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THE WHITE HOUSE
WASHINGTON

OFFICE OF PUBLIC LIAISON

Alexis M. Herman, Director
PHONE:(202) 456-~~2930~~ 6455
FAX:(202) 456-~~6218~~ 2983

FACSIMILE TRANSMITTAL COVER SHEET

Number of Pages (Including Cover) 2

To: Phyllis Shockest

Fax: 347 0628

Phone: 347 3190

Date: 7/21/94

From: Ruby Moy

Message:

ALEXIS M. HERMAN

Assistant to the President and Director of Public Liaison, 1993-

Professional Experience:
Deputy Director, Presidential Transition Office, 1992
CEO, 1992 Democratic National Committee Convention,1991-1992
Chief of Staff, DNC, 1989-1993
Deputy Chair of DNC, 1990
Herman and Associates, Owner and Founder, 1981-1992
Director, Women's Bureau, US Department of Labor, 1977-81

Other Activities:
Adams National Bank, Board Member, 1988-1993
District of Columbia Economic Development Finance Corporation, 1988-1993

Awards:
Dorothy I. Height Leadership Award, 1993
UNCF 50th Anniversary Award, 1994

Honorary Doctorate Degrees at Lesley College, 1993
Central State University, 1993
Southeastern University, 1994
Honorary Doctorate Degree in Humane Letters at Xavier University, 1994
Honorary Associate in Arts Degree at Miami-Dade College, 1994

Education:
B.A. Xavier University, 1966

Age: 47

MEMORANDUM OF CALL

Previous editions usable

TO: R

☐ YOU WERE CALLED BY– ☐ YOU WERE VISITED BY–

Lola Early

OF (Organization)

NCNW

☐ PLEASE PHONE ▶ ☐ FTS ☐ AUTOVON

☐ WILL CALL AGAIN ☐ IS WAITING TO SEE YOU

☐ RETURNED YOUR CALL ☐ WISHES AN APPOINTMENT

MESSAGE

Jan. 1993 – is

The answer –

RECEIVED BY	DATE	TIME
	7/19	1:24

63-110 NSN 7540-00-634-4018 STANDARD FORM 63 (Rev. 8-81) Prescribed by GSA FPMR (41 CFR) 101–11.6

NAPA FAX
National Academy of Public Administration Chartered by Congress
1120 G Street, N.W., Suite 850
Washington, D.C. 20005-3801 (202) 347-3190, FAX (202) 393-0993

TO: Alexis Herman

Attention: Ruby

telephone: 202-456-6455

fax: 202-456-2983

FROM: **Phyllis Shocket, Director of Academy Affairs**

MESSAGE: **Attached is a draft of the nominations materials which will be included in the 1994 election materials. Due to space limitations, nominee resume information is limited to two-thirds of a page. An excerpt from an earlier election book is also attached.**

Please review the materials. Please fax any changes to me by Wednesday, July 20. The fax number is 202-347-0628.

Please call me at 202-347-3190 if you have any questions.

Many, many thanks!

Number of pages (including this sheet): 3
Project number: 01-Nomcom
Date: 7/19/94

~~Miami Dade~~ ? 305-237-
Clark Atlanta ?

Honorary Doctorate Degree - Southeastern University
" " - Central State University
" " - Leslie College
Honorary Doctorate Degree in Humane Letters - Xavier University

— Miami-Dade

Honorary Assoc in Arts degree

ALEXIS HERMAN

Assistant to the President, and Director, White House Office of Public Liaison, 1993-

Professional Experience [[PLEASE INDICATE YEARS OF SERVICE]]
Deputy Director, Presidential Transition Office, 1992
1989-1993
1992 Democratic National Committee (DNC): Chief of Staff [~~1989~~]; Deputy Chair, [1990]; Chief ~~Ex~~ of the 1992 Democratic Nat'l Convention
Executive Officer — 1991
[[INSERT POSITIONS, YEARS OF SERVICE
Herman and Associates, [[Owner, Founder 81-92
Director, Women's Bureau, U.S. Department of Labor, 1977-81

Other Activities
Board service, including: Adams National Bank and District of Columbia Economic Development Finance Corporation.

Awards
Dorothy I. Height Leadership Award [[PLEASE INCLUDE YEAR RECEIVED

Representative Publications
[[PLEASE PROVIDE THIS INFORMATION, INCLUDE ARTICLE TITLES, JOURNAL TITLES, AND YEARS OF PUBLICATION]]

[Education
B.A. Xavier University [[PLEASE INDICATE MAJOR AND YEAR RECEIVED

Age: [as of December 31, 1994]

Chief of Staff
DNC 4/89 - 1/93
Conv CEO + Deputy chair of DNC = 1/92

NET SatisFAXtion

intel

Intel NET SatisFAXtion® Software

To: Alexis Herman - Att: Ruby   Date: 7-19-94

From: Phyllis Shocket   Page 1 of 4

[[SAMPLE RESUME

Nominee's current position, 1989-

Professional Experience
Member, Seattle City Council, 1978-89
Director of Government Services, Puget Sound Council of Governments, 1978
Manager of Corporate Contributions and Social Policy, Rainer National Bank, 1977-78
Assistant Director, Seattle Urban League, 1975-76

Other Activities
Numerous organizations including: NAACP, 1975-; Urban League, 1975-; Wildlife and Recreation Coalition, 1990-; King County-Seattle Municipal League; Governor's Alliance Against Drugs, 1988; Strengthening of America Commission, 1991-. Chair, Committee on Youth, Families, and Education, U.S. Conference of Mayors, 1992. Co-Chair, Task Force on Children and Education, National League of Cities, 1991. Trustee, U.S. Conference of Mayors, 1993-; Intergovernmental Policy Advisory Committee to the U.S. Trade Representative, 1991-92

Awards
Numerous awards, including Outstanding Public Citizen, National Association of Social Workers, 1991; Distinguished Alumnus, Graduate School of Public Affairs, University of Washington, 1991; Private Partners in Public Education Award, 1993

Representative Publications
Articles concerning issues relating to public management and public education

B.A. University of Washington, 1972 (communications)
M.A. University of Washington, 1974 (public administration)

Age: 50

AD HOC BUSINESS GROUP

ON

HEALTH CARE REFORM

July 21, 1994

The Honorable Richard A. Gephardt
United States House of Representatives
1432 LHOB
Washington, DC 20510

The Honorable George J. Mitchell
United States Senate
SR-176
Washington, DC 20510

Dear Majority Leader:

As companies which are among the nation's largest employers, we urge you to support passage this year of comprehensive health care reform that provides for universal coverage through shared employer responsibility, thus ensuring health care coverage for all Americans.

Now is the time for action. The failings of our current system are well documented -- large numbers of citizens are uninsured, many lack affordable coverage, and there is damaging cost shifting and excessive inflation in the health care sector. Only comprehensive reform can address these problems.

It is time to place the health security of all Americans at the top of the national agenda. This year offers a unique opportunity to address one of the major causes of fear and anguish among our citizens, and one of the major threats to America's long-term economic well-being.

Now is the time for leadership. If Congress fails to act this year, it is unlikely to have another chance at comprehensive reform in this century. The 103rd Congress would be remembered as one which missed a historic opportunity. This must not happen.

We are confident that Congress has the vision, the courage, and the commitment to the greater good of our country to enact comprehensive reform over the next few precious months.

A & P (Great Atlantic and Pacific Tea Company)

ABB Inc.

Acme Steel

AEL Industries

American Corn Growers

American Automobile Manufacturers Association

American Iron and Steel Institute

AMR Corporation (American Airlines)

Archer Daniels Midland Company

Armco Inc.

Ben & Jerry's Ice Cream

Bethlehem Steel Corporation

Champion International Corporation

Chrysler Corporation

Drummond Company

Eagle Picher Industries

Eckerd Corporation

EDS

Food for Less Grocery

Ford Motor Company

Fortis, Inc.

GEC-Marconi Electronic Systems Corporation

General Motors

Giant Food

Hechinger Company

H.J. Heinz

IBM

Ingersoll-Rand Company

Inland Steel

Loral

Manpower Inc.

Maytag

McDonnell Douglas

National Steel

National Association of Chain Drug Stores

Norfolk Southern Corporation

Pella Corporation

Pioneer Hi-Bred International, Inc.

Ralphs Grocery

Rohm & Haas

Safeway, Inc.

Scott Paper Company

Southern California Edison Company

The LTV Steel Company

The Principal Financial Group

Time Warner, Inc.

USX

The Vons Companies

Westinghouse

Wisconsin Public Service Corporation

Zenith Electronic Corporation

THE WHITE HOUSE

WASHINGTON

April 1, 1994

AUG - 1 1994

MEMORANDUM

TO: Jay Footlik
Rosemary Forsythe
Nancy Soderberg

FROM: Marilyn DiGiacobbe

SUBJECT: Meeting with Armenian-American Leadership

Scheduling has confirmed the President's time for Monday, August 8 to meet with the Armenian-American leadership. Although the specific time has not yet been set, we will need Anthony Lake and Alexis Herman to participate in the meeting

Attached is a draft list of community leaders to be invited. Please provide any comments by 4:00 pm as we would like to get the invitations out today.

cc: Alexis Herman

encl.

DRAFT LIST -- ARMENIAN-AMERICAN LEADERS

Dr. Mihran Aghbabian
Armenian University of Armenia/AGBU
968 Linda Flora Avenue
Los Angeles, CA 90049
home phone: 213-743-4685

Mr. Garabed Armenian
Director, Government Finance
Westinghouse Corporation
1801 K Street, NW
8th Floor
Washington, DC 20005
office phone: 202-835-2370

Arcbishop Mesrob Ashjian
139 East 39th Street
New York, NY 10016

Dr. Sahag Baghdasarian
Chairman
ANCA, Western Region
427 West Colorado
Glendale, CA 91204
home phone: 818-500-1918

Mr. Harry Derderian
37792 Bradley
Farmington Hills, MI 48024

Mr. Michael Haratunian
Armenian Assembly
1 Salem Way
Glendale, CA 91204
home phone: 202-393-3434

Archbishop Vache Hovsepian
2215 East colorado Boulevard
Pasadena, CA 91107

Very Reverend Movses Janbazian
140 Forest Avenue
Paramus, NJ 07652

Mr. Walter Karabian
Former Democratic Majority Leader,
California Assembly
900 Wilshire Boulevard
#530 Hilton Center
Los Angeles, CA 90017
home phone: 213-680-9522

Mrs. Meline Karakashian
Armenian Relief Society
38 Knob Hill Road
Morganville, New Jersey 07751
home phone: 908-591-2531

Mr. Michael Mahdesian
AID Bureau for Food and Human.
Room 531-A
320 21st Street
Washington, DC 20523

Mr. Onnic Marashian
450 Grant Avenue
Oradell, NJ 07649

Ms. Carolyn Mugar
Armenian Assembly
334 Broadway
Suite 5
Cambridge, MA 02139
home phone: 617-354-2922

Prof. Dennis Papazian
Profesor of History
University of Michigan, Dearborn Center
for Armenian Studies
4901 Evergreen
Dearborn, MI 48128-1491
home phone: 313-593-5181

Mr. Neshan Peroomian
ARF/Western Region
3275 Buckingham Road
Glendale, CA 91206
home phone: 818-244-9733

Mr. Harut Sassounian
126 South Jackson Street
#205
Glendale, CA 91205

Rev. Nerses Setian
110 East 12th Street
New York, NY 10003

Ms. Louise Simone
Armenian General Benevolent Union
31 West 52nd Street
New York, NY 10019-6109
office phone: 212-765-8260

Mr. Robert Terzian
Armenian Democratic Liberal
Organization
950 North Michigan Avenue
Chicago, IL 60611
home phone: 312-440-1044

Mr. Mourad Topalian
Armenian National Committee of America
Open Pantry #39
25850 Emery Road
Warrensville Heights, OH 44128
office phone: 216-831-5227

Mr. Barry Zorthian
Armenian General Benevolent Union/AA
4201 Cathedral Avenue, NW
apartment 405E
Wsahington, DC 20016
office phone: 703-841-0626

OFFICE OF PUBLIC LIAISON

TO: BOB RUBIN
GENE SPERLING

CC: ALEXIS HERMAN
STEVE HILTON

FROM: CAREN WILCOX Caren

DATE: SEPTEMBER, 13, 1994

RE: SALOMON BROTHERS' DOCUMENT

I don't know if you have seen this, but it is troubling. The preface was modified by Salomon's political people. Never the less, the title says it all.

Salomon's senior people have been very helpful to us ever since the Economic Package, and I have no reason to believe they intend to make a habit of this.

Is there any analysis which will help with an answer if this comes up in the months and years ahead?

UNITED STATES
EQUITY
RESEARCH

AUGUST 1994

Equity Strategy

Salomon Brothers

David S[illegible]
Susan G. B[illegible]
Mark S. Use[illegible]
(212) 783-[illegible]

Presidents, Polls and Stock Prices

Weak Presidents = Weak Markets

Salomon Brothers

David Shulman
Susan G. Brand
Marc S. Usem
(212) 783-6770

Presidents, Polls and Stock Prices

Weak Presidents = Weak Markets

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FIGURES

OVERVIEW

- **After reviewing 40 years of polling data, we find that strong markets are associated with Presidential approval ratings in excess of 60% and structurally weak markets are associated with approval ratings below 50%.** Because President Clinton's approval ratings are decidedly weak — and likely will remain that way — the bull market is not likely to resume in the near future.

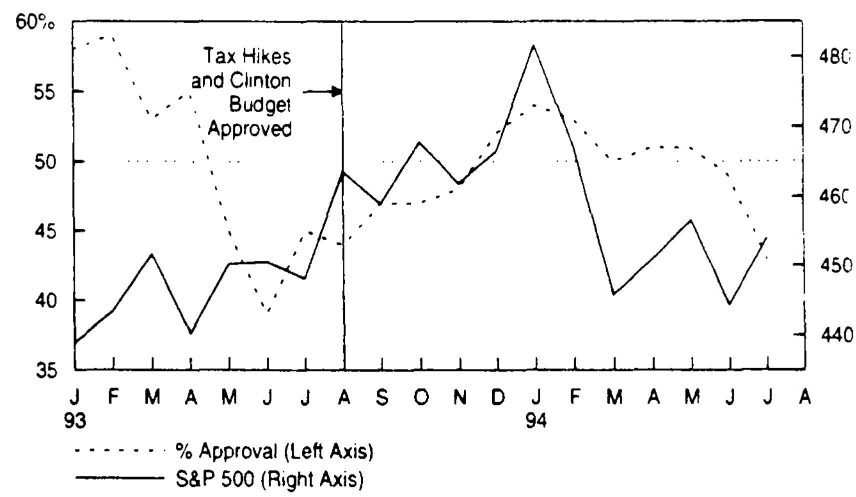
- Our second conclusion is that in the near term, stock market performance is not related to policy direction — left or right. What is relevant is whether or not the President is popular. Simply put, leadership counts.

- As a result, we are maintaining our conservative asset allocation stance of 50% bonds, 30% stocks and 20% cash. **We are overweighting the domestic oil refiners and oil service stocks because the stock market has yet to recognize these industries' improved fundamentals.**

PRESIDENTS, POLLS AND STOCK PRICES

Most market commentators cite the backup in interest rates as the primary reason for the generalized weakness in stock prices since their-late January highs. However, in addition to higher interest rates, we would point to President Clinton's falling poll numbers as another crucial factor (see Figure 1). For example, last fall, when the stock market was on a roll, President Clinton's approval rating — in response to the passage of his budget proposals and NAFTA, along with the GATT agreement and an initially favorable response to his health care plan — increased from 39% in June to 54% in January. Even the Wall Street community was beginning to warm up to him. During that time, the S&P 500 increased from its low of 440 in July to its high of 482 in January.

Figure 1. Clinton Administration — S&P 500 versus Presidential Approval Ratings, Jan 93-Jul 94 (Monthly Data)

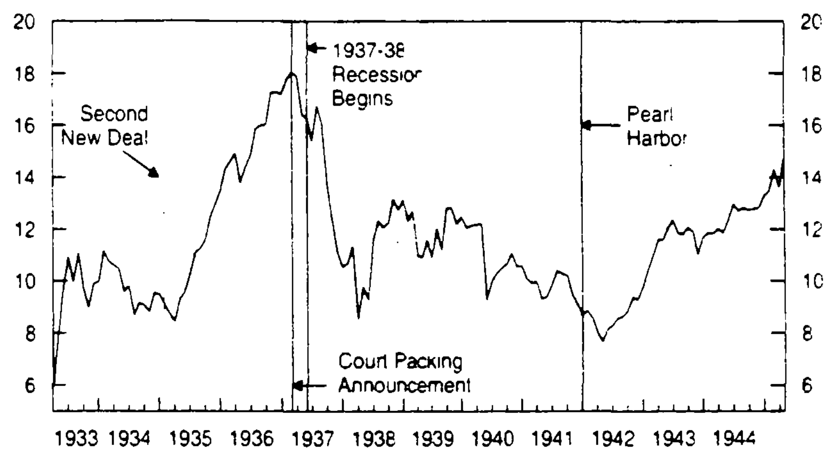


Sources: Standard & Poor's and Gallup Organization

Subsequently, despite a decline in the unemployment rate from 6.7% in January to 6.0% in June, the President's approval rating slid to 43% under the weight of apparent foreign policy failures in Haiti, Somalia and North Korea, the Paula Jones sexual harassment charges, Whitewater, and growing disenchantment with the Clinton health care plan. Although the correlation between the recent stock market performance and Presidential approval rating may be coincidental, **we believe that the correlation is consistent with a very long history in which bull markets are associated with strong Presidents and bear markets are associated with weak Presidents.** Put simply, the stock market likes strong Presidents (Roosevelt, Eisenhower, Kennedy, Reagan, Bush 1989 and 1991) and abhors weak ones (Nixon, Carter, Bush 1990 and 1992). Thus, President Clinton's consistently poor showing in the opinion polls since taking office does not augur well for stock market performance over the next few years.

We buttress our argument with the history of the past 60 years, including monthly polling data from the past 40. We start with Roosevelt who, after his landslide victory of 1932, adopted a mixture of conservative and liberal policies that laid the basis for a modest recovery from the depths of the Depression. Because stocks were so oversold, the market rebounded from its Depression lows. However, what is interesting is that in 1935 and 1936, the market continued to rally into the teeth of the most far-reaching social legislation that the country had seen up to that time (see Figure 2).

Figure 2. S&P 500 Performance During the Roosevelt Administration, Mar 33-Apr 45 (Monthly Data)



Sources: Standard & Poor's and Salomon Brothers Inc.

Over the six-month period January-July 1935, Congress adopted what we know today as the New Deal, which encompassed the following measures (among others): (1) A $4.8-billion work relief program, the cost of which equaled Federal revenues in 1934; (2) Social Security; (3) the Wagner Act, which put the Federal Government squarely on the side of labor unions; and (4) the "wealth tax," which increased estate and gift taxes, established a graduated corporate income tax and created a "millionaires" tax bracket of 75%.

Stocks Rally With Initiation of the Second New Deal

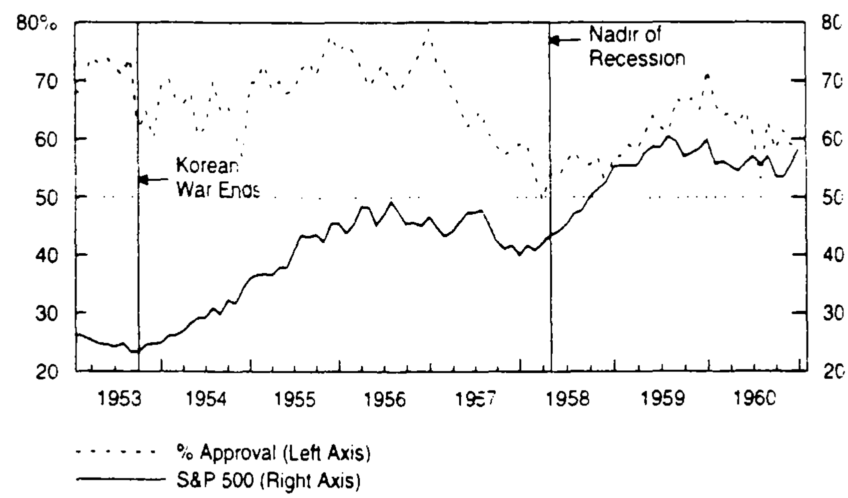
The stock market's response to the Roosevelt Administration's sharp turn to the left was up. Over the 1934-36 period, stock prices increased by 81%. Even a tax on undistributed corporate profits imposed in 1936 did not halt the advance. Thus, despite a host of misgivings about the program, Roosevelt was popular and stock prices went up.

The first real challenge to Roosevelt's popularity occurred in February 1937, when the President announced his ill-fated plan to "pack" the Supreme Court by increasing its membership from nine to 15 members to assure a pro-New Deal majority. The outcry caused by the court-packing scheme, combined with increased labor strife triggered by the implementation of the Wagner Act and the recession of 1937-38, ended the Roosevelt bull market. The market did not resume its advance until after the United States entered World War II, with its attendant economic boom and the restoration of Roosevelt's broad popularity as a wartime President.

Eisenhower-Kennedy Bull Market

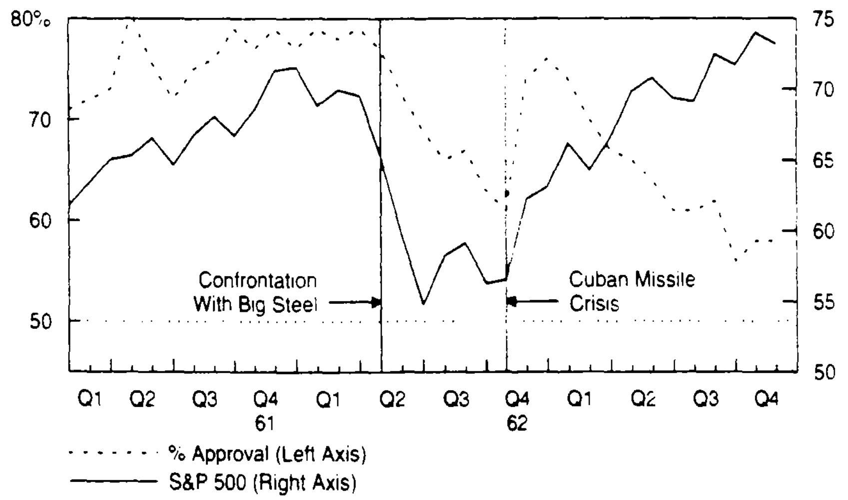
We next turn to the very popular Presidents, Eisenhower and Kennedy (see Figures 3 and 4). The 1950s' bull market was four years old when Eisenhower was inaugurated, and after a brief pause, it immediately went into overdrive. President Eisenhower's approval ratings consistently exceeded 60%, reflecting the peace and prosperity of the period. Under Kennedy, the stock market continued to advance, despite a severe setback in 1962. His approval ratings — at more than 75% — were the highest ever recorded up until that time. And by 1963, Kennedy's policy of tax cuts, military preparedness, firmness during the Cuban Missile Crisis, and willingness to negotiate with the Russians on controlling nuclear weapons quickly made the stock market forget about the President's 1962 confrontation with the steel industry.

Figure 3. Eisenhower Administration — S&P 500 versus Presidential Approval Ratings, Jan 53-Jan 60 (Monthly Data)



Sources: Standard & Poor's and Gallup Organization

Figure 4. Kennedy Administration — S&P 500 versus Presidential Approval Ratings. Jan 61-Nov 63 (Monthly Data)

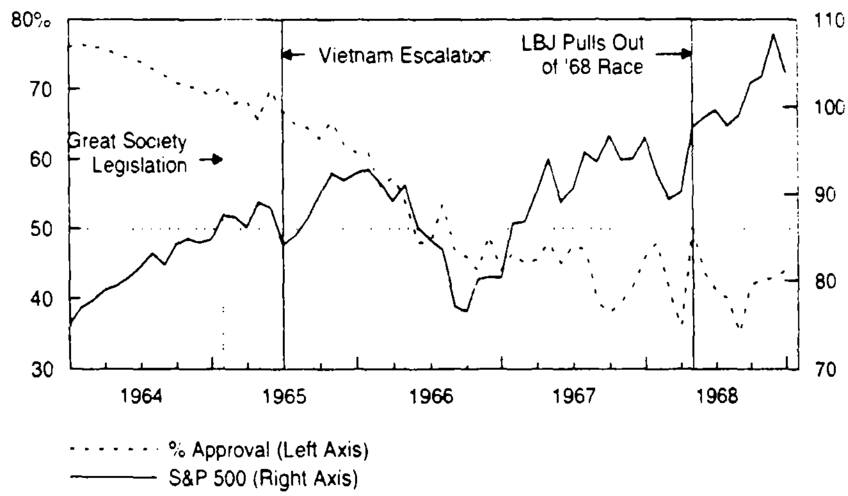


Sources. Standard & Poor's and Gallup Organization.

Initiation of Great Society Does Not Halt Bull Market

Lyndon Johnson assumed the Presidency after the assassination of John Kennedy in November 1963. At the outset of the Administration, the President's approval rating remained consistently above 70%. Stocks basked in the glory of the mid-1960s' economic boom, in part spurred on by Johnson's leadership in passing tax cuts proposed by his predecessor (see Figure 5). Furthermore, stocks continued to advance as President Johnson used his super-majorities in the Congress to pass his Great Society Program, whose entitlements planted the seeds for the structural deficits that were to come two decades later. In many respects, the stock market's response to the Great Society was analogous to its response to the Second New Deal in 1935.

Figure 5. Johnson Administration — S&P 500 versus Presidential Approval Ratings. Nov 63-Jan 69 (Monthly Data)



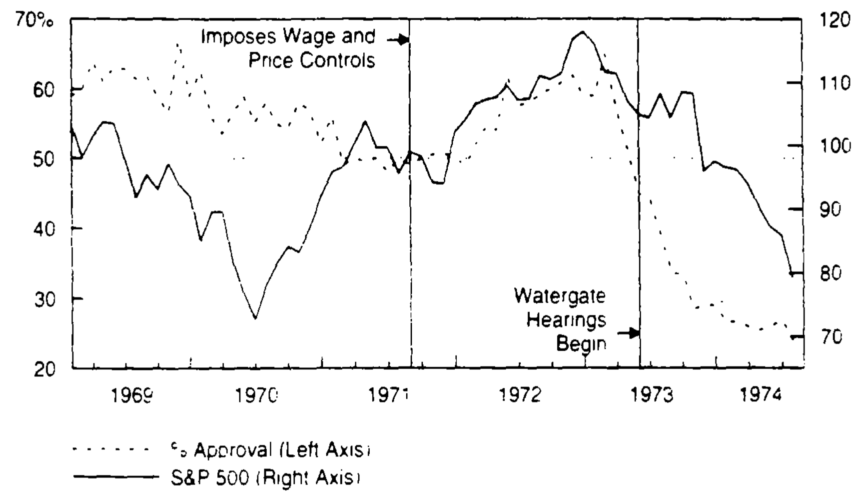
Sources: Standard & Poor's and Gallup Organization

Nevertheless, as the Vietnam War escalated and many of the nation's cities suffered from racial unrest, Johnson's popularity plummeted to the 40%-45% range. Although the stock market would go on to make new highs, the bull market that began in 1949 was over as stocks began to trade in a broad range.

Nixon Bear Market

President Nixon never achieved the approval ratings of his three predecessors, but he did start out in a solid 60%-65% range (see Figure 6). Those ratings quickly soured as the economy turned down and opposition to the Vietnam War mounted; by the summer of 1971, his approval rating had declined to 50%. Nixon's popularity rebounded back to around 60% on the strong economy of 1972, only to be eroded by the developments of the next 18 months: As the Watergate crisis cast a pall over the Presidency, gasoline prices soared as a result of OPEC's quadrupling the price of oil and the recession set in, Nixon's approval rating plummeted to a record low of 24%. The combination of events triggered the most virulent bear market in nearly 40 years that continued until a few months after Nixon's resignation in August 1974.

Figure 6. Nixon Administration — S&P 500 versus Presidential Approval Ratings, Jan 69-Aug 74 (Monthly Data)

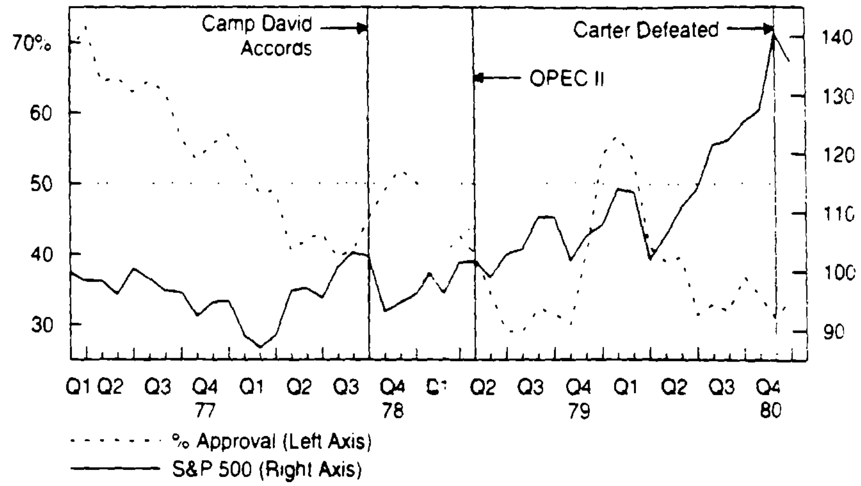


Sources: Standard & Poor's and Gallup Organization

Carter "Malaise"

Jimmy Carter has come to be viewed as the prototype of a weak President associated with a weak stock market. He arrived in office in 1977 with approval ratings trending around 65%, reflecting an improvement in both the economy and the post-Watergate mood. Nevertheless, by mid-1978, amid record job creation and before the second oil shock, Jimmy Carter's approval rating plummeted to 40% (see Figure 7). Simply put, most Americans did not have a clue as to where he wanted to lead the country. It was **not** "the economy, stupid." Stocks did not rally until 1980, when it became apparent that a new Administration would be in the offing.

Figure 7. Carter Administration — S&P 500 versus Presidential Approval Ratings, Jan 77-Jan 81 (Monthly Data)



Sources: Standard & Poor's . Gallup Organization.

Figure 8 presents the details of Gallup polls taken in October 1977 and July 1978. The results highlight the dimensions of the collapse of the Carter Administration. **Interestingly, President Carter's characteristics are eerily similar to the way that many people would describe President Clinton today.**

Figure 8. Change in Evaluation of Jimmy Carter's Job-Related Characteristics

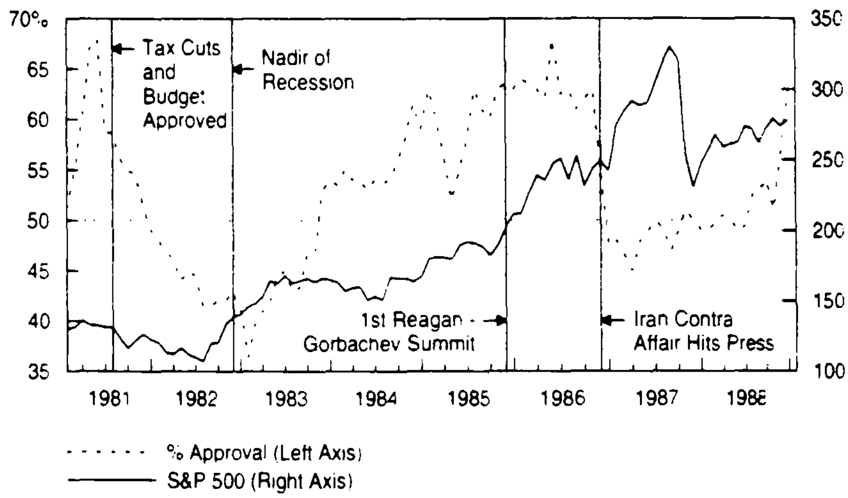
	Agree		Pct
Characteristics	Mid-1977	Mid-1978	Chg.
Decisive. Sure of Himself	61%	38%	(23)%
You Know Where He Stands on Issues	42	28	(14)
Has Strong Leadership Qualities	62	36	(26)
Has Well-Defined Program for Moving Country Ahead	43	29	(14)
Uncertain, Indecisive, Unsure	28%	55%	27%
Hard to Know Where He Stands	47	66	19
Lacks Strong Leadership Qualities	27	58	31
Has No Clear-Cut Program for Moving Country Ahead	44	64	20

Source: Presidential Approval, George C. Edwards III and Alec M. Gallup (Baltimore: Johns Hopkins University Press 1990), p. 134

Reagan Bull Market Begins 18 Months Into His Administration

Most market participants remember President Reagan as a very popular President. Although this assessment was true at the outset and later in his Administration, the full impact of the 1981-82 recession and some early missteps in foreign policy administration caused his popularity to fall below 50% before he completed his first year in office (see Figure 9). **Consistent with our thesis, the great 1980s' bull market did not get going until August 1982, because the stock market reflected the public's initial concerns about the efficacy of Reagan's programs.** He remained at that low level through November 1983, when the full weight of the economic recovery and an improved perception of Reagan's foreign policy goals began to be felt. Thereafter, the President's popularity remained high, with the exception being 1987, when the Iran-Contra scandal weighed on him. Nevertheless, a booming economy and progress toward ending the Cold War restored his popularity.

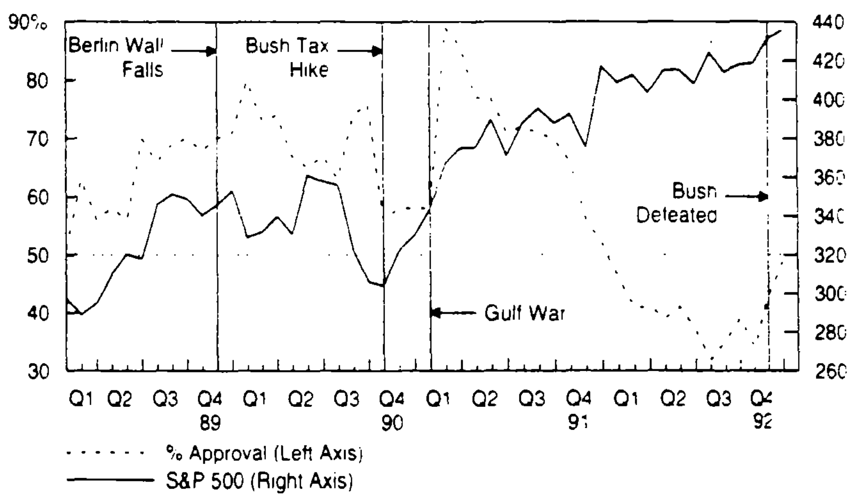
Figure 9. Reagan Administration — S&P 500 versus Presidential Approval Ratings, Jan 81-Jan 89 (Monthly Data)



Sources: Standard & Poor's and Gallup Organization.

George Bush's approval ratings went up and down like a yo-yo throughout his term in office (see Figure 10). When he was up in 1989 and 1991 as a result of the end of the Cold War and his victory in the Gulf War, stock prices were up sharply; when he was down as a result of the enveloping recession of 1990 and his lack of touch with the populace in 1992, stock prices suffered.

Figure 10. Bush Administration — S&P 500 versus Presidential Approval Ratings, Jan 89-Jan 93 (Monthly Data)



Sources: Standard & Poor's and Gallup Organization.

Two important conclusions can be down from our analysis. First, political approval is far more important than the initial direction — right or left — of policy as far as the stock market is concerned. Politically successful Presidents engender strong markets, and politically weak ones suffer with a poor market: the break points appear to define success at above 60% and failure below 50%. **Second, if President Clinton's standings in the polls do not improve soon, his-below-50% approval rating likely will bring with it a structurally weak stock market.** Thus, those who do not wish him well also are asking for a troubled market environment. Specifically, should the final outcome of the health care debate be viewed as a Clinton defeat, it more than likely would lead to a weaker market in the short term.

Maintain Conservative Asset Allocation

Because we believe that Bill Clinton is looking more like Jimmy Carter than John Kennedy and because we continue to hold our long-standing view that short-term interest rates will approach 6% next year, we are maintaining our conservative asset allocation stance of 50% stocks, 30% bonds and 20% cash.[1] If a summer rally ever materializes, we would take advantage of the strength to lighten our equity position.

Emphasize Oil-Related Names

In recent weeks we have substantially increased our weighting to the natural resources sector of the market. With a recommended list consisting of 33 stocks, we have two oil service names (**Schlumberger** and **Tidewater**) and two oil refiners (**Valero Energy** and **Horsham**). With regard to the former, we believe that the 1981-94 down cycle in oil exploration is coming to an end. Global economic recovery and non-G-7 growth are fueling the demand for petroleum. Oil prices have risen from $14 per barrel to $19 per barrel this year, and increased exploration is just around the corner.

In case of the latter, U.S. refining capacity utilization now exceeds 96%. With gasoline demand growing at a 3% annual rate in response to the public's demand shift to fuel inefficient light trucks and with capacity growing at 1% per year, a shortage is inevitable. Furthermore, new clean-air regulations that take effect next January will make gasoline less fungible among geographic areas, a development that will increase the likelihood of bottlenecks by spring. In short, "crack spreads" are about to widen, and with that will come earnings surprises from the beaten-up refiners.

In other areas of the market, we continue to like telecommunication services, with **Telephone and Data Systems** and **AT&T** our favorite stocks. **Johnson & Johnson** remains our top pick in consumer staples. Other favorites include **FMC Corp., Ingersoll-Rand, General Electric, Trinity Industries, Ericsson,** and **BankAmerica Corp.** Our complete recommended list appears in Figure 11.

[1] For an earlier discussion comparing Clinton with Kennedy and Carter, see *Eerie Parallels — 1960 and 1992*, Salomon Brothers Inc, August 1992.

Salomon Brothers List of Recommended U.S. Stocks and Asset Allocation

		Ticker	Price 27 Jul[a]	P/E 1995	EPS 1993A	EPS 1994E	EPS 1995E	Est 5-Yr EPS Grth.[b]	Curr Div. Rate	Yld.	Liq. Code	O/C/W
Basic Industry (Overweight)												
Chemicals	FMC Corp[c,f]	FMC	$58 7/8	10.1	$4.51	$4.60	$5.75	10%	$0.00	0.0%	4	O
	PPG Industries[f]	PPG	38	11.7	1.75	2.45	3.25	10	1.12	2.9	2	O
Packaging Containers	Crown Cork & Seal[c,d]	CCK	35 1/8	12.3	2.05	2.50	2.85	15	0.00	0.0	4	C
Paper & Forest Products	Georgia-Pacific[c,d]	GP	64 7/8	11.2	0.26	2.70	5.80	NM	1.60	2.5	1	C
Capital Spending (Overweight)												
Aerospace/Defense	Boeing[c,d]	BA	$45 3/8	22.7	$3.66	$2.25	$2.00	15%	$1.00	2.2%	1	O
Electrical Equipment	General Electric Co	GE	48 1/4	12.7	2.99	3.35	3.85	11	1.44	3.0	1	C
Manufacturing (Diversified)	Ingersoll-Rand Co[f]	IR	35 1/2	12.7	1.59	2.00	2.80	NM	0.70	2.0	4	O
	PACCAR INC[c,f]	PCAR	51 1/2	7.9	3.66	5.50	6.50	NM	1.00	1.9	5	C
	Trinity Inc. (FY Mar)[c,i]	TRN	31 1/4	7.8	1.76	2.80	4.00	NM	0.68	2.2	4	C
Technology (Market Weight)												
Aerospace/Defense	Raytheon[f]	RTN	$64 3/4	10.0	$5.11	$5.80	$6.50	7%	$1.50	2.3%	2	O
Computer Software Services	Microsoft Corp (FY Jun)[f]	MSFT	49 1/2	15.8	1.96	2.37	3.13	20	0.00	0.0	1	O
Telecomm Equipment	Ericsson[e,f]	ERICY	51 5/8	19.5	1.23	2.25	2.65	20	0.49	0.9	2	C
	Motorola[c,f]	MOT	51	17.6	1.75	2.38	2.90	20	0.28	0.5	1	O/C
Telecommunications Services (Overweight)												
Cellular/Wireless	AirTouch Communications[c,d]	ATI	$25 7/8	—	$0.06	—	—	—	$0.00	0.0%	—	O
	Telephone & Data Sys[c,d,f]	TDS	39 5/8	27.7	0.67	$0.85	$1.43	30%	0.36	0.9	4	O
Telecommunications	AT&T[c,i]	T	54 5/8	15.0	2.94	3.20	3.65	12	1.32	2.4	1	O
	Telefonos de Mexico[c,d]	TMX	60	8.4	5.06	6.25	7.15	NM	1.51	2.5	1	O
Consumer Cyclical (Market Weight)												
Autos	General Motors Corp[c,d]	GM	$49 7/8	5.4	$2.40	$6.80	$9.30	5%	$0.80	1.6%	1	O/C/W
Homebuilding	Pulte Corp[c,d]	PHM	22 5/8	8.1	1.98	2.30	2.75	NM	0.24	1.1	5	O
Retail (General Merchandise)	Wal-Mart Stores (FY Jan)	WMT	24 7/8	16.6	1.02	1.25	1.50	18	0.17	0.7	1	O
Retail (Specialty)	Toys "R" Us (FY Jan)[c,d]	TOY	34 1/4	14.6	1.63	1.95	2.35	20	0.00	0.0	1	O
Consumer Staples (Underweight)												
Health Services	Columbia/HCA Healthcare[c,d]	COL	$39 1/8	13.0	$1.95	$2.45	$3.00	20%	$0.12	0.3%	2	O
Medical Products/Technology	Johnson & Johnson[c,d,f]	JNJ	47 3/8	13.4	2.74	3.15	3.54	12	1.16	2.4	1	O
Financial (Market Weight)												
Agency	Freddie Mac[c,d]	FRE	$58 7/8	10.0	$4.07	$5.15	$5.90	13%	$1.04	1.8%	1	C
Banks	BankAmerica[c,d,f]	BAC	47 1/2	7.7	4.78	5.35	6.15	10	1.60	3.4	1	O/C
	First Interstate Bancorp[c,d]		74 1/2	6.8	8.9[illegible]	9.35	11.00	12	3.00	4.0	2	C
Insurance (Multi-Line)	American Intl Group[f]	AIG	91 7/8	11.9	5.5[illegible]	6.70	7.70	13	0.46	0.5	1	C
Natural Resources (Overweight)												
Precious Metals	Newmont Mining[c,d,f]	NEM	$40 5/8	31.3	$0.67	$0.94	$1.29	NM	$0.48	1.2%	3	O/C
Offshore Drilling	Tidewater Inc (FY Mar)[f]	TDW	23 1/4	11.3	0.67	1.00	2.05	NM	0.40	1.7	5	C
Oil (Domestic)	Unocal[f]	UCL	29 1/8	17.1	1.25	1.20	1.70	NM	0.80	2.7	2	O/C
Oil Refining	Horsham Corp[c,d]	HSM	13 1/8	10.0	0.45	0.70	1.39	NM	0.05	0.4	5	
	Valero Energy Corp[c,d]	VLO	19 1/8	14.2	0.51	0.70	1.35	NM	0.52	2.7	5	C
Oil Services	Schlumberger Ltd	SLB	59	19.0	2.41	2.45	3.10	NM	1.20	2.0	1	C
Recommended List Characteristics				12.0						1.4%	2	
S&P 500	EPS Reported Basis	SPX	452.57	14.9	$21.[illegible]	$28.00	$30.30	5%	$13.50	3.0%		
	EPS Operating Basis			14.0	27.31	31.00	32.30					
S&P Industrials	EPS Reported Basis	SPIN	527.72	16.6	$22.13	$28.65	$31.80	5%	$13.55	2.6%		
	EPS Operating Basis			15.2	28.41	33.15	34.80					

Asset Allocation		Stocks	Bonds	Cash
• Balanced Fund	Current Month	50%	30%	20%
	Previous Month	50	30	20
• Aggressive Equity Fund	Current Month	85%	—	15%
	Previous Month	85	—	15

[a] Prices as of 4.00 p.m. [b] Normalized growth rate [c] Salomon Brothers Inc has an investment banking relationship with this company [d] Within the past three years Salomon Brothers Inc has managed or co-managed a public offering of the company, its parent or one of its affiliates [e] Salomon Brothers Inc usually makes a market in the equity securities of this company [f] This stock is owned by the Salomon Brothers Inc analyst, who follows the stock, and/or a family member [g] Our analyst has a Hold investment code on the stock [h] Our Equity Strategist and/or family member holds a position in the stock, and maintains a short position in equity derivatives [i] AT&T estimates assume McCaw Cellular deal. Salomon Brothers Inc actively trades in the securities of the companies in this list and options on such securities, and may have a position, long or short, in such securities which may increase or decrease from time to time. Additional information on these securities is available from the Firm. A Actual C Converts E Salomon Brothers Inc estimate NA Not available NM Not meaningful O Options. P Preliminary W Warrants

Investment Code (for a six- to 12-month time horizon)

U.S. equities are coded against the S&P 500. Japanese equities are coded against the Tokyo Stock Price Index (TOPIX); equities from other countries are coded against the appropriate local index.

Buy: Expected to outperform the market. **Hold**: Expected to match the market. **Underperform**: Expected to underperform the market.

Liquidity Code (based on 20 prior trading days)

U.S. stocks are coded based on a descending scale of 1-5, with 1 representing the most liquid quintile of the S&P 500 based on the dollar value of shares traded. The quintile ranges are printed each week in the *Salomon Research Weekly*.

FROM THE OFFICE OF CABINET SECRETARY

202-456-2572

Date: 7-27 Response Needed by: 5pm 7-28

☐ Joan Baggett	☐ Bruce Lindsey
☐ Lloyd Cutler	☐ Katie McGinty
☐ Rahm Emanuel	☐ Mack McLarty
☐ Mark Gearan	☐ Dee Dee Myers
☐ David Gergen	☐ Jack Quinn
☑ Pat Griffen	☐ Leon Panetta
☐ Marcia Hale	☐ John Podesta
☑ Alexis Herman	☐ Carol Rasco
☐ N. Hernreich	☐ Bob Rubin
☐ Harold Ickes	☐ Ricki Seidman
☐ Phil Lader	☑ G. Stephanopoulos
☐ Anthony Lake	☐ M. Williams
	✓ D Dreyer
	✓ K Mason
	✓ G Sperling

JUL 27 1994

Remarks: See attached

Per Alexis' Request

Response:

THE WHITE HOUSE

WASHINGTON

July 27, 1994

MEMORANDUM FOR: PAT GRIFFEN
MARCIA HALE
ALEXIS HERMAN
GEORGE STEPHANOPOULOS
DAVID DREYER
KEITH MASON
GENE SPERLING

FROM: Jennifer O'Connor JO
Cabinet Affairs

SUBJECT: Pension Fund Demonstration Project Announcement

Attached is a request from Secretary Cisneros to hold a briefing in the White House press briefing room to announce participants selected for HUD's Pension Fund Demonstration program. This program encourages pension funds to invest in the production and rehabilitation of affordable, rental housing. The Secretary believes such a briefing will communicate the administration's commitment to stimulate the economy by generating both jobs and economic opportunities. Participants would include Secretary Cisneros, Secretary Reich, a Treasury representative, Chairs of the House and Senate Appropriations and Authorizing committees, and congressional representatives whose districts will receive grants.

Please let me know if you think it makes sense to announce the program participants here at the White House - in the briefing room, or OEOB 450. Please get back to me by the end of the day Thursday, July 28. I'm in OEOB 111, and at phone 456-2572. Thank you.

Jennifer
Circulate
a memo on
this ASAP.
C

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

July 26, 1994

MEMORANDUM FOR: Christine Varney, Deputy Assistant to the President and Secretary to the Cabinet

FROM: Henry G. Cisneros /Henry

SUBJECT: White House Press Briefing on Pension Initiativ

Last April the U.S. Department of Housing and Urban Development announced a program designed to stimulate pension fund investment in the production and preservation of affordabl rental housing. Three months later, HUD is ready to announce th selection of participants that will take part in one of the Clinton Administration's exciting new initiatives.

HUD is set to announce participants selected for HUD's Pension Fund Demonstration program. The program, formally know as the Section 8 Community Investment Demonstration, encourages pension funds to invest in the production and rehabilitation of affordable, rental housing. This new, innovative program is based on the public-private partnership model that is important to the Clinton Administration.

Pension fund participants selected to participate originat from Philadelphia, PA, California and New York.

Because the Clinton Administration has been at the forefro of new and exciting domestic policy initiatives, it is importan to communicate to the general public the administration's commitment to generating jobs and economic opportunities. Consequently, we are requesting that HUD hold a briefing in the White House press briefing room on either August 1, 2 or 3.

Under the Clinton Administration, both HUD and the Department of Labor have worked to energize pension fund investment in activities important to stimulating the American economy. Currently, pension funds represent approximately $4 trillion in assets --- 30 percent of all financial assets in th country. Pension fund investors only invest a small percentage of their assets in affordable housing or community development. The bulk of pension fund investments are concentrated in stock and bond holdings in traditional markets and increasingly in foreign markets.

Participants in the press briefing would include me, Labor Secretary Robert Reich, a Treasury representative, Chairs of our House and Senate appropriations and authorizing committees, and congressional representatives whose districts will receive grants. Key members would include: Representatives Gonzalez, Roukema, Stokes, Lewis, and Senators Riegle, Sarbanes, Bond, Mikulski, Gramm, Feinstein and Wofford.

HUD Chief of Staff Bruce Katz will contact you about approving the request for a White House briefing and pursuing the Vice President's participation.

cc: Leon Panetta, Chief of Staff
Mark Gearan, Director of Communications

(2)

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

FAX TRANSMISSION

DATE: July 26, 1994

NUMBER OF PAGES (including this page) 12

To: Alexis Herman
Varney

FROM: Bruce Katz

Ofc. #:

Ofc. #:

Fax #: 456-2983

Fax #: (202) 619-8257

COMMENTS:

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

M E M O R A N D U M

FOR: Marcia Hale
Director of Intergovernmental Affairs

Alexis Herman
Director of Public Liaison

Christine Varney
Cabinet Secretary

FROM: Bruce Katz
Chief of Staff

DATE: July 27, 1994

SUBJECT: Housing Authority of New Orleans

The Secretary is in New Orleans today to meet with Mayor Morial to discuss the troubled status of the Housing Authority of New Orleans (HANO). I have attached for your review a draft letter from the Secretary to the Mayor which will lay the foundation for today's meeting between the principals. As the letter indicates, the Secretary will offer the Mayor the opportunity to enter into a partnership with the Department to remedy the serious deficiencies in the operation of the housing authority. This partnership presents a more desirable alternative to a federal takeover or receivership of the city's public housing authority.

We will also inform Senator John Breaux, Senator Bennett Johnston, and Congressman William Jefferson of the Secretary's decision to take swift action in addressing the longstanding problems of HANO.

Over the course of today and the next several weeks, I will apprise you of the developments between the Department and the City of New Orleans in this matter and will send over any news clips as they are printed. Consequently, I have attached several articles, one from last week and the other from today's clips, which will give you further insight into the state of New Orleans' housing authority and public housing.

DRAFT

DRAFT (As of 7/25/94)

The Honorable Marc H. Morial
Office of the Mayor
City of New Orleans
1300 Perdido Street Room 2E10
New Orleans, Louisiana 70112

Re: Housing Authority of New Orleans

Dear Mayor Morial:

Thank you for your letter dated June 25, 1994, requesting approval by the Department of Housing and Urban Development (HUD) of urgent matters involving the Housing Authority of New Orleans (HANO). I share your concerns regarding HANO's responsibility to execute a Memorandum of Agreement (MOA) as a troubled agency, and the need to resubmit the HOPE VI grant application to revitalize the Desire development. Regrettably, the MOA requirement is mandated by a federal statute and therefore cannot be waived. However, as the City's newly elected Chief Executive, your direct involvement is needed to work with HUD and other key stakeholders to solve these and other issues pertaining to HANO's future.

HANO's difficulties, both past and present, are well documented. Most recently a comprehensive audit was released on June 29, 1994 by HUD's Office of Inspector General (OIG). The audit found: 1) pervasive management deficiencies, 2) unsafe, indecent and unsanitary living conditions. 3) ineffective, maintenance and modernization programs, 4) widespread irregularities related to contracting and procurement, 5) inadequate crime prevention, and 6) extensive violations of housing quality standards.

As you may know, HUD's Public Housing Management Assessment Program (PHMAP) score for HANO is 46.63; under this system, less than 60 is a failing score. Some of the indicators to determine this score include the number of vacancies, backlog of work orders, backlog of modernization, failure to perform housing quality inspections, operating reserves and tenant accounts receivable. Apart from the score, one need only look at Desire, St. Thomas or Fischer Homes to see the massive physical deterioration of public housing developments in New Orleans.

The OIG audit, the failing PHMAP score, and the severe decline and physical deterioration of its public housing necessitate that the City and HUD act swiftly to fashion an alternative to a federal takeover or a court-ordered receivership. HUD is presently crafting such arrangements with other large troubled housing authorities, where local political leadership is willing to become directly responsible.

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At the national level, the Clinton Administration has been working aggressively with local governments to remedy problems of distressed public housing. For example, the HOPE VI program was expanded to channel significant levels of funding to transform developments requiring the most dramatic change. As with HANO, a substantial number of these developments are administered by large housing authorities that have been operationally troubled for almost a decade. In Philadelphia, Washington, DC, Detroit, and Memphis HUD has forged working partnerships to ensure successful turnarounds, rather than taking punitive action. This new approach has been a direct result of involvement and commitment by Mayors and elected officials to prioritize public housing improvement in their localities.

Each of the urban partnerships mentioned was negotiated to solve a multifaceted crisis. Each agreement is set forth in a collaborative recovery plan approved by HUD, that takes into account unique local conditions and sets detailed performance targets. After several efforts, HUD has found the following components to be essential elements of a recovery partnership:

> Mayoral and Local Political Involvement. The Mayor and the City Council **must** be directly involved in the development and implementation of short and long-term recovery plans. The Mayor and City Council must be accountable for the progress of planning and implementation.
>
> > In Philadelphia, the Mayor and the City Council President serve as Chairperson and Vice-Chairperson respectively of the PHA Commission. In Washington, D.C. the Mayor and a key City Councilmember chairs an Executive Committee that oversees public housing decisions.
>
> Resident participation. Public housing residents must be involved in the planning and implementation of improvement strategies. Residents must be actively engaged to ensure the recovery plan meets their needs.
>
> > In Memphis, residents serve on the committee to develop strategies in the HUD-approved recovery plans. In Philadelphia, resident leadership is represented on the Board. The Philadelphia committee actually visits one public housing development a month at which a "listening post" hearing is conducted on specific resident concerns.
>
> Executive Leadership. An experienced Executive Director and highly qualified managers must be put into place. HUD can assist a national search for such qualified persons.

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The appointment of a highly qualified Executive Director and other executive leaders proved to be essential to help housing authorities in New Haven, Newark, Cleveland and Indianapolis come off the troubled list. HUD assisted in locating a nationally recognized Executive Director and a Deputy Director for the Philadelphia Housing Authority.

Public-Private Partnerships. Partnerships between corporations, foundations and other city agencies must be encouraged to provide services and economic opportunities for residents.

Philadelphia formed an Advisory Committee, chaired by the Chairman of a local bank, with representatives of labor, religious and community leaders. In Philadelphia, Washington and Detroit, plans include skills training and employment of public housing residents for unionized trades.

Focus on Weakest Developments. Project management must be focused on the weakest developments by privatizing and using non-profit providers and/or interagency arrangements.

With help from private industry, Memphis and Philadelphia are conducting pilot programs based on private management techniques. In Washington, an independent management team of experts has been hired by the PHA to track progress on a 6-month stabilization plan. Several PHAs are tapping the Army Corps of Engineers for help with inspections.

Recovery Planning. Planning must include strategic goals, realistic objectives, performance measures, and a timetable for results.

In Philadelphia, a Board was formed within 2 weeks; that Board developed a 2-year plan within 90 days. In Washington, an Executive Committee was formed within 2 weeks; the Executive Committee approved a 6-month plan within 30 days and within the next 6 months, will develop a 3-year plan.

Increased Security. Local and federal resources must be allocated in a more focused way.

Each recovery plan has included plans to ensure enhanced safety for residents through such programs as Operation Safe Home and Drug Elimination, coupled with better allocation of local resources. In some cases we

DRAFT

forged a development and training process which included the city police department.

Public Housing Expertise. Technical assistance from the public housing industry must be sought to improve operations, upgrade staff skills and facilitate sustained progress.

HUD has assisted Philadelphia, Detroit, Washington and Memphis to gain technical assistance from industry experts.

HOPE VI. HOPE VI projects must be used as laboratories for changing the face and character of severely distressed public housing developments.

Cleveland is an example of a PHA that has just come off the troubled list and is using this program as a tool to accelerate modernization recovery as well as a means to provide social and economic opportunity for residents. In Chicago and Philadelphia components of the plan include means of reducing density by race and income.

Guided by these principles, HUD, the City of New Orleans and HANO's Board can re-order priorities and set into motion the needed reforms.

I would like to emphasize that given the circumstances, HUD could exercise its authority to find HANO in breach of its Annual Contributions Contract (ACC). I strongly believe that the most effective solutions in these situations evolve from the community itself. Therefore, HUD proposes the creation of a partnership of the type described above, so that positive steps can be taken immediately. HUD is prepared to forebear its right to declare a breach of the ACC and take immediate possession of HANO under the terms of the ACC.

It is my desire to work with you and HANO to stabilize the agency in the short-run, help local officials develop a strategic recovery plan for the long-term and ensure that control of the housing authority is retained locally. To that end, I suggest that an Executive Committee be formed within the next 2 weeks, and that a short-term plan for the next 6 months be developed within 45 days from the creation of the Committee. I would expect that within those 6 months, a long-term plan is developed.

To accelerate the process, I am asking Public and Indian Housing Assistant Secretary Jospeh Shuldiner and his staff to meet during the next two weeks with you and key HANO stakeholders

DRAFT

to explore whether a partnership can be fashioned with our mutual agreement. In addition, HUD will seek cooperation from the State Legislature and the Office of the Governor to remove legal impediments posed by the State of Louisiana Civil Service System (a separate letter to the Governor is attached).

I appreciate that problems manifested in the HANO housing inventory took years to develop and can not be immediately rectified. I believe, however, that a dramatic reversal of HANO's plight is possible, if all parties are ready and willing to work together. Please be assured that this effort will have my full support and I look forward to working with you without delay.

Sincerely,

Henry G. Cisneros

DRAI

DRAFT

Honorable Edwin W. Edwards
Governor of Louisiana
Baton Rouge, Louisiana 70804-9004

Dear Governor Edwards:

The purpose of this letter is to bring to your attention the attached letter that I have sent to the Mayor of New Orleans concerning serious deficiencies in the operations of the Housing Authority of New Orleans (HANO) that must be resolved to provide a workable alternative to a federal takeover or receivership. The letter to the Mayor offers an innovative partnership in order to stabilize the agency in the short-run and develop an approvable strategic recovery plan for the long-term.

A series of State laws must be reviewed if we are to make HANO an effective and responsive Public Housing Authority. I am seeking your cooperation and help to eliminate these legal impediments, but in particular, those imposed by the State of Louisiana Civil Service Commission. All employees of HANO except for authority members, the executive director, and certain specially designated employees are placed by statute under the classified State civil service system. The State Civil Service Commission denies HANO the right to upgrade salaries and positions, and thus has impeded its ability to pay competitive salaries. The pay rates applicable to HANO are based on a statewide scale that fails to take into account HANO's size and troubled status. Further, it is virtually impossible under this system to terminate or change the status of an employee.

Another statutory problem concerns the provision of Louisiana Revised Statutes 40:401B which require that HANO's commissioners "shall be appointed by the Mayor of the municipality and shall serve terms concurrent with that of the Mayor." This provision serves both to politicize the operation of HANO and to impair its stability.

I would like to discuss these issues with you at your earliest convenience.

Sincerely,

Henry G. Cisneros

Housing Rule Puts Dollars Into Decay

Continued From Page A1

legislation was Representative Collin C. Peterson, Democrat of Minnesota, who toured Desire this year, and cited the project as an example of waste produced by the current policy. Mr. Peterson is the chairman of a House subcommittee on housing.

In the grim universe of decaying housing projects, Desire is "probably one of the worst in the country," a district inspector general for the housing agency, D. Michael Beard, said in a recent interview. Mr. Beard was in charge of an agency audit of the New Orleans Housing Authority completed last month.

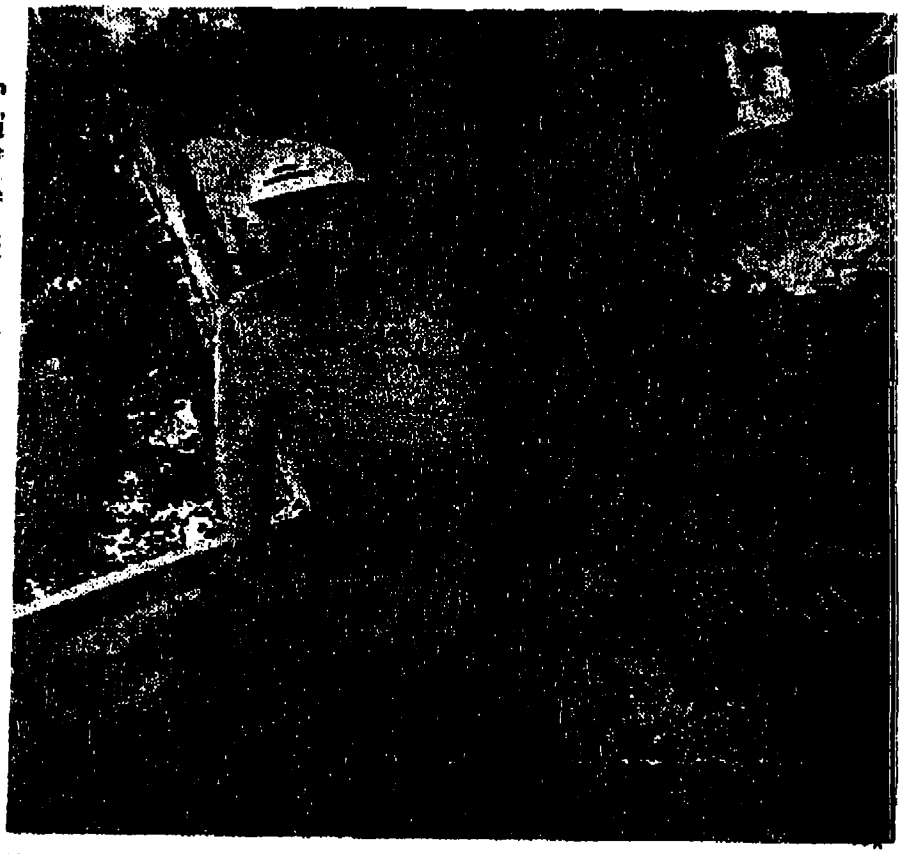
The sprawling complex of two-story barracks-like buildings, built from 1953 to 1956, sits atop a landfill that was once a swamp. The ground is sinking beneath it, so that in many places porches have fallen away.

Exodus Began a Decade Ago

Since the early 1980's, when Desire was almost full, residents have been moving out steadily as the project deteriorated and violence grew. The project is about 55 percent vacant. Of the 810 households there, 745 are headed by single women.

The project, two miles east of the French Quarter, is cut off from the rest of the city by two sets of railroad tracks, the New Orleans Industrial Canal and acres of warehouses and factories.

The complex was deliberately built of wooden frames, susceptible to the area's high humidity, as opposed to concrete and masonry, because the Federal Public Housing Administration, as it was known then, said it wanted to save money. It was built "as a colored project," according to the housing agency report completed last month, and only blacks still live there.



The Rex K. Johnson Company has a $12 million contract for the first phase of renovation, supervised by its superintendent, Charlie Irvine.

Violence Amid Wreckage

Today, some of the apartments look as if they have been pillaged by marauding armies. Remains of plaster walls lie heaped on rotting wood floors. Vandals have taken everything, down to the window frames and copper piping.

There were 86 murders in the complex from 1989 to 1993, more than in any of the city's other housing projects in the same period, even though some of the others are larger.

But even before the first tenants moved to Desire, a public housing tenants' association report called it a "waste of public money" and "unsafe for human habitation." Those words have echoed through the years and were heard yet again as the New Orleans Housing Authority considered the renovation.

In addition to the public housing laws, the pride of local housing officials and some of the tenants were behind the renovation. "The neighborhood should exist," said Sheila Danzey, manager of the New Orleans Housing Authority. "It's like preservationists saying these 1832 houses should exist."

Ms. Danzey also questioned the credentials of the independent consulting concern that advised against rebuilding Desire, even though it is the same one hired by her agency in 1990. The concern, EA Technical Services Inc. of Atlanta, said renovating the project was neither "viable or feasible."

The decision by the New Orleans housing authority to push the renovation plan was essential for getting it approved by Federal officials. Yet the Federal audit of the New Orleans agency called its operations "inefficient, ineffective and uneconomical."

Joseph Shuldiner, the Assistant Secretary for public and Indian housing, said of the renovation plan, "There are legitimate questions here, but in our judgment they didn't outweigh the official policy of going along with the local request."

$12 Million Commitment

In the first phase of the renovation, about $12 million has been awarded to the Rex K. Johnson Company, a Lampasas, Tex., concern that specialized in public housing work, to rebuild about 180 apartments. They have been redesigned as town houses, with each apartment having its own access to the street.

THE NEW YORK TIMES NATIONAL TUESDAY, JULY 26, 1994

Rule Pumps Dollars Into Decayed Housi

ADAM NOSSITER
Special to The New York Times

NEW ORLEANS, July 25 — Roofless buildings yawning to the sky, gaping windows without glass, inside walls stripped to rough planks, outside walls pitted with holes: it isn't the emptiness of the Desire public housing development that is disconcerting, but the presence of any residents at all. About 3,000 people live in a project that was designed for more than twice that number.

In March, the Inspector General for the Department of Housing and Urban Development, Susan Gaffney, told Congress that renovating the isolated 97-acre reservation for the poor would cost $14 million more than tearing it down and starting over. Yet work is under way on a renovation plan that is expected to cost $90 million to $100 million. The housing agency has already approved the first $12 million.

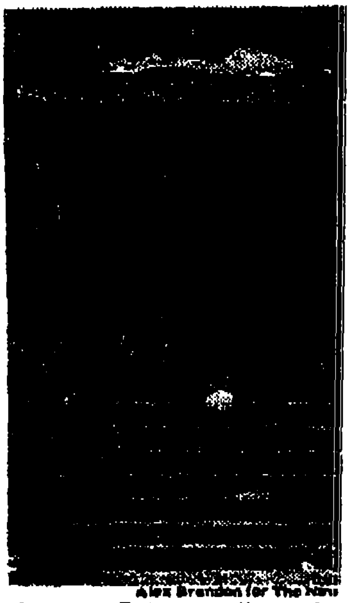
The project, which is on the street immortalized by Tennessee Williams in his play "A Streetcar Named Desire," is a case study of what critics say is an irrationality of the Federal housing policy, one that has also affected cities like Newark, Cleveland and Washington. The root of the problem, the critics say, is a Federal housing agency policy that funnels large sums of money into decrepit apartments but provides little for new construction, and a law requiring that for every demolished apartment, a new unit be built, to keep the supply from dwindling.

This "one-for-one" law, as it is known, seems particularly irrational in New Orleans, which has the highest housing vacancy rate in the country, 16.6 percent, the Census Bureau says.

On Friday, the House overwhelmingly approved a bill that would revise the policy and ease the law. It would allow the demolition of the most decrepit public housing while freeing money designated for renovation to build new apartments. A housing bill is also before the Senate but it does not discuss the "one-for-one" law.

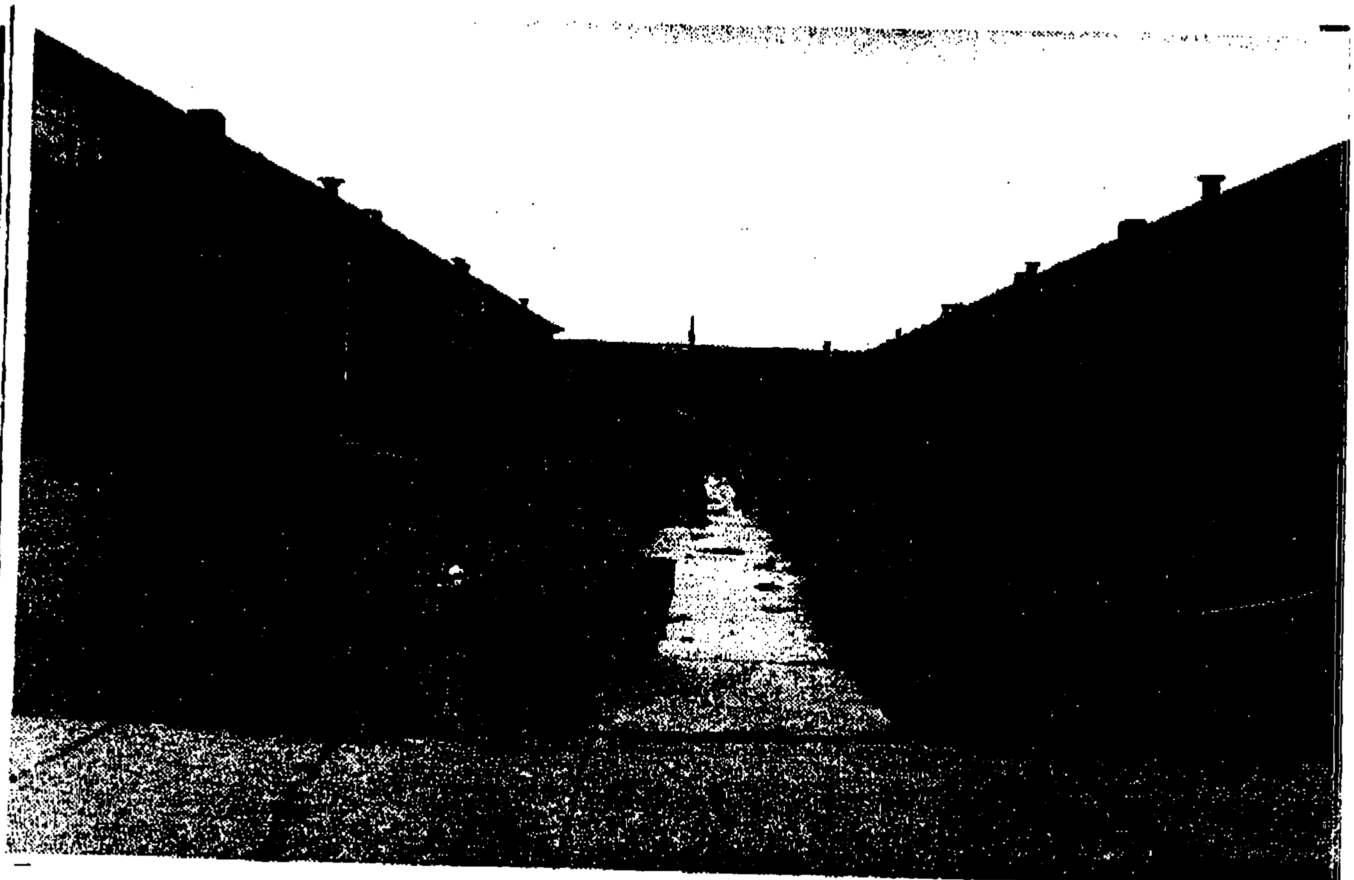
A leader in the drive for the House

Continued on Page A14, Column 4



Alex Brandon for The New

Roland Cole, 1, climbed the deteriorating Desire project in New Orleans.



Alex Brandon for The New York Times

With 3,000 residents, the Desire project in New Orleans has fewer than half the residents it was designed fo

The overall plan calls for spending $71,000 to $78,000 for each apartment, which exceeds the housing agency's own spending limit for a new apartment by as much as 37 percent. The amount being spent to renovate each apartment could buy comfortable three-bedroom dwellings in many parts of New Orleans.

Under the renovation plan, a third of Desire's 1,800 apartments would be demolished and the rest would be gutted and rebuilt. The tenants would remain during the renovation. To conform to the one-for-one rule, for each Desire apartment demolished the housing authority will subsidize the rents for the same number of apartments.

Law Behind the Rebuilding

In 1987, the tide had long since turned against construction of big public housing projects when Congress mandated that every housing unit torn down had to be replaced with a new one. In practice, the rule forced local authorities to leave deteriorating housing projects standing.

> **Money for costly renovations, but not new public housing.**

In addition to limiting money for new constructions, the housing rules bar new developments in areas that already have large poor and minority populations. Neighborhood opposition to new public housing is often intense.

For the current fiscal year, Congress appropriated $559 million for new housing against $3.2 billion for renovation. It also appropriated $7 billion for rental vouchers to be used for private housing. But there are limits on the number of vouchers that can be used to replace housing that has been demolished.

The national landscape is littered with decaying, empty housing projects. Newark has long wanted to demolish 21 high-rise apartments. The one-for-one rule made this difficult, so the city's housing authority received $17 million in Federal housing operating subsidies for closed and sealed buildings from 1985 to 1992, enabling the authority to accumulate reserves of $31 million and "become financially sound," in Inspector General Gaffney's words.

The Cuyahoga Housing Authority in Cleveland has received $47.3 million in operating subsidies for vacant units since 1987, and the Washington authority $5.5 million in 1992.

These accounts of subsidies for empty apartments, recited in March before Mr. Peterson's subcommittee, led to the legislation passed on Friday. It would allow all local housing officials to use up to half their renovation money for new housing. It would also allow them to ask the Federal housing agency to waive the rule requiring one new housing unit for each one demolished if it interfered with the development of new public housing.

An amendment to the bill would also allow New Orleans housing officials to use money designated for the renovation of the Desire in other ways, including renovating some of the city's many vacant dwellings for housing the Desire tenants.

The new Mayor of New Orleans, Marc Morial, who inherited the Desire renovation plan, says he supports the amendment that would give the city more discretion with its Federal housing money. He suggested that some of the $100 million may be better spent repairing the city's many abandoned houses, some of them with distinctive Creole architectural features still intact. But he said he wanted the first phase of the Desire renovation to be completed.

At Desire, there is suspicion of politicians, anger about the conditions and, in some residents, no interest at all in moving somewhere else. Charlene Slack, for one is glad to see the construction crews. "I'm happy about it," she said. "But I wish they would hurry up."

Bonnie Rodgers, vice chairman of the tenant council, said: "Don't send us somewhere else. Let us change where we live."

But others don't see much hope in change. Penny Jones stood by the rotting wood of her kitchen floor, near the bathroom where the sink was coming off the wall, and by the stairwell that looked like an elongated piece of Swiss cheese.

"I think they should tear it all down," she said. The summer heat had aggravated the stink of the sewage beneath her building, she said. Indeed, the Atlanta consulting firm found that the "subsidence of the soil has caused continuous problems with the sewer and water systems."

There were a "million" mice in the apartment. "They need to just tear it all down and start from scratch," Ms. Jones said. "They can fix it up. I don't care. I'm going to move."

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YOUR OPINIONS | Letters

HANO: Time for solutions

While federal auditors' scathing report on the Housing Authority of New Orleans may have been, as one official labeled it, the most negative report ever given on such an agency, it was by no means the first time HANO has taken it on the chin.

Nor does this discouraging, eye-opening assessment of poor housing guarantee that anything will be done about it. That is the sad truth about an agency mired in failure and historically helped little by federal oversight.

So bad are things at HANO, the auditors say, that the agency's entire operation should be removed from the public domain and privatized. Residents remain in imminent danger of violent crime, more so than anywhere else in the city. Repairs continue to go undone. Many apartments fail to meet even minimum standards.

Public housing, it seems, has not moved forward one whit since HANO's management was declared the worst in the nation six years ago. The Department of Housing and Urban Affairs report says the problem is even older than that.

"Since 1983, when we issued our last (similar) report," the auditors wrote, "the authority has not improved and there is little indication of any future improvement under the current situation."

The fault spreads from Washington, through City Hall and into the Carondelet Street offices HANO now occupies. The auditor's report exposes the dearth of political will to correct a problem that has been studied, audited, visited, decried — and remains still.

The HUD new report dedicated 150 pages to say what it has said many times over since 1988: that the agency suffers from poor management, and residents suffer the consequences.

A 1990 report found 241 deficiencies and reported that "Many of the Housing Authority's units do not meet the requirement of providing decent, safe and sanitary housing, the goal of public housing programs. The general appearance of most projects was judged unsatisfactory by the review teams."

Four years later, HUD found that the 150 apartments it inspected had an average 13 violations and that many maintenance problems identified by federal auditors two years ago have still not been fixed.

As predictable as the study's results was HANO's reaction: a disclaimer from former board vice chairman Yvonne Marrero, who said HUD concentrated too much on the negative.

Here was former board member Endesha Juakali in 1988, when HUD ordered the agency to hire a private management team: "It's important that we don't allow HUD to cause us to panic, overreact and do something stupid."

The fact is that despite being forced to hire one private management firm in 1988, then another in 1990, despite having the board and its chairman, Mr. Juakali, forced out by HUD in 1991; despite stacks and stacks of reports, life has not substantially improved for those living in public housing.

Federal auditors say full privatization is the answer, but as current HANO chairman Ike Spears points out, private management hasn't gotten the job done, either. The answer, besides, is not beyond government, which helped create the mess in the first place.

There have been enough reports and firings to indicate that officials know well how to identify the problems.

What we need is for federal and local officials to step forward with conviction and innovation and lead the way to a solution.

Memorandum

STEVEN M. HILTON

OCT - 7 1994

To OPL Staff

thought you might
be interested in the
attached list of accomplishments
~~[illegible]~~ developed for an
op-ed by a friend
of the POTUS

Sean

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THE ABC'S OF PRESIDENTIAL ACHIEVEMENT

Abortion's "gag rule" overturned by executive order, so doctors can now answer patients' questions at federally assisted clinics.

The Brady Bill, after 7 years of deadlock, is now the Brady Law.

The Crime Bill, backed by the nation's mayors and numerous law enforcement associations, will help put more police officers on the beat in communities, build more prisons and assist neighborhoods to implement programs to take their streets back.

The Deficit has been cut nearly in half; by the end of next year, Bill Clinton will be the first president since Harry Truman to preside over three straight years of deficit reduction.

An Economic recovery, encouraged in part by deficit reduction keeping interest rates low, has produced more jobs in 18 months than were created in four years under George Bush.

The Family Leave Bill, after 7 years of deadlock, is now the Family Leave Law, and America's workers do not now have to choose between caring for a newborn (or an ill parent) and losing their jobs.

Government workforce reduction --the elimination of 250,000 federal positions over five years -- will bring the federal government down to its smallest size since the Kennedy Administration.

Health Care -- Republican Surgeon General Everett Koop put it this way: "By bringing this issue to the forefront of the national agenda, Bill Clinton has done more for health care than any other president."

The Information "Superhighway" is paving its way throughout the Federal Government, under the direction of the Vice President, which will allow ordinary citizens unprecedented access to their government.

4.1 million new Jobs -- 90% in the private sector -- created in the last 19 months.

Kindergarten funding -- through the highly successful and effective Head Start Program -- has been increased, giving more urban preschoolers a better opportunity for success in school.

Loan repayments for college students have been reorganized, under the guidance of Education Secretary Riley, making them more affordable and decreasing the number of defaults.

Mideast peace accords between Jordan and Palestine and Israel, facilitated by Administration support, have greatly reduced the prospect for conflict in the most crucial area for national security.

The North American Free Trade Agreement (NAFTA), considered dead until the White House risked immense political capital to resurrect it, will provide more jobs in high-tech industries and cheaper goods for the American consumer.

Opportunities for 90 percent of small businesses to receive a tax *cut* through new investment credits.

Prices remain non-inflationary despite significant job expansion.

Quality schools promoted through the ambitious "Goals 2000" national educational program, developed by the nation's governors through the President's leadership.

Russian missiles not aimed at the United States for the first time in a generation: Russian soldiers out of central and eastern Europe.

Supreme Court nominees (Ginsburg and Breyer) who are unquestionably qualified, and who have brought widespread consensus approval, not division.

Tax rates *lowered* on 15 million working class families, while raised only on the richest 1.2 percent of the nation's taxpayers.

The Unemployment rate has dropped 1.5%, thanks in part to lower interest rates and a small business investment tax cut.

Voter participation enhanced through the "Motor-Voter Law" which now allows citizens to register when they apply for drivers licenses and auto registration.

Weapons testing moratorium has been extended by Executive Order until September 1995, thereby accelerating worldwide non-proliferation efforts.

X-traordinary service to disaster victims from a reorganized FEMA.

Youth service to hundreds of communities enhanced through the National Service Act, providing thousands of young persons with enhanced opportunites for higher education.

and finally, with all these accomplishments...

Zero compliments from Rush Limbaugh!

Compiled by Mike Daisley, Charlotte NC, August 1994.