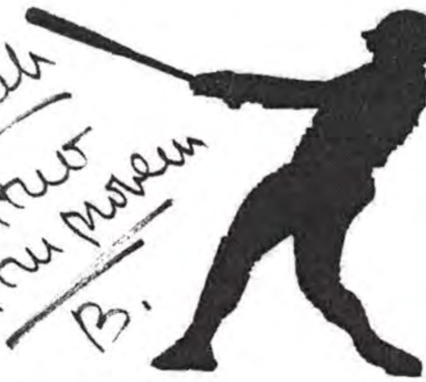
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Mr. President

THE PRESIDENT HAS SEEN
9/17/93

Mack
I agree with
this problem
B.



You **Will** hit another home run !

THE LEADER OF THE FREE WORLD HAS A NICE RING TO IT. GO GET'EM

Dear Mr. President,

I'm just a middle class guy. I live in a middle class house. I have middle class children. I eat middle class food and I dream middle class dreams. For the life of me I can't understand anything about the treaty with Mexico. Someone up there has forgotten that true communications with the middle class is what will win this thing. I think you should tell the public:

1. Who do you think will lose their jobs and why? What do you plan on doing for them.
2. Who will gain jobs (what industries)? Give me examples that have already benefited from their relationship with Mexico. Get these employees and CEOs on TV saying, "Yeah it really works."
3. Show me the exact language that is in these deals that will ensure environmental and work standards.
4. Give examples how Europe or whomever has suffered because of their lack of a trade relationship.
5. Go on Letterman, Tonight Show, CNN, CSPAN, MTV, ABC, CBS, LOCAL Radio and on and on. It's a fight and people are afraid. They are afraid because they do not understand. Since Perot has been screaming and yelling they will believe him. What is the difference between getting the people of America to believe in you (the election) and getting the people of America to believe in you and trust to make this type of decision for them. Campaign - Campaign - Campaign for this - if you believe in it. If you pull out all the stops - it shows that you truly believe in it and are willing to do anything to stand by your convictions. Campaign Campaign - look into their eyes and tell them how important it is to them and their future. *I see BUSES in your future*. Body language is everything. Effort shows your sincerity.

Well, enough of this. Here is news from home.

[redacted] (b)(6) She feels much better now. Cards are so nice get.
Dixie won a national recipe contest. She will be flying to NY to cook it for Paul Newman. WOW....

Well, see you next week. I am getting in Washington Tuesday and leaving on Thursday.

Our Love and Respect. You're a **Great American**

David

P.S. I would love a picture of you and the famous handshake. Please sign one for me. Also one with the three other Ex Presidents.