

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Keith O. Boykin (BOYKIN_K) (WHO)

CREATION DATE/TIME:05-APR-1994 08:19:00.00

SUBJECT: Tue news report

TO: Jonathan P. Gill (GILL_J) (WHO)
READ: UNKNOWN

TO: Brenda I. Hilliard (HILLIARD_B) (WHO)
READ: UNKNOWN

TO: FAX (95868403,DW) (TLXA1MAIL_ \F:95868403\C:DW\\) (DEFAULT)
READ: UNKNOWN

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READ: UNKNOWN

TO: Remote Addressee (1=US@2=TELEMAIL@3=INTERNET@*RFC-
822\BRUCKNER(A)USIA.GOV@MRX@EOPMRX) (DEFAULT)
READ: UNKNOWN

TEXT:
PRINTER FONT 12_POINT_COURIER
WHITE HOUSE NEWS REPORT
Tuesday, April 5, 1994
Prepared by the News Analysis Staff, Rm 162, 6-

7151

ECONOMY/STOCK MARKET -

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ABC World News Tonight and CBS Evening News led with reports that the Dow Jones Industrial Average dropped 42 points to close at 3593. USA Today and the Washington Post and all three morning network newscasts also led with market reports.

ABC's Peter Jennings reported that, "Despite vigorous cheerleading by members of the Clinton Administration, -- Mr. Clinton himself said the economy is sound" and the market is solid, the Dow plunged. Jennings also said, "President Clinton said again today that with the number of new jobs created, and even if interest rates sneak up a little bit, the economy is in good shape, and most economists agree." (ABC) CBS's Rita Braver reported that, "The Clinton Administration is making a different pitch trying to reassure the public by emphasizing the 456,000 new jobs created and the continuing decline of the deficit." Braver also reported that there is speculation that the Federal Reserve Board will raise interest rates again. Former Treasury

Secretary Nicholas Brady said inflation is not high enough to warrant a rise in interest rates. (CBS)

The Wall Street Journal's David Wessel reported that, "Genuinely surprised that the bond market has pushed long-

term

interest rates up to 7.40%, higher than the day President Clinton was inaugurated, administration and Federal Reserve officials are trying to figure out what, if anything, to do about it."

The Washington Post's Jay Mathews reported that, "Unmoved by a weekend of Clinton administration appeals for calm, the stock and bond markets dropped sharply again...as long-term interest rates reached their highest levels since Clinton took office."

The New York Times's Floyd Norris reported that, "Individual investors, whose willingness to buy has rescued the stock and bond markets numerous times in the last several years, refused to do so on Monday as interest rates soared to their highest level in more than a year and stock prices fell sharply." (NYT A1) USA Today's David Craig reported that, "Stocks were pummeled again Monday after near panic selling in the bond market sent interest rates surging." The Los Angeles Times's John Broder and Robert Rosenblatt reported that, "President Clinton, expressing confidence in the economy in the face of another day's plunge in stock and bond prices, said Monday that rising interest rates, which triggered the latest stock sell-off, were 'too high.'" (LAT A1)

CEA Chair Laura Tyson said, "The truth is that there is no magic level at which you would worry or not worry about interest rates," because "interest rates are jointly determined with many other things going on in the economy." (WP) On NBC's "Today" show, Robert Rubin said the economy will grow moderately without significant inflation and that the prospects for the long term are very favorably. (NBC) Former Rep. Vin Weber (R-Minn.) said the market action means that there is a problem with the future. (NBC) Weber also said the biggest problem is that the White House is not backing the Federal Reserve on controlling inflation. (NBC)

The New York Times's Keith Bradsher reported that, "The tumble of the stock and bond markets has surprised Federal Reserve officials but has not persuaded them so far to change short-

term interest rates." Fed officials said they are inclined to let investors determine the prices of shares or long-term interest rates. (NYT)

"The U.S. economy, by all statistical signs, is at its healthiest point in years, but stock and bond investors ignore that and worry about the future, when they expect their investments to pay off." (WP)

A Wall Street Journal editorial said, "maybe investors know something that the President's men still fear to admit. Mr. Clinton's advisers are right, of course, that the economy remains 'fundamentally sound,' at least for now, and that financial

markets sometimes 'overreact.'" The editorial concluded that, "The bottom line is that there is plenty for markets to worry about concerning the future....In early 1978, even Jimmy Carter's economy policy had the look of a success."

HEALTH CARE -

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The Washington Post's Michael Weisskopf reported on National Federation of Independent Business president John Motley's efforts to influence Rep. Tauzin (D-La.) on his home turf in Louisiana. (WP A1) "Tauzin is wily enough to be nicknamed the swamp fox, and with President Clinton and the powerful chairman of Energy and Commerce also bidding for his health care vote, Motley was leaving nothing to chance. he invited 60 business owners to Tauzin's home town for a how-to course in grass-roots lobbying." (WP)

The New York Time's Robert Pear reported that Medicare pays doctors only 59% of what private insurance companies pay, and this gap may "compromise access to care for Medicare beneficiaries," according to the Physician Payment Review Commission. The gap has increased in the last five years, and the commission said that the stringent limits on Medicare payments proposed by the President's health care reform plan would widen the gap, so that by the year 2000, Medicare would pay doctors only 43% to 52% of what private insurers pay. (NYT)

USA Today's Judi Hasson reported that some of the White House health care reform task force's work "is gathering dust," and that some former task force members are asking, "Was a year wasted?"

WELFARE REFORM -

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The New York Times's Jason DeParle reported that, "President Clinton's plan to overhaul the welfare system could cost much more in the long run than previously disclosed, possibly adding \$58 billion to the nation's welfare costs over 10 years, according to a confidential memorandum passed to Mr. Clinton." (NYT A1) The document also said that the President should understand that "in rare circumstances," his plan to enforce a two-year limit on benefits could leave families "homeless or unable to care for their children." (NYT) The memorandum outlines what aides are calling a "Cadillac version" of a welfare proposal, but it acknowledges that its cost may force the President to adopt a more modest plan. (NYT)

The Los Angeles Times's Elizabeth Shogren and Ronald Brownstein reported that, "President Clinton has approved a plan to phase in his welfare reform proposal by initially requiring only younger welfare recipients to accept work after two years on the rolls, senior administration officials say." An

Administration official also said that, "I think it's highly unlikely that the most expensive version will be chosen....We've presented the options. The president has to make the decisions."
(LAT)

STATE DEPARTMENT DRUG REPORT -

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NBC Nightly News led with Tom Brokaw's report that the State Department released its first report on drug use during the Clinton Administration. The report said cocaine and heroin use are up and that cocaine use, once a problem in just the U.S., has now reached global proportions.
(NBC)

The New York Times's Elaine Sciolino reported that the State Department said that Nigerians, with the help of their government, have created global drug trafficking networks in Europe and Asia that officials estimate provide an estimated 35 to 40 percent of the heroin that enters the United States. (NYT A1)

N. KOREA -

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CBS's Dan Rather reported that Secretary Perry said that if North Korea does not halt production of nuclear weapons, economic sanctions could be imposed and military strikes will not be ruled out.

UPI reported that North Korea said it will accept more nuclear inspections if the United States agrees to another round of high-

level talks with North Korea without linking those talks to dialogue with South Korea, according to a published report.

The Washington Post's R. Jeffrey Smith reported that, "Last week's tough talk by the Clinton administration and the United Nations about North Korea's nuclear program seemed yesterday to have created more apprehension among North Korea's neighbors than in Pyongyang, which illustrates the challenge of quickly halting the country's nuclear ambitions."

The North Korean Foreign Ministry rejected the U.N. Security Council's nonbinding demand for full inspections of its nuclear facilities and denounced the United States for escalating international pressure it said was aimed at "stifling" North Korea. (WP) Japan and South Korea expressed concern that

Secretary Perry's tough comments about North Korea may have antagonized Pyongyang's xenophobic leadership. (WP)

The New York Times's David Sanger reported that Pyongyang's rejection of the U.N. statement "appeared to allow some room for maneuvering." Japanese and South Korean diplomats said they held out some hope that North Korea would reconsider and allow nuclear inspectors back into the country over the next 11 days. (NYT)

BOSNIA -

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CBS's David Martin many are calling for the United Nations and the United States to impose the same threat of air strikes used to free Sarajevo to relieve residents of the embattled town of Gorazde. Martin said, "The President does not yet have an answer as to why if threatened air strikes worked in Sarajevo why they would not work here." (CBS) CBS showed a clip of the President saying each situation is unique and should be approached as such. The President said, "Whether we can create the conditions of Sarajevo anywhere else depends in part on the facts of each specific case." (WP)

The Los Angeles Times's Stanley Meiser and Doyle McManus reported that the President pledged NATO air support for 800 Ukrainian peacekeeping troops that the United Nations is preparing to deploy in the besieged Muslim enclave of Gorazde.

The New York Times's Michael Gordon reported that, "The Clinton Administration...sought to dispel the impression that it was indifferent to the fate of Gorazde...that the United Nations has promised to protect. But Administration officials said they had no immediate plan to extend the threat of air strikes, which NATO has used to stop the Serbian shelling of Sarajevo, to protect Gorazde or other Muslim enclaves from attack." (NYT)

The Washington Post's Daniel Williams reported that the Administration "offered several tactical reasons yesterday for refusing to defend a pair of besieged Muslim towns in Bosnia, even with the successful experience of ending shelling of Sarajevo through military threat." (WP) Officials said that U.N. peacekeepers are already stretched too thin to monitor another cease-fire, that the Administration is wary of appearing to take sides in a war while peace negotiations continue, and that Administration officials hope for progress in peace talks in which the Serbs are being asked to give up land to a Muslim-Croat confederation. (WP)

A Washington Post editorial criticized Secretary Perry for not condemning ethnic cleansing in Bosnia and concluded that, "President Clinton is entitled to organize the functions of government as he chooses. If Secretary Perry is to become a ranking foreign policy spokesman, however, he will be judged by the standards that normally apply to that crucial job." (WP)

GAYS IN THE MILITARY -

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The New York Times's Eric Schmitt reported that Federal District Judge Eugene Nickerson blocked the Pentagon from discharging six gay service members who had challenged the military's new policies on gays in the armed forces. Judge Nickerson also blocked the Defense Department from investigating or dismissing the six until their suit was

resolved. (NYT) The challenge is the first to the new policy. (NYT)

WHITEWATER -

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CBS's Scott Pelley reported that 7,700 pages of Whitewater documents were added to the public record yesterday. NBC's Andrea Mitchell reported that 8,000 pages of documents arrived in Washington. Pelley said the new documents focused on James McDougal and Seth Ward and shed no new light on the Clintons' involvement, but they do "provide insight to the fast and loose wheeling and dealing that drew the First Family into Whitewater." Pelley said land deals made by McDougal and Ward may have circumvented the law, according to investigators. (CBS)

NBC's Andrea Mitchell reported that Seth Ward now works for the Rose Law Firm and that special counsel Robert Fiske said more evidence indicates that Vince Foster's death was a suicide.

The Wall Street Journal's Bruce Ingersoll reported that Securities and Exchange Commission officials are looking into possible insider trading in Tyson Foods stock, according to people familiar with the inquiries. (WSJ) Separately, the SEC has contacted William Kennedy to discuss another insider-trading investigation involving a Tyson acquisition. (WSJ) Mark Gearan said Kennedy "has agreed to cooperate with the SEC." (WSJ)

COMMODITIES TRADING -

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The Los Angeles Times's Sara Fritz and John Broder reported that court testimony revealed that a Refco trader regularly bought cattle futures in blocks of 600 contracts at a time on behalf of a large pool of Refco's Springdale clients. (LAT A1) After the market closed each day, the contracts, "many purchased without the permission or knowledge of the individual customers," were divided up and assigned to specific accounts by Refco. (LAT) According to White House officials, Hillary Rodham Clinton had no knowledge of nay block trading allocations, was not aware at the time she began dealing with Robert "Red" Bone that he previously had been censured for making improper commodity trades and did not authorize her broker to make trades in her name. (LAT) "Nor is there documentary proof that she benefited from block trading or allocation." (LAT)

HORIZONTAL_PITCH 13
PRINTER FONT 10_POINT_COURIER

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NBC

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State Dept.
Drug Report

#9

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Jonathan L. Kaplan (KAPLAN_JL) (WHO)

CREATION DATE/TIME:05-APR-1994 12:39:00.00

SUBJECT: 12:30 p.m. Wire Report

TO: Heather Beckel (BECKEL_H) (WHO)
READ: UNKNOWN

TO: Dianna A. Pierce (PIERCE_D) (WHO)
READ: UNKNOWN

TO: Steven A. Cohen (COHEN_SA) (WHO)
READ: UNKNOWN

TO: David Leavy (LEAVY_D) (WHO)
READ: UNKNOWN

TO: Carola McGiffert (MCGIFFERT_C) (WHO)
READ: UNKNOWN

TO: Arthur L. Jones (JONES_A) (WHO)
READ: UNKNOWN

TO: David Seldin (SELDIN_D) (WHO)
READ: UNKNOWN

TO: Jeremy M. Gaines (GAINES_J) (WHO)
READ: UNKNOWN

TO: Kathy McKiernan (MCKIERNAN_K) (WHO)
READ: UNKNOWN

TO: Karen Finney (FINNEY_K) (WHO)
READ: UNKNOWN

TO: G. N. Lattimore (LATTIMORE_G) (WHO)
READ: UNKNOWN

TO: Lisa M. Caputo (CAPUTO_L) (WHO)
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TO: Aman, Sally J. (SALLY J. AMaN@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
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TO: Kukis, Heidi (HEIDI KUKIS@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
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TO: Lorraine A. Voles (VOLES_L) (WHO)
READ: UNKNOWN

TO: Jeffrey L. Eller (ELLER_J) (WHO)
READ: UNKNOWN

TO: R. Paul Richard (RICHARD_R) (WHO)
READ: UNKNOWN

TO: Virginia M. Terzano (TERZANO_V) (WHO)
READ: UNKNOWN

TO: Keith O. Boykin (BOYKIN_K) (WHO)
READ: UNKNOWN

TO: Joshua A. King (KING_J) (WHO)
READ: UNKNOWN

TO: Jonathan L. Kaplan (KAPLAN_JL) (WHO)
READ: UNKNOWN

TO: Denise E. Brown (BROWN_DE) (WHO)
READ: UNKNOWN

TO: Mark Bousian (BOUSIAN_M) (WHO)
READ: UNKNOWN

TO: Cara A. Levy (LEVY_C) (WHO)
READ: UNKNOWN

TO: Kenneth R Chitester (CHITESTER_K) (WHO)
READ: UNKNOWN

TEXT:
PRINTER FONT 12_POINT_COURIER
WHITE HOUSE WIRE REPORT
12:30 p.m. edition
Tuesday, April 5, 1994
Produced by the Office of News Analysis (6

-7151)

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Clinton to speak at Democratic party fund

-raiser (AP)
NAACP plans Clinton appeal, mass demonstration (AP)
Shalala: lack of coverage increases costs (AP)

Wall Street stocks soar in early trading (Reu)
Stock market rebounds (AP)
Leading indicators dip 0.1 percent in February (AP)
Bosnian Serbs close in on Moslem enclave (Reu)
50 Palestinian deportees allowed to return to occupied
lands (AP)
PLO

-Israel talks continue, snags seen (UPI)
Four killed execution

-style in S. Africa's Natal (Reu)
Egyptian journalist arrested for arms article (Reu)
Possible U.S. trade sanctions worry EU (UPI)
UAE state calls in experts to assess oil spill (Reu)
At least six people die in rainstorms in Colombia (Reu)
Former Madison employee now attorney at Rose Law Firm
(AP)
Toronto chain unveils new Clinton ad (UPI)
NASA inspects shuttle engines, hopes for Friday launch
(Reu)
Gay legal group cheers military ruling (UPI)
Nader group revives Gramm complaint (UPI)
Ex Congressman Hubbard, wife agree to plead guilty (Reu)
Biosphere crew members accused of opening doors to
sealed project (AP)
Government recalls 11 brands of crayons because of lead
(AP)
U.S. troops not ready to fight against chem., biological
weapons (Newhouse)
Homeless man who rescued couple hopes to rescue himself
(AP)
NY prosecutor nabs brother as alleged serial rapist (AP)

CNN NewsHour (12:00 p.m.)

Stock market rises for first time in two weeks
Leading econ. indicators fall
Truckers' strike expected early Wednesday
Air fares will be discounted on U.S.

-European flights in
coming months
Garazde situation seen as critical; Pentagon on
defensive

PM

-Clinton, 1st Ld

-Writethru, a0435,760

Precede CHARLOTTE

Clinton Seeks to Refocus Attention on Health Plan

EDs: Tops with Clinton remarks at hospital in Troy;
editing throughout to conform and tighten; no pickup.
Midafternoon EST lead likely with Clinton visit to
elementary school.

By TOM RAUM= Associated Press Writer=

TROY, N.C. (AP) President Clinton toured a rural
hospital today as he opened a new offensive for his
health

-care plan and sought to capitalize on what he
claims is voter weariness of the Whitewater affair.

The president told health professionals at the
Montgomery County Hospital in this sparsely settled area
in central North Carolina that his health care plan would
help bring more nurses and doctors to rural areas.

Even so, he conceded, "we can't go in and change the
economies of every county in the nation."

This community, about 50 miles east of Charlotte, was
Clinton's first stop as he and Hillary Rodham Clinton
opened a new campaign with separate appearances to try to
refocus attention on health care.

Fresh from a weeklong West Coast vacation and a day of
watching baseball and basketball, Clinton says he wants to
"re

-emphasize the basic building blocks" of his plan.

He planned an evening town hall meeting at a Charlotte
television station. Mrs. Clinton scheduled appearances
today in Rochester and Syracuse, N.Y.

The hospital Clinton visited has no full

-time doctors

in a county of 23,000. Only three doctors work in the
county, down from seven just a few years ago.

One of them, Deborah McRoberts, told Clinton: "I have
8,000 active patients in my practice." She said low wages
and incredible workloads have driven most doctors out of
the region. She said "I love the area" of wooded rolling
hills and didn't want to leave.

In a round

-table discussion at the hospital, Clinton
asked her, "What's the most important thing that could be
done?"

"More doctors," she responded.

The president noted that his health care plan would
provide tax credits for doctors and nurses who work for
five years in rural areas that lack health professionals.
His measure would also beef up the National Health Service
Corps, allowing young doctors to work off medical school
loans by serving in medically underserved areas.

According to the administration, some 34 million people

live in rural areas with inadequate health care.

Among other things, his health plan would expand the National Health Service Corps to place at least 3,000 more physicians in rural areas by the year 2000.

Clinton said he was impressed by the long hours doctors worked in such areas like Troy, but said people can't work forever without their work deteriorating. He said it's as true of White House aides as of medical professionals.

``At some point, you stop working smart and start working stupid," he said.

As he hit the road on health care and other domestic initiatives, Clinton also found himself confronted with new concerns about the economy in view of the plunging stock market. On Monday, he called Americans to ``just remain calm" after the Dow Jones average plunged 42 points on Monday, the latest in a series of declines.

Clinton begins the new drive refreshed from a day of sporting events throwing out the first ball at a season

-opening baseball game in Cleveland and watching his home

-team Arkansas Razorbacks defeat Duke 76

-72 to win the NCAA basketball championship here Monday night.

Clinton, in one of a series of TV interviews Monday in Cleveland following the American League opener between the Cleveland Indians and the Seattle Mariners, said the public may seem skeptical of his health plan but appear to want the major goals it embraces.

That includes guaranteed private health insurance for all, he said.

``We're going to go back to the town hall meetings, like we did last year, and once again re

-emphasize the basic building blocks of this plan," Clinton said. ``We believe that, by doing that, we can build support among the people to encourage Congress to act this year to adopt a responsible plan."

Tonight's town hall meeting in Charlotte is also expected to deal with crime.

He groused a little about coverage of the Whitewater affair, telling another interviewer: ``One of the things that bothers people is that's all they hear about."

``I can't do anything about that," he added. ``I just have to answer the questions, tell everybody what I know to the best of my ability, and just go on."

``We'll just keep answering the questions, and eventually the special counsel will end his inquiry and we'll be done with it," he said.

Clinton starts week to push health care

TROY, N.C., April 4 (UPI) President Clinton is kicking off a week of campaigning to drum up support for his health care reform plan. Clinton toured the Montgomery County Hospital in Troy, N.C., then met with hospital personnel to hear ``real world problems" associated with the current health care system.

PM

-IN-

-Clinton Visit,90

Clinton to Speak at Democratic Party Fund

-Raiser

INDIANAPOLIS (AP) President Clinton will be the keynote speaker at the Indiana Democratic Party's biggest fund

-raiser, the Jefferson

-Jackson Day Dinner.

Clinton will speak at the May 14 event, Ann DeLaney, chairwoman of the state Democratic Party, confirmed Monday. The fund

-raiser at the Indiana Convention Center

will be a brunch this year, despite the event's name.

The Republican Party's largest fund

-raiser will be held

Saturday. Texas Sen. Phil Gramm, a possible presidential candidate in 1996, will be the keynote speaker.

PM

-MS-

-Ayers Case, 1st Ld

-WriteThru,580

NAACP Plans Clinton Appeal, Mass Demonstration
EDs:SUBs 14th gf to clarify protests in Jackson and Oxford
By GINA HOLLAND= Associated Press Writer=

JACKSON, Miss. (AP) The NAACP has promised to turn Mississippi into a civil rights battle ground over college desegregation.

Black activists are mapping strategy for the upcoming

trial in the Ayers case, including a personal appeal to President Clinton and a 10,000

-person demonstration before the trial.

“I don't think Mississippi has seen anything like this in 30 years,” said Benjamin Chavis Jr., executive director of the National Association for the Advancement of Colored People.

Chavis said he was meeting with Clinton Monday night in Charlotte, N.C., where Arkansas played Duke for the NCAA championship.

“While he's watching the basketball game, I'm going to be talking about Ayers vs. Fordice,” Chavis told a news conference in Jackson earlier Monday.

Chavis said he will meet later this week with U.S. Justice Department officials. He did not say what requests he will make in the meetings.

The 19

-year

-old lawsuit, filed on behalf of black students, seeks equal funding for the three historically black state

-supported colleges. In 1992, the Supreme Court ordered Mississippi to end racial inequalities in the eight

-college system.

The state College Board had recommended merging two of the predominantly black colleges, Alcorn State University and Mississippi Valley State University, with predominantly white colleges.

“If you take away the keys to Mississippi Valley State, we're going to ask for the keys of Ole Miss,” Chavis said. “We will not allow our historically black

colleges to stand alone.”

A federal judge is scheduled to hear arguments in the case May 2 in Oxford.

U.S. Rep. Bennie Thompson, D

-Miss. and one of the original plaintiffs in the case, said the outcome will have a nationwide impact. “All of America will be looking at this case,” he said.

The lawsuit is the top priority for the NAACP, Chavis said. Plans include:

Provide financial support, including more legal help for Oxford attorney Alvin Chambliss, who has handled the case.

Bus in about 10,000 demonstrators on April 30 for

protests in Jackson. Protests are also planned in Oxford.

Declare a national month of prayer for the case.

Appeal any decision that doesn't meet NAACP muster.

Chavis compared the activities to "old time civil rights" days.

"We're going to wage a battle unprecedented in the history of Mississippi," he said.

Bea Branch, president of the Mississippi NAACP, said blacks want to "ensure the intent of the Ayers case is not lost."

"The intent of the Ayers case is equity funding and not closing, not merging. We're going to be out fighting every day ... so that millions of black youngsters in this state will have equal access to higher education," she said.

Meanwhile, presidents of college NAACP chapters in Maryland said they are rounding up students to travel to Mississippi to show support for black colleges.

Zachary McDaniels, president of the Coppin State College NAACP chapter, said more than 600 Coppin State students have already expressed interest in marching.

"To have African

-American institutions be closed down in the name of desegregation is a slap in the face," McDaniels said.

Chambliss said the future of Alcorn, Mississippi Valley and Jackson State University could be jeopardized by the judge's decision.

PM

-LA- Health Care,370

Shalala: Lack of Coverage Increases Costs
as721y

By ALAN SAYRE= Associated Press Writer=

NEW ORLEANS (AP) The failure of some small businesses to provide employee health care coverage increases costs for everyone and could unwind health care reform, President Clinton's top health official said today.

Donna Shalala, secretary of health and human services,

said that although two

-thirds of small businesses those with 100 or fewer employees attempt to provide employee coverage, they are saddled with much higher rates than larger companies.

By mandating coverage for all Americans, Clinton's plan would cut those costs for small businesses, Shalala said at a breakfast meeting of small business executives.

"What we need to do is get the costs down," she said.

"Universal coverage will bring their rates down to those

paid by large corporations."

Many small businesses have been leery of Clinton's plan, saying the cost of providing mandated coverage would be prohibitive.

However, Shalala said the success of health care reform depends upon all workers being covered and reducing the growing number of Americans who have to depend upon hospital emergency rooms for basic needs.

"By not providing coverage, they shift on to the rest of us," she said. "When somebody walks into an emergency room without coverage, the rest of us pay for it."

Under a health care bill approved last month by a subcommittee of the House Ways and Means Committee, small employers would have to cover at least 80 percent of their workers' health

-care insurance premiums by 1998. Larger employers would have to meet the requirement by 1996.

Shalala, along with other Cabinet officials from the Clinton administration, have been touring the country touting health care reform. She also scheduled an appearance today in Baton Rouge.

In New Orleans, she also said a health care reform package would have to include a ban on denying coverage because of pre

-existing conditions. She said more and more insurers were attempting to "cherry

-pick" or select the healthiest customers for coverage.

"We've got to get rid of pre

-existing conditions or none of us will have coverage," she said.

BC

-USA

-STOCKS 1STLD

WALL STREET STOCKS SOAR IN EARLY TRADING
(Eds: Updates with market strengthening in latest trading, 2nd para)

By Pierre Belec

NEW YORK, April 5 (Reuter) - Wall Street stocks soared in early trading Tuesday, rescued by a drop in interest rates, following the stock market's plunge Monday to the lowest close in nearly five months.

The Dow Jones industrial average was up 62.48 points at 3,655.83 at 11 a.m. EDT (1500 GMT).

In the broader market, sentiment was upbeat as more than 1,500 stocks posted gains, while less than 200 were

down.

Analysts said the market was ripe for a rebound after losing more than 295 points in the last eight sessions, as a surge in interest rates unleashed one of the biggest selling frenzies on Wall Street in years.

"I think the correction is nearly over although I'm not certain it's time to put on your buying shoes and go bargain hunting," Peter Cardillo, director of research at Westfalia Investments.

In early morning, the yield on the Treasury's bellwether 30

-year bond sank to 7.34 percent from 7.42 percent at Monday's close, which was the highest since January of last year.

Interest rates have spiralled higher recently, as fresh indications of a stronger

-than

-expected economy have fanned worries over inflation.

Some of the economically

-sensitive cyclical stocks, such as auto makers, were big gainers initially.

General Motors rose 1&7/8 to 56&1/2, Chrysler moved up 1&3/4 to 53&1/4 and Ford added 1&5/8 to 53&1/4.

Monday, the Dow Jones index lost more than 42 points in reaction to news of a stunning improvement in March employment.

The Labour Department reported Friday -- when the stock market was closed for the Easter holiday -- that non

-farm payrolls in March rose by 456,000, nearly double the 234,000 rise forecast by economists.

The jobless rate held at 6.5 percent, as expected.

The stronger

-than

-expected data fuelled worries that the Federal Reserve might again raise interest rates in a bid to prevent the economy from overheating.

The Nasdaq index was up 13.69 points to 741.10, and the American Stock Exchange index was 3.90 higher at 438.03.

REUTER

PM Stock Market, 3rd Ld

-Writethru, a0513,0665

Stock Market Rebounds

Eds: SUBS 6th graf to UPDATE with noon Dow average.

By PATRICIA LAMIELL= AP Business Writer=

NEW YORK (AP) The Dow Jones industrial average surged more than 50 points at the opening today as the battered stock market took comfort from news that the economy isn't growing as quickly as feared.

Buyers picked up stocks they considered bargains, one day after the market skidded to its weakest level in six months.

The catalyst for the rebound was the government's monthly economic forecasting report showing economic growth isn't producing much inflation, a major reason for the weakness in stocks and bonds.

The report also soothed anxiety in the bond market,

where the 30

-year bond's price rose. Its yield, a good barometer of long

-term interest rates, eased to 7.35 percent from 7.40 percent late Monday.

After the first few minutes of trading the Dow Jones average of 30

-big name stocks was up about 52 points to 3,645, more than erasing its 43

-point drop in Monday's wild seesaw trading.

At noon, the Dow Jones industrial average was up 63.63 points at 3,656.98.

The stock market's erosion deepened Monday with waves of selling that reflected apprehension about sharply rising interest rates in the bond market, which hit their highest level since President Clinton took office. High interest rates make stocks and bonds worth less.

The Dow Jones average's close of 3,593.35 on Monday extended the 139

-point drop of the week before. That brought the best

-known barometer of the stock market to its weakest close since early October and off 9.7 percent from its record high of 3,978.36 on Jan. 31.

Still, Monday's renewal of trading after the three

-day

Easter weekend didn't snowball into an enormous sell

-off,

as some forecasters had feared.

“We're not selling,” said Mark Stumpp, chief investment officer at PDI Strategies, a mutual fund firm in Short Hills, N.J., with \$17 billion under management. He said the market's drop “gives us a great buying opportunity.”

Traders in Japan were relieved today that Monday's Wall Street losses were smaller than expected. In trading on the Tokyo Stock Exchange, the 225

-issue Nikkei Stock

Average gained 440.99 points to close at 19,563.21.

But in London, where trading resumed after a four

-day

Easter break, the Financial Times

-Stock Exchange 100

-share

index was down 15.1 points at 3,071.3 points by midday.

Anecdotal evidence in the U.S. market shows millions of small investors the underpinnings of the market's vitality over the past few years haven't been goaded into selling.

“We do not sense any great panic, especially on the stock side,” said Raymond Worseck, chief economist at A.G. Edwards & Sons, a St. Louis

-based network of

brokerages that cater to individual investors. “We don't detect any great groundswell of anxiety.”

At Fidelity Investments, the nation's leading purveyor of mutual funds, spokeswoman Jane Jamieson said there was no significant selling. Millions of individuals own stocks through mutual funds.

By the end of the day, several big investment firms were recommending purchases of stocks and bonds, asserting they were underpriced.

At the same time, many investment professionals said the market is likely to remain volatile for some time. Some contend that Wall Street may be entering a bear market a long slide in stock prices.

Stan Weinstein, a seasoned stock picker who publishes The Professional Tape Reader newsletter in Naples, Fla., has been advising clients that the market is in a bear

-market pattern.

“My 2 cents, unless you're the nimblest of traders, is you don't buy,” said Weinstein, one of the few forecasters who predicted the 1987 crash and the 1973

bear market, when stocks lost 45 percent in value.

``The panic and capitulation is down the road to come," he said. ``Until you have that kind of purging, you won't get a major turn in the stock market, and that is still months ahead of us."

PM

-Economy, 4th Ld

-Writethru, a0497,850

Leading Indicators Dip 0.1 Percent in February

With AP Graphic LEADING INDICATORS

EDs: SUBS 3rd graf pvs, Today's report ... with 4 new grafs to provide market reaction and analyst comment, picks up 4th graf pvs, Government analysts ...

By MARTIN CRUTSINGER= AP Economics Writer=

WASHINGTON (AP) The government's chief forecasting gauge of future economic activity suffered its first decline in seven months, the Commerce Department reported today. Much of the weakness was blamed on severe winter weather.

The department's Index of Leading Indicators dipped 0.1 percent in February following a revised 0.4 percent increase in January and a 0.6 percent spurt in December.

Today's report provided some assurance to jittery investors who have been dumping stocks and bonds out of fears that the economy was growing so rapidly it would trigger higher inflation.

At mid

-morning, the Dow Jones industrial average was up more than 60 points, erasing Monday's 42 point decline, with the bond market rebounding as well.

The market rally occurred despite the fact that analysts noted that the weakness in the leading index was temporary and weather

-related.

Robert Dederick, chief economist at Northern Trust Co. in Chicago, said that if all the weather factors were removed, the index would have shown an increase in February. He said that performance was ``consistent with the notion that the economy is going up and should continue to do so."

Government analysts noted that the factors pulling the index down were a sharp drop in the length of the manufacturing workweek and a fall in building permits, both of which they said were affected by February's severe weather.

The index of 11 forward

-pointing statistics is designed

to predict economic activity six to nine months down the road.

President Clinton and others in his administration have been attempting to provide their own words of calm for the markets, insisting that the big drop in stock prices was an over

-reaction to credit tightening on the part of the Federal Reserve and that as soon as investors realized this, the market would stabilize.

“We'll get through this if everybody will just remain calm and let the market work itself out,” the president said Monday in Cleveland.

However, investors have yet to heed those words.

Stock prices plunged by almost 43 points on Monday while long

-term interest rates, driven higher by fears in the bond market, rose to the highest point in Clinton's presidency.

The small drop in leading indicators was led by a decline in the length of the average factory workweek. But Commerce Department analysts said the survey for February was depressed by bad weather. They noted that the March figure has already rebounded to an all

-time high.

The other big negative was a drop in the number of building permits issued, which was also blamed on bad weather.

In all, six of the 11 indicators suffered declines in February. The other four that showed weakness were growth in the money supply, consumer confidence, new orders for consumer goods and stock prices.

Four of the 11 flashed positive signals, with the biggest source of strength coming from a rise in raw material prices. While rising prices can signal building inflationary pressures, the leading index takes an increase in such products as cotton and wool as a good sign of increasing demand.

Other positive factors were changes in business delivery times, a drop in claims for unemployment insurance and a growing backlog of factory orders for durable goods.

The stock market's decline on Monday pushed the Dow Jones industrial average down to a six

-month low.

Investors were responding to a report Friday that business payrolls had jumped by the largest amount in six years in March, further fueling fears that a rapid economic expansion means higher inflation down the road.

The overall economy, as measured by the gross domestic product, raced ahead at an astonishing annual rate of 7 percent in the final three months of last year.

But Bruce Steinberg, an economist at Merrill Lynch in New York, said he believed the economy slowed considerably in the just completed first quarter and will slow even further in the spring.

He forecast a first

-quarter GDP growth rate of 3.5 percent, followed by an even slower rate in the April

-June quarter. He said he based this prediction on a belief that

consumers can't continue increasing spending as rapidly as they have because wage gains have lagged behind. He said already announced cutbacks in auto production in the spring also would slow growth.

Steinberg said the pace of the economy should be ``consistent with fairly stable and low inflation both in 1994 and 1995."

That is a view echoed by the Clinton administration, which is trying to convince the country that its forecast of moderate growth of around 3 percent this year accompanied by consumer prices rising at a similar 3 percent was still a valid prediction.

Clinton said Monday that he believed long

-term interest rates would decline as soon as investors realized the economy is not growing as fast as it was in the fourth quarter.

``The fundamentals are sound," he said in an interview with NBC Newschannel. ``There is a lot of investment going into this economy, there is no inflation in this economy and we are creating jobs at a very rapid rate."

Laura Tyson, head of the president's Council of Economic Advisers, said on CNN that the administration forecasters continued to see ``solid economic growth with low inflation," and she predicted that these good economic fundamentals would soon register with Wall Street.

BC

-YUGOSLAVIA 5TH LEADALL
BOSNIAN SERBS CLOSE IN ON MOSLEM ENCLAVE
(Eds: Updates with report from French charity, new casualty toll, Moslem demonstration, U.S. ruling out air strikes, new Red Cross line on evacuations)

By Mark Heinrich

SARAJEVO, April 5 (Reuter) - Bosnian Serb forces were reported to be closing in on the U.N.

-protected Moslem enclave of Gorazde on Tuesday as the United States ruled out using air power to break the siege, at least for the time being.

The French medical charity Medecins sans Frontieres, quoting its team in Gorazde, eastern Bosnia, said Serb forces had broken through Moslem lines and were 3.5 km (two miles) from the town.

It said Moslem villages on the left bank of the Drina river were on fire and residents were fleeing to take refuge in the town, where U.N. officials said 52 people have died and nearly 250 have been wounded in the week

-long assault.

In Sarajevo, Bosnian Moslems demonstrated outside the base of the United Nations Protection Force (UNPROFOR) to protest at its lack of action to break the siege, as it did in Sarajevo in February using the threat of NATO air strikes.

But in Washington, America's-top military officer said the Serb siege of Gorazde was different from that of Sarajevo, and the use of allied airpower would not be appropriate to break it.

``I think the conditions were very different (in Sarajevo) and those same conditions might once again come to pass in Gorazde and then I'm sure NATO will re

-evaluate its stance," General John Shalikashvili said.

``But right now it is our judgment that conditions in Gorazde do not lend themselves to the use of air power," the chairman of the U.S. Joint Chiefs of Staff told a news conference."

The United Nations plans to send a 1,000

-strong peacekeeping battalion to Gorazde later this month, a year after it was declared a U.N.

-protected ``safe haven," and UNPROFOR commander Lieutenant

-General Sir Michael Rose plans to go there on Wednesday for a first

-hand look.

Earlier a radio operator in Gorazde said on Sarajevo radio: ``The situation on the southern front line is getting worse. The noose around Gorazde is tightening."

The latest fighting followed a report on Monday from Sarajevo radio that Serb forces had broken through the

front line at one point. The Bosnian Serb news agency said on Tuesday that ``defeated" Moslem forces were withdrawing in disarray along a key road.

A Bosnian Serb commander said a Moslem offensive launched from Gorazde had been ``smashed."

Bosnian Serb army units had crossed to the right bank of the Drina, Bosnian Serb army chief of staff General Manojlo Milovanovic said.

``I ordered yesterday a counter

-attack from the direction of Cajnice, as the Moslem forces from Gorazde persisted in trying to link up with their units from Sarajevo," the Yugoslav news agency Tanjug quoted him as saying.

The Serbs have said they have no wish to capture Gorazde but are only responding to a Moslem offensive.

U.N. sources have said the Serb onslaught may be an excessive response to Moslem attacks on their lines.

A U.N. military spokesman reported Serb artillery and tank bombardments in parts of the Gorazde pocket on Monday but said there was no evidence the Serbs had gained significant ground.

In Geneva, the International Committee of the Red Cross said it would only abandon its plan to evacuate 6,000 Moslem and Croat civilians from northern Bosnia if their security could be guaranteed and they agreed to stay.

The ICRC had planned to evacuate thousands of non

-Serbs after reports up to 20 Moslems and Croats had been killed in a new outbreak of ``ethnic cleansing," a policy of driving out minorities by murder or terror.

It called off the operation after Serb leader Radovan Karadzic set a limit on the number he would allow to

leave.

The spokesman said the agency would negotiate to send ICRC delegates to the region, adding: ``If one can convince the 6,000 victims that the security is sufficient and ICRC delegates will stay there, the ICRC is willing to consider this alternative.

``We will not force the transfer," Morard added. ``We consider the transfer to be a last resort."

REUTER

PM

-Mideast

-Palestinians, 2nd Ld

-Writethru, a0501.0770

50 Palestinian Deportees Allowed to Return to Occupied Lands

Eds: New throughout to RECAST, ADDS when most of the exiles were deported, others returned, Arafat quote, background.

By KARIN LAUB= Associated Press Writer=

JERICHO, Occupied West Bank (AP) About 50 aides to Yasser Arafat and expelled leaders of the Palestinian uprising returned to the occupied lands today.

Most of the returning exiles were the first allowed back from the generation of Palestinians who emerged from the universities in the 1980s and organized the uprising against Israel that started in December 1987. Some were village elders deported by Israel in the '70s.

To date, the largest group of exiles allowed back at once was in April 1993, when about 30 activists who first opposed Israel's occupation after the 1967 Mideast War were allowed back.

In December, Israel also allowed back about 400 Islamic activists who were stuck between the borders of Israel and Lebanon for up to a year after it tried to deport them but Lebanon refused to let them in.

Those allowed to return will form the nascent organization for Arafat's autonomy government and help back up the PLO leader's promises that the peace talks will end Israeli occupation.

PLO chairman Yasser Arafat described Israel's decision to let the Palestinian deportees return as "another positive signal." He spoke in Amman, Jordan, where he is to hold talks with King Hussein on deploying Palestinian police in the territories and other details of the autonomy accord with Israel.

Since those who returned today are from inside the occupied territories, but know the outside leaders, they are expected to help smooth public acceptance of PLO officials who have not lived under occupation.

"People are seeing some changes with their own eyes now. This has had more impact on the people than months of negotiations," said Saeb Erekat, a senior PLO figure in the occupied territories.

Palestinian officials said 26 exiles, some with

relatives, crossed the Allenby Bridge from Jordan near Jericho, and 22 to 26 were entering at the Rafah crossing into the Gaza Strip from Egypt.

The group at Jericho was delayed briefly because Israel had not anticipated the family members coming with them, military officials said.

"There was a delay for technical reasons. But it's all been taken care of," said Capt. Dany Seamans, a military spokesman. "There are no problems."

The Israeli army, meanwhile, maintained a steady pace of dismantling bases and moving equipment out of Gaza and West Bank town of Jericho, including their main

headquarters in Gaza City.

The moves toward Palestinian self

-rule did not entirely
gloss over Israel

-PLO differences over deploying Arab
police that have hobbled attempts at peace talks to
complete a final timetable for starting autonomy. But
Palestine Liberation Organization officials said they would
help morale.

Many spent their exile at the PLO headquarters in
Tunis, Tunisia, and in other Arab capitals, helping
maintain the momentum behind the intefadeh, as the
Palestinian uprising is known in Arabic. Some participated
in negotiating the autonomy plan.

``These people will play an active role on the
Palestinian street. They were leaders. That is why they
were deported and they will remain leaders," said Jamal
Safi, head of Jericho office of Arafat's Fatah faction.

``We still need to solve the basic issues in the
negotiations and people haven't forgotten the Hebron
massacre yet. This is only
a single gesture that needs to be followed by many
others," Safi told The Associated Press.

A Jewish settler killed 30 Muslim worshipers in Hebron
on Feb. 25, causing an extended delay in peace talks.

Before leaving Amman, Jordan, Hanan Deek, daughter of
the late PLO military chief Khalil Al

-Wazir believed
assassinated by Israeli commandos, said, ``Words fail me
to express my feelings, but I believe that today's return
is the beginning of a journey towards an independent
Palestinian state."

Jamal Zaquot, a Gaza activist who helped negotiate the
autonomy accord and whose wife was also once jailed, said:
``Within a few hours I am going to be home. I hope our
nightmare in our homeland will soon be over with Israel
leaving our land."

Relatives gathered at both crossings, some waiting for
grandchildren they had never seen.

The village of Beit Fajar between Bethlehem and Hebron
planned to welcome four elderly men, all deported in 1970,
with a feast of 45 goats and three cows.

The PLO said about 2,000 Palestinians have been
deported from the West Bank and Gaza since Israel captured
them in 1967.

PLO

-Israel talks continue, snags seen

BY BAHAA ELKOUSSY=

CAIRO, April 5 (UPI) Negotiators from Israel and the Palestine Liberation Organization Tuesday continued talks in Cairo for the third running day to work out outstanding details of Palestinian autonomy in Gaza Strip and the West Bank town of Jericho amid reported snags facing an agreement.

The first two groups of Palestinian deportees left or prepared to leave Cairo and Amman for the two areas and the Israeli army continued to dismantle its facilities there. However, a senior member of the PLO delegation in Cairo blamed the Israelis for not concluding a final agreement on security and Palestinian police in the two areas.

"Israelis still refuse to commit themselves to a timetable for the withdrawal of their forces from Gaza Strip and Jericho, thereby violating the Oslo pact," the commander of the planned Palestinian police force Gen. Nasr Youssef told reporters.

He was referring to the Declaration of Principles on Palestinian self

-rule, which the two sides secretly negotiated in the Norwegian capital last year and signed in Washington Sept. 13.

Youssef said no final agreement has yet been reached with the Israelis on security arrangements and measures for the territories or the deployment of Palestinian policemen in those areas.

He made his remarks after a session of talks at the Cairo Gezira Sheraton hotel, where last week's unprecedented agreement on deploying foreign observers in Hebron and other security measures was negotiated and signed by the two sides.

Chief PLO negotiator Nabil Sha'ath also said the two sides were still in disagreement about releasing Palestinian prisoners from Israeli jails.

While the Israelis have said they would not free jailed members of such militant groups as Hamas and Jihad, the PLO has insisted on the release of all of about 9,000 Palestinian prisoners.

The two teams of negotiators, headed by Israel's Deputy Chief of Staff Gen. Amnon Shahak and Sha'ath, were scheduled to resume the talks later in the day and expected to wrap up this round of negotiations Wednesday.

A report by the official Egyptian Middle East News Agency earlier quoted a PLO source as saying the Cairo talks are hitting snags over timetables and security details.

Meanwhile, Egyptian Foreign Minister Amr Moussa said the PLO leader Yasser Arafat will arrive in Cairo

Wednesday and will hold talks on the peace process with Egyptian President Hosni Mubarak.

Arafat is also expected to meet in Cairo with the visiting Spanish Foreign Minister Javier Solana to discuss the process and Spain's assistance to the Palestinian self

-rule authority.

BC

-SAFRICA

-VIOLENCE IN S.AFRICA'S NATAL
FOUR KILLED EXECUTION

-STYLE IN S.AFRICA'S NATAL
(Eds: updates overall death toll to 88 since emergency)
By Marius Bosch
DURBAN, South Africa, April 5 (Reuters) - Four people were killed execution

-style-in South Africa's Natal
region, bringing the death toll since a state of emergency was declared last Thursday to at least 88, police said on Tuesday.

Police, who had previously given the toll as 71 in the past six days of violence, said another 17 people had been killed in Natal and KwaZulu during the weekend, but information on their deaths in largely rural areas was only now available.

In the latest killings, four people were forced out of a black homestead at Folweni, south of Durban, late on Monday and told by unknown attackers to lie on the ground. They were then shot, said police spokesman Major Bala Naidoo.

"We do not know whether it is political, the information is very sketchy at the moment," Naidoo said.

Two people were killed by a "people's court" at Maphumulo black rural area near Greytown in the Midlands on Monday, police spokesman Major Henry Bhudram said.

"They were chained to a chair and set alight," Bhudram said. He had no further details.

President F.W. de Klerk declared a state of emergency in Natal and the adjoining KwaZulu black homeland to halt endemic political violence ahead of the country's first all

-race elections on April 26

-28, which is being boycotted by the mainly Zulu Inkatha Freedom Party.

About 300 people were killed in the region last month, mainly in fighting between Zulus supporting Nelson

Mandela's African National Congress and chief Mangosuthu Buthelezi's Inkatha.
REUTER

BC

-EGYPT

-JOURNALIST

EGYPTIAN JOURNALIST ARRESTED FOR ARMS ARTICLE
CAIRO, April 5 (Reuter) - Egyptian police have

arrested the military editor of the opposition newspaper
al

-Shaab in connection with an article about commissions on Egyptian purchases of U.S. weapons, his colleagues said on Tuesday.

The journalist, Abdessattar Abu Hussein, was arrested on Sunday night and the state security prosecutor questioned him about the article on Monday, they said.

The article was based on material published in U.S. newspapers such as the Wall Street Journal.

Abu Hussein is still in detention but has not yet been formally charged, they added. The Interior Ministry said it was checking the report.

Al

-Shaab, the newspaper of the Islamist

-dominated

Labour Party, is constantly in trouble with the authorities.

REUTER

Possible U.S. trade sanctions worry EU

BRUSSELS, Belgium, April 5 (UPI) The European Union is worried that Washington may impose trade sanctions despite recent U.S. moves toward a strategy of defusing disputes before they escalate, an EU Commission spokesman said Tuesday.

However, he said an annual report issued last month by U.S. Trade Representative Mickey Kantor on trade barriers was "clearly better" for the EU than previous ones because no new restrictive trade practices were attributed to EU countries.

The spokesman said the United States had conceded in the report that "a great number of problems have been resolved in the Uruguay Round" of multilateral trade talks under the auspices of the General Agreement on Trade and Tariffs.

He also said that a dialogue between the United States and Europe permitted the two sides to halt the problems as soon as they appear.

The spokesman said, however, the Commission is worried by the "particular nature" of Super 301, a U.S. provision that permits trade retaliation, and by possible unilateral action on public procurement and intellectual property.

President Bill Clinton reinstated Super 301 March 3 to give the U.S. government the power to impose retaliatory tariffs against countries it deems to be involved in unfair trade practices.

The move, prompted by the collapse of trade negotiations between Tokyo and Washington, drew censure from many U.S. trading partners who say the law contravenes international trade rules agreed on under GATT.

BC

-GULF

-SLICK 1STLD

UAE STATE CALLS IN EXPERTS TO ASSESS OIL SPILL
(Eds: Adds call for international experts, quotes)

By Ashraf Fouad

DUBAI, April 5 (Reuter) - The United Arab Emirates state of Fujairah has called in international experts to see what can be done to avert a major environmental disaster after 16,000 tonnes of crude oil leaked into the sea.

"There has been meetings all day today to explore the best way to approach this," said an official at Fujairah port.

"Experts have arrived today (Tuesday) and some more are coming tomorrow and a decision will be taken after they assess the situation," he added.

Fujairah, known for scenic Arabian Sea beaches and a colourful marine life, is considering calling in other international anti pollution firms to assist the Greek

-owned company Fairdeal in battling the slick.

Fairdeal crews have been working round the clock since two tankers collided off Fujairah on Wednesday night, spilling an estimated 14,000 tonnes of crude oil into the sea.

Fairdeal owner Michael Sarros told Reuters on Tuesday that some 1,532 tonnes of oil have been retrieved so far.

But UAE officials are complaining that the slick has ruined many beaches and that Fairdeal was not adequately equipped to deal with an accident this size.

"It is not that we are complaining of their performance. Fairdeal has done a good job with the limited resources they have," a Fujairah port official said.

"But their equipment is too limited for the size of this

spill."

Sarros, speaking by cellular phone off the small UAE fishing port of Diba, said Fairdeal has 11 vessels -- including skimmers, storage tankers and oil/water separators -- dealing with the slick.

"When talking about a disaster, nothing (no equipment) is enough," he added.

"This is a big operation... We have oil afloat and oil covering stretches of sand on the beaches and rocks," said a Fujairah port official, adding that Fairdeal was so far only working offshore trying to contain the slick.

Winds blowing from the shore have pushed the huge oil slick away from the UAE's coastline for the second day on Tuesday.

Officials blame the owners of the tankers for the pollution disaster. Captain Musa Murad, deputy general manager of Fujairah Port, was quoted in local newspapers as saying that if the ship owners had moved fast enough "our beaches would not have been so badly damaged."

He said that once investigations were complete into

the cause of the collision between the Panama

-registered
supertanker Seki and the UAE

-owned tanker Baynunah, legal
action would be taken for compensation.

The Seki was carrying 270,000 tonnes of Iranian light crude oil to Japan when the collision ruptured one of its tanks. The 57,211

-tonne Baynunah was in ballast. No one
was hurt.

The Gulf's main marine environment body, the Regional Organisation for the Protection of the Marine Environment, urged its member states on Monday to help clear the slick, which it said could seriously harm marine life for years.

The Kuwait

-based body's members are Saudi Arabia,
Iran, Bahrain, the UAE, Kuwait, Oman and Qatar. REUTER

BC

-COLOMBIA

-FLOODS

AT LEAST SIX PEOPLE DIE IN RAINSTORMS IN COLOMBIA

BOGOTA, April 5 (Reuter) - Heavy rains in Colombia over the Easter holiday weekend killed at least six people and washed away scores of dwellings near swollen rivers, authorities said Tuesday.

The rains, which affected seven different regions,

flooded farm land and caused a landslide in southwestern Colombia, the Office for the Prevention of Disasters said.

The office said in a statement that six were dead and another six missing after the rains.

In the most serious incident, four died and two were missing after a landslide crashed onto the Pan American highway 15 miles (24 km) from the southwestern city of Pasto. REUTER

PM

-Madison

-Rose,0726

Former Madison Employee Now Attorney at Rose Law Firm
By RICHARD KEIL= Associated Press Writer=

WASHINGTON (AP) A lawyer at Hillary Rodham Clinton's former law firm who is doing government savings and loan cleanup work was employed previously by the failed Arkansas S&L now at the center of the Whitewater controversy.

According to a federal official familiar with the case, Patricia J. Heritage, now an attorney at the Rose Law Firm in Little Rock, Ark., prepared records of board meetings at a subsidiary of Madison Guaranty Savings and Loan Association.

Heritage said in an interview Monday with The Associated Press that she had prepared the minutes of board meetings for Madison Financial Corp., the real estate subsidiary of Madison Guaranty, under the guidance of John Latham, a top official at the S&L.

Federal regulators have questioned whether those minutes may have been falsified, noting that other S&L

documents appear to contradict the official version in the minutes.

"All I was told to do was to memorialize the meetings that took place between Jim (McDougal) and John Latham (another Madison official)," Heritage said. "I did that, checking accounting records, and land purchases, and I recorded them as needed."

Heritage, who never has been accused of any wrongdoing, also said she has cooperated with special counsel Robert Fiske. Fiske is probing the failure of Madison and whether depositor funds were diverted to the Whitewater Development Corp., a real estate venture in which President and Mrs. Clinton, along with James McDougal, the S&L's owner, were partners.

Heritage also said she left Madison in 1987 after serving as an administrative assistant to S&L officials. Investigators did not begin poring over the records prepared by Heritage until after Madison's 1989 failure.

In the interim, Heritage went to law school, and subsequently was hired by the Rose firm, where Mrs.

Clinton was a partner.

In her current job, Heritage now does S&L cleanup work at Rose on behalf of the Resolution Trust Corp., the federal S&L cleanup agency.

The RTC on Monday released more than 8,000 pages of documents relating to the failure of Madison, which is expected to cost taxpayers between \$47 million and \$60 million.

The papers do not focus on the Clintons or on Whitewater. However, they do offer a glimpse into Madison's failing fiscal health, much of which occurred under the stewardship of McDougal.

The documents, including records of delinquent loans, minutes of board meetings and details on investment strategies, were released under Freedom of Information Act requests by The Associated Press and other news organizations.

Asked for comment Monday, McDougal dismissed the RTC as "an arm of the Republican National Committee."

McDougal, who was acquitted of bank fraud in a 1990 trial, is seeking the Democratic nomination for a congressional seat from Arkansas.

The newly released documents leave unanswered some key questions

such as who got which loans since the names of individual recipients were stricken from the documents.

Information included in the documents cites two main reasons for withholding the names: privacy, or because details and paperwork are now part of Fiske's criminal probe.

Even so, the bank documents show that, according to Dec. 27, 1984, minutes, the Madison board decided to "waive overdraft charges for Directors of both the Savings and Loan and its Service Corporation."

Two years later, federal regulators would criticize Madison for the large number of loans to insiders and other alleged abuses by those connected to the institution.

A separate list of lawsuits filed by the S&L and its receivers against delinquent loan recipients provided some clues about the Madison loan portfolio.

By the mid

-1980s, Madison was in danger of collapsing under nearly 200 delinquent loans worth \$15 million, according to records from the S&L's files, which the RTC released.

By 1987 the year after federal regulators kicked out McDougal the S&L's overseers had gone to court against 105 delinquent borrowers, including McDougal and the family of a former Madison director, Charles Peacock IV.
(PROFILE

(CAT:Financial;)
)

Toronto chain unveils new Clinton ad

TORONTO, April 5 (UPI) A Toronto retailer who angered the White House by running advertisements using a Bill Clinton look

-alike introduced a new ad campaign Tuesday featuring a model who resembles Hillary Clinton.

Bad Boy furniture president Blayne Lastman received international attention last month when he refused White House requests to drop ads that showed Clinton look

-alike
Tim Watters advertising his store's discount prices.

Now Lastman is expanded the First Family theme to include a Hillary Clinton look

-alike, Las Vegas model
Elaine Kouba.

"We wanted to complete our lowest prices in North America campaign," said Lastman.

He said he has not heard from the White House since he got a letter from lawyer Marvin Krislov in late February outlining the White House policy "prohibiting the use of images of the President and First Lady in commercial advertising."

At the time, Lastman pledged to continue his ad campaign, saying "Canada is not part of the United States and we have no plans to become the 51st state."

Since then, Lastman has received dozens of letters and phone calls from supporters telling him not to back down in the face of White House pressure.

The dispute between the popular Toronto retailer, known for his brash and folksy ads, and the White House has been featured on American network television programs, radio talk shows and newspapers in several countries. Lastman

said all the media attention has been great for business and sent furniture sales "skyrocketing."

(Written and reported by Amy Worden in Toronto)

BC

-SPACE

-SHUTTLE

NASA INSPECTS SHUTTLE ENGINES, HOPES FOR FRIDAY LAUNCH

By Beth Dickey

CAPE CANAVERAL, Fla, April 5 (Reuter) - The U.S. space agency NASA pressed ahead Tuesday with plans for a Friday

launch of the space shuttle Endeavour after the mission was delayed by at least a day to allow for a safety inspection of the ship's engines.

The liftoff, originally set for Thursday, was postponed at least 24 hours Monday after problems were discovered in a separate shuttle engine that was being reconditioned at an assembly plant in California.

National Aeronautics and Space Administration ordered the examination of Endeavour's engines to make sure they did not share the flaws found in the engine being worked on in California.

The defects could trigger an engine shutdown in flight.

Endeavour and six astronauts faced a delay of at least one week if the inspectors at the Florida launch pad turned up anything that needed repair, a NASA official said.

"In this business, nothing is ever black and white. We may have to have some discussions," shuttle test director Al Sofge said at a Tuesday news conference.

Meanwhile, the five

-man, one

-woman crew continued an
around

-the

-clock schedule of medical check

-ups, flight
plan briefings and training jet flights. The astronauts are divided into two teams which will alternate 12

-hour
workshifts in space.

Their assignment is to study the planet's geology, oceanography, ecology and climate with a powerful radar system that is being tested for use on future Earth observing satellites.

The trouble disrupted Endeavour's countdown less than seven hours after it began Monday.

NASA spokeswoman June Malone said Rocketdyne engineers in Canoga Park, California, discovered flaws in critical components that direct the flow of super

-cold propellant
inside an engine part they were testing.

Liftoff was tentatively set for 8:06 a.m. EDT (1206 GMT) Friday, but could take place as early as 7:06 a.m. (1106 GMT) or 10:36 a.m. (1436 GMT), depending on the weather.

Forecasters predicted foul weather for Friday and

Saturday, with no more than a 40 percent chance that Endeavour would be able to take off on time either day.
REUTER

Gay legal group cheers military ruling

NEW YORK, April 5 (UPI) Gay legal advocates say a federal judge appears ready to knock out the military's new restrictions on gay service members. Judge Eugene Nickerson in Brooklyn ordered the military not to punish the six service members who admit being gay in a lawsuit against the government's ``Don't ask, don't tell, don't pursue policy.''

Nader group revives Gramm complaint

By PAUL BASKEN=

WASHINGTON, April 4 (UPI) Consumer advocate Ralph Nader asked Monday for a Senate probe of nearly year

-old
allegations against Sen. Phil Gramm, R

-Texas, concerning
his use of office money, campaign staff and free mail
privileges.

Gramm said he already has been cleared on the charges, which concern events dating back to 1989, and accused the Clinton administration of using Nader and his consumer advocacy group, Public Citizen, to divert attention from the highly publicized Whitewater affair.

But a Public Citizen spokesman, Gary Ruskin, said the Senate ethics committee's hearings into the charges were held behind closed doors, giving them ``the aura of a private sweetheart exoneration," and said ``Phil Gramm is hallucinating if he thinks we are Bill Clinton's lackeys."

The Congressional Accountability Project, a division of Public Citizen, said it has asked the Senate Select Committee on Ethics to investigate the substance of three main sets of allegations initially raised by The Dallas Morning News in articles published in July 1993.

The articles said Gramm used government

-paid Senate
office staff to run his 1990 election campaign, improperly used his franking privileges to mail videotapes of news programs in 1993, and used government money to fund a December 1989 trip to Texas that mixed a brief period of business into a schedule dominated by personal events.

``As Nader knows, the Senate ethics committee has already rejected his complaint on these issues," Gramm said in a written statement in response to the Public

Citizen complaint. ``To orchestrate a wave of negative publicity, based on a complaint which already has been

rejected, is grossly dishonest."

Ruskin said Public Citizen had not earlier made public its request for a Senate probe because it was awaiting the results of the closed-door ethics committee investigation, conducted earlier this year, and because it was waiting for action by other public interest groups with more experience in such cases.

Ruskin also said Nader, rather than protecting Clinton from questions on Whitewater, said in mid

-1992 that there were ``troubling" potential conflicts of interest at the Arkansas law firm that employed Hillary Rodham Clinton.

``No, Senator Gramm, as they say in Texas, this diversionary dog won't hunt," Ruskin said.

Gramm, in his statement, said: ``Mr. President, continuing this campaign against (Senate Republican Leader Robert) Dole, Sen. (Alfonse) D'Amato (R

-N.Y.) and me will do you no good.

``You need to look the American people in the eye and tell them the whole truth, and you need to do it soon," Gramm said. ``I have always followed that procedure and it has always served me well."

A spokesman for Gramm, Larry Neal, said he had no direct evidence linking the White House to the Public Citizen statement. But, Neal said, ``We think there's a fair chance given the consistent attacks by the Democrats.

``This falls directly in line with other attacks by the Democrats," Neal said. ``It's clear that the Democrats have in fact mounted a campaign to make the president look better by tearing down the Republican opposition."

BC

-USA

-HUBBARD

EX CONGRESSMAN HUBBARD, WIFE AGREE TO PLEAD GUILTY

WASHINGTON (Reuter) - Carroll Hubbard, a former Democratic congressman from Kentucky, has agreed to plead guilty to three criminal charges involving his use of campaign funds, the Justice Department said Tuesday.

Hubbard, 56, served in Congress for 18 years until he was defeated for re

-election in the 1992 Democratic primary. His wife agreed to plead guilty to a separate

charge, the Justice Department said.

It said Hubbard agreed to plead guilty to charges of conspiracy to violate federal election laws, obstruction of justice and theft of government property.

His wife, Carol Brown Hubbard, 53, agreed to plead guilty to aiding and abetting in the theft of government property. A former Miss Kentucky, she ran unsuccessfully in another Kentucky congressional district in 1992.

The investigation was disclosed in December when Hubbard admitted in a Washington Post interview that he

had worked as an FBI informer for six months in 1993 in an effort to stave off prosecution. Scrutiny of his activities stemmed from the Justice Department probe into the House Bank scandal in 1991, when it was revealed that 355 current or former House members had overdrawn their accounts at least once.

REUTER

PM

-Biosphere

-Sabotage, 2nd Ld

-Writethru, a0460,0515

Biosphere Crew Members Accused of Opening Doors to Sealed Project

Eds: INSERTS two grafs after 12th graf, `Alling, a ...' to UPDATE with her parents saying daughter is victim of mind control. Pick up last graf pvs.

AP Photos NY127, 128 of April 4

ORACLE, Ariz. (AP) A former Biosphere 2 crew member accused of sabotaging the self

-contained glass

-and

-steel

dome says she broke windows and opened doors to "flush" the air for the safety of the volunteers inside.

"It is categorically not sabotage," Abigail Alling told the Los Angeles Times on Monday in a telephone call from an undisclosed location in Arizona. "The Biosphere experiment was terminated this morning out of concern for the safety of the Biospherians and the system."

Alling called Biosphere officials early Monday and said she and another former crew member, Mark Van Thillo, had let in outside air, the sheriff's department said. Sheriff's deputies searched for the two.

Biosphere officials and the sheriff's department gave no motive for the sabotage, but Alling and Van Thillo had been suspended three days earlier in a management shakeup.

Beginning in 1991, Alling and Van Thillo spent two years trying to prove they could survive in the three

-acre, \$150 million dome. Biosphere is supposed to be a self

-sufficient world in which air, water and waste are recycled.

The crew's stay was clouded by disclosures that air purifiers had to be installed and oxygen injected because oxygen losses and rising levels of carbon dioxide had caused members of the crew to become sick.

Another crew of volunteers was sealed inside on March 6.

On Monday, four of Biosphere's five doors to the outside were opened, and five panes of glass were broken in the ``lungs," huge, rubber

-like diaphragms that bulge in and out and equalize air pressure inside the dome.

Outside air rushed in for about 15 minutes, not long enough to spoil research by the current crew of seven people, research director Jack Corliss said.

``We can very easily quantify how much air was let in and proceed with the experiment," he said.

Late last week, Biosphere's main backer, Texas billionaire Ed Bass, had suspended Alling and Van Thillo. He also suspended four project managers for alleged financial mismanagement. Bass had no comment on the break

-in.

Alling, a marine biologist from New York who went scuba diving in the project's miniature ocean, and Van Thillo, a Belgian scientist who ran most of the life

-support equipment, were among eight people sealed inside in 1991.

Alling's parents, Charles and Gail Alling of Kennebunk, Maine, said their daughter is being controlled by the managers who were ousted last week.

``She's a victim of mind control," Mrs. Alling said. ``The people who have all been kicked out are members of a cult."

Biosphere's present crew isn't sealed in for a set period like the first. Instead, crew members spend various periods inside, none more than a year, while outside scientists are allowed to enter for short stays to do research.

-Poisonous Crayons, 1st Ld

-Writethru, a0522,340

Government Recalls 11 Brands of Crayons Because of Lead
EDs: SUBS graf 5

-7 bgng, The latter... and graf 17, CPSC

said... to CORRECT acronym for Consumer Product Safety
Commission to CPSC

By HARRY F. ROSENTHAL= Associated Press Writer=

WASHINGTON (AP) The Consumer Product Safety Commission
today recalled 11 brands of crayons imported from China
including one brand sold by the Toys 'R' Us chain because
they contain lead.

"Throw these crayons in the trash or take them back to
the store for a refund," said Ann Brown, chairman of the
commission.

The commission said three of the brands "contain
enough lead to present a lead poisoning hazard to young
children who might eat or chew on the crayons."

They are "121 Jumbo Crayons," distributed by Concord
Enterprises of Los Angeles; "Safe 48 Non

-Toxic I'm a Toys

"R' Us Kid! Crayons," distributed by that firm; and "12
Crayons, glory!" and "18 Crayons That Paint,"
distributed by Glory Stationery Manufacturing Co, Ltd, Los
Angeles.

The latter crayons also include the legend "Conforms
ASTM D

-4236" the commission said, which is supposed to be
an indication that the formula has been reviewed by a
toxicologist.

The other eight brands, CPSC said, "do not contain
enough lead to increase the blood level above the
threshold level for lead poisoning" for a child typically
chewing on small pieces of lead

-containing crayons over a
span of time.

"However, CPSC is very concerned about these crayons
because they add to the overall 'lead load' to children
who may eat them," the agency said.

Those brands are:

"64 Crayons, School Quality No. 8064," A.J. Cohen
Distributors, Hauppauge, N.Y.

"64 Crayons, CR 64

-64 CT," Baum Imports, New York.

"12 Super Jumbo Crayons," Dynamic Division of Agora
International, St. Albans, N.Y.

``8 Crayons, No. 5 CL 850," Dynamic Division of Agora International, St. Albans, N.Y.

``Fun Time 72 Crayons, No. B541," Overseas United, New York.

``64 Crayons, Kidz Biz," Bargin Wholesale, Los Angeles.

``64 Crayons, SKU51

-02600," Universal International, Minneapolis.

``Feido, 12 Crayons, No. CC8812," Kipp Brothers, Inc. Indianapolis.

The commission said parents should buy only crayons and other children's art materials carrying the label

``Conforms to ASTM D

-4236" or similar wording.

``In the case of the crayons imported by Glory Stationery Manufacturing Limited, it was inappropriate" for the crayons to be thus labeled because they contain hazardous levels of lead.

Lead has long been recognized as a hazardous substance, especially to young children and infants. It can cause irreversible brain damage and can impair mental functioning.

BC

-DIRTY

-WAR

-NNS

REPEATING for all needing First sent Monday

U.S. Troops Not Ready to Fight Against Chemical, Biological Weapons

Optional trim to 800 words With two photos of Marines training in protective gear

By DAVID WOOD

c.1994 Newhouse News Service

ABERDEEN PROVING GROUND, Md. Faced with a growing U.S. confrontation with North Korea, defense researchers are grappling with basic problems of protecting troops against the chemical and biological weapons North Korea is believed to possess.

American troops stationed in South Korea, and the U.S.

-based units that would reinforce them in wartime, are adequately supplied with suits and masks that protect, at least for 24 hours, against lethal chemical and biological gases and liquids.

And the Pentagon has put new emphasis on training

troops to fight after exposure to chemical or biological

weapons and to decontaminate themselves and their equipment after the battle.

But beyond these basic protections, researchers are struggling with vulnerabilities that became evident during the 1991 Persian Gulf War.

Among the most urgent problems:

The United States is countering the threat of North Korean missiles by deploying Patriot defense missiles to South Korea. But if the North arms its missiles with chemical or biological warheads a capability it is thought to possess a successful Patriot interception could shower battlefields or South Korean cities with highly contaminated debris.

Current U.S. chemical detectors only work at close range, giving troops little warning time to don their bulky suits and masks.

Current biological agent detectors also are short

~~-range systems and can detect only a limited number of biological agents or toxins.~~

Solutions to these problems may be years away. But the sense of urgency is real here at the U.S. Army Chemical and Biological Defense Command, which is responsible for developing defenses for all U.S. combat forces.

Michael A. Parker, an engineer who is executive director of the command, recalls looking at an intelligence report in mid

~~-summer of 1990 that assessed the damage Iraq's biological and chemical weapons might inflict on U.S. forces.~~

~~``The stuff took your breath away," Parker says. Predicted casualties ``were big nuclear size."~~

No one knows why Iraq's Saddam Hussein never used the weapons. But tons of the agents were discovered later in Iraq by U.N. inspectors.

According to a Defense Intelligence Agency report, North Korea can produce weapons containing nerve gas, blood agents and mustard gas. Less is known about the North's biological weapons capability, but the DIA said it could ``probably" field weapons using anthrax, plague or yellow fever.

Some biological toxins such as ricin, a plant poison made from castor beans, are tens of thousands of times more deadly than chemical agents, according to the congressional Office of Technology Assessment.

At present, U.S. combat units are equipped with chemical and biological detectors that sample and analyze the air in the immediate vicinity, but the devices cannot provide advance warning that such weapons have been detonated upwind.

As a result, troops must either stay "buttoned up" in bulky protective suits and masks or inside pressurized vehicles, or risk having to scramble into their protection gear after they already have been exposed.

But having to operate in the bulky suits and masks "radically degrades" combat operations, officials said.

In a January 1994 report, the Army said field testing showed that the ability of light infantry troops in full protective gear to engage enemy targets dropped 73 percent. The report said leaders became more exhausted and neglected critical tasks, artillery crews made twice as many errors, and medics took twice as long to move casualties to treatment points.

"The protective suits are adequate, but you can't wear them all the time you have to know when to put them on," said Joseph J. Vervier, director of research and development here.

Accordingly, Army researchers have put a high priority on developing long

-range detectors that can provide troops advance warning and allow battlefield commanders to sidestep contaminated areas.

The Army is testing two prototype long

-range biological weapons detectors that use tunable lasers to probe and identify clouds of toxic material. The systems, mounted on Blackhawk helicopters, aren't expected to be fielded until after the turn of the century.

A long

-range chemical detection system, also under development, is scheduled to be fielded beginning in 1997.

Dealing with chemical and biological warheads on missiles is a vastly more difficult problem.

Researchers here are just beginning to construct theoretical models to study dispersal patterns of the toxic agents and the extent to which various kinds of interceptor warheads might safely incinerate the agents.

(OPTIONAL TRIM FOLLOWS)

Patriot missiles "kill" enemy missiles with high explosives and metallic shrapnel. It is not clear that, even with a direct hit, the resulting debris would be safely decontaminated.

Precisely the same unknowns confront Air Force targeters planning attacks against chemical or biological storage sites.

"If you use high explosives you'll knock the building down and create a thermal updraft" that will carry the toxic agents downwind, said Vervier. "You need to create enough thermal flux (heat) to incinerate the agent, and we are just in the process of developing the models. ... We

just don't have the answers."

"We don't know or understand the physics involved" in a chemical or biological warhead intercept, said Michael A. Parker, executive director of the U.S. Army Chemical and Biological Defense Command.

The missile problem may become worse with the anticipated spread of technology for fielding low

-flying
cruise missiles and warheads that spew out multiple bomblets.

Such biological sub

-munitions were developed by both
the United States and the Soviet Union in the 1950s and 1960s.

Despite what the Pentagon says is the increasing threat

of chemical and biological weapons, its budget for developing defenses is being cut from \$200 million to \$180 million this year.

Vervier said he recently briefed the Pentagon's joint staff on the defense command's work and recommended that its budget be doubled. "At present, we just don't have the resources," he said.

Despite the technical challenges, Parker said, "there is a lot of potential technology that could be very effective, but it will take time and money to demonstrate."

RH END WOOD

PM

-Homeless Hero, 1st Ld

-Writethru, a0436,0621

Homeless Man Who Rescued Couple Hopes to Rescue Himself
Eds: ADDS address for contributions at bottom.

AP Photo NU101

By MARY FOSTER= Associated Press Writer=

NEW ORLEANS (AP) Michael Dennis had trouble sleeping all weekend. It wasn't the mosquitoes he was getting used to huge welts on his shoulders and arms. It wasn't even the usual worry about some junkie stumbling over his cardboard bed under a busy overpass.

What kept Dennis awake was the memory of the two people he pulled from a blazing car and how their scorched skin stuck to his hands.

"I never gave it a second thought. Going after them was just automatic," Dennis said. "But afterwards, it kept going through my mind how the fire felt and how it smelled. I was scared because they were so close to dying."

Dennis pulled 67

-year

-old Margaret Waltzer to safety
Saturday after her car hit a truck and caught fire. Then
he went back and saved her 79

-year

-old husband, Elmo,
whose foot was caught under a seat.

On Monday, the Waltzers were in stable condition and
expected to recover.

Dennis ignored onlookers' pleas to stay a safe distance
away. He said his grandparents burned to death in a car
accident when he was 2.

"I had a chance to save some other family from that
and I just took it," said the 30

-year

-old Dennis, who
said he became homeless two years ago after losing his job
as a forklift operator at the aerospace contractor Martin
Marietta.

Two days as a hero didn't change much, however.

There were TV interviews and a front

-page story, but
home was still a stretch of dusty concrete under the
bridge, and dinner was still whatever he could retrieve
from trash bins behind swank French Quarter restaurants.

On Monday, Dennis, a high school graduate, went to City

Hall and churches looking for work. He didn't find any.

"I hear people are going to try to have some kind of
fund

-raiser for me or try to get me a job. Boy, I hope
so," he said. "I didn't do it thinking about what was in
it, but man, it wouldn't hurt my feelings if a little good
came from it. I don't have enough to buy a cold drink right
now."

Dennis was born in St. Gabriel's Women's Prison, where
his mother was an inmate. His parents were in jail on drug
charges, and he was raised by foster parents.

As a young man, he was active in a Boy Scout program
run by police. Sgt. Gilbert Johnson, Dennis' scout leader,
was collecting money to put Dennis up at a homeless
shelter for at least a week. Dennis said he'd prefer some
new shoes.

"I don't feel sorry for myself. I get by OK," Dennis
said. "I wouldn't mind sleeping under the bridge if I

knew I could get a job eventually. The thing that gets to you is wondering how you can get out. Where you can find someone who'll take a chance on somebody in worn

-out shoes
who writes 'no address' on the application. It's hard not to give up."

"If I can just hang on. If I can get a job, I'll be OK," he said. "People see you out on the street and they automatically think you're a wino or on drugs. Maybe now, some of them will take a second look when they see someone with their hand out."

EDITOR'S NOTE Contributions may be sent to:

Michael Dennis
c/o New Orleans Police Dept.
Attn: Sgt. Gilbert Johnson
715 South Broad St.

PM

-Rape Suspect, 2nd Ld

-Writethru, a0508,0345

New York Prosecutor Nabs Brother as Alleged Serial Rapist
Eds: LEADS throughout with authorities confirming newspaper report, fresh quote and details. No pickup.

NEW YORK (AP) A prosecutor turned in her brother after spotting his face sketched on a "Wanted" poster for a serial rapist.

Assistant District Attorney Michele Lee Monagas recognized the police sketch of her brother's face last week, authorities said today.

She told her boyfriend, a police officer, "I know who that is. He's my brother and he's in Florida," the Daily News reported today, quoting a police source.

Using information that she supplied, police arrested Anthony Monagas, 36, on Friday near his half

-sister's home
in Miami.

He is suspected of four rapes in Manhattan, all within the area of one large apartment complex. They all came in the nine months since he got out of prison in Florida, where he served nearly 10 years for several rapes.

"Michele Monagas deserves the respect and admiration of all New Yorkers for the courage and integrity that she showed in making what must have been a most difficult decision," said her boss, Bronx District Attorney Robert Johnson.

She was not at work this morning to comment on the case.

Her brother appeared in Dade County Circuit Court on

Monday and waived extradition. He was scheduled to be returned to New York today.

Florida prison records indicate that Monagas was labeled a mentally disordered sex offender when he was sentenced May 3, 1984, the News said.

The rapes came in the area of the Stuyvesant Town apartment complex in lower Manhattan, the first in mid

-November and the last on Feb. 1.

In each assault, the attacker approached the woman in the early evening, flashed a knife and raped her in secluded sections of the apartment complex. The suspect lived in an apartment near the complex.

Detectives told the News that they have forensic evidence linking Monagas to the attacks and that one of the alleged victims has identified him.

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Elizabeth A. Bernstein (BERNSTEIN_E) (WHO)

CREATION DATE/TIME: 14-APR-1994 18:52:00.00

SUBJECT: MTV

TO: S. Collier Address (ADDRESS_S) (WHO)

READ: UNKNOWN

TEXT:

Here is the status of things we needed to resolve with the new generation at MTV:

RILEY -- He was taped today at his office talking about the various programs and ways the Administration is dealing with school violence. I have a call into Education to find out how it went.

His piece will be at both the top and the bottom of the "prevention" pre-taped package.

PRE-PREP -- MTV will be handling this. As a gesture to MetaNetworks, they have agreed to include a couple of their kids in the audience.

PROGRAM -- The President will open, speaking for 2-3 minutes (I am working with Carolyn on these remarks). This will lead into the first pre-tape. Each is now 4-5 minutes (they would not split up the first piece -- claimed it was too late). After each one (there will be four total) the President will have a chance to respond, and then he will open it up to questions.

This will be repeated for each package piece. After the four segments, they will move to the "rapid round" we discussed earlier.

OTHER SUBJECTS BESIDES VIOLENCE -- They asked me if it was ok to broach other subjects of interest to kids (Natl Serv, gays in the military, etc.) I discussed this with Jonathan and we decided to say no -- they accepted that.

VIEWING THE PACKAGES BEFOREHAND -- Dave Anderson told me they are not willing to do this. Do we want to push for it?

Also -- they have asked if POTUS can do a quick taped piece with MTV Europe directly following the event on the subject of voter participation overseas. No? Yes?

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Margaret M. Suntum (SUNTUM_M) (WHO)

CREATION DATE/TIME: 02-MAY-1994 17:11:00.00

SUBJECT: INTERNAL TRANSCRIPT--John Brummett Interview

TO: Chad H. Griffin (GRIFFIN_C) (WHO)

READ: UNKNOWN

TO: Steven A. Cohen (COHEN_SA) (WHO)

READ: UNKNOWN

TO: David Leavy (LEAVY_D) (WHO)

READ: UNKNOWN

TO: George Stephanopoulos (STEPHANOPO_G) (WHO)

READ: UNKNOWN

TEXT:

PRINTER FONT 10_POINT_COURIER

TOP ALL

- \p -

BOTTOM ALL

MORE

THE WHITE HOUSE

Office of the Press Secretary

Internal Transcript

May 2, 1994

TELEPHONE INTERVIEW OF THE PRESIDENT
BY THE JOHN BRUMMETT

2:43 P.M. EDT

THE PRESIDENT: Hello.

Q Hello, Mr. President?

THE PRESIDENT: Where are you?

Q I'm in the offices of the Arkansas Democrat
Gazette.

THE PRESIDENT: In Little Rock, or up here?

Q In Little Rock.

Brummett
Interview

THE PRESIDENT: Hell, you sound like you're next door.

Q Well, so do you. I appreciate you doing this.

This is not something you have to do, and I appreciate it.

THE PRESIDENT: Is it a pretty day down there?

Q No, it's cold. I understand it's -- Shayla's (ph.) up there visiting. I understand it's been cool up there, too.

THE PRESIDENT: Yes, it turned cool. It's kind of warming up now. But it was cold this morning when I went out -- I mean, coldish -- forty-something.

Q That's cold, that's cool.

Well, can I take a few minutes and ask a few things?

THE PRESIDENT: Sure.

Q I sent a fax earlier and I sort of limited myself to a few areas and I'll stick to those with one exception, if I could start with one question.

I make the point in this book that there's something about you that causes people -- that bugs people. I read or saw an interview with Richard Nixon the other night, and he said some politicians are destined to be widely disliked, and others just naturally get a great deal of affection. Do you think that's true? And do you think my observation is fair or correct?

THE PRESIDENT: I think both of them are true of me. I mean, I've always had fanatic supporters and strong opponents, always -- even when I started out. I think the quality of public discourse has deteriorated pretty significantly in the last few years. But if you remember when I ran for Congress in '74, I had all these strong supporters who became the bedrock of every campaign I ran thereafter. But I also had all these people that spread that tree story on me. You remember that?

Q I certainly do.

THE PRESIDENT: And they just thought I would have been the end of life as we know it if I had been elected to Congress. So I just -- there's always been that.

Q Why do you think that is?

THE PRESIDENT: Oh, I don't know. I really don't know. Part of it is nobody likes everybody, and part of it is, I think nearly anybody who's got a lot of strong supporters has people that don't like him. It's almost like a law of physics. And I think that I sometimes get the worst of both worlds. I lay out real ambitious agendas, and I try to get them done. And the people that don't agree with me are threatened by it and really don't like me. And the people that do agree with me sometimes hold it against me if I don't get it all done or if I have to compromise or make the democratic system work to get it done. I think that's part of it.

And I think part of it is, you know -- I mean, there may be other reasons, too. There may be a lot of reasons. Your judgment would be better than mine on that. I'm just, frankly, grateful on almost all occasions I've had more friends than enemies. And my friends have been willing to stand up and fight for me when my enemies tried to take me out.

But it is, for a person -- there were times in Arkansas,

if you go back when I had reasonable success and sort of cooling the passion, the hatreds against me, and getting people to kind of calm down and work together. You know, I did pretty well, I think, from the time I got reelected in the tough Frank White (ph.) campaign until the Nelson (ph.) campaign in '90, even though there was always a core there, people just didn't agree with what I was trying to do. But as people settled in and watched me perform over a period of years, I think they got more relaxed about it.

But I think -- you know, Anthony Lewis has a piece in The Times today about --

Q I read it. I was very interested in it, in making some of the same points. Well --

THE PRESIDENT: I think time will take care of a lot of it if I get the --

Q Well, also, learning the job. I remember you told me once there are things about being governor you can only learn by doing it. That's got to be exponentially true of the president.

THE PRESIDENT: Absolutely true. And I think a lot of it you don't -- you know, for example, a lot of this me not seeming to be candid and not anticipating what people want to know and all that kind of stuff on all this Whitewater stuff was plainly a case of that. If you remember back in 1990 when I released 10 years of my tax returns -- I think I was the first governor to do that.

Q No, nobody had asked before.

THE PRESIDENT: Yeah. I always thought I was going above and beyond the call. So by the time I got here, I'd released 13 years of tax returns. I think I just missed a lot of the cultural cues, and the sort of deep-seated cynicism that had kind of gotten into the atmosphere up here.

Q What kind of cultural cues?

THE PRESIDENT: Well, in Washington, how -- about what was open and what was not; whether we were being forthcoming or not.

I thought Keillor had that great joke where he said -- did you hear his speech at the Radio and TV Correspondents' --

Q I read part of it.

THE PRESIDENT: He had that great line where he said, I don't want to talk about Whitewater, but if I don't mention it, I'm afraid you'll think I know something about it; and I guess I ought to confess that I haven't been to Arkansas, but if I tell you that, you'll want to know why I didn't tell you 30 days ago.

There is a certain sense of that, that I think you just pick up by being here.

Q Yeah.

THE PRESIDENT: Or what Hillary -- Hillary called it "being rezoned" the other day in her press conference. Did you hear it?

Q Yeah.

THE PRESIDENT: I thought it was a great line.

Q From single-family residential to commercial property, almost. It's a pretty good line.

THE PRESIDENT: Yeah. I think that that's, at least on the press angle, is a little bit of it.

Q Okay, I could ask you to psychoanalyze yourself for the rest of this interview, but I shouldn't.

You said in -- even though I'd love it -- you said in December in a speech to the DOC, someday the whole story of NAFTA will come out and people will get their due and their credit. Is there anything in particular you recall referring to there --

THE PRESIDENT: Oh, no, I just meant that there was a huge amount of effort done on NAFTA from a lot of people; and a lot of people who took what they thought was a considerable risk in supporting it. It was not meant to be anything but just generally laudatory of a lot of that. And I just said that I thought there were a lot of little stories that had not really become public about people who decided to go for it, take a chance to go for it; people who tried to talk their seatmates and other people into going for it. It was just more of a local color thing than anything else.

But it was quite dramatic there along toward the end of the line. I was referring to the fact that, at the time, I was getting a lot of credit for it, and Al Gore was getting a lot of richly deserved credit for it because of his debate with Ross Perot; but that there were an awful lot of members of Congress who, in my judgment, also deserved a lot of credit. And there were a lot of kind of little guys out there in the country -- businesspeople who had a feel for what might happen that kind of weighed in at the last minute, the 11th hour. That's all.

Q Do you agree with me that that was your best moment in the first year, because you were presidential, successful and you were kind of a different kind of a Democrat? Those are sort of my three key criteria.

THE PRESIDENT: Yeah, and a lot of other things happened that were important to me that I think when you look back on it with hindsight, will also be seen to be very important.

Q But in terms of --

THE PRESIDENT: At the moment, I agree with you. I mean, at the moment it occurred, I agree with it.

I think with hindsight you can see, even now, if we hadn't passed that economic program, I doubt that NAFTA could have passed. And we wouldn't be looking at three years of declining deficits for the first time since Truman's presidency. And we would never have been able to disprove what the Republicans said about it -- you know, everybody's taxes were going up and all that. We would have never had any evidence of that, that it wasn't so, if the program itself hadn't passed. So I think it was critically the thing without which the rest couldn't flow.

Q Right.

THE PRESIDENT: But I think in the long run, I think this National Service has the chance to redefine the way people relate to their communities and their country, too. I think that -- I mean, we're going to have more people in the first year of it than we

ever had in the Peace Corps in any given year. So I feel good about that.

But I agree that NAFTA was defining politically. And it made the different kind of Democrat argument.

Q Which, don't you agree, is important?

THE PRESIDENT: Absolutely.

Q An important image that you portray to, largely to middle class voters, swing voters that you're different?

THE PRESIDENT: Yes, because I think people believe that both parties have kind of let them down and are gridlocked in a way that's more oriented toward the past than the future. So I think it was an important victory. Even though, in terms of polling data, you know, there never was a big majority for NAFTA.

Q But-wasn't it amazing that everybody loved it after you passed it? Everybody loves a winner, I think, but it became more -- its numbers shot-up,-and your numbers shot up.

THE PRESIDENT: Yeah, I think that part of that was winning and part of that was a sense that it was the right side of history to be on. That, you know, there was no turning back the clock, that we were going to have more trade, that, you know, that what happens in Mexico and Latin America is important. I just think it had the right historical feel for when it was over.

Q So, you're glad you went all-out? Was there ever much question as to whether you would go all-out or not?

THE PRESIDENT: No. The only question was how quick I could start. I got a rap -- a lot of the Republic pro-NAFTA people criticized me for not starting sooner. But they forgot about two very important factors. One was: in the campaign I had laid down the conditions under which I would fight for NAFTA which included side agreements on labor and the environment which were not concluded until shortly before we started.

The second was there was no way in the wide world to start fighting for NAFTA until we passed the budget and the economic plan. Because if you remember, there were no Republican votes for the economic plan. And almost all the people that were -- not all, but almost all the people in the Democratic Party who were intensely anti-NAFTA were also intensely for the budget plan. So that if I had started on NAFTA any sooner, I would, number one, not have been

fulfilling my campaign commitments to finish the NAFTA work; and, number two, would have almost -- well, it would have run a very dangerous risk of killing the budget. And had that happened, then I don't think NAFTA would have passed, because my ability to exercise leadership and put together a winning coalition would have been

called into greater question.

Q Okay, I say in the text, but I don't mean it in a pejorative way, but it'll be that way and you'll probably take it -- that you had hoped to coast through foreign policy the first year. Of course, NAFTA is foreign policy, I understand that. But I think Reagan wanted to do his economic agenda, and there are -- I've heard stories that he didn't want any foreign policy news on the front page of The New York Times, that kind of thing. Did you have similar sentiment or objective, if it was at all possible? The use of the word "coast" I guess is --

THE PRESIDENT: Yeah -- let me try to characterize how I saw it. I wanted to be able to devote most of the first year to dealing with the domestic problems of the country that I thought were necessary to strengthen us so that we could formulate and carry out a successful foreign policy in the post-Cold War world, and so that it would be consistent with what we were doing here at home.

And I knew that that would require a whole series of struggles in the Congress that would take a lot of my intense personal effort and a lot of my personal involvement in the development of policy like health care and welfare reform and other things. So that I had hoped that in the first year there would be no unmanageable crises.

Now, that does not mean that I wanted to coast in the sense of the not being involved, because I had basically the following things that I hoped would happen the first year: Number one, I wanted to put our relationship with Russia on a very strong footing and continue the work of denuclearizing the former Soviet Union. And even though things have changed in Russia, I think that was the right policy and it's been largely successful.

Number two, I wanted to pass a new and streamlined defense program that would still meet our defense needs, and therefore, would be adequately funded.

And number three, I wanted to try to take some of the problems that I have been bequeathed and at least make them better. I wanted to successfully terminate our involvement in Somalia, and it was more costly than I had hoped it would be. But still, I think it's hard to quarrel with the proposition that we shouldn't have been there forever and that there had to come a time when the U.N. would take over for the U.S. And the thing has not fallen apart completely yet, so it may not. So I think that we did our job there.

I wanted to try to involve the United States more in partnership with Europe to try to contain the war in Bosnia, to Bosnia, first of all; and then secondly, hopefully to get a fair and decent peace negotiation. So I think we've been successful in containing it. We got -- two of the parties have agreed with one another, and we're nowhere near home on the other one, although we've made maybe some progress.

And then the third thing I wanted to do was to try to restore democracy in Haiti, which I have not been able to do. I just -- I have failed to do it. It was a difficult thing. And there was no consensus when the Governors Island Agreement was breached. No consensus within this country or within our allies in the Caribbean and Latin America that the United States should unilaterally try to change the outcome there. So, we've been on a

different course which has basically not succeeded. And I'm reexamining that now.

Now, that's what I -- but I wanted to be able to do that in a way that I wouldn't say coasted through foreign policy, but contained it so I could put more than half my energies and intensity into these other things. As we came toward the end of the year, and you know, after Mother died, you know, then I had that trip to Europe for NATO and to Russia, stopping in Prague and Kiev and then going on to Geneva to meet with Assad. It's obvious to anybody that this year we're going to have to do more.

~~The other thing was, last year we were ---~~ Warren Christopher was very much involved in the Middle East, but it was in a posture where they, the Israelis, had to feel like they were free to make the first agreement and that we would back them up. And with a new government in Israel, I didn't have -- to be somewhat fair to my predecessors, I didn't have to spend a lot of time at odds with the Israeli government trying to get them to entertain a peace agreement in the first place. And it was more important to give them the security of knowing they had the freedom to make their own peace, and that we would be the guarantor of it once it was made.

So that was a very fortunate development not only for our administration, but for the world, because it enabled us to play a strong and responsible role in the Middle East and at least to get to step one without an overpowering commitment of my time, for example. Once that occurred, on September 13th, to get to what's going to happen -- and we hope there will be an agreement this week between the Israelis and the Palestinians to go forward now in the details -- that's required a lot more of the administration's time. And of course, if we make any progress on these other tracks, especially with Syria, it will require a lot more time.

So this year, I've spent a lot more time on foreign policy than I did last year.

Q Do you have time for a couple more?

THE PRESIDENT: Yeah.

Q Great, great. Your discussions with Hillary during the transition about her role -- I haven't read much about what you guys talked about, or what your thinking was, or whether it was obvious she would handle health care or --

THE PRESIDENT: No, it wasn't at all obvious. She was trying to determine, I think, exactly what her role ought to be. And she knew she wanted it to be an activist role, but she also was very concerned about being perceived as being held -- as having a position of influence without accountability; which of course, is some of the

criticism that we've taken since she's been involved in health care.

And so we talked about it for some extended period of time, and I told her that I realized that the situations were nowhere near analogous -- boy, was that an understatement -- but that she had been able to marshal public support in my first term in that rural health initiative which, among other things, led to our support for the neonatal health care at Children's Hospital and some other things we did; and in a much larger way, on the education standards task force. And that I thought that she'd be able to -- it was a much bigger and more complex issue, but I thought she ought to consider doing the health care thing because I thought that it was such a massive undertaking that the odds were against us from the start and that she would increase the odds of success.

I didn't realize the extent to which, in a much more partisan environment and more skeptical environment, it would also

make her a target more. But I still think, on balance, it was the right thing to do. And I think you realize what a huge and complex subject it is. I think she's done a good job.

~~But it was not self-evident.~~ It wasn't something where it was always a given, or we had talked about before the election or anything like that. We just hadn't given it a lot of thought.

Q Okay. ~~Let me then finish by giving you my four questions that I raise about your presidency in terms of its political and policy success.~~ We've touched on most of them. Just see what you think.

One, as with any president, how's the economy doing? The peace and prosperity issue. Two, end gridlock, so-called gridlock, get things passed. That's what people wanted. Three, is he a new kind of Democrat? Does he show middle-class voters that he's genuinely different, has some new ideas? And, four, credibility, both as a President -- a 43 percent President -- and as a person.

How are those four?

THE PRESIDENT: I think the economy is doing well. We've got stable and strong growth and the fundamentals to continue it. And I think, again, passing the economic program and doing it in a way that was -- and doing it with no help from the Republicans -- over the long run, they turned out to be the precondition without which none of this other stuff could have hurt.

So I think you've got more than twice as much private sector job growth in the first 15 months of this administration than in the previous four years. And, basically, a stable, growing economy. I think last year's low interest rates and deficit reduction triggered that. I also think there's a lot of other good things in that plan that will have huge long-term benefits -- changes in the tax system giving roughly one-sixth of the working families in the country a tax cut through the earned income tax credit, because they are on marginal wages -- that is, marginal above the poverty line in trying to be successful parents and successful --

Q Did a lot of people end up taking that?

THE PRESIDENT: Oh yes. This year is when they get their big cut. And I think almost all of them will take it because of the way it works. So --

Q But there had to be some public awareness campaign.

THE PRESIDENT: So we're doing very well on that, I think. You know, you still have two big problems with the economy, and one is that there's still a lot of regional and, within regions, other differences between cities and rural areas, for example, and other areas. There's still some places that haven't felt any recovery. And the second problem you've got is the income inequality problem, which has been developing over 20 years, which will be partly alleviated by the earned income tax credit, but over the long run has to be changed by a dramatic increase in education and training of the entire American work force. So on that score, I think we're doing fine.

The second issue --

Q The second was gridlock, and you've got a good batting average.

THE PRESIDENT: We've got a very good batting average. Depending on how you count, we did better than any first-year since either Johnson or Eisenhower, and I think you could argue that our issues were harder than either one of them in the first year. So I feel good about that.

Q Let me ask you a little historical perspective. Is it unusual not to have vetoed a bill? I know it's a Democrat --

THE PRESIDENT: Sixty years. It's been 60 years since a president went a whole year without vetoing a bill.

Q Okay.

THE PRESIDENT: Yes. So I think we've had an unusually good meeting on -- I mean, good record there.

Q Three --

THE PRESIDENT: And, third, on the new Democrat, I think we have been successful, but not as successful as I would like. That is, I think we -- there is an enormous -- last year at the DLC meeting, I read a list of all of the things that they asked me to do that we've done, and it's a very long list. I mean, that new Democrat, favoring work over welfare, that's what the earned income tax credit was all about. National service was one of the biggest things that the Democrat Leadership Council was for. It's a government empowering people instead of just doing something. We passed the empowerment zone legislation. The crime bill has the community policing in it and a lot of other things that I think are

very good. So I think -- and we took on NAFTA and GATT. We passed the GATT thing at the end of the year.

So I think, far more of that new Democrat than not. We've had the problems with making the new Democrat theme go all the way basically, and then, two -- one is political and one is financial. We could have had a better new Democrat record if the Republicans hadn't decided on the front end to boycott the budget.

Q And to define it as tax-and-spend liberalism.

THE PRESIDENT: Yes. And to boycott some other things we've done. And secondly, to finish the new Democrat agenda you've got to pass welfare reform, and the problem there is, under our budget rules, it's hard to pay for that and the GATT thing and everything else at one time. So we may not be able to complete the whole new Democrat agenda within the first two years of the administration, but I think we will have gone a long way toward that.

Q Health care, it's again like your budget. It's being defined as a --

THE PRESIDENT: Yes. The health care thing I think one problem there is that the so-called New Democrats, we got the managed competition that they favor. But like the DLC advocated, having coverage for everybody and understood at some level that you could never control costs and stop it from bankrupting the budget unless you had coverage, but they never came to grips with how to get it. The problem with the health care issue is, there are tough decisions there. If they were easy decisions, they would have been done a long time ago.

We've got a lot of Republican doctors for what we're trying to do and maybe some Democratic insurance salesmen who are against it. It's a very complicated issue. And I think that we do, by trying to address it all in a big, comprehensive bill, we held ourselves open to looking like it was too much government. I think that's the big rap on the health care thing. But I think we can fix it as we go along. I agree with that.

On the credibility thing, I think it just depends on -- it's almost like beauty -- it's more or less in the eyes of the beholder. There's a great book by Thomas -- I think his first name is Thomas -- by a guy named Patterson at the Maxwell School in Syracuse called "Out of Order," in which -- oh, the other new Democrat thing I wanted to do was at least a child-based middle-class tax cut, and we had to stop at a dramatically expanded EITC, because of the size of the deficit. So that and welfare reform were the money problems. I think over a four-year period I may be able to fill out the whole agenda. But -- so that's -- you know.

On the credibility issue, I think if you define it in terms of having a clear vision about where we ought to go and trying to get it done and fighting for it and getting a higher percentage of

it done, then I ought to have high credibility. If you define it in terms of mistakes that were made operationally, or trying to do things that didn't work out, like not getting the Europeans to go along with lifting the arms embargo, or what happened with Lani Guinier and Zoe Baird where we had vetting mix-ups, or the gays in the military, it just depends on whether you think I should have signed an Executive Order and had it overridden and that would have been better than having a policy which plainly made life measurably better for gays that were in the military; by its very terms it's very, very different than the present policy, operationally.

I think again it just depends on how you view it. And on the personal credibility thing, I mean, I certainly -- I've done what I said I'd do -- I've worked hard and tried to get done what I said I'd get done. We haven't solved some of the thorniest problems of foreign policy, and I have continued to be under the most relentless assault, probably, of any president ever, in highly personal ways. But that's obviously part of their strategy. Someday when we've got time to talk about it, I'll tell you that whole story. You can make another whole book on that.

Q "Their" strategy -- the Republicans?

THE PRESIDENT: Yes. And the right, and the extreme right. You can go back to the campaign and realize that one of the things that they realized -- they realized that I had a message and a record and a vision for this country very different from what had been offered before, and that one of the ways to deal with it was just try to assault me, personally.

And it's been relentless and intense. It started in the campaign, and for the first time I guess, ever, there me personally. And it's been relentless and intense. It started in the campaign, and for the first time, I guess ever, there was no cessation when I took office. If anything, it just stepped up. Like what's in Tony Lewis' piece today about -- in The Wall Street Journal basically said they're just sort of determined to try to act as if the election hadn't occurred, as if I was some usurper, that there was no legitimacy to the outcome of the vote. And never mind the electoral vote victory or what all the polls showed would have happened if Perot hadn't have been in there. They were just mad that I won.

Q Right.

THE PRESIDENT: And I think that the relentless assault that they have made, and the fact that some of it breathes back into the regular press, has obviously taken its toll. And I think I've had a few bad breaks, too. For example, you and Greenberg (ph.) might call me Slick Willie, but that huge majority of the newspaper editors in Arkansas endorsed me every time I ran for office; most of them liked me. But the Arkansas Gazette is out of business now. So when all these people -- this Washington press corps goes down there trying to do an assessment, they don't really have a picture of the

people that shaped, or at least expressed their opinions of their voters during most of the time I was governor.

Q That's a good point.

THE PRESIDENT: So I'd been --

Q Even though I was always for you.

THE PRESIDENT: You were. You were always for me. But I mean, Greenberg never was. He was against me when I was attorney general.

Q Yes.

THE PRESIDENT: And he wrote down there in Pine Bluff until he got promoted. And the worst I ever did in Pine Bluff was two-thirds of the vote on a bad election. But now when the national press comes down, that's what they gravitate to The Democrat, which has become a much -- except for you, I guess -- has become a much more extreme paper since the Gazette went out of business. It was more moderate when it still had some competition.

Q It's not as bad as The Washington Times. Let me make that clear.

THE PRESIDENT: Oh, no. That's because The Washington Times is part of the national right-wing movement. I think The Democrat is just where it is.

Q Apparently.

THE PRESIDENT: Oh, it is. It was a Moonie paper, and then it was -- no, you've got the editorial page of The Journal, The Washington Times, Rush Limbaugh, Pat Robertson, Jerry Falwell, the Christian Radio Network -- to a lesser extent, some of them are different -- The Spectator and the Floyd Brown operation are all part of a national thing which has access to unlimited money, and has basically poured it into Arkansas and -- as a part of their sort of national strategy. It's a spooky thing, really. The Democrats have nothing to contend with it. Nothing.

Q But I think they're looking at the same questions I'm looking at, and you've got good answers on everything except that one.

THE PRESIDENT: What?

Q On credibility. I mean they say, well, this is where we might get the guy. Because he's clearly a new kind of Democrat, he's clearly effective, clearly smart, clearly a good politician. I mean, that's --

THE PRESIDENT: But it's interesting, because the people who knew me for 12 years -- nobody ever accused me of being dishonest; nobody ever accused me of being anything but constant in what I fought for and worked for. And basically a lot of the folks that have come out against me have been covered with sleaze. Their motives, their evidence and their information are suspect. But it doesn't matter. They just figure, on a personal deal, if they hit you hard enough, because I started out with the draft issue, for example, and all that, that you can just take a certain number of people away. I think it's just relentless.

And other presidents have been subject to this, but never in an environment in which information was drenched across the country --

Q Right, that's my precise point.

THE PRESIDENT: People said terrible things about Thomas Jefferson and Franklin Roosevelt. One newspaper editor suggested in

an editorial, it would be better if Lincoln was assassinated rather than reelected. But you didn't -- they had hard stuff.

Q Well, you have people -- talk radio, computer news services, newsletters, it's a new time.

THE PRESIDENT: Yeah, the difference is, the venom --all presidents that have threatened the established order of things have been subject to incredible venom and hatred and people saying they weren't good enough to be in the job and they weren't worthy and all that kind of stuff.

And what they said about Franklin and Eleanor Roosevelt would curl the back of your hair. But it was never subject to mass distribution and certainly never would have been a lot of this, you know, highly personal attacks would have never found its way from the right wing press back into the mainstream media. So I think that's the difference in the time in which we live.

And you just have to decide -- I'll tell you one thing, if it works on me, then the Democrats will take it up and then nobody will ever have a restful moment again. I mean, you know, in a way, I feel like by surviving and continuing to do my job, I'm fighting for a decent political order in America. Because if this sort of things prevails, then you're just going to have a mud fight from now on out. I mean, really, the implications of it are pretty troubling when you consider what the government ought to be doing and what the President ought to be thinking about.

Q I feel like I've taken too much of your time, but it's been great. I could talk about that forever.

THE PRESIDENT: No. I'm glad. Someday, though, we'll talk about the whole thing, you know. And I'll tell you what I know about the --

Q Because the one thing that I'm thinking as you say, that is, I wonder if it's just because he's experiencing it if he thinks it's worse. And I know it's worse because of the information age, but I don't know.

THE PRESIDENT: Oh no, you know, Jefferson had to deal with all those allegations about his illegitimate children and, you know, like I said, they said terrible things about Roosevelt. But the difference was that it was not widely available to all voters. So, it really depended on whether people running political machines could figure out a way to use it against you, you know.

Q Do you think the Republicans -- and then I'll stop -- that part of this is payback for Bork and Clarence Thomas and John Tower. Did you run into sort of a hornet's nest?

THE PRESIDENT: Oh, yeah. It might be except that, you know, this is very different and goes way beyond anything they went through, arguably. I mean, this is a different sort of deal, you know. I think most of it is rooted, you know, in the way they

decided to go after me. I think it was more of a national -- I think Sheffield (ph.) and Cliff Jackson (ph.) were always a lot more a part of the national strategy than we knew, than we thought in the beginning or than some thought.

Q Yeah, I thought the Arias (ph.) thing was just some kook operation and probably part of a bigger deal.

THE PRESIDENT: Yeah, I think from the beginning, it was part of a bigger deal, and you know, I just -- I'm going to try to endure it. Get up and show up for work every day.

Q You seem to be doing fine. It's great to speak with you. Thank you very much.

END3:15 P.M. EDT

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Steven A. Cohen (COHEN_SA) (WHO)

CREATION DATE/TIME:29-JUN-1994 19:51:00.00

SUBJECT: fyi

TO: Donald A. Baer (BAER_D) (WHO)

READ: UNKNOWN

CC: Gabrielle M. Bushman (BUSHMAN_G) (WHO)

READ: UNKNOWN

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===== ATTACHMENT 1 =====

ATT CREATOR: Margaret M. Suntum (SUNTUM_M)

ATT CREATION DATE/TIME:29-JUN-1994 19:42:00.00

ATT BODY PART TYPE: B

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THE WHITE HOUSE

Office of the Press Secretary

Internal Transcript

June 29, 1994

REMARKS BY THE PRESIDENT

IN SPEECH PREP MEETING FOR G-7 SUMMIT

The Cabinet Room

4:50 P.M. EDT

Q We're trying to put together a Bible that everybody
can use in the background.

G7
SPEECH
PREP

THE PRESIDENT: Any narratives? So we all know what the meaning of it is. (Laughter.)

Q Let's run through this and see where you thought maybe you'd want to change it.

Q The theory here is if this works for you -- Business Week interview and will be the basis of your departure statement.

THE PRESIDENT: This is just sort of our line --

Q And what we're looking for --

Q As David said, to use in the departure speech, relating it to them, their everyday lives.

THE PRESIDENT: The next meeting in Halifax, is that where it is? Nova-Scotia in the spring?

Q We're having a lottery to see --

THE PRESIDENT: Yes, the rate of turnover is speeding up. I've liked all the ones I've had so far --

I think this is fine. I think the only sentence we might want to add is a sentence at the top which sort of summarizes what was in Lloyd's memo to me about what the United States did to energize the G-7 last year, or something like that. What we got done last year and you know. Just one sentence up at the top. You don't even have to -- I think it's fine. I think the only weakness of it is that there's nothing, except for the GATT thing, there's nothing like what we did last year. We made progress on GATT and we had the Japanese deal. Still -- but I think it's good.

Q If you get that question, I think the point --those things didn't happen at the G-7. They happened surrounding the G-7. The Japan deal was not part of Tokyo.

THE PRESIDENT: The Russia deal was.

Q And Micky's deal was.

Q Mr. President, I mean, I think we're generally agreeing. I think we're going to have a package for these next steps.

THE PRESIDENT: You do?

Q Yes.

THE PRESIDENT: Good. That's good then. And of course,

if we've got these other -- if we get the two deals -- now when Japan has been --

Q I haven't found reporters so far -- the ones I've talked to so far resisting the idea that this is different. Last year it was sort of -- repeating of the old agenda and trying to get the GATT nailed and all the rest. This year we're setting a new agenda and it's not a scorecard --

THE PRESIDENT: I don't think that what's happening this year on Russia will be compared adversely with what happened last year. I think we ought to tie all this progress that's been made -- I mean, I think it's really astonishing if you think about where we were in January and where Russia is today. I think we ought to say, this proves that G-7 was right last year; we did that, look what's happened. We got to Russia and look what's happened. But I would tie that back to the decision at last year's G-7 to support Russia, support this, continuation of policy and order.

Q And it is important that this is going to be the first G-7 meeting which, in the last day, Yeltsin's taking part, a full part now -- in the political discussions.

THE PRESIDENT: Yes.

Q I'd like to call your attention to this in the fourth paragraph down, second paragraph up from the bottom, about the G-7 meeting will discuss the growth strategy combining macro, trade and work force investment. It seems to me that's a point that you're going to want to make at various times. It's a three-legged stool for growth. And I think that always gives you a useful way to think about this. And I don't think people understand -- in the press and elsewhere -- sufficiently that you have integrated approach to this, and that G-7 represents an integrated approach. They never think we have a strategy.

Q I think you can also pick up from last year that each summit year you talk about growth and macroeconomics and trade -- we introduced the idea of the job summit last year. We really didn't talk about these issues in these terms. We're now taking it to the next step, which is we're talking about a growth strategy in terms of all three of these.

Q This is the first time the G-7 has ever talked about a kind of strategy mix like that. They virtually always talk about it in a macroeconomics and trade.

Q Essentially for all of us, what we need is a scene to make sure you haven't forgotten about policy strategy needed -- those are the three things we're always looking for. And I think this helps to get you to the strategy. But you have some -- whenever you're -- this is how this fits together. Because people -- that's one thing you always get accused of is people -- because people never understand it. They have bits and pieces of it at different times.

THE PRESIDENT: Is it true to say that at the jobs conference we reached agreement on the structural changes necessary for long-run growth? That's not accurate, is it?

Q No, you're right. We discussed it, but we didn't

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THE PRESIDENT: I don't think that's accurate to say that. I think you could say at the jobs conference we agreed that structural changes as well as macroeconomic changes were necessary for long-term growth. It's a very different thing. We never agreed on what they were or how we were grading each other on whether we met them or not.

In general, I think this is fine. It's part of this whole -- from our point of view in America it goes back -- all during the campaign I said we can't grow at home unless we have global growth. And how are you going to have global growth? You've got to have macroeconomics strategies, you've got to have expanded trade. You've got to have good worker retraining program.

I also believe -- it's too complex to add in here, but I think that there are some things that you can do in cooperation with the other advanced economies. This is a debate, by the way, we have in the Council of Economic Advisors -- I believe it's the same debate -- we have to raise the capacity of the American economy to grow; same issue in the global economy.

I believe there are some things we can do which aren't macroeconomic trade or work force retraining which would change the capacity of the economy to growth. I think if you had a massive -- just as an example -- I think if you accelerated the introduction of the information superhighway throughout the world it would change the capacity. I think if you planted another 500 million trees in Africa, within eight years the conditions for sustainable development would be greater and it would expand the capacity of the country to grow.

I think there is something that -- it's what we focus on all the time. The cheap and easy ones here are taking the lid off export controls of high-tech materials. But there are things that aren't macroeconomics, trade, work force training that change the capacity of the economy to grow. And I think since we are going to be talking about some of that stuff -- the Vice President in South America talked about this whole information superhighway, and since we believe the environmental technology area is not a zero-sum game -- in other words, we don't believe every job we get is a job that a German or a Japanese won't get in that area because there's just so much to do.

I wish somehow that could be part of it. It may be too complicated. But it's very much a part of our own thinking and what

we talk about.

Q We have to decide, Mr. President, whether you want -- you're absolutely right, you have a full comprehensive economic strategy. This is most, if not all of it. The only question is whether you wanted a couple more commas and put in technology and infrastructure, which are the two pieces on the investment side, and then the regulatory rationalization which is lifting export controls and things of that sort. Now, whether that makes more than you want to say is a communications issue.

THE PRESIDENT: Well, the export controls you could put in the broad framework of trade. But something -- the role of technology and infrastructure and expanding the capacity of the global economy to grow I think is worth putting in there.

I also think it's worth putting in there because it's another way we can stroke other countries who arguably are doing more than we are. The Japanese are certainly doing more infrastructure than we are -- building all those expensive airports and stuff like that.

What's the status of that Osaka airport?

Q It's the most expensive in the world.

THE PRESIDENT: Are they still building it out on the water?

Q They're still building it out on the water. It's also on a slant so that --

THE PRESIDENT: They're going to have hell building it. I went out there on a boat -- two years ago.

Q It was developed about the same time -- built the airport. (Laughter.)

Q I remember that year. It was the year the Red Sox won the pennant. (Laughter.)

Q The landing fee is \$45,000 --

THE PRESIDENT: What?

Q That's what Delta told us.

THE PRESIDENT: Who can afford to land an airplane? What is the cost to fly into Kennedy Airport?

Q About \$12,000

THE PRESIDENT: Is it that high?

Q You have a listing here of the --

THE PRESIDENT: That's my only option, those two things? I think David's right. I think this gives you a theme, how do you achieve global prosperity.

Okay.

Q Mr. President, there's a sheet right here. There are many, many more speeches than this and a lot of supportive statements and whatnot. You're going to get sick of it by the time this is over. But these are the major opportunities to send the message. And as we said the other day, the trip is to weave together the larger political emotional, dramatic speeches in Eastern Europe and in Germany with the economic message that we're trying to send.

I propose that we do it by using these themes of a season of renewal, which fits both of those areas; and also exhorting ~~people to summon~~ the civil courage that's necessary to move forward in the face of either the changes the world economy is facing or the political obstacles that people are facing in these emerging democracies.

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Q Can I just -- that would also not only include the G-7 part of the trip, but the other part of the trip. We would also be talking in that speech about integration.

Q And relating it all to the lives of American citizens before he goes abroad.

Q Riga, Freedom Square, is the first big rally speech. You're the first U.S. President to set foot on free Baltic soil. There will be people there from all three of the Baltic states. We're aware we need to make these short speeches because of our previous experience and we won't have the translation -- As I said before, George is the one who is worried that we might be going to Greece.

What we want to try to do is something similar to what

we did with those D-Day speeches, which is that they're historic moments, they're opportunities to tell stories, but these are rally speeches so they have to be much shorter, crisper, to the point. And there will be some very high emotional moments with them.

THE PRESIDENT: Good.

Q But there will be a story-telling quality to them.

THE PRESIDENT: Good.

Q On the Russian troop point there, there is an opportunity in Riga after the meeting with the three presidents to make a more detailed statement about policy towards them. We'll refer to it in here, but not the details.

THE PRESIDENT: Russian troops are still there.

Q The Russian troops are still there. I think you've got to ~~mention it in the~~ speech. So that's going to get the coverage. I also think -- we talked this morning about balancing the speech so that there is a message on ethnic tolerance as well.

Q The Russian troops, though, is the thing that the press will be watching, and they'll be checking to see whether or not we have been strong enough in terms of saying that we expect those troops to leave in August I think it is.

Q Let me take 30 seconds for a story -- in the Russian Foreign Ministry, our friend told me the other night. When Chernomyrdin was over at the Press Club he said in Russian, "and we're going to get all our troops out by the end of the year." -- made a deal with the interpreter to check with him before he translated anything, and he said -- and he went over to Chernomyrdin and whispered in his ear and then whispered to the interpreter, and the interpreter said, "all the troops are going to be out by August 31st, which was the translation.

Q I think there is more than just a rhetorical question for us on how strong the President should be in his statement there.

THE PRESIDENT: What's their position on gays in the military (Laughter.)

Q I think we've got to decide, because people are going to be watching for more than just an oblique statement about this in this speech.

THE PRESIDENT: There's a way to do this without offending the Russians. They know what our position is. And I think Mick has got it right: What you want to do is be clear and firm on troop withdrawal, clear and firm on respect for -- all they want -- they don't want us to go over there and wimp out. The way to avoid

embarrassing them and looking like we're making cheap political

points at their expense is to say we stand up for minority rights. Isn't that right?

Q That's right.

Q That's the best thing you could do.

THE PRESIDENT: Okay. Polish Parliament.

Q The Polish Parliament is the most substantive foreign policy speech in that it will be a follow-on from the French Assembly and from Brussels, a chance to speak more about democracy integration, security --

THE PRESIDENT: You know it got almost no notice over here, but apparently -- I just keep getting feedback from Europe that that speech at the French Parliament had a terrific effect; helped the United States in France, helped the United States in Europe; that people really were moved by it.

Q Well, here's the question now, is how much more we can say substantively about what we're willing to put on the table.

Q There's plenty of substance here.

Q Are we agreed on that?

THE PRESIDENT: The one thing I would say to you, though, is that -- I want to ask a question here. In the French Parliament, didn't they have simultaneous translation? They had earphones, didn't they?

Q Yes.

THE PRESIDENT: What are they going to have in Poland?

Q They can do simultaneous.

THE PRESIDENT: It's real important; it affects how long it can be. Check that and make sure.

Q And also just the rhythm of it.

THE PRESIDENT: It's really important, you've got to make sure it's simultaneous. Even if -- I think that speech at the French Assembly was at the outer limits of how long it can be. How long was it?

Q It was about 20 minutes.

THE PRESIDENT: I don't think it can be any longer.

Q Probably should be shorter.

THE PRESIDENT: But they liked it. It was long enough so that it was serious and not so long it was boring.

Q And we had 14 hours to write it. (Laughter.)

THE PRESIDENT: You had what?

Q Disregard that. (Laughter.)

Q A speech that probably will be regarded as a smaller speech but it's a very emotional moment is the 50th anniversary of the Warsaw Uprising. That will be a short speech, but you'll be speaking at the monument that exists there to the people who rose up. That's another way to tell one of these stories --

Q By the way, they're holding a ceremony that includes Germans and the Russians and the others -- different from D-Day. A reconciliation ceremony.

THE PRESIDENT: Do we have any people in the administration whose families were in the Warsaw uprising?

Q Shali was there himself as a kid. He was there during the uprising.

THE PRESIDENT: We ought to find out -- we might have some really major supporters -- you should ask our political -- we ought to ask our White House finance people and all that just if they know anybody. We might have some people whose families were in the Warsaw uprising. We've got several who were in the Warsaw Ghetto here.

Q A couple of reporters.

Q I think there are people who have been active contributors, fundraisers --

THE PRESIDENT: That's what I mean. New York, Chicago -- it might be worth taking a quick run-through. This is a good list, but I would just like it if we could do a double-check through our list of major supporters.

Q Some New York reporters are only being allowed to go on this trip because of it.

THE PRESIDENT: Really? This will be a big deal. We need to check New York, southern California, Chicago, Milwaukee and Florida just to check for ties to the Warsaw Ghetto. I think it's really worth doing. A bunch of our friends -- if there are 40 or 50 of them, they might be willing to charter another plane to go or something.

Q Even if they weren't, there are people who, like --
who's cared enormously about the fact that his family was wiped out
--

Q The thing that we don't want is to turn foreign
policy into politics.

Q This is not the Jewish ghetto uprising. This is
Warsaw.

THE PRESIDENT: It's the uprising at Warsaw. I know.
That's why I tried to draw the distinction. That's why when I say
this list, all these people were in the Warsaw Ghetto, which is
different from the people who were in the uprising.

Q You're going to a memorial for the ghetto uprising
--

Shall we go on to the Naples? It's pretty plain, but
you're going to have two press statements there. Questions, Q&A will
follow. The first one is on Friday. You're going to tell them again
what you plan to do at the G-7, and the second one is on Saturday;
you're going to tell them what you did do at the G-7. And there are
some points to be dwelt on later on for what kind of Q&A are going to
come up.

THE PRESIDENT: I got it.

Q Going to Ramstein, where you're going to do, as you
requested the other day, a speech to the military audience. And that
will be late that night, late Monday.

Q After the dinner with Kohl.

THE PRESIDENT: After the dinner with Kohl?

Q Yes. He's going to go with you.

THE PRESIDENT: On the way to Berlin.

Q They didn't want to impose, but he's going to go
with you.

THE PRESIDENT: To Berlin?

Q No, he didn't want to cut the dinner short, but
he's going --

THE PRESIDENT: I hate to cut the dinner short, too.

Q But he's going to go with you to Ramstein.

THE PRESIDENT: It's got to be good for him to be there at Ramstein.

Q Oh, yeah.

Q Berlin -- the two big emotional bookends -- your big speech at Brandenburg Gate and then the Inactivation ceremony at McNair Barracks, both of which are very, very important. They are going to be heavily covered. And I think it's sort of symbolic of what --

THE PRESIDENT: Say again -- what? Bookends of what?

Q For the whole trip. They are both very important events --

THE PRESIDENT: This Brandenburg Gate speech is very important. It will be like -- you decided you did not want me to give it in German?

Q I don't think we decided anything.

Q I feel strongly about it that you should not. I think you should not give the whole speech in German. The question is whether you sprinkle some German in it. I do not think the whole speech should be in German. It's too much. And besides which, we've got a big audience back here and they ought to hear this and not have to be bothered with --

Q Mr. President, you need to get to the briefing for the Business Week.

THE PRESIDENT: Okay.

The Inactivation thing I think is great.

Q Now we just will be giving you drafts.

THE PRESIDENT: I like this.

Q Do you feel comfortable with those overarching things that I talked about?

THE PRESIDENT: Absolutely.

Q So we can start to talk about them.

THE PRESIDENT: And it goes back to -- you can say again about the seamless web between domestic and foreign policy, and how we just don't see the dividing line.

Good job, everybody.

Q I have your proxy to tell everyone that these all have to be short, is that right?

Q Let me just say, we're going to have a one-pager that we've been working on of what we call the giblets of things, of points you can make about U.S. leadership. I mean, we're leading the -- among the G-7 nations, we're leading the way in growth. I think you can use this in the business -- leading the way in growth, leading the way in job creation, we're leading in export growth, we're leading the way in deficit reduction, we're leading the way in private investment. Those are all things that are happening in the U.S. economy.

Q Now let's talk about the dollar -- (laughter.)

THE PRESIDENT: Thanks. Good job, everybody.
END5:25 P.M. EDT

===== END ATTACHMENT 1 =====

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Margaret M. Suntum (SUNTUM_M) (WHO)

CREATION DATE/TIME: 29-JUN-1994 19:43:00.00

SUBJECT: 1994-06-29 RBTP in G-7 Speech Prep Meeting

TO: Steven A. Cohen (COHEN_SA) (WHO)

READ: UNKNOWN

TEXT:
PRINTER FONT 10_POINT_COURIER
TOP ALL
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BOTTOM ALL
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THE WHITE HOUSE

Office of the Press Secretary

Internal Transcript June 29, 1994

REMARKS BY THE PRESIDENT
IN SPEECH PREP MEETING FOR G-7 SUMMIT

The Cabinet Room

4:50 P.M. EDT

Q We're trying to put together a Bible that everybody can use in the background.

THE PRESIDENT: Any narratives? So we all know what the meaning of it is. (Laughter.)

Q Let's run through this and see where you thought maybe you'd want to change it.

Q The theory here is if this works for you -- Business Week interview and will be the basis of your departure statement.

THE PRESIDENT: This is just sort of our line --

Q And what we're looking for --

Q As David said, to use in the departure speech, relating it to them, their everyday lives.

G-7
SPEECH
PREP

THE PRESIDENT: The next meeting in Halifax, is that where it is? Nova Scotia in the spring?

Q We're having a lottery to see --

THE PRESIDENT: Yes, the rate of turnover is speeding up. I've liked all the ones I've had so far --

I think this is fine. I think the only sentence we might want to add is a sentence at the top which sort of summarizes what was in Lloyd's memo to me about what the United States did to energize the G-7 last year, or something like that. What we got done last year and you know. Just one sentence up at the top. You don't even have to -- I think it's fine. I think the only weakness of it is that there's nothing, except for the GATT thing, there's nothing like what we did last year. We made progress on GATT and we had the Japanese deal. Still -- but I think it's good.

Q If you get that question, I think the point --those things didn't happen at the G-7. They happened surrounding the G-7. The Japan deal was not part of Tokyo.

THE PRESIDENT: The Russia deal was.

Q And Micky's deal was.

Q Mr. President, I mean, I think we're generally agreeing. I think we're going to have a package for these next steps.

THE PRESIDENT: You do?

Q Yes.

THE PRESIDENT: Good. That's good then. And of course, if we've got these other -- if we get the two deals -- now when Japan has been --

Q I haven't found reporters so far -- the ones I've talked to so far resisting the idea that this is different. Last year it was sort of -- repeating of the old agenda and trying to get the GATT nailed and all the rest. This year we're setting a new agenda and it's not a scorecard --

THE PRESIDENT: I don't think that what's happening this year on Russia will be compared adversely with what happened last year. I think we ought to tie all this progress that's been made --I mean, I think it's really astonishing if you think about where we were in January and where Russia is today. I think we ought to say, this proves that G-7 was right last year; we did that, look what's happened. We got to Russia and look what's happened. But I would tie that back to the decision at last year's G-7 to support Russia,

support this, continuation of policy and order.

Q And it is important that this is going to be the first G-7 meeting which, in the last day, Yeltsin's taking part, a full part now -- in the political discussions.

THE PRESIDENT: Yes.

Q I'd like to call your attention to this in the fourth paragraph down, second paragraph up from the bottom, about the G-7 meeting will discuss the growth strategy combining macro, trade and work force investment. It seems to me that's a point that you're going to want to make at various times. It's a three-legged stool for growth. And I think that always gives you a useful way to think about this. And I don't think people understand -- in the press and elsewhere -- sufficiently that you have integrated approach to this, and that G-7 represents an integrated approach. They never think we have a strategy.

Q I think you can also pick up from last year that each summit year you talk about growth and macroeconomics and trade -- we introduced the idea of the job summit last year. We really didn't talk about these issues in these terms. We're now taking it to the next step, which is we're talking about a growth strategy in terms of all three of these.

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THE PRESIDENT: Do we have any people in the administration whose families were in the Warsaw uprising?

Q Shali was there himself as a kid. He was there during the uprising.

THE PRESIDENT: We ought to find out -- we might have some really major supporters -- you should ask our political -- we ought to ask our White House finance people and all that just if they know anybody. We might have some people whose families were in the Warsaw uprising. We've got several who were in the Warsaw Ghetto here.

Q A couple of reporters.

Q I think there are people who have been active contributors, fundraisers --

THE PRESIDENT: That's what I mean. New York, Chicago -- it might be worth taking a quick run-through. This is a good list, but I would just like it if we could do a double-check through our list of major supporters.

Q Some New York reporters are only being allowed to go on this trip because of it.

THE PRESIDENT: Really? This will be a big deal. We need to check New York, southern California, Chicago, Milwaukee and Florida just to check for ties to the Warsaw Ghetto. I think it's really worth doing. A bunch of our friends -- if there are 40 or 50 of them, they might be willing to charter another plane to go or something.

Q Even if they weren't, there are people who, like -- who's cared enormously about the fact that his family was wiped out --

Q The thing that we don't want is to turn foreign policy into politics.

Q This is not the Jewish ghetto uprising. This is Warsaw.

THE PRESIDENT: It's the uprising at Warsaw. I know. That's why I tried to draw the distinction. That's why when I say this list, all these people were in the Warsaw Ghetto, which is different from the people who were in the uprising.

Q You're going to a memorial for the ghetto uprising

--

Shall we go on to the Naples? It's pretty plain, but you're going to have two press statements there. Questions, Q&A will follow. The first one is on Friday. You're going to tell them again what you plan to do at the G-7, and the second one is on Saturday; you're going to tell them what you did do at the G-7. And there are some points to be dwelt on later on for what kind of Q&A are going to come up.

THE PRESIDENT: I got it.

Q Going to Ramstein, where you're going to do, as you requested the other day, a speech to the military audience. And that will be late that night, late Monday.

Q After the dinner with Kohl.

THE PRESIDENT: After the dinner with Kohl?

Q Yes. He's going to go with you.

THE PRESIDENT: On the way to Berlin.

Q They didn't want to impose, but he's going to go with you.

THE PRESIDENT: To Berlin?

Q No, he didn't want to cut the dinner short, but he's going --

THE PRESIDENT: I hate to cut the dinner short, too.

Q But he's going to go with you to Ramstein.

THE PRESIDENT: It's got to be good for him to be there at Ramstein.

Q Oh, yeah.

Q Berlin -- the two big emotional bookends -- your big speech at Brandenburg Gate and then the Inactivation ceremony at McNair Barracks, both of which are very, very important. They are going to be heavily covered. And I think it's sort of symbolic of what --

THE PRESIDENT: Say again -- what? Bookends of what?

Q For the whole trip. They are both very important events --

THE PRESIDENT: This Brandenburg Gate speech is very

important. It will be like -- you decided you did not want me to give it in German?

Q I don't think we decided anything.

Q I feel strongly about it that you should not. I think you should not give the whole speech in German. The question is whether you sprinkle some German in it. I do not think the whole speech should be in German. It's too much. And besides which, we've got a big audience back here and they ought to hear this and not have to be bothered with --

Q Mr. President, you need to get to the briefing for the Business Week.

THE PRESIDENT: Okay.

The Inactivation thing I think is great.

Q Now we just will be giving you drafts.

THE PRESIDENT: I like this.

Q Do you feel comfortable with those overarching things that I talked about?

THE PRESIDENT: Absolutely.

Q So we can start to talk about them.

THE PRESIDENT: And it goes back to -- you can say again about the seamless web between domestic and foreign policy, and how we just don't see the dividing line.

Good job, everybody.

Q I have your proxy to tell everyone that these all have to be short, is that right?

Q Let me just say, we're going to have a one-pager that we've been working on of what we call the giblets of things, of points you can make about U.S. leadership. I mean, we're leading the -- among the G-7 nations, we're leading the way in growth. I think you can use this in the business -- leading the way in growth, leading the way in job creation, we're leading in export growth, we're leading the way in deficit reduction, we're leading the way in private investment. Those are all things that are happening in the U.S. economy.

Q Now let's talk about the dollar -- (laughter.)

THE PRESIDENT: Thanks. Good job, everybody.
END5:25 P.M. EDT

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Mark R. Miller (MILLER_MR) (WHO)

CREATION DATE/TIME:05-JUL-1994 13:59:00.00

SUBJECT: HOTLINE -- IT'S THE WHOLE THING, JANET

TO: FAX (9-606-4928,Laura Gassner) (TLXA1MAIL_ \F:9-606-4928\C:LAUra Gassner\) (DEFAULT)

READ: UNKNOWN

TEXT:

--- Tuesday --- July 5, 1994 ---

##

--- THE DAILY BRIEFING ON AMERICAN POLITICS ---

Updated Each Morning At 11:50

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=====

WILL THE CASE BE ESPY-DITED? | SPOTLIGHT |

Probe of Ag. Sec. may get the |
indie counsel treatment. (#3) | THE POLITICAL HEALTH |

WHITE HOUSE AFTERSHOCKS (#4,3) | Just as 2 new polls say |

The big fight is for office | that health care has shown |
space. Where will Mack's be? | Congress at its worst, the |

AIDS CZAR: Gebbie out soon? | worst seems yet to come. |

CHRISTOPHER: Sec/State said | With wheeling/dealing to |
to be safe thru '94. | reconcile 5 Dem Cmte bills, |

| with a possible Senate |

DEM WOMEN VS. THE RIGHT WING | filibuster, with a Perot- |

NEWSWEEK piece details some | funded \$1M RNC broadcast |

below-the-belt hits frosh Dem | and a \$4M DNC ad campaign, |

women will face. (#6) | the stakes can't get much |

| higher. (#17, #18) |

SURFING AROUND THE SENATE |

MI: Pollack (D) hits Carr | 1996: Dole bill said to |

(D) for out-of-state \$\$ (#10) | signal a conservative run |

OK: Ending any speculation | for GOP nod. Will Perot |

of a run, frosh Rep. Istook (R) | \$\$\$ buy a way back for him? |

endorses Inhofe (R). (#11) |

MA: Coming soon -- Two 25th | 1994: US NEWS poll shows |

anniversaries: the moon landing | 57% worry about health care |

& Chappaquiddick. (#9) | plan that will hurt quality |

| and cost more; but if no |

OTHER '94 CAMPAIGN NEWS | bill passes the challengers |

CA GOV: Wilson budget is | will be helped. An ABC/POST |

passed in CA Senate. Tom | poll shows 83% think that |

Hayden: "I think Pete Wilson | Members care more about re- |
won this one." (#13) | election than the country's |
MD GOV: Boergers (D) goes | best interests. (#17, #18) |
with all female ticket. (#15) |

===== QUOTE OF THE DAY =====

"I'll bet you have health care."

-- FL Gov. Lawton Chiles (D), when asked at a town hall meeting
why crime doesn't get more attention than health care,
ST. PETE TIMES, 7/1.

THE APN BULLETIN BOARD

| FROM TODAY'S GREENWIRE: Oil industry confident it can win |
| planned lawsuit against EPA over recent ethanol mandate. |
| FROM TODAY'S ABORTION REPORT: Sen. Finance Cmte passes health|
| plan w/moral-conscience exemption abortion coverage. |
| FROM TODAY'S AMERICAN HEALTH LINE: MO Gov. Carnahan proposes |
| to "radically restructure" the state's Medicaid program. |

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W.POST/ABC: 83% say congress cares more about self than U.S. (#18)
TV MONITOR (#19)

???? OVERLOOKED ????

The Senate Finance Cmte's health care bill allows employers to
exclude abortion coverage. No women serve on the 20 member cmte.

===== NATIONAL BRIEFING =====

*1 HEALTH CARE: FINANCE COMPLETES BILL WITH "MELANCHOLY AIR"

On a 12-8 vote on 7/2, the Sen. Finance Cmte approved a health reform bill that showed the GOP and Dems "can compromise on the contentious issue, but the end result failed President Clinton's test of guaranteed coverage for all Americans." The compromise "handed Clinton a problem: the possibility that the outcome of the Congressional health-care debate will be much less than what the President wants" (Zaldivar, PHILA. INQUIRER, 7/3). The Cmte passed its bill "with a melancholy air that contrasted sharply with the celebrations greeting passage of other versions of the plan" (Hosler, Balto. SUN, 7/3). In a "relatively restrained statement," Clinton said the vote "moves health care reform another step closer to final passage." Finance Chair Pat Moynihan had hoped "to fashion a bipartisan breakthrough," but reform advocates "said the final product ... fell far short of the goals of reform" (Toner, N.Y. TIMES, 7/3). Sens. Jay Rockefeller (D-WV) and Max Baucus (D-MT) both voted against the bill (Priest, W. POST, 7/3). Finance "advanced a bill by finessing the most central health care issue of all -- how to pay for it" (Alter/Waldman, NEWSWEEK, 7/11). ABC's Greenwood: "Lawmakers called it realistic" (7/2). CBS' Schieffer: "The bill ... does clear the way for debate" (7/2). BUSINESS WEEK's McNamee: "[Finance's] pre-July 4th political fireworks signal that a consensus bill is now out of the question" (7/11 issue).

ABORTION: Sen. Min. Leader Bob Dole: "On the Senate side ... there's going to be an effort to exclude abortion coverage, particularly where we subsidize." Sen. John Breaux (D-LA), on Finance's bill: "We adopted ... conscious clauses that allow employers and employees not to have to pay for insurance that cover it ... That's a major move towards a compromise that everybody can live with" ("Brinkley," ABC, 7/3).

RECONCILIATION: Sen. Maj. Leader George Mitchell, "pressed" on how he could reconcile the Finance bill with that of the Sen. Labor & Human Resources Cmte, chaired by Sen. Ted Kennedy (D-MA): "Let's not rule out the idea of even further innovation" (N.Y. TIMES, 7/3). Mitchell would not say "whether he will restore some version" of the employer mandate (SUN, 7/3). A Dem House leader said the debate "will turn on three issues": 30-40 votes on employer mandates; 20 votes on tobacco taxes; and 15-25 votes on abortion (Moss, W. TIMES, 7/4). U.S. NEWS's Dentzer writes Congress will "likely" produce a health care plan that falls short of Clinton's goal, and he "will have no choice but to sign it if he wants a health bill -- in large part because so many Americans never had a clue about what he meant" by universal coverage (7/11 issue).

WILL THEY SURVIVE? Speaker Tom Foley, on employer mandates making it into the final bill: "It may perhaps be one that involves the so-called hard trigger, that there'll be a period of phasing in" ("Evans & Novak," CNN, 7/2). Sen. Phil Gramm (R-TX): "Employer mandates are dead" ("Late Edition," CNN, 7/3). Dole: "Employer mandates are dead. Price controls are dead" ("Brinkley," ABC, 7/3). House Maj. Leader Dick Gephardt, on Finance's bill: "The fact that they have not been able to produce a bill that has a trigger or an employer requirement, I don't think is an indication that it couldn't be done on the Senate

floor. ... It's unlikely you could get 60 votes for that, but I think you could get 51" (N.Y. TIMES, 7/3). Rep. Richard Neal (D-MA), on a House vote: "Members who have close elections are saying to the leadership, 'Don't ask me to do something that then falls out of the bill.' Why walk the plank when you haven't committed any crime" (NBC, 7/1). Labor Sec. Robert Reich: "American employers are now saddled with a huge burden, \$220-250 billion a year, rising three times faster than inflation. If we get some control over those costs, American employers will have some financial relief" ("GMA, ABC, 7/5).

WH MOVES: "Now that it's crunch time on Capitol Hill, the President -- and his plan -- seems to be largely on the sidelines, more cheerleader than quarterback. After a series of policy and political missteps," the WH has seen its influence on the issue "wane and its control of the public debate dissipate." But a WH adviser said the WH "will become more engaged." And the DNC "has tucked away" \$4-5 million for a nat'l ad campaign this summer and fall. New WH CoS Leon Panetta has made the debate "his top policy concern" (Page, N.Y. NEWSDAY, 7/4). The WH "now is clinging to the hope that the confusion" over reform will "clarify" once the debate reaches the House and Senate floor (Stout/Rogers, W.S. JOURNAL, 7/5).

FIRST LADY: Hillary Rodham Clinton, appearing 7/3 before the NEA: "This debate will come down to whether or not the Congress ... is able to hear and see the problems in front of their eyes" (Wolf, USA TODAY, 7/5). Some suggest HRC, "whose tenacity many credit with pushing health care to the House and Senate doorsteps, is less suited for the double-jointed bargaining that is probably needed if an insurance plan is to become law." The job of "rallying the troops is likely to fall" to HRC (Wines, N.Y. TIMES, 7/5).

ELECTION ISSUE: W. POST's Dewar reports "the tide has shifted" as GOPers are "salivating" over the prospect of using the health care issue in the fall elections and Dems "are not thrilled at the idea of a campaign built around such themes." House Min. Whip Newt Gingrich: "Imagine it's October and the Democrats are going to get up and make the following case: 'We've run the House for 40 years, we've run the Senate for eight years, we have the White House, and the Republicans are so much more clever than we are that they've obstructed us. We need you to elect more dumb Democrats so we can overcome these clever Republicans.' ... We'll have everybody in America who wants term limits and is mad at Congress join everyone in America who's afraid of 'big government' health care in one synthesis ... like nitroglycerin. We're going to invite every talk show host in the country to come to Washington to spend a week broadcasting from the center of disaster." DCCC Chair Vic Fazio hopes to frame the employer mandate as a middle class issue, one which would attract Perot supporters (Dewar, W. POST, 7/5). Foley, on GOP willingness to sit down with Dems: "There has been a clear indication that the Republicans are more interested in simply killing health care than in moving toward a bipartisan, cooperative bill" ("Evans & Novak," CNN, 7/2). Rep. Bob Matsui (D-CA), on GOP opposition to Finance's bill: "The fact they're even against this watered-down

version indicates that the Republican Party is bankrupt on this issue" ("Late Edition," CNN, 7/3). Breaux: "There are some bills on the right that remind me of a placebo pill ... you take it in order to feel better, but after you take it, nothing happens" ("Brinkley," ABC, 7/3).

DOLE PLAN: N.Y. TIMES' Clymer: "One of the real Bob Doles just stood up. Not the one Pat Moynihan had been counting on, the World War II veteran whose own life has been shaped by rehabilitative medicine, paid for by the government ... and whose voice last fall was steady, or pretty steady, for the principle of making sure all Americans had health insurance" (7/3). ABC's Kast: "Dole's proposal now anchors the health debate from the right, and may make it easier for some Democrats to abandon the president's goals" (7/3). Evan Thomas: "You're going to have Dole on the right, you're going to have Clinton, Kennedy, liberal Democrats on the left, and the whole game becomes, 'Is there something in the middle that has real health reform, but a financing mechanism that doesn't have mandates?'" Carl Rowan: "This creates a bad taste when it comes from a guy who sits up there with all the best health care in the world paid for by the taxpayers of the United States" ("Inside Washington," 7/2). Paul Gigot: "Dole cannot vote for an employer mandate and have any chance of the Republican nomination" ("M/L," PBS, 7/1). Margaret Carlson: "The worst thing to happen to him was winning the Iowa straw poll and having Phil Gramm nip at his heels, because he now wants to play a very conservative non-compromising game" ("Capital Gang," CNN, 7/2). Conservative activist Brent Bozell: "If Bob Dole can hold on to the entire Republican side, and peel off six votes he wins" ("Fox Morning News," 7/5).

*2 PEROT: SAYS HE'LL PAY FOR RNC TO PRODUCE HEALTH CARE SHOW

Ross Perot announced he will pay for a televised prime-time network program on health care to be produced by the RNC. Perot: "I have agreed to pay for this television time so the American people can have more balanced information before they make a decision on this very important issue." The program will be narrated by Bush NIH Dir. Bernadine Healy, who ran unsuccessfully in the '94 OH GOP Senate primary. The GOP is considering having Perot on the program. RNC Chair Haley Barbour: "Perot and his supporters hold similar views to those of the Republican Party on health care reform." The partnership is "unusual" because Perot was "critical" of the GOP in the '92 pres. campaign, and many Republicans "have warned the party against forging alliances with the unpredictable Texan." But some Republicans said "they hope that, in addition to being a source of money, the alliance would make it easier for them to win back some of the 19 million people who voted" for Perot in '92. Lamar Alexander, at a forum sponsored by the Project for the Republican Future: "If we're just crawling around on our hands and knees trying to find out what he's for so we can be for it too, why now that's pitiful." Alexander added, if Perot wants to advertise GOP health care positions, then "what's wrong with that?" GOP consultant Alex Castellanos: "An effort of Perot and Republicans to work together to stop the Clinton health plan is a great idea." DNC spokesperson Jim Whitney said it "sounds like a one-hour paid ad

for Republican plans" (Berke, N.Y. TIMES, 7/2). Common Cause Pres. Fred Wertheimer: "No political party should accept \$1 million from any individual" (release, 7/1).

BE WARY: W. POST's Edsall notes Barbour, in the past, had "indicated a wary attitude toward Perot" (7/2). Ex-Perot manager Ed Rollins (R): "Republicans have to be careful in the long-term because whether it becomes the Perot show or whether it's their show ... I think I'd take my own money and run my own program." Ex-Perot pollster Frank Luntz (R): "He sees health care as an opportunity for him to ... join the political picture again" ("Inside Politics," CNN, 7/4). Germond & Witcover write many Republicans argue "it's better, or even imperative, that Perot be brought in under the party tent before 1996." But others see Perot "as trying to enter a temporary marriage of convenience to climb over that wall," which he hit when he tried to buy nat'l air time for himself "to hit the Clinton plan" (7/5).

'96: Phillips: "The Republicans clearly would like to have a megaphone ... but if you take Ross Perot and help him get back up to 50 or 55%" in the polls, "where's he going to be in 1996?" Rollins: "Perot will run again because I think he won't want to tell his supporters that he doesn't have the guts to make a second try." Luntz: "If Ross Perot runs in 1996, the Republican Party's in deep trouble" ("IP," CNN, 7/4).

*3 CLINTON PEOPLE: GEBBIE NEXT OUT? CHRISTOPHER SAFE FOR NOW

Admin. officials "are taking the first steps toward ousting" AIDS czar Kristine Gebbie by creating a "short list" of possible replacements. But admin. sources "warned" there is "significant tension" in the WH "over whether the next AIDS czar should be a charismatic voice who can better sell the program to the public, someone better able to work with Congress on policy, or even whether the post should be abandoned in favor of a special staff position" at HHS. And until that is "settled," no "official announcement about Gebbie's fate will be forthcoming." One admin. official: "The White House is determined to get it right this time." WH Press. Sec. Dee Dee Meyers, asked about Gebbie's possible ouster said only that she "continues to be the AIDS coordinator. The president has confidence in her" (NEWSDAY, 7/3).

ESPY: Attys familiar with newly reinstated independent counsel law called it "nearly certain" that AG Janet Reno would soon ask a panel of judges to name an independent prosecutor to "take over" the DoJ's inquiry into whether Ag. Sec. Mike Espy violated a 1907 meat inspection law accepted gifts from Tyson Foods. Espy defenders say there was no violation since all travel or "gifts" had been fully reimbursed. Some federal officials said the DoJ had been close to closing the inquiry into Espy "with a finding of no serious wrongdoing." But the officials "said that decision would have required the exercise of prosecutorial discretion just as Mr. Clinton signed the statute and could have created an impression that the [Admin.] was halting the investigation to keep it out of the hands of an independent prosecutor" (Johnston, N.Y. TIMES, 7/2).

CHRISTOPHER: W. POST's Devory reports Clinton has "decided to wait until the end of the year" to decide whether his admin.'s

"much-criticized performance" in foreign affairs "merits the replacement" of Sec/State Warren Christopher or "other members" of his foreign policy team. The decision was made "at least a month ago" and David Gergen's move to the State Dept. "was described by several aides as only indirectly connected to the overall issue of whether Christopher, and perhaps others, should go." But the changes within the WH and the "questions of whether Christopher and others on the foreign policy side would survive presented a portrait of a president unhappy with both his domestic and foreign policy team at the same time, but unwilling to address both problems at once" (Devroy, W. POST, 7/3). A DETROIT FREE PRESS editorial asks if it's time for a new Sec/State, adding if Clinton "wants to be taken seriously by foreign powers or the American people, he must not wait long to show that he has figured out his foreign policy problem and that he is ready to fix it" (7/1). W. POST's Hoagland writes Clinton "must convincingly show that Christopher has full confidence in running American diplomacy -- or find someone who does. The public battering of Warren Christopher has created a sense of doubt and confusion that must now be dispelled" (7/4).

"STEPHANOPOLITES": In the cover story, NEW REPUBLIC's Shalit defends the young faces in the admin., including DoJ counselor Ron Klain, HHS CoS Kevin Thurm and Treas. CoS Josh Steiner. "Under their watch, things get done. Decisions get made. Staffers are stroked; principals nudged into line. Because of them, the administration is more effective, less incoherent. ... The real surprise about many of the twentysomethings and the thirtysomethings in the administration is that they are uncannily similar to many of the fortysomethings and the fiftysomethings in the administration. The Stephanopolites, too, can spin and prettify; and they, too, are flexible about principles and a little indifferent about ideas. They are the president's perfect children" (7/18-25 issue).

WEBB: Ex-Assoc. AG Webb Hubbell has stayed in DC since resigning his DoJ post. He says he's "exploring opportunities." For now, he's at G. William Miller & Co., a merchant banking firm whose managing dir., Michael Cardozo, is exec. dir. of "Bill Clinton's legal fund" ("Washington Whispers," U.S. NEWS, 7/11).

*4 WH SHAKEUP: THE TUESDAY MORNING QUARTERBACKING

TIME reports that in 5/94, as WH "insiders were speculating that it might be time" to "knife" Mack McLarty, he "decided to do the deed himself." McLarty "suggested" that he "move aside," and his "nominee" for a successor was Leon Panetta. "When McLarty sounded him out, though, Panetta did not exactly jump at the offer. He was flattered but wanted to talk further before taking on what sometimes looks like a mission impossible. Those talks took about a month." The "clinch" was the Camp David meeting with Clinton. "Will the new arrangement work?" In "bringing order and discipline to the largely unfocused White House operation, the new chief may well face a truly formidable adversary: Bill Clinton. The president's penchant for holding endless meetings, repeatedly reopening questions after they have been decided, and granting access to the Oval Office to dozens of aides who have overlapping duties and no clear job descriptions

is the root of the trouble" (7/11). NEWSWEEK's "CW" arrow for Clinton is side-ways: "Shake-up won't mean anything if you shake yourself up" (7/11). Clinton, in an interview with BUSINESS WEEK: "I am ultimately responsible for the failings of the White House. But it is important that you draw a distinction between disorganization, which is dysfunction, and creative tension and debate. ... A lot of Presidents have gotten into trouble by having well-organized processes that had no honest debate about them. I don't intend to let that happen. But I think we can run a better ship" (7/11).

THE MAN WITH THE MENACING AUDIT: U.S. NEWS' "Washington Whispers" notes the man WH aides "should fear now" is Panetta OMB aide Matthew Miller who earlier this year "did a scathing audit" of WH operations for McLarty. "The conclusions: Many aides had no firm assignments, no deadlines." Although he will remain at OMB, "insiders say Panetta will rely heavily on Miller" (7/11).

OFFICE POLITICS: NEWSWEEK's "Periscope" says McLarty may have been "too nice" to be CoS, "but he's not too nice to fight for prime office space." McLarty "still wants proximity to the Oval Office" and that has "touched off jockeying that is part Machiavelli, part Laurel-and-Hardy. One scenario has McLarty taking a room that is now Clinton's private dining room. But will Clinton "go that far to accomodate his childhood friend? Such a move would also miff" George Stephanopoulos, "who'd lose the one advantage to his closet-sized office: it's shortcut through the dining room to the Oval Office. Still, there's a second, worse possibility for Stephanopoulos; McLarty may grab his office." Another option is that along with his new "counselor" title, McLarty may take David Gergen's office. "It's roomy and windowed -- but in the basement." Gergen will move to the Old Executive Office Building. The final scenario has McLarty taking WH adviser Bruce Lindsey's office, "bumping" him into Gergen's old office (7/11).

NOT AS HOT AS O.J.: More from NEWSWEEK's "CW" -- McLarty is down: "Too nice for Washington. We told you to act like an SOB, not an FOB." Panetta is up: "Got angry at senior staff meeting. The CW loved that. Sack a peon, Leon." Gergen is sideways: "Old CW: on the ropes at the White House. New CW: pulling the ropes at State." Rivlin is up: "First woman OMB chief shows it's possible to work way out of Clinton doghouse." O.J. Mania is up: "Even in the Beltway, 'the knife' gets more buzz than White House back-stabbing" (7/11).

BE AN INSIDER! "No wonder McLarty has fared badly in Washington. Unwilling to play by Washington rules -- leaking, back stabbing, self-promoting, etc. -- he was never feared." Panetta, on the other hand, "was immediately praised by Washington insiders as ... a Washington insider" (Cohn/Clift, NEWSWEEK, 7/11). Panetta "argues that as a politician and Washington insider, he knows what ails the Clinton White House. He says elected officials often have great difficulty making the transition from campaigning to governing" (Walsh, U.S. NEWS, 7/11). W. POST's Broder notes Panetta "knows government, he knows Washington, and his confidence in his own political instincts could not be higher." But he does not have "the bond

of personal loyalty" Clinton forged with other aides in the campaign. "That lack proved debilitating to David Gergen ... and he is now on his way out" (7/3). U.S. NEWS' Borger writes, "it is no small irony that the White House turned to one of those often spurned insider, cabinet-level types to lead its salvage operation" (7/11).

WEEKEND QUARTERBACKS: NEW REPUBLIC's Barnes writes that he asked David Gergen if a CoS ever saved a presidency. Gergen cited Al Haig, who succeeded Haldeman as Nixon's CoS and Dick Cheney, who succeeded Don Rumsfeld as Ford's CoS as two who helped their bosses. Barnes: "Trouble was, Nixon soon resigned and Ford was voted out of office" (7/18 & 25 issue). NEW YORKER's Blumenthal writes the change "was prompted by more than criticism and poll ratings. It was based ultimately on Clinton's political reading of the tasks now facing the Administration -- in the period when its historical reputation is likely to be largely fixed" (7/11). Al Hunt: "The result, to use a Texas or Mississippi expression, was 'all hat and no cattle.' ... It didn't change a thing" ("Capital Gang," CNN, 7/2). Jack Germond: "You don't change Bill Clinton by putting Leon Panetta in as Chief of Staff" ("McLaughlin Group," 7/2). Nina Totenberg: "The question is, can the president be fixed? He's proven he's a man who can learn" ("Inside Washington," 7/2).

*5 WHITEWATER: MEDIA SCRUTINY ONLY RESULT OF FISKE'S REPORT?

TIME's Goodgame, on Special Counsel Robert Fiske's report: "Starved for good news, the Clinton [Admin.] got a double helping last week from Robert Fiske" (7/11). NEWSWEEK's Isikoff & Hosenball examine Vince Foster's suicide, under header: "Why Vince Foster died" (7/11). U.S. NEWS' reports, "The Warren Commission's Kennedy assassination report has never satisfied conspiracy theorists. The Fiske finding may not either" (7/11).

COVERING FOR OLD TIME COVERS? W. POST's Kurtz notes the speculative media reports earlier this year, including the 4/4 TIME cover "Deep Water": "The initial report by ... Fiske has cast a different light on some of the intense media speculation and ominous headlines of the past year. In concluding that Foster committed suicide last summer because he was depressed about his job -- and that no charges were warranted against Stephanopoulos and other White House aides -- Fiske has given ammunition to those who say the news media went too far." Harvard's Marvin Kalb: "If there was any justice before which the press was brought to account, that justice would probably send the press to the clink for a stretch of time. There was a rush to judgment that has now been proven unfair." TIME spokesperson Robert Pondiscio, on the 4/4 cover: "The story actually holds up pretty well. TIME did not raise the specter of obstruction of justice; that was raised by an unnamed administration official" (7/3). TIME's Goodgame refers back to the 4/4 issue and notes that some Clinton advisers in 3/94 "feared" that the calls "might result in indictments for obstruction of justice. ... TIME and other publications prominently reported those fears and evidence supporting and rebutting them" (7/11).

EDITORIALS: FT. WORTH STAR-TELEGRAM: "Eventually, somebody has to be believed, even about the mixed-up, covered-up,

sometimes exaggerated and frequently misrepresented events that are lumped together under the general title of 'Whitewater.' We choose to believe special counsel Robert Fiske" (7/1). **Memphis COMMERCIAL APPEAL**: "The first installment of ... Fiske's work is promising in its thoroughness and clarity, though exceedingly limited. ... Only a genetically committed conspiratorialist could read Fiske's account of Foster's death and surmise foul play" (7/2). **BUFFALO NEWS**: "The Whitewater inquiries have many more courses to run, but the first Fiske report does a service by clearing up one of the touchier points" (7/1). **HOUSTON CHRONICLE**: "Fiske's report is for the courts and the judicial system and its standards of legality and illegality. The House and Senate hearings are for the information of the public and its standards of governance" (7/1). **CHICAGO TRIBUNE**: "That giant sucking sound last week in Washington was the hot air escaping from the various Whitewater conspiracy theories" (7/3). **Manchester UNION LEADER**: "It defies rationality that White House spokesmen and some [Dem Hill] leaders are crowing over ... Fiske's conclusion that Vincent Foster's death was indeed a suicide and that administration officials' discussions with Treasury [officials], possibly about matters under investigation, did not rise to the level of criminal activity" (7/5). **W.S. JOURNAL** argues for "political accountability": "Fiske may choose to pursue only indictable offenses. This is fine by us, but the implication is that whatever else he may discover would then be swept into a sealed bin called 'insufficient' evidence." At House Banking hearings, Fiske "will once again describe all the things he doesn't want anyone to talk about for fear this information might mar his pursuit of an imprisonable felon somewhere. There-upon, all relevant parties who follow him before the committee will read the same script by taking the Fiske" (7/5).

FISKE-Y BUSINESS: AG Janet Reno asked a federal appeals court to appoint Fiske as a "statutory independent counsel," under the legislation signed 6/30 by Clinton. This would take control of the Fiske investigation away from the DoJ. **W. TIMES'** Seper notes that the request, if approved, "may mean that taxpayers would pay for some" of Clinton's Whitewater-related legal bills" (7/2).

*6 "THE YEAR OF THE SMEAR": COLLISION OF DEM WOMEN W/FAR RIGHT

NEWSWEEK's Clift writes, "It is the election after the Year of the Woman, and the historic gains by women have collided with the radical right's nostalgia for the way things were. Conservative radio-talk-show hosts feed the resentment of many men over what they perceive as 'fem-centric' policies that promote women's concerns at their expense. Freshmen House women are getting hit particularly hard." Homophobia "is this year's wedge issue. Any woman candidate who supports gay rights is just a rumor away from a whispering campaign that she is a lesbian." Clift notes frosh Rep. Elizabeth Furse (D-OR) is married with two children. However, that did not protect her from a cartoon that, according to her manager, Paige Richardson, "nearly put a mustache on her." Frosh Rep. Karen Thurman (D-FL) "got a call from a reporter asking where her divorce papers were filed. She

replied that she is still married. ... Rumors have circulated" ever since her teenage daughter moved from DC to FL to live with her father. "Many Congressmen leave their families at home, since they are often there on weekends anyway. But when women do it, they are suspect. Thurman's husband is on dialysis, which makes her more vulnerable to whispers that she is not fulfilling her wifely duty." Rep. Pat Schroeder (D-CO) "thought she'd seen it all. She's been caricatured by the right as a socialist, and criticized by feminists for crying in public. But nothing prepared her for the meanness of this election season." Schroeder: "I've had people come spit on me in the airport for the first time." A radio show in her Denver CD "recently polled male listeners on whether they'd rather go to bed with Schroeder or Hillary Rodham Clinton, eliciting great guffaws." Schroeder: "You don't have to be a rocket scientist to know that if you want to smear someone, just have your friends do talk radio" (7/11).

GUNDERSON: NEWSWEEK's McCormick, in a separate piece, profiles Rep. Steve Gunderson's (R-WI) run-ins with conservatives over his private life. "Gunderson argues that his sexual orientation is not anybody's business -- which would be better, politically, if he were not so conspicuously trying to have it both ways. Rumors about his private life have surfaced in past campaigns. But Wisconsin is a civilized place, and Gunderson has benefited from a tacit 'don't ask, don't tell' arrangement with the voters and the news media. ... But the issue -- is he or isn't he? -- is out of the closet and his claim to privacy is wearing thin. ... So the real issue in Wisconsin's Third District isn't whether the incumbent is gay -- but why it should matter if, by chance, he is" (7/11).

*7 COVER TO COVER

BUSINESS WEEK -- "America's Heartland." Subhead: "The Midwest's New Role in the Global Economy" (7/11).

NEWSWEEK -- Photo of O.J. Simpson and atty Robert Shapiro. "The Case Against O.J.: How Strong?" (7/11).

TIME -- Photo: Russian extremist Vladimir Zhirinovsky. "From Russia, With Venom." Subhead: "The inside story of Vladimir Zhirinovsky, the zealot who would make Russia dangerous again" (7/11).

U.S. NEWS -- Photo: Buzz Aldrin doing the moonwalk. "Men on the Moon." Subhead: "25 years later, remembering the Apollo missions" (7/11).

NEW REPUBLIC -- Eleven George Stephanopoulos hanging out on the White House lawn. "The Revenge of the Stephanopoulites." Subhead: "In defense of Clinton's young turks" (7/18).

===== SENATE WATCH =====

*8 MARYLAND: BROCK AGAIN CONTRADICTED ON RESIDENCY CLAIMS

The MD comptroller's office questioned ex-TN Sen. Bill Brock's (R) claim that his "legal residence" in MD for tax purposes, did not start until '90. Brock acknowledged 7/1 that the state has looked into whether he paid income taxes to MD, as opposed to DC. In a 6/13 letter to the comptroller's office, Brock's accountant said Brock "did not spend more than 183 days a year" in MD until '90, the first year Brock paid income taxes in

MD. That claim, "made in response to a phone inquiry by a state tax auditor, contradicts a [5/14] interview in which Brock told the [W. POST] that he spent more time" in his Annapolis home than his DC home in '88 and '89. Brock, from the 5/14 interview: "I still had my business there (in the District), I thought I'd be spending three or four nights a week, but it turned out I spent no more than three or four nights a month there." Asked 7/1 to "explain the discrepancy," Brock "said that he did not recall what he had said" in the interview but that he is "confident his accountant's letter is correct." Montgomery Co. official Ruthann Aron (R) said she will file a formal complaint today with the comptroller's office, arguing that Brock should have paid MD taxes before '90. Brock and Aron face off in the 9/13 primary to challenge Sen. Paul Sarbanes (D) (Babington, W. POST, 7/2). Others: State Del. Ron Franks (R).

*9 MASSACHUSETTS: NEW KENNEDY ADS; CHAPPAQUIDDICK TO RESURFACE?

Accusing Sen. Ted Kennedy (D) of "leveling personal attacks" against him, businessman Mitt Romney (R) "hinted" 6/30 he will make an issue of Kennedy's personal life if Kennedy "persists in his tactics." Kennedy "recently raised the issue of Romney's personal wealth and background" in criticizing Romney's stand on welfare and health care. Romney also expressed concern that Kennedy is using the consulting firm Doak, Shrum, Harris, Carrier & Devine -- "that has been criticized in the past" for negative ads. Romney: "I can't sit idly by if a strategy of personal attacks is pursued. ... I will be tough, absolutely." Kennedy manager Michael Kennedy: "It looks to me like (Romney) is looking for an excuse to start waging a negative campaign against the senator" (Lehigh/Phillips, BOSTON GLOBE, 7/1).

NEW ADS: Kennedy is launching a "major" ad campaign to "boost his sagging image" among voters. Kennedy's decision to hit the TV airwaves in July "reflects the campaign's concern" over Romney. Romney spokesperson Ann Murphy: "The fact that a 32-year incumbent senator is rushing on to the TV airwaves in July of an election year shows they are panicking" (Battenfeld, BOSTON HERALD, 7/1).

ROUGHING UP ROMNEY: BOSTON GLOBE's Oliphant calls Romney "a cross between the Pat Boone and the Dan Quayle" of the modern MA GOP: "Romney is attacking a cartoon character image of the far right's creation; the real Kennedy is a much more interesting figure, a New Democrat long before the term became chic. For Romney, his repeated mischaracterization of his opponent during a Globe group-grope last week fits a pattern of unprogrammed goofs that could mortally undermine his campaign's effort to be taken seriously. But for Kennedy, the misinformation also fits a pattern of a political figure not used to performing the critical task of self-definition, a vacuum opponents are always happy to fill" (7/3).

CHAPPAQUIDDICK'S 25TH: BOSTON HERALD's Klarfield: "This is a very idiosyncratically unfortunate year for [Kennedy], this July 19 being the 25th anniversary of Chappaquiddick, a neat round quarter century. ... The Chappaquiddick incident and its aftermath will be revisited, re-reported and rewritten by myriad news organizations. And much of the coverage will include

interpretation of what it all shows about Kennedy's character, upon which the senator has been attempting considerable public repair of late" (7/1). Also running: Businessman John Lakian (R). Primary 9/20.

***10 MICHIGAN: POLLACK CAMPAIGN HITS CARR FOR OUT-STATE FUNDING**

State Sen. Lana Pollack's (D) manager, Mike Shore, attacked Rep. Bob Carr (D-08) "for raising the bulk of his U.S. Senate primary funds from outside the state": "For every dollar he raises in Michigan, he raises five dollars outside Michigan. Bob Carr represents the Washington special interests, including the gun lobby, the tobacco lobby and the utility lobby." Shore said Pollack raised 70% of her \$930,000 from MI sources. Shore noted that Carr's 1st quarter FEC report showed only 16% of his nearly \$250,000 raised for that period was from MI. Carr spokesperson Marsha McVicker "said Pollack was using that as a smoke screen to hide her liberal voting record": "This is just another unfortunate incident of mean-spirited campaigning from Lana Pollack. She's hiding from her record. She was hiding from you guys at the press conference." Shore said Pollack couldn't be at the at the news conferences in Lansing, Kalamazoo and Detroit because she was "booked up for newspaper editorial board interviews and other events in Detroit." McVicker said that by focusing on a single 3-month period, "Pollack was skewing the figures on how much Carr has raised" outside MI. McVicker also noted that Carr has raised about \$1.5 million for the 8/2 primary (Holyfield, AP/GRAND RAPIDS PRESS, 7/1). Other Dems: Macomb Co. prosecutor Carl Marlinga, businessman Joel Ferguson, state Sen. John Kelly and ex-Rep. Bill Brodhead. GOPers: Ex-MI GOP chair Spence Abraham and radio personality Ronna Romney. Primary 8/2.

***11 OKLAHOMA: ISTOOK ENDORSES INHOFE, ENDS SPECULATION**

Frosh Rep. Ernest Istook (R-05) endorsed Rep. Jim Inhofe (R-01), calling Inhofe "part of a core group of new leadership that we need in America" (AP/TULSA WORLD, 7/3). There had been some speculation that Istook would also run for the seat of retiring Sen. David Boren (D). Dems: Rep. Dave McCurdy (D-04), Corp. Commis. Cody Graves (D). Possible: State Rep. Tony Caldwell (R). Filing 7/13. Primary 8/23.

***12 TEXAS: REPUBLICANS FIND FAULT WITH FISHER'S FUNDRAISING**

The NRSC, chaired by Sen. Phil Gramm (R-TX), filed a complaint 6/30 against businessman Richard Fisher (D), alleging that his campaign violated FEC laws in connection with a 6/29 fundraising dinner in Dallas. Fisher's campaign "struck back in an exchange signalling the start of a long and potentially bitter contest." The complaint against Fisher included his alleged disregard of laws limiting contributions to \$1,000 per person by "encouraging those invited to give \$1,000 to each of his past three campaigns." Fisher spokesperson Martin Johnson: "All fundraising efforts of the Fisher campaign are completely in accordance with FEC guidelines." The Fisher campaign criticized Sen. Kay Bailey Hutchison's (R) solicitation of money from PACs and the fundraising tactics of the NRSC (Roser, FT. WORTH STAR-TELEGRAM, 7/1).

DEBATING DEBATES: Fisher has called for eight debates with Hutchison who said, given her schedule, she may only be able to

make four. Hutchison: "What I'd like to propose is that Richard Fisher debate Richard Fisher on the eight major subjects where he has changed his position." Hutchison's examples of Fisher's inconsistencies included the space station, lobbyist contributions and NAFTA. Fisher: "Hers is a clever response to the question, but a little too clever by half." Fisher cited abortion rights, guns and campaign reform as examples of Hutchison's own flip-flops (Kopenac, AP/AUSTIN AMERICAN-STATESMAN, 7/3). Hutchison spokesperson Dave Beckwith: "Challenging your opponent to debate is the cry of the loser. There will be debates, but on a mutually agreed-upon timetable, and not because he challenges us" (AMERICAN-STATESMAN, 7/2).

INFIGHTING: AMERICAN-STATESMAN's McNeely writes, "the story circulating in Texas political circles is that the bad blood between the hard right and the more mainstream [GOP] over the state chairmanship is now affecting the effort to run a coordinated GOP campaign for the November election." Newly-elected TX GOP chair Tom Pauken won "with the crucial help of religious conservatives" over Rep. Joe Barton (R), who "was drafted" by outgoing Chair Fred Meyer and backed by Sens. Gramm and Hutchison. One of Pauken's first acts was to "fire" Karl Rove, whom the state party under Meyer had used as a direct mail consultant. Rove also serves as a consultant to Hutchison and GOP gov. nominee George W. Bush (7/3).

===== GOVERNORS '94 =====

*13 CALIFORNIA: NO FIREWORKS FOR BELEAGUERED STATE SENATE

The Dem-controlled state Senate, "celebrating the Fourth of July indoors," approved a \$58.7 billion budget "after members lined up one after the other to highlight its faults" (Benson, SAN JOSE MERCURY NEWS, 7/5). The budget, which "largely reflects the priorities" of Gov. Pete Wilson (R), was approved 27-11, "the bare two-thirds majority required for passage." State Sen. Tom Hayden (D): "Wilson won this one. He is being given all the tools he needs for his campaign arsenal." State Sen. Alfred Alquist (D): "What you have here is a budget balanced on the backs of the poorest and most defenseless in our society." Wilson already had signed the budget's "most important companion measure, an extraordinary standby plan that could trigger deep cuts in all services except education if the state's fiscal condition deteriorates over the next two years." State Sen. Ken Maddy (R), on the vote: "It was the best you could do under the current political situation" (Weintraub, L.A. TIMES, 7/5).

JUST LIKE NIXON: N.Y. TIMES' Berke writes, "Wilson is rarely inspiring, is hardly charismatic and, after three decades in public life ... still looks far more comfortable behind the scenes plotting campaign tactics than out on center stage. But like his mentor, the 60-year old Mr. Wilson has succeeded not because voters have deep affection for him (they do not), but because he is smart, reaches out to moderates, thrives on the game of politics and is relentless in practicing it" (7/2).

*14 FLORIDA: RETIRING LEGISLATOR REFUSES SMITH'S LG OFFER

Retiring state Rep. Miguel De Grandy (R) rejected Sec/State Jim Smith's (R) invitation to be his running mate. De Grandy:

"Although I am very flattered, when I retired I made a commitment to my family to spend more time with them." He also said he didn't want to "walk out" on his new law firm. De Grandy is a "respected" legislator who "gained national attention" for his work on a bill to allow public breast feeding and for his efforts to increase minority representation in the Legislature. As a LG candidate, he would have been "expected" to help Smith win support among Hispanic GOPers and other South Floridians. Smith said he is "considering" three or four other potential running mates, including Pinellas Co. Commissioner Barbara Sheen Todd (R). Ex-Miami Mayor Xavier Suarez (I), who had previously spoken with Smith about being his running mate, withdrew himself from consideration (Nickens, MIAMI HERALD, 7/2). Primary 9/8.

CHILES: Gov. Lawton Chiles (D) spoke at a televised town hall at a Tampa Bay-area HS. One audience member asked him why crime "doesn't get more attention" than health care. Chiles: "I'll bet you have health care" (Rosen, ST. PETE TIMES, 7/1). A S.F. CHRONICLE editorial notes Chiles' 6/29 deportation of 24 alien criminals. The deportees received clemency: "How those 24 ex-cons, freed-from-sentences of 3 to 15 years, must have yukked it up during-the plane ride home. This is how America gets tough on illegal immigration ... Sure it saves-money, but if Chiles is so intent on saving money, don't-incarcerate anyone. Why give only non-citizens no time? The answer, of course, is that the [FL] deportations are one of many recently proposed gimmicks that pander to America's understandable ire at the high cost of illegal immigration" (7/1). Other GOPers: Ex-FL Commerce Sec. Jeb Bush, Insur. Commis. Tom Gallagher, state Sen. Ander Crenshaw (R) and pro-life activist Ken Connor. Dem: Term limits activist Jack Gargan. Primary 9/8; Runoff 10/4.

***15 MARYLAND: BOERGERS SELECTS RUNNING MATE -- ONLY 2-WOMAN TEAM**

State Sen. Mary Boergers (D), "who has made women's issues a central theme of her campaign," will announce the race's first "all-female ticket" 7/5 when she names ex-state Del. Barbara Kreamer (D) as her running mate. Kreamer: "I'm delighted to be joining Mary's ticket." Ms. Kreamer had previously filed to run for the seat that Rep. Helen Delich Bentley (R-02) is vacating. Kreamer must withdraw from that race to run for LG. Only LG Mickey Steinberg has not selected a running mate (Frece, Balto. SUN, 7/4). The W. POST reports that atty Walter Finch (D), "a frequent candidate for statewide office" entered the race 7/1. Finch, 76, chose recent law school graduate Nancy Smith (D), 28, as his running mate "to add the 'wonderful enthusiasm of youth'" to his campaign (7/3). Others: Prince Georges Co. Exec. Parris Glendening (D), '90 nominee Bill Shepard (R), House Min. Leader Ellen Sauerbray (R) and state Sen. American Joe Miedusiewski (D). Filing deadline today; Primary 9/13.

***16 PENNSYLVANIA: PETITIONS CIRCULATED FOR LUKSIK; LG PICK**

Pro-life activist Peg Luksik has asked Lancaster Co. atty James Clymer to be her running mate if she decides to run for governor. He said Luksik has not yet made her mind about running but last week permitted petitions to be circulated in order to measure her support throughout the state. Clymer said a "sizable group" of voters would support Luksik, including pro-lifers,

family values advocates, gun control opponents, and other "conservative" GOPers upset with the "moderate" views of Rep. Tom Ridge (R-21). Clymer says he knows GOP cmte members who would quit their posts to back Luksik: "I think the sentiment runs deep and runs broad that there should be another candidate." Luksik said she would campaign on a "conservative" platform: "The average citizen doesn't think government is the answer. They think government is the problem." In '90, Luksik "stunned political observers" by receiving 268,000 votes, or almost 46%, in the GOP gov. primary against Auditor General Barbara Hafer. Clymer led Luksik's campaign in Lancaster Co. He was the Libertarian candidate for auditor general in '92. Political analysts say Luksik "could take enough votes away" from Ridge to give the election to LG Mark Singel (D). They see Singel losing "some support" to Luksik, "but not a substantial amount" (Krebs, Harrisburg PATRIOT-NEWS, 7/2). Also: Patriot Party candidate Timothy Holloway.

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===== POLL UPDATE =====

*17 US NEWS: VOTERS TO EXTRACT PRICE IF NO HEALTH REFORM PASSES
 1,000 registered voters surveyed 6/25-28, by Celinda Lake
 (D) and Ed Goeas (R); margin of error +/- 3% (U.S. NEWS release, 7/1).

BILL HILLARY BOB			CLINTON HANDLING OF		
CLINTON CLINTON DOLE			HIS JOB HLTH CARE		
STRONG FAV.	21%	23%	19%	STRONG APP.	21%
SOMEWHAT FAV.	28	25	31	APPROVE	28
SOMEWHAT UNFAV.	14	13	13	DISAPPROVE	14
STRONG UNFAV.	31	31	14	STRONG DIS.	30
PLAN TO VOTE IF NO HLTH					
CLINTON HLTH CARE PLAN			FOR CONGRESS PLAN PASSES		
STONG FAVOR	30%		DEM	31%	36%
FAVOR	17		GOP	28	33
OPPOSE	10				
STRONG OPPOSE	33		INCUMBENT	28%	29%
CHALLENGER			20 26		
WHOSE TO BLAME IF			WHOSE TO BLAME IF NO HLTH PLAN PASSES		
NO HLTH PLAN PASSES			B. CLINTON 8% BOB DOLE 3%		

DEMS IN CONG 16% CLINTON ADM. 8 INSURANCE CO'S 9
 GOP IN CONG 34 CONGRESS 20 DRS. & HOSPITALS 5
 BOTH 19 GOP IN CONG. 9 EMPLOYERS/BUS. 1
 DEMS IN CONG. 2 COMBINATION 17

WHICH WORRIES YOU MORE?

"Congress will not pass health care reform that
 controls costs and guarantees health insurance
 for all Americans" 29%

"Congress will pass health care reform which
 hurts quality and costs more" 57%

IF NOTHING PASSES, THE MORE LIKELY REASON IS

Cong. was "deliberating and working carefully
 to make sure the reform package is right" 21%

Cong. was "gridlocked by partisan bickering
 and special interests" 66%

IF NOTHING PASSES, IT WILL BE BECAUSE

GOPers "don't care enough about guaranteeing
 health insurance to all Americans" 28%

Dems "were trying to create another government
 bureaucracy that people could not trust
 could provide what it intended to" 44%

IF NOTHING PASSES, IT WILL BE BECAUSE

"Some elected officials in Washington don't care
 enough about guaranteeing health insurance to
 all Americans" 37%

"Some elected officials in Washington wanted to
 create another government bureaucracy that
 people did not trust could provide what it
 intended to" 46%

*18 W.POST/ABC: 83% SAY CONGRESS CARES MORE ABOUT SELF THAN U.S.
 1,531 adults surveyed 6/23-26; margin of error +/- 3% (W.
 POST, 7/3).

	BEST	LEAST	BEST IN-	YOUR OWN
CONGRESS JOB	ALL INFORMED	INFORMED	FORMED	DEMS MEMBER
APPROVE	34%	31%	40%	35% 59%
DISAPPROVE	61	67	51	62 31

NOTE: The best-informed and least-informed categories were
 formed from answers to the following test of awareness.

HAS CONGRESS PASSED? HOW MUCH DO YOU THINK CONGRESS
 DESCRIPTION OF YES NO HAS ACCOMPLISHED IN THE PAST 18

BRADY BILL	71%	13%	MONTHS?
FAMILY LEAVE	64	14	GREAT DEAL 24%
NAFTA	51	17	NOT MUCH/NOTHING 74
Camp. reform	37	26	

TAX ON RICH	33	49	WHY HAVEN'T THEY DONE MORE?
MOTOR-VOTER	32	31	Inability of Dems and GOP
BUDGET	24	48	to work together 56%
Immigrat. bill	23	47	Failure of Clinton to
HATCH ACT REFM	21	25	give adequate leadership 19
Welfare reform	19	56	GOP blocking Dem bills 11
Health reform	11	77	Dems not working together 11

(FULL CAPS MEANS PASSED)

AGREE DISAGREE

Most members of Congress care more about keeping

power than they do about the best interests of
the nation 83% 14%
Most members of Congress care more about special
interests than they care about people like you 83 12
Generally speaking, those we elect to Congress
in Washington lose touch with the people pretty
quickly 78 17
To win elections, most candidates for Congress
make campaign promises they have no intention
of fulfilling 76 20
Most members of Congress are doing their best
in a difficult job 48 48
The Congress is not so bad as it's made out to be 43 51
Most members of Congress have a high personal
moral code 30 60
Most members of Congress care deeply about the
problems of ordinary citizens 26 69

===== TV MONITOR =====

*19 THIS-MORNING: ABC's "GMA" hosted Sec/Labor Robert Reich.
NBC's "Today"-hosted ~~Bush-NSA~~ Richard Haass. "FOX Morning News"
hosted ~~Media~~ Research Center's Brent Bozell, Dem Consultant
Lesley-Israel, ~~NEWSWEEK's~~ Michael Elliott and DC Mayoral
Candidate Carol Schwartz (R).

LAST NIGHT: ABC led with the working-poor. NBC led with a
plane crash in NC. CBS led with O.J. "MacNeil/Lehrer" led with
CA brush fires. AMERICA'S TALKING's "In Depth," a nightly 2-hr.
show hosted by Chris Matthews, had Rep. Bob Torricelli (D-NJ),
Michael Elliott and Josette Shiner.

SUNDAY: ABC's "Brinkley" hosted atty Leslie Abramson, Bob
Dole and Sen. John Breaux (D-LA). NBC's "Meet the Press" hosted
FBI Dir. Louis Freeh. CBS' "Face the Nation" hosted Sens. Bob
Graham (D-FL) and John McCain (R-AZ) and U.S. Special Envoy to
Haiti Bill Gray. CNN's "Late Edition" hosted Sen. Phil Gramm (R-
TX), Rep. Bob Matsui (D-CA) and WH press sec. Dee Dee Myers.

SATURDAY: CNN's "Evans & Novak" hosted Speaker Tom Foley.
CNN's "Capital Gang" hosted Sen. Trent Lott (R-MS).

FOREIGN POLICY: W. TIMES' Josette Shiner on Clinton's G-7
meeting: "He's not going to get his foreign policy back on track
in a meeting, this is not where you do it. The fact of the
matter is, Clinton's been outfoxed by a lot of neighborhood
bullies around the world. ... That's what world leaders are
watching. They're looking at the fact that the Clinton
Administration has been had in a lot of places around the world"
("In Depth," AMERICA'S TALKING, 7/4).

OUTRAGES: Mark Shields on Rev. Jerry Falwell's video tape:
"What is outrageous is the complicit silence of cowardly right
wing frauds who refuse to criticize Falwell." Al Hunt on Rep.
Ron Lewis (R-KY), and the legacy of Rep. Bill Natcher (D-KY) who
never raised campaign funds or sent out franked mail: "Last week
voters in Kentucky's second district received a letter from their
new Congressman railing about big government spending, a frank
letter costing taxpayers 37 grand. ... I knew Bill Natcher, I

covered him, and when it comes to caring about taxpayers, Ron Lewis is no Bill Natcher" ("Gang," CNN, 7/2).

PREDICTIONS: Fred Barnes: "Bob Dole's health care plan ... will now be the driving force in the health care debate."

Clarence Page: "Jesse Jackson will run against Bill Clinton in

'96." Jack Germond: "Gergen will be gone before the end of the year, well before the end of the year." Chris Matthews: "Heads

will roll at the White House, thanks to Leon Panetta." John

McLaughlin predicted Marion Barry would be DC's next mayor (7/2).

LAUGHS: David Letterman, on Whitewater Special Counsel Robert Fiske recommending no criminal charges against the White House: "However, he did say he would like to see the president wear some longer jogging shorts." Letterman, on a study in

NATURE that found women become more sexually excited after a couple of drinks: "The article does go on to say however, in the

case of Senator Bob Packwood, it's a couple dozen drinks." Dave

also hosted CBS' Connie Chung. Chung, asked about the CBS/QVC

merger: "I think it's terrific. ... I think Barry Diller is a

visionary and going to take us into the future of tele-communications." Letterman: "Oh, come on Connie, it's starting

already. You're kissing-up to the man-already" ("Late Show,"

CBS, 7/1). Letterman, on the 4th: "Down in Arkansas they

commemorate the Fourth of July, I understand Paula Jones has sued

Uncle Sam for sexual harassment" ("Late Show," CBS, 7/4).

TOP TEN THINGS GEORGE WASHINGTON WOULD SAY IF HE WERE ALIVE: 10)

"Hey, that Donahue guy stole my wig!"

9) "You need some I.D? How 'bout this dollar?"

8) "I'm on the single and that fat kite-flying weasel Ben

Franklin is on the hundred?"

7) "Julia Roberts married Lyle Lovett?"

6) "No, I'm not Barbara Bush."

5) "I'm the first President of the U.S. What do you mean I

can't get Streisand tickets?"

4) "Did you see 'Seinfeld' last night? Tyhat Kramer is a riot!"

3) "Ben Franklin? Gay."

2) "Would you please get your hands off Martha, Mr. Barker?"

1) "My God -- Sam Donaldson is annoying!"

("Late Show," CBS, 7/1).

===== TV SOUNDBITE =====

"Being Independence Day, we celebrate our various freedoms:

Freedom of speech, freedom of religion, and of course,
the freedom of the press to ram this O.J. Simpson story
down our throats 24 hours a day."
-- Jay Leno, "Tonight," NBC, 7/4

#

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Kyle M. Baker (BAKER_K) (WHO)

CREATION DATE/TIME: 13-JUL-1994 11:53:00.00

SUBJECT: REAGAN PENTAGON OFFICIAL SAYS DISCHARGING THORNE WOULD ...

TO: R. Paul Richard (RICHARD_R) (WHO)

READ: UNKNOWN

TEXT:

Date: 07/13/94 Time: 08:44

Reagan Pentagon Official Says Discharging Thorne Would Be Wrong

WASHINGTON (AP) A Reagan administration official who says he wrote the book on official policy toward gays in the military has come to the aid of a Navy lieutenant facing possible discharge for publicly announcing he is gay.

Lawrence J. Korb says it would be a mistake to dismiss Navy Lt. Tracy Thorne, whose case has become a major test of the Clinton administration's new "don't ask, don't tell" policy.

"I have reviewed his service record, and I am convinced that Lt. Thorne ... is precisely the kind of officer the Navy should be eager to retain," Korb said in a written statement Thorne's attorneys submitted to the Navy Board of Inquiry on Tuesday.

"I do not believe that Lt. Thorne's sexual orientation would adversely affect his ability to perform his duties" or harm the military's overall mission, wrote Korb, now a senior fellow at the Brookings Institution, a Washington think tank.

Korb, assistant secretary of defense for manpower, reserve affairs, installations and logistics from 1981 to 1985, was scheduled to appear as a defense witness today, the third day of Thorne's discharge hearing.

The board's decision will be reviewed by Navy Secretary John Dalton. Thorne's attorneys have said that if he is discharged, they will challenge it in federal court.

In 1981, Korb wrote the Reagan administration's policy regarding the discharge of military personnel who engage in homosexual acts. That policy authorized the military to discharge service members who engaged in, or showed a propensity to engage in, homosexual conduct.

However, Korb said in his statement, the mere admission of being homosexual was not sufficient ground for discharging a service member.

"There is no longer any rational basis underlying the military's policy that homosexuality is incompatible with military service," Korb wrote. The policy has "needlessly ruined many lives and deprived the armed services of capable men and women," he said.

Thorne's attorneys contend the "don't ask, don't tell" policy cannot be applied retroactively to Thorne, who disclosed his homosexuality on ABC's "Nightline" in May 1992. They also say his sexual orientation is not an indication of homosexual conduct and

has no effect on his performance as a naval officer.

But Lt. Peter Dutton, a Navy attorney, has said homosexual conduct is grounds for discharge under both current and former Pentagon policy. People can be discharged for homosexual acts or for making statements ``demonstrating a propensity" to engage in such acts, he said.

Thorne, 27, was placed on inactive reserve in May 1993, but the Clinton administration agreed in January to return him to active duty while it seeks to discharge him.

A former member of the Navy's ``Flying Tigers" bomber squadron, Thorne now works on computer information systems at the Naval Air Systems Command in Arlington, Va.

On Tuesday, another Navy Board of Inquiry in Norfolk, Va., began a hearing on whether Lt.j.g. R. Dirk Selland should be discharged.

Selland, 25, acknowledged his homosexuality to his commanding officer the day after President Clinton took office in January 1993. He said he did so because Clinton pledged to lift the ban on openly gay people in the military.

APNP-07-13-94 0844EDT

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Kenneth R Chitester (CHITESTER_K) (WHO)

CREATION DATE/TIME:13-JUL-1994 15:10:30.00

SUBJECT: 3:30 pm wire report

TO: Heather Beckel (BECKEL_H) (WHO)
READ: UNKNOWN

TO: Dianna A. Pierce (PIERCE_D) (WHO)
READ: UNKNOWN

TO: Steven A. Cohen (COHEN_SA) (WHO)
READ: UNKNOWN

TO: David Leavy (LEAVY_D) (WHO)
READ: UNKNOWN

TO: Carola McGiffert (MCGIFFERT_C) (WHO)
READ: UNKNOWN

TO: Arthur L. Jones (JONES_A) (WHO)
READ: UNKNOWN

TO: Jeremy M. Gaines (GAINES_J) (WHO)
READ: UNKNOWN

TO: Kathy McKiernan (MCKIERNAN_K) (WHO)
READ: UNKNOWN

TO: Aman, Sally J. (SALLy J. AMaN@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Joseph W. Cerrell (JOSEPH W. CERRELL@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Kukis, Heidi (HEIDI KUKIS@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Payne, Julia M. (JULIA M. PAYnE@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Lorraine A. Voles (VOLES_L) (WHO)
READ: UNKNOWN

TO: Jeffrey L. Eller (ELLER_J) (WHO)
READ: UNKNOWN

TO: R. Paul Richard (RICHARD_R) (WHO)
READ: UNKNOWN

TO: Virginia M. Terzano (TERZANO_V) (WHO)
READ: UNKNOWN

TO: Keith O. Boykin (BOYKIN_K) (WHO)
READ: UNKNOWN

TO: Joshua A. King (KING_J) (WHO)
READ: UNKNOWN

TO: Jonathan L. Kaplan (KAPLAN_JL) (WHO)
READ: UNKNOWN

TO: Mark Bousian (BOUSIAN_M) (WHO)
READ: UNKNOWN

TO: Emily A. Lenzner (LENZNER_E) (WHO)
READ: UNKNOWN

TO: Cara A. Levy (LEVY_C) (WHO)
READ: UNKNOWN

TO: David Dreyer (DREYER_D) (WHO)
READ: UNKNOWN

TO: APRIL K. MELLODY (MELLODY_A) (WHO)
READ: UNKNOWN

TEXT:
PRINTER FONT 12_POINT_COURIER
WHITE HOUSE WIRE REPORT
3:30 p.m. edition
Wednesday, July 13, 1994
Produced by the Office of News Analysis (OEOB 161, 6

-5694)

Index of wire stories:

Clinton tours flooded Georgia, promises \$60 million in aid (AP)

Clinton views flood

-devastated Georgia areas (Reu)

Forecasters lower flood crest prediction for flood

-wracked Bainbridge, Ga.

White House panel urges relocation, not levees, in flood

-prone areas (AP)

Donations to political funds were used to pay off Clinton loans (AP)

Attorneys for Paula Jones file response (PRN)
White House aide named to handle territorial affairs
(AP)
Clinton picks envoys to Chile, Bolivia (AP)
Breyer questioned again about investments (Reu)
Moynihan seeks passage of Clinton's welfare reform by
year's end (BBN)
Navy pilot challenges gays policy (Reu)

CNN (3 p.m.)

Live coverage of President's announcement in Georgia of
\$60 million flood aid

PM

-Clinton

-Floods, 2nd Ld, a0602,140

URGENT

Clinton Tours Flooded Georgia, Promises \$60 Million in Aid
EDS: Updates with aid package

By HARRY F. ROSENTHAL= Associated Press Writer=

ALBANY, Ga. (AP) President Clinton took a helicopter
tour of severely flooded regions of southwest Georgia
today and announced more than \$60 million in federal aid
to help victims in three states.

Clinton, accompanied by Federal Emergency Management
Agency Director James Lee Witt and members of Congress
from Georgia, spent 25 minutes touring the area south of
here in his Marine One helicopter.

He announced the aid package after meeting with the
governors of Georgia, Florida and Alabama. The bulk of the
funds will go to Georgia, heaviest hit by the rains.

"This is a very serious disaster," Clinton said.

MORE

PM

-Clinton

-Floods, 2nd Ld

-1st Add, a0628,200

URGENT

ALBANY, Ga.: the rains.

Included is \$11.6 million for debris removal and to
provide water, food and shelter; \$12.5 million to aid in
rebuilding of federal

-aid highways; \$38 million in

temporary loans to rehabilitate housing quickly; and \$4 million to provide cleanup and repair jobs for dislocated workers. Also, crop disaster loans like those in last year's midwest floods would be included, if Congress approves.

``We have really put an emphasis in this administration on how to handle emergencies right," the president said.

Clinton walked to the cockpit of his presidential jet Air Force One on his way here, peering out at the flood

-covered area around Albany. ``Look at that," exclaimed the president.

His plane passed over acres of land submerged under brown water, the color of a camel's hair jacket. In some areas only rooftops showed through, in others just treetops.

Later, he was to visit a federal relief center set up in a public school here and then fly south to Bainbridge, one of the hardest

-hit areas. He also planned to go to northern Florida to survey damage from the air before heading back to Washington.

MORE

PM

-Clinton

-Floods, 2nd Ld

-2nd Add, a0629,240

URGENT

ALBANY, Ga.: to Washington.

In Georgia, hardest hit by the floods, officials estimate damages could easily exceed \$100 million.

Heavy rainfall from the stalled remnants of tropical storm Alberto caused widespread flooding in the three states, driving thousands from their homes and causing millions of dollars in damage to property and crops.

Twenty

-eight people were killed in Georgia.

Rep. Sanford Bishop, D

-Ga., who said 28 of the 35 counties in his congressional district remain partly under water, said it is still too early to say how much is needed from the federal government.

``This is the single most serious natural disaster in the history of the state of Georgia," he told reporters on Air Force One. ``We've never seen anything like this

before. There's tremendous devastation, tremendous suffering."

The most crucial immediate need, Bishop said, was to provide drinking water and shelter to the displaced. Bishop said the Clinton administration and Congress had responded generously and quickly in providing aid to victims of last year's Midwest flood and this year's Los Angeles earthquake and he predicted fast action this time to help flood victims.

Clinton already has designated the three states as disaster areas.

The president flew here after returning Tuesday night from an eight

-day trip to Europe. ``He's a little tired but he's in pretty good shape," Eller said.

#BC

-USA

-FLOOD

-CLINTON (SCHEDULED)
CLINTON VIEWS FLOOD

-DEVASTATED GEORGIA AREAS

By Michael Posner
ALBANY, Ga, July 13 (Reuter) - Twelve hours after his return from a gruelling trip to Europe, President Clinton toured flood

-ravaged Georgia Wednesday to make sure the federal government is doing all it can to help flood victims.

White House spokesman Jeff Eller said Clinton, despite feeling tired, decided to visit the area quickly because ``it's a tough time for the people of Alabama, Georgia and Florida.

``Anytime you have this amount of damage and this amount of people suffering, he has a very definite interest in coming down and seeing that the federal government is doing all it possibly can."

Clinton viewed from a helicopter vast areas of mud

-coloured, flooded farmland and homes in southern Georgia where disastrous downpours forced thousands of families from their homes and killed 30 people.

Dressed in a pink madras shirt, khaki pants and brown cowboy boots, Clinton went for a first

-hand look from the air of the flood damage in southern Georgia, the panhandle area of Florida and southeastern Alabama.

Airborne observers could see houses submerged in water up to the rooftops and roads and farms flooded with caramel

-coloured, watery sprawl from swollen rivers.

“This is the single most serious disaster in the history of the state of Georgia,” said Representative Sanford Bishop, a Georgia Democrat, whose district includes this hard

-hit area.

“We’ve never seen anything like this before,” he told reporters as he accompanied Clinton on the trip here aboard Air Force One. “There’s tremendous devastation, tremendous suffering.”

The most immediate need, he said, was for temporary housing for some 5,000 people in emergency shelters.

White House officials said Clinton was accompanied by Georgia Governor Zell Miller, Federal Emergency Management Agency director James Lee Witt, Democratic Georgia Senator Sam Nunn and local congressmen on the Marine One helicopter that took off shortly after Clinton landed here for an airborne look.

After a meeting with governors Miller, Lawton Chiles of Florida and James Folsom of Alabama, Clinton is planned to announce a flood aid package for the area.

A fact sheet distributed by the White House outlined the devastation that some have called the worst flooding in this century in parts of the most damaged areas.

In addition to the 30 people killed in Georgia, a flood

-related death was recorded in Alabama.

Federal officials said about 50,000 people were forced out of their homes in the three

-state region. At least 5,000 are now living in shelters while the rest have taken refuge with family and friends.

Last week, Clinton declared federal emergency areas parts of the three states, setting the stage for federal loans, grants and other relief.

In Georgia alone, 42 of the 48 counties have been affected by flooding, along with 10 counties in Alabama and 13 in Florida, according to the White House.

New questions were being asked Wednesday about dam safety in Georgia after public officials in Americus, where 15 people are known to have died, attributed half of those deaths to the failure of unregulated dams.

Last week, federal officials said all nine of the state's dams maintained by the U.S. Army Corps of Engineers had held during the storm.

Georgia has been the scene of previous catastrophic dam failures, most notably in 1977 when a dam at Toccoa Falls in extreme northeast Georgia broke on the night of November 6, drowning 39 students and staff members at Toccoa Falls College, a small bible college near the town.

Federal officials blamed the devastation partly on Alberto, the first tropical storm of the hurricane season.

The storm with winds of at least 50 mph moved through the Gulf of Mexico slammed into the Florida panhandle on July and hovered over parts of Georgia and eastern Alabama and Florida panhandle regions.

For five days, torrential rains pounded the three states, with rain measuring up to three feet in some areas.

REUTER

PM Georgia Flooding, 2nd Ld

-Writethru, a0554,0696

Forecasters Lower Flood Crest Prediction for Flood

-Wracked

Bainbridge, Ga.

Eds: Rewrites throughout to UPDATE with crest prediction

lowered for Bainbridge, add quotes from citizens, scientist. Updates with Clinton arriving in region, add reference to Alabama. No pickup.

With PM

-Georgia Submerged, Bjt

By ELLIOTT MINOR= Associated Press Writer=

BAINBRIDGE, Ga. (AP) Forecasters who had predicted a monster record crest on the Flint River changed their calculations today, saying the river that has already ravaged neighborhoods wouldn't go much higher before beginning to recede.

About a third of Bainbridge's 12,000 residents including most of Close's neighbors had left their homes ahead of the Flint's crest, expected Thursday.

But that crest was now expected to be at about 38 feet, the National Weather Service said in an advisory this afternoon.

While that would be 13 feet above flood stage, it was short of the record 40.9 feet set in 1925, and well below the 45

-foot crest that forecasters had predicted earlier.

The river stood at nearly 37 feet this morning.

``If it's not going to get but another foot high,

chances are there'll be several places that will not be flooded," said Fire Chief Dennis Mock. He said he had not had time to figure how many homes or businesses will be spared because of the lower

-than

-feared crest.

At least 28 people have been killed by the surge of muddy floodwaters as rains spawned by Tropical Storm Alberto moved southwest through Georgia. Another person died in Alabama and two others are missing and feared dead there.

At Bainbridge's Jones

-Wheat Elementary School shelter, there was a ripple of excitement as evacuees grabbed for copies of a one

-page flood update prepared each day this week by The Post

-Searchlight, a twice

-weekly newspaper. The paper, which arrived at the shelter about 2 p.m., had the revised forecast.

"I think God has made a way for the people of this town to survive and for the elderly people to go back to their homes," said George Mayberry, 54, a retired New York City bus driver who moved to Bainbridge last month. His apartment is in a low area but has not been flooded.

Judith Bradberry, a hydrologist with the National Weather Service, said it had become clear over the past few days that the river was not rising as fast as originally projected at Bainbridge.

"We were not seeing the change that we thought we should be getting," she said.

She said one explanation could be scouring, the river literally dredging itself deeper and making room for more water to flow through the channel.

"The (U.S.) Geological Survey is out making measurements right now," she said.

About 50 miles to the north of Bainbridge, President

Clinton visited the flood

-ravaged Albany area today. He was to meet with the governors of Georgia, Alabama and Florida, the three states affected by the floods, and the White House said he would announce an aid package.

Disaster officials say 300,000 acres of cropland are submerged, hundreds of roads are washed out and 175,000

people remain without drinking water.

In Americus, Fire Chief Steve Moreno attributed most of the town's 15 deaths to a series of unregulated earthen dams that broke last week.

"The torrent of water coming down from these broken dams completely overran our creeks and created walls of water coming down right through town," Moreno said.

"It really caught everyone unexpectedly," he said.

"We had people walking, on bridges, in cars on roads, and these roaring torrents just swept them all away. It was horrible."

In central Georgia's Macon County, which suffered extensive flooding from the Flint River, the ghastly stench of 250,000 rotting chickens covered a mile and a half stretch of road Tuesday.

National Guard troops and county emergency workers wearing masks, high rubber boots and heavy gloves used pitchforks to lift the drenched and decaying carcasses.

"When they load them onto the dump trucks, they turn into a gel. It looks like Jell

-O," said Sgt. Terry

Gaultney, a National Guard crew supervisor.

AM

-Flood Control,470

White House Panel Urges Relocation, Not Levees, in Flood

-Prone Areas

With AM

-Clinton

-Flooding

By JOHN D. McCLAIN= Associated Press Writer=

WASHINGTON (AP) A White House task force recommended Wednesday placing greater emphasis on moving people out of river lowlands rather than relying on manmade structures such as levees to protect them against flooding.

The Interagency Floodplain Management Review Committee issued its final report as President Clinton flew to Georgia to see firsthand the devastation caused by flooding spawned by Tropical Storm Alberto.

"The thesis of the report is straightforward," wrote Army Brig. Gen. Gerald E. Galloway, the task force executive director. "Floods will continue to occur. It is now time to organize a national effort to conduct effective and efficient floodplain management."

Although the task force was created after last summer's flooding that ravaged wide areas of nine Midwestern states, it said its recommendations were directed to the

nation as a whole as well as the upper Mississippi basin.

The Midwest flooding caused between \$12 billion and \$16

billion in damage and was blamed for 48 deaths.

The recommendations include shifting the emphasis from manmade flood control structures to alternatives including permanent evacuation of flood

-prone areas.

The task force said the planning guidance used by the Army Corps of Engineers, now biased against relocation, should be revised ``to ensure full consideration of nonstructural alternatives." The corps is in charge of levees lining the nation's navigable rivers.

Sen. Max Baucus, D

-Mont., chairman of the Senate

Environment and Public Works Committee, praised the report's ``gutsy recommendations," many of which he said he would introduce in Congress next week.

``It is time to stop pretending that we can control our rivers, time to start giving them room to flow more naturally," Baucus said. ``We should not do away with levees, but we should not automatically choose structural solutions either."

American Rivers, a river conservation group, also welcomed the report, including its recommendation to manage floodplains as components of larger watersheds and convert farm bottomland into natural wetlands.

The group maintains that wetlands act as natural sponges that slow the pace of flooding and that levees can contribute to a flood's severity by channeling the water and raising its height.

The task force acknowledged that local and federal flood damage reduction projects such as levees prevented nearly \$20 billion in damages during last summer's flooding.

But it added that some of the projects also lured people and businesses to high risk areas, while damaging the natural habitat of many species of fish and wildlife.

The task force also called for requiring flood insurance by those remaining in high

-risk areas.

AM

-Clinton

-PoliticalFu

----- AUTOBREAK (2)-----

The funding concept was used in 1986 when Clinton hosted a governors' conference and in 1988, when he explored the

possibility of running for president. The latter raised about \$25,000 but was not reported to federal election officials because Clinton did not file as a candidate that year, Wright said.

Some of these efforts also received funding from surplus contributions to Clinton's re

-election campaigns.

As president, Clinton has attacked the influence of big donors on government and has offered campaign finance legislation that is stalled in Congress. Reformers have criticized Clinton for his part in a number of recent top

-dollar Democratic party fund

-raisers.

AM

-Clinton

-Political Funds, Ark Bjt,1200

Donations to Political Funds Were Used to Pay off Clinton Loans

By JOHN SOLOMON= Associated Press Writer=

WASHINGTON (AP) While governor of Arkansas in the mid

-1980s, Bill Clinton borrowed at least \$220,000 and perhaps twice that to promote his legislative agenda, then asked aides to solicit donations from supporters and special interests to pay off the loans.

The loans had never been disclosed, and some of the donations hadn't been either, officials close to Clinton acknowledged in interviews. The arrangement exposed Clinton to considerable financial risk at a time his salary as governor was \$35,000 a year.

The Clinton loans came from the Bank of Cherry Valley, a tiny institution owned by a friend, according to an Associated Press review of Clinton's finances during the years of his Whitewater investment.

Many of the biggest donors were members of Arkansas' corporate elite, from poultry giant Tyson Foods and TCBY yogurt chain owner Frank Hickingbotham to state

-regulated
banks and utilities.

Clinton's chief of staff at the time, Betsey Wright, says she controlled both the spending and the fund

-raising

for the political funds, which were used to retire Clinton's unsecured personal debt at Cherry Valley.

The money was used to push a broad legislative agenda that ranged from education to ethics reform. Included were extensive television, radio and newspaper advertising; direct mail efforts; consultants who crafted legislation, travel and polling expenses.

The funds generally were kept separate from Clinton's re

-election money, so donors were not subject to the \$1,500 limit on campaign contributions. Some supporters gave \$10,000 or more, Wright indicated, including Hickingbotham of TCBY at \$25,000.

Scott Trotter, executive director of the Arkansas chapter of Common Cause, said such an arrangement was "an end run" around campaign finance laws.

"Wealthy special interests were offered another opportunity through unlimited contributions to influence Governor Clinton and his administration," said Trotter, who worked on utilities reform for Clinton before a falling out.

The White House referred questions to Wright, who bristled at any suggestion of impropriety.

"There were no slush funds," she said. "Those people contributed to specific programs that they believed in and that they had a stake in."

At the time of the loans, the Clintons' personal credit was stretched. They were liable for the mortgages taken out for the Whitewater land venture, which at one point totaled more than \$200,000. And Clinton also had a separate \$50,000 loan from Smith's bank for his 1984 re

-election campaign.

Experts asked by AP to review the arrangement said Clinton had no obligation to report these donations as taxable income.

Wright said private donors were approached because Clinton did not want to use state tax dollars for his political activities.

"It may look clumsy to you now, and it may look sticky to you now, but we really did try to find ways to disclose it and make it comply with what laws were on the books," she said.

Wright said she has turned over records detailing the loans and fund raising to Robert Fiske, the special counsel investigating Whitewater and Clinton's political finances.

"There was no vehicle for disclosing this stuff at the time. ... If people asked, we wouldn't have hidden it from them," said Ms. Wright, who is now a lobbyist in Washington and remains a vigorous advocate for Clinton.

While Clinton's loans were invisible to the public, the political funds were not. For example, a \$130,000 campaign for Clinton's policies identified its sponsors as ``Partners for Education" or ``Arkansas 2000." However, the public did not know the extent of Clinton's involvement.

``The people who contributed did. But it was not a part of the public discussion about it," said Joan Roberts Watkins, a former press secretary to Clinton.

AP learned of the Clinton loans from officials familiar with federal bank exams. Wright declined to allow AP to review donor, loan or expenditure records because Fiske is examining them. But she and others provided detailed descriptions of the activities and dollar amounts contributed by many donors.

From 1983 to 1987, Clinton borrowed many times from the Bank of Cherry Valley, a small institution about 100 miles northeast of Little Rock owned by Maurice Smith, a longtime friend who was then a top aide to Clinton.

Smith told AP he recalls about a dozen loans totaling about \$400,000.

Wright said she found partial records showing Clinton borrowed at least \$220,000 from the bank and added, ``I'm certainly not going to dispute Maurice Smith."

Smith said the loans were unsecured personal notes guaranteed directly by Clinton and usually paid back quickly as donations were deposited in a fund at the bank. He said Clinton paid the same interest rates as other customers.

``It was never more than \$100,000 at any one time,"

Smith said, adding he himself donated about \$5,000 over the years to the various political funds.

By the late 1980s, the political funds were operating without any borrowing by Clinton. In early years, Clinton provided no accounting of donors but by the late 1980s his staff began providing disclosure lists.

Those involved say Clinton came up with the financing idea shortly after returning to the governor's office in 1983.

The goal, they said, was to improve his ability to communicate his legislative agenda to Arkansans and avoid the political problems that resulted in defeat after his first term in 1980.

The first major initiative the governor focused on was his plan to raise the state sales tax by 1 percent to improve public schools. Clinton wanted to get his message out immediately, and began taking out loans for ``seed money" in the spring of 1983 to start the process, Wright said.

His campaign advertising consultant, David Watkins, produced radio and TV spots. Wright then sought donors, setting up a fund at Cherry Valley under the name

``Partners in Education."

Eventually, the fund raising exceeded the original amounts of the loans and paid for ads, pamphlets, blue ribbons worn by supporters and post cards that flooded legislators' mail boxes. After the \$130,000 ad campaign, lawmakers narrowly approved Clinton's education plan.

Asked about the education ad campaign, Clinton said, ``The business community was phenomenally interested in being supportive of the program."

Encouraged by the arrangement, Clinton kept the strategy in place, tapping private donors to help pay for similar campaigns for his economic development, tax reform and ethics legislation.

-END

-OF

-AUTOBREAK(1)-

-AUTOBREAK(2)

-FOLLOWS

bc

-Paula

-Jones

-Clinton

TO NATIONAL EDITOR:

ATTORNEYS FOR PAULA JONES FILE RESPONSE

WASHINGTON, July 13 /PRNewswire/ -- The following was issued by Gilbert Davis and Joseph Cammarata, attorneys representing Paula Jones:

Attorneys Gilbert Davis and Joseph Cammarata, have filed today, on behalf of Paula Jones, a Memorandum in Opposition to William Clinton's request for special consideration from the court. Mr. Clinton, in a motion filed earlier this month, stated that he should be allowed to file a brief in August dealing only with his claim that he is unaccountable in court, and that other defenses to

the Complaint be dealt with at some unspecified future date.

Jones' memorandum notes that Mr. Clinton "seeks extraordinary procedural and scheduling relief for his unique claim of immunity from suit involving pre

-presidential acts. His pending motion asks nothing less than a categorical suspension of the Federal Rules of

Civil Procedure. An American citizen, even one who happens to be the president, is not above the normal processes established for the legal testing of a plaintiff's claims."

The memorandum reveals that Mr. Clinton, in his motion, failed to cite any authority supporting his extraordinary request, and further "three of his own cases expressly foreclose the relief (Mr. Clinton) seeks." The memorandum also exposes Mr. Clinton's request as "a transparent attempt to stay as far and as long as possible from the merits (of the case)", which raises the suspicion that Mr. Clinton lacks confidence in the strength of his alleged defenses to the lawsuit.

Mr. Clinton is pinning his claim of unaccountability and his hopes to delay the lawsuit on a unique claim of exemption which no court has bestowed on any American in the Nation's entire history. Mrs. Jones asks the Court to reject Mr. Clinton's request for special consideration.

After reading Mr. Clinton's motion, Paula Jones said, "I've always thought that everyone in America, even presidents, has to follow the rules."

-0- 7/13/94

/CONTACT: Sue Sawyers of Davis & Associates,
703

-352

-3850 or, fax, 703

-273

-1272/ CO: Davis &
Associates ST: District of Columbia IN: SU: EXE
KW

-KF -- DC023 -- 1158 07

-13

-94 13:43 EDT

BC Washington

-Territories White House Aide Named To
Handle Territorial Affairs

WASHINGTON (AP) The White House has named a coordinator for territorial affairs in a move to ensure that the Virgin Islands and other U.S. insular areas have the ear of the highest level of the executive branch.

The new coordinator is presidential aide Keith Mason.

President Clinton's appointment Tuesday was in response

to a request by Virgin Islands delegate to Congress Ron De Lugo that the insular areas be represented at the White House.

De Lugo said a White House staffer should help develop and coordinate all policies for the territories, covering issues such as taxes, trade, health and welfare.

De Lugo said Mason's designation ``appears to fill a very important gap that has existed in the past."

The territories are the Virgin Islands, Guam, American Samoa and the Northern Mariana Islands.

AM

-Clinton

-Ambassadors,140

Clinton Picks Envoys to Chile, Bolivia

WASHINGTON (AP) President Clinton is planning to nominate new ambassadors to Chile and Bolivia.

The White House announced that Clinton intends to nominate:

Gabriel Guerra

-Mondragon, a native of Puerto Rico and president of the international division of the Keefe Co., a political, economic and financial consulting firm in Washington, to be ambassador to Chile. He previously served in the Foreign Service and was a staff attorney for the Civil Rights Commission.

Curtis W. Kamman, a career Foreign Service officer and former ambassador to Chile, to be ambassador to Bolivia. In previous assignments Kamman served as deputy chief of mission at the U.S. Embassy in Moscow, chief of the U.S. Interests Section in Havana, Cuba; deputy assistant secretary of state for intelligence and research and deputy assistant secretary for European and Canadian affairs.

BC

-USA

-COURT

-BREYER ISTLD (SCHEDULED)

BREYER QUESTIONED AGAIN ABOUT INVESTMENTS

(Eds: updates with testimony)

By Robert Green

WASHINGTON, July 13 (Reuter) - Supreme Court nominee Stephen Breyer eased through the second day of his confirmation hearing Wednesday, insisting again that his

Lloyd's of London investments were not a conflict of interest.

Breyer said he did not believe any of his rulings as a federal appeals judge in Boston on toxic waste cases affected his investments in a Lloyd's syndicate. He resigned from the syndicate in 1988, but is still liable for its losses.

"I thought that it would not directly affect my pocketbook in any direct proximate substantial way and I will say that others in the last few days, ethics experts, various kinds of experts looking at this agree. Though, I must add, that reasonable people could disagree and there are some who do," he told members of the Senate Judiciary Committee.

President Clinton nominated Breyer, 55, on May 13 to replace retiring Justice Harry Blackmun, 85.

Breyer said he thought the investment was like a mutual fund which buys and sells many stocks. He said when

he spoke to officials at Lloyd's during visits to his wife's family in England he was told, "You'll never know what is insured."

Breyer said Tuesday and again Wednesday that he was trying to end all of his insurance investments as soon as possible to avoid even the appearance of a conflict. "I will be out of it as absolutely soon as I can," he told Pennsylvania Republican Arlen Spectre Wednesday.

"Judge Breyer, I accept your conclusion and I fully appreciate the importance of integrity to you personally and institutionally for the Court," Spectre replied.

Breyer also said he believed it was settled law that the death penalty did not violate the U.S. Constitution's ban against cruel and unusual punishment, but could not comment on related issues such as whether there should be an age limit for executions because he might have to rule on those cases.

Blackmun opposed the death penalty.

"That settled law is surrounded by what I think of as a cluster of less firmly settled matters, such as how old the person has to be, though there is case law on it; such as the procedures; such as the types of crimes, the exact details.

"And in those areas of detail, it seems to me that I cannot properly go because it seems to me those are coming up again and again," Breyer said.

On the issue of religious rights, he said it was well established that the government should not favour one religion over another and should put the rights of the religious on an equal footing with agnostics and atheists. But he said the problem was where to draw the line.

During questioning Tuesday, Breyer said he believed that abortion was legal, but would not answer questions about how the law should be applied. He also said he believed in strong enforcement of antitrust laws.

Breyer has won bi

-partisan praise from committee members and seems certain to be approved after the panel ends its hearing and sends his name to the Senate for a vote.

REUTER

PM

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Perry Says Copter Shootdown Was Avoidable

EDS: Combines pvs; inserts new graf 6 with Andrus quote; inserts new grafs 11

-12 with more on AWACS; minor editing throughout to reflect release of report

By JIM ABRAMS= Associated Press Writer=

WASHINGTON (AP) The shootdown of two U.S. Army helicopters by Air Force fighter jets over northern Iraq last April was caused by a ``breakdown of command guidance and supervision" and a misidentification of the copters, the Pentagon said today.

``It's a tragedy that never should have happened," Defense Secretary William Perry told a Pentagon news conference.

Perry said he had approved a report on the Pentagon's investigation of the accident and considered it a ``starting point" for consideration of potential disciplinary action against those responsible for the tragedy.

All 26 people aboard the helicopters were killed.

Air Force Maj. Gen. James Andrus, in describing circumstances of the accident for the news conference, said multiple human errors were made during the incident, which occurred in clear weather in a mountainous region in northern Iraq.

``There were multiple causes of the shootdown, any one of which if it had not existed, might have prevented the accident," Andrus said.

A Defense Department source, speaking on condition of anonymity, said Pentagon lawyers even today were debating how to proceed with possible compensation to the families of those who perished.

Andrus said the investigation showed that the helicopters were using an electronic system, known as Identification Friend or Foe, that is designed to avoid being shot at by friendly forces.

He said an Air Force AWACS radar aircraft in the area had detected the identification signals but failed to inform the F

-15 fighters that shot down the copters.

Andrus said the AWACS crew ``did not understand their responsibility" in the mission.

Andrus said the F

-15 pilots were not aware that U.S.

Black Hawks helicopters would be operating in that area. A few minutes before the F

-15s fired, the AWACs transmitted a message to the jet fighters that the pilots interpreted as confirmation that the helicopters were Iraqi.

The F

-15 pilots were at a distance, altitude and speed that made it unable to spot the U.S. flags painted on the side of the helicopters, Andrus said.

The F

-15 lead pilot reported he had visually identified the copters as Iraqi Hind helicopters, which were prohibited from flying in that area. The lead F

-15 made a final effort to determine electronically whether the helicopters were friendly, and, receiving no reply, fired a radar

-guided missile that downed the craft, Andrus said.

A second F

-15 fired a heat

-seeking missile at the other helicopter, hitting it.

The two F

-15 pilots made a final pass over the shootdown area and then continued on their regular assignment, the general said.

The helicopters were ferrying officials from several nations on a mission supporting U.N. humanitarian relief efforts on behalf of Kurds in the area. Fifteen of the dead were military officers from the United States. The others were

five Kurds, three officers from Turkey, two from Britain and one from France.

The Pentagon investigation lays out a trail of human error extending from the crucial moments before the shootdown to the aftermath.

Pentagon officials earlier reported that the F

-15

pilots were given the go

-ahead to attack by controllers
aboard an AWACS radar plane, but other controllers
apparently were aware the helicopters were not hostile.
They failed to communicate that to the fighters.

A Defense Department source said today the report may
lead to criminal indictments or courts martial against
some of those involved but that punishments will be
handled at the military service level rather than by the
secretary of defense.

The source also confirmed that some of the AWACS crew
members refused to cooperate with investigators and that a
four

-minute gap had been found in a videotape of the AWACS
crew activity at the time of the shoot

-down. The gap was
apparently the result of an inadvertent erasure rather
than a deliberate move to conceal evidence, the source
said.

Damage payments to relatives are being considered
because so many human errors were involved in the downing,
the source said. The issue is complicated because the
Pentagon has no clear precedent on when or whether to pay
damages and because the victims were representing different
countries and government agencies.

The Pentagon official who commented said rules of
engagement require a pilot to assume he is facing an enemy
if there is no IFF transmission, but ``you still have to
make a visual check yourself."

After the incident, Perry ordered changes requiring
more verification steps before attacks are launched on any
aircraft in the no

-fly zone.

It was not clear whether the IFF systems on the
helicopters were turned off or not functioning properly.

U.S. military officials in Europe were responsible for
drafting the accident report.

BC

-Moynihan

-Seeks

-Passage

-of

-Clinton's
Moynihan Seeks Passage of Clinton's Welfare Reform By
Year's End

Washington, July 13 (Bloomberg) -- Senate Finance
Committee Chairman Daniel Patrick Moynihan (D

-N.Y.) today
challenged Congress to pass President Clinton's welfare
reform plan by year's end.

``We've got the time to do it," Moynihan said in
opening the first congressional hearing on Clinton's
proposal to require recipients to get a job. ``So let's
get on with this,"

Clinton campaigned for the White House in 1992,
promising to ``end welfare as we know it." But he waited
until last month to finally submit a plan a relatively
modest plan.

Many on Capitol Hill -- and even some in the White
House -

-figure it will be next year before an already busy
Congress gets around to the legislation.

But Moynihan, joined by Senate Majority leader George
Mitchell (D

-Maine), said today wants to push ahead this
year, before a new Congress is sworn in Jan. 3.

``I hope we will pass it in this Congress," Moynihan
said.

Moynihan followed the lead of House Ways and Means
Committee Chairman Sam Gibbons (D

-Fla.), who surprised his
aides and colleagues last month by vowing to seek passage
this summer.

Moynihan said that within a few days he will announce a
series of hearings on the president's plan, which is
designed to slowly cut the nation's swelling welfare
rolls.

`A National Tragedy'

Since 1970, the number of people receiving assistance
through Aid to Families with Dependent Children, the main
welfare program, has nearly doubled to 14.1 million.

The government now spends more than \$22 billion a year
on the program. Clinton's reform bill would cost about
\$9.3 billion over five years and be funded with cuts in
benefits to the poor.

Health and Human Services Secretary Donna Shalala
testified before Moynihan's committee today on behalf of
the president's plan, and is to appear tomorrow before
Gibbons' panel.

``Welfare as we know it has become a national
tragedy," Shalala said. ``In the last five years alone,

well over 3 million recipients have been added to AFDC rolls. Nearly one in four children lives in poverty."

Shalala warned, "The welfare system will continue to be part of the problem rather than the solution unless dramatic changes are made."

She said Clinton's plan would move nearly 1 million people into jobs or completely off welfare by the year 2000. But critics say more needs to be done and that it should happen quicker.

Job Training

The president's proposal is designed to encourage people to get off welfare by:

- Requiring them to participate in job training and placement programs.
- Cutting off benefits to some welfare mothers after two years.
- Providing subsidized jobs to those unable to find work in the private sector.

The administration also wants to discourage teenage pregnancies, which are driving a rising number of unwed

mothers and fatherless children into welfare.

Both Democrats and Republicans, liberals and conservatives, favor welfare reform, which has become a popular issue on the congressional campaign trail.

Sen. Robert Packwood of Oregon, ranking Republican on Moynihan's Senate Finance Committee, noted that over the years Congress has repeatedly talked about welfare reform.

"But it never seems to work, and it always seems to get worse," Packwood told Shalala.

The HHS secretary replied by asking rhetorically, "Are we too optimistic? We are cautious not to over

-promise,
and we are building on our experience." -

-Tom Ferraro in
Washington (202) 434

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(For more information about Congress; NI CNG; about the Clinton administration; NI EXE)

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-MILITARY

-GAYS (SCHEDULED)

NAVY PILOT CHALLENGES GAYS POLICY

By Jim Adams

WASHINGTON, July 13 (Reuter) - A Navy bombardier challenged President Clinton's new compromise ``don't ask, don't tell" policy on gays in the military Wednesday, arguing that he should not be discharged for saying on national television that he is a homosexual.

Navy Lieutenant Tracy Thorne did not tell a Navy board of inquiry whether he does or does not engage in homosexual sex, which is prohibited under the new policy but argued that his statement on ABC's ``Nightline" in 1992 that he is a homosexual does not by itself mean he engages in homosexual conduct.

``There is nothing to rebut," Thorne told the board of inquiry. ``I have made no statement about conduct."

In an emotional statement to the tribunal, he said:

``I am a proud American. I am a proud Naval officer, and I am a proud gay man."

Thorne's chief lawyer, Patrick Lee, told reporters that many homosexuals as well as heterosexuals do not engage in sex, so Thorne's statement on television did not mean he engages in prohibited homosexual sex.

But Navy lawyers told the tribunal that the new policy specifically says military people shall be discharged if they engage in homosexual conduct which includes saying publicly that they are homosexual, unless they can successfully rebut a presumption that that means they engage in homosexual sex.

One of the three inquiry board members, Captain Eben Barnett, tried to prompt Thorne's defenders to provide that rebuttal.

``I keep listening for the rebuttal," Barnett said during questioning. He said the tribunal had heard

evidence that Thorne lives with a male roommate whom he has made his beneficiary and asked ``Where is he rebutting?"

Under the board's procedure, Thorne could not be asked directly whether he does or does not engage in homosexual sex, and he did not say whether he does.

But former Assistant Secretary of Defence Lawrence Korb, who wrote the military's previous policy on homosexuals, said that the overall point of the new policy is to allow gays in the military, but not homosexual sex, so Thorne was not required to say what his conduct is despite the wording that the Navy lawyer cited.

Thorne's lawyer, Lee, said, ``It would be a nasty trick" to say that homosexuals may now be in the military but then throw them out if they say they are homosexuals under the assumption that that means they engage in homosexual sex.

REUTER

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Kyle M. Baker (BAKER_K) (WHO)

CREATION DATE/TIME:13-JUL-1994 11:53:00.00

SUBJECT: REAGAN PENTAGON OFFICIAL SAYS DISCHARGING THORNE WOULD ...

TO: R. Paul Richard (RICHARD_R) (WHO)

READ: UNKNOWN

TEXT:

Date: 07/13/94 Time: 08:44

Reagan Pentagon Official Says Discharging Thorne Would Be Wrong

WASHINGTON (AP) A Reagan administration official who says he wrote the book on official policy toward gays in the military has come to the aid of a Navy lieutenant facing possible discharge for publicly announcing he is gay.

Lawrence J. Korb says it would be a mistake to dismiss Navy Lt. Tracy Thorne, whose case has become a major test of the Clinton administration's new "don't ask, don't tell" policy.

"I have reviewed his service record, and I am convinced that Lt. Thorne ... is precisely the kind of officer the Navy should be eager to retain," Korb said in a written statement Thorne's attorneys submitted to the Navy Board of Inquiry on Tuesday.

"I do not believe that Lt. Thorne's sexual orientation would adversely affect his ability to perform his duties" or harm the military's overall mission, wrote Korb, now a senior fellow at the Brookings Institution, a Washington think tank.

Korb, assistant secretary of defense for manpower, reserve affairs, installations and logistics from 1981 to 1985, was scheduled to appear as a defense witness today, the third day of Thorne's discharge hearing.

The board's decision will be reviewed by Navy Secretary John Dalton. Thorne's attorneys have said that if he is discharged, they will challenge it in federal court.

In 1981, Korb wrote the Reagan administration's policy regarding the discharge of military personnel who engage in homosexual acts. That policy authorized the military to discharge service members who engaged in, or showed a propensity to engage in, homosexual conduct.

However, Korb said in his statement, the mere admission of being homosexual was not sufficient ground for discharging a service member.

"There is no longer any rational basis underlying the military's policy that homosexuality is incompatible with military service," Korb wrote. The policy has "needlessly ruined many lives and deprived the armed services of capable men and women," he said.

Thorne's attorneys contend the "don't ask, don't tell" policy cannot be applied retroactively to Thorne, who disclosed his homosexuality on ABC's "Nightline" in May 1992. They also say his sexual orientation is not an indication of homosexual conduct and

has no effect on his performance as a naval officer.

But Lt. Peter Dutton, a Navy attorney, has said homosexual conduct is grounds for discharge under both current and former Pentagon policy. People can be discharged for homosexual acts or for making statements ``demonstrating a propensity" to engage in such acts, he said.

Thorne, 27, was placed on inactive reserve in May 1993, but the Clinton administration agreed in January to return him to active duty while it seeks to discharge him.

A former member of the Navy's ``Flying Tigers" bomber squadron, Thorne now works on computer information systems at the Naval Air Systems Command in Arlington, Va.

On Tuesday, another Navy Board of Inquiry in Norfolk, Va., began a hearing on whether Lt.j.g. R. Dirk Selland should be discharged.

Selland, 25, acknowledged his homosexuality to his commanding officer the day after President Clinton took office in January 1993. He said he did so because Clinton pledged to lift the ban on openly gay people in the military.

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