

WILLIAM R. KENAN, JR. FUND

KENAN CENTER

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WILLIAM FRIDAY
PRESIDENT

to POTUS
per Erskine
Bowles

95 MAR 13 919 962-8150 A10:02

3/15/95
cc
galston
from
TOS

March 7, 1995

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

To the

Dear Erskine:

I'm back with another suggestion. Recently, at an Emerging Issues Forum at N. C. State at which Sam Nunn, Ambassador Albright, Mickey Kantor and others appeared, there was considerable discussion about the future of the country. The event was climaxed by a speech by John Gardner on "Renewing the American Spirit." John's paper concluded this Forum on a very constructive note. I attach a copy.

The Gardner speech prompted an idea which I share with you. Would the President consider creating a major national commission on the Renewal of the American Spirit and ask John to serve as its Co-Chair along with Charles Kuralt and Barbara Jordan. In addition to these individuals, ten or fifteen other prominent figures who have a high positive response from the American public could be asked to join them and the national discussion could begin.

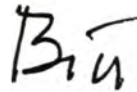
I am aware that John is 82 years of age and this would mean that the commission should have a strong staff; nevertheless, being the man he is, he would be the obvious choice for this kind of national revival meeting as to what America means and what it should be in the next century. Have it understood that this Commission will report to the President and that he will thereafter call for widespread community discussion of its proposals or recommendations.

There is entirely too much negativism abroad in the land. Too much of this unfair, hostile and often untruthful commentary goes unchallenged and unanswered. There should be a strong counter force joining the President speaking to the better instincts of the American people. Such a commission, or something like it, could initiate a new and

renewing spirit that I believe thoughtful Americans would rally behind and cherish greatly.

This idea would not go away so I take your time to share it with you.

Cordially,

A handwritten signature in black ink, appearing to read "W. Friday". The letters are stylized and connected.

William Friday

Attachment

THE WHITE HOUSE
WASHINGTON

March 15, 1995

Stefanie Weldon
9026 Fairview Road
Silver Spring, Maryland 20910

Dear Stefanie:

Thanks for your letter of March 10. It was great to hear from you and to learn all about Hilary's school. Sligo Middle School sounds like a wonderful place to learn, and I really appreciate your suggestion that I try to visit it someday. I've taken the liberty of sharing your letter with Billy Webster, my scheduler, to make him aware of Sligo and of your recommendation.

I hope to see you soon.

Sincerely,

Bill

CC KC ✓
NH ✓

CC scheduling ✓
Should invite
her + daughter to
a SAT radio address

Should invite
her + daughter to
a SAT Radio address

9026 Fairview Road
Silver Spring, MD 20910
10 March 1995

The President
The White House
Washington, DC 20500-2000

Dear Bill:

I have been meaning to write for some time but have felt that you had so much on your plate since last fall. While things are still very much stirred up, you are clearly getting your voice and your message across. You have to remain the champion of children above all else and continue to defend their welfare, education, nutrition and safety.

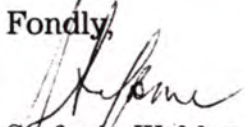
To this end I want to tell you about my daughter, Hilary's, middle school. She just began this fall as a 6th grader at Sligo Middle School in Silver Spring, MD. Sligo's population is 54% non-white where more than 25 different first languages are spoken. It is a wonderful, vibrant, diverse and very successful school. Last summer the entire Sligo community, parents, students and teachers, participated in the selection of the new principal. The overwhelming choice was the then Assistant Principal, Mr. Mark Kelsch. To our great joy the day before school began last August Mr. Kelsch was named principal.

One of the first things Mr. Kelsch did to foster a sense of community out of so many diverse backgrounds was to establish a program called "Random Acts of Kindness". Each student was encouraged to commit acts of kindness and write them down on brightly colored tags every day. These tags were turned into the Principal. He regularly reads selected ones over the school television station and every one is hung from the ceiling of the main entrance to the school. Over 4000 acts of kindness have been committed by the students since this began. What reading these kindness cards reveals is a blossoming sense of children caring for each other, their families, and their school in ways they never thought of before, where kindness is becoming a natural way of behaving.

As you can see, I am very keen on this school and would appreciate your being able to recognize it in some way. The best way of all would be a visit, of course, since Hilary still brags about meeting you at the class reunion Habitat for Humanity project and on the campaign trail. If Sligo would be a good backdrop to one of your initiatives, the students and staff would be thrilled. The school is just a few miles from the White House in lower Montgomery County.

The time has sped by so quickly. I hope you are well and would love to see you other than at a reunion or campaign event.

Fondly,


Stefanie Weldon

THE WHITE HOUSE
WASHINGTON

3-15-95

MAGGIE Williams

fyi

Foster

Memorandum

To: Harold Ickes
Fr: David Dreyer and John Podesta
Re: Comments on Marannis Book

95 MAR 13 P3:14

March 06, 1995

Summary

You asked for comments we could provide supporters on the Marannis book. From our view, it doesn't seem to be catching on -- the news stories (draft, etc.) don't seem that new, and reviewers and commentators, seeing a balanced portrayal of the President, haven't drawn any bright lines with their views.

While the book may keep opposition research people intrigued, it seems to be sinking from public consciousness. Nonetheless, you asked for talking points, so here they are.

Talking Points for Maraniss Book

To Our Supporters:

A new book on President Clinton, "First In His Class" by the Washington Post reporter David Maraniss, is now in circulation. Because some earlier books sensationalized the President and captured some press attention, we have been asked to characterize the book for some of our friends who haven't read it yet, and we thought we would share our observations with you.

The book follows Bill Clinton from his birth in Arkansas to his announcement for the Presidency in 1992. The book covers the central events in the President's life -- growing up in Arkansas, meeting President Kennedy, working his way through school, attending Oxford and Yale Law School, meeting and marrying the First Lady, and returning home to Arkansas for public service. It actually shed some light on who he is, where he came from, and why he believes so deeply in public service.

But "First In His Class" is about something larger than the biography of a young man who became President. It is about the first member of the post-World War II generation to become President, and Maraniss portrays the passions and ambivalence of those times, the cross-pressures exerted on the people who lived through them, and the impact of questioning and dissent on somebody who grew up to become President.

From the beginning, Maraniss reminds us that President Clinton grew up in and benefitted from a small town upbringing. He lived in places where people knew and cared about each other.

He had personal challenges and adversities at home over which he triumphed. He worked his way through college. He worked hard in order to get into good schools and grow intellectually, while never losing touch with his small town origins and values. And he has drawn on these experiences as a fighter for middle-income Americans -- he is committed to ensuring that others who begin life as he did have the same chances to improve their lives that he had.

Bill Clinton's story cannot be understood without conveying the lasting impact on the people who know him well. In every school Bill Clinton attended, in every community he lived, in every job he held, Bill Clinton developed extraordinarily close relationships with men and women who have remained a part of his life to this day. In repeated signs of genuine affection and respect, an astonishing number of his friends stayed in touch with him, kept his letters, and seemed to know that he was destined to succeed.

The book conveys well how the contributions made by the President and the First Lady in their public lives are rooted in their religious backgrounds. In her approach to the nation's public life, Mrs. Clinton follows the Wesleyan exhortation to "do all the good you can, by all the means you can, in all the ways you can, in all the places you can, at all the times you can, to all the people you can, as long as ever you can." The President's philosophy is summed up by his belief that we "have a moral obligation to try to make tomorrow better than today."

These precepts are especially apparent in the ways the President and the First Lady have approached education reform and civil rights.

When he was Governor, the Clintons made a real difference in Arkansas with their work in education reform: increasing the number of high school seniors going on to college by one-third, raising teacher pay, instituting teacher testing, and bringing every school district into compliance on class size and curriculum. Their commitment to education reform is unequivocal, it first flowered and showed results in Arkansas, and it continues to this day as a central Presidential priority.

Bill Clinton is also a product of his times when it comes to civil rights. As a teenager, he saw his State changed by federal intervention to integrate the schools of Little Rock. During his fabled trip to Washington, he argued for a proposal against segregation during a Boy's Nation meeting (it was voted down). As a college and law student, he sat in the dining room with black students, a simple but distinctive act of fellowship even in the era of desegregation.

As Governor, he appointed more blacks to positions of responsibility than all prior Arkansas governors combined, including first-time appointments to the state supreme court and financial positions within state government.

The book is by no means a puff piece. Maraniss recounts the President's experience as a student during Vietnam, and reviews his actions toward the war and the draft. The book is a striking reminder of how the choices students made in response to the Vietnam War have remained political issues for both a sitting President and for several other national political figures who would like to run for the Presidency -- individuals who made a similar set of choices as those made by Bill Clinton at precisely the same time.

Time and again, Maraniss asks us to look at how his personal history and the country's history influenced the President's performance in office. Many reporters who cover President Clinton at the White House do not remember or did not participate in the times which shaped the President. And that is why "First In His Class," with its unique perspective, makes a more distinctive contribution to the public's understanding of President Bill Clinton.

THE PRESIDENT HAS SEEN

3-15-95

3/15/95
sent to
Baer
Rosen
Ginsberg

S

✓
CC POTUS, VPOTUS, L. Panetta
T. Lick, S. Berger, Geo S.

CS: ~~Barack~~ CR, Galt, M...

This is really good
Bz

The Return of the Repressed:

Anti-Internationalism and the American Right

By

Sidney Blumenthal

Paper for the conference, "Kennan, the Cold War, and the Future of American Foreign Policy," January 27-29, 1995, The School of International Relations, Center for International Studies, University of Southern California

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I.

Of all the outcomes of the 1994 midterm elections, the shattering of the foreign policy consensus that held for more than a half-century is among the most certain and far-reaching in its consequences. Of course, the Cold War is over, the Soviet Union no more, and the containment doctrine no longer relevant, but at least a belief in internationalism was supposed to be so firmly rooted that its premises never needed to be stated, much less defended. Yet, suddenly, internationalism has become a controversial, divisive stance. And, strangely, this momentous turn is virtually unremarked upon, especially by foreign policy analysts, even though anti-internationalist fevers are wracking the body politic.

The rise of the Republicans to the majority in both houses of the Congress for the first time in forty years has inspired the view,

proclaimed by triumphant Republicans, that the Great Society is finished, the Fair Deal over and the New Deal at last delivered a coup de grace. A new era--a new wave in American civilization, according to Speaker of the House Newt Gingrich--is beginning. But it is more than domestic reform that has been stymied; internationalism is under a mounting assault the likes of which have not been seen since the last wave of isolationism.

The New Deal has, with regularity, been solemnly declared to have been interred. The first time was in the aftermath of the 1938 midterm election, which gave impetus to the conservative coalition of Republicans and Southern Democrats that largely succeeded in blocking reform for nearly thirty years. Historians note that Franklin D. Roosevelt lost control of the Congress because of the gathering forces of New Deal opposition amid an economic recession. But there was another factor that galvanized the conservatives. The growing tensions in Europe that would lead to the outbreak of World War II a year later had provoked an awakening of isolationist sentiment in America. Many of the districts where the New Deal suffered its defeats happened to be concentrations of isolationism. It was not simply the idea of an activist government in domestic policy that was under attack. At the same time, internationalism, which also demands a strongly activist government, was besieged. "The so-called conservative coalition which has dominated Congress since 1938, in other words, has not been simply an economic coalition," wrote Samuel Lubell, an incisive analyst, in his 1956 book "The Future of American Politics." "One important source of its strength was opposition to intervention in the war against Germany." ¹

With the end of the Cold War, it has become a commonplace to observe that the morbid fears and hatreds that were suppressed by Communist regimes in eastern Europe have flourished again. The "ethnic cleansing" conducted by the Serbs against the Bosnians stands as the most gruesome testimony to the persistence of the past. But the Cold War's end also lifted a rock off the victor, and 1994 marked

¹ Samuel Lubell. *The Future of American Politics*, Doubleday Anchor, 1956. page 155.

the return of the repressed. Presidents Roosevelt and Truman had to practice extraordinarily adroit politics in order to outmaneuver the isolationists, who were, by and large, vehement opponents of domestic social reform. Now the old isolationism, supposedly long exorcised, has begun to resurge in a new form as an inchoate anti-internationalism.

Obviously, not all the Republican Party has become anti-internationalist. Nor is anti-internationalism articulated as clearly or as pointedly as the old isolationism, at least not yet. It is still more an impulse than an idea, though aspects of it are featured in the Republican manifesto, the Contract with America. The murkiness of anti-internationalism hardly makes it less politically potent. Its symptoms are inescapable. Sometimes they are self-evident: For example, Senator Jesse Helms, the chairman of the Foreign Relations Committee, has announced his opposition to all foreign aid and almost all other foreign entanglements.

But sometimes the signs of anti-internationalism are more oblique and complex: For example, consider the increasingly curious case of Senator Bob Dole. He is putatively cast in the role of Senator Arthur Vandenberg, the Republican champion of a bipartisan, responsible internationalism, but glimmerings of the Dole who bitterly seethed during the 1976 vice presidential debate at "Democrat wars," a watchword of Midwestern isolationism, is breaking through. In the immediate flush of the election victory that made him the Majority Leader, Dole proposed that the arms embargo imposed on Bosnia be unilaterally lifted by the U.S., directly flouting the U.N. Security Council resolution, but neglected to spell out how his plan would deal with the likely catastrophic results for the Bosnians, and went on to declare blithely that if our allies do not agree we should scrap the Western alliance. His policy was unilateralist in the interest of washing our hands of the affair, appearing moral without intervening, while implicitly condemning the Europeans caught in the Balkan maelstrom as inherently sordid. With this grandstanding gesture, Dole scored political points without having to incur any responsibility. Dole is a man who has a consistent ability to rise above principle, and he should not bear an unfair

burden of accusations of zealous conviction. He is, moreover, a candidate for the Republican presidential nomination (until, or unless, he is not). Dole is a surfer trying to ride waves within his party. In his unthinking plan for the former Yugoslavia, the subject was less the tortured combatants there than the unstated anti-internationalism within the GOP and the right-wing that adheres to it. Dole's bow to anti-internationalism was not an undiluted reassertion of the old isolationism, but a desire for unilateral U.S. action, without the coordination or regard for our allies, or Russia, and without direct U.S. military commitment. Not incidentally, Dole opposed the U.S. intervention in Haiti before the fact, claiming that we had no interest in a country in the Caribbean whose people by the hundreds of thousands were inundating our shores, though it is difficult to adduce why our interest in Haiti is less than in Bosnia.

The lingua franca of anti-internationalism spoken in the Republican ranks has been expressed candidly and succinctly by Representative David Funderburk, a freshman member of the House International Relations Committee, who took the occasion of its very first meeting in January to state that he will do everything he can to insure that when U.S. soldiers "risk their lives it is only to defend the vital interests of the American people, not to fulfill the dreams of some faceless bureaucrat at the United Nations." ²

For many on the right, the U.N., a symbol of internationalism, has assumed the demonic role that creeping socialism used to play. It is one and the same: a supranational universalist force, corrupting and undermining our moral fiber, contrary to our patriotic being, threatening our boys' lives. Hatred of the U.N., one of the poles around which anti-internationalism is currently organizing, is hardly new. It is a chestnut of the postwar Republican right, embodied in one of its fabled lost causes, the Bricker Amendment (proposed by Senator John Bricker of Ohio, the Republican vice presidential candidate in 1944), which treated all international agreements and institutions as infringements of "internal law in the United States"

² "Funderburk Returns," By James Morrison. Washington Times, January 17, 1995, page 12.

that must be reviewed in every case as treaties by the Congress. (State Department lawyers reported to President Eisenhower that under the Bricker Amendment the U.S. could not have been a member of NATO. It would have in effect proscribed the Western Alliance.) "If the New Deal had failed to completely socialize American, to conservatives it often seemed as if the United Nations was determined to finish the job," writes Justin Raimondo in his chronicle of the old right, "Reclaiming the American Right."³ The Bricker Amendment rallied the America Firsters through the early 1950s until it was defeated in the Senate in 1954. Now, the spirit, if not the letter, of the Bricker Amendment has returned.

Fear of being ruled by the U.N. is running parallel to a fear of being inundated by teeming masses of immigrants. Xenophobia is an essential element in the conservative upsurge, raging at a level unseen since the 1920s, when harshly restrictive immigration quotas were applied against non-Nordic peoples by Old Guard Republicans concerned about ethnic purity. In California, in 1994, Proposition 187, forbidding state benefits, including education and medical care, from being extended to illegal immigrants and their children, passed by a wide margin. It was the principal political vehicle by which Governor Pete Wilson, a personally unpopular Republican, rode to reelection and has vaulted him into consideration as a potential presidential candidate. Now, in the House of Representatives, Republicans are taking up the cause of forbidding the extension of federal benefits to *legal* immigrants. Xenophobia is hardly dissipating; it is only heating up as a political factor, part of the combustible mix of resentment over race, welfare, crime, and taxes that has given a steam-driven energy to the Republican rise. Xenophobia only complements and heightens anti-internationalism.

Just as in 1938, when anti-government rancor was joined to isolationism, anti-government hostility today has started to meld with anti-internationalism and xenophobia. The spirit of negative government is not simply limited to an outlook on domestic policy: it

³ Justin Raimondo, *Reclaiming the American Right: The Lost Legacy of the Conservative Movement*, Center for Libertarian Studies, 1993, page 156.

seeps into foreign policy as well. Historically, this has always been the tendency.

In the swirling anti-internationalist cosmology assuming form on the right, foreigners appear variously as greedy welfare recipients, or false, worthless friends, or petty tyrants consumed with global designs and cruel indifference toward American lives. They are beggars, betrayers and overlords. They are leeching us from below and above; they are enemies without and within. Americanism, once again, is threatened by internationalism.

In 1946, when George F. Kennan wrote his famous "Long Telegram," it was by no means certain that a containment policy toward the Soviet Union would be established and maintained. Events foreign and domestic, from the Communist seizure of power in Czechoslovakia to the presidential election of 1948, were required to lock it into place and to defeat critics of the Cold War policy on the left and the right. Kennan, the policy thinker and diplomat, had no hand in summoning or shaping these political circumstances. His doctrine, however, gained increased centrality because it appeared to make sense of them and to offer a response. It was a diagnosis and prescription at once.

Few people, in any period, have a prescient vision, much less one that is transformed into official policy and is recognized as prophetic after almost a half-century. At the end of World War II, during the year Kennan was composing his State Department memo, the overwhelming image of the future was drawn from the preceding decade. The postwar public was haunted by fear of unemployment and depression, and the rapid demobilization of the armed forces only heightened the anxiety. How and where would the millions of soldiers get jobs? A rash of labor strikes underlined the worry that the war had been merely an interlude between times of economic strife. "Had Enough?" was the slogan of the Republicans in the midterm elections of 1946, in which they captured both houses of the Congress for the first time since Herbert Hoover's election in 1928.

Only the Republican right believed that the proper attitude to take toward postwar Europe was laissez-faire. Its standardbearer,

Senator Robert Taft of Ohio, was an early isolationist and one of thirteen votes in the Senate against U.S. membership in NATO. Taft understood explicitly the connection between an activist government acting in domestic and foreign policy--something he adamantly opposed from a consistent philosophical position.

Less than two weeks after the filing of Kennan's "Long Telegram," in March 1946, the recently defeated former British Prime Minister Winston Churchill traveled with President Truman and his closest political adviser Clark Clifford on the presidential train, the Magellan, from Washington to Westminster College in Fulton, Missouri. "From Stettin in the Baltic to Trieste in the Adriatic, an iron curtain has descended across the continent," Churchill said portentously. The theme that the policy planner had painstakingly elaborated in a classified cable, circulated then only among policy-makers, was thus thunderously declaimed by the greatest statesman and orator of the age, with the hearty, though tacit, approval of the Truman administration.

Taft, as the leader of the congressional Republicans and the tribune of limited government, felt it was his duty to reply directly to Churchill. Taft denounced the entire direction of U.S. policy as the assumption of the British imperium, an alien path that could only lead to the obliteration of American civilization. "This whole policy," he said, "is no accident. For years we have been accepting at home the theory that the people are too dumb to understand and that a benevolent Executive must be given power to describe policy and administer policy....Such a policy in the world, as at home, can only lead to tyranny or to anarchy." The Republicans captured the Congress months later, but every time Taft sought the Republican presidential nomination he was defeated by the internationalist Eastern wing of his party. His final, smashing failure was wrought by his perpetual rival, Thomas Dewey, who wrested the 1952 nomination from his hands at the convention and presented the prize to Dwight Eisenhower. It was a last hurrah for the old isolationist. After that, the isolationist faith transmuted on the right into a quasi-theological anti-Communist crusade, a process that had been underway since before the investigation and trial of Alger Hiss (an

eminent New Deal internationalist), which elevated a young congressman from California on the House Un-American Activities Committee, Richard Nixon, to national prominence. (At a crucial moment in the Hiss probe, the ambitious Nixon, who had become the darling of the right, quietly sought and received the blessing of Thomas Dewey and his circle. Without the backroom approval of Dewey, Nixon would never have been slated as Vice President in 1952. Nixon's ability to flap both wings of the GOP lifted his career from beginning to end.) The Hiss case was the first Cold War forum for the right to smear the New Deal as a subversive plot. "The return of the primitives" remarked Secretary of State Dean Acheson about the Republican right.

The new conservative dogma was built upon unalterable tenets: liberalism was conflated (as before) with Communism; Communism, it was charged, had spread abroad due to betrayal by American liberals (FDR, Truman and Dean Acheson--in league with Hiss--in particular); containment was a cowardly compromise by betrayers unwilling to engage in "rollback"; and unilateral U.S. military action, preferably commanded by the likes of General Douglas MacArthur, was the appropriate response to the encircling foe. McCarthyism, congealed within the crucible of a minority of a minority party embittered about its prospects, was aberrant only in the animal cunning, bottomless cynicism and private geniality of the man who gave the "ism" its name. (McCarthy decided to embark upon his Communist hunts the same month Hiss was convicted. To this day, many prominent conservatives, such as William F. Buckley, Jr., who co-authored a tract defending the senator, *McCarthy and His Enemies*, harbor his memory as a martyred patriot.)

Reaganism was the right-wing crusade in power, lofting the banner of unilateralism. But it was a much watered down, even revisionist version of the original rightist creed, accepting as it did the containment doctrine. Ultimately, Reagan floated away from the whole constricting dogma on a transcendent utopianism to embrace Mikhail Gorbachev and celebrate the end of the Cold War, the crowning and saving act of his presidency, to the consternation of the right.

Even during the contention over the Vietnam War, when foreign policy provoked extended civil strife, the basic containment policy toward the Soviet Union was never really in dispute, as it was in 1948. Through Democratic and Republican administrations alike, from Truman to Reagan, the policy remained anchored in place. Its necessity was a byproduct of nuclear weaponry, the mutual assured destruction capability of both superpowers. When Kennan devised the containment doctrine, the Soviet Union did not possess the bomb. With its production in large quantities on both sides, deterrence became the linchpin of containment. But more than the threat of Armageddon and the stability of Europe made it possible for the U.S. to carry out a consistent policy for almost fifty years. Containment--and internationalism itself--rested on a foundation at home--a foundation that was laid before the Cold War. No diplomat, however brilliant, operates in a social vacuum. Foreign policy does not exist on air.

Kennan, the historian of the European balance of power, had little knowledge or appreciation of American politics and its influence on foreign policy. Politics, if anything, inspired disdain in him. He was dismissive of public opinion as "easily led astray into areas of emotionalism and subjectivity which make it a poor and inadequate guide for national action." However accurate his assessment of "short term" trends in public opinion, his faith did not lie in engaging and molding it. Rather, he urged that foreign service officers and policy-makers be insulated, as much as they could, from the vicissitudes of the fickle public, though he had few concrete notions about how *this* containment policy might be implemented.⁵

For the Cold War containment doctrine to work, a predicate that the diplomats and the wise men had no hand in making was required. The inspiration for the creation of the postwar world preceded the time usually ascribed to its genesis. Dean Acheson, more than almost all the others present (except for Truman), understood that foreign policy rests primarily on domestic sources.

⁴ Ibid, page 150.

⁵ George F. Kennan, *American Diplomacy 1900-1950*, Mentor, 1951, page 81.

"When the Truman government found its footing in foreign affairs," Acheson wrote in his memoir, "its policies showed a sweep, a breadth of conception and boldness of action both new in this country's history and obviously centrally planned and directed. We had seen it in the early domestic policies of the New Deal and in our vast military effort in the 1941-45 war, but not before in foreign policy."⁶ But it was more than energy and method that were drawn from the New Deal and the war.

In the immediate postwar period what was emphatically not foreseen were the long-term effects of the New Deal, which had been disguised by the war; for it was the Rooseveltian policies that provided the economic and social underpinnings for the postwar American boom. The New Deal had created a broad middle class and thereby removed the friction of open class conflict. "The society of a few haves and a multitude of have-nots had been transformed," writes Doris Kearns Goodwin in her history of the Roosevelts during the war, "No Ordinary Time." "Because of the greatest--indeed, the only--redistribution of income downward in the nation's history, a middle-class country had emerged. Half of the American people--those at the lower end of the compensation scale--had doubled their income, while those in the top 20 percent had risen by little more than 50 percent. Those in the bottom half of earners had seen their share of the country's income increase by 16 percent, while those at the top had lost 6 percent."⁷ Even during the war, the New Deal had progressed with the passage of the G.I. Bill, whose enormous benefits were not fully anticipated at the time. And New Deal-like foreign policies, such as the Marshall Plan, a form of global Keynesianism intended to create an economy of consumers abroad, then lifted a devastated Europe from its ruins. Truman and Acheson (a passionate Democrat, who even wrote a book entitled "A Democrat Looks At His Party," in which there was a chapter on why the Republicans were

⁶ Dean Acheson, *Present At The Creation: My Years in the State Department*, Signet, 1970, page 929.

⁷ Doris Kearns Goodwin, *No Ordinary Time: Franklin and Eleanor Roosevelt: The Home Front in World War II*, Simon & Schuster, 1994, page 625.

the "Stupid Party") both grasped and acted on the connections, explicit and implicit, between domestic and foreign policy.

If America had been a society increasingly riven by class, instead of one in which class barriers were falling, and where the government was seen as the handmaiden of the privileged, instead of an agent of social progress, the popularity of a Cold War policy would have been dubious. A socially polarizing society cannot long sustain an internationalist foreign policy. The strains of inequality must inevitably come to focus on foreign policy, reducing it to its raw economic rewards and leading to opposition to international commitments because they siphon resources away from home.

Internationalism in the postwar era was fitted onto the society made by the New Deal, a society becoming more equal, not less, measured in a dramatic rise in the standard of living. Before the New Deal there was no middle class as we have come to understand it. Only because of the New Deal was the majority brought into the middle class. From 1950 to 1978, the real family income of all classes, from the bottom to the top, grew by more than 100 percent. The growth, moreover, was fairly evenly spread, with those in the bottom twenty percent increasing their income by 138 percent, the second twenty percent by 98 percent, the middle by 106 percent, the fourth by 111 percent, and the top by 99 percent.⁸ This distribution of income was not the result of Cold War spending; the social pattern was not due to the sheer amount of military expenditure, but to the structural and social changes that had taken place in the country. Peace at home, achieved by reform, provided the bedrock for an active internationalism. Throughout the entire Cold War, none of the major accomplishments of the New Deal (or the Great Society for that matter) were undone by Nixon or Reagan. From beginning to end, the foundation remained intact. The New Deal, perhaps more than any other factor, made it possible for the U.S. to wage the Cold War and to bring it to a successful conclusion.

In the Cold War, the American standard of living became a chief ideological weapon. Republicans, as well as Democrats, turned

⁸ Unpublished chart, Chief Economist's Office, U.S. Department of Labor. 1995.

the recent rise of the modern middle class into a major foreign policy theme (though the Republicans' rhetoric was unaltered since the days of Hoover, attributing a phenomenon that sprang from the New Deal structural reforms in a mixed economy to "free enterprise"). The great "Kitchen Debate" in 1959 between Vice President Richard Nixon and Soviet leader Nikita Khrushchev at an American trade exhibition featuring modern appliances may have been a patent stunt (arranged by a young public relations agent named William Safire), but it was telling. "These are merely gadgets," Khrushchev said dismissively.⁹ But in the end, Communism was buried beneath our refrigerators. It was not simply the chrome of affluence, or the dazzle of technology--the sheer weight of historical materialism--that was the appeal: it was the pervasiveness of it all. The materialism had a democratic social content. This is what gave it its political charge. The near-universal distribution of material goods in a country whose majority was a roughly equal middle class demonstrated to those behind the Iron Curtain the workings of political democracy. The Cold War was won on a momentum set decades earlier.

In its final years, however, the American class system began gradually to be transformed, becoming less equal, not more. The pattern of New Deal society was reversed. The middle class was not rising and expanding, but declining and contracting. From 1979 to 1993, a secular Republican era, real family income growth radically diverged, with those at the very top making great strides while those in the middle and lower end of the income scale continually lost ground. The top twenty percent gained eighteen percent in income and the next twenty gained five percent, while the middle lost three percent, the lower middle lost eight, and the bottom lost seventeen.

10

The electoral consequences of this sea-change have so far assumed contradictory forms. In 1992, Bill Clinton was elected president on the themes of reversing economic decline and elevating the economic condition of the middle class. His campaign program,

⁹ Jonathan Aitken, *Nixon: A Life, Regnery*, 1993, page 261.

¹⁰ Unpublished chart, Chief Economist's Office, U.S. Department of Labor. 1995.

"Putting People First," spelled out this approach in detail. Clinton won the votes of many of those who suffered from the recession and from the general decline in the standard of living. But a third party candidate, Ross Perot, drew support primarily from those whose income loss was greater than that sustained by those who voted for Clinton. Perot voters were not drawn from the metropolitan centers but from the small-towns and rural areas where unemployment was increasingly intractable and newly available jobs paying near the minimum wage. The economist Ruy Teixeira observed two years after the 1992 election that "the pro-Perot effects of wage losses were stronger for wage losses over longer time periods (e.g., back to 1979), indicating that long term economic decline may be driving much of the bitterness toward the Democrats and the apparent failures of government."¹¹

President Clinton's economic achievements in his first two years were impressive: He cut the federal deficit in half, a feat hitherto considered impossible; maintained economic growth at a steady clip; kept inflation at a virtually non-existent level; created more than 4.5 million jobs; and lowered the unemployment rate below six percent, a rate unseen since the boom of the 1960s. And yet, in 1994, the Democrats were repudiated, losing both houses of Congress. The secret to their setback lies ultimately in their inability to raise median household incomes, which have remained flat since Clinton's election. Any chance of providing economic benefits to the middle class by the reduction of the deficit, as Clinton had hoped, were erased by the Federal Reserve Board, chaired by Alan Greenspan (a former Republican chairman of the Council of Economic Advisers), whose application of draconian monetarist strictures prompted a constant racheting up of interest rates. Clinton's good deed of lowering the deficit did not go unpunished. The expectations he raised among the middle class about reversing decline therefore could not be met swiftly enough, and defeat was administered to the Democrats just as it was to the Republicans two years earlier.

¹¹ Ruy A. Teixeira, *The Politics of the High-Wage Path: The Challenge Facing Democrats*, Working Paper 110, Economic Policy Institute, Washington, D.C., October 1994, page 2.

(Shortly after the Republican midterm victory, in a case of fortuitous timing, Greenspan's Fed announced that its measure of inflation had been wildly overstated. Presumably, this would give the congressional Republicans an opportunity to pass tax cuts without fear of Fed reaction.)

Fear of the effects of the global economy on job prospects and income permeated the electorate. In April 1994, according to the Times Mirror Center for the People and the Press, only 24 percent were satisfied with the country's direction, 56 percent said they lacked enough money to lead the lives they wished, and three-quarters, in every income group, expressed anxiety about employment opportunities for their children.¹² As never before, the views of the broad public and the elites diverged on trade issues. Elites, from the beginning, gave high levels of support to the North American Free Trade Agreement. But even after a considerable investment of political capital by President Clinton, on the eve of the congressional vote in November 1993, 38 percent still opposed NAFTA. No trade agreement has ever been rejected by the Congress, and the close vote on NAFTA reflected the equivocation of the public.¹³ "Change"--the word Clinton hammered time and again as his purpose--had come to be identified in the public mind with its economic apprehensions.

Even before the midterm election, the Clinton administration itself was being pulled by the undertow of anti-internationalism. The deaths of eighteen U.S. soldiers in a firefight in Somalia caused the administration to issue Presidential Decision Directive 25 seven months later in May 1994, declaring new limits on its involvement in multilateral peacekeeping, a reversal of Clinton's previous course. The dilatory U.S. response to the Rwandan tragedy can be directly traced to the new policy.

Despite the administration's turnabout, Newt Gingrich, then the Republican House Whip, instantly attacked it for being captive to the

¹² Times Mirror Center for the People and the Press, Economic Recovery Has Little Impact on American Mood, April 6, 1994, Washington, D.C., pages 1 and 15.

¹³ Andrew Kohut and Robert C. Toth, Trade and the Public, December 13, 1994. Times Mirror Center for the People and the Press, Washington, D.C., pages 4-6.

"multinational fantasy" and charged that the President "continues to subordinate the United States to the United Nations." Rather than stilling the anti-internationalist movement with half-hearted measures, the administration only incited it. By the time PDD 25 became policy, the Republican political plan to exploit the social fears of the voters had jelled. Clinton's inability to uplift middle class income within a short timespan combined with the Republican blockage of social reform, particularly national health care that would have benefited the middle class, to catalyze the anti-government response that the Republicans desired. The reaction against government was not limited to domestic policy. Anti-internationalism was now linked to taxes and welfare--devisive "wedge issues," in the parlance of GOP operatives--to demonstrate the Democrats' indifference to the fate of average Americans. The Republicans' platform, the Contract for America, the only full-scale midterm campaign program ever devised by a party, contained numerous anti-internationalist provisions, under the rubric of a so-called "National Security Restoration Act." Among them were a prohibition of U.S. troops under foreign command (which has not occurred since World War II), notice to Congress of any U.S. participation in U.N. peacekeeping operations *fifteen days before any such vote took place in the Security Council*, and fiscal measures (such as a limit of U.S. funding to 25 percent of any mission) that would effectively hamstring them.¹⁴

For the first time since the inception of the Cold War, tenets of anti-internationalism have become official dogma of the Republican Party. After more than forty years, the Bricker Amendment suddenly echoes like a thunderclap. Though there are Republicans who do not adhere to the anti-internationalist position, they voice no public dissent. ~~The tradition of the internationalist wing of the GOP--~~ the Republican Party of Thomas Dewey, John Hay Whitney (publisher of the New York Herald Tribune), and Henry Luce (editor-in-chief of Time and publicist of "the American Century"), of Arthur Vandenberg and his political heir Gerald Ford, of Richard Nixon and

¹⁴ House Republican Conference, Contract With America, pages 23-25.

George Bush, of Henry Kissinger and James Baker--has entered 1995 without a single forthright spokesman.

II.

Who will speak for internationalism in the face of a rising anti-internationalism? And how shall it be defined and defended?

"The election was not a license to lose sight of our nation's global interests or to walk away from our commitments in the world," Secretary of State Warren Christopher beseeched in a speech at Harvard University on January 20.

A day later, Dan Quayle announced his presidential intentions before a crowd of 40,000 Amway salesmen and executives in the Hoosier Dome: "I'm scanned, I'm tested and I'm ready." He reached for the high notes of anti-internationalism, assailing the notions of U.S. forces serving under foreign command (a non-event) and that they would wear "the blue helmet of the United Nations." The following day, Bob Dole declared his interest in running for president. At the same time, he set down the condition under which he would support U.S. loan guarantees to Mexico that would prevent its economy from collapsing: the Democrats must cease their criticism of Newt Gingrich's \$4.5 million book contract with media mogul Rupert Murdoch. Dole's formula for statesmanship was something Vandenberg had never imagined.

The political forces are not arrayed to draw together magically behind internationalism. On the contrary, the energy in the debate over foreign policy is centrifugal. There will be no renewed consensus for the sake of consensus. Released by the Cold War, the sources of isolationism have reasserted themselves as a suspicion of the outside world, a nativist patriotism against foreign entanglements, an embrace of simplicity to ward off complication and uncertainty. The negativity of isolationism has reappeared as the negativity of anti-internationalism. Slogans and catchphrases from the buried past have resurfaced, seeming to the untrained ear to be

some sort of new idea--a new wave--rather than an artifact so ancient that few recall its provenance.

Foreign policy specialists, for their part, have been conducting discussions as though politics were taking place in a separate compartment. Moralists and realists--and those who claim to be both--and who is not a pragmatic neo-Wilsonian or vice versa?--brandish abstract categories like thick shields warding off the empirical realities of the political present. Yet neither an idealistic policy that promotes democracy, cooperation and human rights nor a realistic policy based on the traditional bases of power can likely be long sustained if anti-internationalist fevers continue to rise unchallenged.

The moralists often act as though the goal of spreading democracy were mainly a matter of conviction: If only we are able to muster the will, we can project our ideals abroad. But the image of American democracy has been altered over the decades. Of course, to the countries under the heel of totalitarianism America appeared not only as the chief antagonist of their oppressor but as the ideal of an open society, just as America did to the western Europeans after their traumatic experiences with Naziism and fascism. But democracy in the abstract does not have an appeal to nations in the West that have long been democracies. Free markets also do not have an allure to countries, particularly in Asia, that manage their own market economies in ways that they think is superior to our own. ¹⁵

¹⁵ Anthony Lake, the National Security Adviser, has posited that the goal of U.S. foreign policy must be the "enlargement" of democracy, which he conflates with free markets. In his theory, he does not differentiate among market economies and societies, which are more or less managed and more or less politically open. Lake's claim that commercial, democratic nations are more pacific is a noble dream as venerable as Immanuel Kant. But it is a view that is disputed by Alexander Hamilton in The Federalist Paper No. 6. "Has commerce hitherto done any thing more than change the objects of war?" he wrote. "Is not the love of wealth as domineering and enterprising a passion as that of power or glory? Have there not been as many wars founded upon commercial motives since that has become the prevailing system of nations, as were before occasioned by the cupidity of territory or dominion?....Have we not already seen enough of the fallacy and extravagance of those idle theories which have amused us with promises of an exemption from the imperfections, weaknesses, and evils incident to society in every shape? Is it not time to awake from the deceitful dream of a golden age and to adopt as a practical

Those who argue for an "augmented realism," or "realism plus" (using a nomenclature reminiscent of Bush's "status quo plus") also frequently assume that willpower will lead to power. If only we take a decisive leadership role, we can be the leader we wish. Positive thinking seems to be one of the roots of this realism. Its view of the U.S. in the world, most importantly, is disconnected from a view of the U.S. at home. It assumes a foreign policy without a homefront. National interest is projected without examining the nation. Or, perhaps, it is assumed anachronistically that the country is a constant. "Realism plus" does not account for anti-internationalism and the increasing friction with it generated by the pursuit of internationalist goals. While Clinton is chided for inconsistently measuring means to ends, an easy and complacent point, the "augmented" realist neglects to explain how his ends (which amount mainly to an approach, or something rather less, an attitude) happen to fit the nation's means. The talk of asserting larger purposes does not involve specifically defining them, and the claim for coherence is made without tying foreign to domestic. Our modern "augmented" realist would not be recognized as such by Acheson. ¹⁶

Nostalgia for the age of the wise men, eulogized in numerous books, articles and documentaries as the makers of the postwar order, expresses a yearning for the salad days of the American Century. But the wise men, whatever their party affiliation, stood on the domestic pillars of a society remade by the New Deal. In America, only the size and security of a middle class can legitimate an establishment. Without the expansion of such a middle class, an establishment becomes an insecure obligarchy.

A blithe unconcern with political realities must only render foreign policy commitments that much more difficult to maintain. A

maxim for the direction of our political conduct that we, as well as the other inhabitants of the globe, are yet remote from the happy empire of perfect wisdom and perfect virtue?" The Federalist Papers, Mentor, 1961, pages 57 and 59.

¹⁶ See Richard N. Haass, *Paradigm Lost*, Foreign Affairs, January/February 1995. Haass, a former staffer on Bush's National Security Council, is Director of National Security Programs for the Council on Foreign Relations, and a member of the Republican shadow government.

regime of free trade that at the same time is widening class divisions and tensions cannot sustain internationalism; it will inevitably be seen as the property of the privileged, those who are insulated from the buffeting of the global market. And internationalism must fall under seige when a divisive politics of social resentment is pursued relentlessly.

X [America's greatest asset in the Cold War was that it presented itself to the world as a social model. The largest failure of the past generation has been the inability to remake America into a vanguard society. Rather than inaugurating a new era of reform, waves of incremental reaction have fostered a polarizing class system. Policies that fail to address the building social crisis are neither moralist nor realist in the American tradition that established social democracy and internationalism. At the heart of the frustrations of post-Cold War internationalism can be found the blasted remnants of the social contract. If the national interest does not mean the interests of the majority of the people, then it has no depth of meaning: an American national interest can only be adduced from the peculiar intersection of democratic ideals and interests.

Those who wish for an effective foreign policy cannot escape the reality of domestic politics. But internationalism is no longer a given. It must be persistently organized. The battles of the early and late 1940s are being rejoined in a new key. Just as the right is drawing strength from an anti-internationalism with deep wellsprings, the forces of a progressive internationalism have an even more powerful past to summon. They must do so, however, without facing the terrible prospect of war, but of peace.

0906

THE PRESIDENT HAS SEEN

3-15-95

THE WHITE HOUSE

WASHINGTON

March 11, 1995

95 MAR 13 A 8:50

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM:

ANTHONY LAKE

PATRICK GRIFFIN

SUBJECT:

Response to Nine Congressmen on Iraq

Purpose

To respond to the Michigan delegation -- two Senators and seven Representatives -- who have written to express concern about the humanitarian situation in Iraq.

Background

The Congressmen and Senators represent a large community of Iraqi Americans. They are concerned about the difficulty facing the international community in getting humanitarian aid distributed to those in need in Iraq. They do not call for a lifting of sanctions but urge you to do what you can to relieve the suffering of the Iraqis. Your letter explains what we have managed to do and are still trying to achieve in this area.

RECOMMENDATION

That you sign the attached letters.

Attachments

Tab A Letters to the Senators and Representatives

Tab B Incoming Correspondence

cc: Vice President
Chief of Staff

THE WHITE HOUSE

WASHINGTON

Dear David:

Thank you for your recent letter on the difficult situation facing the citizens of Iraq. We are aware of the problems individuals and organizations face in obtaining the basic food and medical supplies they need.

At the United Nations, we played a leading role in establishing a UN-administered aid program that provides aid and food to Iraqis. We are active in finding donations to these funds and in seeking ways to protect aid workers who are harassed and intimidated by the Iraqi government.

We have also led the international effort to provide food and relief to the people of northern Iraq, and Operation Provide Comfort continues its key role in that area. I have instructed Ambassador Albright to renew efforts to implement resolutions 706 and 712 that would permit Iraq to export significant amounts of oil to finance the import of needed food and medicine. Regrettably, in the past the Iraqi regime has rejected this approach and continues to discriminate in favor of its supporters in the distribution of basic commodities and consumer goods.

I appreciate your frustration and will continue to search for ways to get the needed humanitarian aid to the people of Iraq.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Clinton". The signature is fluid and cursive, with a long horizontal stroke at the end.

The Honorable David E. Bonior
House of Representatives
Washington, D.C. 20515

0906

Congress of the United States
House of Representatives
Washington, DC 20515

February 1, 1995

President William Clinton
The White House
Washington, DC 20500

Dear President Clinton:

We are writing because we want to share with you our concerns about the tremendous suffering of the people of Iraq since the end of the Gulf War. Years after our troops left the region, and the foreign correspondents turned their attention elsewhere, a major humanitarian disaster continues virtually unnoticed.

Food and medicine are desperately short in Iraq. We have American citizens in Michigan who have family in Iraq. They have worked tirelessly to try and provide humanitarian relief to their loved ones. However, these measures cannot come close to meeting the dire needs in Iraq.

We realize that there are difficult diplomatic and strategic issues that must be taken into consideration. However, we cannot ignore the plight of the Iraqi people. Time and time again President Bush made the point during the Gulf War that we did not wage war against the civilian population of Iraq. We recognize there is a distinction between the government and the innocent civilians of Iraq. We must make sure that when humanitarian aid is sent, the innocent civilians are the recipients of this aid.

Last year, the House unanimously passed an amendment to the Iraqi Claims Act expressing the sense of Congress that medicine and basic medical supplies should be sent to alleviate the humanitarian disaster unfolding throughout Iraq. Since then, there has been numerous meetings with the State Department and the National Security Council. Unfortunately, the situation in Iraq remains grim. We urge you to find ways to help end the suffering of the Iraqi people.

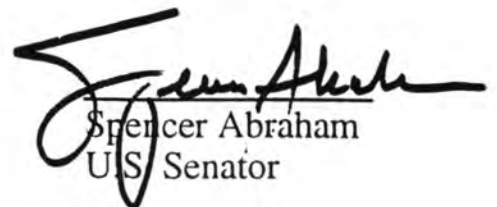
Sincerely,



David E. Bonior
Member of Congress

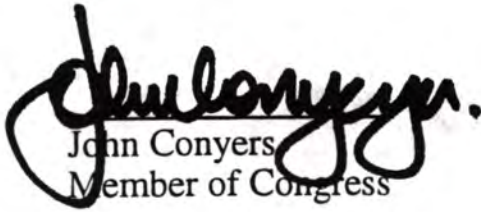


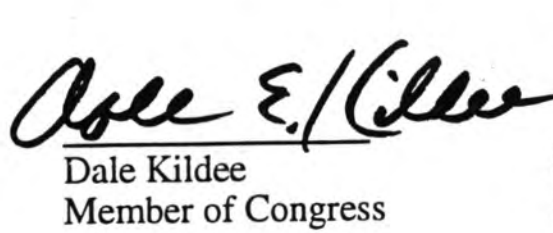
Carl Levin
U.S. Senator

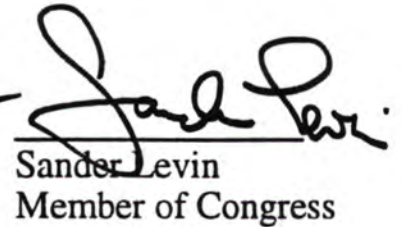


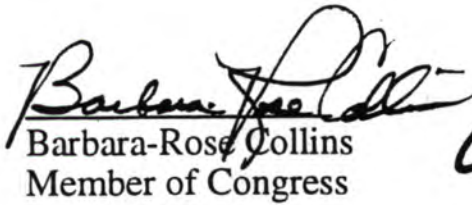
Spencer Abraham
U.S. Senator

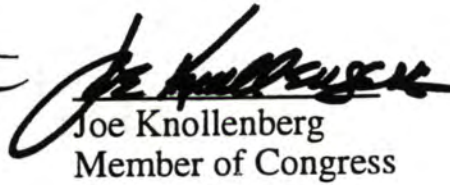
President William Clinton
February 1, 1995
Page two

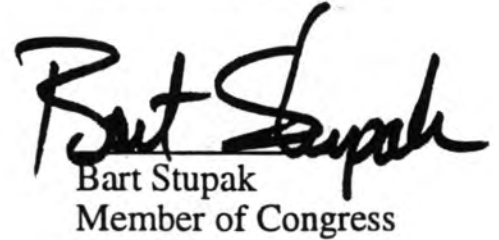

John Conyers
Member of Congress


Dale Kildee
Member of Congress


Sander Levin
Member of Congress


Barbara-Rose Collins
Member of Congress


Joe Knollenberg
Member of Congress


Bart Stupak
Member of Congress

THE REGISTER'S EDITORIALS

Clinton and the strikers

Replacement-worker issue predates
the Bridgestone/Firestone strike.

President Clinton's executive order restricting government purchases from companies that hire replacement workers was linked in news reports to the protracted Bridgestone/Firestone strike. But the issue is older than that.

Clinton has long supported legislation that would prohibit companies from hiring permanent replacements for striking workers. Such a bill probably would have passed the Democrat-controlled Congress last year and been signed into law had it not been stopped by the threat of a Republican filibuster in the Senate.

This year, with Republicans in control of Congress, the legislation stands no chance, so Clinton acted on his own. His executive order forbids the government from doing business with companies that hire permanent replacement workers. The ban does not apply to existing contracts, so it would not immediately affect Bridgestone/Firestone. It also would not apply to contracts of less than \$100,000.

Republicans and business groups cried foul, arguing that national labor policy should be set by law, not by executive fiat. The White House insisted that the president is on solid legal ground. It may take a court case to decide who's right.

Even if Clinton does have the authority to do what he did, the larger question is the wisdom of the government banning striker replacements. It's a tough question.

Since 1938, companies have had the legal

right to replace striking workers, but they seldom did. In recent years, however, companies have been increasingly willing to break strikes by hiring replacements.

Labor unions argue that the increased use of replacements has tilted the field in favor of management. They have asked for a law that would prohibit the use of permanent replacements, although companies still could hire temporary replacements who would be fired when the strike ended.

Business interests contend that such a law would tend to increase the number of strikes and make unions less willing to settle. While the field may be tilted against labor now, a law that bans the hiring of permanent replacement workers might well tip the balance the other way — against management.

Hiring replacement workers during a strike is a lamentable tactic, but so is a strike that denies a company the ability to operate in a manner that it deems vital to its survival. Neither the status quo nor the anti-replacement law are very satisfactory. In fact, the strike as a method of settling labor-management differences is no longer very satisfactory. It's a relic of another industrial age.

Rather than his largely symbolic executive order, Clinton might make a greater contribution by trying to fashion revisions in labor law that would provide workable alternatives to strikes.

Sioux City's secret police

Citizens must know the names of
those who act on their behalf.

For several days, police and public officials in Sioux City aggravated a tragic situation by refusing to make public the name of the police officer who shot and killed Kimberly Ann Frazier outside her Sioux City home last week.

later at a Sioux City hospital.

It took a full week before Sioux City officials revealed the names of the officers involved. This is a grievous violation of the spirit, if not the letter, of state law that requires the disclosure of facts surrounding

3/14
To Bob Reich
Gould editorial
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3-11-95

of pages

FAX TRANSMITTAL

From: John Podesta
Dept./Agency: Fran Wessel
Phone #:
Fax #:
219-7971

OPTIONAL FORM 99 (7-90)

GENERAL SERVICES ADMINISTRATION

5099-101

NSN 7540-01-317-7368

THE PRESIDENT HAS BEEN

3/14

THE WHITE HOUSE

WASHINGTON

March 14, 1995

RECOMMENDED TELEPHONE CALL

TO: Representative Sonny Montgomery

DATE: Before 6:30 tonight (3/14) if possible, but not later than Wednesday morning, March 15

RECOMMENDED BY: Pat Griffin and **Eli Segal**

PURPOSE:

1) To urge him to take the House floor in opposition to the Solomon Rule and any amendment to the rescission package which would cut a further \$206 million from AmeriCorps' FY'95 budget (on top of the \$210 million cut called for by the House Appropriations Committee) to restore the rescission in VA hospital funding. 2) To ask him to send a cover letter to all Members, circulating the 3 letters from the VSOs asking for a "clean" restoration (i.e., one not funded from other cuts), and voicing his opposition to any amendments further cutting AmeriCorps.

BACKGROUND:

The Republicans made cuts to the VA and to AmeriCorps in the Appropriations Committee. When the veterans community protested, the Rules Committee (led by Gerry Solomon) decided to double the cut in AmeriCorps. Montgomery and the VSOs called for a clean restoration today in the Rules Committee. Solomon refused, saying "It's payback time", when Montgomery said that this was a program of special importance to you.

TOPICS OF DISCUSSION: 1. Montgomery gave you critical support for AmeriCorps in 1993, based on your call to him.

2. Since that time AmeriCorps has worked with the veterans community and is both serving vets and involving them as AmeriCorps Members.

3. The Republicans cut the vets - now they want to cover their tracks with a devastating cut to a program you are identified with. This cut destroys national service.

4. Montgomery was a champion before the Rules Committee. You need him to rise again, in writing and on the floor. If you speak to him Tuesday night, you can ask him to call Solomon before 6:30 pm, and tell Solomon that he (Montgomery) will oppose his rule and amendment.

5. Only he has the credibility to stop this from becoming vets versus AmeriCorps. His visible opposition to this attack on you and AmeriCorps -- and his exposure of the fact that there was no need for this VA cut in the first place -- will preserve the Democratic votes and attract enough Republican ones.

FAX TRANSMITTAL

of pages ▶ 1

To	From
Eli Segal	John Podestaf
Dept./Agency	Phone #
	Fran Wessel
Fax #	
565-2784	
GENERAL SERVICES ADMINISTRATION	
NSN 7540-01-317-7368	
5098-404	

3/14

95 MAR 14 A 8:47

March 11, 1995

MEMORANDUM FOR THE ~~P~~RESIDENT
VICE PRESIDENT
LEON PANETTA
MAGGIE WILLIAMS

FROM: Harold Ickes *HI*
SUBJECT: Democratic convention

There continues to be considerable debate about whether to have a 3 day or a 4 day Democratic convention in August 1996. Mayor Daley, as well as Chairman Fowler and others, feel strongly, that given the nature of the convention (and assuming no contest), a 3 day rather than 4 day convention would be more effective. There are others who strongly advocate a 4 day convention. In any event, whether it is a 3 day or 4 day event, we will need a creative team to help design a convention that hopefully will have broader appeal than the traditional convention format. Debra DeLee is in the process of organizing an initial group in this regard.

If there are strong feeling among us one way or another, perhaps we should have a small meeting to discuss.

cc: Melanne Verveer
Jack Quinn

→ *Check with
What does Kevin O'Leary
say? -
BC*

03/12/95 13:08

FAX 515 284 4937

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DC

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THE REGISTER'S EDITORIALS

Clinton and the strikers

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the Bridgestone/Firestone strike.

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Clinton has long supported legislation that would prohibit companies from hiring permanent replacements for striking workers. Such a bill probably would have passed the Democrat-controlled Congress last year and been signed into law had it not been stopped by the threat of a Republican filibuster in the Senate.

This year, with Republicans in control of Congress, the legislation stands no chance, so Clinton acted on his own. His executive order forbids the government from doing business with companies that hire permanent replacement workers. The ban does not apply to existing contracts, so it would not immediately affect Bridgestone/Firestone. It also would not apply to contracts of less than \$100,000.

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Business interests contend that such a law would tend to increase the number of strikes and make unions less willing to settle. While the field may be tilted against labor now, a law that bans the hiring of permanent replacement workers might well tip the balance the other way — against management.

Firing replacement workers during a strike is a lamentable tactic, but so is a strike that denies a company the ability to operate in a manner that it deems vital to its survival. Neither the status quo nor the anti-replacement law are very satisfactory. In fact, the strike as a method of settling labor-management differences is no longer very satisfactory. It's a relic of another industrial age.

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To Bob Reiner
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10A
DMR
3-11-95

THE WHITE HOUSE

WASHINGTON

March 14, 1995

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DATE: Before 6:30 tonight (3/14) if possible, but not later than Wednesday morning, March 15

RECOMMENDED BY: Pat Griffin and Eli Segal

PURPOSE: *Speak on rule*
1) To urge him to take the House floor in opposition to the Solomon Rule and any amendment to the rescission package which would cut a further \$206 million from AmeriCorps' FY'95 budget (on top of the \$210 million cut called for by the House Appropriations Committee) to restore the rescission in VA hospital funding. 2) To ask him to send a cover letter to all Members, circulating the 3 letters from the VSOs asking for a "clean" restoration (i.e., one not funded from other cuts), and voicing his opposition to any amendments further cutting AmeriCorps.

BACKGROUND: The Republicans made cuts to the VA and to AmeriCorps in the Appropriations Committee. When the veterans community protested, the Rules Committee (led by Gerry Solomon) decided to double the cut in AmeriCorps. Montgomery and the VSOs called for a clean restoration today in the Rules Committee. Solomon refused, saying "It's payback time", when Montgomery said that this was a program of special importance to you.

TOPICS OF DISCUSSION: 1. Montgomery gave you critical support for AmeriCorps in 1993, based on your call to him.
2. Since that time AmeriCorps has worked with the veterans community and is both serving vets and involving them as AmeriCorps Members.
3. The Republicans cut the vets - now they want to cover their tracks with a devastating cut to a program you are identified with. This cut destroys national service.
4. Montgomery was a champion before the Rules Committee. You need him to rise again, in writing and on the floor. If you speak to him Tuesday night, you can ask him to call Solomon before 6:30 pm, and tell Solomon that he (Montgomery) will oppose his rule and amendment.
5. Only he has the credibility to stop this from becoming vets versus AmeriCorps. His visible opposition to this attack on you and AmeriCorps -- and his exposure of the fact that there was no need for this VA cut in the first place -- will preserve the Democratic votes and attract enough Republican ones.

THE PRESIDENT HAS SEEN 3/14

THE WHITE HOUSE
WASHINGTON
MARCH 10, 1995

95 MAR 13 A10:02

MEMORANDUM FOR THE PRESIDENT

FROM: SUSAN BROPHY *SM*
SUBJECT: CONGRESSIONAL CORRESPONDENCE

The following is a list of letters which I thought might be of interest to you:

- 1) Sherry Boehlert (R-NY); and
- 2) Charlie Rangel (D-NY).

sc: Leon M. Bonn of B

Tony/Sandy

*→ we need take him
+ Hight*



HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

SHERWOOD L. BOEHLERT
23RD DISTRICT, NEW YORK

March 9, '95

Dear Mr. President,

Marianne and I had a great evening at the White House and we both wish to thank you for your wonderful hospitality.

I also want to express my deep appreciation for you hearing me out on the Rome lab situation. It is critically important to my district and me.

In the '93 BRACC round the Air Force testified that it had no intention of moving and realigning Rome lab in the next five years. This was in response to a specific question involving the major downsizing which is taking away 4,500 jobs and the flying mission. Was this the beginning of the

end? The Air Force said no and consequently the community and the state tailored all redevelopment plans around Rome Lab -- designating one of 4 "super labs" in the '90 reorganization. We are doing well in rebounding, but now the rug is being pulled out from under us. Incidentally, the Air Force rated Rome Lab one of three "top tier" labs.

It is the center of excellence for command, control, communications and intelligence. (800+ employees).

In '91 the Air Force abandoned a plan to move Rome Lab because it proved too costly and too disruptive of the critically important R & D. Now that move would be even more costly and more disruptive.

Your interest and input would mean so much to so many. I will be most appreciative.

Respectfully

Jimmy Boehlert

P.S. - Dave Bucks says the Changemen do better than The Razorbacks in March Madness!

CHARLES B. RANGEL

15TH CONGRESSIONAL DISTRICT
NEW YORK

DEPUTY WHIP

COMMITTEE:

WAYS AND MEANS

CHAIRMAN, SUBCOMMITTEE ON
SELECT REVENUE MEASURES

SUBCOMMITTEE ON OVERSIGHT

Congress of the United States
House of Representatives
Washington, DC 20515-3215

March 9, 1995

□ 2252 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICES:

MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

□ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

□ 601 WEST 181ST STREET
NEW YORK, NY 10033
TELEPHONE: (212) 927-5333

□ 2110 FIRST AVENUE
NEW YORK, NY 10029
TELEPHONE: (212) 348-9630

PLEASE RESPOND TO
OFFICE CHECKED

Hon. William Clinton
The White House
Washington, DC 20500

Dear President Clinton:

Thank you for thinking to call when it was most needed, and especially for your understanding because of the recent loss of your mother.

My mother and I were very close and I will miss her a great deal, but I have spent most of my time since her passing thanking God for the time I had with her.

For obvious reasons, I could not join the Congressional delegation to Haiti led by Ben Gilman, which was going down on Friday. I had initiated the trip at the request of President Aristide but, ironically, was prevented from going because of the death of my mother last Monday.

I have been informed by your staff of your intention to travel to Haiti to thank our troops on March 31, and would be honored to join you on that visit if circumstances allow. Your courage, skill and leadership in resolving the Haiti issue is an episode in our recent history of which I will always be proud.

Thank you again for your kindness, and I look forward to hearing from you soon.

Sincerely,



CHARLES B. RANGEL
Member of Congress

CBR/em

CC : Hon. Jean Bertrand Aristide, President of Haiti

CHARLES B. RANGEL

15TH CONGRESSIONAL DISTRICT
NEW YORK

DEPUTY WHIP

COMMITTEE:

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Congress of the United States
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March 9, 1995

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PLEASE RESPOND TO
OFFICE CHECKED

President Jean Bertrand Aristide
c/o The Haitian Embassy
2311 Massachusetts Ave., NW
Washington, DC 20008

Dear President Aristide:

Thank you so much for reaching out to me last weekend, and I regret that I was not available to receive your call. With the prayers of friends such as you, I know that my mother is now enjoying her reward. And while I will miss her a great deal, I have spent most of my time thanking God for the time I had with her.

As you know, my mother's passing has prevented me from joining the Gilman delegation to Haiti, which I worked to arrange in response to your invitation.

I was glad to hear that President Clinton is expected to travel to Haiti at the end of this month, and hope to join him in that visit if circumstances allow.

Thank you again for your kindness, and my best regards to you and the people of Haiti.

Sincerely,



CHARLES B. RANGEL
Member of Congress

CBR/em

CC : Hon. William Clinton, President of the United States

To: President Clinton

From: Bruce R. Lindsey

Date: March 13, 1995

Re: Legal Reform

THE PRESIDENT HAS SEEN 3/14

An article in today's Wall Street Journal indicates that Senators Gorton and Rockefeller, "based on consultations between Mr. Rockefeller and White House officials," were confident that you would not veto their version of product-liability reform.

You should know that certain provisions of Senators Gorton and Rockefeller's proposed bill -- a cap on punitive damages, abolishing joint and several liability -- are at odds with your statements during the 1992 campaign and with the Reno/Mikva letter sent to Speaker Gingrich last week. While I am sure that a "slimmed down" version of Senator Rockefeller's bill might be acceptable, any statement by Senator Rockefeller to the effect that they have received assurances that you would not veto their product-liability proposal will undercut the goodwill generated by the Reno/Mikva letter last week with consumer groups and trial lawyers.

cc: Judge Ab Mikva

Leon
we need to discuss this -
B.

THE WHITE HOUSE
WASHINGTON

95 MAR 14 A9:21

MEMORANDUM FOR LAURA TYSON

FROM: ERSKINE BOWLES

SUBJECT: ROGER JOHNSON

DATE: MARCH 13, 1995

The President would like to see Roger Johnson, Administrator of the General Services Administration, become a full voting member of the National Economic Council. I would be delighted to discuss this with you at your convenience.

a mutually convenient time.

cc: John Podesta
cc: Roger Johnson

Roger Johnson



Why am I being
cc'd on all these
Roger Johnson memos.

P.S. I did not know
the NEC voted, but
this is the one thing
I can effectuate if you
give the OK
John

membership
on the
NEC

THE WHITE HOUSE
WASHINGTON

95 MAR 14 AG:

MEMORANDUM FOR JOHN EMERSON AND MACK McLARTY

FROM: ERSKINE BOWLES

SUBJECT: ROGER JOHNSON

DATE: MARCH 13, 1995



The President would like to see Roger Johnson, Administrator of the General Services Administration, become actively involved in the regional economic conferences, particularly the one which you anticipate occurring in California. I would be delighted to discuss this at a mutually convenient time.

cc: John Podesta
Roger Johnson

THE WHITE HOUSE
WASHINGTON

95 MAR 14 A 9:22

MEMORANDUM FOR ALEXIS HERMAN AND KATE CARR

FROM: ERSKINE BOWLES

SUBJECT: ROGER JOHNSON

DATE: MARCH 13, 1995



The President would like to see Roger Johnson, Administrator of the General Services Administration, become much more involved in our outreach efforts to the business community. I would like to discuss this at your earliest convenience.

cc: John Podesta
Roger Johnson

THE WHITE HOUSE
WASHINGTON

95 MAR 14 A 9:22

MEMORANDUM FOR ELAINE KAMARCK

FROM: ERSKINE BOWLES



SUBJECT: ROGER JOHNSON

DATE: MARCH 13, 1995

The President would like to see Roger Johnson, Administrator of the General Services Administration, much more actively involved in our Reinventing Government efforts. In this regard, Roger could be involved in the development of a specific plan for materially increasing the level of involvement of the business community in planning and implementation of government-wide and agency-specific ReGo II activities.

cc: John Podesta
Roger Johnson

THE WHITE HOUSE

WASHINGTON

March 6, 1995

MEMORANDUM

TO: Ms. Fran R. Wessel
WH Staff Secretary Office
WW Ground Floor

Melinda N. Bates

FROM: Melinda N. Bates
Director, Visitors Office

SUBJECT: Reserved Group Tour

This memorandum confirms that a reservation has been made for a guided tour of the White House for 11 people, from the **Clinton HS** group (ID# 47256), on Friday, March 24. The group will be combined with others.

The number of people in the group may **not** be increased. If there is a reduction in the number scheduled, or if for some reason the tour is cancelled, please notify Mindy Frankfurter or Marc Hoberman as soon as possible at 202-456-2202. Our TDD (telephone device for the deaf) is 202-456-2121.

The members of the group should arrive at the Visitors Entrance on East Executive Avenue at **8:00 a.m.** Please have the person in charge of your group **PRESENT THIS MEMO** to the officer on duty.

Please note that occasionally the tour hours may be affected by the scheduling of official events. You may call the Visitors Office recording at 202-456-7041 to confirm that the tours will be conducted.

On behalf of the President and Mrs. Clinton, we hope that members of your group will enjoy their visit to the White House.

Mark Massey
Clinton High School
8th Avenue South and 9th Street
Clinton, Iowa 52732

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

03-Mar-1995 02:37pm

TO: Melinda Frankfurter
FROM: Frances R. Wessel
 Office of the Staff Secretary

SUBJECT: TOUR FOR ELEVEN

John Podesta would like to have a group tour arranged for eleven faculty/students from Clinton High School, Clinton, Iowa, on March 24. I'm not sure how many adults or students there are in this group, but I could find out if you need.

Thank you!

*Mar. 24
8:00 a.m.*

TELEPHONE CALLS

John D. Podesta

Date:

Feb 8

TIME	NAME	MESSAGE	PHONE #
	car 12:45 ret. 2:15		
12:10	Mark Massey	w/ Clinton High School	319-2437540
		Clinton, Iowa X went to college w/ you 235	
	2202	(wants to see for 10 people w/ Mar)	24
	if possible	OK	NO T OK
12:25	BEN Withed	legal times	457-0686
12:28	Mara Liqsson		414-3313
12:30	GEORGE 5		

3/8

~~Nancy~~ Betty

The President asked
me about a Newt
Gingrich remark on Ameri-
Coner just now... The
enclosed letter will appear
in the Washington Times
either Thursday or Friday.

I don't expect real
Fallout.

EL,

THE PRESIDENT HAS SEEN 3/13



March 7, 1995

Mr. Tod Lindberg
Editor of the Editorial Page
Washington Times

AmeriCorps National Service

CORPORATION
FOR NATIONAL
SERVICE

VIA FACSIMILE

Dear Mr. Lindberg:

In your editorial today (*Federally funded Newt-bashing*), you asked whether AmeriCorps Members participated in the disruption of Monday's NACO luncheon, which prevented Speaker Gingrich from addressing the gathering. There is a simple answer: Absolutely not.

AmeriCorps doesn't support advocacy. Our statute and Regulations clearly prohibit it. Advocacy aims to make change through politics, and is therefore inherently a process of winners and losers. National service brings about positive change by helping local communities solve common problems through collective effort -- where everyone ends up benefiting.

This is much more than rhetoric. Advocacy organizations were furious when our Regulations came out, but we didn't budge. We have also made it clear to all of our grantees that this is a matter of principle, not technicality. We will cut off funding to programs that do not comply. I have reminded all of our programs of these matters, today, in writing.

AmeriCorps aims to re-knit community. That can't happen when basic freedoms of speech are trampled. In the wake of yesterday's disruption, we immediately investigated. Here's what we learned: No AmeriCorps Members participated in the incident (written confirmation attached). In fact, the protesting organization is an entirely separate organization from our grantee -- legally, and in Board, budget, staff and mission.

 AmeriCorps Members serve not with ACORN, but with ACORN Housing Corporation. The latter is not an advocacy organization, but an entirely separate non-profit helping working families find housing -- especially buying their own homes. In the three months our AmeriCorps program has been operating, AmeriCorps Members have already assisted hundreds of families interested in home ownership -- and 84 families now have secured mortgages for their first homes.

This is the AmeriCorps mission: getting things done. And this is the American Dream: helping working families afford a home.

We agree with the *Washington Times* that federal funds must not be abused, and that service must be distinct from advocacy. AmeriCorps is proud of its record -- and unshakable in its adherence to these principles.

Sincerely,



Eli J. Segal
Chief Executive Officer

1100 Vermont Avenue, NW
Washington, DC 20525
Telephone 202-606-5000
Fax 202-606-1906

Getting Things Done.
AmeriCorps, National Service
Learn and Serve America
National Senior Service Corps



copy - sep pg 2
SOSNIK
return original to
me
John



THE WHITE HOUSE
WASHINGTON

March 10, 1995 95 MAR 10 P10:03

MEMORANDUM FOR THE PRESIDENT

FROM: Doug Sosnik

SUBJECT: Weekly Report

1996 Presidential News

Iowa. Sen. Charles Grassley (R-IA) announced last week that he will wait until September to officially endorse a candidate, though most observers assume that he has already decided to back Bob Dole. (He backed Dole in 1988 and much of his organization is already behind the Majority Leader.) Grassley issued a strong defense of Dole's handling of the Balanced Budget Amendment, saying that Dole's performance shows that "not only shows he's a leader of the Republican Party, but [also that] he's able to bring together a bipartisan consensus."

New Hampshire. Lamar Alexander is airing his first paid media in New Hampshire -- a 30 minute town hall meeting taped at WMUR-TV. Alexander discussed issues with 25 New Hampshire voters, joined by Reps. Bill Zeff (R-NH) and Charles Bass (R-NH). (Neither congressman has endorsed a candidate.) It aired twice on WMUR and has aired several times on state cable systems. Dole, meanwhile, picked up the endorsement of former state House Speaker Richard Upton (R) on 3/3/95. Dole said on "Face the Nation" last week that he would "take a hard look at stepping aside" from his leadership position if he won Iowa and New Hampshire.

The New Hampshire legislature is moving a bill towards passage that would hold the New Hampshire presidential primary on a Tuesday at least one week before any other state. Although Arizona's challenge to New Hampshire's status has failed, Delaware is still considering a move to the Saturday after New Hampshire's current date. If Delaware does so, New Hampshire will move its date back a week.

Industrial Primary. Both Dole and Phil Gramm were in the midwest last week. Dole was in Chicago as the keynote speaker at an Illinois Republican Party dinner to honor the election of six Republican constitutional officers and the new Republican majority in the legislature. Gramm was in Illinois on 3/5/95 and toured Michigan on 3/6/96. He said in Illinois that he "can't be President without carrying Illinois both in the primary and in the general election." In Michigan, Gramm said that Gov. John Engler (R) has the credentials he would want in a running mate. He said: "When I talk about ... what Republican leadership can do, I normally mention John Engler and what he's done in Michigan."

Quayle/Lugar. Dan Quayle told the *Michigan City News Dispatch* that he is backing Richard Lugar's presidential bid. He said: "I've always supported Dick Lugar. I think he'll do better than people think. He'll beat the so-called Washington expectations."

Minnesota. The state Democratic and Republican parties as well as some top state lawmakers are backing legislation that would do away with the state's non-binding presidential primary, which costs \$3 million-per-election to run. (Both parties choose their delegates in caucuses.) Gov. Arne Carlson (R) vetoed similar legislation in 1992 and may well do so again.

Governor Wilson. Wilson is methodically laying the groundwork for a likely run for President. He has called dozens of elected officials, contributors, and consultants to seek their support, and has established a federal account to finance his preliminary machinations. He has gubernatorial debt retirement fundraisers scheduled in New York, Boston, Washington, Los Angeles, San Francisco, and San Diego. He will meet privately with key advisors and supporters this weekend. The San Diego *Union-Tribune* reported yesterday that Wilson had "all but decided to run." While he is little known among Republican voters nationally and endures substantial opposition to his candidacy among California party regulars, he will be a formidable presence in the race.

South Carolina Straw Poll. The first GOP straw poll, held last weekend in South Carolina, showed Gramm leading other GOP candidates with 35% of the vote. Lamar Alexander followed with 26% of the vote and Bob Dole with 21% of the vote. 1,190 state GOPers participated in the Silver Elephant dinner and straw poll, which raised approximately \$200,000 for the state Republicans. Dole recently received the endorsement of Carroll Campbell's son.

Other Political News

'96 Illinois Senate Race. With Secretary of State George Ryan's (R) comment last week that he will not run for the Senate in 1996, it appears that the Republicans have successfully cleared their field for Lt. Governor Bob Kustra (R). Potential Democratic candidates include Representatives Dick Durbin and Lane Evans, former Senator Alan Dixon and Bill Daley.

North Carolina Governor. North Carolina is the only state in which the governor does not have veto power. The state House and Senate last week passed a bill putting on the 1996 ballot an amendment to the state constitution giving the governor the veto.

1995 Kentucky Governor's Race. Early finance reports showed state Senate President Eck Rose (D) raising \$292,000 in the first month of his campaign -- bringing him close to the \$300,000 needed to qualify for a \$2 for \$1 state subsidy under new Kentucky law. Secretary of State Bob Babbage (D) and Lt. Governor Paul Patton (D), both of whom started campaigning in November, 1994, are near the \$600,000 fundraising limit for candidates who qualify for public funds. In a key victory last week, Patton won the endorsements of the Kentucky Education Association and the United Auto Workers for the general election. The state AFL-CIO will make its endorsement during their March 27th-28th convention.

1995 Philadelphia Mayoral Race. Based on the results of the March 7th filing deadline, the '95 Philadelphia mayoral race will be a clean match-up between Mayor Ed Rendell (D) and former state Senator Joe Rocks (R). A poll conducted last week by Millserville University showed Rendell defeating Rocks 74% to 11%, with 15% of voters undecided in a general election match-up.

1995 Tampa Mayoral Race. Former Mayor Dick Greco (D) defeated former Hillsborough County Commissioner Jan Platt (D) in the March 7th Tampa general election with 66 percent of the vote. Sandy Freedman could not seek re-election due to term limits.

Mark Hatfield. Although Hatfield will retain his chairmanship of the Appropriations Committee and he has generally won local praise for his lone Republican vote against the Balanced Budget Amendment, conservative Republicans in Oregon are publicly weighing a primary challenge. Bill Witt, who who lost a close race to Elizabeth Furse, and Senate President Gordon Smith are both considering challenging the five term Senator. The NRSC announced it will support Hatfield against primary challengers, however.

Senator Campbell. Shock waves are still being felt from Campbell's party switch last week, with Senator Kerrey calling for Campbell to return \$250,000 in DSCC contributions to his 1992 campaign and former Campbell State Director Sherrie Wolff insinuating that she may soon file sexual harassment charges against the Senator. Along with Senators Bob Kerrey and Tom Harkin, Campbell hosted a low-dollar fundraiser this week for Denver mayoral candidate John Frew. The event, which was scheduled prior to Campbell's switch, raised about \$15,000 and teamed Campbell with DSCC Chair Kerrey following a week of terse exchanges between the two men. Senator Kerrey has since changed his position regarding the DSCC contributions, stating that Campbell could keep one third of the \$250,000 -- to reflect the two years he served as a Democratic Senator and the votes he cast in favor of the Administration. A local Denver television poll showed 45% of Coloradans favoring a new election for Campbell, while 48% oppose it.

California Legislature. A bipartisan group of California state legislators will spend three days in Washington next week and will meet with many top administration officials, including the First Lady and half a dozen cabinet members. Assembly Speaker Brown and President Pro Tem Lockyer will appear at the press stakeout on Monday to bolster our opposition to the rescission package. They will also meet with senior White House staff to discuss the affirmative action initiative and other California political issues. During his visit to Washington this week, Lt. Governor Gray Davis participated in a White House press stakeout where he blasted the Republican rescission package.

1995 San Francisco Mayoral Race. Assembly Speaker Willie Brown is seriously considering running for Mayor of San Francisco this fall. His long-time ally, John Burton, announced his candidacy this week for the State Senate seat Brown had been expected to seek after his Assembly term ended. With the recall election of Brown supporter Paul Horcher set for May, the Speaker could lose his office before the summer. Brown will announce his decision on the Mayor's race by March 20. If he runs, he will likely clear the field of all but the incumbent, Frank Jordan.

Immigration. Political Affairs worked closely with Justice and INS officials and other White House staff to prepare a vigorous defense of the administration's Southwest border control strategy from expected Republican attacks in a hearing today before Lamar Smith's immigration subcommittee.

cc: The Vice President
Leon Panetta
George Stephanopoulos
Melanne Verveer

I'm not sure
we need this
in the reg —
on the 1st Nov.
should put off
B.

THE PRESIDENT HAS SEEN 3/13

THE WHITE HOUSE

WASHINGTON
March 10, 1995

95 MAR 10 P6:35

THE PRESIDENT

Bo Cutter, NEC
Joe Stiglitz, CEA

SUBJECT:

Information on regulatory actions by the Comptroller of
the Currency and Office of Thrift Supervision for March
16 speech

As part of the regulatory review effort being led by the Vice President, the financial services team presented three options that were well-received and are ready for inclusion in your upcoming speech on the subject. These are: (i) regulatory policies that provide incentives for depository institutions to operate in a safer manner; (ii) a proposal -- to be put out for public comment -- to increase the liquidity of small business loans held by banks, thus potentially encouraging banks to make more such loans; and (iii) proposals to modernize the financial services system. The third of these proposals (also known as "repealing Glass Steagall") was the subject of a decision memo to you dated February 21 (a copy of which is attached) and of Secretary Rubin's March 1 testimony. This memo provides information on the other two initiatives.

Incentive regulation for banks

The concept of using the regulatory system to encourage depository institutions (banks and thrifts) to operate more safely has been part of the bank supervisory statutes for many years, and has been used more prominently in recent years. In 1991, for example, Congress directed that the FDIC establish a risk-based system for assessing deposit insurance premiums. This type of incentive regulation also reduces regulatory burden for well-managed institutions and increases the effectiveness of regulatory agencies in that they can concentrate resources where supervision is most needed. Under this Administration, this policy has been both broadened and deepened:

- o With the Bank Insurance Fund nearing full capitalization, the spread between the premium charged the safest bank and the least safe bank is being substantially increased. Whereas current bank deposit insurance premiums range from 23 cents per \$100 of deposits for the best capitalized and managed banks to 31 cents for the most risky, starting this summer the range will expand to between 4 cents per \$100 of deposits for the best banks and 31 cents for the most risky, thereby increasing incentives for safe operation.

- 
- In 1994, the Office of the Comptroller of the Currency (OCC) instituted a special examination procedure for well-capitalized and well-managed, small, non-complex community banks. These banks -- which must have less than \$1 billion in assets and must be in one of the two highest rating categories for safety -- are subject to a much-streamlined examination process which (i) takes far less time for both examiners and banks; (ii) requires banks to provide only 35 previously-identified types of information -- rather than the more-than-200 items regular examinations require; and (iii) is fully described in a readable, easy-to-follow 30 page guide, rather than the 1216-page standard examination manual. More than 1700 banks are eligible for the streamlined process. Both bankers and examiners have given the new process rave reviews.
- o In the fall of 1994, the Office of Thrift Supervision (OTS) eliminated -- for institutions with less than \$500 million in assets that are in one of the two highest rating categories for safety -- the costly requirement for an annual independent audit. (OTS can still require an audit on a case-by-case basis.) In addition, thrifts with less than \$300 million in assets and over 12% risk-based capital are not required to provide OTS with the detailed quarterly reports on assets and liabilities that OTS uses to generate assessments of the institution's interest-rate risk. (More than 80% of the exempted institutions submit the information anyway, because they value the report OTS provides in response on their exposure to fluctuations in interest rates.) Finally, OTS proposed in December 1994 that well- or adequately-capitalized thrifts will no longer be required to notify OTS before paying dividends.
 - o The Administration's financial services reform (Glass-Steagall) proposal limits to well-capitalized and well-managed depository institutions the authority to affiliate with other financial services firms such as securities firms and insurance companies.

Facilitating sales of small business loans held by banks

One of the last remaining competitive advantages of banks is their ability to safely make unsecured small business loans. They can do this in part because of a long tradition of evaluating these credits but also because they are in a unique position to assess and continuously monitor a business's condition through transaction accounts held at the bank. However, during some parts of the business cycle and in some parts of the country, banks have difficulty raising sufficient funds in a cost-effective manner to support small business lending. If the liquidity of these loans could be enhanced, banks should be able to offer more small business credit.

The OCC has been working since last summer on a proposal it intends to put out soon for public comment that could help this process. Under the proposal, banks would be able to request that the OCC provide to the bank (which could share it with potential buyers of loans) a table showing the extent to which a bank's own

assessment of the quality of its small business loans is consistent with the OCC's assessment of a random sample of those loans. This table, which would not reveal any confidential examination information about the quality of the bank's loan portfolio, would enable potential buyers of a pool of the bank's small business loans -- particularly buyers who were other banks -- to assess the quality of the pool without having to do a costly examination of a large sample of individual loans. The information is uniquely available to the OCC and is an example of the use of regulatory information for broader public benefit.

While OCC believes this process can produce gains in small business loan liquidity, and therefore in small business credit availability, it raises the following issues which require caution -- and which explain why the OCC is requesting comments from the public before proceeding:

- o Bank regulators have retained an unyielding bar against revealing any bank examination information -- or allowing banks to reveal it. Although the information that would be provided in this instance does not reflect the bank's performance, there will undoubtedly be concern in the industry that providing this information will lead to revealing additional information, which could undermine public confidence in individual banks.
- o Although it is highly unlikely that even providing an incorrect table could subject the OCC or its employees to legal liability, the agency faces reputation risk if loans purchased in part on the representation that a bank's assessment of quality is similar to the OCC's assessment perform in an unexpectedly negative manner.
- o Since the best small business lending is built on relationships, it is unclear whether a system that increases the frequency with which such loans are sold after they are originated -- even if the originator retains some liability and the responsibility to service the loan -- will in fact be attractive either to banks or to their small business customers.

Because of the examination confidentiality issue, this is in fact a quite bold proposal. We suggest that if it is mentioned in your speech on March 16 it be couched in the following terms:

Small business lending by banks could be enhanced if banks could more easily sell these loans in order to raise funds to make more loans. The OCC will soon put out for comment a proposal that would enable banks that wanted to sell such loans to make available to potential buyers additional credible information about the quality of the loans. We are hopeful this proposal will increase the overall amount of credit available to small businesses.

cc: Laura Tyson

THE WHITE HOUSE
WASHINGTON

95 MAR 10 P9:49

March 10, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *KH*

SUBJECT: Summary Of Cabinet Weekly Reports
March 10 - March 17, 1995

George J. Mitchell

DOLE CALLS FOR ELIMINATING FOUR CABINET DEPARTMENTS

Speaking to the National Newspaper Association on Friday, March 10, Senator Dole proposed eliminating the departments of Education, Energy, Commerce, and Housing and Urban Development. Calling for Republicans to be bold as they pursue their goals of balancing the budget while shifting power away from Washington, Dole commented that these Departments cost taxpayers \$70 billion a year and do more harm than good.

Dole told the group of journalists, "I think the best place to start is with four of the most ineffective, burdensome, and meddlesom departments." Dole said that these four agencies, which have a combined 74,000 workers, "were supposed to be the answer to our challenges in education, poverty, energy, and economic opportunity." Instead, he said: "more than \$1 trillion later, they have caused more problems than they have solved. Today these agencies are defined more by bottlenecks and bureaucracy, scandal and waste, than anything remotely connected with success. "

RESPONSE TO REPUBLICAN RESCISSIONS

The Cabinet is actively engaged in an aggressive media and constituency outreach campaign. Last week, Secretaries participated in a number of public events. Highlights include: Secretary Riley, along with the Vice President, spoke at an elementary school in Maryland; Secretary Cisneros was interviewed by NBC Nightly News for a weekend segment highlighting the impact of rescissions on homeless families and children; Secretary Reich conducted a conference call with ten mayors and regional reporters; and Secretary Jesse Brown conducted radio interviews in Cleveland, Detroit, and Pittsburgh. Sub-Cabinet officials and regional administrators also addressed a number of constituency groups and regional reporters.

This week, leading up to the vote, the Cabinet will continue to do extensive media and constituency outreach. Key agencies prepared state-by-state and city-by-city impact analyses for distribution to the press. Secretaries Reich, Cisneros, Shalala, and Jesse Brown will participate together on a conference call with at least twelve mayors and local press to amplify your League of Cities speech. Secretary Cisneros is scheduled to appear on the *MacNeil/Lehrer News Hour*. Secretary Reich will participate in a press conference on March 13 or 14 to decry the elimination of the summer jobs program. Secretary Jesse Brown will continue to write letters to Congressional delegations informing them of VA's opposition to the \$206 million rescission of VA's FY '95 appropriations.

FLOODING IN CALIFORNIA

A fierce Pacific storm in northern California has led to flooding and major landslides, causing evacuations, closings, and a loss of power to 50,000 people. San Francisco Bay is closed to commercial shipping for the second time this year, two of four runways at San Francisco International Airport are inactive due to high winds, and a number of roads are closed. Shelters have been opened for people evacuated from their homes, and Emergency Operations Centers have been activated. Two deaths have been associated with the storms.

In southern California, a reservoir in San Diego county is approaching its limit, reportedly causing localized flooding in Mexico. Another big storm is headed for southern California and is forecasted to drop ten inches of rain before the end of the weekend.

FEMA is closely monitoring these situations.

DEPARTMENT SUMMARIES

DEPARTMENT OF TREASURY

- **G-7 Deputies Meet in Paris:** On March 13, G-7 Deputies meet in Paris to consider a draft report on the finance ministries' review of International Financial Institutions. Under-Secretary for International Affairs Larry Summers will attend.
- **DC Finances:** Treasury officials are actively participating in the OMB working group which is monitoring the District's financial situation and developing draft legislation to establish a control board to monitor the District's finances.
- **Financial Modernization:** Efforts are underway to implement an aggressive Congressional/industry outreach plan to support the Financial Modernization bill. Frank Newman and Secretary Rubin will conduct separate meetings with key House and Senate Republicans and Democrats. Treasury officials will also give speeches and hold meetings to key industry groups and representatives. Included in the outreach effort is a speech by Dep. Secretary Newman to the Securities Industry Association on March 15.
- **Testimony on Mexico:** Secretary Rubin testified today on Mexico before the Senate Banking Committee.

DEPARTMENT OF LABOR

- **Diversity Award Recognizing Xerox Corporation:** On March 13, Secretary Reich presents the Francis Perkins-Elizabeth Dole National Award for Diversity and Excellence in American Executive Management to Xerox. Elizabeth Dole is expected to be present at this ceremony.
- **Summer Job Press Conference:** Secretary Reich will participate in a press conference on March 13 or 14 to discuss the Republican rescissions proposals, particularly the elimination of the summer jobs program. He will be joined by members of Congress, CEOs of large corporations, small business entrepreneurs, children, and law enforcement officials.
- **Glass Ceiling Commission Report:** On March 16 or 17 the bi-partisan *Glass Ceiling Commission* chaired by Secretary Reich will release its fact-finding report. The data shows that despite growing awareness among corporate leaders, women comprise 3-5 percent of all senior managers in the private sector, and minority males comprise less than 2 percent. Recommendations for action will be released in the fall.
- **Labor Conferences:** On March 16, Secretary Reich delivers the keynote address at the Interstate Conference of Employment Security Agencies. The attendees at this conference include state commissioners, directors and secretaries of labor, as well as business and labor representatives. The Secretary will also speak via satellite to the United Auto Workers and Chrysler Corporation Annual Meeting.
- **State Legislators Conference:** Secretary Reich will address the National Conference of State Legislators on March 16. His remarks will focus on the role of the state legislatures in the Administration's job training reform proposals.
- **Education Conference:** On March 17, the Secretary speaks to the National Association for Equal Opportunity in High Education 20th National Conference. The conference attracts a national audience of presidents and deans of historically Black colleges and universities. His speech will focus on the Middle Class Bill of Rights.
- **Consumer Price Index Testimony:** On Monday, March 13, Bureau of Labor Statistics Commissioner Katharine Abraham testifies before the Senate Finance Committee on various measurement issues relating to the Bureau's Consumer Price Index [CPI]. Questions are expected to focus on the status of efforts to improve or refine various aspects of the Index. The accuracy of the CPI has been questioned in recent major news articles.
- **America's Job Bank on Internet:** DOL has completed work to make America's Job Bank available on Internet. This will enable any job seeker, in the comfort of his or her home, office or public library, to access job listings and general labor market information from across the nation. The Department has asked the Vice-President to participate in the announcement.

DEPARTMENT OF COMMERCE

- **Census Bureau Reports:** The Department's Census Bureau will release the following economic data:

U.S. International Transactions for 4th Quarter 1994	March 14
Advance Retail Sales for February 1995 Manufacturing and Trade	March 14
Inventories and Sales for January 1995	March 15
Housing Starts and Building Permits for February 1995	March 16;
- **Latin American:** Secretary Brown travels to Latin America beginning on March 16, with likely stops in Brazil and Argentina, as well as Santiago, Chile, where he will participate in the annual Latin America Telecommunications Summit. He will be accompanied by interagency representatives and possibly by U.S. CEOs. Secretary Brown returns to Washington on March 28.
- **Snake River Recovery Plan:** On Monday, March 13, NOAA will announce the Snake River Recovery Plan in the Northwest. Commerce expects this to generate significant regional press interest.
- **WH Visitors Center Opening:** Monday, March 13, Secretary Brown joins the First Lady here for the Grand Opening of the Malcolm Baldrige Great Hall, which will serve as the White House Visitors Center, and address the Computer and Communications Industry Association dinner.
- **REGO:** On the Wednesday, March 15, Secretary Brown opens the Career Reinvention Center at Commerce as part of REGO.
- **NAM:** On Wednesday, March 15, Secretary Brown travels to Chicago to address the National Association of Manufacturers board meeting.
- **Foreign Direct Investment Report:** On Friday, March 10, Commerce released a report entitled "Foreign Direct Investment in the United States: An Update," detailing FDI through 1993. Highlights include: In 1993, outlays by foreign investors for acquiring and establishing U.S. business enterprises increased sharply to \$26.2 billion, after declining for four years; Japan surpassed the United Kingdom as the largest holder of accumulated foreign direct investments since 1992, and continued to hold that position in 1993, despite the lowest annual outlays by Japanese firms since 1985; and, a substantial portion of U.S. imports is accounted for by foreign-owned firms, mostly by those in the U.S. wholesale trade sector.

DEPARTMENT OF TRANSPORTATION

- **Chicago Drawbridges:** On March 9, the Coast Guard will hold a hearing in Chicago concerning the issuance of a deviation from operating schedules for 29 drawbridges owned by Chicago. Under the deviation, recreational boaters would be required to give 24-hour advance notice for a bridge to open. This issue is extremely controversial in Chicago. The drawbridges involved are located in the middle of downtown Chicago and opening them during the day causes significant traffic disruption. Accordingly, the city would prefer that openings be severely restricted. Last year, the Coast Guard imposed a more restrictive regime in response to the city's concerns, but the schedule was overturned when a Federal court found the Coast Guard had insufficient evidence to justify change. The deviation will be in effect from April 15 to July 14. This deviation is different from the schedules requested by Chicago last year and overturned. DOT anticipates that Chicago will be dissatisfied with our deviation but, given last year's court decision, the Department feels it is as far as we can reasonably go. DOT intends to use this deviation period to collect the data necessary to make a permanent change.
- **GM Settlement:** DOT has reached a final settlement with General Motors regarding the C/K pickup truck issue. As a result, General Motors will provide over \$50 million for vehicle safety programs. The settlement will be announced March 10.
- **Air Traffic Control Corporatization Proposal:** DOT anticipates submitting legislation on corporatization of air traffic control during the week of March 13.
- **Medium and Heavy Vehicles to be Equipped With Antilock Brake Systems:** On March 10, the National Highway Traffic Safety Administration will publish a final rule -- mandated by the Intermodal Surface Transportation Efficiency Act -- requiring medium and heavy vehicles to be equipped with an antilock brake system. The rule will significantly reduce deaths and injuries caused by jackknifing and other losses of directional stability and control during braking. The new requirement will also prevent about 29,000 crashes involving up to 500 deaths and 25,000 injuries annually. Two companion final rules specify distances in which different types of medium and heavy vehicle configurations must come to a complete stop from 60 mph on a dry surface. The estimated cost of the rule is \$500 million per year, but the estimated savings are over \$1.3 billion. Industry has some concerns about the rule, but generally finds it acceptable.
- **Motor Carrier Safety Summit:** In response to recent trends showing an increase in accidents involving trucks, DOT will hold a Motor Carrier Safety Summit in Kansas City, Missouri, on March 12-15, 1995. Secretary Pena and Federal Highway Administrator Rodney Slater will deliver keynote speeches at the opening plenary session. Mayor Cleaver of Kansas City and Tom Donahue of the American Trucking Association will also speak. The Summit will provide the opportunity for the Department and representatives of the industry and related disciplines to set a motor carrier safety agenda for the turn of the century and beyond.
- **Olympic Activities:** On March 14, Secretary Pena and Federal Transit Administrator Gordon Linton will host an event in Washington D.C. to recognize the sixty transit agencies that are contributing 2,000 buses to the Olympic Games. The chairmen and general

managers of the affected transit agencies will be invited. This event will follow Secretary Pena's address to the American Public Transit Association, also on March 14. Confirmed participants for this event are Mack McLarty, Atlanta Olympic Games Chairman Billy Payne, and Paralympics Games President Andrew Fleming.

- **Commuter Aviation Safety:** Secretary Pena anticipates issuing a Notice of Proposed Rulemaking on March 24 requiring commuter airlines to meet the same standards as larger carriers. These regulations are part of a commitment Secretary Pena made at the Aviation Safety Summit to upgrade commuter safety in response to several airplane crashes. Under the proposed rulemaking, commuter operators that conduct scheduled passenger-carrying operations with airplanes of 10 to 30 seats will have to comply with new requirements including flight time limits, rest requirements, dispatch systems, and a designated safety official. The regulations will impose a significant cost to the industry and the Department expects considerable objections.
- **U.S. - U.K. Aviation Issues:** The *USAir-British Airways* Code Sharing Agreement will come up for formal renewal on March 17. This agreement is highly controversial. Issues include the relative benefit to the British carrier as opposed to the U.S. carriers, unfair economic advantages to *USAir*, and diminishment of overall negotiating leverage in the future with the United Kingdom. In conjunction with this renewal issue, negotiations may occur with the United Kingdom concerning new operating rights, including to London/Heathrow Airport. There is considerable disagreement within our own industry as some carriers, particularly *American*, feel that the overall exchange is unfavorable to the United States. Of course, *American* also opposes new competition on their London-Heathrow route. DOT is currently trying to reach a consensus with industry as to how to proceed.
- **Chrysler Minivans:** The National Highway Traffic Safety Administration has issued a release requesting that individuals report any instances in which the rear liftgate, hatch, or door of any vehicle opened during a crash. The release -- issued as part of the agency's defect investigation into whether 1984-1994 Chrysler minivans have a safety defect related to rear latch failures in crashes -- seeks information on actual consumer experience with all vehicles. This information will assist in determining how to proceed in the subject investigation.

UNITED STATES TRADE REPRESENTATIVE

- **China Mission:** On March 9, Ambassador Kantor led a delegation of Administration officials and business leaders to China to launch implementation of the recent IPR agreement reached with China. The agreement provides strong protection of U.S. intellectual property rights in China and enjoys broad support from the U.S. business community. On March 9, USTR signed a space launch agreement with China and held consultations on market access, services, and textile issues with Chinese officials.

SMALL BUSINESS ADMINISTRATION

- **Minority Pre-Qualification Loan Program:** The SBA will hold a Minority Pre-Qualification Loan Program training session in Kansas City, KS on Monday, March 13. Representative Karen McCarthy is likely to be present. This is a pilot loan process modeled after the Women's pre-qualification pilot program. In both pilots, private sector intermediaries help eligible borrowers prepare quality loan packages. The SBA then considers these loan applications, and if it finds them to be creditworthy, issues pre-qualification letters. An applicant can then approach lenders with evidence that the SBA has reviewed the package and determined that it would be appropriate for an SBA guaranty if the bank requests such guaranty.

DEPARTMENT OF JUSTICE

- **Pennsylvania Abortions:** Action was brought by private parties against the State of Pennsylvania challenging conditions imposed by the state on the funding of abortions under the Medicaid statute. Pennsylvania requires that abortions due to rape or incest can be funded only if the rape or incest is reported by the pregnant woman to appropriate authorities. It also requires that abortions which threaten the life of the mother can only be funded if a physician, who will not perform the abortion and has no pecuniary interest in the performance of the abortion, certifies that the pregnancy will cause a danger to the mother if carried to term. The District Court invalidated Pennsylvania's law in conflict with the Medicaid statute as modified by the Hyde Amendment. Brief will be filed on March 24, 1995.
- **Three Types of Technologies Capable of Enhancing the Detection and Identification of Weapons Carried Illegally:** \$2.15 million from the 15% set aside of COPS funds has been designated for technology, among other purposes. A report on the projects will appear Friday or Saturday in the New York Times.
- **Immigration Act:** On March 14, Attorney General Janet Reno and INS Commissioner Doris Meissner testify before the Senate Judiciary Committee on the Immigrant Control and Financial Responsibility Act of 1995.
- **Reverse Discrimination Case:** On March 2, 1995, United States filed United States v. The Board of Regents of Regency Universities of the State of Illinois, alleging that the defendant discriminated against Steven G. Putt, a white male, by failing to hire him into a Building Service Worker Learner (BSWL) position. The complaint further alleges that the Board of Regents engaged in a pattern or practice of employment discrimination against white males with respect to this entry-level position.
- **National Voter Registration Act Upheld As Constitutional:** On March 2, 1995, the court issued its ruling in Wilson v. The United States and Voting Rights Coalition v. Wilson. The court ruled that the NVRA is constitutional, enjoined California to comply with the law, and denied the state's motion for a stay pending appeal.

INS Arrests Over 130 Illegal Workers In Nebraska: On March 4, forty INS agents arrested approximately 133 persons at the Excel beef processing plant in Schulyer, Nebraska, for violations of Employer Sanctions laws. As part of an 18-state project called "Operation Jobs," the Omaha INS Office will work with Excel managers to help them find legal workers to replace those removed on Saturday.

- **Gang Member Arrests:** In South Carolina, during the early morning hours of February 24, Federal and state law officers in Bamber and Barnwell counties arrested, without incident, six gang members of a crack-cocaine organization. On February 27, law enforcement officials arrested 32 additional gang members of the same organization.

On March 2, law enforcement officers in Houston, Miami, New Orleans and New York arrested seventeen defendants believed to be members of a New Orleans-based drug organization led by Rogelio Polledo.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **FDA to License Chicken Pox Vaccine:** Next week, FDA will announce the licensing of a chicken pox vaccine. An estimated 3.7 million Americans are affected by chicken pox each year. It is estimated that there are 9,300 chicken pox-related hospitalizations and 50 to 100 deaths annually that could be prevented with the new vaccine.
- **Oklahoma Welfare Waiver:** On Monday, March 13, HHS will announce the approval of Oklahoma's welfare waiver proposal. This will be the 27th welfare waiver the Department has approved, and Oklahoma will be the 26th state to have been granted a waiver by the Clinton Administration. The Oklahoma demonstration will eliminate the 100-hour rule for employable two-parent households; require more work from JOBS participants; and provide case management for teen custodial parents and long-term AFDC recipients.
- **Medicare Payments Expected to Slow in 1995:** Next week, HHS may announce that Medicare payments for health care services are expected to slow to a 9.3 percent growth rate in 1995 after increasing 11.5 percent in 1994. The Health Care Financing Administration will formally release state-by-state data on Medicare expenditures and enrollment in 1993 and 1994.
- **Fialuridine Study:** On March 16, the Institute of Medicine will release a report on NIH's clinical trial of the drug fialuridine (FIAU). In June, 1993, NIH conducted a clinical trial of FIAU in hepatitis-B patients. The trial was abruptly terminated when one of the 15 patients participating in an NIH study was suddenly hospitalized with liver failure. Although all remaining patients were contacted and told to stop taking the medication, six more developed severe toxicity, five died, and two required liver transplantation. Both FDA and NIH conducted retrospective assessments of the various FIAU trials to determine if appropriate preclinical testing and prediction of adverse effects were conducted. FDA's task force recommended broad reforms of the Agency's testing regulations to require scientists to gather and report more information about adverse effects. The NIH group concluded that there was no evidence that important data were ignored and concluded that the trial was appropriate.

- **Combatting Medicare and Medicaid Fraud and Abuse:** On March 13-14, HHS's Health Care Financing Administration convenes a national conference on the prevention, early detection, and prosecution of Medicare and Medicaid fraud and abuse. For the first time, all state and federal associated programs are being brought together to identify problems and set priorities. Participants will include HHS's Office of Inspector General, the Department of Justice (including the FBI and U.S. Attorney's Office), state Medicaid, survey and fraud control program staff, and Medicare contractors.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **HUD Reinvention and Budget:** HUD has been working aggressively, and in coordination with OMB, to finalize details of its reinvention plan which it intends to release on Thursday, March 16th. This release includes the formal submission to Congress of the reinvention narratives, including the thematic overview of the HUD reinvention effort, as well as a distribution of the document to key interest groups.
- **Rescissions:** HUD has been informed that Representatives Obey, Stokes, Kennedy and others are considering various amendments to restore portions of the rescissions proposed for HUD programs. In anticipation of next week's House vote, HUD has conducted local impact analyses of the HUD rescissions on districts of potential "swing" Members. The Department also began distributing state-by-state breakouts of the HUD rescission impacts to be used by senators, governors, and constituent groups.
- **National League of Cities:** HUD will be an active participant in the National League of Cities conference next week. On Saturday, March 11, Secretary Cisneros delivers the plenary address on HUD's reinvention plan and the impact of the Congressional rescissions. Secretary Cisneros will also meet individually with Mayors while they are in town for the Conference.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Interdiction Signing Ceremony:** On March 15, Directors of Intelligence from DEA, Customs, Coast Guard, FBI, EPIC, USIC, DIA and CNC will sign the Interdiction Intelligence Support Plan to provide comprehensive intelligence support to the interdiction centers established by the National Interdiction Command Control Plan.
- **San Francisco Events:** On March 16, the Dr. Brown addresses the Commonwealth Club, speaking about National Drug Control Strategy, the Middle Class Bill of Rights, and the impact of the Republican rescissions. On the same day, the Secretary will interview with the *Oakland Tribune* and visit a school to address the proposed cuts in Safe and Drug Free Schools.

- **Farm Bill:** Senate Agriculture Committee Chairman Richard Lugar announced five hearings to kick off the 1995 Farm Bill debate. The hearing will take place between March 10 and April 4. USDA representatives will testify.
- **USDA Moves On Mexican Disease Outbreak:** The USDA Animal and Plant Health Inspection Service is increasing disease surveillance activities to protect the U.S. poultry industry from the highly pathogenic avian influenza virus currently present in several of Mexico's commercial poultry flocks. USDA is working with states and the poultry industry to increase slaughter and farm disease surveillance activities for poultry in states and areas bordering Mexico or at risk. USDA is also enhancing its monitoring and response capabilities in order to deal quickly with any possible U.S. outbreak of the disease.
- **New York City Food Stamp Audit:** The USDA Office of Inspector General concluded an audit of New York City's Food Stamp Program. USDA found that the City's computer system lacked an automatic cut-off, which is required by federal regulations to prevent households from receiving benefits beyond their certification period. USDA may determine that a negligence billing of about \$3.4 million be made against New York.

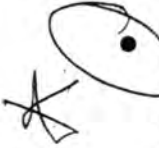
DEPARTMENT OF INTERIOR

- **Endangered Species Act Reauthorization:** Secretary Babbitt's ~~proposal would release~~ small landowners from the requirements of the ESA in most situations. The proposed ~~regulation would generally exempt~~ landowners engaged in activities likely to have negligible effect on the survival and recovery of threatened species (such as activities on residential lots or activities that effect less than 5 acres). The package also sets out a series of initiatives designed to build stronger partnerships with the States and local governments; afford greater administrative flexibility to minimize socioeconomic effects; reduce delay and uncertainty for landowners; ensure that ESA decisions are based on sound and objective science; create incentives for landowners to conserve species; make effective use of limited public and private resources; prevent species from becoming endangered or threatened and promptly recover and de-list species; and promote fairness, efficiency and consistency in the administration of the ESA. The proposal has received strong support from Governors Romer, Kitzhaber, and Lowry; the State Fish and Wildlife agencies; the Western Urban Water Coalition; and The Nature Conservancy.
- **Takings Legislation:** The Secretary is working with the Vice President, EPA, and the Department of Agriculture on a way to be more responsive to the current private property mood in the country, but which does not gut the environmental laws the way this proposal does. Interior hopes to have a proposal out next week.

ENVIRONMENTAL PROTECTION AGENCY

- **Regulatory Reinvention:** The Administrator's staff has been working closely with the White House to develop recommendations for regulatory reinvention for the March 16 White House announcement.
- **Common Sense Initiative:** This week, Administrator Browner participated in a kick-off meeting of one of the six pilot industries involved in the "Common Sense Initiative" [CSI], the computers and electronics industry. CSI is the centerpiece of EPA's regulatory reinvention efforts. In each CSI sector, industry, environmental, environmental justice and labor leaders, and federal, state and local regulators and community groups are examining their industry from top to bottom in order to develop flexible, comprehensive environmental protection strategies.
- **Superfund:** On March 16, Administrator Browner testifies before the House Subcommittee on Commerce, Trade & Hazardous Materials on Superfund. Administrator Browner will emphasize that EPA will continue to fight for reauthorization and legislative reform of the Superfund during this Congress, building on the legislative work completed last year.
- **Great Lakes Water Quality Initiative:** On March 13, Administrator Browner announces the Great Lakes Water Quality Initiative [GLI], a comprehensive plan to protect the Great Lakes basin. EPA has worked with environmentalists, state and local representatives, members of Congress and other stakeholders to create a plan that has strong environmental goals, while remaining flexible on how those goals are achieved. EPA expects some of the Republican Governors to be critical.

DEPARTMENT OF ENERGY

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- **Yucca Mountain:** On Sunday, March 5, the New York Times ran an article containing the findings of a Los Alamos scientist who has hypothesized that plutonium in wastes disposed of at the potential Yucca Mountain repository could explode in the future, spreading radiation over long distances. This is currently being reviewed by other scientists. DOE released a statement indicating that they will thoroughly investigate this theory.
 - **Spent Fuel Environment Impact Statement:** In the coming weeks, DOE will issue two environmental impact statements. Both will be controversial. The first will focus on the impacts to health and safety of citizens living near a DOE Savannah River Site taking back spent fuel rods from foreign research reactors. This program is an important element of our non-proliferation efforts as we seek to convert foreign research reactors to low enriched fuel, thereby reducing proliferation risks.

DOE will also issue an Environmental Impact Statement on storage and disposition of defense and Navy-origin spent fuel in the Department of Energy complex. The Department is committed to preparing the EIS in the context of a court decision allowing the Navy to ship a specified amount of spent fuel to Idaho. The EIS deals with large amounts of spent fuel and will be controversial in states that are storage possibilities.

DEPARTMENT OF STATE

- **Pakistan:** A Presidential Mission is enroute to return the victims' bodies to the United States this weekend. On March 9, the State Department's Ambassador, John Monjo, announced a reward of up to \$2 million, available under the Counter-Terrorism Rewards Program, for information leading to the arrest and prosecution of those responsible. An FBI team is assisting in the investigation, and Diplomatic Security is reassessing the safety of our staff. A ceremony is scheduled for the arrival of the victims' remains at Andrews Air Force Base this weekend. Karachi itself, riven by ethnic and religious tensions, remains the site of daily killings. Pakistani authorities are cooperating fully with the State Department to investigate the attack and bring those responsible to justice.
- **Haiti Trip:** Deputy Secretary Talbott led a Presidential Business Development Mission to Haiti March 7-8, highlighting the fact that Haiti is open for business. The State Department announced a number of USG initiatives, the Haitian government offered incentives to new investors and several corporate deals were concluded, promoting confidence in Haiti's long-term prospects. Deputy Secretary Talbott had the pleasure of informing President Aristide about your March 31st visit.
- **Jordan Debt Relief:** Numerous discussions with Senate staff, both Republican and Democrat, have shown substantial interest in adding supplemental spending for Jordanian debt relief to the DOD supplemental. Discussions have revolved around possible offsets and the duration of the debt relief. The State Department will continue to work closely with the leadership and the Appropriations Committee to secure as much of the requested \$275 million as soon as possible.
- **North Korea:** On March 8, a Murkowski/Dole amendment to the Department of Defense Supplemental Appropriations Bill that would have prohibited use of FY 95 funds to support the U.S./DPRK Framework Agreement was modified so that it had no practical impact on the Accord's implementation. Both sides accepted it. This was the first instance in the new Congress when Senate support for North Korean policy was put to the test. Democrats were willing to stand up in support; Republicans, though still inclined to criticize, did not want to be blamed for the Agreement's failure.
- **Middle East Development Bank.** More than thirty countries participated in Middle East Development Bank meetings at the State Department. These meetings should move us closer to a decision to set up the bank, thereby bolstering the peace process.

DEPARTMENT OF DEFENSE

- **Ecuador/Peru Observer Mission:** General Shalikashvili traveled to Brasilia this week to review a 40-man observer team (ten U.S. military members) training for deployment to Ecuador and Peru. The team will deploy shortly. A total of 92 U.S. personnel will be involved initially. The issues -- command and control, funding, status of forces agreement-- are being worked out among the Guarantor countries. The package was presented to Peru and Ecuador on March 7. Meanwhile, sporadic fighting continues between the two countries.

- **Former Yugoslavia:** NATO support for UNPROFOR withdrawal planning continues. Consensus on planning continues to be an elusive objective within the North Atlantic Council. While pressure on Tudjman continues, NATO will continue follow-up on Step 2 prepositioning in Croatia on OPLAN 40104. On March 15, the NAC will seek a decision on Step 2. The Allies are skeptical, with the French the most adamantly opposed to moving ahead at this time, which makes a decision on the 15th difficult. The decision making process in the U.S. on Step 2 prepo is currently on hold, pending resolution of the question whether it would actually save time.
- **Haiti:** U.S. forces in Haiti decreased another 255 last week and now number 5,488. There are 675 International Police Monitors (IPMs) from 16 countries working with approximately 3,734 members of the IPSF and 972 public safety trainees throughout Haiti.
- **Migrants:** There are approximately 24,644 Cuban migrants remaining at GTMO. On March 7, 150 Cuban migrants arrived at GTMO via air from the Cayman Islands. There have been 337 Cuban migrants identified for voluntary repatriation. Parole flights into the United States were scheduled for March 7-9 for up to 170 Cuban migrants per flight.
- **Iraq/Iran:** USCINCCENT is monitoring Iraqi/Iranian forces which were on a heightened state of alert this past week. Iraq anticipates Iranian attacks along the border in support of Kurdish and Shia rebels.
- **Somalia:** Operation United Shield Phase IV was successfully completed on March 2. There were no U.S. or Allied casualties. Phase V withdrawal began on March 2, as units returned to base.
- **FY 1995 Supplemental:** As expected, the Senate Appropriations Committee approved a \$1.94 billion supplemental on March 2 -- less than two-thirds of the \$3.2 billion passed in the House. In addition to the smaller total, the Senate offset all the supplemental by eliminating funds from DOD accounts and used the \$1.5 billion in nondefense rescissions for deficit reduction. The most objectionable aspect of the supplemental is the Committee's action to drop an emergency declaration. The demand to offset outlays establishes a serious precedent that the Department strongly opposes.
- **Reprogramming:** DOD is preparing an \$800 million reprogramming request, largely for the unfunded costs of the FY95 military pay raise, locality pay for civilians and emergent readiness requirements unrelated to the contingency operations. The primary source of the reprogramming will come from congressional add-ons, most likely from Guard and Reserve Equipment. It is important that the reprogramming action be considered along with the Supplemental. The House bill already includes \$670 million for "enhanced readiness" and sets the stage for the reprogramming.
- **Middle East:** Secretary Perry travels to the Middle East March 17-23. He will visit Saudi Arabia, Kuwait, Bahrain, UAE, and Qatar. In addition to talking with local, he will visit U.S. military units and facilities.

UNITED NATIONS

- **UN World Summit for Social Development:** March 11, Ambassador Albright travels with the Vice President to Copenhagen for the UN Social Summit. She will meet with Secretary General Boutros Boutros-Ghali to discuss sensitive UNICEF issues. According to several UN Ambassadors, the First Lady's participation was one of the high points of the Summit.
- **Eleanor Roosevelt Ceremony:** On March 14, at the UN in New York, Ambassador Albright will introduce the First Lady prior to her address to a conference in honor of Eleanor Roosevelt and in celebration of International Women's Day.
- **Iraq:** The Security Council will hold the sanctions review on March 13. As a result of Ambassador Albright's trip to Security Council capitals and UNSCOM Chairman Ekeus' report that there are still problems with Iraq's biological weapons capability, the UN has strong support from 10 members of the Council to maintain the sanctions without change. However, it expects to face intensified efforts in April by the Russians and French for an easing of the sanctions.
- **International Criminal Court:** There is considerable work underway by UN staff and other agencies to prepare for the April UN session on the proposal for an international criminal court (with jurisdiction over war crimes and possibly terrorism and drugs). The UN has been consulting intensively with key European, Latin American, Asian, and African governments about its fundamental concerns and how the court's draft statute should be reconsidered to accommodate them. To date, responses from these governments have been encouraging. USUN is taking the lead in drafting the USG comments for use at the April session and will actively participate in those deliberations with support from State, Justice, Defense, JCS, and Treasury.
- **Burundi:** The UN expects the council to adopt a Presidential Statement this week calling on the Government of Burundi to work to promote stability in that very volatile country and for an international commission of inquiry to be considered to determine those involved in the 1993 coup attempt and subsequent massacres. Efforts are being made to defuse the situation but the atmosphere is volatile and Burundi could become another Rwanda nightmare very quickly.
- **Bosnia/Croatia:** Ambassador Albright met with the UN Undersecretary-General for Peacekeeping on March 8, to discuss Croatian President Tudjman's agreement to continue a UN presence in the separation zones in Croatia beyond March 31. President Tudjman has said he will not renew the mandate of UNPROFOR in Croatia after March 31. The new UN force would be under a different name and mandate. Ambassador Albright will begin consultations with the Contact Group (US, France, UK, Germany and Russia) plus Italy with a view to preparing resolutions for the Council establishing the new force in Croatia and renewing UNPROFER's mandate in Bosnia and Macedonia.

- **UN Human Rights Resolution on China:** The no-action motion by the Chinese on the Human Rights Resolution on China was defeated on March 7 (even if only as a tie vote) This is the first time that a no-action motion on a human rights resolution on China has been defeated. It sends a message to the Chinese that the Human Rights Commission takes the situation of human rights in China very seriously. Achieving this result involved a great deal of effort in Geneva, New York and capitals. The resolution itself lost by only one vote, but US-UN was not surprised by this, and in fact, were very encouraged for the future -- both by the vote on this resolution and by the victory on the no-action motion.

cc: The Vice President
Leon Panetta
Harold Ickes
Erskine Bowles
Carol Rasco
Jack Quinn
Maggie Williams

DEPARTMENT OF VETERANS AFFAIRS

- **Rescissions:** The Secretary continues his efforts in opposition to the rescission of \$206 million of VA's FY 95 appropriations. Last week, Secretary Brown wrote to all members of the Missouri, Connecticut, Florida, Virginia, and Puerto Rico delegations informing them of VA's opposition to the rescission, explaining how the rescission affects their district or State, and requesting their support in overturning the rescission. Next week he will write a similar letter to all other members. VA has been advised that there may be floor amendments that would among other things, strike the VA portion of the rescission.

DEPARTMENT OF EDUCATION

- **National Education Goals Panel:** On March 13, Secretary Riley participates in a National Education Goals Panel meeting to discuss options for providing states support on establishing their own academic standards.
- **Safe Schools Grants:** March 17, Secretary Riley announces 21 grant awards totalling \$18 million under the Safe Schools program. The announcements will be made via satellite tour to reach all cities receiving grants. Republican rescission proposal zeroes out funding for this program.
- **Consolidation Hearing:** On Monday, March 13, Secretary Riley and Deputy Secretary Kunin testify before the House Subcommittee on Human Resources and Intergovernmental Relations of the House Government Reform and Oversight Committee. The hearing will focus on the Department's program consolidation and reorganization issues, with particular attention to job training programs. The Department expects the hearing to be contentious, with some Republicans calling for abolishment of the Department. Congressman Chris Shay, chairman of the subcommittee, has expressed his interest in and initial preference for Congressman Steve Gunderson's proposal to merge the Departments of Education and Labor.
- **Budget Hearing:** On March 14, Secretary Riley testifies before the House Budget Committee on the FY 96 budget. Other witnesses include Governor Engler (R-MI), William Bennet, Chester Finn, Bill Hanson, and Rudolf Penner.

DEPARTMENT OF AGRICULTURE

- **Forest Plan/Pacific Northwest Economic Adjustment Initiative:** On March 8, an Idaho court dissolved the injunction in Pacific Rivers Council v. Thomas which had halted all new or ongoing timber sales, range activities, mining operations, and road projects on National Forests in Idaho. An Oregon district court issued a similar injunction on October 20, 1994 against certain timber sales and road projects in two National Forests in Oregon. The federal government will be notifying the Oregon district court of the biological opinions and will be seeking dissolution of that court's injunction.

THE PRESIDENT HAS SEEN



POLICY BRIEFING

CD / BReed
 - some good ideas
 but prob. w/ the
 idea of trying 16 yr olds out of school
 - what do you think?

March 2, 1995

WORK FIRST:

A Proposal to Replace Welfare With an Employment System

By Will Marshall, Ed Kilgore, and Lyn A. Hogan

With each passing day, it becomes clearer that welfare reform cannot be achieved by the old Democratic prescriptions or the new Republican nostrums. Thus far, neither side has produced a plan that meets the goal overwhelmingly supported by the American public: helping welfare recipients achieve self-sufficiency through work. This conceptual paper is intended to fill that crucial gap.

President Clinton's 1994 welfare reform proposal set the right goal but did not chart a clear path to reach it. By imposing a two-year limit on unconditional cash assistance, the plan ended welfare's status as a permanent entitlement and created a powerful incentive for its recipients to work. But the White House blueprint did not include a practical means for moving welfare recipients into jobs. Instead, it maintained and even expanded the existing welfare bureaucracy, pumping more money into education and training programs that have largely failed to connect welfare recipients to the world of work and responsibility. While the Clinton plan offered states significant new latitude to pursue previously tested reforms without going through the cumbersome waiver process, it did not go far enough in empowering the states, the private sector, and welfare recipients themselves to find imaginative new solutions to welfare dependence.

Though GOP leaders dismiss the President's proposal as insufficiently bold, they cannot even achieve agreement on the objective of welfare reform. Republican efforts to craft legislation will either succumb to internal divisions—or achieve unity at the expense of genuine reform. In either event, Congress needs a clearly focused alternative that builds on public support for work-based welfare reform and supplies the resources and incentives to make it happen.

A Republican Retreat From Work-Based Reform

Some Republicans support work-based welfare reform in principle; others accept the more controversial premise that discouraging illegitimate births by cutting off benefits to unwed teen mothers will break the cycle of welfare dependence. Still

other GOP leaders, especially among governors, oppose any national reform of the welfare system, contending that states should take the lead with a minimum of federal guidance. Meanwhile, all three Republican perspectives on welfare reform are cramped by short-range federal budgetary concerns, including the need to generate savings to pay for promised tax cuts and defense spending increases.

The welfare block grant proposal announced in early January by House and Senate GOP leaders appeared to endorse the Republican governors' strategy for reform, explicitly abandoning any national goal for welfare reform other than reduced federal spending and total latitude for states. Moreover, the proposal repudiated national work-based reform by freezing federal funding for welfare-related services such as food and nutrition, child care, and employment and training—all key building blocks for any strategy to "make work pay" for welfare recipients.

But the various House committees charged with implementing the overall block grant plan are steadily subverting the promised state flexibility by inserting a mixed bag of negative prescriptions, including the Contract With America's ban on aid to legal immigrants and unwed teen mothers, and weak and ill-defined work requirements. Still missing in the GOP proposal is any clear and positive national blueprint for reform.

Thus, even in the supposedly focused and disciplined House, Republicans cannot produce a logically compelling or internally consistent welfare reform package. The amorphous legislative product will likely be "block grants" without flexibility, and an assault on benefits for immigrants and illegitimate children that may not survive the Senate—with only a rhetorical nod toward work without any of the resources or mechanisms needed to make work available.

The one element of the Republican package that will undoubtedly emerge unscathed is the block grant funding principle: converting welfare-related programs from entitlements to discretionary programs with funding levels arbitrarily frozen. In the absence of any national commitment to fundamental change in the welfare system, this step represents little more than a shift of power from federal bureaucrats to state bureaucrats, done on the cheap. The dismal result is likely to be phony welfare reform, achieved through phony devolution.

Refocusing Welfare Reform on Work

Welfare reform is too critical a task to be sacrificed to Republican disunity on goals, or Republican expediency on cost. But the President's 1994 proposal, welcome as it was as a step toward work-based reform, is an inadequate alternative that supplies too few bridges between welfare recipients and private labor markets, and too many detours into income maintenance or ineffective education and training programs.

The Progressive Policy Institute (PPI) Work First plan aims to convert welfare into an employment system through three main steps:

(1) Abolish both Job Opportunities and Basic Skills (JOBS)—the primary federal education and training program for welfare recipients, created by the 1988 Family Support Act—and Aid to Families with Dependent Children (AFDC), and substitute a Work First employment system that would establish as national policy that: (a) unsubsidized private sector work is the goal for public assistance recipients; (b) immediate work experience, not participation in education and training programs, is the best preparation for permanent employment for the vast majority of welfare recipients; and (c) all recipients of public assistance should perform some work, with community service as a fallback. In effect, the time limit for income maintenance would be zero.

(2) Pool AFDC and JOBS funding, calculated by the current formula but with a single match rate, to create a performance-based grant that offers financial rewards to states that succeed in placing and keeping welfare recipients in full-time, unsubsidized private sector jobs.

(3) Give states financial incentives to convert a portion of their employment system dollars into job placement vouchers that welfare recipients—as well as fathers of children on welfare who might contribute to family support through work—may use to purchase welfare-to-work services. Such services would comprise job placement and support, rather than education and training. By putting purchasing power directly in the hands of welfare recipients, vouchers would help stimulate a competitive market for job placement and draw private as well as public investment.

The PPI proposal promotes real devolution of decision-making on welfare reform, not phony devolution by block grants. Our more radical alternative transforms income maintenance and education and training programs into a single flexible, performance-based grant that allows states to design individual benefit packages targeted to what each recipient needs to quickly enter the workforce. It also strongly encourages the use of job placement vouchers to bypass federal and state bureaucracies and place resources directly in the hands of welfare recipients. This approach supplies unprecedented flexibility to respond to local economic conditions and program characteristics; moreover, it also gives the federal government a potent lever for reinventing social policy in ways consistent with the broad public consensus for programs based on work and reciprocal responsibility.

By abolishing the existing AFDC and JOBS programs, this proposal also simplifies the task of work-based welfare reform. Able-bodied recipients would no longer be entitled to cash assistance or specific education and training services *for any length of time.* By requiring recipients to pursue private sector job opportunities—and where necessary, community service work—as soon as possible,

the new system renders such action-forcing devices as time limits less significant, and perhaps even redundant. The presumption would be that the proper time limit for income maintenance or education and training prior to job placement is not two years or five years but zero. In addition, the proposal would allow states to begin addressing the "missing link" in welfare reform—absent fathers—by offering job placement services to noncustodial parents as part of an overall effort to create non-welfare streams of family income.

The "Work First" Architecture

The first step in work-based welfare reform is to *put work first*, changing the current system's incentives to make permanent employment in private sector jobs the paramount and immediate goal for every able-bodied recipient of public assistance, with serious community service work as a fallback option when necessary.

Many existing reform plans would expand education and training by increasing funding for JOBS. Yet careful, intensive studies conducted by the Manpower Demonstration Research Corp. and other reputable research groups have concluded that education and training programs produce only marginal results, at best modestly increasing earnings and decreasing welfare costs. A recent General Accounting Office report on JOBS also concluded that it is not well focused on employment instead concentrating more on participation requirements than on getting recipients jobs. The research also shows that programs that stress work and maintain strong ties with the private sector produce better results. For example, Riverside, California's work-focused Greater Avenues For Independence (GAIN) program accounts for 19 percent of all job placements while serving only 4 percent of the state's caseload.

Private organizations are reinforcing the case for emphasizing job placement over education and training. Examples include nonprofit organizations such as Project Match in Chicago, as well as America Works, a for-profit company that has placed more than 5,000 welfare recipients in private jobs at various sites around the country. The Work First system envisions a healthy competition in welfare-to-work services among public as well as private entities. Other options might include temporarily subsidizing private and public sector jobs with cash and food stamp benefits paid out as a wage as Oregon has done in its JOBS Plus program, and converting job training funds to loans for microbusinesses.

The Work First Employment System is based on the premise that the vast majority of those receiving welfare are capable of working if given the opportunity. Too many welfare recipients are shunted through ineffective education and training programs, or, worse, given nothing but a check and the option to sit at home. The system must change. The Work First system requires that everyone who can work, will work.

The Work First philosophy assumes that labor markets can absorb welfare recipients if the right supports and links to employers are in place. According to Gary Burtless, a prominent labor market economist with the Brookings Institution:

(With roughly 7 million jobless workers, even at full employment, is it plausible to expect employers could offer an additional 2-3 million jobs for AFDC recipients forced to leave the welfare rolls? Surprisingly, most labor economists probably believe the answer to this question is "Yes.")

Employers can accommodate a new supply of low-skill, low-cost labor. But we need an employment system that builds a bridge between this potential demand and the welfare recipients that can supply it.

The following elements make up a Work First Employment System:

- The new employment system would replace the AFDC and JOBS programs, converting funding for those programs—with additional federal money allocated by Congress—into a single flexible, performance-based grant that allows states to design individual benefit packages targeted to what each recipient needs to quickly enter the workforce.
- The new system would give states flexibility to design systems that put maximum pressure on welfare recipients to seek employment, but it would bar them from preemptively disqualifying any category of recipients currently eligible for aid, including teen mothers and immigrants. However, states would have the latitude to make receipt of assistance conditioned on compliance with its rules (e.g. sanctions for nonwork, time limits, etc.).
- The pool of money to be used for the employment system would be allocated to states using a new, single-match rate set at 60 percent or the Medicaid match rate, whichever is higher. The federal match rate for implementing job placement voucher programs would be set at a higher level to encourage states to pursue vouchers over other strategies, thus increasing the match rate for dollars put into vouchers. States would receive a cash bonus equivalent to six months of federal funding (i.e., savings) for each welfare recipient placed in an unsubsidized full-time, private sector job for six months. They could reinvest this pool of savings in job placement vouchers or other incentives such as cash bonuses to recipients who find and stay in private jobs and to caseworkers who excel in job placement.
- Applicants for aid would apply at a government office and be evaluated by a caseworker or case team to determine individual needs. A screening process would divert those deemed immediately employable from the Work First system. No unconditional aid would be granted. At any point, a recipient who turns down a private sector or community service job would be denied access

*Age kids below
Age 17 6 mos*

to further employment services. Severely disabled applicants deemed unemployable would be moved to the Supplemental Security Income program.

- (1) Those with short-term, one-time emergencies *and* immediate employment prospects would receive Temporary Emergency Aid (also called "grant diversion"). Applicants would receive a one-time cash grant to cope with an emergency such as car trouble or overdue rent. If these recipients are determined to be in need of further assistance, they will enter the Work First Employment System at a reduced or zero benefit rate for a number of months determined by the state as adequate to repay the emergency grant. Modeled after Utah's grant diversion program, this approach aims to prevent people from unnecessarily entering the new employment system.
 - (2) Those not diverted would enter the employment system. States could require those entering the Work First system to engage in intensive job search before taking advantage of placement and support services. Recipients would sign an "employability contract" charting their individual paths to self-sufficiency through private sector work. A relatively small percentage of recipients will not be job-ready: people who can't read, those with serious drug or alcohol problems or a temporary disability, and mothers with children aged 16 weeks or younger. All but the last category may be referred to programs that offer counseling, training, or other services. But everyone, even if they are not ready for private job placement, should perform some community service work.
 - (3) The Work First employment system would offer job placement services, but not cash assistance, to the fathers of AFDC children (on the condition that, once employed, the fathers meet their child support obligations). In addition, mothers could agree to give their place in the system to fathers, in a step that may encourage families to stay together or reunite.
- A state could choose to refer recipients to either private intermediaries offering job placement and support services or to state employment offices offering similar services.
 - Private nonprofit and for-profit intermediaries and state offices would offer subsidized private sector work experience, job placement, and support services as needed, always with the goal of moving a recipient into full-time private sector work. Placement and support organizations would receive payment in full *for performance only*; for example, once a recipient has been *placed and retained* in a full-time, unsubsidized job for six months, one-third might be paid to the intermediary upon three months of job retention, with the

remaining two-thirds paid upon six months of job retention. State employment agencies could provide job placement and support services in competition with private intermediaries. Job placement organizations, whether private or public, would have a strong job development component as well as follow-up support services to help people stay in their jobs.

Job Placement Vouchers

By giving job placement vouchers directly to recipients, states could tap into and build a growing market for public and private agencies providing placement and support services.

Job placement vouchers can reduce costs, improve service delivery, shrink bureaucracy, and most importantly, empower low-income and unemployed Americans by giving them the resources to choose their own providers where and when they need a particular service. The job placement voucher proposal is aimed at significantly cutting long-term public costs by moving those on public assistance into productive private sector jobs. A strong federal commitment to a feasible job placement strategy is much more cost-effective than any short-term block-and-cut approach that abandons federal responsibility for welfare reform without supplying incentives to work.

States would individually set their voucher rates and develop a list of service providers eligible to redeem the vouchers—including placement agencies and private employers. The list would be made available to welfare recipients who enter the employment system and have completed intensive job search. Recipients would use the lists to make their service choices. A voucher would offer recipients quick access to placement and support agencies such as: America Works in New York; the Good Will Job Connection in Sarasota, Florida; high performance, state-run job placement programs such as the GAIN initiative in Riverside, California; temporary private sector work experience supplied by employers and subsidized with income assistance and a cashed-out food stamp benefit; microenterprise training programs; and other employment-based services.

In a full-fledged application of the voucher approach, state welfare bureaucracies could be transformed into agents for job placement in two ways: by performance incentives accompanying federal funds, and by direct competition with private providers for voucher benefits.

Additional Elements of a Work First Strategy for Welfare Reform

Aside from changing the incentives of the system from income maintenance and education and training to job placement, several other steps are necessary to an overall Work First strategy. First, we must *make work pay* more than welfare, and

recognize that any work-based reform of welfare is inconsistent with "on the cheap" approaches that make public assistance more attractive than private sector jobs.

The current system offers most recipients a package of welfare benefits worth thousands of dollars more than a full-time minimum wage job. Asset limits and welfare reductions for earned income penalize work and savings. To ensure that work, not welfare, is the rational choice for men and women alike, even entry level jobs must always pay more than the package of available welfare benefits. Raising the minimum wage, however, is the wrong answer, since most minimum wage earners do not live in poor families. The Clinton Administration in 1993 adopted the right approach: a \$21 billion expansion of the earned income tax credit, a direct subsidy to low-wage workers. Other changes necessary to make work pay include toughening child support enforcement, expanding child care support for the working poor, and providing health care subsidies to low-wage workers.

Second, we must develop an *empowerment strategy* to encourage the poor to build personal capacities and assets, replacing the paternalistic welfare bureaucracy as the primary source of income in impoverished communities. To encourage asset-based policies, we must promote saving and remove barriers to asset building, such as welfare's limits on how much people can earn or save, and housing rules that raise rents as incomes rise. Individual Development Accounts (IDAs) for low-income families are a particularly promising device. Like Individual Retirement Accounts for the middle class, IDAs would be tax-favored, annual contributions used only for college, home ownership, retirement, and small business start-up. Individual contributions could be matched by government, churches, community groups, businesses, and unions.

With adequate asset levels in place, we can pursue policies such as microenterprise that promote self-employment by making loans for small business. Based on successful lending projects in developing countries, U.S. microenterprise ventures tap the latent entrepreneurial talents of poor people, especially women, who face limited options in formal labor markets.

Third, we must improve *child support enforcement*, both to supply non-welfare streams of income to children on public assistance and to reinforce the responsibilities and benefits of parenthood, especially among fathers of children on welfare.

America's poor children deserve the support of both parents. Yet government estimates show that families actually collect less than one-third of the court-ordered payments to which they are entitled. Toughening child support enforcement and allowing mothers to keep a larger share of child support payments should dramatically increase collections. This will reduce public welfare costs and give mothers another source of income, so that even part-time work may be enough to lift them out of poverty. PPI's Work First strategy would require mothers to establish

paternity at birth as a condition for receiving public assistance, improve collection and enforcement of child support orders, and offer access to the employment system (but not cash benefits) for those non-working fathers who are delinquent in their child support payments.

Fourth, we must adopt a *comprehensive strategy to prevent teen pregnancy*—combining unambiguous condemnation of irresponsible child-bearing with community-based solutions that strengthen and support families and reinforce community values.

PPI urges leaders in public and civic life, as well as in the media, to launch a national campaign to spread the message that it is morally wrong for teenagers to have children they cannot support financially or emotionally. We would reinforce that message with policy changes that end unconditional public assistance for unmarried teen mothers, hold fathers accountable to their children, and ensure more swift and certain punishment for sexual predators. At the same time, we should replace welfare's perverse rewards with a new set of positive incentives for young men and women to avoid premature parenting and finish high school. →

Most importantly, PPI envisions a shift in the primary responsibility for reducing teen pregnancy from government to community institutions. For example, we propose creating a network of community-based second chance homes that would allow teen welfare mothers and their children to live in safe and supportive environments and provide the structure and discipline they need to finish school and raise their children. This would provide an alternative to teen mothers' setting up separate households or remaining in their parents' homes if those homes are unsafe or unstable. But it would stop short of punishing teen mothers by denying them public supports altogether, as House Republicans have proposed.

Conclusion

Genuine welfare reform can occur in this Congress, but only if the debate is refocused on work-based reform and practical ways to link welfare recipients with real-life work options. The Work First Employment System is designed to turn the incentives of the current system inside out. It would make private sector work the primary objective for both recipients and states, giving states accountable performance standards but great flexibility in achieving them. If implemented in the context of an overall Work First strategy, the new system could help deconstruct welfare and build a new empowerment strategy for poor communities and their citizens.

Will Marshall is President, Ed Kilgore is Senior Fellow, and Lyn A. Hogan is the Social Policy Analyst, of the Progressive Policy Institute.

Changes in Federal Law Needed for a Work First Employment System

- Existing AFDC and JOBS programs would be abolished and replaced by a single performance-based grant offering financial rewards to states that succeed in placing and keeping recipients in private sector jobs.
- All who would be eligible for the AFDC system under current rules would remain eligible, including teen mothers and legal immigrants; states could offer noncustodial fathers job placement and support services but *not* cash benefits.
- States would receive funds previously available through AFDC and JOBS under a new match rate of 60 percent or the state Medicaid match rate, whichever is higher, as long as a Work First system is designed.
- Those deemed eligible for help would enter and remain in the employment system until they are placed in a private sector job; states would be given an option to adopt a "grant diversion" program of a one-time emergency payment to those with immediate employment opportunities needing only temporary assistance to see them through their emergency. States could require a job search before offering placement opportunities to recipients who are not "diverted" from the system.
- Any funds used by states to endow job placement vouchers would be matched at a higher rate, plus states would receive six months worth of foregone federal payments (i.e., savings) for each full-time unsubsidized job placement, as long as each recipient is placed and retained in the job for six months.
- States could at any point require community service work from recipients enrolled in the Work First Employment System.



THE PRESIDENT HAS BEEN 3/13
EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

March 13, 1995

95 MAR 11 P4:33

MEMORANDUM FOR THE PRESIDENT

FROM: ALICE M. RIVLIN

SUBJECT: Administration's 1996 Drug Budget

Leon → I'm used to
ad in this
B.

Since Republicans on the Hill have been raising questions about the Administration's commitment to fighting drug abuse, I wanted to remind you that:

- your 1996 budget request reflects your strong commitment to controlling illegal drugs, and
- the House Republican rescission bill would make sizable cuts in drug control programs.

✓ Your budget proposes a record \$14.5 billion for drug abuse control in 1996, an increase of \$1.3 billion, or nearly 10 percent more than was appropriated for 1995. Of this increase, a sizable portion (\$464 million) is associated with new funding authorized by the Violent Crime and Law Enforcement Act of 1994. The table below shows drug spending by function. A detailed table showing drug funding by agency is attached.

You will note that the largest increase in funding between 1995 and 1996 is associated with domestic drug law enforcement, while the increase for drug demand reduction programs is more modest.

C.C. VP
Leon
Rattm
Mike McLurry

***Drug Control Funding Increases
(BA in Billions)***

	1995 Enacted	1996 Proposed	1995-1996 Increase
Treatment	2.6	2.8	+ 0.2
Prevention & Education	1.8	2.0	+ 0.1
Domestic Law Enforcement	6.3	7.2	+ 0.9
Interdiction	1.3	1.3	--
International	0.3	0.4	+ 0.1
Intelligence & Research	0.9	0.9	+ 0.1
Total	13.3	14.6	+ 1.3
Supply Reduction	8.3	9.3	+ 1.0
Demand Reduction	4.9	5.3	+ 0.3

The 1996 Drug Budget

Among the more interesting 1996 programmatic increases are: expanded treatment opportunities for non-violent offenders through drug court programs (+\$131 million); construction of boot camp prison facilities to incarcerate and rehabilitate first-time non-violent drug offenders; expanded drug treatment funding for both State and Federal prisoners (+\$40 million); and community programs such as the Family and Community Endeavor Schools Program (+\$70 million), which, together with the Safe and Drug Free Schools and Communities program will provide a consistent in-school message and a strong program of after-school alternatives to the streets.

Congressional Rescission Activity

The House Appropriations Committee has reported a 1995 rescission bill that would have a dramatic negative effect on drug control programs. Major House drug program rescissions are shown in the table below.

Drug Control Funding Rescissions
(BA in Millions)

	1995 Enacted	House Committee Action
Drug Courts (DOJ)	29	- 28
Family and Community Endeavor Schools (E.D. & HHS)	37	- 37
Safe & Drug Free Schools (E.D.)	486	- 482
ONDCP Forfeiture Fund	28	- 13
Drug Elimination Grants (HUD)	290	- 32

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

3/13

95 MAR 10 P4:34

7 March 1995

MEMORANDUM TO THE PRESIDENT
LEON PANETTA

FROM: Harold Ickes 
SUBJECT: Meetings with Western Governors

Attached is a copy of Tom Epstein's memorandum to me, dated 2 February 1995, summarizing his meeting with four Western Governors and top staff of a fifth.

*Review! They are hard
on him. Appointed new
staff. Review on 1/10/95
Oleg, trouble with staff of*

THE WHITE HOUSE
WASHINGTON

February 2, 1995

MEMORANDUM FOR HAROLD ICKES

FROM: TOM EPSTEIN 
SUBJECT: MEETINGS WITH WESTERN GOVERNORS

I met with four Western Governors this week and the top staff of a fifth. Here is a summary of their comments.

GOVERNOR ROMER (COLORADO)

He is interested in defining his national political role for the next two years, which he perceives as quite prominent. He will not Chair the DLC, but may serve as vice chair. He specifically expressed interest in chairing the national convention. While not professing any interest in running for the open Senate seat, he said he expected to receive intense pressure to consider the race.

GOVERNOR KITZHABER (Oregon)

✓ Focused on his state's natural resource crises, Governor Kitzhaber will send the President a letter in the next few weeks outlining federal administrative actions that to demonstrate progress on timber and salmon issues. He feels the U.S. can move without Congressional involvement to put loggers and mills back to work and keep power rate increases to a minimum while protecting the salmon. He also encouraged the administration to promote Oregon's successful health and welfare plans as examples of responsible state experimentation and flexibility. He encouraged visits from Secretary Riley, Ambassador Kantor, and the Attorney General, but warned the President must demonstrate some progress on timber before returning to the state. He thought Senator Hatfield might not seek reelection in 1996, creating a highly competitive open seat that would likely lure Congressmen DeFazio and Wyden into the fray. He expects numerous controversial initiatives to again clutter the state general election ballot, including measures that would drain labor money from Democratic campaigns.

GOVERNOR LOWRY (Washington)

Comm
Upbeat and optimistic in the face of discouraging poll numbers, Governor Lowry is eager to work closely with the administration during the next two years. He has not begun to assemble a political team for his reelection, and has just initiated the process of interviewing potential consultants. He feels moderate suburban women are the key swing voters in the state, including many Republican women who are uncomfortable with conservative male candidates. He identified choice, education, the environment and child care as issues that move voters to the Democrats. He welcomes visits from administration representatives, especially to emphasize our successful trade policies. He specifically requested that the First Lady travel to the state for events with women and to expunge the aftertaste of her disastrous health care stop last summer.

GOVERNOR KNOWLES (Alaska)

As usual, Governor Knowles was most interested in repealing the ban on the export of Alaskan oil. He is good natured about our tortuously slow decision-making process on this issue, but warned the train is leaving the station and that we might as well get in front of it rather than under it. He has graciously refrained from criticizing the administration in the state despite frequent opportunities to do so. He also raised the prospect of drilling for oil in the Arctic National Wildlife Refuge, an action specifically repudiated in "Putting People First." I informed the governor that the administration was firmly opposed to drilling in the refuge and did not expect that position to change.

GOVERNOR MILLER (Nevada)

I met with the governor's press secretary and deputy chief of staff. They expressed some hope that the President would be competitive in Nevada in '96, but felt that it required some rebuilding. They advised a low profile on resource management issues and a firm repudiation of any federal gambling tax to restore credibility. They saw no reason for a Presidential visit in the near future, but would be interested in having FBI Director Freeh come to the state. They expect a robust Republican challenge to Las Vegas Mayor Jan Lavery Jones this fall, and feel a Democratic candidate could take the Reno Mayor's race from a Republican incumbent who lost a statewide race last year. Illegal immigration has not been a major issue in Nevada, but they foresee some increased visibility on the subject this year.

cc: Marcia Hale
John Emerson
Katie McGinty



THE PRESIDENT HAS SEEN 3/13

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

95 MAR 11 PM 2:03

SECRETARY OF THE TREASURY

March 10, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: Robert E. Rubin *RE*
SUBJECT: IRS Tax Refund Delays

SUMMARY:

- Refund delays are caused by efforts to combat fraud.
- 84% of the taxpayers are getting their full refunds on time.
- 95% of the taxpayers are getting full or partial refunds on time.
- For delays that cause hardship, IRS has an ombudsman program.
- On balance, we believe follow-up on fraud must remain a priority.

BACKGROUND:

I wanted to provide you with some background about recent news accounts describing the IRS's anti-fraud efforts during this filing season and the impact these efforts are having on the delivery of refunds to taxpayers.

Last year there was a growing concern by the IRS, Treasury, Congress and the GAO about refund fraud, especially fraud related to refundable credits such as the Earned Income Tax Credit (EITC). In response, former Secretary Bentsen established a Task Force to study refund fraud. Their best estimate is that the IRS pays somewhere between \$1 billion to \$5 billion in problematic refunds each year, some portion of which involves fraud.

We have found that a very high number of fraud schemes involve refund anticipation loans. Institutions offering refund anticipation loans based their assessment of the credit worthiness of their customers on the Direct Deposit Indicator (DDI) the IRS sent out. The DDI was sent to lenders to inform them that there were no IRS liens on borrowers' anticipated refunds. In October of last year, Secretary Bentsen announced the IRS would no longer offer DDI to tell the lenders and electronic filing operations whether a refund was likely to be forthcoming. Lenders providing refund anticipation loans must now base their decisions on their usual lending criteria, resulting in a substantial decline in this type of lending business.

*Leon/VP - Is this good enough in your opinion?
- news stories are pretty bad -*

R2

To date, eighty-four percent of the taxpayers have received their full refunds on time, and ninety-five percent of the taxpayers have received at least partial refunds on time. Of the 12 million returns the IRS has received, only 1.4 million refunds have been partially paid and 500,000 refunds have been fully delayed.

Contrary to some press accounts, the IRS is not delaying all refunds that include a claim for the EITC. I will note that while we are determined not to allow ineligible people and fraud perpetrators to take advantage of the EITC program, we are equally committed to making sure that the people who are entitled to EITC get it. The IRS, therefore, is using filters to detect questionable claims, and is subjecting only those claims to additional review.

Another important way we are addressing fraud and better helping those who deserve the EITC to receive it is through the Advanced Earned Income Tax Credit (AEITC) program. Through the AEITC program, working families (not including childless workers) can add up to sixty percent (up to \$105 a month) of their EITC to their paychecks throughout the year. The remainder is received as a refund at the end of the year.

Also in the news recently were stories suggesting that IRS anti-fraud efforts have delayed refunds to those most in need, causing undue hardship on these taxpayers. In fact, the IRS has established the Taxpayer Ombudsman program to assist, on a case by case basis, taxpayers with hardship situations by expediting their tax return.

In the present fiscal environment, it is important to take strong measures to stop billions of taxpayer dollars from being improperly paid out each year by the IRS. We believe that in order to help those who play by the rules, we must take strong and effective actions to curtail tax fraud.

THE PRESIDENT HAS SEEN

3/13

THE WHITE HOUSE
WASHINGTON

Date March 7, 1995

MEMO FROM MAGGIE WILLIAMS

TO: Betty Currie

*McCurry/Gaw
GS*

The attached is for your:

Information _____

Advice _____

Action _____

COMMENTS:

Please forward to the President.

PRESSWATCH

HAVE THE NEWS MEDIA MOVED UPTOWN . . .

Suppose your full-time job pays \$30,000 a year, your spouse's part-time work chips in \$10,000 and you've got two kids under the age of 13. After taking \$10,000 in personal exemptions and \$7,500 in itemized deductions, your family is facing a federal income tax bill of \$3,518.

Along comes President Clinton with his proposal for a permanent \$500 per child tax credit that would cut that bill by \$1,000—a 28 per cent reduction. Sounds like real money, right?

Not, maybe, to readers of *Business Week*, *Time*, *The New York Times* and other prominent publications. Washington reporters widely poooh-pooohed the value of the tax credit for children and other items in the middle-class tax relief package that the President proposed on Dec. 15.

In a Dec. 26 *Business Week* commentary, Washington bureau reporters Susan B. Garland and Howard Gleckman wrote that families who qualify for the tax credit "are sure to spend every dime of the largess at the mall." A "kiddie credit," they added, "would do little more than generate a run on Power Rangers."

"Clinton's \$500-a-child tax credit would be available [in full] only to parents with adjusted incomes between \$20,000 and \$60,000 who have children under 13," *Time* reporter Michael Duffy wrote in a Dec. 26 piece.

True. But readers weren't told that "only" 30 million households would qualify for benefits under Clinton's tax credit for children.

And in the Dec. 17 *Times*, Washington bureau reporter David E. Sanger wrote that "most" of the taxpayers eligible for tax relief under the package "would see only a few extra dollars a week in their pockets." On Dec. 25, his colleague, David E. Rosenbaum, wrote that in the tax relief proposals of Clinton and others, "the money would be spread so thin that no one would get a windfall. For example, under the Clinton plan, a couple making \$50,000 with two children younger than 13 would get a reduction of less than \$20 a week."

Sure, but why not just break it down to less than \$3 a day?

Some discern in these characterizations an attitude of elitism. "Reporters illustrate their detachment from working people's lives by such comments," said Lawrence Mishel, author of *The State of*

Working America, published every other year by his employer, the liberal-leaning Economic Policy Institute in Washington. Although Mishel does not think that Clinton's tax relief plan is the best strategy for aiding the middle class, he said he was troubled by its glib characterization as mall money. "On what basis do they know that?" he asked. "We know from studies that an additional dollar is likely to go into a durable good rather than a toy." Noting that the inflation-adjusted weekly median wage of the male full-time worker last year actually fell by \$4 to \$523, Mishel said that an extra \$20 per week offered to families who can take full advantage of the tax credit for children is "real money for real people."

In a new book, *Revolt of the Elites* (W.W. Norton & Co.), by the recently deceased cultural historian Christopher Lasch, journalists are lumped with Hollywood scriptwriters and others in a cognitive elite that Lasch argues is detached from working-class communities. That echoes charges made in 1993 by defeated opponents of the North American Free Trade Agreement, who said NAFTA would cost blue-collar workers their jobs. "We were lectured on the bracing rigors of competition by reporters and columnists whose own jobs were safe, by reason of language and caste, from the inroads of dollar-an-hour Mexican labor," Sen.

Byron L. Dorgan, D-N.D., wrote in a *Columbia Journalism Review* piece on an alleged pro-NAFTA press bias. Two big-wig liberal columnists, syndicated writer Mark Shields and A.M. Rosenthal of *The Times*, seconded Dorgan's criticism of NAFTA coverage.

Such coverage matters, press critics argue, because it can muffle or distort efforts by policy makers to disseminate information about their proposals outside of the Beltway and thereby build grassroots political support.

The indictment of the press as elitist is the same "you're-out-of-touch" accusation often leveled against Members of Congress, lobbyists and others in Washington whose household income exceeds the current median family income in the United States of roughly \$40,000. As Mishel dryly noted, there probably are not many families of front-rank Washington reporters whose combined incomes dip below the \$60,000 ceiling for taking full advantage of Clinton's tax credit for children. (It phases out at \$75,000.) Reporters with family incomes of more than \$90,000 are comfortably within the upper 5 per cent of all families, he added.

And so are many of the readers of the publications that command prestige in Washington. The median household income of a *Business Week* reader is



... AND LEFT THEIR READERS BEHIND?

\$87,000; 41 per cent make more than \$100,000. This number is \$63,000 for weekday edition *Times* readers; \$70,000 for Sunday readers. With a growing gap between rich and poor in America, is there a danger that these publications will ignore issues that don't much affect their readers? In recent years, many publications have loaded their business pages with personal-finance articles on how to invest in mutual funds and the like—pieces that can't be of much interest to families with little or no savings.

The factoid on the 30 million families who would be eligible for Clinton's tax credit comes courtesy of that sometimes-mocked fountain of factoids—*USA Today*, one of the few nationally circulated publications that treated the tax relief money as meaningful to average income earners. And *USA Today* was able to make the point without ignoring the compelling fact—emphasized in *The Times*, *Business Week* and other coverage—that many analysts viewed the tax relief plan as a harmful potion for a debt-ridden economy.

Hauling out a calculator and a do-it-yourself tax guide, *USA Today* personal-finance editor Ray Goldbacher found that the package of child credits, college tuition tax breaks and broader individual retirement account deductions would, as reporter Anne Willette's piece on Dec. 19

concluded, "put as much as \$2,500 in the pockets of a couple earning \$60,000 a year with a child under 12 and one in college. That's \$208 a month." The opening paragraph of Willette's article said: "While economists say President Clinton's proposed tax cuts would do little to help—and could even harm—the economy, they could mean real money for some families."

In the "Voices" section of *USA Today's* editorial page, the newspaper asked readers how they would use money from a middle-class tax cut. Although unscientific, the survey brought a human-scale dimension to the issue. A 25-year-old public relations account executive responded that she would pay off her credit card debt and "take care of some routine car maintenance that my paycheck doesn't allow me to cover." A 56-year-old retired woman said that she'd save the money for her grandchildren. A 38-year-old freelance writer from Kentucky said that the money would make it easier for him to buy such "luxuries" as Christmas toys for his two kids as well as such "necessities" as clothing and school supplies.

Asked about the Power Rangers comment, *Business Week's* Gleckman, who grew up in a working-class family in Rhode Island, said: "I don't think that working people in this country are wanting for food. I think we're talking about

this sort of additional consumption. . . . I'm not very sympathetic with the argument that journalists are a bunch of elitists. . . . I work for a living. My definition of the middle class is someone who works for a living."

Andrew Rosenthal, the Washington editor of *The Times*, noted that his paper's coverage on Dec. 16 included a White House-supplied chart that showed how the Clinton plan could substantially reduce the tax bill for middle-income Americans. And there's "no judgment" in his reporter's stories that broke the benefits of the children's tax credit down to the week, he said.

Elitism isn't the only explanation for the generally dismissive coverage of benefits under the Clinton tax relief plan. Another contender is cynicism.

For some Washington journalists, a base political motive seems a sufficient explanation for just about every move this President makes. "Clinton is well aware that a middle-class tax cut makes little economic sense," *Newsweek* baldly declared in a brief Dec. 26 "Periscope" item. An exception to the cynical coverage was a Dec. 26 *U.S. News & World Report* essay by Steven V. Roberts, who wrote that "median household income has dropped for four straight years" and "that's precisely why President Clinton is proposing a 'middle-class bill of rights.'"

Roberts is a very well paid reporter; it certainly would be a mistake to view a high income as a disqualification for writing about people with not-so-high incomes. Nonetheless, plenty of people in journalism are worried. A few years ago, *Times* columnist Russell Baker accepted the Fourth Estate Award from the National Press Club. But instead of delivering a trademark plate of humor, Baker, who long ago began his career as a cub police reporter for *The Sun* in Baltimore, spoke in dead earnest about this peril of big-time contemporary journalism.

"Since I came into the business 40 years ago, newspaper people have lost much of their following," he said. "A big part of that explanation, I think, is that the newspaper crowd has all moved upscale. Once upon a time, the neighbors admired us in spite of the fact that we were usually broke [and] took more liquor than was good for us. . . . But all that's changed now. Sometime back there the press moved out of the old neighborhood and moved uptown."



Abortion Pill Issue Creates a Clash for Some Republicans

By PHILIP J. HILTS
Special to The New York Times

WASHINGTON, Feb. 28 — The politics of abortion ran into the Contract With America today, and Representative Thomas J. Bliley Jr. of Virginia and more than a dozen other Republicans seem caught in the collision.

As chairman of the House Commerce Committee, Mr. Bliley is a leading Republican in the effort to ease regulatory burdens on businesses, particularly drug companies seeking quick approval from the Food and Drug Administration for new products.

But as an opponent of abortion he was the leading signer of a petition announced today by an anti-abortion coalition urging the F.D.A. not to relax its strict review standards for a French abortion drug, RU-486.

Americans United for Life, a

group based in Chicago that opposes abortion, said at a Washington press conference that it had filed a citizens petition with the F.D.A. demanding that it apply the strictest possible standards in reviewing the drug. The group argued that the agency should not use data from foreign studies, including those involving tens of thousands of women who used the drug in France and Britain.

Dr. Camilla Hersh, a physician and spokeswoman for the coalition, said doing so could contribute to "bad medicine and sloppy science that ignores women's health and safety."

But quickening the drug approval process is the kind of thing that Speaker Newt Gingrich of Georgia and his conservative allies have been pushing. Indeed, as Americans United for Life was urging in its press conference at the National

Dueling press conferences show that law making is rarely clear-cut.

Press Club that RU-486 face strict approval standards, at a press conference in an adjacent room the Competitive Enterprise Institute was urging that F.D.A. approval standards be relaxed.

The institute and many Republican lawmakers have proposed loosening F.D.A. rules to get drugs to the market sooner. Specifically, they have suggested allowing foreign approvals and foreign data to have weight in the United States.

Mr. Bliley has promised to change the F.D.A. this year in Congress. "It breaks my heart when I think of American citizens having to go to Switzerland or Mexico to get the drugs or devices they need to stay alive because the Washington bureaucracy won't approve them," he said in a speech on Feb. 1. "And I promise you, this session in the Commerce Committee, there will, I repeat, there will be reforms in the way the Food and Drug Administration does business."

Charles Boesel, Mr. Bliley's press secretary, said today that he was not aware that his boss had signed on to the petition urging strict F.D.A. standards for RU-486. He said that Mr. Bliley had not decided what proposals he would support in changing the F.D.A. standards and practices and that it was still a time of learning for the Republicans who are now running Congress.

Samuel Kazman, a specialist in F.D.A. policy for the Competitive Enterprise Institute, one of the Republican advocacy groups in Washington, said he was unaware of the petition by Americans United for Life or that Mr. Bliley and other lawmakers had signed it.

"It is wrongheaded," Mr. Kazman said. "We are opposed to strict standards for both RU-486 specifically and because of any implications it may have for F.D.A. policy on other drugs."

It is a case of the right hand not knowing what the far right hand is doing, in the view of Dr. Sidney Wolfe, head of the Health Research Group, a consumer advocacy organization specializing in health issues.

"Why don't they call for strict F.D.A. regulation of tobacco as well

as RU-486?" Dr. Wolfe said in a telephone interview. "This is hypocrisy of convenience."

Dr. Mary K. Pendergast, Deputy Commissioner of the F.D.A., said the agency would review RU-486, or mifepristone, when and if it was submitted for approval. The drug would not get special status, she said.

RU-486 is being tested in the United States by the Population Council, a nonprofit New York group that has received rights to the drug from the French company Roussel Uclaf, which created it. The earliest it is expected to be available on the American market is 1996.

Mr. Bliley has promised hearings on overhauling the F.D.A. soon, perhaps by the end of March.

Besides Mr. Bliley, House Republicans signing the citizens petition

were Dennis Hastert of Illinois, Cliff Stearns of Florida, Jack Fields of Texas, Paul E. Gillmor of Ohio, Henry J. Hyde of Illinois, Ed Bryant of Tennessee, Bill Barrett of Nebraska, James M. Talent of Missouri, Steve Largent of Oklahoma, Duncan Hunter of California, Jim Bunning of Kentucky, Barbara F. Vucanovich of Nevada, Jim Ross Lightfoot of Iowa, Christopher H. Smith of New Jersey, Andrea Seastrand of California, Enid Greene Waldholtz of Utah, Todd Tiahrt of Kansas and Linda Smith of Washington. One Republican Senator, Dan Coats of Indiana, also signed.

Three House Democrats signed the petition, John P. Murtha of Pennsylvania, Nick J. Rahall 2d of West Virginia and Mike Parker of Mississippi.

Girl Accused of Making False AIDS Calls

JACKSONVILLE, Fla., Feb. 28 (AP) — The 13-year-old daughter of a hospital clerk has been arrested on charges that she called people who had been treated at the emergency room and told them they had tested positive for the AIDS virus.

The teen-ager, Tammy Lynn Eskilsen, was arrested on Monday after officers used telephone numbers collected by one patient's caller identification system to track the girl down, said a police spokesman, Sgt. Malcolm Adams.

The girl is accused of calling seven people who were treated at University Medical Center over the weekend and telling them they were infected with H.I.V., the virus that causes AIDS.

One patient, a teen-ager, tried to kill herself after receiving a call, a newspaper reported.

Sergeant Adams said the accused girl had visited her mother at work and used a computer to print out a two-page list of patients and telephone numbers.

The girl told the police she had made the calls as a prank, Sergeant Adams said.

She was being held in a juvenile center. The police had charged her with assault, aggravated assault and making threats, but an assistant state attorney, Jay Plotkin, said he might charge her instead with making harassing telephone calls and disseminating false information about someone having a sexually transmitted disease.

Jan Olson, a hospital spokeswoman, said the girl's mother could be disciplined for the release of confidential information.

Coming March 3 and 4

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MORRIS CERULLO

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Bring those in need, to experience God's healing Power!

For all people of all faiths!

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1995
MISSION
TO
NEW YORK CITY
CRUSADE

Top Quark Remains a Mystery, but Only for One More Day

Web of Business Connections Haunts Commerce Secretary

By KEITH BRADSHAW
with EMILY M. BERNSTEIN
Special to The New York Times

A1

THE PRESIDENT HAS SEEN

3/13

WASHINGTON, Feb. 27 — Commerce Secretary Ronald H. Brown has traveled to Belgium, Spain, India and the Middle East in the last month, working to broker complicated deals on behalf of American businesses. But back at home, his new role as global rainmaker has been overshadowed by Justice Department and Congressional investigations into the complicated deals he set up when he was a private lawyer, a lobbyist and the Democratic Party chairman.

Friends say he is being pilloried for the same kind of networking skills that led President Clinton to call him "the best Commerce Secretary we've ever had." Republicans counter that evidence is emerging of fast and loose practices that go beyond the wheeling and dealing that long ago earned Mr. Brown a reputation as someone who skirts the ethical line.

Investigations now under way by the Justice Department, the Federal Deposit Insurance Corporation and Congressional Republicans have so far drawn only modest public attention, involving as they do a blizzard of numbing details.

Mr. Brown's main Republican critic, Representative William F. Clinger of Pennsylvania, accused him today of violating Federal laws by filing inaccurate financial disclosure reports, illegally supplementing his Federal salary, engaging in potential conflicts of interest and providing inaccurate information to Congress.

Mr. Brown was in Spain today, trying to help American companies win contracts there, and could not be reached for comment. But as recent-

Continued From Page A1

ly as Thursday he told a House panel that "there has been no improper activity, impropriety on my part."

Mr. Brown's lawyer, Reid Weingarten, expressed confidence that the Justice Department would not find any wrongdoing by his client. But even Mr. Brown's allies acknowledge he has failed to dispel the air of suspicion that surrounds his finances.

Documents gathered from Mr. Brown's critics have allowed a fragmentary picture to emerge of his most lucrative single business relationship, a partnership with a Texas businesswoman named Noland Hill. Congressional investigators are focusing on these points, among others:

¶ Ms. Hill's payment of about \$400,000 to Mr. Brown for his stake in a small importing company, First International, in which he had invested no money and which apparently made no profits.

¶ Payments from another company Ms. Hill owned, Corridor Broadcasting, to First International. Investigators think the payments may have been part of an effort to siphon money from Corridor before Federal agencies could seize its assets. Corridor had defaulted on almost \$40 million in loans held by Government agencies.

¶ The F.D.I.C.'s handling of Corridor's default, which cost taxpayers \$23 million. A former chairman of the agency described its actions as unusually generous. The F.D.I.C.'s inspector general is investigating.

¶ Other small companies partly or entirely owned by Mr. Brown that appeared to rely on his political connections. Among those companies is one he sold for more than \$500,000 in 1993, Capital Pebeco, that marketed pension services to municipalities run by Democrats. Republicans have raised questions about up to \$140,000 that the company paid Mr. Brown in brokerage fees in 1992 and about his decision not to disclose his stake in another business, Kellee Communications. They say Kellee's pay-phone operation contracts with AT&T posed a potential conflict of interest, because Mr. Brown had helped AT&T win telecommunications equipment contracts abroad.

Ms. Hill has declined to comment, but her lawyer, George Terwilliger 3d, has said she did nothing wrong.

Friends of Mr. Brown have suggested that criticisms of his First International profits are naïve. In the real world, they say, companies are willing to pay for an association with a prominent and successful person.

The Importer

Growing Clout And a Connection

Mr. Brown has been around prominent and successful people all of his life. As the son of a Harlem hotel manager, Mr. Brown grew up in a swirl of celebrities like Joe Louis and Louis Armstrong. He made his mark in Washington during the 1970's as a lawyer for the National Urban League, then worked briefly for Senator Edward M. Kennedy of Massachusetts. He joined Patton Boggs, a powerful Washington law and lobbying firm, in 1981.

It was after Mr. Brown became head of the Democratic National Committee in 1989 that he met Ms. Hill. Their business associates say that Mr. Brown's political clout provided the attraction for the business relationship that developed. "At that time,

Ron Brown was a lawyer who was taking over the Democratic Party and seemed to have a very bright future," said Billy B. Hill, Ms. Hill's former husband and a Dallas lawyer.

Ms. Hill gave Mr. Brown a free stake in First International when she set it up in 1990. Yet Mr. Brown's name was not enough. The company tried unsuccessfully to import oil from Angola and Saudi Arabia, hand-painted china and art posters from Poland and wine from Hungary.

Mr. Brown has said he gave the company his financial acumen, judgment and insight. The only clear sign that First International ever tried to trade on the relationship after Mr. Brown became Commerce Secretary in January 1993 is a memorandum that Ms. Hill wrote on First International stationery in May 1993. In the memo, she sought Mr. Brown's help in arranging a meeting in Russia between Commerce Department officials and John B. Foster, another of her business partners.

Mr. Brown has said that he had no recollection of ever receiving the memorandum and that no such meeting took place. But Mr. Clinger said today that among the potential conflicts of interest from Mr. Brown's business dealings, "that is certainly the one that jumps out at us."

Even as deal after deal was falling through, First International was in no danger of collapse, thanks to help from Corridor, which covered many of its expenses and provided office space.

Mr. Brown's role in First International was first revealed by The Washington Post in 1993, and he and his aides repeatedly denied last year that there was any connection between First International and Corridor.

But Mr. Clinger disclosed last month that First International's main source of income was a promissory note from Corridor Broadcasting that paid at least \$600,000 over the last four years.

Mr. Brown now says Ms. Hill never told him of the note.

Several mysteries surround the promissory note. One is why Corridor continued to pay interest on it even though it had stopped paying interest in 1988 on the loan held by the F.D.I.C. Another mystery is the steep interest rate: 16.4 percent.

The Broadcaster

The Aftermath Of Unpaid Loans

Born in Texas, Corridor Broadcasting bought ultra-high-frequency television stations in Washington and Boston in 1985 with more than \$30 million in loans from high-flying Texas savings associations like Sunbelt Savings. Within three years, it was unable to make interest payments on the loans. When its lenders all failed and were taken over during the next several years by the F.D.I.C. or another Federal agency, the Resolution Trust Corporation, the collection of the debts became the Federal Government's problem.

The trust corporation wrote off several loans to Corridor totaling more than \$13 million as total losses. The F.D.I.C. inspector general is now looking into the F.D.I.C.'s handling of the biggest debt, a \$26.3 million loan.

The F.D.I.C. auctioned the loan in 1993 for just \$3 million. The buyer was the Jasas Corporation, owned by two of Ms. Hill's business associates, Mr. Foster and his wife,

Wm

Continued on Page A18, Column

1/2

Web of Business Ties Brings Scrutiny to the Commerce Secretary 2/2

UNDER INVESTIGATION

One Company, Many Links

Investigators from Congress, the Justice Department and the Federal Deposit Insurance Corporation are all looking into Ronald H. Brown's links to Corridor Broadcasting, owned by his business partner, Nolanda Hill. Corridor, which owned two U.H.F. television stations, defaulted on an F.D.I.C.-held loan at a cost to taxpayers of \$23.3 million. Corridor stopped making payments on the loan in 1988.

SOME OF CORRIDOR'S PAYMENTS SINCE 1988

Columbia Productions

Corridor made a video of Mr. Brown for the Democratic National Convention, for which Columbia Productions, another of Ms. Hill's companies, was paid \$75,000.

Democratic National Committee

\$63,825 in contributions in 1991 and 1992, when Mr. Brown was committee chairman.

Mr. Brown's daughter, Tracy, and daughter-in-law, Tamara

\$2,000 a month, for six months, to Tracy Brown to provide a mailing address, fax machine and answering machine in New York City. Tamara Brown was on Corridor's payroll for several years.

First International (part owned by Mr. Brown)

At least \$600,000 for promissory note; covered some business expenses.

James Hackney, counselor at Commerce Department

\$15,000 deposit, returned two years later, for investment banking services never rendered.

Harmon International

Owned by Mr. Brown until 1993, when he gave it to his son. Corridor leased up to \$50,000 worth of equipment from Harmon International.



did a lot of business with Ms. Hill's other companies. Corridor also made payments to two companies in which Mr. Brown owned stakes, First International and Harmon International, which leased equipment to Corridor's Washington television station.

Corridor employed Mr. Brown's daughter-in-law, Tamara Brown, and paid \$2,000 a month for six months to his daughter, Tracy Brown, to provide a mailing address, answering machine and fax machine in New York. Corridor also paid a \$15,000 investment banking fee, later returned, to one of Mr. Brown's longtime friends, James Hackney, who is now the Commerce Department counselor.

In addition, the company contributed \$63,825 to the Democratic Party in 1991 and 1992, even as it was telling the F.D.I.C. that it had no money for interest payments.

Corridor also made a videotape of Mr. Brown that was shown at the Democratic National Convention. But Federal Election Commission documents show that the \$75,000 the Democratic National Committee paid for it went to another of Ms. Hill's companies, Columbia Productions.

The Commerce Department drafts Administration positions on telecommunications issues that could affect Corridor, but there is no evidence that any such positions have been taken in this Administration.

Barbara Foster. The Fosters foreclosed on the loan, seized both of Corridor's television stations and hired Ms. Hill to run them. Congressional investigators have questioned whether the auction was fair because Ms. Hill had negotiated with the Fosters a year earlier about buying Corridor itself.

By the F.D.I.C.'s own account, other bidders had limited access to Corridor's books. That gave an advantage to Ms. Hill's business associates, who knew a lot about Corridor's finances.

L. William Seidman, the F.D.I.C.'s chairman in the late 1980's, called that unusual.

"One would have to suspect someone was getting an inside opportunity," he said. "If I had been around and that information had been given to me, I would have had the inspector general take a fast look at it."

F.D.I.C. investigators are also trying to determine if money was improperly drained from Corridor before its collapse. Corridor

The Sale

A Three-Part Deal Yields Questions

The roughly \$400,000 that Mr. Brown collected for his stake in First International came not in a single check but in a complex three-part transaction.

Mr. Clinger expressed open disbelief today about one of those parts, the payment of \$135,000 by a limited partnership apparently spun off from First International. Noting that the money was paid in quarterly installments on consecutive checks well before Mr. Brown sold his stake, Mr. Clinger said today that this represented inappropriate income for a Federal official and should have been reported separately on Mr. Brown's Federal financial disclosure forms.

Mr. Brown never mentioned the partnership on his financial disclosure forms and has given no explanation other than that the money was made part of the sale once the sale was arranged.

Ms. Hill also repaid \$190,000 of Mr. Brown's personal and legal debts, using a go-between, a Boston lawyer named Harry Barnett. Some of the money came from Jasas Corporation and was passed through a third company's account, although the Fosters have said they were unaware of the transaction.

Finally, Ms. Hill forgave the \$72,000 balance of a debt that Mr. Brown owed to another of her companies, Know Inc. Mr. Brown had originally borrowed the money from a Washington bank that later failed and was taken over by the F.D.I.C.

A Connecticut businessman, acting at the suggestion of Billy Hill, bought the debt from the F.D.I.C. in 1991 with Mr. Brown's permission and then transferred it to Ms. Hill in a debt swap. F.D.I.C. officials have described the transaction as unusual because loans of less than \$100,000 are usually sold only in large bundles.

THE PRESIDENT HAS SEEN ^{3/13}

TO Mr. [unclear]
As in Mr. [unclear] R.

3/13

THE WHITE HOUSE
WASHINGTON

95 MAR 7 12:00

MEMORANDUM TO THE PRESIDENT

FROM: MARK GEARAN *Weg* 

RE: COMMUNICATIONS PLANS

DATE: 5 MARCH 1995

Attached for your information are two communications plans for events this week at the VFW Convention and the National Association of Counties.

These plans are part of our effort to further amplify your message with the integration of the various White House outreach offices and their respective constituencies. We will provide this information to you for each of the major message events of the week. I have asked Julia Moffet to coordinate with the outreach offices in the development of their plans. As these offices become more familiar with the upcoming events and the importance of our outreach effort, we are certain that the plans will be more complete and detailed. The distribution of our daily talking points has already begun to facilitate improved coordination. It should be noted that the plans of the various offices will depend on the nature of the particular event and the content of your remarks.

Your feedback to us on the format and presentation would be valued.

attachments

cc: Leon Panetta
Erskine Bowles
Harold Ickes

*See memo to the President
Monday*

THE WHITE HOUSE

WASHINGTON

March 6, 1995

MEMORANDUM

TO: ERSKINE BOWLES
MARK GEARAN

FROM: JULIA MOFFETT

SUBJECT: VFW SPEECH COMMUNICATIONS PLAN
Monday, March 6, 1995

Context

The President's speech on Monday is one in a series in which he lays out his fundamental belief that we must be engaged in the world to maintain a strong America. The speech to the VFW Mid-Winter Conference--the first time he has addressed this important group--offers an opportunity to repeat this message and to address specific issues of importance to the veterans' community, the backbone of a strong America.

Message

Desired Headline: "PRESIDENT ESTABLISHES COMMITTEE TO REVIEW PERSIAN GULF ILLNESS: Clinton Says Military's Quality of Life Vital to America's Engagement in the World"

The President will continue to underscore his plan for engagement in world affairs in the face of some in Congress who want to enter into a period of new isolationism. Only by showing this leadership and maintaining the unparalleled readiness of our forces can we guarantee Americans' security at home and strength in the world. It follows that the quality of life of America's veterans is a vital piece of this plan and a major priority of this Administration.

The President will honor the sacrifice of this country's veterans, make the case for continued resources, and announce measures to ensure that America's military--those who have served in the past and those who may be called upon in the future--are both cared for and ready to serve their country in a time of need. Most important of these measures will be the intent to establish a Presidential Advisory Committee on Gulf War Veterans' Illnesses.

Communications Plan

Below is a communications plan which will be implemented to amplify the President's speech to the greatest extent possible.

The President

- * The President addresses the VFW Mid-Winter Conference at 10:30 am on Monday.

Cabinet Affairs: Veterans Affairs and Defense

- * VA: Veterans Affairs will issue supportive press releases and materials on Monday morning.
- * VA: Secretary Jesse Brown, Deputy Secretary Gober, and Under Secretaries Vogel and Kizer will conduct TV, radio and print interviews following the speech throughout the rest of the week.

Specifically targeted states include: Ohio, Pennsylvania, Michigan, California, Illinois, Louisiana, Iowa, Missouri, New Hampshire, New Jersey and Connecticut.

- * VA: In addition to activity surrounding the Administration's accomplishments and intent to establish the advisory committee, Veterans Affairs is doing extensive work to mobilize delegates at the VFW conference around the rescission package.
- * DOD: Deputy Secretary Deutch will do an interview with Armed Services Radio and Television Network following the President's speech (to be aired on Tuesday, March 7, 1995).
- * DOD: Secretary Perry meets with the *Chicago Tribune* editorial board on Wednesday, March 8, 1995.
- * DOD: Defense sub-cabinet members scheduled for military press.

Public Liaison/Veterans Service Organizations Outreach

- * VFW Commander Gunner Kent and Executive Director Larry Rivers will conduct TV, radio and print interviews following the speech.
- * The VFW will hold a press conference following the President's speech to discuss many issues including their appreciation over the formation of the Persian Gulf Advisory Committee.

Public Liaison/VSO Outreach, con't:

- * President Clinton's speeches from Colleville, Manila and Iwo Jima as well as a favorable *Stars and Stripes* editorial will be distributed to all VFW delegates present at the conference.
- * 42 Veterans Service Organizations, which reach 8 million members through their publications, and 26 military coalition organizations, with over three and a half million members, will receive fact sheets on the President's VFW speech, a VA press release, and a copy of the speech for publication and distribution.
- * Veterans Affairs will distribute a press release and a copy of the President's speech to the national Persian Gulf media list.
- * Exploring additional validating activities by veterans organizations specifically interested in issues around the Persian Gulf illness.

NSC

- * The NSC will use the remarks as one in a series of speeches on the need for American leadership and engagement.

Legislative

- * Mrs. Clinton will notify Senators Rockefeller and Daschle as well as Rep. "Sonny" Montgomery of the President's speech and intent to form the Presidential Advisory Committee on Gulf War Veterans' Illnesses on Sunday evening. They will be encouraged to speak out on the issue following the speech.
- * Other Members will be notified and provided with relevant materials on Monday morning prior to the President's speech. One minutes and media outreach to their districts will be encouraged.

Media Affairs/White House Press and Communications

- * Talking points will be distributed throughout the White House, Agencies and appropriate organizations Monday morning.
- * *Stars and Stripes* editorial, background sheets and a document listing the Administration's accomplishments of veterans issues will be made available to all press.

Political and Intergovernmental Affairs

- * N/A

THE WHITE HOUSE

WASHINGTON

March 6, 1995

MEMORANDUM

TO: ERSKINE BOWLES
MARK GEARAN

FROM: JULIA MOFFETT

SUBJECT: NACO SPEECH COMMUNICATIONS PLAN
Tuesday, March 7, 1995

Context

Next Tuesday provides a perfect opportunity for the President to reiterate the principles that comprise his vision for welfare reform and to offer a critique of where the debate has brought us so far. On Capitol Hill, the House Ways and Means Committee has just finished marking up their welfare bill. The Senate Finance Committee will begin mark-up next week. Additionally, much of the President's focus this month will be on the impact congressional GOP budget proposals will have on children and the poor and the need for a role the federal government must play in providing basic protections and opportunities.

Message

Desired Headline: "PRESIDENT CLINTON CALLS FOR WELFARE REFORM THAT'S TOUGH ON WORK, NOT CRUEL TO KIDS"

The President will use the occasion of granting Ohio the 25th welfare reform waiver to reiterate his strong belief that welfare reform must embody the principles of work, responsibility and family. We accomplish this by delivering a plan that has a tough and real work requirement, strong child support enforcement plans, and programs to discourage teen pregnancy--not by being cruel to kids. This vision will be discussed in the larger context of the President's articulation of the role of government.

Communications Plan

Below is a communications plan which will be implemented in order to amplify the President's speech to the greatest extent possible.

The President/The White House

- * A letter from the President was sent to Congress on Friday, March 3, offering an assessment of where the committee process has brought us and a reiteration of his basic principles.
- * Ann Devroy will be given information and graphics on the 25th waiver on Monday to run in Tuesday's *Washington Post*.
- * The President will deliver remarks to the National Association of Counties on Tuesday at 9:30 am. The remarks will be made available to any interested market via satellite.
- * A scheduling request for the President to join a columnists' roundtable following the speech is pending. The main portion of the roundtable would be conducted by Secretary Shalala and/or Leon Panetta.
- * The President will do satellite interviews into Ohio (pending).
- * The Vice President will do a satellite tour into additional targeted states.

Cabinet Affairs: HHS

- * Secretary Shalala will set the tone for the President's speech at her address to the Child Welfare League on Thursday.
- * Secretary Shalala will call Ohio Governor Voinovich prior to the President's speech on Tuesday.
- * Secretary Shalala will conduct extensive satellite and radio interviews, editorial board calls, and print interviews into targeted markets.
- * HHS will do a post-speech mailing to approximately 200 of the most active organizations in the welfare reform debate, and will secure commitments from these groups to distribute it to their local affiliates.

Media Affairs/Additional Press

In addition to arranging the above mentioned regional press, they will:

- * Coordinate extensive distribution of state-by state information.

Media Affairs/Additional Press, con't:

- * In addition to the President's satellite interviews, the Ohio print media will be saturated.
- * A post-speech mailing is being explored.
- * Al From is attempting to have an op-ed placed for Tuesday morning.
- * The Executive Order on child enforcement is being mailed to targeted districts.

Public Liaison

OPL activity will focus on mobilizing groups around 1) the need for a role of the federal government on this issue, and 2) the need to take a stand against the harmful cuts currently being proposed, specifically, the reforms which will end up punishing children.

- * OPL is working with HHS to secure commitments from the following groups to release supportive statements following the speech: Children's Defense Fund, Center on Budget and Policy priorities, Catholic Charities, Child Welfare League of America, Coalition on Human Needs, Food and Research Action Center.
- * Approximately 125 representatives from organizations representing children, women and families will be at the White House on Tuesday for a briefing on the Rescission package, some of whom will proceed to the stakeout to voice opposition to current proposals and support for the President's.

Intergovernmental

- * Democratic governors with waivers will issue a letters of support..
- * Democratic members of NACO are being asked to do press back into their communities.

Legislative

- * Appropriate Members are being contacted and encouraged to make one-minute statements on the floor.

Political

- * Political Affairs is exploring opportunities in Ohio.

Leon

THE PRESIDENT HAS SEEN 3/13

need to discuss —

Potential Impact of Regulatory Moratorium: Retrospective Examples*

February 21, 1995

* (Rules issued November 20, 1994 to the Present)

Table of Contents

I. Economic Growth and Competitiveness

China Sanctions

Shrimp Harvesting

Scope of Nuclear Non-Proliferation Treaty Trade Ban

Fisheries Management

Migratory Bird Hunting

Native Alaskans Hunting and Fishing Rights

Personal Communications Systems Auctions

Emergency Broadcast System

Rules Providing Additional Spectrum in Various Media

Textile Import Fraud

Great Lakes Protection

Cattle Disease

Airport Rates and Charges

II. Public Health

Safer Meat and Poultry

Labeling of Fresh Poultry

Seafood Safety

Agreement Establishing Water Quality Standards for San Francisco Bay Delta

Safe Drugs - Children

Safe Bottled Drinking Water

III. Public Safety

Standards for Nuclear Waste Disposal

Nuclear Safety at Nuclear Facilities

Motor Vehicle Safety Standards for Passenger Car Brake Systems

Standardizing Regulations for Domestic Shipments of Hazardous Materials

Amends Performance Standards for Approval of Children's Life Jackets/Vests

Airworthiness Directives

Standardization of Aviation Rules

Safety Standard for Baby Walkers

Toy Labeling for Choking Hazards

IV. Governmental Reform

Personal Use of Campaign Funds by a Federal Candidate

Indebtedness of Military Personnel

Asylum Reform

Procedure for Removal of Local Labor Organization Officers

Community Development Block Grants Economic Development Guidelines

V. Help for Families and the Middle Class

Family and Medical Leave

Federal Direct Student Loan Program Standards

Continuation of Federal Home Loan Mortgage Corporation and Federal National

Mortgage Association Housing Goals

Noncitizen Housing Requirements

Preference for Elderly Families, Reservation for Disabled Families in Section 8 Housing

Assisted Living Facilities

Former POW's Eligibility for Burial at Arlington Cemetery

Final Flood Elevation Determinations; Changes in Flood Level Determinations;
Communities Eligible for Flood Insurance; Suspension of Community Eligibility

National Flood Insurance Program: Coverage and Rates

Compensation for Certain Undiagnosed Illnesses For Persian Gulf Veterans

Index by Agency

DEPARTMENTS AND EXECUTIVE AGENCIES

Department of Agriculture

- 1) Cattle Disease
- 2) Safer Meat and Poultry
- 3) Labeling of Fresh Poultry

Department of Commerce

- 1) Shrimp Harvesting
- 2) Scope of Nuclear Non-Proliferation Treaty Trade Ban
- 3) Fisheries Management

Department of Defense

- 1) Former POW's Eligibility for Burial at Arlington Cemetery
- 2) Indebtedness of Military Personnel

Department of Education

- 1) Student Loan Program

Department of Energy

- 1) Nuclear Safety at Nuclear Facilities

Department of Health and Human Services

- 1) Seafood Safety
- 2) Safe Drugs for Children
- 3) Safe Bottled Drinking Water

Department of Housing and Urban Development

- 1) Noncitizen Housing Requirements
- 2) Preference for Elderly Families, Reservation for Disabled Families in Section 8 Housing
- 3) Assisted Living Facilities
- 4) Continuation of Federal Home Loan Mortgage Corporation and Federal National Mortgage Association Housing Goals
- 5) Community Development Block Grants Economic Development Guidelines

Department of Interior

- 1) Migratory Bird Hunting
- 2) Native Alaskans Hunting and Fishing Rights

Department of Justice

- 1) Asylum Reform

Department of Labor

- 1) Family and Medical Leave
- 2) Procedure for Removal of Local Labor Organization Officers

Department of Transportation

- 1) Motor Vehicle Safety Standards for Passenger Car Brake Systems
- 2) Standardizing Regulations for Domestic Shipments of Hazardous Waste
- 3) Amends Performance Standards for Approval of Children's Life Jackets/Vests
- 4) Great Lakes Protection
- 5) Airworthiness
- 6) Standardization of Aviation Rules
- 7) Airport Rates and Charges

Department of Treasury

- 1) Textile Import Fraud

Department of Veterans Affairs

- 1) Compensation for Certain Undiagnosed Illnesses For Persian Gulf Veterans

Environmental Protection Agency

- 1) Agreement Establishing Water Quality Standards for San Francisco Bay Delta
- 2) Standards for Nuclear Waste Disposal

Federal Emergency Management Agency

- 1) Final Flood Elevation Determinations; Changes in Flood Level Determinations; Communities Eligible for Flood Insurance; Suspension of Community Eligibility
- 2) National Flood Insurance Program; Coverage and Rates

United States Trade Representative

- 1) China Sanctions

INDEPENDENT AGENCIES

Consumer Product Safety Commission

- 1) Safety Standard for Baby Walkers
- 2) Toy Labeling for Choking Hazards

Federal Communications Commission

- 1) Personal Communications Systems Auctions
- 2) Emergency Broadcast System
- 3) Rules Providing Additional Spectrum in Various Media

Federal Election Commission

- 1) Personal Use of Campaign Funds by a Federal Candidate

ISSUE: CHINA SANCTIONS (UNITED STATES TRADE REPRESENTATIVE)

STATUS AFFECTED: All

Rule: The rule would impose trade sanctions against specific Chinese products, in retaliation for Chinese pirating of patented and copyrighted U.S. products.

Beneficiary of rule: U.S. technology industries whose patented and copyrighted products (particularly video cassettes and computer software) are being pirated with impunity by the Chinese.

Impact of H.R. 450: The moratorium could hold up the trade sanctions, affecting the Administration's ability to set trade policy and to protect U.S. firms.

ISSUE: **SHRIMP HARVESTING (DEPT. OF COMMERCE)**

STATES AFFECTED: **Alabama, Mississippi, Florida, Louisiana, Texas**

Rule: This rule increases the domestic quota for royal red shrimp harvested in the EEZ of the Gulf of Mexico and eliminates foreign fishing for royal red shrimp in that area.

Beneficiary of Rule: American fishermen in the states listed above are the primary beneficiaries of this rule. The effect of this rule is to increase the amount of shrimp that can be harvested in the region by American fishermen and eliminate foreign fishing.

Impact of H.R. 450: Passage of H.R. 450 would limit the amount of shrimp available for harvest, thereby adversely affecting local fishing industries that are already distressed, raising the price of royal red shrimp for consumers, and continuing foreign fishing in the EEZ's.

Date: Final Rule published 12/28/94, 59 FR 66787

**ISSUE: SCOPE OF NUCLEAR NON-PROLIFERATION TREATY (NPT) TRADE
BAN (DEPT. OF COMMERCE)**

STATES AFFECTED: All

Rule: This rule lifts trade restrictions now imposed on countries that have signed the NPT, so that U.S. companies can now do business with them. The rule also adds the names of the countries who have not signed the NPT, so that U.S. companies are barred from doing business with them.

Beneficiary of Rule: All U.S. companies that do business with the countries affected by the rule and U.S. consumers.

Impact of H.R. 450: H.R. 450 would limit the markets for U.S. goods, thereby hurting U.S. businesses that seek to export to the countries removed from the NPT Special Country List. The moratorium also undermines the U.S. ability to deter nuclear proliferation.

Date: Rule published 12/29/94

ISSUE: FISHERIES MANAGEMENT (DEPT. OF COMMERCE, NATIONAL MARINE FISHERIES SERVICE)

STATES AFFECTED: All states with fisheries

Rule: These rules restrict the number of fish that commercial fishermen can catch in certain fisheries each year. They are based on scientific data and are designed to allow for the maximum take of fish while, at the same time, preventing depletion of fish stocks. Depletion has been a serious problem in many fisheries around the country.

Beneficiary of the Rule: All fishermen and the consuming public.

Impact of H. R. 450: Many of these management specifications were published after November 20, 1994. A moratorium could suspend these specifications, potentially allowing unlimited fishing in these fisheries, which could lead to long-term decline in the number of fish available for future fishing.

ISSUE: MIGRATORY BIRD HUNTING (DEPT. OF INTERIOR)

STATES AFFECTED: All

Rule: This rule establishes the hunting season for certain migratory birds. The hunting season is set on an annual basis by regulation, as required by law. This rule also imposes certain restrictions upon hunters, such as bag limits.

Beneficiary of the Rule: Bird hunters, communities and businesses where these hunters gather.

Impact of H.R. 450: It is estimated that there are over five million migratory bird hunters. On an annual basis, these hunters spend approximately \$1 billion related to their hunting efforts. A moratorium could cause the derailment of the 1995-1996 season and losses of millions of dollars to businesses throughout the hunting areas.

Date: Final Rule published November 21, 1994.

ISSUE: NATIVE ALASKANS HUNTING AND FISHING RIGHTS (DEPT. OF INTERIOR)

STATES AFFECTED: ALASKA

Rule: This rule gives priority to subsistence harvest of fish and wildlife resources on Federal lands in Alaska by native and rural Alaskans.

Beneficiary of the Rule: Native and rural Alaskans who have been dependent on subsistence fishing on these lands for many generations.

Impact of H.R. 450: A moratorium would put a halt to the 1995 subsistence fishing season. In addition, the rule addresses community eligibility, which is modified annually after negotiation and public involvement. A moratorium would put a halt to these negotiations. Some communities might fail to gain eligibility for at least one hunting season, which would severely hamper the ability of Native and rural Alaskans to provide needed food for themselves.

Date: Rule cleared DOI Office of Regulatory Affairs during the week of February 6, 1995, returned to Fish and Wildlife Service for filing with Federal Register.

ISSUE: PERSONAL COMMUNICATIONS SYSTEMS AUCTIONS (FEDERAL COMMUNICATIONS COMMISSION)

STATES AFFECTED: All

Rule: This rule establishes criteria to prevent collusion among bidders for "entrepreneurs' blocks" of frequencies for Personal Communications Services (PCS). PCS is a form of mobile telephone service that is expected to compete with existing cellular services and thereby promote price competition in mobile phone services. The rule also establishes groundrules for triggering the final stage of the auctions. The auctions ensure that licenses are distributed by the competitive marketplace rather than bureaucratic procedures.

Beneficiary of the Rule: All businesses bidding for PCS services and the Treasury. Previous auctions for other frequencies brought in over \$6 billion to the Treasury. This rule is designed to improve the auction system previously used to allow for reasonable pace in bidding.

Impact of H.R. 450: The moratorium would require the suspension of the auction rules and a return to previous methods. Since the bidders have to prepare their bidding strategies weeks and months in advance of the auctions, suspension of the rules will be costly to the smaller businesses involved in the auctioning of "entrepreneurs' blocks".

ISSUE: EMERGENCY BROADCAST SYSTEM (COMMUNICATIONS COMMISSION)

STATES AFFECTED: All

Rule: The rule provides for the incorporation of a new mandatory system on broadcast TV and radio for airing instructions in the event of emergencies. The rule contemplates the use of new technology that automatically turns on radios and televisions. The rule also extends emergency broadcast rule requirements to cable TV companies.

Beneficiary of the Rule: The general public will benefit by having emergency broadcast system services more widely available. TV and radio broadcast stations will be able to reduce station operating expenses under this rule.

Impact of H.R. 450: With a moratorium in place, implementation of emergency broadcasting system services by cable TV companies would not occur and compliance cost reductions for broadcast stations will not be realized. This could eventually cost lives if a comprehensive system were not in place.

**ISSUE: RULES PROVIDING ADDITIONAL SPECTRUM IN VARIOUS MEDIA
 (FEDERAL COMMUNICATIONS COMMISSION)**

STATES AFFECTED: All

Rule: The FCC currently has under consideration several rules that would provide additional spectrum in various media and localities. These include: additional spectrum for mobile satellite service; additional spectrum for cordless telephones; and additional spectrum in various communities, particularly smaller communities, for additional broadcast stations.

Beneficiary of Rule: The rules would provide opportunities to the communications industry active in these media, would provide jobs in these areas, and would increase consumers' access to these services.

Impact of H.R. 450: Without these rules, expansion into these communication fields would be slowed and increased competition, which can bring down prices, would be delayed.

ISSUE: TEXTILE IMPORT FRAUD (TREASURY/CUSTOMS)

STATES AFFECTED: All

RULE: Establishes a 180-day conditional release period for imported textiles and textile products during which the Customs Service can determine whether a product is entitled to entry into the U.S. market. This determination largely entails confirming the country of origin.

BENEFICIARIES OF RULE: Domestic textile and textile product industry and clothing manufacturers. Protects them from products imported in violation of quota restrictions or other import safeguards.

IMPACT OF H.R. 450: Textiles will continue to enter the United States illegally due to lack of a provisional approval period, unfairly competing with products from domestic textile producers.

DATE: Rule published December 2, 1994

ISSUE: GREAT LAKES PROTECTION (DEPT. OF TRANSPORTATION)

STATES AFFECTED: GREAT LAKES STATES

Rule: This rule requires vessel operators entering the Hudson River north of the George Washington Bridge, after operating on waters beyond the Exclusive Economic Zone, to either exchange their ballast water at high sea before entering the Hudson River, or to retain their ballast water onboard while in the Hudson River. This rule is designed to prevent the spread of injurious non-indigenous species (such as zebra mussels) carried in ballast water from entering the Hudson River and spreading to the Great Lakes.

Beneficiary of the Rule: Municipal power companies, utility companies, and the New York drinking water supply. This rule is designed to protect the Great Lakes, the Hudson River and the New York drinking water supply from the devastating effects of injurious non-indigenous species such as the zebra mussel which has already infested the Great Lakes. Such species clog intakes to municipal water-filtration and electrical power plants.

Impact of H.R. 450: Without measures to protect the affected areas from introduction of non-indigenous injurious species, it is feared that a costly infestation, similar to the zebra mussel infestation, will occur again. The cost of the zebra mussel infestation in the Great Lakes may reach \$5 billion by the year 2000.

ISSUE: CATTLE DISEASE (DEPT. OF AGRICULTURE)

STATES AFFECTED: All

Rule: This rule adds Portugal to the list of countries whose cattle are afflicted with "mad cow disease," or bovine spongiform encephalopathy (BSE), and therefore cannot export fresh, chilled, or frozen meat to the U.S.

Beneficiary of Rule: All U.S. livestock producers, including beef and dairy cow producers, and U.S. consumers.

Impact of H.R. 450: H.R. 450 would effectively enable BSE to spread to U.S. cattle through U.S. imports. Contaminated animal products may be ingredients in feed, spreading the disease to healthy animals. Cattle become insane, ill, and stop feeding. Widespread disease could cause significant economic losses to the U.S. industry, including the inability to export such meat, and force consumers to pay much higher prices for meat.

Date: Interim rule in effect 12/22/94.

**ISSUE: AIRPORT RATES AND CHARGES
 (DEPT. OF TRANSPORTATION)**

STATES AFFECTED: All

Rule: This rule will provide standards and procedures under which the Department of Transportation will adjudicate complaints by airlines about new or increased airport fees. The standards and procedures are necessary to reduce the chance the airport fee disputes will create disruptions in air service.

Beneficiary of Rule: Airlines and airports, which face potential disruptions in services during fee disputes, will benefit from efficient adjudication set forth in this rule. Airline passengers in turn benefit from the reduced chance of service disruption.

Impact of H.R. 450: The moratorium would cause a delay in the implementation of this rule, increasing the risk for disruptive disputes in the future.

Date: The final rule is effective February 3, 1995.

ISSUE: SAFER MEAT AND POULTRY PRODUCTS (DEPT. OF AGRICULTURE)

STATES AFFECTED: All

Rule: This rule will eliminate a critical gap in the current meat and poultry inspection system, potentially reducing the incidence of foodborne illness caused by contaminated meat and poultry products. The proposed regulation will make our outdated meat inspection system more scientific and will focus bacterial control efforts on points in the meat production process where contamination is most likely to occur.

Beneficiary of the Rule: All consumers of meat and poultry, especially the elderly, children, and persons with compromised immune systems, who are generally at greater risk for foodborne illness.

Impact of H.R. 450: Foodborne illness from all food sources range from 6.5 million to 81 million cases each year, and up to 9,000 deaths, according to the Centers for Disease Control. Without this rule, the meat and poultry supply will be more vulnerable to contamination.

Date: Proposed Rule published on February 3, 1995.

ISSUE: LABELING OF FRESH POULTRY (DEPT. OF AGRICULTURE)

STATES AFFECTED: All, especially California, the Southeast, Delaware, Maryland, Virginia

Rule: The rule prohibits the use of the term "fresh" as a label on raw poultry products, if internal temperature has ever been below twenty-six degrees Fahrenheit. Poultry products would be labeled with a statement reflecting this fact, to ensure that poultry products distributed to consumers are not labeled in a false or misleading manner.

Beneficiary of the Rule: Consumers, businesses interested in promoting fresh poultry products. Consumers will now understand that the term "fresh" used on poultry labels means "fresh" and not frozen.

Impact of H.R. 450: Without this rule, consumers will continue to purchase poultry products which are labeled "fresh" which in fact have been frozen.

Date: Proposed Rule published January 17, 1995.

ISSUE: SEAFOOD SAFETY (DEPT. OF HEALTH AND HUMAN SERVICES/FOOD AND DRUG ADMINISTRATION)

STATES AFFECTED: All

Rule: FDA is proposing regulations to utilize Hazard Analysis Critical Control Point (HACCP) principles as the most effective way to ensure the safe processing and importing of fish and fishery products. HACCP is a preventive system of hazard control that can be used by food processors and importers.

Beneficiary of the Rule: Consumers and the seafood industry. Consumers will benefit from safer products and will gain additional health benefits by substituting seafood products in place of other meats higher in fat and cholesterol. The seafood industry will benefit from increased consumer confidence in safer seafood products and more uniform inspection procedures.

Impact of H.R. 450: Unless this rule is included in a health and safety exception, passage of H.R. 450 will prevent the implementation of a final rule. Consumption of seafood may continue to decrease if consumers lack confidence in the safety of seafood products.

Date: Proposed Rule published January 28, 1995. Final Rule slated for publication summer 1995.

**ISSUE: AGREEMENT ESTABLISHING WATER QUALITY
STANDARDS FOR SAN FRANCISCO BAY DELTA (ENVIRONMENTAL
PROTECTION AGENCY)**

STATES AFFECTED: California

Rule: This rule provides farmers, bankers, municipalities and other users the certainty that they need over the next three years to allocate water in the Bay Delta among competing interests. This rule is a direct result of years of negotiation and final agreement among competing interests to manage fresh water supplies, minimize water quality impacts on the Bay, and provide the assurances that the financial community needs to support economic activities in the Delta.

Beneficiary of the Rule: All U.S. consumers of food produced in the Delta. Delta water supports 45 percent of the nation's fruit and vegetable production and 20 million Californians, who use the Bay Delta for drinking water.

Impact of H.R. 450: H.R. 450 would void the Agreement that is a culmination of substantial time and effort, but more importantly, eliminate the certainty it offers to maintain the Delta as viable source of drinking and irrigation water. The implications for voiding the Agreement would be substantial in scope. If the Agreement were vacated as a result of H.R. 450, long term use of the Bay Delta as a viable source of water supply would be threatened because of over use and lack of coordination among the millions of users of Bay Delta water, especially during droughts. Vacating the agreement would threaten the State of California's credit rating and its economy.

Due to the lack of an Agreement, no new investment decisions have been made with respect to new canals, major construction projects, water allocation, alternative sources of water supply, canal systems, or reservoir management in the Bay Delta for the *last 20 years*.

Date: Final Rule published 1/24/95

ISSUE: SAFE DRUGS - CHILDREN (DEPT. OF HEALTH AND HUMAN SERVICES/FEDERAL DRUG ADMINISTRATION).

STATES AFFECTED: ALL

Rule: The final rule will improve pediatric care by providing practitioners with adequate information about the use of prescription drugs in children up to 16 years old. Most prescription drug products lack adequate information about their use in children. Without adequate information, practitioners are reluctant to prescribe certain drugs, or may prescribe inappropriate dosages. Under the rule, manufacturers are permitted to extrapolate from adult data they already have into developing advice for practitioners on use in children.

Beneficiary of the Rule: Practitioners, children, and manufacturers of prescription drugs for children.

Impact of H.R. 450: The moratorium would suspend the final rule delaying the benefits of additional information about the use of prescription drugs in children. This would restrict marketing and use of certain prescription drugs.

Date: Final rule published December 13, 1994.

**ISSUE: SAFE BOTTLED DRINKING WATER (DEPT. OF HEALTH AND
HUMAN SERVICES/FOOD AND DRUG ADMINISTRATION)**

STATES AFFECTED: All

Rule: This rule amends regulations concerning allowable contaminant levels in bottled water. It ensures that bottled water is as safe as public drinking water.

Beneficiary of the Rule: Consumers will benefit from bottled water products that are at least equal in quality to public drinking water. The bottled water industry generally favors such quality standards because they promote greater consumer confidence in bottled water products. The states will benefit from a uniform federal standard that fosters interstate commerce.

Impact of H.R. 450: This rule would most likely have to be withdrawn if H.R. 450 is enacted.

Date: Final Rule published December 1, 1994.

ISSUE: STANDARDS FOR NUCLEAR WASTE DISPOSAL (ENVIRONMENTAL PROTECTION AGENCY)

STATES AFFECTED: All, particularly New Mexico

Rule: Issuance of these standards would allow safe disposal of nuclear waste. They would provide guidance that has already been delayed for many years and that is critical to solving the problem of nuclear waste disposal.

Beneficiary of the Rule: The nuclear power industry, DOD and DOE are looking to these standards to allow safe disposal of nuclear waste.

Impact of H.R. 450: With the passage of the bill, standards would be delayed which would further delay the proper and safe disposal of nuclear waste, particularly at the Waste Isolation Pilot Plant (WIPP) in New Mexico, the country's first nuclear waste repository.

Date: Proposed on January 30, 1995.

ISSUE: NUCLEAR SAFETY AT NUCLEAR FACILITIES (DEPT. OF ENERGY)

STATES AFFECTED: Tennessee, Ohio, New Mexico (among others)

Rule: This rule establishes requirements for Department of Energy (DOE) contractors for ensuring safety at DOE facilities.

Beneficiary of Rule: The workers at the nuclear facilities and the nearby public who will be protected from health, safety, and environmental concerns posed by radiological and chemical hazards posed by these facilities.

Impact of H.R. 450: The workers at these nuclear facilities as well as nearby communities may not be adequately protected from risks of harm from radioactive and/or chemical materials.

Date: Final Rule ready for OMB approval; will be submitted to OMB by end of 2/95.

**ISSUE: MOTOR VEHICLE SAFETY STANDARDS FOR PASSENGER CAR
BRAKE SYSTEMS (DEPT. OF TRANSPORTATION)**

STATES AFFECTED: All

Rule: This rule standardizes U.S. regulations with those of the European Community with respect to braking systems. The purpose of the rule is to allow the same vehicle to be sold in the U.S. and European markets without modifying the brake systems to conform to the European standards, and vice-versa.

Beneficiary of Rule: The direct beneficiaries of this rule are automobile manufacturers and all the employees who are involved in the manufacturing of automobiles and the manufacturing of parts for automobiles. Purchasers of automobiles would benefit from lower industry costs.

Impact of H.R. 450: H.R. 450 would suspend the implementation of the standardization of braking systems, raising cost to the industry. U.S. employees will be hurt because the U.S. automakers may be less competitive abroad.

Date: Final rule scheduled to go into effect 3/6.

**ISSUE: STANDARDIZING REGULATIONS FOR DOMESTIC
SHIPMENTS OF HAZARDOUS MATERIALS (DEPT. OF
TRANSPORTATION)**

STATES AFFECTED: All

Rule: This rule standardizes regulations for shipments of domestic hazardous materials, making them more consistent with similar international regulations.

Beneficiary of Rule: Shippers and carriers of hazardous materials that are engaged in both domestic and international shipments. Without revisions to the final rule, carriers would have to comply with differing rules for domestic and international shipments of hazardous materials.

Impact of H.R. 450: H.R. 450 would increase the cost of doing business for international and domestic shippers and carriers of hazardous materials, placing an unfair burden on U.S. businesses. Moreover, requiring different regulations for domestic and international shipments may stifle exports of hazardous materials, which had a positive balance of trade of approximately \$17 billion in 1994.

Date: Rule in effect as of 1/95

ISSUE: **AMENDS PERFORMANCE STANDARDS FOR APPROVAL
OF CHILDREN'S LIFE JACKETS/VEST (DEPT. OF
TRANSPORTATION/COAST GUARD)**

STATES AFFECTED: **All**

Rule: This rule would amend the procedures and performance standards for approval of children's life jackets/vests by allowing for the use of a particular type of flotation device designed to provide greater flotation ability, thereby increasing the chance of survival of one who has fallen into the water.

Beneficiary of Rule: The direct beneficiaries of this rule are children. Implementation of this rule would increase the chance of survival of children who have fallen into the water.

Impact of H.R. 450: H.R. 450 would deny the implementation of the increased performance standard of the flotation device, thereby increasing the risk to children and others that may fall into the water. The implementation of these performance standards would reduce the cost of these so-called hybrid flotation devices, thereby increasing their use among the public.

Date: Final rule published 1/9/95

**ISSUE: AIRWORTHINESS DIRECTIVES (AD's), (DEPT. OF
TRANSPORTATION/FEDERAL AVIATION ADMINISTRATION)**

STATES AFFECTED: All

General Rules: Periodically, the FAA issues airworthiness directives designed to rectify potential safety problems in aircraft. Several examples of airworthiness directives that could be suspended are:

- Restrictions on the operation of the ATR-42 and ATR-72 aircraft in icing conditions, following the October crash of an ATR-72 in Indiana;
- Revision to the Airplane Flight Manual to prohibit takeoff in certain icing conditions unless either an inspection is performed or specific takeoff procedures are followed. Applicable to Fokker Model F28 Aircraft;
- Inspection and Modification of the tailcone release assembly of certain McDonnell Douglas aircraft to ensure that passengers can escape during an emergency evacuation;
- Inspection and repair of landing gear brakes for certain Airbus aircraft. This rule was prompted by an accident in which an aircraft was unable to stop on a wet runway;
- Replacement of certain bolts, nuts, and washers that hold together parts of the wing flap. The new attachments prevent failures that could cause the aircraft to roll over upon lift-off. Applicable to Boeing 757 aircraft;
- Requiring measures to prevent the sliding cockpit side windows from rupturing in certain Airbus models. Failure to prevent the sliding cockpit side windows from rupture can potentially result in rapid decompression of the aircraft.

Impact of H.R. 450: The moratorium could prevent these types of directives from being issued. The safety concerns they address, though significant, may not be sufficiently imminent to qualify for an exception under H.R. 450.

Date: These Airworthiness Directives were published after November 20, 1994.

ISSUE: STANDARDIZATION OF AVIATION RULES (FAA)

STATES AFFECTED: All

Rule: This set of rules would standardize regulations between the United States and European Joint Aviation Authorities regarding flight operations and aircraft safety certification.

Beneficiary of Rule: The direct beneficiary of this rule is the airline industry. It is estimated that the U.S. industry, both airlines and airline suppliers, will save between \$100 million and \$1 billion as a result of this standardization of important safety regulations. Passengers would benefit from reduced industry costs.

Impact of H.R. 450: H.R. 450 would have a detrimental effect on the U.S. airline industry by hampering their ability to conform to one safety and flight operation standard.

Date: No date of Rule

ISSUE: SAFETY STANDARD FOR BABY WALKERS (CONSUMER PRODUCT SAFETY COMMISSION)

STATES AFFECTED: All

Rule: CPSC is in the process of developing a performance or design standard that would reduce the risk of deaths (11 reported in a 5 year period) and injuries (approximately 25,000 hospital emergency room treated injuries in 1993 alone) associated with baby walkers.

Beneficiary of Rule: Toddlers and their families clearly would benefit from this rule. Prevention of injuries also reduces medical costs.

Impact of H.R. 450: Unless this regulation is covered by an imminent threat to health or safety exception, passage of H.R. 450 would result in there being no proposed rule issued. A delay in finalizing the rule would result in more children being injured or possibly killed in accidents involving baby walkers.

Date: ANPR was issued in August, 1994.

**ISSUE: TOY LABELING FOR CHOKING HAZARDS
(CONSUMER PRODUCT SAFETY COMMISSION)**

STATES AFFECTED: All

Rule: These rules implement the toy labeling provisions of the Child Safety Protection Act of 1994. The law was adopted at the urging of consumer advocates and industry, which wanted a uniform federal labeling standard. The rules provide guidance to industry to enable it to comply with the law.

Beneficiary of rule: Parents buying toys for their children benefit from clear labeling describing choking hazards, and the toy industry benefits from the agency's clear description of the labeling practices that must be followed.

Impact of H.R. 450: Passage of H.R. 450 could delay the clarity and certainty that parents and the toy industry are awaiting.

Date: The final rule will likely be issued in February.

**ISSUE: PERSONAL USE OF CAMPAIGN FUNDS BY A FEDERAL CANDIDATE
(FEDERAL ELECTION COMMISSION)**

STATES AFFECTED: All

Rule: To prevent the unlawful personal use of campaign funds by federal candidates, this FEC Rule clearly lists the areas that will be automatically considered personal use, and explains legitimate uses of campaign resources. The list includes items such as club memberships, clothing, tuition payments, mortgage and rent payments, and salary payments to family members. The passage of the Ethics Reform Act of 1989 prompted the FEC to create these rules to avoid any confusion over what federal candidates may do with campaign funds.

Beneficiary of Rule: Campaign donors, who will have increased confidence that campaign funds are being used properly, and federal candidates, who will be able to better comply with the campaign finance laws.

Impact of H.R. 450: Suspension of the rule will allow the continuation of the present FEC definitions of personal uses of campaign funds, which are much less clear. This in turn increases the chances of intentional or inadvertent violations by Members of Congress and Senators.

Date: The Final Rule was transmitted to Congress on February 3, 1995, and was published in the Federal Register on February 9, 1995.

ISSUE: INDEBTEDNESS OF MILITARY PERSONNEL (DEPT. OF DEFENSE)

STATES AFFECTED: ALL

Rule: This rule implements legislation requiring the Dept. of Defense to promulgate regulations for involuntary allotment or garnishment of pay from members of the armed forces for debts that have been reduced to judgment.

Beneficiary of the Rule: Creditors of indebted personnel.

Impact of H.R. 450: A moratorium would require the withdrawal of regulations for the involuntary allotment of garnishment of pay from military personnel who have had a judgment entered against them.

Date: Final Rule published January 5, 1995.

ISSUE: **ASYLUM REFORM (DEPT. OF JUSTICE)**

STATES AFFECTED: **All, especially border states**

Rule: This rule provides for a streamlined asylum adjudication process, to screen out unfounded applications and to provide for prompter granting of asylum to those persons who meet the standards for asylum. The rule defers granting of employment authorization for up to six months, in order to allow INS time to evaluate the merits of each claim. Under the previous rule, asylum applicants were granted employment authorization immediately upon filing for asylum. This had the effect of overloading the system with often fraudulent asylum petitions that were filed to obtain the valuable work authorization.

Beneficiary of Rule: People with legitimate asylum claims, the American public, U.S. citizens and legal immigrants seeking employment.

Impact of H.R. 450: Suspending the asylum reform rule would roll back important progress made in efforts to prevent asylum abuses. The new streamlined adjudication process is essential to allow INS to keep abreast of the high volume of new asylum petitions and to begin to reduce the current backlog of over 470,000 cases. Reinstating the prior, unworkable and inefficient asylum system would again encourage the fraudulent filing of asylum petitions, overloading the already overburdened immigration process. It would also lead to substantial confusion and litigation, particularly for those who have filed for asylum since the new rule took effect in early January. Over 800,000 revised asylum applications reflecting the new standards have been distributed, and stocks of the obsolete forms have been destroyed. Finally, suspending the new asylum rule would impair INS's ability to act promptly to grant asylum to those who do qualify, while encouraging abusive filings by others who don't qualify. This would have the exact opposite effect that foes of illegal immigration, including the Clinton Administration, seek to bring about: a more orderly and efficient process for admitting legal immigrants, while dealing more effectively with abuses by illegal immigrants.

Date: Rule in effect 1/4/95 (published 12/5/94).

ISSUE: PROCEDURE FOR REMOVAL OF LOCAL LABOR ORGANIZATION OFFICERS (DEPT. OF LABOR)

STATES AFFECTED: All

Rule: The rule deleted language in current regulations which gave the Secretary of Labor enforcement authority concerning complaints from labor organization members about the failure of a local union to follow its officer removal procedures. The rule was proposed to bring regulatory language into conformance with Department practice.

Beneficiary of the rule: Labor organizations and their members benefit from the rule since it clarifies the scope of the Secretary's authority and eliminates inconsistencies.

Impact of H.R. 450: The moratorium would delay an opportunity to clarify regulatory obligations and reduce regulatory burdens.

Date: The final rule was published on December 21, 1994, with an effective date of January 20, 1995.

ISSUE: COMMUNITY DEVELOPMENT BLOCK GRANTS ECONOMIC DEVELOPMENT GUIDELINES (DEPT. OF HOUSING AND URBAN DEVELOPMENT)

STATES AFFECTED: All

Rule: This rule establishes guidelines to assist Community Development Block Grant (CDBG) recipients evaluate and select economic development opportunities for CDBG funds. The rule also makes changes for the use of CDBG funds for economic development.

Beneficiary of the Rule: State and local communities who receive CDBG funds. The rule reduces administrative burdens on the recipients and focuses on assisting residents of low and moderate income neighborhoods.

Impact of H.R. 450: State and local governments will have limited use of CDBG funds for economic development which will adversely affect the communities served by these state and local governments.

Date: Published as Final Rule January 5, 1995

**ISSUE: FAMILY AND MEDICAL LEAVE ACT REGULATIONS
 (DEPT. OF LABOR)**

STATES AFFECTED: All

Rule: The regulations implement the Family and Medical Leave Act of 1993 which allows eligible employees to take up to 12 weeks of unpaid leave a year for the birth of a child, adoption of a child, or to care for a seriously ill relative.

Beneficiary of the rule: Both employers and employees benefit from the clarification and guidance provided in the final rules, including, for example, clarification of what a "serious health condition" is.

Impact of H.R. 450: Without the final rules, uncertainties raised by the law and the interim regulations would remain.

Date: Final rules were published on January 6, 1995 and will become effective on April 6, 1995.

**ISSUE: FEDERAL DIRECT STUDENT LOAN PROGRAM STANDARDS
(DEPT. OF EDUCATION)**

STATES AFFECTED: All

Rule: These regulations implement all aspects of the second year of the direct loan program, which has forty percent of all higher education institutions participating. Initial estimates for the program indicate that taxpayers will save \$4.3 billion over the first five years of the plan. Students will save roughly \$2 billion during the same time frame.

Beneficiary of the rule: Students, parents, institutions of higher learning, and taxpayers will benefit from the rule.

Impact of H.R. 450: Unless this rule falls under an exclusion, passage of H.R. 450 could be damaging to the very existence of direct loans, a program uniformly praised during its first year of operation by participating students and institutions. In addition, the billions of dollars of savings for students and for taxpayers would be in jeopardy.

Date: The final rule is scheduled to take effect July 1, 1995.

ISSUE: CONTINUATION OF FEDERAL HOME LOAN MORTGAGE CORPORATION AND FEDERAL NATIONAL MORTGAGE ASSOCIATION HOUSING GOALS (DEPT. OF HOUSING AND URBAN DEVELOPMENT)

STATES AFFECTED: All

Rule: By statute, HUD is required to establish housing goals to direct the purchase of mortgages by Freddie Mac and Fannie Mae on housing for low and moderate income families, housing located in central cities, housing located in rural and underserved areas, and housing meeting the needs of low-income families and very low-income families. In October 1993, HUD established these goals for 1993 and 1994. This rule extended into 1995 the 1994 housing goals pending the issuance of a more comprehensive final rule.

Beneficiary of the Rule: Very low to moderate income families in central cities and rural areas and other underserved areas.

Impact of H.R. 450: A moratorium could put a halt to Fannie Mae and Freddie Mac's meeting housing goals set by HUD in accordance with the law and in recognition of the responsibilities of Fannie Mae and Freddie Mac under their Charter Acts. The needs of moderate, low, and very low-income families would not be served, and the opportunities for such families to purchase homes would be greatly reduced.

Date: Published as Final Rule November 30, 1994.

ISSUE: **NONCITIZEN HOUSING REQUIREMENTS (DEPT. OF HOUSING AND URBAN DEVELOPMENT)**

STATES AFFECTED: **All**

Rule: This rule would restrict HUD housing assistance to U.S. citizens, nationals, and certain categories of legal immigrants.

Beneficiary of Rule: Citizens and legal immigrants that will be deprived of limited available housing assistance.

Impact of H.R. 450: U.S. citizens and legal immigrants would be deprived of the limited housing assistance offered by HUD, and instead, this housing could be available to illegal immigrants.

Date: Final rule submitted to OMB 12/30/94

**ISSUE: PREFERENCE FOR ELDERLY FAMILIES, RESERVATION FOR
DISABLED FAMILIES IN SECTION 8 HOUSING (DEPT. OF HOUSING
AND URBAN DEVELOPMENT)**

STATES AFFECTED: All

Rule: This rule amends HUD's Section 8 regulations to improve the system of occupancy preferences by including preferences for elderly families and disabled families. Prior to 1992, the term "elderly person" was defined to include "persons with disabilities," including non-elderly persons with disabilities. "Persons with disabilities" has been defined to include persons with alcohol and drug abuse problems. Prior to this rule, housing designated for the elderly was required to admit non-elderly persons with disabilities. This rule implements controversial legislation strongly favored by elderly persons and strongly opposed by persons with disabilities and their advocates.

Beneficiary of the Rule: Elderly persons. The prior legislation allowed that housing designated for elderly was required to admit non-elderly persons with disabilities. This new rule allows project owners to restrict housing for elderly only.

Impact of H.R. 450: The suspension of this rule would leave project owners unable to restrict their projects to elderly-only residents. Not allowing this rule to take effect would directly affect the quality and availability of housing for the elderly and disabled persons, who vehemently expressed their opinions during the comment period.

Date: Published December 21, 1994, making final the interim rule published May 3, 1994.

ISSUE: ASSISTED LIVING FACILITIES (DEPT. OF HOUSING AND URBAN DEVELOPMENT)

STATES AFFECTED: All

Rule: This rule implements HUD's statutory authority to insure assisted living facilities for the care of frail elderly persons. This rule also implements HUD's authority to insure the refinancing of conventional nursing homes, intermediate care facilities, and board and care homes.

Beneficiary of the Rule: All persons needing assisted living care.

Impact of H.R. 450: Without this rule, assisted living care facilities that provide care for the elderly will not be eligible for mortgage insurance. This is almost certain to diminish the availability of such facilities. This rule would be especially useful during periods of lowering interest rates. It would allow the assisted living facilities to refinance at a savings, which would ultimately result in Medicaid savings. With a moratorium, these facilities would not be able to take advantage of getting mortgage insurance, which would result in higher costs.

Date: Final rule published November 29, 1994.

ISSUE: POW BURIAL AT ARLINGTON CEMETERY (DEPT. OF DEFENSE/ARMY)

STATES AFFECTED: All

Rule: The rule extends eligibility for interment at Arlington National Cemetery to any former POW who served honorably in active military service.

Beneficiary of the Rule: All former POWs who die after the date of the 1994 Authorization Act.

Impact of H.R. 450: A moratorium could deny eligibility and needlessly dishonor deserving veterans who died after the 1994 Authorization Act was implemented.

Date: Interim Final Rule published November 25, 1994.

ISSUE: FINAL FLOOD ELEVATION DETERMINATIONS;
CHANGES IN FLOOD LEVEL DETERMINATIONS;
COMMUNITIES ELIGIBLE FOR FLOOD INSURANCE;
SUSPENSION OF COMMUNITY ELIGIBILITY (FEDERAL
EMERGENCY MANAGEMENT AGENCY)

STATES AFFECTED: ALL

Rule: These four types of rules include final determination of base (100-year) flood elevations as well as modified elevations for various communities. This information provides the basis for communities to adopt floodplain management measures, which is required of them in order for them to participate in the National Flood Insurance Program. Communities are identified as participating in the National Flood Insurance Program in these rules. Such identification allows for the sale of flood insurance to owners of property in the listed communities.

Beneficiary of the Rule: Homeowners and others located in floodplain areas, developers, banks, and insurance companies.

Impact of H.R. 450: A moratorium could severely limit the availability of flood insurance. A moratorium would prevent FEMA from providing the flood elevation information to property owners, communities, developers, lending institutions, and insurance agents. Furthermore, enforcement of community suspensions would be inhibited or prohibited. Also, a moratorium would have adverse impacts on property owners' ability to obtain federally related mortgage financing. Lending institutions' ability to place mortgages on properties in special flood areas would also be adversely impacted. Flood insurance may continue to be available in a suspended community, while complying, eligible communities might not have insurance available to them, all of this to the detriment of property owners, lending institutions, and communities at large.

Date: These four types of rules are generally published monthly. Since November 9, 1994 a total of fourteen rules dealing with these four areas have been published as final.

ISSUE: NATIONAL FLOOD INSURANCE PROGRAM : COVERAGE AND RATES (FEDERAL EMERGENCY MANAGEMENT AGENCY)

STATES AFFECTED: ALL

Rule: This rule increases the waiting period before a flood insurance policy may become effective from 5 to 30 days. The rule also increases the limits of coverage available for single family dwellings and for non-residential buildings.

Beneficiary of the Rule: Persons and businesses located in floodplain areas.

Impact of H.R. 450: A moratorium would result in a delay in compliance with the National Flood Insurance Reform Act of 1994, which mandates a 30-day waiting period and increased coverage limits. A moratorium would also deny a benefit to property owners who wish to obtain higher coverage limits on their flood insurance. Property owners also would be unable to increase their coverage to allow for actual cash value or replacement cost coverage.

Date: This rule is to become effective March 1, 1995.

**ISSUE: COMPENSATION FOR CERTAIN UNDIAGNOSED ILLNESSES OF
 PERSIAN GULF VETERANS (DEPT. OF VETERANS AFFAIRS)**

STATES AFFECTED: All

Rule: This document provides the necessary regulatory framework to allow the Secretary to pay compensation under the authority granted by the Persian Gulf War Veterans' Benefits Act.

Beneficiary of Rule: Afflicted Persian War Veterans and their families.

Impact of H. R. 450: Unless this compensation is defined as "benefits" and excluded from coverage under H.R. 450, passage of this measure would prevent the Secretary of Veterans' Affairs from authorizing payment of disability benefits to any veterans of the Persian Gulf War. The result will be the prevention of relief for these people and their families.

Date: November 2, 1994.