

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. table	re: Non-Career Ambassadorial Appointments [partial] (1 page)	12/09/1996	b(6)
001b. table	re: Individuals Interested in Non-Career Ambassadorial Appointments (11 pages)	12/09/1996	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
Todd Stern
OA/Box Number: 8788

FOLDER TITLE:

Chron Files: Thursday, December 19, 1996

2019-0774-S

rs3344

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

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

12-19-96

THE WHITE HOUSE
WASHINGTON

December 3, 1996

MEMORANDUM FOR THE PRESIDENT

'96 DEC 3 PM 6:40

FROM: SUSAN BROPHY *SB*
SUBJECT: CONGRESSIONAL CORRESPONDENCE

Attached for your review is a letter from Senator Paul Simon (D-IL) that I thought you would like to see.

To Bob

Some good ideas -
interesting on welfare, Ed, & culture

Chiron

United States Senate

WASHINGTON, DC 20510-1302

November 25, 1996

President Bill Clinton
The White House
Washington, D.C.

DEC 2 AM 8:44

Dear Mr. President:

This is probably the last letter I will send you as a United States Senator, and it is perhaps the most important. I am sending a copy to you and to Erskine Bowles, Jr., Bruce Lindsey and Rahm Emanuel to make sure you see it. No one else other than my secretary who types this will see it.

My congratulations, first of all. You are a great campaigner, as good as anyone I have ever seen in action, and I think that is a great asset to you also as President. More important than that, you deserved to win. While I have differed with you on some things, (like welfare reform), your basic thrust of wanting to help people is what government should be about. While I campaigned primarily in Illinois, I spoke for Senate and House candidates in a number of states and when I put in plugs for you there was always a genuine and warm burst of applause. People sense that you want to help them.

Not listed in any order of priority, here are a few suggestions, some of which you may not like at first glance, but I believe they merit consideration. They come from someone who is not interested in a job, and wants you and the nation to do well.

Tilt your actions to the judgments of history. One of the weaknesses of all of us in public office is that we want to please people too much. I have just reread David McCullough's book on Truman. I know you have read it, but going over his presidential years again would be worth your time. Truman was sensitive to public opinion, but not too sensitive. My instinct is that your administration will be stronger if you do not spend another penny on polls.

Education is a major national need and one of your strong suits. What you did through direct lending, for example, has been a huge contribution to the nation. The public won and the special interests of the banks and the guaranty agencies

lost, and deserved to lose. In addition to greater funding for Headstart, let me suggest this significant breakthrough that would be widely applauded: Set aside \$2 billion for per capita grants to schools that increase their annual school year to 210 days, from the present 180 days. In Germany they go to school 240 days, Japan 243. We go 180 days, in theory so that our children can go out and harvest the crops. It was designed for another era.

While I personally believe we ought to have national standards, that will not pass in my lifetime, nor yours. But increasing the school year to 210 days would be an immense step forward and has these advantages: 1) By the time you finish 12th grade that is the equivalent of two additional years of school; 2) A shorter time span between leaving the third grade, for example, and starting the fourth grade means less review work and more substance; 3) Leaving it completely voluntary for the schools, with a carrot to get some started down the road, will mean that soon all schools in the nation will do it; 4) By keeping junior high and high school students in school longer, there will be some slight decrease in crime.

Push for significant campaign finance reform both at the presidential and congressional levels. It's needed, as you know. Really pushing for it will require stepping on some congressional toes, but nothing significant is going to happen in your administration if you don't step on Congressional toes.

If Janet Reno leaves as Attorney General, name a Republican as Attorney General and then stop the proliferation of special prosecutors. I made a mistake voting for the law creating the special counsels. Your leaders in Congress should understand that a Republican is being appointed, so that this abuse is stopped.

Reach out especially to Trent Lott. My instinct is that you could find him particularly easy to work with. One little-known fact: both of his parents were alcoholics. I would have a one-on-one breakfast with him occasionally, in addition to other meetings with the leadership.

Build on what you have done on health care. I got a "sense of the Senate" amendment agreed to this year that in this next session congress should enact laws to cover women and children six and under with health care. Interestingly,

Bob Dole told me he couldn't be against that. Appoint a special commission to look at health care, co-chaired by John Chafee and a Democrat, to report back in 60 days about what should be enacted. It won't be as much as you and I would like, but it can be an improvement. But, like Harry Truman, keep stressing that you favor coverage of everyone eventually.

Strengthen your leadership in foreign affairs. You have grown in foreign affairs tremendously since you became President. Each year has been measurably better. I would suggest:

- Fight for more foreign economic assistance. We are at an embarrassingly low level. That will not improve unless you fight for it, and get religious groups and others mobilized to fight for it. A national address to the public may be necessary.
- If George Mitchell does not become your next Secretary of State (and my instinct is that he would prefer Baseball Commissioner), two who would be excellent are Chris Dodd (my first choice) or Sam Nunn. Either would do a superb job for you.
- If it is not too late, work out a compromise on the UN Secretary General's position. The United States is wrong in substance and wrong in how we handled it. You have been done a real disservice by your people on this.
- Go to sub-Saharan Africa. You have twice indicated to me that you want to do this. The most needy continent in the world is Africa, and it has been neglected. Warren Christopher made his first trip to sub-Saharan Africa just before the election, compared to 22 trips to Damascus. African leaders are sensitive to our indifference.

If Laura Tyson leaves, as is reported, name Fred Bergsten. Bob Rubin is widely respected, but the Administration needs economic heft. Fred is widely respected. Another person

who would not fit into this spot but who is also widely respected is Felix Rohatyn.

Strengthen the Civil Rights Commission. It is weaker than it has been under any Democratic administration. I chaired the subcommittee that had jurisdiction, and served as the ranking member in the GOP years. The present chair, May Barry, simply can't cut it. She's a good person but not the leader you need. The Vice Chairman of the Commission, Judge Leon Higginbotham, would be superb as chairman. I don't know if he would be interested, but he would provide the leadership that is needed and give the Commission the stature it now lacks.

Work out some word changes in the Balanced Budget Constitutional Amendment that would let you come aboard. I would be happy to work with you or your people to construct this in a way that would not make you look like you are flip-flopping. It is needed, and will probably pass this session anyway. You should lead on this. One great advantage of its passage: Every econometric forecast says that if it passes, interest rates will drop. That means significant savings that can be used for discretionary programs. It will also help the economy, as you learned from your courageous 1993 tax bill. It would also relieve pressure on the Federal Reserve to raise interest rates.

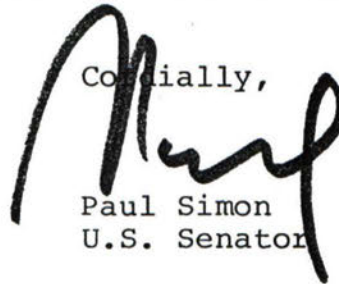
Agree to a change in the Consumer Price Index calculation. One of the most significant things I have done in my years in Congress that received no press attention was to get an amendment adopted calling on the President (Carter) to change the way housing is indexed. Up to that point the monthly marketbasket assumed that every American bought a new home each month. It artificially raised the CPI. As a result of my amendment (opposed by labor and the senior groups, though not strongly), Carter shifted to a rental equivalency in his last month in office. Otto Eckstein called it the most significant economic act in his administration. That small change saves billions of dollars each year. If the CPI were to be dropped by 0.5 percent or 0.8 percent, it would be more accurate and result in huge savings and surprisingly little fallout once it passed.

Push for a WPA-type program, at least as an experiment in a few states. Without something like this, the welfare reform bill will mean real pain for many people and severe

repercussions everywhere. Under this idea, people would work at the minimum wage four days a week, the fifth day they have to be out trying to find a private sector job. Because most people on welfare have limited skills, screening should be part of this, and if people cannot read and write, they have to take part in a program. They should be encouraged to get their GED if they have none, and/or a job skill. Under the bill I introduced, you could only be on welfare for five weeks. I have tried this idea on some of the most conservative chambers of commerce and they like it. Put a group together that might include Bob Reich and Newt Gingrich (yes!) to come up with a proposal, asking them to report in 60 days. In addition to making our people more productive, it would also reduce crime. Show me an area of high unemployment -- white, black or Hispanic -- and I will show you an area of high crime.

I've gone on too long. I wish you the best. I'm proud of your presidency. I will be teaching at Southern Illinois University in Carbondale, and heading a Public Policy Institute there. I shall be cheering you from a distance.

Cordially,

A large, stylized handwritten signature in black ink, appearing to read 'Paul Simon'.

Paul Simon
U.S. Senator

Chron

DATE: 12/19

TO: Jack Lew - budget
Blena Kagan - gaming

FROM: Staff Secretary

FYI

Phil Caplan

THE WHITE HOUSE

WASHINGTON

December 19, 1996

MEETING WITH GOVERNOR BOB MILLER

DATE: December 20, 1996
LOCATION: The Dining Room
TIME: 5:45-5:55pm
FROM: Marcia L. Hale *abf*
MLH

I. PURPOSE

Governor Bob Miller requested a private meeting with you to discuss the FY1998 budget, the winter and summer National Governors' Association meetings, and Nevada issues.

II. BACKGROUND

The Governor would like to discuss strategy for Medicaid (see attached memo on the budget) and transportation issues, including the reauthorization of Intermodal Surface Transportation Efficiency Act (ISTEA). On Medicaid, Governor Miller will express his opposition to a per-capita approach to Medicaid. On ISTEA, the Governor will express his support for full funding.

He would also like to speak with you about a Department of Interior/Gaming issue -- Governor Miller wrote to you about this issue in November (see attached). In short, the Governor does not believe that Secretary Babbitt has the authority to intervene with states when tribes allege bad faith negotiations over gaming operations. **According to Counsel, because this is an active rule-making, you should refrain from expressing any opinion on this matter.**

The Governor would like to give you a summary of the meeting he attended with the State and Local Government Leadership on December 19, 1996 in Chicago.

The Summer NGA meeting will be hosted by the city of Las Vegas, and the Governor has already begun the planning process for this meeting.

III. PARTICIPANTS

Governor Bob Miller

Marcia L. Hale

IV. PRESS PLAN

Closed Press

V. SEQUENCE OF EVENTS

One on one conversation with the Governor.

VI. REMARKS

None required

THE WHITE HOUSE
WASHINGTON

December 19, 1996

MEMORANDUM FOR: LEON PANETTA
ERSKINE BOWLES
FRANK RAINES
JOHN HILLEY
RAHM EMANUEL
BRUCE REED
GENE SPERLING

FROM: Marcia Hale *MHA*
Emily Bromberg

SUBJECT: Governors and Medicaid

Yesterday, the staffs of Governors Miller (D-NV, Chair, National Governors' Association), Chiles (D-FL), Romer (D-CO), and Dean (D-VT, Chair, Democratic Governors' Association) expressed their Governors' opposition to a per-capita cap approach to Medicaid. While they recognize that some cuts in Medicaid are necessary, the Governors have particular policy and political concerns about the per-capita cap. They view it as a capped entitlement and are alarmed by the inequities it creates among states. In addition, the Governors argue that they supported the per-capita cap last year only because it was the alternative to the block grant and the Administration argued that it was the best strategy for maintaining the entitlement. They believe that the environment has changed, and that we no longer face the threat of a Medicaid block grant.

Furthermore, they believe that any savings achieved from changes in the baseline go a long way toward balance, and they are concerned about the politics of any policy that generates more Medicaid savings than last year's Republican plan. Finally, they worry that the Republican Governors' strong opposition to the per-capita cap will prevent bipartisan NGA support for any Administration sponsored children's health initiative.

These democratic Governors would be more open to a per-capita cap, however, if the political strategy behind it were explained to them. For example, Governors might support a per-capita cap if they were convinced that the only way to build a bipartisan Congressional coalition for a state flexibility package was to pair it with accountability and fiscal responsibility.

Finally, a letter to the President from the National Governors' Association strongly opposing entitlement caps as well as block grants is under discussion at the staff level of the NGA.

THE WHITE HOUSE
WASHINGTON

December 4, 1996

MEMORANDUM FOR: LEON PANETTA
JACK QUINN
KITTY HIGGINS
TODD STERN
SALLY KATZEN

FROM: Marcia Hale *MHA*
Emily Bromberg

SUBJECT: Indian Gaming/National Governors' Association

CC: Erskine Bowles

The Governors have very strong concerns about a proposed rule currently under consideration by the Department of the Interior (see the letter to the President, attached). The Indian Gaming Regulatory Act of 1988 (IGRA) established a process for states and tribes to negotiate Class III gaming operation by Indian tribes in good faith. The Act permitted tribes to bring suit against states alleging negotiation in bad faith. The U.S. Supreme Court, in *Seminole Tribe of Florida v. Florida*, affirmed the states' Eleventh Amendment defense to a suit and ruled that a tribe could not bring such a suit against a state. The Interior Department is considering proposing a rule that would authorize the Secretary of the Interior to intervene with states when tribes allege bad faith and to allow tribes to operate gaming in the absence of a tribal-state compact.

Because the rule is still in the process of the advance notice of proposed rule making, we are unable to contact the Interior Department to discuss the Governors' concerns. The White House Counsel's Office, while checking the status of the rule, learned that Interior is not only considering the rule but is also considering alternatives to it, including not proceeding with the rule. The Counsel's office understands that Interior is still reviewing its options and that the Secretary will bring the issue to the White House before reaching a decision. According to the Counsel's office, Interior expects to send an options memo to the President in the next month or two.

Yesterday, Governors Miller of Nevada and Voinovich of Ohio (Chair and Vice-Chair of the National Governors' Association) requested a meeting with the President to call for his intervention into this matter (see NGA Bulletin, attached). Since the White House has not yet received the options memo from the Secretary, Counsel's Office is recommending that the President decline to meet with the Governors at this time. We will contact Governors Miller and Voinovich today. At the appropriate time and in consultation with the Counsel's office, we will need to meet on this issue.



Bob Miller
Governor of Nevada
Chairman

George V. Voinovich
Governor of Ohio
Vice Chairman

Raymond C. Scheppach
Executive Director

Hall of the States
444 North Capitol Street
Washington, D.C. 20001-1512
Telephone (202) 624-5300

November 13, 1996

The President
The White House
Washington, DC 20500

Dear Mr. President:

The Governors continue to have concerns that the secretary of the U.S. Department of the Interior intends to establish a procedure to permit Indian tribal operation of Class III gaming, independent of the process established in the Indian Gaming Regulatory Act of 1988 (IGRA). The Governors do not believe that the secretary has such authority, and we urge you to intervene in this matter.

The question of whether the secretary can provide relief to tribes arises as a result of the U.S. Supreme Court's decision in *Seminole Tribe of Florida v. Florida*, where the Court affirmed the states' Eleventh Amendment defense to suit. States and Indian tribal governments have worked successfully in most cases to implement IGRA. The fact that there are more than 100 tribes in compacts with twenty-four states is proof that states and tribes can work out their differences if they continue to negotiate. The *Seminole* decision provides an incentive to keep the parties in negotiation and out of court.

The Governors strongly oppose the assertion of authority by the secretary to develop or implement a procedure that could result in tribal Class III gaming in the absence of a tribal-state compact, as required by law. Such a move by the secretary would tie up precious federal, state, and tribal resources in litigation and could possibly halt the efforts underway to reform this act.

The Governors remain willing to participate in the resolution of the numerous conflicts arising out of IGRA implementation. However, we strongly oppose unilateral action by the secretary.

Sincerely,

Governor Bob Miller

Governor George V. Voinovich

Attachment

c: The Honorable Bruce Babbitt, Secretary of the U.S. Department of the Interior
Leon Panetta, Chief of Staff

THE WHITE HOUSE

12/19

Erskine -

I was able to take care
of David Leopoulos' request
of the President to
provide Mia Hamm's
autograph for his daughter.

Phil Caplan

ITE HOUSE
INGTON

December 17, 1996

Thea Leopoulos
Five Christy Lane
Maumelle, Arkansas 72113

Dear Thea:

Your dad has kept me apprised of your soccer career, and I just wanted you to have this jersey that Mia Hamm wore during the gold medal winning game at the Olympics and these other mementoes from the U.S. Women's Soccer Team.

Have a wonderful Christmas, and say hello to your family for me.

Sincerely,

Bill Clinton

U.S. Soccer House
1801-11 South Prairie Avenue
Chicago, Illinois 60616
Telephone (312) 808-1300
Telefax (312) 808-1301

U.S. National Team Training Center
845 Lake Markham Road
Sanford, Florida 32771
Telephone (407) 323-1646
Telefax (407) 324-4317

THE WHITE HOUSE
WASHINGTON

December 17, 1996

MR. PRESIDENT:

A few weeks ago David Leopoulos wrote you and mentioned that he hoped you might be able to help him get the autograph of Mia Hamm -- the top female soccer player in the U.S. -- for his daughter Thea.

You wrote a note to Erskine asking if he could help as Mia is from North Carolina. As the "soccer liaison" at the White House (I work with the U.S. Soccer Federation on a variety of issues), I offered to Erskine that I could take care of it if he couldn't do so easily -- an offer he took me up on.

The folks at the USSF really came through. Pam Perkins, the women's national team director, contacted Mia who provided an autographed shirt that she wore during the Olympics, some photos and a few other things (the items are in my office). Thea should be very pleased!

Maureen Lewis has drafted a letter to Thea for your signature (attached).

Phil Caplan





Philip Caplan
White House
West Wing, Ground Floor
Washington, D.C. 20500

December 13, 1996

Dear Philip,

Following on from our recent telephone conversations, please find attached some items signed by Mia Hamm.

I wanted to give you a little background on the items I have enclosed:

- ☐ The shirt that Mia has signed for Thea was one of the jerseys she wore during our Gold Medal winning, 1996 Centennial Olympic Games.
- ☐ I have also enclosed one of our 'reserve team jerseys'. Although this has never been worn, it did travel with the team throughout the Olympics.
- ☐ Mia has signed one of her Autograph cards for Thea and I have also enclosed some of our Gold Medal Olympic cards and team pins.

I hope that Thea enjoys these special mementos of the Olympics.

I will keep you updated on our team schedule and hopefully we can invite Thea to one of our games.

Please do not hesitate to contact me if we can be of any further assistance. Wishing you a very Happy Holiday and look forward to working with you again next year.

Sincerely,

Pam Perkins
Women's National Team Director

*U.S. Soccer House
1801-11 South Prairie Avenue
Chicago, Illinois 60616
Telephone (312) 808-1300
Telefax (312) 808-1301*

*U.S. National Team Training Center
845 Lake Markham Road
Sanford, Florida 32771
Telephone (407) 323-1646
Telefax (407) 324-4317*

To: Phil Kaplan

THE PRESID
11-1

Fr: Vukli

Thad

inspire -

As the designated "sueer person"
 t the WH, I can arrange to get
 Mia Hamm's autograph if you wish.

t you have an easy way to do it, you
 wld go ahead -- but I can call
 d get it done if you prefer.

Thad Kaplan

y special. You did a g
 ad of you and very hap

en you went over the
 us and Linda especia
 like a real person. H

for your speech. We ...
 ngle with them. At first some of them wondered who we
 nt. I had great conversations with several of them and ended
 . I also gave them my button. We had a ball. Most of them
 n interesting seat. WOW

great time.

re emotion. I like that. Thanks again for what you said to me
 end and help you towards your goals for America. I'll always
 ng me. They took it to mean all your loyal dedicated friends.

w to days before the election. I was only suppose to be on
). I guess he liked my style. I am getting a tape of it and hope
 ral other conservative shows that week. What a blast.

We are beginning our college visits. Last weekend we went to U of A. Soon we will be going to Rice,
 probably GA Tech and Princeton. Can't afford to go up to MIT unless things get very serious. Washington
 University in St. Louis is another.

Thea is trying out of the Arkansas State Select soccer team. She is very good and loves the game. Her idle is
 Mia Hamm from UNC. I am in NC this week and stopped by UNC an bought a bunch of soccer stuff for Thea
 for Christmas. I am trying to get Mia Hamm's autograph. Thea would die for it. If you know anybody I could
 sure use some help. Thea's goal is to play college soccer at UNC.

Here I am 50 years old sitting in a Motel 6, eating junk food missing my family. I am in North Carolina this
 week. It will be the third month in a row that I will be away from my family for over a week for the month. It
 is killing me. I do not want to leave them and know I shouldn't, but it is pretty good money for me. I struggle
 with it, but know deep in my heart I am wrong doing this. What about Thad's college our retirement, etc. I
 know nothing is more important than for my three kids to have me there as they grow up. This job is getting
 ready to require me to be gone even more. So like your Secretary of Labor Robert R., I must make that tough
 decision. I must find another job that allows me to be home with my family. I have preached to you about
 family values and here I am not living that value. So here I go again, at 50, starting over. I keep thinking who
 wants a 50 year old, but I must be optimistic like my dear Dad. He started over many times in his life and
 never gave up. He kept such a positive attitude - if I can be half the man he was I will be thankful. I have
 been preaching to you about Dr. Laura and how great she is - she would tell me to do whatever it took to stay
 with my family. That is what I will do. Wish me luck.

We will probably not be coming to your inauguration this time. We cannot afford it, both time wise and grade
 wise for Thad and Thea. You know I love you and would be there if I could. Please forgive me. You will
 have a great week - I will be thinking of you and praying for you.

Please find my top ten things I think you should do.
 Election reform (real reform)

'96 NOV 21 PM4:04

Thad
 Eubank
 could use
 this for him

Steffen

The Japan Research Institute, Limited

16 Ichibancho, Chiyoda-ku, Tokyo 102, Japan
Telephone: 03-3288-4611 Telefax: 03-3288-4688

KOJI YAMAZAKI
DEPUTY CHAIRMAN OF THE BOARD OF COUNSELORS

'96 DEC 17 PM1:58

*The President of the United States
Mr. Bill Clinton and Mrs. Clinton*

The White House

November 6, 1996

*On behalf of all the members of Japan's
Small Groups, I would like to congratulate
you most warmly on the landslide victory
at the Presidential Election.*

*Wishing you good health, and
sending warmest wishes of us all,*

*Yours sincerely,
Koji Yamazaki*

12-14-96

Send to *Dorsey*?

Yes ☒

No ☐

Copy to + back

THE PRESIDENT HAS SEEN

12-19-96

THE WHITE HOUSE
WASHINGTON

December 17, 1996

NOTE TO:

THE PRESIDENT

FROM:

KITTY HIGGINS

Kitty

I thought you might like to have a copy of Monsignor Velo's
tribute to Cardinal Bernardin.

Mary
R



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

December 12, 1996

THE PRESIDENT HAS SEEN

12-19-96

'96 DEC 12 PM 7:39

MEMORANDUM FOR THE PRESIDENT

FROM:

Franklin D. Raines

You were asked by the press today for your reaction to the published reports about a request for \$1 billion of assistance for the District of Columbia. This number is derived from a Strategic Plan released yesterday by the D.C. Control Board. The Board suggests that the Federal Government take over certain functions from the District including prisons, medicaid, and pensions. This memorandum is intended to provide background information for you concerning our current policy development efforts regarding the District. These efforts are consistent with your answer to the press that you hope to "make a more disciplined, organized effort ... to help the District of Columbia to be the kind of city it ought to be."

I have been leading the effort of the President's Task Force on the District of Columbia to develop a path-breaking legislative program to redefine the federal relationship with the District. These ideas have had a preliminary review with your advisers participating in the budget process. I hope to be able to recommend these proposals to you for inclusion in the 1998 budget.

Many of the proposals under consideration are very controversial. For example, some of the more controversial options we are considering include federal assumption of financial responsibility for: the local court system (we already pay for local prosecution); prison facilities; and the currently underfunded police, firefighters, judges and teachers retirement system (the system was under funded when transferred to the District by the Federal Government). In the Medicaid program, we are considering treating the District more like a city than a state in order to increase the Federal match. We are also considering creating a National Capital Infrastructure Fund to pay for critically needed improvements in highways, bridges, storm water, mass transit and other projects in the city on which the whole region relies. We intend to have an economic development component to the plan as well.

If enacted, these initiatives will provide significant management to and fiscal relief to the District over time. However, it will not be free. We intend to propose to eliminate the current \$670 million annual federal payment as part of our package. This means that the relief to the city will be relatively small in the first year, but will rise each year thereafter because we are taking over some of the fastest rising costs in the District budget. This plan is tough love, not a bailout. (We also hope that elimination of a special appropriation for the District will result in reduced congressional involvement in the day-to-day affairs of the city.)

We expect to complete review of these ideas within the administration over the next ten days, and we will present recommendations to you as part of your budget decisions.

cc: Leon Panetta
Erskine Bowles

To: Erskine Bowles
Fr: John Emerson
Dt: Dec. 9, 1996
Re: California Business People

THE PRESIDENT HAS SEEN
DEC 10 PM 2:02 12-19-96

The following is a list of California business people who would be appropriate for the position we discussed. I will supplement this as other names arise.

✓ **John Bryson:** Chairman and CEO of Edison International. Strong and early supporter of the President; helpful in gaining other business community support. Was very close to Ron Brown, and was central to a couple of his trade missions. Low key, self effacing, a spectacular person.

Don Gevirtz: Currently Ambassador to Fiji. Santa Barbara based founder of The Foothill Group companies; specialized in financing for small to medium cap companies; author of "A Business Plan for America", which emphasizes the energy and economic strength of small business entrepreneurs. Very close to Dianne Feinstein; not particularly close to the President or folks around here.

Eli Broad: Founder of Kaufman and Broad, the nation's largest homebuilder; currently Chairman and CEO of Sun America. Mickey knows him (and up and downsides) well.

✓ **Sandy Robertson:** Founder of Robertson and Stevens, the premier Silicon Valley venture capital firm. One of the few consistent Democrats in the Valley. Has hosted the President a couple of times at his home. He was also very helpful to Eli Segal in building support.

Al Checchi: Co-owner of Northwest Airlines; before that, was with the Bass Brothers; before that, COO of Marriot. Late 40's, active Democrat, recently announced intention to explore run (self financed) for California Governor in '98.

Ron Burkle: Owner of largest supermarket chains in California (Boys, Alpha Beta, etc.); significant contributor to POTUS, and to many Republicans (eg-Pete Wilson). Hosted the Barbara Streisand gala at his house.

✓ **Ed McCracken:** CEO of Silicon Graphics; Republican supporter. Great stature in the high tech world. Very upset with POTUS veto of the securities bill, which was somewhat mitigated by POTUS' opposition to Prop. 211.

Ray Irani: Chairman and CEO of Occidental Petroleum. Republican, but supporter of POTUS. Long time major donor to Democratic candidates. Certainly knows international business and trade, but could be some conflict issues.

✓ **Sidney Harman:** Carter's Deputy Commerce Secretary; owner of Harman International, which POTUS visited in LA earlier this year as an example of corporate responsibility. Husband of Congresswoman Jane Harman; big supporter.

Irwin Jacobs: Chairman and CEO of Qualcomm, visited by VP during the campaign as an example for both high tech success and corporate responsibility. One of the few major Demo. supporters in San Diego.

Phil Quigley: CEO of Pacific Telesis; will be leaving when SBC acquisition of Pac-Tel is completed. Very helpful on the telecom bill and with net-day activities. Not sure of political affiliation (think he is Republican).

Three others who would be interested and have various ties here are **Dick Blum**, former Congresswoman and former Calif. Secy. Of Business and Transportation **Lynn Schenk**, and Disney Exec. VP and Gore friend **John Cooke**.

THE WHITE HOUSE

WASHINGTON

December 9, 1996

'96 DEC 11 AM 9:31

THE PRESIDENT HAS SEEN

12-19-96

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MEMORANDUM FOR THE PRESIDENT

FROM: Sandy Berger, Deputy Assistant to the President for National Security and
Bob J. Nash, Assistant to the President and Director of Presidential
Personnel *BN*
re: Noncareer Ambassadors

Issue:

The issue for discussion is the rotation of noncareer ambassadors in 1997.

Background:

The Department of State rotates senior career foreign service officers every three years. The previous Administration followed this three year term length criteria for its noncareer ambassadors too.

It is our understanding that no guidance regarding term length was provided to your appointees when they were nominated.

During your first term, you selected fifty-six (56) noncareer ambassadors. The assignments include the following mix of appointments:

Forty-five (45) Country Ambassadors,
Ten (10) Chief of Missions, and
One (1) Consul General.

In addition to the noncareer Ambassadorial appointments during the first term, we have requested the State Department delay assigning career Ambassadors to several posts for the summer 1997 rotation. The State Department would like for you to make a decision on whether you want any of these posts to move to noncareer status. If you don't, they need to move ahead on rotation of career ambassadors in these posts as soon as possible.

*Strickland
Schultz
Robert
Carter
BN*

<u>Post</u>	<u>Keep Career</u>	<u>Consider Noncareer</u>
1. Greece	_____	_____
2. Italy	_____	_____
3. Russia	_____	_____
4. India	_____	_____
5. Brazil	_____	_____
6. Germany	_____	_____
7. Dominican Republic	_____	_____
8. Costa Rica	_____	_____

I will talk with Sandy Berger about the status of these posts.

_____ Agree

_____ Disagree

All of the ambassadors posted during your first term are listed under Tab A. The chart includes the name, date of appointment, country, sponsor, and a comments section. The comments section includes specific information gathered via phone calls to the ambassadors by the State Department. *The information in the comments column was gathered by Talbot and Tarnoff.* These phone calls were made at about the time of the election.

Discussion:

Ambassadorial appointments are highly coveted positions; it is important we keep our standards high as we did in the first term. There is an intense interest in these appointments from a large number of highly qualified individuals. (A list of interested individuals is attached behind Tab B.) We think that this list will expand when it becomes known that positions are available. Certainly, the level of interest that is being expressed by qualified individuals is greater than the number of posts that can be made available.

Some of the noncareer ambassadors that are currently at post have proven to be excellent representatives of the United States and your Administration. On the other hand, there are some whose performance would be described in less than enthusiastic terms.

Based on the time that it generally takes to get someone selected, vetted, nominated, and confirmed, it will, in all likelihood, be the end of June before the majority of replacement ambassadors are confirmed and ready to send to post.

Recommendation:

Therefore, we recommend that all noncareer ambassadors, who were nominated and confirmed before December 31, 1994, be told as soon as possible that their tenure will expire on or about June 30, 1997. Exceptions should be made on a case by case basis. This will free up approximately forty-four (44) posts to which you can immediately make appointments for your second term.

For your convenience, we have sorted the attached list by appointment date so that it is easy for you to see who was appointed before December 31, 1994. We have provided a place on the chart for you to act on each appointment individually or you may provide a blanket approval or disapproval below.

_____ Approve _____ Disapprove _____ Discuss with us

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. table	re: Non-Career Ambassadorial Appointments [partial] (1 page)	12/09/1996	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
Todd Stern
OA/Box Number: 8788

FOLDER TITLE:

Chron Files: Thursday, December 19, 1996

2019-0774-S

rs3344

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

NON-CAREER AMBASSADORIAL APPOINTMENTS AS OF 12/9/96

APPOINTMENT DATE	NAME AND COUNTRY	SPONSOR(S)	COMMENTS	ACTION
01/27/93	Madeline K. Albright U.S. Missions to the United Nations	N/A	N/A	N/A
04/12/93	Harriet C. Babbitt U.S. Mission to the Organization of American States	Bruce Lindsey	<i>Willing to stay for a while, at least through the Spring.</i>	
05/17/93	Pamela Harriman France	Bruce Lindsey U.S. Senate	<i>Would like to return to Washington, D.C. and leave Federal government service.</i>	
05/28/93	Karl F. Inderfurth Special Political Affairs		<i>Would like to remain in Federal service, continuing in New York or another job.</i>	
06/16/93	Jean Kennedy Smith Ireland	Senator Kennedy	<i>Would like to remain at post but would understand should the President decide to replace her.</i>	
06/17/93	Victor Marrero U.S. Mission to the Economic and Social Council	Department of State	<i>Would like to leave USUN in early 1997; hopes to be considered for vacancy on 2nd Court of Appeals; would also consider other justice or foreign policy appointment.</i>	
06/24/93	Peter W. Galbraith Croatia	Senators Pell and Moynihan	<i>Would prefer to stay in Zagreb, but would consider another ambassadorship.</i>	
07/08/93	Robert B. Hunter U.S. Mission to the North Atlantic Treaty Organization	Sandy Berger Department of State	<i>He wants to stay through spring/summer 1997 NATO Summit, then return to senior position in Washington.</i>	
(b)(6)				

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PRIVATE AND CONFIDENTIAL

NON-CAREER AMBASSADORIAL APPOINTMENTS AS OF 12/9/96

APPOINTMENT DATE	NAME AND COUNTRY	SPONSOR(S)	COMMENTS	ACTION
08/05/93	Thomas J. Dodd Uruguay	Senator Dodd	<i>Would like to move to a larger Latin American post in 1997, but only if Georgetown will further extend his leave of absence.</i>	
08/13/93	Walter F. Mondale Japan	Kantor, Lindsey Sec. Christopher	<i>Conveyed to the Secretary that he wants to come home before Christmas 1996, and not return to Tokyo.</i>	
08/20/93	James Robert Jones Mexico	Sandy Berger Hill Consensus	<i>Would like to leave Mexico in early 1997, probably for private sector, but would consider Ambassador to UN or Germany.</i>	
08/23/93	Walter C. Carrington Nigeria		<i>Would like to stay in Nigeria or have another post, preferably Europe; would also consider AF or DRL.</i>	
08/24/93	David Laurence Aaron U.S. Mission to the Organization for Economic Cooperation and Development	Sandy Berger Department of State	<i>If "encryption envoy" responsibilities are added to his brief, would be pleased to remain at OECD.</i>	
10/04/93	Richard N. Gardner Spain	Office of Vice President and Sandy Berger	<i>Wants to come home in the Spring, willing to consider another post, (Italy).</i>	
10/13/93	William Groen Miller Ukraine	Department of State U.S. Senate	<i>Wants to stay another year or so.</i>	
10/19/93	James T. Laney Korea	President Carter Senator Nunn	<i>Ready to come home, but willing to stay in Seoul.</i>	

NON-CAREER AMBASSADORIAL APPOINTMENTS AS OF 12/9/96

APPOINTMENT DATE	NAME AND COUNTRY	SPONSOR(S)	COMMENTS	ACTION
11/04/93	Swanee Grace Hunt Austria	Personally lobbied, later DNC, Pena and Schroeder	<i>Would be willing to stay but would prefer moving to London, Bonn, Rome or Delhi.</i>	
11/08/93	Daniel L. Spiegel U.S. Mission to the European Office of the United Nations Geneva	Sandy Berger	<i>Plans to come back to Washington, D.C., early next year to re-enter private sector; available for "transition team" duties.</i>	
11/10/93	Thomas A. Loftus Norway	Bruce Lindsey	<i>Would like to stay on; would consider another post but wants more time in Oslo.</i>	
11/12/93	Alan John Blinken Belgium	Office of the Vice President	<i>He wants to stay.</i>	
11/23/93	Nicholas Andrew Rey Poland	Lane Kirkland		
11/23/93	Edward Elliott Elson Denmark	Office of the Vice President	<i>Would like either to go to a significantly larger Embassy or or remain in Denmark.</i>	
01/06/94	Marc Charles Ginsberg Morocco	Sandy Berger	<i>Wants to stay through the Spring, hopes for something new in the 2nd Administration.</i>	
01/24/94	John B. Ritch, III U.S. Mission to the European Office of the United Nations Vienna	Department of State U.S. Senate	<i>Ritch is willing to stay but wants USNATO</i>	
03/04/94	Sidney Williams Bahamas	Wife, Rep. Maxine Waters		

NON-CAREER AMBASSADORIAL APPOINTMENTS AS OF 12/9/96

APPOINTMENT DATE	NAME AND COUNTRY	SPONSOR(S)	COMMENTS	ACTION
03/04/94	K. Terry Dornbush Netherlands	Office of the Vice President	<i>Would like to stay throughout 1997 to cover Dutch, Luxembourg presidencies to the EU. IGC will be concluded in 1997. Learned Dutch.</i>	
03/10/94	Thomas J. Siebert Sweden	Bruce Lindsey	<i>Would like to come back in summer of 1997, probably to resume private practice, but would be willing to consider another post. Recommends that the post not remain vacant over a long period of time.</i>	
03/29/94	Donald M. Blinken Hungary	Senator Moynihan	<i>Wants to stay until Spring '98.</i>	
04/11/94	Jeanette W. Hyde Barbados	Office of the Vice President	<i>Would consider another post but "will not ask for it" out of concern for need to appoint career Ambassadors; would like to be considered for a "job at the UN dealing with the Caribbean".</i>	
04/13/94	Josiah Horton Beeman New Zealand	Howard Berman Department of State	<i>Willing to stay but would prefer a new Embassy, preferably Canada.</i>	
05/19/94	William J. Crowe, Jr. United Kingdom of Great Britain & Northern Ireland		<i>Would like to come home after the British elections. Elections will be held by the end of May 1997.</i>	
06/10/94	Sam Brown (Not Confirmed) U.S. Mission to the Organization for Security and Cooperation in Europe	Bruce Lindsey	<i>Would like to stay until the summer 1997; wants then to move to an Embassy of high policy interest and where family could accompany, e.g. India. Hopes not to have confirmation problem.</i>	

NON-CAREER AMBASSADORIAL APPOINTMENTS AS OF 12/9/96

APPOINTMENT DATE	NAME AND COUNTRY	SPONSOR(S)	COMMENTS	ACTION
06/16/94	Derek Shearer Finland	Bruce Lindsey John Emerson	<i>Hopes to be considered for Economic Bureau, Global Affairs or East Asian Pacific Affairs; might consider Mexico, Canada and OPIC.</i>	
07/05/94	Brian J. Donnelly Trinidad and Tobago		<i>Would consider another posting but also very interested in staying on.</i>	
07/21/94	Clay Constantinou Luxembourg	Bruce Lindsey	<i>Wants to move on, be Ambassador to Greece.</i>	
07/28/94	Timothy A. Chorba Singapore	Bruce Lindsey	<i>Would like to stay at least until summer of 1997 and either go to more substantial Embassy (e.g. Germany) in Europe or remain in Singapore.</i>	
08/03/94	Elizabeth Frawley Bagley Portugal	George Mitchell Senator Dodd Senator Kennedy	<i>Wants to stay until summer 1998.</i>	
08/16/94	George Charles Bruno Belize	Bruce Lindsey	<i>Would like to move on in 1997 to UN, Geneva, Romania, another ARA post (speaks Spanish) or CA.</i>	
08/22/94	Robert Farmer Bermuda			Limited Noncareer Appt. Initial appointment is for 3 years. It can be extended for additional 2 years.
08/29/94	Brady Anderson Tanzania		<i>Prefers to come back to the U.S. in the spring of 1997, probably for a return to the private sector, might be willing to serve in Washington, D.C.</i>	

NON-CAREER AMBASSADORIAL APPOINTMENTS AS OF 12/9/96

APPOINTMENT DATE	NAME AND COUNTRY	SPONSOR(S)	COMMENTS	ACTION
10/21/94	Jerome Gary Cooper Jamaica	Peggy Cooper-Cafritz, inside Beltway Black push	<i>Has not yet served two years and would like to serve out a full three.</i>	
10/25/94	Gabriel Guerra-Mondragon Chile	Hispanic Community	<i>Unless assigned to Madrid or a senior White House staff job early in 1997, would like to stay in Santiago through Summit of the Americas II in March 1998.</i>	
12/07/94	Alfred H. Moses Romania		<i>Wants to stay until summer 1997.</i>	
03/07/95	Martin S. Indyk Israel			
06/30/95	Jenonne R. Walker Czech Republic			
10/25/95	William J. Hughes Panama			
01/03/96	James A. Joseph South Africa		<i>Wants very much to stay on having only been at post for several months.</i>	
01/10/96	Jim Sasser China	Office of the Vice President		
01/12/96	Don Lee Gevirtz Fiji	John Emerson Bill Press Senator Feinstein	<i>Wants a more challenging position during second term.</i>	
06/14/96	Robert Kreuger Botswana	Number of U.S. Senators after his election defeat		

NON-CAREER AMBASSADORIAL APPOINTMENTS AS OF 12/9/96

APPOINTMENT DATE	NAME AND COUNTRY	SPONSOR(S)	COMMENTS	ACTION
07/16/96	A. Vernon Weaver U.S. Mission to the European Union, Brussels	David Pryor		
08/08/96	Madeline May Kunin Switzerland and Liechtenstein	Secretary Dick Riley		
Recess 08/09/96	Wyche Fowler, Jr. Saudi Arabia	Mack McLarty		
Vacant	Vacant Canada			
Vacant	Vacant Malta			
Vacant	Vacant Micronesia			

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001b. table	re: Individuals Interested in Non-Career Ambassadorial Appointments (11 pages)	12/09/1996	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
Todd Stern
OA/Box Number: 8788

FOLDER TITLE:

Chron Files: Thursday, December 19, 1996

2019-0774-S

rs3344

RESTRICTION CODES

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

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*Back to the future
turn a great*

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We've come to the end of the effectiveness and people's tolerance for [New Deal] kinds of solutions. It's a question of the way the country has changed.

Henry Cisneros

Moving Beyond the New Deal
in Clinton's Second Term

BY DOYLE MCMANUS

WASHINGTON

If President Bill Clinton's second term will be about squeezing Democratic ambitions for government activism into the corset of a Republican balanced budget, Henry G. Cisneros has been there already. The secretary of housing and urban development has presided over three rounds of budget cutting that have shrunk his department by 20%—from \$25 billion a year to \$20 billion.

If Clinton's second term will focus on seeking consensus with a Republican Congress, Cisneros has been there, too. He managed to turn back GOP demands to disband his department and reached agreement with Republican leaders on a series of major reforms in public housing programs.

And if Clinton's last years in office are devoted to elaborating a new kind of Democratic politics, Cisneros has some thoughts on the matter. The former mayor of San Antonio, one of the country's most successful Latino politicians, Cisneros bridges the gap between old-style, Democratic, ethnic coalition building and New Democratic policy working.

When Clinton planned his long march from the congressional defeat of 1994 to Tuesday's convincing reelection victory, Cisneros was in the room as one of the president's political advisors.

The 49-year-old Texan called HUD "the hardest one" among the domestic departments when he took the job in 1992. "I think it's going to be a heartbreaker," Cisneros said. But he turned the ugly duckling of federal bureaucracies, saddled with 1.4 million units of public housing, into a laboratory of reinvented government.

Cisneros talked of unleashing market forces by giving rent vouchers to public housing tenants. He presided over the dramatic demolition of thousands of decaying apartments in high-rise buildings. He worked on new programs to build better low-income housing, including in the suburbs where the new jobs are.

He spoke out inside the White House against parts of this year's welfare reform bill. But once Clinton decided to sign the bill, he supported the decision in public.

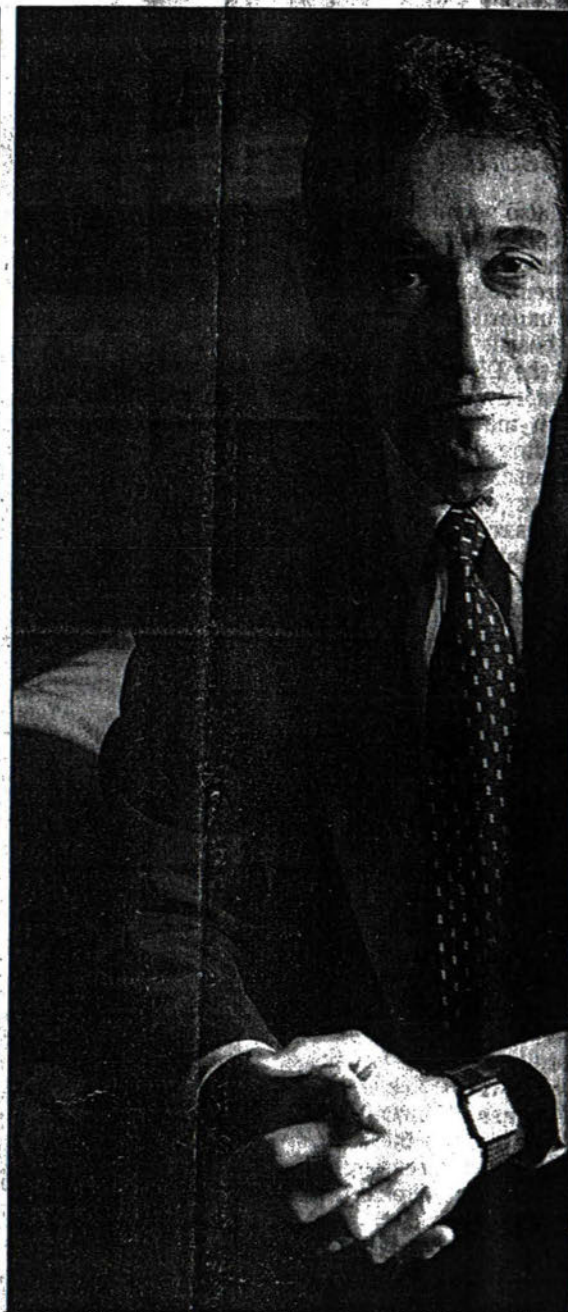
He campaigned for Clinton among the nation's growing Latino population, and was an avid promoter of the "Citizenship USA" program, which naturalized 1.2 million legal immigrants as U.S. citizens—in many cases, just in time to vote in the presidential election.

He has also contended with scandal. Cisneros is facing charges that he lied to the FBI about support payments he made to a former lover. He nearly resigned in 1995, when Atty. Gen. Janet Reno asked for an independent counsel to consider criminal charges.

Cisneros says he hasn't decided whether to stay for the second term. With legal bills mounting and two children in college, he has said he may not be able to afford to live on a Cabinet officer's \$144,000 salary [check]. "I'd love to stay. There's a lot we have underway. It would be wonderful to see the momentum we've built in the cities continue. But practical family considerations will have to come into this—financial considerations."

LOS ANGELES TIMES INTERVIEW

What you will see in a second Clinton term is an all-out effort to create jobs and opportunity to substitute for welfare.



of people's dependence on welfare, traditionally, has been reliance on Medicaid. When people lost welfare, they lost medical services, and that was really the killer. That's why they stayed on welfare in the end.

work before things that expensive fail. So I lessons of the American, that

Q: As you look at the results of the

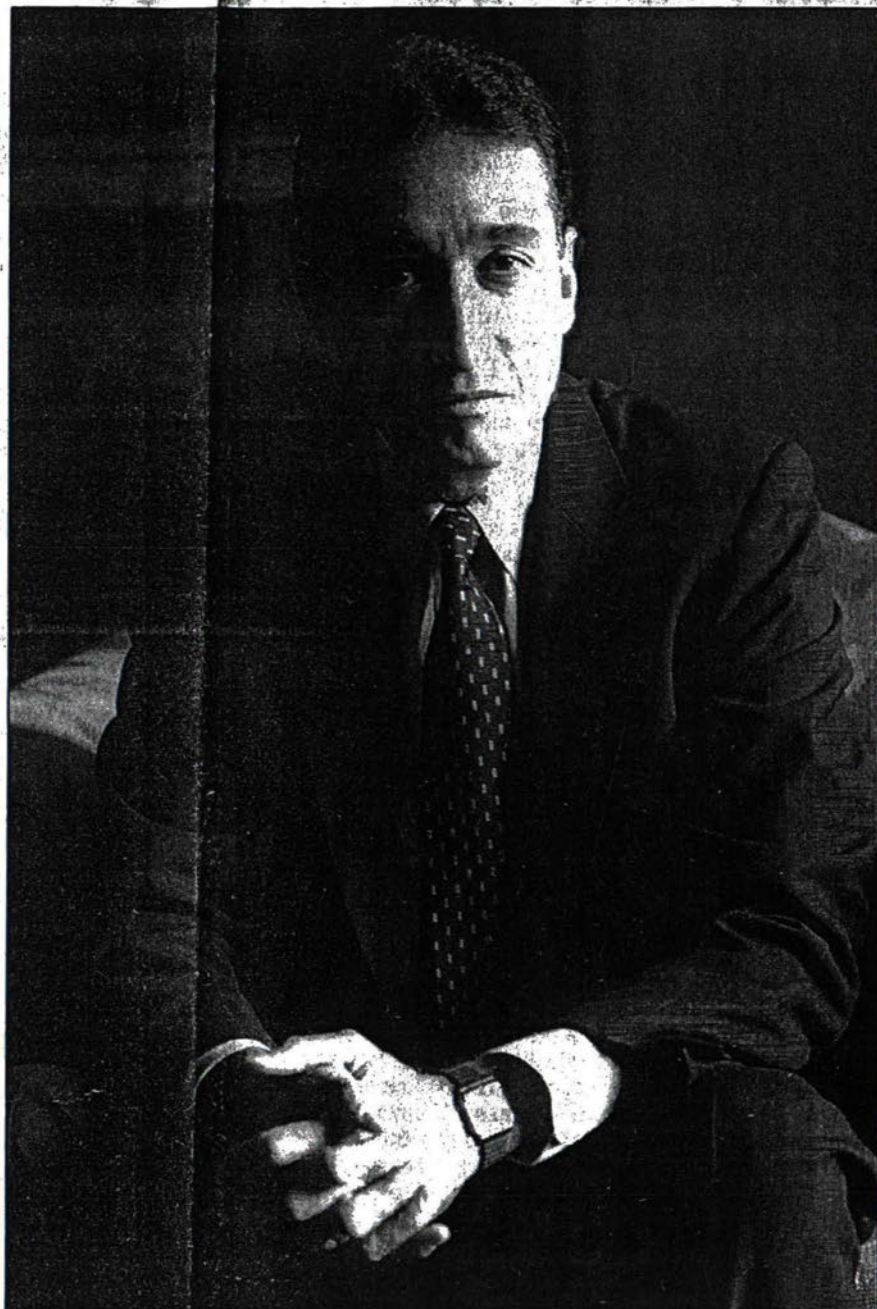
LOS ANGELES TIMES

INTERVIEW

What you will see in a second Clinton term is an all-out effort to create jobs and opportunity to substitute for welfare.

I'm proudest of the fact that . . . there is increasing objective evidence of improvement out across the country in urban conditions.

”



STEVE PRINGLE / for The Times

people are saying to alter their own preconceptions, the better off they will be

The Republicans have the same problem, by the way . . . Their hatred of government is so intense that they can't see the importance of the partnership that's required or the role of government. They just hate it, they're blind to it in too many instances . . .

[House Speaker Newt] Gingrich understands where the American people are on many of these questions more than most. He's flexible of mind enough to understand it. He just, himself, was tied down by the freshmen class and the NRA and all those special interests that give him no flexibility. That's the problem for them.

Q: Has Clinton changed over the past four years?

A: Those who say that second-term presidencies are always less successful than the first may well be wrong in this case. Bill Clinton has the energy and the talent and the will—the iron determination—that I think his greatest accomplishments will come in his second term, because there's a sort of a seamless process of growth that proceeds from the last two years to the next term.

Q: One turning point in this administration was the decision to embrace the goal of a balanced budget. But before that, some officials argued a balanced budget was not the right goal—that zero was an arbitrary target and the important thing was reducing the deficit.

A: But zero is what the American people want . . . You either are there or you're not there. There's no close.

Q: Is that an issue that a second Clinton administration might want to reopen?

A: No, I don't think it can be. I think that would be in the category of the reversal that Bush made that hurt him so badly. And even though this is the president's second term, the historic legacy of Bill Clinton will be the nature of the party he leads, its chances into the new century and, of course, the hope that his vice president will be able to continue to build and follow him. So there's a lot at stake, even though he personally will not be on the ballot.

Q: Let's talk about HUD. You've won praise for doing something many people thought impossible: making a big, troubled domestic-policy department work and re-

of people's dependence on welfare, traditionally, has been reliance on Medicaid. When people lost welfare, they lost medical services, and that was really the killer. That's why they stayed on welfare

work before we jump way out and try things that are going to be hugely expensive and may, by their very scale, fail. So I think it's more than just the lessons of the first term. It's something in the American psyche that's very practi-

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Question: A lot of voters ask: Which Bill Clinton are we going to have as president in his second term? Is it going to be Bill Clinton, the liberal, Bill Clinton, the budget cutter, Bill Clinton, the centrist?

Answer: The old labels really don't work in this era. . . . What we're living through is the end of the New Deal arrangement, where the role of government generally took the form of big institutions, huge budgets, alphabet-soup organizations, centralized answers from Washington. For a variety of reasons, we've come to the end of both the effectiveness and people's tolerance of those kinds of solutions. It's a question of less resources; it's also a question of the way the country has changed.

Rather than think in terms of Clinton as conservative or liberal or New Dealer or some new configuration, what he really will be doing over the next four years is preparing the country for the next century, preparing the country for a new relationship between the government and the people, the government and the private sector.

I believe that will take the form of a smaller federal government; it will take the form of more reliance on local solutions; it will take the form of more expectations of individual responsibility; it will take the form of more reliance on churches and community groups.

This is a new synthesis. It's not the New Deal bureaucratic structures, but

Doyle McManis is the Washington bureau chief for The Times.

neither is it the Republican dependence on the individual alone and a family alone, left without support. It is, I think, a role that puts people and communities in the lead, with the federal government standing behind them as a partner, bringing critical resources but not leading the way.

Q: What does that mean in terms of specific goals that the next administration should achieve?

A: I think the central themes of the president's second term will be [a] focus on jobs. I've heard him say, over and over again, that signing the welfare bill was not the end of the discussion; it was the beginning of the task. . . . What you will see in a second Clinton term is an all-out effort to create jobs and opportunity to substitute for welfare. That will occupy a lot of time, and it will be the best urban strategy that we can possibly put together for America.

In addition, every time I've been around the president and heard him utter his thoughts about how the government can best help prepare the country for the future, it always comes back to education.

I think that he feels very strongly about the government's responsibilities to families and children, so you will see a continuation of things like family leave, and, more recently, extending the Brady bill to take weapons away from persons convicted of spousal abuse, domestic assault. But other family-oriented things—an emphasis on home ownership for families at lower income levels, improved access to medical care, because so much



STEVE PRINGLE / for The Times

of people's dependence on welfare, traditionally, has been reliance on Medicaid. When people lost welfare, they lost medical services, and that was really the killer. That's why they stayed on welfare in the end.

Q: As you look at the results of the welfare-reform bill, what do you worry about?

A: What I worry about most is what everyone who has looked at the bill, including the president, is concerned about. That is: Will there be enough jobs for the people coming off welfare?

In this administration, we speak of the immense accomplishment of 10.5 million new jobs created in the last 3.5 years, compared with the rate of job creation in the previous four. . . . When you load on top of that 2 million people a year, roughly, coming off welfare in a four-year span, you would have 8 million people coming off welfare.

Those 10.5 million new jobs created in a strong economy, are [not, for the most part, going to former welfare recipients.] We have new people coming in and requiring jobs. So the mountain before the country is a very steep one, and it's going to require extraordinary efforts on the parts of Fortune 500 companies, small business and the government to come up with ways to employ people.

Q: Have you concluded from the experience of the last four years that the public is willing to support individual investments in domestic initiatives, but wary of anything that looks like ambitious, large-scale spending?

A: I don't think it's just the lessons of the last four years. . . . The American people like his approach to steady, incremental progress, but it is progress. It is not standing still. It is not defending the status quo. It is constantly moving forward, even if they are bite-sized solutions and small steps.

Essentially, I think what the American people are saying is, let's see that they

work before we jump way out and try things that are going to be hugely expensive and may, by their very scale, fail. So I think it's more than just the lessons of the first term. It's something in the American psyche that's very practical, that says, "Show me things that work, let's build on things that work. Let's build on things that are on a smaller scale."

Q: Some liberal Democrats complain that the president's taken that lesson too much to heart, that he retreats too quickly.

A: What both sides have to understand—liberals, traditional liberals, as well as conservatives—is this is not a political tactic. This is where the mainstream of the American body politic is. And it's also the way the country has worked best traditionally.

And, as I said earlier, what I described as a sea change and the way the country sees itself is more than politics and government. It is deep in the psyche. I call it the new sociology. There's a new set of societal rules unfolding that say, let's have as much say as we can. We are empowered through the Internet, and computers, to new information, to know more and make stronger decisions. Not everybody who wants to make something out of their lives any more has to go to New York or Washington to do it. We can be somebody in Austin and Detroit and Tucson and Los Angeles.

Q: And Bill Clinton has resurrected the Democratic Party by understanding those things better than the Republicans?

A: I think that's true. I think Bill Clinton has resurrected the Democratic Party by anticipating, and correctly judging, what the new expectations of the American people are. They are neither the old Democratic ways, nor are they the new right's ways. There is a new set of expectations, and he is resonating with those.

The more traditional Democrats open their minds and allow what the American

administration might want to reopen. **A:** No. I don't think it can be I think that would be in the category of the reversal that Bush made that hurt him so badly. And even though this is the president's second term, the historic legacy of Bill Clinton will be the nature of the party he leads, its chances into the new century and, of course, the hope that his vice president will be able to continue to build and follow him. So there's a lot at stake, even though he personally will not be on the ballot.

Q: Let's talk about HUD. You've won praise for doing something many people thought impossible: making a big, troubled domestic-policy department work and reforming it in cooperation with a Republican-led Congress. What are you proudest of over the last three to four years?

A: I think what I'm proudest of is the fact that whatever improvements may or may not have occurred, there is increasing objective evidence of improvement out across the country in urban conditions.

Most of this is attributable to the president's economic policies and the strength of the economy, interest rates and a good climate for investing generally. But the administration's work to pull together school-to-work programs and clean toxic facilities and reduce crime and focus on the transformation of public housing and all those things we've done in urban areas—bring capital to the cities through community-development banks—is actually working.

Q: In a period of budget constraints, will the administration be able to provide the kind of safety net you want in the cities?

A: What we have to do is work very hard in this post-welfare-reform era, to think about new ways to create jobs, engage the private sector—Fortune 500 and other corporations—in job creation. Continue to build the infrastructure, including in Los Angeles. I'm very excited about a second round of empowerment zones, and I'm hopeful that Los Angeles would apply for the so-called Alameda Corridor, which would link the Long Beach port, through new transportation systems, with central Los Angeles and the San Fernando Valley, where new plants and industries, oriented to exports to the Pacific Rim, are growing. It could be built throughout that region. That's the kind of thing we have to do so that we're ready with jobs, no matter what economic eventuality occurs.

THE WHITE HOUSE
WASHINGTON

12-19-96
THE PRESIDENT HAS SEEN

N. Hale

Sue & Leon can do
anything re Ed Rendell's
concern of moving
Naval installations
for Philby to Grover

BC

Also Gue S. should
do analysis of their
"A-list" of the breakers

BC

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN

12-19-96

Scheduling

Sen Paul Simon
wants me to appear
at the Wake for his
funeral in Chicago 2/13-
Perhaps I would do
UPinger want to do

BC

12-19-96
THE PRESIDENT HAS SEEN
THE WHITE HOUSE
WASHINGTON

Katie Guiry / CUSA

See Henry Kiss
want to do
Summit on Cuba issue
which is apparently
in trouble — need
to see if we could develop
before 4/2000 or so —
I need to go out here
for him in Spring
anyway — check to
out — BG

THE PRESIDENT HAS SEEN

12-19-96

16 December 1996

'96 DEC 17 PM 1:47

MEMORANDUM TO THE PRESIDENT

CC: Leon Panetta
Erskine Bowles

From: Harold Ickes

Re: Things

Mr. President, I need to discuss the following with you at your convenience:

1. Inaugural poster: The well known artist George Rodrigue is willing to create an Inaugural lithograph of you and the Vice President, copies of which could be sold in connection with the Inaugural. People knowledgeable about the value of his work think a limited number of reproductions signed in the original by you, the Vice President and Mr. Rodrigue could sell for \$2,500 per. A possible problem, however, is that his "signature" is a blue dog in each of his better known works. He reportedly gave a painting of his blue dog to the Congressional Blue Dogs several years ago and reportedly the Congressional Blue Dog's lapel pin is the same as his blue dog picture.

I thought this was settled

It probably would not be worth doing lithographs for sale unless they contained his "signature" blue dog in the picture. This may, however, raise a political problem with certain leadership people who do not have a favorable view of the politics of the Congressional Blue Dogs.

We need to discuss today (Monday) or tomorrow at the latest in order to make a decision about whether to go forward with this project. It has the possibility of raising a million to a million and a half dollars for the Presidential Inaugural Committee.

2. Alan Solomont: Mr. Solomont has pressed me as to whether a decision has been made with regard to his desire to be the chief fundraiser for the DNC.

3. Arthur Schecter: Arthur called me last week to say that he is very interested in becoming an ambassador to one of several countries, all of which he said have ambassadors who are

We need a meeting on this whole thing

1. think we should try to appoint him but he does not need to mount a campaign

appointed by you (rather than having career State Department people). I told him I would get a sense of whether or not he had a reasonable chance at such an appointment. Obviously he does not want to "get out there" if there is no chance.

4. Governor Pedro Rossello's Inauguration: On 2 January Governor Pedro Rossello will be inaugurated for second term as Governor of Puerto Rico. If, as has been announced, you are going to the Virgin Islands at the same time, we need to discuss how to handle so his nose is not completely out of joint if you don't go to his inauguration while you are "in the area". He will be elected Vice Chair of the DGA in January.

Grass

Brew
 we need to decide
 what if anything
 to do by this is
 Wef (think there
 are possibilities—

BC
 THE PRESIDENT HAS SEEN
 12-19-96

Some politicians say faith-based programs cure social ills. But the needs are huge and a backlash grows

CAN CHURCHES

In the beginning came the governor's challenge: If each of Mississippi's churches would help just one poor family back on its feet, welfare could end. "God, not government, will be the savior of welfare recipients," Gov. Kirk Fordice likes to say. That's how Frances White, a jobless mother facing eviction from a crumbling house, suddenly found herself adopted by a suburban church. There

were good deeds (church members paid White's bills), communion (they took her kids shopping) and finally redemption (through one congregant, White found a job as a hospital records clerk and now is partly off welfare).

Not long ago, no governor or politician could get away with asking churches to do the antipoverty work that is normally the responsibility of government. And it would have been the height of hokeyness

to suggest that churches, synagogues and mosques could cure the drug addicted, feed the hungry, house the homeless, rehabilitate the criminal and lift the poor better than government. Yet with President Clinton and Congress agreeing to end welfare as we know it, there is talk of a second welfare revolution: Let churches and charities, not government, provide more of the social safety net.

Republican presidential nominee Bob



SAVE AMERICA?

Dole is a convert. Dole—who relied on private hometown charity when he returned from war severely injured—has endorsed a plan to shift tens of billions of social welfare dollars to direct tax credits. The money would reimburse taxpayers who donate up to \$500 to poverty-fighting charities. And while it is largely conservatives and Republicans who want faith programs to do more, there are Democratic and liberal believers, too,

like Joseph Califano, an architect of Lyndon Johnson's Great Society and cabinet secretary to Jimmy Carter. Califano, now head of Columbia University's Center on Addiction and Substance Abuse, says he was surprised when, on a tour of center programs, nearly every ex-drug addict he met cited religious belief as a key to rehabilitation. "I don't see anything wrong with public funding for a drug-treatment program that provides for spiritual

REDEMPTION. Some of those at the Victory Fellowship in San Antonio are recovering addicts who turned around because of the Bible-oriented program.

needs," says Califano, "if that's what an individual needs to shake cocaine, to shake alcohol, to shake heroin."

Supporters of turning over social programs to churches and charities say their plan will reawaken American com-



passion. They claim neighbors no longer help neighbors, as they did before the rise of big government, because they assume their taxes pay for assistance programs (story, Page 52). Further, advocates say charitable programs are more effective and efficient than government. Religion is often crucial to turning lives around, they contend.

Detractors see a dangerous trend that will distribute money unfairly, further cutting scarce resources to the poor. Worse, they say, counting on charities ignores history: The government social safety net grew because churches and volunteers could no longer deal with the entrenched poverty, the demands of a mobile society and the runaway health care costs of the late 20th century. Further, charities are already overburdened trying to respond to existing cuts in government spending on the poor, disabled and needy. Finally, nonprofit institutions are not a substitute for government, critics maintain, because government already provides 37 percent of the funding for charities, which is used to run programs from housing for the elderly to job training for the homeless and unemployed.

Here are the biggest questions shaping the debate:

SALVATION. Frances White works with her children in the new home she got after members of a Mississippi church "adopted" her and helped her get off Aid to Families With Dependent Children.

CAN CHURCHES REPLACE THE SOCIAL SAFETY NET?

Frances White's journey off welfare is the kind of tale that supporters of Mississippi's Faith and Families highlight. But like most such odysseys, it included false starts and setbacks that show both the promise and the limitations of reliance on church-based programs.

It was Christmas 1994 when White, a divorced mother of three, got laid off from her third temporary job. ("Oh, God, please, my mother is out of a job again. Don't let this be happening," wrote White's 9-year-old daughter in her diary.) Governor Fordice had proposed Faith and Families just months

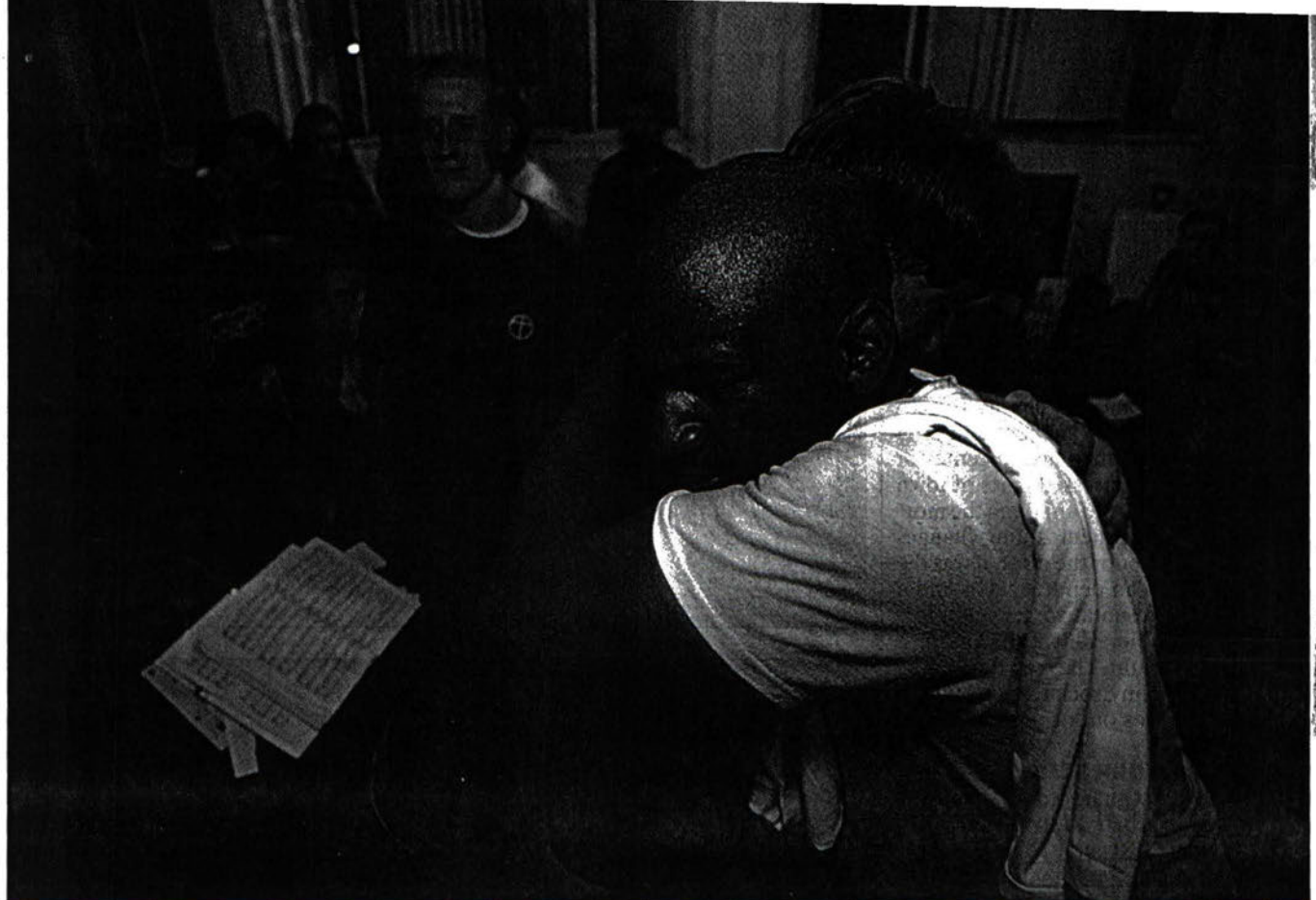
before, and critics charged it was political gimmickry.

But for White, the program was a lifeline. In a state where about 25 percent of residents get some public assistance, Fordice (who in 1992 controversially declared America a "Christian nation") challenged churches to assist some of the 141,000 people on Aid to Families With Dependent Children. "Government screwed it up," says Fordice of welfare. "People, one on one, can fix it." White volunteered to be "adopted" and was taken in by members of the Crossgates Baptist Church in Brandon, a middle-class suburb east of Jackson. "They paid my phone bill, found me a refrigerator, got my car running and some tires for it, caught up my rent, bought food. If it weren't for them, I would've been evicted," says the 40-year-old White.

Yet for White there was something more meaningful than the church's financial help: "The personal contact was better than anything. When you apply for welfare, you are a case number. But the church officials would call me, and we'd just talk."

The suburban church provided a ready-made job network, too. Through a church member, she landed work as a records clerk at

Americans gave \$143.9 billion to charities last year, up 7.8 percent from the previous year, the biggest increase in a decade.



a Jackson hospital. Making more than minimum wage, White left her substandard home. Although her rent jumped from \$175 a month to \$465, she doesn't have to worry, in her new home, about a leaky roof or cold winds whipping through the walls.

Still, White has climbed only a few tenuous rungs up the ladder from poverty. When she signed up with Faith and Families, she was receiving \$144 per month in welfare and \$360 per month in food stamps. She still gets \$247 in food stamps because her salary is low and her new job does not provide health benefits. The Mississippi program promises to keep providing Medicaid a full year after a participant finds a job, but White and others found themselves bumped, because other state health officials were unaware of the pledge. For White, the results were disastrous. She lost her Medicaid just as her daughter was about to enter the hospital for a tonsillectomy. Unable to pay the \$4,000 bill, White filed for bankruptcy in June.

At Crossgates Baptist Church, White counts as a success. But it's not one parishioners will try to replicate soon. The church spent \$1,400 on her, far more than anticipated, and some members were miffed about aiding someone out-

FELLOWSHIP. At the Gospel Rescue Ministries of Washington, resident Robert Winton hugs a visitor. Sen. Dan Coats praises the mission's programs and wants bigger tax breaks for charitable giving.

side the congregation. "We're holding off on helping others right now," says Ken Box, chairman of the congregation's Benevolence Committee. "We have so many of our own church members who need help. We should take care of our own first."

The biggest disappointment with Faith and Families, Fordice concedes, is that there have been too few Frances Whites. In a year and a half, only 21 participants got off welfare. One problem is that just 98 welfare families—the most motivated—volunteered for the program. Explaining such reluctance, state coordinator Margaret Luckett notes, "The No. 1 question is always, 'Do we have to go to

church?'" But White says that although she was often invited to Crossgates, she never felt compelled to attend. Congregations, too, are hesitant. Only 267 of the state's 5,500 signed up, and most of those never followed through on their commitment. Today, only about 15 churches are matched with families. Critics like the Rev. Rims Barber, who dismisses the program as "Faith and Foofoo," say that despite breakthroughs with mothers like White, it stigmatizes welfare seekers. "It's based on myths," says Barber, a Jackson Presbyterian minister. "The main one is that the problem with poor people is that they don't love Jesus."

As much as churches can add to the safety net, it is doubtful they can ever replace more than a fraction of government assistance. In White's case, for example, perhaps the most long-lasting aid she received was state-paid tuition to a local college to seek a bachelor's degree in clinical psychology.

Making matters harder, government is slashing funding for social services. Overall, each of the nation's 258,000 churches, synagogues and mosques would have to donate at least \$225,000 a year to make up for congressionally proposed cuts, estimates Father Fred Kammer of Catholic Chari-

The two most reliable predictors of teenage drug avoidance: optimism about the future and regular church attendance.

■ CULTURE & IDEAS

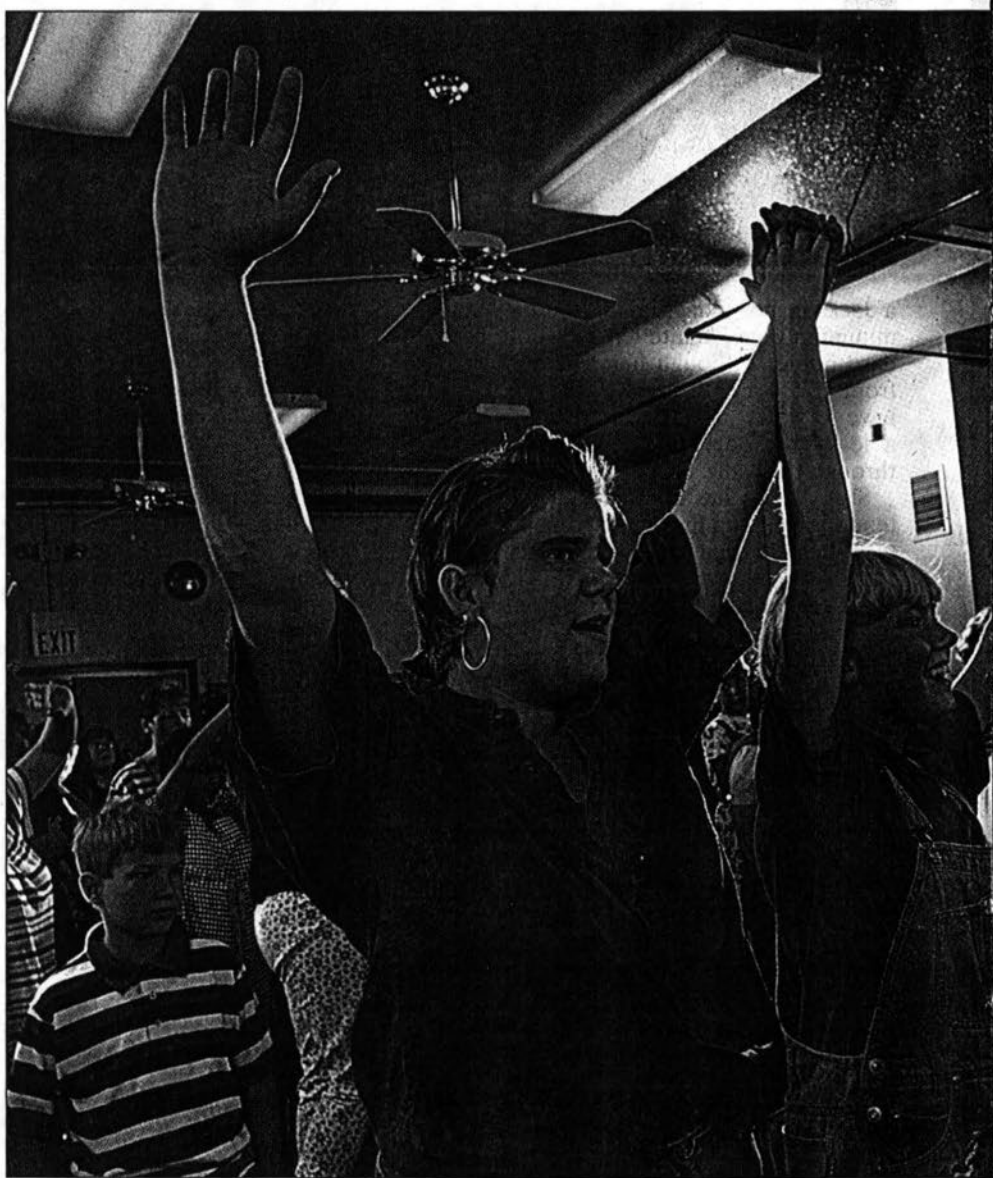
ries USA. But the average total budget of a congregation today, Kammer notes, is only around \$100,000.

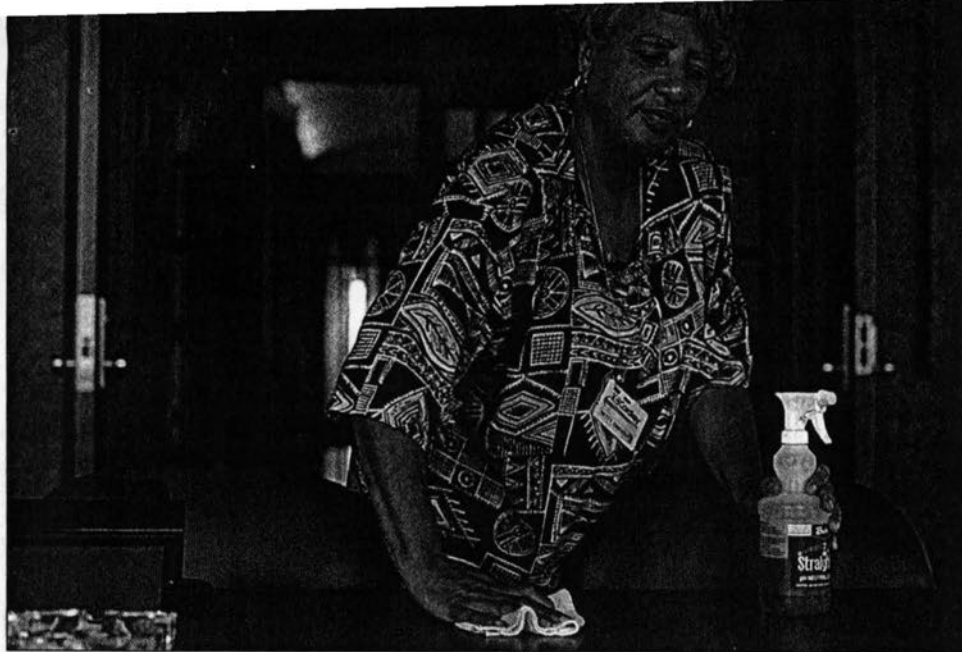
Paradoxically, at the exact moment churches are being asked to do more to save the poor, they face a backlash. This November, for example, voters in Colorado could make theirs the first state to tax the property of churches and many charities. In Hartford, Conn., the City Council has imposed a moratorium on the expansion of any new charity-run social services, like soup kitchens and drug clinics. A badly needed health center in one of the most distressed parts of town has been blocked. And although the moratorium and consequent zoning changes seem to hurt the poor the most, it was the city's Puerto Rican deputy mayor and a black state representative, herself a former welfare mother, who pushed hardest for the moratorium. They say the impoverished city's many social services drive private businesses out of downtown.

DOES FAITH WORK BEST?

What's the surest guarantee that an African-American urban youth will not fall to drugs or crime? Regular church attendance turns out to be a better predictor than family structure or income, according to a study by Harvard University economist Richard Freeman. Call it the "faith factor." The link between religious participation and avoidance of drug abuse, alcoholism, crime and other social pathologies is grist for some intriguing new research. Says Brookings Institution political scientist John DiIulio, "It's remarkable how much good empirical evidence there is that religious belief can make a positive difference." Policy makers are loath to promote faith because of their intellectual bias, he argues. But in most inner cities, where government, schools and other institutions fail the poor, says DiIulio, it is church programs that are "leveraging 10 times their own weight and solving social problems for us." And they offer personal salvation. A survey by John Gartner of Loyola College of Maryland and David Larson of Duke University Medical Center found over 30 studies that show a correlation between religious participation and avoidance of crime and substance abuse.

New research goes further, exploring how faith can turn around already troubled lives. Federal prisoners who got leadership training from Prison Fellowship, a prison ministry started by Watergate conspirator Charles Colson, were 11 percent less likely to be rearrested after 4 years, according to one survey. A more vigorous follow-up found similar drops in





RICH FRISHMAN FOR US&WR

SAVING GRACE. Some faith works: Msgr. William Linder (upper left) helped rebuild parts of Newark, N.J.; at Hope House in Idaho (lower left), abandoned and abused kids get care; Betty Christian (above) renewed her faith and got job training at the Joy of Jesus program in Detroit.

recidivism among inmates who regularly attended prison Bible classes. Similarly, Alcoholics Anonymous invokes a "higher power" to overcome addiction. "Religion is the forgotten factor," says criminologist Byron Johnson of Lamar University in Texas. He studied Prison Fellowship ministries and concluded faith is essential to preventing recidivism. Family support, education, job training and other factors matter, too, he notes. But religion is the one piece of the puzzle that most troubles government. One counselor at a Kentucky prison, on state orders, left the room when inmates in an alcohol-treatment group ended their daily meetings by standing up, holding hands and reciting the Serenity prayer. Complains Johnson: "We use pet therapy, horticulture therapy, acupuncture in prisons, but if you mention God, there's a problem."

Religion provides a set of values and moral beliefs. That's obvious. And churches provide a supportive community. That can be crucial. But belief seems to work at a more redeeming level. "To overcome addictions, you have to have phenomenal motivation," notes Patrick Fagan, who has reviewed studies on the impact of religion for the Heritage Foundation. Most addicts have so often disappointed loved ones that no one trusts them. So there is powerful blessing, says

Fagan, in "a knowledge of God's acceptance, that he accepts the person and their sinfulness, that even as they fail they will not face rejection from God."

That seems clear at a singular drug rehab program in San Antonio. It is mid-day on the city's blighted West Side and the streets are ominously empty while some nearby buildings house cocaine and heroin dealers. But on one block, buzzing voices fill the street. More than 100 men and women sit in a parched yard, praying and discussing the Bible. At a tiny outdoor chapel, men crowd together in gospel song, prayer and witness. These are addicts, killers, thieves and gang members. But there are no guards and no security. "There's no fence. I could leave, but I still don't leave," says Joe, a founder of the Mexican Mafia, a brutal Texas prison gang. A tattoo of a snarling panther crawls up his muscular forearm, the better to hide the needle tracks of 32 years of drug addiction. "I can't explain it," says Joe, "but whatever it is, is working." To Freddie García, the ex-heroin addict who started the Victory Fellowship with his wife, Ninfa, the answer is simple: "The human spirit needs God."

It's hard to say what makes the program work for a man like Joe. Belief? "Now, I know a little bit about Jesus and he's nobody to fool around with," he offers reluctantly. Or the fact that Joe finds García's approach more culturally relevant than his too-many-to-count stays at professionalized drug clinics? Unlike most government programs, for example, an addicted mother can come to Victory Fellowship without placing

The divorce rate for regular churchgoers is 18 percent; for those who attend services less than once a year, 34 percent.

her kids with relatives or in foster care (even if it means the mother sleeps on the floor). On this day, García has reunited Joe with his skeptical wife, a reunion that has left the hulking ex-con fighting tears.

If faith is the forgotten factor that can turn around lives, García knows government is too often needlessly meddling. In the past year, Texas state officials objected to his referring to his program as "rehabilitation," since it did not hire licensed counselors. Another San Antonio faith-based treatment program, Teen Challenge of South Texas, faced a more serious threat last year when Texas revoked its license. Director



CULTURE & IDEAS

James Heurich says state officials insisted it use more traditional therapeutic approaches and could not understand the group's view of drug addiction as sin, not disease. After members of the successful program protested at the Alamo, the state backed off.

That raises the tough constitutional question: Should public funding go to proselytizing groups? The separation of church and state, a valued constitutional principle, has allowed religious diversity to flourish. Still, some legal scholars, like Yale University law professor Stephen Carter, author of *The Culture of Disbelief*, say courts interpret this separation too strictly, thereby depriving churches of their proper "involve-

so-called God Pod creates a preferential living setup.

CAN GOVERNMENT HELP CHARITIES FLOURISH?

Betty Christian got job training from a state program—and she got some from an evangelical ministry. "Government training programs are so impersonal," she says. But at the Joy of Jesus, there were daily Bible lessons to talk about diligence, responsibility and other values that make good workers. And there was prayerful discussion of the loneliness and financial woes in her life. "It renewed my faith; it made me feel everything was not lost," she says.

The Detroit ministry was so successful at finding jobs for unemployed workers like Christian that two years ago Michigan officials asked it to accept state funding. There was one catch: The prayers and Bible studies had to go. The result, says Kevin Feldman of the ministry,

was disastrous. The program, which placed 60 percent of its students in jobs while it relied on a faith orientation, saw the rate drop to near zero. Classroom sessions were disrupted by noisy, uninterested enrollees. Last December, Joy of Jesus closed its work program and returned the state money: It has been unable to reopen because few donors—other than government—provide money for adult job training.

One proposed, but controversial, solution: vouchers. The new welfare reform law would allow states to give vouchers to unemployed workers, who, in turn, could choose a faith-based work program like Joy of Jesus. But letting individuals, not government, direct money to religious

groups may still violate the separation between church and state. Ohio last week became the first state to give public money to students to pay for religious schools. But the Wisconsin Supreme Court last year stopped a similar plan in that state. Bob Dole champions school vouchers; President Clinton opposes them.

An idea also in vogue is using tax credits. Sen. Dan Coats would give taxpayers a credit equal to their donations to anti-poverty charities—up to \$500 for individ-

Frequent churchgoers are about 50 percent less likely to report psychological problems and 71 percent less likely to be alcoholics.

ment in the public square." Indeed, silly bureaucracy can stifle the efficacy of faith, like New York officials who threatened to sue the City Mission in Schenectady because it refused to let the homeless and addicted men who lived there keep pornography.

Yet balancing religion and rights can be very tricky. In Fort Worth, the sheriff created a special living unit in the county jail for religious inmates to hold daily Bible studies and nightly chapel. But only fundamental Christianity is accepted and other mainstream religions, including Unitarianism, the Church of Jesus Christ of Latter-day Saints and Christian Science, are taught to be "cults." Other inmates sued, and a Texas court soon will consider whether the

MARVIN OLASKY'S APPEAL

A golden age of charity

Writer Marvin Olasky dressed himself in rags and roamed Washington, D.C.'s streets posing as a homeless man. He got food, pills and shelter. But at a church soup kitchen, when he asked for a Bible, he was told, "I'm sorry,

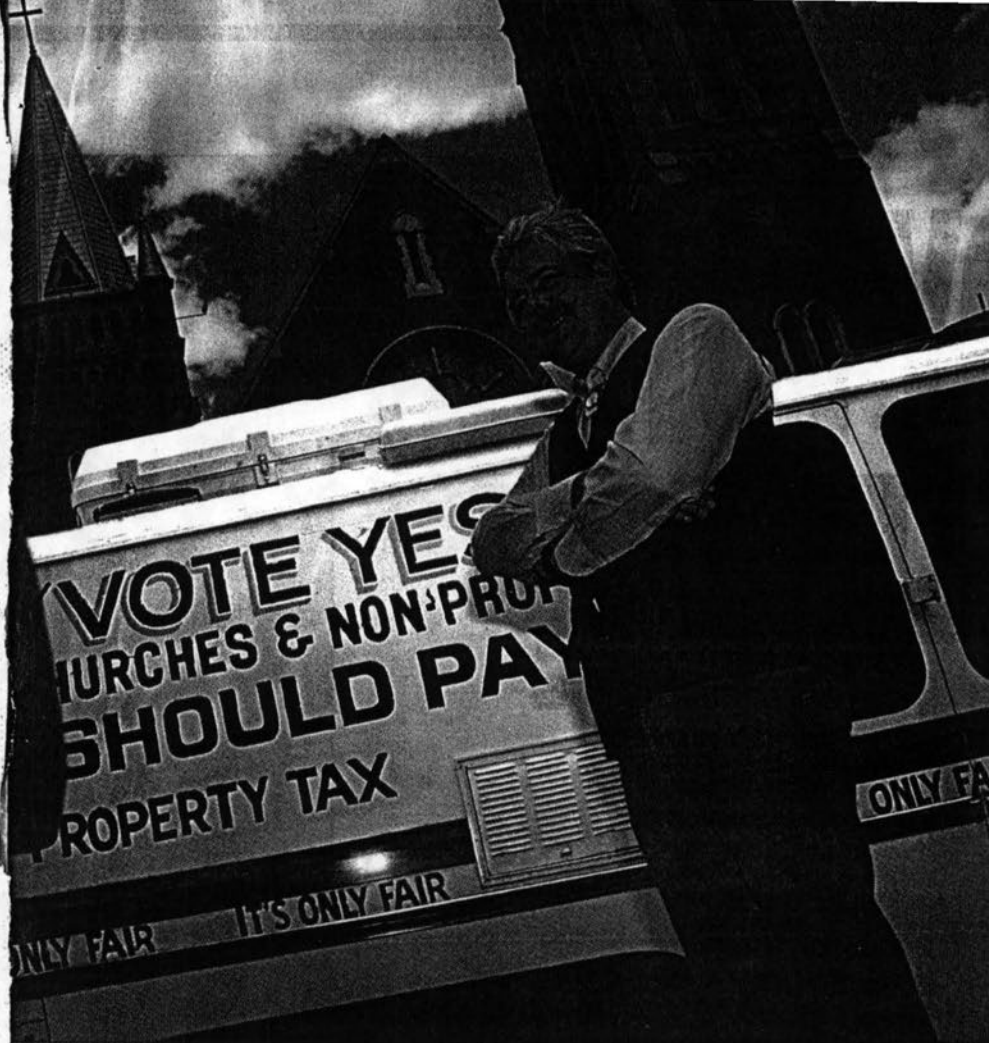
we don't have any Bibles."

Olasky is arguably the nation's most influential thinker on charities, and that moment six years ago sums up everything he thinks is wrong with the state of compassion. Charity fails, he argues, when it asks nothing in

return. Recipients must be expected to change their lives fundamentally. Donors must personally get involved beyond signing their names on a check. "For compassion to be effective, it needs to be challenging, personal and spiritual," he says. "Federal government programs have provided entitlement, bureaucracy and an attempt to banish God." Most religious charities, he adds, expect too lit-



OLASKY. Giving's good



BACKLASH. John Patrick Michael Murphy of Colorado Springs has gotten a lot of publicity as he pushes a state referendum to tax churches and many charities.

ket of charitable giving." Citing a Beacon Hill Institute study, he argues that 67 percent of federal social service dollars go to overhead and public employees, instead of those who need services.

For many of the nation's most successful religious charities, however, whether to take public or private donations is not an either-or question. For them, government is a crucial partner. When blocks of central Newark, N.J., burned down during 1967 riots, William Linder was a parish priest. Today, Monsignor Linder presides over one of the nation's most astonishing urban rebirths. Linder started the New Community Corp., a community development corporation that used public and private money to revitalize the city's economy by building housing, nursing homes, day-care centers, restaurants—even a shopping mall with a supermarket so residents no longer have to leave the neighborhood to shop.

Faith fuels a uniquely successful type of compassion. That truth is also on display at Hope House, a residential facility for 51 abandoned and severely abused children in Nampa, Idaho. The 12 full-time staffers work for free, allowing the ranch to operate at a fraction of the cost of state facilities. "We believe in our heart we are called to serve," says founder Donnalee Velvick. Of the nine residents who will graduate from the facility's Christian academy in June, two are headed for military service and five for college. The remaining two, with mental retardation, will live in the program's adult house. Thousands of such faith-based charities across the country fill holes in the social safety net. The issue is whether they can fill even more. ■

BY JOSEPH P. SHAPIRO WITH
ANDREA R. WRIGHT IN MISSISSIPPI

uals and \$1,000 for couples. The Indiana Republican estimates his tax credit would cost the Treasury \$25 billion a year, and those funds would come largely from cuts in social programs.

Some 20 state experiments with tax credits show they sometimes infuse charities with needed funds. But tax credits can be costly to government, create unwanted paperwork for charities and, ultimately, distribute money unevenly. In Michigan, groups that aid the homeless

get the credit, but only if that is their sole mission. So while other food pantries qualify, the American Red Cross Regional Food Distribution Center in Lansing is excluded. Further, food pantry officials say, it is unclear whether the credit stimulates substantial new giving or simply takes state revenues to reward those who give anyway.

Coats says tax credits let taxpayers, instead of government, decide which charities get money, "creating a free mar-

tle. In the soup kitchen, Olasky wasn't even asked to remove his tray after he ate.

Olasky seeks a return to the pre-20th century era when people helped one another. That vision of a golden age of philanthropy, which Olasky examines in his seminal book *The Tragedy of American Compassion*, has inspired some Washington policy makers like House Speaker Newt Gingrich. Olasky would

like to see government assistance phased out over time. That would lead to a revival of private charity, Olasky argues.

Good old days? Other students of charity argue that his glorification of the past is misinformed. "Charity wasn't sufficient in Dickens times, it wasn't sufficient in Hoover times and it isn't sufficient now," says Robin Garr, author of *Reinvesting in America*, a survey of com-

munity-based antipoverty programs, including many run by churches. Indeed, University of Pennsylvania historian Michael Katz found that contrary to Olasky's depiction of massive private charity, in 1890s Buffalo, three quarters of public assistance to the poor was funded by government.

Olasky is a searcher. His study of charity resulted from his own reconciliation of being a

Christian with service to others. The man who would put God back into charity was born Jewish, bar mitzvahed at 13 and became an atheist by 14 and a card-carrying member of the U.S. Communist Party who traveled across the Soviet Union in his early 20s. A religious conversion in 1976 led him to fundamental Christianity. He now teaches journalism at the University of Texas at Austin. —J.P.S.

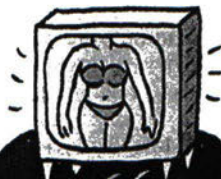
READY FOR PRIME TIME?

You'll find plenty of sex and horror. We rate 34 new TV series for their offensiveness quotient

Bill Cosby is back—as a cranky downsized guy whose new vocation seems to be getting on his wife's nerves (CBS, Mondays, 8 p.m. EST). His whining could grate on viewers, too. In the opening episode of "Millennium" (Fox, Fridays, 9 p.m.), one of four debuting dramas where everybody's stalking somebody, an unfortunate fellow is buried alive with his lips and eyes sewn shut (bad news: his screams are muffled; good news: he doesn't notice the head in a bag buried with him). Dialogue in the pilot for "Public Morals," Steven Bochco's sitcom about a New York City vice squad (CBS, Wednesdays, 9:30 p.m.), is peppered with "whore" (15 times), "penis" (4 times), "ass" (twice), plus a shopping list of vulgarities from "boobs" and "dyke" to "riding the pony." (Bochco is reportedly toning down some of the language before the show airs.)

In sum, the fall TV lineup is jammed with the usual medley of shows to suit every taste (or lack thereof). But this could be the last season when new shows arrive unrated for sex, violence and assorted crudities. In February, industry executives agreed to create a labeling system to red-flag eyebrow-

raising content. The results are due in early '97; assuming the Federal Communications Commission approves the system, it will be applied to every program on broadcast and cable TV except news and sports. But why wait? *U.S. News* asked dozens of experts their views on how the ideal system might work and has designed ratings you can use to judge the fall lineup. (For guidance on 34 new series, see Page 60.)



69% of Southern parents are very concerned about references to or images of casual sex on TV. Only 44% of parents in the Midwest are.

Pressed by Congress, the industry agreed to act in February. That's when the V-chip—a computer chip that would enable parents to block objectionable programming—became law. As Vice President Al Gore proudly reminded Americans in his speech last week at the Democratic convention, "We're giving parents a new tool . . . to keep violent and explicit programming out of their homes and away from their kids." (The folks at Empower America, the conservative think tank where Republican vice presidential candidate Jack Kemp most recently toiled, maintain that if the river is polluted, you don't put up a warning sign—you clean up the

U.S. News poll of 373 parents of children under age 18, designed by the Tarrance Group and Lake Research and conducted by Market Facts' Telenation survey Aug. 12-14, 1996.



SEX

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 12-19

TO: *Sandy Berger*
Dan Tarullo

FROM: Staff Secretary

Do you want to
comment on this or
add any cover note?

red



198217
UNITED STATES DEPARTMENT OF COMMERCE
Office of the Secretary
Washington, D.C. 20230
Todd Stern

DEC 13 1996

MEMORANDUM FOR KITTY HIGGINS
Secretary of the Cabinet

'96 DEC 19 AM 10:05

FROM: Peter Scher
Chief of Staff *[Signature]*

SUBJECT: Four President's Export Council Reports

Attached is a memorandum to the President from the Secretary of Commerce transmitting four sets of recommendations from President's Export Council (PEC) Chairman Michael Armstrong regarding U.S. efforts to combat international bribery and corruption, U.S. trade relations with Russia, enforcing trade agreements with Japan, and improving trade relations with India. A draft acknowledgment from the President is also attached.

Attachments



DEC 13 1996

MEMORANDUM FOR THE PRESIDENT

DEC 19 AM 10:05

FROM:

Michael Kantor

SUBJECT:

Four President's Export Council Recommendations

President's Export Council (PEC) Chairman Michael Armstrong has asked me to send you the attached four sets of recommendations:

U.S. Efforts to Combat International Bribery and Corruption

The PEC believes that the United States has implemented some beneficial anticorruption initiatives but these initiatives need to be strengthened to ensure that the U.S. anticorruption philosophy is accepted by our trading partners. The PEC recommends that the United States pursue more concrete commitments and time frames from our major trading partners through multilateral institutions.

U.S.-Russia Trade Relations

The report focuses on three specific areas of trade relations with Russia: tax reform, oil and gas exploration and development, and intellectual property rights. The PEC applauds the progress which has been made thus far and offers several policy recommendations involving various activities of the Gore-Chernomyrdin Commission and the USTR.

Enforcing Trade Agreements with Japan

The PEC stresses the need to enforce the commitments which Japan has entered into under the 1993 Framework Agreement. It is crucial that Japan honor its pledges to open its markets. The report applauds the progress which has recently been made in sectors such as autos and auto parts, telecommunications and insurance.

U.S.-India Trade Relations

While the PEC believes that significant progress has been made in improving U.S. trade relations with India, it recommends that the United States take every opportunity to encourage further reform and liberalization. India's government has taken several steps toward improving its economy and liberalizing trade relations, but considerable barriers still exist.

Attachments

Mr. Michael Armstrong
Chairman
President's Export Council
Washington, DC 20230

Dear Mr. Armstrong:

I want to thank you for the four sets of recommendations the Export Council sent recently. I am impressed with the amount of thought and effort the members of the Council put into these projects.

Your report on combating international bribery and corruption will be useful for our anti-corruption efforts. Many of the suggestions in your report have already been adopted. Your new ideas will be carefully considered as we assess our next steps. As your report on U.S.-Russia trade relations suggest, my Administration will continue to work through the U.S.-Russia Business Development Committee, the Commerce Department, and the Office of the United States Trade Representative to improve opportunities for American businesses in Russia. I agree with your thoughts on U.S.-Japan trade; it is important to expand opportunities for American businesses overseas. I want you to know that my Administration is working hard to make sure that these agreements are monitored and fully implemented. I am pleased you have taken on the issues of enhancing trade with India. India represents a vast, largely untapped market for many American goods and services. Your report and recommendations will be very useful in our continued efforts to build on the progress already achieved.

I am grateful for the recommendations and support of the Council on these issues.

Sincerely,

THE PRESIDENT'S EXPORT COUNCIL
WASHINGTON, D.C. 20230

October 9, 1996

The President
The White House
Washington, DC 20500

Dear Mr. President:

At the December 1994 Summit of the Americas in Miami, the thirty-four leaders of nations in our hemisphere declared that "[e]ffective democracy requires a comprehensive attack on corruption" which they found to be "a factor of social disintegration and distortion of the economic system that undermines the legitimacy of political institutions" in the hemisphere. This declaration is laudatory. Unfortunately, however, the problem of corruption is not isolated to our hemisphere; it is truly a global issue. As such, while this letter is presented by the President's Export Council ("PEC") Subcommittee of the Americas, it reflects the views of the entire PEC.

In our July meeting with Commerce Secretary Kantor, the PEC agreed that corruption in the global marketplace is one of the most serious export challenges for U.S. industry today. U.S. firms are continually forced to compete on an uneven playing field with competitors whose laws do not prohibit, or in fact in many instances encourage, bribery of foreign government officials. For the developing nations in which many of the problems occur, corruption distorts market forces and causes misallocation of scarce financial and human resources. While public intolerance of corruption has increased over the past several years, a number of recent corruption scandals in Latin America, Europe and elsewhere show that the problem is far from resolved.

Reports of Corruption are Pervasive

A confidential 1995 report presented to Congress by the Commerce Department stated that between April of 1994 and May of 1995, more than 100 international transactions worth more than \$45 billion were believed to be tainted by bribery. The report stated that the foreign firms that offer bribes typically win about 80% of the deals. Recent studies by anti-corruption groups such as Transparency International show that corruption is a problem in markets throughout the world.

Recent Anti-Corruption Initiatives provide a First Step Towards Resolution of the Problem

The PEC recognizes that the United States has long been the global leader in the fight against international corruption and it commends these efforts. The United States first attacked the problem in its own backyard by enacting the Foreign Corrupt Practices Act of 1977. This legislation, which prohibits U.S. citizens from bribing foreign government officials, has been an effective deterrent of corrupt behavior by U.S. citizens.

More recently, the U.S. Government has made strides in efforts to convince other nations to join the fight through multilateral anti-corruption initiatives. For example, as you are aware, the Organization

for Economic Cooperation and Development ("OECD") recently adopted resolutions aimed at ending the tax deductibility of bribes paid to foreign government officials. It also resolved to consider the criminalization of such bribery in its 1997 meetings. Perhaps even more significantly, the member nations of the Organization of the American States ("OAS") this spring signed the Inter American Convention Against Corruption. This Convention requires signatories to criminalize foreign bribery, establishes a framework for cooperation on investigations and prosecutions, and encourages countries to adopt a number of "preventive measures" aimed at discouraging corruption.

In addition to the OAS Convention, countries of the Americas have taken action to combat bribery in efforts to create a Free Trade Area of the Americas ("FTAA"). FTAA working groups are developing recommendations for transparent and competitive government procurement processes, and for increased transparency in general in market access, investment regulations, and trade in goods and services.

There are a number of other anti-corruption initiatives underway of which you are no doubt aware, including multilateral initiatives of the WTO, international financial institutions, and the United Nations. There are also a number of ongoing domestic initiatives, including proposals to condition companies' access to federal government advocacy support, aid and procurement programs on establishment of appropriate anti-bribery policies and general compliance with the FCPA. In the aggregate, such initiatives send a strong message that the U.S. Government and industry are committed to eliminating bribery in international business transactions.

Stronger Actions Are Needed to Level the Playing Field in the Global Marketplace

To ensure fair and open international competition, the PEC believes that the U.S. Government's anti-corruption message should be delivered with even more force. The PEC recommends that your Administration take a leadership role and boldly tell the world: corruption is wrong, it will not be tolerated, and those who engage in it will be punished, regardless of where they are domiciled. Until our international competitors and customers hear and accept this message, and agree to abide by the same standards that U.S. companies are currently subject to, the playing field in the global marketplace will not be level.

The PEC believes that the anti-corruption initiatives mentioned above are an excellent first step for communicating the U.S. anti-corruption philosophy to the world. They need to be strengthened, however, to ensure that our message is accepted and acted upon rather than merely acknowledged by our trading partners. For instance, current initiatives do not contain concrete implementation timeframes or enforcement mechanisms to ensure that signatory nations keep the commitments that they make. The OECD resolutions on eliminating tax deductibility of bribery do not provide any target date by which member nations must enact appropriate legislation. They do not provide any consequences for those nations that fail to make promised changes. Similarly, there is a large gap between the OECD's agreement to "consider" the issue of criminalization of bribery and ensuring that appropriate legislation is enacted by each member country. While waiting for that gap to be filled, American companies lose business and high-quality jobs to foreign competitors whose governments

do not prohibit their unethical and anticompetitive behavior in the global marketplace.

The 1996 Inter-American Convention Against Corruption, while again a step in the right direction, similarly lacks any implementation or enforcement mechanism. Signatories to the Convention agree to criminalize bribery at some indefinite time in the future. The Convention is silent, however, on when member countries must implement such laws, and on how they must enforce them. The agreements made are commendable in principle, but may be completely empty in practice if they are not implemented and enforced.

Suggestions for Further Action

The PEC's position on this issue is straight-forward and simple. To survive in the global marketplace and save American jobs, American business requires aggressive and bold support from its government to end international corruption now. To accomplish this goal, we suggest the following "action items" for your Administration:

- 1) Make the fight against global corruption the highest priority of your Administration's trade initiatives.
 - Provide necessary resources to the Commerce Department, the State Department, and other government entities including the Trade Promotion Coordinating Committee to allow them to coordinate with U.S. industry on corruption issues on a real-time basis.
 - Encourage the sharing of information on corruption issues between the Government and industry to allow for a united fight on both private and public sector fronts. Confidentiality should be ensured to encourage American companies to report perceived problems. Additionally, the Government should share information with industry to the full extent possible to allow it to protect itself and properly prepare for competitions in difficult market environments.
 - To more fully address the conduct of foreign companies whose local laws do not prohibit international bribery, direct the Justice Department and the Securities and Exchange Commission to make full use of the current jurisdiction of the FCPA aimed at foreign companies listed on U.S. stock exchanges.
- 2) Use all possible diplomatic leverage to urge multilateral institutions such as the OAS, the OECD, the WTO, APEC, FTAA, and the EU to take concrete action against corruption.
 - With respect to the WTO, the United States should continue to stress the need to include on the agenda for the December 1996 meeting in Singapore discussions on anti-bribery aspects of the Procurement Code. We also support the U.S. proposal for an interim agreement on transparency in government procurement and believe it is a substantial step in the right direction.

- With respect to the FTAA, the U.S. Government should ensure that anti-corruption initiatives remain in the forefront of negotiations and become an integral part of any accord reached among member nations.
 - With respect to the EU, the United States should continue efforts in helping it reach an understanding that corruption distorts fair trade and competition within the Community and in third country markets. The recent U.S.-EU Summit declaration on trade initiatives, while encouraging in several areas, does not address explicitly plans to combat bribery and corruption in international business practices. We suggest that further summits specifically address this issue.
 - All multi-lateral agreements on corruption should include timeframes for implementation of anti-corruption regimes and proscribed penalties for failure to meet implementation goals (i.e., restriction of membership rights). On a bilateral basis, the United States should press for prosecution of bribery and corruption once criminal statutes have been enacted in other world economies.
- 3) Direct an interagency effort to work through the OECD to develop a protocol for use by all international export credit agencies under which export financing would be conditioned on adherence to anti-bribery principles.
- Action should be multilateral so that the loan requirements of U.S.-based export credit sources are not more stringent regarding this issue than their international counterparts, thus rendering U.S. companies' bids anti-competitive by comparison to bidders from other countries.
 - The United States should continue working for stringent anti-corruption measures in connection with projects funded by the World Bank and other multilateral development banks.
- 4) Make greater use of diplomatic channels to deal with corruption at its source -- with the officials of the countries where bribery occurs.
- Send a strong message to these governments that corruption undermines their political systems and legitimacy in the eyes of the global community. Ultimately, corruption deprives the people of those countries from the benefits their governments are trying to develop through expanded international trade.
 - Along the same lines, the U.S. Government should continue to highlight the anti-corruption efforts of certain of its trading partners, such as the United States Trade Representative did with respect to Singapore, New Zealand and Chile in its 1996 Annual Report on Discrimination in Foreign Government Procurement. Additionally, the Government should consider highlighting nations perceived as having the greatest

problems with corruption.

- 5) Continue to examine other ways that anti-corruption principles can be implemented by various branches of the U.S. government, and through cooperation with industry where appropriate. In such efforts, the United States especially should target the activities of foreign-based companies doing business in the United States.
 - Access to U.S. Government programs and procurements should be conditioned on companies' commitments that they adhere to anti-bribery principles.
- 6) The U.S. Government should work with and support organizations such as the International Chamber of Commerce ("ICC") and the Trans-Atlantic Business Dialogue in their efforts to combat corruption.
 - The PEC urges the Administration to support the ICC's Rules of Conduct to Combat Extortion and Bribery in Business Transactions and recent recommendations of the Trans-Atlantic Business Dialogue on criminalization of bribery and information exchange between governments.

Mr. President, the PEC recognizes that your Administration has already made significant strides in the fight against corruption and we congratulate you for those efforts. To win the fight, however, we believe that we need increased focus and intensity from all levels of the U.S. Government, starting directly with you. The PEC stands ready to assist you with this very important effort.

Sincerely,



C. Michael Armstrong
Chairman



Elizabeth Coleman
Vice Chairman

THE PRESIDENT'S EXPORT COUNCIL
WASHINGTON, D.C. 20230

September 27, 1996

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

Dear Mr. President:

The Export Council applauds the Administration's efforts to improve export and investment opportunities in the former Soviet Union, particularly in the Russian Federation. The Gore-Chernomyrdin Commission ("GCC"), and particularly the GCC's Intergovernmental Business Development Committee (co-chaired by Secretary Kantor), has been instrumental in this effort and has the strong support of the business community. President Yeltsin's re-election provides a hospitable environment to continue the initiatives that the business community and the Administration have identified as central to increasing opportunities for U.S. businesses and, in turn, the development of the Russian economy. The areas of focus have not changed: tax reform, an improved environment for oil and gas exploration and development; and the protection of intellectual property rights.

Russia's cumbersome system of commercial taxation creates a substantial administrative and financial burden that deters foreign investment, stifles economic growth and dampens potential export markets for U.S. companies. While there has been improvement, more needs to be done. Most importantly, Russia has yet to adopt the draft Tax Code and other significant legislation. Given the importance of legislative action, the Council recommends that the Administration continue through the GCC Joint Commercial Tax Dialogue and the Treasury Department to encourage passage of specific tax provisions and the Tax Code. The Joint Commercial Tax Dialogue has helped the Russian government and parliament to understand the main tax-related impediments to U.S. trade and investment, and to address these concerns in regulatory amendments and the draft Tax Code. Their work should now focus on achieving passage of this very important legislation.

In addition, the U.S. should continue to provide much-needed technical assistance. Through the Tax Advisory Program, the U.S. Treasury Department has been providing advice to the Russian Ministry of Finance in drafting the new Tax Code, and, the Internal Revenue Service is conducting training programs for the Russian State Tax Service. Technical assistance is also needed in Russia's regions to help develop and enforce rational systems of local taxation.

A sector that offers substantial opportunity for U.S. businesses is the oil and gas sector. The Russian government also appreciates the importance of rehabilitating the country's oil sector, both to rebuild Russia's internal manufacturing capabilities and to provide much needed hard currency. Despite recent improvements, U.S. exports of oil equipment and services have been frustrated by an onerous tax burden, rising transportation costs, and the absence of a coherent and stable production sharing agreement ("PSA") regime.

The excessive and unstable tax regime for oil production is among the most significant problems affecting foreign oil ventures' profitability. In 1991, oil ventures paid four taxes, which were primarily profits based. This year, the number of taxes is 23. Most are based on gross receipts, absorbing as much as 50 percent of revenues and denying an adequate return on investment. Rising transportation costs and inconsistent regulatory reform inhibit access to export markets, a crucial source of revenue since domestic prices are lower than world market prices. Over the past four years, pipeline tariffs, regulated by the government, have increased transportation costs from less than 10 percent to 20 - 25 percent of crude oil prices. Moreover, access to export markets, controlled by the government, is uneven; there is no integrated set of rules defining system-user rights and responsibilities. While the Federal Energy Commission ("FEC") was created by presidential decree to address these issues, the Duma has been slow to appropriate necessary funding.

The PSA Law approved in January addresses some of these issues. For example, it contains significant tax exemptions vital to the success of oil production joint ventures. To bring these tax reforms into effect, however, current tax laws and the draft Tax Code must be amended. In addition, the PSA law is unclear in a number of significant respects which hinder large-scale investment. For example, it is necessary to clarify how access to export pipelines and the right to export 100 percent of production will be guaranteed. Also, foreign investors need

assurances that disputes will be resolved through neutral arbitration.

With the Duma reconvening in late September and the recent appointment of Pyotr Rodionov as Minister of Fuel and Energy, the Council believes this is an ideal time to re-intensify efforts to obtain the desired legislative and regulatory reform. The GCC's Oil and Gas Working Group, which has effectively communicated the problems of multinational oil ventures, should take the lead and work with the Russian government to facilitate a final PSA regime that addresses these important issues. In parallel, the U.S. Ombudsman of the GCC's Business Development Committee should ensure that the new Interministerial Working Group on Russian Oil Industry Taxation assumes an active role in tackling the remaining tax issues.

In the transportation area, the GCC's Oil and Gas Working Group and individual agencies should expand ties with the newly-formed Federal Energy Commission. While funding from the Duma will be necessary if the FEC is to achieve its important functions, U.S. technical assistance to help develop a regulatory regime for oil and gas pipelines would be invaluable in the short term. Such assistance should be coordinated with that from other multilateral organizations, including the World Bank.

A final area of significant, ongoing concern is the lack of adequate enforcement of intellectual property rights ("IPR"). IPR-related losses in Russia by United States companies are estimated to exceed \$1 billion. Russia has made efforts to improve IPR enforcement, but more is needed. For example, while the new Russian criminal code enacted in June 1996 provides for stiffer penalties for copyright, patent and trademark violations, the penalties are still insufficient to deter infringement. Similarly, several foreign companies have reported success in enforcing their trademark rights by filing unfair competition claims with the Russian Antimonopoly Committee; the Committee, however, is not expressly mandated to enforce IPR laws.

Although the Council recognizes that the Administration is addressing the IPR issue in several bilateral and multilateral contexts, it believes that the use of the Special 301 provision remains the most effective, short-term tool for achieving success in this area. Unlike certain other areas, the persistent and glaring deficiencies in Russian IPR enforcement are due more to the lack of political will than to the lack of resources. In 1995, USTR placed Russia on the "watch list" to which Russia

responded positively. Specifically, Russia amended its copyright law to provide for confiscation of counterfeit goods, created an interagency commission on IPR protection, and conducted several sweeps for pirated goods. More recently, Russian enforcement authorities have raided factories pirating software and announced a widespread crackdown on illegal video sales.

In December, Russia will be the subject of an "out-of-cycle" Special 301 review. At that time, the Administration could place Russia on to the "priority watch list," which would move Russia closer to a formal USTR investigation. As the Council has recommended previously, USTR should consider upgrading Russia's status to the "priority watch list" if certain enforcement measures are not adopted. These enforcement measures should include the introduction of fines stiff enough to deter IPR violations and a comprehensive program for a crackdown on trademark and copyright violations. Although Russia's recent raids against IPR piracy are a welcome sign of the government's growing commitment to enforcement, a coordinated enforcement program is needed to address the widespread IPR violations. The Council also recognizes the need for technical assistance aimed at improved IPR enforcement, and enforcement training for Russian judiciary, executive and police officials should be expanded.

In addition to the tax, energy and IPR issues discussed above, U.S. exports to Russia are also hindered by high tariff barriers, import quotas, and standards/certification barriers. The GCC Business Development Committee has been working hard to resolve specific issues affecting particular U.S. industries, such as aviation and telecommunications.

Again, we wish to reiterate our strong support for the Administration's efforts to address these challenging issues, and reaffirm our view that the focus of the last several years should continue into the new Yeltsin term.

Sincerely,



C. Michael Armstrong
Chairman



Elizabeth Coleman
Vice Chairman

THE PRESIDENT'S EXPORT COUNCIL
WASHINGTON, D.C. 20230

September 27, 1996

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

Dear Mr. President:

The members of your Export Council strongly support your Administration's continued efforts to improve our bilateral trade relationship with Japan. Achieving greater market access in Japan is a difficult but enormously important task.

As you know, the 1993 Framework Agreement for a New Economic Partnership is the centerpiece of U.S. trade policy regarding Japan. The Administration has obtained significant new commitments under the Framework Agreement in key sectors such as autos and auto parts, telecommunications and insurance.

With these agreements in place, the Export Council members believe it is now time for the Administration to press hard to enforce Japan's commitments to open its market. Particularly for the initial issues that arise under the Framework agreements, it is critical that the U.S. government send a message to Japan -- and to U.S. firms and workers -- that all commitments must be honored. If the Framework Agreements are seen as hollow, our ability to achieve real market access in Japan will be seriously set back, and we risk a loss of Americans' traditional faith in free and fair trade.

Mr. President, U.S. businesses are working overtime to win new markets in Japan. With your help, we can do it.

Sincerely,



C. Michael Armstrong
Chairman



Elizabeth Coleman
Vice Chairman

THE PRESIDENT'S EXPORT COUNCIL
WASHINGTON, D.C. 20230

November 13, 1996

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

Dear Mr. President:

Your Administration named India one of the "Big Emerging Markets" because India is the largest market in South Asia and it has a burgeoning middle class. While India's average annual income is quite low, an estimated 200 million Indians have annual incomes comparable to those in the United States and Canada.

Although, historically India has been one of the world's most closed and difficult business environments, the economic reforms initiated in 1990 have resulted in relaxed market restrictions and strong economic growth. This progress is significant, and the U.S. government should seek opportunities to encourage these efforts.

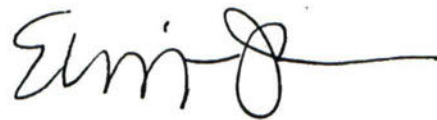
Despite these positive steps, U.S. firms face heightened competition from both European and ASEAN nations and remain subject to substantial barriers to open trade with India. The enclosed report summarizes the primary concerns of your Export Council with the current state of U.S. trade with India and provides specific recommendations for individual industry sectors. Some of our recommendations deal directly with U.S.-India relations, others involve changes within India itself.

Your Export Council urges the U.S. government to seek every opportunity in bilateral and multilateral consultations to encourage the changes in policy and practice recommended. The U.S. government should encourage India to measure its progress toward trade liberalization in comparison to China and other South Asian nations and not merely in terms of incremental improvements upon India's past practices. Recent initiatives by India's new government demonstrate firm resolve to liberalize trade, but the U.S. government should seize upon this moment of opportunity to accelerate progress.

Sincerely,



C. Michael Armstrong
Chairman



Elizabeth Coleman
Vice Chairman

Enclosure

THE PRESIDENT HAS SEEN

12-19-96

Gill/Sandy

she's a friend of mine & a
brilliant, wise economist
pls review & tell me what you
think —

Be

The Future of American Security:

A Proposal for a Presidential Commission

Ann Markusen
Senior Fellow
Council on Foreign Relations
58 E. 68th Street
New York, NY 10021
1-212-734-0400

November 13, 1996

Since the end of the Cold War, the nation has not engaged in a broad-based discussion of just what constitutes national security. In other quarters, heightened global competitive challenges have prompted a novel debate on economic security and how to achieve it. Simultaneously, a concern with deficit reduction has seriously constrained the options available to the federal government.

To date, it has proved difficult to talk about and weigh each of three dimensions of security - defense, economic and social - in a single conversation. The firewall between defense and domestic spending has not really come down. In the coming year, the Pentagon plans to conduct its quadrennial review, which like the 1993 "bottom up" review is likely to avoid taking strong stands on tough strategy issues (OEM/manpower versus technology-intensive versus additional platform priorities) and grandfather in much that could be jettisoned while defending current levels of spending. Pressing issues of investment - in infrastructure, education and R&D - will continue to be sidelined in a climate of public austerity. Young and old, the working poor and the unemployed are likely to be pitted against each other in narrow debates on entitlement reforms.

A Presidential Commission on the Future of American Security would provide a setting in which new ideas and alternative trade-offs on these three fronts could be researched, debated and aired for a larger public. A relatively small Commission, with thirteen prestigious and broad-minded citizens, would conduct hearings, debate the issues and draw conclusions which would be addressed to the President and Congress. The Commission could preside for one to two years over an active staff effort to identify the strongest competing proposals in each arena - defense, economics/investment, and transfer payments. The Commission would engage the public in a broader discussion, much the way the debates on health care and welfare over the past few years generated considerable popular awareness and comment.

The Commission's charge need not be limited to budgetary matters. A major project would be articulating a broader notion of "security" and searching for ways of gauging progress on its multiple facets. The Commission would review non-budgetary actions which enhance or undercut security. For instance, the Commission could debate the security consequences of vigorous

promotion of arms exports, active encouragement of mergers among the largest defense-dependent contractors and an increasing emphasis on dual use technologies. Similarly, in reviewing entitlement restructuring options, the Commission would consider the effectiveness as well as the cost of each in providing social security.

The Commission might be introduced with the metaphor of the "public household," in which the nation, facing a tight budget constraint, has to choose between consumption and investment, and within consumption, between social and national security. The President might want to join the Commission from time to time for televised events reminiscent of the Economic Summit in Little Rock in 1992.

It would be preferable for the Commission not to get bogged down in partisan politics, and for this reason both composition and timing (especially with respect to the 1998 mid-term elections) might be sensitively handled. As stock-taking and benchmarking for the 21st century, the Commission could conduct an open-minded search for good ideas and clear thinking that may lead to fresh solutions to tough problems. The virtue of such a Commission would be its explicit commitment to a longer term view of the trade-offs between economic strength, national security and the problems of the poor and aging.

p: 212. 594. 5300
② David Bershad purchased
the Kennedy 'Red Room
obelisks' at the
auction and would
be willing to lend them
to the White House

CARY WATERS
Ann Stock

As check out

BS

THE PRESIDENT HAS SEEN

12-19-96

12-19-96

December 13, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN HILLEY
 BRUCE REED
 PETER JACOBY
 JIM WEBER

'96 DEC 13 PM5:51

SUBJECT: CAMPAIGN FINANCE REFORM

Main thing is to be
 making something from
 day one
 BSC

As part of a strategy to make campaign finance reform a reality, we have met with key Democratic Members of Congress, labor representatives, party representatives and a core negotiating group from the outside reformers during the past several weeks.

From these meetings it has become clear that seven key issues must be addressed before a Congressional and reform group consensus can be reached on legislation that we could recommend for your support. These issues include: 1) limiting party independent expenditures; 2) curbing spending on issue advocacy; 3) banning "soft" money; 4) contribution limits for individual PACs; 5) in-state and in-district fundraising proposals; 6) proposals to codify the Supreme Court's decision in Communications Workers of America v. Beck, and; 7) restrictions on campaign contributions by non-citizens. In preparation for a meeting with you early next week, please find below the background information on these key issues and a brief summary of our progress toward the resolution of each.

Limiting Party Independent Expenditures

Two issues have emerged as key to successfully passing campaign finance reform. The first is limiting the ability of state and national parties to make independent expenditures on behalf of their candidates for federal office. The second, discussed below, is limiting the ability of parties and outside groups to impact federal races through issue advocacy activities. Both issues are central to a fundamental concern for all Members of Congress -- the inability to accurately predict, and effectively respond to campaign spending by forces other than the political opponent. Without a way to limit, or at least anticipate, the amount of spending by outside groups and the opponent's party, Members are reluctant to adopt a spending limits regime (such as would be imposed by McCain-Feingold) that curbs their ability to respond to such spending.

This past June in Colorado Republican Federal Campaign Committee v. Federal Election Commission, the Supreme Court held that political parties may make independent expenditures on behalf of their candidates as long as those expenditures are not made in coordination with the candidate. The decision overturned an FEC rule which had held that party activities by their nature were coordinated with candidates and therefore could be constitutionally limited under the Federal Election Campaign Act (FECA). The fallout from this ruling was felt almost

immediately during the November elections. In several key races the Republican Senatorial Campaign Committee made large independent expenditures which greatly exceeded the contribution limits that would have been applicable if the FEC's coordinated expenditures standard had remained in place. Additionally, because these were independent expenditures under FECA they could expressly advocate the election or defeat of a clearly identifiable candidate. Finally, because FECA requires that independent expenditures be made with "hard" money (i.e. money raised and disclosed under FECA's contribution limits for individuals, PACs and parties) Democratic party officials were unable to respond in kind given the party's relative "hard" money disadvantage.

Consequently one goal of reform legislation, shared by the FEC, reformers and Democrats alike, is to broaden the definition of party coordination to limit the ability of parties to undertake independent expenditures. Any effort to broaden the definition will be difficult, however, because it must necessarily address the constitutional hurdles in the Colorado decision, which require the FEC to establish actual coordination, rather than a presumption of coordination, when parties act to impact Congressional races. Legislative language to achieve this goal is currently being drafted.

Curbing Issues Advocacy Spending

As noted, Members of Congress, on both sides of the aisle, have become concerned about the impact of spending by third parties on their races. This concern is especially acute with respect to issue advocacy spending. In Buckley v. Valeo, the Supreme Court's 1976 landmark campaign finance decision, the Court held that the only independent expenditures that could be disclosed and regulated under FECA were those used for communications that "expressly advocate the election or defeat of a clearly identified candidate." (This definition has since been codified in FECA) In a footnote in Buckley the Court gave examples of words of express advocacy, including "vote for," "elect," "support," "cast your ballot for," "Smith for Congress," "vote against," "defeat" and "reject." The Court created this narrow definition to draw a clear distinction between "issue discussion" or issue advocacy which has strong First Amendment protections, and the candidate-oriented speech which is the focus of campaign finance laws.

Since 1976, Federal courts have generally held that unless the magic Buckley words are used in a political advertisement or activity, that activity is issue advocacy and therefore cannot be regulated under FECA. Consequently independent groups such as labor unions, the NRA, the Moral Majority, the Christian Coalition and others may use unlimited contributions from wealthy individuals, corporate treasuries or dues-paying members to fund issue advocacy campaigns during an election cycle. Perhaps the most publicized campaign of this nature was the \$35 million media campaign by the AFL-CIO earlier this year to highlight the anti-family positions taken by Congressional Republicans. None of the union ads expressly advocated the election or defeat of these Members and were therefore issue ads outside the scope of FECA. Additionally, national and state party organizations may also run issue advocacy campaigns paid for by "soft" money contributions which, as discussed in more detail below, are

by definition unlimited contributions from corporations, unions or individuals.

Reformers, Congressional Democrats, the FEC and reform-minded Republicans have all indicated a desire to expand the definition of express advocacy to include both the magic words test and a new test that would include campaign activities that, when taken as a whole, could only be interpreted by a reasonable person as advocating the election or defeat of a clearly identified candidate. This would have the effect of bringing a broader range of issue advocacy activities under FECA, thereby limiting the impact of unlimited donations on elections. There is little question, however, that current constitutional jurisprudence favors a narrow definition of express advocacy and it will be a challenge to craft legislative language that expands the definition in a constitutionally defensible manner. We, along with the Office of Legal Counsel at the Department of Justice, are currently reviewing legislative language that purports to achieve this goal.

Banning "Soft" Money

Every credible campaign finance reform initiative during the past several Congresses has contained provisions to ban "soft" money. Soft money is a term used for funds that are raised by state and national parties for party building activities, GOTV efforts, state elections and voter registration drives. Because soft money cannot be spent to directly benefit a federal candidate, it is unregulated by FECA and therefore is not subject to the Act's contribution limits or disclosure requirements. This allows parties to raise soft money in unlimited amounts directly from unions, corporate treasuries and wealthy individuals. Past reform efforts have generally sought to ban national parties from raising and spending soft money while strictly limiting state soft money spending to activities that would not influence a federal campaign.

Events during the November elections have renewed the interest of reformers in banning soft money while causing Democratic party leaders to rethink their past support of ban initiatives. The reformers' renewed zeal stems from the unprecedented levels of soft money raised and spent during this past cycle. Party leaders, however, argue that soft money, which was used extensively by the party to fund issue advocacy campaigns in competitive races, helped Democrats win in many races. Consequently, a resolution of this issue will hinge on an acceptable compromise which provides parties with some sort of new benefit, such as free television time or reduced mailing costs, to offset the loss of soft money resources.

We are currently reviewing legislative language banning soft money and have asked the Democratic leadership for their input on potential offsetting benefits.

Contribution Limits for Individual PACs

Campaign finance reform efforts in the past, including last year's McCain-Feingold bipartisan campaign finance reform bill, have generally proposed to eliminate all PACs from

federal election campaigns. It appears, however, that Senators McCain and Feingold will concede that a PAC ban is unconstitutional and delete the ban from their reform proposal in the new Congress. Instead, the Senators' new proposal, which should be introduced on the first day of the new session, will likely lower the contribution limits for individual PACs giving to a federal candidate from the current \$5,000 per election (\$10,000 per cycle) to \$1,000 per election (\$2,000 per cycle).

Deletion of the PAC ban is favored by both Congressional Democrats and Republicans. However, in the House, where Members raise a high percentage of their contributions from PACs, House Democrats and Republicans will likely oppose the new \$1,000 contribution limit and insist on a significantly higher limit. The House Democratic leadership bill during the last Congress included a \$4,000 per election (\$8,000 per cycle) limit while the House Republican leadership bill lowered the current level to \$2,500 per year. Early indications from House Democrats are that they may accept a \$6,000 per cycle limit, if a contributing PAC is allowed to give up to \$5,000 in a primary election. In the Senate, individual PAC limits have been less controversial since many Senators raise the bulk of their contributions from individuals.

The outside reform groups may accept the deletion of the PAC ban from the McCain-Feingold legislation. It is unclear whether they will endorse a PAC limit higher than the \$1,000 per election level being contemplated by Senators McCain and Feingold. Because we believe that House passage of any campaign finance reform bill will hinge on preserving a substantial portion of the current individual PAC contribution level, we have urged the outside groups to support and ultimately persuade Senators McCain and Feingold to raise their proposed contribution limit.

In the past, you have endorsed legislation banning PACs. If the McCain-Feingold legislation does not contain a ban, it is our recommendation that you endorse a reduction in the current \$5,000 per election contribution level for individual PACs. We are researching the impact of each likely reduction to determine exactly what the new limit should be.

In-State and In-District Fundraising

The McCain-Feingold reform legislation from last Congress required a candidate to raise sixty percent of campaign funds in-state to qualify for the legislation's benefits, such as free television time. The measure also contained, however, a provision for small states which would allow the sixty percent threshold to be met by showing that sixty percent of a candidate's campaign *contributors* resided in-state. While McCain-Feingold applied the in-state provision exclusively to Senate races, House Democrats greatly fear any reform that would require them to raise a majority of their funds either in-state or in-district. For their part, the outside reform groups do not place either in-state or in-district requirements high on their agenda. Consequently, we have asked House Democrats to consider whether an in-state requirement that can be met by showing that either sixty percent of contributions were raised in-state or sixty percent of contributors resided in-state would be acceptable.

Codifying the Supreme Court's Beck Decision

In 1988 the Supreme Court decided a landmark labor law case involving the rights of individual employees to limit a union's use of membership fees and dues. In Communication Workers of America v. Beck the Court held that a union may not, over the objections of *dues-paying nonmember employees*, expend funds collected from them on activities unrelated to collective bargaining activities. As a result of this decision, dues-paying nonmembers may demand a pro-rated return of union dues and fees earmarked for political activity.

Since 1988, Congressional Republicans have pursued efforts to codify the Beck decision. In doing so, however, Republicans have proposed extremely broad interpretations of the Supreme Court's decision, effectively seeking to gut organized labor's participation in the national electoral debate and disable internal union to member communications. The AFL-CIO and its affiliates oppose "codification" of Beck. Congressional Democrats seem, ironically, less energized. Many Hill Democrats appear willing to consider enacting a narrow codification.

Republicans are certain to press Beck issues in the upcoming congressional debate on campaign reform. While Senate Democrats may well filibuster unreasonable Beck provisions, the possibility exists that Republicans may be able to force through unacceptable Beck provisions which they would trumpet as "reform." Such a scenario could result in the choice of either signing a distinctly anti-labor bill or risk being attacked as opposed to reform.

As a result, we may consider whether to pre-empt the Republicans on Beck by including a narrow "codification" as a part of bipartisan reform legislation.

Prohibiting Non-Citizens from Contributing to Federal Campaigns

During the closing weeks of the campaign you publicly stated your support for banning federal campaign contributions from those who cannot vote. Banning non-citizen individuals from federal campaign giving is relatively easy to implement and it has widespread support on both sides of the Hill and on both sides of the aisle. A more difficult question, both from a political perspective and as an implementation issue, is whether such a ban should apply to corporate PAC donations by the U.S. subsidiaries of foreign corporations.

Such a ban will be strongly opposed by companies with U.S. subsidiaries who will fear a diminution in their ability to petition the federal government. Additionally, determining which company is beneficially owned by a foreign interest could prove difficult as a matter of law and enforcement. We are currently reviewing legislative language which purports to ban federal campaign contributions from both individuals and all foreign-owned entities.

cc: Vice President Gore
Leon Panetta
Erskine Bowles
Harold Ickes
Jack Quinn

THE WHITE HOUSE
WASHINGTON

'96 DEC 19 AM 9:48

December 19, 1996

Dear Mr. President:

Thank you for the opportunity to serve in the White House these past two years as an Associate Counsel.

I was privileged to be one of the attorneys who assisted you on the request for your court testimony, where we established important precedent regarding the taking of testimony from a President. Representing you on that matter was the most fulfilling work of my professional career.

I am also deeply grateful to have had the opportunity to work on matters in furtherance of your commitment to make America a safer and better place to live. It has been a great honor to participate in your anti-crime initiatives, the tobacco regulation and the proposed victim rights' constitutional amendment.

On a personal level, you have inspired me as an attorney and a public servant with your intelligence, strength and enthusiasm. Your example has influenced me greatly and will guide me in my future endeavors.

Respectfully yours,

David B. Fein

David B. Fein

TG Derskind for reply
Phil — 12/19/96
Have
reply
prepared
& then we'll
send both
12/19/96

DATE: 12-19

TO: Jim ~~Dan~~ Skind

FROM: Staff Secretary

Please to reply.
Coordinate with
OMB.

Reel

CC: Dan ~~Burkhardt~~
Vicki ~~Redd~~



JAMES G. MARTIN

December 11, 1996

The President of the United States of America
The White House
Washington, D.C. 20500

'96 DEC 15 - 11:21

Dear Mr. President:

I am sending this message via Special Courier (Erskine Bowles is visiting Charlotte today!), in support of your position advocating a stronger program of medical research funding through the National Institutes of Health. As you know, since leaving the Office of Governor on January 9, 1993, I have been Vice President of Research at Carolinas Medical Center in Charlotte. This 843 bed public hospital is part of a 2,905 bed Carolinas HealthCare System, a state chartered, not-for-profit system of facilities and providers, serving a large region of the Carolinas (including the Panthers and Hornets!).

While we are not a medical school, we have 200 Residents training here in 12 specialty fields, supported by an \$18 million research program, which (yes) I find very fulfilling personally and professionally. My mission is to improve funding resources, not only by being competitive for grants and contracts, but also through charitable gifts and bequests, and by commercialization of some exciting inventions of our scientists.

I am aware that the Association of American Medical Colleges is nervous that OMB is trying to decrease NIH funding by \$200 million from FY 1997 levels. That would not fulfill your view about the vital future commitment we must make to medical research. Especially in a time of managed care competition, the economic margins of even the best run academic medical centers will not be able to provide inside funds for medical education and research, not at anything like the rate we've enjoyed in the recent past. So we will work hard at charitable solicitation just as Erskine has helped us achieve nearly \$3 million for an ALS Center (Lou Gehrig's Disease) here; and we will work creatively to market our inventions. But we will surely need for there to be the kind of healthy federal funding you have called for, if we are to have any hope of generating a decent fraction of our revenue from grant competition.

I know you will do your best, for which we all thank you.

Thanks for the birthday
greeting which arrived today! Sincerely, Jim Martin
Brother Joe is doing well -

HONORARY PARTICIPATION REQUEST

Please return to Room 457

*Original to
Edgahieberman*

Today's Date: December 18, 1996

Date of Request: 11/19/96

'96 DEC 19 10:58

Request for: POTUS/FLOTUS

Type of Request: Honorary Co-Chair

Requestor Name: Dr. Augusta Souza Kappner

Title: President

Organization: Bank Street
College of Education
610 West 112th Street
New York, New York 10025-1120

Contact Tel. #: 212/875-4598

Event Date: 1/27/97 [Print deadline 12/23/96]

Event Description: Seventh Annual Dinner

Notes: This dinner will honor Gretchen Dykstra, President of the Times Square Business Improvement District and Tom Brokaw of NBC News. The group has also invited the Vice President and Mrs. Gore, New York Mayor Rudolph Giuliani, and New York City Board of Education Chancellor Rudolph Crew to serve as honorary co-chairs, though it has not yet received any responses. The Vice President and Mrs. Gore are inclined to regret this request and will defer to the President and First Lady if they choose to participate. The President regretted in 1995 and the President and First Lady accepted in 1996.

The President and First Lady should REGRET.

Recommendations:

MW _____ TS ND 12-19 96 EL _____
(Unless otherwise noted, a yes answer
will automatically generate a message).

Comments:

Office of the President



November 19, 1996

The Honorable William J. Clinton
President of the United States of America
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

We are pleased and privileged to announce that Bank Street College of Education will honor Gretchen Dykstra, President of the Times Square Business Improvement District, and Tom Brokaw, NBC Correspondent, for their significant contributions to the transformation of our city and our nation.

Ms. Dykstra and Mr. Brokaw will both receive Bank Street College's highest honors—the President's Medal and honorary doctorates—at Bank Street's seventh Annual Dinner on Monday, January 27, 1997, in the Grand Ballroom at the Waldorf-Astoria.

Bank Street's Annual Dinner is a celebration of public education in New York City. For over 75 years, Bank Street has been at the forefront of quality and innovation in the service of public education, forging partnerships with the New York City Public Schools in preparing the next generation of school leaders and the very best teachers, and empowering families to be equal partners in the education of their children. This year's dinner will highlight these successes with the theme: "Transforming Our Worlds: a Dream and a Way."

The Bank Street family would be honored if, as you have done in the past, you would consider lending your name as Honorary Chair of this important event. We certainly hope that you will join us for this wonderful evening, but understand the constraints of your schedule and would be more than grateful if you would consider serving as an Honorary Chair.

Serving on the Executive Dinner Committee are: Alberta Arthurs; Meredith Brokaw; Yolanda Ferrell-Brown; Susan Iger; Gail J. Koff; Joanie Omeste; Elizabeth Pforzheimer; Mrs. Martin E. Segal; John Shutkin; Jeff Sussman; and Alan Weiner.

Our Director of Special Events, Lorenzo Martinez will be calling your office shortly to follow up on this matter. I look forward to having you participate in this exciting event.

Sincerely,

Augusta Souza Kappner
President

Graduate School
of Education

School for Children
and Family Center

Division of
Continuing Education

610 West 112th St
New York NY
10025-1120

Tel 212 875-4597
212 875-4595
Fax 212 875-4594



November 19, 1996

First Lady Hillary Rodham Clinton
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

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Office of the President

November 19, 1996

Vice President and Mrs. Albert Gore, Jr.
Office of the Vice President
Old Executive Building
17th Street and Pennsylvania Avenue
Washington, DC 20501

Dear Vice President and Mrs. Gore:

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