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001. letter	[Personally Identifiable Information] [partial] (2 pages)	03/14/1994	b(6)

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April 10-16, 1994 [1]

2018-0662-S
rs3094

RESTRICTION CODES

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

P1 National Security Classified Information [(a)(1) of the PRA]
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P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

Magazines copied

THE WHITE HOUSE
WASHINGTON

[redacted]

94 APR 18 A 8 : 37

The President would like someone to call this physician. He offered to help with Health Care Reform —

[redacted]

FAX 202-785-0110

KONRAD L. DAWSON, M.D., P.C.

Plastic and Reconstructive Surgery
Aesthetic Surgery, Hand and Microsurgery

Diplomate, American Board of Surgery

1145 19TH ST., N.W., SUITE 717
WASHINGTON, D.C. 20036
202-785-4187

106 IRVING ST., N.W. SUITE 412
WASHINGTON, D.C. 20010
202-726-1000

[redacted]

Onion

THE WHITE HOUSE
WASHINGTON

DATE: 4/16/94

[redacted]

TO: Mark Gearan
George Stephanopoulos

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

FYI

[redacted]

[redacted]

C.C. MARK
George

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, D.C. 20410-0001

94 APR 4 P5:16

RM

April 1, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: Henry Cisneros Henry Cisneros

The purpose of this memorandum is to apprise you of HUD's progress in two cities which I know are of interest to you. Our working relationships in Philadelphia and Dallas are indicative of what HUD can and will do in more cities as we implement partnerships based on our "reinventing government" commitments.

1. Philadelphia

You will recall that the Philadelphia-HUD partnership was begun because of the severely distressed situation at the Philadelphia Housing Authority (PHA). Six months ago, Mayor Ed Rendell agreed with our position that the City should take over responsibility for public housing. The Mayor appointed himself chair of the PHA Board and appointed City Council President John Street as vice chair. HUD made commitments to ensure that this new arrangement would succeed.

Last week I met with Mayor Rendell and Councilman Street for a status report on the City/PHA/HUD agreement. Changes are underway in several areas. Some of the more visible are the dramatically improved relationship between the tenants and the PHA Board, primarily due to the Mayor's commitment to on-going communication; the Board's emphasis on resident participation in PHA contracts; and, although it remains a major challenge, improvements in security. The City and PHA have also agreed to work together on emergency repairs and rehabilitation of PHA scattered site properties. Less visible changes are underway within the structure of the PHA which should improve day to day operations and the PHA's ability to commit funds in the pipeline.

Mayor Rendell has asked us to designate Philadelphia as one of the next Innovative Homeless Cities, to build on the "continuum of care" model we are putting in place in Washington, D.C. We are working to designate Philadelphia.

Mayor Rendell is also preparing an Empowerment Zone application in partnership with Camden, New Jersey, recognizing that the legislation calls for one of the zones to be in a metropolitan area which spans state boundaries. Philadelphia has been designated to participate in the AFL-CIO pension fund housing partnership and to receive support from our community development corporation fund created with seven national foundations.

2. Dallas

Dallas is beginning to suffer from the "big city" problems which older cities have confronted for some time. The City Manager, John Ware, is developing an innovative approach to service delivery for the entire city. The City discovered that hurdles to urban revitalization were not necessarily tied to shortages of resources, but to the lack of coordination of resources, the City's as well as those of the private, non-profit, state and federal sectors, and to the absence of a comprehensive strategy.

Based on the City Manager's thoughtful and courageous work, I have proposed that the City and HUD work in close partnership, so that HUD programs support the City's strategy and priorities. Following my initial meeting with Mr. Ware, I spoke with Governor Richards to ask for the State's involvement in this partnership.

Last week we held a full day working session here in Washington that involved senior HUD, City, and State staff to discuss how to pull it all together. We have been careful to emphasize the competitive applications necessary for many of our programs and the fact that we can not make definite commitments; however, in the partnership we are developing, we will make sure the City is in position to make maximum use of the essential programs. Dallas has the potential to use the AFL-CIO pension fund partnership to develop affordable housing, to participate in the National Community Development Initiative (NCDI) for community development corporations, and to use the FHA single-family property disposition demonstration program which promotes homeownership.

Our new Secretary's Representative in the HUD area office is directly involved in this partnership. I have asked him to work with other federal agencies at the local level so that their relevant programs can be coordinated as well. This could well be a model for federal cooperation in a city with a clear view of its revitalization goals.

To: The President
From: Mack

William H. Bowen

DETERMINED TO BE AN ADMINISTRATIVE
MARKING INITIALS: M' DATE: 10/3/18
2018-0662-S

April 4, 1994

THE PRESIDENT HAS SEEN
4/15/94

~~PERSONAL AND CONFIDENTIAL~~

File

Mr. Mack McLarty
Chief of Staff
Mr. Mark Middleton
Assistant to Chief of Staff
The White House
1600 Pennsylvania Ave.
Washington, D.C. 20500-2000

Re: Response to media trashing of Arkansas

Dear Mack and Mark:

At your invitation, I invited some of the central Arkansas leadership to convene to discuss the media trashing of Arkansas. On March 31 at noon Drake Keith, Chairman of the Greater Little Rock Chamber of Commerce, convened selective leadership at the Little Rock Club for a working lunch. In attendance were:

1. Drake Keith and his secretary
2. Paul Harvel, President, Greater Little Rock Chamber of Commerce
3. Ron Russell, manager of Arkansas State Chamber/AIA
4. JoAnn Green, President, Arkansas State Symphony
5. Woodson Walker, Attorney
6. Curt Bradbury, CEO of Worthen National Bank
7. Jim Keet, State Representative
8. Jim Pledger, Chief of Staff, Governor Jim Guy Tucker; Director, Department of Finance and Administration
9. Rabbi Gene Levy
10. The undersigned

Keith convened the meeting and announced its purpose was to address the flood of media attacks on Arkansas. He noted the Brummett newspaper piece suggesting such a meeting and called upon me for comment. From a Political Animals breakfast meeting that morning addressed by Senator David Pryor, I shared Pryor's counsel that Whitewater will pass and this reason for media assaults will subside. There was an inference in this counsel that we should keep in mind the first admonition of the Hippocratic Oath: "First, do no harm to the patient." Then I invited Ron Russell to share findings next related.

He referred to the infamous L. J. Davis who had trashed Arkansas big time in the April 4, 1994 New Republic piece "The Name of Rose." In general we were labeled "the Bubba Belt" and given to countenancing thugs who hit decent people in the head and left them in such places as the Legacy Lounge in downtown Little Rock.

Next, he referred to a visit with the lessee/operator of the lounge who was a fellow student at Arkansas Tech in years past. The operator reported that the evening Davis says he was assaulted and left unconscious that his bar tab reflected 6 martinis, I repeat 6 martinis, and a single hamburger. Moreover, it was confirmed that he had not reported any assault to management, and per Jim Pledger and the State Police, neither had he reported it to the local or state police.

Thus, the conclusion is clear that Davis was drunk, passed out and hit his head on even a harder object than his head en route to the floor. Upon my motion, it was agreed that Russell and I pursue revelation of this record through the Legacy operator (leaving us out of it, of course) and we expect to meet him at noon April 4 to encourage him to go public with the record and at the same time consider a libel suit not only against Davis, but the New Republic and, if feasible, the Wall Street Journal, Rush Limbaugh, et al for repeating it.

Funding of the litigation may be a problem which we have not yet confronted.

Other matters at the meeting included a report by Curt Bradbury that he has hired an impressive high powered public relations firm to help him deal with the Wall Street Journal/New York Times/New Republic charge that Stephens, the Worthen Bank, and BCCI are in cahoots, to go on tour to defend them against these charges and to consider select litigation as is appropriate.

Shelby Woods pointed to about a $5 million budget in place for an ongoing public relations campaign in support of parks and tourism. Woodson Walker alluded to Tyson and others who had been assaulted (Tyson's claimed tie to USDA, for example), and argued that a crescendo of responses, e.g. Stephens, Worthen, Tyson, et al, would be a positive and good result.

Pledger observed that he did not anticipate public action by Jim Guy Tucker, among other reasons because of charges made relative to the David Hale loan issue.

It is expected this kind of meeting will be repeated and continued from time to time by this or expanded leadership for the continuing purpose of staying on top of the issue. At your invitation I consulted Alice Walton for her interest, and she indicated she was willing to participate but could not on short notice. Drake Keith and I have reported the results of the meeting to her and expect her continued involvement. Will keep you advised.

Cordially,

Bill Bowen/ms

William H. Bowen

ms

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
4/15/94

April 15, 1994

MR. PRESIDENT:

In response to your question on the letter to Senator Hefflin, the outgoing correspondence was drafted by Sheila Anthony's office, and was approved by Sally Katzen and the Attorney General.

Do you want more information from Sally or to provide her with more guidance?

Paul
R. Paul Richard

Lloyd Cutler
Pls review
Do you agree w this?
Heflin feels strongly this other way
BC

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

April 11, 1994 94 APR 11 P6:49

MEMORANDUM FOR THE PRESIDENT

FROM: SUSAN BROPHY

SUBJECT: LETTERS TO MEMBERS OF CONGRESS

Attached are letters for your signature which respond to various letters from members of Congress.

The following is a brief description of each letter:

1) Howell Heflin (D-AL), concerning S. 486, a Bill to create a unified Administrative Law Judge Corps; and

2) Harris Wofford (D-PA), birthday greeting;

3) Bill Hefner (D-NC), birthday greeting;

4) Howard Berman (D-CA), birthday greeting.

Hold this one
and ask whoever
sent it to see me -

THE WHITE HOUSE

WASHINGTON

Dear Howell:

I appreciate you bringing directly to my attention S. 486, a bill to create a unified Administrative Law Judge Corps. That bill addresses matters that I know have been concerns of yours for many years.

My Administration shares your goal that Administrative Law Judges be impartial in their decision-making and that adequate safeguards be in place to maintain the appearance as well as the reality of impartiality with respect to the cases they hear. Moreover, as you know, I am fully committed to innovative efforts to improve the efficiency of the federal government, through such initiatives as Vice President Gore's National Performance Review.

However, a number of members of my Cabinet with direct responsibility for overseeing the administrative process have suggested that establishing a separate cadre of administrative law judges may not be the proper approach to reform. Your letter of March 14 argues the "[t]he gut issue is that the bureaucracy wants to 'control its judges.'" Notwithstanding whatever views career government employees may have, Secretary Donna Shalala and Secretary Robert Reich, among others in my Administration, have taken a fresh and unbiased look at S. 486, and they oppose S. 486 for a number of reasons.

To separate Administrative Law Judges entirely from their agencies would cause those agencies to lose control over their own docket of cases, as well as their rules of procedure. Disruption of the timing and priority of cases could impede the implementation of important Administration policies and goals. There would be a diffusion of accountability. Administrative Law Judges are not entirely autonomous; they are specialized, expert decision-makers who play a vital and integral part of the adjudication process at many agencies. They are not independent policy-makers, but are governed by the rules, precedents, and policies of the agency which they serve and their decisions normally are subject to review by the head of the agency.

Although U.S. District Court judges are generalists, as you note, their usual role in the administrative process is to review the results of expert agency adjudication, based on a full administrative record. The Administrative Law Judges, by contrast, are precisely the ones who preside over the process of assembling that record and rendering a decision interpreting and applying the complex statutory and regulatory provisions governing their agency that have become well known to them. In our view, the present system of decisionmaking by expert Administrative Law Judges at more than 30 different agencies has clear advantages over a system of generalist decisionmakers.

Furthermore, there is some real doubt that S. 486 would fulfill its promise of enhancing government efficiency. With respect to Social Security cases, which account for the large majority of matters before Administrative Law Judges, Secretary Shalala strongly believes that S. 486 would instead have the effect of impeding administrative efficiency, increasing costs, and reducing the consistency and accuracy of administrative decisions. This is even a greater concern for smaller agencies which would have no assurance that Administrative Law Judges with specific expertise would be assigned to handle their cases.

For these reasons, it would be preferable to consider more narrowly focused efforts to ensure the integrity and status of Administrative Law Judges under the present system of agency-based adjudication. Such a measured approach would produce the benefits of reform without the risk of making disruptive changes in the administrative decision-making process.

Thank you again for bringing your concerns to my attention.

Sincerely,

Bill Clinton

The Honorable Howell Heflin
United States Senate
Washington, D.C. 20510

ID# 056934

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

INCOMING

DATE RECEIVED: MARCH 21, 1994

NAME OF CORRESPONDENT: THE HONORABLE HOWELL HEFLIN

SUBJECT: REQUESTS THE PRESIDENT GIVE CAREFUL CONSIDERATION TO THE PROPOSED BILL S 486, A BILL THAT WOULD CREATE AN INDEPENDENT UNIFIED ADMINISTRATIVE LAW JUDGE CORPS

ROUTE TO: OFFICE/AGENCY (STAFF NAME)	ACTION: ACT CODE	ACTION: DATE YY/MM/DD	DISPOSITION: TYPE RESP	DISPOSITION: C D	DISPOSITION: COMPLETED YY/MM/DD
PATRICK GRIFFIN	ORG	94/03/17	SB	A	94/03/17
REFERRAL NOTE:					
PATRICK GRIFFIN	RSA	94/03/21			__/__/__
REFERRAL NOTE:					
		__/__/__			__/__/__
REFERRAL NOTE:					
		__/__/__			__/__/__
REFERRAL NOTE:					
		__/__/__			__/__/__
REFERRAL NOTE:					

COMMENTS: FEB 7 94 LETTER TO THE PRESIDENT FROM R. WILLIAM IDE III ATTACHED

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES: ____ ____ ____

__ MAIL USER CODES: (A)D AL (B)__________ (C)__________

****
*ACTION CODES: *DISPOSITION *OUTGOING *
* * *CORRESPONDENCE: *
*A-APPROPRIATE ACTION *A-ANSWERED *TYPE RESP=INITIALS *
*C-COMMENT/RECOM *B-NON-SPEC-REFERRAL * OF SIGNER *
*D-DRAFT RESPONSE *C-COMPLETED * CODE = A *
*F-FURNISH FACT SHEET *S-SUSPENDED *COMPLETED = DATE OF *
I-INFO COPY/NO ACT NEC * OUTGOING *
*R-DIRECT REPLY W/COPY * * *
*S-FOR-SIGNATURE * * *
*X-INTERIM REPLY * * *
****

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE (ROOM 75,OEOB) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS MANAGEMENT.

SCANNED

OS69 34

HOWELL HEFLIN
ALABAMA

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY
COMMITTEE ON THE JUDICIARY
COMMITTEE ON SMALL BUSINESS

☐ 728 SENATE HART BUILDING
WASHINGTON, DC 20510-0101
(202) 224-4124

United States Senate

WASHINGTON, DC 20510-0101

STATE OFFICES:

☐ 341 FEDERAL BUILDING
1800 FIFTH AVENUE NORTH
BIRMINGHAM, AL 35203
(205) 731-1500

☐ 437 U.S. COURTHOUSE
MOBILE, AL 36602
(205) 690-3167

☐ FEDERAL COURTHOUSE, B-29
15 LEE STREET
MONTGOMERY, AL 36104
(205) 265-9507

☐ 105 MAIN STREET
P.O. BOX 228
TUSCUMBIA, AL 35674
(205) 381-7060

March 14, 1994

94 MAR 15 P5:44

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

Dear Mr. President:

Following up our recent conversation at your lovely dinner, I am enclosing a copy of S. 486, a bill that would create an independent, unified Administrative Law Judge Corps.

I was interested to hear you talk about your activity in the National Governors' Conference to prevent the Social Security Administration, under a Republican Administration, from "controlling its judges and other administrative officials" relative to the effort to purge the social security disability rolls.

My bill, S. 486, has passed the Senate and is now before the House. The bureaucracy of government is fighting its passage just like it did under the Reagan and Bush eras. The gut issue is that the bureaucracy wants to "control its judges." One of the cornerstones of American democracy is an independent judiciary. Control is sometimes exercised openly and sometimes through subtle means since the bureaucracy houses, pays, and promotes its Administrative Law Judges. Examples of subtle means include control of parking spaces and staff support.

The bureaucracy argues primarily two matters -- that judges must follow policy, and there would be a lack of expertise in the independent corps.

In reacting to the policy issue argument, my staff worked with the Justice Department officials to address and take care of their concerns on the "agency shall make policy" issue. S. 486 will not allow judges to make policy and provides all the necessary safeguards for bureaucracy to control policy.

In regard to expertise the bureaucracy forgets that U. S. District Court judges are generalists. But in order to provide expertise the Corps is divided into eight divisions. For example, Division One deals with communications, public utility, and transportation regulation. Division Two would consist of safety and environmental regulation, and so on. These divisions are structured so that a high degree of legal expertise will be maintained in each division. The administrative agency or the department would draw judges from a division where judges would specialize.

The bill is in keeping with Vice-President Gore's "reinventing government." Interestingly, Vice-President Gore was a co-sponsor of a similar bill in the last Congress. Many cost savings would occur. Consolidation would eliminate many individual support functions for ALJ's, such as law libraries and hearing rooms.

I am enclosing a copy of a letter from Bill Ide, President of the American Bar Association, addressed to you dated February 7, 1994, that goes into more detail about the bill.

There are more than 1,200 administrative law judges hearing cases in federal agencies which is more than the 840 federal district and appellate judges. This bill is the most substantial reform bill dealing with the judiciary in many a decade. It deserves your full support.

I would appreciate it if you would give careful consideration to this proposed legislation. There is no question that the bureaucracy will fight it but, as a former constitutional law professor and from your experience with black lung and social security disability administrative action in the past, I believe that you will be motivated to support this bill.

I appreciate your request to review a copy of this legislation. It is certainly long overdue.

Respectfully yours,

Howell

Howell Heflin

HH/ms

Enclosure

R. WILLIAM IDE III
President
American Bar Association
750 North Lake Shore Drive
Chicago, IL 60611
Telephone: 312/988-5109
Fax: 312/988-5100

AMERICAN BAR ASSOCIATION

Direct Personal Replies to:
One Peachtree Center
Suite 5300
303 Peachtree Street
Atlanta, GA 30308
404/527-4000
404/527-8460 Direct Dial
Fax: 404/521-9343
ABA/net: IDEWMIII

February 7, 1994

The President
The White House
Washington, DC 20500

Dear Mr. President:

I am again writing on behalf of the American Bar Association to enlist your support for S. 486, a bill that would reorganize the federal administrative judiciary into a unified corps.

Through the leadership of Senator Howell Heflin, Chairman of the Senate Judiciary Subcommittee on Courts and Administrative Practice, S. 486 passed the Senate by unanimous consent at the end of the first Session, with strong bi-partisan support. It is currently pending before the House in the Judiciary Subcommittee on Administrative Law. The American Bar Association supports S. 486 and urges the Administration to make early House consideration and final passage of the bill a legislative priority.

The Senate-passed bill is in keeping with the spirit of the reinventing government effort led by Vice President Gore in both its cost savings and mission consolidating aspects. The bill will promote real savings in consolidating all federal administrative adjudication functions in one corps. By charging the entire federal administrative judiciary with the responsibility of deciding cases and reducing the backlog, particularly in active agencies, all administrative law judges (ALJs) would be fully utilized and service to the public would be enhanced. This can be accomplished without losing the expertise of agency-based ALJs. The bill reorganizes ALJs by their expertise, and increases and facilitates an agency's borrowing of similarly experienced ALJs to reduce its caseload. Currently, this borrowing by agencies of ALJs is not coordinated or organized in any readily accessible manner. A unified ALJ corps approach would promote such utilization of resources.

Many cost savings have been identified with the implementation of S. 486. The consolidation of administrative adjudications would eliminate duplication of many support functions for ALJs such as law libraries and hearing rooms. There are also economies of scale in the consolidation of administrative functions for the ALJs, now performed by each agency. The Congressional Budget Office estimates a $20 to $25 million savings over the first five years.

The Senate Judiciary Committee incorporated a series of modifications to the bill, addressing concerns that have been voiced about costs, standards for professional conduct, and discipline. The views of the Justice Department were accommodated with amendments relating to the President's Appointment Powers and to clarify the continued role of agency policy making authority.

An amendment by Senator Hank Brown, intended to force real savings in the reorganization, ensures that the corps will not be authorized to spend more on adjudications than presently spent by the agencies. S. 486 also contains an amendment authored by Senator WIlliam Cohen to provide for the development of professional standards of conduct for federal ALJs. The ABA has worked over the years to draft professional standards of conduct for individuals with hearing and decision authority over the public, which will promote the fair and impartial disposition of cases. There is currently no uniform standard of professional conduct for federal ALJs and S.486 would require the corps to adopt and enforce such a standard. There is also a public grievance procedure in the bill. Under its provisions, complaints would go to an independent complaint resolution board outside the corps structure to safeguard the public interest from any potential unauthorized practice or abuse of the new corps. Careful attention was paid in crafting these amendments to protect the independence of the corps, while also making it accountable to the public.

The American Bar Association believes that S.486 strikes the proper balance in this area and supports its enactment into law. Your Administration support for the measure, for all the reasons we have enumerated, would enhance that prospect.

Sincerely,

R. William Ide III

R. William Ide III

I am very concerned that these changes will serve only to make agency adjudications operate less efficiently. This in turn will hinder the ability of citizens to get their grievances heard by an agency.

I also question whether these changes are necessary to protect ALJ independence. The proponents claim that ALJ's are currently biased in favor or their agencies, because they serve under the direction of the agency head. I too am committed to guaranteeing that ALJ's are independent factfinders. Indeed, the constitution requires ALJ's are "impartial decision makers."

Because the Constitution requires it, we already guarantee ALJ independence. ALJ's can only be removed for good cause established before the merit systems protection board—not the agency. OPM controls ALJ's pay—not the agency. Most importantly, the decision of an ALJ is subject to judicial review.

The Administrative Conference of the United States was right when it concluded in a blue-ribbon study last year that "the case for establishing an independent ALJ corps * * * has not been made."

The Conference was not alone in this conclusion. The Reagan administration opposed the proposal. The Bush administration opposed the proposal. And now many members of the Clinton administration oppose it. Seven agencies have written letters of opposition to S. 486. And every one of those agencies has written with the permission of OMB. We've heard from Donna Shalala, Robert Reich, and several other agency heads. The consensus in clear that S. 486 is a bad idea.

I ask unanimous consent that the letters of the administration in opposition to S. 486 be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE SECRETARY OF HEALTH AND HUMAN SERVICES,
Washington, DC, August 30, 1993.

Hon. JOSEPH R. BIDEN, Jr.,
Chairman, Committee on the Judiciary, Washington, DC.

DEAR MR. CHAIRMAN: This is to offer our views on S. 486, a bill "To establish a specialized corps of judges necessary for certain Federal proceedings required to be conducted, and for other purposes".

The bill would create a corps of administrative law judges (ALJs) consisting of all current ALJs to hold hearings and render decisions on all cases to which the Administrative Procedure Act applies, as well as any other case referred to the corps by an agency or court in which a determination is to be made on the record after an opportunity for a hearing. The bill also would require that all types of cases, claims, actions, and proceedings previously held before ALJs be referred to the corps. The intent of the legislation is that Social Security cases where a claimant has requested an ALJ hearing would be referred to the corps.

The bill's primary impact on this Department would be in connection with its administration of the Social Security Act. Under the Social Security and Medicare programs, in fiscal year (FY) 1992 the Social Security Administration (SSA) received about 391,000 requests for hearings. In FY 1993, we estimate that SSA will receive about 471,000 requests for hearings and about 490,000 in FY 1994.

We strongly oppose enactment of he bill because it would not achieve the sponsors' objectives of increasing ALJ decisional independence, increasing administrative efficiency, or reducing administrative costs. On the contrary, we think the bill would impede efficient administration, increase costs, and reduce the consistency and accuracy of ALJ decisions. (A detailed discussion of the reasons for our position is enclosed.)

The Office of Management and Budget has advised that there is no objection to submission of this report to the Congress from the standpoint of the Administration's program.

Sincerely,

DONNA E. SHALALA.

Enclosure to Report on S. 486

DESCRIPTION OF BILL

The bill would create an Administrative Law Judge (ALJ) corps consisting of all current ALJs to hold hearings and render decisions on all cases to which the Administrative Procedure Act (APA) applies as well as any other case referred to the corps by an agency or court in which a determination is to be made on the record after an opportunity for a hearing. The bill also requires that all types of cases, claims, actions, and proceedings heretofore held before ALJs be referred to the corps. There would be eight divisions in the corps with each division dealing with a different area of specialization, such as "Health and Benefits Programs."

The policymaking body of the corps would be the council of the corps, consisting of the chief ALJ of the corps and the chief ALJ of each division. The council would have jurisdiction over general policy and rules of practice and procedure of the corps, and would appoint future ALJs from the Office of Personnel Management's (OPM's) register.

Under the bill, an ALJ could not be removed, suspended reprimanded or disciplined except for misconduct or neglect of duty, but could be removed for physical or mental disability. Any complaint of misconduct would have to be referred to a three-member panel selected by the council from a complaints resolution board, consisting of two judges from each division of the corps appointed by the council. The panel's report would be advisory only.

The bill would require that the chief ALJ of the corps submit a written report, within 90 days after the end of each fiscal year (FY), to the President and the Congress concerning the business of the corps during the preceding FY and including information and recommendations of the council concerning future corps personnel needs.

The bill would also require the chief ALJ of the corps to study the levels and types of agency review of ALJ decisions for each division. The studies would be made in consultation with the division chief ALJs, the Chairman of the Administrative Conference of the United States, and the agencies that review the ALJ decisions. Within 2 years after the provision's effective date (120 days after enactment), the council would report to the President and the Congress on the study results, including recommendations for legislation and for any reforms that might make review of ALJ decisions more efficient and meaningful and would accord greater finality to the decisions.

DISCUSSION

The primary impact of the bill would be on the Department of Health and Human Services. SSA had 123 ALJs on duty at the end of FY 1992—more than 70 percent of all the ALJs in the Federal Government—and received approximately 391,000 hearing requests (mostly involving the Social Security disability program) in FY 1992.

A separate ALJ corps is inconsistent with the concept of administrative decisionmaking. The authority for ALJs to make decisions in hearing cases is delegated to ALJs because the Secretary cannot personally hear and decide the cases. Under the delegation, the ALJ acts on behalf of the Secretary, applying the Secretary's policies (as established through rules and regulations) to the individual fact situation in a particular case. The ALJ does not, however, establish or create new policy. The SSA ALJ's decision generally represents the final decision of the Secretary in a case (unless action is taken by the Appeals Council). If the claimant disagrees with that final decision, he may file a civil action, and the Department of Justice defends the Secretary's final decision. Thus, it would be inappropriate for an ALJ corps totally outside this Department to have the final responsibility for making administrative decisions for the Secretary.

SSA always guarantees the decisional independence of ALJs in order to protect the rights of a claimant to a full, fair, and impartial hearing. No attempt is made to influence the outcome of a particular case, and *ex parte* communications from SSA are prohibited. ALJs are appointed pursuant to the APA and their independence is protected through specific safeguards: hiring and selecting criteria and compensation are established by OPM, not by SSA; and adverse personnel actions, such as removals or suspensions, may be taken only when good cause is established before the Merit Systems Protection Board after opportunity for a hearing.

The vast majority of SSA's ALJ hearings involve cases where persons have been denied disability benefits, or their benefits have been terminated, because they have been found not to be disabled under the definition of disability in the law. The Congress has been concerned about ALJ accuracy and consistency in disability cases, and in 1980 enacted legislation (the so-called Bellmon amendment) requiring SSA to institute an ongoing review of ALJ decisions in disability cases. The Congress, in 1984, took a further step to ensure consistency of decisions at all levels of adjudication by enacting section 10 of Public Law 98-460, which requires that uniform standards for disability decisionmaking be published in regulations.

Under the bill, ALJs would continue to be bound by the Social Security law and regulations and agency policy, and the Bellmon review would continue. However, because the ALJs would no longer be a part of SSA, they would have a more remote working relationship with SSA and there would be new bureaucratic barriers—the corps and the corps council—impeding the direct and immediate flow of policy information from SSA to the ALJs. This is of particular concern because the council would have authority under the bill to prescribe rules of practice and procedure and regulations for the conduct of proceedings before the corps (with the exception of a 2-year period beginning on the Act's effective date for proceedings adjudicated by an agency before that effective date unless the agency approves). As a result, SSA's continuing efforts to carry out the congressional mandate to improve the consistency and accuracy of ALJ decisions would be significantly hindered by the bill.

Currently, ALJs assigned to a particular administrative agency develop extensive expertise in the law and regulations governing the agency's programs. Although the bill would establish divisions with some degree of specialization, it is clear that the ALJs within these divisions would be responsible for hearing cases under a variety of Federal programs. The loss of program expertise that would inevitably occur under the bill is of particular concern to SSA. The disability program is complex, particular concern to SSA. The disability program is complex, requiring knowledge of both medical and legal concepts. Changes in both the law and the regulations are common, necessitating training efforts for all adjudicators. The bill would decrease ALJ expertise in the disability program and seriously impede SSA's efforts to ensure consistent and accurate decisionmaking at all levels of adjudication.

Finally, we believe the effect of the bill would be to increase costs and reduce administrative efficiency. Processing times would increase under the bill because of the cumbersome and time-consuming transfer of cases from SSA to the ALJ corps for decision and the transfer of cases back to SSA for review and revision or effectuation, as well as the additional transfer of cases remanded by the courts. Accountability to the Congress and the public for administrative decisionmaking would be diffused as case processing would be split between the corps and the agencies.

More importantly, SSA's extensive policy and administrative experience, which the corps would not have, enables it to estimate the size and character of workloads and to take steps to deal with them efficiently. Because SSA's ALJ workloads have been substantial and are expected to remain so, we have never encountered nor do we anticipate a situation where there is not a sufficient number of hearings for SSA's ALJ workforce. SSA's ALJ overall productivity increased from an average of 30 cases a month per ALJ in FY 1980 to 37 cases a month per ALJ at the end of FY 1992. Improved productivity has been achieved by continuing administrative initiatives, including an increased ALJ staff support ratio (from 2.2 support staff to 1 ALJ in FY 1978 to 5 to 1 at the end of FY 1992), upgraded office equipment in SSA hearings offices, and improved organizational structures and methods of case processing. As a result, although SSA has far more ALJ hearings per year than any other agency, the productivity of SSA ALJs continues to be the highest. By merging SSA's workload with that of other Federal programs, it is very unlikely that the corps could tailor its processes to achieve this level of productivity and efficiency.

In view of SSA's considerable experience and achievements in dealing with a substantial hearings workload, we doubt whether a newly created ALJ corps could achieve the same level of success and therefore believe enactment of the bill would result in a reduction of the level and quality of service to the public.

U.S. DEPARTMENT OF LABOR,
SECRETARY OF LABOR,
Washington, DC, September 14, 1993.

Hon. JOSEPH R. BIDEN, Jr.,
Chairman, Committee on the Judiciary, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: This is to submit the views of the Department of Labor on S. 486, the "Administrative Law Judge Corps Act." For the reasons expressed in this letter, the Department of Labor is opposed to this proposed legislation.

S. 486 would establish a new governmentwide Corps to which all current and future administrative law judges would belong. The Corps would be divided into eight subject matter divisions. Each judge would be assigned to one of these divisions. The Corps would be governed by a policy-making Council composed of a chief administrative law judge and the chief judges of the various divisions. The Council would be authorized to assign judges to divisions and to transfer or reassign judges from one division to another in the adjudication of Federal agency cases. The President of the United States would appoint the chief administrative law judge and the division chief judges, with the advice and consent of the Senate.

Administrative law judges (ALJs) play a key adjudicative role in many important Department of Labor programs, presiding over many diverse types of actions. For example, ALJs are part of enforcement proceedings in which respondents are charged with violating: health and safety provisions under the *Federal Mine Safety and Health Act of 19787*, 30 U.S.C. 801, *et seq.*, and the *Occupational Safety and Health Act of 1970*, 29 U.S.C. 651, *et seq.*; minimum wages, overtime pay and child labor standards under the *Fair Labor Standards Act*, 29 U.S.C. 201, *et seq.*; prevailing wage requirements under the *Davis-Bacon Act*, 40 U.S.C. 276a, *et seq.*; and, worker protections for migrant and seasonal agricultural workers under the *Migrant and Seasonal Agricultural Worker Protection Act*, 29 U.S.C. 1801, *et seq.* ALJs also preside over hearings in which compensation is being sought by black lung claimants under the *Black Lung Benefits Act*, 30 U.S.C. 901, *et seq.*, or in which employment discrimination is being alleged against a Federal contractor under *Executive Order 11246*, or involving issues of Federal grants under the *Job Training Partnership Act*, 29 U.S.C. 1501, *et seq.*, or standards of conduct for Federal sector labor organizations under the *Civil Service Reform Act of 1978*, 5 U.S.C. 7120, or job service complaints under the *Wagner-Peyser Act of 1933*, as amended, 29 U.S.C. 49, *et seq.*, or labor certification issues under the Immigration and Nationality Act, as amended, 8 U.S.C. 1101, et seq.

The role of an administrative law judge is fundamentally different from that of an Article III judge. While the ALJ exists to ensure that due process and fairness are observed at agency adjudicative proceedings, in certain program areas, the ALJ also serves as a part of the decisionmaking process of the agency. For example, at the Department of Labor, in many cases, an ALJ decision often acts as the recommended decision of the Department, and, if that decision is not appealed, it may also become the final decision of the Department. Consequently, it is critically important to the Department that its ALJs have the requisite expertise and experience to decide cases for the Department in an informed, timely and efficient manner. In our view, the existing system furthers this end. Thus under the existing system, by their ongoing concentration on and study of, a particular program, ALJs are able to interpret and invoke complex statutory and regulatory provisions that have become well known to them. This expertise and experience translates into a reservoir of knowledge, skill and understanding that results in a timely, effective and efficient decisionmaking process for the Department.

The existence of administrative law judges with specialized expertise is also a logical outgrowth of modern-day principles and practices of delegation of powers by Congress to Federal agencies. Congress delegates to agency heads the authority and responsibility to administer increasingly complex programs. The agency head is held accountable to the Congress: (1) to make sure that the authority is exercised within the standards set forth by the Congress; and (2) to ensure that requisite procedural safeguards are followed in the administration of the program. Just as the Secretary must rely on Assistant Secretaries and administators with extensive program expertise to stay within the parameters of the delegation, he must similarly depend on ALJs with equal expertise to comply with the necessary procedural safeguards.

While the bill would establish a "Department of Labor Division," the fact remains that, with the rotation of judges in and out of that Division, ALJs with little or no experience with the Department would be hearing DOL cases, and former ALJs of the Department would be hearing cases of other Federal agencies for which they have no particular expertise. Also, the expertise of the ALJs in the Division will be further diluted because, in all likelihood, they will be spreading their attention more thinly among cases brought under a variety of statutes.

While it might be argued that the bill would allow the Department the benefit of obtaining currently underutilized judges from other agencies to help in the reduction of the Department's caseloads, this benefit would be more than offset by the critical loss of expertise in the decisionmaking process. In our view, it is imperative that administrative law judges continue to function effectively and efficiently in areas well known to them if the public interest is to be served.

We also note that under the bill, two years after a Corps is established, the Council, not the Department of Labor, whose cases the judges hear, could adopt rules of practice and procedure applicable to all hearings before judges. While it is possible that program-specific rules would remain, the bill broadly provides the Council with the authority to act to substitute an entirely new set of rules general enough to cover all administrative proceedings. The establishment of uniform rules could unsettle many years of program precedent and agency policy, and would require a substantial expenditure of government time and resources by the Council, by the program agencies, and by persons practicing before the agency.

We believe that any need for this suggested reform is far outweighed by the potential harm that such revision could bring to the agency adjudication processes.

Thank you for the opportunity to comment on this proposed legislation. The Office of Management and Budget advises that there is no objection to the submission of this report from the standpoint of the President's program.

Sincerely,

ROBERT B. REICH.

U.S. DEPARTMENT OF TRANSPORTATION,
GENERAL COUNSEL,
Washington, DC, August 24, 1993.

Hon. JOSEPH R. BIDEN, Jr.,
Chairman, Committee on the Judiciary, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Department of Transportation would like to take the opportunity to present its views on S. 486, a bill

To establish a specialized corps of judges necessary for certain Federal proceedings required to be conducted, and for other purposes.

S. 486 would amend the Administrative Procedure Act to establish an independent Administrative Law Judge Corps, to be made up of all existing administrative law judges (ALJ's) and all future appointees, and headed by a chief administrative law judge. The ALJ Corps would be divided according to subject areas into eight divisions, each headed by a chief judge. An administrative structure, known as the Council of the Corps, would be established to set policy and generally administer the affairs of the Corps. The Council would be composed of the Corps' chief judge and the eight division chief judges. The Council's responsibilities would include appointment of new judges, assignment or transfer of judges to divisions, oversight and disciplining of judges, establishment of rules of practice and procedure, and assignment of cases. The Corps' jurisdiction would extend to all types of cases, claims, actions and proceedings that are now held before ALJ's but would not affect disputes governed by the Contract Disputes Act (41 U.S.C. 601).

The Department of Transportation (DOT) opposes enactment of S. 486.

Although the reforms providing for the centralization of ALJ functions may provide for certain administrative efficiencies, we believe that these efficiencies are outweighed by the detrimental effects of the bill, namely: dilution of expertise available to the agency, disruption of agency practice, and loss of agency control over resources required for its functions.

We are concerned that ALJ's, organized in an independent agency, might be less sensitive to past agency precedent and the policy expressed by the agency decisionmakers. Moreover, to pool judges under general "Communications, Public Utility, and Transportation Regulation" or "Safety and Environmental" law divisions would deprive DOT of those persons who possess detailed knowledge of our programs and unique missions. For example, admiralty law cases under the Coast Guard's jurisdiction are a unique area of maritime concern. Periodic assignment of judges from the Corps without admiralty exposure or maritime expertise, to sit on marine casualty cases, and/or proceedings involving offenses peculiar to shipboard disciplines, would tend to erode agency policy as it relates to safety of life and property at sea. We believe this could also adversely affect Class II Federal Water Pollution Control Act (FWPCA) civil penalty cases now assigned to Coast Guard ALJ's. Although judges now sitting on these suspension and revocation, as well as pollution, cases exercise independent decisional authority and discretion, they nevertheless are acutely aware of the Coast Guard's congressionally mandated duties and responsibilities. We do not believe that the training proposed by section 599(d)(11) will be an adequate substitute for needed expertise and experience.

The bill would authorize the Council of the new ALJ Corps to assign judges to divisions, to assign cases to particular judges, and to develop uniform procedural rules for hearings. Not all Administrative Procedure Act adjudications are the same and there is no provision in section 599(d)(4) for the affected agencies to be involved in the development of such rules in order to accommodate individual agency circumstances. We believe that it is necessary for the Department to retain control over its own resources and over how its cases are processed in order for us to be able to quickly implement new statutory directions and respond to changing functions. For example, in the aviation area, if DOT were given new authority under bilateral agreements to issue a significant number of new route awards, it must have the ability to rapidly increase its ALJ resources with the qualifications it determines are best to meet those needs. While a Corps could set general qualification standards and control a registry of available ALJ's, the Department must not be in the position of depending on another agency to provide the necessary resources to perform our critical functions. If, because of budgetary constraints, insufficient funding were available to the new corps, the results would likely be longer backlogs and delays for adjudications that DOT now completes on a timely basis.

We believe it would be a very difficult task for the new Corps to develop uniform procedural rules for hearings that would be appropriate for all agencies. We are concerned that such procedures would be developed for the benefit of the ALJ's and not for the agencies for whom present procedures have been tailored to meet individual agency needs. For example, the bill could be read to authorize the Corps to set standards for admission to practice before the judges. The Coast Guard has a 45-year tradition of prosecuting the bulk of suspension and revocation actions with non-legally trained commissioned officers. Respondents in such proceedings are also allowed to be represented by non-lawyer counsel. Alteration of the rules to require, for example, that persons be represented by attorneys, would be expensive, unnecessary and would interfere with the efficient administration of the Coast Guard's safety program.

Finally, the Department believes that the study required by section 3 of the bill is inappropriate. The Administrative Conference of the United States would be a more appropriate and impartial forum in which to conduct such a study of the various levels and types of agency review of ALJ decisions if such a study is deemed necessary.

The Department appreciates the opportunity to comment on this bill. The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the submission to Congress of the Department's views on this legislation.

Sincerely,

STEPHEN H. KAPLAN.

UNITED STATES GOVERNMENT,
NATIONAL LABOR RELATIONS BOARD,
Washington, DC, August 12, 1993.

Hon. JOSEPH R. BIDEN, Jr.,
Chairman, Committee on the Judiciary, U.S. Senate, Washington, DC.

Re S. 486, Administrative Law Judge Corps Act.

DEAR SENATOR BIDEN: The National Labor Relations Board wishes to express its opposition to S. 486, the Administrative Law Judge Corps Act. Like it predecessor bills, S. 486 would create a corps of administrative law judges, replacing the present system of such judges working for various boards and agencies. As the NLRB is one of the agencies that uses a large number of judges, it is particularly concerned about the changes proposed in the bill. For the reasons set forth below, it believes that such changes would not be in the best interests of either the Agency or the public that the Agency serves.

The NLRB has worked hard over the years in assisting the Office of Personnel Management to develop a group of qualified expert NLRB judges. The corps proposal, however, would likely have precisely the opposite effect, resulting in the appointment and assignment of judges who have little if any National Labor Relations Act (NLRA) background or experience. Such a result would seriously undermine the continued effectiveness and credibility of the NLRB as the expert quasi-judicial administrative agency responsible for enforcing the NLRA.

S. 486 establishes 8 divisions, including a Division of Labor Relations. The Division of Labor Relations would not appear to be limited to NLRB judges, however. Rather, it would likely also include judges of the Federal Labor Relations Authority and the Merit Systems Protection Board. Further it is clear from various other provisions in the bill that any beneficial experience-based distinctions which might initially exist between the 8 divisions could over time be substantially if not completely blurred or eliminated. Thus, for example, the bill provides the overall policy for the corps would be set by a "Council" consisting of a chief judge and the division chief judges. The bill would authorize the Council to assign judges to divisions and transfer or reassign judges from one division to another. In addition, the bill would grant the Council unrestricted authority in assigning cases to a particular division; the Council's authority in this regard apparently being subject only to regulations issued by the Council itself. Only after the case is assigned to a division would the division chief be required to take into consideration specialization in assigning the case to a particular judge.

Thus, as under the prior bills, judges with little or no experience with the NLRA could be hearing NLRB cases, and former NLRB judges could be hearing many cases for which they have no particular expertise. The non-expert judges would not even be able to achieve special qualifications by intensive on-the-job training, as can be done now with those relatively few judges who come to us without any prior labor law experience. They would undoubtedly take more time to write decisions, thus increasing delays, and because of their inexperience create additional difficulty for attorneys appearing before them and especially for the Board in its review of their decisions. The Board has always, in the majority of its cases, found itself able after thorough review to issue a short-form decision approving the judges decision. This would be less likely if the Board were to review decisions issued by judges in other divisions having no expertise. The Board's already difficult workload would be made even more difficult to process within reasonable time limits. In addition, the present Board judges would spend much of their time on non-Board work, using their time to learn new fields, and squandering the expertise they have developed.

Furthermore, the United States Courts of Appeals, which often give deference to Board "expertise," would be less likely to do so if the judges rendering the initial decisions were generalists.

Under S. 486, two years after a corps is established, the Council, and not the agencies whose cases the judges hear, could adopt rules and regulations applicable to all hearings before judges. It is true that the proposed bill does not mandate uniform rules of procedure. But the "corps concept" itself suggests that uniformity for the many agencies utilizing the corps would be most probable. Indeed, proponents of the corps visualize it as like the United States District Courts.

And they also want the corps to be totally "independent" of the agencies served by it, which militates against separate procedural rules for each agency. Accordingly, we assume that these rules and regulations would have to be sufficiently general to cover proceedings ranging from regulatory, such as licensing and rate making, to enforcement, such as unfair labor and trade practices, and to claims work, such as social security and black lung. However, elaborate pre-trial discovery and written testimony which may be appropriate for a rulemaking proceeding, may be inappropriate for and burdensome to unfair labor practice proceedings. We expect that in consequence these rules will differ substantially from those with which the labor bar is experienced and which have been time tested and refined. The substitution of an entirely new set of rules general enough to cover all administrative proceedings can only serve to create many issues regarding their implementation, interpretation, and application. The result, of course, will be to unsettle areas now well settled in practice before the Board.

The Board is also opposed to a loss of control over its own caseload. Under the bill, the NLRB could not be assured of having unfair labor practices heard in a timely manner; that lack of control can only exacerbate delay in the issuing of Board decisions.

One of the principal bases advanced by supporters of a corps is the notion that it would foster a more independent administrative judiciary. However, in the post-Administrative Procedure Act history of the Board, there have been no allegations of agency control over the decisional independence of NLRB judges. If what is meant is to remove the Board's role in the appointment process (which is already subject to OPM's procedures), that consequence operates as a strong argument against the corps concept.

The NLRB is an independent body consisting of five members appointed by the President with the advice and consent of the Senate. The Board sits very much as an appellate court with respect to unfair labor practice cases arising under the National Labor Relations Act. It decides all cases which come before it, but has no role in deciding which cases to prosecute or bring before it. The authority to investigate charges that the Act has been violated and to issue complaints of such violations rests with the General Counsel, an independent officer also directly appointed by the President with the advice and consent of the Senate.

Unfair labor practice cases brought by the General Counsel are tried before Administrative Law Judges. The Administrative Law Judges are appointed by the Board, not the General Counsel, and within the narrow limits provided by the Administrative Procedure Act, are answerable to the Board, not the General Counsel. Thus, the Administrative Law Judges are by law and in fact totally independent of the officer who initiates cases and has taken a position as to how they should be resolved.

The relationship between the Board and the Administrative Law Judges is very much like that between an appellate court and trial courts in any uniform state court system. While the Board, of course, has an interest in seeing that its judges apply precedents and follow announced rules, it has no position with respect to any case when it is before an administrative law judge and no interest in how it is decided. It enters a case for the first time when a case is brought before it on appeal from an administrative law judge's decision. The proponents of the corps can cite no instances of interference with the independence on administrative law judges at the NLRB because the structure of the Board and the Administrative Procedure Act as it presently exists assure their decisional independence.

A second major argument made by proponents is that a corps of administrative law judges will be more efficient than the present system and save the government money because a corps could reallocate judges as fluctuating agency caseloads required and thus reduce the overall number of judges needed. In this regard, we have already noted above that efficiency will be impaired to the extent that judges are assigned to areas outside their expertise and require time to familiarize themselves with the substantial bodies of particularized agency case law.

Further, OPM has administered a loan program over the years which already assists agencies in temporarily reassigning judges as workloads fluctuate. It has been our experience over many years that the loan program does work well. OPM has streamlined procedures to make its use quick and easy, and its major drawback comes from the loss of efficiency when judges are assigned to areas outside their expertise, a drawback which would remain with a corps. We also note that the Board has recently been very active in the loan program and that the arrangements we have currently worked out with other agencies, including the Department of Labor, and the procedures now followed by OPM should serve as models for inter-agency loans in the future.

In sum, we believe that under the present system the decisional independence of administrative law judges is fully protected by the Administrative Procedure Act and provides for efficient and economical utilization of administrative law judges. We believe that there has been no showing of a need for change.

For all these reasons, the Board opposes S. 486.

The Office of Management and Budget advises that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

JAMES M. STEPHENS, *Chairman.*

FEDERAL LABOR RELATIONS AUTHORITY,
Washington, DC, September 2, 1993.

Hon. JOSEPH R. BIDEN, Jr.,
Chairman, Committee on the Judiciary, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN. This is to offer the views of the Federal Labor Relations Authority (FLRA) on S. 486, the "Administrative Law Judges Corps Act."

The FLRA is an independent agency responsible for administering the Federal Service Labor-Management Relations Statute (Statute), 5 U.S.C. §§7101–7135. The FLRA adjudicates labor disputes involving Federal agencies and unions representing Federal employees. The disputes resolved by the Authority include whether conduct alleged in a complaint constitutes an unfair labor practice (ULP).

As provided in the Statute, the Authority has appointed Administrative Law Judges (ALJ) to hear unfair labor practice cases. Decisions of the ALJs are transmitted to the Authority, and may be affirmed, modified or reversed in whole or in part. If no exceptions to an ALJ decision are filed with the Authority, the decision is adopted by the Authority.

S. 486 would establish an independent Corps of Administrative Law Judges within the Executive Branch. The Corps would be governed by a Chief ALJ and organized into eight divisions, each headed by a Division Chief. The Division of Labor would be responsible for all private and Federal sector labor law cases. The Chief ALJ and the Division Chiefs would form a Council, the policy-making body of the Corps. The Council would have the authority to appoint persons as ALJs, assign and transfer judges to divisions, prescribe rules and regulations for the conduct of the Corps, and generally manage the day-to-day operation of the Corps. The bill also provides that agencies shall refer all cases to the Corps, and the Council shall assign the cases to a particular division.

If enacted, S. 486 would have a negative impact on the FLRA. Although the Federal sector labor-management relations program was modeled after the National Labor Relations Act, there are significant differences between the two labor programs. At the FLRA, Judges are confronted with issues such as a union's right to be represented at "formal discussions" and, through the ULP process, the enforcement of arbitration awards and orders from the Federal Service Impasses Panel.

Creating a Division of Labor within the Corps, while appearing to create a specialty, will fail to adequately ensure that Federal employees' disputes are heard by ALJs competent in the field of Federal labor law. Over the years, the expertise acquired by ALJs at the FLRA has proven extremely beneficial for the efficient and timely resolution of unfair labor practice cases in the Federal sector. With the creation of the Corps, our cases could be referred to judges with little or no experience in the Federal labor laws, in turn delaying the issuance of decisions. The bill provides no assurance that our cases will be reviewed by those judges expert in Federal labor law.

The Authority is also concerned over the loss of control over its own caseload. If the bill were enacted, the Authority would be required to refer all ULP cases to the Corps for assignment by the Council. While this would provide flexibility to compensate for unexpected increases in caseload, the Authority would be dependent on the Corps for the issuance of a decision. With no power to expedite our cases over another agency's cases which the Council may wish to prioritize, our cases could be delayed unnecessarily.

While supporters argue that the present system pressures ALJs to confirm to agency will, at the FLRA, the ALJs enjoy total autonomy in their decisional responsibilities. The Authority does not exert pressure on the ALJs to decide cases one way or the other and, if exceptions are filed, the Authority has complete control over the outcome of the case. Furthermore, ALJs act independently from the General Counsel, who initially prosecutes ULP cases before them.

Although the Authority appoints ALJs, hiring, compensation and selection criteria are established by the Office of Personnel Management. In addition, as specified in 5 U.S.C. §7, adverse personnel actions involving ALJs, such as removals or suspensions, may be taken only for good cause determined by the Merit Systems Protection Board after opportunity for a hearing before the Board. Existing law, therefore, provides adequate mechanisms to protect and safeguard the rights of Administrative Law Judges.

For these reasons, the Federal Labor Relations Authority opposes the enactment of S 486.

The Office of Management and Budget advises that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

JEAN MCKEE,
Chairman.

OCCUPATIONAL SAFETY AND
HEALTH REVIEW COMMISSION
Washington, DC August 17, 1993.

Hon. JOSEPH R. BIDEN, Jr.,
Chairman, Judiciary Committee, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: This letter expresses the views of the U.S. Occupational Safety & Health Review Commission (OSHRC) on S. 486, the "Administrative Law Judge Corps Act." OSHRC recommends against enactment of this legislation.

The bill would create a new Federal agency in the executive branch, the "Administrative Law Judge Corps," into which all administrative law judges (ALJs) would be transferred from the administrative agencies where they now serve. This centralized corps of ALJs would conduct all the adjudicatory hearings required by statute. The Council of the Corps would have authority to assign ALJs to different divisions of the corps, to prescribe rules of practice and procedure for the conduct of proceedings before the corps, and generally to oversee the operation of the corps.

It is my understanding that proposals to establish a separate corps of ALJs have surfaced every year for the last fifteen years and the notion has been in discussion for over a quarter of a century. To date, a clear and certain case for creating such a corps has not been set forth. OSHRC's objections to the legislation are essentially three-fold:

(1) Our ALJs are already fully independent;
(2) Potential loss of substantive expertise;

(3) Potential procedural and logistical confusion.

We understand that one of the principal objectives of the legislation is to rid the ranks of the ALJs of possible bias and relieve them of actual or perceived partiality based on their relationship with the agencies whose cases they hear. As between our ALJs and the Labor Department, whose cases they hear, there is no relationship. Thus, like all independent adjudicatory agencies, OSHRC should be exempt from the scope of this legislation.

OSHRC is not the adjudicatory "arm" of the Occupational Safety and Health Administration of the Department of Labor. On the contrary, OSHRC was established as an independent agency to carry out adjudicatory functions under the Occupational Safety and Health Act of 1970 ("Act"). The ALJs at this agency comprise fully a quarter of the personnel. OSHRC has no investigative, prosecutorial or policy-making functions whatsoever, and our ALJs have no institutional interest in the outcome of the cases they decide. They adjudicate employers' challenges to safety and health citations issued by OSHA: the Secretary of Labor "prosecutes" the case for OSHA and the employer "defends" itself. An initial decision rendered by an OSHRC ALJ becomes final unless it is selected for review by the three presidential-appointee commissioners. Final orders of the OSHRC may be appealed in the U.S. Courts of Appeals. Subjecting OSHRC ALJs to this legislation would not alleviate any undue pressure because none presently exists.

Not only would the legislation not do the good it seeks to do, but it would do substantial harm. Depending on how specialized the ALJs serving in the various "divisions" of the corps actually become, they may find themselves unable to give the employees and employers the kind of hearing they deserve. As many as 20 to 30 percent of the parties who appear before OSHRC are not represented by counsel, while many others are represented by attorneys unfamiliar with the Act. Certain areas of occupational safety and health law, particularly health regulations, present complex technical problems. Litigants who now come before OSHRC depend on ALJs who are highly knowledgeable in this field to ensure fair hearings. Similarly, the Commissioners themselves rely on seasoned ALJs to create adequate hearing records for cases that are appealed.

We see that S. 486 initially creates separate divisions, among them the "Division of Safety and Environmental Regulation" and the "Division of Health and Benefits Programs." Since our Act reaches both safety and health hazards on the job, it is uncertain how the corps would distribute OSH Act cases—many of which involve health aspects as well as safety. Even assuming that cases arising under the OSH Act would be allocated to a single division, the expertise of individuals in that division of the corps will be diluted from what it now is, simply by virtue of the fact that they will be required to spread their attention more thinly among cases brought under a variety of acts. Through no fault of their own, either the judges will generate decisions of lower quality or the decisional process will be slowed. Lower quality decisions result in more cases on appeal. Both consequences work to the detriment of the litigants (most often the employer and the government) and, ultimately, of the employees whom the Act seeks to protect. Violations under the OSH Act are not required to be corrected until the entry of a final order by OSHRC.

If the Council of the ALJ Corps were ultimately to attempt to develop a single, generic set of rules governing proceedings before it, such rules would undoubtedly fail to capture the peculiarities of occupational safety and health law practice under the Act. OSHRC's own rules of procedure concerning many matters—notices of contest, pleadings, amendments of citations, discovery, petitions for discretionary review, petitions for modification of abatement, and simplified proceedings—are specifically designed to address problems peculiar to occupational safety and health law and the Act. The Act provides that the Federal Rules and Civil Procedure apply to our proceedings unless we issue a rule of our own, so we have undertaken a creative approach, with excellent results. For instance, our rules defining the role of a settlement judge, along with the option for simplified proceedings, now serve as model rules for other agencies. These innovations, combined with the expertise of our ALJs, have fostered exceptionally high settlement rates. Regressing to a standard set of rules would only exacerbate litigation, increase the number of cases and the time required for disposition, and drive up the very costs we have sought to control.

Finally, we are concerned about the mechanics of emptying this agency of its ALJs. We envision the assignment of a case to an ALJ corps judge who is expected to divide his or her time amount occupational safety and health cases and cases that arise under other acts covering safety, environment, health or other benefits, appealable to other independent agencies or courts. Not only will monitoring agency-specific case flows become a challenge, but because the physical case file is opened here and, most typically, is closed here, we expect that tracking and managing our cases in the interim could become a formidable task, particularly with the increased risk of case files being misplaced among the various agencies. At a minimum, case disposition time will rise significantly because of increased handling and transfers of files. In this era of budgetary constraints, there has been no showing that a newly established corps would result in increased efficiency or in economies of scale. Moreover, streamlining case dispositions is particularly important under the Occupational Safety and Health Act because an employer who appeals an alleged safety or health citation is under no obligation to eliminate that hazardous condition until OSHRC has issued a final order, during which time employees may continue to be at risk of injury or illness.

In sum S. 486 would create major problems for this agency rather than solve them. We respectfully register our opposition to the bill.

The Office of Management and Budget advises that there is no objection to the submission of this report from the standpoint of the President's program.

Sincerely,

EDWIN G. FOULKE, Jr.

FEDERAL MINE SAFETY AND
HEALTH REVIEW COMMISSION,
Washington, DC, August 10, 1993.

Hon. JOSEPH R. BIDEN, Jr.,
Chairman, Committee on the Judiciary, Washington, DC.

DEAR MR. CHAIRMAN: This letter is to offer the views of the Federal Mine Safety and Health Review Commission on S. 486, the Administrative Law Judge Corps Act. We strongly oppose this legislation. An administrative law judge (ALJ) corps would severely impair the expert and efficient disposition of mine safety and health cases by this Commission's ALJs. It would further run the risk of reducing operator compliance with federal mine safety requirements.

This Commission is an independent, adjudicative agency that provides administrative trial and appellate review of legal disputes arising under the Federal Mine Safety and Health Act of 1977 (Mine Act). Most cases deal with enforcement actions brought by the Department of Labor's Mine Safety and Health Administration against mine operators. In a typical proceeding, the Secretary of Labor prosecutes a case and a mine operator defends itself. Other cases address orders to close mines and miners' complaints of safety-related discrimination. This Commission is concerned solely with adjudication; it does not regulate nor enforce. Hence, its independence precludes potential bias or partiality on the part of its ALJs.

The cases brought before the Commission involve legal, procedural and technical issues that demand of our judges a secure grasp of the Mine Act, the implementing regulations promulgated by the Secretary of Labor, and the Commission's procedural rules and precedential case law, as well as a broad knowledge of modern mining technology. The legal issues in these cases arise under the Mine Act and its predecessor statute, the Federal Coal Mine Health and Safety Act of 1969. Congress recognized the special qualifications of our cadre of judges by transferring them en masse from the Department of the Interior to this Commission at the time it was created. The legislative history of the Mine Act evinces Congressional concern that, by permitting delays in adjudication and in civil penalty compliance, the prior law had failed to provide the means to react quickly to newly manifested hazards or to induce meaningful operator compliance. Congress expressed its intention that penalty litigation proceed with no undue delay.

The expertise of the Commission's judges in hearing and deciding cases has sustained high productivity and efficiency in case disposition. Case dispositions per ALJ have increased from 131 in fiscal year 1988 to an expected 232 this year. Mine safety cases are litigated by the Solicitor's Office in the Department of Labor and, to a large extent, by a specialized segment of the private bar. However, many mine operators and miners who appear before the Commission are not represented by counsel and others are represented by counsel who have little familiarity with the Mine Act. Experienced ALJs ensure fair hearings and save time and expense for both government and private litigants. Enactment of S. 486 would adversely affect the fairness and the efficiency with which cases are being heard and decided. The result would be delays in adjudication, which Congress sought to avoid in the Mine Act.

Commission administrative law judges were invested by Congress with a stature and authority that they have have used to great effect and stand to lose under a judge crops bill. A Commission judge's findings of fact are conclusive if supported by substantial evidence, the standard traditionally used by the federal courts in their review of final agency actions. Review of a judge's decision by the Commission is not a matter of right, but of discretion and the grounds for such review are circumscribed under the Mine Act. The statutory deference accorded to trial decisions in mine safety and health cases makes sense only in the context in which it was enacted, where the judges who hear and decide these cases in the first instance are experts. Of 5,469 ALJ case dispositions in fiscal year 1992, 82 were appealed for review by the Commission. Commission review and judicial review in the U.S. Courts of Appeals, as provided in the Mine Act, rely on expert ALJ development of the hearing record.

This Commission opposed earlier versions of this bill, introduced during the 98th, 99th, 100th, and 101st Congresses. It is the considered view of this Commission and its administrative law judges that S. 486 is counterproductive to its goals as expressed by Congress: the independent, fair and expeditious disposition of mine safety and health disputes.

We appreciate the opportunity to comment on this legislation and ask that this letter be included in the record. The Office of Management and Budget advises that there is no objection from the standpoint of the Administration's program to the submission of this report.

Sincerely yours,

ARLENE HOLEN,
Chairman.

Mr. BUMPERS. Madam President, I rise today to suppoert S. 486, the Reorganization of the Federal Judiciary Act, introduced by Senator HEFLIN. This legislation is an opportunity to improve the efficiency of administrative adjudication in the U.S. Government and to help restore confidence in that process. It will also save the taxpayers at least $20 million the first year and even more in the future.

This bill will establish an independent corps of administrative law judges in the executive branch of government to adjudicate cases arising under the Administrative Procedure Act. Right now, Administrative Law Judges are assigned to particular agencies and deal with cases dealing with programs administered by those agencies. This bill would remove them from those agencies and make them part of a corps of administrative law judges, strengthening their independence and eliminating the appearance of undue influence by the agencies about which they render decisions.

This proposal can only improve the professional stature of the ALJ corps and add authority to their decision. S. 486 would place all ALJ's under the supervision of a Chief Administrative Law Judge to be appointed by the President and subject to Senate confirmation. There would be eight Division Chief Administrative Law Judges, responsible for immediate supervision of judges in eight areas of government administrative activity. Section 559 a(a) of this bill explicitly provides that "* * *the assignment of judge to a division shall be made after consideration of the areas of specialization in which the judge has served."

This bill would preserve and employ the expertise of the judges, allowing them to specialize in the same substantive areas while freeing them from the bureaucracy. Under this system we will have the benefit of judges' expertise in a specialty, but it allows for the resources of the ALJ Corps to be shifted to the areas where they are most needed. The U.S. Government and the people it serves need that sort of efficiency. And here is one of the most appealing features of this proposal: CBO estimates that this new approach would save $20 million in fiscal year 1995 and $29 million by fiscal year 1998 and so on into the future. This is a rare opportunity to cut spending while improving services.

Nothing in this bill would interfere with day-to-day management or the process of policy formulation in the agencies. Agency rule-making and interpretive authority of agencies would not be changed in any way.

This is not a new idea. Twelve States have similar laws in place. In fact, the legislative history shows that the drafters of the Administrative Procedure Act, which this bill would amend, considered establishing a separate ALJ Corps, but they decided to hold off and try the current arrangement. Experience has now shown us that an independent ALJ corps will better serve the people, with greater independence and greater efficiency. S. 486 is a substantively and fiscally responsible proposal. I hope all of my colleagues will support it.

Mr. SPECTER. Madam President, I am pleased once again, to cosponsor legislation to establish an independent corps of administrative law judges for Federal administrative agencies. I have been a cosponsor of similar legislation in each of the past five Congresses. Although several of these bills have been favorably reported to the Senate by the Judiciary Committee, this year marks the first year that the legislation is being considered by the full Senate.

When our National Government was established under the Constitution in 1789, no one conceived of the administrative state. The Government had three branches: legislative, executive, and judicial. Beginning in the late 19th century, however, the duties Congress delegated to the executive branch started to expand. Fearing improper political influence in certain areas, Congress even created "independent" agencies to regulate aspects of the economy.

The development of administrative agencies necessitated the establishment of adjudicators within the executive branch to handle fact-specific disputes in cases pending before an agency in order to gather evidence and make decisions based on that evidence.

The explosion of administrative agencies during the 1930's resulted in a significant increase in the number of hearing examiners employed by these administrative agencies. In 1946, to bring some order and regularity to Federal administrative procedures, Congress enacted the Administrative Procedure Act, or APA, which still governs the conduct of administrative proceedings today. The APA formalized the role of hearing examiners, who today are called administrative law judges.

Because the role of administrative law judges developed in response to specific agency needs, administrative law judges were always part of the agency they served. Because of the constitutional structure, as part of the executive branch, the decisions of administrative law judges were always, in some sense, advisory, as these officers stood in the place of the agency head, who could overturn the decision. Through the development of regulations and caselaw, however, administrative law judges gained additional protection from agency interference for their decisions.

Nonetheless, as employees of the agency whose cases they were adjudicating, there was always something unseemly about the role of administrative law judges. There would always be some question of their impartiality. The Supreme Court resolved the constitutional concerns over the status of administrative law judges and the ability of administrative agencies to decide issues pending before them by supporting the division of labor within the agency structure.

While there is no constitutional impediment to administrative law judges being part of the agency whose cases they are adjudicating, the possibility of improper influence was a necessary evil of the structure as it evolved and was finally codified in the APA. The issue of the potential conflict of interest continued to fester until it burst into the open and gained wide exposure during the 1980's, when there were many allegations of improper influence by political officials on Social Security Administration administrative law judges to curb the rates at which they were awarding disability benefits.

This legislation was an effort to respond to the concerns raised by these allegations of improper political influence in the administrative adjudicatory process. While the provisions of this bill have changed significantly since its initial introduction, the central premise of the legislation remains intact. Under the bill, administrative law judges from the various Federal administrative agencies will be removed from their agencies and placed in a new agency composed only of the judges. Thus, administrative law judges will be independent from the agencies whose cases they are adjudicating. The potential and real conflicts of interest will disappear. Administrative law judges will be free to find the facts and apply them to the issues before them in a fair and fully impartial manner.

Let me make clear, as this legislation does, that we are not establishing administrative law judges as a new, fourth branch of Government. These adjudicators will remain part of the executive branch. They are not policymaking officials, but will remain fully bound by the policies and legal interpretations of the agencies themselves, who exercise this authority as appointees of the President, the constitutional officer who executes the laws Congress enacts. Administrative law judges in the new independent corps will not be free to substitute their view of the law; they are not judges in the constitutional sense. They remain aids to the administrative process. Nonetheless, their role as factfinders and appliers of agency regulations and policies is critical to the administrative process.

Many State administrative systems, responding to the real and perceived conflicts inherent in having adminis-

THE WHITE HOUSE

WASHINGTON

March 17, 1994

MEMORANDUM FOR SHEILA ANTHONY

FROM: SUSAN BROPHY SB
LEGISLATIVE AFFAIRS

SUBJECT: PRESIDENTIAL CORRESPONDENCE

Enclosed please find a copy of the letter that was sent to the President from Senator Howell Heflin (D-AL).

The President has requested that he see and sign every letter going to Capitol Hill. We did not want to fully answer the issues addressed in the Senator's letter without advice from your department; therefore, I am requesting that your office draft a response and return it to LeeAnn Inadomi (WH-East Wing) within 48 hours. She will then print the letter in final form and have President Clinton sign the letter.

Thank you very much for your assistance with this matter. If you have any questions, please feel free to call LeeAnn at 456-7500.

Enclosures

THE WHITE HOUSE

WASHINGTON

March 17, 1994

Dear Senator Heflin:

Thank you for your letter regarding S. 486. I appreciate your sharing your concerns with the President.

The President has been advised of your interest in this matter, and you will receive a response in the near future. In the meantime, if I can be of assistance to you, do not hesitate to contact my office.

Best wishes.

Sincerely,

Susan Brophy

Susan Brophy
Deputy Assistant to the President
for Legislative Affairs

The Honorable Howell Heflin
United States Senate
Washington, D.C. 20510

THE PRESIDENT HAS SEEN
4/15/94

Rivlin

NS OF FOREIGN WARS
HE UNITED STATES
FOUNDED 1899

ORGE R. CRAMER
COMMANDER-IN-CHIEF
FW MEMORIAL BUILDING
)O MARYLAND AVENUE, NE
NGTON, DC 20002-5799

The President
The White House
Washington, DC 20500

VETERANS OF FOREIGN WARS
OF THE UNITED STATES
FOUNDED 1899

GEORGE R. CRAMER
COMMANDER-IN-CHIEF

VFW MEMORIAL BUILDING
200 MARYLAND AVENUE, NE
WASHINGTON, DC 20002-5799

THE PRESIDENT HAS SEEN
4/15/94

April 15, 1994

The President
The White House
Washington, DC 20500

Dear Mr. President:

As Commander-in-Chief of the Veterans of Foreign Wars of the United States, and on behalf of our more than two million members, I am pleased to invite you to address our 95th VFW National Convention to be held in Las Vegas, Nevada, August 19-26, 1994.

We would be honored to have you join us in the Las Vegas Convention Center and keynote the opening of our 95th National Convention on Monday, August 22, at 11 A.M. We believe this Joint Opening Session of the Veterans of Foreign Wars and its Ladies Auxiliary to be an ideal platform for you to express your views on domestic, national security and/or foreign policy issues. We always have a large crowd (6,000 to 7,000) and I am confident you would receive an enthusiastic welcome from those in attendance.

We know there are many demands on your time, Mr. President, but hopefully your schedule will allow you to join us in Las Vegas. For planning purposes we would appreciate receiving an early affirmative response. Upon receipt of your acceptance, Larry W. Rivers, Executive Director of our VFW Washington Office, will be in touch with your staff to work out the necessary details of the visit. Should there be questions relative to this invitation, please contact Mr. Rivers by phone at 202/543-2239.

As you work to advance America's interests at home and abroad, be assured you can count on the support of the Veterans of Foreign Wars of the United States.

Respectfully,

George R. Cramer

GEORGE R. CRAMER
Commander-in-Chief

Mr. President

Advice from Tony Smith on Whitewater

<u>P Lader</u>

[illegible]

I need to do a memo to him → can we get Podesta to draft?

→ Nancy H- If you think POTUS would want to see this - Prin

SMITH WORLDWIDE

Strategic Communications

March 16, 1994

PERSONAL AND ~~CONFIDENTIAL~~

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

THE PRESIDENT HAS SEEN
4/15/94

Dear Mr. President:

Further to your comment to me at Renaissance to share ideas with you from time to time, permit me to be presumptous enough to lay out some thinking on Whitewater.

Herewith some unsolicited observations and suggestions on a subject you are no doubt exasperated about and tired of considering. They are based upon the assumption that the most venal act involved was lack of attention to detail.

You are behind the curve. You need to get ahead of the curve.

No doubt from your vantage point, and that of your staff, you clearly have been more forthcoming and cooperative than any President in history. The problem is that your message isn't getting through. Daily discussions at unrelated events distract from your agenda, but they also give the impression that you are not in control of events.

The optics are awful. It is not the facts that are killing you. It's the perceptions. Thus, let's change the perceptions, so the facts will get through. To do this requires a major, underscore major, move on your part to get ahead of the curve. Here's how:

1. Let go, or put on leave of absence, every single staff person at any level anywhere in government who has in any way been touched by the situation—no exceptions. Is such a move fair? Certainly not, but the alternative is a daily reminder to all parties on the outside that something or someone is being shielded. You make the announcement. Not from the Oval Office. Not from the press room. Somewhere with less symbolism. It puts you in control of the process.

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: OB DATE: 5/15/18

Page Two

2. Every day hold a public meeting with the press, with Republicans, with Democrats, in which you answer every question exhaustively (like the press conference last week). Do it every day without fail. At first it will be big news. But the details are so mind-numbingly boring that the process, with daily repetition, will quickly drive the whole affair from the front pages. Invite the Republicans to come. Invite them to ask any question. It will rapidly become apparent that the whole thing is a red herring, at least as far as you and the First Lady are concerned. Do it everyday. That way when you're trying to get across your jobs message, or your health care message, or trying to appear with a foreign leader, your messages will be less likely to be diluted. It puts you in control of the process.

3. Release every document anybody can lay their hands on—all at the same time. Tell the lawyers to stop being lawyers and start being hard-boiled politicians and PR-types. You can win the "trial" and lose the Administration to public opinion. Releasing every document kills the widespread perception that things are being hidden. Are there impediments to doing this? Sure, lots. But it is too important to let this death of a thousand cuts to go on every day. It puts you in control of the process.

Mr. President, these are outrageously bold steps. Some will say they are too bold. Candidly, you are losing critical mass. Since there is no wrongdoing, the risk is not taking bold steps to get control of events.

The continued effectiveness of your Presidency requires that you take control of the process. Such moves will be vigorously opposed by some of your team. When all the facts are out, then bring back the "innocent victims." But right now you have to play serious hardball to keep your Administration in a position to effectively govern.

It's not the facts. It's the perception.

Mr. President, the foregoing is an outline. But it is doable. It puts you squarely ahead of the curve.

If you would like more detail or anything else, obviously I am at your service.

Respectfully,

Guy L. Smith IV

FAX MESSAGE

from

SMITH WORLDWIDE INC.
Strategic Communications
171 Madison Avenue
New York, New York 10016
Tel: 212-779-2336
Fax: 212-779-2615

TO: Phil Lader

FROM: Guy L. Smith

MESSAGE:

Phil:

Further to our conversation yesterday, herewith the thoughts in writing. I would be indebted if you would lay them before the President. Call me if I can help.

All the best,

Guy

3 Pages, including this one.

THE PRESIDENT HAS SEEN
4/5/94

OFFICE OF THE CHAIRMAN AND CEO

Date 3/28 Number of pages (including cover) 3

To Nancy Hernreich

Need a read to WJC
cc → Bob Rubin
L Bentsen
T Lake

From ✓ Howard Paster

✓ Unice Lieberman

Subject Memo for the President.

Nancy - Howard asked that you please give the attached memo to the President. Hope you are doing well - either getting caught up or getting some rest (though I hope its the latter). Thank you! - Unice

Please call Unice at (202) 944-5174 if you do not receive all of the pages or if there is a problem with the transmission.

March 28, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: Howard Paster HP

SUBJECT: Mood in Europe

I spent last week overseas (London, Brussels and a brief stop in Amsterdam) and met with many leading reporters and business people from those cities and elsewhere on the continent. As I thought through the sum of my discussions, I decided it might be helpful if I gave you a quick summary of what I heard.

1) There were many anxious questions about the Whitewater business, and a clear lack of understanding of the substance of the controversy. The essential message to me was that Europeans may rail against the United States for one reason or another, but they live in dread of anything that might destablize us. It may make sense for you to do an Oval Office interview with six to eight leading foreign correspondents after Easter to demonstrate that business proceeds as usual in foreign affairs, as you demonstrated last week it proceeds as usual on Capitol Hill.

2) Recent controversies with Japan (including the threat of 301) and the increased talk of including environmental, worker health and similar issues in trade talks, have caused what I see as an inappropriate level of concern about trade policy. Despite your extraordinary effort on NAFTA and the successful conclusion of the GATT negotiations, there was not -- to my mind -- adequate recognition of your commitment to open trade. Indeed, there was a pattern of hostile questions implying a protectionist turn in the U.S. There needs to be a clearer understanding among our trading partners that for a Democrat to pursue open trade as you have also means you need the flexibility to demand a fair trade regime.

3) The British have not yet gotten the controversy about the Adams visa out of their system. I am sure you will hear more about on your June trip.

4) Given the level of those with whom I was dealing I was disappointed by the lack of seriousness attributed to the Detroit conference on employment. Depite the weak state of the economies in Western Europe, about which you are well versed, I was struck by the degree to which the Detroit conference was discounted. There needs to be a better effort by our partners to explain this initiative before the G-7 if the maximum benefit from this initiative is to be realized.

5) Prime Minister Major's decision to appeal to the most anti-European elements in his party on the issue of European Union enlargement is deemed to be an act of great cynicism. Unless there is a change in direction quickly the folks with whom I was talking expect a serious overhang from the enlargement controversy. There was little expectation this would be settled before the summer, and will be used by the British press to undermine Major.

I hope this is of some use. All good wishes.

CARTER FINANCIAL INC.

CARTER, PRESIDENT

Add'l to (P) per Andrew. Send to Rasco? 4/15/94 yes

March 31, 1994

Mr. Bill Clinton
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, D. C. 20500

Dear Mr. President:

I have attached a conceptual idea for a city revitalization program. Both Congresspersons Filner and Schenk have seen this program as has Senator Boxer. They have all expressed interest and are urging Secretary Cisneros to review and support it. Several key points:

* Homeownership and family go hand in hand. Homeownership has always been a Democratic issue and should be once again.

* Our country has a cancer that is eating us from within. Our cities must be revitalized. This can be a significant effort in achieving that goal.

* I have heard Secretary Cisneros say there is not enough money. This program, with $100 million, would produce 10,000 housing units. The majority of the funds to produce the housing units would come from the banks, helping them fulfill their Community Reinvestment Act requirements.

* The program would provide job training for urban youths and construction jobs and would bring hope back to our Inner Cities.

Mr. President, I firmly believe that such a program, initiated immediately, would go a long way in enabling you to have a 2-term presidency. It touches on the family. It touches on homeownership. It touches on job training. It touches on revitalizing our older communities. And it sends a statement to our banks that they are not just money-changers, but a big part of a social fabric, and they should be significantly involved in helping to revitalize our cities.

Thank you for taking the time to review this concept. I stand ready to come to Washington and talk to Secretary Cisneros or anyone else to develop this program.

Very truly yours,

T. F. Carter

Thomas F. Carter

TFC:pjw

3911 CALIFORNIA STREET • SAN DIEGO, CA 92110 • (619) 298-1600 • FAX (619) 298-1602

CITY REVITALIZATION PROGRAM

The following is a conceptual plan that would help revitalize our cities, bring homeownership back into the Inner Cities, promote job training and promote public/private partnerships.

The general concept begins with the federal government providing an equity loan of 10% of the finished value of real estate development in our cities without establishing a large federal bureaucracy. The respective housing authorities in each city would be the management element. The city would determine, for example, a 1-block area (possibly a 2-, 3- or 4-block area) which would comprise the project. The elements required of this area would be as follows:

- **Little or no existing homeownership.**
- **Dilapidated buildings.**
- **High incidence of crime and welfare.**

The city would then issue RFPs to the private sector for a mixed-use development with heavy emphasis on housing for first-time home buyers. Density would not be the Number 1 criteria. Good, balanced land planning would provide a mixture of some commercial but mostly housing. The key element would be that the finished value would exceed the current value in order for the city to use tax increment financing to pay for public facilities within the development.

If the federal government were to commit $100 million to such a program, it would create $1 billion in finished value, or an equivalent of 10,000 housing units at $100,000 apiece.

The majority of the financing needed would come from financial institutions who are required by the Community Reinvestment Act to invest in older communities. Legislation should allow the institutions to make loans up to 80% of finished value which would mean that either the city or the developer would have to provide or create the other 10% equity.

The benefits:

- It would promote **homeownership.** Communities with a high percentage of homeownership do not have the social problems which are so prevalent in communities with low homeownership. An area blighted and overrun with gangs and graffiti is an area where there is little or no homeownership. During the last 12 years, homeownership has declined in the country when historically it has been one of the underpinnings of our society. FHA and VA programs could be made available to encourage homeownership in these new developments.

- It would be an immediate program to generate **revitalization** of our cities; yet the local communities could direct the development and could utilize their own tax increment financing to provide for public improvements within the project.

- Another program which could be developed is **job training.** Many of our young people today are either not graduating from high school or are graduating without the necessary skills to provide for their futures or those of their families. An equity loan of 5% to a project would require that the developer, through the contractor, have 10% of its workforce be trainees and who would work hand in hand with union workers to learn trades. They would start at minimum or close to minimum wage. Those who are successful could go into an apprenticeship program in a building trade and develop skills as professionals.

- This should be done **without a large federal bureaucracy;** possibly a department of HUD, but let the actual management be handled within the local cities. Every community is different and values vary throughout the country.

  This would give the financial institutions a marvelous opportunity to fulfill their obligations under the Community Reinvestment Act. It has been demonstrated many times that by going into a community which has declined or is on the decline, new development can bring new energy and opportunity to a community and its surrounding areas.

This type of program would be a way to quickly initiate neighborhood improvement because all the pieces are in place: cities have housing authorities, they have the tax increment financing tools, banks have CRA obligations, and unions could be involved in training Inner City youngsters. It would be the first step in improving the quality of life in our Inner Cities as we move toward the year 2000.

THE WHITE HOUSE
WASHINGTON

DATE: 4/15/94

TO: CAROL RASCO

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

For response.

cc: Joan Baggett
Reta Lewis
Marcia Hale

Trey

EchoHawk

for Governor

NSC John P — Pleasonda
Shd I reply
or ought it go
somewhere else?
It's awfully
political. Trey

April 7, 19

The Hon. William J. Clinton
The White House
Washington, DC 20500

Dear Mr. President:

It was such a wonderful experience for Terry and me to visit with you and to stay at the White House; we were honored by this opportunity, and want to convey our deepest gratitude.

As we discussed, I am hosting what may be my most productive fundraiser in Washington on April 28, and would very much appreciate it if you could attend as an honored guest. This is an historic event which will bring all the Indian tribes in America to Washington at one time, and presents a special opportunity to hold a fundraiser for a candidate seeking to become the first American Indian elected as a Governor in U. S. history. The success of such an event would be greatly enhanced if you or the First Lady could drop by the event and allow the use of your names in our fundraising appeals.

I will gladly work through your political staff to expedite the details of this effort, but would appreciate very much if you could make a personal committment to this request. Thank you very much for your help and your consideration in this matter.

Very ~~truly~~ yours,

Larry EchoHawk

PS: Way to go Razorbacks!

EchoHawk for Governor • Post Office Box 548 • Boise, ID 83701-0548 • (208)344-1111

JIMMY CARTER

4/5/94

To President Bill Clinton

I hope you will reverse Ronald Reagan's ill-advised executive order 12356 of 1982 in order to expedite declassification of documents in Presidential Libraries.

Best wishes,

Jimmy Carter

cc L Cutler

~~[illegible]~~

Pls have this looked into advise

B.

PAID

Marcia - soon

BELOIT POLICE DEPARTMENT

vault - give B

CAPTAIN CHARLES A. TUBBS

Community Relations

"We Value Human Life Above All Else!"

THE PRESIDENT HAS SEEN

4/14

Telephone:
608/364-6800
Office: 608/364-6843
Fax: 608/364-6608

City Hall
100 State Street
Beloit, WI 53511

PLEASE COME TO BELOIT
ON MAY 12, 94
NATIONAL TOP BLACKS
IN LAW ENFORCEMENT
PLEASE! BART HAS THE
INFORMATION

THE PRESIDENT HAS SEEN
4-14-94

THE WHITE HOUSE
WASHINGTON

(2) supp file

(1)

Iris R. Spedale
Attorney at Law
3447 Oakton Drive
Minnetonka, Mn. 55343
(612) 938-8056

Wants to help on health care someone should call — ask her for help lobbying Durenberger, Penny etc

Please make a copy for Kelly C for supporter file & ask someone to call her for her help on health care

Ira Magaziner

THE PRESIDENT HAS SEEN
4-11-94

✓cc: POTUS

HOFFMAN
ENVIRONMENTAL SYSTEMS

Roger P. Hoffman
President and CEO

Mss agy [illegible]
cc Mack [illegible]
see visit to [illegible]
B

Secy
cc Cenn
[illegible]
cc Keele
cc Mark

HRC wanted POTUS to have this

1994

ary Rodham Clinton
House
sylvania Avenue
, DC 22000

ary:

Since we last worked together in 1992 developing recycled packaging standards for Wal-Mart with Bill Fields, a great deal has happened in my life (nothing compared to all the changes in yours, of course). After 25 years with the same company, Green Bay Packaging (Arkansas Kraft), I decided to start my own business. Utilizing ideas and concepts that I had developed in my experience with Green Bay Packaging, I have developed a company dedicated to installing zero process water discharge paper mills. We hope to break ground on our first mill this year.

The reason for my letter is that a very close friend of mine, Sonya Goodman and I were discussing various issues concerning your proposed health care program. Sonya owns a very successful nursing home in Baltimore, Maryland.

Additionally, Sonya has been involved in consulting to nursing homes that have been poorly managed. When it comes to elderly care, few people are more qualified.

Sonya intrigued me with a plan that called for getting the community involved in the care of elderly people that are not in dire need. Her plan is outlined in the attached material.

Of course, everyone is bombarding you with input, and Sonya felt it would be impossible to reach you. I suggested to Sonya, that since I know you, perhaps I could get her material in front of you. Hopefully, you can consider Sonya's input in your final plan. You'd love meeting her. She has many great ideas.

Please advise Bill that all is well with my business and that by the time he's running for re-election, we hope to have several mills that are producing 100% recycled paper in mills with no effluent that he can tour during his campaign. Urban jobs created as a result of a staunch position on the environment.

Hillary, thank you in advance for your consideration.

Sincerely,

125 South Jefferson Street • Suite 201 • PO Box 880 • Green Bay, WI 54305-0880 • Phone: 414-432-0300 • Fax: 414-432-6543

THE WHITE HOUSE

April 7, 1994

Mr. Roger Hoffman
President & CEO
Hoffman Environmental Systems
P. O. Box 880
Green Bay, Wisconsin 54305

Dear Roger:

Thank you for your letter and all the news of your business venture. It was good to hear from you again.

I have forwarded Sonya Goodman's proposal to the Office of Policy Development for its review. She will be hearing directly from that office in the future.

With best wishes for your success, I remain

Sincerely yours,

Hillary

Hillary Rodham Clinton

THE WHITE HOUSE
WASHINGTON

DATE: 4/15/94

TO: Jim Dorskind
Dan Burkhardt

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

Please reply and circulate appropriately.

Paul.

FOREIGN POLICY ASSOCIATION
729 SEVENTH AVENUE, NEW YORK, N.Y. 10019 · (212) 764-4050 · FAX (212) 302-6123

94 APR 14 P6 : 49

April 11, 1994

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

Dear Mr. President:

I am writing to ask if the Foreign Policy Association may again have the privilege of listing you on the Committee of Honor, along with all the former Presidents, for its Annual Dinner. This year we honor The Secretary of the Treasury Lloyd M. Bentsen on June 28, 1994 at The Pierre in New York.

As you know, during the primary campaign, you made your first national foreign policy speech before our organization, and I'm sure you will agree it was a great success.

You may recall that last year we had the pleasure of having you participate in honoring President Carlos Salinas de Gortari by listing your name on the program, and I hope you will agree again this year. It means a great deal to the Association.

With special regard.

Sincerely,

Maurice

Maurice Sonnenberg
Executive Vice Chairman

ps: By the way, my invitation to address the FPA is open anytime it may be convenient for your schedule.

Trey

F.O.B.?

Thurgood Rodent

94 APR 13 P6:13

April 11, 1994

The Honorable Bill Clinton
President of the United States
The White House
1600 Pennsylvania Ave.
Washington, DC 20503

Dear Mr. President:

I recently had a conversation with our mutual friend Mahlon Martin. He informed me that he recieved a letter from you in which you mentioned that my name has been put forward as a possible choice for the Presidency of the African Development Foundation (ADF). It is indeed an honor to be considered for that post and let me assure you that it would be my pleasure to serve in that position in your adminstration.

In December of last year, in Little Rock, I spoke at length with the ADF Chairman-Designate, Ernest Green. I shared with him my interest in the position and he asked that I write a brief "thinking piece" on the Foundation. That thinking piece would be a starting point for discussions with the foundation's board of directors and others in your administration with an interest and expertise in the U.S. role in Africa. At Mahlon's suggestion I am enclosing a copy of that document.

I thought you would want to know that Mahlon is seriously ill. I am sure that a few words of encouragement from you would boost his spirits greatly.

Sincerely,

Clemon P. Wright

To: NSC for response.

NEW PROGRAMS AND STRATEGIES FOR THE AFRICAN DEVELOPMENT FOUNDATION

by

Clemon P. Wright

The legislation that created the African Development Foundation (ADF), in 1980, mandated the support of the self-help initiatives for Africa's least served and disadvantaged groups. The ADF can accomplish this by developing and using innovative programming strategies and administration practices that would tap into the wealth of expertise that resides in Africa.

It is my understanding that the Foundation has made great strides in accomplishing those objectives. But the increasingly severe conditions that the majority of the continent's people face, coupled with the American public interest in the wise expenditure of its foreign aid tax dollars means that the Foundation, like other donor agencies, must periodically review its operations to assure that it is indeed carrying out its mandate in a cost effective manner.

Thus, I would think it appropriate to review and analyze the following issues;

1. The ADF strategy for development should include an approach that leverages the ADF's modest budget by ensuring that successful projects, approaches to development, project administration and management are brought to the attention of other public and private donor organizations. In this way, the ADF can influence the development community beyond its important, but limited, local impact. To the extent that others can learn from the Foundation's experience, more will be accomplished with the monies channeled through the Foundation.

2. The ADF should review its operations to insure that it is working in those countries where the U.S. dollar resources deployed through the Foundation can make a difference and where the host country is a responsive and willing partner in development.

3. The ADF must continue to assist its grantees in adopting development strategies that not only lead to project success but to project substantiality. This means that the process of undertaking a development activity should provide more than the means to undertake one community development activity; it should provide the capacity to independently plan and implement other development activities once the ADF has departed.

4. The ADF should capitalize on the emerging democracies on the continent to reinforce the linkage between democracy and economic development.

5. The ADF, even with its limited resources, must make an effort to keep the plight of Africa's people and the issues and problems confronting them in the public eye and conscience. Through the media, through interaction with others in the field of development, and through publications and participation in the public debate on foreign policy, the ADF should make an effort to educate the American public and must share its example with the development community at large.

6. The ADF approach should attempt to affect attitudes within local communities of Africa so that local initiative is unleashed and Africans themselves begin to challenge the issues and situations that impede their development.

Specifically, the ADF might want to:

1. Revitalize its communications organs (newsletters, periodicals and other publications) to create a greater awareness about the ADF and help build a larger consistency in both the public and private sectors.

2. Pilot initiatives to extend badly needed credit to new and existing small businesses by channeling loan funds through a private organization. Perhaps this vehicle could be made available first to former ADF grantees who have developed the potential to take their fledgling business to the next stage of development who might not have the assets to qualify for conventional bank loans.

3. Support the creation of local African venture capital structures and investment groups that would support the venture capital needs of groups that have the potential to move from micro- to mid-sized businesses (similar to our Small Business Investment Corporation).

4. Provide support to local African institutions capable of providing technical assistance, training, management and other capacity building skills lacking in many marginalized groups, even to the extent of creating local technical assistance organizations that would remain a resource in the country.

5. The ADF should develop a technical and management capability in all of its offices to implement a participatory approach that would demonstrate to local people ADF's commitment to supporting the development activities that reflect the will of the local people.

Finally, the ADF should not forget that Africans, like many Americans, are facing a health care crisis and challenges of monumental proportions. In Africa today the threat of AIDS is as devastating as famine and war. Thus, the ADF should begin to develop a mechanism for assessing the impact that the AIDS epidemic is having in the communities where the ADF works, so that the development strategies it supports reflects that reality.

While the ADF will not want to be in the primary health care field, it will surely have to support community efforts to address this dreadful plague.

Moreover, it will be especially important to me to assure that among the groups that the ADF supports, the physically challenged are well represented among those reached. While that constituency is often overlooked, even in our own country, they are among the most disadvantaged in lesser developed countries. I would work toward creating a special initiative to assure they are included in the ADF portfolio of recipients.

The ideas and thoughts I have put forth represent my sincere beliefs and are a means of providing you with insight into the direction I would guide the ADF if selected as its president. I hope these ideas and thoughts parallel your own as Chairman of the board of directors of the ADF.

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
4·13·94

[redacted]

Nancy,

Lod Cook asked me to give this to you for the President.

Alexis

Attachment

Rigby
a Richie
a Tony

[redacted]

[redacted]

ARCO
515 South Flower Street
Los Angeles, California 90071
Telephone 213 486 3303

L. M. Cook
Chairman and
Chief Executive Officer

THE PRESIDENT HAS SEEN
4-13-94

7/12
cc Tony L
Bob Rubin
R. [illegible]

April 7, 1994

President William J. Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

When we last visited, we discussed my recent trip to China and activities of ARCO and others there. As I reported to you then, the Chinese have been very responsive to investment and project proposals from U.S. companies. ARCO's relations with the Chinese government and its state-owned companies have been excellent.

In recent weeks, we have been working with Secretaries Brown and O'Leary to encourage Vice Premier Zou Jiahua to visit the U.S. Vice Premier Zou is the number three person in China and is responsible for manufacturing and energy matters. Secretaries Brown and O'Leary have extended formal invitations to Vice Premier Zou to come to the U.S. during the week of May 1, 1994. In our discussions with the Chinese, both before and after they received notice of the invitation from your Administration, they expressed a sincere interest in coming to the U.S. and their deep appreciation for the invitations which were extended.

We understand that the Vice Premier is in the process of making his final plans concerning the trip. We noted that when Secretaries Christopher and Bentsen were in China, they were afforded the opportunity to visit with the highest officials in the Chinese government. In view of this hospitality, it seems appropriate for us to afford the same level of treatment. Therefore, I would hope that your schedule would be such that you could visit with Vice Premier Zou when he is in Washington. Such a meeting has the potential to dramatically improve relations with our two countries and could be the catalyst for improved conditions in China.

Can [illegible] arrange? would be necessary [illegible]

I am meeting with Ron Brown today to discuss matters relating to Los Angeles and China. Hazel O'Leary will be in L.A. tomorrow and we will have an opportunity to touch base with her on these subjects.

If I can offer further information concerning the Vice Premier's visit, please let me know.

Sincerely,

Lod

L. M. Cook

THE WHITE HOUSE
WASHINGTON

DATE: 04/14/94

TO: MAGGIE WILLIAMS

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

The attached has been forwarded to the President.

MEMORANDUM

TO: John Podesta

FROM: Leslie Dach

DATE: April 14, 1994

In the realm of small victories, I wanted you to know that The Back to Business Committee is having some impact in the world. Last Friday we issued a statement in response to Senator Dole's threat to delay legislation if he couldn't get an agreement to his liking with the Democratic leadership on Whitewater hearings (see attached). We opined that his comments were exactly the kind of rhetoric Americans were sick of hearing from Washington. We circulated it to the Sunday show pundits, and talked to Bob Schieffer who was having Dole on Face the Nation. Lo and behold, it was Schieffer's first domestic question to Dole (see attached transcript).

The Back to Business Committee

For Immediate Release
April 8, 1994

Contact:
Ann Lewis (202) 223-8700
Leslie Dach (202)-371-0200

COMMITTEE RESPONDS TO COMMENTS BY SENATOR DOLE

The following is a statement by the Back to Business Committee:

Senator Dole's comments today are more revealing than he may have planned. By threatening to slow legislation down in Washington, Senator Dole is showing just the kind of attitude Americans are tired of hearing. The Republican Senate leader appears disappointed that the American people are focused on the issues.

Here are the facts. When Senator Dole was calling for a special counsel he promised not to "second guess" him. After the special counsel was appointed, he immediately second guessed him by calling for congressional hearings. Now that the democratic congressional leadership has indicated its intent to hold hearings on a schedule that will not interfere with Special Counsel Fiske's investigation, Senator Dole is still dissatisfied.

Its increasingly clear that Senator Dole's aim is partisan politics and not addressing the nation's real agenda.

# # # #

AP v5093 rw 3exec Dole Whitewater,300 04-08 12:30p

Dole To Press Ahead With Whitewater Hearings
By CURT ANDERSON
Associated Press Writer

WASHINGTON (AP) - Senate Minority Leader Bob Dole said today he will continue pressing for hearings on the Whitewater affair even though President Clinton has deflected some attention with this week's health care road trip.

Dole, R-Kan., said he would present a proposal on the hearings Monday to Senate Majority Leader George Mitchell, D-Maine, to line up investigators and begin background work.

"Obviously, the Democrats don't want to have a hearing," Dole said. "The Democrats aren't going to have it unless they absolutely have to."

Dole, in an interview with Kansas reporters, said Clinton's series of public appearances around the nation this week to push his health care plan probably hasn't changed many minds in Congress - but it has temporarily pushed Whitewater to the back burner.

"He's trying to get attention off of Whitewater, and this is one way of doing that," Dole said.

If Democratic leaders don't show some signs of agreement on a timetable and structure for Whitewater hearings by May 1, Dole hinted the GOP might attempt to bottle up legislation.

"We're going to have to decide as a party, are we going to stand up and fight for it?" Dole said. "If we do, we can slow things down here in the Senate."

Both the Senate and House have voted to hold hearings on Whitewater, but no date has been set.

The hearings would concern the Clintons' investment in the 230-acre Whitewater vacation and retirement development in Arkansas and its ties to the failed Madison Guaranty Savings & Loan, once operated by James McDougal. Special Counsel Robert Fiske is conducting such a probe, but Dole and other Republican lawmakers think Congress should press ahead with its own hearings.

HILL: Now we see this happening, as well, in Rwanda, where the United States is going with troops to try to get Americans out.

What do you think the limit should be that the United States should be setting about its involvement -- on its involvement in civil wars like these?

SENATOR DOLE: Well, I think certainly we have an obligation to Americans. And I think, as I understand, all the Americans who want to leave are now out of Rwanda. But that's a clear obligation. There's no question about that. And when we have Americans at risk, then we have a responsibility to try to extricate them from wherever they may be.

HILL: But do we have an additional responsibility also to help stabilize the situation in countries like this?

SENATOR DOLE: I don't think we have any national interest there. It seems to me that's something they have to settle. I hope we don't get involved there. I don't think we will. The Americans are out. And as far as I'm concerned, in Rwanda, that ought to be the end of it.

HILL: But in Somalia we got involved.

SENATOR DOLE: Somalia, we went down the slippery slope. I think we may have misjudged that in both Administrations. But again, we're out of Somalia. And we've got a problem in Haiti.

I mean, you look around the globe, foreign policy is big-time the last couple of weeks. And it just shows, it demonstrates again that nobody can control the world. It's going to happen. We have to respond. But in all those cases, we don't need to be out front. We can play a supporting role in some cases.

SCHIEFFER: Let's talk a little bit about things closer to home. The Congress is back. It's time to -- everyone says that this is the time when you'll really start to get serious...

SENATOR DOLE: About health care.

SCHIEFFER: Health care.

You also said last week, Senator Dole, that unless you could get some agreement on hearings on Whitewater, which we haven't heard much about for the last couple of weeks, that you might have to kind of slow down legislation and slow down the legislative process on things like health care.

SENATOR DOLE: Well, I said it'd be...

SCHIEFFER: Did you mean that?

SENATOR DOLE: It'd be a decision for the party to make. It would take 41 of us to stick together to make that decision. And we're not prepared -- you know, we're not at that stage yet. I'll be giving Senator Mitchell tomorrow a -- I gave him one outline and our staff talked about it. We're going to give another outline.

So, you know, we're both, in good faith, trying to...

SCHIEFFER: Outline of what you want on health care -- I mean on Whitewater.

SENATOR DOLE: What I think we ought to do, what Congress should do to meet its responsibility. And we do have responsibility -- it's in the Constitution, it's in a number of laws -- for oversight. Nobody denies that.

And so we're not, you know, we're not ready yet. But it seems if it keeps dragging, we don't get results, and I don't think we have any choice but to try to, you know, try to at least get our point of view across.

SCHIEFFER: Well, what do you want? I mean, what do you want him to do?

SENATOR DOLE: Well, it's going to take -- it would take 30 days, if we said today we're going to have hearings, to get ready. So I don't think we need to wait for Mr. Fiske to blow the whistle and say, okay, you boys can go and have -- or Congress can have the hearings, the men and women in Congress. I think we ought to be prepared for that moment. We ought to get ready now.

So, we're going to try to work it out with Senator Mitchell. I hope we can. I think -- certainly he's in good faith and I'm in good faith. If we can't work it out, then we'll have to go back to our caucus and see what we should do.

SCHIEFFER: Some of the President's people are already saying this is just the kind of rhetoric that people out in the country are tried of hearing.

SENATOR DOLE: Ah, well...

SCHIEFFER: They want some action on things that count.

SENATOR DOLE: I know they're tired of hearing it in the White House. But, you know, we just do our job. And if there's nothing there, there's nothing there.

Sooner or later, we're going to have hearings. I heard the Speaker say this morning we were going to have hearings, sooner or later. And if I were then, I think I'd want them sooner. I wouldn't want to wait till about September and October, right

CLOSE HOLD

THE PRESIDENT HAS SEEN
4.14.94

THE WHITE HOUSE

WASHINGTON

94 APR 12 P8:35

April 12, 1994

This is good
need to discuss
minis on back.

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: Alexis Herman

SUBJECT: African American Report

I. SUMMARY

Per your request, the following report outlines African American participation with OPL and the White house during the first quarter of 1994.

II. DISCUSSION

POTUS EVENTS

We organized three POTUS events this quarter, two in January and one in March. In January, we had the primary role of putting together the MLK event at Howard University and the White House reception for children of the civil rights movement. In March, we were successful in coordinating your visit to the UNCF dinner and reception in New York City.

HEALTH CARE

We conducted health care briefings for several African American groups including doctors, directors of national associations, labor leaders, newspaper publishers, businesses, associations and nurses. Currently, we are in the planning stages of organizing a health care briefing for clergy from every major denomination in the African American community. This event is expected to culminate into a national day of prayer in support of universal health coverage. The primary goal for hosting this event is to generate an outpouring of African American religious support for the President's plan.

CRIME

As part of OPL's state leadership crime briefings, we arranged for African American participation at each of the crime leadership day briefings. We invited police officials, religious leaders, and educators in from 19 different states. We also coordinated the African American policemen to be honored and recognized at the White House event for police heroes.

CLOSE HOLD

SOUTH AFRICA
We are coordinating targeted briefings with the NSC on developments in South Africa. To date, we have briefed black college presidents as well as key African American leaders on events unfolding around the upcoming elections.

Additionally, we are assisting in delegate selection for various U.S. delegations to South Africa after the elections for the Inauguration. We are also currently involved in a coordination role with Africare aimed at providing exposure to American governance for individuals expected to assume leadership positions in the new South African government. (Africare is a leading African American organization involved in training and technical assistance projects in over 30 African countries.) As part of the training for individuals slated to hold cabinet level position, we have been asked to arrange meetings related to our transition efforts. It is hoped that the first of these meetings and interaction can occur during the inaugural period immediately following the elections. The project is funded by USAID and is to be implemented over a three year period.

AFRICAN AMERICAN CONSTITUENCY DAY
Working with political and the DNC, we are working on plans that will lead to an African American early supporters day in May or June.

SENSITIVE NOMINATIONS
We were involved in extensive work on behalf of the two nominees for the position of Assistant Attorney General for Civil Rights. Needless to say, our involvement with John Payton was mostly damage control until he withdrew his name from consideration. With Deval Patrick, we employed a hands on approach to his nomination from the beginning. Shortly after you announced your intention to nominate Patrick, we hosted a reception and introduced him to a broad coalition of civil rights leaders representing over 100 important organizations in the civil rights community. We arranged for Patrick to meet with key members of the CBC and organized a series of private meetings with leaders of traditional civil rights organizations. We later arranged for him to receive positive media coverage from key newspapers and magazines throughout the U.S. During this period, we were also actively engaged in building public support for Bill Gould, the nominee for NLRB Chairman. We hosted several meetings on his behalf and successfully generated public support for his nomination from several key African American organizations nationwide.

CLOSE HOLD

U.S. CIVIL RIGHTS COMMISSION
We have had numerous phone conversations and meetings with members of the civil rights community regarding the problems associated with the Republican holdovers on the Civil Rights Commission. These and other discussions were centered around developing a strategy aimed at Congressional reauthorization of the Commission to allow the President to appoint the Staff Director without having to get concurrence from a majority of the Commissioners. In addition, we have engaged in numerous discussions with key civil rights leaders regarding the suit brought against the Acting Staff Director by a Republican Commissioner. The fact that the case was recently decided in favor of the Republican, requires us to redouble our efforts in the Congress around reauthorization.

PRESIDENTIAL DELEGATIONS
We arranged African American representation on various delegations to international events, such as the funeral of the late President of the Ivory Coast. We also assisted with delegate selection for South African and Mexican trade missions.

PRESIDENTIAL MESSAGES
We arranged for Presidential messages to be sent to various individuals, including messages to Ben Chavis around the recent loss of two family members. We also arranged for numerous messages to be sent to organizations hosting annual meetings including Blacks in Government, the National Association for Equal Opportunity in Higher Education and the Black Psychiatrist of America. In addition, we arranged for presidential birthday and anniversary messages to be sent to key constituents, including Addie Wyatt, Curtis Mayfield and Rodney Slater's mother-in-law, to name a few. We were also instrumental in getting a proclamation issued for Black History Month and assisted in getting special messages sent to groups such as the Harlem Globetrotters, the Martin Luther King Center for Nonviolent Social Change, the Greater Washington Urban League and the Southern Christian Leadership Conference.

SURROGATE SPEAKERS
During this quarter, we have assisted several organizations in obtaining surrogate speakers for their conferences and annual meetings. We were successful in getting speakers for the Congressional Black Caucus, the National Business League, the National Black Nurses Association and the NAACP, among others. Our message has focused on legislative initiatives and implementation of EITC and our Empowerment Zones.

CLOSE HOLD

PROBLEM AREAS REQUIRING GREATER ATTENTION

Haiti: We are receiving numerous calls from individuals citing unfairness in our Haitian refugee policy. Many callers are expressing outrage over the perceived difference in treatment received upon arrival by refugees from Cuba and Haiti. Civil rights groups are bitterly complaining that there is a double standard when it comes to our Haitian and Cuban policy. The groups are livid because the Haitians are detained upon arrival while the Cubans are perceived to be welcomed into the U.S. with open arms. The emotions are very strong on this issue and many groups including the CBC feel we aren't doing enough to restore democracy to Haiti. Randall Robinson, of TransAfrica recently began a hunger strike to protest U.S. Haitian policy.

Redistricting: Several groups have become alarmed over the lawsuits filed against some CBC members regarding redistricting. To counter their nervousness, we have cited your strong support for voting rights and have sent your press statement on the subject to key constituents throughout the nation. We also arranged for Deval Patrick to meet with affected CBC members to calm them and learn the details of their cases. We are in the process of meeting with key opinion makers on this subject with Justice officials. While CBC members have not been overly critical of our approach to this issue, most civil rights groups however, are upset that we filed amicus briefs in some cases and are pressing for nothing less than Justice Department intervention in all remaining cases. I am very worried about Jewish/African American relationships because of conversations that are reminiscent of the Bake Era.

Minority Business Outreach: In anticipation of criticism directed at the administration by our opponents, we are in the process of assembling information on minority business programs throughout government. We have held meetings with representatives from several federal agencies to determine if these programs are being effective in fulfilling their legislative mandates and policy requirements. Meanwhile, we are trying to counter a growing concern among some business people that a procurement bill winding its way through Congress may be harmful to minority businesses. Some of our business friends are asking us to insure that the reinventing government initiative won't harm set aside efforts aimed at assisting business development in minority communities.

> need to discuss this
+ talk Mayor
+ Relig. leaders

THE WHITE HOUSE
WASHINGTON

DATE: April 14, 1994

TO: THE VICE PRESIDENT
MACK MCLARTY
LAURA TYSON
BOB RUBIN

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

The attached has been forwarded to the President.

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

THE DIRECTOR

April 13, 1994

94 APR 13 P1:45

MEMORANDUM FOR THE PRESIDENT

Date: April 12, 1994

From: Leon E. Panetta

Subject: Deficit Effects of Interest Rates and Growth

This is to keep you up to date about the budget effects of interest rates and growth.

Interest rates. OMB's current estimates of the budget impact of one percent higher interest rates across the board (short-term and long-term instruments), continuing from the beginning of 1994 into the out years, with no change in the inflation rate (unlike in the current episode, rising inflation and interest rates usually go together), are:

1994	1995	1996	1997	1998	1999	Total
4.6	13.4	18.9	24.0	29.0	41.2	131.2

Note that the increase in interest rates has not been one percent across the board:

	Projection	Current
Three-Month Treasury Bill	3.4	3.6
Ten-Year Treasury Note	5.7	6.9

Most of our debt is in short-term instruments (at the end of 1993, more than one-third of the debt would mature within one year; some of that, but not much, was old longer-term instruments). Therefore, the smaller increase at the short end of the scale is probably more important than the greater increase at the long end.

Growth. Our current estimate for one percent faster growth and corresponding lower unemployment for 1994 only is:

1994	1995	1996	1997	1998	1999	Total
7.5	19.4	23.3	25.4	27.9	30.3	133.8

So note that one percent faster growth for one year just about offsets one percent higher interest rates for five years. But note also that this reality is a two-edged sword. If we told the markets that we expected four percent growth this year instead of three percent, investors would fear inflation, and we would get higher interest rates for sure. In all likelihood, these budgetary forces will tend to balance out. If growth slows slightly, interest rates are likely to fall; if growth continues strong, interest rates will probably rise somewhat.

Our best answer for right now is that the faster growth that we have had so far, without faster inflation -- and even with the higher interest rates -- has left us about even on the deficit.

THE PRESIDENT HAS SEEN 4/14

Products very good! Thanks R

THE WHITE HOUSE

WASHINGTON

By Fax

April 13, 1994

Mr. Scott Pelley
CBS News
Little Rock, Arkansas

Dear Mr. Pelley:

I am writing to follow up on our phone conversation of last night and to register my strong objection to your April 12 CBS Evening News report, in which you claimed (i) that Mrs. Clinton "was closely involved in managing the Whitewater Development Corporation in its later years" and (ii) that "this version of events seems directly opposed to a White House version adopted and recently repeated by the President." This report was unfair, inaccurate and misleading.

To begin with, from the initial Whitewater investment in 1978 through the time when all Whitewater lots were sold, in May 1985, the Clintons had no role in managing the company. Chris Wade, the real estate agent who handled sales of Whitewater property, says "'[the Clintons] were really passive investors'...Wade says McDougal handled all of Whitewater's finances while Wade handled the marketing of the vacation-home lots, surveying of the property and the construction of access roads." [USA TODAY, 1-14-94]

Only in late 1989, with Mr. McDougal preoccupied by a variety of legal, business and health problems, did Mrs. Clinton begin to take any simple, ministerial actions on behalf of the company. The only real business of Whitewater, at that point, was to sell lots that had been repossessed from buyers who defaulted on their escrow payments, and Mr. Wade continued to handle that business. Mrs. Clinton's activities were limited to such matters as making sure property taxes were paid and filing corporate taxes dating back to 1986, which McDougal had neglected.

Do the newly released documents tell a different story? They do not. You make much of the fact that the Rose Law Firm was listed as Whitewater's corporate address on federal tax returns beginning in 1986. But you are mistaken. The address is listed on a 1986 return -- but the return wasn't filed until mid-1990, a fact you should have known. [See USA TODAY, 4-13-94.]

Are actions such as the filing of tax returns by Mrs. Clinton in 1990 or the listing of the Rose Firm as Whitewater's address inconsistent with the way the White House -- or the President -- has previously described her role? No. At the same press conference from which you selectively and misleadingly quoted the President to make it appear that the newly released documents contradicted him, he said:

"[The Whitewater investment] was a perfectly honorable thing to do, and it was a perfectly legal thing to do. And I didn't make any money, I lost money. I paid my debts. And then later on, as you know, Hillary and I tried to make sure that the corporation was closed down in an appropriate way and paid any obligations that it owed after we were asked to get involved at a very late stage, and after Mr. McDougal had left the S&L."

And Mrs. Clinton has also acknowledged taking care of the kind of minor, ministerial tasks which you try to make so much of:

"I suppose the other big mistake that I made was not appreciating how other people viewed this when I knew **we had done everything we knew to make good on obligations, like paying property taxes and other things to try to be as careful as possible."** [Time, 3-21-94]

So, Mr. Pelley, where is your story? Had your reporting been accurate, you would have discovered that nothing that occurred yesterday changes what the White House has previously said about the Clintons' essentially passive role in Whitewater.

Very truly yours,

John D. Podesta
Staff Secretary

cc: Eric Ober, President, CBS News
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USA TODAY

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HEADLINE: Salesman details Hillary's role / Says some of her actions were his idea

BYLINE: Judy Keen; Dennis Cauchon

DATELINE: FLIPPIN, Ark.

BODY:

The man who sold Whitewater lots says he, not Hillary Rodham Clinton, wasresponsible for her role in two of several areas likely to be part of a special counsel's probe of the deal.

Chris Wade, who handled all sales at the Whitewater Development Co. Inc. property, says he initiated her active involvement, which critics have used to undermine the claim of President Clinton and Hillary Clinton that their participation in the investment was minimal.

Most of the 42 lots have been sold in the 230-acre development along the White River. Only a handful of homes have been built.

Interviewed at his realty office here, Wade says, to his knowledge, the Clintons never visited the property.

"They were really passive investors," he says. That changed when he urged Hillary Clinton to become more actively involved:

-- He suggested that Hillary Clinton seek power of attorney over Whitewater in November 1988. That would have effectively given her control.

Wade says the Clintons' partner in the deal, James McDougal, was too busywith his failing Madison Guaranty Savings and Loan to make routine business decisions.

"That was my idea," Wade says of the letter in which Hillary Clinton requested power of attorney. "I couldn't get ahold of Jim because of the Madison problems. Hillary and I were talking on the phone and I told her she should get power of attorney so we could deal with some decisions on Whitewater. I don't know that she ever did get it."

Bruce Lindsey, a senior Clinton adviser at the White House, says Hillary Clinton never acquired power of attorney.

-- Wade suggested that Hillary Clinton pay for a model home on the property in 1981 to try to spur sales. To build the three-bedroom, ranch-style modular home on the 2.66-acre lot, Hillary Clinton borrowed $ 30,000 from the Bank of Kingston, Ark., in which McDougal had an interest.

In 1988, Wade says, it was also his idea that she buy back the home from the estate of an owner who went bankrupt before dying. "Here we had a loan on the house, nobody making payments," says Wade. "We had a problem. . . . (Her repurchase of the house) was the only way."

She bought it in September 1988 for $ 8,000 and sold it two months later for $ 28,000.

Hillary Clinton's involvement in Whitewater's management, as described by Wade, runs counter to the Clintons' efforts to downplay their role.

Still, says Wade, "Hillary Clinton didn't do anything wrong - nothing. Absolutely, and that's not a guess. That's a fact. I know it."

Wade has turned over documents relating to Whitewater to the FBI and sayshe expects to be subpoenaed by the special counsel who will investigate Whitewater.

Meanwhile, Beverly Bassett Schaffer, then the state supervisor of savings and loans, says a letter she received from Hillary Clinton's law firm requesting permission for Madison Guaranty to raise money from investors was routine and did not imply pressure from then-governor Clinton.

On April 30, 1985, the Rose Law Firm wrote to Schaffer's agency seeking the go-ahead to sell preferred stock to shore up Madison's net worth. The letter asked state regulators to contact Hillary Clinton or her colleague at Rose, Richard Massey, if they had questions.

Two weeks later, Schaffer wrote a "Dear Hillary" letter saying the plan "is not inconsistent with Arkansas law." The appropriateness of Hillary Clinton's representation of Madison in the request - made to an official appointed by her husband - also has been questioned.

Madison was owned by McDougal, the Clintons' partner in the Whitewater investment. The thrift failed in 1989 and cost taxpayers $ 47 million to $ 60 million.

"Nobody in my office would have any problem saying 'no' (to the Rose Law Firm request) just because her name was on it," Schaffer says. "Nobody was going to get fired over that. Bill Clinton was my boss, not Hillary Clinton."

Wade says McDougal handled all of Whitewater's finances while Wade handled the marketing of the vacation-home lots, surveying of the property and the construction of access roads.

GRAPHIC: GRAPHIC, b/w, Gary Visgaitis, USA TODAY (Map); PHOTO, b/w, Laurie Tedford, AP

Records support Clinton version of land deal

By Dennis Cauchon and Judy Keen
USA TODAY

LITTLE ROCK — Whitewater corporate documents obtained Tuesday support President Clinton's contention that Whitewater was a legitimate, money-losing real estate venture — but show a more active role by Hillary Rodham Clinton.

James McDougal, a Whitewater partner, sold copies of 2,300 pages of corporate records — provided to him by the White House last week.

"These documents ... totally exonerate (the Clintons) from all charges that this is some sort of cash cow or some sort of Mafia front or whatever fantasy the Republicans have been able to create," McDougal said.

Ten media outlets, including USA TODAY, paid $1,000 per set — less than the 50 cents a page the federal court here charges for copies.

The records reveal Whitewater Development Co. lost $127,000 from 1979-88, was often late on mortgage payments, overdrew its checking account and was as many as three years late filing federal tax returns.

McDougal said Hillary Clinton, on his advice, used Whitewater losses to reduce taxes she had to pay on her commodity trading profits.

The documents, mostly hand-written, include:

▶ Whitewater Development Co. tax returns from 1979-88, mostly unsigned and undated. They show the corporation lost $127,669 in its first 10 years, paying no income taxes.

▶ Most checking account statements and deposits at the Citizens Bank and Trust of Flippin, Ark., where the Clintons and McDougals borrowed $200,000 to buy the 230-acre Whitewater property.

▶ Contracts for land sales from the Whitewater property.

Some of the records were removed from White House deputy counsel Vincent Foster's office after his death last July. The White House fought to keep them secret until January, when they were turned over to prosecutors looking into Whitewater.

But McDougal said the White House didn't give him everything. Missing: bank records for the Whitewater checking account at Madison Bank and Trust, which he owned.

Rep. James Leach, R-Iowa, says the account was used to funnel taxpayer money to Whitewater from Madison Guaranty Savings & Loan, whose failure cost taxpayers $47 million. McDougal owned Madison S&L.

Also missing: information on Whitewater Lot 13, used in transactions that Leach says netted Hillary Clinton an improper $20,000 profit — a charge the White House denies.

McDougal's records show Hillar Clinton had an active role in Whit water, contrary to her original clai they were passive investors.

The Rose Law Firm, where Hilla ry Clinton was partner, was listed a Whitewater's address on 1986-88 ta returns, prepared in 1990. Som Whitewater buyers sent monthl checks directly to her there.

"Jim McDougal ran the compa ny," said David Kendall, the Clintons lawyer. "In its later years, with Jim McDougal unavailable and (his wife) Susan McDougal in California Mrs. Clinton, by default, took certain necessary steps to wrap up and wind down the company's affairs."

[redacted]

WEDNESDAY, APRIL 13, 1994 • USA TODAY

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

March 24, 1994

PRESS CONFERENCE OF THE PRESIDENT

The East Room

7:30 P.M. EST

THE PRESIDENT: Good evening, ladies and gentlemen. Yesterday we were reminded that protecting our democracy and expanding its promise around the world can be costly and dangerous. Here at home we mourn the loss of the servicemen in the tragic aircraft accident at Hope Air Force Base, and we pray for a speedy recovery for those who were injured. This tragedy reminds us that the men and women who serve in the military put their lives at risk in the service of our nation.

In Mexico, an assassin killed Luis Donaldo Colosio, the presidential candidate of the Institutional Revolutionary Party. We send our condolences and our prayers to his family. And I urge the Mexican people at this difficult time to continue their strides toward economic and political reform and progress.

With the Congress beginning its Easter recess tomorrow, this is a good time to assess the real work we are getting done on behalf of the American people. We're moving forward on our economic plan. The budget now moving through Congress, when passed, will give us three consecutive years of deficit reduction for the first time since Harry Truman was President. In 1995, we'll have the lowest budget deficit as a percentage of our annual income of any of the major industrialized countries. A recovering economy produced two million jobs last year, and we're on track to create two million more in '94.

Around the world America's efforts have helped to bring much needed calm to Sarajevo and led to an important political accord between the Bosnian Muslims and Croats. Our call for restraint has helped to start talks again in the Middle East. We will continue our efforts to stop North Korea's nuclear program, and to seek progress on human rights in China, working to build a more positive relationship with that very important nation.

This Friday, a week ahead of schedule, our troops will return home from Somalia. Because of their courageous efforts, Somalia can now build it own future. A step it made in the right direction today with the accord between the leaders of the two largest factions in that country.

Since we came here, our country has been moving in the right direction. Just today, the House of Representatives passed our legislation to limit the influence of lobbyists. Our administration is completing work on a comprehensive welfare reform proposal. We have presented to the Congress our very important reemployment proposal, to change the unemployment system to provide immediate ~~retraining to those~~ who lose their jobs. In a few days, with bipartisan support, the country will have an education reform law that sets national standards for our public schools. In a few weeks, Congress will pass a crime bill and put more police on the street, tougher gun laws on the books, and make three strikes and your out the law of the land.

MORE

So that's where that -- I borrowed the money to go into that investment. I paid the money back with interest. That was unrelated to Whitewater. All the other losses that we have documented to date we believe clearly are tied to the investment Hillary and I made in Whitewater. So we, in fact, lost some-$20,700 less than the Lyon's report indicated because that loan came from a different place.

And then -- or came for different purposes. And there was another $1,500 payment I made on it. So whatever the total in the Lyon's report was, you should subtract from that $20,700 and another $1,500. And we believe we can document that clearly.

Tomorrow, my counsel, David Kendall, will brief the press on the evidence that we have, what's in the tax returns. You will see when you see the tax returns that those losses were clearly there. And he will be glad to support it with other information as well.

Q Mr. President, do you know of any funds, any money -- Whitewater seems to be about money -- having gone into any of your gubernatorial campaigns or into Whitewater, particularly federally-insured money? Do you know of any money that could have gone in?

THE PRESIDENT: No. I have no knowledge of that. I have absolutely no knowledge of that.

Q President Clinton, you just mentioned James McDougal, your former business partner. A lot of questions have been raised about his business practices. Can you tell us what drew you to him to begin with, and whether or not you still have faith now that he was -- that he is an honest businessman?

THE PRESIDENT: Well, I can tell you that when I entered my relationship with him -- let's go back to then and not now -- I knew Mr. McDougal and had known him for many years. I met him in the late '60s when he was running Senator Fulbright's office in Arkansas. I knew that sometime around that time, perhaps later, he got into the real estate business. When I entered into this investment, it was with a person I had known many years who was in the real estate business who had never been in the S&L business or the banking business. That all happened at a later time. He had done quite well.

The reason we lost money on Whitewater is not surprising -- a lot of people did at that time. Interest rates, as you'll remember, went through the roof in the early '80s; people stopped immigrating to my state to retire at least in the numbers they had all during the '70s; and the market simply changed, so we didn't sell as many lots, and the venture was not successful. So we lost the money. Principally, the money I lost was on the interest payments I had to make on the loans, which were never reimbursed because of the venture never turned a profit.

Q Do you still believe in his honesty now and do you think that he --

THE PRESIDENT: All I can tell you, to the best of my knowledge, he was honest in his dealings with me. And that's all I can comment on. As I said, when I heard about his comments on television, since he had -- he's always told you that I had nothing to do with the management of Whitewater, that Hillary had nothing to do with it; we didn't keep the books or the records; that this investment was made, as you know, back in 1978; and that we were essentially passive investors; that none of our money was borrowed from savings and loans and we had nothing to do with a savings and loan. So that's what he has always said. So when he said he didn't think this note that I -- where I borrow money from a bank, not an

MORE

S&L, in 1981 had anything to do with Whitewater, I started think: about it. We talked about it. We couldn't remember what else i: could have been until I literally just happened to cross that in reading my mother's autobiography.

Q Mr. President, Congressman Leach made some ver dramatic charges today. He said that Whitewater is really about arrogance of power and he didn't just mean back in Arkansas. He that federal regulators tried to stop investigators for the Resolution Trust Corporation in Kansas City from putting Whitewat into their criminal referrals. That would amount to a coverup ar possibly obstruction of justice. Do you have any knowledge of th

THE PRESIDENT: Absolutely not. And it is my understanding -- let me just say this: It's my understanding tha Mr. Leach was rather careful in the words that he used and appare he didn't even charge that any political appointee of our administration had any knowledge of this. So he may be talking a an internal dispute within the RTC from career Republican appoint for all I know.

Keep in mind, until I came here, all the appointees the RTC were hired under previous Republican administrations. Th has never been a Democratic President since there's been an RTC. I can tell you categorically I had no knowledge of this and was n involved in it in any way, shape or form.

Q Well, in light of all that's happened so far, M President, do you think you made any mistakes in the initial investment and in the way the White House has handled this?

THE PRESIDENT: I certainly don't think I made a mis in the initial investment. It was a perfectly honorable thing tc and it was a perfectly legal thing to do. And I didn't make any money, I lost money. I paid my debts. And then later on, as you know, Hillary and I tried to make sure that the corporation was closed down in an appropriate way and paid any obligations that i owed after we were asked to get involved at a very late stage, an after Mr. McDougal had left the S&L. So I don't think that we di anything wrong in that at all. And I think we handled it in an appropriate way. We were like a lot of people -- we invested mon and we lost.

I'd be the last person in the world to be able to de everything we've done here in the sense that whatever we did or didn't do has sparked an inordinate amount of interest in a 16-ye old business venture that lost money. But to suggest -- let me j say again, I have had absolutely nothing to do, and would have nothing to do, with any attempt to influence an RTC regulatory matter. And I think if you look at the actions of the RTC just s: I've been President and you examine the facts that everybody that works there was appointed by a previous Republican administration the evidence is clear that I have not done that.

Q Mr. President, you've been kind of tough at time on people you felt made out during the '80s and didn't pay their : share. Can you tell us, sir, tonight that you have abided by the very high ethical standards --

THE PRESIDENT: Absolutely.

Q -- to which you've sought to hold others? And also, sir, if it turns out that you do owe something in back taxes will you be prepared perhaps to revise some of those judgments you made about others?

THE PRESIDENT: No, not at all. I ask you to tell th American people what percentage of my income I paid in taxes in ev

MORE

■ INTERVIEW

"Yes, We Made Lots of Mistakes"

Clearing the air with Hillary Rodham Clinton

The First Lady met for 30 minutes last Saturday with TIME's *Ann Blackman and Nina Burleigh to discuss Whitewater and its effect on herself and her family. Excerpts:*

TIME: *As a private citizen, under a potential legal cloud, you have an interest in not disclosing information. But as the First Lady, you have a responsibility to be candid about Whitewater. Which comes first?*
Clinton: We have been candid. We have been candid all the way through this. We made an investment decision that lost money. We did the best we could, always, to be as straightforward on this as we could, based on what we knew. We have fully cooperated with the grand jury, with the special counsel; we have been more than open and candid. We have not denied any documents, we have claimed no privilege. But for years, now, we've been asked questions that we don't know the answers to. We did not run the company, we did not make its decisions, we did not have its documents or its record. So we could not answer many of your questions anyway. We did the very best we could with what we knew.


TERRY ASHE FOR TIME

TIME: *Jim McDougal [head of the Madison S&L] claims that your Whitewater contribution was $13,000, not the $69,000 cited in the 1992 Lyons report on Whitewater commissioned by your husband.*
Clinton: Jim didn't have any documents. He can recall only from his memory.

TIME: *Do you think you may have overdeducted on your income tax in those years?*
Clinton: Well, we don't know. We don't believe so, but during the Lyons report, they brought to our attention two deductions that were supported in documents which we had but were contradicted in documents we had never seen until they were collected for that report. And once that was brought to our attention, we paid back, because we're not out to take any advantage of anybody. We are only able to act on the knowledge we had at the time. But there were activities that we didn't know anything about that have only recently been brought to our attention. And as we gather more information, we will act appropriately, as we did based on the information we had at a previous time.

TIME: *How do you respond to questions of conflicts of interest raised by your representation of Madison?*
Clinton: I don't know of any charges other than this incident arising out of a limited representation I had of Madison in which a request for a legal opinion was made to the [Arkansas] securities commissioner. I don't know of any other legitimate claims; now there are lots of illegitimate claims floating around these days, and apparently you can say anything these days and get somebody to prove it. We're trying to break through all that and get to what the facts are.

TIME: *If Congress asks you to testify, will you?*
Clinton: We'll have to see if that's what Congress decides to do.

TIME: *Did you make any mistakes?*
Clinton: My goodness. We made lots of mistakes. We never should have made the investment for one. And I suppose the other big mistake that I made was not appreciating how other people view this when I knew we had done everything we knew to make good on obligations, like paying property taxes and other things, to try to be as careful as possible. So yes, we made lots of mistakes and obviously wish we hadn't. But those are things you look at in retrospect. We didn't do anything wrong. We never intended to do anything wrong.

TIME: *Why did you oppose naming a special counsel?*
Clinton: Well, there were no allegations of wrongdoing against the President or me. There were lots of wild and unsubstantiated stories that are filled with hurtful claims about people.

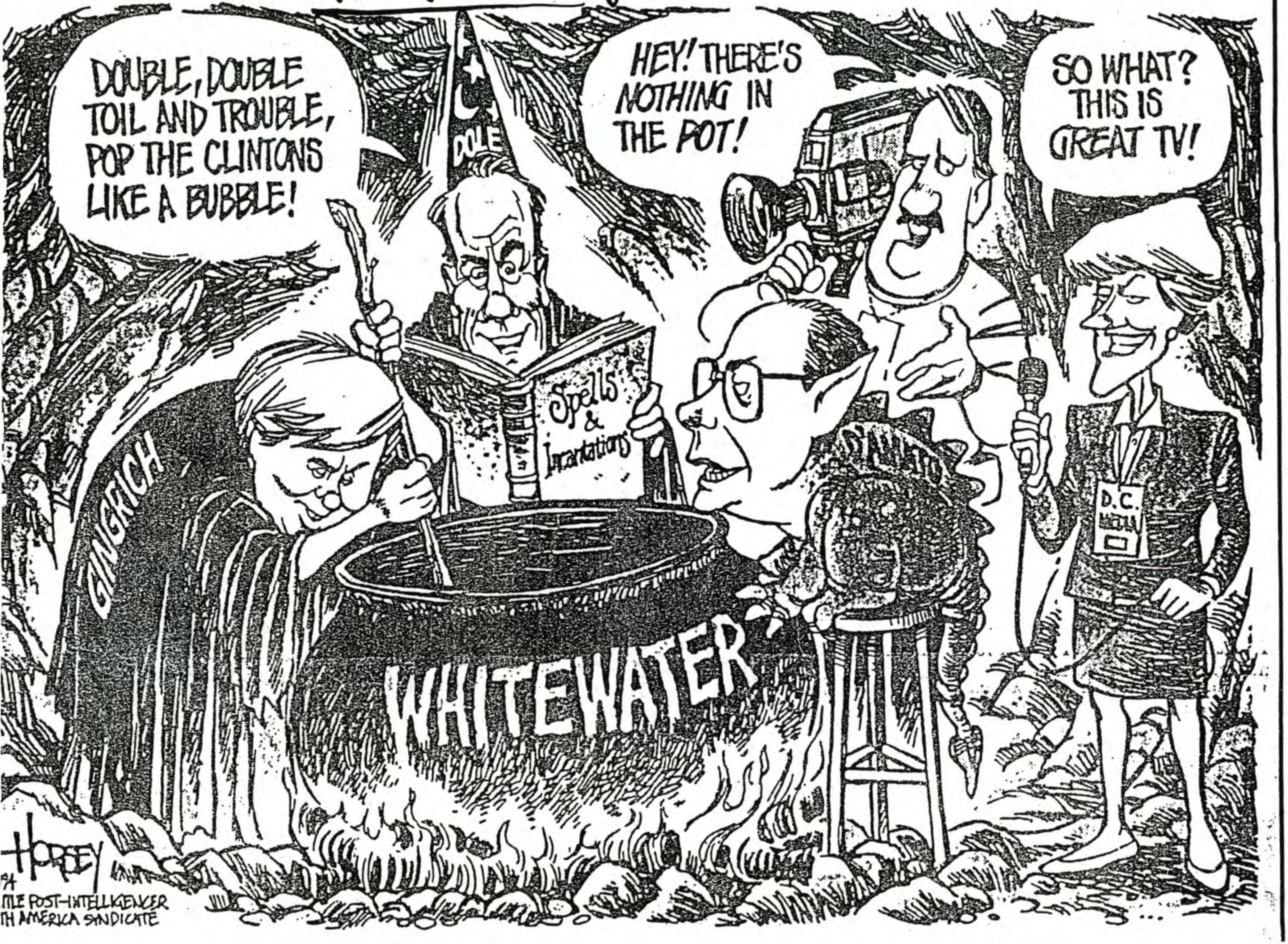
TIME: *How do you and your husband explain this to each other?*
Clinton: I just tell him that I'm very sad that this kind of situation has occurred and that I'm sure we could have handled it differently or better. I know when all is said and done there's nothing in this whole Whitewater situation except a lot of confused documents that ... will be put into some sensible order and presented to the world when the special counsel gets done. So I don't even worry about that.

TIME: *And Chelsea?*
Clinton: She doesn't need an explanation. She is fully aware of what happens in politics. With it comes a lot of the worst that human nature has to offer. We've been telling her that since she was six.

TIME: *What effect does this have on you?*
Clinton: I feel, on most days, good about what I'm doing, but on other days I get down like anybody else. People can lie about you on a regular basis and you have to take it. That's very hurtful. Then when you stop and think that now that we're in public life at the level we are, we have no protection against any of that. ■

To HRC / cc Podesta / GS.

THE PRESIDENT HAS SEEN 4/14/94



Cisneros/BReed

THE PRESIDENT HAS SEEN
4/14

Report to the President:

Combatting Violent Crime in Public Housing

Janet Reno
Attorney General
Henry Cisneros
Secretary, U.S. Dept of Housing and Urban Development

April 13, 1994

Introduction

In response to the escalation of violence and the prevalence of firearms in Chicago public housing, the Chicago Housing Authority (CHA) instituted a policy of conducting warrantless, apartment-to-apartment searches of CHA public housing developments. On April 7, 1994, a federal court in Chicago held that CHA's search policy violated the Fourth Amendment. On this basis, the court enjoined CHA from undertaking further warrantless apartment-to-apartment searches of CHA housing units. The court made clear, however, that its ruling did not preclude CHA from obtaining resident consent to search, searching common areas, securing search warrants, or conducting appropriate searches in emergency situations.

The court's ruling prompted the President to direct the Attorney General and the Secretary of Housing and Urban Development to devise a strategy for combatting crime in public housing. In response to the President's directive, a HUD team, including the Secretary, traveled to Chicago, met with elected officials, CHA leadership, residents, law enforcement personnel, and community leaders and conducted an assessment of the security needs of Robert Taylor Homes and Stateway. These two Chicago public housing developments have been beseiged by gang warfare over the past several weeks. At the same time, HUD and Department of Justice personnel cooperated in formulating effective and constitutional options for increasing the security of America's public housing. As a result of these cooperative efforts, the Attorney General and the Secretary of HUD submit the following proposals.

Using Searches to Combat Violent Crime

PHAs cannot rid public housing developments of firearms and gun-related violence unless they have broad search authority. The following list suggests several constitutional means of detecting and seizing firearms within a public housing development.

> a. <u>Securing the Building Entrances and Lobbies</u>. Any effort to stem violence in public housing developments must begin in the lobbies of the buildings. In some high-rise public housing developments, gang members effectively control access to the buildings. They move freely in and out of the buildings. While some buildings are protected by housing authority guards, those guards are often intimidated by gang members, and they therefore let unauthorized persons enter the buildings unchallenged.
>
> It is essential that PHAs gain control of building lobbies and common areas. To accomplish this end, PHAs can erect fences around buildings, issue identification cards to

tenants, and install magnetometers or metal detectors at the building entrance. Security guards should have the authority to conduct follow up searches with hand-held metal detectors when necessary. Security guards should also be authorized to search packages and clothing, and to refuse entry to anyone who does not submit to this inspection. Most importantly, the PHAs and the local police must cooperate to ensure that the security guards have sufficient protection to do their screening work effectively.

b. Consent Searches. PHAs may search individual units within a public housing development with the tenants' consent. The most effective means of ensuring consent is through specific consent clauses in the lease agreements. Lease agreements should therefore provide for periodic administrative inspections of unit dwellings for unlicensed or unlawful firearms. This provision should be in addition to current lease provisions allowing maintenance inspections and emergency entries. Because such a clause will specify that the inspectors will be looking for illegally possessed firearms, it will give PHA inspectors authority to search dwellings more thoroughly than is now permissible under a maintenance inspection.

The PHA should establish procedures for implementing these periodic inspections. To maximize their effectiveness, the inspections should occur regularly. The PHA should restrict firearms inspections to daylight hours. The inspectors should knock and announce their purpose, and if no one is present, they should leave written notification of the inspection. They should remove all firearms and ammunition, but they should not take any other property. Local police may accompany PHA inspectors for the purpose of providing security, but they should not search the premises.

Lease agreements should also provide that refusal by a tenant to allow the PHA to inspect the dwelling unit for firearms shall be cause for termination of the tenancy.

c. Tenant Resolutions. PHAs should encourage tenant associations to endorse the use of building entrance security devices and the inclusion of consent clauses in lease agreements. A resolution by a tenant association would demonstrate widespread tenant support for such measures and would help PHAs resist challenges by particular tenants to the constitutionality of restrictions on entry and apartment searches.

d. Searches of Common Areas and Vacant Apartments. Experience in Chicago teaches that gangs commonly use vacant apartments as bases of operation. PHAs can search common areas and vacant apartments without consent or a warrant, and at any time of day or night.

e. Administrative Warrants. Even in the absence of tenant consent, PHAs can obtain an administrative warrant allowing periodic apartment-to-apartment inspections for firearms. Administrative inspections are generally less thorough than consent searches or searches upon probable cause, however, and therefore this type of inspection may be less effective in locating firearms within dwelling units.

f. Frisks of Suspicious Person for Weapons. If police or security officers have reason to believe that an individual is involved in criminal activity and that he is armed, they may frisk him for weapons. More aggressive use of these frisks should also curb violence in the developments.

g. Warrant Searches Upon Probable Cause. Whenever the PHA has probable cause to believe that a specific dwelling contains firearms or other evidence of a crime, a search may be conducted with a judicial warrant. PHAs should make use of expedited techniques for obtaining warrants, such as by telephone or by having magistrates readily available to the PHA and local police to execute warrants.

h. Searches Based on Exigent Circumstances. PHAs may conduct warrantless searches of individual units where there is justification for a search but insufficient time to obtain a judicial warrant.

i. Arrest Warrants. PHAs or local police may enter a dwelling unit to execute an outstanding arrest warrant of the fugitive resides in the unit and the police have reason to believe he is present. Once inside the unit, the authorities may search the area within the fugitive's immediate control. They may also seize firearms that are in plain view.

A Federal Response to the Emergency Situation in Robert Taylor Homes and Stateway

HUD and Justice are committed to working with the City of Chicago to help develop a comprehensive strategy to address violent crime in Robert Taylor Homes and Stateway.

The search strategies outlined above will not work if the PHAs lack the manpower to conduct them safely. In addition, searches will provide only a short-term solution if they are not integrated into a long-range anti-crime strategy to attack the gangs that victimize public housing developments.

HUD and Justice will, therefore, immediately provide additional enforcement and prevention resources to help stabilize the explosive situation in Chicago's public housing developments. The provision of federal resources will be made contingent on local participation to ensure effective implementation of these immediate measures as well as integration of law enforcement, social services, public health, education and other relevant efforts.

HUD will also work the CHA leadership on a long term plan to demolish the troubled high-rises and transition to a different type of public housing -- one that is economically integrated, small scale, well designed and safe and secure.

Additional Enforcement Measures

1. B.I.T.E. Teams

The CHA police and the Chicago police have established an innovative anti-crime effort called B.I.T.E. -- Building Interdiction Team Effort. A B.I.T.E. team consists of the following:

8 public housing officers
8 Chicago police officers
1 public housing sergeant
1 Chicago police sergeant

The goal of the teams is to "win back control" of selected buildings from the gangs. B.I.T.E. teams are being used to secure the perimeters of buildings and then patrol and search common areas and vacant apartments, challenge suspicious persons and inspect occupied apartments when they receive tenant consent.

The CHA believes that the an expanded B.I.T.E. force can provide the manpower and expertise to conduct emergency sweeps in the future. The CHA estimates that the minimum number of police personnel needed in a sweep are:

8 police to secure the perimeter of buildings;

14 police to secure the interior (particularly ground floor) of buildings;

4 police to start the search from the bottom floor up; and

4 police to start the search from the top floor down.

<u>Response:</u>

HUD will provide CHA $10 million to fund 10 additional

B.I.T.E. teams. Funds will be drawn from the public housing modernization emergency program as well as from CHA's own unobligated modernization funds.

The Justice Department's Bureau of Justice Assistance (BJA) will assist the B.I.T.E. program by providing approximately $500,000 for its enhancement and expansion.

2. Replacing Private Security ("Rent-A-Cops")

The CHA currently employs private security personnel to act as guards in public housing buildings. Observers have criticized this practice on a number of grounds: lack of adequate supervision and accountability, lack of training, unclear mission. The CHA recommends supplanting these private security forces with either in-house security staff or CHA housing police.

Response:

HUD will permit CHA to reprogram $5 million from its unobligated modernization account to fund replacements for private security forces.

3. Operation Safe Home

HUD, Justice, the Department of Treasury and the Office of National Drug Control Policy have established the Operation Safe Home initiative to combat fraud and violent crime in designated public and assisted housing. The initiative coordinates federal and local law enforcement efforts in a broad range of enforcement and prevention matters.

Response:

Request that the United States Attorney in Chicago give priority to developing, as part of Operation Safe Home and the Anti-Violent Crime strategy in his community, a coordinated federal-state-local response to the alarmingly high level of armed violence at Robert Taylor Homes and Stateway.

4. Vacancy Reduction

Excessive vacancies represent a significant security problem for the CHA. In some developments, they have become a haven for gangs to stash weapons and drugs. In some buildings, gangs have literally broken through walls dividing separate apartments -- a practice called "tunnelling" -- enabling gangs to control segments of floors.

Management personnel are constantly at risk; gangs control exit and entry in many buildings. Work is constantly disrupted; crews return some mornings to find partially rehabilitated apartments destroyed.

The CHA is taking a series of innovative steps to reduce vacancies in their developments. The construction trades are training residents to rehabilitate vacant apartments under a new HUD program called Step-Up. Homeless veterans are "house-sitting" and fixing up vacant apartments, getting preferential treatment for future apartments in return.

<u>Response:</u>

HUD will permit CHA to reprogram $10 million in unobligated public housing modernization funds for purposes of rehabilitating vacant apartments in Robert Taylor Homes and Stateway. This reprogramming will be approved in anticipation of the CHA receiving Vacancy Reduction funds later in fiscal year 1994.

HUD will also provide CHA with technical assistance in designing a "round-the-clock" rehabilitation program to combat the random destruction of unfinished work.

HUD will work with the CHA and local construction trades to expedite implementation of the expanded Step-Up program.

CHA would also change the way it carries out maintenance responsibilities under this plan. Each building under the vacancy program could, for example, establish a newly established maintenance management system that implements performance standards for all maintenance and renovation staff.

5. **Gun Trafficking**

In the current environment, the trafficking of firearms in Chicago's public housing developments continues unimpeded by any sustained, coordinated effort by federal and local enforcement officials.

<u>Response:</u>

BJA will make available $200,000 to undertake a suppression program to discourage illegal trafficking in firearms and their use in the commission of crimes. This program may include investigation and prosecution of gun traffickers, those who illegally possess firearms, and those who use firearms in the commission of a crime. BJA will work will work with the Bureau of

Alcohol, Tobacco and Firearms on this effort.

6. **Tenant Patrols**

The CHA has helped organize and fund tenant patrols in about half of the buildings in Robert Taylor Homes and Stateway. These patrols supplement the efforts performed by Chicago police and local housing police. The cost of starting up a tenant patrol is $8,000 per building.

Response:

HUD will permit CHA to reprogram $150,000 in unobligated public housing modernization funds for purposes of initiating tenant patrols in the remaining buildings in these targeted developments. Funds will be used to cover a range of activities, including training and equipment.

7. **Strategic Planning**

An effective anti-crime strategy must operate on a number of levels: sufficient, well-trained police; adequate prevention strategies; resident involvement; community outreach; integration of other public and private resources.

Response:

BJA will provide $150,000 to assist in the development of a neighborhood mobilization program to prevent crime. Key program elements will focus on the building and enhancing of local planning teams; the development of short-, intermediate- and long-term strategies; community policing; and crime prevention strategies.

8. **Participation in CHANGE**

HUD recently joined the Mayor's task force on violence in public housing known as CHANGE, which stands for Chicago Housing Authority Neighborhood Gang Enforcement. This task force utilizes a multi-agency approach to violent crime in public housing. For instance, under CHANGE representatives of the FBI, ATF, DEA, U.S. Marshals Service, State Police, Chicago Police and Chicago housing police have participated in coordinated sweeps of targeted public housing sites armed with arrest and search warrants for drug dealing and other offenses. Most of those arrested are prosecuted by the Cook County State's Attorney, which has nearly a 95% conviction rate resulting from these arrests.

Response:

HUD will participate fully in meetings of the CHANGE task force in an effort to provide meaningful guidance and assistance to the shaping of strategies in Chicago to combat violent crime in public housing.

Prevention Measures

The CHA, local ministers and residents consistently identified the absence of recreational facilities and other services as a major impediment to stabilizing the current situation. The CHA and others have great experience with administering a range of programs and activities -- in both Robert Taylor Homes and Stateway as well as in other CHA developments.

1. **Playground Reconstruction**

The playground facilities in Robert Taylor Homes and Stateway are in abysmal condition: strewn with glass, needles and other drug paraphernalia. Reconstruction of adequate, secure ballfields, "green space" and other playground facilities needs to happen immediately. Progress is being made; the corporate and philanthropic community as well as the state government are expected to rehabilitate a playground at a local high school.

Response:

HUD will permit CHA to reprogram $300,000 in unobligated public housing modernization funds for purposes of rehabilitating playground facilities that are on the grounds of Robert Taylor Homes and Stateway.

2. **Recreational Activities**

The CHA has successfully administered a range of recreational activities to offer an alternative to gang life for public housing youth. The CHA has particularly requested additional funding for their midnight basketball program. The House crime bill would authorize $50 million for midnight sports leagues. Yet appropriations for this initiative would not be made until the fall; funding awards might not be made until winter. CHA estimates that approximately $200,000 is needed to administer a program this summer.

Response:

HUD will permit CHA to reprogram $200,000 in unobligated public housing modernization funds for purposes of administering a midnight basketball program in Robert Taylor Homes and Stateway.

3. Drug Rehabilitation

The CHA has designed and implemented in other developments a program called CADRE -- Combatting Alcohol and Drugs through Rehabilitation and Education. The program provides a range of prevention, intervention and treatment services for residents. CHA estimates that it would cost approximately $300,000 to implement the program in Robert Taylor Homes.

Response:

The Justice Department's Bureau of Justice Assistance will provide the CHA with $300,000 to expand CADRE to Robert Taylor Homes. The funds will be transferred from the Center for Substance Abuse Treatment.

4. Other Services

The CHA identified a range of other services needed to address the root causes and effects of the violence in Robert Taylor Homes and Stateway. These services include: counseling for young children, victim assistance programs, summer cultural activities, support for boys and girls clubs and after-school programs, truancy reduction measures and other support services.

Response:

HUD will provide CHA $2 million in Family Investment Center funds to rehabilitate CHA and adjoining facilities for purposes of providing support services to residents. Up to $300,000 of this award may be used to fund directly a range of support services, including the services identified above.

BJA will provide $150,000 to establish Boys and Girls Clubs in these targeted developments. Funds will provide these funds through its current Cooperative Agreement with Boys and Girls Clubs of America.

IV. Long Term Measures

Robert Taylor Homes, Stateway and other developments comprise 65 highrise buildings along State Street in South Chicago. These buildings warehouse 23,000 of the nation's poor in dense, ill-designed environments, with average incomes around $5400.

The efforts described above will hopefully stabilize the situation in Robert Taylor Homes and Stateway over the next several months. Yet more radical measures are needed if this housing is to become safe and livable and if the tenants residing in the developments are to become working, productive citizens.

Vince Lane has a vision that would virtually "change the landscape" of Chicago by demolishing these high-rises and rebuilding in their place small-scale, well-designed, economically integrated housing.

To accomplish Chairman Lane's vision, HUD and Congress will need to dramatically transform the way the public housing program works. Three revisions are most critical.

> Public housing agencies should be given the flexibility to use modernization funds to demolish and replace dilapidated buildings. Currently, the CHA receives approximately over $130 million a year in modernization funds. It <u>must</u> use those funds to rehabilitate existing developments whether or not demolition and replacement would be more costly and effective.
>
> Public housing agencies should be allowed to capitalize a portion of the expected modernization funding stream -- as is done with Community Development Block Grant Funds. The CHA could potentially leverage hundreds of millions in dollars under a proposal which would permit a PHA to capitalize a portion of its modernization grant.
>
> Public housing agencies should be allowed to leverage public housing funds with such resources as bond financing and other public and private sources of capital. The ability to leverage non-Federal funds will permit PHAs to stimulate the development of mixed income communities.
>
> <u>Response:</u>
>
> > Include the modernization revisions in HUD's 1994 legislation. Implement the leveraging proposals administratively.

THE PRESIDENT HAS SEEN 4/14

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, D.C. 20410-0001 94 APR 12 P5:43

April 12, 1994

cc: VP
cc: Crane

MEMORANDUM FOR: President Clinton

FROM: Henry G. Cisneros Henry Cisneros

SUBJECT: The Current Crisis of Violence in Chicago Public Housing

Mr. President, as you suggested, I traveled to Chicago over the weekend in order to be able to better apprise you of the situation in the Robert Taylor Homes and Stateway public housing developments. I felt it was important to present the Administration's message that you stand with Vince Lane and the Chicago Housing Authority in their opposition to the gangs' tactics and that you stand with the residents who are so brutally victimized and who strongly approve of anti-crime measures.

This weekend in Chicago, more than 15 persons were shot in or near public housing and five youths were killed. I talked at length with residents who:

- for fear of darkened elevators and hallways where electrical fixtures have been destroyed, have become prisoners in their own apartments,

- fear for their children's lives and speak of the death or maiming of their children's best friends,

- live without basic amenities because maintenance personnel are harassed by gangmembers and because use of essential facilities such as mailboxes is denied by gangmembers who use them as storage places for handguns,

- cower behind darkened windows in their own living rooms and point to bullet holes on walls or in windows,

- are cleared to enter their own buildings by gang members who control the entrances and lobbies and who threaten and in some cases have shot and killed the hired security personnel,

- raise their children without the help of traditional recreational programs and without sports areas because ball fields are littered with glass fragments,

- are torn as they see their teenage children pressured to join a gang by the gangmembers in their own building who tell them "if you're not with us, you're against us" and to seek protection from gangmembers in adjacent buildings who assume they are affiliated with the gang in the building in which they live,

- leave their buildings and must walk with children through fields of fire from automatic weapons and heavy rifles as gang members shoot from one building to the next, and

- cry for relief from conditions as truly deadly as a Third World war zone.

Mr. President, I know this must seem exaggerated, but these are unembellished observations of what I saw and what the residents described. American women and children are living in a setting so violent, so demeaning, so fearsome, so without hope, that it must be what the approaches to hell are like.

The root of the latest violence is a gang war between two groups - the Black Disciples and the Gangster Disciples - that claim control over alternate high rises among the developments. The battle is about turf and about drugs. Control of a building is said to be worth $30,000 a week in drug sales or $1.5 million per year. The current drug war appears to be over an expansion by one of the gangs into claimed territory after its perception that the other was weakened by imprisonment of rival leaders. The shootings have prompted retaliation in entrance areas full of children and on sidewalks which residents must use daily. The residents are caught in the middle and desperately plead for help.

Our HUD team is working with Vince Lane to set forth a four-part action plan for your consideration. The first part will comply with your directive that the Attorney General and I explore ways to configure the sweeps within constitutional limits. The other three parts address other security matters, youth and recreational programs, and a plan to replace the worst public housing. As you consider these recommendations, please know that we are working to assure that whatever Federal assistance is extended should be matched by the City, the Parks District, local foundations, the Board of Education, and local businesses. We are also working to make sure that Vince Lane and the Housing Authority can extend their efforts to all CHA developments so that the violence is not simply deflected to another area.

THE PRESIDENT HAS SEEN 4/14

The Philadelphia Inquirer

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A22 Thursday, March 31, 1994

EDITORIALS

Mrs. Clinton's gamble

The money she made 15 years ago was hardly the stuff of the 'decade of greed'

Hillary Rodham Clinton is being pilloried in some circles for turning a $1,000 investment into nearly $100,000 in the late 1970s. In light of this windfall, her critics ask, how could she and her husband make campaign hay by deriding the excesses of the '80s?

The answer is that Mrs. Clinton's high-risk investing in commodities markets, where people bet whether prices rise or fall, bears little resemblance to the financial skulduggery of the last decade. Her profits on cattle futures and other bets in 1978 and 1979 were more like those of a big winner at roulette in Atlantic City or Vegas.

Mrs. Clinton's performance has been criticized from several directions. One shrill editorial made much of the news that her broker got into regulatory trouble several times — for example, allegedly channeling trading profits to favored clients and skewing losses toward other clients. But the friend who advised her on these investments, lawyer James B. Blair, insists that this has nothing to do with Mrs. Clinton because she kept close control over her trading account. At this point, there is absolutely no evidence of any improprieties in her account.

There are also innuendoes — but no evidence — that the investment advice from Mr. Blair, who is now general counsel to the largest poultry producer in Arkansas (or any other state), must have been classic "insider stuff." That might have a veneer of plausibility if she had been investing in chickens, but instead, her big profits came from betting on rising prices for cattle.

Perhaps the lowest blow against Mrs. Clinton was an "exclusive" in the latest Newsweek, which claimed that she hadn't put up the money to get started. The White House has refuted the charge with documentation, and the magazine has backtracked.

Given the fanciful attempts to link Mrs. Clinton's investments to the financial frauds of the 1980s, it might be useful to remember some of the notorious excesses of the so-called "decade of greed." That's when bandits in three-piece suits went marauding for short-term gains — using excessive debt, pension-fund raids and other manipulations. In the biggest financial boondoggle in U.S. history, savings and loan executives indulged in high-risk investments, self-dealing and outright larcency with federally insured deposits. And this stuff went on under the noses of the Reagan administration, government regulators and the U.S. Congress.

If the Clintons' political enemies or special prosecutor Robert Fiske can eventually prove that money from a defunct S&L was diverted into the Whitewater real-estate development, that would indeed link the couple to the excesses that they both have derided. By contrast, Mrs. Clinton's betting on commodity prices — like the Vegas trips of the President's mom — was a form of legal gambling that exploited no one.

[redacted]

THE PRESIDENT HAS SEEN 4/14

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cc J Podesta
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Gergen
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For The Inquirer / BARRIE MAGUIRE

City folks want to hear about jobs, not about all that Whitewater stuff

By **ACEL MOORE**

The so-called Whitewater scandal may get big play on the front pages of newspapers or on the broadcast news shows, but I don't think it's playing that big in the hearts and minds of the people in the city.

My feelings on this were reinforced from a talk show I host every Tuesday on radio station WHAT-AM (1340). Among the questions listeners were asked this week were whether Whitewater was relevant to them, whether too much time and energy and resources were being spent on the issue by Congress, and whether the media were devoting too much attention to the matter. They were also asked if they thought there was something illegal or scandalous that the nation's first couple was trying to cover up.

The overwhelming majority of those who responded to the questions during the three-hour program said they thought Whitewater was totally irrelevant to them. They said they had other priorities. They said they wanted President Clinton, Congress and the media to address issues that concerned them directly — like health care and jobs.

Many thought that the furor over Whitewater was a diversionary tactic on the part of Republicans who don't want health care or any other programs that would help people in need in this country — particularly those who live in cities like Philadelphia.

First, a qualifier. Obviously, the survey was not scientific. The respondents were overwhelmingly African American and probably mostly Democrats. They certainly did not represent a cross section of the Philadelphia area — or the city, for that matter.

But the reaction of those who called in nonetheless reflected the attitude about Whitewater of most black people I have either talked to or listened to since the issue first gained such prominence in the news.

Many of the respondents knew that the issue was 15 years old, and, more importantly, it happened before Clinton was elected President.

For most people of any color who live in the city, I believe, the focus on the Clintons' business dealings has very little to do with their lives.

The entire dialogue over Whitewater is a yuppie issue and is outside of the life experience of the average person in America, whatever his or her race or ethnic background.

That is particularly true of most people who live in this city and other cities like it. They simply do not have the financial resources to speculate in real estate or stocks or futures trading. To these people, the issue of whether the Clintons made or lost money in a business venture 15 years ago is obscure.

Most people want Congress and the media to stop wasting their time on Whitewater.

"Whitewater is the kind of dialogue that Republicans get into all the time in the locker rooms of the private clubs they belong to," said a black executive in a conversation I had with him yesterday.

"Since they have run out of sex talk about the President, partisan critics are focusing on Whitewater."

Given the attention it is receiving you would think that Whitewater is the biggest scandal in modern times. But even if the investigations come up with something fraudulent, it wouldn't be in the same league as the savings-and-loan ripoffs of the Reagan and Bush years where hundreds of billions of dollars were squandered.

African Americans particularly resent the savings and loan ripoffs because their tax money was used to replace the money lost by S&L operatives and executives. And savings and loans have a long history of discriminating against blacks who have applied for mortgages and loans. A survey by the Atlanta Journal-Constitution in 1989 showed that, nationwide, blacks were rejected twice as often as whites when applying for home loans.

To most black people who live in cities like Philadelphia, the major concern is jobs, jobs, jobs! They talk about keeping their job. About getting a better job. Or about needing a job. They don't sit around talking about any complicated real estate deals.

What many people are beginning to tell the poll-takers and the politicians is that they want action on unemployment, health care, education and crime.

If members of Congress were to heed the wishes of their constituents, they would spend less time on Whitewater and more time on the real issues that affect the lives of all Americans.

Acel Moore is associate editor of The Inquirer.

THE PRESIDENT HAS SEEN 4/14

THE WHITE HOUSE

WASHINGTON

April 13, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD CUTLER LNC
SPECIAL COUNSEL TO THE PRESIDENT

CHERYL MILLS CDM
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Retrieval of Favorable Pardon Recommendation

We have received the Pardon's Attorney request to withdraw the Department of Justice's favorable pardon recommendation for Donald Francis Rust. Mr. Rust's application was included in our February 23, 1994 memorandum to you. In light of this development, our office rescinds its endorsement of the Department's disposition recommendation for Mr. Rust.

Please exclude Mr. Rust's application from your deliberations for a pardon. Unless you otherwise indicate, we will assume your decision regarding our February 23, 1994 memorandum will reflect your position on all candidates except Mr. Donald Francis Rust (Wisconsin).

ok

THE PRESIDENT HAS SEEN 4/14

THE WHITE HOUSE

WASHINGTON

April 13, 1994 94 APR 13 P4:43

MEMORANDUM FOR THE PRESIDENT

FROM: RAHM EMANUEL RE

Subject: Roberti's recall referendum

As you may know, State Senator Roberti beat a recall referendum yesterday in California (60%-40%).

Roberti was targeted by the NRA because of a bill he sponsored that banned semi-automatic weapons. Sarah Brady of Handgun Control Inc. campaigned with Roberti against the recall.

Do win learn
to win

THE PRESIDENT HAS SEEN 4/4

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^EDWIN YODER COLUMN<

^(Advance for Monday, April 4, 1994, and thereafter)<

^(For Yoder Clients Only)<

^By EDWIN M. YODER, JR.=

WASHINGTON--The press' struggle to tell the Whitewater story (whatever it is) reminds me of Thomas Kuhn's book, ''The Structure of Scientific Revolutions.'' Kuhn argues that scientific discovery usually requires a challenging struggle to transcend the familiar patterns of understanding--he calls them ''paradigms.''

In grappling with the linked events and issues known as Whitewater, we have called many stale paradigms into play--Watergate, of course, and even the Spiro T. Agnew bribery-resignation case; but in no instance very convincingly. Whatever else it is, Whitewater cannot persuasively be made into a criminal conspiracy to obstruct justice (Watergate); and no reports have surfaced, so far, of envelopes of money being handed to anyone in the White House (as in the Agnew affair).

The struggle for meaning is illustrated by a minor story that popped into the headlines when the Clintons released their income tax returns for the late 1970s. The returns, which the hounds of Whitewater had bayed for, substantially validated the Clintons' claims about their Arkansas investments. They also revealed, however, that Hillary Clinton had turned a neat profit speculating in cattle futures, apparently parlaying $1,000 into $100,000. Since the tax returns were otherwise a letdown for those who had hoped to find something shady in them, the cattle futures story had to do.

But what was the story? Newsweek magazine trumpeted vague insinuations (''Hillary's Cash Cows and Other Sweet Deals,'' its headline said) and then had to eat its own careless words because its reporters had misunderstood or distorted a tax expert's briefing. The chief insinuation, for which there appears to be no evidence, is that Hillary Clinton was assisted in her lucrative speculations by a lawyer for an Arkansas food-processing

(more)

combine who later benefited from favors from the Clinton government. Also, there was much pecksniffian harumphing to the effect that no critic of ''greed'' has any business working the futures markets.

Once again, one must ask what the point of the story is. The story fits no paradigm of scandal. I am reminded of Bert Lance's banking troubles--a Washington episode that roared out of nowhere in the early years of the Carter presidency, when many of the current White House press pack were still in knee pants.

As in the Whitewater stories, there was an abundance of random information, but it was unclear what the amiable Mr. Lance, Carter's briefly all-powerful director of the Office of Management and Budget, had done wrong. The comptroller of the currency, in a study dense with financial esoterica, observed that a Lance family bank in Clayton, Ga., had been ''run like a piggy bank''--i.e., Lance had used the small-town bank to do personal favors for friends, and sometimes to himself, in ways which, if neither unlawful nor unethical, were a bit footloose by the most exacting of fiduciary standards.

I recall writing at the time that what the Lance affair really showed was the flimsiness of journalism when confronted with the unfamiliar. Few reporters are at home with investment matters. But since Lance was a powerful friend of the president, his past financial maneuvers in Georgia, while having little if anything to do with his barely begun stewardship at OMB, became a big story and the stuff of journalistic cakewalks.

Like Whitewater now, the Lance case illustrated a limiting principle of journalism. In regard to highly specialized worlds--none more so than finance--reporters are at the mercy of old paradigms. The current story has to be tortured to fit them. When there's no fit, we fall back on a whiny, superficial, captious moralism. In fairness, politicians are often our confederates in this. They too moralize excessively--even the Clintons have done so--about complex matters whose ethos as seen from the inside they incompletely understand. They ''attitudinize,'' as Dr. Johnson would have put it. And so do we.

THE WHITE HOUSE
WASHINGTON

[redacted]

94 APR 14 A 9 : 03

Mr. President:

Re Attached:

How about Pat Leahy -- former prosecutor, judicial temperment, non-ideological, smart, easy to confirm, no emoluments problem (elected in '92), loyal to the Administration, Democratic Governor would pick replacement.

John Podesta

[redacted]

same note individually to:

Vicki
Joel
Melanne
George
Bruce
Mack
Phil

Lloyd

[redacted]

THE WALL STREET JOURNAL, THURSDAY, APRIL 14, 1994

The Supreme Court Still Needs a Politician

Politics & People

By Albert R. Hunt

The most profoundly important Supreme Court decision of this century was *Brown v. Board of Education*, handed down 40 years ago next month. The decision, overturning the nefarious "separate but equal" doctrine that sanctioned school segregation, was unanimous.

The sum total of prior judicial experience on that court: one justice who'd served eight years on a court of appeals. But three were former U.S. senators; two were former U.S. attorneys general, one of whom was the chief prosecutor at the Nuremberg Trials; five of those justices had faced voters and won elections.

Brown v. Board of Education transcended legal doctrine, and the way the court handled it played a critical role in the political and social progress America has made over the past four decades. It's very unlikely that justices without real-life experiences and appreciation for the sweep of political history could have all concurred on such a momentous decision.

That's why George Mitchell's decision to turn down a nomination this week is so devastating to the president and the court. The Senate majority leader possesses precisely the sort of breadth and political background that the current Supreme Court needs.

It's unfortunate that President Clinton didn't forcefully persuade the Maine Democrat to take the appointment; he had know for three months there would be an opening. George Mitchell was his first choice and the president still should choose someone with these skills instead of playing interest group politics.

The current court has strengths. Antonin Scalia possesses one of the most brilliant judicial minds ever to serve on the high court. David Souter plays a skillful moderating role. But there's precious little political experience; Sandra Day O'Connor is the only member who has ever faced voters. Sen. Mitchell would have provided a much-needed infusion of reality, ranging from explaining how decisions affect ordinary people to clarifying congressional intent in legislation, something the sagacious Justice Scalia doesn't understand.

Those who insist on prior judicial experience and deride the wisdom of putting a politician on the court would have vetoed some of the best justices: John Marshall, whose only prior judicial experience was a few years on the Richmond City Hustings Court, and Charles Evans Hughes, who was active in electoral politics before his first appointment to the Supreme Court and in between his stints as an associate justice and as chief justice. (The lack-of-prior-experience line was best refuted by Robert Kennedy answering criticism of his own nomination as attorney general: "Harry Daugherty had 40 years of experience." Mr. Daugherty was attorney general during the Teapot Dome scandal.)

The value of political credentials is apparent in reading Richard Kluger's "Simple Justice," a superb account of the Brown decision. Chief Justice Earl Warren appreciated the stakes for the country, feeling it essential that the court speak with one voice. "He wanted a single, unequivocating opinion that could leave no doubt that the Court had put Jim Crow to the sword," Mr. Kluger wrote.

After oral arguments, the lineup was 5-to-4 to overturn the separate-but-equal doctrine. But the politically skillful chief justice—privately working with Justice Felix Frankfurter, who realized this outcome was more important than his belief in judicial restraint—diligently worked to achieve unanimity. He personally delivered his draft opinion to the hospital room of Justice Robert Jackson, who was recovering from a heart attack. When he had lined up eight votes, he went to Justice Stanley Reed and said simply: "Stan, you're all by yourself in this now. You've got to decide whether it's really the best thing for the country."

The unanimity of the decision was stunning and clearly helped the country through the painful years that followed. It's very difficult to envision the current court operating in such a constructive way.

It's not that the court should be overly populated with politicians. There's an obvious need for genuine scholars with academic and judicial experience. Further, presidents ought to look for justices from different segments of American society; the court should be more than a collection of brainy legal experts and ought to reflect the diversity of the country. Thus, it was healthy when Ronald Reagan picked Sandra Day O'Connor and when George Bush selected Clarence Thomas to succeed Thurgood Marshall. (It was, however, preposterous when Mr. Bush insisted that he chose Judge Thomas because he was the "best qualified" person in the country.) It would only add to this tradition for Bill Clinton to name the first Hispanic justice—with the next opening.

What this court now needs is a judicially able justice with genuine political skills. The president ought to expeditiously appoint someone like Interior Secretary Bruce Babbitt or Education Secretary Dick Riley.

Background of Supreme Court Members: 1994 and 1954

William Rehnquist: Civil litigator in private practice and U.S. assistant attorney general.
Harry Blackmun: Law school professor; resident counsel, Mayo Clinic; appellate court judge.
John Paul Stevens: Corporate lawyer, law school professor and appellate court judge.
Sandra Day O'Connor: Member of the Arizona legislature, county judge and judge on Arizona Court of Appeals.
Antonin Scalia: Law school professor, assistant attorney general and appellate court judge.
Anthony Kennedy: Tax lawyer, law school professor and appellate court judge.
David Souter: New Hampshire attorney general, Justice on New Hampshire Supreme Court and appellate court judge.
Clarence Thomas: Director of EEOC and appellate court judge.
Ruth Bader Ginsburg: Law school professor and appellate court judge.

Earl Warren: County district attorney, California attorney general and governor of California.
Hugo Black: Alabama county prosecutor and U.S. senator.
Stanley Reed: Member of Kentucky Legislature and U.S. solicitor general.
Felix Frankfurter: Law school professor and chairman of War Labor Policies Board.
William Douglas: Law school professor and chairman of the Securities & Exchange Commission.
Robert Jackson: U.S. solicitor general, attorney general of the U.S. and chief prosecutor at Nuremberg Trials.
Harold Burton: Member of Ohio Legislature, mayor of Cleveland and U.S. senator.
Tom Clark: Assistant district attorney in Dallas and U.S. attorney general.
Sherman Minton: U.S. senator and appellate court judge.

Letters to the Editor

Truth: How Do You Account for It?

The artificial disjunction of "substance" and "procedure" has long been recognized as fallacious. The necessary relation of regulation to outcome is at the heart of the cynic's "Golden Rule": He who makes the rules, gets the gold.

Yet FASB Chairman Dennis Beresford (Letters, March 21) relies upon this very fallacy in his attempt to defend the board's proposed definition of an employee's potential gain on stock as a current cost to the employer. No matter that growth companies will unduly suffer from such a rule. The stock option expensing debate is about truth, he contends, not outcome.

What constitutes an "expense" is hardly a Platonic truth. Judgments—many of them—are required to establish rules of accounting that will work for thousands of firms in endlessly differing circumstances. For Mr. Beresford, however, those who dispute the soundness and workability of treating employees stock options as current compensation are guilty of tampering with "truth."

The FASB chairman will refuse, he says, to listen to the argument that the proposed rule "would make it more costly or more difficult for some companies to raise capital or to attract and retain good employees." Assisting in capital formation is not the purpose of good accounting, he insists.

But is this not one of the highest purposes of public accounting? Why else do our securities laws put firms to such trouble to make full disclosure, if not to promote investor confidence, capital formation and job creation?

Obviously, if the FASB successfully decrees a new "cost" where none existed before, it will change reality. Procedure will become substance. And firms that cannot bear the "expense" of offering the incentive of stock options to their employees will find themselves less competitive—both in their product markets and the capital markets. That, sadly, is the pure truth.

REP. CHRISTOPHER COX (R., Calif.)
Chairman
Task Force on Capital Markets
Washington

THE WALL STREET JOURNAL, THURSDAY, APRIL 14, 1994

4/14/94 - Ira Magaziner
FW

- I am The South Florida Coordinator Of Your Health Care Plan

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Ft. Lauderdale, Florida 33301

407 483 - 8309
305-356-7385
305-356-7386
407 482-0540

Staff Secy -
The Pres. wants to insure Health Care people know about this - Be sure he's involved
cc Kelly Crawford

sent
94 APR 14 A8:46

THE WHITE HOUSE

WASHINGTON

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

TO: James Carville

Fax Number: 546-1490 **Phone Number:**

FROM: John Podesta / FW (456-2702)

SUBJECT:

DATE:

NUMBER OF PAGES (including cover sheet): 3

MESSAGE:
copy sent per President

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

Mr. President:

A tougher piece than the recent Wall Street Journal article.

Send copy to Carville

THE PRESIDENT HAS SEEN 4/11

94 APR 8 P3: 43

MAR-30-94 WED 14:27

↑ who? Carville

Chicago Tribune

Perspective

SUNDAY, MARCH 27, 1994

From the folks who brought you Willie Horton, here's Whitewater

By Carol Jouzaitis

WASHINGTON—In the war over Whitewater, President Clinton's foes are manning their weapons—telephones, fax machines, newsletters and air waves—with no Clinton-basher being more aggressive or visible in recent weeks than Floyd G. Brown.

Brown, who heads a conservative foundation, has fashioned himself into a sort of one-stop service center for some reporters and congressional aides scouring about for tips, leads, documents, interviews or rumors in the Whitewater story.

He's not the only source of information. Many reporters are doing their own investigation. But a visit to Brown's offices, located over a nail salon in a low-slung commercial building in Fairfax, Va., is a quick study in how the feeding frenzy gets fed in Washington.

Looking for a copy of Bill and Hillary Rodham Clinton's 1980 tax return? Brown's got it. Photocopies of Whitewater check stubs or Mrs. Clinton's mortgage agreement? He has those too.

Need to interview David Hale, the Arkansan who accused Clinton of financial misdeeds as governor and last week pleaded guilty to unrelated charges of fraud against the government? Brown says he can arrange it. Hunting for the clerk who testified that he shredded files at Rose Law Firm? Brown can get him on the phone for you.

Want a new angle on the Whitewater story? A full-time researcher, employed by Brown, spends long days digging for skeletons in the Clintons' Arkansas closets, alternately traveling to Little Rock and working the phones from Virginia.

The researcher, David Bossie, harvests tales of alleged wrongdoings from a network of Clinton enemies, then peddles them to Capitol Hill and media contacts in hopes of prompting scandalous stories.

There's no smoking gun to be found in Brown's mountain of material, which he has been circulating around Washington for months. He says he does it out of conviction that Clinton lacks integrity and that during the presidential campaign the media fell down on the job of fully investigating his behavior in Arkansas.

"It's never pretty when you clean up after a mistake," he said.

The bespectacled, 33-year-old Brown, who has been described as a sort of overgrown Dennis the Menace, has spent years in the gamey, dirty tricks business of opposition research.

A Pacific Northwest native—the son of a Democratic sawmill worker whose own father was a member of the leftist International Workers of the World—Brown got his first taste of national politics in 1980 as a campaign worker for Sen. Bob Dole (R-Kan.).

But when the Republican establishment proved too tame, he set out to stir up the political pot as a free-lance operator. Currently, Brown is head of Citizens United, a 175,000-member nonprofit conservative organization, a vehicle that Brown has used to raise nearly $3 million in direct mail solicitations.

With a taste for dredging up sexual scandal, Brown's tactics are loathed by

See BROWN, PAGE 4

Carol Jouzaitis is a member of the Tribune's Washington bureau.

Brown

CONTINUED FROM PAGE 1

both parties because of, as one Democratic research report put it, a "complete lack of shame, unmitigated gall and total amorality."

Yet Brown is highly media-savvy, and he has sensed that in this world of instant news, the media have developed a new set of needs.

What the media requires in the convoluted Whitewater story, Brown believes, is an easy-access library of otherwise hard-to-get documents or a faxed-on-deadline explanation of the tangled web of Arkansas players and their arcane business relationships.

"There are a lot of people who don't know how to do this, who don't want to," said Jerry Seper, an investigative reporter with the Washington Times who said he spent four days in Yellville, Ark., going line-by-line through handwritten Whitewater real estate records. "This fax revolution becomes very valuable in getting information out."

While members of the mainstream media once viewed Brown as an ideological extremist for his anti-Clinton tactics in the 1992 election, some now check in with him regularly for the latest Whitewater grist.

Members of The Wall Street Journal's editorial board, who have been regularly slamming the Clintonites, met recently with Brown and examined his pile of information, said Daniel Henninger, the paper's deputy editorial editor.

After the meeting, the Journal devoted nearly half of its editorial page one day to reprinting some of them: a series of letters between Hale and former U.S. Attorney Paula Casey discussing Hale's attempts at plea bargaining.

Democrats, under pressure to defend the Clintons from allegations they hardly understand themselves, have attacked Brown's operation as part of an orchestrated, Republican search-and-destroy mission to smear the president and first lady. Sen. David Pryor (D-Ark.) recently called Brown's operation a "sleaze factory."

Brown's major claim to fame is that his independent political action committee produced the controversial Willie Horton campaign ad, decried by Democrats as a race-baiting attempt to discredit Michael Dukakis in his unsuccessful 1988 presidential bid against George Bush.

In 1992 Republicans and Democrats alike condemned Brown's methods when he produced a 60-second spot inviting viewers to "get to know Gennifer Flowers the way Bill Clinton did" by calling a telephone line offering an earful of allegations about sex, marijuana use and draft avoidance.

Republicans still are in a quandary over their relationship with Brown. Publicly, they dismiss Brown as the worst kind of partisan dirty trickster.

"That [Willie Horton] spot was, is, will ever after be, a nightmare," said Mary Matalin, Bush's former campaign spin doctor.

But privately, Republicans are an eager receptacle for his anti-Clinton vitriol.

Two weeks ago, Rep. John Doolittle (R-Calif.) quietly invited Brown to give 10 junior House Republicans his highly partisan take on Whitewater probes. Brown's materials also have wound up in the hands of Rep. Jim Leach (R-Iowa) whose staff also has been doing its own investigation as the congressman presses for hearings into Whitewater. Leach's spokesman, Joe Pinder, declined to say how they got there.

The fact that Brown gets rapped from both sides of the aisle hardly bothers him. Each morning, in amateurish, Rush Limbaugh-style, the baby-faced Brown can be found broadcasting a three-hour, talk radio show to a handful of far-flung markets including Charleston, Ill.; Waverly, Tenn.; and Tulsa. His monthly "Clintonwatch" newsletter assails the administration for its "radical socialist agenda."

Down the hall, Bossie's office is crowded with stacks of files bursting with materials all having something to do with Whitewater, the Clintons, their investment partners Jim and Susan McDougal, Hale, Mrs. Clinton's former partners at the Rose Law Firm and other Arkansas pals.

Assembled on a walnut coffee table for the journalist's perusal are six phone-book-sized volumes containing a mind-numbing array of materials—cataloged, packaged and neatly bound.

Much of it taken from public records, some of it obtained from more obscure sources, the volumes included deeds, mortgages, correspondence, law suits, balance sheets and bank records.

For the Whitewater neophyte, there are handy, reference guides, including a 15-page chronology of the land deal and its Washington fallout and thumbnail sketches of the players.

Brown and Bossie claim that "dozens" of networks, newspapers and magazines—including Time and Money magazines, NBC and the London Times—have used them for information or interviews.

Recently Bossie was seen in Arkansas accompanying NBC network producer Ira Silverman as he pursued an interview with former state Banking Commissioner Beverly Bassett Schaffer. Silverman and Bossie "jumped out from behind the car next to hers," said Archie Schaffer, her husband, "then chased her through the streets of Fayetteville to her family law office."

Silverman acknowledged using Bossie for background information on Whitewater but denied that Bossie was working with him on the Shaffer interview.

Betsy Wright, a former Clinton aide and now a lobbyist in Washington, was appalled: "The idea that one of these fellas went on a [media] stakeout is a shameful day for the mainstream media."

Back in Brown's office, a fax machine sends a daily stream of "Whitewater bulletins," always winding up with a list of questions: Was there an illegal flow of money from Madison Guaranty Savings & Loan to Whitewater Development Corp.? Did Clinton hand out contracts to his Arkansas friends in return for campaign contributions?

The faxes may lack news, but they have succeeded in focusing attention on Brown, whose appearance at a National Press Club briefing drew television cameras and nearly 30 reporters, who practically tripped over one another grabbing for his weighty volumes of documents.

While much has been made of similarities between the Watergate scandal and Whitewater, from a journalist's standpoint, there is one important difference.

Watergate was about a president's abuse of power in office.

Whitewater is about a set of land transactions and other deals that occurred in Arkansas as far back as 18 years, and piecing together the story involves tedious hours following a confusing paper trail by poring over dusty records.

It's the sort of investigative journalism that few reporters have the experience or stomach for, and fewer newspapers have the resources to fund.

Which is why Brown readily shares with reporters, among other things, a 4-inch-thick copy of a real estate title search on Whitewater properties, which Brown paid a consultant $3,000 to prepare.

While Citizens United newsletters describe the group's agenda as a "grass-roots effort to bring the government back under the control of the American people," the bulk of its money currently is being spent on investigating Clinton, Brown acknowledged.

He uses his radio show, which he calls "Talk Back to Washington," to troll for new contributors.

And as long as the Whitewater frenzy is sustained, Brown has plenty to talk about on the air. In his tiny studio one recent morning, Brown's commentary focused on the day's newspaper accounts of document shredding and other Whitewater developments.

"White House ethics melts down," Brown gushed into the microphone, quoting a headline in The New York Times. "I mean, it's as if I wrote this."

Chron

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 04/13/94

TO: DAVID GERGEN
GEORGE STEPHANOPOULOS
LEON PANETTA
CAROL RASCO

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

[redacted]

The attached has been forwarded
to the President.

[redacted]

THE WHITE HOUSE

WASHINGTON

April 8, 1994

94 APR 11 A 9:20

MEMORANDUM FOR THE PRESIDENT

THROUGH: Bob Rubin RER

FROM: Ellen Seidman

SUBJECT: Encouraging Pension Fund Investment in Economically Targeted Investments (ETIs)

I. STATUS: This memo responds to questions you have asked concerning pension fund investments that have collateral social benefits. No action is required.

II. SUMMARY: Pension funds, which currently control over $4 trillion in assets, can be a potent source of investment capital for American jobs and communities. However, because these funds are a major source of retirement income for workers, it is critical that all investments, including those that have collateral community or economic benefits, earn a competitive risk-adjusted return. Investments that both earn a competitive return and serve our communities do exist. Called "economically targeted investments" or ETIs, they have been the subject of sustained, but careful, promotion by the Labor Department and other agencies over the past year.

II. BACKGROUND/ANALYSIS: During the 1980s, a number of public pension funds engaged in "social investing," in which collateral benefits were elevated over the requirement for a competitive risk-adjusted return, sometimes with negative consequences for the pension plan. More recently, however, the focus has been on ETIs, in which the appropriate rate of return functions as a screen before collateral benefits of the investment can be considered.

By increasing jobs and improving communities and the economy, ETIs can increase retiree income and pension fund returns over the long term. ETIs can range from government-guaranteed fixed-income investments (e.g., SBA-guaranteed securities) all the way to venture capital investments with greater risk, but commensurately greater return.[1] Such investments are available

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[1] Many consider it a misnomer to call a government-guaranteed security an ETI. The full faith and credit of the United States makes these fixed-income investments as safe and liquid as Treasury bills, with a higher return. However, the very safety and security of these obligations provides a basis for many pension funds to begin to understand investments in non-

because their small size, unusual subject matter, exceptionally long time horizon, complex financing or government involvement makes them less attractive to many traditional investment advisors. However, pension funds, particularly relatively small funds, often cannot find them without help from non-traditional intermediaries ready to tackle new, unique and often challenging financial and legal issues.

Over the last year, the Administration has actively supported ETIs through:

- o Statements, articles and speeches by Olena Berg, Assistant Secretary of Labor for Pension and Welfare Benefit Administration, and others urging pension funds to consider ETIs as a means of enhancing their ultimate ability to meet their obligations to participants as well as to accomplish more immediate collateral benefits;

- o A HUD demonstration project that encourages pension funds (initially from the AFL-CIO) to provide debt financing for low-income multifamily housing backed by HUD section 8 rental subsidy contracts;

- o Specific consideration of pension fund investment in both the Community Development Banking and Financial Institutions Act and the prospectus for enterprise zones and empowerment communities; and

- o Creation of an interagency (including EOP) working group on ETIs.

DOL is also developing an ETI clearinghouse and an interpretive bulletin to pension funds clarifying the Department's position on ETIs.

III. PLANS FOR THE FUTURE: During 1994, both Labor and HUD will continue their efforts to encourage and facilitate ETIs. In addition, they will be spreading the word and helping other departments that have facilities grant and loan programs leverage those programs through ETIs. Labor and the other agencies will not, however, suggest **requiring** pension funds to invest in ETIs. The 1980s social investing experience, combined with the relative paucity of true ETIs (in comparison to the huge size of pension fund assets) suggests that such a requirement would lead to imprudent investments, loss of retirement funds, and a backlash against the entire concept of making pension fund investments do double duty -- for retirees and for their communities.

---

government guaranteed loans and investments serving similar purposes, such as small business loans or investments in low- or moderate-income housing.

LITHUANIAN MERCY LIFT

14911 - 127th Street, Lemont, Illinois 60439
Telephone (708) 257-6777 • Fax (708) 388-2059

FAX TRANSMISSION

To: MS. NANCY HEINRICH

Fax Number: 202-456-2461

Date: 3/15/94

From: George G. Lendraitis/Viligaile M. Lendraitis

Home Fax: (708) 388-2059

Home Phone: (708) 388-2041

Number of Pages Including Cover Sheet: 5

Comments:

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	[Personally Identifiable Information] [partial] (2 pages)	03/14/1994	b(6)

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

FOLDER TITLE:
April 10-16, 1994 [1]

2018-0662-S
rs3094

RESTRICTION CODES

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

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

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

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

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

03-15-1994 02:16PM FROM TO 12024562461 P.03

LITHUANIAN MERCY LIFT

14911 - 127th Street, Lemont, Illinois 60439
Telephone (708) 257-6777 • Fax (708) 388-2059

94 MAR 17 P5:03

March 14, 1994

President Bill Clinton
The White House
Washington, DC 20500

4-13-94

Dear Mr. President,

Several years ago, the Bush administration began an assistance program to the Baltic States and the former Soviet Union. A.I.D. turned over this operation to Project HOPE. An executive vice-president of Project HOPE phoned me to ask advice on how Lithuanian Mercy Lift was obtaining and shipping medical and humanitarian aid to Lithuania. It was during this time period that Mr. Nick Burns(NSC) identified our organization as "the primary provider of medical aid to the Baltics." That hasn't changed. Our goods get to the people they are intended for. We'll be shipping at least 10 forty-foot containers of aid this month.

My wife, Viligaile, and I will be flying to DC this Wednesday evening. We will be meeting with Sen. Pell, Cong. Durbin, and others on Thursday and Friday. We'd like to meet with you to discuss this matter and others with yo[u].

Thank you.

Respectfully yours,

George G. Lendraitis

George G. Lendraitis
President

(b)(6)

Viligaile Lendraitis

Home phone
708-388-2041

Work phone
708-974-3300X319

LITHUANIAN MERCY LIFT

14911 - 127th Street, Lemont, Illinois 60439
Telephone (708) 257-6777 • Fax (708) 388-2059

February 01, 1994

Lithuanian Mercy Lift Fact Sheet

Lithuanian Mercy Lift(LML) was organized in April, 1990 as a not-for-profit, charitable organization. Its purpose is to solicit and transport donations of critically-needed medicines, medical supplies and equipment to the people of Lithuania. The efforts of LML have been a resounding success! Just recently, our 60th forty-foot container left for the shores of Lithuania.

TOP DRUGS NEEDED IN LITHUANIA: rifampicin, pyrazinamide, isonaizid, pyridoxine, analgesics, anti-infective agents/anti-biotics, cardio-vascular drugs, anti-convulsants/psychotropic agents, anti-diabetic agents, anti-cancer drugs, vitamins, cough medicine, inhalators.

TOP MEDICAL SUPPLIES NEEDED IN LITHUANIA: diagnostic tuberculin tests (tubersol inj. - 1 TU/0.1 ml and 5 TU/0.1 ml;aplisol - 5 TU/0.1 ml), x-ray film, sterile disposable latex gloves(large/medium sizes), disposable syringes, gauze, bandages, disinfectants.

1993 ACCOMPLISHMENTS

- shipments of medical goods to date are valued in excess of $32 million with a total weight of over 2.4 million pounds.

- expansion of TB medicine drive with over 50 children(many of them orphans) receiving 9 months of treatment. Each treatment cost $330.00.

- expansion of Neo-natal program with the University of Illinois.

- increased shipments to rural hospitals.

- began a Children's Leukemia Project in response to the sharp increase of diagnosed cases following the nearby Chernobyl disaster of 1986.

- expansion of procurement/shipment of complete dental offices to the Kaunas Dental Center of Excellence.

- expansion of procurement/shipment of computer systems/software.

- LML volunteers continued to visit Lithuanian doctors/hospitals(i.e., at their own expense) to assess needs, and verify/monitor shipments.

Please contact George Lendraitis to arrange for pick-ups and further information on shipment of donated medical goods to Lithuanian hospitals. Since LML is an all-volunteer organization, virtually 100% of financial contributions are used to fund the above projects.

CHICAGO SUN-TIMES, MONDAY, MARCH 14, 1994

Aid to Russia Not Reaching People: Report

By David Briscoe
Associated Press

WASHINGTON—U.S. aid to Russia and other former Soviet states is not getting to the people who need it, and "major problems" plague the management of the $3 billion assistance program, a congressional report says.

The report by Senate Foreign Relations Committee Chairman Claiborne Pell (D-R.I.) contends that too many decisions on the aid programs are made in Washington with too little attention to conditions in the countries themselves.

"There are major problems in the management of the assistance program," says the report, which will be used by members in making decisions on future aid.

"It does not appear," the report says, "that the average citizen of Moscow, Almaty or Bishkek—let alone the vast majority of citizens who live thousands of miles away from these urban areas—is aware of or affected by international assistance or the reforms that it is supposed to foster."

The report says U.S. advisers should set up residence in the countries where aid is flowing rather than relying on short-term visits.

Some of the most effective U.S. advisers are Peace Corps volunteers, it says, while raising doubts about exchange programs that will send 7,000 students from former Soviet states to study in the United States.

One unidentified U.S. official is quoted as saying many Russian youths will return from their relatively luxurious lives in America to frustration and dissatisfaction with their homelands.

It also cautions against establishing too many short-term goals for U.S. aid, saying "reform is a long-term process."

Among problems the report cites:

- Despite the emphasis on technical rather than material assistance, the size of the programs subjects them to the risk of corruption and favoritism.
- The idea of concentrating resources on certain cities and holding them up as examples for others carries risks.
- Designing programs for several countries "has had the effect of holding some projects in one country hostage to the political situation in another."

Even some of the encouraging findings have a downside:

A pediatrician in Kazakhstan had learned some new methods during a U.S.-financed stay in Tucson, but he said his 1950s technology is a far cry from the sophisticated and expensive equipment he saw in Arizona.

Chicago Tribune, Monday, March 14, 1994

Report: U.S. aid to Russia mismanaged

Associated Press 3/14/94 CT

WASHINGTON—U.S. aid to Russia and other former Soviet states isn't getting to the people who need it, and "major problems" plague the management of the $3 billion assistance program, according to a congressional report.

The report being released Monday by Senate Foreign Relations Committee Chairman Claiborne Pell (D-R.I.) contends that too many decisions on the aid programs are made in Washington with too little attention to conditions in the countries themselves.

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LITHUANIAN MERCY LIFT

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FAX TRANSMISSION

To: MS. NANCY HEINRICH

Fax Number: 202-456-2461

Date: 3/15/94

From: George G. Lendraitis/Viligaile M. Lendraitis

Home Fax: (708) 388-2059

Home Phone: (708) 388-2041

Number of Pages Including Cover Sheet: 5

Comments:

03-15-1994 02:10PM FROM TO 12024562461 P.02

LITHUANIAN MERCY LIFT

14911 - 127th Street, Lemont, Illinois 60439
Telephone (708) 257-6777 • Fax (708) 388-2059

94 MAR 17 P5:03

March 15, 1994

Ms. Nancy Heinrich
Office of Presidential Appts.
The White House
202-456-2461

Ricki
4-13-94

Dear Ms. Heinrich,

My wife, Viligaile, and I(with the help of Congressman Dick Durbin) had an appointment to meet with the President on Nov. 15th. Unfortunately, that day turned out to be "NAFTA Monday," and our appointment was canceled. Mr. Bart Hanford instructed me to phone back and re-schedule. I did. I requested an appointment for us with the President on Thursday or Friday afternoon of this week. I've left several additional messages with Mr. Hanford - no response.

While former President Bush was not kind to the Baltics during his administration, at least we could count on courtesy and professionalism in the setting up of the 4 meetings we had with the then President. Would you be so kind as to have your office phone me today? Thank you.

Respectfully yours,

George G. Lendraitis

George G. Lendraitis
President

Social Security #s

George - (b)(6)
Viligaile

Work# 708-974-3300X319
8AM - 5PM EST

Home# 708-388-2041
Fax# 708-388-2059

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
4 13 94

March 25, 1994 94 MAR 25 P6:32

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE

SUBJECT: Proposed White House Conference on Africa

Purpose

To seek your approval for a one-day conference at the White House on Monday, June 27, 1994, to draw together leading American figures on Africa to discuss new initiatives on Southern Africa, sustainable development, conflict resolution, democratization, Zaire and global dimensions of Africa's health, environmental and drug-related problems. Your participation would consist of either hosting a luncheon, where you would make informal remarks, or giving a welcoming speech to kick off the morning session.

Background

A full-day White House Conference on Africa involving 50-60 experts from the Administration, Congress, private agencies, academia, think tanks, business, labor and human rights groups would provide a forum for expert input into our African policies and demonstrate our commitment to Africa. It would help counteract the belief that we have paid insufficient attention and devoted inadequate resources to the continent.

In fact, we have a good story to tell of our engagement in Africa. We have been promoting peaceful transition in South Africa, helping broker peace through a special envoy in Angola and one to be named soon to Sudan, assisting reconciliation in Mozambique and Liberia, providing major humanitarian aid in Somalia and southern Sudan, and pressing for democratic reform in Zaire and Nigeria. We are preparing to do more, such as a new package of assistance to support post-apartheid South Africa.

The conference could foster greater U.S. involvement in Africa by focusing attention on our national interest in promoting democracy and market reform in Africa, creating export markets, fighting desertification and loss of rain forests, stemming illegal drugs increasingly shipped via Africa, promoting development to prevent the need for massive aid, and stopping the spread of diseases which impact on our health care, like AIDS.

cc: Vice President
Chief of Staff

We also hope the conference would enhance the dialogue and cooperation among the Administration, Congress and outside groups. Hosting the conference would give new impetus and visibility to our efforts, although it would also raise expectations of continued White House engagement, which we must be prepared to address.

Program

The conference would be co-hosted by the Administration (Secretary Christopher, USAID Administrator Atwood and myself) and Congress (Africa sub-committee chairmen and the Congressional Black Caucus). The morning would feature presentations by Administration officials, outside experts, and members of Congress. You would either open the conference with an address in the morning or preferably host a lunch for participants, at which you would speak informally for 10 minutes and take questions. The afternoon would be devoted to concurrent working groups addressing the six issues: Southern Africa, sustainable development, internal conflicts, democratization, Zaire and global dimensions of health, environment and drugs. At a working dinner, a major African-American leader would give a keynote address.

RECOMMENDATION

That you approve the White House sponsorship of a one-day conference on Africa and agree to speak at a luncheon for conference participants.

Approve Conference and Host Luncheon ______

Approve Conference and Give Welcoming Address ______

Approve Conference Only ______

Disapprove ______

Attachment
Tab A Scenario for White House Conference on Africa

Scenario for White House Conference on Africa

8:00 a.m.	Registration (OEOB for entire morning session)
8:15 a.m.	Presentation by National Security Advisor Anthony Lake
8:30 a.m.	Presentation by Secretary of State Warren Christopher
8:45 a.m.	Presentation by USAID Administrator Brian Atwood
9:00 a.m.	Presentation by Assistant Secretary of State for African Affairs George Moose
9:15 a.m.	Presentation by Treasury Undersecretary Lawrence Summers
9:30 a.m.	Presentation by Congressional Black Caucus Chairperson Kweisi Mfume
9:45 a.m.	Presentation by House African Subcommittee Chairperson Harry Johnston
10:00 a.m.	Presentation by Senate African Subcommittee Chairperson Paul Simon
10:15 a.m.	Break
10:30 a.m.	Panel Discussion on morning presentations
11:15 a.m.	Presentations by Chairpersons (through 12:30 p.m.)
12:45 p.m./ 2:00 p.m.	White House Luncheon in the Private Dining Room, President makes informal remarks and takes questions
2:30 p.m./ 5:00 p.m.	Working groups (in OEOB) 1) Southern Africa 2) Sustainable development 3) Our Role in Resolution of Internal conflicts 4) Democratization 5) Global dimensions: health, environment, drugs 6) Zaire
7:30 p.m./ 9:30 p.m.	Working dinner -- keynote speech by a major African-American figure and reports from rapporteurs (Indian Treaty Room)

Alternative scenario:

President gives welcoming address at some point during morning session, and either National Security Advisor Anthony Lake or Secretary of State Warren Christopher hosts lunch and makes remarks in the Indian Treaty Room.

THE WHITE HOUSE

WASHINGTON

[redacted]

April 13, 1994

MR. PRESIDENT:

We received the attached memo from Secretary Bentsen this afternoon. I have forwarded a copy to the NSC and to Bob Rubin for review and comment.

Paul

R. Paul Richard

[redacted]

[redacted]

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

94 APR 13 P12:17

April 13, 1994

SECRETARY OF THE TREASURY

MEMORANDUM FOR THE PRESIDENT

FROM: Lloyd Bentsen Lloyd Bentsen

SUBJECT: Loan Guarantees for Turkey

The economic reform program announced by Prime Minister Ciller last week is ambitious, yet will set the country on a corrective path if implemented with strong leadership. In addition, for her program to succeed, it is very important that she seek a strong arrangement with the IMF. She needs that IMF seal of approval to restore her credibility in international financial markets, which has been badly damaged by several years of weak economic policies under her watch (she was Economy Minister in the Demirel government).

I understand that consideration is being given to a loan guarantee program for Turkey, similar to that now provided Israel. While for economic and budgetary reasons, I am not enthusiastic about the idea, if you choose this option for political reasons, I urge you to condition it on Turkey reaching agreement with the IMF on a strong economic adjustment program. If we do not lay down these conditions, our guarantees will serve only to allow commercial banks to further reduce their exposure and let officially guaranteed lending take up the slack. This increases our risk substantially.

THE WHITE HOUSE
WASHINGTON

DATE: 4/13/94

TO: Christine Varney, Bruce Reed,
Jose Cerda

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

The attached has been forwarded
to the President.

[redacted]

To: Oval
cc: Varney
Reed
Cerda

Staff Secy -
[illegible]
94 APR 11 A10:39
[illegible]
cc [illegible]

[redacted]

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, D.C. 20410-0001

April 8, 1994

MEMORANDUM TO: The President

FROM: Henry Cisneros

The purpose of this memorandum is to apprise you of HUD's work with the Reverend Jesse Jackson and with All-Pro defensive end Reggie White and his newly-created National Society of Nehemiah.

Reverend Jesse Jackson

Since Mack McLarty and I met with Reverend Jackson last December, HUD has been developing a closer working relationship with him. One recent example of this new relationship was a meeting last month at HUD between Rev. Jackson and all of HUD's Assistant Secretary-level staff to discuss HUD and Administration priorities, including the Crime Bill. I do not believe we can alter his unyielding opposition to the "three strikes and you're out" provisions. He regards them as racially loaded, but he was surprised to learn the full extent of the youth, recreational, training, and job programs which you have included in the most recent versions. For your information, he uses the interesting and appealing rhetorical device of rejecting "three strikes and you're out" in favor of "four balls and you're on." (Ball One - youth guidance programs; Ball Two - well funded education; Ball Three - job training; Ball Four - Employment.)

Last week, Rev. Jackson, along with the Vice President, Secretaries Reich and Espy, Director Lee Brown, Attorney General Reno, Eli Segal, and Bob Rubin, delivered a plenary address before more than 2000 housing and community development activists and state and local officials at HUD's national community development conference, "Building Communities: Together." He spoke very personally about his experiences growing up in public housing and the importance of role models, the grassroots nature of the civil rights movement, and the importance of grassroots leadership for community empowerment today.

We will work closely with Rev. Jackson on HUD's plans to co-manage the D.C. Public Housing Authority with Mayor Kelly. And we are together mapping out an approach to building a network of church-based non-profits who can serve as HUD's building blocks for housing, youth programs, and other community development programs in selected cities. We will keep you posted.

Reggie White - National Society of Nehemiah

On the same theme of religious institutions in community building, I recently traveled to Mobile, Alabama, to meet with the creators of a church-based network of community development corporations, the National Society of Nehemiah. The Society is led by Reggie White, an ordained minister and All-Pro defensive end for the Green Bay Packers, and John Smith, the former Mayor of Prichard, Alabama, and currently an engineering professor at the University of Wisconsin-Madison. I am very impressed with the professionalism, administrative safeguards, and clear expression of purpose of the leadership team. Reggie White is especially impressive in his religious commitment to poor communities and his public message. He is a charismatic figure who should be invited to share the podium with you on an appropriate occasion when you announce community development initiatives at the White House. His message would resonate as an athlete, celebrity and sincere community-builder.

The Society is creating a network of CDCs in the following cities: Detroit, Kansas City, Mobile, Philadelphia, Knoxville, Orlando, Miami, Charlotte, New York, Dallas, and Chattanooga.

They are a classic example of the type of group which will benefit from the National Community Development Initiative, our partnership with seven foundations to build CDC capacity for low income housing development. The Society is part of a larger White and Smith initiative called the "Crusade to Emancipate the Inner City" which will include an organization to establish and manage community development banks.

Their work is a good example of the kind you described in your Memphis speech last October. We will work to tie them into our existing and proposed efforts, including the empowerment zone/enterprise communities and the community development financial institutions.

CC: The Vice President
Mack McLarty
George Stephanopoulos
Christine Varney
Carol Rasco
Bob Rubin
Jack Quinn
Marcia Hale
Alexis Herman

EET JOURNAL.
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Carol
What's the deal on this? — can we/ should we do more
Bill

THE PRESIDENT HAS SEEN

L-12, 1994 WHITE OAK, MARYLAND 75 CENTS

4-12-94

ıminum Production

ıal rate, in millions of metric tons.

LUMINUM PRODUCTION in the U.S. ɔ an annual rate of 3,371,658 metric n March from 3,401,096 metric tons in ıary, the Aluminum Association re-

rst Lady's Top Aide rings New Clout o the East Wing

* * *

ɛsiding Over 'Hillaryland,' Maggie Williams Finds Power Comes at a Price

By MICHAEL K. FRISBY
Reporter of THE WALL STREET JOURNAL

ASHINGTON – Margaret Williams ɛsumed writing poetry again, a passhe gave up years ago. "The only you have to hold on to is what's inside she says. "They can rant and rave what I've done, or what they think ne."

ł just what has she done, the 39-d chief of staff to Hillary Rodham ? By all accounts, Ms. Williams–as Maggie – has become the most

powerful African-American woman ever to serve in the White House. In the process, she also has become the most powerful chief of staff that the East Wing — the first

Labor Letter

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

COMPANY SMOKING BANS: Do they actually help workers quit?

Merck Chairman Roy Vagelos says the number of employees who smoke fell 25% during the first 18 months of a companywide ban; more than a third of the employees who took smoking-cessation classes stayed off cigarettes for two years. State Farm reports similar results. "I've had employees come up and say to me that this is the only way they ever could have quit smoking," says personnel director Ron Prewitt.

But Country Companies Insurance, Bloomington, Ill., which boasted a 25% success rate when it launched antismoking programs in 1987 and 1988, now drops them for lack of worker interest; many people just leave at lunch to smoke, or smoke at home, says spokeswoman Deanna Frautschi. Bell Atlantic, which instituted a smoke-free workplace in 1988, also stops paying for smoking-cessation programs, as does Consolidated Papers, Wisconsin Rapids, Wis.

Public Service Electric & Gas of Newark, N.J., though, helps some 3,370 employees who smoke – 28% of its work force–through American Cancer Society and other programs.

IT'S STILL THE BACK of the plane for most business travelers.

The end of the recession hasn't brought much more first-class travel for executives, companies say. Electronic Data Systems, which ended such perks in 1991, pays for first class only if a critical contract is at stake. American General, a Houston insurer, reserves the wide seats for its executive vice presidents and unit presidents.

Home builder Centex Corp. and others ban first-class travel unless executives use frequent-flier certificates. Most companies let executives keep their miles, then trade them in for free flights or upgrades. Encore Computer, Plantation, Fla., reimburses employees half of the discounted rate for any flight in which personal frequent-flier miles are used.

GAY RETIREES soon will have their own retirement community.

The Palms of Manasota, a 20-villa complex is on the drawing boards outside

Safety First

How a Device to Aid In Breast Self-Exams Is Kept Off the Market

Other Nations Approved It, But U.S. Demands Proof Simple Pad Isn't Risky

Nine-Year Battle With FDA

By BRENT BOWERS
Staff Reporter of THE WALL STREET JOURNAL

It is about as simple as a medical device can get: two sealed plastic sheets with lubricant in between. It is laid over a woman's breast like a cloth during an examination, to reduce friction.

Glenda Richardson thinks it probably spared her death from breast cancer. John Withers, a surgeon at the Maui Clinic in Hawaii, says it is one of the most effective weapons against breast cancer in years. And Patricia Redmond, a New York radiologist, says it "can absolutely save lives."

But don't try buying it in the U.S. Though many doctors and cancer specialists hail the Sensor Pad as a useful tool in detecting the disease that many women fear most, and though it years ago sailed through approval processes in countries in Europe and Asia, the Food and Drug Administration won't let Inventive Products Inc. sell it in this country.

Revoking Product Approvals

While the FDA keeps many medical-device producers in limbo with long delays in approving new products, it can also take away approvals—often with devastating results. Enterprise, page B2.

Grant Wright, the president of Inventive Products, and his father, Earl, the pad's co-inventor, have been fighting for nine years to get clearance for the product. What began as an FDA request for more information has degenerated into a long, debilitating struggle and allegations that the Wrights violated federal law. So frustrated did the Wrights become about the bureaucratic ma... six years ... they

Areus
cc Artrell
fr Garan/GS
Bergen

[W]HITE HOUSE
[W]ASHINGTON

April 11, 1994

Lou Holtz
Head Football Coach
University of Notre Dame
Post Office Box 518
Notre Dame, Indiana 46556

Dear Lou:

Thanks for your letter of March 30. Hillary and I were delighted you and Beth were able to visit us recently. It was good to see you both.

Thanks, too, for your advice. I've thought a lot about your suggestions, and I appreciate your sharing your wisdom.

Finally, thanks for sending the clipping from the South Bend Tribune. I appreciate what you said about Hillary and me.

See you soon.

Sincerely,

Bill

Thanks so much

University of Notre Dame

Football Office

Lou Holtz
Head Football Coach

March 30, 1994

President William Clinton
The White House
Washington, DC 20500

Dear President Clinton:

During the course of my lifetime, I have had a lot of wonderful things happen to me, but I don't think there has been anything that has been more impressive than having the opportunity to have dinner with the President of the United States, as well as stay in the Lincoln Bedroom of the White House, have a personalized tour by you, and then proceed to the Oval Office where we had a chance to visit. I don't know of anything that could top that for a wonderful experience!

I'm really glad we had the chance to visit, President Clinton, and I can understand the dilemma you face; but just go back to the Orange Bowl and remember the advice you gave me. It was sound. It was valid, and it prevailed. Due to the fact that I was the recipient of vicious articles and innuendoes, I could not use common sense, as I felt the world was treating me unfairly, and probably justifiably so. I think your situation is somewhat similar at the present time, in the fact that when one has a great deal of success, people are going to constantly try to criticize and cast aspersions.

You have accomplished so much in such a short period of time, both as a person and as a president of the United States. You did this by taking an unpopular route in many instances, but one in which you felt in your heart was right and proper. I feel you should just continue to do the things that made you successful in your every endeavor.

When I came back and had a press conference, I made comment about the type of person you are, and here is just a small little excerpt that appeared in the paper. I will continue to extol your virtues. Thank you for your friendship.

Sincerely,

Lou Holtz

LOU HOLTZ

Joyce Athletic and Convocation Center • Post Office Box 518, Notre Dame, Indiana 46556

Coaching football at N.D. also a scary experience

SOUTH BEND — Last week, while visiting President Clinton in the White House, Notre Dame Coach Lou Holtz was confronted with stories of ghosts haunting the Lincoln Bedroom, where Holtz and his wife Beth stayed. But the stories didn't fluster Holtz. "I'm used to a couple looking over my shoulder here, so it didn't faze me at all," Holtz said Monday. He also took the opportunity to give the Clintons his vote of confidence. "I've known President Clinton and Mrs. Clinton for 17 years," Holtz said. "They're good, solid individuals who I think have a lot of morals, values and character." Holtz is back in town for Notre Dame's spring practice which begins today. **Page C1**

South Bend Tribune 3/22/94