

THE WHITE HOUSE
WASHINGTON

February 2, 1995

MEMORANDUM FOR BILL GALSTON

FROM: TODD STERN *TS*
SUBJECT: The New Covenant

A brief thought on the New Covenant. I think for people to be able to get their arms around this idea, it's got to be focussed on what I take to be its original meaning -- the tradeoff between opportunity and responsibility and the values of citizenship and community.

I mention this because there has been a certain tendency of late -- particularly in the State of the Union -- to stretch the New Covenant into a kind of overarching, catch-all idea which becomes shapeless and difficult to grasp. If it starts to mean everything, it will end up meaning nothing.

If the President says to people that we have to have a New Covenant in which a government that provides opportunity must also demand responsibility, that's intelligible and has clear resonance in matters like welfare, teen pregnancy, investing in education, and strengthening our communities.

But when we start saying that the New Covenant is "a new set of understandings for how we can equip our people to meet the challenges of a new economy," or is about making government work more efficiently (turning 60 housing programs into three), I think the idea gets stretched so far that no one will have a clear sense of what the President means by it.

(At earlier stages of the State of the Union process, the speech was organized around a new economy, a new kind of government and a New Covenant, with the Covenant hewing to its original, clearer meaning. By the end, it had sort of metastasized into an overarching concept that, at least sometimes, appeared to include the economy and government.)

Anyway, you get my point. I think in future usage, we ought to try to keep the concept focussed enough to mean something to our audience.

cc: Don Baer
Bruce Reed

THE WHITE HOUSE
WASHINGTON

February 2, 1995

MEMORANDUM FOR LEON PANETTA
GEORGE STEPHANOPOULOS
MIKE MCCURRY

FROM: JOHN PODESTA
TODD STERN *JS*

SUBJECT: Announcement on UN Convention on Rights of Child

The President has now approved the signing of the UN Convention on the Rights of the Child.

The First Lady is going to speak at Jim Grant's Memorial Service on Friday, February 10, and the suggestion has been made that she use the occasion to announce the U.S. intent to sign the Convention. Although that announcement would give the signing a somewhat higher profile than was contemplated at the meeting in Leon's office Monday, it would be particularly fitting in light of Grant's special dedication to getting the Convention signed.

Assuming Mrs. Clinton were to make the announcement, we recommend that a press release be prepared for later in the day stating that the United States will sign the Convention and setting forth the specific reservations the U.S. plans to take. The signing itself would occur the following week in New York, with Madeleine Albright signing for the U.S. Our understanding is that the actual reservations would not need to be prepared until the document is sent up to the Hill for ratification.

In short, the proposed course of action would be (i) Mrs. Clinton announces that the United States is going to sign (without getting into specifics about reservations); (ii) the White House later in the day releases an announcement that the United States will sign, taking certain specified reservations; (iii) the following week, Madeleine Albright signs the Convention in New York.

Approve___

Disapprove___

Discuss___

cc: Mort Halperin
Bill Galston
Melanne Verveer



THE WHITE HOUSE

WASHINGTON

2-2-95

cc Rizzo / Galston
Reed / Stymann

B

Dear Mary—

Thanks for your column on M. Yunus. He ought to get the Nobel Prize. I first met him in '86 or '87— We had a long talk during one of my governor's trips to D.C. He is truly a wonder— The South Shore Bank in Chicago with which I am Piercey was associated, had developed an American version of Grameen which played a big role in its successful development efforts— and I became convinced it would work in poor inner areas. So, as you noted, I worked to set one up in Arkansas, mostly with foundation and corporate money but with some state investment. It's done a lot of good since Henry first served on the Board and we made our initial efforts.

As you said, Grameen and the American models were the inspiration for the bill Congress passed last year— I think community financial institutions making small loans to reliable people will work. (We want men to participate too!) But,
Bob Clinton

Mary McGrory
The Washington Post
1115 - 15th Street, N. W.
Washington, D.C. 20071

The TV Column

By John Carmody
Washington Post Staff Writer

Sen. Kent Conrad (D-N.D.), whose Citizens Task Force on TV Violence has been in the forefront of the so-far unsuccessful campaign to get Congress behind the issue, today will introduce a bill to reduce gratuitous violence on network and cable TV programming...

It will include a proposal for a violence rating system that would be established by the Federal Communications Commission in cooperation with educators, broadcast industry officials and others. The American Medical Association had pressed for a similar system last year...

The bill adopts several proposals that have been considered, but not adopted, in recent sessions on the Hill...

Conrad will hold a news conference this morning in Room S-211 of the Capitol and expects to be joined by officials from the National PTA, the American Medical Association, the National Coalition on Television Violence, the American Psychiatric Association and other groups that have backed his task force since its formation in 1993...

Meanwhile, Democrat Byron L. Dorgan, the junior senator from North Dakota, yesterday introduced a bill similar to a proposal submitted by Rep. Edward Markey (D-Mass.) calling for V-chips to be installed on TV sets...

Conrad says 40 years of research have shown violent programs have an impact on viewers, especially children...

"We are losing our children to violence every day and I believe the time has come for Congress to act responsibly to curb one factor that is without question contributing to this extraordinary violence in society—violence in the media"...

His bill would require the FCC to adopt a "safe harbor" rule prohibiting programs with gratuitous violence from 6 a.m. to 10 p.m.; review all applications for TV station licenses and renewals to "make sure applicants are in compliance with the Children's Television Act of 1990"; and establish "a violence rating system"...

Conrad's bill also calls for installation of V-chips on TV sets so parents can block violent programs...

MARY McGRORY

A Banker Without Pinstripes

This town is full of people who call themselves revolutionaries. The real thing, however, was imported last week: a Bangladeshi banker who thinks credit is a human right.

Muhammad Yunus, a pleasant, smiling man in a tan Nehru suit, has financed thousands of small enterprises in his dirt-poor native country and in 40 countries around the world, including the United States. President Clinton is a fan, and told Rolling Stone magazine that Yunus, a PhD from Vanderbilt in economics, deserves the Nobel Prize.

He is not your usual banker, who eyes borrowers with suspicion and poor people not at all. Noting that the big commercial banks in Bangladesh lost \$9 billion in defaulted loans to the rich, he told loan officers that the poor could not be worse deadbeats. But he had to use his own money for his first disbursements. Now, 18 years later, Grameen Bank operates in more than half the villages of Bangladesh, serving 2 million borrowers with 1,047 branches. The average loan is \$100, a considerable sum in Bangladesh. The payback rate is 98 percent.

Ninety-four percent of the borrowers are women. That's no accident, Yunus told a congressional forum. Although Bangladeshi women are docile wives, many of whom have never even handled money, they're better bets than their husbands, he says firmly.

"Women have plans," according to him, "for themselves, for their children, about having children, about the home, the meals. They have a vision. A man wants to enjoy himself."

This, of course, is a variation on a theme given voice recently by House Speaker Newt Gingrich (R-Ga.), who in a discussion about gender differences explained that men "are biologically driven to go out and hunt giraffes."

In Bangladesh's conservative Islamic society, Yunus's doctrine of the superiority of women is explosive, and the clergy has fulminated against his designs on the traditional order of things. But men have accepted with more grace than expected, since their working wives have brought home new tin roofs, three square meals a day, clothes for the children and the opportunity to go to school.

Grameen Bank managers do not take the courses familiar to their Western counterparts. When a new branch is to be opened, the designated manager, traveling with a superior, goes to a village and seeks out borrowers. He goes to the home of the likely client, to

make sure she is really poor and thus deserving. If there is furniture in the house, he knows there is inadmissible affluence. The poorer she is, the better her chances.

No collateral is required. It takes the form of four other women who cosign the note. They have to agree on the nature of the enterprise and the way to proceed. If, for instance, a dairy business is being formed, they would have to decide on the kind of cow and the cow itself. If the chief borrower defaults, the other women become ineligible for loans. Popular ventures are basket-weaving, well-purifying, rice-husking and door-to-door jewelry sales.

"It is much better for both buyer and seller," explains Yunus. "The woman comes to the house with bangles for sale, and the woman of the house is glad to buy one from her. Otherwise the woman would be begging from house to house. This way, she has dignity, she is helping her family. Every week, she pays back the equivalent of 2 cents on her loan and must save 2 cents as well."

Jan Piercy, the U.S. executive director of the World Bank, says that "access to credit unleashes entrepreneurial initiatives that enable the borrower to go from dependence to self-reliance. It ultimately means that the prosperity in the developing world will reach the very poor."

The United States is spending \$149 million on programs in poor countries. Last year Congress voted \$33 million to help set up Grameen-type community small enterprises. When Yunus first came to peddle his idea in America, a young Arkansas governor was most receptive. The Good Faith Fund is still flourishing.

In Bangladesh, Yunus does not limit his revolutionary activity to having upended the banking system and routing the pinstripes. He is transforming village life. Women who get loans pledge themselves to certain sharply defined goals—to have small families, to oppose child marriage and dowries, to drink only filtered or boiled water, to grow vegetables and eat them, to dig latrines, to send their children to school. Grameen has a health care system in the making. Premiums will be \$1.25 a year per family, and 2 cents per doctor visit.

He is making his country into a matriarchy. He has changed the role of women. He's trying to prove that capitalism need not be driven by greed alone. Newt Gingrich promises "a different way of doing business." Yunus has already done it. Speaker, eat your heart out.

THE WASHINGTON POST THURSDAY, FEBRUARY 2, 1995



KNOX COLLEGE
ALUM

Leon -

Time TO BRING BACK
THE PLUMBERS.

LET'S DISCUSS.

THE WHITE HOUSE

WASHINGTON

John

January 31, 1995

Leon --

As you may have seen, Secretary Shalala's memo to the President on block granting welfare leaked to the Washington Whispers column of U.S. News.

We wanted to let you know that there was a very narrow circulation on this memo. As the attached memo from Jennifer O'Connor to John indicates, Jennifer sent it to Carol Rasco, Bruce Reed and Jeremy Ben-ami before sending it to us. We copied you and then sent it to the President, without further circulation.

Obviously, the leak could have come out of HHS, rather than the White House. But we wanted you to know that we treated this in the sensitive manner it warranted.

John Podesta
Todd Stern



Washington Whispers

STAND AND DELIVER

■ In a confidential memorandum to Bill Clinton, Donna Shalala, the often outspoken secretary of health and human services, has urged her boss to take a more emphatic stand against Republican plans to reform the welfare system by returning control to the states. Her January 18 memo notes that "surprisingly few Americans know anything" about the administration's own welfare



Shalala

reform plan that the president released last year. With welfare high on the agenda in Clinton's meetings this week with governors, the memo advised the president that "until you make clear what we believe in and stand for, Republicans will control the debate, and we may get a bad plan that the public does not understand." In his State of the Union address, Clinton accepted Shalala's advice to attack the GOP for seeking to cut off aid to young, poor or unmarried welfare recipients. But he did not, as she also urged, critique the Republicans' plan to provide state funding in the form of block grants with few strings attached, or affirm welfare's "larger national purpose." That suggests Clinton will not reintroduce his own bill this year. Shalala warned him, however, that the GOP proposal may pose "a defining issue for your presidency."

TEXAS-SIZE COFFERS

■ Organizers of Sen. Phil Gramm's campaign for the 1996 Republican presidential nomination have been forced to can-



Five years ago. Celebrating in a happier environment

Earth Day's reality check

Three months before the silver anniversary of Earth Day, the celebration is showing signs of tarnish. Because of a lack of corporate interest, plans for a high-visibility environmental trade show on the Washington Mall have been scrapped. Though a dozen major corporations were approached, several, including Dow Chemical, declined to sign up for the show. Some of the companies balked at entrance fees ranging from \$100,000 to \$1 million. Others were discouraged by infighting inside the environmental movement and strained relations with the White House. Although the government established a coalition of 13 federal agencies called Project Earthlink to help organize the exhibit, the White House itself became directly involved late last year. Participation by business and government upset purists who accused fellow environmentalists of "greenwashing." In the end, according to insiders, the White House gave up trying to bridge the schism between the environmental factions. Despite all the Earth Day bickering, the April 22 celebration still will feature a long list of concerts, rallies and a "March for Parks" in Washington.

cel plans to hold a fund-raising dinner for 2,100 people at Dallas's Reunion Arena later this month. The reason: Business is too good. So many prospective donors are clamoring to dine

with Gramm that the February 23 bash has been moved down the street to the Dallas Convention Center, which can handle the 2,500 guests now expected. Gary Koops, press spokesman for the Gramm campaign, says organizers are confident they will reach their goal of raising \$2.5 million from the event. But other sources say that Koops is being too cautious — pledges already top \$4 million. Gramm will formally announce his candidacy the day after the dinner.



Gramm

RATINGS SUCCESS

■ Though Washington pundits called the State of the Union address excessive and rambling, viewers apparently thought otherwise. Clinton advisers who studied public reaction say that the longer the president spoke, the larger the audience. While an estimated 45 percent of adults watched the 82-minute speech from the beginning, viewership rose to about 50 percent as the presi-

TERRY ASHE—TIME MAGAZINE/POOL



Addressing a larger audience

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95 JAN 19 P 4: 03

January 19, 1995

MEMORANDUM FOR JOHN PODESTA

FROM: JENNIFER O'CONNOR

SUBJECT: ATTACHED LETTER TO PRESIDENT FROM SECRETARY
SHALALA REGARDING BLOCK GRANTING INCOME SECURITY
PROGRAMS.

The Secretary sent this over today. I sent copies to Carol Rasco, Bruce Reed and Jeremy Ben-ami. I believe it is very sensitive and circulation should be limited to people who need to see it.

THE CHIEF OF STAFF

PERSONAL



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20503

THE PRESIDENT HAS SEEN
1/30

Kathleen A. McGinty
Chair

January 27, 1995

05 JAN 27 78:18

MEMORANDUM TO THE PRESIDENT

FROM: KATIE MCGINTY *Katie McGinty*

CC: LEON PANETTA

RE: CEQ WEEKLY REPORT

Action on Risk Assessment

*Lean
Cefis
Deke*

The House Science Committee and Commerce Committee will begin hearings on the risk assessment part of the Contract (H.R. 9, Title III) next week, including Administration witnesses. Markup could follow the week after. A wide range of Federal agencies have analyzed the impact of H.R. 9 and concluded that the bill prevents them from adequately protecting health and safety, is burdensome and costly to administer, and adversely affects a number of industries. However, these agencies would be willing to support risk legislation if properly drafted.

Currently, House Republicans are not expected to be willing to make any significant changes to the bill before it goes to the floor. Most agencies believe that getting the Republicans willing to make changes on the floor or in conference will require the Administration to clearly lay out the problems with the bill as drafted through a strong and concerted communications strategy. The strategy would include backing for Democratic allies, recruitment of industry support, and attention from the press.

To be effective, such an effort must begin immediately. However, these agencies need a clear signal from the White House that they should proceed with the communications strategy now. Otherwise, the agencies either: (1) will not be able to respond to inquiries or attacks from the Hill effectively or at all; or (2) will go off on their own and in different directions with their own messages and agendas.

Reinventing Environmental Regulation

On Wednesday, January 25, CEQ coordinated a presentation to the Vice President and the Regulatory Advisors group on reinventing environmental regulation. At the end of the meeting, the Vice President charged CEQ and NPR staff to come back in two weeks with the draft of a comprehensive -- and bold -- proposal to reinvent environmental regulation. EPA has assigned several staff full-time to assist CEQ, NPR, and other White House offices in assembling the proposal.

Ozone Depletion

NASA satellite data now unequivocally confirms what scientists have said for years, namely that man-made chlorofluorocarbons are destroying the earth's protective ozone layer. Today's *New York Times* reports that, with the effects of Mount Pinatubo dissipating, strong climatic change signals are again emerging. 1994 was the 3rd hottest year on record.

Energy Star Computers Update

On Earth Day 1993, you signed an executive order directing agencies to purchase Energy Star computers wherever they meet the agencies' price and performance requirements. These computers go to sleep like a laptop when they are not in use in order to save energy and cut electricity bills. We recently received word that in 1994, agencies purchased 285,450 PCs, 162,331 monitors and 64,188 printers that meet Energy Star requirements. This could save taxpayers five million dollars on government electricity bills this year.

Department of State

- **Somalia - UN Withdrawal:** Ambassador Simpson and a joint State/Defense Department team met with Aideed in Mogadishu yesterday to stress the importance of non-interference with the withdrawal of UN peacekeepers. The bulk of U.S. forces will arrive in the region February 8. The press, including the major networks, is set to cover the operation extensively. The State Department is coordinating with the Pentagon to develop a public affairs strategy.

Department of Defense

- **Russia:** Despite repeated claims that the military phase of the war in Chechnya is nearing completion, Moscow understands the fighting is by no means over. There are evolving reports of Yeltsin firing and reshuffling senior officials in the Ministry of Defense. Yeltsin has apparently decided that the retention of his loyal defense minister -- at least for the present -- is preferable to a new Minister of Defense who may be less tractable. The attempted firings in the Ministry of Defense are likely only the beginning of Chechnya's political fallout in Moscow, and turmoil in the Ministry of Defense itself will almost certainly affect Russian movement on issues such as anti-ballistic missile demarcation, biological and chemical weapons and NATO expansion.
- **Former Yugoslavia:** State and Defense are preparing papers on the political and military aspects of supporting the UN withdrawal from Croatia. The UN is having a difficult time recruiting forces to fulfill General de Lapresle's request of 6,500 personnel and may be reconsidering its call for reinforcements for UN forces.
- **Haiti:** U.S. forces currently number 7,246 personnel and elements of the 25th Infantry Division continue to arrive. Last week Major General Fisher assumed command of the Multi National Force (MNF). Turnover of MNF operations from the 10th to the 25th Infantry Division is scheduled for Tuesday, January 31.
- **African American Veterans Ceremony:** Next week Secretary Perry will make brief remarks at the African American Veterans Wreath Laying Ceremony at the Tomb of the Unknown Soldier to honor veterans of WWII. This event will help initiate celebration of Black History Month.

United Nations

- **Haiti:** Next Monday the Security Council is scheduled to vote on the Resolution authorizing the transfer from the Multi-National Force in Haiti to the UN Mission in Haiti. The Resolution calls for the transition to take place by March 31 and authorizes a force of 6,000 troops and 900 police monitors. Approximately one-half of the troops will be U.S. and the entire force will be under U.S. command. The

Chinese have linked this resolution to the Human Rights Commission resolution. We expect to resolve the matter so that the Chinese will, at worst, abstain. It is also possible that the Russians will abstain.

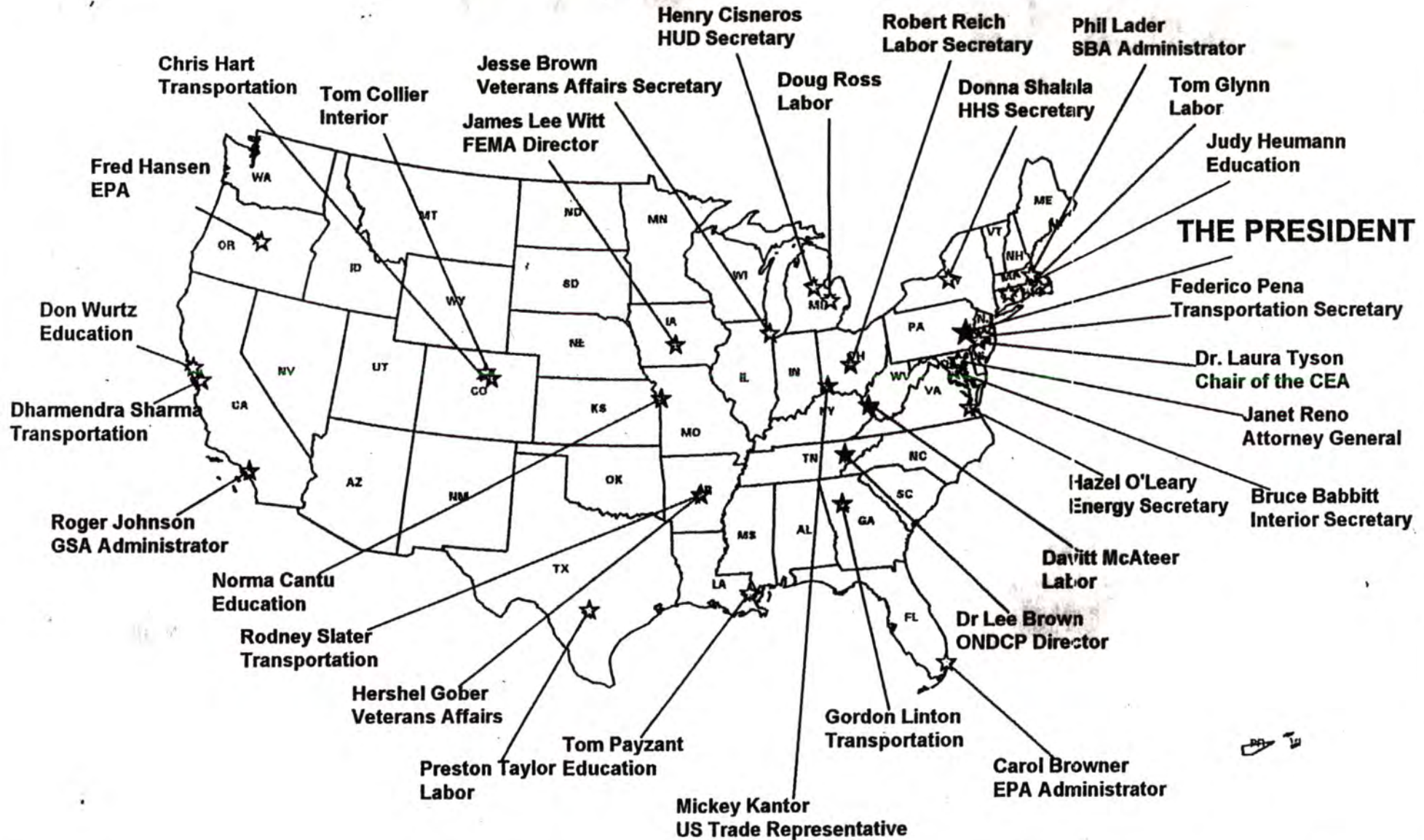
United States Trade Representative

- **China:** Senior USTR staff continue negotiations in Beijing to determine whether the Peoples Republic of China will enter into an agreement to take substantial and concrete steps to address Intellectual Property Rights piracy prior to the February 4 Special 301 retaliation deadline announced last month.

cc: Vice President Gore
Leon Panetta

*State of the Union '95
Administration Travel
Wednesday, January 25 - Thursday, January 26*

*State of the Union '95
Administration Travel
Wednesday, January 25 - Thursday, January 26*



THE PRESIDENT HAS SEEN
1-30-95

THE WHITE HOUSE
WASHINGTON

95 JAN 27 P 9:43

January 27, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: STEPHEN B. SILVERMAN *SS*
Acting Secretary To The Cabinet

SUBJECT: Summary of Weekly Cabinet Reports
January 27, 1995 to February 3, 1995

CABINET-WIDE ACTIVITY

Post State of the Union Follow-Up

This week over 50 Members of the Cabinet and Sub-Cabinet traveled extensively to promote the Middle Class Bill of Rights. In addition to travel, these senior officials conducted extensive radio and editorial board interviews. A map is attached.

Next week, Members of the Cabinet and Sub-Cabinet will focus on amplifying your reinventing government remarks at the NGA meeting. They will do extensive media interviews from Washington, and conduct events which will focus on the reinventing government theme.

Earthquake in Japan

FEMA Director James Lee Witt leaves Monday for a one week fact-finding and consultation mission in Japan. He will be joined by Rodney Slater and Dave Sharma from DOT, Frank Wing from HUD and several others. The group will view earthquake damage in the city of Kobe and meet with Japanese officials.

Since January 18, U.S. Forces have supplied Kobe with 57,000 blankets, water, water containers and tents. All of these items were provided by U.S. forces stationed in Japan in response to the Government of Japan's request. Japan is now considering a request for plastic sheets which would be the first item provided from the continental U.S.

DEPARTMENT SUMMARIES

Department of the Treasury

- **Mexican Peso:** Next week, Treasury will continue to coordinate efforts to promote the Mexican Loan Guarantee program.

Department of Labor

- **Labor Outreach:** As a prelude to the AFL-CIO Executive Council Conference in Bal Harbour, Florida, which will take place the week of February 20, the Secretary will host a series of dinners for labor leaders over the next couple of weeks. The first of these dinners will take place on February 2. The attendees will include Jerry McEntee (AFSCME), Doug Dourity (UFCW), Owen Beiber (UAW), Steve Yokich (UAW), Jack Sheinkman (ACTWU) and Jay Mazur (ILGWU).

Department of Commerce

- **National Marine Fisheries Service Draft Biological Opinion Concerning Columbia River Basin Salmon:** On January 25, the National Marine Fisheries Service (NMFS), part of Commerce's National Oceanic and Atmospheric Administration (NOAA), released a draft "Biological Opinion" aimed at improving federal hydropower operations in the Northwest while reducing systemic risks to endangered Columbia River Basin salmon. The draft opinion has been issued as part of an ongoing settlement in the federal court case of Idaho Department of Fish and Game v. NMFS. The primary goals of the plan are the restoration of the Columbia Basin and of the salmon runs occurring there, but the recommended action is controversial due to the anticipated increases in the cost of electricity in the region, the result of implementing programs to protect the salmon and modifications to several hydropower facilities. NMFS will issue a final opinion on February 22, following a period for public comment.
- **Mid-East Trip:** The Secretary departs on February 4 for Israel, Egypt, the United Arab Emirates, Kuwait and other points in the Middle East, returning to Washington February 9. He will lead an interagency and business delegation, focusing on the U.S.-Israel Science and Technology Commission, furthering the peace process through economic cooperation, and advocacy.

Department of Transportation

- **Innovative Financing Announcement:** You will make this announcement Tuesday, January 31 during your remarks to the NGA. The Secretary will hold a press conference after you have announced the program. Innovative Financing relaxes the

rules on local entities using Federal funds so that they can increase their use of private capital. This is a good example of the "right of first refusal" policy you recently asked the Cabinet for.

- **Announcement of Departmental Restructuring:** Thursday, February 2, the Secretary will announce the results of the DOT restructuring and streamlining efforts.

Department of Justice

- **Congressional Redistricting Case:** On January 30, the Department will file its brief with the Supreme Court in United States v. Hays, the Louisiana redistricting case. The Department will argue that the "Z" shaped district is not bizarrely shaped and even if it is, the boundaries are narrowly tailored to support Louisiana's interest in complying with the Voting Rights Act.
- **Crime Bill:** Mark-up began today. The Department is involved in intensive lobbying. The bill(s) may be on the floor by February 6, 1995.

Health and Human Resources

- **Welfare Reform:** On Sunday, the Secretary will do "Face the Nation" and CNN's "Late Edition." The Secretary may do more media hits early next week.
- **Ohio Welfare Waiver Next Week:** Next week, the Department is likely to approve Ohio's welfare demonstration proposal. The Ohio demonstration would -- in two counties -- use monies designated for AFDC and Food Stamp benefits to supplement low-wage earnings as an incentive for employers to hire welfare recipients, and to lift recipients out of poverty. In addition, it would sanction AFDC recipients ages 6 to 18 who do not meet the school attendance requirement. In ten counties, the demonstration will provide additional budgeting for 12 months from the first month of employment and provide an additional 6 months of transitional child care.

Housing and Urban Development

- **HUD Reinvention:** The Department is hoping to submit FY 1996 legislative specifications on the reinvented HUD to OMB next Monday, January 30th. In the last several weeks, the Department has been holding a series of working group and subgroup meetings to flesh out the details of the "Reinvention Blueprint." OMB and representatives from key constituency groups have been involved in these discussions.
- **Nation of Islam:** In recent weeks, some of the nation's major newspapers have run stories concerning public housing authorities that contract with the Nation of Islam to provide security at their developments. HUD is currently conducting a review of public housing authorities that conduct business with the Nation of Islam to determine

if there is any evidence that these housing authorities have violated their contractual relationship with the Department. The investigation was launched in response to a number of inquiries from Members of Congress and local organizations alleging discriminatory practices by the Nation of Islam. The Associated Press issued another story last evening regarding the desire of some Members of Congress to hold hearings on this issue. The Department intends to issue a public statement soon.

Department of Veterans Affairs

- **Persian Gulf Illness:** Sixty Minutes is preparing a segment on Persian Gulf Illnesses to air in approximately two months. Deputy Secretary of Defense Deutch and Dr. Roswell of Veterans Affairs are scheduled for interviews. Separately, the regulations implementing the compensation legislation you signed this fall are at OMB and may be published in final form next week.

Office of National Drug Control Policy

- **Partnership for a Drug Free America:** On Thursday, February 2, Director Brown and Jim Burke of the Partnership will host a briefing to release a new set of anti-drug public service announcements. The briefing will be followed by a reception with you and a group of entertainment industry executives.

Department of Education

- **State of Education Speech:** On Wednesday, February 1, Secretary Riley will give his second annual State of Education speech. He will discuss the Administration's education accomplishments and the fact that many are at risk with the new Republican Congress.
- **Goals 2000:** Thus far 41 states plus D.C. and Puerto Rico have received first-year awards. The Department has not received first-year applications from Georgia, New Hampshire, Ohio, South Dakota, Virginia, and Wyoming yet. The State of Oregon submitted the first state improvement plan to be reviewed under the preexisting plan provision of Goals 2000. Secretary Riley expects to announce this first plan approval and second-year grant award at the end of next week at the earliest.
- **GAO Report on Student Financial Aid Programs.** Sometime in early February the GAO plans to send a report to Congress on student aid as part of its high risk series of reports on each agency. The report characterizes student financial aid programs as still high risk largely because of gatekeeping issues, i.e., which schools get into the program and the procedures for expelling delinquent schools.

- **Wall Street Journal:** This week Secretary Riley was interviewed by the Wall Street Journal concerning the importance of education to the President. This article should appear soon.

Department of the Interior

- **Travel:** Secretary Babbitt will be travelling to Pittsburgh, New Orleans, and Los Angeles next week, to promote the importance of three science agencies: the National Biological Service, the Bureau of Mines and the U.S. Geological Survey. The Contract with America specifically targets the National Biological Service and the Geological Survey. Secretary Babbitt has stated that the scientific agencies need to be centralized and strengthened because the information they provide is key to decision making and that they should not be marred by regulatory responsibilities.

Department of Energy

- **Independent Commission Report on the National Laboratories:** Last year, Secretary O'Leary appointed Robert Galvin, Chairman of the Executive Committee of Motorola, to take an independent look at the Department's laboratory complex and report back on the appropriate size, missions, and governance of the labs. The Galvin Commission will provide its report to the Secretary's Advisory Committee on February 1. There will be two weeks for public comment before the report is finalized on February 24, 1995. The report is likely to contain controversial recommendations regarding one of the national security labs, downsizing, and alternative methods for managing the labs. The report also is expected to provide strong validation for research and development programs within the Department's jurisdiction, including defense, energy, environmental, and fundamental science programs. There will be great interest in this report within the Administration, Congress, media and scientific community.

Environmental Protection Agency

- **Governors Meeting:** This Sunday, January 29, Administrator Browner will address the Natural Resources Committee of the National Governors Association. Although Unfunded Mandates, Safe Drinking Water and Superfund will likely be discussed, the Clean Air Act continues to be a top concern of the governors. The Administrator will highlight new approaches to Clean Air Act implementation which will provide each state with a broader, more flexible set of options while preserving the standards and timelines of the Act. Similar to the mayors' meeting last week, this may get some press attention as a "new" approach to regulation following the elections.

Department of Agriculture

- **Food Safety:** USDA anticipates the announcement next week of its proposal to require that the nation's federally inspected meat and poultry plants adopt a science-based process control system, called Hazard Analysis and Critical Control Points (HACCP). HACCP is a process control system designed to identify and prevent microbial and other hazards in food production. The announcement of this proposal reflects significant reform of the meat and poultry inspection system, and the Administration's commitment to improve that system.
- **Annual Survey:** USDA is ready to conduct its annual survey measuring the financial condition of American agriculture and the cost of producing agricultural commodities. From February to April, USDA interviewers will ask farmers and ranchers nationwide to participate in the *Farm Costs and Returns Survey (FCRS)*. The FCRS is the only survey that examines both on-farm and off-farm employment among family farms. Policymakers use the survey results to assess the effects of foreign trade, the environment, energy and other issues on producers.

**PRESIDENT WILLIAM JEFFERSON
CLINTON
NATIONAL GOVERNORS ASSOCIATION
WASHINGTON, D.C.
JANUARY 31, 1995**

[Acknowledgements: Chair Howard Dean, who has very quickly become a respected leader on many national issues; and Vice Chair Tommy Thompson, who I worked with in 1987 in shaping the Family Support Act.]

Let me begin by underlining the critical nature of the financial problem we are facing in Mexico. This ~~potential~~ crisis poses great risk to the U.S. economy, to American workers, and to the world economy. And this problem poses these risks now.

It has become worse every day, since I asked for legislation two weeks ago.

Rather than face further delay, I told the Congressional leadership this morning that I will act, *under executive authority* and I have asked for their full support. We cannot risk further delay.

The situation in Mexico continues to worsen. *Yet the leadership advised me that while Congress might eventually act, it will not do so in time.* Because Congress cannot act now, I have worked with

other countries to prepare a new package: As proposed, it will consist of a \$20 billion share from our Exchange Stabilization Fund, \$17.5 billion from the International Monetary Fund. In addition, there will be a short-term lending facility of \$10 billion from the Bank of International Settlements.

Let me emphasize why this is in the interests of America. What is at stake are thousands of American jobs, billions of dollars of American exports, the potential of an even more serious illegal immigration problem, the spread of financial instability to other countries in the Hemisphere; in short, the health of our economy and the stability of our Hemisphere. These interests are all at stake in the Mexican crisis, and I will act to protect them.

The risks of inaction are vastly greater than the risks of decisive action now.

It is always a pleasure to be here. Last year Governor Campbell and I both lost our voices before our talks. I think you can tell from last week that I am now fully recovered.

74
Let me take a moment to re-emphasize the importance of the Mexican stabilization package we have offered. This is very important. It's in the interest of our working people and our economy. It's not a gift, foreign aid or even a loan. It is co-signing a note with good collateral. It's in America's interest, and I urge you to back it.

Our work to create a stronger partnership on behalf
of our people goes to the heart of what I call a

New Covenant of opportunity and responsibility --

~~of federal gov't and expand opport & which has
shifting more opportunity to states and demanding
that they take more responsibility to meet the
changing needs of our people.~~
*that they take more responsibility to meet the
when approp & give states opport to serve public better*

The system we inherited is based on distrust --
from an era when, let's face it, the states did not
always protect the interests of all our citizens. But
we know that times have changed, and that the
system we've inherited no longer works. We must
end it.

No Administration has tackled this problem with more energy or success than ours. And none has had a greater appreciation for the point of view of the states. I came to this office with a deep understanding for the challenges that states have working with the federal government. To build on that understanding, as part of our re-inventing government initiative Vice President Gore has talked to thousands of state and local government workers. They have been among the most helpful in shaping our re-invention blueprint.

And the message is loud and clear: They want us to stop the micromanagement, trust them to do their jobs, and hold them accountable for the results.

That's why we are creating a new federal government based on trust and accountability. You know better than anyone that a great deal of what our national government does is carried out by states, cities and counties. That's why we must change our relationship with state and local governments -- to trust them more.

I believe we must shift decision making, responsibility, and resources from bureaucracies in Washington to individuals and communities. Part of my job is to keep pushing the focus of the national government back to the grassroots of America -- where we can solve our problems more effectively.

We have begun our job by cutting the federal government. We have already cut over a quarter trillion dollars in spending, more than 300 domestic programs, and 100,000 positions from the federal bureaucracy. Those cuts will ultimately total more than 270,000, making it the smallest it has been since John F. Kennedy was President.

Cutting government isn't enough. We have to make it work better. And that's what we've done in countless ways. Examples:

- *Streamlined Agriculture Department, closing 1,200 field offices;

- *Moved FEMA from being a disaster to helping people in disasters -- working with private business, the ^{DOT} ~~federal government~~ helped rebuild Southern California's fractured freeways in record time and under budget;

- *Cut SBA loan form from an inch thick to a single page;

- *Cut the time it takes to get an FHA loan endorsement from 4 to 6 weeks to 3 to 5 days.

- * Procurement

- * PSGC

- * Gov Loans

Much of our work is just common sense. The Bureau of Reclamation used to require 20 people to sign off on building special fish ladders in Northern California -- taking three and one half years. The fish were dead by then -- but at least their ladder was approved. We cut out 18 approval layers and cut the time down to six months, in time for the fish to spawn -- to their great relief.

I've asked the Vice President in Phase Two of his review to continue to shrink departments. And we're making sure that the remaining government is economical and entrepreneurial, not bureaucratic and dictatorial.

One year ago this week I signed an Executive Order to encourage creative partnerships with the private sector in the ownership, financing, and construction of our infrastructure. I was responding to your insistence that you needed the same kind of flexibility that the private sector has when you raise the funds for major infrastructure projects.

Today, I am happy to say that Secretary Pena is announcing a series of 35 new infrastructure projects in 21 states. Relying on trust and accountability, we will mobilize nearly \$2 billion in investment capital to build roads, bridges, and other infrastructure.

And tens of thousands of jobs will be created this year.

We did this by adopting financing techniques that the private sector uses all the time. We wouldn't have any of these projects if we had followed the old rules that get in the way of innovation.

In the Budget I am submitting to Congress I will propose turning this approach into national policy -- by building "performance partnerships" with state and local governments.

We want to consolidate categorical funding and call on you to take responsibility for meeting performance standards.

Trust and accountability are the foundation of these new performance partnerships. We have to trust you, our partners, to make good choices in spending public funds. But even though you will have more flexibility to solve your problems, we must hold you accountable for how you get there.

I'm excited because this approach gives us a new opportunity to work together and move forward. On Saturday Governor Engler rolled out a list of 336 programs he wants to put into block grants. He didn't know it, but, next week, I will announce plans we have worked on for months to consolidate 271 programs into 27 performance partnership grants. There is substantial overlap between his proposals and mine, particularly in education, job training, housing and public health.

→ A lot of them
on Gov. Engler's
list -

In the new performance partnership for education and job training -- as part of our Middle Class Bill of Rights -- we will collapse 70 separate programs to make them more efficient and effective. This will be a G.I. Bill For America's Workers who need new skills to meet the demands of changing times. State and local governments will have broad flexibility to help meet those needs.

In public health, we will consolidate 108 programs into 16 performance partnerships. We will abolish a dozen environmental grants and give you more power to achieve environmental goals.

We will continue to combine 60 HUD programs into three. The federal government has worked one way for decades. Now it is time for these and other changes -- many of them drawn from your laboratories of democracy.

When America was founded, our Founders rejected government based on central control and distrust of the people. Our Constitution provides a few profound guiding principles. And it puts deep trust in the American people to use their common sense to create a shared vision -- not a centralized vision -- to give life to those ideals.

We must take advantage of this rare moment to
renew that idea. We must reshape the entire
relationship between the national government and
the state governments. The American people have
now voted twice -- in 1992 and 1994 -- for change.

Now for their \$:
They want ~~services like~~ better schools, *f* ~~tougher~~
safer streets *& cleaner environment*
~~crime prevention~~ and better roads -- but they want
greater *They don't want*
a say in how these are delivered and ~~they want~~
full gov't. So what can be done by local, priv
~~better value for their money.~~ I am committed to

getting that job done, *commit by Matt inter, Matt*
upon —

Together, we have accomplished a great deal.
We need you to stay with us on this. Next year we
will come back to celebrate another successful
chapter in our partnership.

Thank you very much.

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

January 30, 1995

1/31

MR. PRESIDENT:

Bo Cutter understands that Gov. Knowles is going to be an overnight guest tonight and wants you to see the attached memo on the issue of oil exports from the Alaska North Slope.

As you know, Gov. Knowles strongly supports exports. Senator Murray strongly opposes them.

Your advisors favor endorsing ANS export legislation, but are still trying to work with Sen. Murray to address her concerns -- which may or may not be possible.

For the present, Bo advises that you should refrain from making a firm commitment to Gov. Knowles about supporting exports.

Todd Stern

I am very
concerned about
Cutter's position
on the ANS
exports. State
Dept. should
be very clear
on this.

THE PRESIDENT HAS SEEN 1/31

THE WHITE HOUSE

WASHINGTON

January 30, 1995

95 JAN 30 P 7 : 48

MEMORANDUM FOR THE PRESIDENT

FROM: BO CUTTER *BC*

RE: Alaska North Slope (ANS) Oil Exports

All your advisors who have been working on Alaska North Slope (ANS) oil exports came together today to assess the status of the Administration's position on the issue.

Your advisors continue to believe that, from an energy and economic point of view, the ban against exports of ANS crude should be modified to permit the Commerce Department to issue export licenses for the oil. Political obstacles remain, however.

The purpose of this memo is to advise you of recent developments, recommend a response to Gov. Knowles, and ask whether your decision last year to support exports remains the same.

Legislative Status

Legislation to permit exports has been introduced by Sen. Murkowski, Sen. Stevens, and Rep. Young. The legislation stands a good chance of passage, and the Administration will need to take a position on it.

Although many Democrats, including Diane Feinstein, support permitting exports, other Administration allies, especially including Sen. Murray, remain opposed. Accordingly, your advisors are developing a set of criteria or principles regarding such issues as international trade, maritime labor, and environmental protection, which could be publicly released as the criteria that must be met for the Administration to support ANS exports.

DOE and the White House have been in close contact with Sen. Murray, whose principal concerns are refiner employment, maritime employment, environmental protection, and retail gasoline prices. In a conversation today with her today, DOE indicated that a final decision about the export issue has not been made yet, but suggested that the Administration would support an amendment to the bill making continued refinery employment a condition of granting an export license.

Recommendation

Your advisors believe that your Administration should go forward and endorse ANS exports legislation, subject to a set of principles addressing key environmental, maritime, economic, and other concerns. We propose to continue consultations with Sen. Murray and make every effort to address her concerns. Before that consultation process is complete, however, we urge you to **refrain from making a firm commitment to Gov. Knowles or others about supporting exports**. We believe, however, that it would be appropriate to indicate to him that we are working hard to resolve the concerns of West Coast Democrats. It would also be appropriate to assure him that when a final decision on this matter has been reached, it will be shared with him promptly.

Lastly, we would like to know whether your view of last year -- that exports should be permitted -- still holds.

Attachment

Sen. Murray's Major Concerns About ANS Exports

Following is a brief review of some concerns that have been raised by Sen. Murray, and others, about permitting exports.

Refiner Impacts and Gasoline Price Increases

Exports will lift AK crude costs to West Coast refiner/purchasers to world market levels. Those refiners' gross margins are 31% higher than the national industry average. While higher crude costs will reduce their margins somewhat, we believe the industry will remain competitive and viable. Will higher gasoline prices result? Higher Alaska crude costs will **not** be passed through in the form of higher gasoline prices because West Coast petroleum product markets are highly price-competitive, and there will continue to be plentiful supplies of gasoline available even after exports begin.

Impact on the Maritime Industry

The export ban has kept all ANS crude on Jones Act tankers (American-built, -owned, and -crewed). If exports were permitted, at least 85% of ANS crude would remain in the U.S., and therefore would continue to be shipped in Jones Act vessels. In addition, because, under your advisors' recommended approach any ANS exports would be required to be carried in U.S.-flag (U.S.-owned and -crewed) tankers, most maritime jobs would be protected. On the other hand, since higher ANS crude prices will stimulate more oil production in California and Alaska, ANS-related maritime employment is projected to be higher and to continue for a longer time than if exports remain prohibited.

Oil Spills From Foreign Tankers

West Coast refineries will continue to have access to ANS crude, though at a higher price than they have been paying. Accordingly, there should be no need for significant quantities of "replacement crude" coming in on foreign tankers to the West Coast. In any event, the Coast Guard has in place a rigorous tanker inspection program, which has been strengthened just last year, and, under the Oil Pollution Act of 1990, we have new, tougher safety standards. These programs impose all applicable U.S. and international maritime safety and pollution standards on foreign as well as U.S. tankers. Finally, under your advisors' recommendation, an environmental review -- including of tanker-related issues -- would be required before an export license for Alaska crude could be granted.

1-30-95

THE WHITE HOUSE
WASHINGTON

95 JAN 28 PM 2:27

January 28, 1995

Handwritten:
~~Not to be~~
~~used for~~
~~steering~~
~~committee~~

MEMORANDUM FOR THE PRESIDENT

From: Reta J. Lewis, Political Affairs

Re: Letters for Summit Steering Committee Members

The attached are letters of appreciation for members of the Summit of the Americas Steering Committee. The Steering Committee was comprised of business, community and political leaders who worked to make the 1994 Summit a tremendous success.

The letters have been divided into two categories:

1. Tier 1: Letters to personal friends and supporters for whom you may want to add a personal note of thanks. This category includes letters for Summit Co-Chairs Joaquin Avino, Marilyn Holifield, David Lawrence, and Jorge Perez--in addition to Summit Administrators Luis Lauredo and Susan Vodicka.
2. Tier 2: Letters for Steering Committee members who are not longstanding friends or supporters. You may or may not want to add personal notes to these letters. If you prefer, these may be auto-penned.

In addition, I recommend that you write personal notes to the following Florida leaders:

Governor Lawton Chiles
State of Florida
The Capitol
Tallahassee, Florida 32301

Lt. Governor Buddy MacKay
State of Florida
The Capitol
Tallahassee, Florida 32301

✓ The Honorable Art Teele
Chair, Metro-Dade Commission
111 NW First Street
Suite 230
Miami, Florida 33128

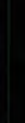
Page 2, Summit Correspondence

Mayor Steven Clark
City of Miami
400 SE 2nd Avenue
Miami, Florida 33131

We will complete letters for Honorary Chairs of the Summit next week, which includes many of Florida's state and local officials.

Thank you.

[REDACTED]



Surrey m. - Thur
Su m BC

UNITED STATES FOREIGN POLICY IN A CHANGED WORLD: THE NEED TO REVISE THE POLICY TOWARD LIBYA

The United States has for many years conducted a policy of direct confrontation with Libya. This policy was driven by many years of mounting evidence that Libya was the base for much of the world's acts of terrorism. The policy culminated in formal United Nations sanctions against Libya after international opinion adjudged that Libya was responsible for the bombing of the Pan American World Airways flight 103 in December 1988, resulting in the deaths of 270 persons, including 189 Americans.

The policy of confrontation has shown some success. The application of rigid sanctions has plainly injured Libya's economy and brought multiple hardships to its people. The isolation imparted to the country has also minimized the economic and political influence of its leader among Arab-speaking countries. As a result, Libya has in recent months taken an increasingly moderate path and affirmatively disassociated itself from terrorist activities.

Yet, the policy of confrontation has not resolved the Pan Am 103 controversy and, indeed, appears to have resulted in an unresolvable deadlock on that issue. Nearly six years after that incident, we are no closer to a resolution and the families of the victims are no closer to the restitution they deserve. It now appears that the only prospect for breaking the deadlock is an escalation of the confrontation through increased United Nations sanctions; but obtaining tougher sanctions in the United Nations appears difficult at this time, and a failure of such an effort would be a foreign policy embarrassment to the United States.

Moreover, there are strong factors that suggest it is time for the United States to reconsider its policy of confrontation. This paper discusses these factors and recommends a policy approach toward Libya which would resolve the Pan Am 103 controversy and likewise benefit other vital U.S. foreign policy interests.

I. Factors Suggesting the Need for a Policy Reevaluation

A. The Current Policy Cannot Achieve the Desired Objectives

The current U.S. policy of confrontation initially had multiple objectives. The sanctions and isolation were designed to force Libya to produce the accused perpetrators of the Pan Am bombing for a trial in the United States and also to eliminate the physical circumstances conducive to the country's participation in terrorist activities. In addition, it was clearly an objective of

the United States to encourage political unrest inside Libya designed to overthrow the rule of Libyan Leader Moammar Qadhafi.

After years of rigid sanctions, however, only a portion of the initial objectives have been achieved -- i.e., the elimination of terrorist activities. It appears clear that sanctions have no prospect for eliminating Qadhafi from office. More important for the purposes of policy, it is also clear that sanctions will not force Libya to produce the accused for trial in the United States.

The reasons why Libya cannot acquiesce in producing the accused for trial in the United States are several. First, there is no legal basis for the surrender as the United States has no extradition treaty with Libya, and the Montreal Convention, to which Libya is a party, permits it to retain jurisdiction. Second, to surrender the accused in the circumstance would be an act of national humiliation. Third, any effort to surrender the accused by Qadhafi would be political suicide, as the accused are part of one of the political families that control the country's leadership, and the family is convinced that there is no hope for a fair trial in the United States due to the degree of negative publicity on the subject.

Accordingly, the circumstances dictate that no degree of increased sanctions is likely to result in the Government of Libya producing the accused for a trial in the United States. Countries participating on the United Nations Security Council are aware of these circumstances. Many of these countries are loathe to increase the sanctions because of this, and also because of the business impact on their domestic economies. For this reason, the United States and the United Kingdom have become isolated on the issue of sanctions against Libya, and it is unlikely that the Security Council will be moved to vote for an increase in sanctions at this time. For these reasons, it appears significantly improbable that the current policy would lead to any further achievement of the original objectives.

**B. A Trial in the United States of the Pan Am Accused
In Absentia Would Present Significant Risks for
Enforcement**

On November 13, 1991, the U.S. Government indicted the two Libyans accused of the Pan Am bombing. Should the two fail to appear for a trial in the United States, any resulting conviction in absentia would suffer in credibility in the eyes of the international community. In many respects, it would expose the Government of the United States to the worst possible scenario -- i.e., having to consider taking the harshest of measures, including military action, to enforce a criminal punishment against Libya.

The civil class action for damages recently filed by one of the families in the federal court in the District of Columbia poses

a situation just as stark. A determination of class liability in absentia by the federal district court would have less than strong international credibility. It would, however, place the Government of the United States in the same difficult posture regarding consideration of measures to enforce the determination of liability.

Accordingly, any judicial determination in the United States without the presence of the accused or the Government of Libya as defendants would run the risk of making the Government of the United States look weak if it failed to take strong action to enforcement the judgment. But actual enforcement, which most likely would have to be conducted through military means, would expose the United States to significant international and domestic criticism. Thus, a trial in absentia would be of little, if any, assistance in the achievement of the U.S. objectives under the current policy, and would instead expose the United States to substantial criticism.

C. A Conciliatory Policy Could Have Profoundly Positive Impact on U.S. Relations with Other Arab Countries And Minimize the Rise of Islamic Fundamentalism

A significant world problem is the current rise of Islamic fundamentalism as a violent political movement. Chancellor Helmut Kohl calls it the "major threat" to Europe today, and its impact on U.S. interests are as great as those of Europe. The U.S. policy of confrontation with Libya is fuel for the fundamentalists' contention that the U.S. is the "evil empire", and a conciliatory approach to Libya would provide great impetus to refute the rise of violent fundamentalism among the Maghrib countries of North Africa.

The rise of Islamic fundamentalism has very little to do with Islam; but it has very much to do with politics. The fundamentalists came to power first in Iran, and Iran has been the funding and organizational source for the violent movement ever since. They have funded the Hezbollah in Lebanon, Hamas in Palestine and other groups in Algeria, Egypt, Jordan, Iraq, as well as other countries. Muslims are involved in confrontations all around the world, for varied and differing reasons. The fundamentalists have taken advantage of this turmoil to push, under the guise of fundamentalist religious objectives, for political upheaval. The goal appears to be the fall of democratic regimes in the Middle East, North Africa and Egypt, and the replacement with regimes similar to that in Iran.

It is clear that Algeria, on the west border of Libya, is the focal point of the fundamentalist movement today. Many observers, including The Economist, deem it highly probable that the government of Algeria will collapse and be replaced by a "singularly intransigent bunch of Islamic rebels, fundamentalists

of the most bloody-minded sorts." (Aug. 6, 1994, pp. 5-6). These observers predict the impact will be to spill over into other parts of North Africa, particularly Tunisia, Morocco, and Egypt, and to the Middle East, particularly Saudi Arabia, as well.

The effect of this rise in fundamentalism will be felt directly in the United States. Many of these governments already have anti-American indignation from what they view as long-standing anti-Arab and exploitive policies of the United States. The rise of fundamentalism will surely bring an exodus of nonfundamentalists to those countries and increase the potential that the United States will be the victim of long-held resentment through retaliation in trade and terrorism. The spectre of a series of new Irans in North Africa and the Middle East is sufficient to warrant a reconsideration of policies that fuel that potentiality.

Interestingly, Libya is one North African country which has faced no significant rise in fundamentalism. While Libya has suffered under the United Nations' sanctions, it is still a formidable force among the Maghrib countries. Its economic and military presence would provide a strong buffer to the eastern spread of fundamentalism from Algeria toward Tunisia and Egypt. It could prove a powerful influence over the rise of fundamentalism should the United States approach Libya with a conciliatory posture rather than a continuation of the confrontation policy. Moreover, an affirmative change in Libya policy by the United States would signify to the Arab world in the most vivid way that the U.S. in this changed world is not bound by the status quo and its prior conception of its vested interests, but is willing to review old perceptions and revise the premises on which foundations of thought and new relationships are built.

D. The Sanctions Against Libya Have A Disproportionately Negative Impact On U.S. Businesses

There is considerable and plausible argument to the effect that economic sanctions are a questionable tool for the achievement of foreign policy objectives. There is adequate reason in the application of sanctions against Libya to believe, however, that the sanctions have effected a change in Libya's outlook toward activities that aid or abet terrorism. To that extent, the sanctions have achieved meaningful success in terms of obtaining one of the significant goals of the United Nations. As discussed above, however, there is considerable doubt that the sanctions can be expected to achieve the other goals sought by their imposition.

A factor in evaluating the continuation of the sanctions is whether the benefit exceeds the cost. A significant cost to the United States is the extent to which U.S. business opportunities are disproportionately lost to foreign competitors. Because the U.S. Government has placed rigid sanctions on Libya that most other allies have not placed, U.S. businesses have lost billions of

dollars in Libyan opportunities. In addition, while the U.S. Government rigidly adheres to the letter of the U.N. sanctions placed, other countries adopt a posture of winking at those sanctions and permitting their businesses to proceed discreetly with business as usual. Once sanctions are lifted, foreign competitors to U.S. businesses will already be present in Libya and will have networks and distributorships already in place. Continuation of the sanctions will inure to the great detriment of U.S. business and the jobs that are attendant to that business.

E. A U.S. Reconciliation With Libya Can Provide a Significant Impact on World-Wide Terrorism

The recent tensions concerning the capability of North Korea to produce nuclear weapons brought reemphasis to the continuing dangers in a world of technological advancement. The emphasis in that situation was on the United States' power to restrict the supply of nuclear weapons. Just as important as dealing with the supply of such weapons, however, is the need to deal with potential "rogue" countries in curbing demand. A conciliatory approach to Libya, bringing Libya back into the community of nations, would be a significant policy achievement toward world peace and should be explored just as fervently as attacking nuclear-weaponry supply.

Importantly, Libya's desire to return to favor in the international community has caused it to send emissaries to its allies stating its willingness to participate in significant ways with the United States and other nations in renouncing terrorism and in adopting measures to both curtail terrorism and also to provide restitution to the victims of terrorism. The authors of this paper have directly been apprised of specific steps Libya would be willing to take in this respect.

Accordingly, a reconciliation with Libya and an adoption of a conciliatory resolution of the controversies between the two countries offers a significant opportunity to make inroads into world terrorism. The outline of such a conciliatory resolution is provided below.

II. A Proposal for a Conciliatory Approach to Libya

A proposal for resolving the differences between the United States Government, the United Nations and Libya must recognize the essential needs of the respective governmental organizations. We believe the proposal outlined below will provide an honorable resolution for all governmental organizations, will lead to a prompt resolution of the Pan Am 103 question as to the liability of Libya and restitution of the families of the victims through Libya, if it is found responsible for the bombing, and provide a framework of foreign policy benefits that inure to the positive interests of the U.S. Government in many significant respects. The proposal is as follows:

1. Upon agreement with the full terms of this proposal, the Government of Libya will perform the following:

a. Produce the accused for a criminal trial to be conducted at the Hague before an impartial tribunal convened pursuant to the rules of the World Court, with the prosecution to be conducted by those appointed by the authorities of the Governments whose citizens were victims in the Pan Am 103 bombing;

b. Provide as an act of good will the sum of \$1 billion (U.S.\$) to be allocated to the families of the victims of the Pan Am 103 crash in a manner to be determined by the authorities of the Governments whose citizens were victims in the bombing;

c. Provide an additional sum of \$1 billion (U.S.\$) to be held in escrow under the control of the United Nations and which also shall be allocated to the families referenced in paragraph b should the criminal trial find that the accused, in collusion with the Government of Libya, were responsible for the bombing that caused the death of the victims, and which sum shall be reverted to Libya in the circumstance of an acquittal;

d. Provide a public statement of renunciation of terrorism;

e. Provide an agreement with the Government of the United States to participate in a continuing fund available to provide compensation to the victims of terrorism;

f. Provide a confidential agreement with the Government of the United States to assist in identifying and stopping terrorism;

2. Upon agreement with the full terms of this proposal, the Government of the United States will perform the following:

a. Recommend and affirmatively argue in good faith to the United Nations that the sanctions against Libya be lifted in their entirety upon the presentation of the accused for trial at the Hague;

b. Recommend and affirmatively argue to the families of the Pan Am victims the acceptance of this proposal as a basis for the dismissal of the class action and other litigation involving the Pan

Am 103 bombing, and agree to intervene in any such present and future cases if necessary to argue that the cases be dismissed pursuant to the public interest in accepting this proposal;

c. Agree to have the criminal case against the accused and Libya conducted as described in this proposal;

d. Within 10 days after the production of the two accused for the trial at the Hague and the deposit of the two \$1 billion funds as described in this proposal, whichever date is the later, release all assets of Libya frozen in the United States;

e. Upon satisfactory agreement with Libya concerning the agreements referred to in paragraphs 1 e and 1 f above, terminate all sanctions against Libya by the Government of the United States and reinstitute normal diplomatic relations between the two countries.

The Anniston Star

THE PRESIDENT HAS SEEN

"Alabama's Largest Home-Owned Newspaper"

1-30-95

Office of the Editor and Publisher

November 9, 1994

The President
The White House
Washington, DC 20500-2000

Fishin
Reading this with
the Dubalies suggestion
gives me some ideas that
we and on marketing
group and to draw

Dear Mr. President:

Josie and I have been grieved by the unfair savagery of attacks on you (I'm sure you've seen my Op-Ed, enclosed.) But, in the months since we last corresponded, your energetic and buoyant optimism has been a source of support to your friends. You and Hillary are amazing.

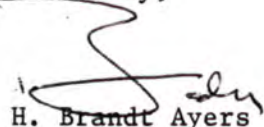
BC

I am enclosing a memo which makes a picture of the America that would emerge if either of two fundamental policy directions are chosen. One way leads to Brazil--the rich few in a sea of desperate poverty. The other leads to the America we remember--only better. It calls for a mobilized citizenry with hands-on responsibility for helping bring to life the America we want. Its emphasis is on citizenship--the act of suppressing one's own desires and interests for the nation's sake.

The memo also suggests ways to hasten the public perception already forming of a "New Clinton"--not new, of course, but a more bipartisan, cooperative, decisive, dignified and focused President, one who is more in touch with local concerns and who seeks to restore the bonds of trust which hold a democracy together. At bottom, the memo argues that the country is gripped as much by a crisis of the spirit as by a crisis of policy.

Instead of a White House Conference, it calls for a series of regional summits to get grassroots involvement in specific policies that support your vision of how America should look and feel in the 21st century.

Cordially,


H. Brandt Ayers

HBA: bjh

Enclosures

cc: Mrs. Hillary Rodham Clinton
The Vice President
The Hon. Leon Panetta

MEMORANDUM

To: The President
 From: Brandt Ayers
 Subj: The "New" Clinton and the Story of America.

I The Current Situation

Your friendly, compassionate, open-minded, unpretentious nature made it difficult in the first 18 months for you to perform some of the roles we want, need and hope for our President to fill in our name. (You are us writ large). Those roles include: Chief of State, Soul of the Nation, Decisive Commander, Chief Actor, Chief Administrator and Disciplinarian, and Curator/Pastor of American Values.

In recent weeks, you have enlarged the Office. Your appearances have been rationed. The formal press conference -- where you are superb -- has replaced town meetings which diminish the ceremonial, symbolic roles we need to see in the Chief of State. You have been active, decisive, dignified, and the polls are registering approval, but they haven't risen much at my local parliament, the Courthouse Barber Shop.

II The New Clinton

Before your State of the Union Address, various members of your administration need to call to the attention of influential reporters the emergence of -- if not new -- a more focused and bipartisan President. I am indebted to Dick Neustadt, the presidential scholar, for suggesting "the New Clinton" as a concept that will get favorable air and ink.

We'll have to admit that the '93 model needs a new coat of Gravitas. Nothing repels slime flung by the professional haters like Gravitas. It goes without saying that the perception would have to be matched by reality -- frequent meetings with the new Congressional leadership and consideration of a Republican in the cabinet, a Henry Stimson-type.

III The Picture-Story of America

In the '92 campaign, you framed the basic policy objectives this way: "We've got to grow the middle class and shrink the underclass." In your '95 State of the Union Address, tell us how an America with a growing middle class looks and feels. Contrast that with what we fear, what I call (but you can't) the Brazilian Option -- an America in which the Underclass

becomes the majority. The crossroads we have reached lead to one or the other vision of America.

What we want is an America like the one in which we grew up -- an America whose hometowns, schools and neighborhoods were friendly, safe, family-and-church-centered places. It is within our power to recreate that kind of America in the next century -- a modern America with community and family values, but where the workplace is more challenging and creative for those who master the new technology.

If we fail to concentrate on the economic and educational and value issues that will recreate the America we want, we will inadvertently build an America in the next century which looks like the feudal societies of the last century: A wealthy elite living in elegant prisons surrounded by forests of razor wire and armies of private security guards to protect them from the menace of an angry, poor majority which grows larger and more desperate every year.

To describe the current condition, give us a picture of three families in a tree-lined middle-class neighborhood. There is confidence about the future in the family where the bread-winner brushed up his academic and technical skills at the local comprehensive community college. Next door, there is anxiety, because neither husband nor wife has more than a high school degree. Their wages are static; their living standard is declining and their future is bleak. The third house is for sale. That's where the family of the house painter, a high-school dropout, used to live.

But the point is: We can choose. We can take control of our future and make the story come out as we would like for it to end. There is reason for hope, if we make the right choices.

IV Growing Middle Class: A Citizen/Government Partnership

A principal objective of everything I am suggesting is the revival of a sense of Citizenship, the act of suppressing one's own desires and interests for the good of the country. We need to be reminded what the term citizen-patriot means. It means both *pluribus* and *unum*. Today, we have too much pluribus and not enough unum, but citizenship and patriotism are the opposite of the Balkanized battle of the host of special interests which clog the machinery of government with their non-negotiable demands. There is no black or white, no Republican or Democrat, no conservative or liberal to the feelings of patriotism, to acts of citizenship.

A. Citizen Summits: Getting People Engaged

When citizens are mobilized throughout the nation, as in a war, they become thoroughly engaged and aware of the significance of the activity. I propose a series of well-prepared regional summits that focus states and communities -- from the governor's office to local chambers of commerce and churches -- on ways they can participate in building the America we all want to see.

1. Next Start.

Local chambers of commerce all over the country have spearheaded "Adopt A School" programs. But it isn't the building that needs to be adopted; it is the children -- especially the children at risk.

One idea for involving people at the local level in shrinking the underclass is what I call "Next Start." Both the executives and employees of the adopting business or industry would be mentors to children at risk in their adopted school -- someone to look up to -- for a couple of hours every week. Most importantly, the CEO would begin by making a contract with the children. Backed by federal government guarantees and existing scholarship programs, the CEO would tell every child that he guarantees they will go to college -- if they stay out of trouble and do their best work.

In the beginning, only industries that have adopted elementary schools would be involved, but eventually middle schools, junior and senior high schools would be phased in. This entire program could be coordinated by one additional employee at the chamber of commerce in a county the size of my home county, Calhoun County, whose population is about 120,000. The vast and underutilized charitable funds raised by churches might also be used to supplement the program. Lay men and women might treat children at risk who have behaved and done their work to attractive field trips. Contact with adults who have abiding religious faith might be the only moral role model those children see.

How to pay for the program? Because it relies heavily on volunteers, it wouldn't be expensive to administer. But the federal guarantee of scholarships for underclass boys and girls who earned them would be expensive. However, my guess is that the appeal of the program would be such that you could get bipartisan support for tailoring and diverting Title I money into a trust to support the scholarships.

2. Local Career Training Councils

Another extension of your welcome emphasis on public-private partnerships might be refined at the series of Regional Summits. That is local Career-Training Councils. Based loosely on the German

Apprenticeship program, it would provide a valve to fine-tune the training programs initiated by Bob Reich, but closer to the workplace.

The council would be staffed by the chamber of commerce, as in the German apprenticeship program, whose members would represent business, education and employees. The mission of the council would be to conduct a continuing audit to insure that there is a seamless system from tech prep to community college to senior college to the workplace; that training is for real, existing jobs with state-of-the-art technology; and to upgrade skills for currently employed men and women in a constantly changing workplace.

3. Restoring Patriotism, Religion and Values to Schools.

Finally, the spiritual emptiness so many of our people feel needs to be filled with the great language of our history, with a restoration of the study of the role of religion in shaping our nation, and agreement on certain bedrock values which ought to be taught in public schools. Participants in the Regional Summits would be encouraged to help achieve this process of spiritual renewal, consistent with rulings of the Supreme Court.

In a footnote to Justice Hugo Black's so-called Prayer Decision, Engel v. Vitale, he noted that nothing in the opinion should be construed to prohibit the recitation of patriotic statements or songs in which the name of the Almighty is invoked. Imagine the affirmative psychological effect of every school day beginning with a reading from the rich language of democracy.

There is no strong ideological difference between bedrock values -- the 10 Commandments, fathers deserting their families, children having children -- but how do parents want these values taught in school. The summits would provide answers to that and how to revise curricula that restores the central place of religion in our history and culture.

V. CONCLUSION: "AMERICA RESTORED"

"America Restored" or "American Restoration" are the only synthesizing phrases that come to mind. But I hope these thoughts are helpful in the process of thinking through ways to lead a Republican Congress. I am confident that, if the Republicans balk and turn us toward the Brazilian Option, you will have not only a sound, but a righteous cause to take to the people in 1996.

If I can be of assistance in any way, please call on me.

The Death of Civility

By H. Brandt Ayers

WHEN the House Banking Committee begins its Whitewater hearings on July 26, Congressional decorum will spread a patina of civility over hatred of unprecedented violence being directed at the White House. Though the animosity toward President Clinton is a gauge of the many anxieties people feel, it may damage the Presidency itself.

Richard Neustadt says in his influential "Presidential Power" that the President's chief weapon is the power to persuade. But when partisan zealots turn up the volume of financial and sexual innuendo so loud that serious talk is hard to hear, an essential power of the Presidency is neutered.

The Media Studies Journal, a scholarly publication, finds that "a pattern of sensationalism and scandal-mongering is sweeping across virtually all the electronic media and infecting even traditional print outlets." The uniquely "savage nature" of this media comment, it says, "could weaken our role and effectiveness as the world's only surviving superpower."

If Mr. Clinton is to be a transforming leader, he has to find a way to use the bully pulpit of the White House to overcome the national malaise.

That distress includes the feeling many sincere Christians have that the nation has abandoned God and embraced moral relativism — open

homosexuality, abortion, illegitimacy and R-rated movies and TV. (The unsubstantiated allegations of sexual misconduct by Mr. Clinton are nothing but a red herring.)

Most of these concerns are beyond the pastoral powers of any President, but Mr. Clinton can relieve one source of distress: the banishment of religion and its values from public schools after 1962, when the Supreme Court, in *Engel v. Vitale*, outlawed Government-imposed prayer.

A results-oriented White House conference on restoring to schools the study of religion as part of the American Experience and the study of consensual American values could help fill the spiritual void. Such programs would not contravene the separation of church and state.

Tabloid TV, talk shows and televan-

gelists' broadcasts, which carry the anti-Clinton infection, are a relatively new form of media. They are especially virulent because there is no longer a fairness doctrine requiring balance. In fact, most rules of civility are obsolete — anything goes. The well-financed personal industries dedicated to destroying Mr. Clinton feed the new media, which hijack legitimate networks and newspapers.

Among those out to get him are the Rev. Jerry Falwell, who sells videotapes that even accuse him of murder; the Christian Coalition, run by the failed Presidential candidate Pat Robertson; Floyd Brown of Citizens United, whose talk show and newsletter, *Clintonwatch*, attack Mr. Clinton obsessively; Randall Terry, the founder of Operation Rescue; Cliff Jackson, the source of most sleaze

Hatred threatens Clinton and the Presidency.

stories about the President; Rush Limbaugh, most of whose daily three-hour radio and half-hour TV show attack the President; Reed Irvine (*Accuracy in Media*); the *America Spectator* magazine and the Conservative Coalition.

Michael Novak, a neo-conservative theologian, isn't troubled. "Liberal can't take it," he said. He right points out that liberals have their own armies, from People for the American Way to civil rights organization who didn't cheer Ronald Reagan when he swarmed all over conservative terms such as Judge Robert Bork with a vengeance. However, none investigated the sexual and financial past of President Reagan or Judge Bork

Even Mr. Novak softens when asked if his hero Ronald Reagan, could have ducked the new media's artillery. Imagine "Gerald," "A Current Affair" and "Har-Copy," followed by CNN and The Washington Post, investigating Mr. Reagan's adventures among starlets before, during and after his divorce or any conflict of interest in his relationship with the wealthy old men who groomed him for office.

"Private life should be ruled out of bounds," said Mr. Novak. "People whose private lives, in a Christian sense, have not been of the highest standard have made significant contributions to the common good."

Most Presidents have been intensely criticized. Huey Long and radio demagogues of yesteryear, Father Charles Coughlin and the fundamentalist Gerald L. K. Smith, mixed a poisonous stew of fascism, populism and anti-Semitism to undermine Franklin D. Roosevelt.

Arthur Schlesinger Jr., the historian, thinks that today's media landscape is different. He said: "Press coverage of the private sexual life of the President has a salience that is new, but every President who stands for change is hated — beginning with Thomas Jefferson."

Everette Dennis, director of the Media Center at Columbia University, is astounded by the casual arrogance among TV reporters. "There's open contempt for the Presidency with TV reporters saying on the air what they like and don't like — as if their opinion mattered," Mr. Dennis said. And in an interview, Mr. Neustadt called the White House press "obnoxious, arrogant, pampered and self-important baby-boomers."

Republicans may see temporary advantage in Mr. Clinton's torment. But everyone has an interest in satisfying the national yearning for values and bringing the anti-White House industry to heel, if only because the monster it feeds has no brain or soul. It can turn against anyone — including, say, a President Bob Dole.



H. Brandt Ayers is editor and publisher of *The Anniston Star*.



Sue Coe

Evolution
This is a good example
of what we can do -
B

**A Vision for America's Future: Growth, Jobs, and a Renewed
American Dream**

We live in an era of enormous change. We've seen the downfall of old adversaries and the rise of new economic competitors. We have witnessed the demise of communism as freedom and democracy fill new nations with hope. A new competition has emerged in the form of a global marketplace, and able competitors from around the world are fighting for a share. New technology is racing ahead at a breath-taking pace, with each advancement more dazzling than the last. And, in the wake of these forces, the way we live and learn, the way we work and play is being forever transformed.

Our challenge is to prepare for the 21st century economy. We must create a life-long learning system for all Americans; we must increase our rates of savings and investment; we must build a world-class technological infrastructure for innovation; and we must open world markets to American products and services.

First the good news. The 21st century will be a time of untold economic opportunity. The bad news is that the changes taking place are challenging. Ask almost any American, they can sense the changes taking place. But history has shown time and time again that no nation is more adept at turning change to its advantage, a strength that allows us to renew the American Dream.

The Good news about Change

I believe the anxiety Americans are feeling today is deeply tied to the powerful changes taking place. Just consider them ... global competition, technological innovation, and the changing nature of work.

Globalization

Our future is with the global economy. The American economy as we knew it twenty years ago is gone. When I was in my 20s, American companies focused on customers and competitors down the street or from another state. Now our companies compete around the world, and foreign companies do business in our own backyard.

At first, many American companies weren't ready for global competition. Many were battered, lost sales and markets. We saw padlocked factories and job layoffs in industry after industry.

But, American companies got the message. They improved quality and cut costs. As a result, many of our companies are competing and winning against some of the world's best. Our auto industry has rebounded. The U.S. semiconductor industry has wrested back global leadership from the Japanese. And a new generation of entrepreneurs--cut from the same cloth as American legends like Andrew Carnegie and Henry Ford--have built new companies, new industries, and a service sector booming with good jobs.

The future has never looked brighter for American companies to expand their sales. World markets are growing, and free markets are rising from the ashes of communism in China, Russia, and the Eastern Bloc countries. In the next twenty years, developing countries will spend trillions of dollars on sewers, roads, buildings, health care, telecommunications, and consumer products, and Americans stand ready to capture our share of that business.

The future is global, and we must embrace it.

Technological Innovation

Another major force shaping our future is the unprecedented pace of technological change. Today, you can hold in your hand an advanced calculator that has more computing power than roomfuls of computers NASA used to put a man on the moon. Nothing has more power to improve the quality of our lives. And, nothing contributes more to economic growth or success in the global marketplace.

Technology serves as the springboard for new industries and for advancements in every sector of our economy. The computer industry, which did not exist in 1950, today employs more than 1.5 million people, brings in revenues of \$350 billion each year, and has given birth to a productivity revolution that has affected the entire economy.

New technology isn't just for big business. Thousands of middle class Americans have used technology to start new businesses, something that has always been a part of the American dream. Take Wendy Rickard, who owns a small "virtual

company" that produces magazines and marketing brochures. Only Wendy, her assistant, and a part time employee actually go to the office. The rest of the team "telecommutes"--an art director from Arizona; editors from Florida, Georgia, and Michigan; and free lance writers from all over the country. The team works together on personal computers connected over today's information highway, as if they were in the same office.

The Changing Nature of Work

Millions of Americans are being touched by another revolution--the dramatic changes in the way we do business. We're using new technologies to perform at ever higher levels, and the kinds of skills and knowledge needed to work in today's factory or office were once unimaginable.

In the past, communications were stifled by layers of management, and decision-making was slowed by red tape. Today, if someone in the company wants information, he or she just taps into a company data base. Everyone in the company can know as much as the Chairman of the Board. And, computer systems let retailers check the status of a customer's order in minutes, or quickly determine which products are hot and which are not.

These new approaches are helping companies cut costs, improve quality, reduce time-to-market, and respond flexibly to changing customer demands and competitive conditions. Computer-aided design helped Chrysler develop the popular Neon in a record 33 months.

Companies aren't the only ones changing. Today's front line workers are more likely to learn new skills and advance to a better job. Take Larry Hanson. He worked for 30 years as an assembler with Allen Bradley, but after some college-level training, he now runs the company's production lines.

The Challenge of Change

Overall, these changes have been good for companies, good for workers, and good for the country. I see the results myself as I travel around the country. I see an America hard at work. Growth is up, and unemployment is down to its lowest level in four years. Nevertheless, these new forces have not come without pain. Many companies are downsizing, and the fear of losing a job is very real

for many Americans. Millions of middle class Americans continue to experience only downward mobility. Many of our young people are disillusioned and, for many in our inner cities, economic opportunity seems out of reach.

This isn't the way it's supposed to be in America. Americans have always had a deep belief in the American Dream: If you work hard and play by the rules, you will get ahead. The contract said: get a good education, get a job, work hard, and you'll be rewarded-- a home, a car, a better life for your children, and secure retirement. That was once the bargain. But today it seems as if that old bargains have been breached.

How can we rekindle this belief? First, let me make one point clear: we cannot move forward by looking back. World commerce will move forward with or without us, because other nations are eager to generate wealth and opportunity for their citizens. If we don't play hard in this game, our leadership will be relegated to a page in the next century's history books.

Americans have faced and conquered challenges before. We brought an end to two world wars, and made it through the Great Depression. We put a man on the moon, and won the Cold War. We should all draw courage and confidence from this great American legacy. I do. America is still the world's greatest economic power. There is no limit to American ingenuity, and no challenge we cannot overcome if we move forward together with a common vision for our future.

The Administration's Promise

From the first day of my campaign, I have talked about what we must do to succeed in this new era. Our vision twenty years from now is one of a United State's economy sustained by growth, creating economic opportunities for all Americans. The success stories of the 21st century will be built on the farsighted actions of today and tomorrow. Our bridge between yesterday's economy and tomorrow's is built on four pillars: People, Investment, Innovation and Open Markets.

PEOPLE

Ultimately, our future rests in the hands of our people because the new economy is a thinking economy

We cannot build a strong and stable economy on low skill jobs that can move around the world in search of the lowest wage rate. That is why my Middle Class Bill of Rights provides the opportunity for a life-time of education and training. My proposal for an education tax deduction will help ease the financial strain on our families, students, and workers who are preparing themselves for the future and productive roles in our society.

Learning must become our way of life. And, we must start at the very beginning--working to make every child ready to learn when he or she first walks into the class room. Readiness to learn is just one of the national goals we have set into place with passage of the Goals 2000: Educate America Act. This act will establish world-class standards for what every child at every American school should know. Our intent is to make American students the best educated in the world.

Seventy-five percent of America's young people do not achieve a college degree and many are not equipped with the basic academic and occupational skills businesses demand. Our School to Work Opportunities Act will encourage the development of a national network of school-to-work systems to help students make the transition from school to their first good job.

And finally, in this era of change, our workers must be able to move easily from one job to another without sacrificing their personal economic security. My team is working to make sure that health insurance and pension benefits are something you can take with you--rather than forfeit--when you take on a new job and a new challenge. We are also working to end welfare as we know it, so that the poorest Americans can--through hard work and education--move from welfare to work, and into the middle class. We need everyone on America's team.

INVESTMENT

Building a strong economy requires investment--in new technology, in plants and equipment, in worker training, and in business expansion. Our plan will keep interest rates down and free-up capital for private sector investment by reducing the federal deficit and reinventing government. The plan has already reduced the deficit by \$____, and will cut the deficit by \$700 billion over five years.

The plan is working: interest rates still remain at their lowest level in ____ years,

business investment is at its highest level since the end of World War II and inflation is at its lowest annual rate in a decade. These investments will pay-off handsomely in the form of higher productivity, more competitive companies, new jobs, and more secure employment for the American people.

Private investment drives competition and growth. For example, two-thirds of all manufacturing jobs created each year originate in plants that have invested and subsequently grown by 25 percent or more in that year alone. The basic lesson is clear: Our economy is only as strong as the best firms that populate it. That is why we worked hard to win Congressional approval for a three-year extension of the R&E tax credit and a targeted capital gains reduction for investments in small business.

We are Reinventing government in an effort to reduce its size but increase its efficiency and effectiveness. In the past two years the federal workforce has shed 100,000 jobs and we are well on track to making it the smallest federal government since President Kennedy was in office.

INNOVATION

Technological innovation is the engine that is driving the global economy, and the United States must remain the world's leader in innovation. A recent study by the Commerce Department revealed that firms which use advanced technologies are more productive, pay higher wages, offer more secure jobs, and increase employment more rapidly than firms that do not. Rapid and continuous improvements in products and the techniques to manufacture and bring them to market, as well as efficiency gains in the service sector are directly tied to innovation.

Our administration is committed to taking actions that foster innovation in the private sector and to funding a portfolio of efforts that create innovation. These include discovery of fundamental new knowledge, basic research, industry-led technology partnerships, rapid deployment and commercialization of civilian technologies, and funding for the technology infrastructure necessary for the 21st Century.

While most innovation comes from the private sector, government must maximize opportunities for private businesses to innovate--by pursuing policies that encourage investment in technology and by reforming regulations to give our

companies and workers elbow room. Government must work as a partner of industry to promote innovation. We must work to set the stage for this growth, by listening to industry when we set government policies and priorities, when we make key investments in infrastructure and research.

Our whole philosophy of public-private partnerships can help our nation meet challenges that go beyond a single company's or even a single industry's ability to address them. In the absence of adequate private sector investment, government investments can foster technology-based growth that might not otherwise occur. That is why we have teamed with the private sector to develop a whole array of high-risk leading-edge technologies that will serve as the building blocks for products and services in the decades to come.

We're not going to step into the private sector's business, make decisions best left to companies, or subvert market forces to the detriment of efficiency and competition. That is not what our public-private partnerships are about. Our technology initiatives look to industry to define the most promising fields of research and to match federal funds. And, our programs are merit-based, because we believe competition brings out the best ideas.

OPEN MARKETS

Open markets--both foreign and domestic--to U.S. businesses are essential if the United States is going to succeed in the new economy of the 21st Century. This requires fair rules that foster free trade.

We have worked hard to create the global opportunities that lead to jobs at home. We won the fight for NAFTA and GATT. And, NAFTA is doing just what it was designed to do: stimulate economic activity. In the ten months since NAFTA took effect, our exports to Mexico have jumped 18 percent. Sales are up \$9 billion, resulting in about 100,000 new American jobs. And, the benefits of GATT will be perhaps twenty times greater than NAFTA, boosting the U.S. economy by \$100 to \$200 billion in ten years, creating hundreds of thousands of new jobs, as well as saving U.S. consumers hundreds of dollars a year in lower cost goods and services.

But our commitment to free trade didn't stop with NAFTA and GATT. The Summit of the Americas has set the stage for open markets throughout the Western Hemisphere. And I firmly believe that economic expansion and a rising

standard of living will sweep through all of the Americas as a result.

My team has also worked to promote American products and services to overseas customers. When foreign government contracts have been at stake, we have made sure that our exporters had an equal chance. I have made some of those sales calls myself. Working together we have garnered billions of dollars in export sales and kept tens of thousands of American jobs.

Renewing the American Dream

America has moved into a new era--one that is very different from our past; one that has brought us both opportunities and hope, and strife and uncertainty. We see it, we feel it, we are beginning to understand it, and we know that the choices we make today will shape our future.

Our challenge is to find new ways to put our assets to work for us, ways that are guided by a new vision--not one grounded in the past, but one that reflects the competitive realities of today and the challenges of tomorrow. America's vision has to be about change--change in our workplaces and our businesses, change in how we manage our technological resources, change in our institutional relationships, and change in how government carries out its responsibilities.

The individual ingredients for our success are People, Investment, Innovation and Open Markets. Together, they form the basic equation for us to win in the global economy.

America has always had a special place in the world; our abundant resources, our economic success, and the values on which our nation is built have given us a responsibility to lead. The world looks to us as the guardians of freedom and democracy, as the pioneers in the new frontiers of science and technology, and as leaders who set the pace that others follow.

I ask each American feeling uncertain or uneasy to know that America is starting back. We can still desire what our parents did, and we can still hope our children will have more than we do today in tomorrow's unfamiliar terrain. We are moving again--building today's prosperity and laying the groundwork for the next American century, and we know we cannot go back. We are headed forward into the future, and together we can work to renew the American dream.

FROM :

PHONE NO. :

P01

THE PRESIDENT HAS SEEN

1-30-95



MICHAEL D. SCHATTMAN
DISTRICT JUDGE

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December 15, 1994

President Bill Clinton
The White House
Washington, D.C.
VIA FAX: 202-456-2883

Bush
H.

Dear Mr. President;

Mary Ellen and I enjoyed the holiday reception and the chance to see you and Hillary again. Despite it all you are both looking good.

We thought you might get a kick out of "Murphy's Laws" and the War Department's ideas on aviation safety circa 1920. *(attached 2 pages)*

Good luck with tonight's speech. We are with you 'til the last dog dies.

As ever,

A handwritten signature in cursive script, appearing to read "Mike".

Michael D. Schattman

A PARTIAL LIST OF MURPHY'S LAWS FOR COMBAT OPERATIONS

MILITARY INTELLIGENCE IS A CONTRADICTION IN TERMS.

IF THE ENEMY IS WITHIN RANGE, THEN SO ARE YOU.

FRIENDLY FIRE — ISN'T.

IF YOU ARE SHORT OF EVERYTHING EXCEPT THE ENEMY, THEN YOU ARE IN THE COMBAT ZONE.

TRACERS WORK BOTH WAYS.

THE ENEMY DIVERSION YOU ARE IGNORING IS THE MAIN ATTACK.

THE EASY WAY IS ALWAYS MINED.

THE PRIMARY OBJECTIVE IS TO MAKE THE OTHER GUY DIE FOR HIS COUNTRY.

TEAM WORK IS ESSENTIAL. IT GIVES THE ENEMY OTHER PEOPLE TO SHOOT AT.

IF YOUR ATTACK IS GOING REALLY WELL, IT'S AN AMBUSH.

NEVER SHARE A FOXHOLE WITH ANYONE BRAVER THAN YOU.

MINES ARE EQUAL OPPORTUNITY WEAPONS.

IN AIR-TO-AIR COMBAT, THERE ARE NO POINTS FOR SECOND PLACE.

B-52s ARE THE ULTIMATE IN CLOSE AIR SUPPORT.

NAPALM IS AN AREA WEAPON.

SMART BOMBS HAVE BAD DAYS TOO.

YOUR AIRCRAFT WAS DESIGNED AND BUILT BY PEOPLE WHO WILL NEVER FLY IT.

THERE ARE OLD PILOTS AND BOLD PILOTS, BUT THERE ARE NO OLD, BOLD PILOTS.

HELICOPTERS DON'T FLY, THEY BEAT THE AIR INTO SUBMISSION.

NEVER DRAW FIRE — IT IRRITATES EVERYONE AROUND YOU.

THE ONLY THING MORE ACCURATE THAN INCOMING ENEMY FIRE IS INCOMING FRIENDLY.

WHEN YOU ARE FORWARD OF YOUR POSITION, THE SUPPORTING ARTILLARY WILL ALWAYS BE SHORT.

NEVER BE THE TALLEST MAN IN THE FOXHOLE.

SUPPRESSIVE FIRE — WON'T.

DON'T LOOK CONSPICUOUS, IT DRAWS FIRE.

COMMUNICATIONS WILL ALWAYS FAIL THE MOMENT YOU DESPERATELY NEED FIRE SUPPORT.

ALL FIVE SECOND GRENADE FUSES ARE THREE SECONDS.

TRY TO LOOK UNIMPORTANT. THE ENEMY MAY BE LOW ON AMMO.

PROFESSIONALS ARE PREDICTABLE; HOWEVER, THIS WORLD IS FULL OF DANGEROUS AMATEURS.

WHEN YOU HAVE SECURED THE AREA, DON'T FORGET TO TELL THE ENEMY.

NO COMBAT-READY UNIT HAS EVER PASSED AN INSPECTION.

NO INSPECTION-READY UNIT HAS EVER PASSED COMBAT.

WHEN IN DOUBT, PLACE THE WEAPON ON FULL AUTOMATIC.

ALL-WEATHER FIGHTERS SELDOM ARE.

KILLING FOR PEACE IS LIKE WHORING FOR VIRGINITY.

REGULATIONS FOR OPERATION OF AIRCRAFT.

1. DON'T TAKE THE MACHINE INTO THE AIR UNLESS YOU ARE SATISFIED IT WILL FLY.
2. NEVER LEAVE THE GROUND WITH THE MOTOR LEAKING.
3. DON'T TURN SHARPLY WHEN TAXIING. INSTEAD OF TURNING SHARP, HAVE SOMEONE LIFT THE TAIL AROUND.
4. IN TAKING OFF, LOOK AT THE GROUND AND THE AIR.
5. NEVER GET OUT OF A MACHINE WITH THE MOTOR RUNNING UNTIL THE PILOT RELIEVING YOU CAN REACH THE ENGINE CONTROLS.
6. PILOTS SHOULD CARRY HANKIES IN A HANDY POSITION TO WIPE OFF GOGGLES.
7. RIDING ON THE STEPS, WINGS, OR TAIL OF A MACHINE IS PROHIBITED.
8. IN CASE THE ENGINE FAILS ON TAKEOFF, LAND STRAIGHT AHEAD REGARDLESS OF OBSTACLES.
9. NO MACHINE MUST TAXI FASTER THAN A MAN CAN WALK.
10. NEVER RUN MOTOR SO THAT BLAST WILL BLOW ON OTHER MACHINES.
11. LEARN TO GAUGE ALTITUDE, ESPECIALLY ON LANDING.
12. IF YOU SEE ANOTHER MACHINE NEAR YOU, GET OUT OF THE WAY.
13. NO TWO CADETS SHOULD EVER RIDE TOGETHER IN THE SAME MACHINE.
14. DO NOT TRUST ALTITUDE INSTRUMENTS.
15. BEFORE YOU BEGIN A LANDING GLIDE, SEE THAT NO MACHINES ARE UNDER YOU.
16. HEDGE-HOPPING WILL NOT BE TOLERATED.
17. NO SPINS ON BACK OR TAIL SLIDES WILL BE INDULGED IN AS THEY UNNECESSARILY STRAIN THE MACHINES.
18. IF FLYING AGAINST THE WIND AND YOU WISH TO FLY WITH THE WIND, DON'T MAKE A SHARP TURN NEAR THE GROUND. YOU MAY CRASH.
19. MOTORS HAVE BEEN KNOWN TO STOP DURING A LONG GLIDE. IF PILOT WISHES TO USE MOTOR FOR LANDING, HE SHOULD OPEN THROTTLE.
20. DON'T ATTEMPT TO FORCE MACHINE ONTO GROUND WITH MORE THAN FLYING SPEED. THE RESULT IS BOUNCING AND RICOCHETING.
21. PILOTS WILL NOT WEAR SPURS WHILE FLYING.
22. DO NOT USE AERONAUTIC GASOLINE IN CARS OR MOTORCYCLES.
23. YOU MUST NOT TAKE OFF OR LAND CLOSER THAN 50 FEET TO THE HANGER.
24. NEVER TAKE A MACHINE INTO THE AIR UNTIL YOU ARE FAMILIAR WITH ITS CONTROLS AND INSTRUMENTS.
25. IF AN EMERGENCY OCCURS WHILE FLYING, LAND AS SOON AS POSSIBLE.

Give the Middle Class a Break

THE PRESIDENT HAS SEEN

1-30-95



Replace the mortgage deduction, which benefits the well-off, with a tax credit to increase homeownership.

By PETER DREIER
and JOHN ATLAS

President Clinton wants to give families tax breaks to help pay college tuition, "just as we made mortgage interest tax-deductible because we want people to own homes."

The emphasis on helping middle-class families achieve the American dream of homeownership is on target. In fact, one of Clinton's most unheralded accomplishments has been the turnaround in homeownership rates. During the Reagan and Bush years, ownership rates plummeted, especially among young families. Under Clinton, construction and sales of single-family homes have improved significantly. Some of this is due to rising incomes. But a large part is the result of the Administration's revitalization of the Federal Housing Administration as an insurer of single-family mortgages. 1994 was the FHA's best year in its 60-year history. It insured 1.3 million loans—450,000 of them for first-time buyers.

Despite this progress, the vast majority of young families are still shut out of the market. To expand middle-class homeownership, Clinton should consider a progressive refundable tax credit.

Don't we already have a tax break for homeowners? Yes, but it goes to the wrong people. The current mortgage-interest deduction is a government subsidy that goes primarily to the affluent. Those with the highest incomes and the most expensive homes (including second homes) get the largest subsidy. Almost half (44%) of last year's \$51-billion homeowner subsidy went to the 5.2% of households with incomes of more than \$100,000. And 16.5% of this subsidy goes to the 1% of taxpayers with incomes of more than \$200,000.

Contrary to real-estate industry rhetoric and lobbying, these deductions aren't the salvation of the middle class. Only one-fifth of the 28 million households with incomes between \$30,000 and

\$50,000 received any homeowner subsidy. Half of all homeowners do not itemize deductions at all. As a result, 71% of families with incomes above \$200,000 receive a mortgage tax break (averaging \$8,457), while only 2.8% of households below \$30,000 get any mortgage subsidy (averaging \$486).

Well, don't we have the federal Department of Housing and Urban Development to help house the poor? The \$51 billion in homeowner tax breaks (which doesn't even include another \$13 billion in property-tax deductions) is double the entire HUD budget of \$26 billion. Less than one-third of the eligible 13.8 million low-income renter households receive federal housing assistance—the lowest level of any industrial nation.

Homeownership is a fundamental part of America's promise of prosperity. No one wants to eliminate homeowner subsidies for middle-class families. But the current system—which subsidizes the purchase of huge homes by the rich without helping most working-class families buy a small bungalow—is in desperate need of reform.

The Congressional Joint Tax Committee projects that the mortgage-interest subsidy will reach \$68 billion by 1999. Deficit hawks across the political spectrum want to put a cap on the mortgage tax break to reduce the federal debt. This reduces subsidies for the wealthy and cuts the deficit, but does nothing to expand ownership for hard-working families.

Clinton would do better to propose scrapping the homeowner deduction and trying a new approach—a progressive homeowner tax credit, similar in its mechanics to the current earned-income credit for low-wage earners, but reach-

ing a broader income range. The amount would be tied to both household income and local housing prices. It would increase homeownership, catalyze home building, generate jobs and help stimulate economic growth.

The tax credit would be available to all families, including those moderate-income households that do not itemize their deductions. Tying the credit progressively to income would limit subsidies for the wealthy but preserve them for the middle class. It would also include a large number of families who currently do not benefit. The credit could be adjusted for regional housing costs in order to avoid penalizing home buyers in high-cost areas like California.

A tax credit is more efficient and fair than the current approach. By turning the mortgage-interest deduction into a progressive tax credit, the same \$51 billion would help a lot more families become (and remain) homeowners. The wealthy would continue to purchase homes with or without a tax subsidy. Because housing demand is more elastic at the bottom and middle parts of the economy, a progressive homeowner tax credit could make the difference between renting and owning for millions of working-class families.

Moreover, by increasing the demand for homes, a progressive homeowner tax-credit system would help the housing industry (builders, brokers and lenders), create jobs and improve the nation's economy.

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^EDWIN YODER COLUMN<

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^(For Yoder Clients Only)<

^By EDWIN M. YODER, JR.=

WASHINGTON--I've forgotten who said, regarding the radicalization of American politics in the 1960s, that public life was marked by "a sense of complex minds simplifying themselves." But it was true then. And it is true now, though the pressures are less momentous than during the anti-war marches and urban disturbances of that time.

Consider the issue of the so-called unfunded mandates--Washington's alleged bullying of the states and cities to comply, on their own nickel, with hosts of costly laws and regulations.

The Republican Contract with America cites a Congressional Budget Office estimate that the "cumulative cost of new regulations ... between 1983 and 1990 is between \$8.9 and \$12.7 billion." Republican-sponsored legislation, now pending, would require an impact analysis of every piece of legislation imposing a significant federal mandate.

Not a bad idea, actually. Congress has become a fount of pushy programs--OSHA and EEOC are typical examples--that are widely approved but often irksome in effect. The recent Americans with Disabilities Act, a model of high-mindedness that passed with the support of President Bush and many Republicans, is another. Meanwhile, the Supreme Court has downgraded the reserve clause of the 10th Amendment to a state of constitutional mush. The court has said, in effect, that this reservation of power to the states and the people has no more force than Congress chooses to give it.

But once you've said all this, you have by no means exhausted the complexities of the federal relationship. It is full of oddities. Rep. David Obey (D-Wis.) observed the other day that California, whose chief executive, Pete Wilson, talks a militant states' rights line,

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has yet to pony up its matching share of relief money for last year's earthquake victims, but is already stretching forth an itchy palm for federal dollars for more recent flood victims.

In Texas, the new Republican governor, George W. Bush, proclaimed in his inaugural address that Texans can take care of themselves, thank you. Don't mess with Texas! Texans in border areas complain bitterly of higher taxes occasioned by unchecked illegal immigration. But one heard less of federal oppression when Texas was getting billions of federal tax dollars for the now canceled superconducting super collider.

"Isn't it time we got Washington off our backs?" asks the Contract with America. Maybe. But the hands of at least a third of the states are in Washington's pockets, drawing more money than they contribute in taxes, even as Washington is accused of being on their backs.

And in fact this relationship has never been simple or untroubled. The Constitution had been in operation less than a decade when the 11th Amendment rectified what the states regarded as an outrage and provided that no state could be sued in the federal courts by citizens of another. The battling has never stopped.

A useful and intelligent approach would be to suspend, temporarily, all the application of one-size-fits-all remedies to the problem of unfunded mandates, pending a study of what, if anything, is wrong. Such a study might seek to discover whether there is a principled rule to govern federal relations today. It ought to be led by Sen. Daniel Patrick Moynihan (D-N.Y.), one of the few year-in-year-out students of the federal relationship.

He should be joined by a former senator, Terry Sanford of North Carolina, who after a notable term as governor in the early 1960s directed an important Ford Foundation study of the states. Sanford liked to say back then that while most people thought of the federal-state relationship as like a layer cake, it more closely

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resembled a marble cake, with flows of power and money all swirled together in hopeless confusion. It still does.

And a final point. It was the explosion of federal debt occasioned in the main by the Reagan tax cuts and defense budgets that so pinched the Treasury that Congress began sloughing off duties and functions on the cities and states.

That bit of history is not widely recalled in Newt Gingrich's Washington. But it helps one understand that the Republicans aren't exactly blameless in the making of the Washington monster they now so eloquently condemn.

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