

12/14
THE PRESIDENT HAS SEEN

WILLIAM R. KENAN, JR. FUND

KENAN CENTER

P.O. BOX 3808 • BOWLES DRIVE

CHAPEL HILL, NORTH CAROLINA 27515-3808

WILLIAM FRIDAY
PRESIDENT

919 962-8150

December 7, 1994

Honorable Erskine Bowles
Deputy Chief of Staff
The White House
Washington, DC 20500

Dear Good Friend:

I was proud to hear the force in the President's voice last night and it prompted me to send along this note with this suggestion.

Let's get on a vigorous offensive with the young people of the country. I suggest that we start now to develop plans to bring to the East Room in March the student body presidents and/or campus newspaper editors from 300-350 campuses to meet the President, to hear what he has to say about the future of the country and to enlist their vigorous participation with him in obtaining that future. To that particular group, I would add the Rhodes Scholars to be selected next spring, the Marshall Scholars and representative leadership from 4-H, FFA and other similar organizations dealing with young people.

Clearly the opposition has no program that will stimulate or challenge this generation. We do, and we should be about it now. I went through this kind of experience with Governor Hunt at a state level meeting and it proved exceedingly beneficial. Doing so would not only substantially strengthen the President's hand but would introduce a positive emphasis to the national conversation and debate so brutalized now by talk show hosts.

I believe we have the opportunity to seize the initiative and to rally able, thoughtful young people to our national agenda. This or some similar idea implemented soon will serve us well.

I noted on television that you are moving to a new role for the President and I congratulate you on this advancement.

*Mr. President -
What do you think
you can do for
the future of the
country?
Erskine
Bowles
12/14/94*

Have a joyful and restful Christmas.

Cordially,

A handwritten signature in black ink, appearing to be 'W. Friday', written in a cursive style.

William Friday

THE WHITE HOUSE
WASHINGTON

94 DEC 14 P2:30

Veronica Biggs

Rep. K. Ruppin
want to be apptd to
Hawaii Relocation
Commission —
can I do it? B

THE WHITE HOUSE
WASHINGTON

94 DEC 14 P2:30

V. Radd

Rep. ? can the agency
ask to be considered
for a full program
in D.C. — is one
open? —
B

THE WHITE HOUSE
WASHINGTON

94 DEC 14 P2:24

Helen

Rep. Sam Cooperman
suggested we try to get
all Cong. who lost a life
in 92 go to 96 Convention
as delegates —

B.



THE PRESIDENT HAS SEEN ^{12/14}

Al From
President

December 13, 1994

The Honorable William J. Clinton
President
The White House
Washington, DC 20500

Dear Mr. President:

Here, as promised, is Shapiro's ideas for a base closing
style commission for the budget.

Let me know if you need anything else.

Best regards,


Al From

*Leon
call him re: this
this may be on way
PSC*

518 C Street, NE
Washington, DC 20002
202-546-0007
Fax: 202-544-5002





THE PRESIDENT HAS SEEN
12/14

POLICY REPORT
January 1994
No. 18

CUT-AND-INVEST TO COMPETE AND WIN

A Budget Strategy for American Growth

by

Robert J. Shapiro

THE WHITE HOUSE
WASHINGTON

December 14, 1994

MEMORANDUM FOR DEE DEE MYERS

THRU: JOHN PODESTA

FROM: JIM DORSKIND

SUBJECT: CHRISTMAS 1994

Attached are copies of the President's message for CHRISTMAS 1994, which you may want to release to the media.

Thank you.

cc: Tim Saunders
Mike Sullivan

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

December 13, 1994

CHRISTMAS 1994

Warm greetings to Americans everywhere during this joyous Christmas season.

The timeless story of a baby born in a manger amid humble surroundings is the fulfillment of a promise, an affirmation of faith. Jesus' birth demonstrates the infinite love of God. We celebrate the gift of His life, and Christmas softens our hearts and rekindles in us a sincere desire to reach out to others in peace and friendship.

As we rejoice in the miracle of Christmas, we reflect on the Holy Family and draw strength from their example of faith. We are reminded that the bonds between parent and child, between husband and wife, and between neighbor and stranger are opportunities to answer Jesus' call to love one another, and we are reminded that one day we will be asked whether we lived out His love in ways that treated all of our brothers and sisters -- even the least of them -- as we would have treated Him.

In holy Bethlehem and throughout the Middle East, ancient enemies are putting aside their differences and coming together in goodwill. Recognizing that there is still much work to be done, let us build on this success and nurture love and caring in our world, in our neighborhoods, and in our homes. With this commitment, we can all share in the fulfillment of the Christmas promise.

Hillary joins me in wishing you joy and peace this Christmas.

WILLIAM J. CLINTON

#

THE WHITE HOUSE

WASHINGTON

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A handwritten signature in black ink, reading "Bill Clinton". The signature is written in a cursive, flowing style with a long horizontal line extending from the end.

California Leads The Way, Alas

By Ben Sherwood

LOS ANGELES

Illegal immigration knows no borders, and in politics it knows no boundaries.

In California this year, illegal immigration was the all-encompassing issue. It helped re-elect Gov. Pete Wilson, declared down and out just a year ago by pollsters and pundits. It swept Proposition 187 into law, cutting off schooling and nonemergency health and public services to illegal immigrants. And it may hold the key to the 1996 elections.

From the wreckage of the 1994 elections there are five lessons to be drawn. Above all, President Clinton and Congress must attack illegal immigration immediately with tough, responsible policies before the issue bogs down in the usual partisan warfare over welfare and crime.

Lesson No. 1: Illegal immigration is the issue, not Proposition 187.

While the initiative was enjoined under a temporary restraining order immediately after it passed and eight lawsuits were filed to block it, we shouldn't brush off the larger issue by focusing narrowly on the legality of the measure. While it must be thoroughly tested in the courts, the machinery of Proposition 187 is far less significant than the message.

In supporting the proposition — the so-called "Save Our State" initiative — California's voters made it clear that they are fed up with illegal immigration and its costs: the measure passed 59 to 41 percent.

Like-minded citizens from at least 18 states have called proponents' Orange County headquarters since the election to ask for help in launching their own initiatives. And in Congress, Representative Henry Hyde of Illinois, probably the next chairman of the House Judiciary Committee, says he intends to introduce a national version of the measure.

The groundswell behind Proposition 187 is easily as seismic as the one behind Proposition 13, the 1978 property tax-slashing initiative that started a revolution across the country and propelled one Californian into the White House. Old California hands say the Proposition 13 tax revolt, which shifted much of the financing of schools and local services to the state, pales next to the fury over illegal immigration. And another California governor could ride this populist issue to Pennsylvania Avenue.

Illegal immigrants and electoral votes go hand in hand. The seven states that are home to 86 percent of all undocumented aliens in this country — Arizona, California, Florida, Illinois, New Jersey, New York and Texas — are also home to 189 electoral votes, 70 percent of the total needed to win the presidency.

Attack illegal immigration with tough, responsible policies. Or else.

Lesson No. 2: It's not just about illegal aliens.

For more than 100 years, Californians have routinely vented frustration and anger against Chinese, Japanese, Mexican and other legal and illegal immigrants during difficult times. But this year, illegal immigrants were blamed for almost every one of California's problems.

Our classrooms are the most overcrowded in the nation; blame 300,000 illegal alien children in California schools. Our prisons are jam-packed to 180 percent of capacity; blame 18,000 illegal alien inmates. Our public hospitals are overrun; blame illegal alien women who reportedly give birth to two-thirds of all babies born in one Los Angeles County hospital. Illegal immigration has become a catch-all political vehicle, striking a responsive chord about what is happening in society.

Lesson No. 3: Voters won't let go of their anger.

When the initiative appeared on the ballot this spring, a Los Angeles Times poll showed it winning handily, 59 to 32 percent (with the rest undecided). Few thought the initiative could be defeated. Down the home stretch, however, support seemed to collapse under a torrent of attacks. Opponents predicted that passage would produce a plague of communicable diseases, soaring juvenile crime, \$15 billion in lost Federal funds and Orwellian police interrogations. On Halloween, tracking polls showed the race to be a dead heat.

But voters' concerns about possible negative effects of the measure only briefly made the contest a close call. In the end, Proposition 187 passed easily.

Lesson No. 4: Conventional tactics can backfire.

Veteran political consultants running the campaign against the measure understood early on that they couldn't fight the anger over illegal immigration. So they tried to co-opt the voters' frustration with a simple message: Proposition 187 will make a bad situation worse. But while the consultants ran that campaign, community activists waged an entirely different one.

On a sunny Sunday in October, more than 70,000 opponents of the initiative marched in Los Angeles waving Mexican flags left over from

the World Cup. Live TV coverage brought the rally into living rooms across the state. Participants and observers felt the tide was turning.

But at anti-187 headquarters outside San Francisco, campaign professionals cringed. "We didn't want them to march," said Dick Woodward, a veteran Republican political consultant who ran the campaign against the initiative. As city crews cleaned up after the demonstration, private pollsters measured public opinion. In the days after the rally, support for Proposition 187 skyrocketed while opposition cratered.

"The biggest mistake the opposition made was waving those green and white flags with the snake on it," said Harold Ezell, Proposition 187's co-author. "They should have been waving the American flag."

Lesson No. 5: Illegal immigration doesn't have to be a partisan issue — but the White House and Congress must move quickly.

Illegal immigration, a serious national problem, needs rational solutions, and Mr. Clinton has done more than any President to combat it, putting 1,000 additional border patrol agents in the field and expanding the use of technology like night-vision scopes and ground sensors.

He was right, however, to oppose Proposition 187. It will not stop illegal immigration and it punishes children for the actions of their parents. What it may do is focus needed attention on finding more practical, humane ways to deal with the problem.

Still, Mr. Clinton needs to let Californians know he got their message. If he appears to be blocking the measure, he risks alienating angry voters.

Both Mr. Clinton and Congress should offer more financial help to the seven most affected states. They should provide funds for health care for illegal immigrants and for state incarceration of illegal alien felons. They should put in place a tamper-proof employment verification system, and should stiffen sanctions and vigorously enforce penalties on employers who knowingly hire illegal aliens. And they should expand border patrol efforts like the successful operations in El Paso and San Diego.

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Ben Sherwood, issues director of Kathleen Brown's Democratic gubernatorial campaign, is writing a book on illegal immigration.

FLAME OF HOPE
THROUGH DECADES
OF REMEMBRANCE

NO
GREATER
LOVE

94 DEC 13 A 9:13

1750 NEW YORK AVENUE NW
WASHINGTON, DC 20006
PH: 202-783-4665
FAX: 202-783-1108

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ROGER STALLBACH

JAMES STEWART

U.S. SEN. STROM THURMOND

JOHNNY UNITAS

U.S. SEN. JOHN WARNER

JAKE WEST

MICHAEL WALKER

ALFRED WHITEHEAD

December 12, 1994

The President
The White House
Washington, DC 20500

Dear Mr. President:

No Greater Love will hold the Fifth Anniversary Candlelight Remembrance Ceremony on Tuesday, December 20, 1994, to honor the 23 Americans who died in Operation Just Cause, Panama. This remembrance ceremony will be held at 3:00 p.m. in the Fort Myer Chapel. Families of the casualties from across our nation will be united for the first time.

No Greater Love would be honored if you would send a special message to these families. This message will assure the families who lost a loved one in Operation Just Cause that America will never forget those who gave their lives in service to our country. Thank you for your support.

Sincerely,

Carmella LaSpada

Carmella LaSpada
Founder/CEO

12-13

Jim:
OK to do
per DP.
FW

Trade Pact Casts Shadow for Garment Workers

By MICHAEL JANOFSKY

Special to The New York Times

PEN ARGYL, Pa., Dec. 8 — They are scared, angry and frustrated, but mostly scared. Many have worked in the garment mills of Lehigh Valley for 30 years and more. The whine of sewing machines and dust of fabric have become as familiar as early snows and now the threat of unemployment.

While the removal of worldwide trade barriers and the lowering of tariffs under the North American Free Trade Agreement and GATT are expected to help American high-tech and service industries, they mean fear among the nation's garment workers.

These are men and women of modest means from modest towns, like this one in the rolling hills above the Allentown-Easton corridor of eastern Pennsylvania, who cut large swaths of cloth and sew together the various elements that become a piece of clothing. They already work for relatively low pay, about \$15,000 a year, but they face strong competition from places like Bangladesh, Taiwan, Singapore, where wages are far lower, working conditions bad and benefits virtually nonexistent.

But the rush toward a free trade world, which began during the Reagan and Bush years, is threatening the little security American garment workers still have. Their industry has been in turmoil for more than 30 years, as many of the mills in the North fled to the South and then overseas. In its peak year of 1973, the International Ladies' Garment Workers' Union had more than 1.2 million members around the country, mostly women; by June of this year, membership had dropped below 800,000.

In the Lehigh Valley, the decline has been even worse. A study released last month by Thomas Hyck, a professor of economics at Lehigh University, found that the region lost almost 54 percent of apparel workers from 1972 through 1990. While types of manufacturing jobs also fled the region in that time, the decline in apparel was one of the steepest.

The area has managed to attract new jobs in insurance, health care and other service industries, but many apparel workers, trained for nothing else, say they have no idea what they could do if their factories closed down. They feel that trade pacts like GATT, the General Agreement on Tariffs and Trade, will jeopardize their well-being.

"It seems like a dying industry," said Tammy Impechiate, a 37-year-old mother of three who works as a seamstress at Fashions by Danielle here, even though her husband, Joseph, is a part owner. "Used to be, there was a blouse mill on every corner. Now, there's only a handful left. Even when I started out of high school 19 years ago, mills were everywhere. Now, it's scary. You don't know if your company is going to close down or if you can get another job. I've got children who want to go to college. I don't know if I can afford to send them."

Mrs. Impechiate is typical of apparel workers in the region. Many

People don't want to pay the price for global politics and economic theories.

finished high school, married young, moved into small houses on an acre or two of land, found a job in the mills and never did anything else. Never had to. For the most part, they led quiet, stable lives.

But through the 1980's, and more so now with the conclusion of the international trade agreements, the feeling of insecurity pervades every garment factory.

Some, like Maryann Corcione, who sews blouses for Scotty's Fashions in Little Gap, Pa., already work a second job to make ends meet. For 12 hours every two weeks she cleans a bank. Her husband, James, is a maintenance worker at a K-Mart.

Mrs. Corcione and others in the plant have already seen life without Scotty's, a family-owned business that operates five plants in the region. The company shut down for six months two years ago and called back just over half the 2,100 employees. She was one of the lucky ones.

"I worked at the bank a little more and kept hoping I'd get my job back," she said. "I called every day, asking what was going on."

And if the plant closed again? "I don't know what I'd do," she said. "I was a meat-packer once. Maybe I could go back to that field if something happened. Without experience at anything else, forget it."

Many workers say they know of GATT but understand little of the economic theory that says it will make the country richer over all. They believe it is only the latest nail in the garment industry coffin.

But Nancy Shoemaker, a 54-year-old sewer at Anna Sportswear in Pen Argyl, says she understands all right. She follows all the political developments that affect the industry, and GATT makes her boil.

"What's a little person going to say?" she said. "What good does it do to scream our heads off? We're helpless." A single mother with three grown children, she has worked almost 25 of her 59 years in the mills and watched many of her

friends lose their jobs.

"The industry I work in is not going to be here in a short while," she said. "Textiles are gone. We ought to have a Boston Tea Party for textiles, bomb the ships as they bring in the goods. Am I afraid? Of course, I'm afraid. Wouldn't you be scared?"

She mustered up a laugh. "I'm going to be on welfare, if the Republicans don't do away with it."

Others see no humor at all. Ronnie Smith, 52, who works in the cutting room at Anna Sportswear, said his view is that free trade does nothing but put people out of jobs.

"I blame Clinton," he said, alluding to the Administration's promises to create jobs. "He lied like hell at the beginning, then as soon as he got a good offer, there it is. Everybody here's losing their job."

Mr. Smith has worked for 30 years as a part-time electrician and for 21 years in the mills, which is steadier work, he said. If he loses his job, he said, he will go to school to learn something else.

Age is a factor that weighs heavily on many of the workers. Mrs. Impechiate said she was worried about her 55-year-old mother who lives alone and works at another mill.

"She's afraid," Mrs. Impechiate said. "She's worked there since she was 16. She has no other skill. What would she do? Me and my sister, we would have to take care of her." She acknowledged how lucky she was to have married the boss. "But if the business goes, we're both out of a job, and my mother couldn't help us."

A mother of five from Bangor, Pa., Mary Shiner, 54, and the only wage earner in her family, said she always loved working in the mill because she had time to get her children off to school before beginning work at 8 A.M. and she got off early enough, 3 P.M., to greet them when they returned.

But over the 11 years she has sewn garments, she has watched factories close and friends lose their jobs and now worries constantly that her plant might shut down.

"I love my work," she said. "It's been good to me and it's been a good job for the kids. But I told all my children to try to stay out of the factories. It's not going to be there through their lifetimes."

Chron

OR NW - 2H
BMC - who?

THE PRESIDENT HAS SEEN
12-12-94

To Boot Reiner
can run in this

Reiner

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compensate and can wind up inhaling just as much bad stuff as those who smoke regular cigarettes. "People have nicotine-dependent brains, and they will beat the system to get the nicotine they need," Henningfield said.

(Optional add end)

The committee said smoking cigarettes with low machine-measured yields may have a "small effect" in reducing cancer risk, but has no effect on the risk of cardiovascular disease, and an uncertain impact on the risk of pulmonary disease.

But the panel stressed that a reduction in machine-measured tar yield, for example, from 15 milligrams of tar to 1 milligram of tar "does not mean a smoker is reducing his relative risk of disease by 15 to 1."

"The health benefits of switching are minimal compared to quitting entirely," said Freeman, who is director of surgery at Harlem Hospital Center in New York. "And how you smoke is much more important than what you smoke."

The panel stopped short of suggesting that the machine measurements be abandoned, but urged that it be adjusted.

White House Takes Liberal Stand in 2 Civil Rights Cases (Washn)

By David G. Savage and Ronald J. Ostrow=
(c) 1994, Los Angeles Times=

WASHINGTON Clinton administration lawyers, taking a liberal stand in two civil rights controversies, urged the Supreme Court Tuesday to maintain preferences for minorities in the awarding of federal contracts and to continue a costly court-ordered school desegregation program in Kansas City.

In both cases, the administration lawyers contend that the justices should reject a strong conservative challenge that argues that these special, race-conscious social programs have outlived their time.

The two legal briefs were filed Tuesday in the most closely watched civil rights cases pending before the high court. They came just a month after an election in which a substantial majority of white males deserted the Democratic Party.

While the Clinton White House has shown signs of moving toward the new Republican leadership on Capitol Hill, the two civil rights briefs demonstrate that the Justice Department is holding firm to traditional liberal approaches on affirmative action and school desegregation.

In the contracting case, the administration defends a 1987 law that steers at least 10 percent of federal highway contracts to small businesses owned by minorities.

The preference program is being challenged by a white road builder who submitted the lowest bid for guard rail work on a Colorado highway but lost out to a Latino-owned company.

A conservative legal group is urging the Supreme Court to use this case (*Adarand Constructors vs. Pena*, 93-1841) to declare unconstitutional a series of federal funding laws that give explicit preferences to businesses owned by minorities.

Administration lawyers argue that these laws do not violate the Constitution because they do not set a "fixed requirement ... or a quota." Instead, they give preferences based on the "presumption that small businesses owned and controlled by members of racial minority groups are disadvantaged," said U.S. Solicitor Drew S. Days III.

In the school case, the administration says that 10 years of effort and the spending of \$1.3 billion in state

money, Missouri has not yet done enough to raise test scores for black students in Kansas City.

"When segregation has caused impaired educational achievement, evidence that students in the system continue to perform poorly when compared to others can be an important indication that the effects of discrimination persist," Days said in his friend-of-the-court brief in *Missouri vs. Jenkins*, 93-1823.

In 1984, 30 years after the *Brown vs. Board of Education* ruling ended forced segregation, a federal judge ruled that state officials in Missouri had failed to fully dismantle the segregated schools in Kansas City. Since then, the same judge, Russell G. Clark, has ordered a series of costly improvements in the district, as well as tax increases to pay for them.

(Optional add end)

The Clinton administration decision to intervene in the case on behalf of the black plaintiffs drew an angry reaction last week from Missouri's Democratic attorney general, Jeremiah Nixon.

"This is a dramatic expansion of desegregation remedies," Nixon said in a phone interview. "They (Justice Department lawyers) say this is a just a beginning, but only in Washington would someone say that spending \$1.3 billion is just a beginning."

Both civil rights cases will be argued before the Supreme Court in January, and written rulings can be expected by June.

Zedillo Breaks Bread, Tradition, by Sharing Power (Mexico City)

By Mark Fineman=
(c) 1994, Los Angeles Times=

MEXICO CITY Breaking with seven decades of authoritarian rule, President Ernesto Zedillo formally dined with 500 elected congressmen Tuesday and offered what no Mexican president before him ever has: to share the monolithic power of Mexico's chief of state.

In Tuesday's unprecedented luncheon at Mexico's House of Deputies, billed by independent analysts as a cornerstone of Zedillo's proposed new era of democracy, the 42-year-old Yale-educated economist dramatically and decisively shed the traditional arrogance and aloofness of the Mexican presidency just five days after taking office.

Zedillo was criticized, questioned, challenged and praised as he sat

through eight consecutive speeches six of them stern lectures from Mexico's opposition parties in what historians said was the first direct dialogue between the country's president and its congress in 65 years of continuous rule by the Institutional Revolutionary Party.

For more than an hour, elected legislators blasted Zedillo's long-ruling party, known as the PRI, for abusing and monopolizing power and widening the gap between Mexico's rich and poor. They appealed to the reformist new president to formulate solutions to an array of national crises from endemic illiteracy, poverty, injustice and crime to a threatened insurgency in the southernmost state of Chiapas.

But then Zedillo stood at the podium and, one by one, he answered the deputies by name and as no other Mexican president before him had done.

To the applause of all 500 deputies, many of them standing and shouting approval, Zedillo brought a clear end to the tradition of his 11 PRI predecessors.

They had shunned a succession of legislatures and ruled

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THE PRESIDENT HAS SEEN
12-12-94

To Al Michera

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the work in in deep house?
B.

12-12-94

Leon - he showed in his office
in Camp David initiative B

liquidate the portfolio, and all of the investors would have to share in a \$1.5 billion loss," Raabe said.

Complex derivative investments have been the source of controversy all year, as rising interest rates worldwide have triggered large, unexpected losses for numerous municipalities.

Some regulators worry that the complex and risky nature of the investments could threaten the stability of the nation's financial system, and there have been calls in Congress to ban derivatives. But the investments are a fundamental part of many investment portfolios, serving in their most benign form as hedges against market fluctuations.

FBI Director Calls for Tighter Alien Controls (Washn)

By Ronald J. Ostrow=

(c) 1994, Los Angeles Times=

WASHINGTON FBI Director Louis J. Freeh is calling for tighter controls on student visas and alien marriages as part of an intensified effort to curb terrorism by aliens in the United States, it was learned Thursday.

Freeh made the recommendations to Deputy Attorney General Jamie S. Gorelick, who asked him to review policies and practices on immigrants entering and leaving the United States in response to the World Trade Center bombing and to killings outside CIA headquarters both linked to aliens.

The recommendations, now under review by the Justice Department, also proposed strengthening investigative powers against suspected "undesirable aliens," accelerating deportation appeal proceedings and limiting U.S. participation in a visa waiver pilot program under which 9&1/2 million foreigners entered the country in fiscal 1994.

"Aliens coming to the United States to engage in illegal conduct know that one of the easiest ways to enter and remain in the country is by requesting asylum," Freeh told Gorelick. Under current procedures, they are asked either to post a small bond guaranteeing their appearance at a future hearing or are released on their own recognizance.

"Any legal procedures devised to address such aliens will fail unless they include provisions for the detention and removal of the alien," Freeh said. "At present, too many of these aliens simply blend into American society and never return for their immigration hearing."

Freeh was acting in his capacity as director of the Office of Investigative Agency Policies, a Justice Department unit created a year ago to end interagency conflicts between the FBI, Drug Enforcement Administration, Marshals Service and Immigration and Naturalization Service. He made the recommendation Sept. 26 in a four-page memorandum to Gorelick, which was then included in the Nov. 18 annual report of the new Justice Department office. A copy was provided to the Los Angeles Times.

A Justice Department official said that the Freeh proposals are part of a larger governmentwide review of steps to prevent terrorism in the United States.

Freeh said that two categories of foreigners requiring "additional scrutiny" are those who enter the country on student visas but do not abide by the terms of the visa and those who "engage in 'sham marriages' with American citizens or permanent resident aliens" solely to become legal residents.

(Begin optional trim)

Immigrants seeking entry on either grounds "should undergo thorough scrutiny at the outset, as well as some

form of continuing scrutiny," Freeh said. Follow-up investigation of students would include reviewing their academic records.

"Obviously, the intent is not to harass an alien who lawfully opts either to study in this country or to marry an American," Freeh said. "Instead, the intent is to ascertain which aliens are using these avenues as a means to remain in this country indefinitely ... to engage in unlawful conduct. I recognize that certain legitimate privacy interests are implicated."

(End optional trim)

In deportation or other proceedings against aliens, Freeh noted that government agencies do not use "protected or classified information," including that from electronic eavesdropping and confidential sources, because existing law does not provide adequate means to protect that information. Its disclosure, he said, "could compromise ongoing investigations."

He called for establishing a special closed court hearing on the use of such sensitive information at which only the government would appear. Freeh urged the Justice Department to reconsider "terrorist alien removal" legislation that would create a court to conduct "special removal hearings" against immigrants who take part in international terrorist activities.

That legislation, backed by the administration, was passed by the Senate in a 1993 crime bill that did not become law.

Freeh criticized deportation appeal procedures on grounds that they often delay action for many years. "Failure to remove them swiftly from the United States simply exposes our country to needless risks," he said.

Under present practices, some parts of an immigrant's asylum file at the INS are not available to other law enforcement agencies, Freeh noted.

He called for considering full or expanded disclosure of immigrant asylum files.

Freeh also endorsed giving terrorism investigators "roving authority" under the Foreign Intelligence Surveillance Act to intercept communications. That authority, now available in certain criminal investigations, would allow targeting an individual's telephone conversations over any phone, rather than limiting surveillance to specific telephone numbers.

Freeh warned that criminals and terrorists now can take advantage of the Visa Waiver Pilot Program, which allows immigrants from participating countries to enter the United States without first obtaining a visa overseas. Some 22 countries now take part in the pilot program, which was recently extended to Sept. 30, 1996.

By using fake documents that falsely show he is a citizen of a country participating in the program, an immigrant escapes State Department review abroad, Freeh said.

U.S. to End Special Salvador Refugee Program (Washn)

By Paul Richter and Ronald J. Ostrow=

(c) 1994, Los Angeles Times=

WASHINGTON The Clinton administration is expected to announce Friday it will end a special refugee program for Salvadoran immigrants, but will use procedures that make it unlikely any would be deported for at least two years and perhaps far longer officials said.

Setting aside the protests of Salvadoran officials and some members of Congress, the administration will formally

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Personality Problems

It figures that Joycelyn Elders would utter some last-straw remark that would lead to her dismissal as surgeon general. It's her personality.

And it figures that President Clinton, when he finally got around to axing her, would do so in a way that makes him look skittish and weak. It's his personality.

If Clinton had given Elders the hook after her potshots at the Catholic clergy or the religious right or in the wake of her too-flip remark on contraception education ("We've taught [children in driver's ed] what to do in the front seat of the car but not what to do in the back seat of the car"), it wouldn't be that hard to understand.

What cost her her job, though, was her response to a question after a U.N. AIDS Day speech on Dec. 1.

A questioner noted that the anti-AIDS campaign had led to open discussion of many once-taboo subjects, but: "It seems to me that these still remains a taboo against the discussion of masturbation. . . . What do you think are the prospects of a more explicit discussion and promotion of masturbation?"

Elders's response recounted her advocacy of comprehensive health education, then:

"As per your specific question in regard to masturbation, I think that is something that is a part of human sexuality, and it's a part of something that perhaps should be taught."

If that conjured up in Clinton's mind thoughts of schoolchildren taking a mandatory course called *Masturbatory Technique & Practice I*, no doubt he should have fired her. To my mind, it was nothing more than Elders's awkward expression of a fairly simple notion: that masturbation is natural, that it is another possible sexual release and that sex-education instructors might as well say so.

Should she have said it? I don't think so. The man who asked the question—Rob Clark of the Society for the Psychological Study of Social Issues—posed it in the context of the campaign against AIDS. Why Elders had to answer it in terms of children and schoolrooms is beyond me. Still, it seems her response was a long way from proposing that we teach children how to masturbate—and a long way from a firing offense.

As she told the U.S. News & World Report reporter after the U.N. session—and before the weekend's hullabaloo:

"We all know that young children at the very early ages masturbate. Parents know that, children know that. And we treat it as if it's a horrible sin against God and their bodies and the world and everything else. People need to know. Most of them do it. We don't talk about it; it's in the closet."

The relatively benign nature of the remark (it had none of the smart-mouth brashness that has marked so many of Elders's utterances) raises the question of why this one would get her tossed out of office.

The answer that comes to my mind does not reflect well on the man who fired her. Clinton, having been embarrassed at the polls last month and having heard from aides that U.S. News was about to break another Joycelyn Elders story that would give the Republican right a field day of self-righteousness, chose the path of least resistance and greatest futility; he tried to appease the right.

I'm not a big Elders fan—never have been. I'm troubled by her notion that our principal duty to our children

I will call Raspberry to tell conversation. If you want that to stay private, I will.

is not to help them improve their behavior but only to save as many as possible from the consequences of their behavior. I'm troubled, too, by her shoot-from-the-lip cuteness. Even after she knew her remarks were going to be published, she had to tell U.S. News: "If I felt that it would make young people use condoms, I would put a crown of condoms on my head, and I would never take it off."

But that's Joycelyn.

Clinton says he still loves his Arkansas pal, and I believe him. I believe, too, that his beliefs about masturbation are no different from hers. He might have called her and told her what she should have known: that these are rough political times and he'd appreciate it if she'd bite her tongue for a while. I think she'd have done it or quit.

He never made the call. Instead, he dealt with her the way he dealt with Lani Guinier, Kimba Wood and others—not as a violator of any principle of his but as an embarrassment—and he fired her.

That's Bill.

Rowland Evans
And Robert Novak

Yeltsin Victorious

A private letter last month from German Chancellor Helmut Kohl to his friend Bill Clinton, diplomatically worded but betraying concern about U.S. leadership, contained an unmistakable warning: Listen to Moscow, and slow down on expansion of NATO.

Then last week, Jacques Delors, who is head of the European Commission and may soon be president of France, denounced Clinton's "dangerous" NATO plan. French anti-Americanism is rising, spurred by U.S. vacillation on Bosnia and NATO. In London, uncertainty about Clinton has eroded the Anglo-American "special relationship." One Western official says London put U.N. peacekeepers in Bosnia only to block U.S.-backed NATO bombing.

These doubts about Clinton have transformed Russian President Boris Yeltsin. The beggar at the backdoor has entered Europe's parlor, working hard to accomplish what Stalin, Khrushchev and Brezhnev never could: undermining the Atlantic alliance.

Holding few high cards but unwittingly helped by Clinton, Yeltsin and his brilliant, soft-spoken foreign minister, Andrei Kozyrev, have given the United States a diplomatic beating. The Russians want more: the destruction of NATO and the removal of American forces from Europe, giving the Kremlin a free hand within the borders of the Soviet Union and extended influence beyond.

Clinton has been rebuffed at least twice during the past month in personal efforts to use his justly famed charm to halt the U.S. diplomatic slide. When Clinton beseeched Yeltsin to persuade the Serbs to end the war in Bosnia, the Russian president put him off. When he telephoned French President Francois Mitterrand Nov. 23 to appeal for serious NATO bombing against the Serbian offensive; in

the Bihac pocket, Mitterrand said sorry, no.

Attempts to win support abroad with fervent appeals to heads of state betray Clinton's fundamental misreading of hard facts. He should know

British and French policy, unlike Clinton's, was made to be kept.

by now that nothing can change Russia's intention to use the Bosnian war to damage U.S. interests in Europe. He should understand that nothing will change London and Paris opposition to using military force in Bosnia. Right or wrong, British and French policy, unlike Clinton's, was made to be kept.

Clinton's own misjudgments are matched by that of his diplomatic lieutenants. The State Department was actually surprised when Russia vetoed the Dec. 2 U.N. Security Council resolution demanding an end to oil shipments from Serbia to the Bosnian Serbs.

Yeltsin's influence has broadened, thanks to the Bosnian affair, while Clinton's has diminished. But the more permanent damage to the United States is what has happened to the Western alliance.

For almost two years, Clinton left control of NATO policy to Deputy Secretary of State Strobe Talbott, a Russophile who feared that bringing Poland and other Eastern European states into the alliance would unleash nationalistic forces inside Russia that could overthrow Yeltsin. Under strong advice from other aides, Clinton switched to a NATO-expansion policy this autumn. By then, the Russians had been forewarned.

When the formal announcement was made at the Brussels NATO meeting last week, proposed expansion had been stripped down by the Europeans, with the tough decisions put off for another year. Nevertheless, Yeltsin resorted to Cold War rhetoric and quickly attacked. He warned that a "cold peace" would envelop Europe, sinking East-West unity "into oblivion." A full-scale Russian propaganda campaign is now underway.

Kozyrev is privately offering carrots to change the minds of America's NATO allies: If Europe vetoes expansion, Russia will help the European Union's military arm—now largely a paper force—with joint naval maneuvers and data from Russian space satellites. The sticks came from Defense Minister Pavel Grachev, who warned that "Russia will take additional security measures," which would not exclude the Baltic states, if NATO expands.

In the past, that threat would roll off Europe's back. Not so today. Clinton administration policy-making, characterized by sudden, bewildering shifts and overnight contradictions, has drained America's closest allies and left them distrustful about Washington's lead.

Sensing American indecision and European anxiety, Yeltsin is aiming high. He wants to spread the distrust so deep and wide on both sides of the Atlantic that NATO expansion will die aborning. That will leave the successors of Soviet communism unrestrained in Europe, for better or for worse.

THE PRESIDENT HAS SEEN

12-12-94

Notes

What do you make
of the event? B. B.

Drug report hits close to home

White House falls short in own study

By Michael Hedges
THE WASHINGTON TIMES

A1

A study commissioned by the White House anti-drug office to scrutinize how federal agencies deal with drug problems among employees found the White House itself only "adequate" or "needing work" in three of four categories.

The unreleased study was ordered by the White House Office of National Drug Control Policy and graded agencies in four areas as "excellent," "adequate" or "needing work."

It found the Executive Office of the President "needing work" in training supervisors to deal with drug problems.

"That matter has already been addressed," said Fred Garcia, deputy director for demand reduction in the anti-drug office. After receiving the report, the White House "revamped and implemented training," he said.

The report did not deal directly with the drug histories of employees, a hotly contested issue since incoming House Speaker Newt Gingrich raised it Sunday. But it did examine whether various agencies, including the White House, had established drug-free workplaces.

The anti-drug office yesterday declined to release the report, saying it had not been reviewed or commented on by all of the 25 major agencies covered.

But Mr. Garcia confirmed the major findings about the president's staff. He said he "anticipates" the report will be released by the middle of next month.

The Executive Office of the President was "adequate" in anti-drug education and in assisting employees involved with drugs. The study rated the White House "excellent" in its drug-testing program.

The study, "Review of Federal Agency Implementation of EO-12564, the Drugfree Work Place Program," was conducted by Lewin-BHI, a Northern Virginia health care consulting firm.

It was funded by the Department of Health and Human Services as part of the federal mandate to enforce guidelines for drug-free workplaces passed under the Bush administration.

The study covered March 1992 to August 1993, about seven months after President Clinton took office. During that time, Lewin-BHI analysts paid frequent spot visits to the agencies being reviewed, covering 84 percent of the federal employees in Washington.

Mr. Garcia said he could not immediately determine when or how

WEDNESDAY, DECEMBER 7, 1994 **The Washington Times**

DRUGS

From page A1

often the observers visited White House offices.

"This report was done as an internal tool," said Patricia Wheeler, a spokeswoman for the anti-drug office. "It is a working tool for the agencies involved."

Lewin-BHI submitted its report in July, official sources said. Drug-control officials would not confirm when the contractor finished its work and said the study will be complete only after a comment-and-review period.

"This is a report we are moving on. We hope to have it out as soon as possible," Mr. Garcia said.

The issue of internal White House drug policy has been raging since Mr. Gingrich said on NBC's "Meet the Press" that a senior law enforcement official told him up to a quarter of the White House staff had used drugs in the five years before Mr. Clinton took office.

That prompted quick, outraged

denials from the White House.

White House Counsel Abner Mikva called on Mr. Gingrich to apologize for his remarks and identify the source of his information. The former federal appellate judge called the statement "a bald lie" and "group libel of the worst kind."

White House Chief of Staff Leon Panetta said Monday: "His charges are absolutely false. ... There is no one in the White House who uses drugs. If Newt Gingrich has evidence to the contrary, he ought to tell me about it, he ought to make it public, and I'll fire them."

"We cannot do business here with a speaker of the House who is going to engage in these kinds of unfounded allegations. ... I think the time has come when he has to understand that he has to stop behaving like an out-of-control radio talk-show host and begin behaving like the speaker of the House of Representatives."

Some sources said the White House is stalling the release of the Lewin-BHI report because its mixed results are embarrassing.

The company, through a spokeswoman, declined to discuss any details of its work, saying the information is its client's property.

Mr. Garcia denied that the report's release is being delayed. He said about 130 agencies and sub-agencies have to be informed of the report's findings and offered a chance to respond before it is released.

THE GRADES ON DRUGS

A study on federal agencies' handling of employee drug problems, ordered by the White House anti-drug office, graded the Executive Office of the President in four areas of drug prevention:

Category	Grade
Supervisory training	Needs work
Employee education	Adequate
Employee assistance	Adequate
Drug testing	Excellent

The Washington Times

THE PRESIDENT HAS SEEN
12-12-94

Leon
What's the deal
been? — Bo



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cc NH

Nancy
Ellison

Make sure you
stay in touch w/
this file - should
and speak at all
biggest reception
PBC

~~Play Mike Brinkley~~
~~December 1st~~



-C Tenth Anniversary
Leadership Dinner

~~_____~~
~~_____~~
~~_____~~





Administrator
General Services Administration
Washington, DC 20405

Mr. President

THE PRESIDENT HAS SEEN

12.12.94

To Leon/Sullivan

*This is a copy of the
the source of the information*

December 9, 1994

*following clearance
is a sound to go
to be true*

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

Dear Mr. President:

For your reference attached are the "bold ideas" that we have previously discussed that I will be reviewing with Alice today.

Please call me if you have any questions. I look forward to continuing our discussions.

Sincerely,

Roger W. Johnson





Administrator
General Services Administration
Washington, DC 20405

December 9, 1994

The Honorable Alice Rivlin
Director
Office of Management and Budget
Washington, D.C.

Dear Ms. Rivlin:

I am very enthused about the opportunity to build constructively on the work that has been underway in GSA since mid-1993. As I mentioned to you in our call of Thursday evening, I also feel very strongly that we need to be focused on end results and resist the temptation to characterize any plan by the tools that might be used to achieve our ultimate goal of the most cost-effective government.

Such words as "eliminate", "privatize", "compete", "agency choice" and "disperse" describe vehicles which may or may not be appropriate for the many different responsibilities of central management agencies. These actions must not be permitted to become ends in themselves; the goal must remain, as presented by the National Performance review, a government that works better and costs less.

Enclosed are two concepts which are variations on the single theme of consolidating policy, regulatory and oversight functions and subjecting operations to market analyses for determination of the most cost-effective methods of execution. Both are focused on end results and have short timeframes for implementation.

In addition to these restructuring proposals, following are additional "bold ideas" I have previously discussed with the President, the Vice President and you. I believe that each is important to include in our program.

- Stop all space acquisition (long-term lease renewals and new space transactions) until the impact of "bold moves" is understood.
- Defer obligation of new funds for design and construction of new court facilities for two years.
- Freeze Federal employment at current level; no replacement or new hires until the impact of agency reorganization/reduction can be assessed.
- Freeze spending for information technology at FY1994 level (savings of \$5 - \$10 billion/yr.)
- Implement governmentwide reduction of "consumable inventory levels" by 50 percent through an aggressive inventory reduction program (one-time savings of \$20 - \$40 billion).
- Implement a capital budgeting process for all annual spending justified by future period benefit.

I look forward to discussing this important topic with you at our meeting at 11:00 a.m.

Sincerely,

Roger W. Johnson
Administrator



BOLD IDEA: Reduce the Cost of Government Operations by at least \$40 billion* Annually by Realigning the Responsibilities of GSA, OPM and OMB, Privatizing, Outsourcing, Decentralizing or Eliminating Operating Functions and Improving the Structure and Approach for Policy and Oversight.

- Establish an Office of the Chief Financial Officer for the government incorporating budget, financial and central accounting functions.
- Establish an Office of Management and Policy for the government incorporating and integrating planning and asset management, policy, oversight and monitoring functions and utilizing, to the maximum extent, interagency organizations for program execution.
- Establish an agency for government operations, to sunset at the end of FY 97, incorporating the operating functions outlined below and currently performed by GSA, OPM, and other agencies and departments, where applicable. All operating functions would be subjected to rigorous analysis to determine the most cost-effective method of execution. As determined by the analysis, the execution strategies would be reflected in the FY 97 President's budget and, by the end of that fiscal year, functions would be eliminated, outsourced, privatized, decentralized or retained in some manner, if appropriate. A minimum savings of \$40 billion* in cost of operations as well as personnel and related expenditures (housing, consumables, pension and benefits obligations, etc.) would be required to be achieved.
 - * Printing
 - * Real Property
 - Acquisition
 - Disposition/Sale
 - Brokerage/Leasing
 - Facilities Management
 - Project Development
 - Security/Law Enforcement
 - * Personal Property
 - Acquisition
 - Storage/Distribution
 - Disposition/Sale
 - * Support Services
 - Travel
 - Transportation
 - Procurement Support - Credit Cards and Schedules
 - Telecommunications - Local and long distance
 - Information Technology Consulting and Data Support
 - Fleet Management

* 30 percent of \$120 billion

- * Support Services (con't.)
 - Payroll Services
 - Payment/Disbursement Services
 - Debt Collection
- * Personnel Management Services
 - Career Entry - Recruiting and Examination
 - Training and Development
 - Investigation
 - Pension Operations
 - Health/Life Insurance Operations
 - Workers/Unemployment Compensation
- * Childcare/Physical Fitness and Other Workforce Support

ADVANTAGES:

- Fully separates policy and operations.
- Rationalizes the responsibility for central planning and management for government operations and focuses accountability in a single entity..
- Subjects the operational functions of three central management agencies to market test for determination of most cost-effective method of accomplishment.
- Requires execution of strategy within short timeframe.
- Removes barriers between agencies and most cost-effective sources of goods and services and enhances implementation of Federal Acquisition Streamlining Act of 1994.
- Increases likelihood that, through integration, policy direction and asset management will yield better utilization and greater return on investment.
- Demonstrates Administration's commitment to streamline government operations, optimize resource utilization and utilize the "market" to determine most cost-effective methods of operation.
- Provides an opportunity to consolidate, clarify, and update the statutory basis for the government's administrative services.

BOLD IDEA: Realize Annual Savings of \$40 billion* by Best Practices Enforcement and Consolidation of OMB, OPM and GSA into an Agency for Government Operations.

- Immediately convene an interagency task force to analyze the feasibility and a proposed plan for implementation of the creation of an agency to assume responsibility for government operations, combining appropriate elements of OMB, OPM and GSA.
- Throughout 1995, continue the process of realignment and benchmarking to establish the most cost effective way to deliver GSA's goods and services.
- By January 1, 1996, each unit with operating responsibility will be discharging that responsibility in a manner that is competitive with analogous private sector entities. Begin the process of determining whether these units, and related assets, should, in whole or in part, be retained, "spun off" as government-chartered corporation(s), merged or acquired by private sector companies, or assigned in some manner to individual agencies.
- By January 1, 1996, have each of the policy and regulatory responsibilities assigned to GSA organized and performed in a manner such that they could be consolidated within an alternate central management agency or other organization of the Executive Branch.

ADVANTAGES:

- Fully separates policy and operations.
- Rationalizes the responsibility for central planning and management for government operations and focuses accountability in a single entity..
- Subjects the operational functions of three central management agencies to market test for determination of most cost-effective method of accomplishment.
- Requires execution of strategy within short timeframe.
- Removes barriers between agencies and most cost-effective sources of goods and services and enhances implementation of Federal Acquisition Streamlining Act of 1994.
- Increases likelihood that, through integration, policy direction and asset management will yield better utilization and greater return on investment.
- Demonstrates Administration's commitment to streamline government operations, optimize resource utilization and utilize the "market" to determine most cost-effective methods of operation.
- Provides an opportunity to consolidate, clarify, and update the statutory basis for the government's administrative services.

* 30 percent of \$120 billion

GSA BACKGROUND

Unlike the situation at most agencies, the tasks assigned to the General Services Administration must be performed -- even if the agency is abolished and its work distributed. Therefore, the overarching question is not "what to do with the agency" but how can its tasks be best performed. The **goal** should not be the elimination of an agency, the cutting of jobs or privatization, *per se*. The goal must be cost-effective government, utilizing the most appropriate tools to accomplish the stated end.

In fact, the total salaries of the agency are approximately \$1 billion, which is the obvious limit of savings from reductions in staff. The total costs directly and indirectly influenced by GSA is more than \$61 billion. A 20-to-30 percent improvement in how the job is done will result in \$6 billion to \$12 billion in savings annually. Obviously, this is where the attention should be focused and where it has been focused since June 1993, with significant results already achieved. These results include:

- Time Out and Review of real estate projects \$ 1.2 billion
- Consolidation of Federal fleet vehicle program \$ 30 million
- IMPAC small purchase card \$250 million
- FTS2000 telecommunications \$ 4.0 billion
- Energy Conservation Program \$ 7 million
- Federal Acquisition Streamlining Act \$12.5 billion
- Revamping Multiple Award Schedule Program
- Electronic Commerce
- Created Office of Enterprise Development for Small Business
- Recreated New England as autonomous region
- Reduced 1300 people through attrition
- Reduced 2400 people through buy-outs
- Created Office of Workplace Initiatives
- Established telecommuting centers (4 in D.C. area, 3 in California, 20 in planning)
- Donated \$.5 million of recycling proceeds to childcare tuition assistance
- Stopped the flow of surplus guns into American communities
- Created partnerships: GSA and Judiciary; GSA and Labor; GSA and Business

We have restated our financial statements to clearly demonstrate where our leverage lies; this information had been obscured by past accounting techniques. We have realigned our operations into units and operating entities capable to clear comparison to analogous private operations. And, we have carefully refocused the agency's mission from process and activities to end results-expressed customer service objectives and measurements. Equally important has been our effort to reinvigorate the work force -- across the country -- by articulating a renewed sense of the value of each individual's contribution.

These are fundamental, proven management actions that will result in significant, real and lasting improvements. Short-cutting the process to generate a short-lived "bold" splash

will not only cheat the taxpayers of real savings but will undermine much of the basic trust that has been rebuilt in a Federal work force that is fundamentally talented and hardworking. It will also force "improvements" without the benefit of a sophisticated and analytic rationale.

More to the point, although there is much more to do, as we seek the most cost-effective way to carry out the many and diverse operating tasks assigned to GSA, it should be noted that creation, within other agencies, of "mini-GSAs" has not been one of the alternatives given serious consideration. Significant work has been undertaken to make objective comparisons between GSA operations and those in the private sector. Similarly, the concept of greater agency choice, as articulated in the National Performance Review, has become an end in itself and not a tested solution to the challenge of greater cost-effectiveness. In fact, much of the current inefficiency and waste is occurring in agencies that have delegated or independent authorities; FAA, SEC, World Bank, IRS, VA, etc. To blindly assign execution of tasks or procurement authority to agencies on a permanent basis at this time, without major changes to the planning and performance processes and measurements, would be grossly negligent. Even if agency choice in selection of goods and services as well as privatization -- with GSA as a competitor in the provision of these goods and services -- is the final outcome in certain cases, these are not objectives unto themselves. The objective must be the most cost-effective process -- with agency choice and/or privatization vehicles, if appropriate.

THE PRESIDENT HAS SEEN
THE PRESIDENT HAS SEEN
THE WHITE HOUSE
12 12 94 WASHINGTON

cc Not

Be/Veronica

are we going to make
to give Jay Airt
of Michigan
the Pennsylvania Comm
appt. he wants? —

B

THE PRESIDENT HAS SEEN
12-12-94

Leon (Sexton)

Fyle Ba

President Bill Clinton
The White House



Administrator
General Services Administration
Washington, DC 20405

THE PRESIDENT HAS SEEN
12.12.94

~~Urgent and Confidential~~

December 12, 1994

The Honorable William J. Clinton
President of the United States
The White House
Washington, DC 20500

DETERMINED TO BE AN ADMINISTRATIVE
MARKING Per E.O. 13526

Subject: GSA Elimination: Not a Bold Move

Sec. 3.2(C) Initials: OB Date: 5/18/8

Dear President Clinton:

I learned for the first time last Thursday evening from Alice Rivlin that your advisors were recommending that a statement calling for the "elimination" of GSA be included in your Thursday speech. Mr. President, "elimination", "privatizing", and "decentralizing" are not objectives; making government work better and cost less are objectives! Eliminating, privatizing and decentralizing may well be ways to achieve the objectives but committing to them for their own sake would, I feel, be a serious mistake for the many reasons. The fact that the introduction to OMB's briefing paper on GSA is filled with factual error should alert you to the flawed nature of the alternative strategies.

- GSA itself is not the problem. The much larger problem is the stifling centralized control of the entire operating portion of the Government by not only GSA, but also OMB and OPM. In only eighteen months, GSA has moved light years toward "steering vs. rowing." The real leverage would be in accelerating that process in all three with the end result being a much smaller, merged, single Government Operations Agency. (In my view, savings in the area of \$20 - 30 billion a year are quite achievable with additional one-time savings of \$20 - 40 billion.)
- GSA is responsible for \$60 billion in money and government process. The salaries of all GSA employees are only \$1 billion. Obviously, the big leverage is in improving what we do and how we do it - not in cutting people.
- The GSA started changing with a new bold slogan (long before the Republican victory) in September of 1993 ... "Better, cheaper, faster, easier, smarter, ... or not at all!"
- We continued with a new results-oriented, customer service-focused mission statement which is "to improve the effectiveness of the Federal government by creating high quality work environments for its employees."
- Dozens of tangible results have already achieved.

- 3,600 fewer employees by December 31st of this year with no RIFS - 1999 goals in 1995!

- \$1.34 billion savings in Time Out and Review of Federal building program.

- \$3.9 billion of expenditure canceled in Time Out program for major government Information Technology systems, with an additional \$2.9 billion in review.

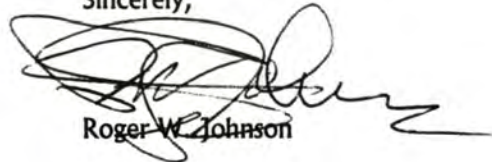


- Government Fleet Management operation acclaimed best in class vs. private sector companies.
- Federal Supply Service has allowed Federal Agencies to competitively select its products and services for three years. We have greatly accelerated the process in the past year and a half.
- The Public Buildings Service has been re-organized into business lines for benchmarking and impending competition with private sector companies.
- GSA employees are engaged, empowered and enthusiastic and ready to compete, privatize, merge or whatever it takes to meet our objectives.

Mr. President, I am very concerned that in a rush to boldness we miss the opportunity to make changes that are real, big and lasting. Therefore, I suggest the following statement in your speech this week:

The National Performance Review showed clearly that we are wasting billions of dollars on poor, ineffective and even non-existent managerial practices in the areas of basic government operations. Although we have made good progress, particularly within the GSA, I have asked the Vice President to accelerate the rate of change with the result being the elimination of the central agencies of OMB, GSA and OPM as we know them today - replaced by a much smaller (50% in head count), more efficient and simple Government Operations Agency. I believe that a savings of \$20 - 30 billion year can be achieved with this action beginning in 1997.

Sincerely,



Roger W. Johnson



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THE PRESIDENT HAS SEEN
12/12

Key
an end to
but some on this
I beg for help
from the center -
B.

Republicans May Curb S.E.C. And Fraud Suits by Investors

THE PRESIDENT HAS SEEN
12/12

By DIANA B. HENRIQUES

A1

The shift to a Republican-controlled Congress in January is likely to make it more difficult for the Securities and Exchange Commission to expand its regulatory activities and for investors to pursue claims of fraud against the securities industry.

In interviews last week, more than a dozen legislators, staff aides, industry executives and regulators agreed that an expanded S.E.C. budget to provide for more examiners to oversee mutual funds and investment advisers and to upgrade consumer education would collide with Republican concerns that the agency is already too intrusive and creates unnecessary expenses for the industry.

"The greatest area of potential difficulty we face in the new Congress is with respect to the budget," Arthur Levitt Jr., the S.E.C. chairman, said in an interview last week. Mr. Levitt would like the agency to be able to keep the fees and fines it generates to cover its own budget rather than turning the bulk of that money over to the Treasury.

But that approach has been rejected by Senator Phil Gramm, the Texas Republican who is in line to lead the Banking Committee's securities subcommittee. Mr. Gramm said self-financing would allow the S.E.C. to be too intrusive and free it from legislative oversight.

The new Congress and the regulators may also collide on the issue of when and how investors may sue when they believe they have been defrauded in securities transactions. Because House Speaker-designate Newt Gingrich has called for broad changes in the litigation process in his "Contract With America," securities litigation will be the top priority of the S.E.C.'s overseers in the House, said Stephen A. Blumenthal, who will serve as the majority counsel to the House subcommittee responsible for the S.E.C.'s operations.

The S.E.C. and state regulators say that lawsuits filed by investors, called private rights of action, deter fraud and augment the S.E.C.'s work.

"The prime mission of this agency is protecting the investor's interest, and the private right of action is fundamental to that mission," said Mr. Levitt, who did acknowledge "a need for doing something about the costly, time-consuming and inefficient kind of litigation we've experienced."

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Representative Jack M. Fields Jr., the Texas Republican who will head the House subcommittee that oversees the S.E.C.'s operations, questioned the merits of "a vast majority of the class action suits that are filed and settled" and would not rule out a system in which the loser in a lawsuit would have to pay all the costs. Mr. Gramm said that while he did not mean to deter small investors from going to court, "quite frankly, if someone is going to impose costs on a company, they should be liable for it."

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agenda say it will make American capital markets more competitive and efficient, without weakening investor protections. But many market watchdogs at the Federal and state level say they fear the proposed changes will shake investor confidence in the fairness and honesty of the American markets.

"We support the strongest, most efficient S.E.C. possible," said Philip Feigin, Colorado's securities commissioner and president of the North American Securities Administrators Association, which represents state regulators across the country. Mr. Feigin said he was concerned that the S.E.C. would not be able to obtain the level of financing it needed to be effective and was also concerned that the Republicans would try to change litigation rules to prevent small investors from bringing meritorious cases.

"There will never be enough cops on the beat," he said. "Investors have to be able to protect themselves."

Mr. Gramm said his goal would be "to reach that balance where the benefits that regulation yields in terms of an orderly and honest market is equal to the cost that regulation imposes in terms of burdens on the market." Mr. Gramm said he strongly opposed any increase in funds for the S.E.C.

While the investor litigation process is a House priority, the debate could be more protracted in the Senate, where some of the S.E.C.'s future overseers have been less strident. Senator Alfonse M. D'Amato, the New York Republican who will head the Banking Committee, has pointed out repeatedly that the current judicial system already provides safeguards against frivolous litigation.

Joel Seligman, a securities law specialist and author of a history of the S.E.C., said he was concerned about the impact that S.E.C. budget cuts could have. "At the moment, certain aspects of the market — such as investment advisers — appear to be near crisis because of a lack of meaningful oversight or inspection being conducted," Mr. Seligman said. "Unless the S.E.C. receives adequate support for that, you run the risk of a significant number of cases such as those in Orange County."

The messy bankruptcy of that Southern California county last week provided a mesmerizing backdrop for discussions about Congressional priorities for revising securities litigation rules. Some Democrats wondered whether the new leadership would become more cautious about putting limits on such lawsuits in the wake of the unfolding scandal, which has already prompted investors and the county itself to sue several Wall Street firms over \$1.5 billion in losses incurred by an aggressively managed county investment fund.

"They say that a conservative is a liberal who has just been mugged," mused Representative Edward J. Markey, the Massachusetts Democrat who will yield his subcommittee gavel to Mr. Fields. "Perhaps a liberal is a conservative who has just been defrauded out of \$1.5 billion."

Unlike most agencies of the Federal Government, the S.E.C. actually

generates money for the Treasury, turning over roughly \$2 in fees and fines for every \$1 it spends. And in recent years, the S.E.C. and some industries it regulates, notably the mutual fund industry, have argued that the agency should be able to use its own fees to finance its operations.

That option was rejected by at least one powerful Republican. "There will be no self-funding for the S.E.C. on my watch," said Mr. Gramm, whose disputes with the agency have had a personal edge since the late 1980's, when Richard C. Breeden, then the chairman of the S.E.C., tried to take over the duties of the Commodity Futures Trading Commission, headed at the time by Wendy Gramm, Senator Gramm's wife.

If self-financing is almost certainly doomed, Mr. Levitt said, he hoped the Republican leadership would at least recognize that the agency's budget needs are "dynamic" and fluctuate with market activity.

Explosive growth in the investment advisory business and in the mutual fund industry in the last decade have substantially outstripped the S.E.C.'s inspection programs. Despite improvements made by Mr. Levitt and Mr. Breeden, the agency is still able to examine on a regular basis only the largest and most active managers of the public's money.

Smaller fund operations or advisory firms are likely to be inspected only when a scandal has occurred — and such scandals, including unreported risks in money market mutual funds and fraudulent activities by investment advisers, have occurred frequently enough in the last year to suggest that additional regulatory oversight might be needed.

Without additional resources, Mr. Levitt's supporters say, such inspection could be provided only by reducing resources now devoted to policing the public markets and reviewing the documents supplied to investors by companies trying to raise capital.

In addition to planning a substantial increase in the inspection staff, Mr. Levitt has initiated a small but ambitious program of consumer information, aimed at giving small investors a better understanding of how to protect themselves from market fraud.

Mr. Seligman noted that Republican-dominated Congresses have not produced expansive S.E.C. budgets in the past. Indeed, historians note that the S.E.C. was kept on short rations for at least 15 years after World War II, even as the postwar markets grew explosively. The result was a flood of financial scandals that swept through Wall Street by the end of the 1950's.

"That's why it is so important that the S.E.C. be adequately funded," Mr. Seligman said. "It has the potential to nip problems in the bud through inspection and review of filings, rather than solely through enforcement actions after the fact."

The S.E.C.'s supporters note that Mr. Levitt, who was appointed last year by President Clinton, is perhaps the agency's best protection against draconian budget cuts since he is seen as a practical businessman without imperial ambitions. Even Senator Gramm had kind words: "I have had a very good working relationship with Mr. Levitt. I have had nothing but the best dealings with him."

But the S.E.C. will need more than charm to head off the effects of the new leadership's agenda, its supporters said; it will need the vocal support of Wall Street itself.

"The likes of a Merrill Lynch knows that its enemy is not the S.E.C.," said one senior regulator. "Its enemies are the con artists who scare investors out of the market. Wall Street's viability depends on a very strong, pro-active S.E.C."

THE WHITE HOUSE
WASHINGTON

December 12, 1994

LEEANN INADOMI:

The attached letter to the President dated 12/07 from Senator Dole was sent to Todd on Friday in Miami.

He did not forward it to the President and wanted me to send it to you now for handling.

Thanks.

Sharon Wagner/
John Podesta's ofc.

TIME OF TRANSMISSION

TIME OF RECEIPT

94 DEC 9 10:47

WHITE HOUSE SITUATION ROOM

PRECEDENCE: IMMEDIATE
PRIORITY
ROUTINE

RELEASER: _____

DTG: _____

MESSAGE NO. _____ CLASSIFICATION UNCLAS PAGES 1

FROM FRAN WESSEL/THE WHITE HOUSE
(NAME) (PHONE NUMBER) (ROOM NO.)

MESSAGE DESCRIPTION _____
LETTER FROM SENATOR BOB DOLE

TO (AGENCY)	DELIVER TO	DEPT/ROOM NO.	PHONE NUMBER
MAIMI, FL	TODD STERN		

REMARKS:

TODD: JOHN WANTS YOU TO CALL HIM REGARDING THE
ATTACHED.



UNITED STATES SENATE
OFFICE OF THE REPUBLICAN LEADER
WASHINGTON, D. C.

BOB DOLE
KANSAS

December 7, 1994

94 DEC 9 A10:39

Dear Mr. President:

As you prepare to attend the Americas Summit, I would like to bring to your attention an issue that should be taken into account in any hemispheric trade dialogue.

In the negotiations under the North American Free Trade Agreement, the U.S. wine industry was left with inferior access to the Mexican market in comparison to that which Mexico accorded Chilean wine in its separate trade agreement with that country, yet Mexico received preferential access to the U.S. market.

I believe that any future discussions regarding extension of or accession to NAFTA's provisions and benefits should exclude the wine sector until the serious and continuing problems of inequitable and unequal market access for U.S. wine producers is resolved. I appreciate your attention to this important matter.

Sincerely,

BOB DOLE

The President
The White House
Washington, D.C.

LARAMIE FAITH MCNAMARA

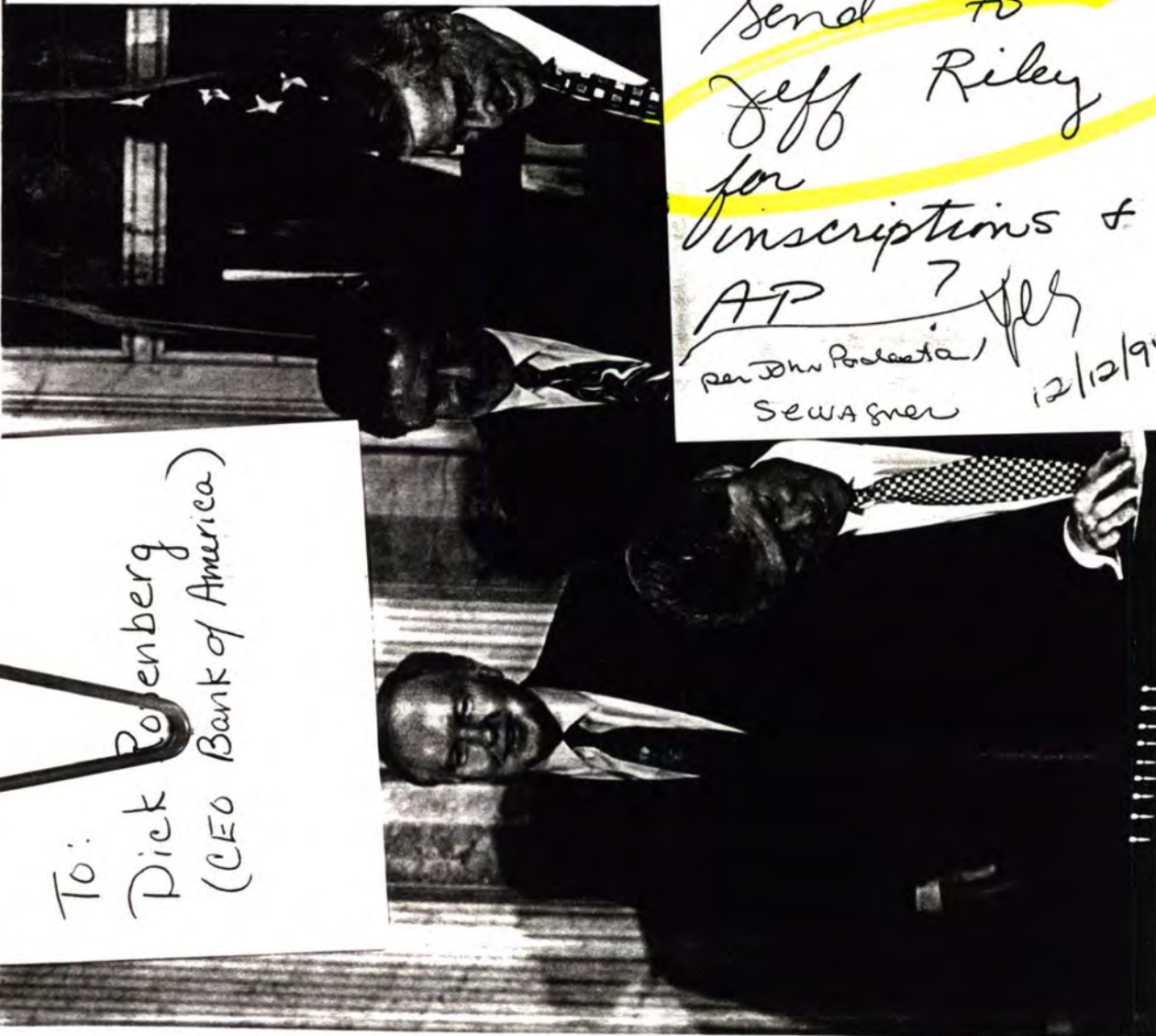
December 12, 1994

Dear John,

Attached are photos from the Interstate signing ceremony. Each of the pictures I have asked the President to sign is for a person who played a significant role - including flying to D.C. several times to help with negotiating language. If the inscription could indicate thanks for their help, it would be appropriate. M H

Send to
Jeff Riley
for
inscriptions &
AP ?
per John Podesta / JER
Sewasner 12/12/94

To: Rosenber
Dick
(CEO Bank of America)



CABINET AFFAIRS ROUTING SLIP

DATE 12/12/94

94 DEC 12 P1:55

From: STEPHEN B. SILVERMAN
Deputy Secretary to the Cabinet
OEOB 111.5

SUBJECT: Recommendation for AGENCY: LH302
older worker track

Please Respond By: 12/14/94 - 5pm any comments?

Joan Baggett ☐

Billy Webster ☐

Ann Castagnetti ☐

Dan Wexler ☐

David Dreyer ☒

Caren Wilcox ☐

Mark Gearan ☐

Tony Wilson ☐

Pat Griffin ☐

Other ☐

Marcia Hale ☐

John Redeker ☒

Karen Hancox ☐

Jim Detsch ☒

Alexis Herman ☒

Comments:

Harold Ickes ☐

Keith Mason ☐

Doris Matsui ☐

Sylvia Mathews ☐

Colleen McCarthy ☐

Stephanie Streett ☐

Michael Waldman ☐

Don's kind
Jim
What do you think?
John

12-12-94

U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR
WASHINGTON, D.C.

PURPOSE: ACTION

ACTION REQUESTED BY:
Date: 01/01/95

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE CABINET SECRETARY
Executive Secretary

FROM: ROBERT B. REICH

SUBJECT: Request for Signature of Proclamation for
Older Worker Week

ISSUE

The older worker week has been celebrated in communities throughout the Nation every year during the second week in March based on efforts that were initiated many years ago by the American Legion. During the previous two Administrations the President did not recognize this event by signing a proclamation. Last year, I signed a proclamation to acknowledge the Older Worker Week. Americans need to be made aware of the need to work beyond what is considered the normal age of retirement, if we are to remain competitive in the global markets. As a President who is interested in shaping the national aging policy over the next decade, your signing the attached proclamation would demonstrate your personal commitment to the employment of older workers and would be a matter of public record.

URGENCY

The Older Worker Week is designated for the second week in March. In order for the full impact of the proclamation to be felt, it must be issued in early January. Following your signature, the proclamation would be issued to State and other agencies who traditionally work with our customers to highlight the employment and training of older workers. To do this effectively, a lead time of at least two months is needed. Posters and brochures must be printed, public broadcasting announcements must be developed and distributed to local media and local events such as job fairs must be planned. All of this requires planning time.

-2-

SUMMARY OF SPECIFIC RECOMMENDATIONS

Your signature on this proclamation would solidify the Administration's stand on this issue.

BACKGROUND

During the previous two Administrations, the Department of Labor discontinued any promotional efforts on behalf of older workers as a cost cutting measure. However, it has continued to be recognized on the State level. Last year for the first time since the last two Administrations, I signed the Proclamation for Older Worker Week.

Americans are living longer, but the labor force participation rates for older workers, especially males, has continued to decline over the last several decades. With life expectancy continuing to increase, many older Americans will be spending one-third of their life in retirement if present trends continue. This situation is compounded by the demographics facing our Nation. Today about one in eight Americans is 65 years or older, compared with one in 25 at the turn of the century. By 2030, one in five Americans will be elderly. As many firms as well as the Federal Government are downsizing, this segment of the population has been targeted for early retirements. While this approach solves an immediate problem for these entities, it means that unless this set of individuals will not be productively employed. This represents wasted human resources.

Many myths about the older worker tend to persist. Once a person has been retired or reaches the age of 55 (or even younger), such an individual is viewed by many managers as being "over-the hill" and unproductive. Various studies have demonstrated that this is not true for all older workers. Not only has it been proven that older workers are as productive as their younger counterparts, but it has also been demonstrated that they can be retrained to successfully perform useful work. Employment of older workers is important for the economy since they represent a valuable resource.

With the White House Conference on Aging scheduled for week of May 1, 1995, issuance of a proclamation by the Administration would establish a positive message and set the tone for recognizing the important contribution of persons aged 55 and over in making the American society a more productive society.

-3-

INTERESTED PARTIES

White House Conference on Aging Policy Committee members, including three Cabinet members, eight congressional members, and the other public members; State and local units of Government and national, State and local non-profit organizations dealing with employment and training, especially those who work with the older workers; and the American Legion which initiated the Older Worker Week activities.

ACTIONS:

RECOMMENDATION: It is recommended that you sign the attached proclamation, which will affirm the Administration's commitment to Older Worker Week.

DECISION:

I Approve _____ Signed _____ Date _____

Schedule meeting with: _____

PREPARED BY: K. Davis; 9-14-94; 219-4778; K. Davis

CONTACT: Paul A. Mayrand, Director, Office of Special Targeted Programs, 219-5500

ATTACHMENTS: SUGGESTED LANGUAGE FOR PROCLAMATION

**The Office of the President
The White House
Washington, D.C.**

PROCLAMATION

WHEREAS, the majority of Americans age 55 and over are the Nation's great over looked resource even though they are active, vital and in good health and the value of their contribution to American society represents a tremendous productive potential; and

WHEREAS, it is estimated that more than 70 percent of all Americans aged 55 and over are actively contributing to society, their families and communities - working, volunteering, caring for sick and disabled spouses, friends, and neighbors; and

WHEREAS, despite high job qualifications, the search for employment becomes more difficult as individuals grow older; and many experience serious problems and difficulty finding new jobs if they lose a job or desire new employment; and

WHEREAS, we are working to overcome reluctance to hire older job seekers by making employers aware of a well-documented finding - by every common measure of job performance, older workers are at least as effective as younger people due to their unique pool of skills, experiences, and judgements; and

WHEREAS, it is appropriate that the Administration designate a week to work toward the objective that each worker will be judged on the basis of individual ability to do a specific job;

NOW, THEREFORE, I, William J. Clinton, President of the United States, do hereby proclaim the week of March 12 through 18, 1995, to be

NATIONAL EMPLOY THE OLDER WORKER WEEK

and I urge all employers to consider carefully the skills and other qualifications of men and women 55 and over when they hire new workers. I also encourage public officials responsible for job placement, training and related services to intensify their efforts throughout the year to help older workers find suitable jobs and training.

*In witness whereof, I have hereunto
set my hand and caused to be affixed
the great seal of the President of the
United States.*

**By the President
WILLIAM J. CLINTON**

THE WHITE HOUSE

WASHINGTON

December 12, 1994

Tim
Thanks
John
12-12-94

MEMORANDUM FOR VERONICA BIGGINS
Assistant to the President and
Director of Presidential Personnel

FROM: G. TIMOTHY SAUNDERS *TS*
Acting Executive Clerk

SUBJECT: Tenure of Members on the National Advisory Council
on Indian Education

On October 20, 1994, the President signed into law P.L. 103-382, the "Improving America's Schools Act of 1994." Prior to the enactment of this Act, the members of the National Advisory Council on Indian Education ("Council") served in staggered three-year terms. The new law reconstituted the Council and, furthermore, **repealed the provisions of another law that provided for the terms for the membership of the Council -- the General Education Provisions Act (20 U.S.C. 1233b and 1233c).** The new law, in reconstituting the Council, did not provide for terms.

Past practice dictates that when an establishing authority is silent concerning the term of presidentially appointed members, those members generally serve at the pleasure of the President. Thus, **the Office of Legal Counsel at Justice has recently advised that future appointments to the Council should in fact serve at the pleasure of the President.**

Concerning the members currently serving on the Council, however, there are two possibilities:

- (1) they could continue serving in their term slots; or
- (2) they could begin immediately serving at the President's pleasure (and, if desired, new members could be appointed to replace them).

It would appear that a case could be made for allowing the current members to continue to serve in their terms (option 1) since at the time of appointment the law provided for three-year staggered terms and it was the President's (and the members') understanding that they would serve in such terms. (It should be noted, however, that even if they were to continue to serve in their terms under (1) above, we know of nothing that would bar the President from terminating their service if he so desired.)

cc: John Podesta
Antonella Pianalto
Marvin Krislov

F/I only

* NATIONAL ADVISORY COUNCIL ON INDIAN EDUCATION (15)

			<i>Date Appointed</i>	<i>Term Expires</i>
Juan R. Narce	R	Ill.	1/18/83	3/23/91
Eddie L. Tullis	R	Ala.	4/21/92	9/29/94
Mark Maryboy	UT	UT	8/23/94	3/23/94
A. Michael Neimeyer	AK	AK	8/23/94	3/23/94
Sherry Dawn Red Owl	SD	SD	8/23/94	3/23/94
Theresa Farley Neese	R	OK	1/20/93	9/29/95
Joseph Abeyta		NM	8/25/94	9/29/95
Rosemary Ackley Christensen		MN	8/25/94	9/29/95
Aleta Piasana-Suazo		NM	8/25/94	9/29/95
Agnes H. Chavis		NC	8/25/94	9/29/96
Billie Maxine Glory		OK	8/25/94	9/29/96
Janine Pease-Windy Boy		MT	8/25/94	9/29/96
Scott J. Ratliff		WY	8/25/94	9/29/96
Warren J. Seyler		WA	10/18/94	9/29/96
Mark Maryboy		UT	8/25/94	9/29/97
A. Michael Neimeyer		AK	8/25/94	9/29/97
Sherry Dawn Red Owl		SD	8/25/94	9/29/97
William Gollnick		WI	10/18/94	9/29/97

Republicans May Curb S.E.C. And Fraud Suits by Investors

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By DIANA B. HENRIQUES

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Unlike most agencies of the Federal Government, the S.E.C. actually

generates money for the Treasury, turning over roughly \$2 in fees and fines for every \$1 it spends. And in recent years, the S.E.C. and some industries it regulates, notably the mutual fund industry, have argued that the agency should be able to use its own fees to finance its operations.

That option was rejected by at least one powerful Republican. "There will be no self-funding for the S.E.C. on my watch," said Mr. Gramm, whose disputes with the agency have had a personal edge since the late 1980's, when Richard C. Breeden, then the chairman of the S.E.C., tried to take over the duties of the Commodity Futures Trading Commission, headed at the time by Wendy Gramm, Senator Gramm's wife.

If self-financing is almost certainly doomed, Mr. Levitt said, he hoped the Republican leadership would at least recognize that the agency's budget needs are "dynamic" and fluctuate with market activity.

Explosive growth in the investment advisory business and in the mutual fund industry in the last decade have substantially outstripped the S.E.C.'s inspection programs. Despite improvements made by Mr. Levitt and Mr. Breeden, the agency is still able to examine on a regular basis only the largest and most active managers of the public's money.

Smaller fund operations or advisory firms are likely to be inspected only when a scandal has occurred — and such scandals, including unreported risks in money market mutual funds and fraudulent activities by investment advisers, have occurred frequently enough in the last year to suggest that additional regulatory oversight might be needed.

Without additional resources, Mr. Levitt's supporters say, such inspection could be provided only by reducing resources now devoted to policing the public markets and reviewing the documents supplied to investors by companies trying to raise capital.

In addition to planning a substantial increase in the inspection staff, Mr. Levitt has initiated a small but ambitious program of consumer information, aimed at giving small investors a better understanding of how to protect themselves from market fraud.

Mr. Seligman noted that Republican-dominated Congresses have not produced expansive S.E.C. budgets in the past. Indeed, historians note that the S.E.C. was kept on short rations for at least 15 years after World War II, even as the postwar markets grew explosively. The result was a flood of financial scandals that swept through Wall Street by the end of the 1950's.

"That's why it is so important that the S.E.C. be adequately funded," Mr. Seligman said. "It has the potential to nip problems in the bud through inspection and review of filings, rather than solely through enforcement actions after the fact."

The S.E.C.'s supporters note that Mr. Levitt, who was appointed last year by President Clinton, is perhaps the agency's best protection against draconian budget cuts since he is seen as a practical businessman without imperial ambitions. Even Senator Gramm had kind words: "I have had a very good working relationship with Mr. Levitt. I have had nothing but the best dealings with him."

But the S.E.C. will need more than charm to head off the effects of the new leadership's agenda, its supporters said; it will need the vocal support of Wall Street itself.

"The likes of a Merrill Lynch knows that its enemy is not the S.E.C.," said one senior regulator. "Its enemies are the con artists who scare investors out of the market. Wall Street's viability depends on a very strong, pro-active S.E.C."

THE PRESIDENT HAS SEEN
12/12

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B.

THE PRESIDENT HAS BEEN
THE WHITE HOUSE
WASHINGTON

12/12

December 8, 1994

Dear Nancy,

The President asked for a copy of my remarks from yesterday's promotion ceremony. They are attached.

THANK YOU again for making the ceremony possible. It really meant a lot to me and my family!

Connie

Connie Mariano

Pam -

12-12-94

Potus stated
Potus wanted
to see attached.
Betty

12/12/94

Commander E. C. Mariano
Remarks at Promotion Ceremony to Captain
Oval Office
December 7, 1994

December 7th--a day that will live LONG in MY MEMORY....

This is a day of celebration.
This is a day of gratitude and thanks.

And---this is a day when another American dream has come true..this time for my family. Allow me, Mr. President, to briefly share with everyone how this achievement today culminates the American dream for the Mariano family.

I came to the White House by way of the kitchen.

I came from a family of Navy stewards....the first Mariano who served in the United States Navy joined in the 1920s...at that time and for many years thereafter, the only way Filipinos were able to serve in the Navy was as stewards. The Mariano men served with pride and accumulated a total of over 100 years of service among them.

The Navy meant many things to my family: it meant FREEDOM from poverty-- for my father's family was very poor;

The Navy meant the OPPORTUNITY to succeed;

The Navy meant HOPE that one day your children would get an education and perhaps boldly dream of becoming physicians or Naval officers.

The Navy meant all the GOOD things America had to offer.

In exchange, the Mariano men served with pride and with loyalty...and passed on their LEGACY OF SERVICE to their children.

Today, I am here ONLY because of the special people in this room. And I would like to recognize them at this time:

First--my mother: Doctor Lourdes Jingco Mariano-- who sacrificed her career as a dentist to stay home and raise her children. Thank you for inspiring me to learn about science and to care for people.

My father, Master Chief Angel Mariano, who served 29 years in the United States Navy and achieved the highest enlisted rank of Master Chief during his career. To you I owe my ambition, drive, and dedication....and my love of the Navy.

My sister, Lorie: thank you for continually reminding me that I OWE EVERYTHING to the grace of God.

My husband, Richard Stevens, who sacrificed his career as a trial attorney to allow me to extend my tour at the White House. Thank you, Richard, for your unending support, patience, and understanding. I couldn't have done this without you.

My sons, Andrew and Jason Stevens, who frequently wonder where their mother is. I hope that one day you will understand WHY it is SO IMPORTANT for me to be away from home at this time in our lives together. Thank you for your love and patience with me.

To my other family--the White House Medical Unit: you are the best of the best. Thank you for your dedication, loyalty, and for your humor. I am PROUD to serve as your director.

To my brothers, the military aides to the President--Thank you for teaching me BY YOUR EXAMPLE how to become a better leader. You are the true professionals.

And to Master Chiefs Bautista, Sanchez, Nelvis, and Fama --my godfathers. Thank you for reminding me daily that I OWE MY PRESENCE HERE to people like you and my father who PAVED THE WAY. Thank you for NEVER LETTING ME FORGET about the qualities of kindness, silent service, loyalty, and humility.

And finally, thank you, Mr. President, for your faith and trust in me. It is a PRIVILEGE AND HONOR to know you and to serve as your physician.

Thank you all.



The Secretary of Energy
Washington, DC 20585

12/12
THE PRESIDENT HAS SEEN

MEMORANDUM FOR THE PRESIDENT
THE VICE PRESIDENT

DEC 10 1994

FROM:

Hazel R. O'Leary

SUBJECT:

Win the Budget Fight by Taking the High Ground: Your
December 15 Speech to the Nation

You have my unwavering support in your critical effort to realign and downsize the Federal Government. Before you announce your plans, I urge you to consider a compelling alternative that could allow us to take the high ground. Rather than proposing a limited reorganization of a few Executive agencies, you should instead announce a quality-driven, function-by-function review of the entire Executive Branch aimed at substantial realignment and downsizing with a target of \$150 billion in savings over five years (this number seems achievable in view of the fact that some Cabinet members are planning reductions to our budgets in the range of 10-20% under our caps).

This approach would take a comprehensive look at options for government realignment in a time frame that would permit defensible analysis. It would also provide an opportunity to get the Cabinet working in teams to respond to the public's outcries in last month's election: cut government cost and eliminate unnecessary intrusion. Everywhere I go, citizens tell me they want to see the President and his Cabinet working together.

To implement the functional review, you could challenge the Congress to restore immediately the executive reorganization authority that Presidents had until 1984. This authority would allow you to restructure the Executive Branch to achieve the efficiencies that both you and Congress require. This could be legislated early in 1995, clearing the deck for the 1996 campaign.

Even without Congressional authorization, you will take the high ground through your proposal. This is the model successfully used by the private sector, as well as Texas, Massachusetts and Minnesota. My former employer has cut its costs dramatically, significantly downsized, and avoided rate increases, while growing the business. A more meaningful measure is that the company's stock is at an all-time high while the utility industry as a whole is 21% below last year's average.

RECOMMENDATION

In your speech, announce your overall savings target and that you and your Cabinet will prepare a function-by-function realignment and downsizing for inclusion in the Federal Budget and roll-out in the State of the Union address.

cc: Leon Panetta

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Sec. 3.2(C) Initials: OR Date: 5/15/18



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SPECIAL SCHEDULING REQUESTS
HONORARY CHAIR, HONORARY PATRON, HONORARY MEMBERSHIP

Today's Date: December 9, 1994

94 DEC 9 All : 40

Date of Request: 12/7/1994

Request for: POTUS/FLOTUS

Type of Request: Honorary Patrons

Requestor Name: Mr. James D. Wolfensohn

Title: Chairman

Organization: The John F. Kennedy Center for
the Performing Arts
Washington, D.C. 20566-0001

Contact Tel. #: 202/416-8010

Event Date: 2/02/1995

Event Description: Pre-Broadway premiere of the production of
How to Succeed in Business Without Really
Trying. The premiere is the Center's 4th
Annual Gala to benefit the Kennedy Center
arts education and community programming.

Notes: Ann Stock has recommended that the President
and First Lady agree to serve. **The Center**
needs a response ASAP. Its announcement is
waiting at the print shop.

Recommendations:

MW _____

EB _____

JP yes