THE NEW YORK TIMES, THURSDAY, NOVEMBER 11, 1993

Beyond a Trade Pact

Issue Is Whether U.S. Should Expand Its Economic and Political Influence

By DAVID E. ROSENBAUM
Special to The New York Times

WASHINGTON, Nov. 10 — The political debate over the North American Free Trade Agreement is not about tariffs or domestic content rules or side agreements on labor and the environment. It is not even mostly about trade with Mexico.

News Analysis

The debate is about matters much larger and more important. It is about whether, in the aftermath of the cold war, the United States will try to expand its economic and political influence around the world or whether it will withdraw within its borders and try to go it alone. And the debate is about the fate and frustrations of American workers, who have seen the number of good factory jobs decline and family incomes stagnate.

The trade agreement, in other words, is a symbol. It is more than a trade accord the way a nation's flag is more than a colored piece of cloth. It represents the enormous changes coursing through the American economy: increased competition from abroad, ever fewer blue-collar jobs, declining military industries, greater opportunities for workers with education, skills and knowledge of new technology.

These changes are extremely promising to some Americans and terrifying to others. That is why so much attention is being paid to an arcane measure that almost no one has tried to understand in detail.

U.S. Place in World Economy

This is one of the first chances politicians have had to vote on a matter involving the place of the United States in the world economy since international communism ceased being the overriding threat to the nation's security.

And it is an opportunity for politicians to vent their anxiety about what is to become of workers in this country who have been mainstays of the middle class and who lack the education and perhaps the ability to master the sophisticated tools of the 21st century.

The trade agreement is bound to cost some jobs off the bat — in the garment industry, for example. And it is sure to improve commerce around the Mexican border. So lawmakers with many garment workers will certainly vote against the measure, and those with districts along the Rio Grande will vote for it. But the greater tension is over what the agreement stands for rather than what it does.

Some politicians have been rather eloquent in addressing the symbolism.

In September, when President Clinton opened his campaign for Congressional approval of the trade pact, he declared, "This is a debate about whether we will embrace change and create the jobs of tomorrow, or try to resist those changes, hoping we can preserve the economic structure of yesterday."

Last week, Representative David E. Bonior, the Michigan Democrat who is leading the drive against the trade pact, explained his position this way: "We have seen too many jobs lost. We have seen too many families uprooted. And we have seen too many communities destroyed the past 12 years."

In the television debate Tuesday night, Vice President Al Gore stacked the pact against some of the monumental judgments in American history. "Sometimes we do something right," Mr. Gore said. "The creation of NATO, the Louisiana Purchase. The purchase of Alaska. These were all extremely controversial decisions."

But Ross Perot saw the stakes differently. If the changes in the world economy are so encouraging, Mr. Perot asked: "Why is corporate America down-sizing? Why do we have the largest number of college graduates this year unable to find jobs since at any time since the '40's?

In point of fact, the trade agreement itself is of quite modest consequence in the whole scheme of the world economy and the American work force. Few Americans if any stand to strike gold or go broke depending on whether Congress votes next week to put the pact into effect.

But this is an instance in which the vote on a piece of legislation becomes disproportionately important because, coming at a turning point, the outcome could signify a change in direction or the continuation on a course.

In that respect, it is similar to the Civil Rights Act of 1957, the first civil rights law in this century. The actual provisions of that law — creation of a Federal Civil Rights Commission, the authority for the Attorney General to seek court injunctions against obstructions of voting rights — did little for the cause of black America. But its enactment was the first step toward the abolition of legal segregation in the United States.

Had Congress rejected this modest measure of President Dwight D. Eisenhower, it would have been crushing to the cause of civil rights.

Similarly, said Robert D. Hormats, a vice chairman of Goldman Sachs International, who has been a Government economic official under Democratic and Republican Presidents, rejection of the trade accord would be a more significant loss than just the defeat of a trade measure. "It would be devastating to American foreign policy," he said.

From the opposing point of view, there are also parallels between the trade accord and the civil rights legislation. Not that those against the trade agreement would have voted against civil rights. Far from it. The Congressional Black Caucus is opposed to the agreement.

The trade pact reflects changes roiling the economy.

But many of the opponents of free trade with Mexico are trying desperately to hang on to a vanishing way of life, much as were the white Southerners in the 1950's. In the case of the trade pact, it is completely understandable that they should want to do so.

One of the bases of the American middle class, once the envy of the world, has been the well-paying assembly-line jobs available to (mostly) men who were not skilled craftsmen and had nothing more than a high school education.

Fewer Workers Producing More

Such jobs are rapidly disappearing — not primarily because of trade competition and not primarily because American factories are moving abroad in search of cheap labor — but because machines are replacing people. The number of manufacturing jobs in the United States decreased to 17.7 million last month from 19.4 million in 1970. But manufacturing output has doubled during that period. Fewer workers are producing more.

It is fine for economists whose jobs are not in jeopardy to say that such improved productivity is essential to long-term economic prosperity. And many legislators who agree with the economists will vote for the trade pact.

But improved productivity is little solace to workers whose own livelihoods are at stake, and in their behalf, many lawmakers will vote to reject the agreement.

Romano L. Mazzoli, a Democrat from Kentucky, said he was leaning toward voting for the measure. But he said he was not happy about it. "There's a real palpable fear," he said, "that Nafta signifies the beginning or continuation of a profound change — that it'll never, never be like it was before. And with it comes the frustrations that you and I, with two or three college degrees, can't understand."

Chron

THE PRESIDENT HAS SEEN 11/12

[illegible] —

This is very good + a member of some age w/ thoughtful [illegible]

B.

THE PRESIDENT HAS SEEN 11/12

NOVEMBER 10, 1993

MEMORANDUM FOR JOHN PODESTA

FROM: MARTIN INDYK

SUBJECT: Q&A for President's Trip to West Virginia

Background. Swearingen Corporation, a Texas-based aircraft manufacturer is hoping to construct an assembly plant for executive jets in West Virginia. The project is a joint venture with Israel Aircraft Industries that would be financed by Lockheed Corporation as part of an offset deal for Israel's purchase of F16 or F18 aircraft. The project would create 800 jobs but the financing is dependent on an Israeli decision to purchase military aircraft from Lockheed. No decision has been made but, at the moment, it looks more likely that Israel will purchase F15s from McDonnell-Douglas. McDonnell Douglas could be a source of offset financing but discussions between Swearingen and McDonnell-Douglas are at an early stage.

This is a pet project of Senator Rockefeller. Senator Byrd has not made it a priority issue. We have been actively encouraging the Israelis in this joint venture and will be raising the issue with Prime Minister Rabin's staff during his visit to Washington to urge the Israeli government to encourage Israel Aircraft Industries to go ahead with this project.

Q&A

Q. What are you doing about the efforts by Swearingen Corporation to establish an assembly plant for executive jets in West Virginia?

A. I am aware of the potential for the creation of jobs in the aircraft industry in West Virginia. It's very high on our agenda to help create such quality jobs.

Financing decisions will have to be taken by the corporations involved but my administration is doing its best to encourage the Swearingen joint venture.

THE PRESIDENT HAS SEEN 11/12

Martin,
Thanks
Hope we can help
WVa ~~w~~ whichever
way the success goes
No mas
Gentsois.
B

MEMORANDUM

THE PRESIDENT HAS SEEN 11/12

To: President Bill Clinton **Dated: November 10, 1993**

From: Bob Raymar

Re: NAFTA

Rahm

Histrionics aside, if we haven't been to help mobilizing our folks in NJ — B

Last night Vice President Gore made several excellent points about what NAFTA would accomplish for the United States that most people I meet have never perceived, even though they try to pay attention. If the points are valid, then they need to be brought home to the American people before the vote in the House. The dispositive points are that:

1. The United States has essentially no tariff on Mexican goods, but Mexico has a 20 percent tariff on United States goods. That tariff difference creates a major incentive for Americans, Europeans and Asians to locate factories in Mexico rather than in the United States, in order to sell to Mexicans as well as to Americans, which NAFTA would eliminate.

2. Mexicans in fact have significant buying power and spend 70 percent of it on American goods. Walmart opened its largest store in Mexico in order to profit from this buying power, and is selling American-made goods to Mexicans in the process. The elimination of a 20 percent tariff makes American goods less expensive in Mexico and also frees up to $1 billion of every $5 billion now being spent by Mexicans to buy more goods rather than to pay tariffs. Pictures of the Walmart store and interviews with Mexican shoppers would help.

3. The "giant sucking sound" is what we hear happening to the United States without NAFTA. After NAFTA, that sucking sound will be of American goods flowing to Mexico, instead of jobs.

4. By helping Mexico expand its economy, NAFTA would help create income and jobs in Mexico. NAFTA will thereby decrease

the flow of Mexicans into the United States, and protect American jobs now being taken by Mexican immigrants.

Please let the Vice President know that he scored as close to a knockout as I have ever seen in any debate, and that he was also great this morning on Today. Good luck on this important vote!

THE NEW YORK TIMES, THURSDAY, NOVEMBER 11, 1993

Mexicans Roiling With Anger At Perot's Depiction of Them

By TIM GOLDEN

Special to The New York Times

MEXICO CITY, Nov. 10 — After weeks in which Mexicans seemed to hold their anger at criticism of Mexico by opponents of the North American Free Trade Agreement in the United States, they fairly exploded today at their country's depiction by Ross Perot the night before.

"Last night, Mexico was the object of a long series of calumnies and lies," the Government-owned newspaper El Nacional said in an editorial, and the accusation echoed by many others.

"He's never set foot here!" said Luis Estrada, a 50-year-old lawyer in a gray business suit who put down his sandwich at a downtown restaurant. "How is it possible that he can say everyone lives in poverty here? Before he opens his mouth, he ought to come down here and take a look."

Words of Rage

Cristina Cueto, a graphic designer in the upscale neighborhood of Polanco, offered a series of off-color terms for Mr. Perot before settling on a mild epithet.

Relatively few Mexicans watched or heard the debate on Tuesday night between Mr. Perot and Mr. Gore on the trade pact, but angry newspaper editorials, outraged politicians and word-of-mouth seemed to carry what regular Mexican television programming had not.

And after weeks in which other American opponents of the trade pact have been assailing Mexico as polluted, corrupt, destitute and undemocratic, there was some new evidence for the warnings of officials here that a backlash of anti-American feelings could ensue if the accord is rejected by the United States Congress in a vote scheduled for next Wednesday.

What rankled Mexicans was that in the course of the 90-minute debate on "Larry King Live," Mr. Perot described Mexico as a destitute, authoritarian and unjust place where "36 families own over half the country," virtually everyone else lives in poverty, and factory workers dream of one day having outhouses and running water.

"People who don't make anything

Continued on Page A22, Column 1

Anger in Mexico at Perot's Portrayal

Continued From Page A1

cannot buy anything," he said.

Some of Mr. Perot's assertions were seen here as merely exaggerated, while others were denounced as patently untrue.

While poverty in Mexico is widespread, for instance, most studies indicate that less than half of the population lives below the poverty line. Similarly, according to the latest Mexican Government statistics, the richest tenth of Mexican households takes in 37.9 percent of the country's total household income. And whatever they might earn, Mexicans as a whole are the third largest customer for exports from the United States.

Not all Mexicans seemed to wince at the country's rough-handed treatment. Some critics of the trade accord have viewed Washington's debate as an opportunity to voice their complaints about the political, environmental and human rights policies of President Carlos Salinas de Gortari.

They have joined enthusiastically in the attacks in the past, and at least some of them seemed to appreciate that Mr. Perot had gone so far in countering what they see as Mexican Government propaganda.

Mexico's Trade Secretary, Jaime Serra Puche, sought to emphasize the positive. He called the debate a "fortunate" departure from the unanswered criticism with which Mexico and the agreement have sometimes been showered in the past.

OPTIMISM IN MEXICO'S MARKET

Mexican stock prices surged in reaction to Vice President Al Gore's defense of the North American Free Trade Agreement in a debate with Ross Perot. Business Day, page D2.

'Distortions and Inventions'

"For the first time the distortions and inventions of the opposing group, headed by Mr. Perot, were given correct and specific answers of fact," Mr. Serra said. "It seems to me that in that sense, it was particularly positive."

There was also a good deal of rejoicing today at the Mexico City stock exchange, based on a perception that Mr. Gore had smacked his opponent around and improved the prospects for the agreement's passage in Congress.

Yet even amid the giddiness at the Bolsa, and even among people who pointed out elements of truth in Mr. Perot's statements, there was no shortage of prickly reactions to his remarks.

"His words were totally offensive to the Mexican people," said Evararido Rodríguez, a computer programmer at the Bolsa who read of Mr. Perot's comments in a newspaper. "They don't have anything to do with reality."

In a crush of business suits at the announcement this afternoon of $1.5 billion worth of new real estate investments in Mexico City, Javier Beristáin was having similar trouble with Mr. Perot's imagery.

"I imagine that Mr. Perot is not very well informed," the city's courtly, bespectacled planning secretary said. "He obviously has not undertaken a complete analysis of the new Mexico," he said.

Political analysts here differ on how directly the continuing criticism of Mexico in the United States might lead to a resurgence of anti-American sentiment in Mexico if the pact is defeated.

Mexican officials and their opponents fully expected that policies of the Salinas administration, including its efforts to perpetuate the 64-year control of the governing Institutional Revolutionary Party, would be discussed in the American debate. But as with recent moves to toughen efforts to stop undocumented immigrants on the United States' southern border, some Mexicans said they were surprised that American officials could overlook their country's sensitivity to criticism, even as a historic partnership is in the balance.

Sergio Aguayo, a political scientist who has studied the evolution of Mexico's image in the United States, argued that even Mr. Gore spoke in the debate in what many Mexicans would consider "interventionist" terms.

"More than racism, there was a kind of cultural disdain coming from both of them," Mr. Aguayo said. "There was a kind of 'us and them' attitude. And I think both of them expressed the view that Mexico's future depends on the United States."

2

THE PRESIDENT HAS SEEN 11/12

Mack —
Maybe Richardson can get [illegible] [illegible] to help — B.

THE NEW YORK TIMES, THURSDAY, NOVEMBER 11, 1993

Whitman Denies Aide's Report That Campaign Paid Off Blacks

Manager Retracts Claim and Issues an Apology

A1

By JERRY GRAY

Special to The New York Times

TRENTON, Nov. 10 — Stern-faced and clearly angry, Gov.-elect Christine Todd Whitman said today that it was not true that her campaign had made payments to suppress the urban and mostly black vote in the New Jersey governor's race.

She demanded, and received, both an apology and a retraction from her campaign manager, Edward J. Rollins Jr., who had said on Tuesday that such payments had been made.

"I have always been willing to speak my mind and this is not the first time that my words have made me the focal point of political controversy," the statement by Mr. Rollins said. "However, this is the first time that my desire to put a spin on events has crossed the line from an honest discussion of my views to an exaggeration that turned out to be inaccurate. I went too far. My remarks left the impression of something that was not true and did not occur."

Groups representing black ministers responded with anger and outrage today to the idea that someone could buy their political neutrality, demanding to see proof if payoffs had been made. Even after he apologized, they said his remarks had done irreparable harm to the image of the black church, a keystone of black community tradition and pride. [Page B10.]

Nor did Mr. Rollins's statement today mollify those at the national level of the Republican Party, which has been portrayed for years by opponents as a white people's party that practices electoral dirty tricks. [Page B10.]

'Walking-Around Money'

The controversy that provoked a controversy with political, legal and ethical dimensions for Mrs. Whitman began Tuesday morning when Mr. Rollins, who served as chief political strategist and campaign manager for Mrs. Whitman, spoke at a breakfast meeting with reporters in Washington. He said the campaign had paid black ministers and Democratic Party workers in exchange for promises not to rally votes for Mr. Florio, financing the effort with $500,000 in what he called "walking around money" funneled from the Republican State Committee.

Mrs. Whitman moved swiftly today to deal with the fallout from Mr. Rollins' remarks, pledging that her campaign would cooperate fully with any investigation.

Continued on Page B10, Column 1

"It did not happen," Mrs. Whitman said today at a news conference at her transition office. "It is absolutely inconceivable to me that someone could make these kinds of statements. I've spent time in Washington and the air is a little rarefied and I understand about egos and I understand about wanting to put spins on things. That's the only way that I can possibly conceive that this kind of thing could have happen."

Asked at the conference if she was angry with Mr. Rollins, Mrs. Whitman replied: "Of course I'm mad."

Mr. Rollins's second version of events today immediately raised questions about the scope of his "exaggeration" and its basis, if any, on actual events in the campaign.

Mrs. Whitman said that she did not ask Mr. Rollins why he had made his remarks and that he gave no explanation beyond the statement that she gave out at her news conference.

A forced apology raises questions of how much was true.

"Ed Rollins has now made his statement that what he said was untrue, and why he said it, you'll have to ask him," said the Governor-elect.

Mr. Rollins was not available today to clarify his two versions of events. A secretary in his Washington office said he was not at work today.

The statement from Mr. Rollins today said that neither the Whitman campaign nor the state Republican Party was involved in or sanctioned any "improper voter turnout activities" or had any knowledge of them.

"I apologize to Governor-elect Whitman, to the African-American clergy and community, and to the voters of New Jersey for any embarrassment or mistaken impressions my remarks created," it said.

Clinton Deplores Remark

At a news conference yesterday afternoon, President Clinton said: "This allegation, if it is true, then it was terribly wrong for anyone to give money to anybody else not to vote or to depress voter turnout. And it was terribly wrong for wrong for anyone to accept that money to render that non-service to this country."

Democratic officials said they would go to court to seek Republican records. In Washington, Justice De-[illegible]'s said they had re-[illegible] request from Democrats in New Jersey to investigate whether Republicans had violated any Federal voting rights laws. And the NAACP Legal Defense and Educational Fund said it was requesting a meeting with Attorney General Janet Reno and representatives of the Justice Department's civil and criminal divisions.

Mr. Florio, who is working with Mrs. Whitman on the transition, had a low-key response to the controversy today, reading a statement at a Veterans Day ceremony but refusing to take questions.

"Information unfolding about the campaign of my opponent carried in today's newspapers raises an awful lot of questions to be answered," Mr. Florio said. "This sends a very distressing message about democracy in this country. The idea of paying money, in any way, to inhibit any group of people from voting or participating in democracy is very, very troubling."

Mrs. Whitman defeated Mr. Florio by about 40,000 votes out of nearly 2.5 million cast on Nov. 2 and became the first woman ever elected Governor of New Jersey. Mr. Florio's tally in the traditionally Democratic-voting urban areas averaged about 20,000 votes less than his votes four years ago when he won his first term.

Civil Rights Complaint

The chairman of the Democratic State Committee, State Senator Raymond J. Lesniak, filed a complaint today with United States Attorney Michael Chertoff in Newark and a separate complaint with the Civil Rights Division of the Justice Department, requesting an investigation of possible violations of Federal voting rights laws. In addition, the Democrats asked a Federal Court to approve their own investigation of the Whitman campaign.

Justice Department officials in Washington said that their lawyers had not yet found any Federal law that would appear to make the tactics Mr. Rollins described illegal.

Whatever the outcome, the episode has damaged Mr. Rollins' reputation and perhaps his career as a political strategist, just when he scored what he called his sweetest political victory — Mrs. Whitman's election eight days ago.

Aided Reagan Landslide

Mr. Rollins rose to national political fame in 1984 when he helped guide Ronald Reagan to a 49-state victory in the Presidential campaign. But he fell out of favor in some Republican circles when he bolted the party last year to serve briefly as co-chairman of Ross Perot's independent Presidential campaign.

Mrs. Whitman's victory last week restored much of the luster to M[r.] Rollins' reputation. Garabed (Chuc[k]) Haytaian, the powerful Speaker of t[he] New Jersey Assembly, had disclos[ed] earlier this week that he had a vert[bal] agreement with Mr. Rollins to wo[rk] with him next year if he decided [to] run for the United States Senate.

Mr. Haytaian, who was in Washin[g]ton today for a meeting with Sena[te] Republican Minority Leader Robe[rt] Dole, moved swiftly to distance hi[m]self from Mr. Rollins.

"I have not hired Ed Rollins so [I] cannot fire him," the Assemb[ly] Speaker said. "Given the current si[t]uation, I have no intention of hirin[g] Mr. Rollins."

Reputation Loses Glow

A group of black clergymen, som[e] of whom supported Mrs. Whitma[n] and others who supported Mr. Flori[o] attended Mrs. Whitman's news con[]ference today to deny the assertion[s] made by Mr. Rollins.

"Had he not recanted that state[]ment, we were ready for a class action suit, because the integrity o[f] every black preacher and ever[y] black parishioner is on the table," said the Rev. Perry Simmons Jr. pastor of the Abyssinian Baptis[t] Church of Newark.

THE PRESIDENT HAS SEEN 11/12

THE NEW YORK TIMES, THURSDAY, NOVEMBER 11, 1993

The Nafta Debate That Wasn't

It wasn't exactly what the Founding Fathers had in mind when they spoke of reasoned political discourse, nor was it what Al Gore and Ross Perot presumably have in mind when they tout the mediating powers of the electronic town hall. Instead, Tuesday's Big Debate over Nafta was a frightful mishmash of rhetorical false starts and logical inconsistencies. It would be nice to say that the evening was redeemed by civility, but it wasn't.

From time to time, Vice President Gore and Mr. Perot returned to the question at hand: Is the North American Free Trade Agreement a good deal? Mr. Gore said it would benefit everyone by eliminating tariffs and boosting exports. Mr. Perot, tapping into widespread anxieties in the labor force, argued that jobs would flee to Mexico as companies relocated in search of cheaper labor.

Mr. Gore got the better of the evening. We say this not because this page supports Nafta but because he did a better job of rising above the constant schoolyard bickering and, on matters of substance, stumbled into fewer logical blind alleys.

Early on, Mr. Perot produced a picture of a man hammering together a cardboard shack and said: "Do you know what his dream is? To someday have an outhouse." But he never explained why this man would be worse off under Nafta. When Mr. Gore asked him how he'd improve the lot of the Mexican worker, Mr. Perot replied with the odd argument that the U.S. should impose a "social" tariff that would be phased out as Mexico lifted its wages to U.S. levels. Mr. Gore wasn't quick enough to ask how forcing employers to pay higher wages would help Mexican workers who suffer double-digit unemployment rates.

Mr. Gore also embarked on unproductive digressions, devoting too much time to arguing that Mr. Perot would benefit personally from Nafta's defeat. This seemed part of a White House strategy to paint Mr. Perot as something other than a disinterested citizen who wished only to protect ordinary Americans.

Even here, though, Mr. Gore seems to have scored some useful points. A USA Today/CNN/Gallup poll reported that 47 percent of adults who saw the show believed Mr. Perot's opposition to Nafta sprang from "personal interests." Respondents also made Mr. Gore a 59-to-32 winner.

The real target of the debate, however, was not the television audience but Congress. Mr. Gore tried his best to appeal to its conscience. Nafta, he said, represented optimism and the future; Mr. Perot represented defeatism and fear. Whether this moved lawmakers — who seem more worried about their own jobs than any that would be lost to Mexico — will not be known until the vote on Nov. 17.

Investigate in New Jersey

The very thought of Republican operatives spreading money around New Jersey's black communities to suppress the turnout on Election Day is so ugly it beggars belief. Indeed, Christine Todd Whitman's campaign manager, Ed Rollins, now says he was not telling the truth when he confessed to that practice on Tuesday.

But it is too late for us to take Mr. Rollins's word on anything. Given the narrowness of Mrs. Whitman's victory margin, state investigators and the Civil Rights Division of the Justice Department should search without delay for violations of election laws. Mrs. Whitman, understandably upset that her own campaign manager should taint her victory, says she will cooperate. She should go further and insist on such an inquiry.

Unfortunately, history tells us that schemes to discourage voting are all too common and take many forms. That's what the original Ku Klux Klan and the poll tax were about. Even the Voting Rights Act of 1965 did not end subtle trickery.

In 1981, New Jersey Republicans were accused of intimidating blacks by posting a "ballot security task force" of off-duty police at some polling places. After the election, the Democrats took the matter to court, where the Republicans agreed to refrain from such practices in the future.

In his original telling, Mr. Rollins said black ministers were asked not to urge parishioners to vote for Mr. Florio, in exchange for Republican donations to the clergy's favorite charities. Inspired by his cleverness, Mr. Rollins implied that the Republicans were just fighting fire with fire — greasing palms already greased by the Democrats.

If indeed the Democrats made payoffs to buy votes for their candidate, that's plainly wrong. But as Mr. Rollins knows, there is a long, honorable tradition of voter turnout operations among churches and labor unions, often aided by legal funds from Democratic campaigns.

Republicans have every right to boost their own turnout. But the party should disown Mr. Rollins's whacky plot — or fantasy — about keeping voters from voting.

26

THE PRESIDENT HAS SEEN 11/12

Black clerics in N.J. rage at vote tale

By Bruce Frankel
and Richard Benedetto
USA TODAY

AP

"(The remarks) threaten the confidence ... black churches have in their leaders."

— Rev. Edward Verner

AP

"My views (were) an exaggeration that turned out to be inaccurate. I went too far."

— Ed Rollins

A GOP strategist's disavowal of his claim that black ministers accepted money to suppress the black vote in the New Jersey governor's race failed to quell anger or quiet calls for an investigation.

Gov.-elect Christie Whitman's campaign manager, Ed Rollins, said Tuesday that black ministers accepted $500,000 from Republicans to hold down voter turnout in the traditionally Democratic black community.

Rollins retreated in a statement Wednesday, saying "my desire to put a spin on events has crossed the line from an honest discussion of my views to an exaggeration that turned out to be inaccurate."

But black ministers, besieged by phone calls from parishioners asking if there was truth in the charges, were enraged by the effect the allegations could have on the standing of the black church.

The charges do "violence to much of what we stand for and threatens the confidence that members of the black churches have in their leaders," said the Rev. Edward Verner, executive director of the 1,200-member Black Ministers Council of New Jersey.

"Rollins is a liar," the Rev. Buster Soaries said before hearing that Rollins had reversed himself. "I've talked to every major minister, and no one was approached," said Soaries, who heads the social action committee for 350 New Jersey black Baptist churches.

Rollins' remarks constituted a "direct attack on the black church" because "it gives the general impression that black ministers are for sale," he said.

Black churches have traditionally been among the most powerful voices in urging black voters to the polls.

The urban vote in the Nov. 2 election was lower than normal in traditional Democratic strongholds. Democratic incumbent Gov. Jim Florio lost to Whitman by 28,000 votes.

In what struck many as a strange admission for a campaign manager, Rollins told reporters at a Washington breakfast discussion Tuesday that $500,000 in "walking around money" was paid to the favorite charities of black preachers to keep them from exhorting parishioners to vote.

At a news conference Wednesday, Whitman angrily asserted, "It never happened."

Before hearing Rollins' disavowal, Florio called the idea of paying to inhibit voting "obscene" and "very disturbing."

Trenton Mayor Douglas Palmer called on the state Urban Mayors' Association, which he heads, to launch an investigation to determine if "our election laws have been compromised or broken."

The controversy is not the first for Rollins, who has a history of speaking candidly and getting in trouble.

As White House political director in 1982 he angered President Reagan by saying that Reagan's daughter, Maureen, would be a weak U.S. Senate candidate in California. She eventually lost a GOP primary.

In 1990, Rollins advised GOP candidates for Congress to distance themselves from President Bush, who had broken his no-new-taxes pledge. Rollins eventually defected to the independent candidacy of Ross Perot, a job he quit after six weeks because Perot was ignoring his advice.

The use of so-called "street money" is permitted under state election law to pay campaign workers to get out the vote and act as poll watchers.

A staple of machine politics, the practice of using "street money" has long been common though rarely articulated.

"Street money" is among the areas of campaign financing that escaped national reforms two decades ago. But experts said on Wednesday that the furor set off by Rollins may change that.

Says GOP political consultant Jay Severin: "It's as old as the hills. But if history is any judge, it has just made itself a candidate for media and legislative scrutiny."

▶ Furor, 1A

USA TODAY · THURSDAY, NOVEMBER 11, 1993

49

THE PRESIDENT HAS SEEN 11/12

Neele / Bernie

What is happening here?

B

Eight Parties Ruled Ineligible for Russian Parliamentary Election

By Fred Hiatt
Washington Post Foreign Service

MOSCOW, Nov. 10—Eight political parties were knocked off the Dec. 12 ballot for a new Russian parliament today, including several hard-line groups opposed to President Boris Yeltsin.

But the political picture was not one-sided, as the Central Election Commission also struck from participation a strongly pro-Yeltsin bloc while certifying some of the Russian leader's strongest opponents, including the Communist Party.

Candidates from all the parties removed from the list will still be able to run for individual seats in local districts if they can gather enough signatures. But their parties will not be eligible to compete for 225 seats in the lower house—half of the total—that will be apportioned to parties on the basis of their nationwide election showing. The eight parties stricken were among 21 that, seeking to participate in the parliamentary elections, had submitted petitions Saturday ostensibly containing 100,000 or more signatures of support. The commission, after examining the petitions for three days, concluded that only 13 had submitted enough legitimate voters' signatures.

Thirteen parties have met qualifications to participate in the Dec. 12 voting.

Today's action is likely to revive charges from Yeltsin's opponents that free and fair elections cannot take place. Since dissolving parliament Sept. 21 and routing its hard-line holdouts in bloody battle on Oct. 3-4, Yeltsin has ruled the country with little challenge from any quarter.

Today, he fired the rebellious leader of his home region of Sverdlovsk who had failed to heed Kremlin warnings against setting up a "Urals Republic" to increase the region's political clout.

A statement from Yeltsin's office said Eduard Roussel, whom Yeltsin had appointed, was fired for exceeding his authority. Tuesday, Yeltsin nullified a vote by local authorities to create a new internal republic, saying such moves would unacceptably increase separatist pressures in the country.

Nikolai Ryabov, an ally of Yeltsin who heads the election commission, denied any political motivation in the commission's work and said the parties that were disqualified had simply failed to meet requirements set for all. The 13 parties eligible to participate reflect "the whole spectrum of political forces" and thus guarantee a truly democratic election, he said.

The 13 include the three largest pro-reform democratic groups, two centrist blocs, the Communists, the pro-Communist Agrarian Party, the nationalist Liberal Democratic Party, an environmentalist group and a women's party.

Among those eliminated was the Russian National Union, led by radical nationalist Sergei Baburin, a leading Yeltsin opponent in the parliament the Russian leader dissolved last September. Baburin charged Saturday that Interior Ministry troops had raided his party headquarters and seized petitions containing 22,000 names.

The Interior Ministry has acknowledged that some of its people were at the union's headquarters then but officials denied any lists were taken. Ryabov said today that if an investigation confirms Baburin's charge, his party may be reinstated. But even without such disruption, many Yeltsin opponents have charged that not enough time remains before the election to prepare properly.

Among parties stricken by the electoral commission was the Association of Independent Professionals, led by a strong Yeltsin supporter, Pyotr Filippov. But most of those stricken were anti-Yeltsin, including the neo-fascist National-Republican Party of Russia and the pro-Communist Constitutional Democratic Party.

U.S. Somalia Envoy Urged Policy Shift Before 18 GIs Died

By Keith B. Richburg
Washington Post Foreign Service

MOGADISHU, Somalia, Nov. —Two weeks before 18 American soldiers were killed on the streets of Mogadishu, the U.S. Embassy sent an urgent cable to Washington arguing that the American military campaign in Somalia had failed and urging a diplomatic approach, including a cease-fire and negotiations with fugitive militia leader Mohamed Farah Aideed, according to diplomatic and military sources.

The Sept. 17 cable apparently failed to generate a change in policy at the highest levels of the Clinton administration, however, and diplomats in Mogadishu said they were surprised and frustrated when they did not receive an immediate response.

The administration eventually did shift policy in the direction urged in the cable, but only after the Oct. 3 raid by U.S. Army Rangers that left 18 American soldiers dead and 75 wounded.

The cable was sent out over the signature of then-U.S. ambassador Robert Gosende. Gosende, considered a hard-liner in pushing the hunt for Aideed, was removed from his post and replaced by career diplomat Richard Bogosian, a former ambassador to Niger and Chad who is scheduled to arrive here Friday.

Gosende's allies expressed belief that he has unfairly become a victim of the administration's earlier, failed Somalia policy. Many journalists here remember Gosende as a passionate advocate for the U.S. and U.N. policy of arresting Aideed. But Gosende's supporters said the cable shows that the ambassador became an advocate for a new approach to Aideed in September, after the Rangers dispatched here in August botched several attempts to catch the warlord, and that more senior administration officials did not focus on Somalia until disaster struck.

The cable was marked NIACT, one of the most urgent priorities for messages from the field, and diplomats said it would have been seen at the assistant secretary's office of the State Department, as well as at the National Security Council, the U.S. mission to the United Nations, and the U.S. military's Central Command.

U.S. Embassy diplomats here were so certain their cable—which they said resembled a position paper—would lead to an immediate turnaround in administration policy on Somalia that they drafted a press release to explain the shift to reporters. The cable was sent on a Friday, and diplomats said they expected a response after senior officials in Washington ~~used the weekend~~ to consider it.

But another diplomat here said, "We got no response—none. Not even a cable back."

State Department officials said Gosende's advice was not ignored, but contributed to a shift toward fo-

See SOMALIA, A44, Col. 1

Post 11/10

Mogadishu Embassy Urged Policy Shift

SOMALIA, From A39

cusing on political talks, staff writer Daniel Williams reported in Washington. Secretary of State Warren Christopher discussed the altered approach with U.N. Secretary General Boutros Boutros-Ghali on Sept. 20, the officials said.

[But the new policy, they said, was not worked out fully until after the Oct. 3 firefight, which speeded up U.S. pressure on the United Nations to stop chasing Aideed and begin talking with his representatives.]

According to the sources here, the cable outlined a series of diplomatic initiatives close to the approach the Clinton administration embraced later, after the 18 deaths. The embassy suggested a halt to military activities and an offer for Aideed to do the same; an independent commission to investigate Aideed's involvement in the June 5 ambush of Pakistani peace keepers; a return to the March Addis Ababa accords as the basis for a political settlement in Somalia; and a suggestion that Aideed consider leaving Somalia for exile to a third country, like Ethiopia, until the commission delivered its findings.

The cable was entitled "The Making of a Deal: Getting Off Dead Center With the Habr Gedir and Aideed." The Habr Gedir is Aideed's subclan.

The existence of the cable was made known last month by some of Gosende's supporters. It was confirmed today that the cable had been sent.

Diplomatic sources said the cable reflected a growing realization by Gosende and other U.S. diplomats here that the campaign to capture Aideed was not working, because casualty levels on both sides were becoming unacceptable and the administration was unwilling to commit the needed manpower and political capital.

An earlier, Sept. 6 cable from the embassy had argued for a hard-line approach and requested more U.S. troops because, in the words of one diplomat, "If we're going to take the military approach, we should take it and not pussyfoot around." Portions of that Sept. 6 cable were leaked in Washington by officials who apparently wanted to discredit the embassy, diplomats here said.

By the middle of September, said one diplomat involved in the policy debate, "We sat down and agreed that the military option wasn't going to work—that the gloves were never going to be taken all the way off, but they'd be off just enough to get us in trouble."

One main element outlined in the Sept. 17 cable was the idea that American-led U.N. troops should seize the public relations initiative by declaring a unilateral cease-fire in the destructive war in Aideed-controlled south Mogadishu, sources said. "We declare some kind of cease-fire and ask them to respond," one diplomat said.

Eventually, Aideed called his own unilateral cease-fire on Oct. 9, forcing the United States and the United Nations to respond by halting their forces' offensive operations.

U.S. Soldier Shoots Somalis Loading Heavy Weapons

Associated Press

MOGADISHU, Somalia, Nov. 10—An American sharpshooter shot two Somalis who were loading heavy weapons into a van today, military officials said. Somali witnesses claimed two were killed and four wounded.

The shootings occurred near the Kilometer Four traffic circle shortly before 5 p.m. An American soldier atop a former soap factory spotted two men loading a rocket-propelled grenade launcher and a heavy machine gun into a van, said an American military spokesman.

The Somalis did not shoot, but the spokesman said the rules of engagement in Somalia allowed the soldier to fire because of the weaponry involved.

Page 2 of 2

Uzbek Dissidents Beaten in Moscow

2 Journalists, Poet Accuse Agents of Central Asian Government

By Fred Hiatt
Washington Post Foreign Service

MOSCOW, Nov. 10—Repressive Central Asian governments are reaching beyond their borders to beat up and intimidate dissidents and journalists living here, human rights activists alleged today.

Three dissidents from Uzbekistan, two journalists and a poet, said they were tied up, clubbed and threatened with a gun last week by six men who ransacked their apartment and stole their passports and some antigovernment literature. The head of the band, an Uzbek, concluded the four-hour intrusion by saying, "If you want to live, say nothing about this," the dissidents claimed. The intruders did not take money or other valuables.

Human rights activists criticized the Russian government for providing little protection to dissidents from former republics of the Soviet Union with continuing one-party rule, including Uzbekistan, Tajikistan and Turkmenistan. Moscow has declined to give them the official status of political refugees, leaving them open to the risk of deportation or even kidnapping back to their home countries, according to the human rights groups.

The three Uzbek dissidents—Albert Musin, Abdurashid Sharipov and Yadgar Abid—offered no proof that the Uzbek secret service was involved in last week's attack, and a spokesman for Uzbekistan's embassy here said he knew nothing about it. The spokesman, Fakhritdin Parpiev, also criticized human rights activists for missing the big picture—the calm and stability in his Central Asian country.

"We have no fratricidal wars and no bloodshed," he said. "I don't know what they really want, these human rights defenders. So one man was shoved around, while blood is being shed everywhere, and they are shouting about just one single person. Everything is normal in Uzbekistan."

Oleg Panfilov, head of the Committee for the Defense of Journalists, said last Thursday's attack represents part of a pattern. Panfilov, who writes frequently about Tajikistan's human rights record, was badly beaten July 25. Two other journalists who write about Tajikistan also have been beaten in Moscow, Rachel Denber of Helsinki Watch said today, including one who had both his hands broken.

Most of the Central Asian republics of the former Soviet Union have not followed the path of democratization and civil liberties that Russia is trying to follow, however chaotically. A vicious civil war in Tajikistan has produced mass killings of political opponents, while Turkmenistan and Uzbekistan have argued that democratization and human rights must be embraced gingerly, so as not to jeopardize social peace.

Human rights groups have charged that, as a result, opposition newspapers have been banned, opposition parties shut and government critics jailed, fired and otherwise harassed. Alexei Smirnov of the Center for Human Rights here said the atmosphere in those nations is "even worse and more dangerous" than in the Soviet Union before the liberalization and reforms of Mikhail Gorbachev.

As a result, many government opponents have taken refuge in Moscow. But the Uzbek activists and their defenders said Central Asian dissidents are particularly at risk now because of Russia's current campaign to cleanse Moscow of those without official residence permits. The campaign, which began during the two-week state of emergency following the Oct. 3-4 uprising against President Boris Yeltsin, has focused on darker-skinned residents from Central Asia and the Caucasus, whom many Russians view as responsible for Moscow's high crime rate.

48

THE PRESIDENT HAS SEEN 11/12

Sandy

What is the deal here?

THE DEPUTY SECRETARY OF THE TREASURY
WASHINGTON

THE PRESIDENT HAS SEEN 11/12

TO: GEORGE STEPHANOPOULOS

FROM: Roger Altman RA

SUBJECT: Form 1040 EITC Issue

Our Office of Tax Analysis confirmed that families with adjusted gross income of less than $23,050 in 1993 may be eligible for EITC benefits. In 1996, the AGI figure will rise to the $27,000 you mentioned. We should be O.K. for this year.

Need to know how many folks affected
Also how many have refinanced homes ~~[illegible]~~ in last year -

To: President Clinton

Fr: George S.

Here's the fact on the EITC phase-in. Let me know if you need anything else.

GS

THE PRESIDENT HAS SEEN 11/12

THE WHITE HOUSE

WASHINGTON

11 P3:26

November 11, 1993

RECOMMENDED TELEPHONE CALL

TO:	Representative Rick Lehman (D-CA)
DATE:	November 11, 1993
RECOMMENDED BY:	Susan Brophy SB
PURPOSE:	To secure his support on NAFTA.
BACKGROUND:	Representative Lehman is planning on announcing his support for NAFTA today, but he wants to speak with you first.
TOPICS OF DISCUSSION:	1. NAFTA
CONTACT PERSON AND TELEPHONE NUMBER(S):	Representative Lehman o. (209) 248-0165 car (209) 269-4500 Mobile (209) 269-3212
DATE OF SUBMISSION:	November 11, 1993

ACTION: ______________________________

Done

THE PRESIDENT HAS SEEN 11/12

Memorandum for the President

From: George Stephanopoulos

November 9, 1993

Tom Sawyer

Congressman Sawyer has written a long, quite thoughtful, letter to you outlining his thinking on NAFTA. It is more an analysis than a persuasion piece, and I don't think it would be appropriate for any kind of publication as is (especially because it doesn't really say how he's going to vote).

I talked to him about the letter and we agreed that the best course of action was to have you read the letter and call him with your response and suggestions.

He wants this confidential, so I'll share it only with Howard.

11.

Tom Sawyer

Dear Mr. President:

Let me thank you and Vice President Gore for the time you took with me yesterday morning. It is important to me to know that you appreciate the depth of the fear and anger to which the proposed North American Free Trade Agreement has given rise. It was also good to share with you both my own thoughts on this issue as we approach the vote on November 17.

First, I know how you feel. I share your belief in the long-term benefits of free trade and the capacity and need for this country to compete on those terms on this continent and throughout the world.

DRAFT

In fact, I am one of that rare breed: a Democrat from the industrial Midwest who voted for fast track procedures back in May of 1991. Since then I have spent a lot of time discussing that vote in the most concrete terms I can.

As you know, I represent a community (Akron, Ohio) whose signature industry -- tires and rubber products -- has been global since its birth. It was transnational in its organization long before that term came into popular use. It has had manufacturing capacity in Mexico for decades, primarily to overcome that market's protectionist domestic content laws.

Even here, however, the case-making for NAFTA has been extremely difficult.

It has been nearly a decade and a half since the last passenger car tire was actually produced in Akron. Still, we remain a worldwide command & control (as well as research & development) center for a global industry in which this nation continues to enjoy a favorable balance of trade. Akron enjoys a similar leadership potential in plastics and polymers, another industrial sector in which the U.S. remains strong. Indeed, the economy of the community also remains comparatively stable, grounded in new growth support businesses, often spun off from internal services once housed under the industrial roof. Employment and demographic figures remain sound indicators of a more solid economy than almost any community of similar size and structure throughout the industrial heartland.

I used to be the Mayor of Akron. Since 1983 when I ran for that position, I have been preaching that America's (and Akron's) prosperity and place in the world depend on the value of the work we can do. Our future hinges on specific citizens, with specific skills, working at specific jobs.

If that sounds familiar, it should. It comes straight from Secretary Reich's, <u>The Next American Frontier</u>, in 1983. "But," Reich went on, "public policies have so far failed to smooth the shift by American workers [and] too often retarded adjustment . . . . The problem, broadly, is that neither

11

macroeconomic manipulations nor social welfare programs have been designed for the transition we now face."

Reich points out that macroecomonic policies treat workers in the abstract, responding predictably to large scale shifts in taxes, spending, money supply, and trade policy. Social welfare mechanisms address the unmet needs of our most unfortunate, and not the task of elevating the productive capacity of an entire workforce.

Our problem is this: we are trying to sell both the NAFTA and efforts to ameliorate its immediate consequences in precisely those terms: macroeconomics and social mitigation. And it's not working very well.

DRAFT

We need to find a way to talk about the specifics -- people, skills, and jobs -- that an electorate like Akron's has good reason to appreciate but plainly does not. Whether they say so or not. They understand the truth of Reich's observations, and it has scared them to death. I can't remember the last time I stood on a corner in Akron and shot the breeze about macroeconomics, but a day doesn't go by that people don't talk to me about their own lives in ways that reflect the consequences of global economic shifts.

The world is undergoing a period of deep and fundamental change. The terms of competition among nations are altering global commerce and local enterprise in large and basic ways that recall the collapse of colonialism or the onset of the modern industrial era.

The consequences of change on this scale are perfectly clear to the men and women who see their place in the economy slipping away from them. It is a visceral understanding that their problems are not going to be mitigated by economic fine-tuning or off-the-shelf social services. They are frightened and have reason to be.

It is a sad irony, in a time as important as this, that NAFTA has come to loom so large.

The truth is that NAFTA is neither the doomsday trigger for the collapse of the American economy that its opponents would make of it. Nor is it the salvation of America's place in world trade as some advocates would suggest.

DRAFT

At best, it is one element in the larger work of realigning our assets to meet the commercial challenges of an evolving European Community, the trade blocs coming together in the Pacific rim, and the new productive capacity sure to arise in the emerging nations of the world. But it will not by itself adapt America to the new realities of global competition.

At worst, it will cause some specific job loss even if on balance it were to create a net gain in overall employment in the near or foreseeable future. But it is unlikely to lead to a wholesale migration of critical employment sectors to Mexico.

If that were going to happen, it would have already, independent of NAFTA. When I met my wife Joyce 29 years ago, she lived in Mexico City where her father had been sent by RCA to manage a tube factory for the manufacture of Mexican TV's. The purpose was to overcome restrictive domestic content standards in order to sell in the Mexican market, not as a source of cheap labor.

The same thing is true of the tire industry. If Goodyear wanted to produce cheap tires for export from Mexico, it could do so today. It's had the productive capacity there for decades. In fact, while about $1 million in Mexican-made Goodyears leak into this market annually, Goodyear sells over $55 million in top-of-the-line American made tires to Mexicans every year. (That ratio would only improve with the removal of higher Mexican tariffs.)

I hardly need to suggest to you that the real problem comes directly from the grim picture painted by many of the already existing Maquiladora industries and other current and planned capital investments in Mexico for new productive capacity by American businesses. There is no denying that some of that investment is for the explicit purpose of exploiting lower wage, environment, and labor standards. But that is going on today without NAFTA.

It is a small tragedy of the campaign for NAFTA that its benefits have been sold within parts of the America business community in the very same terms of competitive wage advantage which have so terrified the American labor community specifically. It is equally unfortunate that they in turn have opposed the agreement on exactly those grounds.

The result has been a debate that misses the point altogether in yet another replay of a sixty-year-old labor vs. management struggle. That is not what this is about. It ought to be about the future.

Among the most telling experiences I have had in the NAFTA discussions came two years ago at a meeting in then President George Bush's cabinet room about the pending vote on fast track procedures. He went around the table and reacted to each of the largely technical concerns raised by the dozen or so Members of Congress gathered there. When it came my turn, I suggested that the largest and most lasting problem the agreement faced was a lack of public understanding of the proposal at the time (before it was even negotiated) and the vague but very deep fear which that had generated among opponents.

What followed amazed me. The President turned away and with a gentle wave of the back of his hand said, "Oh, that's just organized labor." The Republican Congressman sitting next to me leaned over and whispered, "I just don't think he understands." And he didn't.

I know that you do.

DRAFT

I know that you appreciate just how broadly this fear has spread across much of the nation and how deep the discomfort is in certain parts of it. It is palpable.

I also know that you have sought to overcome it. So have I.

It seems to me that one practical problem with all of this has been that you have given yourself so little time to overcome a very deep confidence deficit that was not of your own making. I have been talking about NAFTA and testing the case for it in every speaking opportunity where I have even a remote linkage to the issue. I have been doing it generally for the last two years and with a particular focus since last spring. However, I know that while you have not ignored the issue, you have felt constrained not to address the task of building support for it until the supplemental agreements had been completed.

It is not for me to say whether that was a mistake or not. Ambassador Kantor has labored mightily throughout the year and the hopes of many were pinned on his work. But the constraint you felt to wait for the completion of that negotiation has left little time for the task at hand.

In the end, the timing of that effort could not have been much more difficult.

The schedule for consideration seems, by all appearances, to be driven by external events. We all remain concerned about the cohesion, stability, and promise of economic growth throughout Latin America. The Uruguay Round of GATT stands at a tenuous juncture where great international investment in time and effort hangs in the balance. And on the one hand we have seen the fall of a government in Canada whose party was not just removed from power but from effective existence, at least in part as the product of a failure of trust in its work on trade and the economy. On the other hand, we are told that the very future of reform in Mexico depends at the next election on the success or failure of the November 17 vote in the House.

That is a tremendous burden to place on a single vote, Mr. President. As important as unfettered commerce and economic growth in this hemisphere are, as much as GATT may represent great opportunities for all nations, those are not the subjects of this vote. And, it is difficult for me to accept that we should pay no attention to the known electoral results of one of our partners in the agreement while arguing that we have no choice but to act in anticipation of the possible electoral results of the other partner.

I know how fragile Mexican political and economic reforms have been. It was a very different Mexico when Joyce was there and Presidents Echeverria and de la Madrid presided over an almost hostile attitude toward the United States. Today, President Salinas and Commerce Secretary Serra are struggling to bring economic and political reforms to a nation that needs both nearly as much as some of the emerging democracies of the former Soviet bloc. They had made a beginning when I last visited with them in 1991. They are both strong advocates for NAFTA and have invested heavily, financially and politically, to help make it happen. However, I had met with them only a year or so before then, both men had suggested that while they supported the idea of a free trade agreement with the U.S., it was too soon for a country in Mexico's state of economic development and reform.

DRAFT

I do not suggest that they were right in the earlier case and wrong in their more recent position. However, it is clear that while they have come to the station, they are only recent arrivals. And now the train is about to depart. For all I know, they may be right: the future of continuing reform in Mexico may well depend on ratifying this agreement before next year's presidential elections.

But I hope not. The reforms cannot be so tenuous in either Canada or Mexico that they could be that easily undone.

This trade proposal is neither as complex nor as comprehensive as the European Community's emerging political and economic unity; it does not involve the enormous diversity of economies and cultures that characterize the Asian proposals; but it is more fragile than either of them.

Its support is grounded in an uncertain but hopeful future, security in the size and resiliency of our economy, and confidence in our ability to compete on even terms . . . not just with Mexico, but with the world.

Its opposition is born of what for some has been bitter experience, the pain of real job loss, and the promise of remedy unfulfilled. It is the price of a transition already begun. That bitter experience may be unrelated to the proposal before us, but for too many Americans, it is indistinguishable from it.

DRAFT

In the end, I suppose, that is the problem we face. NAFTA has become the repository for all of the anger and anguish felt by hundreds of thousands of Americans over the last decade and more. It has become a metaphor for everything we fear in our futures. Those fears for some are deep and real.

Mr. President, it seems to me that you described the standard by which NAFTA ought to be judged back in September in the week you launched the campaign on behalf of the enacting legislation. I thought it was eloquent. You said then:

> What we have to do is to make this agreement as popular as possible . . . and I mean popular in the deep sense. I don't mean some fleeting poll numbers. The people need to feel this agreement enhances rather than undermines their

security.

I know that you were speaking then of the Declaration of Principles signed that week between Israel and the PLO. But the concept and application are the same.

We are at the threshold of a new era. It is a time of change that is upon us whether we want it or not. For far too long we have acted as if we were the agents of change. It would be nice if we were, but the world does not work like that today. Still, it is not something to fear.

We cannot change the tides, as dangerous as they may be. But we can learn to navigate at the crosscurrents of some of the greatest challenges we have faced in a century.

Thank you for taking the time yesterday and in this letter to hear thoroughly the full range of concerns of the community I serve.

Sincerely,

Thomas C. Sawyer

Member of Congress

THE WHITE HOUSE

WASHINGTON

P3:30

November 10, 1993

MEMORANDUM TO JOHN PODESTA

FROM: CHRISTINE VARNEY CV
PHIL CAPLAN PC

SUBJ: Military Toxics Project

Following up on your note (attached), according to Mike Vandenbergh, Chief of Staff at EPA, the Military Toxics project met with EPA staff last Friday.

The Assistant Administrator for Enforcement and the Assistant Administrator for Superfund met with representatives of the group for several hours to consider their views. By all accounts, the meeting went well.

Let us know if there is anything else we can do to follow up.

11/12

CHRISTINE/Phil

Thanks - Let me know if you hear more on this. these folks are now angry at Katie/Cathy Zoi for not meeting with them. I'll let you know if I hear more from them

John

TOTAL PAGES: 3 (incl this cover sheet)

Military Toxics Project
P. O. BOX 845
SABATTUS, ME 04280
VOICE (207)268-4071
MODEM/FAX (207)268-9258

22 P12:55

DATE 10/20/93

fax to: John Podesta, Staff Secretary - White House

from: Tara Gilmartin

subject: EPA Restructuring

Christine Varney—

These people are tenacious. Can Carol or her COS meet with them to consider their views?

John

October 20, 1993

Administrator Carol Browner
U.S. Environmental Protection Agency
401 M Street, SW
Washington, DC 20460

Dear Administrator Browner:

We represent national, state and local environmental organizations and Labor Unions working for cleanup, environmental compliance, and pollution prevention at Federal facilities. As you know, contamination at and from these facilities poses an enormous threat to the nation's public health, environmental security, and economic recovery. Furthermore, the cost of environmental programs at the Energy and Defense Departments now exceeds $11 billion a year.

We have been pleased by recent progress in dealing with these issues, with the passage and implementation of the Federal Facilities Compliance Act, the initial implementation of the recommendations of the Federal Facilities Environmental Restoration Dialogue Committee, and the issuance of Executive Order 12856 mandating toxic release reporting and pollution prevention at Federal facilities.

Acting Deputy Assistant Administrator Tad McCall and the Office of Federal Facilities Enforcement have played a key role in charting this forward path. We are concerned to learn that an EPA reorganization plan may abolish this position and the entire OFFE.

We recognize that the administration is seeking new efficiencies throughout the Federal bureaucracy, and we understand the need to reverse some of the designed-in ineffectiveness left over from previous administrations.

However, we are not convinced that the proposed new structure will ensure the continuation of the current OFFE's approach to Federal facilities oversight and enforcement. We also believe that the magnitude of contamination at Federal facilities, it's unique technical challenges, and the political role of other Federal agencies requires a continued high-level focus on Federal facilities at EPA. In particular, the Clinton Administration's highly regarded response to the economic and environmental challenges of military base closure could be undermined by the proposed reorganization.

We ask, therefore, that you modify the organizational changes to retain the thrust and status of Federal Facilities Enforcement programs. To that end, we ask you meet with a delegation representing our groups before you finalize the new structure.

We remain confident that this Administration wants to do the right thing to clean up government facilities. We believe that your effectiveness in dealing with these issues will be strengthened if you continue to build your partnership with environmental, environmental justice, labor, and other community organizations that share your commitment.

Sincerely,

American Friends Service Committee/ Denver, CO
Citizen Alert/ Nevada
Citizens for Alternatives to Radioactive Dumping/ Albuquerque, NM
Concerned Citizens for Nuclear Safety/ Santa Fe, NM
Economist Allied for Arms Reduction/ New York, NY
Energy Research Foundation/ Columbia, SC
Environment and Energy Studies Institute/ Washington DC
Fernald Residents for Environment, safety and Health/ Ross, OH
Friends of the Earth/ Washington DC
Greenpeace/ Washington DC
Hanford Education Action League/ Spokane, WA
Heart of America NW/ Seattle, WA
Nuclear Safety Campaign/ Seattle, WA
Oak Ridge Environmental Peace Alliance/ Knoxville, TN
Oil Chemical and Atomic Workers Union
Pacific Studies Center/ Mountainview, CA
Panhandle Area Neighbors and Land Owners/ Panhandle, TX
Physicians for Social Responsibility/ Washington DC
Portsmouth/Piketon Residents for Environmnetal Safety and Security/ McDermott, OH
Serious Texans Against Nuclear Dumping/ Amarillo, TX
Sierra Club/ Washington DC
Snake River Alliance/ Idaho
Southwest Research and Information Center/ Albuquerque, NM
Tri-Valley Cares/ Livermore, CA
20/20 Vision/ Washington DC
Western States Legal Foundation/ Oakland, CA
Womens Action for New Directions/ Washington DC
And
The Military Toxics Project - which represents over 100 grassroots groups in over 32 states active around Department of Defense Facilities.

PC:
* Katy McGinty, Deputy Assistant to the President and Director of Office on Environmental policy
* John Podesta, Staff Secretary for the White House
* Sherri Wasserman Goodman, Deputy Under Secretary of Defense for Environmental Security
* Thomas P. Grumbly, Assistant Secretary of Environmental Restoration and Waste Management
* Representative Dellums, Chair, House Armed Services Committee
* Senator Nunn, Chair, Senate Armed Services Committee
* Senator Baucus, Chair, Senate Environment and Public Works Committee
* Representative Dingell, Chair, House Energy and Commerce Committee

THE WHITE HOUSE

WASHINGTON

[redacted]

11-7

Nancy/Bim B

This was v. helpful - now we have to determine follow up I had a good talk w/ Wells —

BC

[redacted]

[redacted]

THE PRESIDENT HAS SEEN

THE PRES[illegible]

TB

[illegible]

[illegible]

CLOSE HOLD

DRAFT

November 5, 1993

MEMORANDUM TO **MACK McLARTY**

FROM: **BILL BURTON, MARK GEARAN, JACK QUINN, & CLIFF SLOAN**

SUBJECT: **Child Pornography case: Knox v. United States**

SUMMARY: At issue is whether the President should talk to the Attorney General to express his strong support for the broadest possible child pornography laws and to urge vigorous enforcement of the laws. If the President had the conversation with the Attorney General on Saturday, then Sunday, if asked about the issue on Meet the Press, he could explain not only his position but also could say that he has talked to the AG about the issue of child pornography. This is a critically important issue; child porn is the kind of "values" issue that could come back to haunt the Administration for years to come. We do not want to stay on the wrong side of this issue: we are currently on the wrong side (NYT headline: "Child Smut Conviction Vacated After U.S. Shift"; Washington Post copy: "The Clinton administration essentially sided with a Pennsylvania convict ... .")

BACKGROUND: This week, at the request of the Solicitor General, the U.S. Supreme Court sent back to the Third Circuit U.S. Court of Appeals a criminal case involving a Pennsylvania man convicted by a federal court of possessing child pornography in violation of federal law. The remand followed the filing of the Justice Department's brief saying the Third Circuit had misinterpreted the nation's child pornography statute. This brief, filed in September, reversed the Justice Department's earlier position from March of this year which was that the Third Circuit had properly interpreted the statute in affirming the man's conviction.

In the case, the defendant, Stephen Knox, who already had one conviction for receiving child porn through the mail, was arrested and charged under the child porn statute when police found three videotapes in his apartment depicting young girls, 8-14, suggestively posed, wearing underwear, swimsuits, and leotards, with the photographer focusing on their genital area and buttocks. The literature found along with the videotapes clearly indicated that they were being marketed to pedophiles. At issue, among other things, was whether Congress intended the child porn statute to apply only to cases where a child is naked or wearing transparent or sheer clothing (the new Justice Department view) or can also apply to cases where a child's genital area is covered by panties, a leotard or a bathing suit (the Third Circuit's view and the former Justice Department position).

The Supreme Court decision produced news stories in the Washington Post and New York Times which said that the "Clinton Administration's new position" relaxed child porn standards. In reaction to the publicity and the Supreme Court decision, the U.S. Senate approved a "sense of the Senate" resolution by a 100-0 vote on Thursday saying that the Justice Department was wrong and that the Congress favored the broader interpretation of the child porn statute.

It is important to remember that this is NOT a first amendment case; this is a statutory interpretation case. And the statutory interpretation turns on legislative intent, and here, every member of the Senate -- Ted Kennedy to Jesse Helms -- agrees that Drew Days was wrong in his view of the legislative intent.

PROPOSED ACTION: The President should call the Attorney General on Saturday to discuss NOT THE KNOX CASE (it is a criminal case on appeal; it would not be appropriate for the President to become involved in a specific case) but rather the issue of child pornography.

First, the President should express his STRONG belief that child pornography is an atrocious crime, noting court cases which demonstrate that the government can outlaw pornography featuring children without meeting stricter adult obscenity standards required by the First Amendment, because of the way such pornography affects the lives of the young children being exploited.

Secondly, he should praise the Justice Department for its strong position in ANOTHER child porn case (U.S. v. X-Citement Video). (In that case, the Solicitor General on Friday filed a motion for cert in the Supreme Court challenging a Ninth Circuit opinion ruling part of the child porn statute unconstitutional. The issue in the case involves knowledge on the part of the Defendant).

He can then say that he favors the strictest possible child pornography laws, and that he expects the Justice Department to do the same. If the law as currently written has a loophole in it, the Attorney General should work with him to close that loophole and ensure that the Congressional intent expressed in the Grassley amendment approved Thursday is made law.

THEN, in response to a query from the press about the child porn case (Knox), the President should say something along the following lines:

"I support the strongest possible child pornography laws and their vigorous enforcement. I was pleased, therefore, when the Justice Department, in another child pornography case, appealed on Friday to the Supreme Court to reverse a lower court's decision holding our nation's child pornography statute unconstitutional.

"What makes child pornography so atrocious to all of us is the effect it has on the helpless children who are so viciously exploited by this sordid industry. That's why the Supreme Court has found that the Constitution allows the government to put the child's rights above those of the pornographers in such cases.

"I agree with the Attorney General that we should not discuss a specific case that is on appeal, particularly when it involves a criminal conviction that is at issue. I can tell you, however, that I believe we should prohibit all kinds of child pornography and should adopt the broadest possible laws on child pornography. So does the entire membership of the United States Senate, as evidenced by the resolution it passed on Thursday.

"I have spoken with the Attorney General about these issues, in a general sense, and have gotten her commitment to vigorously enforce the nation's child pornography laws. If it works out that the current laws we have are not strong enough to protect children from child pornographers and keep this filth from ever being produced, then we will work with the Congress, without delay, to strengthen these laws."

Need / [illegible]

If asked a follow-up question, "If you disagree with what the Justice Department did, why don't you order a change in position?", the President could respond:

"I have not gotten into the statutory interpretation issues raised by the Knox case. I also have a problem with the concept of the President himself getting involved in an ongoing criminal prosecution, even when it is on appeal. So I must leave resolution of this specific criminal case to the Justice Department.

"But on a personal level, I was sickened when I heard that some people viewed our Administration as ~~being~~ supporting a 'liberalized' view of this stuff. I picked up the phone and said, 'No; we must be TOUGHER, not easier, on child pornography.'

"Let me be crystal clear: we will not abide child pornography in this country. And if the current law needs strengthening, we will strengthen it. The children and the nation deserve no less."

Mark / Bill Barton

B

THE PRESIDENT HAS SEEN

11-12-93

Rasco

we need to decide + move

THE NEW YORK TIMES, THURSDAY, NOVEMBER 11, 1993

House G.O.P. Proposes 'Tough Love' Welfare Requiring Recipients to Work

By JASON DePARLE

Special to The New York Times

WASHINGTON, Nov. 10 — House Republicans struck first today in what promises to be a divisive debate over welfare, unveiling a plan they called "tough love" to make welfare recipients spend 35 hours a week working off their benefits.

With the White House drafting its own welfare proposals, the Republicans staked out a position that portrayed the nation's five million welfare families as an indolent lot in need of a moral tonic.

"You can't maintain civilization with 12-year-olds having babies and 15-year-olds killing each other and 17-year-olds dying of AIDS," said Representative Newt Gingrich of Georgia, the minority whip.

The Republicans called the work proposal a compassionate idea that would give the downtrodden the incentive to change. But they also recognized that change would not come cheaply and they proposed spending up to $6 billion a year.

They proposed raising the money by cutting food programs and barring immigrants from welfare assistance, provisions almost certain to be opposed by the Democrats.

The plan offered a preview of the volatile politics likely to surround next year's debate, as advocacy groups leapt to denounce the plan's emphasis on personal morality rather than the weak state of the national economy.

Accusation of Racism

"It's racist," said Sonia Perez, a policy analyst at the National Council of La Raza, a Hispanic advocacy group. She said the plan unfairly made immigrants targets and blamed minorities for high rates of single motherhood.

The Administration reacted cautiously, issuing a statement pledging to work with Congress on a bipartisan basis. But Representative Harold E. Ford, Democrat of Tennessee, who heads a Ways and Means subcommittee with jurisdiction over the plan, dismissed it as "negative and punitive."

A preview of a political war on welfare.

President Clinton's pledge to impose a strict, two-year limit on welfare benefits was one of his most popular campaign themes and a large part of his claim to represent new Democratic thinking. But he has yet to specify what he has in mind.

An Administration plan being written for release next winter is likely to be shorter on penalties and longer on the expansions of social services, like job training and child care.

Distributing a series of Clinton campaign pledges on welfare, the Republicans warned they would attack any Democratic plan they found to be too permissive as backsliding.

"I hope the President means what he says," said Representative Rick Santorum, Republican of Pennsylvania.

The handouts accompanying the Republican plan said the two fundamental causes of welfare were the high rates of out-of-wedlock births and the failure of welfare recipients to seek jobs. Many scholars say the shortage of remunerative jobs for people with few skills is a third factor.

Two-Year Deadline

Representative E. Clay Shaw Jr., Republican of Florida, acknowledged that some regions had high unemployment but argued that even then "it doesn't mean that you don't have jobs."

The Republican plan, endorsed by party leaders, would give welfare recipients up to two years to take advantage of the education and training programs that already exist.

At the end of the two years, however, the mothers would have to work 35 hours a week to continue benefits.

The plan envisions two kinds of work programs: community service at a public or nonprofit agency, or a job at a private business that receives a Government subsidy. But they would pay no wage other than the continuation of welfare benefits.

States could end all benefits if recipients still had not found real jobs after three years on the work program.

Parents who failed to comply would have their aid reduced, with three infractions resulting in the cessation of all cash assistance.

The plan also seeks to increase child support collections and deny any cash assistance to a mother who fails to identify a father.

Mr. Santorum and the bill's other sponsors argued that the work experience would enable welfare recipients to develop skills and résumés that would make them more appealing to potential employers. But research in the area is at best inconclusive.

A recent report by the Manpower Demonstration Research Corporation, a nonprofit group, looked at past community work experiments and found "there is little evidence that unpaid work experience leads to consistent employment" or higher earnings.

The Republicans tried to portray their bill as an expansion of opportunity to needy people. But they also portrayed welfare recipients in almost uniformly negative terms.

"Some women on welfare are more consumed with the feeding of their drug habit than the gut instinct to feed their children," said Representative Nancy Johnson of Connecticut.

Gary Franks, Republican of Connecticut, who said he had relatives on welfare, talked of "taxpayer dollars going into the hands of drug dealers."

SKIP RUTHERFORD

THE PRESIDENT HAS SEEN
11-12-93

11/8/93

Rubin
~~Fyi~~

Mr. President -

This article is right on message.

- Skip

U.S. economy back in the lead

Germany, Japan in trouble as American outlook improving

By Rick Gladstone

AP Business Writer

Sales of American homes and cars are surging. Factories are busier. Government number crunchers say the economic outlook should improve even more next year.

In Japan, meanwhile, people are fretting about the demise of lifetime job security and the country's biggest bankruptcy in the postwar period. Germany's employers are cutting once-sacrosanct benefits and considering a four-day workweek to save money.

The United States, which once looked like a deteriorating powerhouse about to be overtaken by Japan and Germany, now seems to be enjoying a substantial growth spurt.

At the same time, its chief foreign competitors are stumbling and staggering through the kind of acute economic pain Americans began to feel years ago.

Some forecasters even see the makings of a U.S.-led global renaissance in the coming year, assuming American businesses and consumers grow more prosperous and confident.

Under that scenario, the United States will assume the role of the global economic catalyst, as it has done in the past, creating demand for goods and services needed to stimulate growth worldwide.

"You can look forward in mid-1994 to a world firing on all cylinders, where the U.S., Japan and Europe are all growing simultaneously," said William Sterling, an international economist at Merrill Lynch & Co., the big Wall Street investment firm. "The process of growth becomes self-amplifying."

To be sure, this is not a prevailing view. Signs of American weakness still abound, from a near daily diet of corporate "downsizings" to the persistent recession in California and the Northeast.

Many economists remain extremely cautious, tempering optimism with reminders of false starts in the economy that followed the Persian Gulf War and the election of President Clinton a year ago.

They point to American family incomes, which aren't growing significantly. Unemployment — or fear of it — is a common theme around the office, assembly line and dinner table.

A monthly layoff tally released today by the Chicago job placement firm Challenger, Gray and Christmas Inc. showed that pink slip announcements surged 37 percent in October to an average of 3,200 per day.

"Workers at all levels, especially recent victims of mass layoffs, must be terribly confused by all the talk from economists about a growing economy while at the same time reading an increased number of layoff announcements," said James Challenger, the firm's president.

Still, anxiety over jobs has obscured signs of vibrancy. On Tuesday, for example, the government reported that sales of new homes hit a seven-year high in September, strengthened by the tonic of lower interest rates that made mortgages more affordable. The key U.S. forecasting gauge of economic activity also rose for the fourth straight month, pointing to healthier growth in 1994.

On Monday, a survey of industrial purchasing executives showed that U.S. manufacturing expanded in October for the first time in five months. Last week, U.S. automakers reported the strongest sales rate of cars and trucks all year.

Why are we growing while Germany and Japan are stagnating?

"Our interest rates came down earlier than foreign interest rates," said Sterling. "It's kind of a first-in, first out pattern. We went into recession earlier, interest rates came down, that helped restore growth."

The lower cost of borrowing in the United States, however, isn't the only reason for the reversal of fortune. Japan and Germany are confronting their own peculiar sets of problems.

The Japanese are suffering partly from the hangover of excessive real estate speculation in the 1980s, which inflated property values and made Japan look much stronger than it really was.

"We're still in a recession caused by the breaking of the bubble," said Arthur Alexander, head of the Japan Economics Institute, a Japanese government-funded group in Washington.

In Germany, the costs of reunifying east and west have led to a case of national economic indigestion marked by rising unemployment and the worst recession since World War II.

This may sound reassuring to Americans concerned over a loss of U.S. competitiveness. But many economists say this is a flawed assumption in an intertwined world economy. A weak Japan and Germany cannot buy American-made jetliners, computers and food or patronize American beaches and resorts.

Fast facts

- Sales of new homes hit a seven-year high in September, while the key U.S. forecasting gauge of economic activity rose for the fourth straight month.
- U.S. manufacturing expanded in October for the first time in five months, and automakers reported the strongest sales rate of cars and trucks all year.
- Japan is suffering from excessive real estate speculation in the 1980s, which inflated property values and made Japan look much stronger than it really was.
- In Germany, the costs of reunifying east and west have led to a case of national economic indigestion marked by rising unemployment and the worst recession since World War II.

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 11/12/93

TO: THE VICE PRESIDENT
MACK MCCLARTY
DAVID GERGEN
GEORGE STEPHANOPOULOS

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

[redacted]

The attached has been forwarded to the President.

[redacted]

THE WHITE HOUSE

WASHINGTON

NOVEMBER 12, 1993

12 P1:32

MEMORANDUM FOR THE PRESIDENT

FROM: **MARK GEARAN**

SUBJECT: **NEWSPAPER EDITORIAL BOARDS**

I have put together a strategic plan to reach out to newspaper editorial boards, particularly those that have supported your initiatives as President and earlier your candidacy for the Presidency. That strategy has four main components:

WASHINGTON, D.C. EVENTS. As part of our efforts to highlight your administration's accomplishments at the end of the year, we are preparing a December plan which will include special out-reach to editorial boards. We suggest scheduling meetings and/or lunches in Washington with the editorial boards and you and/or key members of the Cabinet.

REGULAR MAILINGS. The Communications Department will continue to mail copies of your major speeches and those of Cabinet Members to editorial boards around the country. We will focus on packaging those mailings around a particular theme -- e.g. crime and violence, foreign policy, welfare reform, health care -- to give editorial boards a better sense of the comprehensive approach we have taken on these issues.

REGULAR SIT DOWNS -- CABINET TRAVEL. We will continue to encourage Members of the Cabinet to do regular sit-downs with editorial boards around the country while they are travelling. We will forward to you a summary of that activity. Where your schedule permits, we will attempt to bring editorial boards from the larger regional papers into Washington, D.C. to meet with you at the White House.

INCLUSION OF LOCAL EDITORIAL BOARDS ON TRIPS. To the extent possible, we will step up efforts to schedule editorial board sit-downs or short interviews with editors during your travel. We must continue to find time for local editors while travelling, while not slighting the travelling national press.

1992 Newspaper Endorsements
November 1, 1992, 6:45 PM
(Note: Dates and 1988 endorsements are in parentheses.)

STATE	CLINTON	BUSH	OTHER
Alabama	*Anniston Star (10/9) *Decatur Daily (10/11)	Alabama Journal (10/20) Birmingham News (10/11;GB)	
Alaska	*Anchorage Daily News (10/18;GB)		
Arizona	*Arizona Daily Star (10/11;MD) /Scottsdale Progress (10/26) /Tribune Newspapers (10/25)	Arizona Republic (10/11;GB) Phoenix Gazette (10/11;GB) Prescott Courier (10/9) Tuscon Citizen (10/30)	
Arkansas	Benton Courier (10/19) Fort Smith Southwest Times Record (GB) Hope Star (NO) Jonesboro Sun (1/92) Northwest Arkansas Times (Fayetteville) *Pulaski County Weekly Spectrum (10/28)		Arkansas Democrat-Gazette (10/28 NO;NO)

California	*Alameda Times-Star/Fremont Argus/Hayward Daily Review/Pleasanton Tri-Valley Herald (10/25) *Bakersfield Californian (10/20;GB) *Californian (10/17) *Contra Costa Times (10/25;GB) *Fresno/Modesto/Sacramento Bee (10/4;MD) Los Angeles Sentinel *Madera Tribune Marin Independent Journal *Medina County Gazette (10/19;GB) Merced Sun-Star Modoc County Record, Altuna Monterey Herald *Oakland Tribune (10/11;MD) *La Opinion (10/20) Peninsula Times Tribune Petaluma Argus-Courier Riverside Press-Enterprise *San Bernadino Sun *San Francisco Examiner (10/11;GB) *San Jose Mercury News (11/1;NO) *San Ramon Valley Times (10/25;GB) *Santa Barbara News-Press (10/25) *Santa Cruz Sentinel (10/19;GB) *Santa Rosa Press Democrat (10/18) /Visalia Times-Delta (10/28) Watsonville Register-Pajaronian	Chico Enterprise-Record Escondido Times-Advocate Fairfield Daily Republic Imperial Valley Press, El Centro Long Beach Press-Telegram Los Angeles Daily News Oceanside Blade-Citizen Orange City Daily Pilot Redding Record-Searchlight (GB) Sacramento Union San Diego Union Tribune (10/21;GB) San Francisco Chronicle (10/30;GB) San Luis Obispo Telegram-Tribune San Pedro News Pilot Santa Monica Outlook Thousand Oaks News Chronicle Torrance Daily Breeze Tulare Advance-Register Ventura Star Free-Press	Anderson Valley Advertiser (Daniels [?]) Los Angeles Times (NO;NO) Newport Beach and Contra Mesa Daily Pilot (RP 10/28) Orange County Register (NO;NO)
Colorado	*Denver Post (10/25;GB) *Durango Herald	Rocky Mountain News (10/18;GB)	

Connecticut (*) Norwich Sunday Bulletin 11/1	Bristol Press (10/26) Connecticut Evening Sentinel (10/22) *Danbury News-Times (11/1) Greenwich Time (10/25) *Hartford Courant (10/25;GB) Nagatuck Daily News (10/23) *New Britain Herald (10/27) *Stamford Advocate (10/25) *Torrington Register-Citizen (10/12;MD) *Willimantic Chronicle (10/28)	New Haven Register (10/18;GB) Waterbury Republican-American (11/1)	Connecticut Post (10/22;RP)
Delaware	*Delaware County Sunday Times (10/18;GB) *Wilmington News Journal (10/25;MD)		
District of Columbia	*Washington Post (10/11;NO)	Washington Times (8/6;GB)	
Florida New Smyrna Observer (10/1)	*Boca Raton News (10/25;GB) *Bradenton Herald (10/18) *Daytona Beach News-Journal (10/11) *Gainesville Sun (10/24) *Florida Today *Lakeland Ledger (10/25) Leesburg Daily Commercial (10/28) *Palm Beach Post (10/25) Sarasota Herald-Tribune *St. Petersburg Times (10/25;MD) Tallahassee Democrat (10/18;MD)	Jacksonville Florida Times Union (10/18;GB) Fort Lauderdale Sun-Sentinel Naples Daily News Orlando Sentinel (10/25;GB) Pensacola News Journal (11/1) St. Augustine Record Stuart News Tampa Tribune (11/1;GB) Winter Haven News Chief (11/1)	Miami Herald (NO;NO)
Georgia	*Atlanta Constitution (10/21;MD) *Macon Telegraph (10/25) (*) Columbus Ledger	Augusta Chronicle (10/25) Marietta Daily Journal (10/25) Rome News-Tribune (10/25) Savannah Evening Press (9/27) Savannah Morning News (9/27)	
Hawaii	*Honolulu Star-Bulletin (10/29;MD)		Honolulu Advertiser (NO;NO)

Idaho	Idaho Falls Post Register (10/25) Lewis Tribune (10/26)		
Illinois *Quad City Times (11/1)	*Chicago Sun-Times (10/18;GB) *Decatur Herald and Review (10/25) *Quad Cities Dispatch (10/26)	Chicago Tribune (10/18;GB)	
Indiana	*Fort Wayne Journal-Gazette (10/18;MD) *Fort Wayne News Sentinel (10/23;GB) LaPorte Herald-Argus (10/23;GB) South Bend Tribune (11/1)	Evansville Courier Evansville Press (10/23;GB) Gary Post-Tribune Huntington Herald-Press (10/25) Indianapolis News (10/26) Indianapolis Star (11/1;GB)	
Iowa	*Des Moines Register (10/25;MD) Villisca Review		Cedar Rapids Gazette (RP;10/25)
Kansas	Atchison Daily Globe *Chanute Tribune (10/27) Emporia Gazette (10/28) *Garden City Telegram (10/26) *Hays Daily News (10/25) *Hutchinson News (9/13) Junction City Union Kansas City Kansan Manhattan Mercury (11/1;GB) Newton Kansan Olathe Daily News *Ottawa Herald (10/30) *Parsons Sun (10/26) *Salina Journal (10/25) University Daily Kansan *Wichita Eagle (10/25;MD) Winfield Courier *Dodge City Daily Globe (11/1)	Independence Daily Reporter Norton Daily Telegram Pittsburg Morning Sun Topeka Capital-Journal	Iola Register (10/28 NO)

Kentucky	*Ashland Daily Independent *Lexington Herald-Leader (10/25) *Louisville Courier-Journal (10/11;MD) *Murray Ledger & Times (10/27) *Owensboro Messenger-Inquirer (10/26)	Bowling Green Daily News (10/30) Kentucky Post	
Louisiana	Lafayette Daily Advertiser (11/1;GB) *Shreveport Journal (10/9;MD) *Shreveport Times (10/25;GB)	Hammond Daily Star Lake Charles American Press (10/25) Monroe News-Star (10/25) New Orleans Times-Picayune (10/25;GB)	
Maine	Augusta Kennebec Journal (10/26) Biddeford Journal-Tribune (10/28) Brunswick Times Record (10/27) *Waterville Central Maine Morning Sentinel (10/28) *York County Coast Star (10/21;NO)	Maine Sunday Telegram (10/25) Portland Press-Herald (10/25;GB)	
Maryland	*Aegis *Baltimore Chronicle (10/28) *Baltimore Jewish Times (10/23) Salisbury Post (10/25)		Baltimore Sun (NO;NO)

usetts	*Advertiser-News (10/23) *Andover Phillipian (10/16) Berkshire Eagle *Beverly Times (10/27) *Boston Globe (10/25;MD) *Boston Phoenix (10/23) *Cape Cod Times (10/25) Essex County Newspapers *Framingham Middlesex News (10/25) *Gloucester Times (10/27) *New Bedford Standard-Times (10/18) *Peabody Times (10/27) Southbridge News *Springfield Sunday Republican (10/25) Springfield Union News Taunton Daily Gazette	Boston Herald (10/29) Lawrence Eagle-Tribune (10/25) Lowell Sun (10/26) Lynn Daily Evening Item (10/30)	
Michigan	*Detroit Free Press (10/4;MD) *Detroit Jewish News (10/23) *Flint Journal (10/19;MD) *Grand Rapids Press (10/21;GB) *Oakland Press (10/20)	Detroit News (10/11;GB) Macomb Daily (MD)	
Minnesota	/Fairmont Sentinel /Faribault Daily News /Mesabi Daily News of Virginia *Minneapolis Star Tribune (10/25;MD) *Rochester Post-Bulletin (10/26) *St. Cloud Times *St. Paul Pioneer Press (10/18;NO)		International Falls Daily Journal (Not GB) Red Wing Republican Eagle (RP)
Mississippi	Northeast Mississippi Daily Journal, Tupelo (GB) (*) Jackson Clarion Ledger	Brookhaven Daily Leader Daily Corinthian (10/29) Grenada Daily Sentinel-Star Pascagoula Mississippi Press Vicksburg Sunday Post	

Missouri	*Kansas City Star (10/23;MD) /Kirksville Daily Express (10/29) /Springfield News Leader (GB) *St. Louis Post-Dispatch (9/20;MD)	Hannibal Courier Post Kirksville Daily Express (10/29) Rolla Daily News St. Joseph News-Press	Columbia Daily Tribune (RP)
Nebraska	Fremont Tribune *Lincoln Evening Journal (10/19;NO) *Lincoln Star (10/22) /Scottsbluff Star-Herald (10/25)	Beatrice Daily Sun Columbus Telegram (10/27) Grand Island Independent (10/27) Kearny Hub (10/23) Norfolk Daily News Omaha World-Herald (10/25;GB) Telegraph of North Platte (10/25) York News-Times (10/28)	Fairbury Journal News (RP) McCook Nebraska Daily Gazette (RP)
Nevada	Las Vegas Sun (11/1) Reno Gazette-Journal	Las Vegas Review-Journal (10/30;GB)	
New Hampshire	Claremont Eagle Times *Concord Monitor (10/29) *Nashua Telegraph (10/26) Portsmouth Herald	Conway Daily Sun Foster Democrat Manchester Union Leader (8/28;GB)	
New Jersey	/America Oggi (10/29) Atlantic City Press (10/29) *Asbury Park Press (10/25) *Bergen Sunday Record (10/25;GB) *Bridgewater Courier-News (10/25) *Cherry Hill Courier Post (10/18;GB) *Express-Times (10/21/92) Gloucester County-Times Hackensack Record (10/25) *Jersey (City) Journal (10/23) New Brunswick Home News (10/25) *Newark Star-Ledger (10/25;GB) *North Jersey Herald & News (10/25) Trenton Times (10/25)		

New Mexico		Albuquerque Journal (10/25;GB) Albuquerque Tribune (GB)	
New York	El Diario/La Prensa (10/22) Jewish Press (10/30) Middletown Times Herald-Record (10/25) *New York Daily News (10/25;GB) *New York Newsday (10/18;MD) *New York Times (10/18;MD) Rochester Democrat&Chronicle (10/18;MD) Rockville Centre Herald *Syracuse Post-Standard (10/26) 10 Gannett Newspapers (Westchester, Putnam, Rockland Counties) (10/25)	Buffalo News (10/25;MD) New York Post (10/29;GB)	Syracuse Herald-American (RP) Wall Street Journal (NO;NO)
North Carolina	*Charlotte Observer (10/11;MD) Greensboro News & Record (11/1) Greenville Daily Reflector *Greenville News *Lexington Dispatch (10/24) Raleigh News & Observer (11/1;MD)	Highpoint Enterprise (10/20) Winston-Salem Journal (10/22)	
North Dakota	*Bismarck Tribune (10/21) *Grand Forks Herald (10/18) *Minot Daily News	Fargo-Moorhead Forum (GB)	
Ohio	*Akron Beacon Journal (10/25) *Athens Sunday Messenger (10/18;GB) *Canton Repository (10/25) *Chillocothe Gazette (10/23;GB) *Cleveland Plain Dealer (10/25;GB) *Dayton Daily News (10/11;MD) *Toldeo Blade (11/1;GB) *Youngstown Vindicator (10/25)	Cincinnati Enquirer (10/25;GB) Cincinnati Post (10/12;GB) Cleveland Call and Post (10/21) Columbus Dispatch (10/4;GB) Lorain Morning Journal (11/1) New Philadelphia Times-Reporter News Journal of Mansfield	
Oklahoma		Daily Oklahoman (10/16;GB) Tulsa World (10/9;GB)	

Oregon	Astorian *Coos Bay World (10/24) Dalles Chronicle *Eugene Register-Guard Pendleton East Oregonian Portland Observer *Portland Oregonian (10/17;GB) Salem Statesman-Journal Skanner	Baker City Herald Grants Pass Daily Courier La Grande Observer	Albany Democrat-Herald (NO) Bend Bulletin (NO) Corvallis Gazette-Times (NO) Kalmath Falls Herald and News (NO) Roseburg News-Review (NO)
Pennsylvania *(F) Doylestown Intelligencer (11/1) (I) Wilkes-Barre Telegraph (11/1)	*Allentown Morning Call (10/25) *Bucks County Courier-Times (10/25) *Erie Times-News (10/25) *Harrisburg Sunday Patriot-News (10/25) *Philadelphia Daily News (10/12) *Philadelphia Inquirer (10/25;MD) *Pittsburgh Post-Gazette (10/21;MD) *Scranton Times (10/25) *State College Centre Daily Times (10/25) *State College Daily Collegian Uniontown Herald-Standard (11/1) *Wilkes-Barre Times Leader (10/18;GB) *York Daily Record/Sunday News (10/25)	Johnstown Tribune-Democrat Pittsburgh Press (GB)	Greensburg Tribune Review (11/1 RP;GB)
Rhode Island	The Newspaper Rhode Island College Campus Herald	Woonsocket Call	
South Carolina	*Anderson Independent (10/25)	Columbia State (GB) Greenville News (10/25;GB)	
South Dakota	*Sioux Falls Argus Leader (10/25;MD)		

Tennessee	Chattanooga Times Jackson Sun Johnson City Press Lebanon Democrat *Memphis Tri-State Defender (10/31) Nashville Banner *Nashville Tennessean (10/25;MD) Oak Ridger Paris Post-Intelligencer	Bristol Herald-Courier Chattanooga News-Free Press Clarksville Leaf-Chronicle Elizabethan Star Franklin Review Appeal Gallatin News Examiner Kingsport Times-News Knoxville News-Sentinel (GB) Memphis Commercial Appeal (10/11;GB)	Greeneville Sun (10/31 NO) Maryville Daily Times (NO) Morristown Citizen Tribune (NO)
Texas	Austin American-Statesman (10/25;MD) *Corpus Christi Caller-Times (10/25;GB) Edinburg Daily Review *El Paso Times (10/11;GB) *Fort Worth Star Telegram (10/18;GB) *Longview Journal (10/23;GB) *Orange Leader Palestine Herald-Press *Waco Tribune Herald (10/18;MD)	Amarillo Globe-News Athens Daily Review Beaumont Enterprise (10/25) Big Spring Herald Dallas Morning News (10/11;GB) El Paso Herald-Post (GB) Houston Chronicle (10/25;GB) Houston Post (10/25;GB) Lubbock Avalanche-Journal (10/18;GB) Midland Reporter-Telegram Plainview Daily Herald San Antonio Express-News (10/11) San Antonio Light (10/25;GB) Tyler Courier-Times-Telegraph (10/25)	
Utah			Salt Lake Tribune (NO;NO)
Vermont	*Barre-Montpelier Time Argus (10/26) *Brattleboro Reformer Burlington Free Press (10/25;GB) St. Albans Messenger	St. Johnsbury Caledonian-Record	

Endorsed But Who Knows Anything At All About these Newspapers?
?? Glouchester-Matthews Gazette Journal (10/25) (Clinton)
?? News-Telegraph (Clinton)
?? Portland Paper (Bush)

To Watch
?? Albany Times Union (GB)
?? Billings Gazette (GB)
?? Idaho Statesman (GB)
?? Indianapolis Star (GB)
?? Jackson (MS) Clarion-Ledger (GB)
?? Lansing Star Journal (GB)
?? Montgomery (AL) Advertiser (GB)
?? Peoria Journal Star (MD)
?? Providence Journal-Bulletin (GB)

THE WHITE HOUSE
WASHINGTON

DATE: 11/12/93

NOTE FOR: KATIE MCGINTY

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

Information ☐

Action ☐ xx

Thank you.

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

cc:

cc Katie McGinty
Alvin-Lisa's
friend

THE WHITE HOUSE

WASHINGTON

November 10, 1993

J. Randy Young
Arkansas Soil and Water
Conservation Commission
Suite 350
101 East Capitol Avenue
Little Rock, Arkansas 72201

Dear Randy:

Thank you for your letter of November 1.

I greatly value your counsel because of the knowledge and experience I know you have from your years of working on water issues in Arkansas. I appreciate your suggestion that the Administration revisit the federal water policy and possibly draft a new plan, and I've read your specific recommendations. I have also shared your letter with Kathleen McGinty, Deputy Assistant to the President and Director of the White House Office on Environmental Policy.

I look forward to seeing you soon.

Sincerely,

Bill

Arkansas Soil and Water Conservation Commission

~~[illegible]~~ —
Trey —
Lepley

J. Randy Young, P.E.
Executive Director

101 EAST CAPITOL
SUITE 350
LITTLE ROCK, ARKANSAS 72201

PHONE 501-682-1611
FAX 501-682-3991

November 1, 1993

The Honorable Bill Clinton
President of the United States
White House
Washington, DC 20500-2000

Dear President Clinton:

I am writing because of a concern that I have about federal water policy. As you know, federal water policy is fragmented and was developed over many years and has not been re-examined in modern times. As a result, the federal interest in developing agricultural water supplies is vested almost entirely in the Bureau of Reclamation which, by law, focuses on western water supply problems. The end result is a federal water policy that really leaves Arkansas and most eastern states out in terms of federal assistance in addressing current agricultural water needs.

Over the last 20 to 30 years, the marketing of agricultural products has shifted drastically from local to global. Competition is intense and our farmers no longer can afford the slightest possibility of a crop failure due to drought. Consequently, production agriculture in our state has increased the acres irrigated annually and significantly during this time period. The result is the development of critical ground-water depletion areas and potential environmental damage due to over use of naturally available surface water. As you may recall, the State of Arkansas, in partnership with the federal government, has studied this problem during your tenure as governor and recommended the development of alternative surface supplies in six areas of Arkansas.

Our problem is that under this outdated federal water policy there is no federal interest in implementing any of these projects. Discussions with "Washington level" agency staff always return back to the basic policy problems. What we desperately need is a complete re-examination of federal water policy that, hopefully, would result in identification of appropriate federal roles that could lead to a federal/state/local partnership in the implementation of these diversion projects.

In this new federal policy, we would not envision a simple expansion of the old "Reclamation Program" into Arkansas, but craft a new approach under which a federal, state, and local partnership would pool their resources to implement an economical, environmentally feasible project with the water user paying a fair market price for the water used. Examination of federal water policy would also signal a recognition that programs crafted decades ago addressed problems in existence then, and do not provide tools for solving the problems of the 90's.

Presently, neither the Corps nor the Soil Conservation Service are authorized to develop this type of project. Perhaps as a part of your "re-inventing" government program, there could be the opportunity to address this problem. Authority for irrigation supply development in geographical areas not served by the Bureau of Reclamation will achieve four valuable objectives: (1) to provide essential federal assistance in protecting and restoring ground water resources; (2) continuing irrigation for reliable crop production, (3) establishing some measure of equity in water supply development between areas served by the Bureau of Reclamation and those not served; and, (4) enhance fish and wildlife habitat.

I very much would like the opportunity to discuss this in more detail with the appropriate staff.

Sincerely,

Randy Young

J. Randy Young, P.E.
Executive Director

JRY:ps

Cmon

THE WHITE HOUSE
WASHINGTON

DATE: Nov 13, 1993

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

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

The attached has been forwarded to the President.

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

MEMBER

November 12, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: ALAN S. BLINDER

SUBJECT: Foreign Economic Developments

Exchange Rates: The dollar fell in value against most currencies this week, with most of the decline concentrated in Friday's trading. However, the dollar rose by 1.6% relative to the Canadian dollar.

Value of the Dollar in terms of:	Week Ending 11/5/93	Week Ending 11/12/93	Percent change from: Week ago	Year ago
Deutschemark	$1 = 1.6920 DM	$1 = 1.6830 DM	-0.5%	+6.3%
Yen	$1 = 108.20 Yen	$1 = 105.80 Yen	-2.2%	-14.7%
Multilateral (March 1973 = 100)	94.88	94.48	-0.4%	+5.3%

Japan: ▸ The Hiraiwa Commission issued an interim report that includes recommendations for sweeping deregulation of the Japanese economy. The Economic Planning Agency revised its previously optimistic forecast, noting that there is little evidence of an upturn in the economy.

Europe: ▸ West **German** retail sales in September were 1.8% lower than a year ago in real terms.

▸ **French** consumer prices rose 0.2% in October and are 2.2% higher than a year ago. Prime Minister Balladur rejected "forced" interest rate cuts, commenting that they would have little impact on consumption and investment and that any depreciation of the franc would be costly.

▸ **UK** industrial production rose 0.1% in September and is 2.1% higher than a year ago. The August trade deficit was £419 million, the smallest monthly figure since early 1987. Producer prices rose 0.2% in October and are 4.0% higher than a year ago.

Other Countries: ▸ The **Canadian** index of leading indicators rose by 0.5% in October and was up 7.1% from a year ago.

▸ The **Australian** economy showed continued signs of strength as employment rose sharply in October despite a rise in the unemployment rate to 11.2%. Consumer confidence reached a 5-year high.

▸ **Spain's** third-quarter GDP fell 1.0% from a year ago. Unemployment rose to 17.2% in October, up from 16.6% in September.

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

MEMBER

November 12, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: ALAN S. BLINDER AB

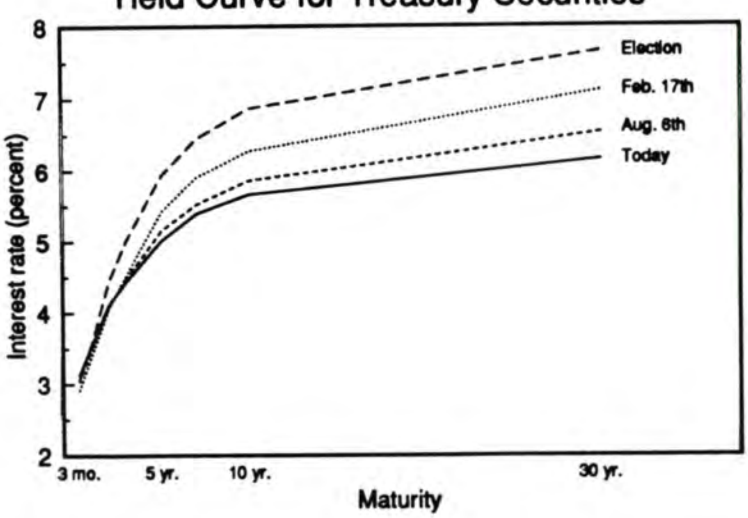
SUBJECT: Interest Rates and the Stock Market, Week Ending Friday, November 12, 1993

Interest rates fell at the long end this week. Changes in Treasury borrowing rates over the week were as follows:

	Close 11/5/93	Close 11/12/93	Change
3-month bills	3.06	3.11	+0.05
10-year bonds	5.75	5.66	–0.09
30-year bonds	6.22	6.15	–0.07

The stock market registered a solid gain this week. The S&P index closed Friday (November 12) at 465.39, up 1.3 percent from the preceding Friday's close. The Dow Jones Industrial Average rose 1.1 percent over the week to close at 3684.51.

Yield Curve for Treasury Securities



Ohren

THE WHITE HOUSE
WASHINGTON

DATE: Nov 13, 1993

TO: The Senior Staff

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

The attached has been forwarded
to the President.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

THE DIRECTOR

November 12, 1993

MEMORANDUM TO THE PRESIDENT

FROM: Leon E. Panetta

SUBJECT: Investment Funding Contained in the Final FY 1994 Appropriations Bills

You have now signed into law the thirteen FY 1994 appropriations bills. This memorandum summarizes how Congress treated your requests for investment programs and looks ahead to how that action will affect your FY 1995 Budget.

The FY 1994 Budget requested $16.7 billion in budget authority for investment programs (i.e for new programs or for those programs in which we requested significant increases). Congress approved $11.5 billion or 69 percent of those requests.

This rate of success brought about a significant change in the use of discretionary resources. Defense spending was reduced by five percent below FY 1993 (in nominal terms) while maintaining our commitment to a strong national defense. At the same time, funding from defense and low-priority non-defense programs was redirected toward productive investment spending.

The success rate for investment programs would have been even higher were it not for two factors.

First, our FY 1994 Budget exceeded the outlay cap of $541.7 billion by nearly $6 billion. The need to stay within the outlay cap forced Congress, in many cases, to make reductions in budget authority below our request.

Second, Congress approved only $4.5 billion, or 56 percent, of the $8.1 billion that we proposed in reductions in low-priority non-defense discretionary programs.

As we prepare the FY 1995 Budget, we intend to stay within the caps, which provide for a modest increase in budget authority but a small reduction in outlays from FY 1994 enacted levels.

	FY 1994 Enacted	FY 1995 Cap	Change
Budget Authority	$501 billion	$518 billion	+$17 B
Outlays	$542 billion	$541 billion	-$ 1 B

In order to meet the FY 1995 caps while funding our investments, we will have to propose significant reductions in low-priority discretionary spending and work closely with the Congress to enact them.

The following is a summary of the outcome of our key FY 1994 investment proposals. (A detailed table of investments, broken down by Appropriations subcommittee, is attached.) Investment numbers represent only the increases in programs from FY 1993 levels adjusted for inflation, not the total amount appropriated.

INFRASTRUCTURE

The Budget included a $1.01 billion increase for mass transportation grants, other transportation programs, and Corps of Engineers water projects. Congress provided $773 million, or 77 percent of the requested increase. However, no new funds were appropriated for a Maglev prototype or FAA systems modernization, and only $4 million out of a $100 million request was provided for high-speed rail development.

In addition, we requested an increase of $2.6 billion in the obligation level for construction and repair of interstate highways and bridges under ISTEA. Congress provided $1.8 billion, or 69 percent of that amount. This is an 11-percent increase over FY 1993.

HEALTH AND NUTRITION

We requested a $2.442 billion increase for public health, nutrition, and food safety programs, with a particular focus on AIDS, women's health, veterans' health care, and the WIC program. Congress provided $1.840 billion, or 75 percent of the requested increase.

This includes $232 million of the $310 million requested increase for the Ryan White Act and $273 million of the $350 million requested increase for the Women, Infants, and Children feeding program (WIC). The Ryan White funding represents an increase of 66 percent over the FY 1993 level. The WIC funding is a 12-percent increase from FY 1993.

HEAD START

The Budget included a $1.3 billion increase for Head Start as the first step toward full funding of the program. Congress approved 36 percent of the proposed increase. While this is a relatively small percentage, it actually represents nearly a 20-percent increase over the FY 1993 enacted level.

EDUCATION AND NATIONAL SERVICE

We asked for a $1.399 billion increase for education programs, including Goals 2000, national service, compensatory education, and several others. Congress appropriated $659 million, or 47 percent of the requested increase. This includes funds for three new programs: (a) $105 million for Goals 2000; (b) $370 million for national service; and (c) $50 million for the Education Department share of the school-to-work program.

EMPLOYMENT AND TRAINING

We requested a $2.859 billion increase for dislocated worker assistance, school-to-work, the Job Corps, summer youth employment, and other employment-related programs. Congress appropriated $962 million, or 34 percent of the requested increase. This included a $587 million increase for dislocated worker assistance, which was a 116-percent increase -- more than doubling -- for that program from FY 1993. Also, the Labor Department received $50 million for its share of the school-to-work program.

SCIENCE, TECHNOLOGY, AND ENERGY

The Budget included $1.3 billion in new funding for NOAA weather technology, National Institute of Standards and Technology (NIST) programs, information highways, energy research, NASA research and development, the National Science Foundation, FCCSET (Federal Coordinating Council on Science, Engineering, and Technology), and related programs. For all of these programs, Congress provided $1.067 billion of the new funding, or 82 percent of the requested increase.

This included $26 million for the new information highways program. Also, the increase for NIST, for such activities as high-performance computing, represented a 36-percent increase over the FY 1993 level.

CRIME

We asked for a $390 million increase for the Justice Department for salaries and expenses for the FBI, INS, Federal prisons, and the Community Relations Service; prisoner support; and Federal/State partnerships. Congress appropriated $164 million, or 42 percent of the requested increase. This includes $25 million out of $100 million requested to hire police through Federal/State partnerships.

HOUSING AND COMMUNITY DEVELOPMENT

We asked for a $1.833 billion increase for a number of low-income and other housing programs, Community Development Block Grants, and Community Development Banks. Congress exceeded our request, appropriating $2.149 billion in new funds for these programs. However, the Community Development Bank program was not funded because it has not yet been authorized.

ENVIRONMENTAL PROTECTION AND ENHANCEMENT

The budget included a $1.985 billion increase for the Forest Service, the Interior Department, the Energy Department and the Environmental Protection Agency for infrastructure projects to implement the Clean Water and Safe Drinking Water Acts; infrastructure improvements in national forests and parks; and energy conservation programs. Congress approved $1.918 billion, or 97 percent of the requested increase.

RURAL DEVELOPMENT

We requested $560 million in new funding for rural development, housing, and wastewater treatment (supporting $1.6 billion in new loans and loan guarantees). Congress appropriated $374 million (supporting $1.2 billion in loans and loan guarantees), or 67 percent of the requested increase.

PRESIDENT'S INVESTMENT PROPOSALS
(in millions of dollars)

12:06 PM
11/12/93
BRB:NR
INVSUMM2.wk3

Appropriations Bill	FY 1994 Investment Proposal		FY 1994 Enacted		FY 1994 Enacted Difference from FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL
Agriculture and Rural Development	1,083	515	751	368	-332	-147
Commerce, Justice, State and the Judiciary	987	488	673	320	-314	-168
Defense	331	170	540	280	209	110
District of Columbia	---	---	---	---	---	---
Energy and Water Development	361	207	320	193	-41	-14
Foreign Operations	---	---	---	---	---	---
Interior and Related Agencies	556	313	310	175	-246	-138
Labor, Health and Human Services, Education and Related Agencies	7,134	2,578	2,733	1,242	-4,401	-1,336
Legislative Branch	---	---	---	---	---	---
Military Construction	---	---	---	---	---	---
Transportation and Related Agencies	888	524	659	328	-229	-196
Treasury-Postal Service and General Government	105	66	82	48	-23	-18
Veterans Affairs, HUD, Independent Agencies	5,303	1,082	5,455	1,139	152	57
Total, Investment	**16,747** [1]	**5,942** [1]	**11,523**	**4,093**	**-5,224**	**-1,849**
Percentage of President's Proposals funded			68.8%	68.9%		

Note: Detail may not add to total due to rounding.

[1] Figures shown included in the President's April Budget. Revised priority investment request not formally transmitted: BA, $13,745 million; outlays, $4,275 million.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1994

PRESIDENT'S INVESTMENT PROPOSALS
(in millions of dollars)

	FY 1994 Budget Investment Proposals		FY 1994 Enacted		FY 1994 Enacted Difference From FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL
Domestic Discretionary:						
Agriculture:						
Agricultural Research Service:						
Federal Coordinating Council for Science, Engineering and Technology (research initiatives) (FCCSET)	7	6	7	6	---	---
Cooperative State Research Service:						
Investment proposal will fund Cooperative forestry research and National research initiative competitive grants	39	9	14	3	-25	-6
Extension Service	1	1	1	1	-1	-1
Farm Service Agency: Initiatives directly assist rural communities to improve the quality of life and increase employment opportunities, update community infrastructure, etc.	245	84	172	63	-73	-21
Rural housing direct loans	(330)	---	(217)	---	---	---
Rural housing guaranteed loans	(300)	---	(363)	---	---	---
Rural Development Administration (RDA):						
Rural wastewater (grants and loans)	172	7	71	3	-101	-4
Other RDA	143	17	131	12	-12	-5
Rural development direct loans	(140)	---	(66)	---	---	---
Rural development insurance direct loans	(530)	---	(314)	---	---	---
Rural development insurance guaranteed loans	(275)	---	(274)	---	---	---
Rural Electrification Administration	3	*	---	---	-3	-*
Electrification and telephone loans	(50)	---	---	---	---	---
Food and Nutrition Service:						
Supplemental feeding programs	350	320	273	249	-77	-71
The emergency food assistance program	40	40	---	---	-40	-40
Food Safety and Inspection Service: Salaries and expenses	18	14	18	14	---	---
HHS:						
Food and Drug Administration: Salaries and expenses: Initiative provides funds for vaccine safety, implementation of the Safe Medical Device Act, and mammography quality (AIDS, women's health immunization, NIH research, other public health initiatives -- see additional funding for this priority under the Labor/HHS/Education bill) [1]	65	18	65	18	---	---
Total, Domestic Discretionary	1,083	515	751	368	-332	-147

[1] Includes $40 million detailed in the House report and $25 million assumed to be funded because the full request was funded.

* $500 thousand or less.

COMMERCE, JUSTICE, STATE, & JUDICIARY APPROPRIATIONS BILL, FY 1994

PRESIDENT'S INVESTMENT PROPOSALS
(in millions of dollars)

Major Program	FY 1994 Investment Proposal		FY 1994 Enacted		FY 1994 Enacted Difference From FY 1994 Proposed	
Domestic Discretionary:	BA	OL	BA	OL	BA	OL
Commerce:						
Economic Development Administration	33	3	80	8	47	5
National Oceanic and Atmospheric Administration:						
ORF: Weather satellite procurement and launch	76	44	7	4	-69	-40
ORF: Weather system modernization	127	73	120	70	-7	-3
Construction: Weather facilities	15	2	15	2	---	---
FCCSET: ORF	26	15	17	10	-9	-5
TOTAL, NOAA	243	135	159	86	-84	-48
National Institute of Standards and Technology:						
Scientific & Tech. Research & Services, including high performance computing and FCCSET	37	29	29	22	-8	-7
Working Capital Fund account	9	4	---	---	-9	-4
Industrial Technology Services account	142	46	142	46	---	---
TOTAL, NIST	188	79	171	68	-17	-11
Nat. Telecommunications & Information Admin.:						
Salaries and expenses	3	2	1	1	-2	-2
Information infrastructure grants (new program)/ Information highways (new program)	51	1	26	1	-25	*
Justice:						
Federal/State partnerships (funded through OJP)	100	19	25	6	-75	-14
Community Relations Service Salaries & expenses	7	4	---	---	-7	-4
Support of U.S. prisoners	88	53	44	26	-44	-26
FBI Salaries and expenses	19	13	19	13	---	---
INS Salaries and expenses	26	20	11	9	-15	-12
Federal Prison System Salaries and expenses	151	105	65	55	-86	-49
TOTAL, Justice	390	214	164	108	-226	-105
Small Business Administration	68	44	68	44	---	---
Equal Employment Opportunity Commission	11	10	5	4	-6	-6
Total, Domestic Discretionary	**987**	**488**	**673**	**320**	**-314**	**-168**

* $500 thousand or less

DEFENSE APPROPRIATIONS BILL, FY 1994

PRESIDENT'S INVESTMENT PROPOSALS
(in millions of dollars)

	FY 1994 Investment Proposals		FY 1994 Enacted		FY 1994 Enacted Difference From FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL
Defense Discretionary:						
Operations and maintenance:						
Office of Economic Adjustment	12	9	22	17	10	8
O & M: Energy efficiency in Federal buildings	59	28	59	28	---	---
Research, development, test, and evaluation [1]						
Investment proposal will fund numerous dual-use programs aimed at developing technologies that have both military and civilian applications	260	133	459	235	199	102
Total, Defense Discretionary	**331**	**170**	**540**	**280**	**209**	**110**

[1] Although an amendment increasing the request was not transmitted to the Congress, the Administration strongly supported a funding level of $575 million for this investment proposal.

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS BILL, FY 1994

PRESIDENT'S INVESTMENT PROPOSALS
(in millions of dollars)

Major Program	FY 1994 Budget Investment Proposals		FY 1994 Enacted		FY 1994 Enacted Difference From FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL
Domestic Discretionary:						
Energy:						
General science and research programs: Linear Accelerator "B-Factory"......................................	36	27	36	27	---	---
Energy supply, Research and development activities: Five investment proposals, including $49 million for energy efficiency in buildings........................	80	37	65	35	-15	-2
Environmental restoration & waste management..	16	8	16	8	---	---
Advanced neutron source (new program)............	26	12	---	---	-26	-12
FCCSET..	78	35	78	35	---	---
Solar and renewable energy programs.................	29	11	29	11	---	---
Corps of Engineers: Operations and maintenance.	96	77	96	77	---	---
	-------	-------	-------	-------	-------	-------
Total, Domestic Discretionary...........................	**361**	**207**	**320**	**193**	**-41**	**-13**

INTERIOR APPROPRIATIONS BILL, FY 1994

PRESIDENT'S INVESTMENT PROPOSALS
(in millions of dollars)

	FY 1994 Budget Investment Proposals		FY 1994 Enacted		FY 1994 Enacted Difference From FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL
Domestic Discretionary:						
Agriculture Department:						
Forest Service:						
National forest system	47	40	38	32	-9	-8
Construction	32	16	12	6	-20	-10
Forest research	10	8	8	6	-3	-2
State and private forestry	25	20	3	3	-22	-17
International forestry	30	24	---	---	-30	-24
Interior Department:						
Bureau of Land Management:						
Mangement of lands and resources[2]	23	20	22	19	-1	-1
Oregon and California grant lands	5	4	3	2	-3	-2
Geological Survey	13	8	4	2	-9	-5
Fish and Wildlife Service	43	34	27	21	-16	-13
National Park Service	89	67	56	42	-33	-24
Bureau of Indian Affairs: Construction	18	4	18	4	---	---
Energy Department:						
Fossil energy research and development	14	6	11	4	-3	-1
Energy conservation	182	54	86	26	-96	-29
Energy information administration	4	3	1	1	-3	-2
Health and Human Services:						
Indian Health Services	22	6	22	6	---	---
Total, Domestic Discretionary	**556**	**313**	**310**	**175**	**-246**	**-138**

LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1994

PRESIDENT'S INVESTMENT PROPOSALS
(in millions of dollars)

Major Programs	FY 1994 Investment Proposal BA	FY 1994 Investment Proposal OL	FY 1994 Enacted BA	FY 1994 Enacted OL	FY 1994 Enacted Difference From FY 1994 Proposed BA	FY 1994 Enacted Difference From FY 1994 Proposed OL
Domestic Discretionary:						
Department of Education:						
Education reform and initiatives:						
Investment proposals for Goals 2000: Educate America Act, School-to-work transition, Urban-rural initiative, Teacher professional development (new program)	585	167	155	43	-430	-124
Compensatory education for the disadvantaged account (three activities)	227	27	45	5	-182	-22
School improvement program: Safe schools initiative (new program)	75	9	20	2	-55	-7
Bilingual and immigrant education account (one activity)	1	*	1	*	*	---
Special education	37	4	34	4	-3	-0
Student financial assistance (new program -- State Postsecondary review))	25	3	21	2	-4	-1
Higher education: New programs for Historically Black Colleges and Universities (new program)	25	3	5	1	-20	-2
Education, research, statistics, and improvement (three activities)	30	8	8	2	-22	-6
Total, Department of Education	**1,005**	**221**	**289**	**59**	**-716**	**-162**
Department of Health and Human Services:						
Ryan White (non-add estimate)	(310)	(N/A)	(232)	(N/A)	(-78)	(N/A)
AIDS, Women's Health, and Other Public Health Initiatives (non-add estimate)	(1,272)	(N/A)	(955) [2]	(N/A) [2]	(-317) [2]	(N/A) [2]
Health Resources and Services Administration (HRSA):						
Investment funds for AIDS, women's health, and other public health initiatives	542	175	244	79	-298	-96
Centers for Disease Control and Prevention:						
Investment funds for AIDS, women's health, and other public health initiatives	500	136	388	106	-112	-30
National Institutes of Health (NIH):						
Investment funds for AIDS, women's health, and other public health initiatives; FCCSET	190	80	190 [1]	80 [1]	* [1]	* [1]
High performance computing	24	10	9 [1]	4 [1]	-15 [1]	-6 [1]
Substance Abuse and Mental Health Administration:						
Investment proposal for targeted substance abuse treatment and prevention services	115	59	40 [2]	21 [2]	-75	-38
Health Care Policy and Research: Research into quality, cost, and effectiveness of health care	30	8	26	7	-4	-1
Public Health Service Management	26	7	10	3	-16	-4

LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1994

PRESIDENT'S INVESTMENT PROPOSALS
(in millions of dollars)

Major Programs	FY 1994 Investment Proposal BA	FY 1994 Investment Proposal OL	FY 1994 Enacted BA	FY 1994 Enacted OL	FY 1994 Enacted Difference From FY 1994 Proposed BA	FY 1994 Enacted Difference From FY 1994 Proposed OL
Domestic Discretionary:						
Department of Health and Human Services (cont'd):						
Health Care Financing Administration (HCFA): Program management: Assistance to States with heavy influx of migrants (new program)	400	400	---	---	-400	-400
Administration for Children and Families (ACF): Payments to States for child care assistance account: Child care block grant: Provides additional funding to help low-income families pay for child care and related services	40	30	---	---	-40	-30
ACF: Children and families services programs/Head Start	1,299	814	474	228	-825	-586
Total, Department of Health and Human Services	3,165	1,719	1,381	528	-1,784	-1,191
Department of Labor:						
Employment and Training Administration (ETA):						
Dislocated Worker Assistance Act (EDWAA discr)	1,390	70	587	29	-803	-41
Youth apprenticeship program	135	16	50	6	-85	-10
Job Corps: Adopt "50-50" plan/Reduce repairs backlog	163	6	50	2	-113	-4
JTPA: Summer youth employment and training	1,000	248	206	136	-794	-112
Community services employment for older Americans account	21	4	10	2	-11	-2
State unemployment insurance and employment services account (SUIESO) (One-stop career shopping)	150	30	50	10	-100	-20
Unemployment Trust Fund: Worker profiling	(9)	(9)	9	9	9	9
Total, Department of Labor	2,859	373	962	194	-1,897	-179
Social Security:						
Social Security: Limitation on Administrative Expenses (LAE): Initiative provides $1.2 billion to invest in creation of state-of-the-art computing network for SSA and the State Disability Determination Service (ob limit)	(1,080)	100	(285)	100	(-795)	---
Social Security: Limitation on Administrative Expenses (LAE): Disability processing (ob limit)	(60)	60	(260)	260	(200)	200
Social Security Administration: Supplemental security income account: Portion of LAE for automation	45	45	41	41	-4	-4
Social Security Administration: Supplemental security income account: Portion of LAE for disability processing	60	60	60	60	---	---
Total, Social Security	105	265	101	461	-4	196
Total, Domestic Discretionary	7,134	2,578	2,733	1,242	-4,401	-1,336

* Less than $500 thousand.

1 Rough estimates; the Conferees did not appropriate by investment category, so actual amounts could be higher or lower.

2 Includes amounts transferred from Treasury's Special Forfeiture Fund.

TRANSPORTATION AND RELATED APPROPRIATIONS BILL, FY 1994

PRESIDENT'S INVESTMENT PROPOSALS
(in millions of dollars)

	FY 1994 Budget Investment Proposals		FY 1994 Enacted		FY 1994 Enacted Difference from FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL
Domestic Discretionary:						
Transportation:						
Federal Railroad Administration (FRA):						
High speed ground transportation development and MAGLEV activity	35	-73	---	---	-35	73
FRA: Trust fund share of high speed ground transportation (ob limit)	(100)	100	(4)	1	(-96)	-99
Federal Transit Administration: Formula grants account: Investment would upgrade rail and bus facilities and equipment, and replace rolling stock (general fund portion)	699	35	659	33	-40	-2
Federal Aviation Administration (FAA): Facilities and equipment account	107	21	---	---	-107	-21
FAA: Research, engineering, and development account	13	8	---	---	-13	-8
FAA: Grants-in-aid for airports account (ob limit)	(30)	5	---	---	(-30)	-5
Coast Guard capital	35	6	---	---	-35	-6
Federal Highway Administration (FHWA):						
Federal-aid highways obligation limitation: Investment proposes to fund the program fully at the level authorized in ISTEA	(2,621)	410	(1,849)	289	(-808)	-121
FHWA: Public land highways and Indian reservation roads	(36)	6	---	---	(-30)	-6
FHWA: Smart cars/Smart highways (included in FHWA ob limit; outlays included above)	(70)	N/A	(56)	N/A	(-14)	---
National Highway Safety Transportation Administration: Highway traffic safety grants account (ob limit)	(32)	6	(29)	5	(-3)	-1
Total, Domestic Discretionary	888	524	659	328	-229	-196

TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS BILL, FY 1994

PRESIDENT'S INVESTMENT PROPOSALS
(in millions of dollars)

	FY 1994 Investment Proposals		FY 1994 Enacted		FY 1994 Enacted Difference From FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL
Domestic Discretionary						
Department of the Treasury:						
Internal Revenue Service: Continued implementation of tax system modernization.....	98	59	82	48	-16	-11
General Services Administration:						
Federal buildings fund: Promote energy efficiency in Federal buildings.....	7	7	---	---	-7	-7
Total, Domestic Discretionary.....	**105**	**66**	**82**	**48**	**-23**	**-18**

VA, HUD, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, FY 1994
PRESIDENT'S INVESTMENT PROPOSALS
(In millions of dollars)

	FY 1994 Investment Proposal		FY 1994 Enacted		FY 1994 Enacted Difference from FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL
Domestic Discretionary:						
Housing and Urban Development:						
Subsidized housing programs (vouchers, certificates, preservation and restoration):						
Low -Income Housing Preservation	320	17	170	9	-150	-8
Multifamily Property Disposition	160	4	460	6	300	2
Other (additional vouchers)	166	3	111	2	-55	-1
Flexible subsidy fund	66	16	41	10	-25	-6
Community partnership against crime (COMPAC) (new program)	90	6	---	---	-90	-6
Drug Elimination Grants	---	---	265	175 [1]	265	175
Severely distressed public housing	175	---	470	---	295	---
Community development grants	90	4	266	11	176	7
Supportive housing program	166	---	180	---	14	---
Home Block Grant	511	10	186	4	-325	-7
Youthbuild program	29	---	---	---	-29	---
Treasury:						
Community development banks (new program)	60	45	---	---	-60	-45
Veterans Affairs:						
Medical care	584	534	564	516	-20	-18
Construction, minor projects (energy efficiency)	5	2	5	2	---	---
Environmental Protection Agency:						
Water infrastructure financing account:						
Clean water state revolving funds	1,198	54	1,240	56	42	2
Watershed resources restoration	30	15	30	15	---	---
Other	100	5	---	---	-100	-5
Research and development account	31	11	27	9	-4	-2
Abatement, control, and compliance account:						
"Green Programs"	15	4	10	3	-5	-1
Other	12	4	12	4	---	---
Drinking water capitalization grants account	599	24	599	24	---	---
National Aeronautics and Space Administration:						
Research and development (civil aviation, short-haul aircraft research)	62	39	52	33	-10	-6
High performance computing	12	7	12	7	---	---
National Science Foundation:						
FCCSET	256	100	230	90 [2]	-26	-10 [2]
High performance computing	36	17	32	15 [2]	-4	-2 [2]
Other	135	58	122	52 [2]	-13	-6 [2]
National Service Initiative (new program)	394	103	370	96	-24	-7
Total Domestic Discretionary	5,303	1,082	5,455	1,139	152	56

[1] Funds for Community Partnership Against Crime (COMPAC) appropriated to Drug Elimination Grants, as COMPAC is not yet authorized.
[2] These are not line items and were not specifically addressed in report language. Calculations are based on proportion of account funded.
* $500 thousand or less.

THE WHITE HOUSE

WASHINGTON

November 10, 1993

The Honorable Janet Reno
Attorney General
Washington, D.C. 20530

Dear Madam Attorney General:

A dispute recently has arisen over the scope of the current federal child pornography law. This dispute impelled the Senate to adopt a "sense of the Senate" resolution expressing its view that the law reaches broadly. I fully agree with the Senate about what the proper scope of the child pornography law should be.

I find all forms of child pornography offensive and harmful, as I know you do, and I want the federal government to lead aggressively in the attack against the scourge of child pornography. It represents an unacceptable exploitation of children and contributes to the degradation of our national life and to a societal climate that appears to condone child abuse.

This Administration supports the broadest possible protections against child pornography and exploitation. I understand that the Justice Department recently filed a brief in which the Department concluded that the current child pornography law is not as broad as it could be. Accordingly, the Justice Department should promptly prepare and submit any necessary legislation to ensure that federal law reaches all forms of child pornography, including the kinds of child pornography at issue in the Senate resolution.

Sincerely,

Bill Clinton

THE WHITE HOUSE

WASHINGTON

November 10, 1993

The Honorable Janet Reno
Attorney General
Washington, D.C. 20530

Dear Madam Attorney General:

A dispute recently has arisen over the scope of the current federal child pornography law. This dispute impelled the Senate to adopt a "sense of the Senate" resolution expressing its view that the law reaches broadly. I fully agree with the Senate about what the proper scope of the child pornography law should be.

I find all forms of child pornography offensive and harmful, as I know you do, and I want the federal government to lead aggressively in the attack against the scourge of child pornography. It represents an unacceptable exploitation of children and contributes to the degradation of our national life and to a societal climate that appears to condone child abuse.

This Administration supports the broadest possible protections against child pornography and exploitation. I understand that the Justice Department recently filed a brief in which the Department concluded that the current child pornography law is not as broad as it could be. Accordingly, the Justice Department should promptly prepare and submit any necessary legislation to ensure that federal law reaches all forms of child pornography, including the kinds of child pornography at issue in the Senate resolution.

Sincerely,

Bill Clinton

THE WHITE HOUSE

WASHINGTON

November 10, 1993

The Honorable Janet Reno
Attorney General
Washington, D.C. 20530

Dear Madam Attorney General:

A dispute recently has arisen over the scope of the current federal child pornography law. This dispute impelled the Senate to adopt a "sense of the Senate" resolution expressing its view that the law reaches broadly. I fully agree with the Senate about what the proper scope of the child pornography law should be.

I find all forms of child pornography offensive and harmful, as I know you do, and I want the federal government to lead aggressively in the attack against the scourge of child pornography. It represents an unacceptable exploitation of children and contributes to the degradation of our national life and to a societal climate that appears to condone child abuse.

This Administration supports the broadest possible protections against child pornography and exploitation. I understand that the Justice Department recently filed a brief in which the Department concluded that the current child pornography law is not as broad as it could be. Accordingly, the Justice Department should promptly prepare and submit any necessary legislation to ensure that federal law reaches all forms of child pornography, including the kinds of child pornography at issue in the Senate resolution.

Sincerely,

Bill Clinton

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 11/9/93

NOTE FOR: MACK MCLARTY
BILL DALEY

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

Information ☒

Action ☐

[redacted]

Thank you.

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

[redacted]

cc:

THE PRESIDENT HAS SEEN
11-8-93

JIMMY CARTER

November 3, 1993

To President Bill Clinton

It was good to see you again yesterday at the NAFTA rally. The array of assembled leaders was quite impressive, and I'm sure you realize that all of us are eager to be of help. However, without follow-up requests, most of those in the room will not do anything further to recruit Congressional votes. The fact is that we were talking to each other, and got very little news coverage.

Let me give you a few thoughts, mostly based on my experience in inducing 68 U.S. Senators to vote for the Panama Canal Treaties 15 years ago. The memories are still vivid.

1. This is one vote that you cannot afford to lose. Not only is your reputation as an effective leader at stake, but the fate of health reform and other key issues will be affected by the outcome of this one. All of us, presidents, cabinet members, and others, know the deleterious impact of NAFTA's rejection on our own country and our relations to other countries in this hemisphere.

2. With no criticism intended, I don't believe there is an adequate full court press yet mounted. My impression is that there are just a few White House staff members who feel that the responsibility for NAFTA is on their shoulders. Some still seem to doubt the wisdom of going all out on NAFTA. If a real maximum effort is maintained, this knowledge in itself will change public opinion and gain congressional support. Everyone has to know how extremely important it is to your entire administration. There is still some doubt, as expressed in yesterday's Wall Street Journal.

There is no time to lose. This is not the kind of vote that can be changed during the last few hours.

3. Mature and experienced Congressional relations leaders from the past three administrations should be assembled immediately, and their personal advice and commitment requested. This will not be interpreted as a criticism of your own staff. Frank Moore, Les Francis, Jim Free, Valerie Pinson, Dan Tate, Bob Beckel, Bill Cable, Terry Straub, and others have been through it with me, and would be honored to be asked personally by you to help. Presidents Reagan and Bush had similarly dedicated and effective assistants. They know the Congress, have dealt successfully with close and difficult votes, and most of them could afford to take a few days off from their present jobs to help.

4. The key is SPECIFICITY. Each Member of Congress, no matter what the present commitment might be, should be specifically assigned to one or more of your own or recruited persons. Divide all Members up among your cabinet officers, and insist on reports back from them to insure that they are working. Their congressional liaison staffs should also be focused on NAFTA for the next two weeks. In addition, Iacocca might help with Members associated with the auto industry, Bob Bergland with those in a farming area, Kissinger with those in foreign relations, etc.

A complete record of every contact with a Member of Congress should be maintained.

5. Every hint or request should be seriously considered, whether related to trade or not. In a showdown between you and Dave Bonior, the odds are on your side. Yesterday, for instance, Congressman Dickson from the Savannah area expressed a hope that he would be invited again to the White House, and is deeply interested in ports, poultry, and forest products. The poultry industry is for NAFTA. Alcee Hastings said he would not let his vote defeat NAFTA, but needs to have winter vegetables protected. Your staff members have a record of other comments made to me yesterday.

6. Don't give up on any Members, even those now marked off as "against." During the last 48 hours before the Panama Treaty vote, I called every Senator who was considered to be lost, traded with them, and picked up the three votes I needed.

7. The business community, with their good treasure, PAC contributions, and importance of employers in congressional districts have been remarkably ineffective. In many cases, they can match labor's influence if equally dedicated.

Immediately, a strong and persistent advertising campaign should be mounted. The best approach would be a low key TV ad similar to the one promoted by the insurance industry that has been so effective against health reform -- just a discussion between two ordinary people, maybe in front of an auto assembly plant. Another idea worth pursuing is the dramatization of Japanese eagerness to fill the vacuum in this hemisphere after a NAFTA rejection.

You might have to mount public and legal pressure on the major TV networks, who have been willing to broadcast Ross Perot's diatribes but have refused to accept ads by Lee Iacocca.

8. Continue to bring into the White House key constituents of doubtful Congressmen, including local labor leaders. The textile and apparel industry might be particularly receptive.

9. I don't think anyone can turn the Black Caucus around or recruit defectors except you, personally. Hopeless as a group, individual members can still be persuaded.

10. Now that Florio has lost, bring in Carville to help. He had some good ideas in a New York TIMES OpEd piece yesterday.

11. Don't underestimate the potential courage and patriotism of some Members of Congress, who will bite the bullet and vote for what is right in spite of local political pressures. Still, they must have a good argument for the folks back home.

12. When necessary, and without violating specific commitments made to Mexico and Canada, deal on trade issues. It's better to give up a little on sugar or apparel than to lose. Like Panama, Mexico will have to accommodate your decisions.

13. Concise and pointed letters from former presidents and cabinet officers to every Member of Congress might help. These should be crafted to accommodate the concerns expressed by doubtful Members.

These are a few ideas, hurriedly compiled. I am sure that you, Al, Mac, Bo Cutter, Bill Daley and others have many more. All of them should be pursued.

Best wishes,

Jimmy

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

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 11/10

NOTE FOR: Howard / Rahm

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

- Information ☑
- Action ☑

[redacted]

Thank you.

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

[redacted]

cc:

[redacted]

Presidential Phone Calls

DATE: 11-9 TIME: 5:15
incoming/outgoing

WITH: Rowland | NAFTA

SUBJECT:
(1) Still worried about peanuts
has he been contacted by them?

(2) Still worried about apparel —
says he's supposed to get a
NAFTA letter from USTR —

[redacted]

FOLLOW UP:

[redacted]

Presidential Phone Calls

[redacted]

DATE: 11-9 TIME: 6:05
incoming/outgoing

WITH: Mc Dermott

SUBJECT: NAFTA

- voted out of ctte
- is ready to announce
- leaning for
- interested in long term positioning

[redacted]

FOLLOW UP:

[redacted]

Presidential Phone Calls

[redacted]

DATE: 11—9

TIME: 5 35

incoming/outgoing

WITH: Ron Coleman | NAFTA

SUBJECT: Many Dems there don't get it — address their concerns — not a bad idea tho' tough

[redacted]

FOLLOW UP:

[redacted]

Presidential Phone Calls

[redacted]

DATE: 11-9

TIME: 605
incoming/outgoing

WITH: [illegible] | NAFTA

SUBJECT:
[illegible]
[illegible]

[redacted]

FOLLOW UP:

[redacted]

THE PRESIDENT HAS SEEN
11-9-93

THE WHITE HOUSE

WASHINGTON

November 1, 1993

Copy to Beth Nolan
orig. filed w/RM

MEMORANDUM FOR THE PRESIDENT

FROM: BERNARD W. NUSSBAUM
COUNSEL

BETH NOLAN
ASSOCIATE COUNSEL

SUBJECT: Request for Waiver under 18 U.S.C. § 208(b)(1) from Secretary Robert B. Reich

ACTION-FORCING EVENT

Secretary Reich has requested a waiver under 18 U.S.C. § 208(b)(1). Under § 208, a federal employee may not participate in an official capacity in a particular matter having a direct and predictable effect on his financial interests. Section 208 has no automatic exception for de minimis interests, but § 208(b)(1) permits the appointing official to waive the restrictions of this prohibition when the financial interest in a matter is not so substantial as to be deemed likely to affect the integrity of the services which the Government may expect from the official.

BACKGROUND

Secretary Reich has interests in Harvard University, which placed him on an unpaid leave of absence; Northeastern University, which placed his wife on an unpaid leave of absence; Alfred A. Knopf, from which he receives book royalties; CC-M Productions, from which he receives videotape royalties; and The American University for which his wife currently works.

Secretary Reich has disqualified himself from participating in any particular matter that is likely to have a direct and predictable effect on Harvard, Northeastern, Alfred A. Knopf, CC-M Productions, and The American University. This disqualification policy should resolve nearly all conflicts of interest that might arise as a result of his financial interests. It is possible, however, although not likely, that some matters might arise that would constitute particular matters and would have a generalized effect on colleges, universities, and their affiliated medical facilities and research centers, as well as publishers and video producers. Secretary Reich is seeking this waiver so that he may participate in general policy, legislative, or regulatory matters that affect his financial interests to the same extent that similarly situated organizations are affected. That is, the waiver would apply to general policy, legislation and regulations, but not to matters having a specific or particularized effect on one of Secretary Reich's financial interests (e.g., investigations, advisory opinions, variances, exemptions, enforcement actions, litigation, grants, contracts, or other particular matters in which one of the identified entities is a party, subject, applicant, petitioner, respondent, or defendant).

The Designated Agency Ethics Official of the Department of Labor has concurred with Secretary Reich's waiver request, and the Office of Government Ethics has approved the request.

It is possible, and perhaps even likely, that the need for this waiver will not arise. Moreover, Secretary Reich could terminate his leave status with Harvard, his wife could terminate her leave status with Northeastern and terminate her employment with American, and he could terminate his royalties arrangements with Alfred A. Knopf and CC-M Productions, rather than seek a waiver. On the other hand, these financial interests are not ones thought likely to create a conflict of interest, and thus they seem appropriate for a waiver rather than termination. The waiver would permit Secretary Reich to participate in general policy matters without having to assess whether there might be some technical violation of § 208. It would therefore assist Secretary Reich in conducting his official responsibilities, while assuring that he would still be disqualified when a matter had any particular, nongeneralized effect on his financial interests.

RECOMMENDATION

We recommend that you grant Secretary Reich's request for a waiver, by signing the appropriate line granting the waiver on the attached memorandum to you from Secretary Reich.

U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR
WASHINGTON, D.C.

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT B. REICH RBR

SUBJECT: Conflict of Interest Waiver

I believe I have financial interests which are appropriate subjects for a waiver under 18 U.S.C. 208(b)(1), in order to fully comply with the spirit and intent of the conflict of interest laws. As I have described in my Public Financial Disclosure Report, while serving as Secretary of Labor, I have taken a leave of absence from Harvard University. Likewise, my wife has taken a leave of absence from Northeastern University. During my service, I will continue to receive royalties from a book which was published by Alfred A. Knopf, and a videotape which was produced by CC-M Productions. Finally, my wife has joined the faculty of The American University.

Under the Federal conflict-of-interest law, 18 U.S.C. 208(a), I may not participate personally and substantially in any particular matter, in which, to my knowledge, I have or am deemed to have a financial interest, if the resolution of such a particular matter would have a direct and predictable effect on that interest. As Secretary of Labor, I will be called upon to participate in establishing policy, including enforcement policy, to make legislative recommendations and work on other legislative matters, and to participate in a wide variety of rulemaking and other administrative matters of interest to American workers. It is not clear which of these matters would constitute "particular matters" or whether any such "particular matters" would have a "direct and predictable" effect on any of my financial interests. Moreover, in most instances, the effect of these types of matters would not be unique to the entity; all or a number of other similarly situated entities would be affected in a like manner. Nonetheless, because of the uncertainty of what constitutes a "particular matter" in these areas, in the absence of a waiver section 208(a) might require that I disqualify myself from consideration of many legislative, regulatory, and policy matters which might affect the above mentioned interests.

Because of the breadth of my duties as Secretary of Labor, I believe that it would not be in the public interest for me either to recuse myself from particular legislative, regulatory or policy matters or to be left in doubt about when I may or may not participate. Therefore, pursuant to the authority of 18 U.S.C. 208(b)(1), I request that you determine that the financial interests that will arise from the the fact that my wife and I are on leave of absence from Northeastern and Harvard Universities, respectively, the continuation of any royalties which I may receive from Alfred A. Knopf and CC-M Productions, and my wife's position with The American University are not so substantial as to affect the integrity of service expected of me as Secretary of Labor in particular legislative, regulatory, or policy matters. I do not request that this waiver extend to any financial interests other than those I have described herein.

This waiver would not apply to particular investigations, advisory opinions, variances, exemptions, enforcement actions, litigation, grants, contracts or other particular matters in which Harvard University, Northeastern University, Alfred A. Knopf, CC-M Productions, or The American University is a party, subject, applicant, petitioner, respondent, or defendant. I have already disqualified myself from such particular matters. Further, if Harvard, Northeastern, Alfred A. Knopf, CC-M Productions, or The American University would be uniquely affected by a policy or regulation on which I might act, but is not a named party in the matter, I will seek the advice of my Designated Agency Ethics Official prior to taking any action in the matter.

If in the future, should my wife or I wish to acquire an interest, or acquire by inheritance, any interest not covered by this waiver or by other agency-wide waivers, I will consult with my Designated Agency Ethics Official.

CONCURRENCE

Thomas S. Williamson, Jr.

THOMAS S. WILLIAMSON, JR.
Solicitor of Labor
Designated Agency Ethics Official

DECISION

On this 9th day of November, 1993.

Waiver granted based on my determination that the financial interests described are not so substantial as to be deemed likely to affect the integrity of the services the Government may expect from you as Secretary of Labor.

William J Clinton

WILLIAM J. CLINTON

THE PRESIDENT HAS SEEN 11/10

GS/Gergen
Interesting
what union demands mean?
prob. should call & get his ideas –
B.

COLUMN RIGHT/
MORTON M. KONDRACKE

Perot May Be a Pox on Both Parties' Houses

■ If he brings down NAFTA, he'll doom Clinton and have a claim on the GOP ticket in '96.

When deciding how to vote on the North American Free Trade Agreement, members of Congress of both parties should think about this: Do Republicans want their leader to be Ross Perot? Do Democrats want to be more identified than they already are with the AFL-CIO?

As the leading opponents of NAFTA, Perot and organized labor will be the primary political beneficiaries of its defeat, and that spells disaster for both parties.

Representing higher taxes and protectionism, Perot is poison for the GOP. And that's why most Republican leaders were dismayed late last week when President Clinton elevated Perot's stature by offering to have Vice President Al Gore debate him.

The White House evidently decided to risk a debate with Perot because it believed something dramatic was necessary to keep Democrats who are terrorized by the AFL-CIO from joining the opposition, and—if Perot could be discredited—to embolden more Republicans to vote with Clinton.

If Perot beats Gore tonight—and Republicans fear that he might, at least in the public's mind—and ultimately contributes to a NAFTA defeat, that would make him a major contender for the GOP nomination in 1996. He might not win, but he would be the well-financed centerpiece of GOP primary action, drowning out other candidates' attacks on Clinton. If he won the nomination, his quirkiness would likely cost him the election. And if he ran as an independent, he would split the anti-Clinton vote, dooming the GOP candidate.

On the Democratic side, last week's election results probably hurt NAFTA by showing President Clinton as politically weak, reducing his persuasive powers and making Democrats more dependent than ever on the AFL-CIO, which has made NAFTA opposition a litmus test of support.

But NAFTA's defeat would foretell long-term disaster for the Democrats, because the deeper message of the Nov. 2 elections is the same one that voters have delivered to the Democratic Party again and again: They are fed up with welfare liberals and their high taxes, big bureaucracies and fealty to organized labor.

New York Mayor David Dinkins and New Jersey Gov. James Florio were union-endorsed "old Democrats," though Florio attempted to alter his image by getting tough on welfare and crime.

Voters in the rest of the country know, even if New York Democrats do not, that one reason New York City is seemingly ungovernable is that its machinery, public and private, is clogged by outdated, expensive union rules and corruption.

> **'A strong case can be made that Clinton is a weak President because he has wavered in the troglodyte-Democrat direction on issues other than NAFTA.'**

Even though it was not an issue in the campaigns, it's no accident that both Florio and Dinkins loyally hewed to the AFL-CIO line on NAFTA. Florio was one of only two governors in the nation opposed to NAFTA—the other being Virginia's Douglas Wilder, whose record also was repudiated by the voters.

The New York-New Jersey results square with other recent outcomes, such as Republican Richard Riordan's defeat of traditional Democrat Michael Woo in Los Angeles and Wall Street Republican Brett Schundler's election as mayor of Jersey City, N.J.

These 1993 elections are part of a 25-year pattern of old-liberal losses at the national level that supposedly was broken in 1992 with the election of "new Democrat" Bill Clinton. A strong case can be made that Clinton is a weak President right now precisely because he has wavered in the troglodyte-Democrat direction on issues other than NAFTA.

Even though unions now represent only 13% of American workers and have been a waning force in politics as more Americans become suburbanites, a union victory on NAFTA will undoubtedly embolden the AFL-CIO to make yet more demands on Democrats, especially in a hopeless endeavor to seal American markets from foreign competition.

If NAFTA fails, it is almost certain that the Uruguay Round of GATT will fail as well, resulting in a worldwide rise in protectionism, diminished economic activity in an already recession-ridden global economy and a decline in U.S. exports and growth.

As a result, the AFL-CIO, in the name of saving jobs, will actually cost jobs—including those of Democrats in Congress and the occupant of the White House.

What a prospect for 1996: On the Democratic side, Clinton, carrying the burden of a recession and the loss of world economic leadership. And on the Republican side, Perot, blaming America's problems on treason by foreign lobbyists.

Congress can avoid this nightmare: Pass NAFTA.

Morton M. Kondracke publishes Roll Call, a newsletter in Washington.

TUESDAY, NOVEMBER 9, 1993
LOS ANGELES TIMES / WASHINGTON EDITION

THE PRESIDENT HAS SEEN 11/10

Sandy
Does this call for any modification of policy?
B

A1

Study Says Haiti Sanctions Kill Up to 1,000 Children a Month

Harvard Report Finds a Big Rise in Malnutrition

By HOWARD W. FRENCH

Special to The New York Times

PORT-AU-PRINCE, Haiti, Nov. 8 — An oil embargo and other sanctions designed to help restore democracy to Haiti are killing as many as 1,000 children each month, according to a study to be released this week by international public health experts at Harvard University.

The study, titled "Sanctions in Haiti: Crisis in Humanitarian Action," reports that although international attention has focused largely on killings and political terrorism in Haiti since the September 1991 coup that deposed President Jean-Bertrand Aristide, "the human toll from the silent tragedy of humanitarian neglect has been far greater than either the violence or human rights abuses."

Normally, nearly 3,000 children aged 5 or younger die in Haiti every month. According to the study, that figure has increased by about a 1,000 each month. There are about a million children under the age of 5 in Haiti, which has a population of about 7 million.

*

More Malnutrition Seen

The study also found that the embargo had contributed to as many as 100,000 new cases of moderate to severe malnutrition.

The Harvard report, like the assessments of relief organizations here, finds that the international embargoes that have been imposed, relaxed, then reimposed since the military coup have ravaged this country, the hemisphere's poorest.

Although all of the embargoes against Haiti since the coup have made exceptions for relief supplies, the Harvard study found that from food production to the availability of drugs and vaccines, the impact of sanctions has been severe.

"Food and medicines are exempted from embargoes, so everyone assumes that everything will be all right," said Lincoln C. Chen, director of the Harvard Center for Population and Development Studies. "But what we have found is that even when they are not legally impeded, these kinds of things are practically impeded."

Economy Virtually Halted

In the three weeks that Haiti has been cut off from foreign oil deliveries, this country's economy has come to a near halt. In the capital, Port-au-Prince, litter-strewn streets are empty of most traffic by early afternoon. Unemployment is soaring, and the prices of ordinary goods are climbing beyond the reach of many.

The report says that Haiti's gross domestic product decreased by 5.2 percent in 1991 and 10 percent in 1992 and that exports in 1992 were about half of what they were the previous year and less than a third of what they were in the early 1980's.

In provincial towns and rural areas, the situation is far worse. According to

Continued on Page A8, Column 1

1/2

Study Says Haiti Sanctions Kill Children

Continued From Page A1

radio reports here, Port de Paix, a small city in Haiti's grindingly poor northwest, has gone without electricity for three weeks. Transportation to many rural areas has been almost completely cut off.

In the small town of Ganthier, which lies an hour east of the capital along the highway to the Dominican Republic, Haiti's suffering is everywhere evident.

At the town's small medical clinic, the only health care center within miles, a white ambulance sits idle for lack of gasoline. The clinic's pharmacy is almost bare.

"We don't have any money for medicine, and life has become very hard," said Solieus Fenelon, a mother of six children, three of whom are seriously ill with diseases including malaria and typhoid.

"The little money I had has dried up," said Mrs. Fenelon, who made her living as a shoe and sandal peddler in the capital until public transportation became unavailable for lack of gas. "It's hard for me to watch my children like this and not be able to do anything for them. They are in the hands of God now."

Public health experts say broadening the current embargo, which President Clinton says he is loath to do, would tighten the noose on many Haitian households, threatening even more people with severe malnutrition and disease.

Effect on Aristide's Future

On the other hand, easing up on sanctions, which now cover oil and arms, would send a signal to Haiti's de facto military rulers that after two years of diplomacy on Father Aristide's behalf, the United Nations and Washington are all but abandoning the goal of restoring him to power.

The current oil embargo is much like another round of sanctions imposed on Haiti in June that quickly brought the military to the negotiating table. This time, however, the army, which has refused to comply with the terms of the United Nations-brokered settlement of Haiti's political crisis, seems to have prepared for sanctions. It has stockpiled more fuel and rushed the completion of a new road to the Dominican Republic, which continues to be a source of limited amounts of imported fuel.

The embargo is said to take a greater toll than the violence.

Because of transportation problems, hoarding and profiteering, the prices of many basic medicines, when they are available at all, have gone up as much as fivefold. Immunization programs have been paralyzed in many areas because of a lack of supplies, the failure of refrigeration and large-scale movements of people back and forth from city to countryside as they flee violence or joblessness.

Haiti's children have been particularly hard hit by a measles epidemic that has swept the country in the last two years. The Harvard study found that vaccination programs in some rural areas, as well as in Port-au-Prince, have reached as little as 4 percent of their target populations because of a combination of factors related to the embargo.

Relief Corridor Urged

Mr. Chen said the United States and other donors should set up what he called a "humanitarian corridor" into Haiti, to insure delivery of vital supplies needed to stem the growing death toll from disease and hunger.

"Our message is that it is fine to intervene for democracy, but at the same time you must accept some of these responsibilities," he said.

The study's findings on child mortality were based in large part on projections made from what researchers said was the only high quality, long-term tracking of births and deaths in rural Haiti. The Harvard researchers leaned heavily on that study, conducted by the Save the Children project in the town of Maissade in Haiti's Central Plateau region. Mr. Chen said the study of the individual community was representative enough to serve as a base for a national projection.

The Save the Children study monitors the fortunes of the town's population of 44,900. Malnutrition data was collected from the Agency for International Development and the Centers for Disease Control, as well as from studies by nongovernmental organizations like CARE.

7 Visit From Harvard

Six members of the Harvard team visited Haiti this summer during the height of the first of two oil embargoes imposed on the country. Mr. Chen said another member repeatedly visited the country since then to update the researchers' information on current conditions.

With some of the hemisphere's worst public health indicators, Haiti's child mortality rate of 133 deaths per 1,000 live births was already far higher than that of most of its neighbors even before the current political crisis. In the neighboring Dominican Republic, for instance, that figure stood at 54 deaths per 1,000 live births in 1992.

Jorimene Simeon of Ganthier, who is 36, said she has had tuberculosis for two and a half years, but has been forced to interrupt her treatment for lack of medicine.

"I could have been cured," Miss Simeon said bitterly. "They prescribed me the medicine, but the papers have just stayed in my hand. I can't afford to buy it."

2/2

THE NEW YORK TIMES, TUESDAY, NOVEMBER 9, 1993

C

Seen ... ... tomorrow B

THE PRESIDENT HAS SEEN 11/10

Somali Gunmen Again Open Fire On U.N. Peacekeepers in Capital

MOGADISHU, Somalia, Nov. 8 (AP) — A monthlong truce between Gen. Mohammed Farah Aidid and the United Nations became further frayed today as peacekeeping troops came under fire for the fourth straight day and as a showdown appeared to be approaching with the United States.

Since Friday, Somali gunmen have been taking shots at United Nations troops, wounding several Somalis but no peacekeepers. At the United Nations compound today, Turkish guards fired warning shots to disperse Somalis who became angry when told that no jobs were available there. Two hours later, two gunmen opened fire on a convoy of Malaysian armored personnel carriers, which shot back, said Capt. Tim McDavitt, a military spokesman for the United Nations.

Simon Israel of the relief agency CARE said that when the Malaysian troops came under fire, they shot back indiscriminately, killing the relief agency's Somali security chief. CARE has filed a complaint with the United Nations and is seeking compensation for the Somali worker, who is survived by his wife and eight children.

Lack of Cooperation Seen

A spokesman for the United States military force in Somalia accused General Aidid of being "uncooperative" and said the United States would go ahead with plans to put American forces back on the streets of Mogadishu, the capital.

At a news conference on Sunday, the general said there could be trouble if American troops resumed patrols in Mogadishu after six months. Today, confrontation edged closer when the American military spokesman, Col. Steve Rausch, reaffirmed that Army reinforcements would soon be venturing beyond their compounds.

"You will see an increased presence," Colonel Rausch said, warning against any attacks on the Americans "These forces are very capable. They are very lethal."

Even so, the United States, wary about being perceived as provocative and hoping to keep the cease-fire alive, has pushed back the starting date for joint checkpoints and patrols with forces from other countries. When the Americans moved into their new base outside the capital a week ago, officials talked about starting these operations in a couple of days. Now they say a couple of weeks.

Americans have been off Mogadishu's streets since May, when the United States handed over command of the multinational mission to the United Nations. But although Americans will resume patrols, Colonel Rausch said there would be no active program to disarm Somalis, despite concern that the number of weapons on the street threatens the quiet in Mogadishu.

General Aidid, whose followers control southern Mogadishu, had been clashing with the United Nations since June, when the United Nations blamed him for the ambush deaths of 24 Pakistani peacekeepers. But after four months of fierce battles with United Nations forces, he declared a cease-fire on Oct. 9.

There have been speculation that General Aidid is trying to buy time until the United States withdraws from Somalia in March.

But the general, who has received no tangible rewards for releasing an American pilot and a Nigerian peacekeeper last month, has been known to strike back when his power seems to be waning. At the news conference on Sunday, General Aidid made it clear that the old acrimony toward the multinational mission had not dissipated.

A month-old truce in Mogadishu appears frayed.

He vowed not to negotiate with the United Nations, and today, his Somali National Alliance boycotted two United Nations-sponsored meetings, one to discuss how to improve the city's security, the other to meet directly with the faction headed by Mohammed Ali Mahdi, which controls northern Mogadishu.

"The United States has been bending over backwards to meet some of the requests" by the Somalia National Alliance, Colonel Rausch said, without specifying what requests General Aidid's faction made. "We are disappointed. They seem uncooperative."

12

THE PRESIDENT HAS SEEN 11/10

BL - good B

E. J. Dionne Jr.

The GOP's Move Toward Moderation

BY JOHN OVERMYER

THE WASHINGTON POST _ TUESDAY, NOVEMBER 9, 1993

Benjamin C. Bradlee, the former executive editor of this paper, was speaking with John F. Kennedy one day after a key Kennedy aide left him to make some money in business. Theodore H. White, the master chronicler of the 1960 election, had described this particular aide as "coruscatingly brilliant." How, Bradlee asked, would Kennedy get along without his extraordinary lieutenant?

Kennedy, who had won election by just over 100,000 votes nationwide, was not worried. Referring to all his political aides, Kennedy replied: "What these guys don't understand is that 50,000 votes the other way and they'd all be coruscatingly stupid."

That is one of my favorite political stories because it illustrates that politics can be an all-or-nothing game and shows how foolish it is to draw sweeping conclusions from tiny electoral margins. A few thousand votes the other way in the New York City mayoral election and the New Jersey governor's race last week would have given them to the Democrats, but would not have made them or President Clinton any more "coruscatingly brilliant" than they were the day before.

These elections were indeed a clear defeat for Clinton and the Democrats, but they said little about his future or theirs. Clinton and the Democrats will stand or fall on how well the economy does and how well they govern. But these elections said quite a lot about the Republican Party.

For one thing, the antiabortion forces inside the party are in retreat. It's not just that mayor-elect Rudy Giuliani of New York and governor-elect Christine Todd Whitman of New Jersey support abortion rights, or that governor-elect George Allen in Virginia fudged the issue. What matters most is that the firmest abortion foes are coming to the conclusion that they'll never win an across-the-board victory.

Here's what religious broadcaster (that's what he likes to be called) Pat Robertson told Ted Koppel on ABC's "Nightline" last week: "I would urge people, as a matter of private choice, not to choose abortion, because I think it's wrong. It's something else, though, in the political arena to go out on a quixotic crusade when you know that you will be beaten, continuously. So I say, let's do what is possible. What is possible is parental consent."

Requiring parental consent before minors can get abortions is a long way from a universal ban. Those words look very much like a white flag.

But before they celebrate, Republican moderates and liberals need to take account of the profound anger of the religious conservatives in Virginia who backed one of their own, Michael Farris, for lieutenant governor. The Christian right, which has loyally supported moderate Republicans in important races, is furious at the scorching criticism top GOP moderates aimed Farris's way. Republicans who support abortion rights like to talk about an inclusive "big tent." Supporters of the religious right are starting to suspect, however, that their role is to help put the tent up but not be let inside. There are fireworks to come.

Then there is the party's rising urban wing. Giuliani's victory in New York was widely and properly linked to the mayoral victory of Republican Richard Riordan in Los Angeles earlier this year. It's definitely a big deal for the Republicans to hold power in the nation's two biggest cities, both of them traditionally (and in New York's case passionately) Democratic.

Both were elected largely because they won over what might be thought of as the moderate-to-conservative wing of the Clinton coalition. The Voter Research and Surveys exit poll showed that 39 percent of the people who voted for Giuliani considered themselves Democrats.

Giuliani and Riordan offered a message that called on city government to get back to basics, especially in crime prevention and education. Not for nothing have Giuliani and Riordan been compared to such pragmatic Democratic mayors as Philadelphia's Ed Rendell and Cleveland's Michael White. Voters in Los Angeles and New York, like voters in many other cities, aren't looking for anything fancy or ideological. They just want their cities to be safer, cleaner, a bit more orderly, maybe even a little boring if that's what it takes to get the other things.

Giuliani's avoidance of glandular conservatism led important figures on the right such as former education secretary William Bennett to reject him and endorse a third party conservative candidate who got almost no votes. Conservative intellectuals (like their liberal counterparts) rarely get turned on by issues such as police deployment and sanitation.

The Giuliani-Riordan twosome will have an important impact on the party nationally. The Republicans have been talking for years about how rotten liberal Democratic city governments are. Now they have to prove they can run big cities themselves.

To what extent will these two Republicans embrace the Jack Kemp "empowerment" agenda, involving such things as transferring public housing units to tenants? How tough will they be on welfare? Will they strip down the bureaucracy? What will they tell Washington Republicans fond of trying to strip urban aid programs from the federal budget?

Something is stirring in the Republican Party. The party's ideologues hailed the defeat of Jim Florio, New Jersey's tax-raising governor, as the rebirth of old-style Reaganism. Sure, the old Republican formulas still work sometimes, as the old Democratic slogans often worked in statewide races in the 1980s. But the fact is that the Republicans are moving on. The whole party—including the religious right—is growing more moderate on the social issues. Republicans are being forced to grapple with domestic problems, such as health care, which many in their ranks spent years insisting were not big problems at all. The crime and welfare issues are no longer bumper sticker causes that automatically work for the Republicans, as Florio showed even in defeat and as Clinton is trying to show nationally.

One of the largest services a victorious politician performs is to force his or her opposition to change and get up-to-date. Margaret Thatcher, as Britain's Conservative prime minister, forced the British Labor Party to transform itself. Bill Clinton is forcing more change on the Republicans than they—or he—may want to admit.

54

THE WASHINGTON POST TUESDAY, NOVEMBER 9, 1993

11/10

THE PRESIDENT HAS SEEN

THE FEDERAL DIARY

More Invest Boldly

By Mike Causey
Washington Post Staff Writer

Despite the ups and downs of the markets, federal workers are putting more of their tax-deferred savings plan contributions into the higher-risk stock and bond funds of their 401(k) plan.

But even though they've become more daring investors, $14.7 billion of the $20 billion in the plan is still in the super-safe Treasury securities fund. It once was the only option available to investors and still is the one most employees are comfortable with.

Last month, workers invested $215 million in the G-fund (Treasury securities), while putting $109 million in the C-fund (stocks) and $37 million in the F-fund (bonds). By contrast, in January 1991, when workers first were allowed to make unrestricted investments in the C- and F-funds, they also put $215 million into the Treasury fund, as well as $32 million in the stock fund and $11 million in the bond fund.

About 61 percent of the investors in the Federal Employees Retirement System (nearly everyone hired after 1983) and 58 percent of the investors in the Civil Service Retirement System (which covers pre-1984 employees) have some money in the stock or bond funds.

Although the G-fund rate is at a record low—it has been 5.625 percent for three months—it is still higher than the inflation rate of about 3 percent, and its safety is guaranteed by the U.S. government. By contrast, the C- and F-funds have had much higher payouts, but they rise and fall with the markets.

For the 12-month period ending in September, the C-fund earned 13.11 percent, the F-fund 9.7 percent and the G-fund 6.44 percent. The F-fund and G-fund have never had a losing year. The C-fund earned 7.7 percent last year; 30.77 percent in 1991 and 31.03 percent in 1989. In 1990, it lost 3.18 percent.

The next open season, when employees can enroll in the savings plan or reallocate their payroll contributions to the stock, bond or treasury funds, begins Nov. 15 and runs through January.

Workers in the FERS pension plan can invest up to 10 percent of pay and get a matching 5 percent contribution from the government. Workers in the CSRS plan can invest up to 5 percent of pay. All contributions and earnings are tax-deferred.

Health Costs

Federal workers could wind up paying considerably more for health insurance under the Clinton administration's health care revision package, according to the bipartisan Federal Government Service Task Force. The task force—which serves as a pro-civil service caucus on Captiol Hill—is warning that the Clinton plan's proposed 20 percent co-insurance payment for inpatient hospital care would hit federal workers hardest. Most of them are now enrolled in plans that pay 100 percent of that cost.

Leon
This is wrong isn't it - Need to respond to the Task Force
B

Federal employees and retirees have until Dec. 13 to pick their 1994 health plan. Most people here can choose from 20 plans, ranging from national fee-for-service plans to local health maintenance organizations. Premiums range from about $400 to nearly $5,000 a year. Monday's column listed best buys for a family of three. During the open season, we will have a series of columns listing best buys for singles, retirees and people with special medical problems.

Elderly Services

The Jewish Council for the Aging has set up a senior help line (301-881-8782) for people who want information on services available around the country for the elderly. Council spokesman **Jim Lyman** said callers don't have to be Jewish to take advantage of the free service.

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

THE PRESIDENT HAS SEEN
11-9-93

THE DIRECTOR

NOV 5 P4:30

November 5, 1993

Mack
cc Leon
Bruce Reed

MEMORANDUM FOR THE PRESIDENT

FROM: Leon Panetta

SUBJECT: FY 1995 Budget Implications of the Crime Bill Amendment

Last night the Senate passed a Byrd, Mitchell, Biden, Dole, Gramm, Hatch amendment to the Crime Bill by a vote of 94-4. The amendment increases the authorized spending in the bill to a total of $22.3 billion over five years (1994-98), and fully funds those authorizations by creating a Violent Crime Reduction Trust Fund.

Spending out of this Trust Fund would be subject to the appropriations process, but not subject to the Budget Enforcement Act caps. Instead, the Crime Bill spending is financed by reducing the discretionary caps by the appropriate amounts in each of the five years -- a total of $22.3 billion in budget authority (BA) and $21.5 billion in outlays. Most importantly, for the **purposes of planning your FY 1995 Budget, the FY 1995 caps are reduced by $2.4 billion in BA and $2.3 billion in outlays.**

The cap reductions are "financed" by reductions in government personnel. These are taken from the reductions specified in Vice President Gore's National Performance Review, advanced one year. However, the amendment contains explicit annual ceilings on Federal employment, contrary to the recommendation of the NPR. The FY 1994 and FY 1995 reductions in the amendment are more aggressive than are required under your February Executive Order by approximately 8-9,000 per year. Effectively, 80% of 5-year savings we had forecast from the NPR's reductions of 252,000 full-time equivalent positions are by this amendment dedicated exclusively to spending out of the Violent Crime Reduction Trust Fund. These savings would have been used to meet the caps and fund your investment program.

Of the $22.3 billion in authorizations, OMB's planning ceiling includes only $3.5 billion, for 50,000 cops. The major increases over OMB's planning ceilings include:

- Full funding (with same match) of 100,000 cops;
- Regional prisons (operated by states);
- State and Local Boot Camps and minimum security facilities construction;
- Secure Juvenile Facilities for States; and
- Anti-Violence Programs (women, spousal abuse, families, sexual assault).

In addition to the severe problems that will result from this amendment in funding your investment priorities in the FY 1995, I have two other concerns.

- This amendment could be a precedent for reestablishing firewalls. If we have a firewall for crime, why not for children or for civilian technology?

- Over half of our anticipated FTE savings come from DoD. By reducing the discretionary caps, savings that would otherwise have helped DoD (and other agencies) hit their top line have now been earmarked for crime.

While the amendment appears certain to pass, perhaps we can work with the committees to modify the FY 1995 funding -- while continuing to support increased outyear expenditures for the crime initiative.

I agree + maybe can lower spending & maintain momentum

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 11/09/93

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

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

[redacted]

The attached has been forwarded to the President.

[redacted]

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON, D.C. 20500

MEMBER

November 8, 1993

PII : 20

MEMORANDUM FOR THE PRESIDENT

FROM: ALAN S. BLINDER AB

SUBJECT: Blue Chip Economic Indicators
****Embargoed Until Wednesday, November 10, 1993****

The November Blue Chip consensus forecast for real GDP growth was revised up slightly for 1993 and for 1994.

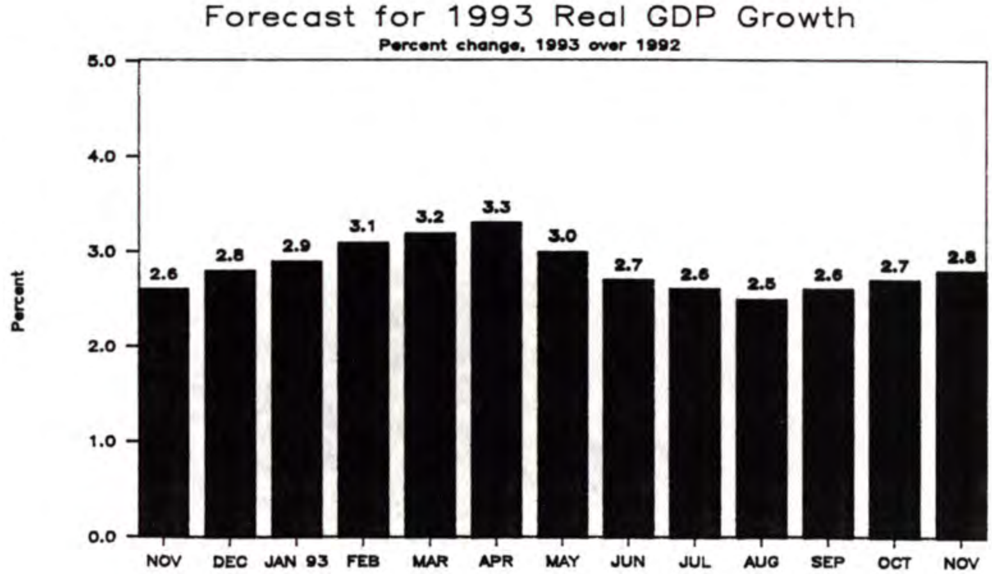
- The Blue Chip consensus forecast now expects 2.8 percent average real GDP growth for 1993, compared to the 2.7 percent growth expected last month. This was the third consecutive upward revision for 1993 growth.

- On a fourth-quarter-to-fourth-quarter basis, the Blue Chip group expects 2.2 percent GDP growth during 1993 -- slightly higher than the Administration's official 2.0 percent forecast in the Mid-Session Review.

- Several forecasters who raised their 1993 growth estimates said they were influenced by the strength the economy exhibited in the third quarter. Stronger auto and housing sales were mentioned by many.

- Expected 1994 GDP growth on a fourth-quarter-to-fourth-quarter basis was revised upward from 2.6 percent to 2.7 percent -- marginally below the Administration's 3.0 percent forecast.

Forecast for 1993 Real GDP Growth



THE WHITE HOUSE
WASHINGTON

DATE: 11/9

NOTE FOR: KATIE McGINTY

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

Information ☐

Action ☑

See the President's Q. on pg 2.

Thank you.

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

cc:

THE PRESIDENT HAS SEEN 11/8

THE WHITE HOUSE

WASHINGTON

5 P6:25

November 5, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: KATIE MCGINTY Tracy Lindseth for

CC: THOMAS MCLARTY

SUBJECT: OEP WEEKLY REPORT

EPA CABINET BILL AND CEQ

In a Wednesday press conference on Capitol Hill, the Vice President, Carol Browner and Congressmen Conyers, Studds, Boehlert, Synar, Porter, Waxman and Gilman released the House Bill to elevate the EPA to Cabinet status. As part of this announcement, the House released its proposal to replace CEQ with a new, small "Office of NEPA Compliance" within the Executive Office of the President to implement core-NEPA functions. The most important issue to the Administration is to keep this bill organizational in nature so that environmentally pernicious amendments are not included. Mark-up was yesterday (11/4), a hearing will be held next week, a House vote taken the following week, and Conference with the Senate shortly thereafter.

CLIMATE CHANGE

OEP is beginning the implementation phase of the Climate Change Action Plan. In the spirit of reinventing government and employee empowerment, we have invited over 200 agency staff to an "all-hands" kick-off meeting for Tuesday, November 9 here at the White House. OEP, NEC, and OSTP are also consulting with agencies to structure the one-year transportation strategy process. Meetings held with DOE and EPA staff have reinforced the spirit of inter-agency cooperation that will be necessary for implementation.

SUPERFUND

The final meeting of the Inter-Agency Policy Committee on Superfund Reauthorization will be held today (11/5). We are still on schedule to provide you with a decision memorandum by the end of November that outlines the Committee's recommendations and sets forth any key areas of disagreement. Given the serious time constraints that exist if Superfund is to be reauthorized in this Congress, an Administration team will meet with Hill staff next week to begin preliminary discussions on the drafting of the Administration's bill.

ENVIRONMENTAL JUSTICE

OEP is continuing to work with EPA and the Justice Department on finalizing the draft Executive Order on Environmental Justice before it enters official inter-agency review. OEP will hold internal White House meetings next week to discuss the current draft and will circulate the Order for official review shortly thereafter.

WETLANDS POLICY

The wetlands policy that the Administration announced in August indicated that we would withdraw a rule proposed by the Bush administration that would have created a major loophole in wetlands protection in Alaska. Instead, we proposed a process to review the impact of wetlands regulation in Alaska to determine if changes in the regulatory program are justified. In preparing for this process, the Interagency Working Group on Wetlands Policy, which is chaired by OEP, met with the State's Congressional delegation. In addition, staff of EPA and the Corps of Engineers met with the governor's office to seek their input. The format of the meetings was altered in response to suggestions from the delegation. Meetings were held in Fairbanks and Anchorage this week with Federal agency personnel and representatives of the native community, the oil and gas industry, the development community, environmentalists, and others. The meetings have been well received. Despite our outreach, Senator Stevens and Governor Hickel have recently sent letters complaining about the process which have been sent to the local press. In private, their staff has been apologetic about the letters. They are clearly positioning themselves to complain about the outcome of the process if it doesn't result in their desired outcome.

MIDWEST FLOODS

OEP and OMB chaired a meeting of its Floodplain Management Task Force, at which time it decided to establish a three-part review of long-term floodplain management strategies for the Midwest: a scientific and technical component; a river flows management component; and a floodplain uses component. Senior team leaders from the agencies are now being identified with the expectation that the review will get underway in earnest in two weeks. This review will serve important political purposes by providing a conduit for local communities and the states to vent their grievances with the Federal response in a constructive, "how-do-we-do-it-better" framework. The communications element to the initiative is crucial. OEP and OMB worked with Gephardt's office and the House Public Works Committee to fashion amendments to a flood response proposal (the Volkmer bill) that are acceptable to the Administration and that we expect will move through the legislative process (House and Senate) before recess. It appears to be proceeding smoothly.

PORT OF OAKLAND DREDGING

OEP organized a 4 agency memorandum of agreement to direct their regional representatives to develop a schedule and workplan for completing the permitting for the Port of Oakland by the end of next year -- to honor your commitment with Rep. Dellums earlier this year. Progress is proceeding well, and we expect an agreement in two weeks between the agencies. Dellum's office is pleased with the follow-up and suggesting an event with you in December to announce it.

Is that the commitment
Does it take that long—

FORESTRY

OEP and DOI officials met with Representatives Dicks and Unsoeld yesterday to brief them on progress on the proposed rules governing spotted owl requirements on non-Federal lands, scheduled for public release in two weeks or so. They were both positive and encouraged us to continue.

THE WHITE HOUSE
WASHINGTON

DATE: 11/9/93

NOTE FOR: IRA MAGAZINER

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

Information ☐

Action ☒

Thank you.

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

cc:

THE PRESIDENT HAS SEEN 11/4

What's the answer to this?

CONFLICT IS SEEN BETWEEN REGIONS IN HEALTH PLAN

URBAN BURDENS ARE CITED

As the Boundaries Are Drawn, Battle Over Costs May Pit Cities Against Suburbs

By TOM REDBURN A1

While President Clinton's sweeping proposals would extend health care equally to all Americans, consumers and businesses in and around older urban areas like New York City are likely to find themselves paying substantially higher premiums for coverage than their counterparts elsewhere, and in many cases even higher than today.

At its core, the Clinton plan would create a web of regional "health alliances" to pool the purchasing power of consumers and negotiate on their behalf for lower prices for health insurance. The Clinton system would not necessarily produce new costs — indeed it is intended to operate more efficiently than what Americans have now — but it will almost certainly reshuffle the deck in who has to pay the costs of medical care.

Sharing Cities' Burdens

The states, not Washington, are to create these new purchasing pools and decide their boundaries. What is critical, though, is that the regional alliances that include big cities with costly health care burdens will be forced to charge their residents more than those that do not.

Tens of billions of dollars are at stake within the New York area alone. The outcome, economists and health analysts predict, could be a free-for-all over medical costs, pitting cities against suburbs, rich versus poor, region against region. For various reasons, these conflicts may also be acute in Boston, Chicago, Cleveland, Detroit and Philadelphia.

Indeed, just as citizens and officials within states now fight over the allocation of tax funds to schools, the costs that consumers in different areas will pay for health care are likely to become a major statehouse battleground.

Boundaries Are Crucial

"How you draw the boundaries of these alliances will determine the distribution of risk and, in many respects, the distribution of costs," said Lawrence Brown, a professor of public health at Columbia University. "All sorts of hell would break loose once you throw this political football on the field."

No one knows how expensive health care would be under the new system. According to the White House, the average charge for health insurance under its plan would be about $1,900 a year for an individual and $4,300 for a family. But the White House itself acknowledges those charges would be higher in many urban areas, particularly in the Northeast. And, depending on how the plan is carried out, health care protection may vary in cost by 25 percent or more — even in areas close to each other.

Continued on Page B8, Column 1

Administration planners point out that health care costs are already higher in most cities than in surrounding suburbs and rural areas. The Clinton plan would allow states, if they chose to, to redistribute those burdens more equitably, but it would also permit even wider disparities.

"These are decisions we are leaving up to the states," said Richard Kronick, a White House official who helped develop the health plan.

Community Rating

Spreading Costs Over Large Groups

To make the alliances effective, the sweeping health care revision proposed by the White House would introduce, in every region of the nation, the insurance system known as community rating. That system is widely applauded by health experts, whatever their position on other reforms.

For most parts of the country, that would be a dramatic departure. As things stand, insurance companies generally charge each individual or family in a given group the same premium. But because groups can be as small as a single business, it may cost a lot more to insure one group than another. Indeed, in a small group one expensive condition like an AIDS case or a premature birth can sharply push up the charges for everyone.

Mr. Clinton would do away with that worry. A community rating system spreads the premiums equally among group members, but it expands the group to a much larger population. In a bigger, more diverse group, the extra costs of care for some people tend to average out.

The White House health plan takes community rating into a new dimension. A regional alliance could be as small as a single city and its suburbs or as large as an entire state. Within that boundary, the alliance would be required to allocate evenly — without regard to age, sex, income or medical risk — most of the costs of providing health coverage to all its non-elderly legal residents.

Each state would choose among three variations: a "single-payer" system, in which the state itself pays the providers directly; one all-embracing alliance; or several different alliances that divide the state into separate regions. (The only exception would be large employers with more than 5,000 employees, and even they would have to follow many of the same rules.)

What you pay would no longer depend so much on what you get. Instead, it would be determined even more by where you live and who you are grouped with. A family in Mineola, L.I., for example, would pay one rate if Nassau County were joined at the hip with New York City and another — almost certainly lower — rate if it were not.

Many expensive health problems — AIDS, drug addiction, poverty — are concentrated in cities. The Clinton program would shift much of the cost that is now borne by Federal taxpayers across the nation to ratepayers within each alliance.

At present, Medicaid pays medical bills for millions of poor people; in New York the state and city pay half those costs, and the Federal Government the rest. Under the Clinton plan, the poor and disabled would become full-fledged members of the health alliances, and their costs would go into the pool that every member shares. (Washington would sharply cut support for institutions now serving the poor, but most urban hospitals say they have little room to absorb the blow.)

To be sure, well-off people are already helping to pay the expense of treating the poor and the uninsured. Hospitals commonly charge paying customers more to make up for giving some people free treatment or for when the government refuses to pay the full cost of care for the indigent. But at present, that practice varies greatly from hospital to hospital, depending on its generosity in opening its doors to everyone.

Though this handicap would likely affect many urban areas, New York and the surrounding areas of New Jersey and Connecticut could be particularly vulnerable. The region tends to have fewer uninsured workers, primarily because unions have won substantial benefits that most employers have become accustomed to matching. As a result, the area will pick up less money from newcomers joining the system.

It also has more generous public health programs, which the Clinton law would prohibit states from cutting back. Moreover, New York and New Jersey include the most crowded and heavily regulated hospitals in the nation, leaving little room for savings from cutting fat.

The New York Example

Shifting the Burden To Specific Areas

Some of these difficulties have already come to light in the new community rating system that New York State adopted last spring in a sweeping overhaul intended to equalize the costs of health insurance for small businesses and individuals.

Among other things, and as expected, it led to sharp increases in rates for many younger workers and more modest reductions at companies with older employees. White House officials acknowledge that the same thing would tend to happen under Mr. Clinton's plan.

But what was not so clear at the time is that the practice also tends to reallocate the burden of higher health care costs to specific locations.

In recent months, health insurers and managed care operators in both the New York City area and around Albany have been socked with unexpectedly stiff extra bills.

Here's how that reallocation works: The state requires that every insured person in a given pool be charged the same premium. But not every insurance company insures the same people, so a company whose clients are relatively healthy (say, mostly younger people) will make money charging the set premium, while another company with a sicker clientele (say, mostly elderly) will fall into the red. Under the New York system, the state requires the profitable company to pay some or most of its excess profits into a pool that it then uses to cover the other company's losses.

When the system was introduced on April 1, those periodic payments were modest. Although still a relatively small share of the total cost of health coverage for New Yorkers, they now are starting to soar and are likely to keep climbing. For some they already equal as much as a fivefold increase from their initial contribution.

"Our charge went from $250,000 to $1.25 million literally overnight," said David S. Reynolds, president of Choice Care, a nonprofit managed care company that serves about 120,000 people on Long Island. "Nobody really knows where all the money went, but that is a burden our businesses and their employees will now have to carry."

The money is being used to help bail out Empire Blue Cross and Blue Shield, which as the insurer of last resort has a very expensive population and was particularly poorly managed. With New York State now carved into seven separate districts, the areas where Empire is active seem most likely to be affected by the higher fees.

While there are differences, the state's new insurance program provides a preview of the much greater upheaval that can be expected both in metropolitan New York and across the country if the far more ambitious Clinton plan becomes the law. Indeed, New York's experience with setting up its community rating system illustrates the political and economic fault lines that would be exposed in establishing the system of regional alliances.

"If we had our druthers there wouldn't have been any territorial distinctions," said Wayne Cotter, a spokesman for the state insurance department. "But that was politically unacceptable. You've got downstate, upstate, and never the twain shall meet."

Instead, the state followed the lines of the seven districts that the Blues had already established. Long Island, New York City and Rockland and Westchester Counties are in a single regional pool.

HEALTH

How Alliances Would Work

Under the Clinton health program, states would create regional health alliances charged with:

- Enrolling all eligible residents and serving as collective purchasing agents for employers and consumers at the local level.
- Soliciting competitive bids from health plans and operating within an overall budget.
- Establishing a rate schedule for fee-for-service providers.
- Enforcing, within state guidelines, quality standards, financial solvency, and fair access to services by health plans.

Drawing Boundaries

Plan Would Create Powerful Alliances

The Clinton health plan, however, would encourage states to draw the alliance borders along the lines of what the Census Bureau defines as a Consolidated Metropolitan Statistical Area. That area covers almost 18 million people in the New York region.

The New York metropolitan area faces particular problems because the Consolidated Metropolitan Statistical Area actually embraces parts of all three states. The White House plan, however, would forbid alliances to cross state lines, complicating the job of businesses that would have to send insurance payments to a much greater variety of health care providers.

Inevitably, a tension is built-in. States would be allowed to build alliances that cover as much as the entire population, but they might prove particularly unwieldy. As an alternative, they could create smaller alliances, but that would produce wider cost disparities among them. The only firm rule would forbid splitting a Primary Metropolitan Statistical Area. In New York, Long Island, with 2.6 million people, is a primary statistical area separate from the rest of the metropolitan area. So is rural Orange County, with its mere 300,000.

Once under way, neighboring alliances could cooperate with each other; the people who belong to them would not be forbidden to go to doctors and hospitals outside their own region. Nonetheless, the Clinton alliances would still be large, powerful organizations with the authority to set rates for traditional fee-for-service care and, by limiting insurance premiums, enforce broad cost-containment controls over all health care providers within their domain.

"Regional health alliances would introduce another costly whole new layer of bureaucracy and regulation," said Dr. David B. Skinner, president of New York Hospital and generally a proponent of the President's plan. As originally proposed, the alliances would have been even more intrusive. But the Administration scaled back some features in response to criticism, and Congress is likely to trim even more. White House officials, however, say such complexity is unavoidable — and unlikely to be any worse than the present system's rules and red tape.

"You can't rely on the private market alone," said Mr. Kronick, who helped develop the President's plan.

Within the New York region, the Clinton plan calls for one alliance to collect payments from, at a minimum, the 8.5 million people living in New York City along with Westchester, Rockland and Putnam Counties. Indeed, the alliance could be considerably bigger, but nearby rural areas and Long Island would undoubtedly fight to establish their own alliances to avoid sharing big city costs.

New Jersey could create an alliance covering 5.7 million people from Bergen, Passaic and Sussex Counties in the north as far southeast as Ocean County along the shore. Or it could choose to divide the same area into four regions.

Connecticut, as far as the Clinton health planners are concerned, splits naturally into three regions, with the 830,000 people living around Bridgeport, Danbury, Norwalk and Stamford likely to make up a single alliance. But it, too, could allow smaller alliances.

White House officials contend that the system of alliances would improve the delivery of health care and help slash costs, such as heavy overhead, that currently hit small businesses and the self-employed particularly hard. They argue that if health care providers offer standardized benefit packages within a region, confusion about coverage will be eliminated and administrative waste will be dramatically reduced, without a loss of flexibility in different localities.

But perhaps one unstated reason, analysts say, that Mr. Clinton chose a state-run approach is that it helps enlist the support of the nation's governors, who would play a big role in the new system.

In New York, New Jersey and Connecticut, state officials are just beginning to explore how the system of alliances might work. But they all agree that it is likely to become embroiled quickly in traditional political feuds.

"I think there is a strong argument for having just one statewide alliance," said Dr. Bruce Siegel, New Jersey's Commissioner of Health. "But I imagine you would end up with at least three separate alliances, simply because different parts of the state will insist upon it."

HEALTH CARE

Sharing the Cost

This is the Consolidated Metropolitan Statistical Area that covers New York City and adjoining parts of New York State, New Jersey and Connecticut. It is made up of smaller "primary" statistical areas. The Clinton health plan would create regional "alliances" to shop for health coverage for everyone in an area. An alliance must cover at least one primary statistical area. What Long Islanders would pay for health insurance may well depend on whether they become part of a broad alliance that includes New York City or are allowed a separate alliance covering only Long Island.

Source: U.S. Department of Commerce

3

THE PRESIDENT HAS SEEN 11/8

Daniel Patrick Moynihan
New York

copy
Howard P
Carol Rasco
fyi

United States Senate
Washington, D.C.

November 8, 1993

Dear Mr. President,

Watching, listening to you discuss family policy on "Meet the Press" yesterday, I found myself thinking of that distant time when I brought the issue to the Johnson White House. Things started so well; then ruin.

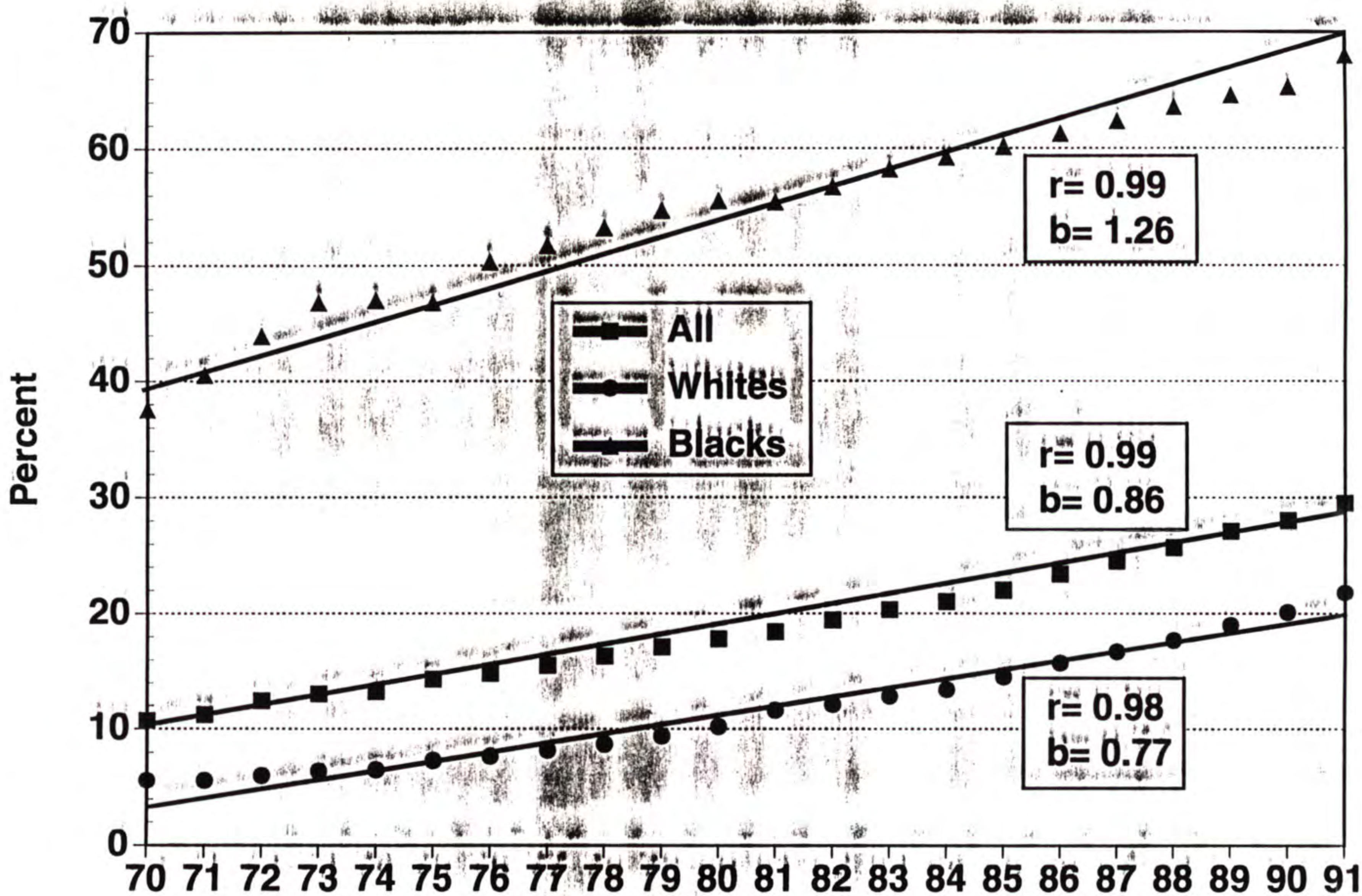
If you should ever wish to talk about the subject, I am surely at your service. For the moment, you might want to glance at the enclosed chart. I was looking over the numbers a while back and thought, my God, these are straight lines. We did the regression analyses, and sure enough. Please note the top line and the slope.

Respectfully,

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

THE PRESIDENT HAS SEEN 1/8/93

Births to Unmarried Women



- The statistic, "r", called the correlation coefficient, indicates how closely a particular regression line fits the data. A 0.99 or 0.98 correlation coefficient indicates an almost perfect fit.
- The statistic "b", called the slope, indicates how rapidly a line is rising or falling.

THE WHITE HOUSE
WASHINGTON

DATE: 11/09/93

TO: CLIFF SLOAN

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

Please prepare a draft response for the President's signature and return to my office.

Thanks.

RETURN THIS ORIGINAL LETTER WITH THE DRAFT.

FRED PHILIP HOCHBERG

November 2, 1993

Dear Mr. President,

I write to you today as a Trustee of the Democratic Party, a Delegate at Large to the DNC, a long time supporter of yours, and a member of the gay and lesbian community that worked for you in 1992.

It is in the last regard that I write you to express my disagreement with the Administration's filing with the Supreme Court to block the Hatter decision regarding gays and lesbians in the military.

In July of 1993 you made a decision that fell short of your intention in terms of allowing lesbians and gay men to serve openly in the military. At that time you indicated a disappointment on your part in coming up with a compromise that was not in full accordance with your beliefs. We are now in a situation where your administration has filed with the Supreme Court a motion to block the Hatter decision that goes far beyond the narrowest framing of your policy and if I understand your personal views totally at odds with your value system.

I don't know how to understand this and explain it to the gay and lesbian community at large. Can you help?

Sincerely yours,

Fred Hochberg

Fred P. Hochberg

cc: David Wilhelm

THE PRESIDENT HAS SEEN
11-9-93

THE WHITE HOUSE

WASHINGTON

November 8, 1993

NOV 8 P12:54

MEMORANDUM FOR THE PRESIDENT

FROM: MARCIA HALE MH

SUBJECT: NGA WINTER CONFERENCE

The NGA winter conference is from Sunday, January 30 - Tuesday, February 1, 1993. Historically, the governors dinner at the White House is on Sunday night. However, as you remember from last year, this is also the Superbowl. I feel strongly that we need to consider the picture of you and the governors in tuxedos while the rest of the country is watching the Superbowl.

I am investigating having the dinner on Saturday night. This would alleviate the problem of the Superbowl. As you know, having the dinner on Saturday night would require changing the schedules of many of the governors, however, I feel that this is a better solution than moving it to Monday, the only other option, and the same night as the DGA and RGA fundraisers.

I would like to know your feelings on having the dinner on Saturday. I have asked Ann Stock and will obviously run the idea by the First Lady. Please let me know.

ask HRC
Sat or Sun
ok - ~~[illegible]~~ don't
overreact

cc: Mack McLarty
Roy Neel
Ricki Seidman
David Gergen
Maggie Williams
Mark Gearan
Ann Stock
Patti Solis

CC MARCIA
RICKI

THE WHITE HOUSE

WASHINGTON

November 8, 1993

8 P3:27

MEMORANDUM FOR RICKI SEIDMAN
JOHN PODESTA

Ricki
All yours
John
11-9-93

FROM: PAUL DIMOND PD

SUBJECT: NCRC REQUEST FOR POTUS ADDRESS

The National Community Reinvestment Coalition, and Irvin Henderson its Chair, have been instrumental in providing input and support for the President's Community Development Financial Institutions Bill and charge to the financial regulators to reform the Community Reinvestment Act by issuing new regulations substituting performance for paperwork. Irvin spoke at the CDFI event with the President at the ceremony on the White House lawn in support of these initiatives and has since followed up very constructively with the NEC, DPC, Treasury, and Comptroller Ludwig.

The attached includes a personal request from Irvin to the President inviting the POTUS to speak at NCRC's annual convention here in D.C., between February 6 and February 9. Depending on the status of the CDFI and CRA initiatives, this date might be prove very timely to help solidify the coalition between community reinvestment groups and banks that the President is seeking to forge in support of the Administration's broader community reinvestment and bank reform initiatives which the President (through Secretary Bentsen) has begun to advance.

I therefore recommend that consideration be given to reserving a date tentatively on the President's schedule for such a speech before the NCRC, perhaps in conjunction with an NCRC invitation to sympathetic banks, thrifts, credit unions also to attend. If the timing does not turn out to be right for any reason, we can schedule an alternative speaker on behalf of the White House.

NATIONAL
COMMUNITY
REINVESTMENT
COALITION
NCRC

John E. Taylor
Executive Director

1875 Connecticut Avenue, NW Suite 1010
Washington, DC 20009
202 986-7898
Fax 202 986-7475 Handsnet #HN1748

Paul Dimond
Special Assistant to the President
National Economic Council
The White House Room 233
Washington, D.C. 20500

November 2, 1993

Dear Mr. Dimond:

Attached is a copy of the letter that National Community Reinvestment Coalition sent to President Clinton on September 9, 1993 inviting him to be the keynote speaker for our 1994 National CRA Conference in Washington, DC.

It has occurred to both our Chairman Irvin Henderson and myself that the February date of our conference gives us an ideal opportunity to have the President announce his CRA reform, and/or any other relevant banking, CDFI, or community reinvestment matters. NCRC's Annual Conference represents this country's largest annual gathering of community reinvestment leaders, researchers, the press, regulators, government officials, and others involved in the CRA agenda.

NCRC represents over 360 dues paying nonprofit organizations who are active in community reinvestment matters. We expect that at least 200 member organizations will be present at our national conference.

We have invited FRB head Alan Greenspan, Comptroller Gene Ludwig, and Asst. Sec. Roberta Achtenberg to deliver key addresses. Each have already accepted our invitation.

We believe this would be an ideal opportunity to build consensus support and promote positive coverage of President Clinton's leadership on the issue of community reinvestment and CRA reform.

Please let us know if there is anything that NCRC might do to further promote the President's participation in this event.

Sincerely,

John E. Taylor
Executive Director

cc. NCRC Board of Directors
enc. Pres. Clinton Ltr

NATIONAL
COMMUNITY
REINVESTMENT
COALITION

NCRC

John E. Taylor
Executive Director

1875 Connecticut Avenue, NW · Suite 1010
Washington, DC 20009
202/986-7898
Fax 202/986-7475 · Handsnet #HN1718

September 9, 1993

President Bill Clinton
The White House
1600 Pennsylvania Avenue
Washington, DC

Dear President Clinton:

The National Community Reinvestment Coalition (NCRC) would like to thank you once again for inviting us to the White House in July to participate in your announcements on Community Development (CD) Banks and reforming the Community Reinvestment Act (CRA). Your comments on the establishing and funding of CD Banks and reforming CRA to be more performance-based are welcomed by our over 300 member local, state, and national organizations throughout the United States.

NCRC is working very closely with the U.S. Congress and the Federal Regulators in a concerted effort to accomplish these goals in the next few months. You can count on us for our cooperation and assistance to bring these legislative and regulatory changes to fruition.

In a similar light, on February 6-8, 1994, NCRC will be holding our Annual Meeting and Conference in Washington, DC. Our theme for this year's conference is, "CRA: Investing So Communities Work." Your announcements are ideally suited for our conference participants.

The passage of the Community Development Banks initiative and the establishment of improved CRA regulatory procedures for financial institutions will provide additional capital and credit to underserved urban and rural communities all across this country.

NATIONAL
COMMUNITY
REINVESTMENT
COALITION

NCRC

The main purpose of this letter is to invite you to be our keynote speaker, perhaps focusing on the regulatory changes in CRA which are scheduled to be announced in early 1994 or your vision on opening up opportunities for new housing, business, and social services through increased access to credit.
In order to accommodate your schedule, we are open to building the conference agenda around your schedule. Your presentation can occur at any of our lunches or dinners on February 6 (Sunday), February 7, or February 8. We are still in the early stages of planning for the conference agenda so we are open for suggested times that you are available.

For your information, we have included a copy of last year's conference to provide you with background on our agenda. We expect between 250-300 nonprofit organizations to be represented at the conference: including all the leading community reinvestment and development players.

We will contact the White House in a couple of weeks to follow -up this initial letter.

We congratulate you, Mr. President, on your vision and programs to increase the capacity of low-income, minority, and underserved communities to become part of mainstream America. Allowing all citizens to have the equal opportunity to become productive, self-sufficient residents in the towns and cities across this country, will be a major leap forward in rebuilding the hopes and dreams of all our families.

We look forward to continued dialog along these exciting goals.

Yours truly,

John E. Taylor
Executive Director

Irvin Henderson
Chairman Board of Directors

Tuesday, November 9, 1993

CONCERN ABOUT ADMINISTRATION'S HANDLING OF FARM ISSUES (DM Reg-11/7) -- The article says the administration lost gains it made with agricultural interests through its rapid response to flood damages, and now faces complaints about inertia on issues related to ethanol and pork exports. Midwestern senators point out the previous administration supported both issues, and this administration should not do less.

COMPLAINTS ABOUT IOWA HOG RESEARCH SITE (DM Reg-11/2) -- Despite assurances by Iowa State University officials that people have little to fear from the national swine research farm planned by USDA, some nearby residents are concerned that the location of the farm will result in pollution problems.

REFORESTATION PLAN DEBATED (LA Times-11/7) -- Forest Service officials want to use herbicides on the Stanislaus National Forest (Calif.) to restore an area damaged by wildfire. But, environmentalists and many others are opposed, claiming the plan contradicts goals of maintaining biodiversity and saying the chemicals present a hazard. The plan calls for the first aerial application of herbicides in the state since the FS lifted a seven-year moratorium on herbicide use in 1991. The agency says the herbicide use would result in a diverse forest much faster than nature would produce by itself, and claims it would reduce fire hazard.

TO BRUCE LINDSEY FROM John Podesta 11.9.93

FOREST SERVICE REINVENTION (W.Times) -- The article outlines the efforts of the Forest Service's Eastern Region to reinvent itself through reduction in regulations and cutting staff by transferring responsibility to lower units. It shows monetary savings and improvements in productivity.

VOTE ON GRAZING DEBATE (NY Times, USA) -- The articles review the debate over changes to federal grazing policy and an attempt set for today to break the Senate filibuster that is holding up legislation to alter the policy. The Times outlines some of the politics involved.

ACTION ON WHEAT IMPORTS HELD UP (Reuter-11/8, KRF-11/8) -- Sec. Espy said it wouldn't make sense to act on possible limits to imports of Canadian wheat until after he talks with his Canadian counterpart. He said he is ready to meet any time; a meeting date has not been set.

RENEWABLE FUELS DEFENDED (W.Times) -- The president of the Renewable Fuels Assn. sets straight what he calls a number of inaccuracies that appeared in commentary Nov. 1. He says ethanol blends dramatically reduce toxics found in gasoline. He concludes that the oxygenated fuel program had an outstanding first-year success rate and should be supported.

COMMERCIALS CRITICIZED FOR FAT CONTENT (WSJ, USA, W.Times) -- Researchers say TV commercials for high-fat food have increased sharply on children's shows.

BENEFITS OF PRODUCE (USA) -- Research shows that women with heart disease dramatically improve their survival chances by eating lots of fruit and vegetables.

GRANGE ENDORSES NAFTA (UPI-11/8) -- The National Grange urged adoption of NAFTA; they said the annual $2.5-billion increase in US farm exports will add more than 50,000 permanent jobs to the economy.

JAPAN'S RICE MARKET (WSJ, Wires-11/8) -- An interim report by Japan's Advisory Group for Economic Restructuring said economic activity should be free of government regulation. When he spoke at a news conference, the chairman of

65

Presidential Phone Calls

'9 P5:42

DATE: 11-7-93 TIME: 4:45
incoming/outgoing

WITH: Glenn / Balanced Budget A.

SUBJECT: looking at BBA -
leave vote
concerned w/ defense cuts
if questions will get
back to him -

—

send copy to George

TALKING POINTS ON THE BALANCED BUDGET AMENDMENT

1. THE CLINTON ADMINISTRATION IS COMMITTED TO DEFICIT REDUCTION AND HAS TAKEN HISTORIC ACTION TO BRING THE DEFICIT DOWN:

• Passed the largest deficit reduction package in history

• Passed a hard freeze -- a 12% real reduction in discretionary spending -- which is unprecedented.

• People do not yet realize how brutal reaching those caps are going to be. Leon Panetta is already telling us that people are going to be shocked when they see how severe some of the cuts are -- especially if we are trying to make progress in other areas like fighting crime and defense conversion.

2. A BALANCED BUDGET AMENDMENT WOULD BE DEVASTATING FOR THE ECONOMY:

• We are also worried that a balanced budget would be devastating for the economy for two reasons.

-- We are now on a path of steady and sustainable growth. We now have a good balance, yet we will have to take $500 billion out of the economy over the next five years. We believe that we can sustain that -- but there is a limit. If we push too hard, we could hurt this economy seriously.

-- A study released last year by Wharton Econometrics, showed there could be 3.4 million jobs lost. In the aftermath of the deficit reduction we have already done, we have some preliminary Treasury numbers that suggest that the job loss could be closer to 7 million, with a substantial hit on growth as well.

-- We learned in the Bush years, nothing hurts the deficit more than recession. If we slam on the breaks too hard, we could find drive up the deficit.

• **The balanced-budget amendment is rigid, and because it has rigid escape clause, it would accelerate economic downturns. As the President said in his letter to the Congressional leaders: a balanced budget amendment is:**

" in the first place, bad economics.... the deficit increases automatically whenever the economy weakens. If we try to break this automatic linkage by a Constitutional amendment, we will have to raise taxes and cut expenditures whenever the economy is weak. That not only risks turning minor downturns into serious recessions, but would make recovery from recession far more difficult.... This is not a matter of abstract economic theory. Contractionary fiscal policy in the 1930s turned an economic slowdown into a Great

Depression. A balanced-budget amendment would threaten the livelihoods of millions of Americans. I cannot put them in such peril."

3. THE NEED TO START PLANNING IMPLEMENTATION LANGUAGE WOULD START RIGHT AWAY -- NOT YEARS LATER: Some people have the misconception that since the balanced budget requirement does not kick in until FY1999, that that is when the hard choices must be made. That is not the case. If Congress were to pass the balanced budget amendment, they would need to start to plan implementing legislation immediately. That would mean that members of Congress would be being asked to take positions on on how to get the extra $500 billion necessary to get down to zero -- choices that would clearly include major Social Security cuts and major middle class tax increases.

4. A BALANCED BUDGET WOULD LEAD TO A COMBINATION OF LARGE MIDDLE CLASS TAXES, SOCIAL SECURITY BENEFIT CUTS FOR THE MIDDLE CLASS, OR LARGE MEDICARE AND MEDICAID CUTS THAT WOULD HURT CHANCES FOR HEALTH CARE.

- By FY1999, the deficit is supposed to be around $185 billion (OMB) to $223 billion (CBO). To get the deficit down to zero by that time, would require at least an additional $500 billion package through FY 1999 -- which is only one year more than the current package. That would almost surely require a combination of huge taxes, large cuts in Social Security.

- The Concord Coalition, for example, would raise the gas tax 50 cents a gallon, double all of the sin taxes that we plan to do for health care, means test Medicare and Social Security benefits for over 40% of all Americans, do additional substantial cuts on Medicare, cut defense and do virtually no new investments in crime, defense conversion or anything else.

5. A BALANCED BUDGET WOULD THREATEN ANY CHANCE FOR MEANINGFUL HEALTH CARE REFORM: One of the things that all of the plans have in common, is that they speak of doing health care reform without a large tax increase. That is because most will use Medicare and Medicaid savings to help fund reform. If this money is taken away and used for deficit reduction, it will kill health care reform efforts. This would be ironic since a comprehensive health care reform is our single best chance to do something about bringing the deficit down -- which is driven up by rising Medicare and Medicaid costs -- which is going up 11-16%. If these savings are taken just for deficit reduction, it will:

-- lead to just cost-shifting to the private sector
-- will likely be vigorously opposed by senior groups if funds are saved, but not used for health care.
-- kill the chances for any of the major health care reform plans, because it would require raising broad-based taxes on top of broad based taxes that would already be required to balanced the budget.

6. A BALANCED BUDGET AMENDMENT WOULD PUT OUR NATIONAL SECURITY BUDGET AT RISK. A serious danger is that if members of Congress have to vote on middle class taxes or Social Security cuts, they will look anywhere else and the only other big pot they will find will be defense and that would lead to decisions on national security based on politics, instead of what we need to be militarily secure.

7. A BALANCED BUDGET WOULD THREATEN OUR EFFORTS FOR DEFENSE CONVERSION: States like Connecticut and California would be seriously hurt because they need reinvestment projects to help them compensate for the defense cuts that are hurting their economy. A balanced budget amendment would destroy any chances of major defense conversion sources.

8. A BALANCED BUDGET WOULD THREATEN WAR AGAINST CRIME AND DRUGS: If Congress had to start planning immediately how to find $500 additional funds over the next five years, the easiest and most visible target would be the $22 billion just set aside in the Senate for fighting crime and drugs.

9. A BALANCED WOULD THREATEN OUR INVESTMENTS IN PEOPLE: There is widespread public support for doing more on worker training, welfare reform, and education. In our FY1994 budget, we only got 1/3 of what we asked for in these vital areas. A balanced budget would be the death–knell for any hope of making major structural changes in training, welfare reform or investing in kids and reforming schools.