

12/13
THE PRESIDENT HAS SEEN

Cabinet Report Summery



THE WHITE HOUSE
WASHINGTON

93 DEC 10 07:18

December 10, 1993

MEMORANDUM FOR THE PRESIDENT

FROM:

CHRISTINE A. VARNEY 
Secretary to the Cabinet

SUBJECT:

Summary of Weekly Cabinet Reports
Week of December 10, 1993 to December 17, 1993

CABINET-WIDE ACTIVITY

PERSIAN GULF SYNDROME

Assistant Secretary of Defense Ed Dorn briefed representatives of the Departments of Defense, Veterans Affairs and Health and Human Services on his fact finding trip with Senator Shelby. Defense and Veterans Affairs staff are working together to develop an Administration strategy to present to Secretaries Aspin, Brown and Shalala late next week.

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DEPARTMENT SUMMARIES

Department of the Treasury

- o **Brady Bill Enforcement:** Prior to passage of the Brady Bill, the Bureau of Alcohol, Tobacco, and Firearms mailed out approximately 12,000 renewal notices for federal firearm licenses due to expire in December and January. These notices reflect the lower, pre-Brady license fee and will have to be returned for the additional fee mandated by Brady. Approximately 30,000 new applications will be similarly affected. As a result, ATF anticipates substantial Congressional and media interest in the increase.
- o **Tax Deductibility of Lobbying:** Next week, the IRS should issue proposed and temporary rules under the Budget Reconciliation Act.

Department of Commerce

- o **Trip to Russia:** Secretary Brown will travel to Moscow along with the Vice President.
- o **Malcolm Baldrige Awards:** On December 14, you and Secretary Brown will present the 1993 Baldrige National Quality Awards for quality management excellence to Eastman Chemical Company and Ames Rubber Corporation.

Department of Transportation

- o **National Drunk Driving Prevention Month:** On December 15, Secretary Pena, along with Secretary Shalala, Director Lee Brown, and the International Association of Chiefs of Police will announce the 1993 National Holiday Lifesavers Weekend (December 17-19), a special nationwide traffic enforcement initiative which targets drunk and drugged driving. The First Lady may also participate in the event.

Department of Justice

- o **Policing Grants:** Attorney General Reno has finalized the list of policing grant recipients. Options are being discussed for you and the Attorney General to announce the awards.
- o **Mortgage Lending Discrimination:** On December 13, Attorney General Reno will announce the settlement of an investigation into alleged discriminatory lending practices by the Shawmut Mortgage Co. in Boston. As part of the settlement, the institution has agreed to create a fund of nearly \$1 million to compensate minorities who were unfairly denied loans.
- o **Meinhold v. DOD:** On December 16, the Department will give oral argument in the Navy homosexual discharge case. The Department is appealing an injunction which bars implementation of your new policy regarding homosexuals in the military.
- o **Settlement to Challenge to Multidistrict Obscenity Prosecutions:** The Department has reached a settlement agreement with plaintiffs in PHE v. DOJ, the case which challenges the Department's policy of pursuing multiple obscenity charges against individual plaintiffs. The settlement memorializes the Department's decision not to prosecute the plaintiffs for obscenity-related charges for any conduct occurring in the five years prior to November, 1993. (You have received mail from numerous members of Congress opposing this decision.)
- o **Spotted Owl Litigation:** Last week, the Department of the Interior concluded that it would recommend that the DOJ file for an injunction under the Endangered Species Act against a lumber company proposing to harvest timber

on privately owned land. The Department would file this motion in order to prevent the taking of a spotted owl pair.

Department of Health and Human Services

- o **Breast Cancer:** On December 14, Secretary Shalala will convene a conference to initiate the development of a national action plan for breast cancer. The conference will include Senator Mikulski, Congresswoman Slaughter, advocacy groups, academia, health care providers, industry representatives, the media and federal departments.
- o **Dietary Supplements:** Congress last year postponed for one year FDA's application of truth in labelling standards to dietary supplements. The moratorium runs out on December 15. If the Department takes no action, rules proposed this past June will become final and will be effective this coming July. There is significant Congressional interest in this issue and the Department expects legislative action.
- o **Waivers:** The Department will announce its approval of Kentucky's Medicaid demonstration project waiver today.

Veterans Affairs

- o **Agent Orange:** OMB is reviewing the Department's proposal to amend its adjudication regulations concerning the presumption of a connection between military service and certain diseases. The proposed change will associate exposure to herbicides used in the Vietnam War with the subsequent development of multiple myeloma and respiratory cancers.

Office of National Drug Control Policy

- o **Model State Drug Laws:** On December 13, the Attorney General and Dr. Brown will host an event in which the Presidential Commission on Measured Response will present its recently developed Model State Drug Laws to Governor Carroll Campbell. Dr. Brown will deliver a strong statement of Administration policy opposing the legalization of drugs.

Department of the Interior

- o **California Gnatcatcher:** On Thursday, December 9, Secretary Babbitt announced the "special rule" for gnatcatcher protection in Southern California. The rule is one of the Department's major efforts to avoid Endangered Species Act "trainwrecks". The Los Angeles Times reported the announcement as the Department had hoped -- a delegation of authority to state and local organizations with a focus on the cooperative planning effort rather than

collateral endangered species issues (i.e. fires, land use restrictions). The announcement was helpful in building credibility and demonstrating the Department's commitment to make the multi-species planning effort a success.

- o **California Bay-Delta Water Quality Announcement:** The Department is working aggressively to secure the support, or at least neutralize the reaction, of California urban water districts to the EPA's December 15 announcement of Bay-Delta water quality standards. The proposed rule is a key component of the broader Comprehensive Conservation Management Plan for the Bay-Delta which was approved by a coalition of all relevant federal and state agencies. The Department has received favorable responses from the press and the public but expects that agricultural interests will raise concerns about diminished access to water resources.

Department of Agriculture

- o **Uruguay Round Negotiations:** USDA's role in GATT negotiations are nearly complete. Secretary Espy met with his European Union (EU) counterpart in Brussels to conclude an agreement with the EU which will enable the U.S. to maintain access to the EU market. Although UDSA offered a couple of adjustments, they maintained the full integrity of the Blair House Agreement.
- o **Mediterranean Fruit Flies in California:** A mated female medfly was trapped near Long Beach, California. This will necessitate the expansion of the quarantine area. A U.S. News and World Report statement this week on possible aerial spraying for medfly is not accurate.
- o **Microbiological Surveys:** Studies are underway in 600 Federally-inspected plants to detect the presence and levels in raw ground beef of E. coli and other organisms most frequently associated with human illness of varying severity. A limited study continues at five beef slaughter plants, and five plans producing ground beef to determine the plants' ability to minimize bacterial contamination at critical control points during the manufacturing process.
- o **USDA Economic Research Service:** On December 13, the "Agricultural Income and Finance Situation and Outlook Report" will be released. The first forecast for 1994 farm finances shows U.S. cash incomes steady to falling slightly and net farm incomes rising. Household incomes could also rise, due to escalating off-farm earnings. U.S. farm business assets and debts are both projected to rise.
- o **U.S. Corn Exports:** U.S. corn exports to Central America will drop significantly due to discriminatory tariffs resulting from the use of a price band mechanism, corn is charged a 20 percent tariff, where as feed wheat is only charged a one percent tariff, which is causing the direct displacement of U.S. corn by feed wheat. At the same time however, Guatemala and Honduras have recently been

importing Canadian feed wheat, and El Salvador may soon start purchasing Canadian feed wheat as well. Most Central American feed manufacturers are sufficiently modern enough to make the necessary adjustments to use wheat in animal feed.

- o **Brazilian Imports:** Several Brazilian poultry producers are considering buying 50,000 tons of U.S. corn in the next three months. Brazil usually imports most of its corn from Argentina, but the delay in harvesting there has caused Argentine corn prices to rise above U.S. levels.
- o **Survey of Actual Acreage Harvested and Final Crop Yields:** Last week, over one thousand interviewers began contacting nearly 78,000 farmers and ranchers to measure the actual acreage harvested and final crop yields for 1993. This National Agricultural Statistics Service survey will also provide data on the 1994 planted acreage of winter wheat and rye, the grain in storage on December 1, as well as the number of hogs and pigs on farms.

Environmental Protection Agency

- o **Washington D.C. Drinking Water Alert:** At 5:00 p.m. on December 8, EPA Region 3 issued a precautionary Boil Water Order for most of the Washington, D.C. metropolitan area. The Order was issued in response to routine tests by the Army Corps of Engineers showing high levels of turbidity (cloudiness) in the water system on Tuesday. Although tests have found no evidence of harmful bacteria in the water, the EPA is proceeding carefully to avoid any repetition of the situations that developed earlier this year in New York and Milwaukee. If all recent tests go well, the warning could be lifted as early as Saturday, December 11.
- o **San Francisco Bay and Delta Estuary:** On December 15, EPA and the Department of the Interior will hold press conferences in Sacramento and San Francisco to announce EPA's proposed rule on Water Quality Standards for the San Francisco Bay and Delta Estuary. The proposed rule, required by the Clean Water Act when California failed to devise an appropriate plan to protect the estuary, will set water quality standards that are likely to affect water use patterns in the region.
- o **Reformulated Gasoline:** On Wednesday, December 15, under a court-ordered deadline, EPA will release a Clean Air act regulation detailing requirements for cleaner gasoline to reduce smog in the nation's most polluted areas. EPA expects the announcement to draw attention from the press, Congress and impacted parties including domestic and foreign refiners, ethanol and methanol producers and state agencies.

Department of State

- o **POW/MIA Progress:** On December 11, the State Department will receive the remains from a World War II crash in Tibet which were recently located by the Chinese. On December 13, there will be a ceremony in Hanoi to turn over the remains located in a recent field investigation
- o **Haiti:** Prime Minister Malval is set to resign on December 15. In addition to U.S. support, Malval has secured the backing of UNSYG Boutros Gali and will consult with the French and the Vatican.

Department of Defense

- o **North Korea:** Following the December 6 Principals meeting, the USG coordinated with the Republic of Korea President on how to respond to the latest North Korean proposal. A meeting with North Korea in New York will take place shortly to deliver the U.S.-ROK response.
- o **Bosnia:** There will be a Principals' meeting to discuss the situation in Bosnia shortly. The meeting will take place against the backdrop of negotiations among the parties. Contrary to optimistic reports last week, the parties remain sufficiently far apart that Owen decided to scrub the planned "final push" talks scheduled for this weekend. If the parties reach agreement on a plan, the Administration will be faced with the issues of whether to deploy troops to implement the plan, the command and control arrangements, resolving logistical requirements and difficulties, constructing entry/exit strategies, determining funding needed, and convincing the Congress and the American public to support such a U.S. involvement.
- o **Haiti:** The DOD remains engaged in supporting the UN embargo against Haiti. Currently, five U.S. Navy vessels have been deployed.
- o **Somalia:** Mogadishu has been relatively quiet for the past week. The total number of U.S. military personnel in Somalia will rise by 250 during the next week as the DOD begins its withdrawal. Port handlers, maintenance personnel and logisticians will comprise the bulk of the increase. Beginning December 18, the troop levels will begin to drop steadily.
- o **C-17:** On December 15, the Department will announce the Administration's approach to dealing with the C-17 program. The announcement will state that we will continue the C-17 program for two years to give McDonnell Douglas the opportunity to show modern production capability and demonstrate that the plane meets performance requirements. The Department will also announce plans to negotiate a unified settlement on all outstanding claims and will continue to look at the capability of a mixed fleet including non-development aircraft.

United Nations

- o **Trip to Michigan:** Ambassador Albright will travel to Majority Whip Bonior's district to build support for the Middle East Peace Accords by meeting with members of the Arab-American community.
- o **U.N General Assembly/Security Council:** The United Nations agency which monitors nuclear facilities and weapons programs will circulate an addendum to its September report to the Council on North Korea's compliance with its safeguards obligations. The Council will review sanctions against Libya in an informal session on/about December 14. The Ambassador expects a statement will be issued indicating grounds do not exist for modification of the sanctions. The General Assembly has approved the formation of a Working Group to consider the issues involved in an increase of the Security Council membership.

United States Trade Representative

- o **Uruguay Round Developments:** Building on progress made by Ambassador Kantor and EC Commissioner Brittan in Brussels and Geneva on market access for goods, agriculture, subsidies, and government procurement, USTR will continue efforts to resolve key issues with the EC, including audio-visual and civil aircraft. It will lead an interagency delegation in Geneva in the final push to successfully conclude the Uruguay Round by December 15.

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cc: Vice President Gore
Mack McLarty

THE WHITE HOUSE
WASHINGTON

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December 9, 1993

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INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM:

ANTHONY LAKE

SUBJECT:

Article in the New York Times

Most U.S. forces in Somalia get a hot pre-packed meal in the morning, an MRE (pre-packed meal) in the afternoon, and a hot freshly prepared meal in the evening. It is very unusual, and usually against U.S. Army policy, to sleep in an armored vehicle. There are ample tents available.

Attachment

Tab A. New York Times Article

Then Pentagon
and club out
following w/ River
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On Congress's Home Front, Faith That All Politics Is Indeed Local

By CLIFFORD KRAUSS

MELBOURNE, Fla. Dec. 5 — The Congressman knocked at the door of Everett Quint, a 64-year-old retired cabinetmaker.

Mr. Quint peered through the crack and immediately recognized Representative Jim Bacchus. "I know how you voted on Nafta!" Mr. Quint growled.

"I think you'll think about it differently a year from now," Mr. Bacchus said with a smile.

"I don't think so," Mr. Quint snapped back.

Welcome to the other side of Congress, the home front far from the marble stairways and ornate caucus rooms where legislative deals are struck. After adjourning in a blaze of headlines last month, most representatives headed home, not for a break but to plunge into the kind of meat-and-potatoes service to constituents that often has more to do with a lawmaker's political success or failure than a vote on a highly contentious bill.

On Saturday, Mr. Bacchus, a Democrat and an earnest man who neither smokes nor drinks nor plays sports, gathered up a dozen supporters for a visit to Sherwood Forest, a sun-splashed neighborhood in this conservative, largely Republican city on Florida's Space Coast. They were on a food drive for a local soup kitchen and homeless shelter. On other of Mr. Bacchus's "Citizen Saturdays," he and his group have built ramps for the disabled to watch liftoffs at the Kennedy Space Center and marched for breast cancer research.

Many officeholders count on local actions, like cutting through red tape for a veteran or interceding with the Small Business Administration on behalf of a local company, to heal wounds caused by the larger issues in Washington.



The New York Times

A Democrat finds mostly Republicans around the Melbourne area.

This is particularly true for Mr. Bacchus, a second-term Congressman who supported President Clinton on the budget and the North American Free Trade Agreement despite overwhelming mail and phone calls urging him to vote the other way.

One by One

"The campaign never ends," said the 44-year-old Congressman, who came to politics as a political reporter for the Orlando Sentinel. "I'm in the district in which Bill Clinton got the lowest percentage of the vote of any Democrat in Congress. I win by reaching out to people one by one, through relentless retail politics."

In other words, Mr. Bacchus is betting his congressional career on the adage that all politics is local.

Mr. Bacchus won re-election in 1992 by a mere 3,555 votes even though he had spent three times more on his campaign than his Republican opponent. Local Republicans and support-

ers of Ross Perot say they will not let Mr. Bacchus escape from their cross hairs next time, and they hope Mr. Bacchus's vote in support of the free trade agreement will drain him of at least some of the campaign money donated by big labor.

Popularity in Dispute

"There's not much chance at all he will be re-elected," predicted Dennis Walter, district director of Mr. Perot's party, United We Stand America, noting that Mr. Perot won 26 percent of the vote here in the 1992 Presidential election, his largest share in any Florida district. "The 100 or so members I've spoken to in the last two weeks are very upset with him."

But Mr. Bacchus carries on.

A nonpolitician might have desisted politely after Mr. Quint's less-than-hearty welcome. But Mr. Bacchus is a schmoozer, and before long the two headed for the garage, where Mr. Quint showed off three antique automobiles that he is sanding down and patching into shape.

Mr. Quint did not bend on the trade agreement, but his wife filled two bags with corn flakes, bread and cans of fruit cocktail for the food drive. The Congressman thanked the couple and told them to call him whenever they needed help.

Down the street, Mr. Bacchus encountered Dick Rivers, a retired Air Force officer, who was angry about the Clinton Administration's handling of the United Nations-sponsored relief mission in Somalia. Mr. Rivers complained that his son, an Army platoon sergeant stationed in Mogadishu, gets only one hot meal a day and must sleep in his armored personnel carrier while Mr. Rivers believes, the Somalis are being catered to.

"It's a waste of money," Mr. Rivers concluded.

Mr. Bacchus nodded sympathetical-

ly and pledged to make inquiries about the son's living conditions. An aide immediately followed up on the conversation and learned that Mr. Rivers was also having trouble with the Veterans Administration, which he said owed him a payment for a costly prescription. The aide promised he would do what he could.

Political opponents deride such efforts as meaningless political gimmickry.

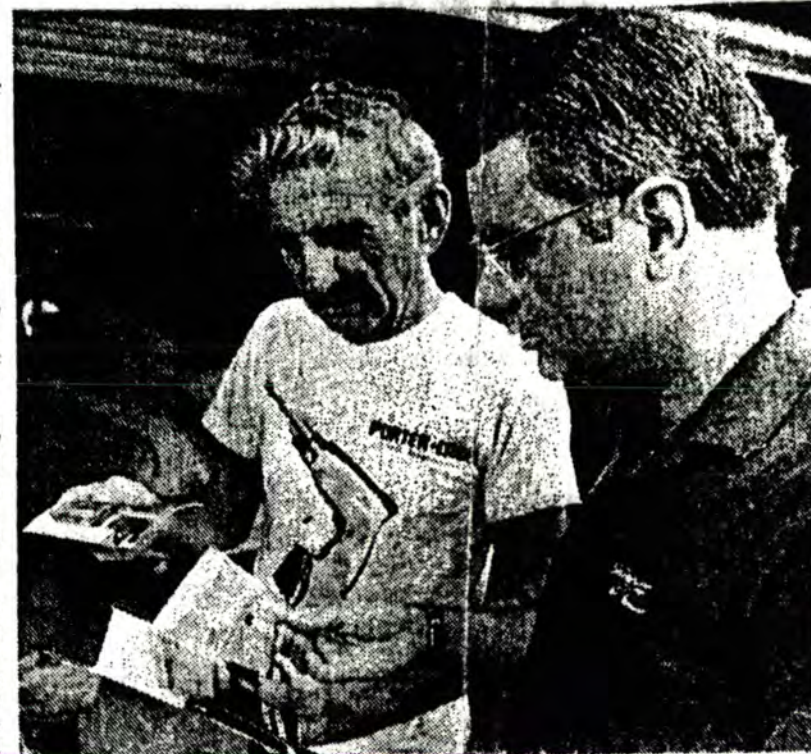
"It's all part of the media perception he is trying to produce that shows him as a neighbor who thinks like you and acts like you," said William R. Tolley, a business consultant who lost to Mr. Bacchus in the last two elections and is favored to win the Republican nomination again.

Mr. Bacchus countered that he voted for the trade agreement because it would create many jobs for the high-tech manufacturing industries like the Harris Corporation that are situated in his district. And, he said, side agreements that he insisted on will protect citrus and vegetable growers in the area from surges in Mexican imports.

"I'll win my usual 51-point landslide," he predicted with a faint smile.

During two days traveling up and down his Atlantic coastal district, Mr. Bacchus also sponsored a jobs workshop that brought together business people and local and Federal officials, visited the home of a family whose son is recovering from brain surgery and needs Social Security disability assistance, and met with a local space contractor seeking to qualify for a \$17 million contract for minority-owned businesses.

While executives from the contractor, Analex Space Systems, looked on, Mr. Bacchus called the Small Business Administration's Congressional liaison in Washington to ask for expeditious consideration of the company's bid. As



Ron Lindsey for The New York Times

Far from the marble corridors and caucus rooms of the Capitol, lawmakers are taking the pulse of their constituents. In Melbourne, Fla., Representative Jim Bacchus, right, saw pictures of Everett Quint's cabinet work and heard his views on Nafta.

he left the office, the Congressman asked the company's executives to let their employees know of his effort.

Between stops, Mr. Bacchus worked his car phone to nudge the Federal Aviation Administration to remove a huge radar station that his constituents around Patrick Air Force Base believe is the cause of a recent upsurge in cancer cases.

The Congressman then called to thank David Hinson, the administrator of the aviation agency, for agreeing to move the radar station in November

1995 — and to ask that the date be moved up at least a year.

When Mr. Hinson agreed to look into the matter, Mr. Bacchus asked if he would mind if he told reporters about the conversation.

Mr. Hinson saw no problem. "Anytime I can do anything for the F.A.A., let me know," the appreciative Congressman said. "I'm on the Science Committee."

As he hung up the phone, Mr. Bacchus mused, "I wouldn't mind if it were moved before the election."

MACK —

WE OUGHT TO PUT SOMEONE ON HELPING HIM WITH THE CASEWORK

HE'S BEEN OUR BEST

SUPPORT AGAINST

ALL ODDS

THE PRESIDENT HAS SEEN 12/9

B.

IS THIS TRUE?

Maek
you ought to put someone on
helping him with the casework.
he's been our best support against all odds.
THE NEW YORK TIMES, TUESDAY, DECEMBER 7, 1993

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THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

93 DEC 13 P7:53

December 13, 1993

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: Linda Moore, Political Affairs

SUBJECT: Governor Walters: Impeachment Legislation Introduced, House Declines to Call Special Session to Consider Issue

I. SUMMARY

In recent weeks, two groups of Oklahoma state representatives have introduced legislation to force the House to consider whether Articles of Impeachment should be issued against Governor David Walters (D-OK). The House Democratic Caucus, however, today declined to call a special session to consider the issue.

II. DISCUSSION

The two groups of legislators -- one Republican, the other Democratic -- have introduced legislation calling for the initiation of the impeachment process against Governor Walters. (The two pieces of legislation are virtually identical.) The legislation, if passed by a majority of the House, would create a Special Investigating Committee to determine whether Articles of Impeachment should be issued against Walters. If the House decides to issue Articles of Impeachment, Walters would then be tried by the Senate. Because the House Caucus declined to call the special session for January, the House will consider the legislation when it convenes in February. The Governor, meanwhile, continues to maintain that he will not resign.

In related news, the grand jury that indicted Walters released its final report last week. The grand jury concluded that "sufficient information exists for the initiation of impeachment proceedings" and urged the Legislature to take up the issue "expeditiously." The report is not binding upon the legislature but has received a great deal of media attention in Oklahoma.

CC MACK
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Chron

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121-427-10

FRIDAY, DECEMBER 10, 1993

Rubin
Goodman
B.

The Brave, New, Scary World of Job Skills You Don't Have

By James K. Glassman
Special to The Washington Post

Labor Secretary Robert Reich is struggling these days with an unsettling problem: The American work force is changing, and many workers are unhappy about it. Their anger surfaced in opposition to NAFTA, the Perot movement and even the defeat last year of President Bush.

Assuaging this anger is a problem for the Clinton administration—specifically for Reich, who works long hours in a gigantic office under a portrait of Frances Perkins, who, he marvels to a visitor, "had this job for 16 years!"

Reich's message is that change will be good for workers—as long as they have skills to sell. For those that don't, he proposes urgent help.

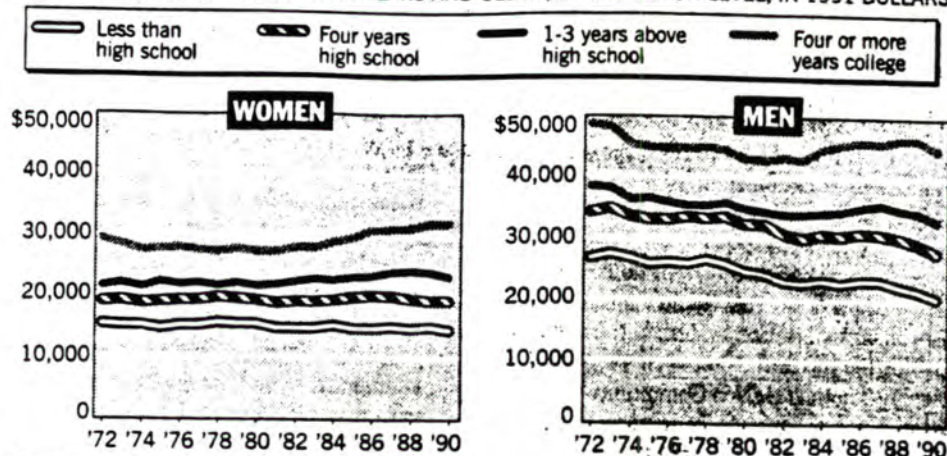
In early February, Reich will send the Workforce Security Act to Congress. He says flatly that the current federal system for workers is "not designed to help people find first, new, or better jobs."

Instead, it offers a safety net (mainly unemployment insurance) to tide folks over until they get their old jobs back as the business cycle turns up.

But those old jobs aren't coming back.

Pressured by global and domestic

PAY GAPS
MEDIAN INCOME FOR WORKERS 25 YEARS AND OLDER, BY EDUCATION LEVEL, IN 1991 DOLLARS



competition and by their own stockholders, U.S. companies are learning how to become more productive.

In just eight years, for example, the steel industry figured out how to produce 45 percent more steel using 30 percent fewer workers.

Or consider Xerox Corp., which announced

Wednesday it was cutting 10,000 jobs—even though it's making a half-billion-dollar profit this year. Xerox is simply taking advantage of new technology and organization to reduce its costs and increase its productivity.

Overall, such steps benefit the economy (since profits become investment capital), but

See **BIG MONEY**, F2, Col. 1

BIG MONEY, From F1

they can leave individual workers out in the cold.

The challenge for Reich is how to get those dislocated workers back into the labor force quickly. His bill isn't grandiose, but, then, it probably shouldn't be.

The main role of the government will be to provide information—to set up a giant data bank to match employers with potential employees, to help displaced workers get training at places such as community colleges, and to offer job counseling.

In this brave new post-NAFTA world, Reich said, "there's a secular shift in favor of skilled, not unskilled, workers."

What he has to teach Americans is that the shift—at least for this country—is good, not bad.

In a global economy, the fight for unskilled, or low-skilled, production jobs—jobs like sewing pockets on shirts, say—is vicious. Countries with low living standards will win.

But when it comes to skilled jobs, U.S. workers have an advantage—not just brains but an ingrained spirit of individualism, the idea that we can all be little economic engines of our own, not just cogs in a corporate machine.

"Sure change entails upheaval and dislocation," writes Myron Magnet in his new book, "The Dream and the Nightmare," "but the flexibility of Americans, their readiness to reinvent themselves and remake their circumstances, is a key element both of the American national character and of American economic success."

We don't always have the *right* skills, but we can get them. Experts say this country has the best post-secondary education system in the world, and not just for the top tier.

Booming Thomas Nelson Community College in Hampton, Va., for example, is developing top automotive technicians with help from Ford Motor Co. and aerospace engineering technicians with help from NASA.

Students there understand that a high school diploma "doesn't get you a job as a car mechanic anymore," said Robert Templin, the college's president.

Reich makes this point with a graph that shows the big difference in earnings between high school graduates and workers with just one to three years of extra training of any sort.

was more than \$5,263 in annual pay, or 19 percent; for women, 21 percent.

A study by the Bureau of Labor Statistics last month identified the skilled jobs that will grow quickly and pay well from now to the year 2005.

They don't involve brain surgery or splitting the atom, but they do stress individual problem-solving, and they're generally more rewarding personally than production-line work, which, Reich believes, has been romanticized.

Fastest-growing new jobs? In 1992, there were 1.8 million registered nurses in the United States,

As long as Americans understand they're not helpless victims, they can improve their skills.

making an average of \$34,476 a year; by 2005, the Labor Department estimates there will be 2.6 million, an increase of 44 percent.

Other hot jobs that don't require college degrees: data-processing machine repairers, up 46 percent in the next 13 years; food service and lodging managers, up 44 percent; offset press operators, up 37 percent; radiology technicians, up 63 percent; paralegals, up 85 percent; and musicians (!), up 25 percent to 295,000 jobs.

As long as Americans understand they're not helpless victims, they can improve their skills. Self-interest should do the trick.

As Gary Burtless, a Brookings Institution economist, said, "The government already offers a variety of inducements—like student loans and low community college tuition—for individual workers to invest in their own general training."

But Burtless and others believe much pain can be avoided if the government forces companies to spend more on training their own workers—through a plan similar to one President Clinton pushed during the campaign, then abandoned. (After all, it looked like a tax!)

On the whole, Americans seem to be adapting well to this new economic world—certainly better than Europeans.

Chron

THE PRESIDENT HAS SEEN

12/14/93 d.j.

THE WHITE HOUSE

WASHINGTON

93 DEC 13 P8:09

December 13, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: Howard Paster *HP*

SUBJECT: Congressional activity

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When talking about the magnitude of what was accomplished legislatively in 1993 it may be interesting to note that up until Congress adjourned at Thanksgiving the combined House and Senate hours in session was more than 50 percent greater than during the comparable period in 1981, the first Reagan year. Even when adding in the post-Thanksgiving session in 1981, the total hours in session in 1993 was up more than 35 percent. One way to use this is to pay tribute to the hard-working Congress that enacted so much major legislation and brought other legislation -- campaign finance, crime -- through both bodies and ready for conference.

CC UP
MALIK
Gowan
Gergen
George

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

	Jan. 5 -- Nov. 26, 1993	Jan. 3 -- Nov. 26, 1989	Jan. 5 -- Nov. 26, 1981
Days in Session, House	142	147	154
Days in Session, Senate	153	136	152
Days in Session, Total	295	283	306
Hours in Session, House	982 hrs 55'	748 hrs 54'	593 hrs 20'
Hours in Session, Senate	1,269 hrs 42'	1,003 hrs 19'	965 hrs 39'
Hours in Session, Total	2,352 hrs 37'	1,752 hrs 13'	1,558 hrs 59'

Source: Resume of Congressional Activity, The Congressional Record: 11/26/93, 11/21/89, 12/1/81.

CONGRESS WORKED 34% MORE IN 1993 THAN IN 1989.

CONGRESS WORKED 51% MORE IN 1993 THAN IN 1981.

South Korea Says U.S. Overreacts To North's Nuclear-Arms Efforts

Threat Takes a Back Seat To Trade Liberalization, Corruption Crackdown

By STEVE GLAIN

Staff Reporter of THE WALL STREET JOURNAL

SEOUL, South Korea — The Koreans who spilled into the streets by the thousands yesterday to plead for protection and leadership weren't concerned over North Korea's military.

Seoul is in artillery range of North Korea, but the protection the demonstrators wanted was against rice imports.

Pyongyang's nuclear program has caused a diplomatic storm in Washington and elsewhere, but it takes a back seat in Seoul to such issues as trade liberalization and a corruption crackdown waged by President Kim Young Sam. South Korean security officials and lawmakers say Washington is misreading Pyongyang's motives and is overreacting to its military capability. Few of them think North Korea is perilously close to producing a deliverable atomic bomb or that it could mount a sustainable conventional assault on the south.

"Some people in Washington see this as a crisis situation because they don't understand the nature of North Korean propaganda," says a member of South Korea's foreign service. "They still see things with a Cold War lens."

Role Reversal

In the latest example of South Korea's relative calm, Seoul's newspapers and Yonhap news agency scarcely paid attention to Defense Secretary Les Aspin's remark Sunday that North Korea already might possess one nuclear device. Yonhap didn't mention Mr. Aspin's statement, and those newspapers that carried the remark didn't comment on it.

This relative calm reflects a surprising role change between Seoul and Washington that has been precipitated by North Korea's nuclear program. Past South Korean leaders, like other American Cold War clients, often highlighted the communist threat to secure U.S. aid and support. Now, the patron is sounding the alarm.

"South Korea is far more accustomed to the North Korean style of negotiating than the Americans," says Michael Breen, a senior consultant at Merit Consulting, which publishes a monthly newsletter on North Korea. "They still see room for a negotiated settlement while the Americans might be losing patience."

In March, Pyongyang announced it was pulling out of the Nuclear Nonproliferation Treaty, apparently to avoid inspections of its atomic facilities. North Korea is ruled by the 81-year-old Kim Il Sung, who founded his Stalinist regime in 1947, and his son and heir apparent, Kim Jong Il. Pyongyang insists its nuclear program is for peaceful purposes.

Overrated Army

South Korean government officials admit their intelligence on North Korea is not as extensive as Washington's. The U.S. regularly monitors satellite photos of weapons installations and troop movements. But the South Koreans say Washington tends to take too seriously Pyongyang's warnings of a military response should the standoff lead to economic sanctions. Some have expressed mild irritation that the White House appears unable to plug leaks that have led to what one official calls "irresponsible and alarmist" news reports about the quantity of North Korea's war machine.

No one discounts the destructive potential of the North Korean army, which comprises more than one million regular soldiers and militiamen and a formidable arsenal. But neither do they believe reports that suggest the combined South Korean and U.S. forces would crumble under the weight of a North Korean ground assault. They say the north's acute economic crisis, which even Pyongyang acknowledged at an annual plenary session last week, has drained the army of the resources it would need to mount such an attack. Chronic shortages of food, medicine and fuel hobble military training.

"Within two to three weeks, their forces would run out of steam for want of oil and spare parts," says an official at the Ministry of National Unification. "I don't think they have a mighty military. Such capability has to be backed up by a strong economy."

That is not to say the South Koreans are counseling a soft line against North Korea, although officials are divided over when to abandon the carrot in favor of the stick. Foreign Minister Han Sung Joo warned Pyongyang last week that time was running out for a diplomatic solution. But even he suggests the situation is not dire. "Of course we're very much worried about it," he said in an interview this year. "But we don't want to alarm the people unnecessarily or excessively."

An example of the contrasting attitudes here and in the U.S. came in October. Reports that North Korea was concentrating forces at the demilitarized zone sparked hand-wringing in Washington but were largely ignored in Seoul. The reports of new troop concentrations proved false, although North Korean forces have been positioned along the border in a forward position for years.

Similarly, South Korean intelligence officials don't believe Pyongyang is as close to completing a nuclear bomb as some of their U.S. counterparts have estimated. Many feel North Korea's nuclear program is Pyongyang's ultimate bargaining chip waged to win diplomatic and economic concessions from the U.S. They estimate North Korea has spent \$3 billion on its nuclear program and would need to spend another \$10 billion to produce a bomb within the next three to five years.

Consolidating Power

South Korean officials also tend to dismiss reports that Kim Jong Il will be toppled by the military soon after his father's death. Although he is resented by some army officers and isn't idolized like his father, these officials say, the younger Mr. Kim has consolidated his position with the state security apparatus.

"Kim Jong Il is appointing leaders now, so his authority is clearly well-established," says the Ministry of Unification official, who requested anonymity. "We can safely say that after the father dies, the son will be in power for at least five years."

Government officials doubt press reports of food riots and army revolts in remote parts of the country. They generally rule out the chances of a popular uprising against the regime because of the omnipresence of North Korea's internal security force.

THE PRESIDENT HAS SEEN

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THE WALL STREET JOURNAL TUESDAY, DECEMBER 14, 1993

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THE PRESIDENT HAS SEEN

MARY McGRORY

O'Leary's Energy Is Felt

Energy Secretary Hazel O'Leary has begun to do what her predecessor, Adm. James Watkins talked about doing, that is "changing the culture at the Department." And she is making an honest man of Bill Clinton, who promised during the campaign to open up the secrets of our nuclear enterprises.

Not much was expected of O'Leary by the disarmament and environmental crowd. They feared that a utility executive might shill for nuclear power. For them, the secretary's performance has occasioned some pleasant surprises.

First, it was her critical opposition to the resumption of nuclear testing. State, Defense and the nuclear laboratories favored more blasts. Her own staff was designing a plan for the 15 tests permitted under the law.

O'Leary, admitting ignorance, made her own preparations. She convened a seminar in a secure room in the basement of the Forrestal Building. She called in the directors of the nuclear laboratories at Los Alamos, Livermore and Sandia, all keen testers, and several experts, including testing advocate James Schlesinger and testing foe, Frank von Hippel, who was then at Princeton and has since come back to Washington to work with the presidential science and technology adviser as an assistant on national security.

The secretary came out of two days of meetings convinced that our national security did not depend on further testing. With the help of the Arms Control and Disarmament Agency, she carried the day in the inner councils. Clinton decided to continue the informal moratorium on testing.

Last week, O'Leary took another step to show she takes seriously the Clinton pronouncements on openness in government. She held a news conference to make a huge dump of previously classified information on matters nuclear.

She has long thought that if government was going to regain public confidence and persuade other nuclear nations to come clean on vital data, she would have to tell some secrets: The public should know the shameful truth about plutonium experiments on human beings that were carried out in the '40s and '50s.

Actually, the experiments were revealed at congressional hearings in 1986, but a committee report mandating further investigation came to nothing. The Albuquerque Tribune

recently published a series in which reporter Eileen Welsome identified five of the 18 subjects of medical tests that O'Leary called "worthy of Nazi Germany." She has made a probe of the whole project a top priority.

She also gave out previously secret figures about 214 unannounced tests of nuclear weapons, and the content of plutonium stockpiles. As is usual in such cases, the bureaucrats thought she told too much, the arms control experts, too little. "During the Cold War, I would have been arrested for what I said," she said cheerfully.

The fact that she told anything at all has to be considered near miraculous in the light of the secrecy cult at her department, which is still sitting on 3.3 miles of classified documents.

Hush-hush is still so pervasive, some environmentalists complain, that they can't get even unclassified information about nuclear blasts of a generation ago.

Although O'Leary cleared her disclosures with the National Security Council, some on her staff thought she would be suspected of being off on a tangent. Spurgeon Keeny of the Arms Control Assoc. thinks that disclosures that many of the secret bomb tests went undetected could provide ammunition to enemies of arms control, bolstering their claim that verification is impossible. But Keeny applauds O'Leary because "when you open up these subjects to scrutiny by press and academia, you get public discussion, and Congress learns the right questions to ask."

And she got a positive reaction from the Russian Embassy. They requested a videotape of her news conference and all the supporting documents. She took a large bundle of material to present to Viktor Mikhailov, the Russian minister of atomic energy, with whom she is convening in Moscow. We haven't been in a strong position to lecture them because we have been so secretive ourselves.

O'Leary promises more to come. On the most sensitive subjects, she must obtain concurrence from the Department of Defense, which is averse to telling the time to unauthorized persons.

Tom Corcoran of the National Resources Defense Council, who was disappointed that the revelations didn't answer a lot of questions the council submitted to O'Leary, says, "I don't want to criticize her. She has made a first cut. She has started a process."

Are Injured Patients Aided by the U.S. Liability System?

Yes.

Compassionate application of common law, developed over 200 years, has deterred unsafe medical practices, disclosed dangerous practitioners to the public and compensated victims of medical negligence and incompetence. The judicial system's effort to neutralize imbalances between the parties is especially important in medical malpractice cases, in which an individual confronts physicians' expertise and insurers' vast financial resources. With an estimated 80,000 deaths—twice the number of highway fatalities—occurring annually because of doctor negligence, it is vital that we defend health care consumers' access to justice.

Ideally, the role of the civil justice system should be to redress negligence and incompetence missed by a rigorous system of doctor discipline. The current discipline system, controlled by the doctor community, is abysmal. By default, the courts play a front-line role.

There is no avalanche of malpractice suits. Only one in eight victims of malpractice ever files a claim, according to the landmark Harvard Medical Practice Study. It is acutely disingenuous to cite unmet health care needs as the rationale for the tort "reform" packages the medical lobby is promoting.

Medical liability costs are a minuscule portion—less than 1 percent—of national health care costs. Restricting access to the courts, diminishing compensation and limiting guilty parties' liability could be considered a boon for consumers only in Alice in Wonderland.

Reforms that should be pursued include:

- Strengthening state medical boards' disciplinary function.
- Increasing consumer access to information on negligent providers.
- Setting up small claims courts for claims under \$50,000.

—Maura Moran
Staff attorney, Congress Watch, Washington, D.C.

No.

About 1 percent of patients experience some form of medical negligence. About half of these may need access to the criminal justice system. Many don't gain access because the system is riddled with the wrong incentives. First, lawyers get a third to half of the awards. The higher the settlement, the more the lawyer gets paid.

In addition, it takes an average of 2½ years to settle claims—and up to five years for more-complicated cases. Medical liability claims are very time-intensive. Unable to make big profits from small claims, lawyers look for cases that may reap the largest awards, regardless of merit.

Up to 75 percent of claims lack merit and are eventually dismissed, but meanwhile they clog up the system and cost millions. Administrative costs are the highest in the world. Only about 40 percent of the premium dollars physicians pay go to injured patients. Other injury compensation systems—health insurance, workers' compensation, disability insurance—return much more of the premium dollar to the injured.

This self-serving system—built by lawyers—now costs \$35 billion a year. It needs comprehensive reform. Changes endorsed by the Coalition for Effective National Medical Liability Reform include:

- Limiting contingency fees so seriously injured patients keep more of their awards.
- Fully compensating patients for all medical bills, lost wages and out-of-pocket losses but limiting pain and suffering awards to \$250,000.
- Implementing patient-safety reforms that strengthen the state licensing boards and the peer-review process, establish clinical guidelines on injury prevention, improve doctor-patient communication and strengthen informed consent.

—Robert E. McAfee

President-elect, American Medical Association

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THE WHITE HOUSE
WASHINGTON

DATE: 12/13/93

TO: SENIOR STAFF

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

An argument for
a liberal immigration
policy attached.

Science & Technology

SEMICONDUCTORS

A NEW LEASE ON LIFE FOR OLD-FASHIONED CHIPS

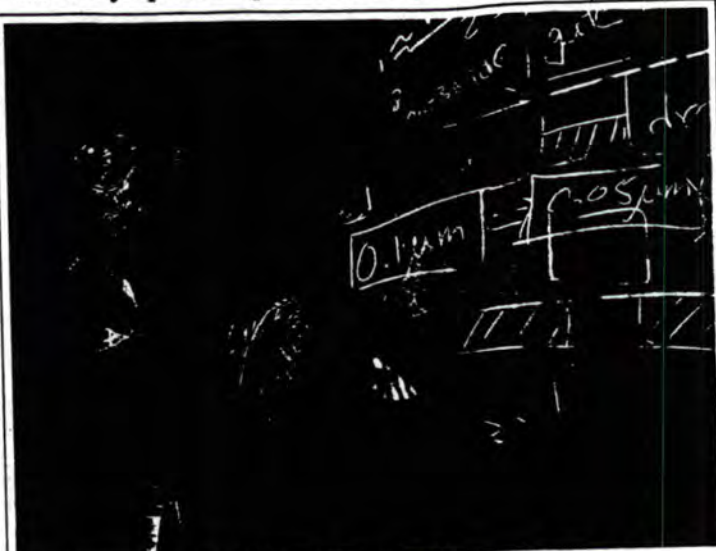
A Bell Labs rookie's idea radically speeds up silicon chips

Ran-Hong Yan won't forget the day after Christmas in 1990. He had seen snow atop distant mountains in his native Taiwan, but he still wasn't prepared for the powdery flakes drifting down outside his Aberdeen (N.J.) apartment. He and his wife, Jennifer, dashed outside to marvel at their designs. "It was enchanting," he recalls. So much so that Yan, then 28 and a rookie on the semiconductor research staff at AT&T Bell Laboratories, called in late so he could help his daughter, Rose, build her first snowman.

After hanging up, he watched snow blanketing the tops of cars without sticking to their sides, and something clicked: Yan found himself envisioning a miniature snowfall of boron atoms piling up inside silicon wafers. It was an idea that would dramatically alter the outlook for silicon microchips.

QUICK FREEZE. On Dec. 6, one of Yan's co-workers, Kwing F. Lee, explained exactly how to the International Electron Device Meeting (IEDM) in Washington. Lee reported that the "snowfall" concept transforms complementary metal-on-silicon (CMOS) transistors—the most common switch, and heretofore a relative slowpoke—into the sleekest silicon speedsters ever. In fact, Yan's technique triples the speed of CMOS devices to at least 116 gigahertz, or billions of on/off cycles per second. Even at room temperature, such transistors are 30% faster than similar devices cooled with liquid nitrogen, a turbocharger for chips.

Group these transistors in an integrated circuit, and the gains can be even more startling. For example, Bell Labs has made a so-called frequency-divider chip similar to those used to change channels in communications gear. Before Yan's work, "the best number for a frequency divider was 2.6 gigahertz," says Abbas Ourmazd, head of microphysics



BRAINSTORM: SNOWFALL INSPIRED YAN'S "VERTICAL DOPING"

research at the lab. "We've measured ours at nearly 14 gigahertz." Bell Labs won't speculate on how much the new technique, called vertical doping engineering (VDE), will speed up microprocessors. But it seems to confirm predictions by Intel Corp. and Digital Equipment Corp. that personal computer speeds will triple by the year 2000.

More important, silicon chips will drive ever faster electronics systems long past the turn of the century. Until now, indications were that silicon would hit redline speeds by 2000. To tweak more performance from chips without installing costly refrigeration even in PCs, chip companies might have had to make an expensive switch to a faster material, such as gallium arsenide. But VDE postpones that. "We see clear sailing

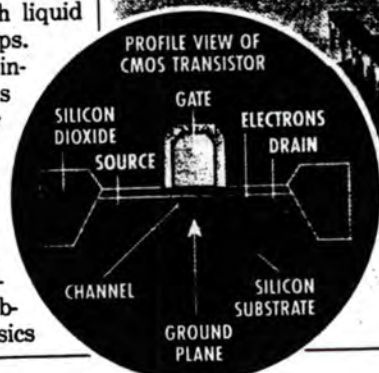
for at least 20 years," asserts Mark Meliari-Smith, chief technical officer of AT&T Microelectronics, American Telephone & Telegraph Co.'s chipmaking arm.

He isn't the only optimist. In early 1991, when Bell Labs turned a crew of 16 scientists loose on Yan's idea, the news spread to the tight circle of researchers who hone the cutting edge of semiconductor technology. That prodded similar work among Japanese chipmakers such as NEC, Hitachi, and Fujitsu, and some of this also popped up at the Washington meeting. Perhaps the most impressive is from Toshiba Corp. Its scientists have made the world's tiniest CMOS transistor, an experimental switch 0.04 micron wide—one-tenth the size of the smallest transistors now heading into volume production.

EVER TIMIER. Further advances may be possible. At last year's IEDM, IBM researchers said they had wrapped up a probe to the frontiers of transistor physics. Using Damocles, a computer program that Thomas N. Theis, manager

of semiconductor physics research, describes as "the world's most sophisticated model" of solid-state microdevices, IBM found what may be the ultimate size for silicon transistors. "Before we did this study," says Theis, "0.1 micron was widely accepted as the physical limit. Now, it's 300 angstroms—just 0.03 micron. IBM's ultratiny models aren't VDE designs. But computer simulations at Bell Labs suggest that VDE, which has already helped create chips with the 0.1-micron transistors that the industry expects to produce commercially around 2010, might get down to 0.03 micron, too. It would take 3,000 such devices, laid side by side, to equal the diameter of a human hair.

The innovation that boosts silicon's longevity is an elegantly simple addi-



tion: Raising the resistance of the boron atoms pushes the electrons to the drain.

tion to the structure of CMOS transistors (diagram). What Yan envisioned that snowy day is a plug that fills up part of a transistor's so-called channel, the conduit through which electrons zip when an "on" signal arrives at the gate. The shorter this path, the quicker the electrons make the jaunt.

Trouble is, shortening the channel increases the chance that electrons will leak across when they aren't supposed to—and wreak havoc with computing. To prevent this, as the channel is truncated it is "doped" with more of some impurity, such as boron atoms. This boosts the channel's electrical resistance and keeps the electrons bottled up. But when the channel shrinks to 0.1 micron, its resistance must climb so high that heat, generated by electrons pushing through the boron, roasts an uncooled chip. Vertical doping engineering dams up part of the channel, constricting the movement of electrons. Because electron leakage is then less likely, less resistance is needed to keep the transistor turned off—and a shorter channel is possible.

The secret to VDE is driving boron atoms to precise depths. This is done by hammering the boron into the silicon with an ion beam, whose energy level determines how deep the boron penetrates. In a 0.1-micron transistor, the dam goes 60 nanometers deep and rises to a height of 40 nanometers, or billionths of a meter—leaving a 20-nanometer-deep path for the channel.

PLANE TRUTH. Why has such a common-sense solution gone overlooked? Yan attributes that to mind-set. Silicon transistors have always been a planar technology—that is, semiconductor designers were preoccupied with the horizontal size of components.

By contrast, Yan's work for his 1990 PhD in electrical engineering from the University of California at Santa Barbara focused on gallium arsenide and related materials. Crafting transistors with these can involve stacking materials in layers. Ourmazd thought Yan might bring a fresh perspective to silicon's dilemma. But he never dreamed his hunch would pay off so handsomely so soon.

By Otis Port in New York, with bureau reports

SOLUTION Plug up the channel's bottom with a "ground plane" using more boron atoms. Shrinking the depth of the channel under the gate has the same effect as narrowing the mouth of a funnel: electrons stay bottled up in the source region when the transistor is off, so the source and the drain can be moved closer together without excessively raising channel resistance. Result: A lightning-fast transistor.

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93 DEC 13 AM: 21

WILLIAM B. GOULD IV
CHARLES A. BEARDSLEY PROFESSOR
OF LAW

*For
Waldman
Nestor*

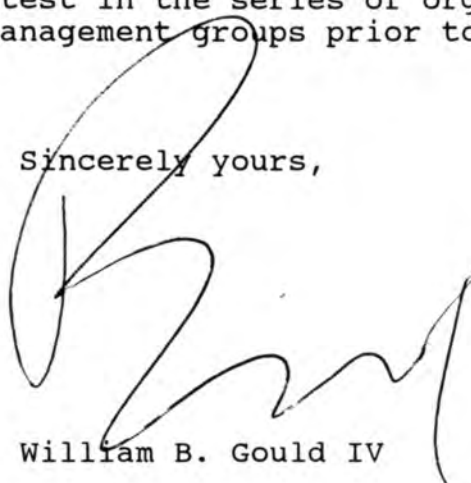
December 6, 1993

Mr. John Podesta
The White House
Washington, D.C. 20500

Dear John:

Here is the latest in the series of organizational memos put out by one of the management groups prior to Thanksgiving.

Sincerely yours,

A large, stylized handwritten signature in black ink, consisting of a large loop followed by a series of connected strokes.

William B. Gould IV



7YI

Joe P. ...

MEMORANDUMNovember 22, 1993
93-280

TO: LPA Company Representatives
LPA Washington Representatives
LPA Labor Law Task Force

FROM: Jeffrey C. McGuiness
President

RE: White House Keeps Pushing For a Vote on Gould,
But Can't Find 60 Votes to Break a Filibuster

Over the weekend, the White House continued pressuring moderate Republicans to break ranks with Senators Kassebaum and Dole over the threatened filibuster against the nomination of Prof. William Gould to chair the NLRB. Thus far, however, the Republicans have held firm, telling the White House that they will continue their united opposition against Prof. Gould until President Clinton nominates someone acceptable to the vacant Republican seat. And thus far, the Administration has refused to do so.

Congress may not adjourn until Wednesday, and until then the White House will continue pressuring the Senate. One of the reasons it is working on the nomination so vigorously is its desire to bring healing the rift between the White House and organized labor caused by NAFTA. The Republicans, however, feel their side of the aisle has already given the President a helping hand on NAFTA and see little reason to provide the same.

Filibuster strength was developed by the strong industry lobbying last week, and we would suggest keeping up the pressure for the next two days. If Prof. Gould fails to win confirmation before adjournment, the White House will be forced to offer a full slate of NLRB candidates next January—three Board members and a new General Counsel. It can be expected that if that full slate is heavily slanted towards organized labor, the opposition will continue.

THE WHITE HOUSE

WASHINGTON



Mr. Jason Steinbaum
Apartment 2
4103 W Street, N.W.
Washington, D.C. 20007



THE WHITE HOUSE
WASHINGTON

12/13/93

TASON:

Congratulations on your
new position with Congressman
Engel.

I look forward to
working with you in the
future.

John Robert

4103 W Street, NW #2
Washington, DC 20007
December 10, 1993

Mr. John Podesta
Assistant to the President and Staff Secretary
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear John:

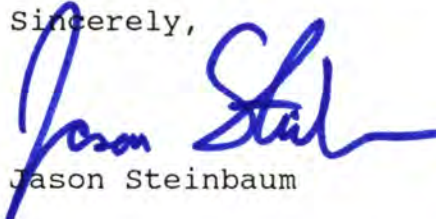
I am writing to thank you for your assistance with my efforts to find a job during the past year. Because of your help and the recommendation you referred to the White House personnel office on my behalf, I was interviewed at the Department of Defense for a speechwriter position.

Before the selection process had reached its final stages for the speechwriter job, I accepted an offer from Rep. Eliot Engel (NY-17) to serve as Legislative Assistant for Foreign Affairs, Defense, and Trade. Because Rep. Engel is a high ranking Democrat on the Foreign Affairs Committee and next in seniority to become Chairman of a Subcommittee, this is an excellent opportunity for me.

I would also like to offer my congratulations on a very positive first year for the Administration. As I look at the National Journal's Congress Daily, I note that the most recent Los Angeles Times poll gives President Clinton a 59% approval rating. With the continued improvement in the economy and an impressive record of legislative achievement, it is clear that it will not be long before the President's favorable ratings surpass 60%.

Once again, thank you for your help and good luck on year two. I look forward to speaking with you in the future.

Sincerely,



Jason Steinbaum

Send copy
to Ricki
12/13/93 db

THE WHITE HOUSE
WASHINGTON

December 11, 1993 DEC 11 P 1: 48

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM:

ANTHONY LAKE

SUBJECT:

National Security Speech Schedule and Strategy

We want to pursue an aggressive communications strategy to highlight your Administration's national security accomplishments of 1993 and your vision for foreign policy for the coming year and beyond. To accomplish this goal, we have put together the suggested six-week schedule of high-profile Administration speeches detailed below. We are discussing the specifics with State, US/UN and the Pentagon.

The schedule breaks down into six blocks. First, statements on the GATT agreement, assuming we secure one. Second, speeches to help frame year-end reviews for the press. Third, build-up to the Moscow/Europe trip. Fourth, the trip itself, which includes three major speeches by you. Fifth, speeches to follow up on the trip and to preview the foreign policy ideas and themes you will lay out in your State of the Union address. And finally, post-State of the Union follow up.

I. AFTER GATT

Dec. 15-20:

The President: Short statement on the successful conclusion of the Uruguay Round [if and as soon as GATT is finalized] and on the accomplishments of the GATT, NAFTA, APEC, Japan Framework and G-7.

Dec. 18:

The President: Radio address reiterating these points: significance of GATT; larger context of economic security. Alternatively, defense budget issues following decision on spending.

Follow on speeches by Secretaries Bentsen and Brown, Mickey Kantor, Robert Reich, Bob Rubin and possibly Secretary Christopher.

II. YEAR-END WRAP-UP: We would use the Vice President and the Cabinet to highlight our major accomplishments of the past year.

Dec. 14:

Anthony Lake: Speech on the Administration's 1993 national security accomplishments and 1994 agenda. (Council on Foreign Relations in New York)

cc: Vice President
Chief of Staff

Dec. 11-22: The Vice President: Speech on Russia following his trip. He has a standing invitation to address the Los Angeles Times.

Secretary Christopher: Speech on Middle East progress following his trip.

Secretary Aspin: Speech on the continuing need for a strong defense, laying out elements of 1995 budget.

Ambassador Albright: Speech on democracy.

III. LEAD-UP TO EUROPE/MOSCOW TRIP

Jan. 1-9: The President: Speech before a U.S. audience outlining purpose of trip -- the need to renew NATO and adapt our European security posture, summarizing major foreign policy accomplishments of 1993 and vision for foreign policy. This would be akin to your speeches at the Naval Academy and to the NEA that previewed and explained the domestic importance of your trips to Vancouver and Tokyo, respectively.

Secretary Christopher: Speech on Europe.

General Shalikashvili: Speech on future of NATO, possibly at the National Press Club.

IV. EUROPE/MOSCOW TRIP

Jan. 9: The President: Vision for Europe (Brussels).

Jan. 10: The President: Future of NATO (Brussels, NAC Intervention).

Jan. 14: The President: Speech to students in Moscow.

V. RESULTS OF TRIP/LEAD-UP TO STATE OF THE UNION

Jan. 15-22: Anthony Lake: Speech highlighting accomplishments of the trip and vision of foreign policy leading into major themes for State of the Union.

Jan. 25: The President: State of the Union

VI. POST-STATE OF THE UNION

Late January: Secretary Christopher: Follow up speech to State of the Union reiterating vision of foreign policy.

Attachment

Tab A Summary of Administration's Foreign Policy
 Accomplishments

FOREIGN POLICY: RE-AFFIRMING AMERICA'S LEADERSHIP

"The United States occupies a unique position in world affairs today. Yet with the Cold War over, many people ask whether the United States plans to retreat or remain active in the world; and if active, to what end. Let me answer that question as clearly and plainly as I can. The United States intends to remain engaged and to lead. We cannot solve every problem, but we must and will serve as a fulcrum for change and a pivot point for peace." (United Nations General Assembly, September 27, 1993)

EXPANDING WORLD TRADE, JOBS AND EXPORTS

- o Served interests of American workers and businesses by making economic issues a foreign policy priority; passed NAFTA, coordinated G-7 growth policies at Tokyo Summit, agreed with Japan on framework for trade talks, convened first-ever APEC leaders meeting and made efforts to reach a successful GATT agreement.

PROMOTING DEMOCRACY, MARKET REFORM, AND HUMAN RIGHTS

- o Led support for democracy and market reform in **Russia and other former Soviet states** through bilateral/multilateral aid and firm support for reformers. Created Gore-Chernomyrdin Commission to cooperate in space, energy, defense conversion and other areas. Secured repeal of many outdated Cold War laws.
- o Restored U.S. consensus on **China** policy for the first time since Tiananmen Square, setting the basis for dialogue to secure improved Chinese behavior on human rights, non-proliferation and trade
- o Supported **South Africa's** transition from apartheid to democracy, including non-racial elections in April 1994, through diplomacy, aid and lifting of sanctions.
- o Promoted efforts to restore democracy and President Aristide to **Haiti** through helping to negotiate the Governor's Island agreement; adopted tough international sanctions when the military in Haiti reneged on its commitments.
- o Proposed summit meeting of democratic leaders from this hemisphere for 1994.
- o Introduced reorganization of international broadcasting, continuing support for Radio Free Europe/Radio Liberty and creation of new Asian Democracy Radio service, while achieving substantial budgetary savings.
- o Stood up for human rights through actions at U.N. Conference on Human Rights, insisting on a single standard for human rights world-wide. Condemned repression in Burma. Met with Dalai Lama, Desmond Tutu and Salman Rushdie. Supported creation of a U.N. High Commission for Human Rights.
- o Achieved increase in funding for National Endowment for Democracy to support essential efforts to promote democracy and human rights worldwide.

MIDDLE EAST PEACE

- o Reinvanized Middle East peace process, leading to historic White House signing between Israel and the PLO. Enlisted international support for process, including \$2 billion pledged at the Washington Conference.

RELIEVING HUMAN SUFFERING

- o Provided relief to **Bosnia** through longest humanitarian airlift in our history; promoted peace talks, enforced the "no-fly zone" and sanctions against Serbia, and secured NATO's commitment to airstrikes if needed to ensure relief flows and prevent Sarajevo's strangulation.
- o Resisted calls for precipitous pull-out from **Somalia**, allowing Somalia the opportunity to prevent a return to the chaos which caused 350,000 deaths before our entry. Attacks on US/UN forces have declined and a commission of inquiry has been established to hold accountable those responsible for attacks on U.N. forces. Praised the Army Rangers heroic actions in this humanitarian effort.

COMBATting TERRORISM

- o Attacked **Iraqi** intelligence headquarters in response to Iraqi sponsored plot to assassinate President Bush; imposed new US/UN sanctions on **Libya** to press for those implicated in Pan Am 103 bombing to be brought to justice; adopted policy of "double containment" of **Iran and Iraq**.

TOUGH STAND ON ILLEGAL IMMIGRATION

- o Adopted new policies to combat illegal immigration through cooperation with foreign governments and new enforcement, while facilitating legal immigration.

ENHANCED ANTI-DRUG EFFORTS

- o Devised policies to more effectively combat international drug trafficking, moving away from interdiction strategy to a more balanced approach targeting drug cartels and cooperating with democratic governments in the hemisphere.

STREAMLINING AND REFORM OF AID

- o Proposed the most comprehensive restructuring of foreign aid since the Kennedy Administration, leaving behind Cold War baggage and promoting economic growth, democracy, peace, sustainable development and humanitarian relief. Committed to maintain assistance at current levels to Israel and Egypt.

COMMITMENT TO A STRONG NATIONAL DEFENSE

"The changes of recent years allow us to be hopeful. But common sense reminds us to be prepared. One way we must be prepared is by ensuring that our Forces have what they need to get the job done, the equipment and the quality people needed to ensure that we can achieve decisive victory should we be called to battle once again." (West Point, May 29, 1993)

ENSURING STRONG ARMED FORCES

- o Completed the "Bottom Up Review," the first comprehensive strategic review of defense needs for the post-Cold War world. The process provides a road-map to maintaining strong national security while identifying substantial defense savings.
- o Ensured adequate funding for national security by resisting precipitous cuts in defense spending proposed by some members of Congress.
- o Initiated the first review of nuclear posture since the end of the Cold War, including policy doctrine, force structure, operations and safety.
- o Visited military installations of every service branch and selected Army General John Shalikashvili as Chairman of the Joint Chiefs of Staff.

STRENGTHENING SECURITY TIES

- o Proposed a "Partnership for Peace" -- embraced by allies, Russia and others -- to adapt NATO to our new European security requirements by offering former Soviet republics and Central/East European nations closer ties with NATO. Called for NATO Summit, to take place in January 1994.
- o Reaffirmed our commitment in East Asia and laid out a vision of future Asian security during visit to Tokyo, Seoul and DMZ.

DETERMINED EFFORTS TO STOP WEAPONS PROLIFERATION

- o Adopted a comprehensive non-proliferation and export control policy, and acted firmly to combat the spread of weapons of mass destruction by North Korea, Iran, Iraq, China and others. Announced counter proliferation initiative to combat emerging missile, nuclear, biological and chemical weapons threats.
- o Signed framework with Russia for military partnership and accelerated destruction of further nuclear weapons. Worked with other former Soviet states on securing their commitment to control and deactivate nuclear weapons.
- o Suspended nuclear testing and began serious work with other governments to achieve a Comprehensive Test Ban treaty by 1996. Obtained Senate approval for Open Skies Treaty and sent to Senate the Chemical Weapons Convention, which would ban an entire class of weapons of mass destruction.

POW/MIA's

- o Pursued aggressively the fullest possible accounting of our POW/MIA's with Vietnam, including return of remains, release of documents, and cooperation on discrepancy cases and with Laos. Sent two Presidential missions to Vietnam to pursue this issue.

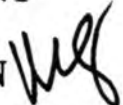
THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

93 DEC 15 P1:49

DECEMBER 15, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: MARK GEARAN 
SUBJECT: WESTERN PRESS MEETING

On Monday, December 13, I convened a meeting with the top staff of the Interior Department and Stan Greenberg to discuss the administration's communications strategy in the West, particularly in the Rocky Mountain states. Secretary Babbitt's initiatives to increase grazing fees and reform mining law have generated a great deal of media attention in the West, and we are developing a coordinated strategy with the Interior Department to improve the tone of that coverage. I will keep you updated on that effort as it moves forward.





By Ron Heflin, AP
HUTCHISON: Tops at \$377,069



COOPER: Tops in House at \$163,486



MOYNIHAN: Gets \$140,370

Doctors, industry hope money talks in reform debate

By Judi Hasson
USA TODAY

With an eye toward influencing the health-care debate, physicians and other health industry groups are pouring millions of dollars into congressional campaign coffers.

Citizen Action, a consumer watchdog group, said contributions from health and insurance industries have jumped by 31% to \$5.6 million in the first 10 months of this year.

"Many members of Congress, particularly among the leadership, both parties and on key committees, are beholden to the health industry," says Citizen Action's Ed Rothschild.

Top recipient, with \$377,069: Texas Sen. Kay Bailey Hutchison, a Republican whose special election win this year attracted extra donations.

Among leading Senate recipients of industry bucks: Sen. Daniel Patrick Moynihan, chairman of the Senate Finance Committee, which will handle major parts of President Clinton's health-reform legislation — \$140,370; and Sen. John Chafee, R-R.I., author of the GOP alternative to the Clinton plan — \$124,125.

Top House recipients: Rep. Jim Cooper, D-Tenn., author of a conservative Democratic alternative — \$163,486; Rep. Fortney "Pete" Stark, D-Calif., a frequent critic of the Clinton plan — \$100,770; and Rep. Dan Rostenkowski, D-Ill., — \$77,000 — chairman of the tax-writing Ways and Means Committee,

Detroit next stop for first lady

First lady Hillary Rodham Clinton takes the administration's health-care message to Detroit Jan. 10, for the second installment of congressional meetings on reform.

Clinton is the special guest at a session with Sen. Don Riegle, D-Mich., and Rep. John Dingell, D-Mich., who is chairman of the House Energy and Commerce Committee, which will oversee the writing of parts of the plan. Other members of Michigan's congressional delegation also will participate.

"The industrial Midwest has an important and unique stake in the health-care debate. This event will give those who craft the plan the opportunity to listen to the special concerns of our people," Dingell said.

Clinton was in Boston last week at the first congressional health summit and plans others.

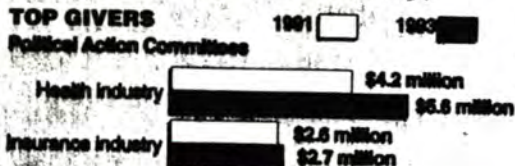
— Judi Hasson

which will have a major say in the legislation.

"There's traditionally an expectation that if a member of Congress is a key player and you want to be able to deal with that member effectively, then

Packing in health money

Political action committees representing health and insurance industries have upped their contributions to congressional members this year — just as debate heats up over President Clinton's health-care reforms (Jan. 1-Oct. 31 filings).



TOP RECIPIENTS

Senate	Amount
Kay Bailey Hutchison ¹ , R-Texas	\$377,069
Daniel Patrick Moynihan, D-N.Y.	\$140,370
Joseph Lieberman, D-Conn.	\$139,600
Orin Hatch, R-Utah	\$130,700
John Chafee, R-R.I.	\$124,125
Edward Kennedy, D-Mass.	\$123,150
Connie Mack, R-Fla.	\$123,041
Frank Lautenberg, D-N.J.	\$115,901
Kent Conrad, D-N.D.	\$95,333
Jim Sasser, D-Tenn.	\$88,900
House	
Jim Cooper, D-Tenn.	\$163,486
Fortney "Pete" Stark, D-Calif.	\$100,770
Richard Gephardt, D-Mo.	\$90,401
Dan Rostenkowski, D-Ill.	\$77,000
Jon Kyl, R-Ariz.	\$64,000
Robert Matsui, D-Calif.	\$64,500
Newt Gingrich, R-Ga.	\$54,050
Fred Grandy, R-Iowa	\$51,572
Sam Farr, D-Calif.	\$50,493
Rob Portman ¹ , R-Ohio	\$50,150

¹ Candidates in special elections this year

Source: Citizen Action

By Nick Galifianakis, USA TODAY

symbolic contribution needs to be there," says Richard Wade of the American Hospital Association.

Says Robert Moffit of the conservative Heritage Foundation: "The effect of it is to buy access or a seat at the table."

Counters Sen. Tom Daschle, D-S.D.: "I think that anybody who contributes to members of Congress right now would be in for a rude awakening if they thought it somehow implied a vote. This is an issue that's much bigger than a donation, much bigger than an endorsement from a group."

The AHA was the third-highest industry contributor, donating \$233,600, behind the American Medical Association, which donated \$282,367 and the National Association of Life Underwriters — \$272,367.

The AMA has contributed more than \$15 million to congressional campaigns since 1979, Citizen Action reported, about 15% of all contributions

by health and insurance political action committees.

AMA spokesman James Stacey declined to discuss the medical group's strategy.

"We really don't make any comment," he said. "It's something that we don't discuss."

But it's clear that the health industry is anxious about the congressional debate on health-care reform.

"I've been around this town for 25 years, and I have never seen the paranoia run as it is running now in the health world," says John Carson, lobbyist for the American Podiatric Medical Association, which this year will donate \$200,000.

Some groups, however, are doing their lobbying the old-fashioned way — by talking.

"We're trying to get our message out in other ways than financial," says P. Robert Rigney, lobbyist for the American Academy of Dermatology, which doesn't have a political action committee.

Clinton: Health costs real budget 'culprit'

By William M. Welch
and Adam Nagourney
USA TODAY

BRYN MAWR, Pa. — President Clinton told a conference examining ways to cut back expensive federal benefit programs Monday to focus only on health care — an argument strongly challenged by participants favoring cuts in Social Security and other popular middle-class programs.

"I would argue the real culprit is health-care costs and we can only address it if we have comprehensive health-care reform," Clinton said in a 45-minute address to lawmakers, corporate leaders and others at Bryn Mawr College on Philadelphia's Main Line.

But his assertion came under strong attack, even from his own appointees to a commission studying rising federal entitlement program costs.

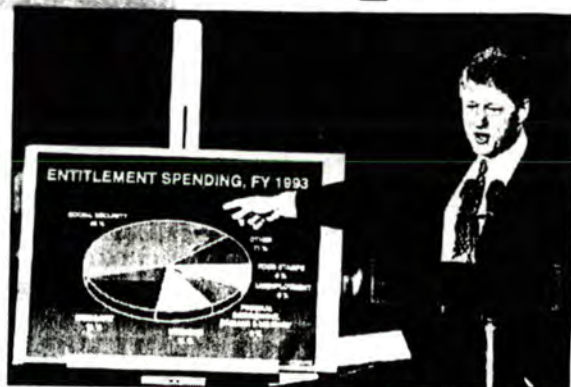
"I want to disabuse you of any impression you have got this morning," said Sen. John Danforth, R-Mo., who Clinton appointed as a co-chairman of the Bipartisan Commission on Entitlement Reform. "There is no painless way to solve our problem. I doubt that entitlements can be controlled if only health care is on the table."

Added co-chair Sen. Robert Kerrey, D-Nebr.: "I think it's going to take a lot more than health care."

So an appearance Clinton intended to have stressed the long-term benefits his health plan will have for the federal budget instead brought into sharp relief a political disagreement over the demands Social Security and other benefits programs will make.

At the heart of the debate is the rapid growth of entitlement programs, now more than half the federal budget, funded automatically each year.

Clinton made his remarks at the invitation of Rep. Marjorie Margolies-Mezvinsky, a Philadelphia-area first-term Democrat. She asked him to appear at a conference studying cuts in benefit programs.



By Eileen Blass, USA TODAY
HANDS OFF: President Clinton uses a pie chart during his discussion of entitlement spending Monday in Bryn Mawr, Pa.



USA TODAY

proved life for the elderly.

In discussing any spending cuts, Clinton said, "Let us not make our middle-class squeeze problem worse than it is already. That's one of the profound problems that is driving this country."

By placing the entire focus of the problem on health-care costs, the president extricated himself from what could have been a difficult political situation. His tenuous electoral coalition is built upon middle-class voters and he has always been wary of supporting cuts in programs that benefit them.

Clinton said his program would cut health-care costs, shaving the federal deficit by reducing spending on Medicaid and Medicare.

A senior economic adviser, Gene Sperling, later said Clinton was not attempting to dodge a tough issue. "We gave our opinion. We think it's an air-tight case."

Even Democrats at the conference did not agree.

"I don't know of anyone who's making the argument that you can deal with the deficit through health care," said Paul Tsongas, the former Massachusetts senator who is pushing budget reform and is an adviser to the insurance industry.

Tsongas said "we are being driven" to basing benefits on

change for casting a deciding vote for his deficit-reduction program last summer.

As the president was leaving with Margolies-Mezvinsky, a reporter asked her whether Clinton had repaid his political debt. The congresswoman stopped dead in her tracks, paused as if stunned, and said: "I love the press."

Despite his words of support, Clinton sought to set the tone for the conference by declaring almost everything off limits. He said Social Security, a presumably tempting target

THE PRESIDENT HAS SEEN
12/15/93

THE WHITE HOUSE

WASHINGTON

December 14, 1993

Mr. President

Copies of letters you requested:

- Marisa Hall
- Arthur Sulzberger, Jr.
- Rodney Dangerfield

2 GS/Bergin/Carroll/Weiss

November 23, 1993

Dear President Clinton,

How are you? This note
leaves me doing well. Thank-
you for the thoughtful letter!!
It is something that I will
always treasure. As a matter
of fact, my friends and family
will not leave me alone until
I get it framed properly ☺.
That one little question definitely
gave me my "15 minutes of
fame" and much to my surprise
I am somewhat still popular!!

Thank you again for the
wonderful letter and have a
joyous holiday!!

P.S. Look on the back
of the card.
M.H.

God Bless
Maurice A. Hall

Your wonderful letter
made my day!

It was so nice of you
to think of me.

I just want you to know how much
I appreciate it!

I was having a bad day because I lost
a project on my computer. Your letter
made me forget about my project!!!!!!

Sincerely,
Marisa

9876 WILSHIRE BOULEVARD

The Beverly Hilton

BEVERLY HILLS · CALIFORNIA · 90210

Hello again President Clinton -

Thanks for being so

gracious.

Rodney

P.S.

I never got "A" in penmanship. Joan
is writing this & she says thanks too.

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frey

The New York Times

229 WEST 43 STREET
NEW YORK, N.Y. 10036

ARTHUR O. SULZBERGER, JR.
Publisher

December 2, 1993

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

Dear Mr. President,

Your remarks yesterday on the AIDS crisis, and in particular your comments on Jeff Schmalz, were both touching and gratifying.

Jeff's death, while tragically expected, nonetheless hit all of his friends and colleagues at The Times particularly hard. He had fought his disease so bravely and with such grace that even while we all knew better it just seemed that he would be with us forever.

I can think of no greater honor than the one you paid Jeff yesterday. Every journalist wants to believe he makes a difference, and for obvious reasons this was of particular interest to Jeff over the last few years. You showed all of us and the world at large that Jeff's life - and Jeff's death - made a difference.

You also captured the Jeff Schmalz we all knew - his tough journalistic spirit married to a first-rate mind.

Mr. President, nothing will make up for the loss we all feel in Jeff's passing. But you went as far as anybody could.

Sincerely,





THE PRESIDENT HAS SEEN
12/15/93

GERALD R. FORD

93 DEC 14 P6:28

December 13, 1993

Dear Mack:

Enclosed a personal letter to President Clinton in reference to the Vietnamese Refugee crisis. I hope you will see that this critical issue is called to his attention inasmuch as this matter requires urgent attention.

With best wishes,

Mr. Thomas F. McLarty III
Chief of Staff
The White House
Washington, D.C. 20500

*By -
This is interesting
Sumner reply soon*

MR. PRESIDENT:

I have forwarded to the
NSC for a response, but
thought you should see.

Tom


GERALD R. FORD
93 DEC 14 P6: 26

December 13, 1993

Dear President Clinton:

I am writing about unfinished humanitarian business which goes back to my time in office in the hope that you and those in your Administration will be able to follow through.

One of the accomplishments of the Ford Administration of which I am most proud was to salvage some honor from the last days of the Indochinese countries with the evacuation of those who had worked closely with the United States. Over 125,000 refugees from Vietnam, Cambodia and Laos arrived in the United States in 1975-76 and were quickly resettled all over the U.S. by voluntary agencies. As a group they have already made a distinguished mark in this country. Their children have set academic records and the adults have more than re-paid the costs of resettlement with their economic productivity and resultant tax revenue.

As you are aware, the flow of refugees continued from the three countries. All told, over 1.5 million people fled Laos, Cambodia and Vietnam and have been resettled in many countries. Only a small percentage of this number remain in refugee camps in southeast Asia, but these people should continue to be a great interest to the United States until they are home or resettled.

As conditions have improved in the Indochinese countries, we are seeing a growing number of voluntary repatriates. In general, those who do not meet the definition of political refugee should return to their country of origin, but those with a political refugee claim which should include refugees with associations to the U.S. and to the U.S.-supported former governments of Indochina should be given refugee status.

The problem lies in the implementation of the United Nations Comprehensive Plan of Action (CPA) under which political refugees are screened in and permitted settlement. As a result of restrictive criteria, there are refugees closely associated with the U.S. who have been screened out. Unfortunately, they face forced repatriation unless something is done.

✓ It is my very strong view that the U.S. should continue to accept those associated with our Vietnamese war effort. This will require an active effort with the UN High Commissioner for Refugees (UNHCR) to have their cases reviewed or to simply mandate them as refugees as permitted under the CPA.

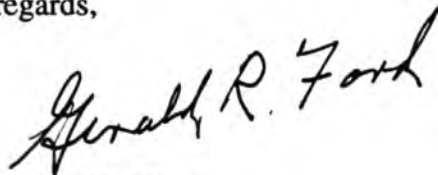
The Honorable Bill Clinton
December 13, 1993
Page two

Until now, it might have been premature to proceed, but the refugee flow is over and I am deeply saddened about those languishing in the refugee camps who worked side by side with us.

I urge you to ask the State Department to take a strong lead with the UNHCR in Geneva and through our Embassies in southeast Asia to identify and accept those who worked with the U.S. Time is of the essence because these refugees could be forced back to their countries of origin in the near future. Because of my very long standing interest in this tragic situation I am enclosing suggested criteria for U.S. resettlement based on the criteria employed in 1975-76 under my Administration.

I deeply appreciate the opportunity to bring this humanitarian issue to your personal attention. With your leadership, great justice and suffering can be avoided. The screening under the CPA should be a model for future problems. We would insure that it is not flawed.

Warmest regards,

A handwritten signature in dark ink, reading "Gerald R. Ford". The signature is written in a cursive, flowing style with a large, prominent "G" and "F".

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

The Honorable Bill Clinton
December 13, 1993
Page three

Suggested Criteria for refugees associated with the U.S.

U. S. employees:

Those who worked for the U.S. Government, non-profit organizations or companies for more than three years prior to 1975.

Former government employees:

Those who worked for more than three years in a substantive position for a pre-1975 regime in Vietnam, Laos or Cambodia.

Other individuals:

Those whose religious, ethnic or other background has led to demonstrable problems with current governments including those who have been incarcerated in re-education camps for more than three years.

David S. Broder

Jinxed by The White House

Every day, it seems, a new press release comes over from the Republican National Committee headquarters, three blocks away, and lands on Democratic National Committee Chairman David Wilhelm's desk—like an incoming Scud missile.

Every day, it seems, RNC Chairman Haley Barbour can gloat about a new election victory. Last week, there were special election wins in Michigan, Wisconsin and New Hampshire, the last of these adding to the total of 21 state legislative seats taken from the Democrats this past year.

All this is on top of the GOP winning all six of what Barbour calls the "most important elections of the past year"—Senate races in Georgia and Texas, governorships in New Jersey and Virginia, mayoral races in Los Angeles and New York.

As the recipient of all this opposition boasting, Wilhelm has been gritting his teeth for so long now, the smile is frozen in place on his youthful face.

"I'm not looking for sympathy," Wilhelm told me last week. But when your party loses a series of contests like these—offices all safely in Democratic hands when Bill Clinton was running for president—you need some kind of comfort. The solace that can be offered the

Carville and Begala long ago learned how to duck the spotlight of blame when they failed.

37-year-old Chicagoan, who was the unheralded but highly competent manager of President Clinton's 1992 campaign, is that grief is almost inevitably the companion of the poor devil who has to head the party organization in the first year following its recapture of the White House.

He's but the latest victim of a political system which accepts the foolish notion that a national party has no mission in life other than to serve the president. In this age of personalized politics, it becomes a valet for the White House victor, not the agent for building top-to-bottom party strength.

Kenneth B. Curtis, the former governor of Maine, who was picked by Jimmy Carter to run the Democratic Party in 1977, bailed out after less than two years. That's par for the course. He remembers his tenure chiefly for the fact that "it offered me the opportunity to tell 200,000 people who had applied for government jobs that they weren't getting them."

"I don't envy David [Wilhelm] his job," Curtis said. "I did it as long as I could stand it, and then I quit. My biggest problem was the White House staff people; every one of them thought he knew exactly what the Democratic National Committee should be doing and had the notion he could dictate that to us."

Wilhelm is much too diplomatic to complain about the similar directives he gets from White House staffers. But when the string of off-year election losses reached the panicky point with November's defeats in New York, New Jersey and Virginia, anonymous White House officials quickly leaked word that the price Wilhelm would have to pay for keeping his job was to accept their new choices for the key staff positions below the chairmanship.

Among other changes dictated from the White House were increased roles at the DNC for Clinton campaign consultants James Carville and Paul Begala. Never mind that they were the consultants on the most devastating of the November defeats—the narrow reelection loss of New Jersey Gov. Jim Florio. Carville and Begala, like others in their trade, long ago learned how to duck the spotlight of blame when they failed.

So Wilhelm says he welcomes their role, as he professes to welcome the privilege of raising more than \$1.6 million this year to pay for the polls that consultant Stan Greenberg takes for the White House. Democratic donors, observing the White House missteps of Clinton's first year, might wonder about the value of those polls. But that is not Wilhelm's to question.

Nor can he question the inconsistency of the demands placed upon him by Democratic members of Congress. Last spring, they griped that he wasn't doing enough to "provide cover" for them by building grass-roots support for Clinton's unpopular budget. In the fall, they had just the opposite gripe: He was working too hard on grass-roots backing for the president's health care initiative and neglecting early organization work for their 1994 reelection campaigns.

Add in the misery of being party chairman when organized labor, its most potent constituency group, rebels over NAFTA, and you can see why Curtis expresses sympathy for Wilhelm's plight.

It may console Wilhelm to know that it is the Republicans who really demonstrated that a party's problems multiply the moment it wins the White House. Between 1981 and 1988, the Republican National Committee raised and spent the staggering total of \$365 million. Much of that money—like the money Wilhelm is raising now—was drained out of campaign efforts to support White House operations. The Republicans won three successive presidential elections. But between election night 1980 and election night 1988, they had net losses of 10 senators, 17 members of the House and one governor.

It's proof again of the adage: Beware of what you wish for; you may get it.

THE PRESIDENT HAS SEEN

Wach

12/1/93

The Jobs Issue . . .

PRESIDENT CLINTON, who campaigned on the promise of providing more jobs for Americans, is coming full circle as he points his administration toward its second year.

Voters are accustomed to politicians who promise jobs, jobs and more jobs. When they say this, elected officials are usually pledging to create the conditions for a boom in the private economy. But Mr. Clinton—whose next two major initiatives are welfare reform and an expansion and overhaul of the job training system—has in mind something more specific, and much harder to achieve. He wants government to alter the way the labor market works, to move individuals toward more promising career paths and to create new incentives for those on welfare to take jobs. The welfare and training initiatives, usually viewed as separate, are part of the same concern with work—how individuals train for it, find it and get rewarded for doing it.

One of Mr. Clinton's priorities is to alter the unemployment insurance system. He argues that the current system was built for a time when those who became unemployed often returned to the jobs from which they were laid off. Unemployment benefits tided them over. Now, he says, whole categories of jobs are getting wiped out by economic change. The unemployment system thus needs to become not simply a source of temporary relief but also a means through which people switch career paths, discover where new opportunities lie and find the skills needed to take advantage of them.

That's a tall order for a government program, but it's no harder than reforming the welfare system and moving recipients from dependency to self-sufficiency. Mr. Clinton wants to limit people to two years on the rolls. The hard part is: Then what? Mr. Clinton would expand programs to give welfare recipients more education and training—sound familiar?—and to provide mothers on welfare with day care for their children. Then there is the matter of creating the work for welfare recipients to do—whether they should be permanent or temporary, in the public or the private sectors. Those honest about welfare reform have always known that it is far easier for the government to write welfare checks than to organize work programs. Mr. Clinton should not shrink from this task just because it's hard. But he needs to resist the temptation of pretending that there is some cheap and easy way to clear the welfare rolls and get everybody working. Hard experience shows that there isn't.

In any event, Mr. Clinton has already taken one important step toward welfare reform and has proposed another. By expanding the earned income tax credit, he gave a tax cut to the working poor and supplemented the incomes of those who earn so little that they don't pay federal taxes at all. Mr. Clinton's commitment is that no one with children who works full-time should be in poverty—which is the best way to hold down the welfare rolls.

. . . And the Dads Issue

THE USUAL struggle has broken out over President Clinton's promised plan to "end welfare as we know it." The question is where to position the plan on the scale of generous to tough. One of the elements in the struggle is an idea that has been around for a number of years called child support assurance. Like other welfare reform ideas, its goal is increased parental responsibility, but unlike others it does not begin and mostly end with the responsibility of the mother. It begins instead with the obligation of the noncustodial parent, which in most cases is to say the father.

State governments are already required by federal law to make an effort to establish the paternity of children whose mothers apply for welfare and to seek court orders requiring the fathers to pay support. Under support assurance, the states would greatly expand those efforts, and the federal government would set a minimum national support level. If a father failed to make a payment, the government would give the mother the guaranteed minimum—and itself try to recover from the father. The support payments, whether from father or government, would partly replace current welfare payments, which would be reduced accordingly.

Some critics dismiss support assurance as little more than dressed-up welfare by another name. Others express the fear that it could become a costly new entitlement. The fear is partly that fathers might find it even easier to abandon their children, knowing the government would pay. Defenders insist to the contrary that with federal enforcement of court orders—some plans would

do the job through the IRS—fathers would be held more accountable, not less. The proponents argue further that the work disincentives in the current welfare system would be reduced, since support payments, unlike welfare payments, wouldn't decline with increased earnings. An assurance system would also be partly self-financing, and a possible source of fiscal relief to the states, in that welfare costs, which are roughly half federal and half state, would go down as assurance dollars went up.

Eighty-eight House Democrats sent the president a letter last month urging that the welfare plan not become a device for squeezing the poor. A guaranteed child support benefit was one of the steps they proposed instead. Their goal is partly to offset pressure that the president is feeling from the opposite direction. Mr. Clinton cultivated the impression in last year's campaign that he would crack down on welfare recipients in part by limiting benefits to two years, after which they would have to go to work. Republicans are challenging him to make good on that tough-sounding proposal, and never mind the footnotes. Aides don't expect the president to propose a shift to support assurance nationwide, in part for fear of cost, in part for fear the unfamiliar concept would detract from his main theme. The question seems to be whether he will propose it on a sizable demonstration basis instead. We hope he does. The welfare system ought to emphasize paternal alongside maternal responsibility. Support assurance points in a useful direction.

*Chase
New may have children
day to
B.S.*

GS/Gary
Fugman

27

THE PRESIDENT HAS SEEN

12/15/93

THE NEW YORK TIMES, WEDNESDAY, DECEMBER 15, 1993

THE NEW YORK TIMES **UP-ED** WEDNESDAY, DECEMBER 15, 1993

Trust Politicians, Not the Press ✓

By Thomas E. Patterson

In his interview with Rolling Stone, Bill Clinton exploded at the claim that he had not honored his commitments: "I have fought more damn battles here for more things than any President in 20 years with the possible exception of Reagan's first budget, and not gotten one damn bit of credit from the knee-jerk liberal press. I am damn sick and tired of it."

To the press, the outburst was the self-indulgent grouching of a thin-skinned politician. But Mr. Clinton was right that the press has been overly negative. His Presidency has been dogged from the start by hypercritical coverage.

More than 60 percent of comments

Thomas E. Patterson, professor of political science at Syracuse, is author of "Out of Order," about the media's role in selecting Presidents.

by nonpartisan sources have been unfavorable, according to a study by the Center for Media and Public Affairs. And this reflects a long-term trend. My own study of news reporting from 1960 to 1990 confirms that the portrayal of politicians has grown more and more negative.

In the 1960's, less than a third of the

The President is getting a raw deal.

media's evaluative references to political leaders were unfavorable. In the 1980's, nearly two-thirds were. Although Watergate and Vietnam are viewed as the high point in critical coverage of our leaders, they merely marked the beginning of a steady rise

in negative news.

Why the sourness? Is it because, as Mr. Clinton implies, the nation's leaders are not liberal enough to suit the press's taste? Doubtful. Liberal politicians have not escaped the press's wrath. Research shows that the media routinely criticize liberals and conservatives alike.

Some criticism is richly deserved, but much is not. Take the press's allegation that President Clinton has not kept his campaign promises. A few commitments have indeed fallen by the wayside, including his pledge to allow homosexuals into the military.

But President Clinton has fulfilled many commitments: a tax increase on higher incomes, an end to the ban on abortion counseling in family-planning clinics, a health-care reform initiative, a family-leave program, banking reform, the North American Free Trade Agreement, a college-loan program, the Brady bill, a youth training program.

Contrary to what journalists say,

politicians tend to keep their promises. Exhaustive studies have reached the same conclusion: victorious Presidential candidates try to fulfill nearly all of their campaign promises and fulfill most of them. If before Watergate and Vietnam political manipulation was sometimes a topic, it is now almost a journalistic maxim: politicians do not merely lie on occasion, they are proverbial liars. The nature of news fosters this fiction. Once honored, a commitment quickly loses its newsworthiness. When a promise is broken, its news value often increases. The rise in negative news can also be traced to a basic change in the style of reporting. In the 60's, the vast majority of stories were descriptive. They focused on events, describing in neutral terms what had happened. Today, the great majority of stories are interpretive; they tell why.

The interpretive style increases the journalist's influence on the message. The reporter selects the interpretive theme, which drives the

story. The major themes include the assertion that politicians are motivated almost solely by naked self-interest.

Some negativity is a good thing. But when criticism is synonymous with being "against" the politician, and negativity overwhelms the positive aspects of politics, the news becomes a barrier between the public and its leaders.

Negativity has damaged the press's credibility. Because it finds fault with everything, the public discounts much of what it says. In Times Mirror polls at the end of 1988 and 1992 campaigns, the public gave the media the lowest rating of any source — below that of the candidates, talk shows, debates, and even televised ads and political consultants.

Rather than dismissing President Clinton's complaint, the press should take a closer look at what it has become: a negative force that is losing the confidence of the public it seeks to serve.

THE PRESIDENT HAS SEEN
121 - 100

THE WHITE HOUSE
WASHINGTON

December 2, 1993

2 P3:20

MEMORANDUM FOR ~~JOHN PODESTA~~

From: Joe Velasquez

Subject: Attached Article

Dr. Vel / ~~Dr~~ Geiger / Co
we need to give him
the article next year
B

Last night at the Managing Trustees dinner, the President asked Debbie DeLee and Mickey Ibarra of the NEA to send him a copy of the attached article.

Thanks.

WASHINGTON POST 11/28/93

David S. Broder

The Hine Junior High Example

Secretary Riley finds the right forum for his message.

Bill Clinton never promised to be "the education president," as his predecessor did. But there was every reason from his history to expect that education would be a keystone of his program. It had been his passion and almost his obsession during the decade he was governor of Arkansas.

It's turned out that other things have pre-empted his attention this first year—the budget, Bosnia, NAFTA, health care etc. Clinton has launched several school initiatives, but probably the best thing the president has done for education is to pick his old friend, former South Carolina governor Richard Riley, as the secretary of education.

Riley is one of the most decent and honorable people in public life. He has little of the showmanship of his predecessor, former Tennessee governor Lamar Alexander. But Riley's sincerity and commitment to schools made a difference in his home state—where he led the fight to keep schools open during the battles over busing and launched the drive to improve their quality. He will make a difference here as well.

The other morning, I went out to see Secretary Riley at Hine Junior High School, seven blocks from the Capitol, where he met with students and teachers and made a talk about a newly released report on America's young people.

Hine Junior High has been a shining example of excellence in a generally beleaguered school system. Between the time Riley's visit was scheduled and his actual appearance, Hine became even more famous locally for its outspoken principal, Princess Whitfield.

Angry because the slowpoke District of Columbia school bureaucracy would not assign the four extra teachers needed to meet the increased enrollment in her magnet school, Whitfield went on the warpath and took her demands to the public. By the time Riley got there, two of the extra teachers were at work—and Whitfield was telling anyone who would listen that "no one is going to stop me. One way or another, I'm going to get this done."

With its palpable school pride and its pushy, no-compromise-with-quality principal, Hine proved to be the perfect setting for Riley to tell the country about a "revolution of rising expectations" that has not been widely noted. Among the scores of social trends—many of them negative—reported in the study he was releasing, "Youth Indicators 1993," the most hopeful, he said, is that "the education aspirations of our young people have jumped enormously in the last 10 years."

In 1980 a Department of Education survey showed more high school sophomores planned to end their schooling with a high school diploma—or less—than were aiming at a bachelor's degree. A similar question in 1990 showed more than three times as many said their goal was a bachelor's degree than said completing high school was their aim. The evidence in the report suggests this is not just talk. Many more are enrolled in academic or college preparatory tracks than a decade earlier. More are participating in after-school academic clubs, fewer in cheerleading, athletics and similar activities.

The upward shift was particularly dramatic among black students surveyed, and that was certainly true of many of the youngsters in Riley's audience at Hine. Eighth-grader Gregory Stevens said he would "most definitely go to college" to pursue his interest in art and music. Classmate Angela Bennett was even more specific: "I plan to go to UDC [the University of the District of Columbia] and then to law school. I want to be a criminal lawyer, so I can help people and see that they get their rights."

That such students should be stuck in classrooms with 35 or more pupils because the District school bureaucracy cannot get teachers to the schools where they are needed is almost criminal. But the larger point that Riley made is that now that large majorities of our young people understand that they need more education in order to earn decent wages and lead good lives, this society simply cannot fail them.

The PTA mothers who met with Riley put the demand in specific terms, telling Riley what Hine needs to make it "stand out even more," as one of them put it. He responded in general terms, talking about the legislative agenda that next year will be full of bills to improve federal school aid to needy children, to set national standards for education performance and to ease the transition from school to work—all projects he has helped launch this year.

And then he spoke about the faith that he and President Clinton share with millions of other Americans. "Public education," Riley said, "is the bedrock of our free enterprise system and our democratic rights. It is the one American institution that has done more than any other to give each generation, and new immigrants as well, the leg up in life they need to get ahead."

With principals as uncompromising as Princess Whitfield and an education secretary as committed as Dick Riley, the public schools have a chance to meet the rising expectations of this latest generation of Americans. Nothing is more important than their success.

THE WHITE HOUSE
WASHINGTON
December 10, 1993

COPY

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA
SUBJECT: NLRB-DESIGNATE BILL GOULD

Attached is this morning's Washington Post story on NLRB-designate Bill Gould. As you know, there has been some back and forth with Senator Kassenbaum on names for the Republican seat. The story states that the White House has "approved" Dawne Hicktop, (her name is actually Dawne Hickton) of the USX Corporation. This is (a) not true and (b) could be raised by Kirkland since we have asked the AFL for their views of Hickton and haven't heard back.

I've let Tom Donohue and Larry Gold, the AFL General Counsel, know that the story is inaccurate and that we still are waiting to hear back from them.

Attachment

Appointee Burns While Pols Fiddle

By Frank Swoboda
Washington Post Staff Writer

On most mornings, Bill Gould walks two blocks from his house to his office at the Stanford University Law School and immediately begins calling Washington, sometimes up to 30 calls a day as he tries to put his life in order.

Gould, 57, is President Clinton's choice to be chairman of the National Labor Relations Board, the first black nominated to head the five-member panel that enforces the nation's basic labor law.

The process has made Gould an angry man. For the last six months, Gould's life has been on hold by White House bungling and old fashioned partisan politics. The dispute has left the five-member NLRB powerless to act because it lacks a quorum.

Each morning finds Gould on the telephone, calling anyone in Washington who will listen in an effort to end the limbo that has him dangling.

"I'm sure there are many people there [in Washington] who view me as having made a pain in the neck of myself," Gould said this week. "But the whole thing has been such a debacle. Nobody has really done what they've been supposed to do," he said.

The process has made Gould wonder why people want to take a job with the government. "You do run the risk of setting yourself up," he said.

Bill Clinton is the first president since Franklin D. Roosevelt to name a majority of the board in his first year in office. In addition to the three board members, Clinton also has been able to nominate a new general counsel, perhaps the most powerful job at the NLRB. The general counsel is the gatekeeper who decides what cases the board will hear.

Late last June, Clinton began the process of filling the vacant board seats by nominating Gould. Although Gould has worked both as a union lawyer (United Auto Workers) and a management attorney in New York, he made his mark as a labor law scholar and an arbitrator who has won high praise from labor and management.

Since then, the president has nominated Philadelphia labor lawyer Margaret Browning to fill another seat on the board, and

Fred Feinstein, majority counsel to the House Education and Labor's labor-management relations subcommittee, to be NLRB general counsel.

That left only the "Republican" seat on the board to be filled by the White House. By tradition, the party of the president has held a majority on the board.

Within a month of his being named, Gould had been cleared by the FBI and his nomination sent to the White House. Officials familiar with the case said Gould's nomination papers languished on the desk of Vincent Foster Jr., the White House counsel who committed suicide last summer.

White House officials conceded that the Gould case had been bungled by the president's personnel operation. By the time his papers were located and the process restarted, Gould's nomination was on hold and Senate Republicans, aided by the business community, had managed to arm themselves for battle.

When the Senate Labor and Human Resources Committee finally got around to holding hearings in early October, well past the late July confirmation date originally targeted by the White House, congressional Republicans were ready.

Borrowing a chapter from the Democrats, who held up Bush nominees to the board for nearly a year in 1989, Republicans on the Senate Labor and Human Resources Committee quickly made it clear that they had problems with Gould. They said he was too pro-union for their tastes. Sen. Nancy Landon Kassebaum (Kan.), the committee's new ranking Republican, soon made it clear that the GOP wanted to see who the White House would nominate for the Republican seat before the senators would act on Gould.

The White House, sources said, politely told the Republicans to get lost.

Sources said the Republicans had con-

cluded that they were in a position because of the White House delays to not only force the administration to tell them who was going to be nominated for the third NLRB seat, but also to dictate the choice.

And by this time, according to business lobbyists, Kassebaum was angry. "First they ignored her and then they insulted her," said a key lobbyist who opposes Gould's nomination.

This week, with chief White House lobbyist Howard Paster trying to clear up the matter before leaving government, the White House was actively negotiating with Kassebaum to find an acceptable candidate for the remaining NLRB vacancy. Both Kassebaum and the White House acknowledged that they were in talking, but neither side would name candidates.

Kassebaum insists that she has nothing personal against Gould and indicates if the Republicans get the right candidate for the third NLRB seat they will approve the other NLRB appointments.

"This is not an attempt to keep Gould dangling," she Kassebaum said this week. "This is a key position on the board for us. It was the logical point for us to draw the line in the sand."

Paster predicted that the NLRB situation would be resolved "quickly," possibly no later than next week.

The name circulating yesterday for the Republican seat was Dawne Hicktop, a labor attorney for USX Corp. in Pittsburgh. Hicktop has White House approval, but it was unclear whether the Republicans had cleared her selection.

Meanwhile, Gould is trying to decide whether to sign up to teach classes or put his faith in a system he feels has let him down. Whatever the outcome, he said this week, "I'm not the kind of person who will back away from a fight."

93 DEC 8 P2:11

December 8, 1993
Silver Spring, Md.
301 593-9256

President Clinton
The White House
Washington, D.C.

*from
Ricki
Seidman*

Dear President Clinton:

Thank you for taking a few minutes to read this letter. I have a lot I would like to say, but I'll try to limit myself to a few main points about the book I'm writing, my perspective as a biographer, and my hopes for conversations/interviews with you. I think I know how you feel about this whole matter of a biography. You love to read biographies about other figures, but when it comes to one about you, while you are the sitting president, I presume that your feelings are ambivalent at best. I understand, and appreciate, your thinking on this: here you are busting your tail in the present to make the country better in the future - and some guy is obsessing about your past.

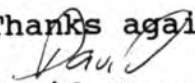
To which I can only respond, fair enough. I confess: If I wasn't obsessed a year ago when I started researching the book, I am now. This has been the most interesting and rewarding year of my career. Doing this book has given me the chance to interview and get to know hundreds of your friends and associates, many of whom are truly great people. It has also provided me with an opportunity to think hard about our generation (I am three years younger than you) and the forces that shaped us, and to use your life as a means of telling the story of all of us. And on the most personal level, doing this book has convinced me that I chose a worthy subject. Not because you are president, I don't know you as president - I tend to think of you more as the 19 year old who wondered how someday you might achieve enough to warrant an asterisk next to your name in the billion pages of the book of life - but because you have a combination of mind and soul that evokes not only the political struggle but the inner human struggle as well. I always told myself that I would never write a book about someone who seemed alien to my own sense of the poetry of life.

That is not to say that I am interested in hagiography - far from it. I pride myself in being objective and fair-minded. I believe that people only learn and grow from their flaws and failings, and to ignore those is to deny their humanity. But my

sensibilities are affronted by journalists who set themselves up as Gods and demand perfection from others, without providing the context of the hard decisions, temptations and compromises we all face in our daily lives. In writing about you, I try to view you as neither inherently great nor bad but as fascinating and human. When I am writing about something you said or did that was questionable, I find myself laughing to myself and saying, "yeah, that's Clinton." And when I am writing about something you said or did that was good-hearted and inspiring, I find myself laughing to myself and saying, "Yeah, that's Clinton."

I can't adequately answer the political calculus of why you should relinquish any of your prized time to talk with me. That is obviously something that only you and your people can determine. For me, the reason is simple. I don't just want to write a good book, I want to write a great book, the best book possible, and there's no way I can do that without seeing your life from your perspective, knowing your state of mind along the way. Why do I care so much? Why should you care? Perhaps the best intellectual argument I can make to you gets back to my original presumption about how you are working day and night in the present for a better future for the entire nation and find it perplexing, to say the least, that someone wants to root around in your past. My answer is that chronological time is an illusion. We are beings not just of the moment. If you believe in the future as strongly as I know you do, you have to believe just as strongly in the past. Past is not just prologue, it is part of the present. Everything you are as president is shaped by everything you have been.

To end on a more practical note: here are a few facts on me and the book. I am writing it for Simon and Schuster. They are expecting the manuscript next June. It will be published in late 1994 or more probably sometime in 1995. I began actually writing it in August and have written 100,000 words filling 11 chapters - and you are 23 years old. Today I am writing the story of your visit with the Shullaws in Helsinki on your way to Moscow and the one living creature - Pelle, their dog - which you failed to charm. My wife and I moved back to Silver Spring from Austin, Texas, this fall largely so that I could be readily available in case you decided you wanted to do interviews. I've been writing away, waiting patiently to hear from the White House, for three months. I will talk to you any time anywhere. If you decide not to do it, I will understand that, too, though I hope you give me a chance.

Thanks again,

David Maraniss

CC MARK
MARK
Gergen
George

046352

THE WHITE HOUSE

WASHINGTON D.C. P8:10

December 6, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT E. RUBIN *smf*

SUBJECT: Follow-up on Articles and Other Matters

1. "NAFTA: An empty victory?," Paul Krugman, U.S. News and World Report. Krugman says that the argument for free trade is not job creation through trade surpluses, but instead, higher standards of living through each country producing in its own areas of comparative advantage and then trading with each other. I think Krugman is correct, over the long term, but that is different than the argument we made for NAFTA, and more difficult to explain and sell. The NEC, led by CEA, is working on trade strategy, and we will make sure that George and David are involved in helping us think about how the Administration should communicate about trade.
2. Carl Spielvogel letter. Instead of a trade Ambassador to APEC, as Carl suggests, I believe that we need an aggressive export strategy focused on Asia, and we will work with Commerce to accomplish this. As an aside, the uncertainties that issues like MFN and POW/MIA raise, deter businesses from investing in export strategies with regard to the affected countries.
3. "Danger Seen in Falling Jobless Rate," Frank Swoboda and John Berry, Washington Post. While it is almost always impossible to check on unattributed quotes, a coincidence of events occurred which gives me reason to be relatively certain that Larry Summers did not leak this story.
4. "Government Has Massive Pension Fund Shortfall," David Vise, Washington Post. The Post article was inspired by the Pension Benefit Guaranty Corporation's (PBGC) publication of its annual list of the 50 corporations with the most unfunded pension plans. The thrust of the story is that "the government shouldn't make us fund our pensions, because its pensions are much more underfunded." This makes little sense, except as rhetoric. No matter what the government's own situation, as guarantor of private pensions, the government has an obligation to get the private sector to reduce underfunding. The private sector can accomplish this **either** by cutting back on benefits or by putting away assets into trusts available only to pension plan beneficiaries. (On September 30, the Administration submitted legislation to require increased funding as well as increased premium payments to be paid to the PBGC by underfunded plans.)

As to the government's pension, the retirees are protected by the on-going existence of the government, and the government pays on a current basis. Whether or not this is optimal, versus funding, is interesting but probably irrelevant, given fiscal realities and the way this has been done from the beginning.

5. **GATT:** You had sent a number of articles on GATT issues, and those were submitted to the interagency working group and the relevant agencies.

6. **The interagency process on Superfund** is progressing well, under the aegis of Bo Cutter and Katie McGinty, though internal closure may not be achievable on all issues.

046448

THE WHITE HOUSE

WASHINGTON

December 2, 1993

93 DEC 7 P3:57

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Mary Jo Bane
David Ellwood

THROUGH: Carol Rasco 

SUBJECT: Draft Discussion Paper on Welfare Reform

The attached document outlines draft proposals developed by the Welfare Reform Working Group. This draft describes the basic direction and lays out key proposals. We believe it charts a bold new vision focussed on the values of work and responsibility.

We have not included specific budgetary costs and offsets. As we noted in our previous memo, we believe we can find savings and offsets in entitlement programs to fund the proposed changes. Costs, especially over the first five years, can be relatively easily adjusted by varying the speed of phase-in. We are currently working with OMB, Treasury, and HHS to lay out options for offsets in phase-in for your consideration over the next few weeks.

At some point in the near future, we will need to discuss the details of these proposals with key members of Congress and Governors. We have already had numerous exploratory meetings, but ultimately the specifics are what must be discussed. With a select few, we would like to actually share all or parts of the draft discussion paper. With most, we would like to begin orally vetting specific ideas and options.

We would like a signal from you as to whether you're comfortable enough with our basic direction before we begin the more detailed consultation process. You don't have to decide any of the major questions now. We'll make clear that no decisions have been made, and many things are still on the table. But you should know that to get the feedback we need from our likely allies on this issue, we will have to run the risk that some details may leak out.

We would be happy to meet with you at this stage if you desire. In the coming weeks, we will provide you with detailed decision memos on the key unresolved issues alluded to in this document, with a detailed list of pros and cons. We will also provide a detailed memo on costs and phase-in options.

~~CONFIDENTIAL DRAFT--For Discussion Only~~

2018-0662-S

DRAFT DISCUSSION PAPER**TABLE OF CONTENTS**

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DRAFT DISCUSSION PAPER

HIGHLIGHTS

This paper discusses ideas and options for a plan which fulfills the President's pledge to end welfare as we know it by reinforcing traditional values of work, family, opportunity and responsibility. None of these options has been approved by the President, and the paper is designed to stimulate discussion--not indicate Administration positions. Key features in this plan are:

- *Prevention.* A prevention strategy designed to reduce poverty and welfare use by reducing teen pregnancy, promoting responsible parenting, and encouraging and supporting two-parent families.
- *Support for Working Families with the EITC, Health Reform and Child Care.* Advance payment of the EITC and enactment of health reform to ensure that working families are not poor or medically insecure. Child care both for the working poor and for families in work, education or training as part of public assistance.
- *Promoting Self-Sufficiency Through Access to Education and Training.* Making the JOBS program from the Family Support Act the core of cash assistance. Changing the culture within welfare offices from one of enforcing seemingly endless eligibility and payment rules to one focused on helping people achieve self-support and find jobs in the private sector. Involving able-bodied recipients in the education, training and employment activities they need to move toward independence. Using a social contract which spells out what their responsibilities are and what government will do in return. Greater Federal funding for the JOBS program and a reduced State match rate.
- *Time-limited Welfare Followed By Work.* Converting cash assistance to a system with two-year time limits for those able to work. People still unable to find work after two years would be supported via non-displacing community service jobs--not welfare.
- *Child Support.* Dramatic improvements in the child support enforcement system designed to significantly reduce the \$34 billion annual child support collection gap, to ensure that children can count on support from both parents and to reduce public benefit costs.
- *Noncustodial Parents.* Taking steps to increase economic opportunities for needy noncustodial parents expected to pay child support and to help them become more involved in parenting their children.
- *Simplifying Public Assistance.* Significant simplification and coordination of public assistance programs.
- *Increased State Flexibility Within a Clearer Federal Framework.* Increasing flexibility over key policy and implementation issues and providing the opportunity for States to adjust to local needs and conditions within more clearly defined Federal objectives.
- *Deficit Neutral Funding.* Gradual phase-in of the plan, fully funded by offsets and savings.

INTRODUCTION

THE VALUES OF REFORM: WORK AND RESPONSIBILITY

Americans share powerful values regarding work and responsibility. We believe work is central to the strength, independence and pride of American families. Yet our current welfare system seems at odds with these core values. People who go to work are often worse off than those on welfare. Instead of giving people access to education, training and employment skills, the welfare system is driven by numbingly complex eligibility rules, and staff resources are spent overwhelmingly on eligibility determination, benefit calculations and writing checks. The very culture of welfare offices often seems to create an expectation of dependence rather than independence. Simultaneously, noncustodial parents often provide little or no economic or social support to the children they parented. And single-parent families sometimes get welfare benefits and other services that are unavailable to equally poor two-parent families. One wonders what messages this system sends to our children about the value of hard work and the importance of personal and family responsibility.

This plan calls for a genuine end to welfare as we know it. It builds from the simple values of work and responsibility. It reshapes the expectations of government and the people it serves. Our goal is to move people from welfare to work and bolster their efforts to support their families and to contribute to the economy. One focus is on making work pay--by ensuring that people who play by the rules get access to the child care, health insurance and tax credits they need to adequately support their families. The plan also seeks to give people access to training for the skills they need to work in an increasingly competitive labor market. But in return, it expects responsibility. Noncustodial parents must support their children. Those on cash assistance cannot collect welfare indefinitely. Families sometimes need temporary cash support while they struggle past personal tragedy, economic dislocation or individual disadvantage. But no one who can work should receive cash aid indefinitely. After a time-limited transitional support period, work--not welfare--must be the way in which families support their children.

These reforms cannot be seen in isolation. The social and economic forces that influence the poor and the non-poor run deeper than the welfare system. The Administration has undertaken many closely linked initiatives to spur economic growth, improve education, expand opportunity, restore public safety and rebuild a sense of community: worker training and retraining, educational reform, Head Start, National Service, health reform, Empowerment Zones, community development banks, community policing, violence prevention and more. Welfare reform is a piece of a larger whole. It is an essential piece.

FROM WELFARE TO WORK

The vision of welfare reform is simple and powerful: we must refocus the system of economic support from welfare to work. However, changing a system that has for decades been focused on calculating eligibility and welfare payments will be a tall challenge. Still, we have already made an important beginning. The Family Support Act of 1988 serves as a blueprint for the future--a

foundation on which to build. It charted a course of mutual and reciprocal responsibility for government and recipients alike.

We recommend five fundamental steps:

1. Prevent the need for welfare in the first place by promoting parental responsibility and preventing teen pregnancy.
2. Reward people who go to work by making work pay. Families with a full-time worker should not be poor, and they ought to have the child care and health insurance they need to provide basic security through work.
3. Promote work and self-support by providing access to education and training, making cash assistance a transitional, time-limited program, and expecting adults to work once the time limit is reached. No one who can work should stay on welfare indefinitely.
4. Strengthen child support enforcement so that noncustodial parents provide support to their children. Parents should take responsibility for supporting and nurturing their children. Governments don't raise children--families do.
5. Reinvent government assistance to reduce administrative bureaucracy, combat fraud and abuse, and give greater State flexibility within a system that has a clear focus on work.

Promote Parental Responsibility and Prevent Teen Pregnancy

If we are going to end long-term welfare dependency, we must start doing everything we can to prevent people from going onto welfare in the first place. Teen pregnancy is an enduring tragedy. And the total number of children born out of wedlock has more than doubled in the last 15 years, to 1.2 million annually. We are approaching the point when one out of every three babies in America will be born to an unwed mother. The poverty rate in families headed by an unmarried mother is currently 63 percent.

We must find ways to send the signal that men and women should not become parents until they are able to nurture and support their children. We need a prevention strategy that provides better support for two-parent families and sends clear signals about the importance of delaying sexual activity and the need for responsible parenting. We must intensify our efforts to reduce teen pregnancy. Families and communities must work to ensure that real opportunities are available for young people and to teach young people that children who have children face tremendous obstacles to self-sufficiency. Men and women who parent children must know they have responsibilities.

Make Work Pay

Work is at the heart of the entire reform effort. That requires supporting working families and ensuring that a welfare recipient is economically better off by taking a job. There are three critical elements: providing tax credits for the working poor, ensuring access to health insurance and making child care available.

We have already expanded the Earned Income Tax Credit (EITC), which was effectively a pay raise for the working poor. The current EITC makes a \$4.25 per hour job pay the equivalent of \$6.00 per hour for a family with two children. Now, we must also simplify advance payment of the EITC so that people can receive it periodically during the year, rather than as a lump sum at tax time.

We should guarantee health security to all Americans through health reform. Part of the desperate need for health reform is that non-working poor families on welfare often have better coverage than working families. It makes no sense that people who want to work have to fear losing health coverage if they leave welfare.

With tax credits and health reform in place, the final critical element of making work pay is child care. We seek to ensure that working poor families have access to the quality child care they need. We cannot expect single mothers to participate in training or to go to work unless they have child care for their children.

Provide Access to Education and Training, Impose Time Limits, and Expect Work

The Family Support Act provided a new vision of mutual responsibility and work: government has a responsibility to provide access to the education and training that people need; recipients are expected to take advantage of these opportunities and move into work. The legislation created the Job Opportunities and Basic Skills (JOBS) program to move people from welfare to work. Unfortunately, one of the clearest lessons of the site visits and hearings held by the Working Group is that this vision is largely unrealized at the local level. The current JOBS program serves only a fraction of the caseload. The primary function of the current welfare offices is still meeting administrative rules about eligibility, determining welfare benefits and writing checks. We must transform the culture of the welfare bureaucracy. We don't need a welfare program built around "income maintenance"; we need a program built around work.

We envision a system whereby people will be asked to start on a track toward work and independence immediately. Each recipient will sign a social contract that spells out their obligations and what the government will do in return. We will expand access to education, training and employment opportunities, and insist on higher participation rates in return. At the end of two years, people still on welfare who can work but cannot find a job in the private sector will be offered work in community service. Communities will use funds to provide non-displacing jobs in the private, non-profit, and public sectors. They will form partnerships among business leaders, community groups, organized labor and local government to oversee the work program. The message is simple: everybody is expected to move toward work and independence.

Exemptions and extensions will be limited. The system must be sensitive to those who for good reason cannot work—for example, a parent who is needed in the home to care for a disabled child. But at the same time, we should not exclude anyone from the opportunity for advancement. Everyone has something to contribute.

Enforce Child Support

Our current system of child support enforcement is heavily bureaucratic and legalistic. It is unpredictable and maddeningly inconsistent for both custodial and noncustodial parents. It lets many noncustodial parents off the hook, while frustrating those who do pay. It seems neither to offer

security for children, nor to focus on the difficult problems faced by custodial and noncustodial parents alike. It typically excuses the fathers of children born out of wedlock from any obligation to support their children. And the biggest indictment of all is that only a fraction of what could be collected is actually paid.

The child support enforcement system must strongly convey the message that both parents are responsible for supporting their children. Government can assist parents but cannot be a substitute for them in meeting those responsibilities. One parent should not be expected to do the work of two. Through universal paternity establishment and improved child support enforcement, we send an unambiguous signal that both parents share the responsibility of supporting their children. We explore strategies for ensuring that single parents can count on regular child support payments. And we also incorporate policies that acknowledge the struggles of noncustodial parents and the desires of many to help support and nurture their children. Opportunity and responsibility ought to apply to both mothers and fathers.

Reinvent Government Assistance

At the core of these ideas is our commitment to reinventing government. A major problem with the current welfare system is its enormous complexity. It consists of multiple programs with different rules and requirements that confuse and frustrate recipients and caseworkers alike. It is an unnecessarily inefficient system. This plan would simplify and streamline rules and requirements across programs.

Waste, fraud and abuse can more easily arise in a system where tax and income support systems are poorly coordinated, and where cases are not tracked over time or across geographic locations. Technology now allows us to create a Federal clearinghouse to ensure that people are not collecting benefits in multiple programs or locations when they are not entitled to do so. Such a clearinghouse will also allow clearer coordination of the child support enforcement and welfare systems and determination of which people in which areas seem to have longer or shorter stays on welfare.

Ultimately, the real work of encouraging work and responsibility will happen at the State and local levels. Thus, the Federal Government must be clearer about broad goals while giving more flexibility over implementation to States and localities. Basic performance measures regarding work and long-term movements off welfare will be combined with broad participation standards. States will then be expected to design programs which work well for their situation.

A NEW BEGINNING

Transforming the social welfare system to one focused on work and responsibility will not be easy. There will be setbacks. We must guard against unrealistic expectations. A welfare system which evolved over 50 years will not be transformed overnight. We must admit that we do not have all the answers. But we must not be deterred from making the bold and decisive actions needed to create a system that reinforces basic values.

Three features are designed to ensure that this bold plan is only the beginning of an even larger and longer process:

First, we see a major role for evaluation, technical assistance and information sharing. As one State or locality finds strategies that work, the lessons ought to be widely known and offered to others. One of the elements critical to this reform effort has been the lessons learned from the careful evaluations done of earlier programs.

Second, we propose key demonstrations in each of the plan's five areas. In each area, we propose both a set of policies for immediate implementation and a set of demonstrations designed to explore ideas for still bolder innovation in the future. In addition, we would encourage States to develop their own demonstrations, and in some cases we would provide additional Federal resources for these. Lessons from past demonstrations have been central to both the development of the Family Support Act and to this plan. They will guide continuing innovation into the future.

Finally, we intend to propose a realistic phase-in strategy, based in part on the level of resources available. Ideally, high participation requirements and time limits would apply first to people newly entering the system after legislation is enacted, with the rest of the caseload phased in over time. Some States and communities may choose to start sooner than others. This phase-in period will provide ample opportunity to refine the system as lessons from the early cohorts and States inform implementation for others.

In the end, this plan embodies a vision which was contained in the Family Support Act. It represents the next major step. But the journey will not end until work and responsibility enable us to preserve our children's future.

We turn now to the specifics of the plan.

PROMOTE PARENTAL RESPONSIBILITY AND PREVENT TEEN PREGNANCY

- A. CHANGING THE WELFARE AND CHILD SUPPORT SYSTEMS
- B. ENGAGING EVERY SECTOR OF SOCIETY IN PROMOTING RESPONSIBILITY
- C. ENCOURAGING RESPONSIBLE FAMILY PLANNING

NEED — The best way to end welfare dependency is to eliminate the need for welfare in the first place. Accomplishing this goal requires not only changing the welfare system, but also involving every sector of our society in this effort.

Poverty, especially long-term poverty, and welfare dependency are often associated with growing up in a one-parent family. Although most single parents do a heroic job of raising their children, the fact remains that welfare dependency could be significantly reduced if more young people delayed childbearing until both parents were ready to assume the responsibility of raising children.

Unfortunately, the majority of children born today will spend some time in a single-parent family. Teenage birth rates have been rising since 1986 because the trend toward earlier sexual activity has exposed more young women to the risk of pregnancy. Teenage childbearing often leads to school drop-out, which results in the failure to acquire skills that are needed for success in the labor market, and this leads to welfare dependency. The majority of teen mothers end up on welfare, and taxpayers paid about \$29 billion in 1991 to assist families begun by a teenager.

STRATEGY — The ethic of parental responsibility is fundamental. No one should bring a child into the world until he or she is prepared to support and nurture that child. We need to implement approaches that both require parental responsibility and help individuals to exercise it.

To this end, we propose a three-part strategy. First, we suggest a number of changes to the welfare and child support enforcement systems to promote two-parent families and to encourage parental responsibility. Some of these options are quite controversial, but we note that they are already being adopted by a number of States. Second, we seek to send a clear message of responsibility and opportunity and to engage other leaders and institutions in this effort. Government has a role to play, but the massive changes in family life that have occurred over the past few decades cannot be dealt with by government alone. We must not only emphasize responsibility; we must break the cycle of poverty and provide a more hopeful future in low-income communities. Third and finally, we need to encourage responsible family planning.

CHANGING THE WELFARE AND CHILD SUPPORT SYSTEMS

Throughout this draft paper we emphasize the responsibility of both parents to support their children. Through an improved child support enforcement system and efforts to achieve universal paternity establishment, noncustodial parents will be held accountable for providing greater support to their children. Mothers receiving cash assistance will become better prepared to enter the labor force

through required participation in activities intended to increase their employment and earnings capacity. Through time limits on assistance followed by work, parents will have the incentive to move toward self-sufficiency. The details of these measures can be found in subsequent sections of this proposal, but in addition to these steps, we need to change the welfare system to encourage responsible parenting and support two-parent families.

Support Two-Parent Families. First, we propose to eliminate the current bias in the welfare system in which two-parent families are subject to much more stringent eligibility rules than single-parent families. Under current law, two-parent families are ineligible for assistance if the primary wage-earner works more than 100 hours per month or has not been employed in six of the previous thirteen quarters. In addition, States are given the option to provide only six months of benefits per year to two-parent families, whereas single-parent families must be provided benefits continuously. These disparities would be eliminated.

Minor Mothers Live at Home. Second, we propose requiring that minor parents live in a household with a responsible adult, preferably a parent (with certain exceptions--for example, if the minor parent is married or if there is a danger of abuse to the minor parent). Parental support could then be included in determining cash assistance eligibility. Current AFDC rules permit minor mothers to be "adult caretakers" of their own children. States do have the option under current law of requiring minor mothers to reside in their parents' household (with certain exceptions), but only five States have exercised this option. This proposal would make that option a requirement for all States. We believe that having a child does not change the fact that minor mothers need nurturing and supervision themselves and are rarely ready to manage a household or raise children on their own.

Mentoring by Older Welfare Mothers. Third, we propose to allow States to utilize older welfare mothers to mentor at-risk teenagers as part of their community service assignment. This model could be especially effective in reaching younger recipients because of the credibility, relevance and personal experience of older welfare recipients who were once teen mothers themselves. One recent focus-group study of young mothers on welfare found that virtually all of the parents believed it would have been better to postpone the birth of their first child. Training and experience might be offered to the most promising candidates for mentoring who are currently receiving welfare benefits.

Demonstrations. Finally, we propose to conduct demonstrations which condition a portion of the assistance benefit, or provide a bonus, based on actions by parents and dependent children to achieve self-sufficiency. These demonstrations would include comprehensive case management focused on all family members, assisting them to access all services necessary to meet their obligations. The case management services would take a holistic approach to family needs in striving to prevent intergenerational dependency as well as assisting current recipients to get off welfare.

In addition, the following option is under consideration:

Option: Allow States the option to limit benefit increases when additional children are conceived by parents already on AFDC if the State ensures that parents have access to family planning services.

Non-welfare working families do not receive a pay raise when they have an additional child, even though the tax deduction and the EITC may increase. However, families on welfare receive additional support because their AFDC benefits increase automatically to include the

needs of an additional child. This option would reinforce parental responsibility by keeping AFDC benefits constant when a child is conceived while the parent is on welfare. The message of responsibility would be further strengthened by permitting the family to earn more or receive more in child support without penalty as a substitute for the automatic AFDC benefit increase under current law.

ENGAGING EVERY SECTOR OF SOCIETY IN PROMOTING RESPONSIBILITY

While it is important to get the message of the welfare system right, solely changing the welfare system is insufficient as a prevention strategy. For the most part, the disturbing social trends that lead to welfare dependency are not caused by the welfare system but reflect a larger shift in societal mores and values. Individuals, community organizations and other governmental and non-governmental institutions must, therefore, all be engaged in sending a balanced message of responsibility and opportunity. Many Administration initiatives already underway are intended to increase opportunity for children and youth, including Head Start increases, implementation of family preservation and support legislation, a major overhaul of Chapter 1, development of School-to-Work and an expansion of Job Corps. In addition to these building blocks, the following could be adopted to focus more on children and youth, especially those in high-risk situations:

Community Support. We should challenge all Americans, especially the most fortunate, to work one-on-one with at-risk children and adults in disadvantaged neighborhoods. We recommend working with the Corporation on National and Community Service to extend a wide variety of prevention-oriented programs employing volunteers--rather than paid employees--at the neighborhood and community level. This effort could include programs such as Big Brothers/Big Sisters for at-risk children and mentoring for adults at risk of welfare dependency.

National Campaign. We propose that the President lead a national campaign against teen pregnancy, which involves the media, community organizations, churches and others in a concerted effort to instill responsibility and shape behavior.

Demonstrations. We also propose to conduct demonstrations for local communities to stimulate neighborhood-based innovation. The purpose of these demonstrations would be to provide comprehensive services to youth in high-risk neighborhoods which could help change the environment as well as provide more direct support services for these youth. Efforts to coordinate existing services and programs would provide greater support for at-risk youth, as well as make the best use of Federal funds. Communities receiving demonstration funds would be expected to bring together a consortium of community organizations, businesses, colleges, religious organizations, schools, and State and local governments.

We further propose to conduct demonstrations that hold schools accountable for early identification of students with attendance and behavioral problems and for referral to and cooperation with comprehensive service programs which address the family as a unit. Early indications of high risk for teenage childbearing and other risky behaviors, such as substance abuse, include school absence, academic failure and school behavioral problems. This option would demonstrate the effects of providing middle schools and high schools with the responsibility and resources necessary to identify

early warning signs and make referrals to comprehensive service providers. Schools would be responsible for appropriate follow-up to ensure that appropriate education or training opportunities are available to these youth.

ENCOURAGING RESPONSIBLE FAMILY PLANNING

About 35 percent of all births result from unintended pregnancies, and the percentage is much higher for teen parents. Yet, funding for family planning services declined by approximately 60 percent in constant dollars over the last decade. This proposal strives to ensure that every potential parent is given the opportunity to avoid unintended births through responsible family planning.

Health Initiatives. In the President's health care reform proposal, family planning, including prescribed contraceptives, is part of the overall benefit package available to all Americans, regardless of income. However, insurance, while crucial, is not enough. Access and education must be improved. To this end, funding for Community Health Centers, a major source of primary care (including family planning and pre-natal care), is expanding. Also, traditional public health efforts through Title X and the Maternal and Child Health Block Grant will continue.

Demonstrations. We would also propose to conduct demonstrations to link family planning and other critical health care prevention approaches to welfare reform efforts. AFDC mothers overwhelmingly state that they do not want to bear more children until they can provide for them. This option would improve knowledge about and access to appropriate family planning services for these recipients and other low-income individuals.

MAKE WORK PAY

- A. CHILD CARE FOR WORKING FAMILIES
- B. ADVANCE PAYMENT OF THE EITC
- C. OTHER SUPPORT FOR WORKING FAMILIES
 - 1. Work Should Be Better than Welfare
 - 2. Demonstrations

NEED -- Even full-time work can leave a family poor, and the situation has worsened as real wages have declined significantly over the past two decades. In 1974, some 12 percent of full-time, full-year workers earned too little to keep a family of four out of poverty. By 1992, the figure was 18 percent. Simultaneously, the welfare system sets up a devastating array of barriers to people who receive assistance but want to work. It penalizes those who work by taking away benefits dollar for dollar, it imposes arduous reporting requirements for those with earnings, and it prevents saving for the future with a meager limit on assets. Moreover, working poor families often lack adequate medical protection and face sizable child care costs. Too often, parents may choose welfare instead of work to ensure that their children have health insurance and receive child care. If our goals are to encourage work and independence, to help families who are playing by the rules and to reduce both poverty and welfare use, then work must pay.

STRATEGY -- Three of the major elements that make work pay are working family tax credits, health reform and child care. The President has already launched the first two of these. A dramatic expansion of the Earned Income Tax Credit (EITC) was enacted in the last budget legislation. When fully implemented, it will have the effect of making a \$4.25 per hour job pay nearly \$6.00 per hour for a parent with two or more children. The EITC expansion is a giant step toward ensuring that a family of four with a full-time worker will no longer be poor. However, we still must find better ways to deliver the EITC on a timely basis throughout the year. Ensuring that all Americans can count on health insurance coverage is essential, and we expect the Health Security Act will be passed next year.

With the EITC and health reform in place, another major missing element necessary to ensure that work really does pay is child care.

CHILD CARE FOR WORKING FAMILIES

Child care is critical to the success of welfare reform. It is essential to provide child care support for parents on cash assistance who will be required to participate in education, training and employment activities. Child care support is also pivotal for the working poor to enable them to stay in the workforce. Substantial resources are required to expand the child care supply for both populations and to strengthen the quality of the care.

The Federal Government subsidizes child care for low-income families through the title IV-A entitlement programs (JOBS Child Care, Transitional Child Care, and At-Risk Child Care) and the Child Care and Development Block Grant. Middle- and upper-income people benefit from the

dependent care tax credit and child care deductions using flexible spending accounts. Because the dependent care tax credit is not refundable, is paid at the end of the year and is based on money already spent on child care, it is not now helpful to low-income families.

The welfare reform proposal should have the following goals related to child care: to increase funding so that both those on cash assistance and working families are provided adequate child care support, to ensure children safe and healthy environments that promote child development, and to create a more consolidated and simplified child care system. Our plan includes the following strategies to achieve these goals:

Maintain IV-A Child Care. We propose to continue the current IV-A entitlement programs for cash assistance recipients. These programs would automatically expand to accommodate the increased demand created by required participation in education, training and work.

Expand Child Care for Low-Income Working Families. We also propose significant new funding for low-income, working families. The At-Risk Child Care Program, currently a capped entitlement which is available to serve the working poor, is capped at a very low level and States have difficulty using it because of the required State match. We propose to expand this entitlement program and to reduce the barriers which impede States' use of it.

Maintain Child Care Development Block Grant. We would maintain and gradually increase the Block Grant, allowing States greater flexibility in the use of the funds to strengthen child care quality and to build the supply of care. However, no families receiving cash assistance would be eligible for services under this program.

Coordinate Rules Across All Child Care Programs. For all three of the above strategies, we would require States to ensure seamless coverage for persons who leave welfare for work. The requirement for health and safety standards would be made consistent across these programs and would conform to those standards specified in the Block Grant program. States will be required to establish sliding fee scales. Efforts will be made to facilitate linkages between Head Start and child care funding streams to enhance quality and comprehensive services.

Several questions must be answered in order to complete a child care strategy:

1. *How much new investment in child care is reasonable? Significant new investments are essential to ensure that both AFDC families and the working poor can access safe and affordable care. We need to assess how much expansion of child care for the working poor can be afforded.*
2. *Should we reduce further, or eliminate, the State match requirements for child care for the working poor under the IV-A entitlements? The welfare reform initiative will put greater demands on States to ensure child care for those entitled under the Family Support Act. Reducing or eliminating the match rate requirements for providing child care support to the working poor would provide a strong incentive for States to fund child care for families transitioning from welfare or at risk of entering welfare.*

3. *Should we also propose making the Dependent Care Tax Credit refundable? This approach will not help the lowest-income families who still would not have the up-front money to pay for child care; therefore, it should only be considered in tandem with other proposals.*

Demonstrations. We also propose to create two demonstration programs. One would allow a specified number of States to use IV-A funds to provide comprehensive services to children in IV-A child care programs and linkages to Head Start. Since the greatest identified shortage of child care is infant care, the second demonstration would focus on increasing the supply of infant care and enhancing its quality in a variety of settings.

ADVANCE PAYMENT OF THE EITC

For the overwhelming majority of people who receive it, the EITC comes in a lump sum at the end of the year. People who are working for low pay or who are considering leaving welfare for work must wait as long as 18 months to see the rewards of their efforts. Many others either fail to submit tax returns or fail to claim the credit on the return.

An essential part of making work pay is distributing the EITC in regular amounts throughout the year. To reduce the danger of overpayments, the credit could be partially paid on an advance basis with the remainder paid as a bonus at the end of the year after filing a tax return. Advance payment fosters positive work incentives because it provides an additional source of periodic and regular income to workers during the year, and it allows individuals to receive the credit as they earn wages—clearly illustrating the direct link between work effort and income. In addition, it provides greater economic freedom to low-income workers who may experience cash-flow problems and who need the EITC on an ongoing basis to improve their standard of living.

Strategies to expand the effectiveness of the EITC include:

- Expanded use of employer-based advance payments, particularly sending W-5 forms and information to all workers who received an EITC in the past year.
- Automatic calculation of EITC by the Internal Revenue Service (IRS). On the basis of information on individual tax returns, the IRS would automatically calculate the EITC amount and refund the payment to the family.
- Joint administration of food stamps and EITC to working families using existing State food stamp administrations. Electronic Benefit Transfer (EBT) technology would be utilized whenever possible.

OTHER SUPPORT FOR WORKING FAMILIES

One other policy needs to be addressed to adequately encourage work and support the working poor—ensuring that work is always better than welfare. Several options for achieving this goal are listed below. We also suggest demonstrations of innovative ideas.

Work Should Be Better than Welfare

The combination of the EITC, health reform and child care will largely ensure that people with fewer than three children can avoid poverty with a full-time, full-year worker. But full-time work may not always be feasible, especially for single mothers with very young children or children with special needs. However, in combination with support from the noncustodial parent, the EITC, and other government assistance, earnings from half-time to three-quarters-time work should allow most single-parent families to escape poverty.

Nevertheless, for larger families and in high-benefit States, welfare may still pay better than work. In addition, in many instances welfare is reduced by one dollar for each dollar of additional earnings. This results in situations where there is no economic gain from accepting part-time work. Some Working Group members believe that families in which someone is working at least half-time ought to always be better off than families who are receiving welfare in which no one is working. If this goal were accepted, there would be four options for achieving it:

Option 1: Allow (or require) States to supplement the EITC, food stamps or housing benefits for working families when work pays less than welfare.

States could supplement existing EITC, food stamp or housing benefits. Already some States have their own EITC. In most cases, a modest State EITC would make work better than welfare. Alternatively, States could supplement the food stamp program or housing assistance for working families after they have exhausted transitional assistance.

Option 2: Allow (or require) States to continue to provide some AFDC/cash assistance to working families.

One straightforward way to ensure that part-time work is better than welfare is to allow or require States to continue to provide some cash aid to part-time workers. This could be accomplished by simplifying the existing earnings disregards in the AFDC program, by eliminating their time-sensitive nature, and by not counting months towards a time limit if the adults were working at least part time.

Option 3: Use advance child support payments or child support assurance (See the child support enforcement section for more details).

Ensuring that women with child support awards in place get some child support through advance payments or child support assurance could effectively guarantee that even single parents who work at least half time can do better than welfare with a combination of EITC and child support.

Option 4: Allow States to match some portion of the earnings of recipients and place the money in Individual Development Accounts (IDAs) to be used to finance investments such as education, training, or purchase of a car or home.

Demonstrations

In addition, a series of demonstrations could be adopted to test ways to further support low-income working families. We propose the following demonstrations:

- Worker Support Offices. A separate local office could be set up offering support specifically for working families. At these offices, working families could get access to food stamps, child care, advance payment of the EITC and possibly health insurance subsidies. In addition, employment-related services such as career counseling and assistance with updating resumes and filling out job applications would also be available.
- Temporary Unemployment Support. There would be demonstrations of alternative ways to provide support to low-income families who experience unemployment. Low-paying jobs are often short-lived, and low-income families often do not qualify for Unemployment Insurance (UI). They may come onto welfare when they need only very short-term economic aid.
- Front-End Emergency Assistance. One example is a component of the AFDC program in Utah which provides diversion grants upon application to some recipients who have lost a job. Based on a caseworker's assessment of the individual's family situation, a one-time payment is provided to prevent the family from becoming part of the long-term caseload.

PROVIDE ACCESS TO EDUCATION AND TRAINING, IMPOSE TIME LIMITS, AND EXPECT WORK

- A. **ENHANCING THE JOBS PROGRAM**
 - 1. Immediate Focus on Work and Participation in JOBS
 - 2. Expanding the JOBS Program
 - 3. Integrating JOBS and Mainstream Education and Training Initiatives
- B. **MAKING WELFARE TRANSITIONAL**
- C. **WORK**
 - 1. Administrative Structure of the WORK Program
 - 2. Characteristics of the WORK Assignments
 - 3. Economic Development

NEED -- AFDC currently serves as temporary assistance for many of its recipients, supporting them until they regain their footing. Two out of every three persons who enter the welfare system leave it, at least temporarily, within two years. Fewer than one in five remains on welfare for more than five consecutive years.

However, a significant number of recipients do remain on welfare for a prolonged period of time. While long-term recipients represent only a modest percentage of all people who enter the system, they represent a high percentage of those on welfare at any given time. While a significant number of these persons face very serious barriers to employment, including physical disabilities, others are able to work but are not moving in the direction of self-sufficiency. Most long-term recipients are not on a track to obtain employment that will enable them to leave AFDC.

STRATEGY -- Changing the focus of the welfare system from determining eligibility and writing checks to helping recipients achieve self-sufficiency through access to education and training and, ultimately, through work demands a major restructuring effort. Our plan for revamping the welfare system has three elements:

- (1) Enhancing the JOBS program to make it the centerpiece of a welfare system focused on promoting independence and self-sufficiency.
- (2) Making welfare transitional so that those who seek assistance get the services they need to become self-sufficient within two years.
- (3) Providing work to those who reach the time limit for transitional assistance without finding a job in the private sector, despite having done everything required of them.

Each applicant would, within 90 days of entry, work out a plan to attain independence through work and would immediately thereafter begin taking the steps toward self-sufficiency laid out in the plan. Through expanded access to education and training, recipients would obtain the skills needed to find and retain private sector employment. Making work pay, dramatically improving child support

enforcement and providing education, training and job placement services should maximize the number of recipients who leave welfare for work within two years. Persons who follow their case plans in good faith but are nonetheless unable to find private sector jobs within two years would be offered paid work assignments in the public, private or non-profit sectors to enable them to support their families.

ENHANCING THE JOBS PROGRAM

Fundamentally changing the way individuals receive assistance from the government requires an equally fundamental change in the program delivering that assistance. The Family Support Act of 1988 set forth a bold new vision for the social welfare system: AFDC was to become a transitional support program whose mission would be helping people move toward independence. The JOBS program was established to deliver the education, training and other services needed to enable recipients to leave welfare.

Unfortunately, the current reality is far from that vision. Part of the problem is resources. Another part is the absence of effective coordination among the myriad of programs run by both State and Federal departments of education, labor and human services. The culture of the welfare bureaucracy, however, represents perhaps the greatest challenge to true welfare reform. From a system focused on check-writing and eligibility determination, we must create one with a new mandate: to fulfill the promise of the Family Support Act by providing both the services and the incentives to help recipients move toward self-sufficiency through work.

Strong Federal leadership in steering the welfare system in this new direction will be critical. To this end, we propose to:

- (1) Structure the welfare system so that applicants, from the moment they enter the system, are focused on moving from welfare to work through participation in programs and services designed to enhance employability.
- (2) Dramatically expand the JOBS program through increased Federal funding, an enhanced Federal match rate and higher participation standards.
- (3) Improve the coordination of JOBS and other education and training initiatives.

Immediate Focus on Work and Participation in JOBS

The structure of the welfare system would be changed to clearly communicate to recipients the emphasis on achieving self-sufficiency through work.

Social Contract. Each applicant for assistance would be required to enter into a social contract in which the applicant agrees to cooperate in good faith with the State in developing and following an employability plan leading to self-sufficiency, and the State agrees to provide the services called for in the employability plan.

Up-Front Job Search. At State option, most new applicants would be required to engage in supervised job search from the date of application for benefits.

Employability Plan. Within 90 days of application, each person, in conjunction with his or her caseworker, would design an individualized employability plan, which would specify the services to be provided by the State and the time frame for achieving self-sufficiency.

We recognize that welfare recipients are a very diverse population. Participants in the JOBS program do and will continue to have very different levels of work experience, education and skills. Accordingly, their needs would be met through a variety of activities: job search, classroom learning, on-the-job training and work experience. States and localities would, therefore, have great flexibility in designing the exact mix of JOBS program services. The time frames required would vary depending on the individual but would not exceed two years for those who could work. Employability plans would be adjusted in response to changes in a family's situation.

Narrower Exemption Criteria. We recognize that some who seek transitional assistance will, for good reason, be unable to work. Persons in this category could include individuals who are disabled or seriously ill or who are caring for a disabled or seriously ill relative. The current criteria for exemption from the JOBS program would, however, be narrowed. Parents of young children, for example, would be expected to participate. The question of participation requirements for grandparents and other relatives caring for dependent children is under study.

Expanded Definition of "Participation." As soon as the employability plan is developed, the recipient would be expected to enroll in the JOBS program and to engage in the activities called for in the employability plan. Enhanced Federal funding would be provided to accommodate this dramatic expansion of the JOBS program. The definition of satisfactory participation in the JOBS program would be broadened to include substance abuse treatment and possibly other activities such as parenting/life skills classes or domestic violence counseling if they are determined to be important preconditions for pursuing employment successfully.

Sanctions. Sanctions for failure to follow the employability plan would be at least as strong as the sanctions under current law.

Expanding the JOBS Program

Increased Funding. This plan envisions a dramatic expansion in the overall level of participation in JOBS, which would clearly require additional funding. States currently receive Federal matching funds for JOBS up to an amount allocated to them under a national capped entitlement. The cap needs to be increased.

Enhanced Match. States are currently required to share the cost of the JOBS program with the Federal Government. States have, however, been suffering under fiscal constraints which were not anticipated at the time the Family Support Act was enacted. This shortage of State dollars has been a major obstacle to delivery of services through the JOBS program. Most States have been unable to draw down their entire allocation for JOBS because they cannot provide the State match. In 1992, States drew down only 62 percent of the \$1 billion in available Federal funds. Fiscal problems have limited the number of individuals served under JOBS and, in many cases, limited the services States offer their JOBS participants. Nationwide, about 15 percent of the non-exempt AFDC caseload is participating in the JOBS program. To address the scarcity of State JOBS dollars, the Federal match

rate would be increased. The match rate could be further increased for a particular State if its unemployment rate exceeded a specified level.

Dramatically Increased Participation. With increased Federal resources available, it is reasonable to expect dramatically increased participation in the JOBS program. Current law requires that States enroll 20 percent of the non-exempt AFDC caseload in the JOBS program during fiscal year 1995. Under the proposal, higher participation standards would be phased in, and the program would move toward a full-participation model. As discussed above, participation would be defined more broadly and most exemptions eliminated.

Federal Leadership. The Federal role in the JOBS program would be to provide training and technical assistance to help States make the program changes called for in this plan. Federal funds would be used to train eligibility workers to become more effective caseworkers. Through technical assistance, the Federal Government would encourage evaluations of State JOBS programs, help promote state-of-the-art practices, and assist States in redesigning their intake processes to emphasize employment rather than eligibility. These activities would be funded by setting aside one percent of Federal JOBS funds specifically for this purpose.

Federal oversight of the welfare bureaucracy would change to reflect this new mission as well. Quality control and audits would emphasize performance standards which measure outcomes such as long-term job placements, rather than just process standards.

Integrating JOBS and Mainstream Education and Training Initiatives

The role of the JOBS program is not to create a separate education and training system for welfare recipients, but rather to ensure that they have access to and information about the broad array of existing training and education programs.

Among the many Administration initiatives which should be coordinated with the JOBS program are:

- **National Service.** HHS would work with the Corporation for National and Community Service to ensure that JOBS participants are able to take full advantage of national service as a road to independence.
- **School-to-Work.** HHS would work to make participation requirements for School-to-Work and for the JOBS program compatible, in order to give JOBS participants the opportunity to access this new initiative.
- **One-Stop Shopping.** The Department of Labor would consider making some JOBS offices sites for the one-stop shopping demonstration.

The plan would also include pursuing ways to ensure that JOBS participants make full use of such existing programs as Pell grants, income-contingent student loans and Job Corps. In particular, HHS would work with the Department of Labor to improve coordination between State JOBS and Job Training Partnership Act (JTPA) programs. We would also encourage the development of training programs to prepare people to take advantage of the many jobs that would be available in the expanded child care system.

The plan would make it easier for States to integrate other employment and training programs (e.g., the Food Stamp Employment and Training Program) with the JOBS program and to implement "one-stop shopping" education and training models. Specifically, we would create, perhaps under the aegis of the Community Enterprise Board, a training and education waiver board, consisting of the Secretaries of Labor, HHS, Education and other interested Departments, with the authority to waive key eligibility rules and procedures for demonstrations of a more coordinated education and training system.

MAKING WELFARE TRANSITIONAL

People seeking help from the new transitional assistance program would find that the expectations, opportunities and responsibilities have dramatically changed from those in the present welfare system. The focus of the entire program would be on providing them with the services they need to find employment and achieve self-sufficiency.

Placing a time limit on cash assistance is part of the overall effort to shift the focus of the welfare system from issuing checks to promoting work and self-sufficiency. The time limit gives both recipient and case manager a structure that necessitates continuous movement toward fulfilling the objectives of the employability plan and, ultimately, finding a job.

Two-Year Limit. A recipient who is able to work would be limited to a cumulative total of two years of transitional assistance. Those unable to find private sector employment after two years of transitional assistance would be required to participate in the WORK program (described below) for further government support. Job search would be required for those in their final 45-90 days of transitional assistance.

Any period during which a State failed to substantially provide the services specified in a participant's employability plan would not be counted against the time limit.

At State option, months in which a recipient worked an average of 20 hours or more per week or reported over \$400 in earnings would also not be counted against the time limit.

Extensions. States would have flexibility to provide extensions in the following circumstances, up to a fixed percentage of the caseload:

- For completion of high school, a GED or other training program expected to lead directly to employment. These extensions would be contingent on satisfactory progress toward attaining a diploma or completing the program.
- For post-secondary education, provided participants were working at least part-time (i.e., in a work/study program).
- For those who are seriously ill, disabled, taking care of a seriously ill or disabled child or relative, or otherwise demonstrably unable to work.

Credits for Additional Assistance. Under the plan, the time limit would be renewable; persons who had left welfare for work would earn months of eligibility for future assistance for months spent working and not on assistance.

WORK

The redesigned welfare system would be designed to maximize the number of recipients who leave welfare for employment before reaching the time limit for transitional assistance. There will, however, be people who reach the time limit without having found a job, and we are committed to providing these people with the opportunity to work to support their families.

Each State would be required to operate a WORK program which would make paid work assignments (hereafter WORK assignments or WORK positions) available to recipients who had reached the time limit for cash assistance.

The overriding goal of the WORK program would be to help participants find lasting employment outside the program. States would have wide discretion in the operation of the WORK program in order to achieve this end. For example, a State could provide short-term subsidized private sector jobs, in the expectation that many of these positions would become permanent, or positions in public sector agencies, or a combination of the two.

Administrative Structure of the WORK Program

Eligibility. Recipients who reach the time limit for transitional assistance would be permitted to enroll in the WORK program. However, an individual who refuses an offer of full- or part-time employment outside the WORK program without good cause would not be eligible for the WORK program for six months, and any cash benefits would be calculated as if the job had been taken. The sanction would end upon acceptance of a job outside the WORK program.

Funding. Federal matching funds for the WORK program would be allocated by a method similar to the JOBS funding mechanism. A State's allocation could be increased if its unemployment rate rose above a specified level.

Flexibility. States would have considerable flexibility in operating the WORK program. For example, they would be permitted to:

- Subsidize not-for-profit or private sector jobs (for example, through expanded use of on-the-job training vouchers).
- Give employers other financial incentives to hire JOBS graduates.
- Provide positions in public sector agencies.
- Encourage microenterprise and other economic development activities.

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- Execute performance-based contracts with private firms such as America Works or not-for-profit organizations to place JOBS graduates.
- Set up community service projects employing welfare recipients as, for example, health aides in clinics located in underserved communities.

Capacity. Each State would be required to create a minimum number of WORK assignments, with the number to be based on the level of Federal funding received. If the number of people needing WORK positions exceeded the supply, WORK assignments, as they became available, would be allocated on a first-come, first-served basis.

Waiting List. Recipients on the waiting list for a WORK position would be expected to find volunteer work in the community at, for example, a child care center or community development corporation, for at least 20 hours per week in order to receive benefits (distinct from wages). States might be required to absorb a greater share of the cost of cash assistance to persons on the waiting list.

Administration. States and localities would be required to involve the private sector, community organizations and organized labor in the WORK program. For example, joint public/private governing boards or local Private Industry Councils might be given roles overseeing WORK programs.

Anti-Displacement. States would be required to operate their WORK programs such that public sector employees would not be displaced. Anti-displacement language is currently under development.

Supportive Services. States would be required to provide child care, transportation and other supportive services if needed to enable individuals to participate in the WORK program.

Job Search. Persons in the WORK program would be required to engage in job search.

An important question remains as to whether States should be allowed to place limits on the total length of time persons would be permitted to remain in the WORK program.

One option would be to allow States to reduce cash benefits, by up to a certain percentage, to persons who had been in the WORK program for a set period of time and were on the waiting list for a new WORK position. States would only be permitted to reduce cash assistance to the extent that the combined value of cash and in-kind benefits did not fall below a minimum level (a fixed percentage of the poverty line).

Characteristics of the WORK Assignments

Wage. Participants would be paid the minimum wage (or higher at State option).

Hours. Each WORK assignment would be for a minimum of 15 hours per week (65 hours per month) and no more than 35 hours per week (150 hours per month). The number of hours for each position would be determined by the State.

Not Working. Wages would be paid for hours worked. Not working the set number of hours for the position would result in a corresponding reduction in wages.

Type of Work. Most of the jobs, whether private or public sector, are expected to be entry-level but should nonetheless be substantive work that enhances the participant's employability. Programs would be encouraged to focus their efforts on developing WORK positions in occupations which are currently in demand and/or which are expected to be in demand in the near future.

Treatment of Wages. Wages from WORK positions would be treated as earned income with respect to Worker's Compensation, FICA and public assistance programs. Earnings from public sector WORK positions would not count as earned income for the purpose of the Earned Income Tax Credit (EITC), in order to encourage movement into jobs outside the WORK program.

WORK positions in the private and not-for-profit sectors would be required to meet the minimum standards described above with respect to hours and wages, but States would otherwise be granted considerable flexibility concerning the form of these WORK assignments.

Under the WORK program as described above, participants would work for wages. Described below is a different type of WORK program, under which persons who had reached the two-year time limit for cash assistance would work for benefits.

Option: Permit a State to enroll all or a limited number of the recipients who had reached the two-year time limit in community work experience program (CWEP) positions, as opposed to paid WORK assignments. These CWEP positions would take the following form:

Benefits. *Participants would be required to work in order to continue to receive cash assistance. The check received by the participant would be treated as benefits rather than earnings for any and all purposes.*

Hours. *The required hours of work for participants would be calculated by dividing the amount of cash assistance by the minimum wage, up to a maximum of 35 hours a week.*

Child Support. *At State option, the amount of the child support order could be deducted from the cash benefit for the purpose of calculating hours. A delinquent non-custodial parent could be required to work off the child support arrearage in a CWEP position.*

Sanctions. *Failure to work the required number of hours would be accompanied by sanctions similar to those for non-participation in the JOBS program--a reduction in cash assistance.*

Economic Development

Emphasizing movement into private sector employment requires that serious attention be paid to investment and economic development in distressed communities to expand job opportunities and stimulate economic growth. Increasing capital investment could expand the sustainable private employment opportunities for graduates of the JOBS program. Strategies to promote savings and accumulation of assets are also key to helping recipients escape poverty through work.

Community Development. Initiatives that are under consideration to ensure that JOBS graduates are able to take full advantage of the Administration's community development initiatives include:

- Providing enhanced funding through the Community Development Bank and Financial Institutions proposal to support the development of projects that create work and self-employment for JOBS graduates.
- Increasing the number of microenterprises by allocating additional funds to the Small Business Administration's Microloan and other programs for set-asides for JOBS participants.
- Enhancing HHS job development programs which provide grants to community-based economic development projects to provide work for JOBS graduates.
- Ensuring that JOBS graduates are able to take advantage of the opportunities which would be created through the Administration's commitment to enterprise communities and Empowerment Zones.

Individual Economic Development. We would also propose the following steps to encourage people receiving transitional assistance to save money and accumulate assets, in order to help them escape poverty permanently:

- Raising both the asset limit for eligibility for cash assistance and the limit on the value of an automobile. Consideration would be given to exempting, up to a certain amount, savings put aside specifically for education, purchasing a home or starting a business.
- Supporting demonstrations of the concept of Individual Development Accounts, through which participants would receive subsidies to encourage savings for education, training, purchasing a home or car or starting a business. The IDA demonstration would be linked to participation in the WORK program or taking jobs outside the work program.

ENFORCE CHILD SUPPORT

- A. CHILD SUPPORT ENFORCEMENT
 - 1. A Universal and Simplified Paternity Establishment Process
 - 2. Appropriate Payment Levels
 - 3. Collection and Enforcement
 - 4. Providing Some Minimum Level of Child Support
- B. ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NONCUSTODIAL PARENTS

NEED – The typical child born in the U.S. today will spend time in a single-parent home. Yet, the evidence is clear that children benefit from interaction with two supportive parents. Single parents cannot be expected to do the entire job of two parents. If we cannot solve the problem of child support, we cannot possibly adequately provide for our children.

In spite of the concerted efforts of Federal, State and local governments to establish and enforce child support orders, the current system fails to ensure that children receive adequate support from both parents. Recent analyses suggest that the potential for child support collections exceeds \$47 billion. Yet only \$20 billion in awards are currently in place, and only \$13 billion is actually paid. Thus, we have a potential collection gap of over \$34 billion a year.

The problem is threefold: First, for many children a child support order is never established. Roughly 37 percent of the potential collection gap of \$34 billion can be traced to cases where no award is in place. This is largely due to the failure to establish paternity for children born out of wedlock. Second, fully 42 percent of the potential gap can be traced to awards that were either set low initially or never adjusted as incomes changed. Third, of awards that are established, government fails to collect any child support in the majority of cases, accounting for the remaining 21 percent of the potential collection gap.

STRATEGY – There are two key elements within this section. The first major element involves numerous changes to improve the existing child support enforcement system. For children to obtain more support from their noncustodial parents, paternity establishment must be made more universal and should be completed as soon as possible following the birth of the child. A National Guidelines Commission will be formed to address variability among State levels of awards, and awards will be updated periodically through an administrative process. States must also develop central registries for collections and disbursements which can be coordinated with other States; enhanced tools will be available for Federal and State enforcement. A major question remains regarding the possibility of providing some minimum level of child support. The second major element is demanding responsibility and enhancing opportunity for noncustodial parents. They should be required to pay child support and in some cases, should be offered increased economic opportunities to help them do so.

CHILD SUPPORT ENFORCEMENT

Components of the improved child support enforcement system are:

A Universal and Simplified Paternity Establishment Process

- Require States to immediately seek paternity establishment for as many children born out of wedlock as possible, regardless of the welfare or income status of the mother or father.
- Establish performance standards with incentive payments and penalties. State performance would be based on all cases where children are born to an unmarried mother.
- Conduct outreach efforts at the State and Federal levels to promote the importance of paternity establishment both as a parental responsibility and a right of the child.
- Provide expanded and simplified voluntary acknowledgment procedures.
- Streamline the process for contested cases.
- Impose clearer, stricter cooperation requirements on mothers to provide both the name of the putative father and verifiable information so that the father can be located and served the papers necessary to commence the paternity action. Good cause exceptions would be granted.

The major options in this area relate to the role that government programs should play in encouraging or requiring mothers and fathers to cooperate and in encouraging States to establish paternity:

Option: Provide a bonus of \$50 per month in additional AFDC payments to mothers if paternity for the child has been established (instead of the \$50 passthrough under current law).

Option: Deny certain government benefits to persons who have not met cooperation requirements. Good cause exceptions would be granted.

Option: Reduce Federal match on benefits paid to States which fail to establish paternity in a reasonable period of time in cases where the mother has cooperated fully.

Appropriate Payment Levels

- Establish a National Guidelines Commission to explore the variation in State guidelines and to determine the feasibility of a uniform set of national guidelines to remove inconsistencies across States.
- Establish universal and periodic updating of awards for all cases through administrative procedures. Either parent would have the option to ask for an updated award when there is a significant change in circumstance.
- Revise payment and distribution rules designed to strengthen families.

Collection and Enforcement

- Create a central registry and clearinghouse in all States. All States would maintain a central registry and centralized collection and disbursement capability. States would monitor support payments to ensure that child support is being paid and would be able to impose certain enforcement remedies at the State level administratively. A higher Federal match rate would be provided to implement new technologies.
- Create a Federal child support enforcement clearinghouse. This clearinghouse would provide for enhanced location and enforcement coordination, particularly in interstate cases. There

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would be frequent and routine matches to various Federal and State databases including IRS, Social Security and Unemployment Insurance. The IRS role in full collections, tax refund offset, and providing access to IRS income and asset information would be expanded.

- Require routine reporting of all new hires via national W-4 reporting. New hires with unpaid orders would result in immediate wage withholding by the State.
- Eliminate most welfare/non-welfare distinctions to achieve broader, more universal provision of services.
- Increase tools for Federal and State enforcement, including more routine wage withholding, suspension of driver's and professional licenses and attachment of financial institution accounts.
- Enhance administrative power to take many enforcement actions.
- Simplify procedures for interstate collection.
- Create a new funding formula and place an emphasis on performance-based incentives.
- Reinvest State incentive payments in the child support program.

Providing Some Minimum Level of Child Support

Even with the provisions above, enforcement of child support is likely to be uneven for some time to come. Some States will be more effective at collecting than others. Moreover, there will be many cases where the noncustodial parent cannot be expected to contribute much because of low pay or unemployment. An important question is whether children in single-parent families should be provided some minimum level of child support even when the State fails to collect it. The problem is especially acute for custodial parents who are not on AFDC and are trying to make ends meet with a combination of work and child support. The President has not endorsed Child Support Assurance, and there is considerable division within the Working Group about its merits.

Options under consideration include the following:

Option 1: Advance payment to custodial parents not on welfare of up to \$50 (or \$100) per child per month in child support owed by the noncustodial parent, even when the money has not yet been collected.

Advance payments could not exceed the amount actually owed by the noncustodial parent. States would have the option of creating work programs so that noncustodial parents could work off the support due if they had no income.

Option 2: A system of Child Support Assurance which insures minimum payments for all custodial parents with awards in place.

Minimum payments might exceed the actual award, with government paying the difference between collections and the minimum assured benefit. States might experiment with tying guaranteed payments to work or participation in a training program by the noncustodial parent. For those on AFDC, Child Support Assurance benefits would be deducted entirely or in part from AFDC payments.

The national system would be phased in slowly with State participation conditioned on progress and improvements in their child support enforcement system. Cost projections would also have to be met before additional States could be added.

Option 3: State demonstrations only, of one or both of the above options.

ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NONCUSTODIAL PARENTS

Under the present system, the needs and concerns of noncustodial parents are often ignored. The system needs to focus more attention on this population and send the message that "fathers matter". We ought to encourage noncustodial parents to remain involved in their children's lives--not drive them further away. The child support system, while getting tougher on those that can pay but refuse to do so, should also be fair to those noncustodial parents who show responsibility toward their children. Some elements described above will help. Better enforcement of payments will avoid build-up of arrearages. A simple administrative process will allow for downward modifications of awards when a job is involuntarily lost. Other strategies would also be pursued.

Ultimately, expectations of mothers and fathers should be parallel. Whatever is expected of the mother should be expected of the father. Whatever education and training opportunities are provided to custodial parents, similar opportunities should be available to noncustodial parents who pay their child support and remain involved. If noncustodial parents can improve their earnings capacity and maintain relationships with their children, they will be a source of both financial and emotional support.

Much needs to be learned, partly because we have focused less attention on this population in the past and partly because we know less about what types of programs would work. Still, a number of steps can be taken, including the following:

- Provide block grants to States for access- and visitation-related programs, including mediation (both voluntary and mandatory), counseling, education, and enforcement.
- Reserve a portion of JOBS program funding for education and training programs for noncustodial parents.
- Make the Targeted Jobs Tax Credit (TJTC) available to fathers with children receiving food stamps.
- Experiment with a variety of programs in which men who participate in employment or training activities do not build up arrearages while they participate.
- Conduct significant experimentation with mandatory work programs for noncustodial parents who do not pay child support.
- Make the payment of child support a condition of other government benefits.
- Provide additional incentives for noncustodial parents to pay child support.

REINVENT GOVERNMENT ASSISTANCE

- A. SIMPLIFICATION ACROSS ASSISTANCE PROGRAMS
- B. PREVENTING WASTE, FRAUD AND ABUSE
- C. PERFORMANCE STANDARDS AND STATE FLEXIBILITY

NEED -- The current welfare system is enormously complex. There are multiple programs with differing and often inconsistent rules. The complexity confuses the mission, frustrates people seeking aid, confuses caseworkers, increases administrative costs and leads to program errors and inefficiencies. In addition, the web of Federal-State-local relations in the administrative system largely focuses on rules rather than results. If ever there were a government program that is deeply resented by its customers, it is the existing welfare system.

STRATEGY -- The lessons of reinventing government apply clearly here. The goal should be to rationalize, consolidate and simplify the existing social welfare system. Creating a simplified system will be a major challenge. Clearer Federal goals which allow greater State and local flexibility in managing programs are also critical. Finally, a central Federal role in information systems and interstate coordination would prevent waste, fraud and abuse and would also improve service delivery at the State and local levels.

SIMPLIFICATION ACROSS ASSISTANCE PROGRAMS

The simplification of assistance programs at all levels of government has been the "holy grail" of welfare reform--always sought, never realized. The reasons are many: disparate goals of different programs, varied constituencies, departmental differences, divergent Congressional committee jurisdictions and the inevitable creation of winners and losers from changing the status quo. Yet everyone agrees that recipients, administrators and taxpayers are all losers due to the current complexity.

There are two basic options for reform:

Option 1: Simplify and coordinate rules in existing programs.

Considerable improvements could be achieved by modifying existing rules in current programs. Such changes could include the following:

- Reduce Federal program rules, reporting and budgeting requirements to a minimum.
- Simplify and conform income and asset rules in the AFDC and Food Stamp programs.
- Adopt regulatory and legislative recommendations (as developed by the American Public Welfare Association), to streamline application, redetermination and reporting processes.
- Base eligibility for programs, such as child care for working families, on simplified Food Stamp rules or AFDC-like rules.
- Freeze subsidized rents for a fixed period of time after the recipient takes a job in order to enhance the benefits from employment.

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- Eliminate the special rules pertaining to two-parent families, such as the 100-hour rule and the quarters-of-work rule, as discussed in the Make Work Pay section of this paper.
- Simplify and standardize earnings disregards.
- States would be required to use a standard procedure to determine need standards but would be allowed to decide what fraction of need would be met in their State.

Option 2: Develop a simplified and consolidated eligibility process for the new transitional assistance program. Strive to bring other aid programs into conformity.

In addition to the provisions described under option 1, this option would solve the problem that AFDC and food stamps currently have different filing units for purposes of establishing eligibility. AFDC is designed to support children "deprived of parental support," so it is focused on single parents, it excludes other adult members in the household, it treats multiple-generation households as different units, and it excludes disabled persons receiving SSI from the unit. The Food Stamp program, by contrast, defines a filing unit as all people in the household who share cooking facilities.

This option standardizes the definition of the filing unit under AFDC and food stamps. States would continue to set benefit levels for cash assistance.

PREVENTING WASTE, FRAUD AND ABUSE

Multiple and uncoordinated programs and complex regulations invite waste, fraudulent behavior and simple error. Too often, individuals can present different information to various government agencies to claim benefits fraudulently with virtually no chance of detection.

The new program of transitional assistance, in and of itself, will go a long way toward preventing waste and fraud. During the period of transitional cash benefits, there will be enhanced tracking of a client's training activities and work opportunities, as well as the electronic exchange of tax, benefit and child support information. Also, the newly expanded EITC largely eliminates current incentives to "work off the books" and disincentives to report all employment. With the EITC, it is now advantageous to report every single dollar of earnings.

New technology and automation offer the chance to implement transitional programs which ensure quality service, fiscal accountability and program integrity. For example, EBT technology offers the opportunity to provide food stamps, EITC, cash and other benefits through a single card. Program integrity activities need to focus on ensuring overall payment accuracy, and detection and prevention of recipient, worker and vendor fraud. Such measures include the following:

- Coordinate more completely the collection and sharing of data among programs, especially wage, tax, child support and benefit information.

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- Re-assess the Federal/State partnership in developing centralized data bases and information systems that improve interstate coordination, eliminate duplicate benefits and permit tracking. At a minimum, information must be shared across States to prevent the circumvention of time limits by recipients relocating to a different State.
- Fully utilize current and emerging technologies to offer better services at less cost, targeted more efficiently on those eligible.

PERFORMANCE STANDARDS AND STATE FLEXIBILITY

A reformed welfare system requires clear objectives to aid policy development and performance measures to gauge whether policy intent is achieved. Performance measures in a transitional program of benefits should reflect the achievement of all program objectives and relate to the primary goal of helping families to become self-sufficient. Standards should be established for a broad range of program activities against which front-line workers, managers and policymakers can assess the efficiency and effectiveness of the program. To the extent possible, results--rather than inputs and processes--should be measured. States and localities must have the flexibility and resources to achieve the programmatic goals that have been set.

- The Federal Government should transition from a role which is largely prescriptive to one which establishes customer-driven performance standards in collaboration with States, local agencies, advocacy groups and clients. The exact methods for accomplishing program goals are difficult to prescribe from Washington, given the variation in local circumstances, capacities and philosophies. Therefore, substantial flexibility will be left for localities to decide how to meet these goals, facilitated by enhanced inter-agency waiver authority at the Federal level.
- The Federal Government should provide technical assistance to States for achieving these standards by evaluating program innovations, identifying what is working and assisting in the transfer of effective strategies.



THE WHITE HOUSE
WASHINGTON

DATE: Dec. 15

TO: *Alexis Herman*

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

*There is on the President's schedule.
They are preparing a response with
Congressional.*



Paul



SENATORS:

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HARRIS WOFFORD

National Prayer Breakfast

Congressional Executive Committee

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EARL HUTTO
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MARTIN LANCASTER
CARLOS MOORHEAD
CHRIS SHAYS

December 3, 1993

Dear Mr. President,

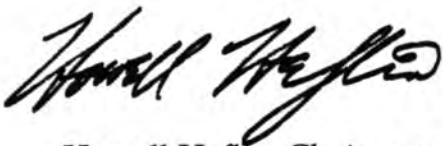
On behalf of the Congressional Committee which arranges the National Prayer Breakfast, we want to extend an invitation to Mrs. Clinton and yourself to once again be our guests of honor at the 42nd annual National Prayer Breakfast. As you know, every Chief Executive, since President Eisenhower inaugurated and participated at the first National Prayer Breakfast, has shared remarks from the head table.

Over three thousand and six hundred participants, from all religious, political, cultural and economic backgrounds, representing one hundred and forty nations and all fifty states, were in attendance last year.

The 1994 National Prayer Breakfast will be held in the International Ballroom at the Washington Hilton Hotel here in Washington, D.C. at 8:00 a.m. on Thursday, February 3, 1994. Adjournment will be by 9:30 a.m. We are hopeful that you will be able to arrive early to privately greet a few of our international guests.

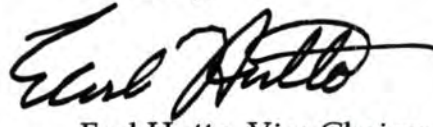
The remarks you made at last year's breakfast were among the very finest of any President over the years. You communicated exactly the right spirit and everyone was most encouraged.

Again let us say how meaningful it is to work together with you and your wife on this event.



Howell Heflin, Chairman
United States Senate

Sincerely,



Earl Hutto, Vice Chairman
Member of Congress

THE WHITE HOUSE
WASHINGTON

DATE: Dec 15

TO: *Howard Fast*

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

*This is already on the President's
schedule. They Schneider is preparing a
formal response.*

Paul

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National Prayer Breakfast
Congressional Executive Committee

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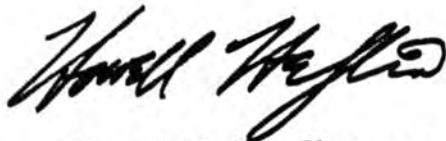
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United States Senate



Earl Hutto, Vice Chairman
Member of Congress

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Clinton Piles Up Record Number of Legislative Victories

■ **Congress:** His batting average is highest of any modern first-year President, studies indicate. He may better L.B.J.'s 1965 successes.

By KAREN TUMULTY
TIMES STAFF WRITER



WASHINGTON—He won office with support from less than half the electorate and for most of the year his approval rate in the polls was less than 50%—hardly the sort of public mandate that would intimidate the barons of Capitol Hill.

Within days of his inauguration, a controversy over gays in the military threw his agenda off track and exposed his inexperience and naivete.

He suffered a humiliating defeat on his stimulus package and rescued the rest of

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his economic agenda by the barest of margins.

And now he faces the possibility of a crippling setback over free trade with Mexico.

Yet Bill Clinton's batting average with Congress—his ability to get his legislation passed—is the highest of any first-year President in modern history, according to at least two recent studies.

One survey examining Clinton's success in getting congressional approval of con-

troversial legislation found that he is scoring a higher winning percentage than Lyndon B. Johnson did in 1965. That year marked the zenith of Johnson's power and is generally regarded as the high-water mark of the modern presidency's influence over Congress.

That Clinton's overall record should get lost in the day-to-day news of conflict and setbacks is a sore point with the Democratic leadership in Congress. "It says something about all of us, including the fact that in the American political process, much more attention is paid to defeat and controversy than to success," said Senate Majority Leader George J. Mitchell (D-Me.).

Obviously, perceptions and reality don't always mesh," added Texas A&M University political scientist John R. Bond, author of one of the studies.

Congressional Quarterly magazine, analyzing all congressional roll call votes through Sept. 14, found that, when Clinton took a stand on legislation, he got his way 88.6% of the time. It marked the highest first-year success rate since Dwight D. Eisenhower entered office in 1953, the same year in which CQ began its surveys.

But many of those votes were on non-controversial matters. To get a more precise gauge of Clinton's success on issues

that faced significant opposition in Congress, Bond and Richard Fleischer of Fordham University discarded all votes in which more than 80% of the House or Senate sided with Clinton, and discovered an even more dramatic result.

By their analysis of "conflictual" votes through Sept. 22, Clinton won 91.3% of the votes in the House and 92.6% in the Senate.

If Clinton continues that streak through the rest of the year, Bond said, he could better the record of Johnson in 1965, when the Texas Democrat capitalized on his landslide victory and insider's grasp of Congress to push through his social agenda. That year, Johnson won 90.7% of the House votes and 89.4% in the Senate.

Wyoming Sen. Alan K. Simpson, the Senate's second-ranking Republican and one of Clinton's most dogged adversaries, said that he was not surprised by the findings of the two studies, which appear to indicate that years of Washington paralysis may have come to an end.

"This is not gridlock. This is very productive activity that we've been involved with," Simpson added. "As to whether that's good legislation or not, nobody's asked that."

Nor do the voting tallies fully reflect Clinton's struggles on Capitol Hill.

Some of Clinton's stumbles—such as his defeat in trying to lift the ban on gays in the military—occurred well before the issue made it as far as the House or the Senate floor. And in other areas—keeping

his campaign promise to lift the ban on federal funding of abortion, for example—Clinton has simply opted not to press the issue in the face of entrenched congressional opposition. Instead, he has vowed to address it in health care reform.

Clinton's biggest asset was the simple fact that he was the first Democrat to take the White House in 12 years—and a natural political ally for the Democratic Congress. Lawmakers loaded the legislative pipeline with bills that it had approved over and over again but had been unable to get past Republican presidents.

"They trotted out almost every painful thing they've been thwarted on," Simpson said.

Family leave legislation, a new law requiring states to allow people to register to vote when they get their drivers' licenses, looser restrictions on political activities by federal employees—all had fallen under President George Bush's 46 vetoes, and all were signed into law by Clinton.

Congressional Democrats and Clinton also are of like minds in such once-contentious areas as China policy and fetal tissue research. Legislation on both fronts had been killed for years under Clinton's predecessors.

Clinton also has an inclination to compromise that helps explain why his relationship with Congress is smoother than those of Jimmy Carter, the last Democratic President.

"If you're willing to let Congress define your position, it's pretty easy to win," said David M. Mason, director of the conservative Heritage Foundation's Congress Project.

Clinton won his most crucial test of the year—last summer's budget votes—only after allowing Congress to make key changes in the plan, Mason said. "The alterations were every bit as substantial as Congress made to the [Ronald] Reagan and Bush budgets."

Not surprisingly, Howard Paster, head of Clinton's legislative operation, offered another view of the President's flexibility. He insisted that, when Clinton has compromised, it has been on details, rather than issues of principle or basic objectives.

"It may go to picking one's fights with some care," Paster said. "You lose the BTU tax, but you don't come off an energy tax."

Even tougher battles, such as health care, lie ahead, and most analysts believe that Clinton's batting average is certain to fall.

But they also say that Clinton will continue to maneuver whenever he can to claim victory. Indeed, he already is making changes in his health care legislation to meet congressional objections to the initial draft.

"This is a President who wants to win, who wants to accomplish things," said political analyst Thomas Mann of the liberal-leaning Brookings Institution. "He's going to be doing the negotiating and the compromising it takes to win."

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