Paster
Rahm
Daley

THE PRESIDENT HAS SEEN
11-9-93

Met w/ Strauss, Matsui
already voted for
one respected to move
to Mex., Mexican will do - will be used
Greenpeace ops
i.e. also citizens for the Mex. goodies
covered
will Pelosi - Clay
Gephardt - Bonior
re oppose

THE WHITE HOUSE

WASHINGTON

November 9, 1993

RECOMMENDED TELEPHONE CALL

TO: Congressman Romano Mazzoli

DATE: November 9, 1993

RECOMMENDED BY: Howard Paster/Susan Brophy

PURPOSE: To ask him to display his leadership by committing to vote for the NAFTA

BACKGROUND: **Congressman Romano Mazzoli (D-KY)** is leaning towards voting for the NAFTA. As Chairman of the Judiciary Subcommittee with jurisdiction over immigration, he has discussed that issue in depth with the Attorney Genreal and Doris Meizner at Justice. He has announced he will not be running for re-election. The Congressman has voted in the past for free trade even at the cost of support. He is concerned about the enforceability of the side agreements. He appears to be swayed by the argument that Leader Gephardt made to him that they could renegotiate a better NAFTA next year. As you remember, you went to Kentucky last Thursday, and invited him to travel.

TOPICS OF DISCUSSION:

1. You need to ask the Congressman to display his Leadership by coming out for the NAFTA.

2. You should re-enforce the message that the immigration problems will only get worse if NAFTA does not pass.

3. You should emphasize that, as a leader who is not running for re-election, it is incumbert upon him to show leadership and make the tough choices.

CONTACT PERSON AND TELEPHONE NUMBER(S): Howard Paster/Susan Brophy (2230)

DATE OF SUBMISSION: November 9, 1993

ACTION: ______________________

Marcia Hale

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
11-9-93

November 4, 1993

RECOMMENDED TELEPHONE CALL

TO: Bob Crawford, Florida Agriculture Commissioner
work: (904) 574-0602
home: (904) 488-3022

DATE: November 5, 1993

RECOMMENDED BY: Marcia L. Hale MLH
Governor Lawton Chiles

PURPOSE: To neutralize the Commissioner on NAFTA which will help Governor Chiles when he speaks with the Florida delegation about NAFTA.

BACKGROUND: Governor Chiles today decided to publicly support NAFTA. He is planning a press announcement and will actively work for passage. However, he has requested that you call the Florida Agriculture Commissioner Bob Crawford, who is strongly anti-NAFTA. As you know, Crawford was an early supporter and Chiles believes a phone call mentioning the citrus and sugar agreements will go a long way to neutralizing him.

CONTACT PERSON AND TELEPHONE NUMBERS: Marcia Hale x 7060

DATE OF SUBMISSION: November 4, 1993

ACTION: 11-9-93
- significant concessions
- sugar looks pretty good
- ? on orange juice
- he'll "take a hard look
- will find some way to help out"!

THE WHITE HOUSE

WASHINGTON

NOV 9 P5:41

Rivlin

— Sununu n: history
leaders meeting —
— Meeting w/ Thin Dragon
w: Ag Secretary

B

THE PRESIDENT HAS SEEN

11-9-93

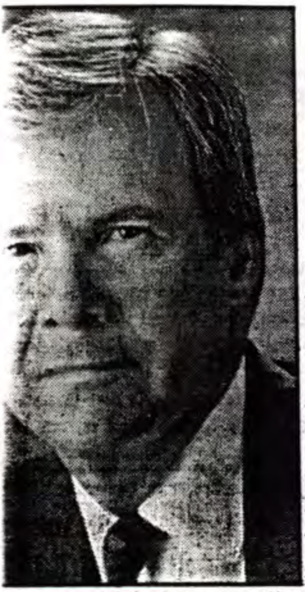
H—

Shd I sign
some clemencies?

B

It— I thought this was interesting C.

s



ROKAW

WHOOPI GOLDBERG

to lie low," Brokaw said. ou not to rest on your Remember you cannot land in the nation. show us the way. It be-home."

berg, Danson no apologies

pi Goldberg and Ted have no apologies in the e flap.

een months of insults eir interracial romance ed them that Danson's e appearance at a Friars ast for Goldberg would answer to racist critics.

mail that says, 'I you and Ted Danson bies, I hope they die.' d of stuff. OK?," she an interview on cable's ntertainment Television.

in talking about this, in onths, this was not ng he did off the cuff. s done over a long peri-me," she said.

appearance was the s first substantial interview e flap over Danson's bit at the Manhattan

months of hearing that was a "nigger lover," the "Cheers" star unfairly was branded a racist, the couple said.

Danson, who used the word "nigger" during his bit, said he was "proud of what I did. ... Obviously, I knew it was going to be shocking."

Goldberg said, "Everybody else may have been squirming, but we were out there saying, 'We're laughing at it.' We're here, we're putting it out there. Can you handle it? 'Cause we been dealing with it for a year and a half."

Tabloid coverage of the couple's romance also prompted their over-the-top response, Danson said.

"For me it was a little bit like, 'OK, you came to see the tabloid kids here. Fasten your seat belts,'" Danson said. "My intention was to overload to the point where you had to start laughing, because you were seeing somebody who obviously cares for each other."

And the last word from Goldberg: "This is Whoopi. I never promised to be politically correct for anybody."

Hillary pays check for Bill's shopping

President Clinton did the shopping, but it was his wife's signature on the check paying the bill — only fair perhaps since a sign honoring the first lady drew him in.

Clinton dropped in last month to browse Markoe's Gallery in St. Petersburg Beach, Fla., after reading a wall sign saying: "Relax, there's a woman on the job. We love you Hillary."

He bought jewelry, glassware and pottery, then insisted on being billed at the White House when owner Nancy Markoe told him to put his money away.

Two weeks after the tab was sent, Markoe got a check for $342.40, signed by the first lady.

Humorist joins CBS news show

Tim Sample, the Maine humorist and storyteller, is the latest member of the "CBS News Sunday Morning" team.

Sample has his debut on Charles Kuralt's popular Sunday news magazine Oct. 31, with an introductory segment about his childhood in Boothbay Harbor. Sample will produce folksy video essays every four to six weeks.

"It blows my mind," Sample said Friday. "A lot of exciting things have happened in my life, but this tops them."

Sample has produced specials for Maine television and short spots on "Good Morning America" and "CBS This Morning." He has produced cassettes, videotapes and books.

Actress honored for achievements

Argentine actress-singer Libertad Lamarque was honored at Universal Studios in Universal City, Calif., for her accomplishments in seven decades of film, theater and music.

"I don't know what to say. I am very emotional," Miss Lamarque, 85, said Friday after receiving numerous commendations and plaques during a ceremony organized by Celebrando Magazine. A costumed Woody

LOTT

California

Below are the winning numbers picked Saturday night for the California Lottery's twice-weekly "Super Lotto" game: 14, 15, 26, 41, 46 and 49 for a $10.9 million jackpot.

Arizona

One person won the $50,000 Fantasy Five grand prize drawing, Arizona Lottery officials said

THE PRESIDENT HAS SEEN 11/9

HRC should send to all Dems in Congress — maybe w/ a note from you. B.

James J. Mongan

Health Care: Why We Failed the Last Time

I am the doctor who was at the bedside when the last national health proposal, put forth by the Carter administration, died. The time was May 1980 and the place the Senate Finance Committee. I was the White House representative for the Carter administration during the committee's bill-drafting session. The proposal died quietly, with little attention from the media, after a two-year "wasting illness" during which it shrank from a large, relatively robust proposal to a small, anemic shadow of its former self.

The Carter plan began, under principles released in July of 1978, as a proposal for a phase-in of universal coverage. But the administration was never certain of support for the increased taxes of employer mandates necessary to make universal coverage a reality. So the plan began to diminish even before it was released in "draft form" in January of 1979—to a proposal for a phase-in of coverage, with each expansion conditional on certain economic circumstances. This conditional phase-in was then diluted further, during congressional consultations, to one conditioned on further congressional votes for implementation at each phase.

Finally, universality was left behind in March of 1979 when the Carter administration fell back to an attempt to pass a phase-one-only bill that would have achieved some modest expansion of low-income coverage, along with a diluted employer mandate of much less expensive coverage, against only catastrophically high health costs. The proposal finally expired in May 1980 when the Finance Committee failed to reach agreement even on this anemic remnant of the original proposal.

I write now in the hope that we can learn some lessons from an autopsy of this case that might lead to a different outcome for the Clinton proposal.

There are important similarities between the Carter and Clinton plans and their political context. Both proposals, at least at the outset, have been quite broad in scope, calling for a phase-in of universal coverage, and a broad set of benefits, financed in good part through an employer mandate, with appropriate subsidies. There are also some similarities in the political setting with, in both instances, a Democratic president working with a Congress controlled by Democrats.

There are also, of course, important differences. Substantively, the Clinton proposal has a somewhat different administrative structure, relying on state-based health alliances that foster managed competition. There is a relatively large role for state flexibility. The Carter plan had a larger federal role, with employers having a choice of obtaining private coverage, or obtaining coverage through a federally sponsored public backup program modeled after Medicare.

As for the political setting, there are at least two important differences. First, President Clinton has placed health insurance high on his agenda from the earliest months of his administration. In the Carter administration, health insurance took a back seat to energy issues and welfare reform, to name but two competing issues. Secondly, there appears to be somewhat more cohesion among Democrats than there was in 1979 and 1980, when health insurance became an important battleground in the struggle between President Carter and Sen. Edward M. Kennedy prior to the primary election fights in 1980.

What lessons can be learned, then, from the story of the ill-fated Carter proposal? First we must establish the cause of death. The Carter proposal wasted away a little at a time, gradually growing smaller and smaller. Why? Undoubtedly, division among the Democrats was a major factor; it gave the administration little choice but to attempt to build a more conservative coalition around a much smaller proposal in the Finance Committee. Equally important was the subordination of the goal of universal coverage to other goals—among them avoiding tax increases and employer mandates, which aroused the anger of the small-business community.

The first lesson, then, is to remember the importance of party cohesion. A health insurance bill cannot be passed by Democrats alone. It surely cannot be passed with a badly fractured majority party. Democrats who want health insurance to pass must not allow the best to become the enemy of the good and bog down the debate in repeated tests of ideological purity. *

Having said that, the second lesson is that during the pull and tug of congressional action, the moral compass to guide us through the health insurance debate and lead to a successful conclusion must not be lost or set aside. That moral compass is the attainment, by a date certain, of universal coverage. * Once this debate begins to slide down the slippery slope away from universal coverage, through contingent universal coverage, on down to incremental expansions of coverage, it will suffer the same death by degrees as the Carter proposal.

Although just about everyone in Congress, of both parties, is ostensibly in favor of the concept of universal coverage, there is still a notable queasiness about the employer mandates and taxes necessary to make universal coverage real.

In the quest to gain the broad bipartisan support that will be necessary to pass legislation, there is the danger that the goals of avoiding taxes and mandates will again take precedence over the goal of achieving universal coverage—and we will again fail to meet the major moral test of this debate.

There is a message here for members of Congress. You can negotiate on the types and mix of taxes and mandates, but a guaranteed date for universal coverage must be nonnegotiable if we are to avoid the mistakes of the past and seize this historic opportunity. The test of history will be simple: Is everybody covered?

The writer was associate director of the White House domestic policy staff in the Carter administration. He is now dean of the medical school at the University of Missouri-Kansas City.

THE WASHINGTON POST _ TUESDAY, NOVEMBER 9, 1993

58

THE PRESIDENT HAS SEEN 11/9

THE WASHINGTON POST TUESDAY, NOVEMBER 9, 1993

GS - should go to undecided dems

Jim Hoagland

Al Gore's New Assignment

No matter how well Al Gore does tonight against Ross Perot on CNN, the Clinton administration still faces a dangerous stretch run to the wire on NAFTA that will be won or lost by the foreign policy horse in the race.

The choice of Gore for this debate was not the hastily made, last-minute gamble that many accounts present. It is part of a broader White House strategy to have Gore become a spokesman on foreign policy for an administration that has not developed a convincing way to explain what it is up to abroad. The decision to involve Gore in foreign policy was made two days before Bill Clinton casually disclosed the debate challenge to Perot.

Gore's maiden effort will be a challenging one. The White House cannot hope to gain a winning edge on the emotional and confusing issue of the number of jobs that NAFTA will allegedly eliminate or add. There are enough experts and demagogues on each side of that question by now to have confused anyone who is not bound by ideology or special interests to either the pro- or anti-NAFTA camp.

What Gore can do is to neutralize the jobs issue by pointing up the contradictory and unproven nature of Perot's claims. This would clear the way for an appeal by Clinton to 20 or so wavering Democrats in the House of Representatives not to undermine America's standing abroad by denying the president the power and authority to make foreign policy.

The presidential-powers argument has been so abused and overstated by previous administrations that it may fail as a closer for Clinton. More's the pity. Not only is NAFTA right on the merits, but this time a president's authority abroad will be significantly weakened by a congressional defeat. A defeat for NAFTA would be a turning point psychologically for America.

A few months ago NAFTA looked to the administration like the opening salvo in a fall offensive on trade and jobs. If the salvo sputters—if NAFTA goes down—the fall offensive is likely to turn into a fall debacle.

As the House votes on Nov. 17, Clinton will be preparing for the first Asian Pacific Economic Community summit (APEC) in Seattle. Two objectives dominate Clinton's Seattle agenda: to show the American public he has a handle on economic relations with Asia's two giants, Japan and China, and to gain leverage against Europe as the Uruguay Round trade negotiations reach a climax.

Those negotiations, part of the General Agreement on Tariffs and Trade (GATT) rules for global trade, have a Dec. 15 deadline. They are currently deadlocked by a dispute between the United States and France over agricultural export subsidies.

The last carom in Clinton's three-cushion foreign-policy shot occurs in Brussels on Jan. 11, where a successful summit of the North Atlantic Treaty Organization could heal the wounds inflicted on European-U.S. relations by discord over Bosnia. A good NATO summit would be the icing on the alphabet soup of NAFTA, APEC and GATT and would help Clinton establish his leadership at home through success abroad.

That is the way it looked last summer after Clinton performed well at the Group of Seven summit in Tokyo. But the "uncertain saxophone" (in Jesse Helms's phrase) that the administration has blown in Somalia, Haiti and Bosnia since then and the assault on NAFTA by Perot and organized labor have changed the picture.

In France, Prime Minister Edouard Balladur is waiting for the NAFTA vote before deciding on his endgame in the dispute with his European Community partners and Washington on GATT. A NAFTA defeat weakens Clinton's hand in the triangular negotiations with Japan and Europe.

GATT in turn casts a big shadow on the NATO summit. President Francois Mitterrand, who has the final word on France's foreign policy, has blocked Balladur's forward-leaning proposals on French cooperation with NATO. Mitterand is apparently waiting to see how the agriculture dispute turns out before deciding how cooperative or obstructive to be at the Brussels meeting.

Passing NAFTA will not guarantee that the other pieces will fall into place. But defeat will shrink the odds of American success dramatically. That in turn nails Clinton's feet to the floor when he was hoping to soar off on another comeback flight.

Clinton has shown a remarkable ability to amass confidence and support momentarily, and then to fritter it away. His administration is likely to be a series of alternating peaks and troughs rather than the straight line up and straight line down traveled by George Bush in his four years.

That says a great deal about Clinton, but even more about the electorate he seeks to lead—an electorate insecure on trade and the economy and fearing that deals with Japan and Europe take jobs and resources away from the American worker.

A defeat for NAFTA will say to the world that America now fears it can be manipulated and outsmarted in a trade deal with a Third World neighbor whose economic weight is negligible in American terms. No president could lead convincingly in those circumstances. On a close call, Congress has to take that into consideration.

Good argument for AG

THE PRESIDENT HAS SEEN 11/8

THE WHITE HOUSE

WASHINGTON

2 PI:24

Mark
This is too much —
we need to really work
on a tighter list that can
cover criticisms —
B

November 2, 199[illegible]

MEMORANDUM FOR THE PRESIDENT

FROM: MARK GEARAN MG

SUBJECT: <u>Accomplishments to date</u>

As we discussed this morning, two memoranda are attached for your review:

"Change" prepared by Jonathan Prince. This memo deals specifically with changes that would not have come to pass if you had not been elected; it is not a <u>comprehensive</u> list of every Administration accomplishment. Rather, it is designed to answer a question that has been posed to us by, among others, Mike Frisby of the <u>Wall Street Journal</u>: "How is the world different today because Bill Clinton is President?"

"Clinton Administration Accomplishments" prepared by the Communications Research Department. This document is intended to be a complete list of the Administration's accomplishments and includes appointments, executive orders, legislation enacted, and legislation proposed.

Please note that both memoranda are being circulated for final vetting.

We are pursuing opportunities -- including McNeil Lehrer and the Sunday morning shows -- to discuss the achievements represented in these two documents. In addition, these documents provide the basis for conversations we plan to have with targeted columnists. They will also be shared with David Wilhelm.

Attachments

11/1/1993

CLINTON ADMINISTRATION ACCOMPLISHMENTS

DRAFT

AGRICULTURE

- Ordered comprehensive reorganization of the Department of Agriculture.
- Announced the $700 million Food for Progress program expanding U.S. agricultural exports to the Russian Federation.

APPOINTMENTS

- Appointed the most diverse Cabinet and Administration in history: 29% African-American and 14% Hispanic.
- Appointed women to nearly half of all Clinton Administration positions and to six cabinet level posts.
- Confirmed a new Supreme Court Justice, Ruth Bader Ginsburg, in less time than any Justice since John Paul Stevens was confirmed in 1975.

BUDGET

- Passed the single largest deficit-cutting plan in history -- $496 billion over five years.
- Created a Deficit Reduction Trust Fund which locks up $496 billion for the sole purpose of cutting the deficit over the next five years.
- Issued an Executive Order to control the growth of entitlement spending while allowing for increasing caseloads.

CREDIT CRUNCH

- Initiated aggressive action to alleviate the credit crunch. Issued more than 10 regulatory initiatives providing small businesses with more capital at lower interest rates.

CRIME

- Introduced a tough new crime bill that places heavy emphasis on community policing and marks the first step toward putting 100,000 more police officers on the streets and reducing gun violence.

- Ordered the Bureau of Alcohol, Tobacco and Firearms to tighten Federal licensing rules for gun dealers and to ban imports of foreign assault pistols such as the Israeli-made Uzi.

- Announced strong support for the Brady Bill - five day waiting period on the purchase of handguns.

- Signed Presidential Directives to reform federal firearms licensing procedures by improving background checks and imposing other security measures to keep guns out of the hands of criminals and to close loopholes on importation of assault pistols.

- Passed the Police Hiring Supplement, making $150 million available to communities most in need of community policing.

- Supported for the Violence Against Women Act.

- Elevated the Director of the Office of National Drug Control Policy to Cabinet rank.

- Introduced an Interim Drug Strategy which calls for more emphasis on hard-core drug users and links the drug policy agenda to other related initiatives - job creation, health care, reduction in crime, and education reform.

DEFENSE

- Completed the first comprehensive strategic review of defense policy for the post-Cold War world. DOD's bottom-up review identified $91 billion in pragmatic specific cuts over the next five years and left the way for an additional $13 billion in cuts.

- Announced a comprehensive five-year package to ensure that those people and communities that helped fight and win the Cold War are not forgotten. This effort includes a joint program of the Defense Department and the National Economic Council to provide economic development assistance to hard-hit communities, worker training to dislocated defense workers, and a new emphasis on dual-use technologies.

- Signed a Memorandum of Understanding with the Russian Federation that establishes a framework for a military and defense partnership.

DEFENSE CONVERSION

- Sent Congress report, "Strengthening America's Shipyards: A Plan for Competing in the International Market," describing steps that the government is taking and will take to assist the efforts of shipyards to move from military to commercial markets.

- Promoted Defense Conversion through the highly successful Technology Reinvestment Project and comprehensive procurement reform.

DISASTER RELIEF

- Signed Supplemental Appropriations Act of 1993 to provide $207.5 million in additional aid for the hurricane disaster areas of Miami/South Dade, Hawaii, Louisiana, and Guam.

- Passed a $6.3 billion aid package for Midwestern flood relief.

- Immediately made available $65 million in emergency funding for the Department of Health and Human Services to address public health and social services needs resulting from Midwestern flooding.

EDUCATION

- Passed the Student Loan Reform Act of 1993 which will make college more affordable and save taxpayer money through direct Federal lending. lower Int rates - more avail -

- Budgeted $3.2 billion over five years for "Goals 2000: Educate America Act," a comprehensive national education reform program that embraces new, world-class learning standards, underscores the link between education and employment, and encourages bottom-up, not top-down, education reform.

- Expanded funding for a SAFE Schools initiative.

- Introduced the School-to-Work Act Opportunities Act, providing funding to states and communities to develop and implement training programs and establish national standards for such programs.

- Introduced the Improving America's Schools Act - the reauthorization of the Elementary and Secondary Education Act and other programs.

- Increased funding for Head Start, with full funding by 1997 How much

- Created the Historically Black College and University Capital Financing Program, providing federal guarantee for private sector bond financing for the repair and construction of facilities.

- Created the Institute for International Public Policy, which taps the talents of underrepresented minorities for the foreign service and private international volunteer organizations.

- Created the Faculty Development Fellowship Program to make grants to colleges and universities for programs to assist talented faculty from underrepresented groups obtain advance degrees and develop their careers.

ECONOMIC

- September Mortgage rates at a 21-year low.

- In the first eight months of the Clinton Administration, over one million payroll employment jobs were created, including 961,000 private sector jobs. (update)

- August unemployment figures dipped to 6.7%, the lowest rate in 25 months. (update)

ENERGY

- Extended moratorium on nuclear testing through at least September 1994.

- Committed to work with 33 electric utilities to develop and implement a voluntary program to reduce their greenhouse gas emissions.

- Convened economic development summit in Washington and Oregon to chart a course towards a more diversified post Cold-War economy. The summit focused on technology development and environmental protection involving the multi-billion dollar cleanup of the Hanford nuclear weapons plant.

- Instituted Department of Energy Contract Reform Initiative to improve accountability and eliminate wasteful spending in contracts.

- Established interagency working group to recommend how best to remove the trade barriers that impede U.S. sales of electric power goods and services in China.

- Convened a U.S./Russian Summit and reached agreement on developing a U.S.-Russian legislative and regulatory framework to encourage energy production and efficiency and the independent regulation of Russia's nuclear facilities.

ENVIRONMENT

- Issued executive order establishing the President's Council on Sustainable Development to advise him on matters related to "economic growth that will benefit present and future generations without detrimentally affecting the resources or biological systems of the planet."

- Signed the Convention on Biological Diversity.

- Signed Forest Resources Conservation and Shortage Relief Amendments Act of 1993 banning the export overseas of unprocessed timber taken from state and federal lands.

- Held a break-through Forest Conference in Portland with groups on both sides of the forest issue.

- Began implementation of the Forest Conservation Plan, a balanced program aimed at strengthening the long-term economic and environmental health of the Pacific Northwest.

- Ordered Federal facilities to reduce toxic emissions by half by 1999.

- Restricted government purchases of ozone-depleting substances.

- Ordered increased government purchasing of alternative-fueled vehicles.

- Announced the Administration's Wetlands package, calling for long-term protection and restoration.

- Signed executive order requiring government agencies to buy recycled motor oil and retread tires and to increase the recycled content of paper purchases from 10% to at least 20% by 1994 and 30% by 1998.

- Introduced the Climate Change Action Plan, designed to curb global warming by reducing the emission of carbon dioxide and other greenhouse gases to their 1990 levels.

- Reversed a Bush administration Department of Energy policy by requiring laboratory tests - rather than underground experiments - to determine the suitability of radioactive waste storage.

- Signed the Colorado Wilderness Act of 1993.

- Unveiled joint effort between the government and U.S. automakers to develop within 10 years an automobile that is three times as fuel efficient as existing vehicles.

<u>FOREIGN POLICY</u>

- Cosponsored signing of historic peace agreement between Israel and the Palestine Liberation Organization.

- Sponsored Israeli-Jordanian agreement for bilateral negotiations.

- Secured a $2.1 billion Russian aid package to promote democracy and market economics.

- Led U.S. forces in a successful military strike against Iraq's major intelligence facility in response to the Iraqi government's plot to assassinate President Bush.

- Imposed strict economic sanctions against the illegitimate government in Haiti in order to facilitate the return of democratically elected President Aristide.

- Successfully negotiated a delay in North Korea's withdrawal from the Nuclear Non-Proliferation Treaty.

- Signed executive order imposing economic sanctions and freezing the assets of Haitian nationals who are thwarting the transition to democracy in Haiti.

- President attended Group of Seven Economic Summit.

<u>HEALTH CARE REFORM</u>

- Delivered to Congress the President's Health Security Act of 1993, a comprehensive plan to reform the nation's health care system to ensure that every American has access to good, affordable health care. The Health Security Act of 1993 guarantees these six principles:

    - Security of guaranteed, comprehensive benefits
    - Health care costs that are under control
    - Improved quality of care
    - Increased choices for consumers
    - Less paperwork and a simpler system
    - Responsibility from everyone

A Health Security card will guarantee every American a comprehensive package of benefits that can never be taken away, and everyone will be able to choose their own health plan and doctor. The proposed plan will be financed by employer and employee contributions, Medicare and Medicaid savings, the elimination of "uncompensated care," sin taxes, and reduced paperwork.

- Revoked the Reagan/Bush restrictions on abortion counseling ("the gag rule"), fetal-tissue research, abortions in military hospitals, "Mexico City" policy and RU-486 imports.

- Signed the Family and Medical Leave Act, providing for up to 12 weeks of unpaid job-protected leave for family members who need time off in order to care for a newborn or newly adopted child, a seriously ill child, parent or spouse, or to recover from their own disabling illness.

- Named the first ever White House AIDS policy coordinator.

- Signed into law the National Institutes of Health Revitalization Act, removing the federal ban on fetal-tissue transplants and research, creating the Offices of Women's Health Research, Minority Health Research and Alternative Medicine, and consolidating the direction and the budget of AIDS research.

- Streamlined the Health Care Financing Administration, making the delivery of Medicaid and Medicare services more accessible and more user-friendly.

- Passed a comprehensive child immunization plan which includes a 96% increase in funding to the Centers for Disease Control to administer immunizations.

- Created the Office of Minority Health Research and Alternative Medicine at NIH.

- Instituted the Medicare Hospital Inpatient Prospective Payment System policies and rates for Fiscal Year 1994 which will generate $1.16 billion in savings.

- Issued memorandum to heads of executive departments and agencies instructing them to implement ongoing HIV/AIDS education and prevention programs and to develop nondiscriminatory workplace policies for employees with HIV/AIDS.

HOUSING

- Submitted the Housing and Community Development Act of 1993 to address the explosive growth of FHA's multifamily inventory and to remove statutory impediments from HUD's programs.

- Granted $300 million to the Urban Revitalization Demonstration Program (HOPE VI) to revitalize the most severely distressed public housing developments in the nation.

- Established partnership with the AFL-CIO to create a housing investment trust fund that will provide an additional $600 million to rebuild and create affordable housing.

- Created new partnerships with nonprofit organizations, the private sector, foundations, and labor leaders to construct low-income housing, emergency shelters, and to invest in the National Community Development Initiative.

- Reformulated mission and priorities of HUD, making a commitment to community, family support, economic lift, individual rights and responsibilities, and reduction of spatial separation by race and income.

- Established task forces to "reinvent" HUD, involving all 13,000 headquarters and regional employees.

- Announced funding of $109.6 million for economic development activities and to finance the production of low-income rental housing in California.

IMMIGRATION

- Delivered to Congress the Expedited Exclusion and Alien Smuggling Enhanced Penalties Act of 1993, a bold new plan to fight illegal immigration which calls for stiffer penalties for alien smugglers, stricter rules of asylum, an international computer tracking network, an expedited expulsion process and up to 600 additional Border Patrol officers.

LABOR

- Introduced the School-to-Work Act Opportunities Act, providing funding to states and communities to develop and implement training programs and establish national standards for such programs.

- Passed the Emergency Supplemental Appropriations Act of 1993, providing $4 billion in emergency unemployment compensation to approximately 1.9 million unemployed American workers.

- Rescinded Ronald Reagan's Executive Order prohibiting the rehiring of fired PATCO air-traffic controllers.

- **WORKER RETRAINING PLAN**

MOTOR-VOTER BILL

- Signed a Motor-Voter Bill which greatly advances voting rights for the young, the poor and the dispossessed.

NATIONAL SERVICE

- Signed into law a National Service Plan enabling 100,000 Americans to serve their communities and our country and earn credit toward their higher education over the next three years.

- Created a new Corporation for National and Community Service by consolidating ACTION Agency and the Commission on National and Community Service.

POLITICAL REFORM

- Passed a lobbying disclosure bill in the Senate designed to provide full accounting of lobbyist working to influence government policy. The bill creates a new Office of Lobbying Registration and Public Disclosure and requires anyone hired to lobby the Executive branch or Congress to register.

Eliminate?

- Cut the lobbying expense deduction for corporations from this year's budget.

- Broke gridlock and passed a campaign finance reform bill in the Senate which limits the influence of special interests in campaigns.

- Signed the Hatch Act legislation. • Ex Order on Ethics

- Signed the Federal Employees Political Activities Act of 1993.

REINVENTING GOVERNMENT

- Delivered the report of the Vice President's National Performance Review (NPR), an intensive six-month study on how to make the federal government work better and cost less. The recommendations will, if enacted, save $108 billion over five years. The NPR was driven by four principles: (1) cutting red tape; (2) putting customers first; (3) empowering employees to get results; and (4) cutting back to basics. For example...

    - HUD has identified 75 rules and statutes that impede housing and redevelopment.
    - Four quality improvement teams at DOE are streamlining and expediting grant procedures.
    - A new DOJ pilot program has already located 214 delinquent debtors and collected $1 million in assets.
    - The IRS has committed to mailing refunds within 40 days for paper returns, or 14 days for electronic returns.
    - The U.S. Postal Service is committed to better mail delivery.
    - NASA is implementing significant procurement reforms.
    - The GSA is simplifying procurement and reducing costs for everything from office supplies to vehicle leases.
    - SBA loan form from 18 pgs to 1
    -

- Signed into law the Government Performance and Results Act of 1993, improving Federal program effectiveness and public accountability.

- Signed executive order to cut 50% of the executive branch internal regulations.

- Sent Memorandum to heads of all departments and agencies and directed them to prepare a streamlining plan and submit it to the director of the OMB by Dec. 1, 1993.

- Ordered a 100,000 reduction in Federal personnel through attrition, and the slashing of $9 billion or 12% in administrative costs over four years.

- Ordered the abolition of unnecessary Federal advisory boards, commissions and committees for a savings of $150 million per year.

- Called for a modified line-item veto in order to slash unnecessary spending before signing bills.

- Reduced Federal perks, including the use of executive dining rooms, Government aircraft and Government vehicles.

- Ordered, within minutes of taking office, the strictest Executive appointee ethics code in history.

<u>SMALL BUSINESS</u>

- Signed into law the Small Business Guaranteed Credit Enhancement Act of 1993, significantly increasing the availability of loans that can be guaranteed by the Small Business Administration.

- Passed a targeted capital gains tax cut for investments in small businesses held over 5 years; increased by 75% the investment that small businesses will be able to expense; and retroactively extended the 25% deduction for health insurance premiums for the self-employed.

• SBA Forum to 1 pg.

<u>TECHNOLOGY</u>

- Announced a comprehensive technology initiative, *Technology for America's Economic Growth*.

- Provided incentives for private-sector research and development and new business formation by extending the Research and Experimentation Tax Credit and reducing the capital gains tax for investments in small business.

- Developed an action plan for the National Information Infrastructure and ordered the transfer of 200 MHz of spectrum from the Federal Government to the private sector to jump-start new wireless technologies.

- Signed National Cooperative Production Amendments Act providing anti-trust relief for joint manufacturing.

- Formulated a plan to have government scientists work with the U.S. auto industry to seek breakthrough advances in building, powering and controlling cars and trucks.

- Announced support for continued funding for a scaled-back version of Space Station Freedom.

TRADE

- Negotiated tough NAFTA side agreements on environmental standards and worker safety with Canadian and Mexican trade ministers.

- Achieved a GATT Uruguay Round break-through on market access. Leaders of G-7 nations in Tokyo agreed on developing a comprehensive market access package to reduce tariffs on a wide variety of products.

- Signed into law HR 1876, which extends legislative "fast track" procedures to conclude the Uruguay Round of multilateral trade talks.

- Agreed to a framework for future bilateral trade negotiations with Japan, a strong step toward balancing trade relations.

- Took steps toward expanding market access in China and conditioned further extension of China's Most Favored Nation status on improvements in human rights, expanded trade, and weapons non-proliferation.

- Developed a National Export Strategy, including the elimination of export controls on computers and telecommunications that will free up $35 billion in high-tech exports.

TRANSPORTATION

- Reconvened the National Commission to Ensure a Strong Competitive Airline Industry and delivered a report recommending steps to revive the nation's airline industry.

- Redirected the Department of Transportation's R&D programs to explore the application of defense technologies to the transportation sector.

- Granted $50 million installment of previously committed funds for Los Angeles Metro and $75 million for the Muni System in San Francisco.

- Mandated that airbags be installed in all passenger cars, light trucks and vans.

- Approved $599 million for 11 projects at Boston Logan International Airport.

- Announced $147 million program to support $3 billion in loan guarantees to boost the U.S. shipbuilding industry.

URBAN DEVELOPMENT

- Delivered to Congress the Housing and Community Development Act of 1993, which will significantly change rent policy for public housing tenants and make home ownership easier for low income Americans.

- Transmitted to Congress the Community Development Banking and Financial Institutions Act of 1993, which would fund the creation of community development financial institutions.

- Developed plan for creating nine Economic Empowerment Zones and 100 Enterprize Communities. The plan gives local communities the incentives and regulatory flexibility to work with the private sector in developing comprehensive economic development strategies.

- Extended low-income housing credit permanently, increasing opportunities for affordable housing development by the private sector.

- Began reforming the Community Reinvestment Act to encourage banks to reinvest and loan money in targeted neighborhoods.

- Passed the Targeted Jobs Tax Credit, making it more attractive for enterprises that regularly hire lower income workers to hire people from distressed communities.

- Established the Community Enterprise Board to assist in the successful implementation of the Administration's empowerment zone legislation.

- Signed Executive Order directing the Interagency Council on the Homeless to develop a plan to make federal homeless programs more effective in breaking the cycle of homelessness.

- Proposed the "D.C. Initiative," which will create a comprehensive program for dealing with homelessness in the District of Columbia.

WELFARE

- Established a working group on Welfare Reform to develop a comprehensive plan to end welfare as we know it.

- Expanded the Earned Income Tax Credit to lift working families out of poverty with incentives to work. When fully implemented, over 20 million households with incomes of up to $27,000 dollars will benefit.

- Achieved $1 billion in funding for the Family Preservation and Support Initiative which would help prevent child abuse and help parents learn the skills and tools they need to raise their children.

- Fully funded the special supplemental food program for Women, Infants and Children so that, by the end of FY 1996, all eligible children between 1 and 4 are served.

- Enacted key provisions of the Mickey Leland Act, broadening food stamp assistance for poor families with children.

October 29, 1993

MEMORANDUM FOR GEORGE STEPHANOPOULOS AND MARK GEARAN

FROM: JONATHAN PRINCE

CC: DAVID DREYER

SUBJECT: Change

In light of next week's anniversary of the President's election, I thought you might find it interesting to read a summary of the changes that have taken place since he took office. You should note that I have restricted the list to accomplishments, and have not included things that are in the pipeline.

The items are grouped in three sections, with an explanation of each category at the top of the section. I have included the names and phone numbers of staff and outside parties who are able to provide additional information and validation.

I hope it's useful.

TANGIBLE

Actions taken by this Administration, that would not have been taken by the previous Administration, which have had a direct effect on people's lives -- the Cisneros/Vidor story is the best example of this. This section includes changes in the overall economy.

Economic Climate
Passage of the President's economic plan resulted in long-term interest rates at record lows and greater financial market confidence and stability. Investment finance is cheaper than it has been in years; the dollar is more competitive. Debt service costs less. There have been more private sector jobs created in the first year of the Clinton presidency than were created in the entire Bush term. Auto sales are up as consumers take advantage of lower interest rates and housing starts and home sales have begun to respond to these rates as well. Laura Tyson (5042), Bob Rubin (2174), Gene Sperling (2174), et al.

Vidor
Henry Cisneros went to Vidor, Texas and took control of a federally-subsidized housing complex because it was in violation of the Civil Rights Act of 1964. Mike Siegel (708-0685 ext 116) at HUD.

Interest Rates
The President's fiscal leadership spurred a dramatic and sustained drop in interest rates. This drop allowed millions of homeowners to refinance their mortgages at significantly lower rates, usually saving hundreds of dollars a month. Josh Steiner (622-0016) is preparing some statistics.

Welfare Reform
The President has signed a waiver for the states of Wisconsin and Vermont allowing the first-ever experiments in time-limited welfare. Bush probably would have signed the waivers, but the issue of time-limited welfare wasn't allowed on the table until Clinton put it there. Bruce Reed (6515).

Personnel
For the first time, the federal government has begun to take advantage of the full range of American talent -- in positions that have traditionally been reserved for white men. The President's commitment to a government that looks like America has depth as well as breadth. See the attached addendum for some examples. John Emerson (6676).

Choice
On his second full day in office, the President repealed the gag rule, allowed federal funding of fetal tissue research that has the potential to lead to important medical advances, and allowed women at military hospitals to obtain privately funded abortions if they choose to have one.

Credit Crunch
The Office of the Comptroller of the Currency has taken extensive steps to ensure that small businesses and others have the access to capital they need in order to expand. Comptroller Gene Ludwig (874-4900).

White House Correspondence
The Agency Liaison department of White House Correspondence is responsible for "casework." This involves specific letters to the President or White House written by people with special needs. Agency Liaison refers these calls to agencies and others (like the Salvation Army) and tracks the progress of the case until it is resolved. The President and the First Lady are regularly apprised of the progress of specific cases. According to career staffers in Correspondence, this is the first time in a long time that a premium has been placed on results. Agency Liaison had 3 full-time employees in the Bush Administration -- now it has 7. Laurie Abrams (7487) is preparing a package of specific examples and can also direct you to longtime career employees who understand the effect of the change in Administration. Also Marsha Scott (7610).

Empowerment Zones
The Administration passed, in months, a program that previous Administrations have been talking about for years. And because it was passed communities are working to develop comprehensive redevelopment plans right now in order to apply for designation -- they are examining the nature of their problems in ways they never have before. Bruce Reed (6515), Gene Sperling (2174), Andrew Cuomo (708-2690).

Family and Medical Leave
This legislation, signed into law by the President just over two weeks into his Presidency, has already protected working people across the country from being forced to choose between their families and their jobs. Karen Nussbaum at HHS may be able to provide some real stories.

FEMA
Traditionally a dumping ground for inefficient political appointees, the agency has won almost universal praise for its work -- providing flood relief in particlular -- under Director James Lee Witt. James Lee Witt (646-3923).

PHILOSOPHICAL

This refers to a shift in the national debate and public consensus. Some are issues now part of the national debate simply because the change in Administrations made consideration of certain subjects possible; some are issues that the President has directly inserted into the debate himself. The most obvious philosophical change is the bipartisan, almost unanimous public consensus that there must be health care reform and it should include universal coverage.

Health Care
Simple -- there is going to be health care reform. Something people would not have imagined a year ago. It's so obvious it's easy to forget -- but it is an extraordinary achievement that is the direct result of the President's leadership in inserting the subject into national debate, and forging a rapid consensus that something must be done.

Deficit Reduction
Remind people that, in 1990, George Bush agreed to a deficit reduction package because, faced with Gramm-Rudman, he had virtually no choice. In 1993, Bill Clinton proposed deficit reduction coming out of the box -- and fought for it. Greenstein (408-1080) does this particularly well.

Cuts
The debate has shifted both nationally and within the Democratic party from whether to cut the budget to how to cut the budget. Al From (546-0007) is a very useful validator on this subject.

National Service
National Service is the herald of a new approach to government helping people -- it will extend educational opportunity to thousands of people but it demands reciprocal responsibility. Eli Segal (606-4880) and From (546-0007).

Belief in Government
Americans believe that this President is interested in their needs and their concerns. According to Tony Mendozo, the White House mailroom supervisor, it generally takes until at least June to reach 1 Million letters: this White House had received that many on March 2. As of October 24, we have received 6,689,000. Again Laurie Abrams (7487) and Marsha Scott (7610) can point out career people who can speak to that intensity of the change.

LEGISLATIVE/EXECUTIVE

This category involves changes in law, executive orders, new programs, and dramatic increases in appropriations that represent the President's new approach but have not yet realized tangible effect. The President's investments, for example, generally fall into this category.

Cops
The Administration has already enacted funding of $150 Million for 2,000 new cops. Bruce Reed (6515).

Housing Bill
Of particular interest in the Housing Bill signed October 27 is a significant increase in the Moving to Opportunity program which encourages low-income people to move to the suburbs, breaking up concentrations of poverty and moving people to jobs. Greenstein (408-1080) is a big advocate of this program. Also Bruce Reed (6515).

Ethics
The President dramatically strengthened the ethics requirements for executive branch appointees by Executive Order on January 20, 1993. Michael Waldman (7151).

Regulations
The President signed an Executive Order on September 11, 1993 that will ultimately result in the elimination of one-half of the internal regulations of the Executive Branch. Jack Quinn (6605).

Motor Voter
The President signed Motor Voter into law on May 20, 1993 increasing access to the democratic process and government for 65 Million Americans, and bringing the nation closer to universal voter registration. Julia Moffett (7151).

Investment: EITC
The Reconciliation bill expanded the Earned Income Tax Credit by $21 Billion over five years. This will ensure that no working parent will be forced to see his or her child live in poverty. Sperling (2174), Greenstein (408-1080), and From (546-0007).

Investment: Head Start
Head Start funding was increase $550 Million, which will provide at least 100,000 additional slots. John Angell (4790).

Investment: WIC
WIC funding was increased $350 Million which will increase average participation from 5.9 million in FY93 to 6.2 Million in FY94. John Angell (4790).

Investment: Food Stamps
Food stamps were increased by $2.5 Billion over five years, including more food stamps for households that have relatively higher shelter costs. Angell (4790).

Investment: Family Preservation and Support
This new program, funded at $60 Million in FY94 and at about $1 Billion over five years will help to reunify or keep intact families with children at risk of abuse or neglect. Angell (4790).

PERSONNEL ADDENDUM

While every appointment of the President reflects his commitment to excellence in government, the appointments listed below demonstrate a strong realization of his commitment to appoint an Administration that looks like America. An * denotes "first-ever" -- Sheila Widnall, for example, is the first woman ever to be Secretary of the Air Force.

AID	Deputy Admin Carol Lancaster
AG	Secretary Mike Espy *
Commerce	Secretary Ron Brown * A/S Trademarks Bruce Lehman (openly gay) A/S Communications & Info Larry Irving AA
DOD	Secretary of the Air Force Sheila Widnall * Air Force GC Gilbert Casellas H Secretary of the Army Togo West AA A/S Personnel & Readiness Edwin Dorn AA A/S C3I, Emmett Paige AA A/S Reserve Affairs Deborah Lee GC Jamie Gorelick (woman)
HHS	Secretary Donna Shalala Dep Sec Walter Broadnax AA Comm, Admin on Aging Fernando Torres-Gil H and disabled Director, Consumer Affairs Polly Baca Dep Dir, Consumer Affairs Paul Miller (disabled)
Labor	Solicitor Tom Williamson AA * A/S Employment Standards Admin Bernard Anderson AA Comm, BLS Katherine Abraham A/S Maria Eschaveste H
Justice	Attorney General Janet Reno Solicitor General Drew Days AAG, Legal Policy Eleanor Acheson Director, US Marshals Eduardo Gonzalez H AAG, Antitrust Anne Bingaman INS Commissioner Doris Meissner
State	Deputy Sec Clifton Wharton Und Sec, Economic & Agriculture Joan Spero Und Sec, Int'l Security Affairs Lynn Davis A/S Intelligence & Research Toby Gati
OPIC	President Ruth Harkin
OMB	Deputy Director Alice Rivlin Admin OIRA Sally Katzen

Treasury	GC Jean Hanson A/S Mgmt & CFO George Munzon H A/S Enforcement (Secret Service, ATF) Ron Noble AA * IRS Commissioner Peggy Richardson A/S Alicia Munnell
DOT	Secretary Federico Pena H FHA Admin Rodney Slater AA NHTSA Admin Ricardo Martinez H FRA Admin Jolene Molitoris Federal Transit Admin Gordon Linton AA
HUD	Secretary Henry Cisneros H GC Nelson Diaz H
CEA	Chair Laura Tyson
DOE	Secretary Hazel O'Leary AA * A/S Cong, Legis, & Int'l Bill Taylor AA
UN Amb	Ambassador Madeline Albright

THE WHITE HOUSE

WASHINGTON

31 P2:13

October 31, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: DAVID DREYER

CC: GEORGE STEPHANOPOULOS

SUBJECT: ONE YEAR ANNIVERSARY MEMO

Summary

George Stephanopoulos called me and said that the attached memo written by Jonathan Prince should be sent to you at once. It is in draft form, and it was supposed to be finalized tomorrow. Jonathan was given an assignment by George and Mark Gearan to compile a list of accomplishments and changes that could only have occurred with your election.

MR. PRESIDENT:

This still needs to be fact checked.

John Podesta

TANGIBLE

Actions taken by this Administration, that would not have been taken by the previous Administration, which have had a direct effect on people's lives -- the Cisneros/Vidor story is the best example of this. This section includes changes in the overall economy.

Economic Climate
Passage of the President's economic plan resulted in long-term interest rates at record lows and greater financial market confidence and stability. Investment finance is cheaper than it has been in years; the dollar is more competitive. Debt service costs less. There have been more private sector jobs created in the first year of the Clinton presidency than were created in the entire Bush term. Auto sales are up as consumers take advantage of lower interest rates and housing starts and home sales have begun to respond to these rates as well. Laura Tyson (5042), Bob Rubin (2174), Gene Sperling (2174), et al.

Vidor
Henry Cisneros went to Vidor, Texas and took control of a federally-subsidized housing complex because it was in violation of the Civil Rights Act of 1964. Mike Siegel (708-0685 ext 116) at HUD.

Interest Rates
The President's fiscal leadership spurred a dramatic and sustained drop in interest rates. This drop allowed millions of homeowners to refinance their mortgages at significantly lower rates, usually saving hundreds of dollars a month. Josh Steiner (622-0016) is preparing some statistics.

Write on own

Welfare Reform
The President has signed a waiver for the state of Vermont allowing the first-ever experiment in time-limited welfare. Bush probably would have signed the waiver, but the issue of time-limited welfare wasn't allowed on the table until Clinton put it there. Bruce Reed (6515).

Personnel
For the first time, the federal government has begun to take advantage of the full range of American talent -- in positions that have traditionally been reserved for white men. The President's commitment to a government that looks like America has depth as well as breadth. See the attached addendum for some examples. John Emerson (6676).

Choice
On his second full day in office, the President repealed the gag rule, allowed federal funding of fetal tissue research that has the potential to lead to important medical advances, and allowed women at military hospitals to obtain privately funded abortions if they choose to have one.

Credit Crunch
The Office of the Comptroller of the Currency has taken extensive steps to ensure that small businesses and others have the access to capital they need in order to expand. Comptroller Gene Ludwig (874-4900).

White House Correspondence
The Agency Liaison department of White House Correspondence is responsible for "casework." This involves specific letters to the President or White House written by people with special needs. Agency Liaison refers these calls to agencies and others (like the Salvation Army) and tracks the progress of the case until it is resolved. The President and the First Lady are regularly apprised of the progress of specific cases. According to career staffers in Correspondence, this is the first time in a long time that a premium has been placed on <u>results</u>. Agency Liaison had 3 full-time employees in the Bush Administration -- now it has 7. Laurie Abrams (7487) is preparing a package of specific examples and can also direct you to longtime career employees who understand the effect of the change in Administration. Also Marsha Scott (7610).

Empowerment Zones
The Administration passed, in months, a program that previous Administrations have been talking about for years. And because it was passed communities are working to develop comprehensive redevelopment plans right now in order to apply for designation -- they are examining the nature of their problems in ways they never have before. Bruce Reed (6515), Gene Sperling (2174), Andrew Cuomo (708-2690).

Family and Medical Leave
This legislation, signed into law by the President just over two weeks into his Presidency has already protected working people across the country from being forced to choose between their families and their jobs. Karen Nussbaum at HHS may be able to provide some real stories.

FEMA
Traditionally a dumping ground for inefficient political appointees, the agency has won almost universal praise for its work -- providing flood relief in particlular -- under Director James Lee Witt. James Lee Witt (646-3923).

SBA
[illegible]
[illegible]

Environment

LEGISLATIVE/EXECUTIVE

This category involves changes in law, executive orders, new programs, and dramatic increases in appropriations that represent the President's new approach but have not yet realized tangible effect. The President's investments, for example, generally fall into this category.

Cops
The Administration has already enacted funding of $150 Million for 2,000 new cops. Bruce Reed (6515).

Housing Bill
Of particular interest in the Housing Bill signed October 27 is a significant increase in the Moving to Opportunity program which encourages low-income people to move to the suburbs, breaking up concentrations of poverty and moving people to jobs. Greenstein (408-1080) is a big advocate of this program. Also Bruce Reed (6515).

Ethics
The President dramatically strengthened the ethics requirements for executive branch appointees by Executive Order on January 20, 1993. Michael Waldman (7151).

Regulations
The President signed an Executive Order on September 11, 1993 that will ultimately result in the elimination of one-half of the internal regulations of the Executive Branch. Jack Quinn (6605).

Motor Voter
The President signed Motor Voter into law on May 20, 1993 increasing access to the democratic process and government for 65 Million Americans, and bringing the nation closer to universal voter registration. Julia Moffett (7151).

Investment: EITC
The Reconciliation bill expanded the Earned Income Tax Credit by $21 Billion over five years. This will ensure that no working parent will be forced to see his or her child live in poverty. Sperling (2174), Greenstein (408-1080), and From (546-0007).

Investment: Head Start
Head Start funding was increase $550 Million, which will provide at least 100,000 additional slots. John Angell (4790).

Investment: WIC
WIC funding was increased $350 Million which will increase average participation from 5.9 million in FY93 to 6.2 Million in FY94. John Angell (4790).

Investment: Food Stamps
Food stamps were increased by $2.5 Billion over five years, including more food stamps for households that have relatively higher shelter costs. Angell (4790).

Investment: Family Preservation and Support
This new program, funded at $60 Million in FY94 and at about $1 Billion over five years will help to reunify or keep intact families with children at risk of abuse or neglect. Angell (4790).

PHILOSOPHICAL

This refers to a shift in the national debate and public consensus. Some are issues now part of the national debate simply because the change in Administrations made consideration of certain subjects possible; some are issues that the President has directly inserted into the debate himself. The most obvious philosophical change is the bipartisan, almost unanimous public consensus that there must be health care reform and it should include universal coverage.

Health Care
Simply, there is going to be health care reform. Something people would not have imagined a year ago. It's so obvious it's easy to forget -- but it is an extraordinary achievement that is the direct result of the President's leadership in inserting the subject into national debate, and forging a rapid consensus that something must be done.

Deficit Reduction
Remind people that, in 1990, George Bush agreed to a deficit reduction package because, faced with Gramm-Rudman, he had virtually no choice. In 1993, Bill Clinton proposed deficit reduction coming out of the box -- and fought for it. Greenstein (408-1080) does this particularly well.

Cuts
The debate has shifted both nationally and within the Democratic party from whether to cut the budget to how to cut the budget. Al From (546-0007) is a very useful validator on this subject.

National Service
National Service is the herald of a new approach to government helping people -- it will extend educational opportunity to thousands of people but it demands reciprocal responsibility. Eli Segal (606-4880) and From (546-0007).

Belief in Government
Americans believe that this President is interested in their needs and their concerns. According to Tony Mendozo, the White House mailroom supervisor, it generally takes until at least June to reach 1 Million letters: this White House had received that many on March 2. As of October 24, we have received 6,689,000. Again Laurie Abrams (7487) and Marsha Scott (7610) can point out career people who can speak to that intensity of the change.

PERSONNEL ADDENDUM

While every appointment of the President reflects his commitment to excellence in government, the appointments listed below demonstrate a strong realization of his commitment to appoint an Administration that looks like America. An * denotes "first-ever" -- Sheila Widnall, for example, is the first woman ever to be Secretary of the Air Force.

AID	Deputy Admin Carol Lancaster
AG	Secretary Mike Espy *
Commerce	Secretary Ron Brown * A/S Trademarks Bruce Lehman (openly gay) A/S Communications & Info Larry Irving AA
DOD	Secretary of the Air Force Sheila Widnall * Air Force GC Gilbert Casellas H Secretary of the Army Togo West AA A/S Personnel & Readiness Edwin Dorn AA A/S C3I, Emmett Paige AA A/S Reserve Affairs Deborah Lee GC Jamie Gorelick (woman)
HHS	Secretary Donna Shalala Dep Sec Walter Broadnax AA Comm, Admin on Aging Fernando Torres-Gil H and disabled Director, Consumer Affairs Polly Baca Dep Dir, Consumer Affairs Paul Miller (disabled)
Labor	Solicitor Tom Williamson AA * A/S Employment Standards Admin Bernard Anderson AA Comm, BLS Katherine Abraham A/S Maria Eschaveste H
Justice	Attorney General Janet Reno Solicitor General Drew Days AAG, Legal Policy Eleanor Acheson Director, US Marshals Eduardo Gonzalez H AAG, Antitrust Anne Bingaman INS Commissioner Doris Meissner
State	Deputy Sec Clifton Wharton Und Sec, Economic & Agriculture Joan Spero Und Sec, Int'l Security Affairs Lynn Davis A/S Intelligence & Research Toby Gati
OPIC	President Ruth Harkin
OMB	Deputy Director Alice Rivlin Admin OIRA Sally Katzen

Treasury	GC Jean Hanson A/S Mgmt & CFO George Munzon H A/S Enforcement (Secret Service, ATF) Ron Noble AA * IRS Commissioner Peggy Richardson A/S Alicia Munnell
DOT	Secretary Federico Pena H FHA Admin Rodney Slater AA NHTSA Admin Ricardo Martinez H FRA Admin Jolene Molitoris Federal Transit Admin Gordon Linton AA
HUD	Secretary Henry Cisneros H GC Nelson Diaz H
CEA	Chair Laura Tyson
DOE	Secretary Hazel O'Leary AA * A/S Cong, Legis, & Int'l Bill Taylor AA
UN Amb	Ambassador Madeline Albright

Faxed ✓

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 11/08/93

NOTE FOR: LINDA LADER

[redacted]

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

Information ☒x

Action ☒x

See President's note:
'We should invite him
to one of our religious
subject matter breakfasts'

[redacted]

Thank you.

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

cc:

cc: L Lader

we should invite him
to one of our religious
subject matter breakfasts

B

[redacted]

THE WHITE HOUSE

WASHINGTON

November 5, 1993

Mr. F. Parker Hudson
The Westminster Group
3715 Northside Parkway
Atlanta, Georgia 30327

Dear Parker:

Thanks for sharing the news of your latest trip to the former Soviet Union. I'm encouraged to learn of the possibilities you see for improving the homes and infrastructure of that region.

I appreciate hearing your concerns regarding my Administration's policy toward Ukraine and the information about the impediments to development there. Let me assure you that I am working to help Ukraine shape a coherent nonproliferation strategy. The United States will cooperate with other nations as we strengthen our efforts to stem the increase of nuclear weapons and related technologies in that country and around the world.

I am grateful for your help in building peaceful cooperation with the former Soviet republics. Best of luck on your novel. — Send me a copy!

Sincerely,

Bill

Thanks — I'll discuss your letter with Strobe — I just named Rich Stearns a federal judge in Mass.

PL

THE WESTMINSTER GROUP

INCORPORATED

Investment, Commercial, and Industrial Real Estate

October 4, 1993

President Bill Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Bill:

I have just returned from my tenth trip to the former Soviet Union in the past 28 months, and I want to give you a brief up-date.

The purpose of this trip was to complete a single family housing market study for a major American homebuilder, Ryland Homes, and to introduce that homebuilder to Ukraine. Our five previous trips to Kiev proved to be very helpful, and we were blessed with a couple of miracles. We were able to find not only single family home sites, helpful government officials, and potential joint venture partners for Ryland Homes, but we also found two different organizations, one very large and one very small, already building and selling single family homes for dollars in the Ukrainian market.

I have enclosed some pictures of the two single family home developments. In one case, the homes are built of solid brick. In the other they have used their traditional pre-stressed concrete slabs and covered the outside with either stucco, brick or wood. Our efficient American wood-frame construction technology is unknown to them, and that is the technology which Ryland Homes will teach their future joint venture partners. But it is great to see these homes actually now under construction by entrepreneurial Ukrainians, without any input so far from the West. There is an entrepreneurial spirit trying desperately to take root in that difficult ground!

We have also found specific opportunities for other types of small real estate development in Kiev, such as remodeling existing offices and apartments for Western firms and embassies. In a nation of over 50 million people these are tiny beginnings, and there needs to be much, much more. But at least they are beginnings.

I want to pass on a couple items of serious concerns which we heard in Kiev; I cannot personally verify either of these, but I feel it is important for you to hear the "common wisdom". The first concern is that we really have no policy towards Ukraine, a nation larger than France and a potential strong ally. I am told that we are forcing the Ukrainians to give their nuclear weapons back to the Russians, and then paying the Russians to destroy them. If that is true (again, I have no expertise in this area), the Ukrainians ask why we are not paying them, since they have the weapons.

400 Northcreek, Suite 550 / 3715 Northside Parkway / Atlanta, Georgia 30327 / (404) 261-6500 / Fax (404) 261-1049

The second concern is that our new ambassador to Ukraine is perceived as pro-Russian and lacking a sensitivity for Ukrainian issues. I am just passing on what we heard.

The major stumbling block now to development in the CIS is financing. OPIC, EBRD and IFC are in place, but their processes, even with good people, take forever. As the major shareholder in EBRD, we should "strongly encourage" their attorneys to stop viewing these pioneer loans as if they were happening in Atlanta or Little Rock; we need some flexibiltiy on what is reasonable to expect, or no financing will ever take place. And withhout good, long term, non-recourse financing for viable projects, the time horizon for investments will stay about 24 months, which is too short for the long term type of investments which these nations desperately need.

The other problem is the "Mafia". Western firms are being shaken down in Kiev for protection money, and the rumor is that the government there has basically said that so long as there are no drugs and no bodies, the Mafia can do whatever they want, and split some of their proceeds with local officials. Our government has got to put pressure on the CIS governments to crack down on these extortion artists, or else American and Western firms will simply stop doing business there, and leave.

At any rate, in addition to our real estate business here in Atlanta, we are continuing to try to introduce American technology and basic work ethics to those markets. It remains an up-hill battle, but we continue to try.

And now a couple of completely unrelated personal notes. I understand that you have been reading some books on the spiritual side of life. Did you ever get a chance to read *The Myth of Separation* or to see the video *America's Godly Heritage*? My wife, Alida, has been encouraging me for ten years to write a novel, so finally I did. And, clearly in the miracle category, it's going to be published in December by Thomas Nelson of Nashville! It is a contemporary novel on spiritual warfare, and the title is *On The Edge*. If you'd like, I'd be glad to send you a copy when it comes out.

I know where David Mixner is today; but where did Rick Stearns wind up? Did you ever meet my high school and college friend, Taylor Branch, who with me did the Georgia Challenge Delegation in 1968, and later went on to write *Parting the Waters*?

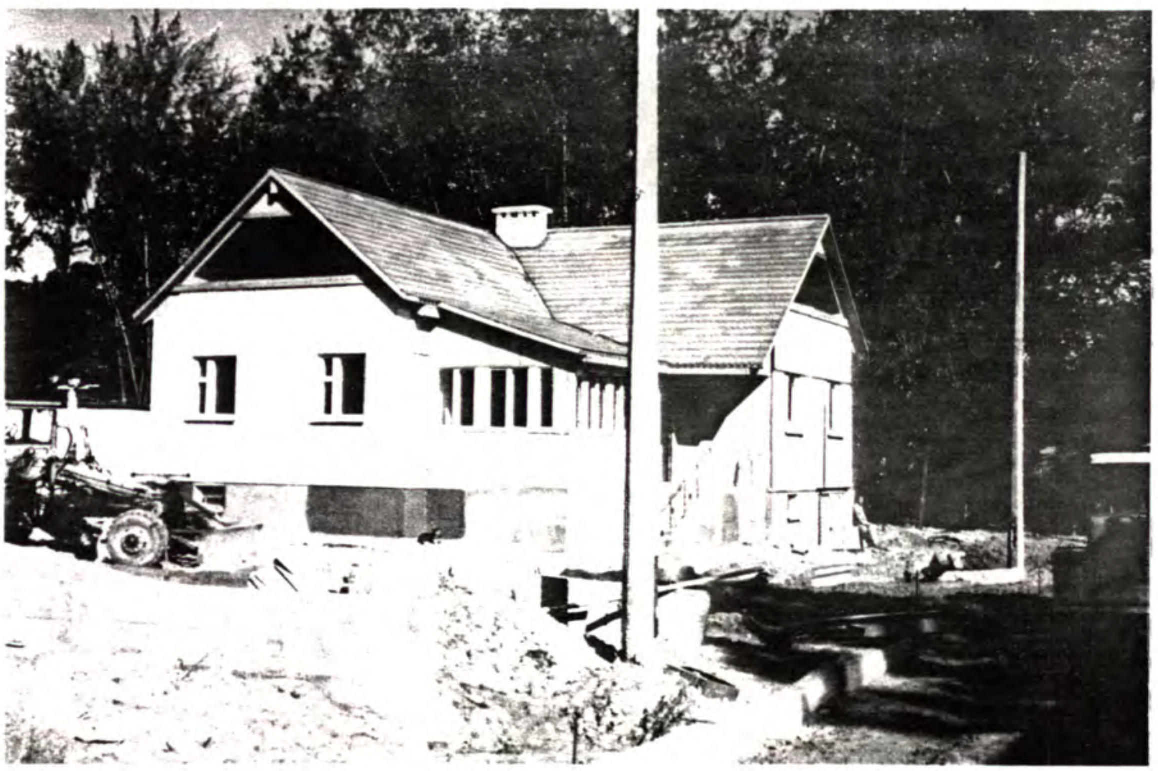
I hope that all is well with you and your family. If you don't mind, I'll continue to keep you informed as we work in Russia and Ukraine. I hope you have a great time at Chapel Hill, my alma mater, next week, where for some reason I first studied Russian. All the best.

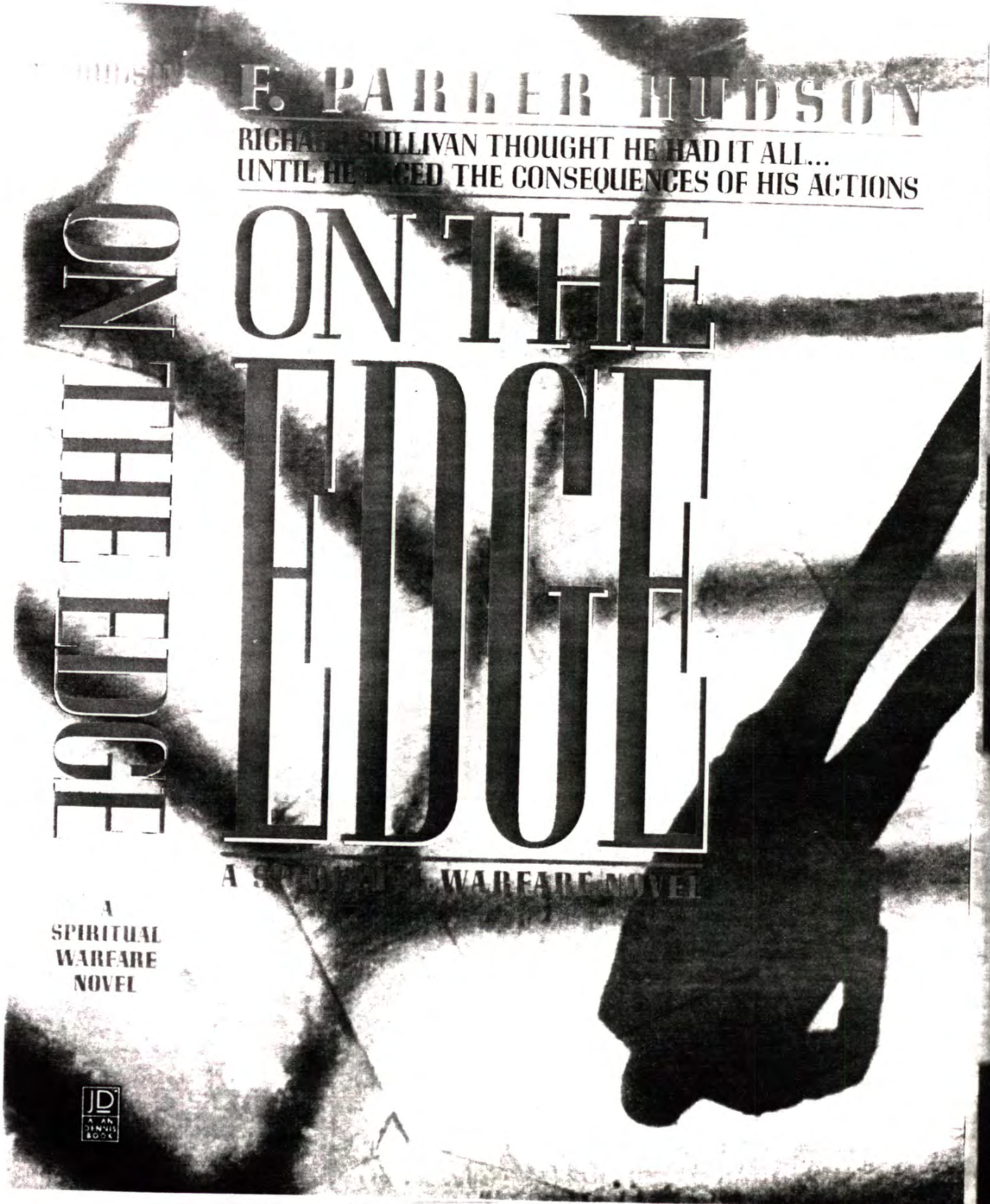
Yours very truly,

F. Parker Hudson

dsv

cc: Ambassador Strobe Talbott




F. PARKER HUDSON
SULLIVAN THOUGHT HE HAD IT ALL...
UNTIL HE FACED THE CONSEQUENCES OF HIS ACTIONS
ON THE EDGE
ON THE EDGE
A SPIRITUAL WARFARE NOVEL

08/06/1993 [back cover copy -- ON THE EDGE] **FINAL DRAFT**

"The realism of On The Edge is painfully true to life. This makes the parallel drama of hope all the more powerful. A 'must' novel for today's success-driven families."
--Dr. John Guest

"On The Edge is a book that grabs your attention on page one and maintains it throughout. I can recommend it as a very real and also very relevant [novel]. I'm sure you will enjoy it."
--Ron Blue
Author and Financial Counselor

Richard Sullivan has a problem. His average American family is on the edge of ruin and they don't even realize it. The Sullivans are struggling through everyday life with a dark power over them so strong that they cannot find their way -- a power that it is filling their minds with voices of greed, hate, pride and temptation. And now the very fabric of their lives is unraveling before their eyes. If only they would listen a little harder to the other voice trying to get through to them -- the voice of hope, forgiveness and love -- before it's too late.

Fiction
[LEAVE ROOM FOR ISBN/EAN]

[Jan Dennis logo]
THOMAS NELSON PUBLISHERS
Nashville

Cover Design: Andrew Newman Graphic Design

To: Parker Hudson
From: Jennifer Horne
1 page
Please call me with your ok. Thanks :)

AUTHOR BIO TO BE INCLUDED IN BACK MATTER

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 11/08/93

NOTE FOR: IRA MAGAZINER [redacted]

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)

cc:

[redacted]

THE WHITE HOUSE

WASHINGTON

[redacted]

[illegible] - Their action is an argument for what we're trying to do - again.

Pls [redacted] have a reply soon for me arguing that our plan will produce MORE Albuquerques

B

[redacted]

THE WHITE HOUSE

WASHINGTON

Dear ~~Senator Domenici~~ Pete:

[redacted]

Thank you for forwarding a copy of the Albuquerque Journal article and your floor statement concerning managed competition. As always, I welcome your comments and value your counsel.

I appreciate your bringing this information to my attention and look forward to working closely with you on this issue in the coming weeks and months.

With best wishes,

Sincerely,

Bill

Pete

Our plan would produce more Albuquerque's and fewer [illegible]!

I like what I read but believe it's a problem with the present system.

The Honorable Pete V. Domenici
United States Senate
Washington, D.C. 20510

PETE V. DOMENICI
NEW MEXICO

THE PRESIDENT HAS SEEN

United States Senate
WASHINGTON, D.C.
93 OCT 28 P4:58

October 27, 1993

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

Dear Mr. President:

Thank you for your most generous comments today. I look forward to reviewing your health care reform plan, and working with you to improve health care for all Americans. As you so correctly state, not only is this a major health issue for the American people, this is a critical economic policy issue, as well.

I am enclosing an Albuquerque Journal article that I think you will find interesting. It compares health care costs in Albuquerque with costs in Lubbock, Texas, just a few hundred miles away.

I have also taken the liberty of enclosing my full Senate statement in this article.

* Interestingly, in Albuquerque where there is no government intervention, the competitive market system is working, as HMOs and PPOs compete vigorously for business. But in Lubbock, with a major local government effort to formulate various health organizations, costs are nearly 40% higher.

I trust this should point to the wisdom of minimal government intervention in the managed competition model. That model, which I know is the essence of your proposal, may do more than any of us have expected.

Respectfully,

Pete V. Domenici

Pete V. Domenici

113th Year, No. 290 ■ 405 Pages In 27 Sections A-1 Sunday Morning, October 17, 1993 ■ Copyright© 1993, Journal Publishing Co.

Great Patient Drain

Texas Hospital Luring Away N.M. Residents

By Rex Graham

JOURNAL STAFF WRITER

LUBBOCK, Texas — Cotton and cattle used to be king on the West Texas prairie, but now cardiology and heart surgery are synonymous with status and wealth here.

And New Mexicans are helping Lubbock's health-care industry boom.

Many insured residents of eastern New Mexico are shunning less expensive services in Albuquerque to travel the shorter distance to Lubbock.

In fact, Texas hospitals and physicians took in tens of millions of dollars last year for treating New Mexico residents.

In addition, New Mexico nurses and top heart doctors are being lured to this city of 200,000 people, in part by higher salaries, their associates say.

Unlike Albuquerque, Lubbock has no health-maintenance organizations competing to keep prices down. As a result, Methodist Hospital in Lubbock charges about 40 percent more for its heart procedures than Albuquerque's Presbyterian Hospital, said Chris Miles, administrative director of the Presbyterian Heart Program.

It adds up to more money for Lubbock health professionals; heftier bills for New Mexico patients (and their insurance companies) who are treated in Texas; and still more belt-tightening in Albuquerque — where some hospital floors sit idle and layers of hospital middle managers have been eliminated. Some hospitals have even contracted with private house-keeping and food-service companies to save money.

Meanwhile, Methodist Hospital in Lubbock is using

MORE: See TEXAS on PAGE A4

MARK HOLM / JOURNAL

Charles J. Carmichael of Hobbs, N.M., awaits surgery at Methodist Hospital in Lubbock. "I trust my doctor and this is where he sent me," said Carmichael, who was sent in for a pacemaker implant.

CONTINUED FROM PAGE A1

the high profit margins to build buildings, buy the latest equipment and pay higher salaries.

Doctors and hospital administrators in New Mexico point out that they must provide most of the day-to-day health care in New Mexico's rural areas — particularly to its uninsured residents — and they aren't happy with the trend.

To them, Lubbock is "cherry picking" New Mexico patients in need of the most profitable hospital services.

But that might be coming to an end.

"Physicians and hospitals who may be economically exploiting New Mexico patients and employers will face a rude awakening under managed competition proposed as a part of health-care reform," said Peter Snow, a vice president of Presbyterian Healthcare Services.

Lubbock medicine untouched by HMOs

Methodist Hospital is in the midst of a $100 million building program. A few blocks away, Texas Tech University Medical Center is getting a $74 million expansion. It's a construction boom reminiscent of the medical go-go days a decade ago in Albuquerque.

A 1992 Methodist Hospital brochure said the 867-bed center already is "the largest hospital between Dallas and Los Angeles."

"I trust my doctor and this is where he sent me," Charles J. Carmichael, a 70-year-old Hobbs, N.M., man, said while waiting in his Methodist room for a pacemaker to be implanted.

Carmichael already has had two angioplasty procedures, in which a tiny balloon is threaded into one of the coronary arteries and inflated to open the blockage.

He has coverage through Medicare, the federal health-care program for people age 65 and over, and he pays the same annual Medicare deductible no matter what hospital he uses.

While Medicare pays most Southwestern hospitals about the same for each of hundreds of treatments and procedures, hospitals are free to charge private insurers whatever the market will bear.

For example, the average charge in 1991 for an angioplasty by Methodist Hospital was $17,400, or about $4,000 more than at Presbyterian Hospital in Albuquerque, according to hospital statistics compiled by the U.S. Health Care Financing Administration.

Since many insured people are not restricted by their policies from going to the hospital and doctors of their choice, Carmichael and many other eastern New Mexicans prefer to drive or fly 100 miles to Lubbock rather than 300 miles to Albuquerque.

Many doctors in eastern New Mexico refer patients primarily to certain Texas hospitals.

Few residents of eastern New Mexico communities have health-maintenance organization coverage such as Lovelace, Health Plus or FHP. Those and other HMOs require their subscribers to choose their doctors from a list and get hospital services at hospitals where they have negotiated price discounts.

That type of control is largely unknown in eastern New Mexico and West Texas.

"I want to have the freedom to have the doctor I want," said the silver-haired Carmichael as a Methodist registered nurse — an Alamogordo, N.M., native — walked by.

A lot of the cars parked in Texas Tech University Medical Center's and Methodist's lots have New Mexico license plates. About 10 percent of both hospitals' patients are New Mexicans — most from Lea, Eddy, Curry, Chaves, Roosevelt and Lincoln counties.

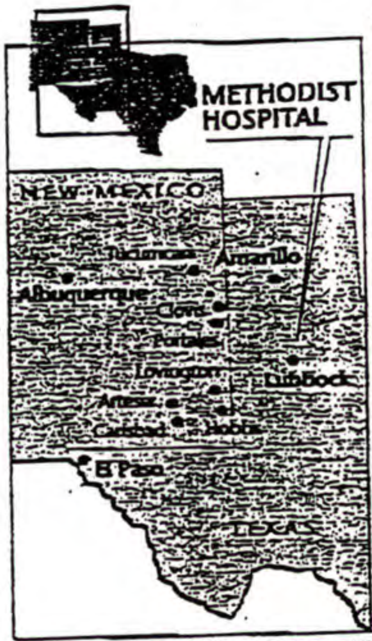
Methodist has a small airplane, a Lear jet and two German-made Messerschmitt helicopters that pick up patients within 200 miles of Lubbock. More than 34 percent of those flights in 1992 ended on a New Mexico runway, according to Methodist's figures.

According to a 1992 Texas Hospital Association study, an estimated 8,424 New Mexico patients were admitted to Texas hospitals; Lubbock, El Paso and Amarillo hospitals led the list.

The average hospital charge in Texas was $10,165 per admission, according to the association. At that rate, Texas hospitals would have taken in about $85 million in 1992 to care for New Mexicans. No figures were available on doctors' income.

Unless Congress reforms the private health-insurance system, or health-maintenance organizations come to places like Lubbock, doctors and hospitals here will continue to reap larger payments.

"It's in the very beginning of that activity," Methodist Chief Executive Officer William Poteet said of health-maintenance organizations.



CAROL COOPERRIDER / JOURNAL

Because there is little pressure by insurers to cut prices, Poteet said, his hospital can charge more for its services than Albuquerque hospitals.

And by focusing on the nation's No. 1 killer — heart disease — Methodist is positioned to remain highly profitable for years. Elderly patients often buy private insurance to supplement their Medicare coverage, which in turn provides hospitals like Methodist with more revenue.

Money to burn, so why not a Lear jet?

With its bank accounts bulging, Methodist has more than enough money to have four aircraft — more aircraft than all of Albuquerque's hospitals combined.

Need an organ transplant? Lubbock hospitals offer kidney, liver and bone marrow transplants. Methodist recently started a new heart-transplant program and leases a Lear jet from a local doctor to retrieve donor hearts — sometimes from eastern New Mexico hospitals.

Presbyterian Hospital in Albuquerque also offers heart, kidney and bone marrow transplants and leases two airplanes to transport heart patients and donated organs.

In 1991, St. Joseph Medical Center in Albuquerque opened an $8 million heart-surgery unit built partly to compete with Presbyterian.

"The profitability of cardiac services has created duplication all across the country," said Dr. William Benge, an Albuquerque cardiologist and medical director of Presbyterian's heart program.

One St. Joseph administrator called his unit, equipped with the best technology money can buy, "the Starship Enterprise." But the unit is not as busy as it could be and could handle more patients. At the same time, Methodist Hospital is building a $21 million, six-floor heart-treatment wing to add 52 more beds to its already sprawling center.

Some Albuquerque doctors argue that patients get equal or superior care in Albuquerque and they criticize some methods used by the Methodist-associated group Cardiology Associates. The group uses a high-volume style of treatment in which doctors divide up tasks to treat more patients in a day.

"It's HMO-type efficiency, but they're not getting paid (lower) HMO pay," said Dr. Neal Shadoff, an Albuquerque-based cardiologist with the Presbyterian-associated New Mexico Health Clinic.

"Here, one doctor does it all," Shadoff said. "It makes for a longer day. It's not as efficient, doctor-wise, but it's better for the patient."

At least one New Mexico patient says he felt he was rushed through treatment at Methodist.

"It's slam-bam and they take you in and send you out. I would describe it as an assembly line," said Billy Kiker, a 66-year-old Portales, N.M., man who had balloon angioplasty procedures in April and July at Methodist. "The doctor never did come and see me in the hospital. He sent his nurse to explain things to me."

Dr. Gerry Maddoux, a cardiologist with Cardiology Associates in Lubbock who moved from Albuquerque a year and a half ago, said the care at Methodist is among the best in the world.

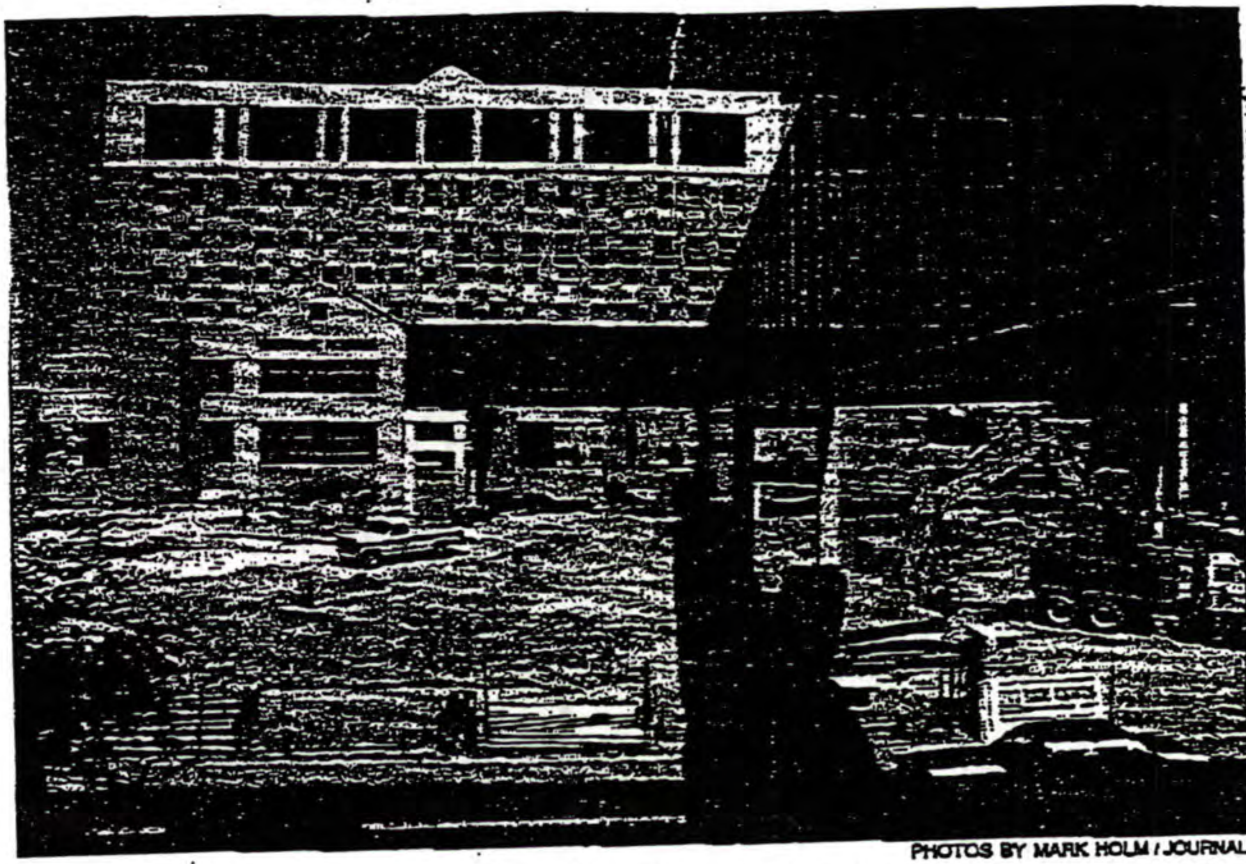
"It's not assembly line — it's just very quick emergency medicine," Maddoux said in a telephone interview from his office. But he added that he makes more money in Lubbock than Albuquerque primarily because of his "higher volume" of heart procedures.

In contrast, Shadoff said he not only sees all of his patients on hospital rounds, but he also travels twice a month to see heart patients in Truth or Consequences and once a month to Grants.

Methodist recruits from N.M., offers big bucks

In the meantime, Methodist has grown from 575 beds eight years ago to 867 today. The hospital has spent $79 million over the past five years on additions, including $15 million for two new parking garages to handle the additional patient traffic.

To staff all the new wings, Methodist recruits registered nurses from New Mexico. It also woos nurses from as far away as Canada, New Zealand and Australia.



PHOTOS BY MARK HOLM / JOURNAL

Construction just recently began on a new $21 million, six-floor cardiac wing at Methodist Hospital in Lubbock. The hospital is in the midst of a $104 million building boom.

William Poteet, president and CEO of Methodist Hospital. Because there is little pressure from insurers, Poteet said his hospital can charge more for its services than Albuquerque hospitals.

said director of nursing Deborah Michels.

"They offered me double what I make here," said an Albuquerque nurse specialist who asked not to be named. She decided to remain in Albuquerque, but she said dozens of New Mexico nurses have been drawn to Lubbock by higher salaries.

That is bad news for New Mexico, which has a shortage of medical professionals, particularly in its eastern counties. The state can ill

AVERAGE HOSPITAL CHARGES FOR HEART PATIENTS — 1991*

Average Hospital Charges	Presbyterian Hospital In Albuquerque	Methodist Hospital In Lubbock	% Higher At Methodist
All Heart-Related Admissions	$12,800	$19,200	50%
Bypass Surgery	$31,000	$44,300	43%
Angioplasty	$13,400	$17,400	30%

*Most recent available data, adjusted for variations in severity of patient illness.

Source: Health Care Financing Administration (Medpar database)

BILL GERHOLD / JOURNAL

afford to lose nurses trained in its colleges and universities.

Some of New Mexico's top physicians have moved to Lubbock as well, including Maddoux and cardiac surgeon Burt Fowler, both of whom are described by their Albuquerque colleagues as among the most talented in the region.

"I came because I was excited about the program," Maddoux said. "Our practice has just grown like a weed. We're trying to create a good product and such quick service that (patients) come here."

And, of course, more money doesn't hurt, colleagues and hospital officials say.

In Albuquerque, HMOs negotiate discounted fees with doctors. In Lubbock, doctors can make more money, Poteet said, because they determine what to charge insurers.

"One of the recruiting advantages we have (in Lubbock) is physicians can still practice in a fee-for-service environment," said Poteet, seated in his spacious, handsomely decorated office.

With so much at stake, the scramble for eastern New Mexico's hospital patients in the 1990s could be intense.

Under health-care reform being proposed by President Clinton, New Mexico may be allowed to form one to three "alliances" to purchase health care for all New Mexicans. Under that system, state residents could be required to get medical treatments within the state.

"Patients won't be happy about it," warned Domenica Rush, administrator of the Presbyterian-managed Nor-Lea General Hospital in Lovington, N.M. "I'm loyal to Presbyterian. I want to be loyal to Presbyterian. I feel badly about it that patients want to go to Lubbock. In three years, only three patients have gone to Albuquerque."

Texas health officials have discussed a plan to divide that state into five regions administered by health-purchasing alliances. "You think we're not going to get into some border disputes there?" Poteet asked.

If health-care reform tries to restrict New Mexico patients from crossing the state line, Poteet said, he would try to "sit down and deal" with New Mexico officials to work out a compromise that could include price discounts.

"I hope we end up with a system that gives people choices," Poteet said.

ALBUQUERQUE, NM AND LUBBOCK, TX: COMPETITION IS WORKING, BUT NOT EVERYWHERE (YET)

TALKING POINTS

Competition: Working a Quiet Revolution

- With so much discussion here about national health care reform, it is easy to overlook the quiet revolution that is already transforming health care in many parts of the country.
- Driven by escalating costs, employers and other large purchasers of health care have begun demanding -- and getting -- more efficiency from the health care system.
- This "real world" health care reform is taking place without any help from the Federal Government.
- In fact, it is occurring despite many Government policies that impede private sector cost control, such as cost shifting from the Medicare and Medicaid programs.
- These purchasers are using their market clout to force organized managed care health plans to compete against each other based on their price and quality.
  - There are no Government global budgets, price controls, caps on insurance premiums, or other interventions to artificially hold down costs.
  - Rather, health care providers are squeezing out waste, cutting unnecessary costs, and increasing their productivity voluntarily because they have to stay competitive and attractive to their increasingly price and quality conscious customers.
- We are starting to hear and read more and more of these quiet success stories for the private sector:

-- The Washington Post ran a story this week on the successful, decade-long effort by **Bell Atlantic** to enroll its employees in a tightly run managed care network, holding cost growth to 5% in 1992 and saving $125 million.

-- In Detroit, the **Henry Ford and Mercy Health Systems**, in a partnership with the Michigan Blue Cross/Blue Shield, are offering a community-rated, managed care plan to mid-size and large employers with a promise to hold premium growth to 5% in the second and third years of their contracts.

-- In **California**, private health plans competing for business among **State employees** held their premium increases to 6.1% in 1992 and 1.5% in 1993.

Albuquerque, NM

o I'd like to add Albuquerque to this growing list of quiet success stories for the private sector.

o The Albuquerque health care marketplace is dominated by four separate health care delivery systems:

  -- Lovelace, a multi-specialty group practice -- much like the Mayo Clinic -- with its own hospital and HMO;

  -- Presbyterian Health Systems, a state-wide hospital system that has organized a network of providers; and

  -- St. Joseph's/FHP, a hospital system allied with an HMO; and

  -- University Hospital, the large teaching hospital affiliated with the University of New Mexico.

o Except for University Hospital, each of these delivery systems is already an "accountable health plan" in the managed competition terminology: that is, health insurance combined with a health delivery system.

- These health plans compete vigorously with each other for consumers, and this competition is driving down costs:

  -- since 1986, there has been an 88% increase in HMO penetration in the Albuquerque market, and one-half of all insured residents are now in an HMO or PPO.

  -- it costs 15% less for employees to enroll in an Albuquerque HMO than in a traditional fee-for-service indemnity plan;

  -- between 1981 and 1991, the number of days in the hospital dropped from 635 per 1000 people to 417, which is 53% lower than the national average; and

  -- it costs 17% less per hospital admission in Albuquerque than the national average.

<u>Lubbock, TX</u>

- Some skeptics may point out that this kind of data, though impressive, does not tell the whole story because there could be other reasons that hospital and health care costs are slowing down.

- Well, to those skeptics, I would like to point out an interesting article that appeared over the weekend in the <u>Albuquerque Journal</u>.

- The newspaper compared the Albuquerque experience with that of Lubbock, TX, a city of 200,000 just a few hundred miles away in west Texas with a similar demographic profile.

- Strangely, in Lubbock, there is very little managed care, no health maintenance organizations, and no significant price competition.

- And their health care costs reflect it.

- As the <u>Albuquerque Journal</u> reported, Lubbock hospitals charge 40 percent more for heart procedures than Presbyterian Hospital in Albuquerque:

-- in 1991, the average charge for angioplasty was $17,400 at Lubbock's Methodist Hospital, about $4000 more than Presbyterian's price.

o While Albuquerque hospitals are trimming staff to increase efficiency and stay competitive, Lubbock's Methodist Hospital is in the middle of a $100 million building expansion program.

o And to those who are still skeptical that competition can work, I would just point out the statement made by the chief executive of Lubbock's Methodist Hospital, as paraphrased in the newspaper:

> **Because there is little pressure by insurers to cut prices, [the chief executive said], his hospital can charge more for its services than Albuquerque hospitals.**

<u>Expanding Managed Competition</u>

o I do not know enough about the culture and history of Lubbock, TX to know why competition has not taken hold there as it has in Albuquerque.

o But I do know that we need to make sure it does, not only for Lubbock residents but for eastern New Mexicans too.

o Because, as the newspaper article makes clear, the lack of significant price competition in Lubbock is increasing health care costs for many eastern New Mexicans who go to Lubbock for their inpatient care.

o In fact, some 8,400 New Mexicans went to Texas hospitals for their care in 1992.

o We need to make sure that the competitive pressures that are driving down costs in Albuquerque benefit those New Mexicans as well.

- o I am not suggesting that the Albuquerque marketplace is perfect either.
- o On the contrary, Albuquerque, like Lubbock, would benefit tremendously from a sound managed competition reform.
- o In particular, the Albuquerque market is still being held back by the same problems plaguing other markets, such as Lubbock:
  - -- Many small employers cannot get affordable insurance because they lack market clout and insurers can charge them more if they have sick employees.
  - -- Too many employees, especially in large companies, remain indifferent to health care and insurance costs because they get unlimited tax subsidies for health insurance paid by their employers.
  - -- Medicare and Medicaid are still traditional, unmanaged fee-for-service insurance programs that provide contradictory incentives to managed care.
  - -- And the large number of low income uninsured Americans leads to tremendous cost shifting and inefficiencies.
- o Clearly, despite the successes we are beginning to see, we still need a sound managed competition reform proposal at the national level.
- o That reform must accelerate the cost cutting trends already underway in Albuquerque and bring the same kind of competitive pressures to Lubbock and all over the country.

THE WHITE HOUSE
WASHINGTON

DATE: 11/08/93

NOTE FOR: SYLVIA MATTHEWS

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

Information	☐
Action	☒xx

See President's note --

'What's the deal
on this?'

Thank you.

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

cc:

[redacted]

~~From Qual OSC~~

What's the deal on this?

P7:09

24 hours

copies to

[redacted]

require ~~copy to~~ VP / Rubin (mention in letter)

24 hrs

[redacted]

THE WHITE HOUSE

WASHINGTON

November 4, 1993

Mr. Michael Sacco
President
Seafarers International Union
of North America
5201 Auth Way
Camp Springs, Maryland 20746

Dear Mike:

Thank you for your letter expressing your concerns about my Administration's maritime policy. I have shared your letter with Vice President Gore and Bob Rubin.

I am committed to working with you and other labor leaders to maintain a healthy U.S. maritime industry. The U.S. flag fleet contributes significantly to the U.S. economy and strengthens our national defense by providing a contingent sealift capacity in times of national emergency. I will soon propose a program to provide direct subsidies to our merchant marine fleet. I am looking forward to working with you to achieve our mutual goals and secure congressional approval of this important legislation.

Sincerely,

Bill Clinton

SIU

Seafarers International Union of North America, AFL-CIO

Michael Sacco
President

5201 Auth Way
Camp Springs, MD
20746
301-899-0675
FAX: 301-899-7355

October 29, 1993

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

Dear Mr. President:

Conflicting rumors regarding the Administration's policy toward maintenance of a United States flag presence on the oceans of the world and on our domestic waters continue to dog the maritime industry of this nation. This is a matter of grave concern, to the workers whose livelihoods are involved, as well as to the rest of the industry whose existence is also threatened.

Despite occasional assurances given to members of Congress, industry representatives, and to me that the Administration is supportive of a continued American maritime presence, reports persist of Vice President Gore's and his reinventing group's determination to eliminate U.S. flag shipping -- a course of action that will certainly alter this nation's world posture, from a national security, economic and political point of view.

Moreover, the Vice President's actions are destroying what little stability remains within the industry and has undermined the assurances coming from your office.

We hope that in the final analysis, more mature and forward-looking influences will prevail and that a positive maritime policy that is consistent with this nation's position as the world's superpower will prevail. We respectfully urge that you take appropriate action to correct this situation.

Respectfully,

Michael Sacco

Michael Sacco

BROTHERHOOD OF THE SEA
SIU
AFL-CIO

THE PRESIDENT HAS SEEN

M E M O R A N D U M

TO: ANDREW FRIENDLY

FROM: BETTY CURRIE

RE: PHONE CALL SEN. BEN NIGHTHORSE CAMPBELL

DATE: OCTOBER 29, 1993

Howard Paster called checking to see if the President called Sen. Campbell as promised. According to Howard, the President was to call Sen. Campbell per request from Sen. Mitchell

Sen. Campbell - Washington Office 202-224-5852

I called - Let's discuss

B

THE PRESIDENT HAS SEEN 11/8

GS-9000 B

The Washington Post

AN INDEPENDENT NEWSPAPER

Distorting the Constitution

PRESIDENT CLINTON on Friday took a position on the misnamed balanced budget amendment to the Constitution, on which Congress is scheduled to vote in the next couple of weeks. He's opposed, as well he ought to be; he laid out the principal reasons in a compelling letter to House Speaker Tom Foley. You could be forgiven if you failed to get the news. There was no announcement; the letter was sent up late Friday afternoon, which is exactly when administrations generally take actions they hope *won't* get noticed. Officials say that wasn't the intent, and that the administration plans to campaign vigorously against this insidious proposal in the time that remains. We hope so.

This amendment wouldn't require, and most of the time would likely not produce, a balanced budget. It would simply require a three-fifths rather than majority vote of both houses to pass an unbalanced one. The balance it would mostly affect is the balance of power. It would add to the price that a president—any president, of any persuasion—would likely have to pay each year to get a budget passed. Every year Congress searches for the perfect vote on the budget, the one that will let it stand four-square for frugality without having to say at whose expense the frugality is to be achieved. The amendment has the added virtue of putting off the frugality until later; it will be another Congress's responsibility to achieve.

The president rightly observed that "the amendment by itself would not reduce the deficit by a single penny." But unlike some of the gimmicks that have preceded it, this one would tamper with fundamental law and likely do great harm to precisely the future ability to make the disciplined choices that sponsors say it would enhance. It would enshrine minority rule, and thereby add to the chance each year of gridlock. The president warned that by likely increasing "accounting subterfuge . . . for example . . . moving more federal programs off budget or . . . imposing more unfunded mandates on the states," it might well end up producing less fiscal responsibility rather than more.

It would be "bad economics," he said, in that it would complicate the government's countercyclical role, wherein the deficit automatically widens when the economy turns weak; it "risks turning minor downturns into serious recessions" and "would make recovery from recession far more difficult." The amendment could do programmatic harm as well. The goal of some supporters is not so much to balance the budget as to shrink the size and role of government. The president spoke up for reducing the "investment deficit" as well as the budget deficit. He said the amendment could "make it impossible to pass meaningful health reform legislation." Aides are preparing to warn backers that other likely effects could include increased pressure on defense and a greater burden on precisely the states that would have to ratify the amendment; that's because federal aid to state and local government would likely be cut.

This amendment, far from facing up to such choices, closes its eyes to them. It is a means of deferring precisely the discipline that it pretends to impose; in the name of strengthening the government, it would hobble and weaken it. It abuses the Constitution by using it as a political shield. Mr. Clinton, whose budget this year was itself a good first step toward deficit reduction, is right to oppose it. Congress should vote it down.

THE PRESIDENT HAS SEEN 11/8

Essay

WILLIAM SAFIRE

Anatomy of a Coverup

WASHINGTON

Let me take you behind the scenes in the exposure of a scandal, as the irresistible forces of inquiry slam into the immovable stone wall of coverup.

In Iraqgate, the Bush Administration arranged for billions in unlawful financing of Saddam Hussein through the Atlanta office of Italy's Banca Lavoro. To avert embarrassment after Saddam's double-cross, our Justice Department conspired with Italy to obstruct the investigation of Saddam's bankers and Bush's top aides.

This week, the forces of inquiry got a bible to work from: "Spider's Web: The Secret History of How the White House Illegally Armed Iraq." Alan Friedman — whose reports in The Financial Times and on ABC's "Nightline" have helped move the revelations along — brings together the story that most media have shied away from because corruption's great friend is complexity.

Probers vs. stonewallers.

In Congress, the relentless Inspector Javert of Iraqgate — House Banking chairman Henry Gonzalez — will take testimony from the convicted Atlanta branch manager who is the designated fall guy for higher-ups in Rome and Washington.

Also subpoenaed is Rinaldo Petrignani of Rogers & Wells, who as Italian Ambassador made the approach to Bush's Attorney General for the "damage control" that Dick Thornburgh denies ordering. But my friend Rinaldo, who was only doing his country's bidding, is also being sought by Italian authorities on a bribery charge and may be too busy to finger American culprits.

That's what revelation has going for it this week. But the forces of inquiry can do little without a court-appointed independent counsel, which calls for passage of a new law.

On the side of stonewalling is a group of Republican senators led by John McCain, protected by Bob Dole, who want to delay a floor vote on the independent counsel bill. They have high-sounding excuses, but the real reason is to drag a foot until the 1989 crimes of Iraqgate come under the statute of limitations. Despite no agreement from Republicans not to filibuster, George Mitchell, the majority leader, assures me: "I will bring up the bill for a vote before the Thanksgiving recess." We'll see.

Behind that stone wall is another stone wall: Attorney General Janet Reno. When asked if she would seek a special prosecutor from the court if the law passed, she tells me "I have no conflict of interest on Iraqgate." In other words, she will profess to be a Democrat investigating a Republican Administration's crimes, and will refuse to honor Bill Clinton's promise of independent counsel.

Her protestation of no-conflict is a charade: the former Criminal Division chief who stands to be investigated in the Banca Lavoro damage control is Ed Dennis, the whitewasher chosen by Reno's deputy to find "no blame" in her Waco blunder. It's all one cozy, self-protecting establishment; but when asked if Justice's Criminal Division can investigate itself, Reno replies blithely, "It's my Criminal Division now."

Do not lose heart; persistence pays. Last February, revelations in The New York Times forced the Senate Intelligence committee into reporting that C.I.A. told Justice about Rome's corrupt involvement, following which everybody lied. But that staff report was fuzzy; I submitted 28 groups of questions following leads in it.

Example: the report read "the chief prosecutor and chief investigator on the case were part of a Justice delegation which met with the Italian ambassador . . ." I asked: "Who were these two Americans? Who arranged this meeting and where was it? Were minutes kept? Was this the same Italian ambassador [Petrignani] who saw Attorney General Thornburgh at a White House reception? Did Senate staff ask why a memo was prepared by the chief of the Criminal Division [Dennis] for the AG three days before the approach at the White House?"

Committee staffers, who did not want to admit they failed to ask the right questions, stonewalled. But recently I sat next to the co-chairman at a dinner and lo! the staff found time to answer my questions seriatim. (In the example given, the Americans were Justice's Gail McKenzie and Agriculture's Art Wade, and no, the hurried committee staff did not think to ask the follow-ups.)

That's how the battle between revealers and resisters goes on. Justice will prevail when somebody in Justice goes to jail. □

19

Ca
BL / COS -
suggest their
review

THE PRESIDENT HAS SEEN 11/8

Book Says Bush Sought to Stall Iraq Arms Probe

■ **Scandal:** He and Scowcroft are called the driving force behind keeping data from Congress.

By DOUGLAS FRANTZ
TIMES STAFF WRITER

A book to be published today contends that former President George Bush was personally involved in efforts to keep Congress from getting documents revealing the extent of U.S. assistance to Iraq before the Persian Gulf War.

Three unidentified Bush Administration officials are quoted in the book, "Spider's Web," as saying that Bush and his national security adviser, Brent Scowcroft, were the driving force behind the effort to keep the records from congressional committees in 1991 and 1992.

Written by Alan Friedman, an investigative reporter with the Financial Times of London, the book provides other details about the role of U.S. policy under Bush and former President Ronald Reagan in Iraq's military buildup before the 1990 invasion of Kuwait.

Among the allegations are reports that U.S. military goods were illegally transferred to Iraq from a NATO base in Germany and that a CIA operative was deeply involved in the financing of Iraqi weapons programs by the Atlanta office of an Italian bank.

Attempts to reach Bush and Scowcroft on Sunday were unsuccessful. Both previously have denied any wrongdoing and have maintained that U.S. policy toward Iraq was aimed at moderating the behavior of Iraqi leader Saddam Hussein.

The Bush White House also argued that its actions in responding to congressional requests for material were legal and simply aimed at ensuring a coordinated flow of information.

Friedman and his chief collaborator were under armed guard provided by the New York district attorney's office in the final weeks of work on the book after two break-ins and numerous telephone threats apparently aimed at intimidating them.

"There is no doubt that they were being harassed," said Robert Morgenthau, the Manhattan district attorney. "There appeared to be a serious threat."

Friedman said in an interview that he and John Fielding, a producer with ABC News who assisted on the book, stayed in a secret location for three months after the break-ins and threats. He said that guards provided by Morgenthau's office carried assault rifles and kept watch on them 24 hours a day.

The broad outline of the clandestine U.S. policy toward Hussein is well known, but the book says that Bush played a more central role than previously disclosed in the attempted concealment of embarrassing documents.

Earlier accounts have described how a group of senior officials in the Bush White House met many times in 1991 and 1992 in an attempt to restrict congressional committees' access to sensitive documents describing the Iraq policy. Notes from some of those meetings indicated that Bush was kept informed about the attempt.

In "Spider's Web," Friedman says three participants in the meetings, all of whom refused to be identified, claimed that Bush and Scowcroft were "the driving force behind the efforts to keep Congress from gaining access to the Iraq-related documents."

In addition, an unnamed former staff member of the National Security Council in the Reagan White House and a former military officer are quoted as saying that U.S. military goods were shipped to Iraq in the mid-1980s from U.S. bases and NATO stockpiles in Europe.

The shipments occurred during the Iran-Iraq War when the U.S. and its allies were quietly supporting Iraq. The book says that the shipments "took the Reagan Administration to the very fringes of the law," but it stops short of charging any violation.

'There is no doubt that [the authors] were being harassed.'

ROBERT MORGENTHAU
Manhattan district attorney

121

JP

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

November 5, 1993

93 NOV 5 P6:34

MEMORANDUM FOR THE DIRECTOR

FROM: Joseph J. Minarik

SUBJECT: Friday Economic and Financial Report

SUMMARY

The first story assesses the economic outlook in light of today's favorable labor market report for October. It is likely that real GDP will grow at a 3-1/2 percent annual rate or better in the current quarter.

- Payroll jobs rose by 177,000 last month, with increases in the service sector, construction and, at long last, manufacturing. The factory workweek and overtime rose to exceptionally high levels, suggesting even larger factory payroll increases in the coming months.

A step-up in the pace of job creation will produce sufficient income growth to accelerate the pace of overall economic activity.

****

The second story examines trends in household income during the past ten years, focusing on the redistributive role of taxes and transfers.

- The market-generated income of all types of households was heavily affected by the stage of the business cycle, growing rapidly during the expansion years of 1982-89 but falling during the following three years of recession and slow recovery.

- Over the ten years, the rich got a lot richer, whether income is measured just from the market place or including taxes and transfers. Those at the bottom of the income distribution had the slowest and smallest rise in after-tax/after-transfer income.

- The rich had more taken away by the government in 1992 than in earlier years, while those at the bottom received more. Nonetheless, the disparity between the incomes of the haves and have-nots widened considerably from 1982 to 1992.

October Labor Market: Good News

The fourth quarter began on a strong note with sizable advances in employment, a lengthening of the workweek, and a substantial gain in industrial production. Although the unemployment rate edged up 0.1 percentage point to 6.8 percent, the gathering strength should soon return the rate to a downward path.

The labor report and other indicators suggest that real GDP is likely to rise by at least a 3-1/2 percent annual rate in the current quarter. The November Blue Chip consensus, an average of 50 private sector forecasts, called for fourth quarter growth at a 3.3 percent annual rate. **(Not for release until November 10.)** In light of today's labor market report, private sector forecasters are likely to mark up their growth estimates.

- o The October household survey reported a substantial 471,000 increase in employment. An even larger rise in the labor force temporarily added 269,000 to the ranks of the unemployed and nudged up the unemployment rate.

LABOR MARKET INDICATORS

	1993							
	Q2	Q3	May	Jun	Jul	Aug	Sep	Oct
Unemployment Rate	**7.0**	**6.7**	**6.9**	**7.0**	**6.8**	**6.7**	**6.7**	**6.8**
Unemployment (millions)	8.9	8.6	8.9	8.9	8.8	8.7	8.5	8.8
Employment	218	79	857	-54	82	409	-253	471
Unemployment	15	-130	-67	50	-139	-108	-144	269
Payroll Jobs	**179**	**122**	**238**	**43**	**237**	**-33**	**162**	**177**
Private	167	97	219	39	219	-19	90	185
Manufacturing	-55	-25	-36	-56	-11	-42	-21	12
Mining	-1	0	2	-6	-1	-3	4	1
Construction	31	7	60	-3	19	0	2	30
Services	192	114	193	104	212	26	105	142
Government	12	25	19	4	18	-14	72	-8

- o Payroll jobs increased by 177,000, more than in either of the prior two months, as a resumption of employment growth in manufacturing and construction added to the ongoing hiring in the service sector.

  -- Factories added 12,000 new jobs to their payrolls, following seven months of job losses. At the same time, the factory workweek expanded to 41.6 hours. Since the end of World War II, the workweek has only been this high once -- in February 1966. Moreover, factory overtime reached the highest level since record keeping began in 1956. At these levels, further increases in industrial output are likely to require larger additions to factory payrolls than last month.

-- Another indication that a turn-around in the factory sector began last month is the jump in the Purchasing Managers' Index compiled by the National Association of Purchasing Management. In October, the index moved up four percentage points to 53.8 percent, the highest level since February. A reading above 50 percent indicates an expanding manufacturing sector.

o Based on the gains in manufacturing payrolls and workweek, industrial production probably rose about 1/2 percent last month. [Data to be released November 15.] Just a continuation of that pace during the next two months would result in a faster growth of factory output in the fourth quarter than in either of the prior two quarters.

Conclusion: With more sectors adding to their payrolls, the economy is now creating sufficient employment and income gains to accelerate the pace of economic activity into 1994.

How the Fisc Affects the Income Distribution

During the decade between 1982-92, household incomes were buffeted by a gamut of cyclical forces: a long period of uninterrupted economic growth from 1982 to 1989; a recession spanning the years 1990 and 1991; and growth once again in 1992. Households' disposable incomes were also affected by changes in the tax and transfer systems -- the "fisc," in economists' terms -- which tended to favor the well-off in the first half of the decade, but moved back in the direction of increased progressivity in the second half.

This Friday Report story compares income before and after taxes and transfers to determine which types of households did well during the past decade. It also focuses on the role of the fisc as Robin Hood, taking from the rich and the not-so-rich to give to those less fortunate. Viewed from these various perspectives, the rich, among others, did very well in the last decade -- causing a widening gap between the haves and have-nots.

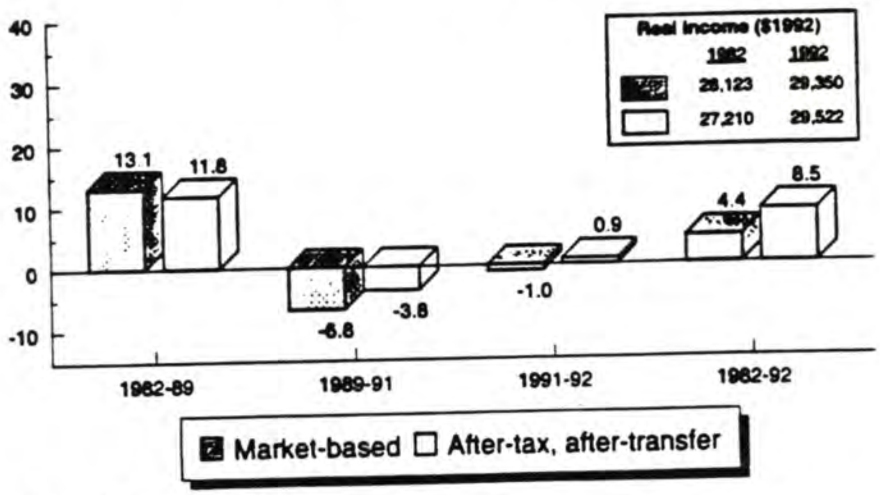
Trends in Income Growth

During the expansion from 1982 to 1989, the **median household** experienced about a 12 percent gain in real incomes on both the narrow definition of market-based income and the broad definition including taxes and cash and noncash transfers. Income growth was spurred by a four percentage point drop in the unemployment rate and a five percentage point increase in the share of the working age population holding a job.

Much of the gain in living standards, however, was lost in the following three years. During the recession, market-based income fell nearly 7 percent. Even during the expansion of 1992, market incomes fell 1 percent under the burden of an unusually slow recovery and rising unemployment. Measured over the good years as well as the lean, the average household experienced a cumulative increase of 4.4 percent in incomes generated from the marketplace, a gain of $1,227 in 1992 dollars (from $28,123 in 1982 to $29,350 in 1992).

The taxes and cash and noncash transfers cut slightly into the income gains during the expansion but, more importantly, cushioned the income contraction in the following three years. Over the decade the gain in after-tax/after-transfer income for the typical household was larger than the income gain from market sources alone. from 1982 to 1992, the average household had a cumulative increase in after-tax/after-transfer income of 8.5 percent ($2,312 in 1992 dollars).

Average Household Real Income
(Percent change)

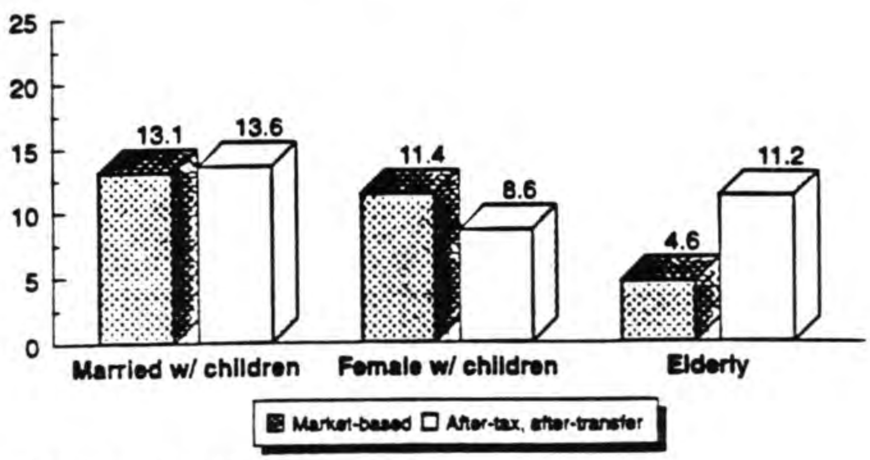


Source: Bureau of the Census

Demographic Groups: Experiences of different households varied significantly over the period.

Income growth of the median **married couple with children** was relatively strong over the decade (up about 13 percent), primarily because an increasing proportion of wives entered the work force. By 1992, both the husband and wife worked in 69 percent of all married couple families with children, up from 60 percent ten years earlier. In addition, women's earnings rose faster than men's during the decade. Taxes and transfers lowered the level of household income, but hardly affected the growth rate of income over the decade.

Real Household Income 1982-92
(Percent change)



Source: Bureau of the Census

The median **female-headed household with children** had a slightly smaller 11 percent gain in market-based incomes during the decade: a 23 percent increase during the expansion was cut in half over the following three years. In recent years, taxes and transfers, on net, boosted market-based income considerably, especially after passage of OBRA 1990. That law increased benefits and widened eligibility for Medicaid and the earned income tax credit. Consequently, after-tax/after-transfer incomes declined only slightly during the past three years, despite the sharp fall in market incomes. Over the entire decade, broadly defined incomes of female-headed households with children rose 8.6 percent.

The median **household headed by someone over 65** also experienced large gains in market-based incomes during expansion years (up 17 percent), especially from strong stock, bond and housing markets, as well as rapidly growing interest income. Market incomes, however, comprise only 35-40 percent of total after-tax/after-transfer incomes of elderly households. Taxes and transfers slowed the income gains during the expansion, but during the following three years, rising Social Security payments and the value of Medicare benefits helped maintain broadly defined incomes despite falling market incomes. As a result, over the decade elderly households experienced an 11 percent gain in after-tax/after-transfer incomes.

Income Groups: Individual households with children and those headed by someone over 65 are, of course, scattered throughout the income distribution; their income growth is frequently far different from the average for their demographic group. Therefore, dividing households according to their position in the income distribution, rather than their demographic profile, adds a useful perspective to income trends in the decade.

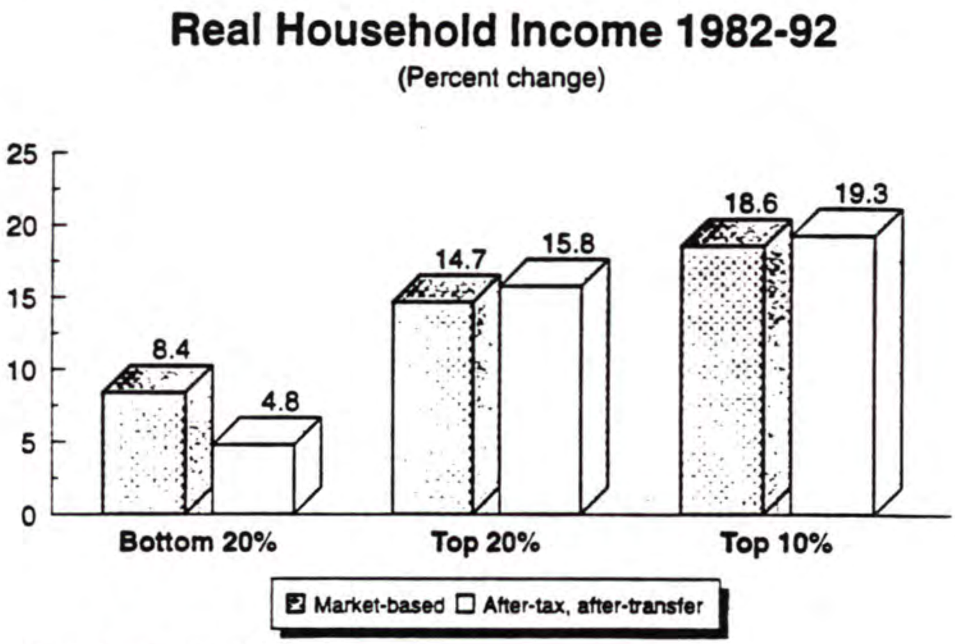
Households in the lowest quintile experienced a large percent growth in market-based income during the expansion as the share of household heads in this group who worked full-time rose from 35.4 percent to 36.6 percent. Market incomes, however, are small for this quintile; therefore, the large percent gain translated into only $750 additional dollars per household during the seven years of expansion.[1] Government cash and noncash transfer payments, which account for the overwhelming majority of the quintile's after-tax/after-transfer income, grew only 4 percent during these years. Consequently, after-tax/after-transfer income rose only 12 percent during the expansion.

During the past three years, market incomes fell sharply as the share of household heads working full-time returned to about its 1982 level. At the same time, transfers net of taxes remained unchanged. Because of weak income growth in recent years, the lowest quintile's after-tax/after-transfer income rose only 4.8 percent over the decade, the slowest of any group and the smallest in dollar terms ($399).

At the other end of the income distribution, the **top quintile**, and especially the **top 10 percent** of households, made out very well in the past decade on either the narrow or broad definition of income. During the expansion, incomes rose 23 to 30 percent. Although incomes fell during the recession and hardly increased during 1992, the earlier gains still left their 1992 incomes 15 to 19 percent higher than in 1982. These increases outstrip those of any other household group

[1] The lowest quintile refers to those households in the lowest fifth of the income distribution. All dollar amounts in this section are in terms of 1992 inflation-adjusted incomes.

of income. During the expansion, incomes rose 23 to 30 percent. Although incomes fell during the recession and hardly increased during 1992, the earlier gains still left their 1992 incomes 15 to 19 percent higher than in 1982. These increases outstrip those of any other household group in percentage terms.[2] Given the high level of incomes at the start of the decade, the large percent gains translated into real income gains of $10,000 to $20,000 per household on average.



Source: Bureau of the Census

Conclusion: Unlike the proverbial tides and boats, a rising -- and falling -- economy does not raise and lower all households' incomes equally, especially after consideration of taxes and transfers. Measured over the whole decade, the rich got a lot richer. Those at the bottom of the income distribution had the slowest and smallest advance in after-tax/after-transfer incomes, up just 5 percent or $400. Among demographic groups, married couples with children and the elderly had double-digit percent increases in incomes broadly defined.

The Fisc Giveth and the Fisc Taketh Away

Because of the progressive nature of the tax and transfer system, those at the bottom of the income distribution are net beneficiaries; those at the top, net contributors. Moreover, because of the Tax Reform Act of 1986 and OBRA 1990, the fisc now plays a bigger role in redistributing income from the haves to the have-nots than it did in 1979 or 1984. (Those years were

---

[2] Incomes of some well-to-do households were temporarily boosted by the shifting into 1992 of bonuses normally received at the beginning of the following year. Even excluding these, upper-income households experienced faster income growth during the decade than any other type of household.

chosen for comparison because they reflect the tax/transfer system in place just before and just after initial Reagan tax reductions and transfer cutbacks.)

- o The average household in the **bottom quintile**, based on its market income, received $9,746 in cash and noncash transfers in 1992, but paid only $27 in combined Federal/State income taxes and payroll taxes. Thus, the tax/transfer system added $9,719 to market income of $1,726. As shown in the chart below, that is more than in 1979 ($8,915) or 1984 ($8,995). Measured relative to market income, the fisc was also more generous than in the earlier years. In 1992, the fisc's contribution was 5-1/2 times larger than market income; in 1979 and 1984, the fisc's contribution was only 4-1/2 times larger.

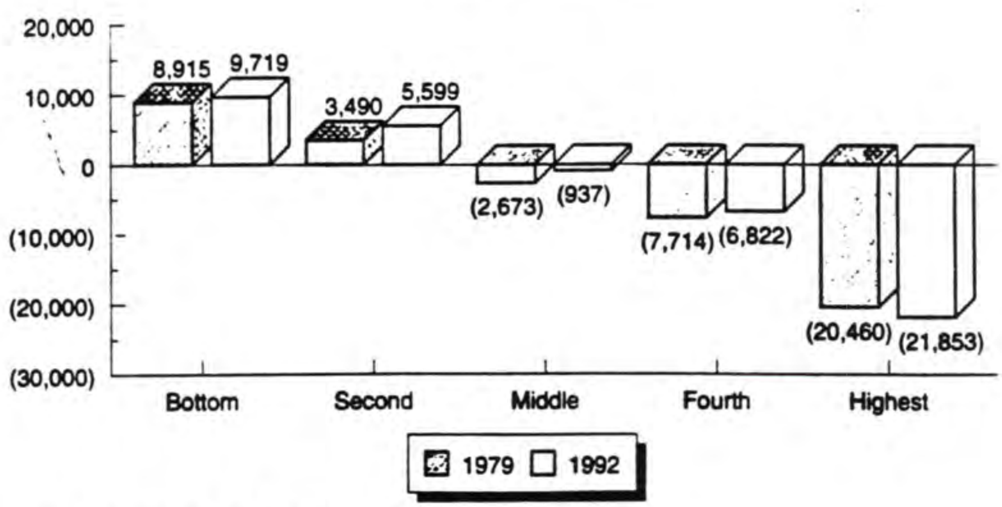
- o Households in the **second lowest quintile** were net beneficiaries on average of $5,599 in 1992, up considerably from around $3,500 in 1979 and 1984.

- o The average family in the **middle quintile** lost considerably less to the government in 1992 ($937) than in the earlier years.

- o The **top quintile** was the only one to have paid more on net in 1992 ($21,853) than in the earlier years, paying $23,527 in combined taxes, but receiving only $1,674 in transfers. As a share of market income, the fisc took 22.5 percent of market income last year. That is up from the 21.8 percent of 1984, but not quite as high as the 23.5 percent of 1979.

Effects of Taxes and Transfers on Income*

(1992 dollars)



Source: Bureau of the Census

*Difference between market income and after-tax, after-transfer income. Transfers include cash transfers and the value of noncash transfers.

o The share of income going to each quintile before the fisc intervenes is considerably different from that after. At the bottom, taxes and transfers last year boosted the share of aggregate income going to the lowest quintile from 0.9 percent of total market-based income to 4.9 percent of after-tax/after-transfer income. For the top 20 percent of households, the fisc reduced income shares from 51 percent of all market income to 43.3 percent of all after-tax/after-transfer income.

-- In terms of relative importance, transfers played a much larger role in shifting the income distribution in the direction of increased equality than did taxes. In 1992, taxes hardly raised the share of income going to the lowest quintile (0.2 percentage point), while transfers boosted their share by 4.8 percentage points. At the other end of the income distribution, taxes reduced the share going to the top 20 percent of households by 2.4 percentage points, while the inclusion of transfers in the definition of income lowered the top quintile's share by an even greater 5.3 percentage points.

o The Gini Index is a widely used measure of income inequality -- the smaller the Gini Index, the more equal is the income distribution. In 1992, the Gini for market-based income was .497, while that for after-tax/after-transfer income was .385, indicating that the tax/transfer system makes the income distribution more equal. Both indexes, however, were higher than in 1979 and 1984. This general trend toward a more unequal distribution of both market and after-tax/after-transfer income reflects the trends discussed above; namely, those at the top of the income distribution were the biggest gainers during the last decade.

Gini Index*

	1979	1984	1992
Market Income	.460	.477	.497
After-Tax, After-Transfer Income	.359	.378	.385
Impact of Taxes, Transfer (%)	-22.0	-20.8	-22.5

*The lower the index, the more equal is the income distribution.

One measure of the extent to which the government redistributes income from the top to the bottom is the percent reduction in the Gini Index going from market incomes to after-tax/after-transfer incomes. By this measure, the redistributional impact of the fisc on the income distribution was greater in 1992 (-22.5 percent) than in 1984 (-20.8 percent), but about the same as in 1979 (-22 percent).

Conclusion: The distribution of household income generated by the market place became much more unequal during the past ten years. Although the rich had more taken away by the government in 1992 than in the earlier years, and those at the bottom of the income distribution received more than earlier, the disparity between the top and bottom of the broadly measured income distribution widened considerably.

RECENT ECONOMIC INDICATORS AS OF NOVEMBER 5, 1993
(S.A. OR AS INDICATED)

	Oct-92	Nov-92	Dec-92	Jan-93	Feb-93	Mar-93	Apr-93	May-93	Jun-93	Jul-93	Aug-93	Sep-93	Oct-93
GDP (Quarterly Series, % A.R.)													
Nominal GDP			9.2			4.4			4.3			4.4	
Real GDP			5.7			0.8			1.9			2.8	
Implicit Price Deflator			3.3			3.6			2.3			1.6	
Fixed-Weight Price Index			3.3			4.3			2.6			2.2	
CYCLICAL INDICATORS													
Leading Index, Percent	0.5	0.7	1.7	-0.4	0.5	-1.0	0.2	-0.3	0.1	0.0	0.9	0.5	NA
Coincident Index, Percent	0.5	0.2	1.0	0.0	0.4	0.1	0.7	0.2	0.0	-0.5	0.7	0.2	NA
Purchasing Managers' Diffusion Index	50.7	54.7	55.4	58.0	55.8	53.4	49.7	51.1	48.3	49.5	49.3	49.7	53.8
Percent	4.1	7.9	1.3	4.7	-3.8	-4.3	-6.9	2.8	-5.5	2.5	-0.4	0.8	8.2
Industrial Production	107.5	108.4	108.9	109.3	109.9	110.1	110.4	110.2	110.5	110.7	110.9	111.0	NA
Percent	1.22	0.84	0.46	0.37	0.55	0.18	0.27	-0.18	0.27	0.18	0.18	0.09	NA
Capacity Utilization, Manufacturing	79.2	79.7	79.8	80.3	80.5	80.6	80.9	80.7	80.6	80.6	80.6	80.8	NA
EMPLOYMENT INDICATORS													
Civilian Employment, Million	117.7	118.1	118.3	118.1	118.5	118.6	118.4	119.3	119.2	119.3	119.7	119.5	119.9
Nonfarm Payroll Employment, Million	108.8	108.9	109.1	109.2	109.5	109.6	109.8	110.1	110.1	110.3	110.3	110.5	110.6
Civilian Unemployment Rate, Percent	7.4	7.3	7.3	7.1	7.0	7.0	7.0	6.9	7.0	6.8	6.7	6.7	6.8
Employment/Population Ratio	61.3	61.4	61.5	61.3	61.4	61.4	61.3	61.7	61.6	61.6	61.8	61.6	61.8
Average Weekly Hours, Manufacturing	41.1	41.2	41.2	41.4	41.4	41.2	41.5	41.4	41.2	41.4	41.4	41.5	41.6
CONSUMER SECTOR													
Retail Sales, Billion $	167.6	167.3	169.2	169.2	169.1	167.4	170.5	171.7	172.6	173.4	174.3	174.4	NA
Percent	1.9	-0.2	1.1	0.0	-0.1	-1.0	1.9	0.7	0.5	0.5	0.5	0.1	NA
Total Auto Sales, Milion Units, A.R.	8.3	8.3	8.7	8.7	8.0	8.4	9.0	9.1	8.8	8.6	8.6	8.5	9.0
Domestic Auto Sales, Million Units, A.R.	6.3	6.3	6.7	6.7	6.0	6.4	6.9	6.9	6.9	6.6	6.7	6.6	7.1
Personal Income, Billion $, A.R.	5239.1	5238.5	5507.3	5225.7	5249.1	5289.2	5365.6	5380.4	5373.6	5359.2	5429.7	5440.1	NA
Percent	1.3	-0.0	5.1	-5.1	0.4	0.8	1.4	0.3	-0.1	-0.3	1.3	0.2	NA
Disposable Personal Income, Billion $, A.R.	4587.9	4582.8	4802.2	4570.6	4591.9	4630.1	4687.8	4697.3	4691.6	4673.2	4738	4747.3	NA
Savings Rate, Percent	4.8	6	5.5	5	3.9	4.4	4.7	4.4	3.9	3.7	3.7	NA	NA
Real Personal Income, Billion 87$, A.R.	4187.9	4180.8	4391.8	4150.7	4156.1	4181.2	4228.2	4236.5	4227.9	4213.2	4258.6	4266.7	NA
Percent	0.9	-0.2	5.0	-5.5	0.1	0.6	1.1	0.2	-0.2	-0.3	1.1	0.2	NA
Real Disposable Personal Income, Billion 87$, A.R.	3666.8	3656.9	3829.1	3630.7	3636.5	3660.4	3694.2	3697.7	3691.2	3673	3717.4	3722.9	NA
Percent	0.9	-0.3	4.7	-5.2	0.2	0.7	0.9	0.1	-0.2	-0.5	1.2	0.1	NA
Consumer Sentiment Index, U of Michigan	73.3	85.3	91.0	89.3	86.6	85.9	85.6	80.3	81.5	77.0	77.3	77.9	82.7
Percent	-3.0	16.4	6.7	-1.9	-3.0	-0.8	-0.3	-6.2	1.5	-5.5	0.4	0.8	6.2
HOUSING SECTOR													
Housing Starts, Thousand Units, A.R.	1226	1226	1286	1171	1180	1124	1206	1248	1248	1232	1314	1351	NA
Single-Family Starts	1079	1089	1133	1051	1036	987	1059	1107	1079	1064	1176	1141	NA

	Oct-92	Nov-92	Dec-92	Jan-93	Feb-93	Mar-93	Apr-93	May-93	Jun-93	Jul-93	Aug-93	Sep-93	Oct-93
BUSINESS SECTOR													
Nondefense Capital Goods Orders, Billion $	30.1	26.8	32.3	28.6	32.7	29.1	30.5	29.9	33.9	30.1	32.0	31.1	NA
Percent	1.1	-11.0	20.4	-11.2	14.3	-11.1	4.6	-1.7	13.1	-11.1	6.3	-2.6	NA
Nonresidential Construction Put in Place, Billion $	130.3	128.9	128.9	128.3	129.1	131.5	130.8	133.9	134.5	132.8	133.8	133.5	NA
Inventory Change Book Value, Billion $, A.R.	8.6	19.8	32.9	24.9	42.3	52.5	40.6	20.6	0.3	-7.4	24.3	NA	NA
Inventory/Sales Ratio, Total Business	1.49	1.49	1.46	1.46	1.46	1.47	1.47	1.47	1.46	1.47	1.46	NA	NA
INFLATION INDICATORS													
CPI, Percent	0.4	0.2	0.1	0.5	0.3	0.1	0.4	0.1	0.0	0.1	0.3	0.0	NA
CPI Less Food and Energy, Percent	0.5	0.3	0.2	0.5	0.5	0.1	0.4	0.2	0.1	0.1	0.3	0.1	NA
PPI Finished Goods, Percent	0.1	-0.2	0.0	0.3	0.4	0.3	0.6	0.0	-0.4	-0.2	-0.6	0.2	NA
PPI Less Food and Energy, Percent	-0.1	0.2	0.1	0.4	0.2	0.2	0.4	0.1	-0.1	0.1	-1.0	0.0	NA
Gold, $ per ounce	344.0	334.4	334.0	329.4	329.2	330.3	341.6	364.2	372.4	392.1	380.2	352.3	362.3
W. Texas Spot Oil Price, $/bbl	21.7	20.3	19.4	19.1	20.1	20.3	20.3	19.9	19.1	17.9	18.0	17.5	18.1
MERCHANDISE TRADE													
Exports, Billion $, A.R.	466.6	453.6	470.1	450.1	443.1	466.7	461.7	467.2	451.7	445.3	458.5	NA	NA
Imports, Billion $, A.R.	553.4	547.6	553.7	542.1	538.0	592.2	583.9	567.7	596.4	570.4	575.1	NA	NA
Deficit, Billion $, A.R.	-86.8	-94.0	-83.6	-92.1	-94.8	-125.4	-122.2	-100.5	-144.7	-125.1	-116.6	NA	NA
U.S. EXCHANGE RATE													
Multilateral	85.0	90.0	90.5	92.4	93.8	93.7	90.6	90.2	91.8	94.6	94.3	92.1	93.3
Percent	3.7	5.9	0.5	2.1	1.6	-0.2	-3.2	-0.4	1.7	3.0	-0.3	-2.4	1.3
Yen/$	121.2	123.9	124.0	125.0	120.8	117.0	112.4	110.3	107.4	107.7	103.8	105.6	107.0
DM/$	1.49	1.59	1.58	1.61	1.64	1.65	1.60	1.61	1.65	1.72	1.69	1.62	1.64
$/Pound	1.65	1.53	1.55	1.53	1.44	1.46	1.54	1.55	1.51	1.50	1.49	1.52	1.50
MONEY AND CREDIT													
M2, Billion $	3490.0	3496.3	3494.9	3485.7	3474.1	3471.6	3473.3	3503.7	3510.9	3516.8	3522.5	3535.3	NA
Percent	3.8	2.2	-0.5	-3.1	-3.9	-0.9	0.6	11.0	2.5	2.0	2.0	4.4	NA
M3, Billion $	4178.1	4175.7	4162.5	4137.4	4131.7	4127.2	4138.0	4167.5	4167.5	4165.1	4168.3	4181.1	NA
Percent	-1.1	-0.7	-3.7	-7.0	-1.6	-1.3	3.2	8.9	0.0	-0.7	0.9	3.7	NA
C&I Loans & Commercial Paper, Billion $, N.S.A.	991.1	996.9	989.8	986.1	978.4	979.9	984.8	986.4	987.6	973.97	967.71	NA	NA
Percent, A.R.	5.0	7.2	-8.2	-4.4	-9.0	1.8	6.2	2.0	1.4	-15.37	-7.442	NA	NA
C&I Loans, Billion $	439.5	441.0	438.3	436.3	437.4	438.4	438.9	440.1	439.2	433.68	429.9	NA	NA
Commercial Paper, Billion $	551.7	555.9	551.5	549.9	541.1	541.4	545.8	546.3	548.5	540.29	537.82	NA	NA
INTEREST RATES													
Federal Funds Rate	3.1	3.1	2.9	3.0	3.0	3.1	3.0	3.0	3.0	3.1	3.0	3.1	3.0
T-Bill, 3 Month	2.9	3.1	3.2	3.0	2.9	3.0	2.9	3.0	3.1	3.0	3.0	3.0	3.0
T-Bond, 30 Year	7.5	7.6	7.4	7.3	7.1	6.8	6.9	6.9	6.8	6.6	6.3	6.0	5.9
Corporate AAA Bonds	8.0	8.1	8.0	7.9	7.7	7.6	7.5	7.4	7.3	7.2	6.9	6.7	6.7
Mortgage Commitment Rate	8.1	8.3	8.2	8.0	7.7	7.5	7.5	7.5	7.4	7.2	7.1	6.9	6.8
STOCK MARKET													
Dow Jones 30 Industrials	3198.7	3238.5	3303.2	3277.7	3367.3	3440.7	3423.6	3478.2	3513.8	3529.4	3597.0	3592.3	3625.8
Standard & Poor's 500	412.5	422.8	435.6	435.2	441.7	450.2	443.1	445.3	448.1	447.3	454.1	459.2	463.9

8623

THE WHITE HOUSE THE PRESIDENT HAS SEEN
11/6/93

WASHINGTON

November 5, 1993

'93 NOV 5 P6:44

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE

SUBJECT: Letter to Larry Joyce

Purpose

To respond to Larry Joyce, a Senior Vice President at the AMA, and father of Sgt James Casey Joyce, who was killed in Somalia.

Background

John Podesta has already sent you the letter from Mr. Joyce. Attached at Tab A is a proposed reply.

RECOMMENDATION

That you sign the letter to Mr. Joyce at Tab A.

Attachment
Tab A Incoming Correspondence

cc: The Vice President
Chief of Staff

THE WHITE HOUSE

WASHINGTON

Dear Mr. Joyce:

I was profoundly touched by your letter concerning the death of your son, Sergeant James Casey Joyce, which I received today. Your eulogy to Casey at the service in Plano moved me deeply and spoke volumes of the character and uniqueness of this man, your son, who died too young.

As you may know, a few days after Casey was killed in Somalia I wrote Deanna and told her of my respect for his courage and his commitment to the ideals on which America was founded. I also mentioned the lives of the hundreds of thousands of Somalis that were preserved due to his efforts, and those of his fellow servicemen and servicewomen, in that desperately poor and suffering nation.

In your letter the pride you felt so keenly in his being a Ranger is manifest. In my remarks to the American people last month on our nation's military involvement in Somalia, I described the heroic ethic of Casey and the rest of the 3/75th Ranger Battalion. When the first Black Hawk helicopter was downed, they stayed with their comrades. They didn't retreat. They held their ground for hours under intensely heavy fire. Their bravery under fire will long be remembered in the annals of American military history.

I would expect that hardly a moment goes by when Casey is not on your mind. But as the 3/75th Rangers prepare for their memorial service at Fort Benning next week, I know you will think of him all the more. On this occasion, I again want to express my profound sympathy to you, to Gail, to Deanna and to all those who knew and loved Casey. I sincerely believe his death will not have been in vain.

Sincerely,

Bill Clinton

Mr. Larry E. Joyce
2219 North Orchard Street
Chicago, Illinois 60614

8623

THE WHITE HOUSE

WASHINGTON

November 3, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA JDP

SUBJECT: LETTER FROM LARRY JOYCE

Attached is a letter from Larry Joyce whose son was killed in Somalia. Mr. Joyce is a senior Vice President at the AMA. This letter was delivered (sealed) in a round-about way through the AMA's Washington office.

Mr. Joyce appeared on "Larry King" prior to writing this letter where he attacked Secretary Aspin, but was respectful of you.

He has included his number and would clearly like a phone call from you. I will have a letter for your signature prepared today, but since its taken awhile for this letter to get here, I wanted you to see it as soon as possible.

LARRY & GAIL JOYCE
2219 North Orchard Street
Chicago, Illinois 60614
312-871-2565

October 22, 1993

Dear President Clinton:

My son, Sergeant James Casey Joyce, was one of the "unfortunate losses" you referred to in your recent interview with Chicago reporters while speaking about the October 3 ambush of Army Rangers in Mogadishu. I'm enclosing a picture of Casey and a copy of the eulogy I gave him at one of his services. I gave the eulogy because he had requested it. I'm enclosing it now so you can put a human face on at least one of the "unfortunate losses."

It's important to us that you know, as you read this, that my wife and I voted for you but have no party affiliation. We pray for your success because the nation's success is dependent upon yours. I also want you to know I have never written any of your predecessors.

As a 20-year Army veteran with ~~two~~ combat tours in Vietnam, I struggled with my feelings about your early views concerning our involvement in Vietnam. However, I was able to rationalize your protest because I, too, had come to understand the futility of our vague and misguided policy regarding Vietnam. Now, I'm struck by the irony of your public statements about American interests in Somalia, Haiti and Bosnia which sound very much like the ill-fated [illegible] Johnson.

Obviously, the death of my U.S. Army Ranger son has heightened my interest in how our military is used to enforce American foreign policy

As you may know, I have been openly critical of your choice for Secretary of Defense, but he is not the focus of this letter. Rather I'm writing to implore you to order an investigation about what went wrong in Somolia, and why, so we don't create another disaster.

My concern is not for retribution -- although I do believe those who were responsible for the October 3 tragedy should be held accountable. But it's essential that we use the knowledge this investigation will generate so future debacles can be avoided.

In the 33 years I've been associated with the United States Army, I can say, unequivocally, that we now have the best-educated, best-trained, best-led, most highly dedicated and motivated soldiers I've ever seen. They are a national treasure. The men and women who serve in the defense of our nation -- at great personal sacrifice -- deserve dedicated and competent civilian leaders. Mr. President, please use Somolia as the catalyst to put that side of your administration in order.

I have talked to the families who, [illegible] lost sons in Somolia. I've talked to the wounded and their families. I've talked to active duty and retired soldiers of all ranks. I don't profess to be their representative but I believe I can help you understand their feelings -- including their apprehensions and their aspirations. I hope you will agree to meet with me soon, face-to-face. I promise that it will be a step in the right direction.

Respectfully yours,

Larry E. Joyce

Enclosures

P.S. My office number is 312-464-4312

CASEY'S EULOGY
CHRIST UNITED METHODIST CHURCH
PLANO, TEXAS
OCTOBER 9, 1993

LATE IN THE SUMMER OF 1969, NEIL ARMSTRONG STEPPED ON THE MOON, HURRICANE CAMILLE BATTERED THE GULF COAST, AND GOD GAVE US JAMES CASEY JOYCE.

JAMES IS A FAMILY NAME -- MY GRANDFATHER'S. CASEY IS A NAME I PICKED OFF A LITTLE LEAGUE BASEBALL PLAYER'S UNIFORM. I JUST THOUGHT IT WAS A UNIQUE NAME AND HOPED AND PRAYED THAT WE WOULD HAVE A BOY SO WE COULD CALL HIM CASEY. IT WAS A GOOD CHOICE. CASEY WAS SUCH A UNIQUE AND SPECIAL BOY. HE WAS A CLEVER, DETERMINED AND HAPPY CHILD WHO LITERALLY BEAMED WITH PERSONALITY.

HE WAS THE MOST EXPERIENCED LITTLE LEAGUE FOOTBALL MASCOT EVER -- FIVE TEAMS IN SEVEN YEARS. AND WHEN HE RETRIEVED THE KICKING TEE, HE COULD ALWAYS FIND A MUD PUDDLE TO FALL IN ON HIS WAY BACK TO THE SIDELINE.

AS HE GREW INTO HIS TEENS, HIS SENSITIVITY AND HIS ENDURING LOVE OF HISTORY, LITERATURE, AND FOOTBALL -- ESPECIALLY FOR THE COWBOYS -- WERE INGRAINED. AS HE MATURED INTO MANHOOD, HIS DISTINCTIVE LEADERSHIP TRAITS BEGAN TO EMERGE, AND HE HAD A MARVELOUS, AND SOMETIMES DEVILISH, SENSE OF HUMOR. HE LOVED TO LAUGH AND MAKE OTHERS LAUGH. WE LOVED TO LAUGH TOGETHER.

HE HAD UNIMPEACHABLE STANDARDS AND ETHICS HIS ENTIRE LIFE. HE CHOSE HIS FRIENDS CAREFULLY, HE PUT A LOT OF STOCK INTO COMMITMENT. HE MADE THOSE COMMITMENTS HIMSELF AND EXPECTED OTHERS TO DO LIKEWISE. HE WAS A WONDERFUL, TRUE AND LOYAL FRIEND. I KNOW -- BECAUSE WE WERE NOT ONLY FATHER AND SON -- WE WERE CLOSE, CLOSE FRIENDS. WE DIDN'T EVEN HAVE TO TALK -- JUST OCCUPYING THE SAME SPACE WAS ENOUGH. AND THERE WERE THREE WORDS WE USED THOUSANDS OF TIMES -- THOSE THREE WORDS WERE I - LOVE - YOU.

MY ONLY CONSOLATION IS THAT HE KNEW HE WAS LOVED AND HE LOVED DEEPLY. HE AND DEANNA ARE STILL IN LOVE SO DEEPLY IT TRANSCENDS LIFE ITSELF.

HE HAD INCREDIBLY STRONG CHARACTER AND HE WAS UNABASHEDLY PATRIOTIC. HE LOVED GOD, HE LOVED HIS FAMILY, HIS FRIENDS AND HE LOVED HIS COUNTRY. AND HE LOVED BEING A U.S. ARMY RANGER BECAUSE HE WANTED TO BE AMONG THE VERY BEST. HE CHOSE THE MOST DIFFICULT ASSIGNMENT AND TRAINED INTENTLY AND WITH GREAT DETERMINATION UNTIL HE REACHED HIS GOAL. I DON'T THINK I COULD HAVE DONE WHAT HE DID.

IN BATTLE HE FOUGHT BRAVELY. HE DIED BRAVELY. I ONLY WISH I COULD HAVE FOUGHT IN HIS PLACE -- OR AT LEAST AT HIS SIDE. HE IS TRULY AN AMERICAN HERO. HE IS <u>MY</u> HERO. HE WAS STRONG IN EVERY SENSE OF THE WORD. AND HE RECEIVED HIS STRENGTH FROM ALL OF US AND WE'RE ALL STRONGER BECAUSE OF HIM.

HIS SPIRIT IS HERE NOW. HE IS WITH US. AND HIS RELATIONSHIP WITH US IS EPITOMIZED IN THE LAST VERSE OF RUDYARD KIPLING'S POEM "THE LAW OF THE JUNGLE:"

"AS THE CREEPER ENCIRCLES THE TREE TRUNK,
EVER WEAVING, FORWARD AND BACK,
SO THE STRENGTH OF THE PACK IS THE WOLF,

BUT THE STRENGTH OF THE WOLF IS THE PACK."

AND HE'S SAYING TO US NOW "WHETHER YOU'RE IN THIS FAMILY BY BIRTH, BY MARRIAGE, OR BY FRIENDSHIP, STAY TOGETHER. LOVE AND SUPPORT EACH OTHER." IN OTHER WORDS, "DON'T LEAVE THE PACK."

[redacted]

[redacted]

THE PRESIDENT HAS SEEN 11/8

Mack/Gergen
fyi.
This we need to do
we need to give him
an answer soon –
B

President Clinton

[redacted]

THE PRESIDENT HAS SEEN 11/8

BOB WOODWARD
3027 Q STREET, N. W.
WASHINGTON, D. C. 20007

September 30, 1993

Dear Mr. President:

I believe you are aware that I am writing a book on government economic policy making. The book already has a heavy, and a growing, emphasis on your administration. I write to explain the nature and depth of my project, and to request your direct assistance.

The issues I am looking at lie at the dead intersection of the nation's politics, economic future and value system. My focus is on how decisions about economic policy are made. I want to write about them as a historian might cover a war---exhaustively detailed story-telling in chronological order.

From hundreds of interviews, I have found some of the information I have been seeking, enough for lengthy chapters on turning points and key decisions. For example, I already have accumulated more than 100 pages of typed notes, memos, recollections, charts and tables on just one of the pre-inaugural meetings (January 7, 1993 in Little Rock) you had with your economic team. I have also collected extensive material on the origins of your economic ideas and views---public investments, health care reform, deficit reduction, middle-class and populist issues, the stimulus package and the notion that economics is an art, not science. Those are six of the key strains I've found.

But, I have wondered many times, what am I missing? A lot, no doubt---too much. My reporting has yielded enough that I am definitely humbled by what I don't know. How has your thinking evolved? How did you get your economic education? When did you first lay out your principles? These questions are not an endless stream of random inquiries, but grow directly out of my research in both the public record and part of the private record.

Richard Reeves, in his remarkable new book on President Kennedy, Profile of Power, poses the graphic and compelling question: What is it really like to be President? What is it like at the center? Reeves was forced to rely on the substantial documentary record and the testimony of others near, but not at, the very center. He never interviewed Kennedy.

The information I have so far is enough to complete my task perhaps better and certainly earlier than I expected. Though much of what I have comes very much from the inside, I've written enough about government and presidents to know that the most powerful inside material is still really from the outside. It lacks the perspective of the president. How did the president really see these events? How did they unfold from his eyes? What's it like to make these decisions? What is that complex internal river of thought and conclusion really like? What's it like at the center?

No one could travel the reporting road I have traveled on these matters and not glimpse some of what it's like, gather snatches of what you said and what you must have seen and felt. But I hope it is possible to get closer to what it's really like. Can a sitting president speak about these matters to an outsider? I hope yes. Might it involve some loss of control and some risk? Yes. Could you nonetheless share a version closer to the center? I hope yes.

Just in eight months, it's clear, you've been on a singular journey. But the published and broadcast accounts of it miss far too much, in my view. Public dialogue is at too low a level. Aren't the problems of governing connected to the shallow discourse? Don't Phil Donahue and Rush Limbaugh and the 20-second update dilute understanding and shortchange the public? People ought to know, or have at least a chance to know, as authoritatively as possible, the truth.

What I'm asking is for is an interview that would go well beyond the daily message, sound-bite or conventional wisdom war. I don't intend to write a how's-he-doing assessment. Nor am I suggesting a premature memoir. I can promise only an honest, full inquiry---no cheap shots and no cheerleading.

Though I continue with my editing and reporting job at The Washington Post, all material on this subject is for the book. The book will, I hope, be finished and published next year.

In my last book, The Commanders, which was about the Pentagon, the Bush administration and the Persian Gulf War, I ended the introduction with this idea: "The decision to go to war is one that defines a nation, both to the world and, perhaps more importantly, to itself. There is no more serious business for a national government, no more accurate measure of national leadership." I wrote that in the spring of 1991. About that time you made the point to friends and associates that the battlefield had shifted. National self-definition, seriousness and leadership would next be measured by economic and domestic policy. You were right.

I hope you will agree to assist me. Whatever your decision, be assured that this book will be the most serious contemporaneous examination of your administration's economic policies.

Sincerely yours,

Bob Woodward

Bob Woodward

Mack — some good ideas —

THE PRESIDENT HAS SEEN 11/8

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

November 4, 1993

NOV 4 P12:34

MEMORANDUM FOR THE PRESIDENT

FROM: Lloyd Bentsen *Lloyd Bentsen*

SUBJECT: NAFTA Strategy

I am concerned, as I know you are, about the "retail politics" in which we are engaged on NAFTA. Our effort to address legitimate concerns on community development and worker retraining, for example, have degenerated into every member wanting his or her own "deal." Deal making is an unhappy part of the appropriation and budget process, but NAFTA is different. It addresses the U.S. role on the world stage and is part of an unamendable process. Moreover, we may be on a slippery slope that could set a terrible precedent for the health care bill.

My suggestion is that we construct a strategy that will send a tougher message to the Hill, both publicly and privately. We would distinguish NAFTA in terms of the stakes for the country and the political risks for everyone, if this devolves into a total "retail politics" exercise.

The specific steps that could be taken:

-- This week, in one of your major speeches on NAFTA, you would expand on this theme and emphasize the "global" issues at stake. You could allude to the historical precedent of Smoot Hawley, use Salinas's line about trade wars leading to shooting wars, and indicate that you are expecting Congress to avoid temptations presented by narrow, special interests.

I like this

-- On the same day, Lee Hamilton in the House and Sam Nunn in the Senate, for instance, would make similar speeches appealing to the need for leadership and political courage. Hamilton is supportive but has not been very public. Sam Nunn has not declared, but I could call him and urge his public statement.

-- The day after, I would meet with the Torres group and be joined by Gergen and/or McLarty to deliver a tough message: "We worked with you on your substantive concerns; we cannot engage in wholesale dealmaking. We expect you to support your President now. We are on the same side. This is your Administration, and we need your cooperation."

-- Other members of the Cabinet and top White House officials would turn up the heat in private messages to key members on the fence. Some of the members who might be moved by this tougher, "higher" message are: Cardin, Pelosi (who may have already committed to you), Slattery, Sawyer, McDermott, Bryant, Waxman, Darden.

-- You could continue on this "higher plane" through a joint press event with Salinas joined by satellite.

For this strategy to work, the entire Administration needs to sign on. We can't have one part talking tough and then members going through the back door. I am convinced if we don't try something like this we will either run out of the capital needed to recruit all the votes we need or create a public spectacle that could pull NAFTA down with it. Also, if we don't do something, we will continue to teach members that they can hold up the Administration, with extremely adverse consequences for the health care bill and other major initiatives.

THE PRESIDENT HAS SEEN 11/8

[redacted]

UNITED STATES DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY

November 4, 1993 P5:20

To: The President

From: Labor Secretary Robert B. Reich

FYI: Interesting and troubling. We need to do a better job of letting them know how much we've done already (e.g. EITC), but obviously need to do more.

GS

you should call Thurow ~~[illegible]~~ about & ask him for a jobs proposal - what would he do? —

[redacted]

[redacted]

To: The President
From: L.S. Robert Reich
FYI. Interesting & troubling. We need to do a better job of letting them know how much we've done already (eg. EITC), but obviously need to do more.

VOLUME XXIII, NUMBER 44 The Washington Post SUNDAY, OCTOBER 31, 1993

Book World

An American Common Market

SAVE YOUR JOB, SAVE OUR COUNTRY
Why NAFTA Must Be Stopped—Now!
By Ross Perot with Pat Choate
Hyperion. 142 pp. Paperback, $6.95

NAFTA: An Assessment
By Gary Clyde Hufbauer and Jeffrey J. Schott
Institute for International Economics. 195 pp. Paperback, $16.95

CONTINENTAL SHIFT
Free Trade and the New North America
By William A. Orme Jr.
The Washington Post Company. 235 pp. Paperback, $49.95

By Lester Thurow

EACH OF THESE three books expresses a fundamental truth. Ross Perot and Pat Choate articulate a frustrated cry of real economic pain that is not being heard. Gary Hufbauer and Jeffrey Schott correctly argue that NAFTA will lead to more economic good than bad in the United States. Orme understands that NAFTA is really about fundamentally changing Mexico's long-run economic future. Its direct impact, good or bad, on the United States is *de minimis.*

Regardless of whose estimates you believe, the net increase or decrease in jobs is so small as to be lost in the rounding errors of American labor statistics. If Hufbauer and Schott are right, America will gain 170,000 jobs over five years. If Perot and Choate are right, 480,000 jobs will be lost. Historically the United States often has monthly gains or losses this big. The small stream of jobs produced or lost by NAFTA will not be noticed in a sea of 130 million American workers.

There are a lot of low-wage places in the world (one of them, Puerto Rico, already belongs to an American common market), where any business that simply wants low wages either has gone or will go. At most NAFTA might redirect some of this flow to Mexico. It is not going to change the magnitude of the future flow by any noticeable amount.

When it comes to estimating job losses or gains, the only truthful answer is that no one knows exactly how many jobs will be lost or gained. Neither of the two estimates is derived from detailed micro-economic studies of Mexican and American industries. Both are simply extrapolations drawn from historical analogies based on what once happened elsewhere in the world. Mexico is America's largest neighbor, shares thousands of miles of common border, and both the United States and Mexico live in the global economy of the 1990s. Even if detailed micro-economic studies were done it would not be possible to estimate job losses —*Continued on page 10*

Lester Thurow is a professor of economics at the Massachusetts Institute of Technology and the author of "Zero Sum Society" and "Head to Head: The Coming Economic Battle Among Japan, Europe, and America."

NAFTA

Continued from page 1

or gains. Such studies would have to be based on historical data of what has happened in the past, but the recent changes in Mexican attitudes and policies have been so large as to make the past a poor guide to the future.

What we do know is that the direct impact on the United States will be very small. With a gross domestic product (GDP) only 4 to 5 percent that of the United States, Mexico will not be an economic locomotive for America. Its markets are too small to speed up American growth; its firms are not competitive enough to increase the enormous already existing global pressures to make American firms more efficient. Like its effects on jobs, Mexico's effects on American growth will be too small to be measured.

The "giant sucking sound" of jobs going south, as Perot puts it, or the engine roar of accelerating economic performance will in reality be but a minor rumble of economic indigestion or a small burp of economic contentment.

But as Orme correctly points out, very modest direct effects do not make NAFTA an unimportant agreement for either Mexico or the United States. All three books agree that NAFTA is vital to Mexico since it essentially locks Mexico into a private market framework and gives investors (Mexicans and foreigners) confidence that Mexico has permanently broken out of the Latin American swamp of erratic economic policies. If this assurance to investors makes Mexico in the long run into a much wealthier country than it otherwise would be, the United States has a lot to gain. Living next to a large prosperous neighbor is better than living next to a large poor neighbor—politically and economically.

WHILE PEROT and Choate are wrong to imply that keeping the Mexicans out of a free trade agreement with the United States will somehow help the average American worker, they are right to express a cry of pain. To put it bluntly, the American political process has lost sight of the economic well-being of the bottom 60 percent of its work force.

From 1973 to 1992 the per capita American GDP after correcting for inflation rose 27 percent. Yet over the same time period average wages for the bottom 60 percent of male workers fell 20 percent in real terms. Median male wages fell 12 percent. For nonsupervisory workers (those who don't boss anyone else) real weekly wages fell 20 percent and hourly wages fell 13 percent. If one looks at young males 18 to 24 years of age who work full-time year-around (basically those who graduate from high school but do not go on to college) the percentage earning less than $12,195 (in 1990s dollars) more than doubled in the decade of the 1980s from 18 to 40 percent. For young women the increase was from 29 to 48 percent.

Earnings prospects are collapsing for the bottom two-thirds of the work force. Workers in this part of the earnings distribution don't have to be told by Ross Perot that the Bush administration wasn't thinking about their welfare when NAFTA was negotiated. And then, although President Clinton talked about them during the election, he has ignored them in his first year in office. Their number one need is not deficit reduction or even health care. It is good jobs.

Hufbauer and Schott point to what we all know must be done. "The ability of the NAFTA partners to gain maximum benefits from the pact with minimum adjustment costs depends importantly on maintaining domestic economic policies that ensure growth." Falling wages "reflect larger forces in the US economy, especially low rates of investment both in human training and in physical capital. The right policy response to poor US wage gains will not be found in trade barriers." True, but it is equally true that what needs to happen to restore rising wages isn't happening—and is not likely to happen.

After suffering two decades of falling real wages it is not surprising that Ross Perot can appeal to millions of Americans who lash out at the Mexicans in their frustration. The real answer to their problems lies elsewhere, but there is not even a glimmer of hope that those real answers will be adopted. President Clinton's $100 billion in skill and infrastructure investment disappeared into Senator Dole's black hole of a filibuster earlier this year and hasn't been heard from since. Whatever the talk about retraining those who will be hurt by NAFTA (and everyone agrees that some will be hurt), the historical record would lead even an optimist to the conclusion that it won't happen. Such retraining has oft been promised but seldom successfully done.

Orme points out that the ultimate benefit of integration with Mexico depends upon whether you believe that the United States is fundamentally complementary or competitive with Mexico. The unfortunate truth is that it is both. America is now a First World economy with a large, growing Third World economy in its midst. The First World part of the American economy will benefit from integration. It is complementary with Mexico. Unfortunately the Third World part of the U.S. economy is fundamentally competitive. It faces what economists know as "factor price equalization." If businesses can hire Third World skills at Third World wages elsewhere, why should they pay more for Third World skills just because the people with those skills happen to be found in a First World country, the United States? They shouldn't, they aren't, and they won't—even if NAFTA is defeated. There is always somewhere else to go.

Ideally NAFTA should be seen as a phase 1 agreement with a phase 2 agreement to follow. The phase 2 agreement would seek to make Mexico and the United States into a joint production area that could export more to the rest of the world by combining high value-added American components with labor-intensive Mexican processes to make both of us more competitive in world markets. Since much of the integration between Mexico and the United States will happen even if NAFTA is not ratified, the real question about NAFTA is whether it can be used as a good management agreement to make that inevitable integration less painful on both sides of the border than it otherwise would be.

But when it comes to that bottom line so beloved by economists, there is a simple truth. After seating the Canadians at our economic table and after two presidents of the United States have extended an official invitation to the Mexicans to join us for dinner, retracting that invitation isn't a very attractive prospect. We would be saying to ourselves and the world that we are willing to sit down to share a common economic meal with the Canadians—but not the Mexicans. ■

THE PRESIDENT HAS SEEN 11/8

Potus
v Potus
Nec
Gearan ✓
Gergen
Lash
Daley
Kantor

November 4, 1993

NOV 5 A9:28

MEMORANDUM FOR MACK McLARTY
JACK QUINN

FROM: CRAIG FULLER

Under the leave-no-stone-unturned policy, I wanted to share with you specific work force event opportunities that have now been presented directly to Bill Daley.

It is my view that if even some of these activities can be worked into the President's and/or the Vice President's schedules, they would help build support for NAFTA.

The one lesson I learned from where you both sit is that you need to do a few things well and not try to do everything. While these ideas were submitted earlier and somehow sidetracked, the issue is now is whether they fit in the time remaining.

I am convinced that the individual who we've had working on this can deliver very quickly -- it is, of course up to you to judge whether the events measure up to the other opportunities you have under consideration.

Let me only add that the NAFTA effort underway by the Administration is impressive to all of us. I'd be pleased to be of help if there is something further we can do.

THE PRESIDENT HAS SEEN 11/8

November 3, 1993

TO: Mack McLarty

FROM: Craig Fuller

SUBJECT: Presidential Workforce NAFTA Initiative

Mack
I think we should consider 1 or 2 but we need to be aware of possible xtra problems from Meet the Press

To follow up on my October 27 NAFTA Workforce Initiative memo, I have asked our workforce experts to produce a specific action plan for our consideration. They responded with a memo that I am passing on to you.

The team has designed a brief workforce campaign that targets two industrial areas where the votes on NAFTA will be crucial. They recommend we schedule lightning-strike presidential visits to two or three large industrial facilities in Ohio and Pennsylvania. Congressmen from these areas know that industries stand to gain by increased trade with Mexico. But their constituents who have been frightened by the unions, have had no personal touch from Clinton on NAFTA. The facilities selected are typical of the Midwest manufacturing and industrial base and portray the essence of America's industrial heartland. In both states, sites have been selected where media coverage is carried by stations in surrounding states to maximize television coverage in those areas where the swing vote will make or break NAFTA.

Our team has considered the down side of placing the president in proximity to blue collar union members. Lightning strike visits are proposed within secured factory gates so there will be no time for organized or planned anti-NAFTA demonstrations. Congressmen in these areas must hear the president talking to their constituencies about union jobs. This is a democrat president who would appear before democrat union members explaining why he supports NAFTA. However, his message will not be lost on the total area workforce, nor will it be lost on the congressmen who must vote. The president must give local congressmen justification to vote for NAFTA. That justification is jobs.

The president and vice president are doing an outstanding ~~adequate~~ job in their outreach to business and former government officials to obtain their support for NAFTA. They are also contacting members to ask for their vote. Yet every indication we have is that the members are more concerned with the voice of their constituencies. There is a need for the president to reach out to the congressional constituencies of apprehensive congressmen. I believe some events in the industrial heartland will help.

November 3, 1993

TO: Ken Cole and Craig Fuller

FROM: Mike Balzano

REGARDING: Nafta Presidential Workforce Initiative

Over the past few weeks we have seen a more intensified anti-Nafta campaign on the part of organized labor. At the present time, the president is contacting members of Congress to ask for their support. He is hosting former presidents, cabinet officials and other luminaries inside the White House and also appearing on satellite programs before business leaders. While all of these activities inside the White House and other safe environments are helpful, I do not believe that they will be sufficient to counter the fear of apprehensive congressmen that they will be punished by their union constituencies if they support the president. An effort must be made to initiate presidential outreach to the workforce. Moreover, this outreach should target the workforce in areas where the congressional vote will be crucial.

After analyzing the industries who will benefit by NAFTA, and comparing it with members from those same districts who are leaning away from NAFTA, we believe that it is essential for the president to target the workers in those areas for special outreach. We recommend a series of lightning-fast presidential visits to two or three large industrial facilities in Ohio and Pennsylvania. These areas are typical of the Midwest manufacturing and industrial base and where NAFTA will be won or lost. We have selected a locomotive factory in Erie, Pennsylvania and a steel mill in Stuebenville, Ohio for the president's visit.

ERIE, PENNSYLVANIA

General Electric Transportation Division has a large locomotive plant in Erie, Pennsylvania. The plant has already sold 100 locomotives to Mexico and plans to sell more if NAFTA is enacted. We envision an event as follows:

- With a 24-36 hour short notice the president or vice president would arrive by helicopter inside the plant gates. Only employees would be allowed on the property.
- The president would stand on a locomotive and tell the workers, and other area viewers on local television, that the GE Engine Division will sell more trains and hire more people if NAFTA is passed, that we cannot afford to lose the Mexican or South American market to foreign locomotive manufacturers.

  He would also repeat the quote that he would never sign an agreement that would hurt American workers. He would ask GE workers and the people in Erie, Pennsylvania to tell their congressmen that a vote for NAFTA is a vote for their jobs.
- We have identified both union and non-union suppliers whose employment depends on the Erie facility. We will move a fair number of suppliers and employees into the secured area to cheer the President for his bringing the message directly to them.

STEUBENVILLE, OHIO

We have selected the Wheeling Pitt steel mill in Steubenville, Ohio because it is the largest union mill in the area. There are eleven union locals in this mill that have divisions in Ohio, Pennsylvania and West Virginia. This area is typical of the mill workers in the nine state area of the midwest. This facility is located a "stone throw" from the West Virginia-Pennsylvania border. Within a twenty-mile circle of this mill, are at least two dozen similar mills in the ferrous and non-ferrous metals industry. The mills in this area are all unionized. Our team has contacted the presidents of union locals in this area who will help produce the event.

We envision the event as follows:

- The president would fly into the area and helicopter or motorcade to the main plant in Steubenville, Ohio. Within the security of the plant perimeter, the president will proceed to a predetermined location and address workers from the facility. The visual backdrop will convey "industrial base."
- Again, we will move a fair number of suppliers and employees into the secured area so that they will hear the president's call to save their jobs.
- His message will be: American labor unions and American workers across this country endorsed me because they knew I want to rebuild America's industrial base. This trade agreement is good for your company, it's good for your job, and it's good for your family.

Underlying the structure of these events is a basic strategy:

- First, the facilities selected are in the heartland of America. The president must meet workers where they work.
- Second, the workforce in this area has been frightened by their national leaders. This has resulted in the loss of congressional Democrats who would normally support the president. The events could be a powerful signal to Democrats that the president means business.
- Third, the events will take place within the facility perimeters so that the president can obtain maximum positive exposure with minimum risk. The events would be scheduled in a manner that would make planned demonstrations against the president unlikely.
- Fourth, the facilities are located where television coverage is carried by stations in surrounding states. The planned events will maximize television coverage in those areas where the swing vote will make or break NAFTA, in the center of a media market that covers the entire industrial base.
- Fifth, national coverage of these events on the evening news will send a meaningful signal to wavering Democrats.

There are two other labor-related activities that we have designed for presidential particip... These include:

- A meeting of local labor leaders at the White House or at the Vice President's home.
- The second activity would be conducting a presidential town meeting that focuses specifically on jobs, manufacturing, and the industrial base. We would invite local union presidents from around the country to attend this meeting.
- We have arranged for the president or vice president to appear on a pre-recorded televised program called 'After Thoughts.' The program is hosted by a Los Angeles minister and appears on twelve public service stations throughout the Los Angeles basin. Reverend Berkley who hosts the show, is a former union steward who works on the flight line at Continental Airlines. His show is focused on the plight of minority aerospace workers in the LA basin. He has a potential viewing audience of between 800,000 - 900,000 working class inner-city residents.

In our view, the president should do all of these things at the same time, thereby creating a high-intensity campaign aimed at selling the American worker on NAFTA. It is important to recognize that some congressmen are leaning against NAFTA because they fear the union vote. At the same time, a presidential workforce initiative could send a very clear message to these congressmen -- namely, that 89% of the American workforce does not belong to a union -- a point that is lost on congressmen fearing union retaliation. By speaking to the workers and focusing on workforce communications, the president will be speaking to the American people as well as to apprehensive congressmen.

To return to the question of risk, the White house must understand that local union presidents who endorse the president on NAFTA will be removed from office by their international. No one can really expect a union president to give up his job by opposing his parent union. At the same time, a local union president will not insult the president or vice president of the United States by refusing to appear on a platform with them. Whether they are there or not, it is important for the workers to be seen listening to the president with sympathy. That we can accomplish. I believe it would be enough to get those congressmen who are planning to vote against NAFTA to take a second look.

The key is providing the president with the opportunity to touch the "rank-and-file" workforce. Members of Congress are more concerned with the votes of the "rank-and-file" in their districts than they are with threats from the AFL-CIO.

THE PRESIDENT HAS SEEN 11/8

Superb Briefing

(given the follow up

on Sat.)

B.

THE WHITE HOUSE

WASHINGTON

November 5, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: SUSAN BROPHY

SUBJECT: BACKGROUND ON GOLF TOMORROW

Congressman Bill Brewster (D-OK) is undecided on NAFTA mainly because he feels that it is not popular in his district. He is remaining undecided to see if the politics in his district change. Currently, the cattlemen in his district oppose NAFTA (unlike the national cattlemen), and the Farm Bureau is not doing much to promote NAFTA in his area. Additionally, an influential local steel wire producer is opposed. Labor is not a factor in his district. As you remember, he attended the meeting for undecided members on October 14th; he has also discussed NAFTA with Ambassador Yerxa and Secretary Bentsen. He is from the panhandle district, and has a large number of constituents employed by General Motors.

Congressman Glenn English (D-OK) is leaning against NAFTA. His major issues are meat inspection, which USTR is working with his staff to resolve, and wheat. As you remember, he attended the meeting on October 6th for undecided Members. At that time, he raised his concerns on how the NAFTA would affect agriculture, and whether it would create significant job loss. He approaches the Agriculture issues as Chair of the Agriculture Subcommittee on Environment, Credit, and Rural Development.

Congressman Richard Lehman (D-CA) is undecided on the NAFTA. He won with a mere 47% of the vote in his last election, beating his opponent by 1,000 votes. Unemployment is running 16-17% in his district. His main concern is immigration; his constituency is tense about illegal immigrants. The farmers in his district are insecure about NAFTA, but agricultural business supports it. Perot is a large factor in his district. He has also expressed a concern about the effect of NAFTA on wages. He has discussed these issues with Dr. Tyson and Secretary Reich. You also met with him when you stopped by the lunch for California Members hosted by Director Panetta two weeks ago. You should also be aware that Lehman was very concerned about allocating funds for a boot camp in his district. The Justice Department was able to grant his request this week and Lehman is very pleased.

THE PRESIDENT HAS SEEN 11/8

Comment

ON THE WORLD

U.S. Unions Are Wrong on NAFTA

BY EUGENE MULLALY

Among opponents of the North American Free Trade Agreement, the most difficult to understand is organized labor. Under Mexico's *maquiladora* program, American industry has been relocating to Mexico in preference to other offshore locations since 1968. Despite claims of AFL-CIO leaders, it simply isn't credible to consider NAFTA a threat to American jobs. For other economic reasons, the jobs have already been lost. If Congress rejects NAFTA, the *maquiladora* program will still continue.

In the rhetoric against the treaty, organized labor seems to overlook a historical problem confronting union workers of the Southwest. Faced with collective labor action, Southern California's merchants, manufacturers and growers have repeatedly defeated organized labor by drawing job-hungry replacements into the region from Mexico. NAFTA offers an opportunity to change this.

With its weak economy, an unlimited pool of cheap labor has always been found readily available in Mexico. The workers are highly industrious, willing to work and live under the most deplorable conditions and possess a unique advantage unavailable with U.S.-born employees. When they are no longer needed, they can be sent home.

Twice in the 20th Century, when faced with surplus labor after allowing massive immigration into California, the border has been sealed and Mexican nationals have been deported. In the 1930s, the deportation program was called Repatriation. In the early 1950s, it was Operation Wetback.

Another vivid example is currently taking place. Beginning in the 1960s, farm workers began to organize under the leadership of Cesar Chavez and the United Farm Workers. By the late '70s, with Gov. Edmund G. (Jerry) Brown's Administration in Sacramento, it appeared as if California's historically abusive farm-labor conditions would finally be brought to an end. State-sponsored legislation was effectively bringing about unionization of the state's agricultural industry.

The industry's reaction was swift. In a single election in the early 1980s, pro-UFW Democrats were turned out of office. Benefiting from campaigns heavily financed by defense, construction and agriculture industries, George Deukmejian became governor and Pete Wilson was elected to the U.S. Senate.

With the support of President Ronald Reagan, immigration barriers were loosened and a flood of Mexican and other Latin American workers poured into the state. The rush to the fields of job-hungry people torpedoed any thoughts by UFW organizers that they would ever be successful in improving the lives of farm workers.

As the northward migration continued, the cities also were affected. Hired as domestics, restaurant workers, janitors and gardeners, Mexicans eventually began crowding out members of skilled trade unions. Spanish-speaking workers willing to take low wages were eagerly put to work in the construction industry.

Now, in an amazing but historically predictable turnabout, Gov. Wilson wants to send the Mexican workers home. With the end of the Cold War and the collapse of California's defense-based economy, a large surplus labor condition exists. Mexican workers are no longer needed and are being portrayed as an excessive burden on our social-welfare agencies.

Such has been the pattern of our labor history: using Mexican workers to depress wages in boom times and then sending them back when the cycle ends.

With NAFTA and the reforms being made in Mexico, we have an opportunity to break this pattern so detrimental to interests of working people. After decades of state-controlled industry in a closed economy, Mexico is making an orderly transition to a market-based economy.

In adopting NAFTA, Mexico stands ready to virtually eliminate the country's highly protectionist import duties and embrace open commerce with North America. By combining enlightened economic policies with the population's native talent, there is no reason why Mexico will not emerge as a modern economy.

Those who risk everything coming north across our border frequently experience indignities in our society. Generally, they work to send money to their families in Mexico. With a strong Mexican economy, the only Mexicans interested in crossing our borders will be tourists. Only then will the old game be over of using people from Mexico as strikebreakers against American workers.

Eugene Mullaly, an accountant with many years in California's computer industry, has worked in Mexico's maquiladoras. He lives in San Diego.

128

While Some Clinton Changes Make Big Waves, Other Policies Trickle Down to Lower Levels

By MICHAEL K. FRISBY
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON – A year ago today, President Clinton was elected on a promise to bring "change" from 12 years of Republican rule. And for all the talk of gridlock at the top, that is more or less what he is doing.

The big areas of change are obvious, from an activist health-care proposal to the appointment of Ruth Bader Ginsburg to the Supreme Court to the signing of a family-leave bill that George Bush had vetoed. The Republican mantra of "keeping government off the backs of the people" has been replaced by Mr. Clinton's much more activist "we can help" message.


President Clinton

But change is also beginning to take root in a host of other areas. School choice is out; efforts to revivify public schools are in. Women are allowed to fly military combat missions; publicly funded family-planning clinics are discussing abortion as an option; new military recruits are no longer asked about their sexual orientation.

Some of these changes flared into the public consciousness, then receded; others have barely been noticed at all, except perhaps by the people directly affected by them. In many cases, "it is just that the public doesn't read it in headlines, because it isn't controversial," says James Pfiffner, a political scientist at George Mason University. But taken together, the myriad policy changes "do make a difference," he says.

There is no "Clinton Revolution" akin to the Reagan Revolution of 1981, when scores of strongly ideological appointees charted a course for the country far different from the one it had been on. Moreover, the skittishness of the electorate, evident in yesterday's elections, makes it difficult for Democratic incumbents to attempt to steer the country in a firm direction. Indeed, in some areas, such as environmental policy, the pace of change under Mr. Clinton hasn't been nearly as swift or pronounced as might have been expected.

One reason the Clinton change is less sweeping is the rightward shift of the national political climate since the last Democratic presidency; Bill Clinton, unlike Jimmy Carter, faces little clamor on his political left to move farther and faster than he might want. No less than Massachusetts Sen. Edward M. Kennedy, the leader of that effort in the Carter years, observes, "I realize it will take some time before you can have some of the bolder initiatives that I would like to see." Another reason, observes Brookings Institution scholar Stephen Hess, is that Mr. Clinton "didn't come in with a fixed ideology" that would have ushered in others like him.

Moreover, even in areas where the administration wants to change course, its progress has often been painfully slow, hindered particularly by lengthy delays in filling jobs. The five-member Equal Employment Opportunity Commission, for instance, is functioning with a 2-to-1 Republican majority, and hasn't yet begun to fulfill Democratic promises to go after classes of defendants instead of taking up discrimination issues case by case.

But administration officials insist that evidence of change is all around. "It hasn't always been pretty," concedes George Stephanopoulos, the president's adviser for strategy and policy, "but what we have achieved has been real."

Here are a sampling of areas where the Clinton administration is changing the government's direction in ways that may be less visible, but just as important, as some of its more publicized initiatives:

Civil rights: The most obvious changes have occurred where the Clinton administration has switched or adjusted positions before the courts. For example, Bush administration lawyers argued that the Civil Rights Act of 1991 shouldn't be applied to job-bias lawsuits pending when the law was enacted; Clinton Solicitor General Drew Days, in his first appearance before the Supreme Court, argued that the law should be applied retroactively. Moreover, the Bush administration had substantially supported the legal arguments of a white rural county commissioner in a Georgia voting-rights case. But the Clinton administration has supported blacks in their effort to change the structure of the county government to five commissioners from one, so that blacks can be represented.

The Clinton administration also has changed course on civil-rights activities in less visible forums. At the Education Department, for example, Norma Cantu, the assistant secretary for civil rights, says she had a backlog of hundreds of complaints when she took office last May, some unacted-on for seven years. In her first 140 days in office, she has already reduced that backlog, which she calls "the dust bunnies," to under 50, and says the complaints will all be handled by the end of the year. Ms. Cantu has initiated 100 investigations, mostly into race, sex and age cases; her predecessor launched only 136 in three years.

Government's relationship with business: The Republicans generally resisted becoming too deeply involved in joint government-business efforts, both because of their free-market philosophy and because they were fearful of political fallout. The Democrats have fewer such reservations.

There is less reluctance to use the president himself as a supersalesman to push American exports; for example, Mr. Clinton has telephoned Saudi Arabia's King Fahd to lobby him on behalf of **McDonnell Douglas** Corp. and **Boeing** Co., which are trying to land a $6 billion Saudi contract. Separately, the administration has thrown in its lot with the Big Three auto makers, most especially the effort to develop next-generation cars that have three times the gas mileage of today's models.

The relationship with defense industries is more complex. Deputy Defense Secretary William Perry acknowledges that the Pentagon wants $1.8 billion for a new Seawolf attack submarine, even though it isn't needed, in order to subsidize the sub industry and keep alive the industrial capacity to build submarines. But Mr. Perry insists the Pentagon is just as willing to see losers as winners: "We fully expect several defense companies to go out of business, and we will stand by and watch that happen."

Legal services for the poor: During part of the Carter administration, Hillary Rodham Clinton led the Legal Services Corp., which provides federal money to pay lawyers for the poor. When Ronald Reagan took office, he tried to kill the agency, arguing that it was being used to fight for liberal causes. Protected by Democratic lawmakers, the agency survived the Reagan attack.

Now, it's blossoming again. Where Reagan and Bush appointees included Robert Valois, a North Carolina lawyer with ties to Jesse Helms; Clark Durant, a deeply conservative Michigan lawyer; and Penny Pullen, a former conservative state legislator from Illinois, the Clinton appointees have considerable experience in the legal-services field and strong liberal credentials. They include Ernestine Watlington, a Harrisburg, Pa., activist who founded an advocacy group for low-income people, and John Brooks, a Boston lawyer who co-founded Greater Boston Legal Services. Moreover, after years of facing the budget ax, Congress at the president's urging has appropriated $400 million for the agency for the next fiscal year, up from $357 million in fiscal 1993.

Housing: Housing and Urban Development Secretary Jack Kemp was one of the most active of Bush domestic-policy players. His successor, Henry Cisneros, is an activist too, but in a much different way. "There is a difference in underlying philosophy and direction," he says.

Mr. Kemp strongly pushed the idea of selling public housing units to their occupants. Largely because of congressional opposition, though, such sales were limited to only a few hundred tenants. Mr. Cisneros, by contrast, urges helping tenants move to better neighborhoods instead of selling them units in bad ones; he has increased the budget threefold, to $156 million, for a program allowing the poor to live in market-rate housing. As for home ownership, he emphasizes assisting public-housing tenants to purchase HUD-foreclosed homes rather than their current units.

Technology: The new administration wants to fund research projects that lead to commercial prototypes, not just long-range research. One example of the change in emphasis is high-definition TV. During the Bush administration, some U.S. companies developed a new digital technology that leapfrogged past Japanese technology. But the administration wasn't willing to go a step further and help U.S. companies try to get into HDTV manufacturing.

In contrast, one of the earliest consortia put together by the Clinton team, the U.S. Display Consortium in Austin, Texas, has as its goal resurrecting the idea of high-tech TV production. The consortium is trying to fund equipment and materials suppliers, which would make the so-called flat-screen TVs that are deemed essential to making high-definition TV a hit.

The Clinton administration "is absolutely willing to acknowledge there's a clear need for policy direction to coax industry along," says Peter Mill-

THE PRESIDENT HAS SEEN 11/8

CS —
Good comment on EITC,
What's scary conservs looser!

B.

seems to create
paragraph —

MACK MCLARTY

THE PRESIDENT HAS SEEN 11/8

[redacted]

October 14, 1993

Mr. President:

I thought you would like to see the enclosed memorandum of a call from Dave McCurdy. He is a pretty good thermometer of "Main Street America," and I thought you would find his comments about Bosnia and the crime bill of interest and relevant to our recent conversations.

Mr. P

We need to reinforce the New Democrat issues?

B

[redacted]

[redacted]

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN 11/8

October 12, 1993

MEMORANDUM TO MACK McLARTY

FROM: BILL BURTON Bill

SUBJECT: Call from Dave McCurdy, 225-6165

Congressman Dave McCurdy called on a few matters, first and foremost, to talk about the "cheap shot" -- his term -- in the Post this morning. He said don't take this stuff personally, that he thinks you're doing a fine job, and that "the biggest problem is that more people over there aren't management oriented like Mack." He said things are turning, overall, in our favor.

On a few other topics, Dave allowed:

-- We need to figure some way for the Administration to take more credit for the Russian policy, which McCurdy thinks is doing good things.

-- Someone lost sight of the ball on Somalia for a while, but that we are recovering.

-- Haiti is a tarpit which we should avoid.

-- Stay away from Bosnia. McCurdy has come full circle on this, initially siding with those favoring bombing, but now arguing, "It's a European problem" that the U.S. should avoid.

-- Move sooner, rather than later, on welfare reform and Reinventing Government.

-- Get some details, if not legislation, on health care to the Hill ASAP.

-- Stop talking about "crime bill" and instead, talking about "community revitalization" or "public safety" or other, more positive language.

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN 11/8

November 4, 1993 P7:55

MEMORANDUM FOR THE PRESIDENT

Sent for LP and RER

FROM: LEON PANETTA AND ROBERT E. RUBIN

SUBJECT: **Addendum to Previously Submitted List of Suggestions for the Bipartisan Commission on Entitlement Reform**

This is an addendum to the list we previously provided on potential candidates for the Bipartisan Commission on Entitlement Reform.

The following is a list of additional women to consider:

- Alair Townsend, former budget director of New York City
- Martha Derthick, Professor of Political Scienc at U.Va.
- Barbara Roberts, Governor of Oregon
- Martha Keys, former member of Congress, now runs MS Society
- Marilyn Moon, economist at Urban Institute, written on Medicare

Senator Kerrey has also requested that we submit the following name to you:

- Herman Cain, President, Godfather's Pizza, a well qualified minority.

Mack, Howard, David, George, the two of us, and possibly others will meet on the list of names and your notes. We will provide you with a recommended list of ten by close of business Monday.

Please

I need

to meet on this

cc: Mack McLarty
Howard Paster
David Gergen
George Stephanopoulos

cc: POTUS
bcc: Bruce Lindsey
Joan Baggett

THE PRESIDENT HAS SEEN 11/8

Alexis

He worked for us - Has
a group of black businessfolks
should get him involved
with him up — B.

THE WHITE HOUSE

November 1, 1993

Mr. George Knox
2725 SW 22nd Avenue
Miami, Florida 33131

Dear George:

It was so good to hear from you again. I have passed on your very informative letter to the President and appreciate your taking the time to share your thoughts with us.

I'm sorry we missed each other in Miami, and hope we can get together the next time I am there.

With warm personal regards, I remain

Sincerely yours,

Hillary

Hillary Rodham Clinton

2725 SW 22nd Avenue
Miami, Florida 33131

Hillary Rodham Clinton
The First Lady
White House
Washington, D.C. 20500

PAM OCT 12 1993

Dear Hillary,

Sorry I missed you (except from the back of the Ballroom) on the Miami trip. It occurs to me that we haven't spoken since "Prez" was "Guv", and Chelsea was just a gleam in your eyes.

I often wonder what cosmic confluence or divine influence led me to Arkansas at the right time in the life of our generation -- and at a time when you and Bill were putting things together for the long haul. Each of you had a special aura and a magnetism that made my relatively brief tenure at the University an unforgettable experience. I wrote about that experience in the attached *Miami Herald* column.

Hugh, and probably others, made you aware that Florida presents an interesting challenge for 1996. Winning Florida will require that Democrats be true to the party (this cannot yet be assumed), and that African Americans turn out in huge numbers.

The paradox is that white Democrats are obsessed with Cuban interests and counting Cuban votes, while Black Democrats are obsessed with getting attention of white Democrats even if it means dropping out of the electoral process.

There is a pervasive feeling among Blacks in Florida that it really doesn't matter who is in charge. The participation by Blacks in the economics of Florida is virtually non-existent. You have never met a "business leader" in Florida who is Black. In Dade County for example, *no* Black business employs more than 25 people. 1.2% of the Gross State Product came from Black companies vs. 14% of the population. Serious Black business development can begin locally with a commitment to substantive inclusion in the Homestead Air Force Base Re-Use Plan Execution. The Administration must sound the call for reform and be ready to deal firmly with status-quo proponents.

You already know that there are scant few in Florida's Democrat leadership who really want to change America. There is a new breed in waiting, but becoming frustrated with the "Republicanized" elected leaders who represent the state, and who tiptoe around advocacy of the "Third Way". These leaders need to demonstrate a commitment to the Changing America theme; show some concrete program or proposal; account to the administration, and explain failures.

Governor Chiles is a fine and decent man, but he is limited when it comes to seeing and treating the Black population as a market to be courted and cultivated. Of course, this limitation is the rule, rather than the exception in Florida.

There is every indication that most of America is ready to the respond to the inevitable "changing demographic circumstances". The time is ripe for the President himself to articulate that the success of the new paradigm requires a forthright dialogue about racial factors as causes of disunity in the land.

CEO's must accept the reality that he year 2000 workforce will be overwhelmingly darker-skinned and from "alien" cultures. In my own boardroom experience I have observed the terror in the eyes of executives as they contemplate a world that is indifferent to their top-down approach to things. I feel sorry for those of them who think "the problem" will go away. But they must adjust their corporate attitudes. Superficial, insincere behavior modification won't work this time.

I'm glad ya'll will be leading us into the Millennium. I'll do whatever I can to help you get us there.

Had to get that off my chest. On the lighter side, I'm married again (8 yrs). Joyce is practicing law in Baltimore, and is a finalist for a position in the Office of Civil Rights at HHS.

You're looking and sounding great on Health care. The President is getting through on the vision, and people are less fearful. As Paul says, "Spiritual things are being spiritually discerned".

In love & friendship first and foremost,

GEORGE

'His soul is a manifestation of the spirit' of Arkansans

GEORGE KNOX

George Knox, former Miami city attorney, is now in private practice.

JULY 1975. Here I am, in Fayetteville, Ark. Middle of the Ozarks. Not too many blacks out here, I hear. Matter of fact, I question whether I'm really interested in being the "first black" faculty member at the University of Arkansas Law School.

Strolling around the cocktail reception being checked out by once, and future, colleagues. Nervous. Everybody is courteous but timid. Wary. Well, the Arkansas people are honest. "We want you to join us because we want to convince our newly admitted black students that we want them to succeed, and we know they'd be more comfortable with a black teacher to relate to."

"Are you up to it?" she asked. Steady, laser-like gaze through horn-rimmed glasses under a frizzly Afro hairdo. Dazzling brilliance. No nonsense. Hillary.

Then the rescue from the grilling. "Hi! I'm Bill Clinton. Welcome to Arkansas. We'd be glad to have you with us."

I stayed.

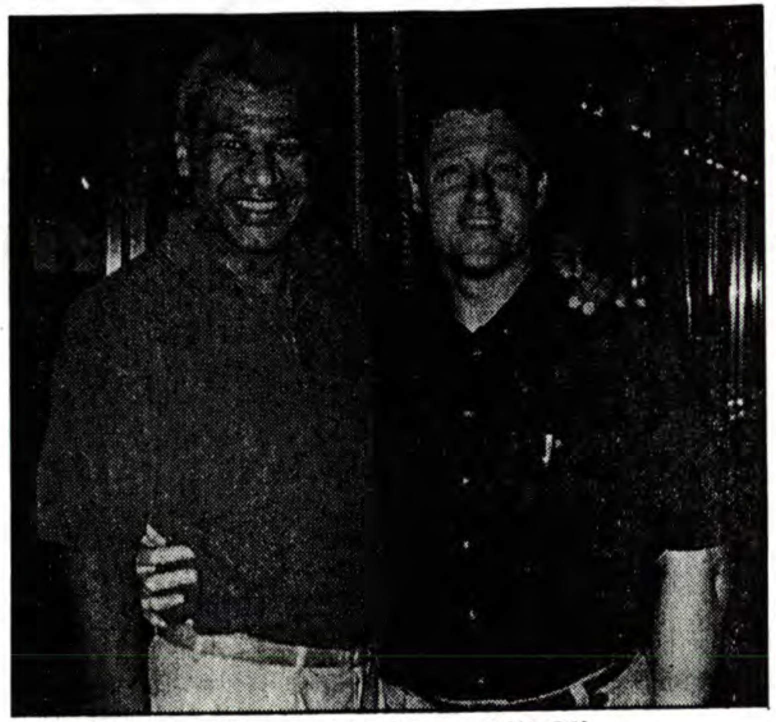
The ensuing 15 months of friendship and collegiality with the Clintons and the people of Arkansas rendered a sustaining faith in decency, sincerity, and goodwill.

Easily transcending race, the people of Arkansas identify and lock onto warmth and genuineness. They are inherently loving and trusting and sharing.

Wallpaper-hanging was the after-work activity of choice between neighbors in the Arkansas mountains. Deep and enduring friendships were formed during the long nights of priming and pasting and hanging. Of not letting the glue dry too fast.

When it was time to do the walls at Bill and Hillary's little house by the park, it seemed like the most important social event in town.

While the rest of us were downing the "hundreds of bottles of beer on the wall" and playing word games and telling jokes, Bill was steadily working one task at hand. Even though we all knew where he'd end up, we marveled at how hard he worked at showing us that he'd never forget where he came from.



George Knox with friend Bill Clinton

All of us who claim to be friends of Bill Clinton harken back to that point where our lives intersected his, and the exact moment that a transcendent bond of eternal friendship was formed. All of us recall that we knew he would lead the world into the 21st Century, but few of us admit that we revved up our memories in proportion to his upward movement in the polls during the campaign.

As Americans get to see the exposed soul of Bill Clinton as president, it will become clear that his soul is simply a manifestation of the spirit of the people of Arkansas.

In 1948, the University of Arkansas became the first public, all-white institution in the South to admit African-American students when Silas Hunt entered the law school. I "integrated" the law faculty 27 years later. On Feb. 5 and 6 the university celebrated the dedication of Silas H. Hunt Hall, a major campus building. I went back to participate.

Hunt, who was seriously injured in World War II, died after his first year at the university. Some say that it wasn't complications from the injury that killed him. It was the pain and stress of his experience at the University of Arkansas Law School.

There has been a barrier between many African-American law graduates and the university because of the mystery of the real cause of Silas Hunt's death, just like the barrier that separated Hunt from his white classmates when he was in law school in 1948.

Now, in 1993, the people of Arkansas want to put a questionable history behind them, and they will elevate Silas Hunt to immortality. At the same time, another son of Arkansas is bound for immortality as the 42nd president of the United States.

That's the way it is in Arkansas. Hope must be in the water.

THE WALL STREET JOURNAL THURSDAY, NOVEMBER 4, 1993

THE PRESIDENT HAS SEEN 11/8

What Mrs. Clinton Doesn't Understand About Insurance

By WILLIAM TUCKER

When Hillary Clinton finally lost her composure on Monday and accused the insurance companies of greed and of bringing us "to the brink of bankruptcy," her remarks said two things about the Clinton administration's health care proposals—neither of them very flattering.

First, they illustrated what might be called the Iron Law of Price Controls. This is that the people who are targeted by a price control must eventually be demonized and made into "enemies of the people." Think of New York landlords, or of oil company executives during the "energy crisis." This kind of opprobrium now awaits doctors and insurance companies.

More important, however, Mrs. Clinton's outburst indicates that, despite the administration's well-meaning effort to correct some obvious inequities in the insurance market, she and her husband have not yet really grasped the true nature of the problem.

Mrs. Clinton faulted insurance companies for screening out unhealthy people because "the more they can exclude, the more they can make." In his September health care speech, President Clinton cited a Florida small-business owner who had his policy canceled because two of his employees—his mother and father—had become too old. Everyone knows these stories and finds them appalling. A friend of mine had a construction-worker father whose net worth of $300,000 evaporated when the insurance company wouldn't cover his cancer. "All we had left was enough for a funeral," he says.

But is it simply insurance company "greed" that leads to these outcomes? After all, we don't have the same problems in fire, auto or other types of insurance. The answer lies in the peculiar way we have tied health insurance to employment—a policy that, unfortunately, the Clintons want to "build in" to their brave new world.

Insurance is based on pooling risks. The vast majority of people who remain healthy subsidize those few who suffer severe illnesses. If insurance companies calculate the odds right, the premiums from those who stay healthy will cover the costs of those who get sick, with perhaps a little left over. (Traditionally, insurance companies make their profits not from underwriting but from investing the premiums they hold.)

The key to success in underwriting is to widen the pools of healthy people so there are enough to cover the seriously ill. Insurance companies generally take individual policyholders and combine them into large pools. These pools are then further widened by selling reinsurance.

The problem we have today is this: Because health insurance is a tax-free benefit of employment, insurance companies have found it profitable to offer "group rates" to the relatively healthy people who make up the work force. True, an occasional paraplegic spouse or chronically ill child slips into the pool, but generally working adults are healthy on a self-selected basis.

In fact, the economics of carving out low-risk pools of working people are so attractive that large employers have dispensed with the underwriting companies and opted to insure themselves. This process has been vastly supported by the Employee Retirement Income Security Act (Erisa), which exempts self-insured companies from state regulation and—more important—from high-risk pools the states have established for people with pre-existing medical conditions. Among companies with 500 to 1,000 employees, 63% self-insure; from 10,000 to 20,000 it rises to 87%.

Insurance is very much like a game of Old Maid. The idea is not to get stuck in a pool with unhealthy people. The employer-based insurance system, along with the protections offered by Erisa, has allowed almost half the population—mostly major corporations and their unionized employees—to opt out of being pooled with the unhealthy. Washington state, for example, is now delaying its plans to set up a high-risk pool for extremely sick people because half the employees in the state (including all of Boeing) can escape the pool through Erisa.


Hillary Clinton

Once these major-company employees are removed from the pool, who is left? Only employees of small businesses, the self-employed and the unemployed—plus the various people with serious medical conditions who are not eligible for Medicaid or Medicare.

Left with this much narrower pool, insurance companies have pursued two strategies. First, they "cherry pick," screening people carefully to form small pools of relatively healthy people. (This is the source of Mr. Clinton's Florida anecdote.) Second, they offer a vastly inferior product: health insurance that is nonrenewable from year to year and thus allows them to discontinue coverage when people get seriously ill. No other insurance field has this problem. After all, life insurance companies can't cancel your policy as you approach death.

The solution to these anomalies would be to *widen* the risk pools by: 1) knocking away the tax advantages to employer-provided insurance and 2) eliminating the Erisa exemption. Yet the Clintons are moving in exactly the opposite direction. They are: 1) trying to force everyone into an employer-based system and 2) allowing larger employers, once again, to opt out through self-insurance.

Given the certain failure of this strategy, the Clintons will be left only with their ham-fisted efforts at price controls—plus the continuing demonization of doctors and insurance companies.

Mr. Tucker covers health care for Insight magazine.

61 H

THE PRESIDENT HAS SEEN 11/8

Zbig

Need to make sure we've answered this

J

THE PRESIDENT HAS SEEN 11/8

THE WHITE HOUSE

WASHINGTON

November 6, 1993

Can I see her Monday?

MEMORANDUM TO THE PRESIDENT

FROM: BILL BURTON

SUBJECT: Energy Secretary's memo re SSC

The attached memo from the Secretary of Energy asks for "direction" from you on issues relating to the termination of the Superconducting Super Collider at Waxahachie, Texas. You have asked Mack McLarty to put together a working group to focus on this issue; he has. The group, which includes several people from the Energy Department, features from the White House myself, Greg Simon of the Vice President's office, Sylvia Mathews of the National Economic Council, Keith Mason of Intergovernmental Affairs, T.J. Glauthier of OMB, Jack Gibbons of the OSTP, and others. The Energy Secretary needs to continue to work with the White House group on direction for this project.

You might suggest to her, as you have mentioned to me, that her deputy, Bill White, is a good sounding board on this topic and certainly knows Texas. I do agree with the gist of her recommendations; I suspect you do, too. We must be careful, particularly on the reimbursement issue, that we work carefully to ensure that we do not raise expectations for Texas beyond what we can deliver. After all, Gov. Richards is seeking $600 million in "reimbursement" -- this is much, much more than it will cost to redeem the Texas bonds, we suspect (it is also nearly all the $640 million appropriated by Congress to terminate the SSC; the termination costs may well total $300-400 million, independent of any payment to Texas). We also must be careful in the langugage we use; we may have to structure the "repayment" to Texas in a different manner (e.g., we may want the Federal Government to acquire the Texas interest in the various SSC assets).

The Secretary of Energy
Washington, DC 20585

7 AM : 05

November 5, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: HAZEL R. O'LEARY Hazel R O'Leary

SUBJECT: Successful Closeout of the Superconducting Super Collider (SSC)

I. ISSUE

Governor Ann Richards and members of the Texas Congressional delegation want to immediately negotiate a federal reimbursement of the State's contribution to the SSC project. The Governor believes the State is owed $600 million. She and members of the delegation want the State to redeem its bonds to make a clean break from the project immediately. I will meet with Governor Richards on Tuesday and visit Texas on Friday for a NAFTA event and to meet with the SSC employees. Governor Richards and I will meet on November 12 as well. She is seeking an Administration response by the time of my visit.

II. RECOMMENDATION

If legal authority exists for a settlement, I recommend that we develop a plan to reimburse Texas, in whole or in part, for its SSC investment. There are compelling reasons to do so:

- Texas will sue us if we don't agree to reimbursement. The Governor informed me that she will indicate to the press during my visit next week that the Federal Government will pay Texas back "one way or another."

- A lawsuit will polarize the political debate in 1994 and 1996.

- George Bush, Jr. will announce his candidacy against Governor Richards on Monday.

- If we do not agree to reimbursement, the members of Congress with SSC workers in their district (Martin Frost and Eddie Bernice Johnson) will be harmed.

- Some Republicans are already claiming that if Phil Gramm were elected President in 1996, the SSC would be built.

III. ISSUES TO BE RESOLVED

A. Project Closeout

A team of sixty interagency professionals is working to resolve many complicated issues so as to allow an orderly shutdown of the SSC project. These include:

- Severance package for terminated employees.

- Ownership and future use of site assets.

- Site restoration.

- Regional economic development.

The team is coordinating its efforts with the White House.

B. Reimbursement

The Department's General Counsel is working with White House Counsel to determine if there is legal authority to reimburse Texas for all or part of its investment. This analysis will be completed by Tuesday for my meeting with Governor Richards. By Tuesday we also will have reached our own estimate of the amount we might reimburse Texas. I have publicly stated that this figure would be less than the Governor's $600 million claim.

IV. NEXT STEPS

- Finalize severance package for terminated employees.
- I need direction from you prior to my Tuesday meeting with Governor Richards and trip to Texas on Friday.
- I will call your office today to arrange a meeting or phone conversation for Saturday, Sunday, or Monday.
- I will work to develop a Congressional strategy with appropriate White House officials to implement our decisions.
- I will provide you with weekly progress reports.

Please know that this issue is one of my top priorities.

Clinton

THE WHITE HOUSE
WASHINGTON

DATE: 11/7/93

TO: Sylvia Matthews
Greg Simon
Keith Mason

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

The Secretary of Energy
Washington, DC 20585

November 5, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: HAZEL R. O'LEARY Hazel R O'Leary

SUBJECT: Successful Closeout of the Superconducting Super Collider (SSC)

I. ISSUE

Governor Ann Richards and members of the Texas Congressional delegation want to immediately negotiate a federal reimbursement of the State's contribution to the SSC project. The Governor believes the State is owed $600 million. She and members of the delegation want the State to redeem its bonds to make a clean break from the project immediately. I will meet with Governor Richards on Tuesday and visit Texas on Friday for a NAFTA event and to meet with the SSC employees. Governor Richards and I will meet on November 12 as well. She is seeking an Administration response by the time of my visit.

II. RECOMMENDATION

If legal authority exists for a settlement, I recommend that we develop a plan to reimburse Texas, in whole or in part, for its SSC investment. There are compelling reasons to do so:

- Texas will sue us if we don't agree to reimbursement. The Governor informed me that she will indicate to the press during my visit next week that the Federal Government will pay Texas back "one way or another."
- A lawsuit will polarize the political debate in 1994 and 1996.
- George Bush, Jr. will announce his candidacy against Governor Richards on Monday.

- If we do not agree to reimbursement, the members of Congress with SSC workers in their district (Martin Frost and Eddie Bernice Johnson) will be harmed.

- Some Republicans are already claiming that if Phil Gramm were elected President in 1996, the SSC would be built.

III. ISSUES TO BE RESOLVED

A. Project Closeout

A team of sixty interagency professionals is working to resolve many complicated issues so as to allow an orderly shutdown of the SSC project. These include:

- Severance package for terminated employees.

- Ownership and future use of site assets.

- Site restoration.

- Regional economic development.

The team is coordinating its efforts with the White House.

B. Reimbursement

The Department's General Counsel is working with White House Counsel to determine if there is legal authority to reimburse Texas for all or part of its investment. This analysis will be completed by Tuesday for my meeting with Governor Richards. By Tuesday we also will have reached our own estimate of the amount we might reimburse Texas. I have publicly stated that this figure would be less than the Governor's $600 million claim.

IV. NEXT STEPS

- Finalize severance package for terminated employees.
- I need direction from you prior to my Tuesday meeting with Governor Richards and trip to Texas on Friday.
- I will call your office today to arrange a meeting or phone conversation for Saturday, Sunday, or Monday.
- I will work to develop a Congressional strategy with appropriate White House officials to implement our decisions.
- I will provide you with weekly progress reports.

Please know that this issue is one of my top priorities.

November 7, 1993

Michela:

Please be aware that the Congressional Representatives attending the NAFTA meetings have asked that their names not be made public.

Shelley Walker
Staff Secretary Office

Faxed to Michela 11/7/93 AM
w/ NAFTA Memos & Rubin Memo
(Nov 8 Briefing Papers