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002a. memo	Philip Lader to POTUS re: National Guard Chief (1 page)	03/23/1994	b(6)
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Mark / Mark -

I recently sent a copy of these to Ann Stock -

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THE PRESIDENT HAS SEEN 4/4/94

Campus Movement

Marquette University Leads Urban Revival Of Blighted Environs

In Milwaukee, School Resists Urge to Wall Itself In From Crime and Decay

Meeting Skeptical Neighbors

By JOSEPH N. BOYCE
Staff Reporter of THE WALL STREET JOURNAL

MILWAUKEE — When the Rev. Albert DiUlio arrived at Marquette University as president in 1990, he faced a disturbing prospect: Marquette and its 11,000 students might have to wall themselves in for their own safety.

Gangs, drug dealers and prostitutes had moved into Avenues West, a 100-square-block area near downtown that has been home to the Jesuit university for 113 years. Fear and violence moved in with them. "We were having drive-by and *stand-by* shootings," says Virginia Johnson, a community activist.


Rev. Albert DiUlio

But instead of building a wall around the university, Father DiUlio has led Marquette in rebuilding the community. "I could see where we were going. I could see the economic consequences. And I could see the economic potential of reversing the decline," he says.

Marquette's situation exemplified a town-and-gown dilemma confronting many urban colleges and universities. Built near city centers on once-prime acreage, they now are encircled by neighborhoods mired in crime, decay and human misery. Security concerns often compete with education for attention and financial resources.

Some institutions have bailed out of the cities. In the wake of the Watts riots in South Central Los Angeles, Pepperdine left the area for Malibu, Calif., in 1972. Marquette's former medical school moved to a suburb in the 1960s.

But now, many urban schools are no longer trying to put distance between themselves and their troubled surroundings. Instead, all over the country, institutions have been getting more involved in attacking problems of their home turf.

Pitching In

The University of Southern California has become involved in providing counseling, tutoring and college preparatory classes for children in South Central Los Angeles. Yale has agreed to invest $50 million in improvement projects in New Haven, Conn., while more than half of its students are volunteering in local social service programs. And Illinois Institute of Technology is getting more involved in community revitalization efforts on Chicago's South Side. It is different "from the 1960s and 1970s, when the school was trying to put in a buffer" between itself and the community, says Leroy Kennedy, IIT's vice president for community relations. "You can only run so far."

In Milwaukee, Marquette has been steadily increasing its presence in the Avenues West community. Through urban renewal and other acquisitions, the campus has grown to 80 acres, from 26 acres in 1965.

In the neighborhoods around the university, crime had been steadily rising over the years, and occasionally spilled onto campus. Three students became homicide victims between 1985 and 1991; two of the killings occurred near the school.

Then Jeffrey Dahmer was arrested in July 1991 for multiple murders and cannibalism. His apartment, where some of the victims' remains were found, was just 10 blocks from Marquette. Maps accompanying Dahmer stories often used the campus as a reference point.

Fewer Freshman

Attendance at evening campus events fell. Graduate students sought housing elsewhere. Freshman enrollment, 2,113 in 1989, plunged to 1,685 in 1993. If Marquette was to stay in the community, Father DiUlio saw just two options: "We could wall ourselves in or we could weave ourselves in."

Doing the latter meant melding with a neighborhood spiced with racial and ethnic diversity but soured by poverty and neglect. It was a place that had become "older rather than younger, poorer rather than richer," says the 50-year-old Father DiUlio, a Marquette student in the early 1960s.

In 1990, most of the 16,000 or so residents in Avenues West had incomes below poverty level, according to census data. About 60% of the buildings contained 20 or more rental units, and only 4.2% of housing units were owner-occupied. Much of the property was owned by absentee landlords who let it fall into disrepair or ceded it to drug dealers.

In casting Marquette's lot with Avenues West, Father DiUlio decided to take a "comprehensive approach" that would go beyond simply restoring property. "You can't just say you're interested in student housing," he says. And it would take more than altruism to win support of Marquette's trustees, he reasoned. "To sell this to the board, it had to be in rock-solid, understandable business terms."

His emphasis on the pragmatic per-

Please Turn to Page A7, Column 1

Continued From First Page

suaded trustees in late 1991 to commit $9 million in university funds. Hearing of the president's plans, a wealthy widow and longtime Milwaukee resident donated $8.2 million anonymously. Another anonymous donor gave $500,000.

Although he had a business background, Father DiUlio knew little about real estate. He hired an alumnus, Patrick LeSage, 50, a former real estate developer and entrepreneur.

Mr. LeSage and a small staff began working from a 1988 study assessing the community's needs and commissioned by Avenues West Association, a civic group. They formed two nonprofit corporations, one for residential and the other for commercial real estate.

Then several local organizations were recruited as partners, including the Avenues West Association; Aurora Health Care System, which runs Sinai Samaritan Medical Center, the area's last remaining hospital; and Ameritech of Wisconsin, which has facilities in the area with more than 300 employees. Aurora, with 1,400 employees at Sinai Medical, has promised $4.1 million in land, cash and services. "We decided that, instead of crying in our beer about the neighborhood, we've got to do something about it," says Aurora's president, Ed Howe.

In December 1991, Marquette and its partners launched Campus Circle Project. Its aim was to buy residential and commercial properties, including several bars catering to the bottle-in-a-paper-bag crowd, fix them up and lease them. Priorities were to clean up crime, upgrade the real estate and keep housing affordable, while retaining the community's ethnic and economic diversity.

But many residents reacted with suspicion. "It has not been in Marquette's history to work in the community," says Joyce Henry, who runs a halfway house for homeless people. "Their community—yes. The rest of the community—no."

Father DiUlio concedes that, previously, beyond offering some health and legal services, Marquette "simply did not do anything in the neighborhood."

To gain support, Marquette formed Neighborhood Circle, made up of representatives from local businesses, churches, community groups and some residents, to help in planning and to keep people informed. They held scores of meetings with organizations, landlords, tenants and city officials. When initial turnout was poor, they began serving food at meetings. "We went on a road show," says Mr. LeSage.

The Community's Skepticism

Ms. Johnson, the community activist, who owns a tax preparation and accounting service, attended one of the early gatherings and spoke out forcefully on behalf of low-income residents. "She 'Uzied' us," recalls Sandra Hintz, vice president of Campus Circle, who was there to hear the criticism.

Ms. Johnson says her concern then was that Marquette "had this fancy plan [that] was like an elegant box with nothing but a card inside."

Attitudes softened as Campus Circle bought one apartment house after another, renovating some units and temporarily boarding up others that required extensive overhaul. In one structure with 60 apartments, more than two-thirds had been damaged by fire or used for drug activity. (It has been sold to be converted to low-income housing for the elderly.)

Whenever possible, occupants were allowed to remain in their buildings, but some were relocated in the neighborhood. Students and non-students were moved into some of the same buildings.

Tenants suspected of drug dealing were sent a message that they weren't wanted, as the new owners hired security guards to patrol properties and enforced lease clauses banning misuse of premises. Other landlords in the area were notified of the evictions. "No loitering" and "no trespassing" signs began appearing in apart-

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ment-house lobbies, and tenants and visitors were admonished against drinking or making loud noises outside the buildings.

Some community leaders have criticized the approach as heavy-handed. "They have what appear to be valid community goals, but the process is questionable," says MacCanon Brown, a longtime advocate for the poor and homeless in Avenues West. She has repeatedly at meetings and in the press charged the project with insensitivity toward the poor. "Campus Circle is better than what we had, but the people I'm in the network with are primarily the poor, who have watched Marquette for many years and know they have been a bad citizen," she says.

A Rough Start

Some renters griped that the new landlords took too long to complete repairs. One former tenant, Dennis Hodorowski, 45, says his treatment by Campus Circle amounted to "harassment," after he was told he was behind in his rent. "They gave me five days notice [of eviction] but they couldn't find where I had a missing payment," he says.

Campus Circle staffers attribute some of the problems to outside contractors hired to provide security and management services. They say some erroneous eviction notices were sent because of bookkeeping problems caused by the change in ownership to Campus Circle. "We acquired a lot of properties" in a short period of time, says Art Murchinson, manager of tenant relations. "They had had absentee landlords that didn't care about the neighborhood or the buildings and allowed any and everybody to move into them without any type of screening process."

The confusion subsided when Campus Circle itself began managing the properties and providing security, screened tenant applicants more closely, installed new locks and other protection devices and helped form tenant councils.

It also began renovating the small business district near campus, buying nine of the 15 taverns. All but three of the nine bars have been closed, and five have been demolished or are scheduled to be. Residents responding to a questionnaire said a supermarket was a top priority. Although the neighborhood's demographics have been a turnoff for major supermarket chains, Campus Circle is trying to woo a store "way above anything the neighborhood has had," says Father DiUlio.

'On the Rebound'

It would be part of Campus Town, Campus Circle's $30 million makeover of business and apartment buildings near Marquette. When completed this fall, Campus Town will have 152 apartments, an athletic center and 89,000 square feet of commercial space, including a Blockbuster Video store that is already open.

All of this activity has attracted some developers into the neighborhood separate from Marquette's efforts. Last August, a builder completed a 179-unit apartment complex adjacent to Campus Town.

The view from the community now is that things are looking up. "I saw the downslide and now I think we're on the rebound," says Tom Wiseman, owner of Brett Funeral home and a businessman in the area since 1968.

Campus Circle now owns and manages 1,113 units in 137 properties that include residential and commercial buildings and vacant lots. It has spent $25 million to buy property, $3 million on housing rehabilitation and $26 million on Campus Town. Among residents who had to be relocated because of redevelopment, 74% remain in the community.

Campus Town financing was aided by a $4.17 million low-interest loan from the city of Milwaukee, tied to future property-tax revenue from the project. The city also has agreed to spend $750,000 to improve the area's streets. "This project is uplifting, not just for this neighborhood but for other parts of the city," says Mayor John Norquist. "I see it as a model."

A Need for Bridges

So do other urban universities that have come to take a look, including Loyola in Chicago, the University of Cincinnati, Illinois Institute of Technology and the University of Southern California. "I think there is a real need to reach out, to develop those sorts of bridges between the communities that surround us," says Marshall Goodman, an associate dean at the University of Cincinnati.

At Marquette, the outreach has gone beyond rebuilding the cityscape. Some Marquette students tutor neighborhood children. In addition, the university has received $650,000 from the U.S. Department of Housing and Urban Development for programs in crime prevention and landlord-tenant relations.

The battle against crime in the community isn't won, but it is making significant gains. Mayor Norquist set up a police mini-precinct in the area staffed with 50 officers. The police cracked down on an "open drug market" along several blocks, says Lt. Robert Surdyk. "Some of my officers even wrote suspected dealers pedestrian tickets for obstructing traffic. They'd stand out in the street and sell to passing cars." He adds that in the first half of 1993, more than 200 prostitution citations were issued.

Through last September, major crime in Avenues West was down 34% from a year before. Lt. Surdyk says many complaints now have to do with "quality of life" issues such as loud radios, illegal parking and loitering. Said Virginia Johnson recently: "I haven't heard a gunshot in two weeks."

THE PRESIDENT HAS SEEN 4/4/94

Nursing Homes Seek To Cash In on Law

Legislation Opens Door to Lawsuits

Third of four articles

By Dan Morgan
Washington Post Staff Writer

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Fred Smith, a southern Indiana physician and businessman, received money a lot of different ways in 1989 from Lincoln Hills, the 200-bed nursing home that he owned and operated in the town of New Albany.

He collected a dividend of $100,442, plus a salary of $42,000 for the one day a week he worked as medical director

HOW MEDICAID GREW

THE HIGH COST OF LONG-TERM CARE

at the home, according to depositions taken in connection with a lawsuit. There was also the $360,000 annual rent that the home paid to Smith's investment company; the $191,580 fee it remitted to his management company; the $16,800 salary that his wife received for her part-time duties writing checks and doing interior decorating; and the $3,600 in director's fees that Smith, his wife and their children each received.

But in 1990, Smith and three other nursing home operators sued the state of Indiana claiming that their facilities had been underpaid by Medicaid, the government health program for the poor that provided 80 percent of the revenue for Smith's home.

The basis of what became a class action claim—and an ongoing wave of suits brought by nursing homes throughout the country—was a 1980 law in which Congress required states to set "reasonable and adequate" payments for institutionalized Medicaid patients.

After a bitter legal battle that lasted more than two years and cost the state at least $1.5 million in legal fees, the Indiana Supreme Court last October overturned a lower court ruling that could have required Medicaid to pay Indiana nursing homes as much as $150 million.

But courts have ruled in the industry's favor in at least three other major cases, and some states, such as Illinois and Texas, have raised their Medicaid reimbursements to nursing homes—the vast majority of which are for-profit, private businesses—to more "reasonable" rates rather than fight, according to Robert Dean, an economist for the American Health Care Association, whic[illegible]nly represents co[illegible]omes.

Meanwhile, state governments in New Jersey, Oklahoma, Nevada and elsewhere are contesting claims by nursing homes that they are

MEDICAID, From A1

underpaid. A coalition of 22 states is seeking changes in federal legislation that would protect them from litigation if their system for reimbursing the homes meets certain tests.

Such battles are of more than passing interest to U.S. taxpayers and the federal government, which pays between 50 percent and 80 percent of each state's overall Medicaid bills. A rate increase for a single home instantly means a few more dollars flowing out of the U.S. Treasury. And since 1989, federal Medicaid payments to nursing homes have grown by 75 percent—to $15 billion in 1993—even though the number of Medicaid patients in such homes has increased only about 10 percent, to about 1.6 million.

The cost of long-term care is in many ways the sleeping giant of the health care debate, where most attention has focused on controlling the bills of doctors, hospitals and other providers of acute care. President Clinton's plan would establish a new and potentially costly entitlement program providing additional federal money for the long-term care of people at home, without regard to income. It would also allow anyone to deduct from their federal taxes the premiums they pay for long-term care insurance.

Bruce C. Vladeck, administrator of the U.S. Health Care Financing Administration—and author of a 1980 book called "Unloving Care: The Nursing Home Tragedy"—supports the idea of giving states more specific guidelines on what they should pay the homes, adding, "I don't think as a general rule that nursing homes are underpaid."

But the Clinton reform would leave Medicaid's nursing home system basically unchanged. That could mean more of the state-level conflicts and cost pressures that have characterized relations between state capitals and the industry in recent years.

Rebirth of an Industry

The modern nursing home industry was virtually created by Medicaid, the joint federal- and state-funded health program enacted in 1965 to care for the poor. Medicare, the separate federally run health insurance program for the elderly and disabled, covers only postoperative acute care in nursing homes. So Medicaid has to step in to pay for non-acute long-term care for the impoverished.

The profit motive creates unique tensions in an industry that relies heavily on government payments to run businesses dealing mainly with aged, vulnerable people.

Unlike hospitals, most of which are nonprofit institutions, about three-quarters of all nursing homes are commercial enterprises. The result is pressure for profits from stockholders of big public companies—such as Beverly Enterprises, an Arkansas-based nationwide chain that in 1991 had 93,000 employees and revenue of $2.3 billion—and from the local, family-owned businesses with one or two facilities that together account for half the nursing homes in the country.

This has led to a particularly venomous relationship between the industry and state officials fighting to hold down the the skyrocketing growth of Medicaid costs.

Asked why he thinks nursing homes in Indiana brought suit, state Medicaid Director Jim Verdire replied with one word: "Avarice." The attorney for the homes, David F. McNamar, fired back that Verdire, a budget expert who taught for six years at Harvard's John F. Kennedy School of Government, is a "carpetbagger who's come into this state for the sole purpose of cutting Medicaid."

Politics of Cost-Cutting

The politics of cost-cutting has been complicated by the mixed feelings of health care liberals and advocates of the elderly and the middle class. With Medicaid rates tightly controlled, homes have increased costs to private, paying patients—as evidenced by the fact that the 30 percent of nursing home residents who are not on Medicaid provide nursing homes with half their revenue.

And nursing home advocates warn that too much budget-cutting will affect patients. "We can't lose sight of the fact that there are people at the other end of the money," said Susan Pettey, health policy director for the American Association of Homes for the Aged, representing nonprofit enterprises.

Nursing home spokesmen say that rate increases are justified by inflation, rising hourly wages, recently toughened federal standards and a mix of patients who generally are older and sicker than patients a generation ago. The industry's profit margin, they point out, hovers at only around 3 percent.

"The states have been historically underpaying," said AHCA's Dean.

But advocates for the states say that rates have been keeping up with costs and cite the industry's own balance sheets to prove it. Beverly Enterprises, for example, reported that its nationwide revenue in 1991 was up $250 million from the previous year, "primarily due to increases in Medicaid patient rates."

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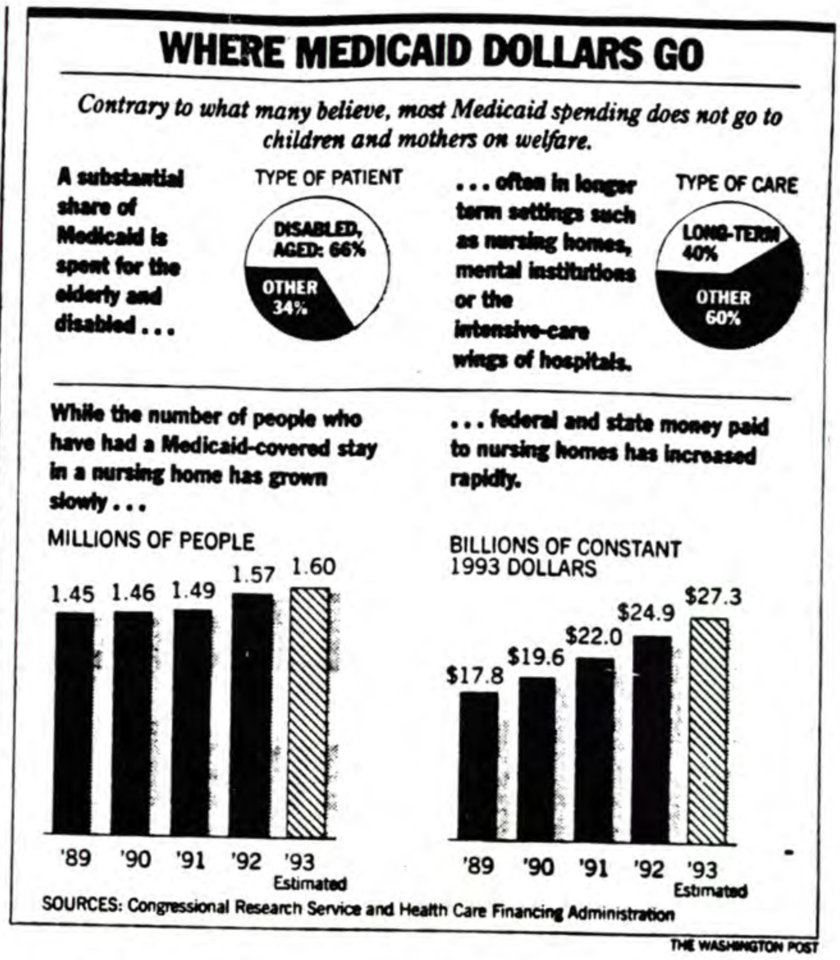
Assessing the Numbers

Some analysts assert that the balance sheets showing low profit margins are misleading because they don't reflect the complex finances of the nursing home industry.

In ruling against nursing homes in a major 1990 suit, a federal judge in Washington state cited testimony by a nursing home operator that facilities engaged in "financial manipulations of unallowable and administrative costs which he characterized as 'shenanigans' . . . that can skew the numbers that indicate a provider's financial performance."

The witness told the court that individuals get into the business for many reasons other than making a profit on nursing home operations, including "favorable tax deductions for depreciation, the investment potential of realizing a profit on the sale of the nursing home property, and the opportunity to engage in financial manipulations—like related party leases and excess compensation—that provide ways to draw money out of the business for the owner's personal benefit."



The Boren Amendment

The origin of much of the current controversy is the so-called Boren amendment, named for Sen. David L. Boren (D-Okla.), who attached it to the 1980 Budget Act. Boren, a former governor, wanted to give states some statutory muscle in their battle to hold down Medicaid costs, so the amendment required that rates for nursing homes had to be only high enough to be considered "reasonable and adequate" to defray necessary costs incurred by an efficiently and economically operated home.

Armed with the amendment, most states decided to give every individual home a flat, daily rate per Medicaid patient, based on a weighted combination of factors, such as its previous year's spending on food, laundry services, administrative salaries, rent or interest payments on a mortgage.

States didn't allow homes to count exorbitant salaries or rents in their costs. But most did revise rates upward after a home was sold and had to pay higher rent or mortgage payments.

The cost of long-term care is in many ways the sleeping giant of the nation's health care debate, where most attention has focused on controlling the bills of doctors, hospitals and other providers of acute care.

Vague Language Backfires

In the late 1980s, however, nursing homes began turning the tables on the states, using the Boren amendment's vague language to argue that they were being underpaid.

In Indiana, there was a scramble by nursing home operators to challenge the system, resulting in the 1990 class-action suit brought by attorney McNamar on behalf of Fred Smith's Lincoln Hills home and others. In September 1991, Hancock County Circuit Court Judge Ronald L. Gottschalk found that Indiana nursing homes lost an average of $5.04 a day on Medicaid patients in 1989 and 1990.

The judge determined that Indiana had been limiting the annual rate increases for individual homes to around 3 percent for inflation, and had failed to take into account other factors that were supposed to be used in the rate-setting formula, such as each home's budget projections and previous year's expenses. Gottschalk said that 70 percent of the facilities in the state were not being reimbursed for their costs and suggested that this was jeopardizing the care of patients.

But the brief that Covington & Burling in Washington, the state's out-of-state law firm, filed with the state Supreme Court sharply criticized Gottschalk's ruling. "The great majority of Indiana nursing homes have consistently been paid every penny of their allowable costs plus a bonus incentive," it argued. Medicaid rates at Indiana's skilled nursing facilities went from an average $57 a patient per day in 1987 to $69 in 1990, faster than inflation, according to a state consultant.

Details on the inner financial workings of Indiana nursing homes were included in a 110-page "summary of evidence," which attorneys for the state prepared from audits, state records and dozens of depositions taken before the trial.

Indiana contended that the information—much of which Gottschalk refused to allow into evidence—made a mockery of industry claims that Indiana's Medicaid rates were unfair.

"Indiana nursing homes are about as profitable and inefficient as any in the country," said state Medicaid director Verdire. He said many homes were purchased for too much money in the 1980s, when "a trained monkey could make money in nursing homes." Now, he said, operators want Medicaid to bail them out.

Country Club Dues

According to the summary of state evidence, one Indiana home paid the country club dues of its owner until a state audit discovered the practice. Another facility reported having had five administrators in 15 months. A 1987 consultant's report on one home stated that it could have saved $250,000 a year on food and laundry services if it purchased them on the open market instead of from the nonprofit hospital that owns it. One witness said that because one owner-operator was both landlord and tenant, "he can make [the rent] any number he wants it to be."

Tuesday, February 1, 1994 The Washington Post

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In an apparent effort to demonstrate that Fred Smith's nursing home in New Albany was inefficiently run, the state listed a series of facts based on sworn testimony of Smith and his staff.

It said Smith spent an average of only one day a week at Lincoln Hills, for which he was paid $42,000, even though the home also paid three other medical directors a total of $78,000 in 1989. There was testimony that Lincoln Hills paid Smith's investment company $8,000 more in rent than was necessary to cover the interest and principal due on the property.

But McNamar charged in an interview that the examples offered by the state used selective facts taken out of context to make it appear that nursing home operators were reaping windfalls. "It's smoke and mirrors," he said. "Their sole purpose was to confuse."

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Smith ran several other businesses in Indiana in the 1980s, including a coal company, gas stations and convenience stores. In 1983 he acquired sole control of Lincoln Hills from three partners and launched an expansion that added a wing for Alzheimer's patients and doubled the size of the facility with the help of money raised with tax-free county economic development bonds.

A Kentucky moratorium on new nursing beds created opportunities in southern Indiana, according to Roger Ambrose, a Lincoln Hills administrator in the 1980s. In effect, Kentucky shifted some of its Medicaid costs to Indiana, a practice that the Indiana legislature recently sought to limit by setting up tighter screening of those being admitted to nursing homes in its state.

Ambrose said the facility lost money on Medicaid patients and earned its profits from the 20 percent of private patients who paid out of their own pockets.

McNamar said Smith used the $100,442 dividend he took in 1989 to pay federal and state taxes on the business. The total $690,912 of net income that Lincoln Hills reported in 1987, 1988 and 1989 represents an annual return of less than 4 percent a year on a facility with a market value of $6 million, he added.

Fred Smith did not respond to a request for an interview relayed to him through a son, Indianapolis attorney Kent Smith.

But Kent Smith said that all the financial information about the home in the state's brief had been reported to the state by the home itself. "None of this was a surprise to the state," he said. "It had reviewed and approved everything."

Smith said that his father's other companies frequently subsidized Lincoln Hills. "I don't think we're required to lose money to [file] a Boren amendment suit," he said. "The point is it was going down the tubes."

Only a 1991 transaction involving close family members enabled the home to keep its head above water, according to Kent Smith. His father entered into a "capital lease" arrangement with his children's corporation, under which the corporation makes payments to the father's investment company for 30 years and acquires ownership at the end of that period.

The transaction qualified as a transfer of ownership, which under Indiana law required the state to raise the home's rates, taking into account all actual costs for the previous year, rather than limiting the increase to 3 percent for inflation. The result was that in September 1991, the state increased the Medicaid rate for Lincoln Hills by 20 percent, from $54.09 to $65.25 a day per patient.

Last week, the Indiana nursing homes formally asked the U.S. Supreme Court to overturn the ruling of the state Supreme Court in the class action.

NEXT: Where Medicaid falls short

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THE PRESIDENT HAS SEEN 4/4/94

TO VP
FYI R.

In America

BOB HERBERT

Jewels in Harlem

Walking along the clean and quiet corridors of the Frederick Douglass Academy, a hugely successful junior and senior high school in Harlem, you wonder about the tragic succession of events over so many years, and in so many places, that resulted in such a school in an inner-city neighborhood being so unusual.

The academy once was Intermediate School 10, which counted among its students James Baldwin, the artist Romare Bearden, the sociologist Dr. Kenneth Clark and Representative Charles Rangel. But I.S. 10 was allowed to deteriorate, and by the time it closed in June 1991, it was a chaotic school marked by violence and abysmal academic standards.

It has been replaced by a jewel.

Dr. Lorraine Monroe, the principal of Frederick Douglass, explained that when she opened the new school in September 1991 she wanted to create a public school that would bring to its students — boys and girls from the rough-and-tumble world of Harlem — all the advantages of a private academy.

That meant, of course, high academic standards and strict discipline. Dr. Monroe would demand a great deal from her students. But she would also envelop them in a creative and joyful environment. At Frederick Douglass, in addition to a rigorous curriculum that includes French, global studies, literature and computer technology, the youngsters have an opportunity to plunge into a world of tennis, dance, basketball, soccer, cheerleading, science clubs and music programs.

"We have a very rich extracurricular activities program," said Dr. Monroe. "It's one of the best anti-violence tools. We don't have kids who punch each other."

Most of what is done at the academy is driven by common sense. For example, there is a school newspaper, a writing enrichment course and an extensive art program. Dr. Monroe will mention that, and then add, "The reason we don't have kids writing on walls here is that they are busy writing somewhere else."

Much of the national conversation concerns what to do about kids who cause trouble. There are endless theories, many of them dubious. It might be good to start with the basics. Dr. Monroe believes that adults (parents preferably, but someone else if parents aren't available) are obliged to provide structure for the lives of young people. Youngsters have astounding levels of energy and it's up to responsible adults to see that the energy is diffused constructively.

Referring to her students, Dr. Monroe said, "We wear them out."

She noted that in big cities, if adults don't provide structure for the young people, "the gangs will."

With the collapse of so many families, and with conditions having deteriorated in so many cities, it is right and probably inevitable that the public schools would take a heightened role in raising the urban young.

So it is at Frederick Douglass. Dr. Monroe insists that her students observe a dress code: navy slacks with white shirts and ties for the boys, navy skirts and white blouses for the girls. The students do not leave the school at lunchtime, and youngsters participating in after-school activities can have dinner at the school.

The story of one school and its principal.

Everyone has to do homework, and the school has a homework center for youngsters who need a quiet place to study. The kids are taken on field trips to places like the Metropolitan Museum of Art, the South Street Seaport, Broadway theaters and Chinatown.

Tolerance is not just taught, but lived. Many cultures are studied and several joint projects have been established for youngsters from Frederick Douglass and kids from primarily Jewish schools and organizations.

The academy is on a roll. Its students have the highest math and reading scores in their district. They go on Outward Bound excursions. Many attend summer programs at Dartmouth, Barnard, Bard, Hunter and Florida A & M.

Dr. Monroe is a member of Gov. Mario Cuomo's State Commission for the Study of Youth Crime and Violence. Her school is a vivid example of how to solve a problem by preventing it.

It's also a counterpoint to the soul-destroying wreckage that is passed off as public education in so many schools in so many cities across the nation. □

20

THE PRESIDENT HAS SEEN 4/4/94

3/2 cc: John Emerson ~~Pres~~

Tom Epstein

Stanley K. Sheinbaum

FAX TRANSMITTAL

DATE: MARCH 1, 1994

TO: NANCY HERNREICH

FIRM: THE WHITE HOUSE

FROM: STANLEY K. SHEINBAUM

COMMENTS: FOR THE PRESIDENT.

NO. OF PAGES (including cover sheet) 6

DESTINATION FAX NO.

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345 North Rockingham Avenue Los Angeles California 90049 Telephone (310) 472-9541 FAX (310) 476-9853

Stanley K. Sheinbaum

MEMO TO: President Bill Clinton

SUBJECT: The California Economy

DATE: MARCH 1, 1994

I know you are concerned about the California economy and the enclosed OpEd piece in the *Los Angeles Times* by one David Friedman is a must. I have had him checked out, and he is considered to be very solid. He spent considerable time at RAND and has moved on to the private sector. A number of people have wanted me to meet him, and I will.

I know you have been worried about the California economy and Friedman puts a more optimistic and positive spin on it.

I am also enclosing a *Los Angeles Times* article of yesterday reflecting a serious conflict with substantive import between Maxine Waters and LA City Councilman Mark Ridley-Thomas. There has always been a lot of friction between them. He is brilliant and very difficult, and some people would say the same about Maxine. In this particular argument there is no doubt for me that she is right. At a quick look nobody could be against Mark's tilt toward low cost housing, but Maxine's project would generate jobs which for me does have a higher priority. That is especially true because the old HUD policies make those housing projects a money machine for slick real estate operators and there the decay always sets in.

cc: Secretary of Labor Robert Reich
Secretary of HUD Henry Cisneros

clinton.38

Stanley

345 North Rockingham Avenue Los Angeles California 90049 Telephone (310) 472-9541 FAX (310) 476-9853

SECTION B

MONDAY
FEBRUARY 28, 1994 CC†

METRO

Los Angeles Times

HIGHLIGHTS

REVITALIZING VERMONT: A proposal to spruce up Vermont Avenue is turning into a battle between two of the city's most powerful politicians. Councilman Mark Ridley-Thomas supports a bank's plan to build low-income housing, while Rep. Maxine Waters says any project should concentrate on commercial developments. B1

MTA DILEMMA: The Metropolitan Transportation Authority must decide whether to continue awarding lucrative contracts to a subway builder whose work was found deficient, and whether to entrust the supervision of future construction to the firm. B1

VOICES

Tug of War Over Revitalizing Vermont

■ **Development:** A political feud has erupted. Councilman Ridley-Thomas backs a housing and retail complex on the avenue. Rep. Waters says low-income housing should go elsewhere in the city.

By PAUL FELDMAN
TIMES STAFF WRITER

A bank's plan to finance an ambitious low-income housing complex in South-Central Los Angeles is swiftly emerging as a battle royal between two of the city's top African American political heavyweights.

In one corner stands City Councilman Mark Ridley-Thomas, who hails the $10-million-plus First Interstate Bank proposal as the largest single private investment along blighted Vermont Avenue since Pepperdine University departed for Malibu more than two decades ago. Ridley-Thomas, who envisions the development as a housing and retail complex that would function as a flagship for the neighborhood, is serving on a judging panel for a statewide architectural competition to design the complex.

Leading the opposition is Rep. Maxine Waters (D-Los Angeles), who says a strictly commercial use is essential for the 75,000-square-foot parcel, located just two blocks from her Spanish-style home in the middle-class Vermont Knolls neighborhood. Waters has sponsored community meetings and led the first of what she says will be a series of noisy public demonstrations. She has spearheaded an effort to offer funds received from the federal government by a riot recovery agency to buy up the bank's option on the land.

The issue has led to charges of a "not-in-my-back-yard" mentality in a

Please see VERMONT, B3

JONATHAN ALCORN / For The Times

Former Pepperdine building and lot are at the center of redevelopment debate.

MTA Facing Hard Choices

VERMONT: Redevelopment Feud

Continued from B1

neighborhood far removed from the suburban communities that generally raise a stink about low-income housing being built in their neighborhoods. It has also provoked simmering questions about the relative responsibility of urban and suburban communities to house the poor, raised planning issues concerning the best means of redeveloping a chronically depressed commercial corridor, and cast a spotlight on a long-festering political feud between Ridley-Thomas and Waters.

"I wish the relationship was such that our constituents would benefit in ways they are not currently benefiting," Ridley-Thomas said. "The community deserves new housing stock."

Waters counters that the councilman is misguided, that "my neighborhood has plenty of low-income housing already," and that Vermont Avenue should be the subject of a sustained redevelopment effort that would turn the thoroughfare into a South-Central version of Old Town Pasadena or Santa Monica's equally popular Third Street Promenade.

"We have gotten caught in the middle," said First Interstate spokesman Rich Wyler. "Our intention is to sponsor a project the community will welcome. That doesn't necessarily mean we'll have 100% support anywhere.

"But we remain committed to the project."

First Interstate, one of many banking institutions long criticized for a dearth of inner-city investment, has pitched the 130-unit development as a centerpiece for the South-Central neighborhood and a model for projects that would spur private investment in neglected communities.

"We're forging new ground here," Wyler said.

The parcel in question consists of an empty lot and the long-vacant Pepperdine administration building at 81st Street and Vermont, an Art Deco landmark that will almost surely be incorporated into the final design of the housing and commercial complex.

To enhance the project's quality, First Interstate launched a design competition last month headed by architect Donald Stastny, who has managed competitions to design the imposing Beverly Hills Civic Center and the far-out Walt Disney Concert Hall now under construction in Downtown Los Angeles.

A judging panel will trim the field of 66 architects who have expressed interest. Three finalists, who would link up with affordable housing development organizations to produce joint entries, will each receive $25,000 from First Interstate to develop proposals.

The winner is scheduled to be selected in July.

The bank, which has pledged to finance the construction contract of $10 million to $14 million, would be paid back through government subsidies and rents on the low- and-moderate income units.

The concept fits into the broad guidelines of a 1992 Urban Land Institute report that recommended a mix of commercial and residential development to revitalize the Vermont corridor.

"We basically felt that just a strip of commercial development is not the best approach," the institute panel's chairman, Smedes York, a former mayor of Raleigh, N.C., said in an interview. "[And] certainly affordable housing is a key component of any plan."

The institute's report suggested that the former Pepperdine building could become the focal point of a theater, dining and entertainment district along Vermont. But York said the panel was not wedded to any specific use for each building on the wide thoroughfare, which divides the well-kept Vermont Knolls enclave from a scruffy neighborhood of blighted apartments and houses to the east.

"The city, the county and many organizations have been very supportive" of the project, said First Interstate's Wyler. "It's interesting that someone who can be so critical of lack of investment in the community now is so critical of investment in the community," he added without referring to Waters by name.

However, Waters, who as an assemblywoman urged increased state funds for low-income housing, maintains that residents are staunchly opposed to this project.

With an 11% rental housing vacancy rate in her neighborhood, Waters said, government funds instead should go to rehabilitating structures.

"I've got low-income housing to the south of me," she said. "And to the north of me. We just don't need any more piled up on us."

For too long, Waters added, inner-city neighborhoods have been saddled with the burden of accepting subsidized housing for the poor.

"What we need to do is spread [new] low-income housing throughout the greater Los Angeles area," she said. "The earthquake has just created a need for housing and the possibility of new locations for low-income housing. They have a great opportunity to go north to Reseda and Granada Hills."

While insisting that her beef is with the bank rather than Ridley-Thomas, Waters said the councilman "is doing what elected officials normally do."

"If a private individual comes along and says they What they envision is they're going to be able to cut a ribbon and say we've put in housing. They don't think about or care whether it's commercial land or whether they should be doing some planning."

With the median family income of Vermont Knolls roughly equivalent to the citywide average (more than twice the $14,000 annual figure of the census tract to the east), Waters said the neighborhood can support additional commerce.

"We need and would like to have things such as a bookstore, a bakery, a floral shop, restaurants, a mini-theater," she said.

Last month, Waters and residents of her neighborhood met with Mayor Richard Riordan and U.S. Housing and Urban Development Secretary Henry Cisneros and won pledges of city and federal assistance to help prepare an overall community development plan for the Vermont corridor.

Waters said Community Build Inc., the agency she created and for which she helped win $3 million of funding after the 1992 riots, could serve as the vehicle for undertaking development projects. Recently, Waters introduced neighborhood groups to a Cleveland-based developer interested in putting together a multimillion-dollar financial package to fund extensive commercial development along the Vermont corridor.

In a letter to First Interstate last month, Community Build President Brenda Shockley offered to purchase the bank's option on the former Pepperdine lot and suggested that the bank "join with Community Build and others to design the most attractive and feasible commercial development for the site."

Waters said last week that the offer is still on the table. "They can take my check for $90,000," she said. "I'll give it to them tomorrow."

Waters added that there would be no problems using the federal monies granted to Community Build—which has yet to develop a significant project—to purchase the option. "It's exactly what it's for—economic development."

Ridley-Thomas counters that the offer is, at best, just talk.

"The problem to date is that Community Build has not performed," the councilman said. "So what level of confidence ought we have that they can deliver?"

Ridley-Thomas said the First Interstate project is a major step in stimulating commercial investment and for improving living conditions.

"In my council district, most housing is pre-World War II," he said. "Revitalization means you build modern structures. The biggest impediment to building is financing. And here we have a bank that has guaranteed up to $14 million of first-class affordable housing and commercial development."

CATHERINE KANNER / for The Times

Etonian heritage, rules on American Sunday afternoons.

One of the greatest achievements of our national life was the racial integration of

Richard Rodriguez, an editor at Pacific News Service, is the author of "Days of Obligation" (Viking).

useless. Children can learn dedication to a goal, a notion of excellence, discipline, camaraderie on the playing field. But sports do not make the adult. Parents, teachers, neighbors, coaches and entire communities' values—shape the child, teach the child how to use athletic skills.

If our athletes are turning out to be

Please see SPORTS, M6

L.A. Times 2/20/94

The Myth That Threatens to Eat California's Future

By David R. Friedman

The economic foundations of California are slowly eroding because of the unchallenged dominance of an economic theory—the technocratic myth—that shakes self-confidence and distracts attention from the imperatives necessary for success in the new world economy. Its main premise is that anything of value in California only derives from a few high-tech industries—large aerospace and publicly held computer companies. Since these industries face stiff global competition or are declining with federal budget cuts, California is doomed to a low-tech, low-wage service or menial assembly economy.

Relentlessly promoted by the media and the bureaucratic entities that would benefit the most from its policies, the technocratic myth dominates the state's economic-development debate. A recent article in The Times, for example, reported that, since large defense companies are the wellsprings of Southern California's technological and "quality" jobs base, and since these firms aren't successfully converting to commercial markets, the region's vitality will inevitably decline. The myth is reinforced when high-profile politicians equate California's future with the rise and fall of the defense budget, even though nearly 95% of the state's economy is not defense-related.

The most basic problem with the technocratic myth is the violence it does to the state's economic confidence. In the rare instances when the real structure of the California economy is examined, the unparalleled vitality and opportunity that still exist—even in areas hit hard by defense cutbacks like Los Angeles County—becomes immediately apparent.

According to a continuing study—dubbed the "New Economy Project"—of the Los Angeles economy, the county is home to more than 3,500 computer hardware and software, biomedical, industrial instrument, and commercial R&D companies. Collectively, they generate $33 billion in direct revenues and employ more than 250,000 people. Much of this industrial base is growing; preliminary survey results show that the rate of growth for the region's biomedical companies alone increased during the recession from about 7%, in 1989-90, to 20% in 1991-92.

Another 90,000 Angelenos work in roughly 3,400 firms in the entertainment-crafts industry, which earns approximately $9 billion a year. Highly skilled engineers and technologists in the fields of water- and air-pollution instruments and engineering—a small slice of California's $20-billion environmental sector—have built a $3-billion industry that employs 20,000 people at almost 300 firms.

These figures, though reflecting only a fraction of the county's commerce, reveal a high-tech industrial base that employs more people than the total population of Idaho, generates more revenues than most states and exhibits a vitality that deindustrialized cities like New York, Atlanta or Houston can only dream about. That's one reason why—despite defense layoffs, regressive and anti-California federal tax laws, relentlessly negative global publicity and a string of disasters—the jobless rate in Los Angeles County remains close to the levels experienced by most major industrial regions. Orange County has recouped all its job losses during the last four years and now has an unemployment rate more than a full point below the national average.

But these economic realities remain almost completely outside the public debate, because the privately held firms that make up the backbone of the California economy don't have time to court the media and don't want the heavy-handed government "support" implicit in the technocratic agenda.

The technocratic myth is also staggeringly elitist. Despite its close association with the Democratic Party, its largely white proponents, sporting fancy degrees from big-name universities, systematically deprecate the value of work in such major manufacturing sectors as apparel or consumer electronics, let alone the state's myriad, high-quality service and retail industries. They do this in the curious belief that such enterprises don't create wealth, while big, rapidly downsizing firms and rigidly hierarchical research facilities dependent on tax dollars do.

In fact, big-ticket R&D and federal-procurement projects, managed by alphabet-soup bureaucracies, are becoming increasingly irrelevant to job and industrial development. In the last five years, it is people like Charles Woo, president of L.A.-based Megatoys, who have helped generate, from scratch, a billion-dollar toy retail and manufacturing industry employing thousands of workers in the heart of the city. In the last decade, the growth of more than 421 textile mills has made Los Angeles one of the world's most sophisticated knitted-goods weaving and printing centers, employing 20,000 work-

Please see CALIFORNIA, M6

David B. Friedman, a Los Angeles attorney, is director of the New Economy Project.

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United States a real possibility. A ratcheting up of tensions and some form of trade war cannot be ruled out.

Even if the current impasse is surmounted, however, the collapse of the framework negotiations raises a number of longer-term questions. Is it possible to maintain a mutually advantageous relation in an environment where either of the parties sees at least temporary politi-

...and approach the relationship as a critical...

As we look to the 21st Century, what kind of world do we want to see develop and what role do U.S.-Japan ties play in facilitating its development?

Once U.S. officials get done patting themselves on their backs for having avoided a "bad" agreement, and Japanese leaders get over their rush at having finally "said no" to Uncle Sam, they should address such questions. ☐

California

Continued from M1

ers and earning at least $3.2 billion a year, mostly in the areas bordering Downtown.

But the most damaging effect of the technocratic myth is that it stimulates a perverse impulse *not* to learn about and assist the myriad industries that can and do create jobs, careers and wealth, instead diverting public energy and money to a fantasy world made up of subsidized programs tied to the least competitive institutions in the state.

An example is a remarkably wrong-headed proposal for a state and federal manufacturing-assistance policy contained in a report titled "California Economic Strategies: Partnerships for State Revitalization." Released last week with the participation, among other entities, of the state Assembly Speaker's office, the report asserts that "outmoded, labor-intensive industries [such as apparel, shoe and furniture manufacture] can again become competitive through redesign and retrofit of obsolete equipment. Computer-assisted design projects by CALSTART and the Jet Propulsion Laboratory in the apparel and furniture manufacturing industries, as well as the Manufacturing Technology Initiative (MTI), show that this is feasible."

CALSTART, however, has yet to achieve compelling success in the electric-car field that is its primary purpose, let alone make "competitive" wholly unrelated industries. MTI, an effort loosely organized around the transfer of auto-body manufacturing technology to Los Angeles, has yet to name a management team or receive operational funding. To claim that either program "shows" that publicly supported consortia can "revitalise" industries currently employing hundreds of thousands of workers and generating billions in revenues provides sobering evidence of the almost complete disjuncture between the people who actually live and work in California's economy, and the technocrats who hunger to govern it.

Amid signs of recovery—California generated 120,000 new jobs last year—it is time for the state's political and media leaders to abandon the premises of the technocratic myth. Even now, California sustains a non-defense economy that successfully competes in every major industrial and service sector in the world. In this election year, there is no more important issue than finding the leaders willing to represent and make government responsive to this new economy, rather than be seduced by technocratic fantasies to try and recreate the industrial system of the past. ☐

[redacted]

Mr. President:

Here are the Edelman memos you requested.

George

To VP

I recognize your concerns in light of our discussion on welfare

B

[redacted]

[redacted]

THE PRESIDENT HAS SEEN 4/4/94

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Washington, D.C. 20201

December 13, 1993

See p.2 re drug and alcohol treatment policy

Dear Hillary:

I sent this letter in slightly different form last week, but when I saw you it didn't seem as though you has seen it. I am writing to follow up a little on the violence issue, and on the question of drug and alcohol treatment policy that we discussed with Jim Burke.

On violence, let me begin by saying that our ten interagency working groups on all aspects of the subject submitted drafts to me and Phil Heymann and Madeleine Kunin last Friday, and we will be editing and compiling those into a report to the President and to you via Carol Rasco by about the first week in January. I think they are helpful.

The President has already acted, thoroughly and eloquently, to set up a framework (the Memphis speeches were truly incredible and I thought the LA remarks on the media were very well done), but I think he (and the rest of us) now need to go on to the policy issues in more depth.

We have of course already taken strong law enforcement steps, although the President is still not getting sufficient political credit for the investment in community policing and other aspects of the crime bill. What needs to become clear as well is that this is a "both ... and" strategy: law enforcement and prevention. I would suggest our two further messages, beyond more cops, are guns and hope: fewer guns and more reason for young people to have realistic hope for their future.

The remainder of the specifics might be: specific gun control proposals, jawboning the media, supporting neighborhood and community antiviolence coalitions, gang prosecutions, specifics re the schools, youth development, mentoring, families, communities, etc. I am attaching a memo that Phil Heymann and I wrote this morning to give to Davud Gergen today, with a 15 point program.

All specifics should stress the connection of the violence issue to health care reform, the fact that the Administration's proposals from day one have had violence prevention as a corollary purpose (family preservation, empowerment zones, school-to-work, etc.), and the related fact that violence prevention encompasses nearly everything we do in domestic social policy: strengthening families, neighborhoods, and communities, improving schools, fighting discrimination, and creating opportunity. All of that is essential to violence prevention.

I want to put particular stress on the connection between drug and alcohol abuse and violence. Domestic violence in particular is heavily correlated with alcohol abuse, and of course a great deal of the killing in the inner city is related to the drug trade. I think we have a serious political problem on drug and alcohol policy, as I said in our meeting last week. You may not know that one of my assignments is to be the drug policy coordinator for HHS, so I follow this issue with more than superficial interest.

As you know, the drug treatment benefit in the health care reform bill has been substantially cut back, to the point where the President's statements about drug treatment in his Memphis speeches are now incorrect. With the press of other matters, he may not know this. He said, for example, that "we need to recognize, as we did in our health care bill, that you have got to have . . . drug treatment on demand without delay." The proposed residential drug treatment benefit is now limited to 30 days annually, and it is reciprocally intertwined with intensive nonresidential treatment and counseling so that use of the residential benefit reduces the availability of those benefits, and vice versa.

The drug treatment community is upset, and most certainly views any statement that the health care reform provides treatment on demand as a serious misstatement. The President can and should say that we are moving toward a broad substance abuse treatment benefit which will become operative in the year 2001. In the meantime, as you know, there are constraints on what will be available.

The cutback in the proposed benefit means that the substance abuse treatment issue assumes much greater significance in the fiscal 95 budget. To salvage some credibility in the drug policy community, I think it is imperative that there be some increase in investment in drug treatment in the fiscal 95 budget. HHS has no way to do this without getting additional funds from somewhere else. There are going to be significant cuts in interdiction in the DOD and the Customs Service budgets. Instead of being applied to reduce the deficit in those Departments, they should be "moved" over to support drug treatment.

So much for violence, and drug and alcohol treatment. I would love to talk with you further about all of this whenever we can.

I look forward to seeing you again before too long. All the best for the holidays.

Sincerely,

Peter

Peter Edelman

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Washington, D.C. 20201

October 6, 1993

MEMORANDUM

TO: Christine Varney

FROM: Peter Edelman PE/KT

SUBJECT: Political Heads Up On Drug Issues

Joe Treaster's article in the NY Times the other day (attached) and Lee Brown's experience testifying before Reps. Conyers and Rangel the same day lead me to believe we have an emerging credibility problem in the substance abuse field.

The quotes in the Times piece are typical of what I hear in conversations around the country, and Conyers and Rangel said the same thing -- that even though drugs are at the heart of the wave of violence that is enveloping the country, the President never talks about drugs, the Cabinet members never talk about drugs, the FY 95 budget is rumored to have no new money in it for drug treatment, and the interim strategy which Lee Brown is about to release is weak and reflects no commitment to change priorities in the drug field. Unfortunately, the indictment has a ring of truth. Some of the better informed people know there is a new investment in treatment in the health care reform plan, but complain correctly that it is at best not going to kick in until FY 96, and that is probably optimistic.

What should be done?

1. The most important thing is to take whatever steps are necessary to move a fairly significant amount of money from the supply reduction side to the demand reduction side in FY 95, i.e., from interdiction, especially the flawed policies in the area of international interdiction, to treatment and prevention, but especially treatment. Up to now there has been no conversation or interaction among departments and agencies on this subject. It is imperative that leadership be exerted from the White House and OMB to start such a process, leading to clear results, with early notice to the media that this is going on.

2. The President and members of the Cabinet should talk regularly about the disastrous consequences of drugs in causing so much of the violence (including domestic violence, because a huge percentage of beatings of women is associated with abuse of illegal drugs and alcohol), and such a significant part of the excessive costs in our health care system. A very large proportion of those who come to emergency rooms for care due to

drug overdoses are uninsured, and we all pay for that. We continue to need strong law enforcement, but we need to invest in treatment and prevention efforts, which are far more cost-effective for the long run.

3. I would suggest that the appropriate person in the White House should call a high-level meeting on the question of budget priorities on substance abuse. I understand Chris Edley may have a somewhat similar meeting scheduled on October 15, and you might check with him as to whether that meeting should be ratcheted up a couple of notches. I can't tell you who all the appropriate people are, but Lee Brown should be there, and so should Chris Edley (and I would suggest Leon and Alice as well), and Ron Noble from Treasury, Eldie Acheson from Justice, Robert Gelbard from State, and Madeleine Kunin from Education. I don't know who the relevant Defense and National Security Council individuals would be -- perhaps Sandy Berger from the NSC.

N.Y. Times, 10-5-93

U.S. Reports Sharp Increase In Drug-Caused Emergencies

B-11

By JOSEPH B. TREASTER

Federal health officials in Washington yesterday reported sharp increases in the number of medical emergencies resulting from drug use. They said the numbers underscored the need for more rehabilitation programs and more effective prevention efforts.

While casual drug use has continued to decline, heavy users of cocaine, heroin and marijuana have been streaming into hospital emergency rooms in unprecedented numbers, the officials said.

The number of those seeking help for adverse reactions to cocaine in 1992 increased 18 percent over the previous year, to 119,800. At the same time, heroin overdoses and other reactions to the drug rose 34 percent, to 48,000, and casualties of marijuana jumped 48 percent, to 24,000.

"These are the highest levels ever," said Daniel Melnick, a senior official in the Substance Abuse and Mental Health Services Administration, which released the data yesterday.

'Desperation of Use'

Dr. Mitchell S. Rosenthal, the president of Phoenix House, the largest residential treatment organization in the country, said: "These kinds of big rises suggest a desperation of use and a kind of hopelessness among users. They think they are trapped and can see no alternative but to keep using."

Data show a need for more drug prevention, experts say.

The emergency-room cases resulting from heroin and marijuana use included people of all ages, from adolescence up. But cases among cocaine users 12 to 17 years old declined, the data showed.

While the emergency-room visits were attributed mainly to chronic drug users, Mark A. R. Kleiman, a drug expert who teaches public policy at Harvard University, said the data appeared to reinforce the notion "that heroin is coming back in a serious way and that marijuana may also be coming back."

The unrelenting rise in drug cases in hospital emergency rooms from the mid-1980's goes to the heart of the national health crisis, many drug experts said.

Emergency-room treatment is among the most expensive kind of care, the experts pointed out, and it has little affect in reversing chronic drug use.

Cry for More Treatment

Both Donna E. Shalala, the Secretary of Health and Human Services, the parent organization of the substance abuse agency, and Lee P. Brown, President Clinton's chief anti-drug aide, said the soaring drug casualties cried out for more spending on treatment and anti-drug education.

But President Clinton's proposed $13 billion anti-drug budget for the coming year sticks with the pattern established by Presidents Ronald Reagan and George Bush, in which the biggest share of the money goes to trying to stop the flow of drugs rather than to programs aimed at rehabilitation and discouraging drug use. With the President's consent, Congress trimmed from his proposal $100 million that had been earmarked for treatment and $143 million designated for anti-drug education.

White House officials had promised that the Administration's national health system overhaul would include substantial increases in money for drug treatment. But the proposals include no provisions for the kind of long-term residential treatment that most experts say is needed to deal with the kind of chronic drug users now flooding emergency rooms. Instead, Mr. Clinton's health insurance proposal would cover two periods of 30 days of hospital or clinic treatment in any year, along with 30 days of outpatient care.

"We're not talking about people who can use 30 days of inpatient treatment," Dr. Rosenthal said. "We're talking about people here who, if they are not in the emergency room, they are likely to be getting into all kinds of anti-social behavior that can lead to prisons, courts and everything else."

Many experts say that curtailing heavy drug use would sharply cut national health costs. The Center on Addiction and Substance Abuse at Columbia University, for example, recently found that 20 percent of all Medicaid costs were related to drug abuse. Medicaid is the Federal-state program for the poor.

"Trying to cut health care costs without solving the drug crisis is like trying to sail a sinking ship without fixing the hole on the bottom," said Paul Samuels, the president of the Legal Action Center, a national drug policy organization based in New York.

Many experts said Mr. Clinton appeared to be avoiding the drug issue. The President has seldom addressed the issue in public and has not presented a comprehensive national strategy.

'Feeling of Being Left Out'

Herbert D. Kleber, the executive vice president of the Center on Addiction and Substance Abuse, said, "the President is so concerned about health care reform that he is not paying enough attention to drug abuse."

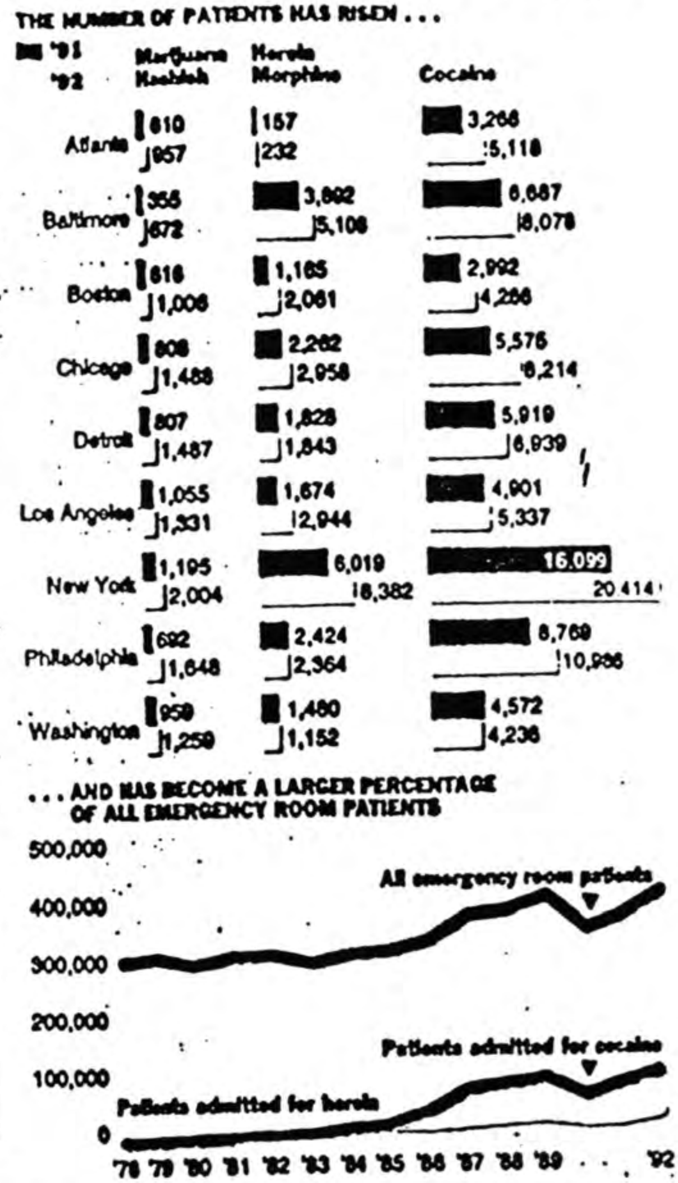
Dr. Kleber added: "And it is going to be hard to reform health care in a cost-effective way if he doesn't pay adequate attention to this group of heavy users that we're hearing about today. It's also going to be hard to stop violence."

A number of studies have shown that heavy drug users consume most of the illegal drugs sold in this country, and that they are often involved in property crimes and violence.

Representative Charles B. Rangel, the Manhattan Democrat who heads the House Caucus on Narcotics Abuse, said there was clearly a relationship between the steep increases in emergency-room cases due to drugs and "the feeling of being left out economically."

"If you plot the hospitals where the highest amounts of casualties are coming from," Mr. Rangel said, "you will also find the highest concentrations of AIDS, of unemployment, of people going off to jail, of teen-age pregnancies and of violent crime."

Drugs and Emergency Room Visits



Sources: Drug Abuse Warning Network

The New York Times

Jeb Bush Enters G.O.P. Race For Governorship in Florida

TALLAHASSEE, Fla., Oct.4 (AP) — Jeb Bush began his run for governor of Florida today sounding like his father, former President George Bush: urgin[g] less government and less spending.

The younger Mr. Bush, a 40-year-ol[d] Miami developer, is also following h[is] older brother in seeking a Republica[n] gubernatorial nomination for a 199[4] race. George W. Bush, owner of th[e] Texas Rangers baseball team, file[d] papers last month in the Texas gover[n]or's race.

November 4, 1993

Memorandum to David Gergen from Peter Edelman

The President is being attacked from left and right, literally, on his drug and alcohol abuse policy or lack of it. The latest salvo was from Judge Bonner, a Republican Bush appointee, who on leaving as head of the DEA blasted the President for weakness on law enforcement. To my knowledge, no defense was offered from the Administration, or at least none that appeared in any prominent place, not even the defense that this man was a partisan Republican. A couple of weeks ago the Administration's so-called interim drug strategy was released to resounding yawns and widespread criticism that it represented nothing new (i.e., it was the "same old" law enforcement-dominated approach with vague, nonspecific promises to emphasize treatment and prevention). We are losing the argument in both directions. It may be great campaign strategy to be attacked from both left and right, but that works only when one has staked out a place to occupy in the center.

We urgently need a strategy, both a substantive strategy and a communications strategy. I want to list for you some possible elements of a strategy, but I want to emphasize at the outset that none of it will be credible without a concrete investment of funds in drug and alcohol treatment and prevention in fiscal 1995. Any other combination of elements will be subject to the same criticism we are now encountering.

1. The President needs to talk more about drugs, about alcohol, and about the connection of both to crime and violence. He has been talking, passionately and movingly, about violence. He has visited trauma centers and talked about the unnecessary health costs that multiply the human tragedy. Drugs and alcohol are associated with a huge proportion of the violence that brings people to emergency rooms. They are associated with a huge proportion of the violence that victimizes women and children in their own homes. The turf wars that are killing young men and innocent bystanders in cities are about drugs. The car accidents that snuff out young lives and other lives in head-on collisions are heavily related to alcohol. Drugs and alcohol are costing us thousands of lives and billions of dollars. (Some relevant statistics are listed at the end of this memo.)

There is a larger theme here: prevention in relation to the health care reform, especially violence prevention but also all prevention of bad and costly health outcomes. If we can get people to change their behavior in relation to many things -- eating fat and cholesterol, smoking, and of course drugs, drinking, and violence -- we can have a major impact on the cost of health care and therefore on the premiums that people are going to pay for their health insurance. This is the true cost containment. We all have the keys to cost containment in our own pockets if we will just take greater responsibility for our own behavior.

A key part of this larger theme is the public health reform portion of the health care reform, which is vitally important but has received almost no public attention. As you know, guaranteeing health security to individual Americans does not address the need for additional capacity in underserved areas, the need to promote the development of the health professions, and, especially relevant here, health promotion and disease prevention activities. The public health reform will provide support for the kind of broader prevention activity that can help induce people to change their behavior. The public education campaigns on smoking, seat belts, and drunken driving show that it can be done. Presidential leadership and public health reform go hand in hand to convince Americans that prevention is vital to our economic, social, and physical health.

2. We need a credible budget strategy which shows that we are taking greater steps to reduce demand at the same time as we remain committed to tough law enforcement. There needs to be an immediate, tangible change in direction in drug and alcohol abuse policy. The fiscal 1995 budget recommendations will be transmitted from OMB to the President on December 1. In view of the continuing negative public comment, the President might consider announcing right now, in advance of the December 1 date, that he expects to alter the balance by ending supply-reduction activities that have proven ineffective and investing more in treatment. Even a $200 million reduction in interdiction (adequately defended) and a similar increase in the treatment investment would help a lot. Together with the investment of $300 million over three years in drug treatment in federal and state prisons in the crime bill, the President could then say he is adding over a quarter of a billion dollars annually for drug treatment.

3. There is another message point that we have not made. There is an important fact that critics fail to recognize. Large elements of the President's program that are not specifically denominated drug abuse policies are nonetheless absolutely on point as drug and alcohol abuse policy:

o community policing (and 50,000 more police on the street) will result in safer streets, more arrests of drug dealers, and less drug dealing as a consequence.

o empowerment zones and enterprise communities will strengthen neighborhoods (and directly increase substance abuse treatment in some cases) and thereby reduce drug dealing and drug abuse.

o Head Start expansion, family preservation, and welfare reform will strengthen families and prevent drug addiction.

4. The health care reform contains a major new investment in drug and alcohol treatment. The individual benefit which is guaranteed to all Americans provides for residential care, intensive day treatment, and counseling. Beginning when health care reform becomes effective, this is a major step forward in substance abuse policy. It deserves prominent mention and emphasis as part of our drug and alcohol abuse strategy, although it will of course not become effective until the health reform is implemented. (This is separate from the public health reform mentioned earlier.)

There are two bottom lines here: 1) There is no reason for silence in the face of attacks that we are doing nothing. We are improving law enforcement, we are improving treatment, we are investing in prevention. This is not just a matter for the President. Everyone who communicates on his behalf should be able to speak affirmatively and positively about our substance abuse policy; and 2) **We are missing some key elements of substance to make our defense credible. Unless we find a way to invest more in treatment in fiscal 1995 by reducing our budget for failed interdiction activities and effectively moving funds from that area to treatment, at a level of about $200 million, the entire rest of our message will not hold together.**

(Key Facts for possible use in remarks and responses are attached.)

11/29/93
This is no longer correct. The weakness of the treatment benefit makes greater attention to FY 1995 all the more imperative.

Peter Edelman

Key facts:

- Care related to or stemming from substance abuse and addiction costs the health care system about $140 billion a year, something like 1 out of every 7 dollars we spend on health care. The total <u>economic</u> cost, including treatment and all indirect costs, of alcohol and drug abuse and smoking is about a quarter of a billion dollars a year. This is about $1000 for every man, woman, and child in America.

- 75% of trauma victims test positive for drug use.

- Alcohol and/or drug abuse are implicated in something like 80% of all domestic violence, 75% of all rapes and child molestations, and 75% of all homicides and suicides.

- In 1990, there were more than 370,000 drug-related emergency-room episodes and the number has been going up since. At one major teaching hospital 28% of all intensive care admissions and 40% of all intensive care costs were attributed to substance abuse.

- With only 5% of the world's population, Americans consume 60% of the world's cocaine.

- Prevalence of violence among alcohol abusers is 12 times higher than general population, and 16 times higher among drug abusers.

- 75% of inmates in state prisons and jails have a substance abuse problem serious enough to warrant treatment.

- A third of AIDS cases are directly or indirectly related to injection drug use.

- Almost half of all traffic fatalities are alcohol-related. 2 out of 5 Americans will be involved in an alcohol-related motor vehicle crash in their lifetime.

THE PRESIDENT HAS SEEN 4/4/94

To: **Mack McLarty**
From: **David Dreyer**
Re: **DRAFT Thematic Rendering 1993-1994 Issues**

I. Vision

A. What has historically made America exceptional is the promise of progress and prosperity; the belief that middle class people who worked hard and played by the rules could raise themselves economically, and pass on a better life to their children. The reality of economic progress legitimizes both our democracy and our economy, and becomes a source of national renewal and international leadership. The promise of a better tomorrow has been the inspiration for our journey as a nation.

B. While our system has historically risen to the occasion and overcome great obstacles -- racial division, great Depression, and World War -- when President Clinton came to office, the ability of our system to overcome the obstacles of our day was in doubt. We lost the promise of middle class life. Our nation was going in the wrong direction economically. We were turning inward at a time of great global change. Our society, rather than coming together, was being pulled apart. And confidence among our citizens in the ability of our public institutions to deal with these problems was at an all time low.

C. We are beginning to turn that around. The national government is finally addressing the problems and needs of average Americans. We are putting our fiscal house in order. We are raising living standards, and advancing the values and security of mainstream communities. And President Clinton -- by fighting for economic security, health security, personal security, and a new definition of national security -- is giving our people the confidence to embrace a new world where the only constant is change. This is the basis for an American renewal.

II. Critique: When Bill Clinton came to office, he faced a situation in the country that was without precedent --

A. Fiscal House Is Out of Order

1. We Quadrupled the National Debt which kept interest rates high, crowded out demands for capital, and commanded more government money to service the debt. All of this reduced investment, productivity, job creation, and the living standards of the middle class.

2. At the same time we ran up the debt, we failed to make needed public investments in policies and ideas that make us strong.
3. Fiscal failures deprived us of leverage with our international trading partners, made us unable to coordinate economies for growth or to reduce trade barriers to American exports.
4. Compromised the faith of the American people to manage our finances.

B. The Middle Class Is Losing Ground
1. For two decades, most people worked harder for less. Seemingly secure jobs were lost. Along with declining wages, people lost the security of stable and reliable health insurance. Two earners per family were required to stabilize family income.
2. While America is now the most productive nation on earth, this productivity itself contains the seeds of further insecurity, because it means fewer people are required to produce as much or more goods and services.
3. That means you must export more and find more open markets. But the lesson of the last decade was that Americans had reason to fear rather than embrace the global economy.
4. The loss of manufacturing jobs, in particular, cut off the ladder of opportunity for working poor to move into the middle class, thus contributing to social upheaval.

C. Social Upheaval
1. Family breakdown, unwed mothers and broken homes at levels without precedent.
2. Loss of jobs in urban centers as manufacturing left American shores.
3. All successful societies are organized around family and work, and if you have to do without both, you have a truly chaotic situation. In communities devastated by poverty and despair, the vacuum created by the absence of work and the decline of community institutions has been filled by the alternatives of crime, violence and drugs.
4. Social breakdown adds to the feelings of the middle class that nothing works: Streets are unsafe, kids are not safe, schools do not work, there are not opportunities for training, they can lose their health care.
5. Overall condition of meanness and surliness in society leads to conditions of intolerance, rejection of immigrants.

E. Advent of Global Economy

1. At the same time, the global economy, with its promise and perils, is now the central face of life for hardworking Americans. It creates winners and losers here at home.
2. Minimal job creation, growth differential, slows demand for US exports and shows need for international coordination.
3. Foreign corporations have competitive edge with more government investment in skills, and lower cost of health care for employees
4. The new global economy creates insecurities for Americans and tempts us to turn inward. This is the wrong reaction -- it will make us poorer and less able to deal with change.
5. We must persuade Americans that self-interest has now replaced self-defense as the rationale for our engagement in the world. Economic internationalism will make us richer, and safer. Free markets create middle classes, and middle classes are forces for tolerance, openness, liberty and democracy in societies -- and these forces make nations more stable.

F. Changing Definition of National Security

1. Emergence of the global economy comes at the end of the Cold War, and that means we must put international economics at the center of our foreign policy.
2. We are now summoned to organize the world in ways that promote stability, democracy, safety from nuclear proliferation and environmental hazards without the organizing rigors of the Cold War.
3. Ethnic and national aspirations are resurgent
4. Economically, the downsizing of the defense establishment is costing jobs. While on one hand we have nuclear peace, an entrepreneurial boom, and a demand for political openness, the end of the Cold War and the new global economy has created insecurity among people who fear that forces outside of their control will rob them of their livelihoods.
5. Just as **self-defense** motivated American foreign policy during the Cold War, **self-interest** must underlie our policy in the post-Cold War.

F. Lost Confidence In Public Institutions

1. All of these changes come at a time when citizen confidence in our public institutions are at record lows.
2. Government has lost touch with the middle class.

3. Government fails to provide honest value for hard-earned tax dollars.
4. Narrow interests prevail over the national interest.
5. Politics and gridlock prevent progress.
6. Government cannot pursue the common good.

G. Call for Action -- We have taken important steps. There is much more to do.
   1. Our problems were not created overnight, and they cannot be solved overnight. But President Clinton responded immediately with action.
   2. Moved quickly to put our fiscal house in order.
   3. Restored the interests of the middle class to the center of the public debate.
   4. Began dealing with social breakdown.
   5. Urged America to compete, not retreat in the face of the global economy.
   6. Redefined national security
   7. Began Restoring Confidence in Government

III. What We Accomplished - We said we would and we did it.

A. Put Our Fiscal House In Order
   1. Cut spending in 342 separate accounts of the Federal budget. We cut $255 billion in spending over five years. Discretionary spending was cut twelve percent. Through the Vice President's REGO project, we are cutting the federal workforce by 250,000, largely through attrition, and reforming the way we procure goods and services for the Federal government.
   2. We reversed trickle-down economics. We asked the top 1.2 percent of Americans to pay higher incomes taxes, and middle income Americans to pay a modest 4.3 cent gasoline tax which, along with some higher corporate taxes, completed our effort to put together a $500 billion net deficit reduction package.
   3. We persuaded the financial markets and our foreign allies that we were real:

      a. Progress on interest rates, inflation, job creation, housing starts, consumer confidence, business investment, auto sales, and durable goods. This is a real recovery.
      b. It also persuaded our allies we were serious about putting our house in order, and gave the President leverage on issues ranging from macroeconomic coordination to trade barrier reduction, e.g. successful G-7 meeting in

Japan, successful APEC conference, and successful conclusion of the GATT deal.

B. Began Making the Economy Work for Middle Class
   1. Economic progress helped them in home refinancings, creation of jobs, and reduction of interest and inflation rates.
   2. Clinton economic program contained specific measures to create jobs and growth:

      a. small business expensing and ITC.
      b. credit crunch for access to capital
      c. defense conversion and technology reinvestment project
      d. Clinton budget funds 70% of investments for children, students, workers, and jobs.
      e. Student loan reform
      f. Family and Medical Leave

C. Began Dealing With Social Breakdown
   1. Passage of Brady Bill
   2. Passage of initiatives to reward work and families

      a. EITC
      b. Family Preservation Act
      c. WIC and Immunization Investments
      d. Empowerment Zones

   3. National service, giving 20,000 people a chance to work next year, in distressed areas, sparking a new sense of civic responsibility and opportunity in the communities in which they work.

D. Began Embracing the Global Economy
   1. NAFTA
   2. GATT
   3. National Export Strategy
   4. Japan Framework at Tokyo G-7

E. Began Redefining National Security
   1. Aiding the Russian reform experiment, and assisting the dismantling of the nuclear arsenals.
   2. Fighting for Democracy in places like Guatemala and Haiti.
   3. Assisting the peace process in the Middle East.
   4. New policies to stem illegal immigration and drug trafficking. Protect global environment and prevent proliferation of weapons of mass destruction.

F. Began Restoring the Public Trust and Restoring Our Democracy

1. Motor Voter
2. Reinventing Government
3. FEMA-Midwest Floods and California Fires
4. First time in 60 years no Presidential vetoes.
5. Where bipartisanship was possible, we did great things: National Service, NAFTA, Family and Medical Leave, and relief for the Midwestern Floods.

IV. 1994 Agenda - Protecting the Economic Recovery and continuing the progress we have made; resisting efforts by narrow interests to backtrack; focusing on jobs and the security agenda; and supporting the President's efforts to speak to America's most profound values and ideals.

A. Fiscal Responsibility
   1. We will fulfill our commitments under the 1993 Budget and Economic Growth Plan to keep faith with the American people and control spending.
   2. 1995 Budget maintains the caps, continues the largest downsizing of the Federal workforce in history, includes 214 of 237 recommendations for reinventing government, and asks Congress for new reforms in the procurement process.
   3. The biggest advance Congress can make to control spending is passage of Health Care Reform.
   4. Most important thing is to protect the recovery. We will resist policies of contraction; we will resist changes in the economic plan that produced growth; we will resist fiscal changes that make health care reform impossible; we will resist gimmicks like the Balanced Budget Amendment.
   5. Ideas like the President's Modified Line Item Veto should move forward. We will consider recommendations by the Kerrey Commission consistent with our principles.

B. **Economic Security** - Ideas to create jobs, lift incomes and improve skills so that people will have the courage, confidence and the ability to embrace change.
   1. Jobs agenda.
      a. Continue recovery
      b. Clean Water Act.
      c. National highway system.
      d. High speed rail.
      e. Housing authorization.
      f. National information highway
      g. Telecommunications Reform.
      h. Defense Conversion
      i. Reform of OSHA

   2. Job Training and Dislocated Workers

a. Change unemployment system to reemployment
b. Extended unemployment and dislocated workers

3. New Economic Security Through a Continuing Capacity to learn.
   a. School to Work/Apprenticeships
   b. Training and job location
4. Invest in the Skills of our Students/Goals 2000
5. Reforming Welfare

   a. Empowerment Zones
   b. EITC
   C. State Waivers
   D. Task Force Hard At Work
   E. Call for Bipartisanship
   F. (Note POTUS Promised Reform in 1993)

6. International Economics
   a. GATT
   b. Japan Framework
   c. Western Hemispheric Summit
   d. Fall APEC
   e. G-7 In Italy

C. **HEALTH SECURITY**
   1. **Congress should not take summer vacation without passing a comprehensive health care bill that provides universal coverage and benefits that can never be taken away.**
   2. **Let's work out particulars on a bipartisan basis, within the principles laid out during September 22, 1993 speech.**
   3. **This is about virtually everything we talk about -- fiscal house in order, middle class, social breakdown, global economy and trust in government.**

D. **PERSONAL SECURITY**
   1. **Finish the Crime Bill**
   2. **What can be done about violence - moral dimension**

E. Redefining National Security
   1. Defense. Maintain a margin for safety, keep our security commitments, respond to post-Cold War threats, and maintain dual use technology for strong civilian and defense industrial base. As always, security depends on the quality of our people: we have the finest.
   2. Reform foreign aid -- democracy, non-proliferation, environmental preservation, free markets.
   3. A new partnership for peace that will draw the Central and Eastern European countries toward our community of security. This will help us build a

stable environment in which the new democracies and free markets of Eastern and Central Europe and the former USSR can flourish.

4. Fighting backlash States like North Korea and Libya. Urging China to comply with human rights and non-proliferation policies to ensure maintenance of MFN status. Russia Denuclearization.

F. Foster trust in government.
   1. Finish Lobbying Reform
   2. Finish campaign finance reform
   3. Finish Procurement reform

G. **QUESTION MARKS**

   1. **IMMIGRATION REFORM MUST BE INCORPORATED. HOW?**

   2. **WHERE TO TREAT ENVIRONMENT ISSUES? SUPERFUND. RCRA, SAFE DRINKING WATER. CLEAN WATER ACT. WESTERN ISSUES.**

V. Conclusion

The national government is finally addressing the problems and needs of average Americans. We are putting our fiscal house in order. We are raising living standards, and advancing the values and security of mainstream communities. And President Clinton -- by fighting for economic security, health security, personal security, and a new definition of national security -- is giving our people the confidence to embrace a new world where the only constant is change. This is our journey; it is the basis for an American renewal.

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~~[illegible]~~
~~[illegible]~~

① Resolution – Crime* ④ Full [illegible] moving to suburbs fr. cities
② EPA [illegible]
③ Local Ec Adv [illegible] *⑤ [illegible]

National League of Cities

1994 ACTION AGENDA

Cicasco

THE PRESIDENT HAS SEEN 4/4/94

Background. At its March 12, 1994, meeting, the National League of Cities Board of Directors adopted a five-point Action Agenda which defines major legislative, policy development, and program priorities for 1994. The five issues selected by the Board reflected the priorities of thousands of members who shared their perspectives with the NLC leadership before the final agenda was adopted. The 1994 Action Agenda builds on the successes of 1993 and provides a clear framework for lobbying at the national level on behalf of cities and towns, organizing grass roots efforts around clearly-defined issues, and ensuring that NLC members speak with one clear voice on issues that are important to cities and towns.

Min 12-3:4

#1 Stopping Crime and Violence in our Cities and Towns

Our communities and our families are scarred by increasing incidents of violence. No community or family has been untouched by incidents of crime or the fear of being the next victim. We must join together with our national leaders to enact meaningful anti-crime legislation and, at the same time, work in our own communities and with our NLC colleagues to develop and implement long-term solutions that will address both the causes and effects of crime and violence. Achieving this priority will require creative thinking and cooperative action on all levels of government. To achieve this goal, NLC supports:

House
→ Prevention
→ Flexibility
→ Assault

- ✓ A balanced approach to federal anti-crime legislation that includes both enforcement and prevention programs.
- ✓ Direct block grant assistance to cities and towns of anti-crime funds, with maximum flexibility in the use of those funds.
- ✓ The commitment of dedicated, new revenues to fund a federal anti-crime trust fund, derived from licensing and registration fees on weapons, ammunition, and weapons dealers.
- ✓ An anti-crime education effort similar to last year's unfunded mandates campaign.
- ✓ Research into the feasibility of cooperative efforts with the military to create education and training programs for young people in trouble in our cities.

#2 Federal Mandates

It is clear that state and local governments have gotten Presidential and Congressional attention on the issue of unfunded mandates. So many local leaders joined together in 1993 to support No Unfunded Mandates Day that the President and Congress had no choice but to take notice. We must now join together to solve this problem once and for all. To achieve this goal, NLC supports:

✓ A National No Unfunded Mandates Week, beginning on October 24, 1994, to continue the grass roots education effort and report to our citizens about each and every federal candidate up for re-election.

✓ A continuing commitment to devote our maximum efforts to reduction of the existing, most burdensome Clean Water and Safe Drinking Water mandates.

✓ A continued joint effort with leaders of other state and local national organizations to ensure passage of comprehensive anti-mandates legislation that incorporates the best aspects of the more than 30 mandate relief bills introduced to date and includes realistic enforcement provisions.

#3 Jobs

All the signs point to a significant economic recovery. But, the improving national economy has not produced enough jobs with adequate incomes to ensure long-term recovery for our citizens. We must work with the President and Congress to consolidate and reform the nation's job training and retraining programs and ensure a role for city leaders to provide a continuum of job opportunities for all of our citizens -- jobs to provide needed income and jobs to create careers and long-term stability. To achieve this goal, NLC supports:

✓ A meaningful local role in shaping the Administration's new Reemployment Act of 1994 and the School-to-Work initiatives.

✓ A comprehensive research effort to determine what kinds of federal programs could make a difference in creating career opportunities and long-term job stability.

✓ Development of a clear municipal role and a long-term strategy for improving jobs and job opportunities in our cities and towns.

#4 Strengthening Local Economies

Local economic opportunities are the key to the future. By investing in economic development and business retention and looking beyond our own borders to other countries that are eager to buy and sell our products, local economies can prosper now, and in the fast-approaching next century. To ensure strong local economies, NLC supports:

✓ Restructuring the federal budget to stop the unlimited growth in tax and entitlement programs in order to ensure investment in the human and capital needs critical to the future of local economies.

✓ Reauthorization and full funding of the Community Development Block Grant (CDBG) program.

✓ Expanding the Community Reinvestment Act (CRA) to the municipal securities industry.

✓ Ensuring that securities and financial institutions reinvest a portion of local deposits and investments in local economies.

✓ Development of strategies to leverage pension investments back into local economies.

✓ Continuing research and action to address economic disparities between cities and suburbs and within and between regions.

✓ Continued efforts to make our cities competitive in the global economy.

✓ Research and policy development to address the issue of incentives for local business attraction.

#5 Infrastructure

Future municipal economic growth, international competitiveness, and economic security require investment in our infrastructure complex of bridges, roads, waste/sewerage facilities, public transit, telecommunications, and airports that bind our nation together. As federal investment in the nation's infrastructure declined, leaving a deteriorated foundation of crumbling roads and bridges and overburdened water and sewer systems, cities and towns were forced to pick up an even greater share of the burden. Now, as we embark upon the construction of a new

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telecommunications infrastructure, we must ensure that cities are the central hubs. Cities must be at the table as co-equal partners in planning the infrastructure that will shape our nation's future. To achieve this goal, NLC supports:

✓ Enactment of the Public Finance and Infrastructure Improvement Act, HR 3630, to reduce the costs of financing public improvements and to create authority for distressed cities and towns to issue tax-exempt economic development bonds.

✓ Establishing a place at the table for local leaders in the development of national policies and legislation for the new information superhighway.

✓ Ensuring that local governments have public access to and a role in constructing the information super highway.

✓ Adoption of amendments to ensure that telephone companies providing cable service in cities are subject to the same cable franchise requirements and other public interest obligations as local cable operators.

✓ Implementation of recommendations that emerge from the NLC policy committees to define the role of local governments in our national infrastructure system.

Podesta
fyi files
cc GS

The National Interest/Jacob Weisberg

AFTER YOU, ALFONSE

THE PRESIDENT HAS SEEN 4/4/94

THE UGLIEST FROG: *D'Amato at a Whitewater press conference earlier this month.*

SENATOR SHAMELESS

ONE OF THE SWEETEST RIPOSTES IN SOUND-bite history was uttered by Jody Powell, back when he was working as press secretary for Jimmy Carter's 1976 presidential campaign. When Carter's nemesis, the notorious southern racist Lester Maddox (he chased blacks out of his restaurant with an ax handle), accused the Georgia governor of telling an untruth, reporters came to Powell for a response. "Being called a liar by Lester Maddox is like being called ugly by a frog," Powell said.

Last week, the Democratic Party chairman, David Wilhelm, revived that line to help defend Bill Clinton against charges made by Alfonse D'Amato, who has emerged as the Republicans' point man in the Whitewater affair. It is indeed rich to watch the senator who has been called the Zelig of white-collar crime casting aspersions on the probity of others. But D'Amato's problem goes beyond a generalized lack of standing to criticize. It's that the specific things he has been holding press conferences and going on talk shows to accuse the Clintons of doing are all transgressions he himself has committed at one point or another in his remarkable career. In the history of pots and kettles, no pot has ever been blacker.

Regard first one of the simpler questions of Whitewater: illegal campaign contributions. Bank regulators have alleged that James McDougal, the sleazy S&L operator who was the Clintons' partner in the ill-starred land venture, used his bank to help retire Governor Clinton's 1984 re-election debt. There is, so far, no proof of this. But even assuming it happened, there's no evidence whatsoever Clinton knew that some of the $35,000 McDougal raised came from his S&L, Madison Guaranty. Nor is there any real evidence of a quid pro quo, just a circumstantial case that Arkansas regulators allowed Madison to stay open after it should have been closed.

The Fonz, on the other hand, has been forced to return funny money more than once. In the first instance, the donor was Eduardo Lopez Ballori, charged with concealing some $32,000 in Puerto Rican contributions to D'Amato under seventeen false names—the same scam purportedly worked by McDougal. Another time, an executive of the corrupt Bronx military contractor Wedtech testified in open court that he had ponied up $30,000 in illegal funds. As with Clinton, there's no proof D'Amato knew where the money really came from. But unlike the Clinton scenario, both of the D'Amato cases evidence reciprocal favoritism. Lopez Ballori was an interested party in Puerto Rican HUD projects worth $70 million, for which D'Amato fought (he said he was concerned for the poor of San Juan). And the senator lobbied the Navy to give Wedtech a $55-million contract to build pontoons.

Another key Whitewater allegation is that Hillary Rodham Clinton had a conflict of interest in 1985, when, as a lawyer for Madison, she appeared before state officials appointed by her husband. D'Amato, however, has created far more sinister appearances in concert with his younger brother, Armand, who remains free on bond pending appeal of a ten-month sentence for mail fraud. A panoply of sleazeballs grateful to Alfonse for one thing or another expressed thanks by hiring Armand as their lawyer. There was, to take just one example, the business of the $5.4-million HUD loan to a group of investors in upstate Sackets Harbor. Armand was the lawyer for the mobbed-up consortium, which of course contributed generously to Alfonse's war chest. The senator lobbied HUD to approve the loan, which it did, then denied having anything to do with it.

In an even more outrageous incident, the military-equipment manufacturer Unisys hired Armand D'Amato to lobby his brother the senator. Among other misdeeds that led to his conviction, Armand wrote letters over Alfonse's signature to the Secretary of the Navy boosting a $100-million contract for his client. Even the Senate Ethics Committee, a toothless watchdog if ever there was one, reprimanded Alfonse D'Amato for this. "The Senator denies any knowledge that his brother represented Unisys before his office," read its 1991 finding. "However, the Committee notes that it is the duty of every Senator to conduct his or her office in a manner that precludes systematic misuse by members of his or her family for personal gain. The activities of Senator D'Amato's brother on behalf of Unisys constituted such a misuse."

Alfonse would have been in hotter water had the Ethics Committee been able to prove he knew what Armand was up to. It couldn't. But many folks had their suspicions. D'Amato is the skeptic, though, when it comes to the president's denial that he knew about meetings between members of his staff and Resolution Trust Corporation officials looking into Madison. "Bruce Lindsey was there, Nussbaum was there and you really believe that the president didn't know?" That was how D'Amato put it on *Crossfire* on March 7. On *Meet the Press* a few days later, D'Amato said he found it "incredible to believe" Clinton didn't remember exactly how he found out he and his wife had been named as possible beneficiaries of criminal activity in a referral from the RTC to the Justice Department.

After you, Alfonse. On the subject of lying, there is compelling evidence D'Amato perjured himself before a federal grand jury in 1975, when he denied knowledge of the so-called one percent

Photograph by AP/Wide World

system then operating in Nassau Count where he began life as a political boss. Ur der this arrangement, patronage emplo ees kicked back one percent of their sal ries to the Republican machine i exchange for raises and promotions. decade later, a letter written by D'Amat became a key piece of evidence in a law suit that demonstrated the existence c the one percent scheme and held the tow of Hempstead and the local Republica

Tu quoque, *Fonz.*

Party liable for damages. Testifying at th trial, D'Amato admitted he was aware the system after all. Luckily for him, th statute of limitations had run—whic brings up another pot-and-kettle issu The senator has been making a huge fu about time running out on Whitewate and has proposed extending the statute limitations. As Wilhelm recently sugges ed in a letter to D'Amato, why not lift for himself too, just to be evenhanded?

The senator has made out that the mos serious aspect of the Whitewater business is the cover-up, which he has had occa sion to call worse than Watergate. "Secret meetings with an independent regulator. I want to tell you something, anybody else does that, and you'd be carting them off to jail," D'Amato complained on *Crossfir* Well, not anybody else. In fact, the sen tor's own history of questionable inte ventions with independent federal age cies is so extensive that it's hard to kno where to begin. In 1986, he helped We tech end the career of a mid-level Na official who had skeptically scrutiniz the company. (D'Amato on Whitewate "Oh, well, I think you're going to find o that in addition to secret meetings the are people whose advice was push aside, little people who weren't listen to, staffers who were overruled.")

A few years later, several other bits of i terference came to light as part of the u folding HUD scandal. A series of newspap exposés in 1989 revealed that D'Amato h leaned on officials at the agency for favo

Photograph by AP Wide Wo

to friends, relatives, and big contributors. One subaltern in HUD's New York office originally rejected a $2-million grant for a senior-citizens' residence in the Bronx because of the saturation of public housing projects in the area. Heavy pressure from D'Amato made him reverse his verdict. The development in question was planned by JOBCO, a Great Neck construction company that had given the senator more than $25,000; Armand D'Amato was, naturally, one of the company's lawyers.

And it gets worse. D'Amato has repeatedly interceded in criminal proceedings on behalf of mobsters. Sometimes he has made these appeals in a legitimate fashion, as in 1983, when he testified as a character witness for Philip Basile, an alleged associate of the Lucchese crime family, who was later represented by—surprise!—Armand D'Amato. The senator called Basile an "honest, truthful, hardworking man, a man of integrity." After testifying, he walked across the courtroom and kissed Basile on both cheeks, as is his wont. But in 1984, he made his appeal covertly. He called Rudy Giuliani, then U.S. Attorney, to ask him to reduce the sentence for Mario Gigante, a convicted member of the Genovese clan. Several months later he called Giuliani on behalf of Paul Castellano, the boss of the Gambino family soon to be shot to death in front of Sparks steakhouse. Rudy Giuliani was quoted in a 1989 *Village Voice* story as saying he had, as New York's chief federal prosecutor, warned D'Amato the calls were improper.

Perhaps the only issue where the Clintons can't make a *tu quoque,* or you-too defense, is on the matter of improper income-tax deductions that some have suggested they may have taken. But here the First Family is at a disadvantage, since we've seen their IRS returns, which they made public during the presidential campaign. D'Amato won't release copies of his own 1040s. Indeed, the irony of D'Amato's current assault is piqued by his perpetual flight from the kind of accountability he has whinily demanded of the president and First Lady. When the city's new public advocate, Mark Green, whom D'Amato defeated in his 1986 Senate race, filed a 30-page complaint with the Senate Ethics Committee, the senator did all he could to fend off open hearings. After the committee finished its work in private, he declined to make the record of his own cross-examination public. And while noisily quoting Walter Lippmann and calling upon the Clintons to open their files, he still refuses.

A few weeks ago, according to a well-placed source, Clinton telephoned Mark Green, who brought D'Amato up on ethics charges in 1989. *I can't believe he thinks this won't come back to bite him,* Clinton told Green. But so far, D'Amato has more or less been getting away with it. The frog kisses his cronies and thinks himself a prince. ■

THE PRESIDENT HAS SEEN 4/4/94

Mack - fyi - cond w/ O'Brien WSJ of Foley on the Adm. effort - BC

orig to COS

Daily Life

Report card on first year

Greene Countians give Presid

By DAVID FRASER
DAILY PRESS

GREENE COUNTY– In the wake of President Clinton's state of the union address, randomly selected legislators and officials were asked to review Clinton's first year in office.

State Sen. Mike Todd, D-Paragould, said the most important aspect of Clinton's first year was his ability to break gridlock with Congress.

"I think the president has had tremendous success working with Congress in his first year," Todd said. "He has managed to break the gridlock and work with members of both parties.

"He got NAFTA through, he got the Brady Bill through and the figures are already showing that his deficit reduction package is working. The main Republican leaders have given him problems, but he has proven he can work with most of the Republicans in Congress to bring about change and break gridlock."

Todd said Clinton's effectiveness was nothing short of outstanding.

Rep. Jim Holland, D-Corning, represents portions of Greene County, including Marmaduke and Lafe.

Holland said on a scale of one to 10, he gives Clinton a strong nine on his overall job performance. Holland also noted Clinton's effectiveness in getting legislation through Congres has done "an excellent job" Congress. He also praised C get.

"The budget has been ver doing what it was intended lower the deficit," Holland s look at what he said a year figures he gave us and se right on course."

State Rep. Tim Woo Paragould served in the Ho sentatives when Clinton was

"As I expected from h with him he took his high l and enthusiasm with him to Wooldridge said. "This wa

Friends point to progress

By WADE QUICK
DAILY PRESS

At the end of Bill Clinton's first year in office three long-time supporters in Greene County were pleased with the progress he has made as president.

"I think he had a good first year — at least the second half," said Paragould attorney Harry Truman Moore, a friend of Clinton for several years. "There were too many distractions the first half and it took him a while to get back on course."

Moore said Clinton has shown

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002a. memo	Philip Lader to POTUS re: National Guard Chief (1 page)	03/23/1994	b(6)

COLLECTION:
Clinton Presidential Records
Staff Secretary
John Podesta (Chron Files)
OA/Box Number: 4887

FOLDER TITLE:
April 1-9, 1994 [2]

2018-0662-S
rs3093

RESTRICTION CODES

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

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

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RR. Document will be reviewed upon request.

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

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

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002b. memo	Lader to POTUS re: Defense Department Appointments (2 pages)	03/08/1994	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
John Podesta (Chron Files)
OA/Box Number: 4887

FOLDER TITLE:

April 1-9, 1994 [2]

2018-0662-S
rs3093

RESTRICTION CODES

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

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR MACK McLARTY

FROM: Philip Lader PL

DATE: March 8, 1994

SUBJECT: **HISPANIC APPOINTMENTS -- RECORD AND PLAN**

Where Are We?

Hispanics represent approximately 9% of American citizens; and our Administration's policy has been to identify outstanding Hispanic candidates for Presidential appointments. The field of Hispanic candidates for Presidential Personnel appointments constitutes a smaller percentage, however, because the Hispanic population base, to-date, is generally younger and has fewer years of higher education than the nation generally.

Although our Hispanic appointments record compares favorably with prior Administrations', these numbers must be improved:

Appointment Category	# of Hispanic Apptmts.	% of Category
Presidential (PA)	20	5.41%
Pres./Senate-Conf'd (PAS)	44	4.90%
SES (Full-time)	48	7.10%
Schedule C (Full-time)	100	6.92%

The overall percentage of senior (PA/PAS) appointments of Hispanics is 5.04%; of the SES and Schedule C appointments, Hispanics represent 6.89%. (A list of Hispanic PA/PAS full-time and part-time appointees is attached.)

Fifteen of these full-time appointees are now in the clearance process and have not yet been announced. Also, these figures do not include 37 Hispanics currently in process: an Assistant Secretary of Education, seven Judges, three possible U.S. Attorneys or Marshalls, and 26 part-time positions (including 23 just approved for the Hispanic Education Board).

What Have We Done Lately?

Recent Hispanic appointments include

* Dr. Jose Amador (Asst. Sec'y-Science & Ed., Dept. of Agr.)
* Ida Castro (Dep. Ass't Sec'y-Empl./Training, Dept. of Labor)

* Dr. Juan Mestas (Dep. Chm., Nat'l End't for the Humanities)
* Josephine Nieves (Assoc. Asst. Sec'y, Employment & Training Adm., Dept. of Labor)

Recommendations for these additional Hispanic appointments were submitted to the President today:

* General Edward Baca (Senior National Guard post)
* Mario Moreno (Asst. Sec'y-Intergov'tal, Dept. of Education)
* Gilbert Vazquez (Chair, EEOC)
* Claire Gonzales (Dir.-Communications & Leg. Affairs, EEOC)

Approximately 30% of the candidates specifically recommended by the Congressional Hispanic Caucus have been appointed to some position. For the past month, I have sought to advise the Hispanic Caucus' Chairman of the announcement of each new Hispanic appointment.

My 90-days Personnel experience, however, has pointed out that a comparatively significant number of Hispanics who have been contacted for potential positions have (a) declined to be considered for personal or financial reasons (e.g., La Raza founder Herman Gallegos and Mexican-American Legal Defense Fund Chair Antonia Hernandez, both of whom I have personally tried to recruit) or (b) elected not to proceed through the vetting process.

What Is Our Continuing Plan?

These recent appointments reflect not only the extensive prior work of Presidential Personnel's Hispanic staff and agency liaisons, but also my solicitation of names of additional, outstanding Hispanics from leading Hispanics in our Administration.

For example, Henry Cisneros personally reviewed with me his list of 50+ potential candidates; Federico Pena has reviewed Personnel's "vacancy list" to identify potential Hispanic appointees; George Munoz (Treasury) has repeatedly given me input on additional Hispanic names; and Nelson Diaz (HUD), Jack Otero (Labor), and others have submitted new lists.

Veronica Biggins, her staff, and I, particularly as she accelerates the nominations for Boards and Commissions, will be persistently reviewing these lists for potential Hispanic appointments. In her personal meetings with each agency head (and at the weekly agency personnel liaisons' meetings), Veronica will continue to emphasize this priority. She will also continue the regular communication with the Congressional Hispanic Caucus's leadership.

cc: Veronica Biggins

Hispanic PAS and PA Full-time Appointees

3/4/94
Discard previous editions

APPOINTEE			POSITION			
Last Name	First Name	Location	Title	Designation	Dept/Agency	Type
Amador	Jose M	4	Asst Secretary	(Science & Education)	Agriculture, Department of	PAS
Sweeney	James	4	Special Rep	Arms Control Negotiations	Arms Control & Disarm Agency	PAS
Casellas	Gilbert F	4	General Counsel		Defense - Air Force, Dept of the	PAS
Cantu	Norma V	3	Asst Secretary	Civil Rights	Education, Department of	PAS
Rodriguez	Rita M	3	Mbr, Bd of Dirs		Export-Import Bank	PAS
Chavez	Nelba R	4	Administrator	Substance Abuse & Mental Health	Health & Human Svcs, Dept of	PAS
Torres-Gil	Fernando	4	Commissioner	Administration on Aging	Health & Human Svcs, Dept of	PAS
Baca	Polly	8	Director	Consumer Affairs	Health & Human Svcs, Dept of	PA
Cisneros	Henry G	1	Secretary		Housing & Urban Dev, Dept of	PAS
Diaz	Nelson A	4	General Counsel		Housing & Urban Dev, Dept of	PAS
Alverez	Aida	5	Director	Fed Housing Ent Oversight	Housing & Urban Dev, Dept of	PAS
Muller Jr	Elio E	2	Exec Director	(US alt)	Inter-American Dev Bank	PAS
Diaz	Rafael	1	Associate Judge		Judges, DC Superior Court	PAS
Barkett	Rosemary	1	Judge	11th Circuit	Judges, US Circuit Court	PAS
Benavides	Fortunato P	1	Judge	5th Circuit	Judges, US Circuit Court	PAS
Castillo	Ruben		Judge	Illinois, Northern	Judges, US District Court	PAS
Garcia	Orlando L		Judge	Texas, Western	Judges, US District Court	PAS
Vazquez	Martha A		Judge	New Mexico	Judges, US District Court	PAS
Gonzalez	Eduardo	5	Director	US Marshals Service	Justice, Department of	PAS
Echaveste	Maria	4	Administrator	Wage & Hour Division	Labor, Department of	PAS
Garcia	Fred W	2	Dep Director	Demand Reduction	Ofc of Natl Drug Control Policy	PAS
Chaveas	Peter	6	Ambassador	Malawi, Republic of CAREER	State, Department of	PAS
Romero	Peter F	6	Ambassador	Ecuador, Republic of CAREER	State, Department of	PAS
Pena	Federico	1	Secretary		Transportation, Department of	PAS
Martinez	Ricardo	3	Administrator	NHTSA	Transportation, Department of	PAS
Ramero	Raymond	3	Asst Secretary	(Intl & Aviation Affairs)	Transportation, Department of	PAS
Huerta	Michael P	4	Assoc Deputy Sec	(Intermodalism)	Transportation, Department of	PAS
Munoz	George	4	Asst Secretary	(Management)	Treasury, Department of the	PAS
Munoz	George	4	Asst Secretary	(CFO)	Treasury, Department of the	PAS
Marrero	Victor	4	US Representaive	ECOSOC	United Nations	PAS
Solano	Henry L	1	US Attorney	Colorado	US Attorneys	PAS
Madrid	Alfred E	1	US Marshal	Arizona	US Marshals	PAS
Sanchez	John S	1	US Marshal	New Mexico	US Marshals	PAS
Melendez	Rosa Maria		US Marshal	Washington, Western	US Marshals	PAS
Jurado	Kathy E	4	Asst Secretary	(Pub & Intergovt Affairs)	Veterans Affairs, Department of	PAS
Tapia	Isabelle R	3	Dep Asst to Pres	Dep Dir, Scheduling & Advance	White House	PA
Velasquez	Joe	3	Dep Asst to Pres	Dep Dir, Political Affairs	White House	PA

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: OB DATE: 5/15/18

Hispanic PAS and PA Part-time Appointees

3/4/94
Discard previous editions

APPOINTEE		POSITION				
Last Name	First Name	Location	Title	Designation	Dept/Agency	Type
Roybal	Edward R	1	Chair & Member		Aging, Federal Council on the	PA
Los Banos	Alfred S	3	Member		Am Battle Monuments Comm	PA
Mondragon	Gabriel G	3	Member		Am Battle Monuments Comm	PA
Perez	Jorge	1	Member	(art expert)	Arts, National Council on the	PAS
Coelho	Tony	1	Chair		Employment of People with Disabilities, President's Cmte on	PA
Villarreal	Jose	1	Mbr, Bd of Dirs	(public)	Federal National Mortgage Assoc	PA
Cisneros	Henry	3	Member	(govt)	Historic Preservation, Adv Cnl on	PA
Pena	Frederico	3	Member	(govt)	Historic Preservation, Adv Cnl on	PA
Otero	Maria	3	Mbr, Bd of Dirs	(govt)	Inter-American Foundation	PAS
Molina	Gloria	2	Vice-Chair & Mbr	(county official)	Intergovt Relations, Adv Comm	PA
Mercado	Maria L	1	Mbr, Bd of Dirs		Legal Services Corporation	PAS
Valdez	Joel E	2	Member	(library/info specialist)	Libraries & Info Sci, Natl Comm	PAS
Cisneros	Henry G	1	Member		Martin Luther King, Jr Fed Holiday Comm	PA
Ramirez	Blandina C	6	Member		Natl & Comm Service, Corp for	PAS
Rodriguez	Matthew	6	Member		Natl & Comm Service, Corp for	PAS
Pacheco	Manuel T	1	Member		Natl Security Education Board	PAS
Ferro	Simon		Member	(public)	OPIC, Board of Directors	PAS
Huega	Jimmie	3	Member		Physical Fitness & Sports, Pres Cnl On	PA
Morales	Dan	2	Member		Presidential Scholars, Comm on	PA
Torano	Maria E	2	Member		Public Diplomacy, US Advisory Comm on	PAS
Espinosa	Judith	1	Member		Risk Assessment & Mgmt Comm	PA
Estrada	Rudolph I	2	Commissioner		Small Business Comm, WH Conf	PA
Montoya	Regina	1	Mbr, Bd of Dirs		Student Loan Mktg Assoc	PA
Marrero	Victor	2	US Alternate Rep	General Assembly	United Nations	PAS
Cabranes	Jose E	2	Member		WH Fellowships, Pres Comm on	PA
de la Torre	Adela	2	Member		WH Fellowships, Pres Comm on	PA
Hernandez	Antonia	2	Member		WH Fellowships, Pres Comm on	PA

DETERMINED TO BE AN ADMINISTRATIVE
MARKING INITIALS: QB DATE: 5/15/18

THE PRESIDENT HAS SEEN 4/4/94

THE WHITE HOUSE

WASHINGTON

March 30, 1994

94 MAR 31 P12 : 27

MEMORANDUM FOR THE PRESIDENT

FROM: Robert E. Rubin RER

SUBJECT: Follow-up on National League of Cities Material

The National League of Cities material you shared with me last week was, as you said, interesting. Some of the material stated familiar themes: concerns about unfunded mandates, and about crime and personal security. A more interesting thesis, presented in the report entitled "Global Dollars, Local Sense," concerns the implications of the globalization of the economy for municipalities. Bill Galston of the DPC is doing some serious thinking about the role of cities in the modern economy--a critical threshold issue for urban policy--which will be incorporated into the statutorily mandated HUD report on urban policy (currently being prepared).

The NLC report used examples to show how many cities have taken advantage of globalization to foster local economic development--whether through increased travel and tourism, expanded trade, or new business development. Some of these illustrations will prove useful in the planned White House Conference on Travel and Tourism (tentatively scheduled for late 1995).

A second noteworthy theme outlined in the materials addressed regional cooperation and the need to move beyond simply "the city" as a focus and onto broader partnerships--some spanning city, suburban, county, and sometimes state boundaries. These regional economic partnerships make increasing sense in the new economy and are precisely the sort of initiative that could be included in the reinvention of the Economic Development Administration that some have suggested. However, as you know, regional cooperation can be difficult to achieve.

I think we should have an explicit policy on fed'l investment which favors intensive urban areas for siting new facilities. We should discuss — it can help

THE PRESIDENT HAS SEEN 4/4/94

March 30, 1994

94 MAR 30 P5:05

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: BOB RUBIN
BOB REICH
LEON PANETTA

SUBJECT: **Infrastructure Bank**

This memorandum responds to your request for information about recent proposals to establish an Infrastructure Bank. During the campaign you called for the creation of a "Rebuild America Fund" to increase Federal infrastructure investments. The idea of a Bank or Fund continues to generate interest. Felix Rohatyn and Peter Goldmark, both of whom we have consulted, have produced proposals that are attracting some attention on the Hill. An interagency working group is now developing the arguments for and against a number of Infrastructure Bank alternatives; the group will complete its work in time for these alternatives to be considered for inclusion in the 1996 Budget.

Below we argue that a **Bank has no inherent budgetary or economic advantages over existing programs**, which -- at least in theory -- could be amended to accomplish the same ends as a Bank. In practice, **however, a Bank has an important political advantage**: it would provide a focus for change, and thus would have a far greater chance of gaining Congressional approval than would a long series of amendments to existing programs.

Description

There are many different infrastructure bank proposals in circulation. All envision an entity capitalized in whole or in part with Federal funds. Proposals differ principally in the degree of subsidy that loans would involve and, consequently, the burden on Federal resources. Some limit the Federal financial role to an initial capital infusion to a bank that would then be self-supporting. Others would provide continuing Federal appropriations to finance permanent interest-rate subsidies.

Many proposals include not only this basic financing vehicle, but also a variety of other financial changes, such as credit guarantees or a broader definition of the projects that qualify for tax-exempt financing.

Advantages of an Infrastructure Bank

The Federal government presently supports infrastructure with direct grant and loan programs (for highways, mass transit, aviation, and so on), and with a variety of tax expenditures, the largest of which is the income tax exemption for interest paid on municipal bonds, which allows states and localities to raise money more cheaply than can private borrowers. Proponents of an Infrastructure Bank argue that these approaches are not as well-targeted or efficient as they could be, nor do they promote sufficient infrastructure investment. A more coherent financing institution could supplement (or perhaps to a degree supplant) current Federal programs. In particular, it could:

▪Improve the efficiency of federal infrastructure spending by:

--*Strengthening local coordination of infrastructure spending*: Categorical grant programs vary widely in the support they give to different types of infrastructure. Thus state and local investments may be more opportunistic than strategic, and may be driven more by grant rules and availability than by local conditions. A Bank could make loans available on similar terms across types of infrastructure, allowing more scope for local judgements about relative priorities.

--*Increasing user-fee financing*: A Bank could increase the acceptance of user-fee financing for public works, thereby reducing the burden on public resources and installing incentives to make program selection and design more efficient.

--*Tapping the taxable debt market*: Direct interest subsidies could provide more support per budgetary dollar than an equivalent expansion in tax-exempt state and local debt. All of the benefits from direct interest subsidies accrue to borrowers. The benefits of tax-exempt bonds, in contrast, are divided between borrowers and investors. Taxable infrastructure bonds could reach the large pension funds and other non-taxable investors who have little appetite for the tax-exempt state and local debt financing most infrastructure today.

▪Engage the "demand side" of the job equation: Many Democrats (especially in the House) are calling for the Administration to advance some kind of "demand-side" jobs strategy to complement the Administration's initiatives on the "supply side" of the workforce agenda--education reform, school-to-work, the Reemployment Act and other skill-building investments. Stimulating infrastructure projects through a new federal institution could be a politically effective and fiscally responsible way to address such concerns.

▪Remove some infrastructure investments from annual appropriations decisions: Under current law, infrastructure outlays are subject to the caps on discretionary spending, even when the outlays are supported by dedicated revenue streams. If supported by a dedicated source of revenue (such as a portion of the motor fuels tax) an Infrastructure Bank could be established as a non-discretionary program, with outlays limited by receipts rather than competing discretionary claims.

▪Target funds for regional economic development: Some fraction of Bank loans could be earmarked, or offered at special rates, for projects in economically distressed areas. In addition, employment and training investments in such areas could be coordinated with Bank lending.

In theory, all of these goals could be pursued without an Infrastructure Bank, through the right set of additions, subtractions, shifts and amendments within existing programs. It would probably prove quite difficult in fact to achieve the numerous changes to existing programs that would be needed to achieve a program structure similar to that of a Bank. **While a Bank has no inherent budgetary or economic advantages over existing programs, it does have important tactical advantages.** A Bank would provide a focus for change, and thus have a greater chance of gaining Congressional approval than would a long list of "retail" amendments to current programs. In addition, Congress might prove more willing to provide added funds for a new program offering important policy improvements than for existing programs.

Disadvantages of an Infrastructure Bank

Aside from the difficulty of adding another major initiative to a crowded agenda, an Infrastructure Bank has two significant drawbacks.

▪Under current law, a Bank would offer no budgetary advantage over existing grant or loan programs. Budget rules preclude putting an Infrastructure Bank "off-budget" in any meaningful way. Appropriations for interest-rate subsidies, of course, would count as Federal spending. But any Federal contribution to the Bank's initial capital (which all proposals include) would also have a concentrated budgetary impact. Many proponents have assumed that the Federal share of the Bank's initial capital would appear in the budget only as the Bank's debt was repaid, thus spreading the budget burden over the life of the debt. But in fact, the Credit Reform Act of 1990 (CRA) calls for a very different accounting. The CRA was passed as companion legislation to the Budget Enforcement Act, and requires that grants and loans both be scored in terms of the present value of their budgetary cost, irrespective of when the cash burden actually comes due. Under the CRA, the present value of the entire federal liability must be appropriated in the year it is incurred.

The impediment imposed by budget scoring rules has surprised many Bank proponents, particularly those accustomed to business accounting practices. Some have suggested removing this impediment by either repealing or waiving the CRA. This would allow the federal budget to amortize loans made by the Bank, avoiding the problem of forcing Congress to pay in a single year for a long-term investment facility. Yet the Credit Reform Act, on balance, is a useful brake on budgetary game-playing, and none of your advisors would presently recommend that you seek to amend it.

The budget rules thus require an Infrastructure Bank, like any other new program, to be funded in one of three ways: Existing infrastructure outlays could be reprogrammed; resources could be redirected from elsewhere in the budget; or, as suggested by many Bank proponents, a new source of revenue (such as a tax on gas, energy, or consumption) could be dedicated to Bank financing.

▪Infrastructure Bank loans would be less generous than grants from current infrastructure programs. Current policy subsidizes projects selectively, but those projects that are funded get generous treatment the Bank would not match. State and local officials are thus likely to find Bank lending a poor substitute for current programs, and are likely to be enthusiastic about an Infrastructure Bank only if it is proposed as an additional funding source, not as an alternative to existing grants.

Current status and plans:

An interagency working group has been formed to develop the arguments for and against different Infrastructure Bank alternatives. The group will complete its work in time for its proposals to be considered for inclusion in the 1996 Budget.

THE PRESIDENT HAS SEEN 4/4

THE WHITE HOUSE

WASHINGTON

94 MAR 25 P7:43

V

March 25, 1994

Where are we on the foreign crime - I'm interested in it.

MEMORANDUM FOR THE PRESIDENT

FROM: CHRISTINE A. VARNEY
Secretary to the Cabinet

SUBJECT: Summary of Weekly Cabinet Reports
March 25, 1994 through April 1, 1994

(2) Crazy - consistent with Ron Klain's

CABINET-WIDE ACTIVITY

- What's the foreign state aid argument?

CRIME AND VIOLENCE

(3) I'm interested in the Reno trigger issue

Nearly every Member of the Cabinet spent part of this week on the phone lobbying Members of Congress on the Crime Bill. The Cabinet reached approximately 60 targeted Democrats and Republicans between Tuesday and Wednesday. They will again reach out to targeted Members of Congress during the second week of the Congressional Recess in anticipation of Congress' return to work on the bill on April 12.

With the current focus on health care, only a few Members of the Cabinet are participating in crime-related events. This past week, Secretary Cisneros participated in a variety of events with Congressman Harold Ford in Tennessee. Dr. Lee Brown participated in a Drug Courts event in California.

In addition, Vice President Gore, Attorney General Reno and Secretary Shalala conducted a Leadership Day event with senior citizens here at the White House. The last in a series of Leadership Days aimed at constituents of targeted Democratic Members of Congress was held on Thursday, March 24. Secretary Riley, Attorney General Reno and Mack McLarty addressed police chiefs, District Attorneys and other anti-crime leaders from several midwestern states. Several Republican Leadership Days are planned for April.

During the Congressional Recess, the Attorney General will travel to several states to promote the anti-crime efforts. In addition, she, Secretary Bentsen, Secretary Cisneros and Dr. Lee Brown will give a "status report" to the press on the Administration's progress in fighting crime. During the second week of the recess, Secretaries Christopher and Bentsen are planning to announce a joint effort at banning the importation of certain types of weapons. Finally, Dr. Brown will visit Portland for a crime event late next week.

NEW JERSEY PIPELINE EXPLOSION

On March 24, a 36 inch natural gas pipeline operated by the Texas Eastern Transmission Corporation exploded in the vicinity of an asphalt plant in Edison, NJ. Nine nearby apartment buildings were destroyed. FEMA, DOT and the SBA are monitoring the situation. The SBA is likely to declare an economic disaster in the community today.

** ** **

DEPARTMENT SUMMARIES

Department of the Treasury

- **Regulatory Procedures:** On Thursday, March 31, Treasury will issue a report on streamlining financial institution regulatory procedures.

Department of Commerce

- **Presidential Business Development Mission to Russia:** On Sunday March 27, Secretary Brown will lead a delegation of American businessmen on a Business Development Mission to Russia. Twenty-eight CEO's from the health/pharmaceutical, telecommunications, aerospace, and oil and gas sectors will make the trip. The Delegation will visit Moscow, St. Petersburg and Yekaterinburg (Siberia). The Secretary will meet with Minister of Foreign Economic Relations Oleg Davydov, Prime Minister Viktor Chernomyrdin, Economic Minister Shokhin and perhaps President Yeltsin. The focus of the mission is: 1) the enhancement of American commercial relationship with Russia; and, 2) the closing of specific business deals on behalf of US companies.

- **Bureau of Export Administration (BXA):** BXA's 7th Annual Update Conference will take place March 29-30. Over 600 exporters will attend this event, the first of the Clinton Administration. The conference will discuss the Administration's export control agenda and provide information on regulatory changes and trade issues, focusing on new licensing procedures, trade policy and trends.

- **Coordinating Committee for Multilateral Export Controls (CoCom):** CoCom as it currently exists will terminate on March 31, however, a new export control regime is expected to be formed within 90 - 120 days thereafter. As of the March 31 end date, a number of items which are currently export controlled will be liberalized. Bilateral discussions will be conducted in Bonn on March 29-30 to coordinate policy on exports and procedures for proscribed destinations.

- **Licensing Liberalization Proposal:** Next week, Commerce will announce an interagency proposal for general license treatment for many of the low-level items on the CoCom control list. The proposal would liberalize licensing to Russia and China, allowing expedited U.S. exports to civilian end users in both countries.

- **Anti-dumping Issues:** Commerce will issue a preliminary determination in an anti-dumping investigation of color negative photo paper from the Netherlands on March 29. The EC and the Netherlands are watching this case closely.

Department of Labor

- **Proposed Indoor Air Quality Regulations:** This morning, Secretary Reich announced proposed regulations relating to indoor air quality and environmental tobacco smoke. The indoor air provisions of the regulations apply to more than 4.5 million non-industrial work sites and the environmental tobacco smoke provisions apply to more than 6 million workplaces under OSHA jurisdiction.

  The proposal requires affected employers to write and implement indoor air quality compliance plans including inspection and maintenance of current building systems to ensure proper functioning. This proposal does not require all building owners and employers to install new ventilation systems.

  In building where smoking is not prohibited by employers or local requirements, the proposal would require designated smoking areas which are separate, enclosed rooms exhausted directly to the outside.

  Senator Ford and the AFL-CIO are likely to be supportive of the proposed regulations, while Congressman Waxman and the anti-tobacco lobby are expected to be opposed.

Department of Transportation

- **Postponement of the North American Transport Minister Summit:** The meeting with the transport ministers from Canada and Mexico on today, March 25, to plan implementation of the NAFTA has been postponed due to the situation in Mexico. The Summit is expected to be rescheduled in late April.

- **ATX-Frank Lorenzo Fitness Investigation:** The Department will issue a final decision on or before April 5 on the application of ATX, Inc. a proposed start-up carrier that is owned primarily by Frank Lorenzo. The application was vigorously opposed by the Air Traffic Pilots Association and other labor groups during last years hearing.

- **U.S.-Germany Aviation Negotiations:** On March 18, the US and Germany signed an MOU that resolved outstanding issues by expanding opportunities for both sided in a balanced exchange. Both countries have agreed to begin negotiations on an "open-skies" aviation agreement by May 15.

Department of Justice

- **Homosexuals in the Military:** On Monday, March 28, the Department will submit its brief in Steffan vs. Perry, a challenge to the military's former policy on homosexuals.

- **California Tax Case:** On Tuesday, March 28, Solicitor General Drew Days will present oral argument as a friend of the court in Barclays Bank vs. Franchise Tax Board of California. The case involves a challenge to the constitutionality of California's use of the worldwide formula apportionment method to allocate corporate income for tax purposes for corporations with foreign affiliates.

- **Superfund Case:** On Tuesday, March 29, the Department will present oral argument in Key Tronic vs. U.S. In this case, the Department contends that the Superfund law (CERCLA) does not authorize recovery of attorney fees in suits to reallocate the costs of pollution among the polluters of hazardous waste sites.

- **Subpoena regarding Environmental Crimes Section review:** On Wednesday, March 23, the Department submitted documents to Congressman Dingell in response to his subpoena.

Health and Human Services

- **AIDS Grants:** This week, Secretary Shalala announced $310 million in Ryan White grants to be distributed evenly between cities and states to fight AIDS.

- **Hyde Amendment Implementation:** Today, the Department will send letters to each state Medicaid director, clarifying the procedures the Department will use to ensure compliance with new Hyde Amendment requirements.

- **North Dakota waiver:** Next week the Department will announce a welfare waiver for North Dakota which will provide certain AFDC benefits, child care and employment and training services to low income pregnant women who have no other children.

- **AFDC Error Rates:** On Monday, March 28, the Department will announce that twenty two states have AFDC error rates which exceed newly implemented Quality Control standards.

- **GAO Review of Tenncare:** At the request of Congressman Dingell, GAO is reviewing the Tennessee Tenncare program to determine: 1) if the program has enough primary care physicians to ensure adequate access; 2) if funding levels and reimbursement rates are accurate; 3) what federal and state monitoring devices are in place; and, 4) what implications Tenncare has for other states seeking waivers. The survey portion of the review should be completed by the end of July 1994.

- **Tobacco Regulation:** Today, FDA Administrator David Kessler will testify before Congressman Waxman's subcommittee regarding FDA's regulatory responsibility for cigarettes with addictive levels of nicotine.

Housing and Urban Development

- **National Housing and Community Development Conference:** Next Wednesday and Thursday, Secretary Cisneros will host this major conference in Washington D.C.. The conference, with 2,500 confirmed attendees, will provide a combination of interactive workshops, plenary sessions and panel discussions regarding housing and community development. The Vice President and eight Members of the Cabinet will address the conference.

- **First Secretary On-Line at Time Magazine:** Tomorrow, Secretary Cisneros will participate in an "On-Line News Conference" sponsored by Time Magazine where he will input answers to questions posed by Time readers who are on-line on computers. This is the information superhighway at work.

Department of Education

- **Goals 2000:** The Senate will vote to end Senator Helms' filibuster at 1:00 a.m. Saturday morning. If all goes as planned, you will have a bill to sign by the April 1 appropriations deadline. White House staff and the Department are working quietly on a bill signing ceremony which could take place on Thursday, March 31.

- **ESEA Reauthorization:** Following lengthy debate, the House passed the Elementary and Secondary Education Act reauthorization last night. It will move to the Senate sometime after the recess and the same sort of spirited debate is expected.

Department of Interior

- **Grazing:** The grazing regulations will be published in the Federal Register today. There will be a 120-day public comment period during which the Department plans to conduct hearings in ten western states. Your exchange with the young man from Wyoming during the Peter Jennings event was well received in the West.

Rhinos and Tigers: The Department is working with the NSC on a decision memorandum for you as to whether trade sanctions are necessary against China and/or Taiwan for continuing trade in rhino and tiger products. Your eventual decision on this issue will attract significant worldwide media attention.

Department of Agriculture

- **Safe Food Handling Labels:** The final rule was published today in the Federal Register. All raw or partially cooked *ground* meat and poultry products will be required to display safe handling labels within 60 days. The regulations also mandate a July 6 deadline for *all other* raw or partially cooked meat and poultry products, which coincides with the deadline for nutritional labeling.

[illegible]

Forest Plan: ABC News may run a story next Friday, April 1, on the one-year anniversary of the Forest Summit. Timber groups are planning "April Fool's Day" events to accuse the Administration of failing to deliver on its promises.

The Federal District Court in Washington, D.C. last week determined that the proceedings of the Administration's Forest Plan team violated FACA, but did not issue an injunction to stop the Forest Plan from going forward. It is unclear how this will be decided on appeal.

- **Potential Lawsuit:** Oregon Legal Services (OLS), a non-profit organization, wrote to Assistant Secretary Haas requesting that USDA deny the State of Oregon's JOBS Plus Demonstration. The JOBS Plus Demonstration would place AFDC and food stamp recipients in privately subsidized jobs for on-the-job training. Wages would be paid by the employer from diverted public assistance and food stamp benefits. OLS believes that USDA does not have the legal authority to approve the demonstration project and that inequitable treatment of participants may occur. OLS has threatened to sue USDA if the project is approved.

- **Arkansas Ice Storm:** $500,000 of the 1994 Emergency Supplemental Appropriation funds have been allocated to Arkansas to help restore farmland damaged by the ice storm in Ashley, Chicot, and Phillips Counties.

- **HACCP:** The Food and Safety Inspection Service (FSIS) will hold a Hazardous Analysis and Critical Control Point (HACCP) Roundtable on March 30-31 in Washington, D.C. The proposed HACCP regulations significantly revamp food processing handling requirements in the seafood and poultry industries. The meeting will be open to the public and is expected to draw significant participation.

Environmental Protection Agency

- **Radon:** EPA will release a Congressionally mandated study next week which examines the relative risk of reducing radon in the air vs. radon in drinking water. The study will show that it is less expensive to reduce risks from the air than from drinking water. While the information in this report is significant and will remind the public of the dangers of radon, the report may generate Beltway interest in EPA's process of comparative risk analysis.

Department of State

- **Mexico:** The assassination of Luis Donaldo Colosio leaves Mexico vulnerable to increased instability and a possible run on its financial markets. There is no indication of the assassins' motivation or political affiliation. The PRI must select another candidate, however the individual cannot be a current senior government official -- Peace Commissioner Manuel Camacho is a possible choice.

- **Israeli-Palestinian Talks:** The Israelis and Palestinians have made substantial progress toward resuming the Gaza-Jericho negotiations. Israel is now ready to a) allow the first Palestinian police units to deploy to the Gaza Strip at the end of the month, and b) permit joint Palestinian-Israeli police patrols in Hebron. Both sides agree in principal on an international presence in the West Bank and Gaza -- differences regarding the details are the last obstacle to resuming talks.

- **Haiti:** Members of the Congressional Black Caucus have mounted a vocal campaign to criticize our Haiti policy. Word from the Hill indicates that support for the CBC's view is limited. Secretary Christopher believes there is a need to engage those Members who are supportive of the Haiti policy to counter the disproportionate criticism from the CBC.

- **El Salvador:** Last Sunday's elections faired better than press accounts indicate; both the official U.S. observer team, led by Brian Atwood, and the United Nations released statements commending the process. Administrative problems did prevent some 25,000 newly registered voters from voting (State considers estimates that put the number as high as 340,000 wildly inflated), but the elections were peaceful, which was an achievement in itself.

United Nations

- **North Korea:** The Permanent Five (with Chinese presence but not participation) has drafted a resolution indicating the concern and urgency felt by the international community over the DPRK nuclear issue. The USUN expects the Council as whole to consider the draft during the week and to vote on Thursday, March 31, barring any efforts by the Chinese to block the draft.

- **Bosnia:** The Council will finish its work on the extension of the U.N.'s mandate. The Secretary General will also report on restoring public services to Sarajevo, and requirements for the re-opening of Tuzla airport.

- **Travel:** Next week, Ambassador Albright will embark on a two week visit with an interagency team to observe a variety of U.N. Operations. Her travel plans include: South Africa, the Sudan, Zagreb, Sarajevo, Somalia, Brazil and Argentina.

Department of Defense

- **Somalia:** The remaining U.S. combat forces were withdrawn from Somalia this morning. General Montgomery arrives back at Andrews AFB on Monday afternoon.

- **Korea:** The execute order has been given to deploy the Patriot Missiles via rail and sea to Korea, with the operational target being the end of April. General Luck is reviewing options for Team Spirit '94 and will be reporting back to Secretary Perry within the week

- **Bosnia:** Military operations in Bosnia remain centered on enforcement of the Sarajevo exclusion zone and monitoring the cease fire in central Bosnia. In eastern Bosnia, one convoy succeeded in entering Maglaj. A following convoy was looted by civilians and failed to reach the city. The UN request for 10,650 additional troops is being filled slowly. European contributors are experiencing ever dwindling resources and Islamic countries lack equipment.

- **Pope AFB Accident:** Following the tragic accident, DoD is working hard to stabilize the situation. The Department is concentrating its efforts on caring for the survivors of those who were lost, and the providing for the medical needs of those who were injured. Secretary Perry will visit Fort Bragg on Tuesday for memorial and hospital visits.

- **Senate Budget Resolution:** Yesterday's votes sustaining the Exon/Grassley amendment are very disappointing for DoD. If enacted, the resolution would create pressure for an additional $20 to $30 billion in Defense cuts over the next five years. According to DoD, these deep cuts would be fatal to the Bottom-Up Review.

cc: Vice President Gore
Mack McLarty

COPY

APRIL 1, 1994

Ricki are we doing this? I think we should, especially if we have [illegible] the archives

MEMORANDUM FOR NANCY HERNREICH

FROM: **BRIAN C. THOMPSON** BCT
White House Liaison, National Archives

SUBJECT: **MAY 12, 1994 ARCHIVES DEDICATION**

The dedication of the new Archives II facility in College Park, Maryland and observance of the 60th anniversary of the National Archives is scheduled for May 12, 1994 at 10:00 a.m. John Podesta, Phil Lader, and Melanne Verveer are aware of this event.

- o <u>Invitees</u> - Approximately 2400, including the 5 living former Presidents, Congressional leadership, Justices of the Supreme Court, senior White House officials, and archivists of other countries. (I understand an unrelated event may be bringing the former First Ladies to Washington the previous day.)

- o <u>Media</u> - Extensive media coverage expected. (See attached press clips package concerning the move to the new building.)

- o <u>Transportation</u> - Archives II is 45 minutes by car from the White House; a golf course adjacent to the grounds will readily accomodate Marine One.

In keeping with instructions from the scheduling office, we have omitted mention of the President's attendance from the first printed materials. **However, I need to call your attention to premature press mention and Congressional anticipation of his attendance.** Rep. Steny Hoyer (D-MD), Chair of our oversight committee and in whose District the facility is located, is personally inviting House leadership on the expectation of the President's appearance.

Shirley Clarkson, an appointee and our director of public affairs, is coordinating event planning and can be reached at (202) 501-5525.

cc: Phil Lader
John Podesta
Melanne Verveer
Ricki Seidman
Bart Handford

THE WHITE HOUSE
WASHINGTON

DATE: 4/2/94

NOTE FOR: Secretary Babbitt
Carol Rasco
Bob Rubin

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

Information ☐

Action ☒

[redacted]

Thank you.

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

cc:

The President wants a copy of this sent to Sec. Babbitt + others in the WH who worked on grazing issue. It was given to him by a boy at the ABC Kids Town Hall last Sat. The President wants to make sure we follow-up. Andrew

THE PRESIDENT HAS SEEN 3/24/94

Cotton Bousman

Box 74, Boulder WY 82923
(307) 537-5213

March 16, 1994

To: President Bill Clinton

From: Cotton Bousman
Box 74
Boulder, WY 82923 (307 537-5213)

Subject: Grazing Fees - The Non-Fee Cost Issue

This is some information about our family ranch. It explains what Non-Fee costs are, and why it costs us more to operate on public land than it would if we could buy private pasture. We use a total of 1415 AUM's. My information is based on 1993, and last year's AUM fee of $1.86/AUM. The private pasture in our area sells for about $12.00 /AUM.

Public Land Grazing Non-Fee Costs

Eastfork Livestock - The Bousman Family Ranch

	Total Cost	Cost/AUM
Maintenance: Cattle Association dues - this pays for water well maintenance which benefits both livestock and wildlife. It also pays for fence repair, wire, and staples.	$367.00	
Eight head extra horses - these are horses that would not be necessary to keep if we did not use public lands. We do a lot of riding and moving cows to keep from overgrazing and to protect the environment. It costs us $390/horse/year.	$3120.00	
Mileage - this pays for the gas, oil, and repairs to travel from our ranch to public lands to care for our livestock	$616.50	
Total Maintenance	$4103.50	$2.90
Management: This includes another $900 Cattle Association dues and 425.6 hours of family labor at $5 per hour. This is for labor to move our cows so we don't overgraze and to protect the environment.	$3028.10	$2.14

Extra bulls: It normally requires one bull for 35 cows if using private pasture. On public land our cows run in a much larger area and are more spread out. It requires us to use one bull for every 20 cows. It takes a total of five more bulls than if we could buy private pasture. The cost for hay, pasture, depreciation and death loss for each bull is $631.09 each per year.	$3155.45	$2.23
Capital Cost: When my parents bought part of our ranch, they paid $30/AUM for the public land permits. Each AUM has a value because having the permit increases the carrying capacity of our ranch and our ability to make a living. If Mr. Babbitt raises the fees and we can no longer use our permits, the value of our private property will decrease because we will have less carrying capacity and the $30/AUM we paid will evaporate.	$3962.00	$2.80
Extra Death Loss: Our cattle using public land are much more spread out and more subject to predators, poisonous plants, and they are less accessible for doctoring them.	$1061.25	$.75
Conception Loss: When we pregnancy test our cows in the fall, cows that run on public land have a poorer conception rate than our cows that run on private land. Our figures show we have eight less cows bred because of using public land. The cost is the difference between the value of eight bred cows and eight cull cows.	$849.00	$.60
Overall Total Non-Fee Costs	**$16159.30**	**$11.42**
1993 Public Lands Grazing Fee		$1.86
Cost to our Ranch (Compare to $12 private lease fee)		$13.28

Why does it make sense to use public grazing when it costs more than private grazing? First, there isn't enough private lease available, and second, we have a $30/AUM (plus improvements) invested in the grazing permit. Without the public grazing, we would have to reduce our cow herd and therefore our income.

[redacted]

THE PRESIDENT HAS SEEN

3/31/94 PB

OFFICE: (214) 285-5429

DALLAS COUNTY

THE COUNTY OF DALLAS • STATE OF TEXAS

KEN BLACKINGTON
JUSTICE OF THE PEACE
PRECINCT 5
823 N. GALLOWAY
MESQUITE, TEXAS 75149

[redacted]

[redacted]