Robin Hood of Epidermolysis Bulossa Research Association in Scotland, at the suggestion of their daughter (who has EB, a genetic skin blistering condition) offers you a Labrador puppy. He and his daughter would like to come to the White House to present the puppy, hoping the publicity of the event would urge both nations to find a cure for this disease. After conferring with Press, NSC and Counsel's Office, NH advises that you graciously decline their offer and send a note to the daughter. OK with you?

[illegible] Can you handle from this point? Thanks JB

Cherie ... Bullosa ... conditi... daugh... sugge...

...skin ... Hood has a ... and ... Hood family ... has bred for

2/10/00

Sean -
Okay to send to NSC?
Yes ✓
No

... would like to come to the ... e and present ... think that the publicity created from this event ... o quickly find a cure for this disease.

... C and Counsels Offices on the best way to proceed ... suggestion is that you graciously decline their offer ... ter Alex and maybe include a recent photo of you

THE PRESIDENT HAS SEEN
2-10-00

We should check with Blair — if he likes [illegible] all the time we could suggest they give the dog to an orphanage or someplace where other kids would get the joy of it

copied
Berger
NSC WW Desk
Podesta.

January 25, 2000

MEMORANDUM

To: The President

From: Nancy Hernreich
Mary Morrison

Re: Gift Offer – Labrador dog

Cherie Blair's office forwarded a letter to you from Mr. Robin Hood of the Epidermolysis Bullosa 'EB' Research Association in Scotland (EB is a genetic skin blistering skin condition which at times can be badly disfiguring and painful). Mr. Robin Hood has a daughter Alex who has EB. She recently saw you on tv playing with Buddy and suggested to her father that they send you a dog. Hence their offer, the Hood family has offered to give you a Labrador puppy – a breed of dog that their family has bred for the last 20 years.

Robin Hood and his daughter, Alex would like to come to the White House and present you with the Labrador puppy. They think that the publicity created from this event would help in urging both nations to quickly find a cure for this disease.

After conferring with the Press, NSC and Counsels Offices on the best way to proceed given all the circumstances – the suggestion is that you graciously decline their offer and send a kind note to the daughter Alex and maybe include a recent photo of you and Buddy.

Is this okay with you?

THE PRESIDENT HAS SEEN
2-10-00

We should check
w/ Blair – / see if the
EB ... all the time
would suggest we
give the dog to an orphanage
or someplace where
other kids would get the
joy of it –

January 25, 2000

MM
Here's the the
most of
gifts are
the dog!

MEMORANDUM

To: The President

From: Nancy Hernreich
Mary Morrison

Re: Gift Offer – Labrador dog

Cherie Blair's office forwarded a letter to you from Mr. Robin Hood of the Epidermolysis Bullosa 'EB' Research Association in Scotland (EB is a genetic skin blistering skin condition which at times can be badly disfiguring and painful). Mr. Robin Hood has a daughter Alex who has EB. She recently saw you on tv playing with Buddy and suggested to her father that they send you a dog. Hence their offer, the Hood family has offered to give you a Labrador puppy – a breed of dog that their family has bred for the last 20 years.

Robin Hood and his daughter, Alex would like to come to the White House and present you with the Labrador puppy. They think that the publicity created from this event would help in urging both nations to quickly find a cure for this disease.

After conferring with the Press, NSC and Counsels Offices on the best way to proceed given all the circumstances – the suggestion is that you graciously decline their offer and send a kind note to the daughter Alex and maybe include a recent photo of you and Buddy.

Is this okay with you?

NM -
Can you do a
note to Pres.?
nb

THE WHITE HOUSE

WASHINGTON

January 24, 2000

MEMORANDUM FOR NANCY HERNREICH

FROM: MAUREEN UNDLIN MEU
DEPUTY DIRECTOR, GIFT OFFICE

SUBJECT: GIFT OFFER

Per your request, the offer of a Labrador dog from Mr. Robin Hood of the Epidermolysis Bullosa Research Association was vetted by Counsel, NSC, and the Press Office.

Amy Comstock confirmed that the organization is legitimate and worthy. It was one of Princess Diana's charitable projects and has an American chapter.

Robert Bradtke at NSC found no foreign policy reason to accept the offer, but suggests that there may be compelling humanitarian reasons to accept it.

Jim Kennedy in the Press Office was concerned about the press reaction to the President getting another dog, and recommended that the offer be declined.

If you have any questions, please call me or Lori Krause at 6-7133. Thank you.

Since it is a [illegible] future [illegible] it does [illegible] country need to be not humanitarian

cc: Dan Burkhardt
Delia Cohen

THE WHITE HOUSE

WASHINGTON

January 10, 2000

MEMORANDUM FOR AMY COMSTOCK
BARRY TOIV
and
NSC

FROM: LORI KRAUSE
DIRECTOR, GIFT OFFICE

SUBJECT: Gift offer

Robin Hood of the Dystrophic Epidermolysis Bullosa (E.B.) Research Association has offered the gift of a Labrador to the President. Mr. Hood would like to come to the White House with his daughter, who is diagnosed with E.B., to present the dog to the President.

Nancy Hernreich has requested that this offer be vetted. I have attached a copy of the incoming letter from Mr. Hood, and the accompanying letter from Fiona Millar in Mrs. Cherie Blair's office.

Please review and advise if this offer should be given further consideration or declined. Feel free to contact myself or Maureen Undlin at x67133 if you have any questions or comments. Thank you.

esponse from Amy Comstock:

Has an American chapter

Was one of Princess Di's projects.

organization is ok
AC

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

9296

January 14, ~~1999~~ 2000

MEMORANDUM FOR LORI KRAUSE

FROM: ROBERT A. BRADTKE

SUBJECT: Gift Offer

This responds to the request you conveyed from Nancy Hernreich that a gift offer of a Labrador dog be vetted.

The NSC finds no foreign policy reason to accept this offer. However, there may be other compelling humanitarian reasons, related to efforts to find a cure for Dystrophic Epidermolysis Bullosa, that argue for accepting this offer.

Attachment
Tab A Incoming Correspondence

Ce Jozz Sec
Can you see that this request is directed? [illegible]

10 DOWNING STREET
LONDON SW1A 2AA

From the Office of Cherie Booth QC

15 November 1999

'99 DEC 1 PM5:16

The Hon Melanne Verveere
Chief of Staff
Office of The First Lady
The White House
Pennsylvania Avenue
Washington D.C.
USA

Dear Melanne

I enclose a letter to the President from Robin Hood.

He has asked if Cherie's office will forward this on. I can confirm that Cherie supports the charity's work.

With kind regards.

Yours sincerely

Pauline Simons

pp **FIONA MILLAR**

(Enclosures)

debra

Researching cures
and providing support
for people with
epidermolysis bullosa

Robin Hood
Co-ordinator Scottish Office
Lochside of Ken Cottage
Mossdale
Castle Douglas
Kirkcudbrightshire
DG7 2NQ
Tel/Fax: 01644 420215
Mobile: 0585 155011

Our ref RH/PrCl/Buddy

6 November 1999

President Clinton
The White House
Washington
U S A

Dear President Clinton

I have written to you before about the fact that my daughter Alexandra had seen you on our National Television with your chocolate Labrador, Buddy. She did not know who you were, only being interested in the fact that you have the same breed of dog that we have had in our family for nearly twenty years.

Alex has a great affection for animals. It is my belief that it is because animals do not stare at her disfigurements of badly scarred hands caused by having E B (Epidermolysis Bullosa), the name given to a genetic skin blistering condition. Alex could wake up with as many as thirty blisters caused from the friction of turning over in bed at night. On a recent holiday her underpants became stuck to her body because I had forgotten to put a protective bandage in her groin. She has little or no skin on her feet and her toes and fingers have become fused. In the last eleven years of life she has had at least 100,000 blisters. Blood poisoning and skin cancer are threats for her in the future.

I went to greater detail about the condition in my original letter to you Mr President and you kindly sent some photographs back of you with Buddy.

What Alex needs is a cure along with 5000 other children like her in Britain and 26,000 in America.

You hold the most powerful position in office in the world and have a tremendous responsibility to your country. But if you had been born with E B you would not even have wanted to be President, just a day in your life without pain would be enough.

On receiving the photograph of you with Buddy, Alex was concerned that Buddy may get lonely while you are away on your Presidential duties. What we would like to do, as a family, is to give you a puppy to be a companion to Buddy. I have enclosed a photograph of him and his half brother.

If Alex and I can come over to Washington to give you "Buddy's friend", the publicity created would make a tremendous difference on both sides of the Atlantic as well as unite our nations in beating this horrific condition. With a relatively small amount of money a cure can be found for E B . Ten genes responsible for the condition have been identified and gene therapy is a real possibility.

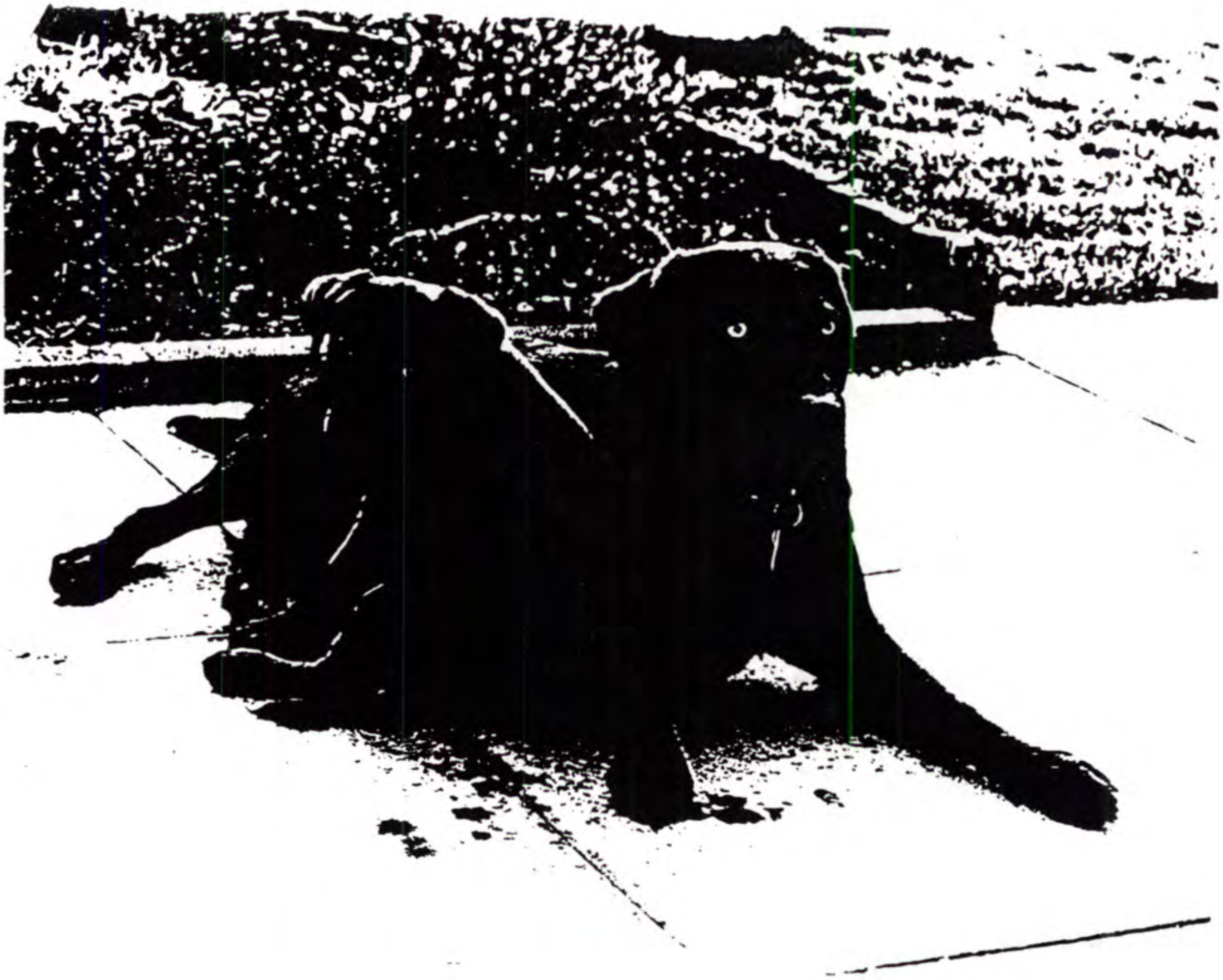
President Clinton, as a charitable Christmas gesture, please allow my daughter and I to come and give you this gift. If nothing else Alex will have peace of mind that Buddy is not lonely.

Yours sincerely

Robin J G Hood
Co-ordinator Scottish Office

Enc

cc P Lader, Ambassador, American Embassy
John Dart, Director DEBRA UK
File



Robert S. Willard

4313 Van Buren Street
University Park, MD 20782
301-779-2558 – fax: 301-779-2921
bobwillard@worldnet.att.net

EB — REPLY

Staff Sec
Please handle

February 10, 2000

'00 FEB 10 PM4:46

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

By fax – One page – Original will not be mailed

Dear Mr. President:

On Tuesday, February 8, the Congress completed action on H.R. 1451, "An Act to establish the Abraham Lincoln Bicentennial Commission."

As you may recall, I have asked to be appointed to that Commission and you have written to me that you have forwarded my request to Bob Nash for consideration.

Whatever the eventual disposition of that request might me, I would be grateful if I could be present when you sign H.R. 1451 into law. (If someone on your staff needs to reach me during the day in connection with this request, my office phone number is 202-606-9200 and email is bwillard@nclis.gov.)

You have my warmest best wishes.

Sincerely yours,

Bob

Robert S. Willard

copied
Bisulco

Should also write her brother Garton Williamson. Long friend - say Hillary & I were saddened

WHITE HOUSE

VASHINGTON

February 10, 2000

John A. Riggs, III
26001 Ginger Hill Circle
Little Rock, Arkansas 72223

Dear Jack:

I was saddened to learn of your mother's death and wanted you to know I'm thinking about you during this difficult time.

Hillary and I send our heartfelt condolences to you and your family. We'll be keeping you in our thoughts and prayers.

Sincerely,

Bill

THE WHITE HOUSE

WASHINGTON

2000

.erkin
'alley Lane
ırkansas 71854

·ry to learn of your mother's death
'ou to know I'm thinking about you
ıily during this difficult time.

I extend our heartfelt sympathy to
:'ll be holding you in our prayers.

SIGN HERE

THE WHITE HOUSE

WASHINGTON

, 2000

dge Road
, Arkansas 72207

I were so saddened to learn of your
ath, and we wanted you to know we're
out you during this difficult time.

heartfelt condolences to you and
. You'll be in our prayers.

SIGN
HERE

THE WHITE HOUSE

WASHINGTON

February 10, 2000

Dr. Lamar Riggs
59 Oakmont Drive
Concord, New Hampshire 03301-6916

Dear Lamar:

I was so sorry to learn of your mother's death and wanted to send my heartfelt condolences to you and your family. I know this must be a difficult time for you all.

Hillary and I will be keeping you in our thoughts and prayers.

Sincerely,

Bill Clinton

THE PRESIDENT HAS SEEN
2-10-00

"Ashby, Christopher C" <AshbyCC@state.gov>
02/02/2000 08:35:55 AM

Record Type: Record

To: Nancy V. Hernreich/WHO/EOP

cc:
Subject: Please deliver to the President

copied
Hernreich
Berger
Podesta

Dear Bill,

Your State of the Union was a good speech, and for me quite a surprise. I must admit I expected it to be more about the past than the future, and it wasn't. It is amazing to see that the great debate of today is how are we going to spend the surplus. Clearly the extraordinary expansion of the American economy during your Administration is one of your grandest achievements. Not only is it the engine of development for the entire world, but it has re-established the United States as a source of awe and wonder. As did the landing on the moon in the 60's, our economy has reaffirmed that we are the sole world power because we ought to be. We have once again become a model to be emulated, but not only in economic terms. We have once again become the source of values and inspiration. Its great to see and feel.

You can't believe what is happening here. President Batlle is the first openly pro American President in Uruguay in 100 years. And moreover, he openly prefers the United States to Europe. It is a fantastic feeling for me to see the things I have been trying to do for the last two years begin to come to fruition. I still believe that we ought to be looking toward Latin America to replace the Atlantic Alliance, as the European s create their own identity. They clearly want to do that without us. At the same time, Latin America is beginning to acknowledge for the first time that they can progress further and faster in cooperation with the United States than in a state of perpetual antagonism. Politically and economically, this is going to be the region of focus for the next 25 years.

I was, as was everyone else, surprised by New Hampshire. As I said to you the last time we spoke, I do not think George Bush will be our next President. I used to think that whichever party did not nominate their front runner would win. Gore, however, is showing significant improvement that I did not expect. In fact, I now believe that we should want Bush to get the nomination. He will not win the election but McCain could.

I see that Hillary is in the thick of the muddy New York political system. What a place. Living in the suburbs of New York City will be quite pleasant for you, being in the middle of New York politics will not. Please give her our best wishes.

Best Regards

THE PRESIDENT HAS SEEN
2-16-00

Kit

PS Did you get a package from me concerning a proposal to erect a piece of Uruguayan art in the United Satees? What do you think?

Nancy, in case the above does not come out on your end, I have attached the same letter here.

<<Clinton, Bill 2Feb00.doc>>

- Clinton, Bill 2Feb00.doc

To 2/10/00
NSC
FOR
REPLY

Councilman Noach Dear

4424 16th Avenue
Brooklyn, New York 11204
Telephone (718) 633-9400 • Facsimile (718) 633-9403

through Staff Sec - Fax copy of this already received -

February 2, 2000

'00 FEB 10 PM5:32

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

DETERMINED TO BE AN ADMINISTRATIVE
MARKING INITIALS: M1 DATE: 2/5/20
2019-0990-S

~~personal and confidential~~

Dear Mr. President,

I have recently returned from Israel and I feel compelled to share with you an experience I had while I was there. During my visit, I witnessed what could have occurred in no other Middle Eastern country, a real demonstration of freedom of speech. This harmony of impassioned voices, nearly a quarter-million, came on short notice from every inch of the country and from all strata of the population, filling Rabin Square. They came together to voice their unified dissent at the prospect of transferring the Golan Heights to Syria. I truly wish you could have shared this powerful vision with me.

These were not merely "settlers" or right-wing ideologues. The 250,000 who were in attendance, comprised a true spectrum of Israel's national mosaic. They are devoted to the principle that the Golan Heights is essential, not only to the safety and the security of the north, but to the entire nation. This belief was developed by the constant call of a generation of Israel's leaders, telling the country that it is essential to hold the Golan Heights. Most notable, amongst these leaders was Yitzchak Rabin who said, "We will never come down from the Heights."

Your continued effort towards a comprehensive peace for the Middle East, both recently in Shepherdstown and throughout your presidency in the White House, underscores your consistent and long-standing devotion to Israel and commitment to a peace ensuring her security. There exists a growing perception that the White House is pressuring Israel, that it must make a deal with Syria. This perception, expressed in several signs at the rally, is ironic considering the excellent relationship you have with Prime Minister Barak. However, on emotional issues, perception is almost as powerful as fact.

An episode in recent history bears review. In the Presidential campaign of 1992 you were elected over an incumbent who, directly after the Gulf War, held the highest approval rating of any president. This popularity quickly eroded on a national level and in no sector more dramatically than amongst Jewish voters. The reasons for this are clear: Bush exerted great pressure upon Israel, demonstrated a distinct antipathy toward Israel, and disregarded engaging in a positive dialogue with Israeli and Jewish leaders. These factors helped deliver the Jewish vote to you. I implore you to learn from the mistake of your predecessor and not be perceived as pressuring Israel into relinquishing the Golan Heights. This would be exceedingly unpopular amongst Jewish voters and the unfortunate effect of delivering a temporary peace between Israel and Syria would undermine support for Hillary's potential campaign for senate.

Prior to one of your meetings with then Prime Minister Netanyahu, you asked me to arrange a preliminary meeting for you with prominent American-Jewish business leaders. The result of exchange of ideas with leaders who are deeply, both financially and ideologically, involved with Israel was a significantly more successful dialogue with Netanyahu. Please Mr. President, knowing that your heart is in the right place, permit me to arrange another meeting with Jewish leaders so you can demonstrate to concerned Americans with vital interests in Israel, how concerned you are for the vital interests of Israel.

Your tenure as President should rightfully be remembered for the great success it has been. In no way should your enduring popularity or Hillary's future be effected in any way. As a true friend of Israel and of the Jewish people, let me arrange this meeting between devoted friends of Israel.

Sincerely,

Noach Dear

Warmest Regards

Noach

0 FEB 10 PM3:39

Rajiv Y. Mody
508 Via Deseo
San Clemente, CA 92672

Betty,

Here is the picture that we discussed. Thank you so much for your help in getting a quick note from POTUS regarding the time I spent at the White House (working for Rahm and then researching/writing briefing materials for senior staff while in Communications). I've attached a return mailing label for your convenience. Thanks again.

– Rajiv

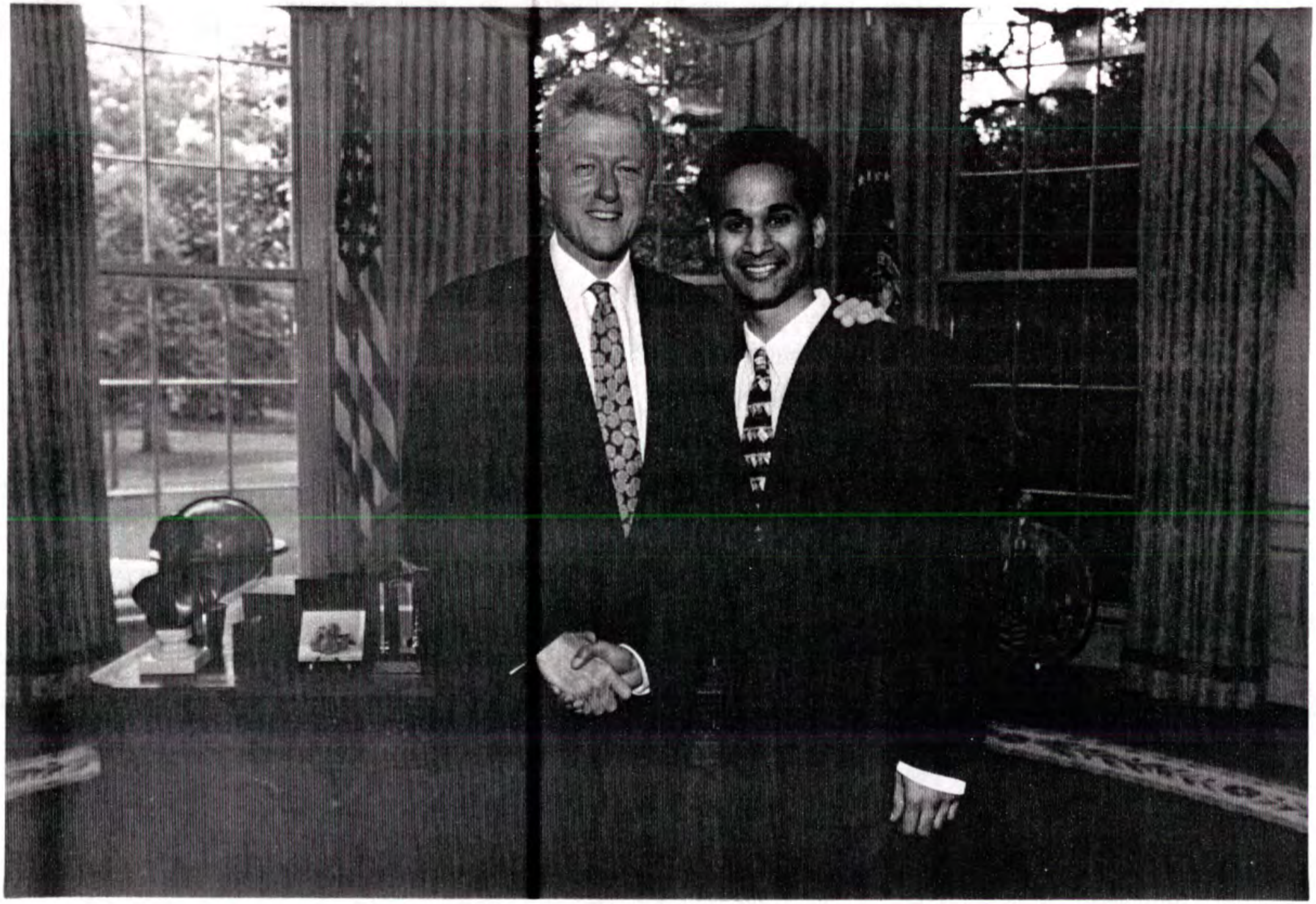
2/10/00

Send to Burkhardt for ltr (he had wanted a note on his photo from the President) (He) left 8-18-99)

Yes ✓

No ______

C



To Rajiv Mody
With thanks, Bill Clinton

THE PRESIDENT HAS SEEN
02-10-00

President + Mrs. Clinton

Do nice
[illegible]

02-10-00

Send to Burkhardt for reply?

Yes ✓

No ______

- S.C.

THE PRESIDENT HAS SEEN
02-10-00

12-20-99

Dear President and
Mrs. Clinton -
We are Lisa Baron's
parents and we want
you to know that our
loyalty knows no
bounds - we have even
named our doggie
after yours!
We think you are
wonderful people and
we love you both. Please
Tell my son-in-law that
he has a wonderful
mother-in-law. Thank
you - Best to all -
Sincerely
Claire +
Irv
Blumenthal

DR. & MRS. IRVIN BLUMENTHAL
4649 VILLAGE DR
ATLANTA GA 30338-5742

FROM OUR
HOME to YOURS!

BUDDY
BLUMENTHAL

THE PRESIDENT HAS SEEN
2-10-00

THE WHITE HOUSE

WASHINGTON

February 5, 2000

Copied
Tab A
Nolan
Marshall
Echaveste
Podesta

MEMORANDUM FOR THE PRESIDENT

FROM: LISEL LOY

Subject: Recent Information Items

I am forwarding the following recent information items:

(A) **Nolan memo re: *Cahart v. Stenberg*** – updates you on the Supreme Court's decision to grant *cert.* in a case addressing the constitutionality of a Nebraska law that proscribes so-called "partial-birth" abortion; advises you of counsel's recommendation against having the Solicitor General file an *amicus* brief supporting the Eighth Circuit's decision to invalidate the state statute, because the circuit court's position conflicts with the position we've taken in response to proposed federal legislation on this issue.

Ok

THE WHITE HOUSE

WASHINGTON

February 4, 2000

THE PRESIDENT HAS SEEN
2-10-00

MEMORANDUM FOR THE PRESIDENT

FROM: BETH NOLAN
COUNSEL TO THE PRESIDENT
BILL MARSHALL
DEPUTY COUNSEL TO THE PRESIDENT

CC: JOHN PODESTA
CHIEF OF STAFF
MARIA ECHAVESTE
DEPUTY CHIEF OF STAFF

SUBJECT: CAHART V. STENBERG

As you know, the Supreme Court has granted certiorari in Cahart v. Stenberg, the case addressing the constitutionality of a Nebraska law that proscribes so called "partial-birth" abortions. The Eighth Circuit invalidated the statute on the grounds that it imposes an undue burden on a woman's right to choose by prohibiting a procedure used in second-trimester abortions. The question before you is whether to instruct the Solicitor General to file an amicus curiae brief in the case supporting the circuit court holding. Up to this point, the Justice Department has not participated in this case or in any other litigation addressing state restrictions on partial-birth abortions.

We believe that the best course is not to file an amicus brief. The position of the Eighth Circuit is not the position that we have taken in our response to congressional attempts to enact federal legislation. Legislatively, we have contended that we would support a bill if it contained an exception for a serious threat to a woman's health even if the legislation would otherwise prohibit the procedure in the second trimester. (The Nebraska law at issue does not have such an exception). If we were now to file a brief in support of the Eighth Circuit's holding, we would undercut our legislative position. At the same time, if we were to submit a brief consistent with our legislative position, we would undercut the decision of the Eighth Circuit and the efforts of the groups working to have the statute invalidated.

REVISED

Revised Final 2/10/00 9:30 am
Sam Afridi

'00 FEB 10 AM10:01

THE PRESIDENT HAS SEEN
2-10-00

PRESIDENT WILLIAM J. CLINTON

DEMOCRATIC UNITY EVENT

LIBRARY OF CONGRESS

February 10, 2000

opied
ottheimer

THE PRESIDENT HAS SEEN
2-10-00

Acknowledge: Leader Daschle; Leader Gephardt;

Terry Mary

Thelma Pierce; Bob Hatcher; I want to thank you both for sharing your stories and shining a light on just what our agenda means to real people, real families, real communities. ~~And, of course, I want to thank~~ all of ~~you for being here so I could deliver the second half of~~ my ~~State of the Union speech~~.

~~After hearing the eloquence and passion of our speakers, there is no doubt: We are united~~. Our agenda is America's agenda. ~~We're going to keep building on our success and get things done for America's families~~. ~~That's why we're here~~.

THE PRESIDENT HAS SEEN
2-10-00

Some of our friends across the aisle have suggested that since this is an election year, we can simply put off the people's business. Well, families across America can't take a year off—we won't either. This shouldn't be a year of rest. It should be a year of results.

I want to start by thanking all of you. ~~Because in so many ways, the progress and prosperity our country enjoys today started with all of you – and~~ the courageous vote this Caucus cast in 1993 to get our country back on the right track, & gave us the longest ec exp in our hist, w/ a job boom that has given work to almost 21 m American

~~Seven years ago, we had a roadmap and a vision~~
fou~~nded on core values--opportunity for all~~, ~~responsibility~~
~~from all, bringing everyone together in a community of~~ all
Yr returns to our core values of O, R, C — to gov't that
~~Americans.~~ ~~We said government's job is to give people~~
gives Amer.
the tools to build their own future; to ~~be a catalyst for new~~
to a unifying vision of our world —
~~ideas; to be a partner with the private sector~~. ~~We reject~~ed
~~the false choices and showed how to~~ be pro-family and
pro-work—pro-environment and pro-growth—pro-labor
and pro-business—~~and how~~ to invest more in people and
balance the budget.

Diverse Message — Every C, Every Clim, All do Better
when we help each other.

Today, I received the annual Economic Report from my Council of Economic Advisers. It provides further evidence that we have built a new economy.

THE PRESIDENT HAS SEEN
2-10-00

~~Today's report makes clear that our economic~~ expansion isn't just the longest ~~ever—it is the strongest~~ ever. In previous long expansions, ~~budget deficits~~ have grown, productivity has slowed, ~~inflation has risen.~~ We have ~~turned it all around~~.

when 4x debt
growth [illegible]

And unlike the 1980s, when income inequality increased and many hard-pressed working families saw their incomes fall, we have seen solid income growth across the board since 1993. All groups are sharing in this prosperity--whether by income, by region, or race.

Today's report also shows that new technologies are transforming our economy, enhancing productivity and lowering costs. Just as Ford's use of the assembly line revolutionized industries well beyond auto production, today the Internet and e-commerce are reshaping old businesses and new -- from farming to satellite communications.

~~Seldom in our history have we enjoyed at once so much social progress and prosperity with so few internal conflicts or external threats~~s. Now we ~~have a~~ must define Amer r~~esponsibility to take the long look ahead -- and we ha~~ve an agenda that takes the ~~right steps toward meeting~~ the great goals of the 21st century, & take most strong steps toward them

First, we are united in staying on the road of fiscal discipline that got us here. Twelve years before I came into office, they quadrupled the debt. Thirteen years from now we can eliminate it. We can be debt-free for the first time since 1835. By the end of this year alone, we will have paid down $300 billion in debt. We know what this means.

When we reduce the debt—interest rates fall—investment goes up--more Americans can buy homes, retire student loans, start new businesses, create jobs and wealth. We want our kids to have more opportunity, not inherit more debt. That's our agenda.

We are united in meeting the challenge of the aging of America. We know the number ~~of people over~~ 65 will double~~ in the next 30 years. We must not imp~~ose the burde~~n of the retirement of the Baby Boomers o~~n our chil~~dren and their ability to raise our grandch~~ildren.

We succeeded in protecting the Social Security surplus. Now we are united in strengthening Social Security for the future—by devoting the interest savings from debt reduction to extend the solvency of Social Security to at least 2050. And we are united in strengthening and modernizing Medicare--extending it for a decade to at least 2025 and adding a much needed prescription drug benefit.

Three out of five seniors lack dependable private-sector prescription drug coverage. This is a lifeline. We can extend the life of Medicare and extend the lifeline of prescription drug coverage—that is our agenda.

We are united in our commitment to ensuring that every child starts school ready to learn and graduates ready to succeed. We ~~know education is the foundation of opportunity in this information age. And we know~~ better education comes with classes that are small, standards that are high, schools that are modern and safe, and teachers that are qualified w/ presch & aftrsch. That's our agenda.

THE PRESIDENT HAS SEEN
2-10-00

We are united in sensible, targeted family tax cuts. Tax cuts that are focused on the needs of America's working families—to pay for college tuition, child care and long-term care, to expand the earned income tax credit for people working their way out of poverty, and to genuinely ease the marriage penalty for people in middle and lower-middle-income groups.

We are united in helping families get quality health care. That's why we are going to fight for a real enforceable Patients' Bill of Rights. ~~We've already passed~~ it in the ~~House~~ -- with 68 Republicans ~~coming along.~~ If the ~~conference fails to send me the Norwood-Dingell~~ bill, then ~~let's just come back from a different angle.~~ ~~This time, let's~~ pass it in the Senate, ~~send it to the House,~~ and get ~~it to my~~ desk.

We also should make low income parents eligible for the health care that covers their kids. Together with CHIP, we can cover nearly a quarter of all the uninsured people in America. That's a big step towards reaching our big goal of assuring quality, affordable health care for all Americans.

We are united in continuing to cut crime and make our neighborhoods safer. Our agenda is about putting more cops on our streets, keeping guns out of the wrong hands, and getting drugs out of our schools. These are the steps we can take to make America the safest big country in the world.

THE PRESIDENT HAS SEEN
2-10-00

We are united in bringing prosperity to every corner of America. We need to invest in the inner cities and the rural areas that have been left behind—to open new markets and start new businesses and hire new workers. And we need to reward work and raise the minimum wage. That's our agenda.

We are united — within the reform pty — we are united on campaign fin refm

And, finally, we are united in becoming what our founders pledged so long ago—one nation—with liberty and justice for all. We can move a few steps closer to that goal by passing the Hate Crimes Act and the Employment Non-Discrimination Act. Bringing people together, & moving forward together—that is our agenda.

THE PRESIDENT HAS SEEN
2-10-00

There's so much more that unites us--from protecting the environment to safeguarding medical and financial privacy. From closing the digital divide to opening new doors of science and technology and investing in ground breaking medical research.

Harry Truman once said we can accomplish anything with "unity of purpose and a determination to meet the challenges of the times." We are united in meeting the challenges of our times by putting America's working families first.

These issues aren't controversial anywhere outside of Washington D.C.

THE PRESIDENT HAS SEEN
2-10-00

Thes~~e are kitchen table issues that wi~~ to ll make a difference to families like Thelma's…to businesses like Bob Hatcher's…to hometown communities across our land.

To our colleagues on the other side, we reach out our hand. Together, let's give our children a debt-free America with world-class education. Let's build an America w/ strong fam that takes care of its seniors, brings opportunity to people who haven't had it, and seizes the challenges of the 21st century.

Let's make the most of this moment by helping every American make the most of their God-given potential. That's our agenda. Let's get it done.

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Division greets Jeb Bush's plan for 'One Florida'

Army of protesters and critics has targeted a proposal that the governor insists is an alternative, not an end, to affirmative action

By Deborah Sharp
USA TODAY

TALLAHASSEE, Fla. — In a scene reminiscent of the 1960s — except for the ever-present cell phones — more than a thousand students marched on Florida's Capitol this week to protest Gov. Jeb Bush's plan to overhaul affirmative action.

With Bush's "One Florida" initiative fast becoming one of the most racially divisive issues here since integration, another large rally is expected today.

Martin Luther King III, son of the slain civil rights leader, preached against the plan last weekend. And the debate has made its way into the presidential campaign — where Bush's brother George W. Bush is seeking the Republican nomination.

"We Need 'One Florida' Like We Need Another Bush in the White House,'" said one of the protest signs carried earlier this week by students from mostly black Florida A&M University.

After a string of first-year legislative victories, Jeb Bush seems taken aback by the depth of opposition to the plan that he touts as an alternative, not end, to affirmative action.

"The governor has been disappointed by the misperceptions about the plan," said Liz Hirst, Bush's press secretary. "He's not taking away anything. The system in place now is not doing an adequate job of providing opportunities for minorities."

Bush enacted the plan in part to derail a campaign in Florida to copy affirmative action bans that proved so divisive in California and Washington state.

Among other things, the governor would replace race-based college admissions with a program that would admit the top 20% of high school students from across the state, regardless of SAT scores. Bush says that would benefit students in poor communities, where grades may be high but test performance is low.

His plan also would eliminate racial preferences for handing out state contracts in favor of a race-neutral system.

Critics have focused on the proposal's lack of detail and follow-up monitoring, and on the fact that Bush quickly pushed One Florida through as an executive order — meaning much of the plan is not subject to voter or legislative approval.


AP
Bush: Disappointed by reaction

"I think Gov. Bush was unaware of how deeply felt this is among the people he's actually affecting," said state Sen. Kendrick Meek, a Miami Democrat who led a sit-in last month at the governor's office with state Rep. Tony Hill of Jacksonville.

Unaware that his comments were being recorded on videotape, Bush at one point ordered staffers to "kick their asses out." He later said he was referring to reporters, not the lawmakers.

Bush agreed to hold three public hearings on the One Florida plan in part to end the tense campout at the Capitol.

Emotions are running high in Tallahassee, where organizers opened a state office this week to plan a massive march for the opening day of the state Legislature on March 7.

With a population that is 29% black, more than double the state average, the capital city provides fertile ground for the opposition movement.

Though they borrow a page from the past with raised fists and sit-ins, these rallies are not your father's protests.

Using Web sites, e-mail and cell phones, the students plan strategy to preserve an affirmative action program passed before many were born.

Derric Heck, vice president of FAMU's 11,000-member student body, said the protests connect him to his mother's era, when she integrated a formerly all-white college in Georgia.

Despite gains, affirmative action is still needed, the 21-year-old architectural student said. "Everything has to evolve. But gradual changes and effective changes are what we need. Not just wiping everything out. This is a very emotional issue for a lot of people."

The debate over affirmative action comes after a turnaround that Jeb Bush made among many black voters between his first unsuccessful race for governor in 1994 and his second, successful race in 1998.

In the first campaign, Bush angered many with a flat reply that he'd do "probably nothing" to help African-Americans.

In the second race, he emphasized diversity and sought out black leaders.

Now all that goodwill has come crashing down with the uproar over One Florida.

In Miami, the governor was jeered and booed at last week's public hearing when he said he embraces diversity in his political and personal life. Bush's wife, Columba, was born in Mexico.

"Ask Your Wife about One Florida," said one FAMU protest sign.

The ill will is rubbing off on the presidential campaign of George W. Bush, who won 27% of the black vote in his Texas race for governor.

Democratic presidential candidate Bill Bradley blasted Jeb Bush's plan in a Florida campaign swing this week. And other candidates are not expected to be far behind as the state's March 14 primary approaches.

"They'll try to link the two of them up, policy-wise," said Susan MacManus, a political scientist at University of South Florida in Tampa. "Any notion the two brothers can be separated is wishful thinking."

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The Facts

- 80% of those incarcerated are high school drop-outs
- 80% of the prisoners who never finished high school are functionally illiterate
- The children of prisoners are six times more likely to enter the criminal justice system than those of parents who have never been incarcerated

Assessment

- Breaking the cycle of incarceration, school failure and underachievement in school can be achieved by increasing the number of caring loving adults and educational resource support system
- Identifying these children is an easy task-The U.S. Dream Academy has access to the names and addresses of over 500,000 children of prisoners across this country

Our Mission

To provide basic skills training and enrichment in three critical areas:

- Academic tutoring and instruction for students falling behind in school
- t through values-centered mentoring programs; and
- richment through the use and mastery of computers

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02-10-00

U.S. Dream Academy Inc.™
Wintley Phipps
President & Founder
www.usdreamacademy.org
P.O. Box 1078
Columbia, Maryland 21045
A Non-Profit Organization

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02-10-00

President William Jefferson Clinton
U. S. Dream Academy Talking Points
January 20th 2000

The Vision

- Bridge the educational gap experienced by children of incarcerated parents and children failing in school
- Set-up high tech community learning centers in every major American city equipped with the technology and resources to close the gap and lay a foundation for their future educational success
- Create at least five of these high tech learning centers within the year 2000

The Facts

- 80% of those incarcerated are high school drop-outs
- 80% of the prisoners who never finished high school are functionally illiterate
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Assessment

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Our Mission

To provide basic skills training and enrichment in three critical areas:

- Academic tutoring and instruction for students falling behind in school
- Social enrichment through values-centered mentoring programs; and
- Technological enrichment through the use and mastery of computers and the Internet

Services

- Animated, Interactive, Online, Computerized Learning Program
  1) Online Assessment/Testing
  2) Individualized prescriptive learning modules
  3) Online Delivery of Master Teacher's explanatory Tutoring and Instruction
  4) Certification and preparation for excellence in performance on state and national achievement tests
- Mentoring
- Value-based character building curriculum
- ScholarShop (College Preparation)
- Work Keys (Job Skills Preparation)
- Health Education

Impacts of the Program

- Family
- Local Community
- Society

Current Status

- We have established a 501(c)(3) organization with three staff, governed by a 17-member board of professionals in the area of business, education and technology. Our corporate office is located in Columbia, MD.
- We have developed partnerships and excellent working relationships with: The Points of Light Foundation; Citizen's Scholarship Foundation of America (managers of the President's Student Service Scholarship Program); Futuresoft Adventist Health Care Systems; ChildU, providers of the comprehensive on-line curriculum, Tutortime, Health Magic, Worldwide Interactive Network, Child and Family Services of Washington, D.C.; and most recently the National Association for the Advancement of Colored People.
- We have received funding from; Exxon Corporation; NFL Charities, The U.S. Department of Labor and thousands of individual donors across the country who share our mission and dream
- Our first demonstration site will be operational February 7, 2000. The site is located at the Ferebee Hope Community Services Center in Southeast Washington, D.C.

Opportunities for Assistance

- Facilitate a relationship with high-tech corporations such as manufacturers of computer hardware and Internet Service Providers to provide on-going, in-kind donations of computers or connectivity services, including Microsoft, Dell, Compaq, Gateway, AOl/TimeWarner, MSN and others well established high tech companies
- Help us exp1ore the possibility of corporations(s) developing an equity giving plan for the Dream Academy to provide on-going financial support for the organization and its mission, particularly seeking pre-IPO stocks from Internet start-up companies
- Assist in securing grants, corporate and private gifts including making a personal phone call to prospective donors when appropriate
- An important focus of our initiative is the health and health education of the families and children at risk. US Dream Academy has partnered with HealthMagic, Inc., a company that has pioneered the development of online Internet based personal health management tools. US Dream Academy along with HealthMagic, Inc. is providing HealthCompass to these children and their families. US Dream Academy is developing a suite of online health education programs that are built into this HealthCompass. The health information in HealthCompass enables the health education to be customized to the exact health needs of the consumer.

  In the interest of supporting this unique portion of the US Dream Academy, we want to explore the opportunities of working with HCFA to sponsor HealthCompass to the children and youth at risk that are beneficiaries of Medicaid programs. US Dream Academy believes that if all the children and youth in Medicaid programs had access to the resources provided by this HealthCompass, healthcare costs for this population would be reduced and learning and development enhanced.

- Your schedule permitting attend an official opening of one of our sites
- Assign a White House Staff person for continued follow-up
- Summary

Contact Information:
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C. Diane Wallace-Booker JD, Senior V.P.
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6395 Dobbin Road
Suite 202
Columbia, MD
21045
410-772-7143 or 1-800-US-DREAM
email address: usdreamacademy@msn.com

Mercurio Martinez, Jr.
Webb County Judge

1000 Houston St. • P.O. Box 29 • Laredo, Tx 78042

THE PRESIDENT HAS SEEN
02-6-00

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Street
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Honorable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Ave.
Washington, DC 20500

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THE PRESIDENT HAS SEEN

02-10-00

Mercurio Martinez, Jr.
Webb County Judge

February 8, 2000

Honorable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Ave.
Washington, DC 20500

Dear Mr. President:

You received a personal invitation from our Laredo Mayor Betty Flores to formally dedicate the U.S./Mexico bridge that you approved. This dedication is scheduled for the week of April 10, 2000.

Mayor Flores and I are indebted to you because you gave us the presidential permit that provided us the conduit to get the stalled 17 federal agencies to accelerate the government process and, of course, achieve success.

Mr. President--you and First Lady Hilary Clinton kicked off your campaign in Laredo on November 22, 1991. Twenty-eight elected officials stood with me to endorse your candidacy . WE are your biggest supporters and we want you to consider seriously attending this ribbon cutting ceremony for the fourth bridge. Your presence at this dedication will send a strong message to all that you haven't forgotten your earliest supporters. We named this new bridge the World Trade Bridge to emphasize your commitment to trade as a way of creating economic opportunity.

Laredo leads the nation in per capita job growth. It is the second fastest growing city in population and we are experiencing the lowest unemployment rate in history. All this because of trade with Mexico and your ability to pass NAFTA and provide for the infrastructure like this bridge to allow cities to flourish. Mr. President, we are your poster child for economic growth through increased trade.

Please consider joining the Mayor and I at the inauguration of the World Trade Bridge. We will work with your staff to accommodate your schedule anytime between April 10-15, 2000. Your presence will make an indelible imprint for the entire 2000-mile U.S.-Mexico Border.

Most respectfully yours,

Mercurio Martinez Jr.

Mercurio Martinez, Jr.
Webb County Judge

1000 Houston St. 3rd Floor • email cojudge@webbcounty.com • P.O. Box 29 • Laredo, Tx 78042
(956) 721-2500 • Fax (956) 726-6906

THE PRESIDENT HAS SEEN
02-10-00

GAVI Initiative Transcript from World Economic Forum Davos, Switzerland 2000

Gene/Sandy
See p. 3
we need to push this

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(GB: Head of WHO) In the Cape...ah...as this beautiful valley and the mountains surround have been favored in sunshine.

The ambition of this session is to share with you an initiative that aims at giving the children of the world their place in the summit. GAVI, the Global Alliance for Vaccines and Immunization, has the tall ambition of protecting every child against killer diseases and thus lay the foundation for personal development, social development and eventually renewed economic development for entire societies Let me briefly introduce to you the panel: First President (his name). of Mozambique

For during his time in office has worked effectively to rebuild his country from the devastation of the long and bitter civil war and the hope to advocate through investments in health of poor people as an effective way to reduce poverty and stimulate economic growth. Carol (Last name) the Executive Director of UNICEF, and a tireless ambassador for children's rights and needs. First Name Wolfenson, President of the World Bank, for during his leadership of the bank has lived up to his mission of fighting poverty with a passion. (Name) Chairmen CEO and President of Merck, Mr. (Blank) represents the research based industry, the pharmaceutical industry, which through its decisions on research on development production and marketing of medicine and other (blank) products, is playing a pivotal role of health in the world's population.

And lastly I am pleased to present the man who needs no introduction. Bill Gates since many years a leading personality in the in information technology revolution. And I would like to add also a new key player in Global Health. It is high time Mr. Gates is recognized as one of the world's leading philanthropies especially for his generous and visionary involvement in health and development matters.

(APPLAUSE)

Now last year here in Davos the Secretary General of the United Nations called for private public partnerships to help spur the development in poor countries. One year after alliance for private and public sponsors return to Davos ready to deliver one such partnership, and we believe a very powerful one.

In the after math of Seattle, any illusions that globalization simply means the reduction of trade barriers and are history globalization connects society's and markets....

(More Introduction)...So now I will turn the microphone to Bill and I would like to ask him a straight forward questions, " Why have you chosen Immunization and why do you believe that GAVI and the Global fund to which you so generously have contributed $750 million dollars over the next 5 years can make a difference, Bill.

(approximately minute 8:00:00)

Bill Gates: Well thank you. It is exciting to get the opportunity to get together with you about this incredible initiative. About three years ago I first started learning about world health...ah...Melinda and I had started the foundation. And really was the goal of taking the great success I've had in terms of the wealth and societies resources and thinking how could those be given back in the best way. And I always knew that vaccination was incredible thing and probably something we wanted to get involved in . But I have to say I was really stunned to hear more about it. To hear the story of the 1980 and how literally

THE PRESIDENT HAS SEEN
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million of lives are being saved of the work because of the work was being done then. but then also to hear that the kind of help the kind of vaccinations that we all take for granted are not available are in these countries. Typically it has taken as much as 15 to 20 years between the time a vaccine is available in say the US or other well off countries before it gets broadly out to the world at large. And so to find out that 3 million lives a year that were being lost because these medicines are made available that kind of a stunning thing. What if you could save one persons life that seems pretty important. So when somebody scales it up and talk about millions its almost hard to understand it hard to appreciate. After meeting the scientist who've devoted their lives to this, the people who are involved in that amazing effort in the 1980 I've really decided this is one of the most important things going on and it certainly is a priority I think that even comes before all the wonderful stuff about the Internet and how everybody should have access to that more important is for people to have basic health rights and the means all of these vaccines ought to be available worldwide. You know certainly as a father you know, I take that for granted, you know I think its wonderful that I don't have to worry about my children getting these diseases.
Now once I knew this was an important area, looking into the science and seeing that there are new vaccines that have come out in the last years and there are lots more the are likely to be discovered the next years ahead. It was a little disappointing to realize how little visibility this has and whether its in the high tech sector where people have done so well or just at the world at large. Politically there hasn't been the will to take this to the next level. And so it is really pleasing to sit down with the world economic forum leadership and say, " How can we fit this in and make it a part of the theme this year," and they've done that and its been referred to in a number of sessions here with of course this panel really focusing in particular on this children's challenge the thing that GAVI was formed to deal with. It was very gratifying to have President Clinton and his remarks talk about GAVI and impact and willingness to have the US budget it looks like $50 million in the first year supportive to help out Certainly we need cooperation from lots of groups. We need the governments in the developed world to pitch in order to make it all happen. We need governments where vaccination need to be delivered to pitch in. we need the pharmaceutical industry. So we're just getting the critical mass but I have to say the creation of GAVI is to kind of galvanize people to say, " Yes we can do better. This is an amazing opportunity and let's not look back and feel bad about the fact it hasn't been done but put our energy that these 3 million children are saved and the research into an AIDS vaccine, a malaria vaccine, that becomes much more of a priority. Its kind of embarrassing how little money has gone into those things and now we're going to make sure that gets super charged and it is a great privilege to be a part of something that we really all should make sure that it happens. Thank you
ending approximately minute 13:47:00)

QA Sections:

(Last Q&A person)

'00 FEB 10 PM 1:03

DISCRIMINATORY SOFT DRINK TAXES IN INDIA

INDIAN EXCISE TAX ON SOFT DRINKS

- ***OBJECTIVE***

The Government of India is in the process of formulating a budget and major tax reforms (due February 28). The soft drink industry in India has submitted a proposal to the Ministry of Finance to reduce the excise tax on s[illegible] requests that the excise tax reduction on soft drinks be raised in meet[illegible]

- ***SOFT DR[illegible]***

The Coca-Col[illegible] an 95% of the developing soft drink market in India. Excess[illegible] omy to stagnate and its operating losses to mount.

Soft drinks c[illegible] s in India at a cumulative rate of 40% - - the highest in the[illegible] nponents. The first component is a 24% excise tax, which is [illegible] "injurious to health". The second component is a 16% Speci[illegible] ication places soft drinks in the same category as firearms, [illegible] poses. In contrast, competing consumer products, suc[illegible] assification, and face excise taxes of either 8% or 16%.

Staff Sec for Brief as appropriate (Indian Coca Cola) from Coca Cola here

The Government of India views soft drinks as a luxury or "rich man's" product that is not consumed by a majority of the population. A study prepared by the National Council of Applied Research analyzed soft drink consumption by economic class, and reported that 91% of soft drink consumers in India are from the lower and middle income groups. Other [illegible] have an excise tax of 16%.

2/10/00

Forward to NSC?

Yes ✓

No

- ***SOFT DRINK INDUSTRY PROPOSA[illegible]***

The Indian Soft Drink Association has prese[illegible] iove soft drinks from the 24% classification and be reclassifi[illegible] drinks from the punitive demerit band of excise taxes and w[illegible] 0% by the year 2004.

- ***ECONOMIC BENEFITS FOR INDIA***

A reduction in the excise tax will improve t[illegible] where similar high taxes on soft drinks have been reduced[illegible] mpensated by revenues generated from a higher volume o[illegible] uld enable the industry to invest approximately $500 million over the next three years and increase employment by more than 70,000 jobs.

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- ***SOFT DRINK INDUSTRY EMPLOYMENT & INVESTMENT***

PepsiCo and The Coca-Cola Company currently employ, directly and indirectly, more than 125,000 workers in India. This figure does not include the self-employment provided to vendors, retailers, and artisans, nor does it take into account the multiplier effect which provides employment in ancillary industries such as packaging, bottling, et cetera. Direct investments total more than $1 billion.

DISCRIMINATORY SOFT DRINK TAXES IN INDIA

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- ***OBJECTIVE***

The Government of India is in the process of formulating a budget and major tax reforms (due February 28). The soft drink industry in India has submitted a proposal to the Ministry of Finance to reduce the excise tax on soft drinks. The soft drink industry requests that the excise tax reduction on soft drinks be raised in meetings with senior Indian Government officials.

- ***SOFT DRINK EXCISE TAX***

The Coca-Cola Company and PepsiCo account for more than 95% of the developing soft drink market in India. Excessive taxation is causing this sector of the economy to stagnate and its operating losses to mount.

Soft drinks continue to be subjected to discriminatory taxes in India at a cumulative rate of 40% - - the highest in the world. The excise tax is made up of two components. The first component is a 24% excise tax, which is reserved for products that have been deemed "injurious to health". The second component is a 16% Special Excise Duty rate or surcharge. This classification places soft drinks in the same category as firearms, ammunition, and chewing tobacco for tax purposes. In contrast, competing consumer products, such as coffee and tea, are excluded from this classification, and face excise taxes of either 8% or 16%.

The Government of India views soft drinks as a luxury or "rich man's" product that is not consumed by a majority of the population. A study prepared by the National Council of Applied Research analyzed soft drink consumption by economic class, and reported that 91% of soft drink consumers in India are from the lower and middle income groups. Other "luxury" items such as VCRs and televisions have an excise tax of 16%.

- ***SOFT DRINK INDUSTRY PROPOSAL***

The Indian Soft Drink Association has presented a proposal to Ministry of Finance to remove soft drinks from the 24% classification and be reclassified at 16%. This proposal would remove soft drinks from the punitive demerit band of excise taxes and would increase the volume of sales by nearly 70% by the year 2004.

- ***ECONOMIC BENEFITS FOR INDIA***

A reduction in the excise tax will improve the viability of the Industry. In other countries where similar high taxes on soft drinks have been reduced, any revenue decrease has been more than compensated by revenues generated from a higher volume of sales. A more favorable tax environment would enable the industry to invest approximately $500 million over the next three years and increase employment by more than 70,000 jobs.

- ***SOFT DRINK INDUSTRY EMPLOYMENT & INVESTMENT***

PepsiCo and The Coca-Cola Company currently employ, directly and indirectly, more than 125,000 workers in India. This figure does not include the self-employment provided to vendors, retailers, and artisans, nor does it take into account the multiplier effect which provides employment in ancillary industries such as packaging, bottling, et cetera. Direct investments total more than $1 billion.

PEPSICO INC.

The Coca-Cola Company

December 16, 1999

The Honorable
Samuel Berger
National Security Adviser
The White House
Washington, D.C. 20500

Dear Mr. Berger:

The Coca-Cola Company and PepsiCo, Inc. seek your assistance in gaining relief from discriminatory and punitive taxation which is imposed on our products by the Government of India. We are writing to you jointly because we want to underscore the importance our industry attaches to this issue.

In advance of President Clinton's State Visit early next year and with important deadlines within India for the approval of a new budget and major tax reforms, we need your help to see that this issue is placed at the top of the Administration's commercial agenda during President Clinton's visit. As you work now with your Indian counterparts to develop "deliverables" for the President's trip, we would be grateful for your assistance in urging the reduction of the discriminatory taxes on our products. Not only will this benefit our two companies, but it will benefit thousands of PepsiCo and Coca-Cola workers, partners and suppliers in India -- and send a clear signal that India welcomes foreign investment.

Our two companies currently employ, directly and indirectly, more than 125,000 workers in India. This figure does not include self-employment provided to vendors, retailers, and artisans, nor does it take into account the multiplier effect which provides employment in ancillary industries such as bottling, sugar and refrigeration. In addition, we have combined direct investments of more than $1 billion.

India subjects American soft drinks to cumulative federal taxes of 40% -- among the highest imposed on our products anywhere in the world. There are two components to this 40% cumulative tax. *First*, India collects a 24% excise tax on our products. This 24% level is reserved for a so-called "demerit" band of products. Supposedly, this band applies to "luxury items" or to products that are considered "injurious to health." By contrast, other consumer products face excise taxes of 8% or 16%. *Second*, on top of the punitive demerit tax, our products face an additional 16% "surcharge."

India's taxes are also blatantly discriminatory. Coca-Cola and PepsiCo account for more than 95% of the developing soft drink market in India. Taxes on competing and substitutable consumer products, such as coffee, tea and bottled water, are far less than those imposed on soft drinks. Other food products, such as chocolate and ice cream, are also taxed at a lower level. By contrast, the current demerit classification puts our products in the same category as firearms, ammunition and chewing tobacco. Tax rationalization for the soft drink industry is a matter of fairness and equity for American producers.

We are sensitive to the domestic policy concerns of the Indian Government, including its federal revenue stream, but we believe a solution can be crafted which would support India's goals while at the same time creating a more favorable environment for foreign investment.

The India Soft Drink Association has recently requested that soft drinks be removed from the demerit band of 24% and be reclassified under the 16% excise band. While this proposal would still leave soft drinks at higher rates than those levied on many competing products, it would at least remove our products from the punitive demerit band of excise taxes.

Such relief would provide significant benefits, both to us and to India:

- We estimate that a reduction of the excise tax to the 16% band would increase the volume of sales by nearly 70% by the year 2004. In other countries where similar high taxes on our products have been in place, a decrease in excise taxes has been more than compensated for by a higher volume of sales;
- A more favorable tax environment would enable the industry to invest approximately $300 million over the next three years in market development and expanded distribution;
- Higher sales volume driven by this tax relief/industry expansion would lead to an estimated increase in direct and indirect employment of 56%, or 70,000 jobs; and
- Without tax relief, volume growth, employment generation and tax revenues will be stagnant.

Both of our companies have sought relief for years within the Indian Government. Representatives from both companies have recently held numerous meetings with senior-level officials including the Minister of Finance, the Minister of Commerce and Industry, the Principal Secretary, and the Indian Ambassador. Despite every effort to work with the Indian Government to find common ground, we have been unable to gain relief from the taxes levied on American soft drinks.

We would like to follow up with you and your staff as soon as possible. We thank you for your consideration and for all of your diligent work for our nation around the world.

With our best regards,

Sincerely,

Roger A. Enrico
Chairman & CEO
PepsiCo, Inc.

M. Douglas Ivester
Chairman & CEO
The Coca-Cola Company

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

JAN 2 0 2000

His Excellency
Yashwant Sinha
Minister of Finance of India
New Delhi

Dear Mr. Minister:

Congratulations on your reappointment as Minister of Finance. I look forward to working closely with you on matters of mutual interest to deepen and broaden our commercial ties.

As you prepare the budget for India's next fiscal year, I would like to bring to your attention an issue concerning the carbonated soft drink industry in India. The Coca-Cola Company and PepsiCo are U.S.-based companies, which together have over $1 billion in investments in India where they produce carbonated soft drinks, fruit juices, and agricultural products. They employ, directly and indirectly, more than 125,000 workers in India, and still more workers are employed in vending, retailing, and other industries related to their investments.

Coca-Cola and PepsiCo would like to expand their investments in India, where carbonated soft drinks have wide appeal: a study by India's National Council of Applied Economic Research shows that 91 percent of Indian soft drink consumers are from lower and middle income groups. However, the combined excise tax of 40 percent (24 percent basic excise duty plus 16 percent special excise duty) on carbonated soft drinks adversely impacts their sales and expansion goals. As you can see from the enclosed charts prepared by the Indian Soft Drink Manufacturers Association, India's excise tax on carbonated soft drinks (aerated waters) is significantly higher than for comparable products such as chewing gum, chocolate, fruit drinks, and sugar confectionery. Moreover, India's tax on carbonated soft drinks is the highest in the world.

I fully recognize India's need for fiscal prudence in the context of setting your government's overall macroeconomic policies. Nonetheless, as you develop your overall fiscal priorities and trade-offs for the next budget, I believe there could be scope to consider Coca-Cola's and PepsiCo's requests for a reduction in the basic excise duty for carbonated soft drinks to 16 percent, which would still be higher than the rates currently applied to numerous other products, including fruit-based drinks. The two companies tell me that such a rate would enable them to expand their business in India and increase their investments by a further $300 million over the next three years, resulting in more than 70,000 new jobs.

I would ask that, in developing India's upcoming budget, you consider reducing the basic excise duty on soft drinks to 16 percent resulting in a combined excise duty of 32 percent. Doing so would help the industry to reach its potential growth level as well as its potential to support further development in the Indian economy.

Thank you very much for your consideration of this matter.

Sincerely,

William M. Daley

Enclosures

December 22, 1999

The Honorable
Yashwant Sinha
Minister of Finance
North Block
New Delhi
India

Dear Minister Sinha:

We are writing to seek your assistance in creating a more equitable tax environment for the soft drink industry in India. Excessive taxation is causing this sector of the economy to stagnate and its operating losses to mount.

Throughout our careers we have been supporters of a strong and vibrant Indo-U.S. relationship and we have been consistent proponents of increased Indo-U.S. trade and investment. We are optimistic about the future of Indo-U.S. relations and see opportunities for cooperation in the months and years ahead.

PepsiCo, Inc. and The Coca-Cola Company strongly support the India Soft Drink Association's recent request that soft drinks be removed from the "demerit" band of 24 percent excise tax and be reclassified under the central excise tax rate of 16 percent. Soft drinks do not meet the statutory requirements for products to be classified in the 'demerit" category. While this proposal would still leave soft drinks at a higher rate than those levied on competing products, it would significantly lessen the tax burden on this sector.

Such relief would provide significant benefits to India:

- The industry estimates that reclassifying soft drinks into the 16 percent excise tax band would increase soft drink sales volume by nearly 70 percent by the year 2004. In other countries where similar high taxes on soft drinks have been in place, any revenue impact from a decrease in the excise tax rate has been more than compensated by revenues generated from a higher volume of sales.

- A more favorable tax environment would enable the industry to invest approximately $300 million over the next three years in market development and expanded distribution.

- Higher sales volume driven by this tax relief/industry expansion would lead to an estimated increase in direct and indirect employment of 56 percent, or 70,000 jobs.

- Without tax relief, sales volume, employment and tax revenues would decline.

PepsiCo, Inc. And The Coca-Cola Company are committed to India. Between them, they currently employ more than 125,000 workers in India, both in terms of direct employment and indirectly through Indian companies that provide needed inputs. This figure does not include the thousands of small vendors, retailers, and artisans with whom the companies do business on a daily basis. In addition, these companies have combined direct investments of more than $1 billion. Without a change in the current tax situation, the viability of these investments is at risk.

Prime Minister Vajpayee deserves much credit for aggressively seeking to liberalize and reform key sectors of the economy. He has repeatedly singled out the foreign investment climate as critical to India's future economic growth. Reducing the extremely high tax burden on the soft drink industry would not only benefit the companies and the hundreds of thousands of workers who supply, produce, and sell soft drinks, but also would send a signal to the world that India is prepared to take the steps needed to create an environment in which investors -- whether foreign or domestic -- can build thriving businesses.

We thank you for consideration of this issue. We look forward to continuing this dialogue with you and would be glad to answer any questions that you might have.

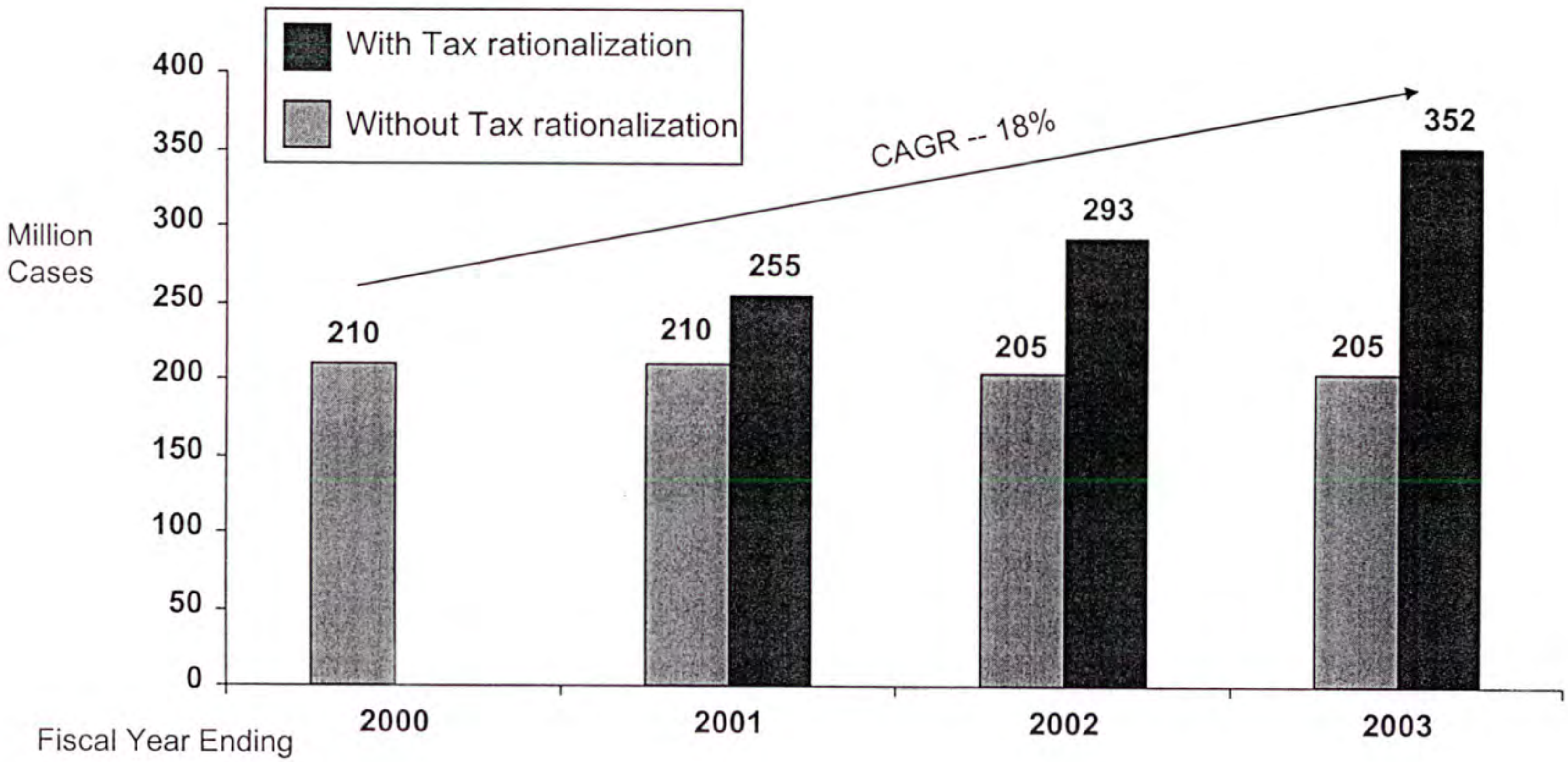
With our best regards,

Sincerely,

Michael Kantor
Mayer, Brown & Platt

Carla A. Hills
Hills & Company

COMPARATIVE VOLUME GROWTH

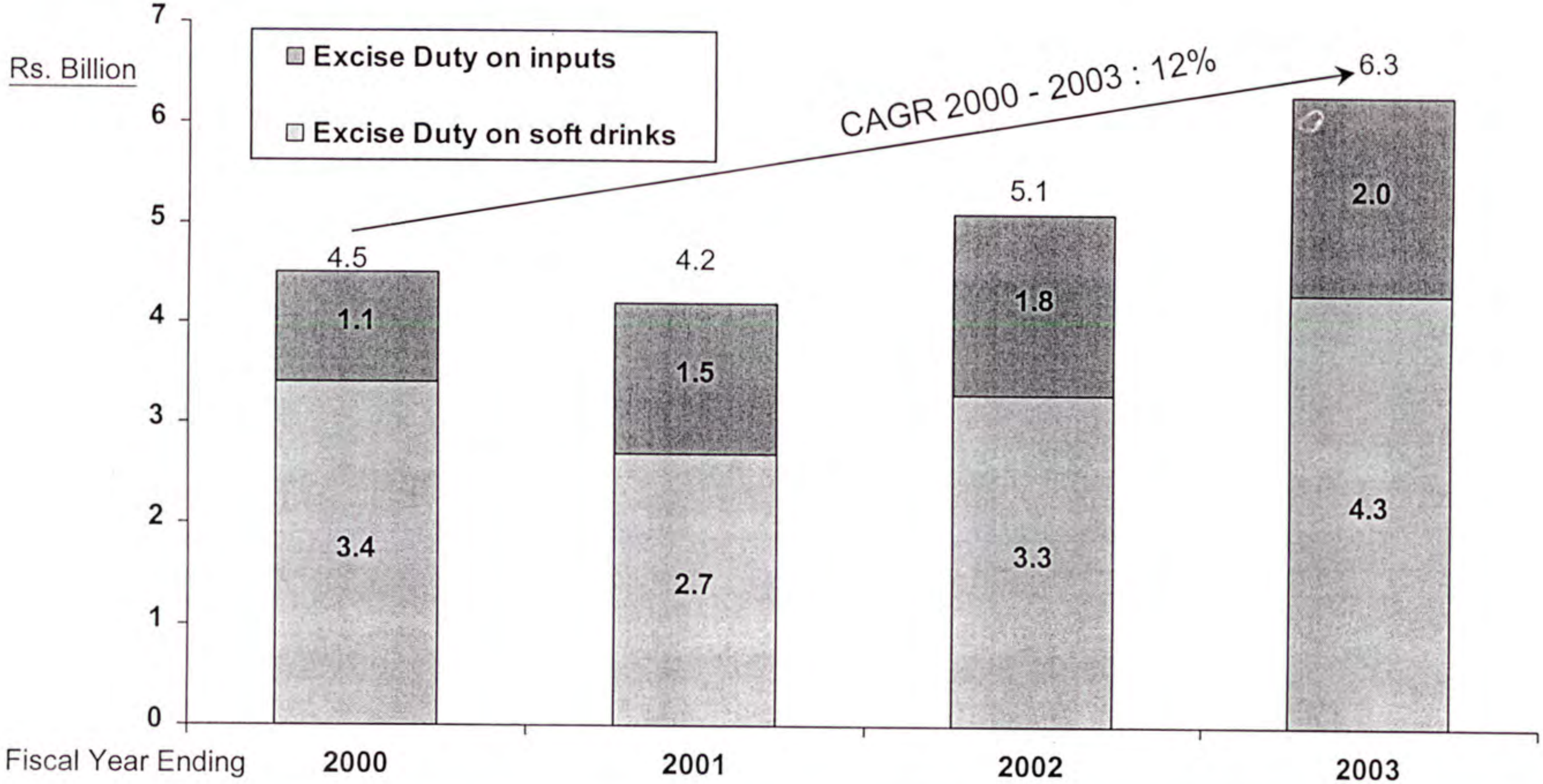


With a reduction in ED rate to 16%, industry growth will be stimulated through the ability of the industry to invest approximately Rs.14000 million incrementally over the next three years in market development inputs:

- Cold retail chain development (electrical cooling equipment etc)
- Aggressive distribution expansion (trucks / bottles and plastic crates etc.)

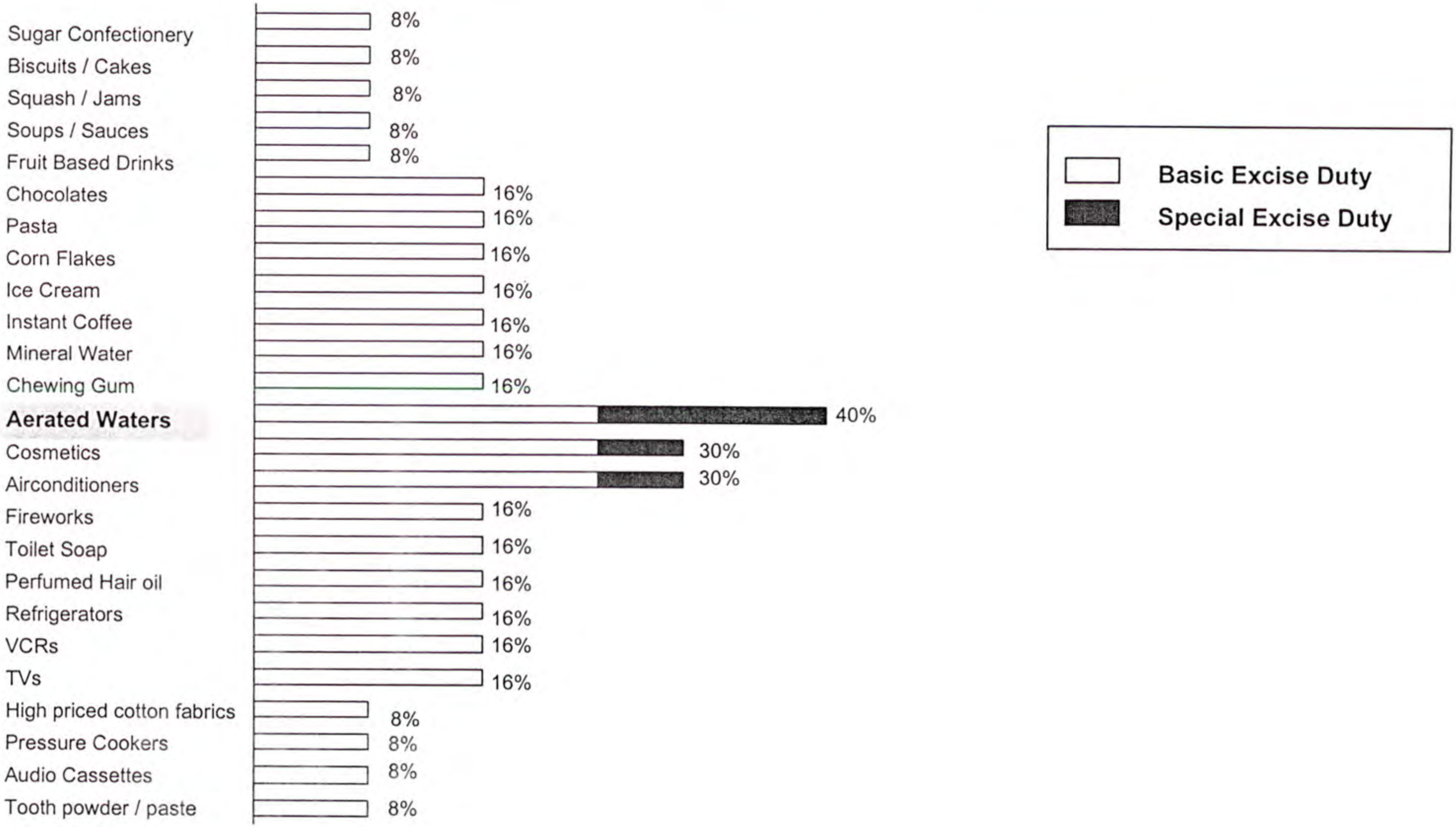
GOVERNMENT REVENUE COLLECTIONS

Rationalization of Excise Duty from 24% to 16% will rejuvenate the industry and provide a growing sustainable revenue stream to the Government

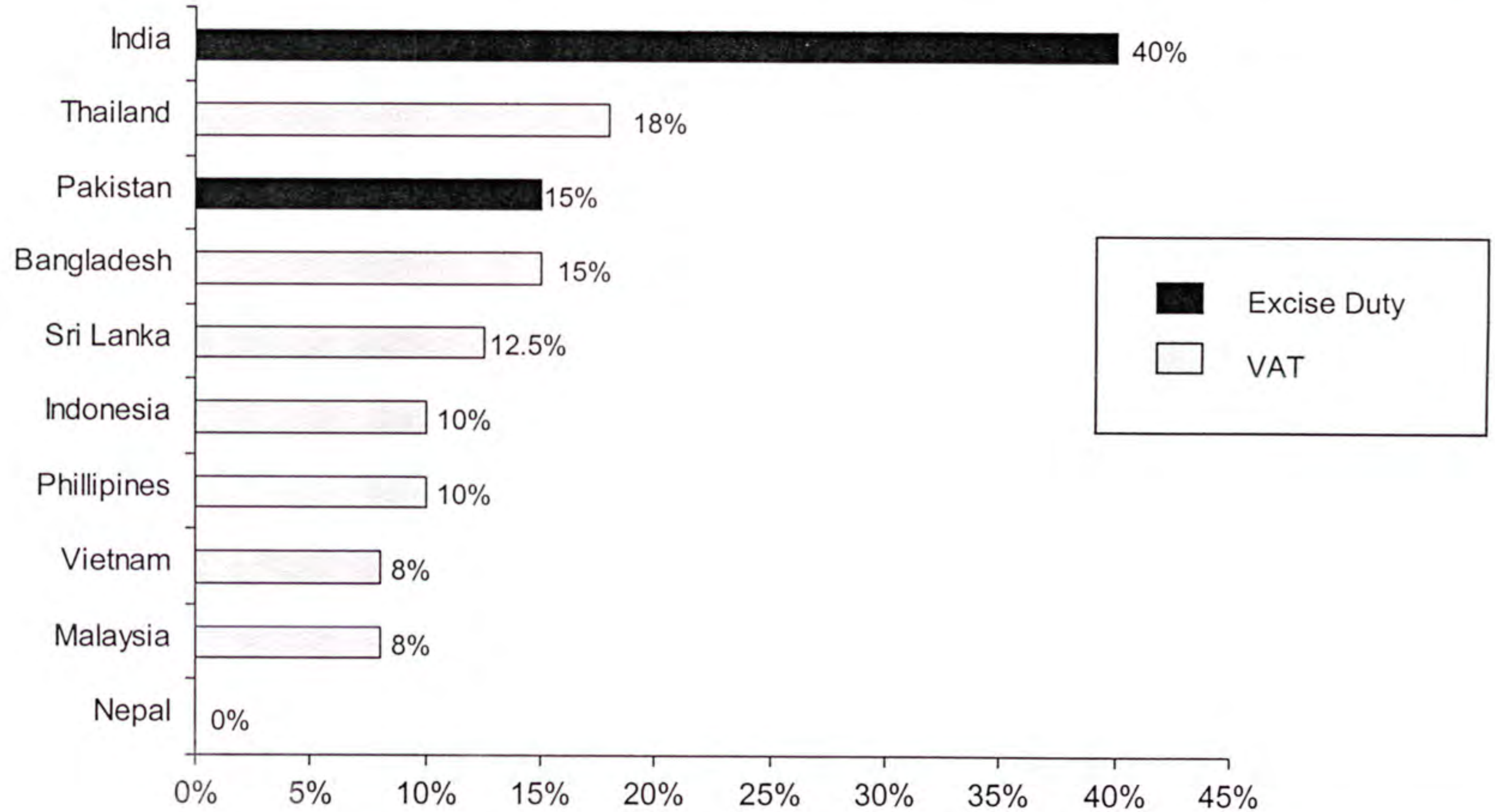


CUMULATIVE ANNUAL GROWTH RATES (CAGR) 2000 - 2003 WITHOUT RATIONALIZATION WILL BE APPROXIMATELY 3%

PRESENT TAX RATES OF SOME PRODUCTS AS COMPARED TO AERATED WATERS



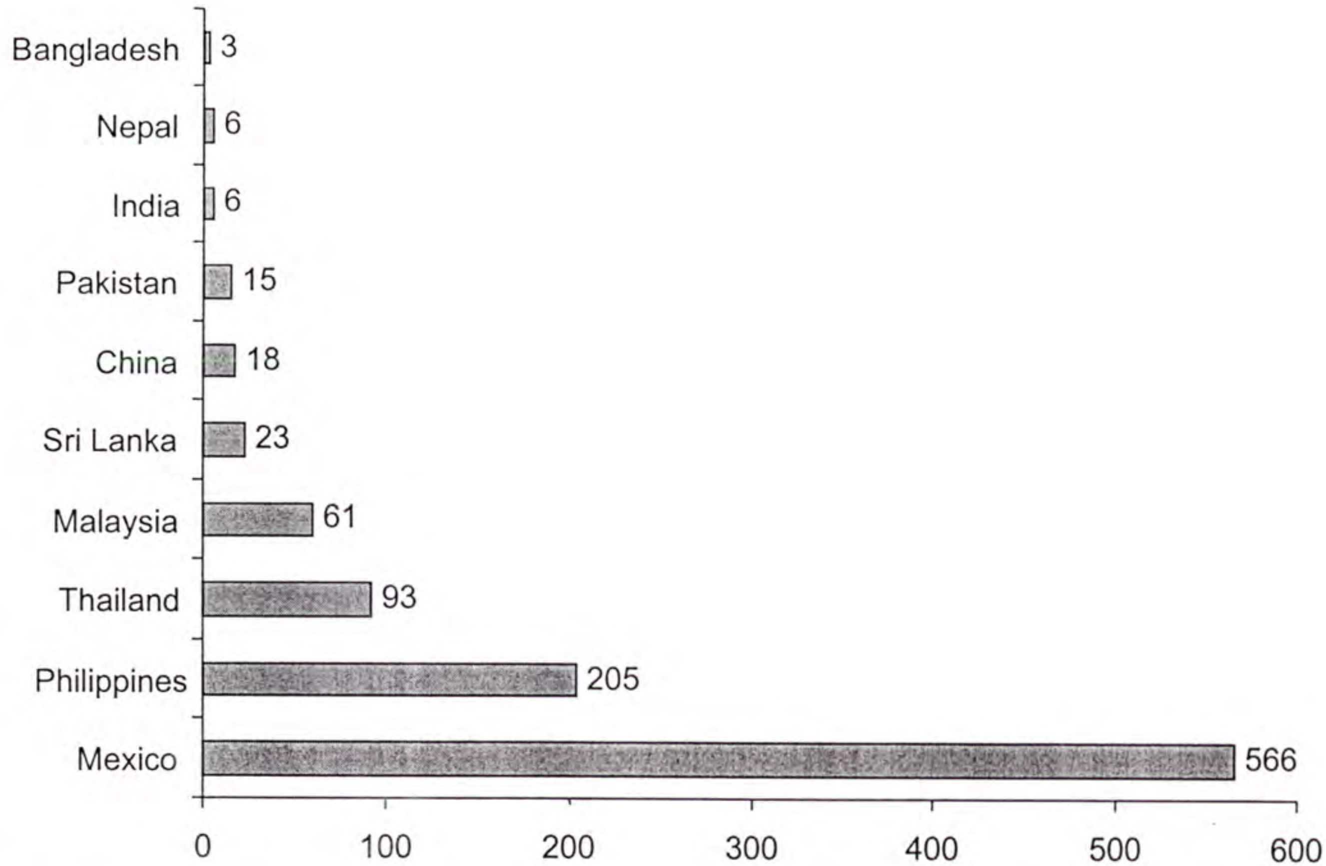
TARIFF RATES (EXCISE / VAT) ON SOFT DRINKS ARE THE HIGHEST IN INDIA - EVEN AMONG DEVELOPING COUNTRIES



NOTE: Excise Duty rate in India is on MRP basis, with 50% abatement. In Pakistan Excise Duty is on an "Assessable Value" basis.

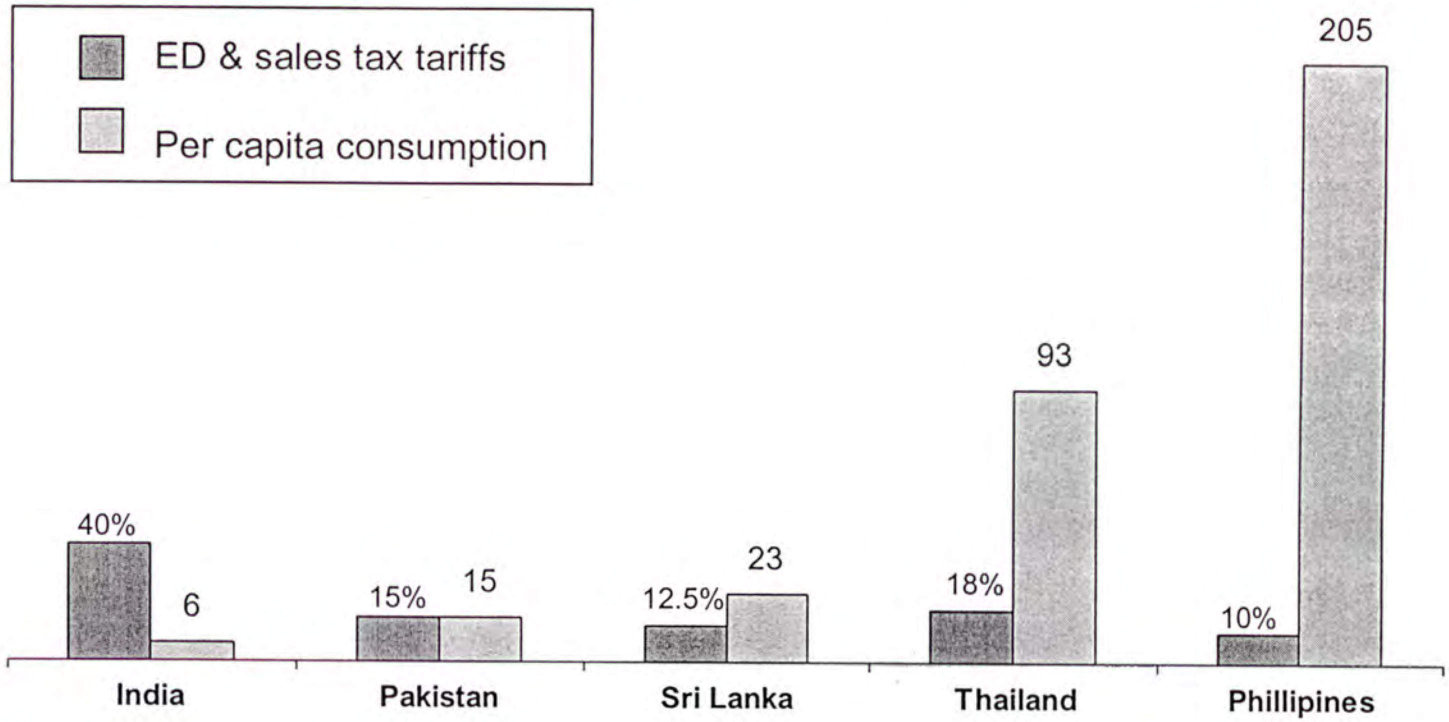
CONSEQUENTLY, THE INDIAN SOFT DRINK INDUSTRY HAS NOT DEVELOPED TO POTENTIAL

Consumption in 8 oz.bottles



PER CAPITA CONSUMPTION IN INDIA IS AMONGST THE LOWEST IN THE WORLD

CLOSER TO HOME, IN RELATION TO SAARC COUNTRIES, THE INDUSTRY IS VERY HIGHLY TAXED AND THE CORRESPONDING PER CAPITA CONSUMPTION CLEARLY REFLECTS THE IMPACT

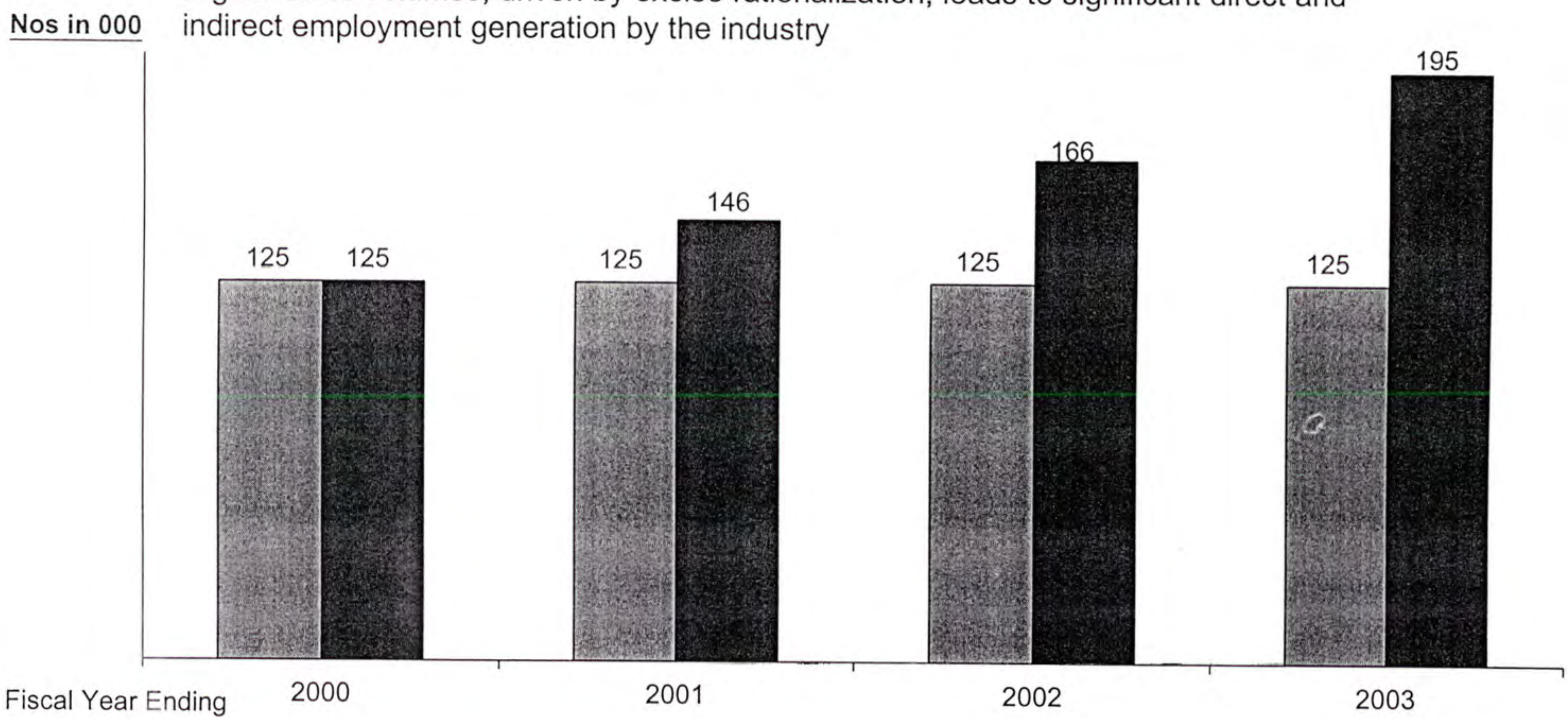


Per Capita Income (US$) 00000	$430	$480	$810	$2,200	$1,050

LOWER TAX TARIFFS GENERALLY TRANSLATE TO HIGHER CONSUMPTION DUE TO THE ABILITY OF THE INDUSTRY TO PASS ON THE BENEFITS TO THE CONSUMER

EMPLOYMENT BY THE INDUSTRY

Higher sales volumes, driven by excise rationalization, leads to significant direct and indirect employment generation by the industry



NOT INCLUDED IN THE ABOVE NUMBERS IS THE ADDITIONAL EMPLOYMENT CREATED IN THE ANCILLARY INDUSTRIES

With A 40 Percent Tax, Coke And Pepsi Feel Singled Out On Indian Excise

By Shubham Mukherjee

ECONOMIC TIMES OF INDIA
January 22, 2000

New Delhi -- When threatened by problems which have a bearing on bottom lines, even arch rivals and sworn enemies like **Coke** and **Pepsi** come together. The two companies have now raised heckles of being discriminated against with excise duties imposed on them being far in excess of related goods and commodities.

As against popular perception that soft drinks are consumed by the elite section of the society, officials of the two companies quoting an NCAER study say that 91 per cent of the soft drink sales are made to the lower, middle and upper middle class.

"Since it's a product of the masses it is surprising that the government decides to tax this industry at 40 per cent, significantly higher than other related mass consumed products," an Indian Soft Drink Manufacturers' Association official said. The association was formed to tackle the issue of high incidence of duties for the soft drink sector.

Quoting figures, the officials said that while sugar confectionery, biscuits and cakes, squash and jams, soups and sauces and fruit-based drinks all attract an 8 per cent duty, products like chocolates, pasta, corn flakes, ice cream, instant coffee, mineral water and chewing gum attract duties of 16 per cent.

While cosmetics and air-conditioners attract 30 per cent duties, TVs, refrigerators, toilet soaps, perfumed hair oil carry 16 per cent duties. "So is our product more elitist than these", an ISDMA official asks.

"The soft drink sector employs a staggering 1.25 lakh people and is one of the single largest contributors of foreign direct investment estimated at $1 billion, so why the discrimination," questions ***P M Sinha***, chairman of **PepsiCo India Holdings**.

It is a Rs 5,000-crore industry and provides support to other industries like refrigeration, glass and plastics and transport services and therefore burdening the soft drink industry alone with high duties is not fair, a senior Coke official said.

Some interesting figures are thrown by the companies. Together both the companies have accumulated losses of Rs 600 crore and growth is at an all-time low of 5 per cent against last year's growth of 25 per cent. This was largely as a result of the hike in prices by Re 1 by both the companies to pass part of the burden of taxes to the consumers. But being price sensitive, the sales plummeted and are at all-time low, ISDMA officials said. A 10 per cent increase in price results in lower demand of 17.6 per cent, they added.

Consequently, the per capita consumption of the product at 6 bottles per annum is one of the lowest and taxes, the highest, particularly in the SAARC region.

If the excise duties can be brought down, the revenue generation for the government would also increase manifold. There could be a 12 per cent growth in excise if the industry is subjected to an excise duty of 16 per cent.

Future investments are pegged at $500 million over the next three years and would create 70,000 jobs, an ISDMA official said and added that 500 jobs will be created on sales of every one million cases, the officials said.

Indian Excise Tax on Soft Drinks
Contact with Government Officials
Time Line

- *December 13, 1999 – January 12, 2000*

  Joint Coca-Cola/Pepsi contact with U.S. Government officials

  1) For a two week period prior to Christmas, meetings were held with the staff for the Congressional delegation lead by Senator Thomas Daschle and the Trade Mission lead by Congressman Gedjenson. Briefing materials were provided to each Member of Congress travelling to India. (Representatives from PepsiCo and The Coca-Cola Company jointly briefed the staff.)

  2) On January 3, 2000, Ambassador Celeste raised 3 issues with Finance Minister Sinha, one of which was the soft drink industry tax issue. The Ambassador continues to be heavily engaged on this matter.

  3) On January 6, 2000, Mr. Douglas Daft and Mr. James Chestnut met privately with Treasury Secretary Summers to reinforce the importance of the Indian tax issue for our Company.

- *January 12, 2000 – February 1, 2000*

  - 1/11/00 – Janet Howard and Under Secretary of State for Political Affairs Thomas Pickering discussed Secretary Summers trip and next immediate steps.

  - 1/12/00 - Janet Howard and Louise Finnerty briefed Deputy Assistant Secretary of the Treasury Meg Lundsager and Malachy Nugent in advance of Treasury Secretary Summer's official visit to India from January 17-20.

  - 1/12/00 – Mr. Daft sent a letter to Secretary Summers to follow-up on his private meeting.

  - 1/12/00 - Janet Howard followed up with Deputy Assistant Secretary of the Treasury for Public Affairs Lisa Andrews who is travelling to India with Secretary Summers.

  - 1/14/00 Janet Howard to follow-up with Deputy Secretary of the Treasury Stuart Eizenstat to ensure that Secretary Summers raises the excise tax issue during his trip.

  - 1/20/00 – Secretary of Commerce William Daley sent a letter to Finance Minister Sinha regarding the tax issue.

  - Upon their return from India, follow-up with Congressman Gedjenson, as well as Senator Daschle and his entire delegation. Helped draft correspondence from Congressman Gedjenson to Finance Minister Sinha.

- Pepsi to follow-up with Senator Brownback following his return from India.

- Daily coordination and feedback from US Ambassador to India, the Honorable Richard Celeste, with Ambassador Kantor and Janet Howard

- 1/21/00 Janet Howard, Michael Goltzman and Louise Finnerty had a luncheon meeting with Economic Minister Sudhakar Rao, Embassy of India. He encouraged PepsiCo and The Coca-Cola Company to meet privately with the Finance Minister in Davos. He agreed that further information regarding our companies' investments over the next three years could be helpful.

- 1/25/00 – Janet Howard and Louise Finnerty met with Commerce Secretary Daley

- World Economic Forum (Davos, Switzerland) –meetings to further this issue

    1- KO representatives attended the reception hosted by the Indian delegation on January 29, 2000 in Davos
    2- Interact with Indian business leaders and the official Indian delegation during the World Economic Forum (Asian Dinner on January 29, 2000 with Finance Minister Sinha, Finance Secretary Mankahd, and Chief Minister Naidu)
    3- Private Meeting was held with Finance Minister Sinha (Carl Ware and Roger Enrico)

• *February 1, 2000 – February 28, 2000*

    - Official trips to India in advance of President Clinton's State Visit by:

        Honorable Alan Larson
        Under Secretary of State for Economic, Business and Agricultural Affairs

        Other officials – pending

• *March, 2000*

    - Official State Visit to India by President Clinton (March 20-25, 2000)
    Members of the President's Cabinet and his National Security Advisor will accompany him on the trip.

• *June, 2000*

    - US-India Business Council Annual Meeting in San Francisco, California

    To be invited: (as of 1/10/2000)

    Minister Murasoli Maran
    Minister of Commerce and Industry

    Minister Jaswant Singh
    Minister of External Affairs

THE PRESIDENT HAS SEEN
2-10-00

THE WHITE HOUSE

2/08/00

Mr. President —

On steel wire rods, you expressed some openness to an "import freeze" vs. "import roll-back." I strongly believe import protection in this case is a mistake, but it would be compounded if the remedy is roll-back. Why? (1) This case does not involve unfair trade practices (e.g. dumping or subsidies), merely an increase of imports fairly traded in the market; (2) Five of the six ITC commis'rs did not find that the U.S. industry was injured as a result of increased imports; two said there

Mr. President

Sandy — can live with option 3.

I could go along with that if we do the pipe case relatively soon

John

John

Can we give goods
& do the pipe case now
I [illegible] w/ this!
can live w/3 —

JEC

copied
Podesta

was a threat of injury in the future (at best an argument for a freeze);

(3) In no prior 201 case has a President granted import protection where a majority of commn's did not vote for relief; thus you are lowering the bar for gaining protection against fair trade. I am a hard liner against unfair trade; we should react firmly. The line between import protection against fair trade and protectionism is illusive.

(4) There is a far stronger 201 case on steel line pipe (5-1 for relief by the ITC) which you must decide by Feb 20. Strong relief there would not set the precedent of a lowered standard as this case. (5) Serious adverse impact on South Africa, as Mandela raised w/ you.

Recommendation: at most, you adopt the option that involves freeze, not roll back.

Sandy

THE PRESIDENT HAS SEEN
2-4-00

DUPLICATE

THE WHITE HOUSE

WASHINGTON

January 20, 2000

My only concern is Trinidad + Turkey. Crazy that we have to [illegible] Europe too and have [illegible] relief. BC

JPodesta

3/ Prefer 1 - would be talked into 3 if it provides anything [illegible] - [illegible] [illegible] on point [illegible] - [illegible] [illegible] [illegible] [illegible] steel [illegible] [illegible] [illegible] [illegible] [illegible] BC

MEMORANDUM FOR THE PRESIDENT

FROM: LISEL LOY

SUBJECT: Steel Wire Rod Update

Sandy and Gene have sent you a memo with additional information on the state of the wire rod industry, the potential impact of your decision on your broader trade agenda post-Seattle, and another upcoming Section 201 case. In response to your question about exempting Caribbean countries, including Trinidad and Tobago, your advisers find no specific exception under WTO rules; as an alternative, they outline a substantial supplier allocation approach within the proposed TRQ that would allocate shares for substantial suppliers (Europe, Trinidad and Tobago, Turkey) and safeguard their historical positions; however, this option would leave a disproportionately small residual share for other, smaller countries and none of your advisers recommends this option (see attachment at pp. 9-10).

Background. Like 1998 data that showed significant operating losses, 1999 data that Gene and Sandy provide shows continued weakness in the industry, though views differ on the cause and whether the industry has turned a corner. For 1999, total imports/import penetration (41%) reached record levels in the 3rd quarter, though some claim imports have declined since peaking in July and that stockpiling in advance of your decision explains the surge. For the year through November, imports are up 17.7% over 1998; 20.8% over 1997; prices bottomed out in May and are climbing but weak. Losses increased in the 3rd quarter and layoffs continue (350 workers since June). (You may consider 1999 data only for purposes of shaping a remedy). Since Seattle, some are concerned that granting relief will fuel charges of protectionism and weaken U.S. leadership on trade; others fear that failure to grant relief will undercut our promise to vigorously support trade laws and to provide relief from surges through the safeguard mechanism secured in the China WTO agreement, and may damage domestic consensus-building for our trade liberalization priorities. A recent ITC 5-1 vote in favor of relief in a steel pipe line case will require your decision on relief by February 20th; interagency review has just begun. Some believe providing relief on steel line pipe would be enough to affirm your commitment to trade law enforcement, though affirmative decisions in both cases will signal growing U.S. protectionism; others fear a split decision would appear contrived. All believe there should be no linkage between the two cases.

Action/Views. Your advisers remain split over whether to provide relief; Barshefsky has shifted and now supports no relief, provided Section 201 can be shown to provide effective relief where warranted. They present these options: **Option 1 – Tariff Rate Quota/Rollback**. This option was your original choice; it would rollback imports with a quota at 2% above 1997 levels, 8% below 1998 levels, with 2%/year growth adjustment and a 15% surcharge on imports above this level (dropping to 9% by year 3). *Daley and Herman* support this option. They think the threat of injury has been satisfied, the industry is suffering, it will build domestic support for free trade and your major initiatives, including PNTR for China, and maintain your credibility on enforcement, including the product specific safeguard in the China agreement. **Option 2 – TRQ/Rollback with allocations for substantial suppliers.** This is the same as Option 1 but would protect traditional suppliers (*e.g.*, Europe, Trinidad and Tobago, Turkey) with guaranteed allocations, though it would disproportionately favor larger suppliers over smaller developing countries whose access to U.S. markets would be proportionately reduced. None of you advisers recommends this option. **Option 3 – Protect Against Import Surge.** This option would provide 3-year surge protection, setting quota at 2.6% above 1998 levels, but not rollback imports to lower 1997 levels. While preferring no remedy at all, *Secretary Summers, Barshefsky, Sperling, Baily and Brainard would recommend Option 3 over Option 1 if you decide to grant relief.* **Option 4 – Grant No Relief.** *Barshefsky, Summers, Albright, Berger, Sperling, Baily, and Brainard* recommend against relief. They believe the case is weak, that no President has granted relief in the 4 prior cases where the ITC was divided, relatively few jobs are involved, the recent decline may be due to stockpiling, and that granting relief here would be seen as a retreat on fair trade and make launching a new round more difficult.

Option 1 (TRQ/Rollback) ___

Option 2 (TRQ/Rollback plus allocations) ___

Option 3 (TRQ/Surge Protection) ___

Option 4 (No Relief) ___

4060:17

Sensitive but Unclassified

THE WHITE HOUSE

WASHINGTON

January 19, 1999

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING GBS
SANDY BERGER

SUBJECT: Section 201 Steel Wire Rod Decision

You indicated your preference for providing relief to the steel wire rod industry through a tariff rate quota (TRQ) that would roll back imports from covered countries to slightly above 1997 levels with modest annual growth thereafter. You also asked whether there is a way to exempt Caribbean countries, including Trinidad and Tobago. We delayed a final decision pending receipt of additional information on the condition of the wire rod industry and due to concerns that announcing relief would have made more difficult our negotiations and preparations for the Seattle WTO Ministerial. There has been some shift in the line up of your advisors since October: Ambassador Barshefsky now recommends against trade relief as long as we can demonstrate that Section 201 provides effective relief in cases warranting relief. While still divided, your advisors agree that the time is right to make a final decision, but also feel it is also important to consider several new developments. These include the impact of your decision upon our broader trade agenda post-Seattle, the other 201 decision you now will face before February 20 on a 5-1 affirmative ITC recommendation for relief to U.S. producers of steel line pipe, and new information on the wire rod industry.

Trinidad and Tobago

Prime Minister Panday wrote to you in late September requesting an exemption for Trinidad and Tobago. Unfortunately, an outright exemption would be difficult to defend in the WTO, and the WTO-permissible alternative of safeguarding Trinidad and Tobago's historical share (and those of other major suppliers such as the EU and Turkey) within the TRQ would leave a disproportionately small residual share for other developing countries such as South Africa, Ukraine, Moldova, India and Egypt. Our detailed analysis is attached. If you decide to impose trade relief in the form of a TRQ rollback, we recommend that you impose a TRQ *without* country specific allocations so as to avoid discrimination against new and fledgling developing country suppliers to the U.S. market and unnecessary distortions that would impose further economic costs on wire rod consuming industries and workers. But several of your advisors still believe you should revisit your original decision, especially in light of developments since then.

UPDATE ON CONSIDERATIONS

A. Condition of Wire Rod Industry

As you will recall, the facts in this case are very close and the ITC was evenly divided on whether there was injury or threat of injury, with three Commissioners finding affirmative, and three negative. Petitioners argued that a sharp increase in imports from low-cost suppliers in 1998 (e.g., Ukraine, Moldova and Indonesia) suppressed prices in the U.S. market, producing significant 1998 operating losses in a 9 of 14 firms, earnings declines in 12 of these firms, and a loss of up to 400 employees from 4,300 from the first half of 1998 to the first half of 1999. Operating losses totaled $102.2 million in 1998, falling from 1997 profits of $48 million. Overall import volume increased 6.3 % in 1998. Import market share rose from 27.4 % in 1994 to 28.6 % in 1997 to 30.8% in 1998. The volume of domestic shipments fell by 3.5% in 1998. Prices declined 5.5% in 1998, and import prices declined even further as new supplies (e.g., Ukraine, Moldova and Indonesia) exported large volumes of cheap wire rod to the United States for the first time. The downstream wire industry opposing relief - the consumers of wire rod that manufacture such products as nails, fences, hangers, tire chord and airplane fasteners – claimed that the weakness of 1998 was aberrational, and largely attributable to excessive increases in domestic wire rod capacity in 1997 and 1998. They point out that the wire rod industry remained profitable in three of the five years of the investigation and that employment remained relatively steady. Some layoffs, they claim, are attributable to productivity gains. Trade relief, they argue, would adversely affect the competitiveness of their own much larger downstream wire industry, which employs some 20,000 workers in 106 plants scattered across the country. Petitioners respond that the wire industry has ample profits in recent years and can afford to pay higher input prices for wire rod, that the injury suffered in 1998 was not aberrational but the result of the trend of losing market share to imports over the five years of the investigation (1994-1998), which have reached their highest levels in 1999.

1999 data does show continued weakness in the wire rod industry, but views differ about its causes and whether the industry has already turned the corner. Total imports and import penetration (41%) reached record levels in the third quarter. Petitioners view this as further cause for strong relief, while respondents claim that imports have declined significantly since peaking in July, and that the surge can be explained by stockpiling in advance of your decision on Section 201 relief. Petitioners respond that the reason imports have dropped in recent months is because there is no longer warehouse or dock space for the record level surge. For the year through November, imports are up 17.7% over 1998 and 20.8% over 1997. Domestic shipments are off 2% January to September compared to 1998, and off 6% compared to 1997. Prices appear to have bottomed out in May, are climbing but remain weak. The Producer Price Index for wire rod fell from 98.8 in January 1998 to 79.0 in May 1999, but rose to 82.7 in October. Consuming industries claim that wire rod producers plan to raise prices early this year, but will make no public announcements until your decision is announced, a charge petitioners deny. Losses increased in the third quarter for leading wire rod producers, and layoffs continue. Since June of this year, approximately 350 additional wire rod workers have been laid off, including some 250 in late December at Birmingham Steel in Memphis, Tennessee. You may consider the 1999 data, which was not part of the record before the ITC, for purposes of shaping a remedy, but not for purposes of deciding affirmative or negative on injury.

B. Impact-~~on~~ Your Broader Trade Agenda

The Section 201 statute is silent on what factors you can consider in determining whether a split ITC decision is affirmative or negative. In the past, no President has found affirmative on injury when the ITC was evenly split. There have been 4 such instances in 70 cases over the past 25 years. If you decide affirmative, you are required to consider broader national economic and security interests in fashioning a remedy. All your advisors agree that you should consider several recent developments, though they hold different views on which way these point. Below are arguments for and against relief as they relate to our broader trade agenda.

- *Broader Trade Agenda - Case for Opposing Relief*: Many observers viewed the Seattle WTO Ministerial as leaving the impression of a flagging Administration commitment to open markets. In this view, our positions on dumping, worker rights and textiles were a major factor preventing the launch of a new round. A first ever Presidential decision to provide trade relief in a case where ITC Commissioners were evenly divided will fuel charges of American protectionism and weaken U.S. leadership in trade -- a perception which will be reconfirmed by an affirmative decision on steel lined pipe in February. Critics believe this is a weak and, from a WTO perspective, legally suspect case. Finally, some believe that having demonstrated our resolve in Seattle on behalf of U.S. workers and in favor of putting a human face on trade, we now have more room for a negative finding. Some 62 members of Congress have written against relief, 38 citing adverse effects on particular users (all but Senator Feinstein's, Boxer's and one of two of Rep. Royball's specific concerns have been addressed by exempting products not produced in the United States), 26 members, led by the Congressional Black Caucus, seeking an exemption for Trinidad and Tobago, and 8 (including Senators Roth, Mikulski and Kyl) opposing relief citing general adverse impact on consumers or wire rod processors and support for free trade.

- *Broader Trade Agenda - Case In Favor of Trade Relief*: Those supporting trade relief believe that the Seattle Ministerial will strengthen those prepared to battle against key trade priorities such as permanent Normal Trade Relations for China and the Africa/Caribbean trade bill. You made clear as part of your Steel Action Plan that you would vigorously enforce the trade laws, and before Seattle that we would not support any weakening of the trade laws. Both are essential to build the domestic consensus to advance our negotiating and congressional trade liberalization priorities. Failure to grant effective relief will cost us needed votes and fuel charges that our commitment to enforce our trade laws (and agreements) is hollow. Some commentators (Greg Mastel of the New America Foundation) have alleged that failure to provide timely and effective relief in this safeguard case, or to any major manufacturing sector in the past 15 years, is proof that U.S. producers cannot rely on the President to provide effective relief from surges through the product specific safeguard mechanism we secured in the China WTO agreement. Led by the Congressional Steel Caucus and supported by Minority Leader Gephardt, 79 members of the House of Representatives and 21 Senators have written you urging effective relief. Failure to grant relief will also strengthen those still pressing for legislation to lower our Section 201 injury standard, narrow the President's discretion in Section 201 cases, and change our dumping laws in WTO-inconsistent ways.

C. Affirmative ITC Recommendation for Relief in Steel Line Pipe Case

You should be aware that the ITC has voted 5-1 in favor of relief in another Section 201 case involving line pipe, a product used for pipelines by the oil and gas industry. The three Commissioners who found serious injury recommended a 4-year tariff rate quota based on 1997 levels – a 45% cutback from 1998 levels) -- with imports above the quota to be assessed a 30% surcharge. These Commissioners also recommend negotiations with Korea, the largest supplier and contributor to the import surge, to "address underlying cause" of import surge and injury. NAFTA countries were excluded from the recommended remedy. The other two commissioners, finding threat of serious injury, recommended a straight tariff over four years, starting at 12.5% and ending at 8 %. Korea leads all exports to the United States with 104,000 kilograms in 1999 year to date, followed by Mexico (31,000), South Africa (7,700), China (7,300), Japan (7,150), and Canada (4,000). You will have to decide whether to provide relief by February 20.

The line pipe industry employs about 1,000 productions workers in fifteen plants located in several states including California, Texas, Utah, Pennsylvania, Alabama, Iowa, Ohio, Montana, Kentucky, Oregon, Washington and Louisiana. Nine of the fifteen plants are organized by the United Steelworkers, one by the Teamsters, and two by other unions. Employment grew from 1,250 in 1994-95 to 1,500 in 1998, falling to 1,000 in the first half of 1999. Three members of Congress, including Rep. Sandlin of Texas, Rep. Berry of Arkansas, and Rep. Cannon of Utah testified before the ITC urging relief.

Interagency review of this case just started. Ambassador Barshefsky will present to you a recommendation following a full inter-agency review. It is possible, but not certain, your advisors will recommend trade relief from line pipe imports in some form. Despite the 5-1 affirmative finding, more recent post-ITC investigation data suggests that the injury may have been short-lived, and that recovery may be underway. Much more thorough analysis is needed, but some agencies could well argue that that no trade relief is warranted. Others will likely argue for relief, and more broadly that Korea has been the least responsive of all major steel exporter to reducing overall steel exports to the United States. Imports of <u>all</u> steel products from Korea have fallen only slightly since the 1998 surge (by 12%), while overall steel imports from Japan and Russia, the other two countries most responsible for the steel import surge, have fallen fairly dramatically (by 50% and 75% respectively in 1999 over 1998).

Some of your advisors believe that providing relief in the line pipe case will affirm your commitment to vigorous trade law enforcement, without the need to provide relief in the wire rod case. They believe that affirmative decisions in both cases, coming shortly on the heels of Seattle, will dramatically signal growing U.S. protectionism. The wire rod and line pipe decisions might be spaced closely together in late January or early February. Other advisors fear a split decision -- if that was the outcome -- would appear contrived. It would increase injury to wire rod producers, deepen their anger, fail to address harm to key regions such as South Carolina, Tennessee and Missouri for the delayed decision, and further undermine the Administration's credibility on strong trade law enforcement. Regardless of the outcome of these two cases, your advisors feel strongly there should be no linkage between these cases, and no prejudgment of the outcome of the line pipe case.

OPTIONS

____ **Option 1: Affirmative Determination: Stay with your original decision: TRQ rollback to slightly above 1997 levels, with above quota tariff surcharge of 15% in year one falling to 9% in year three. No country specific allocations.**

Pros

- Imports in 1999 have surged to record levels, the condition of wire rod industry remains weak, some 750 workers have been laid off of a work force of 4,000 since the fist half of 1998 (including 350 in the last six months), prices remain weak, and losses increased in third quarter for leading producers
- By setting TRQ at 1.42 million short tons (2% above 1997 levels and 8% below 1998 levels) and imposing prohibitive above quota tariff, this remedy would raise import prices and cut back import levels for three years to allow industry profits to recover
- Would provide for 2% annual growth in imports and mid-term review to allow necessary adjustments
- Level of relief, while below the 30% straight tariff sought by wire rod industry, should forestall vocal criticism from them
- Would exempt from relief roughly 40% of imports (Canada and Mexico under NAFTA plus specialty wire products, many from Japan, not produced in commercial quantities in the United States)
- Would help dampen calls for changes to our Section 201 law
- Might lessen opposition to China PNTR and Africa/Caribbean trade bill
- Will reaffirm commitment post-Seattle to strong enforcement of trade laws

Cons

- Weak case for relief, with only two Commissioners finding serious injury and only one finding threat of injury
- 1999 import surge, and any resultant weakness, may have been driven by stockpiling in advance of Section 201 decision
- No President has ever granted trade relief in any of the four prior evenly split ITC decisions. Doing so here would stimulate more Section 201 cases and higher expectations in evenly split ITC decisions.
- May make larger downstream producers less competitive
- May not withstand WTO challenge
- Will be criticized as protectionist decision post-Seattle, undermining U.S. economic leadership and angering some thirty foreign country suppliers, including nine major and eight modest suppliers including many developing countries (e.g.,) Trinidad and Tobago, Indonesia, Ukraine, Turkey, Moldova, India, Brazil, Egypt, South Africa, Venezuela, Russia as well as friends and allies U.K., Germany, France, Spain and Japan.

_____ **Option 2: Affirmative Determination: Same as Option 1, but with allocations for substantial suppliers (Europe, Trinidad and Tobago and Turkey)**

Pros

- Same as Option 1, plus would protect traditional suppliers with guaranteed allocations

Cons

- Same as Option 1, plus, would disproportionately favor largest suppliers over new, rising LDC suppliers such as Ukraine, Moldova, India, Indonesia and South Africa
- More difficult to administer than global TRQ approach
- Less efficient, and opposed by consuming downstream wire producers

_____ **Option 3: Affirmative Determination: TRQ to protect against import surges above 1998 levels, with above quota tariff set at 9% in year one falling to 5% in year 3.**

Pros

- By setting TRQ at 1.58 million short tons (2.6% above 1998 levels) , would provide three-year surge protection at slightly above 1998 levels, but not rollback imports to lower 1997 levels
- Would better accommodate any rebound in U.S. demand in years two and three because the lower tariffs and greater quantities
- Remedy arguably more suitable to address the potential threat industry is facing. Would address 1999 surge and prevent import surge significantly above 1998 levels.
- Though wire rod industry would consider this remedy insufficient, would weaken momentum for undesirable changes to our dumping and safeguard laws and help build support for China PNTR by demonstrating commitment to enforce our trade laws

Cons

- Would invite criticism from trading partners and petitioners alike, even though this option would be less offensive to trading partners compared to Option 1
- While this remedy would likely impose fewer real costs on our trading partners, that in itself may not preclude a WTO challenge directed against the injury determination rather than the remedy

_____ **Option 4: Negative Determination: Grant no trade relief.**

Pros

- Follows established precedent in 4 previous evenly divided ITC decisions. No President has ever granted trade relief in an evenly split ITC decision.
- Important post-Seattle signal that the U.S. is not increasing protectionism

- Will help preserve U.S. international economic leadership and our ability to pursue market opening negotiations at time when many in world believe we are turning inward on trade and our economic assistance to developing countries is shrinking
- Only safe option from WTO litigation perspective
- Will protect competitiveness of larger downstream wire producing industry at a time when wire product imports have increased faster than wire rod imports

Cons

- Wire rod industry remains weak
- Failure to provide effective relief will feed criticism of our trade laws and the Administration's will to enforce them, weakening support for our legislative and negotiating trade priorities among key constituencies, Democratic Members of Congress and affected regions such as South Carolina, Missouri and Oregon
- Will strengthen those pressing for undesirable changes to our trade laws

RECOMMENDATIONS

Reclama: Negative Determination - **Secretary Summers, Secretary Albright National Security Advisor Berger, National Economic Advisor Sperling, CEA Chairman Baily, and Deputy NEA Director Brainard** recommend that you find the negative determination of the Commission to be the determination of the ITC, and choose **Option 4**. They believe that imposing a TRQ, particularly one that rolls back import levels, in this instance would have serious, negative repercussions. Section 201 cases involve fair trade, not subsidized or dumped goods. No President before has granted relief in the four previous cases where the ITC was evenly divided. They believe this case is particularly weak, with only two Commissioners finding "serious injury", one finding "threat of injury", and three finding no injury. The case involves only a few hundred jobs nationwide, and the recent decline may be attributable to a stockpiling of imports in advance of a decision and to factors other than imports, most notably a buildup of excess production capacity in 1997 and 1998. Besides Trinidad and Tobago, a large number of other countries including South Africa also would be hurt, substantially enough that Mbeki raised this with you personally in New York. They believe that in the post-Seattle environment, and with the prospect of an affirmative decision in the upcoming line pipe case, an affirmative decision here would be perceived as a powerful U.S. retreat on open and fair trade and, importantly, make more difficult our efforts to launch the new round.

Ambassador Barshefsky now also recommends against trade relief (less strongly than those above), provided we can demonstrate that Section 201 provides effective relief in cases warranting relief. Granting relief in the wire rod case could be viewed as a protectionist act post-Seattle and make more difficult our efforts to launch a new round.

Affirmative Determination: **Secretary Daley and Secretary Herman** recommend you find the determination of the ITC to be affirmative, and that you choose **Option 1**. They strongly believe that the WTO standard for threat of injury has been satisfied, that the domestic wire rod industry is suffering, and that historically high levels of imports in 1999 are inflicting even deeper losses and layoffs. A remedy that temporarily raises prices and modestly cuts back import levels is needed to allow industry profits to recover. They believe it is important to demonstrate to Congress and U.S. workers that U.S. laws are effective in order to build domestic support for free trade and your major legislative trade initiatives, including Permanent Normal Trade Relations for China. One commentator has made a direct linkage between this case and your willingness to enforce the 12-year product specific safeguard provision of the China agreement. That provision is our strongest defense against surges from China after it gains WTO membership. Effective relief would also reduce domestic pressure for changes to our dumping and safeguard laws. Secretary Daley and Secretary Herman believe that failure to grant relief in this case will weaken your credibility on enforcement, already damaged by the delay. Representative Clyburn (S.C.), Senator Ford (Tn), and Governors Carnahan (Missouri) and Hodges (S.C.) say they have faced closures and layoffs and are under enormous pressure. All of your advisors agree there should be no linkage between the wire rod and line pipe decisions. Additionally, Secretaries Daley and Herman believe close-in-time, divergent wire rod and line pipe decisions would appear too contrived, and invite deeper criticism from organized labor, wire rod producers, and their supporters in Congress.

Secretary Summers, Ambassador Barshefsky, National Economic Advisor Sperling, CEA Chairman Baily and Deputy NEA Director Brainard all oppose trade relief and recommend **Option 4**, but if you are firmly resolved to grant trade relief, they believe **Option 3** would be preferable to Option 1. It would prevent future surges above 1998 rather than 1997 levels, and the tariff surcharge above the quota is not trade prohibitive. It could be argued this remedy would be more appropriately targeted, as 1999 has witnessed the greatest import surge and damage to the wire rod industry. Petitioners, however, are likely to deem this remedy insufficient to affect a strong recovery.

Attachment
Trinidad and Tobago

No Exemption Available for Trinidad and Tobago

There does not appear to be an exception under WTO rules available for Trinidad and Tobago. WTO rules generally require that we apply any safeguard measures in a non-discriminatory manner – arguably with exceptions for partners in free trade agreements such as NAFTA. There is no exception under the WTO Safeguards Agreement for exempting trade preference countries such as those covered by our Andean and Caribbean trade preference programs from a Section 201 safeguards TRQ. These trade preference programs do not qualify as free trade agreements under the WTO because they are one-way programs under which the United States unilaterally provides duty free access for certain products. By contrast, free trade agreements must eliminate trade restrictions on "substantially all trade" in both directions. Upon further reflection, therefore, USTR now recommends no exemption for the only Andean nation that shipped wire rod in the last three years, Colombia, whose 35 tons of 1998 exports are negligible. We also recommend against exempting Trinidad and Tobago.

Alternative "Substantial" Supplier Allocation Approach

We could, however, provide favorable treatment to Trinidad and Tobago within the proposed TRQ in a manner consistent with WTO rules by allocating country-specific shares. The WTO permits allocation of guaranteed import shares within a given TRQ for "substantial" suppliers accounting for at least 10 percent of non-exempted imports over the last three years. Prime Minister Panday has urged you to adopt this approach over a TRQ without country allocations if you do not exempt Trinidad and Tobago outright. This approach would provide specific allocations to the EU, with a 26 percent average share of non-exempted wire rod imports during 1996-8, Trinidad and Tobago with 20 percent, and Turkey with 10 percent. If we allocate individual shares only to these "substantial" suppliers, all other non-exempted countries would compete for the remainder of the TRQ on a first-come, first-served basis.

This approach would favor traditional, larger suppliers whose imports have declined in recent years over the new, smaller, developing county entrants whose lower-priced exports rose sharply from 1996 to 1998. Under this country allocation approach, 56 percent of the 1.4 million ton tariff-surcharge-free quota would be allocated to the EU, Trinidad and Tobago, and Turkey. This would result in a 20.6 percent increase in these three countries' aggregate exports to the United States above 1998 levels. Europe would be the biggest winner, with a TRQ allocation 34 percent *higher* than their 1998 import level, followed by Trinidad and Tobago with a 12 percent increase, and Turkey with a 7 percent increase.

Access to the U.S. market for the remaining 16 or so exporting countries (including Indonesia, Ukraine, Moldova, India, Brazil, Egypt, and South Africa) would be proportionately reduced. *Rather than competing with all countries (including Europe, Trinidad and Turkey) for an overall global TRQ that is 8 percent below 1998 levels, they will compete with each other for a residual TRQ that would be 29 percent below their aggregate 1998 import levels.* Furthermore, the ITC estimates that the EU and Trinidad and Tobago may not be able to fill quota allocations based on their historical shares. Thus, the overall level of protection – including increased prices – would likely be higher under a TRQ with specific allocations for substantial suppliers than under a global TRQ that is more likely to be completely filled.

While a country allocation approach is permissible under WTO rules, other aspects of this case continue to present WTO litigation risks. A WTO victory is by no means assured, and the EU, Indonesia and India have all recently lost hotly contested WTO disputes to us.

Complete Country Allocation Approach

WTO rules would also permit allocating specific quotas to all suppliers. This approach, however, would have additional drawbacks: it would further restrict competition and raise prices, limit user flexibility, increase the quota rent to foreign producers, and leave no room for new entrants. In addition, based on 1996-98 import averages, it would cut back imports from specific developing countries suppliers, such as South Africa by 52 percent, Moldova by 22 percent, India by 59 percent, and Ukraine by 29 percent.

THE WHITE HOUSE

WASHINGTON

February 3, 2000

MR. PRESIDENT:

We understand that John/Karen will be discussing this with you soon.

THE PRESIDENT HAS SEEN
2-4-00

Sean Maloney

copied
Karen T.
Podesta

THE PRESIDENT HAS SEEN
2-10-00

Maria
can we do
anything to help on this?

copied
Echaveste
Podesta

THE PRESIDENT HAS SEEN

2-10-00

Royalties Ruling Mixed For Navajos

Judges Scolds U.S., Awards No Money

By William Claiborne
Washington Post Staff Writer

CHICAGO, Feb. 8—A federal judge dismissed a $600 million mining royalties claim against the Interior Department but sharply criticized a former Reagan administration Cabinet member for secretly siding with the world's largest private coal producer in a dispute with the Navajo Indian nation.

U.S. Court of Claims Judge Lawrence M. Baskir said that although federal law did not explicitly require then-Interior Secretary Donald P. Hodel to act in the Navajos' best interests, the Interior Department had "violated the most fundamental fiduciary duties of care, loyalty and candor" in dealing with the Indians in their dispute with Peabody Western Coal Co.

The Navajos' principal claim of breach of trust was upheld, but their attempt to obtain monetary relief from the federal government was rejected. The tribe still has a companion lawsuit pending against Peabody.

Navajo Nation President Kelsey A. Begaye said today that the tribe was pleased with the "factual findings" in the case but disappointed that Baskir ruled the court does not have jurisdiction to award damages. He said the tribe is considering filing an appeal.

In their 1993 lawsuit, the Navajos accused Hodel of derailing a decision by the Bureau of Indian Affairs (BIA) to increase the tribe's royalty rate on Peabody coal mining operations in northeastern Arizona from an effective rate of 2 percent of the coal's value to 20 percent. The lawsuit contended that Interior's intent was to let Peabody negotiate directly with the tribe for a royalty rate of 12.5 percent.

The court found that in 1985 Hodel met privately with Stanley Hulett, a Peabody lobbyist and former Interior official, after which Hodel ordered subordinates to block a decision on the 20 percent royalty rate and send tribal officials back into negotiations with Peabody without knowing about the earlier BIA decision. Hulett was described in court papers as being a "close friend and later business associate" of Hodel.

In a 26-page opinion issued in Washington late Friday, Baskir said there is "no plausible defense for a fiduciary [Hodel] to meet secretly with parties having interests adverse to those of the trust beneficiary . . . and then mislead the beneficiary concerning these events."

Such private meetings, the judge held, "betray the public trust." Nonetheless, the Navajos had been unable to cite any federal law that would require compensation for the government's "fiduciary wrongs," Baskir said.

Hodel, who served as interior secretary and as energy secretary in the Reagan administration and later headed the Christian Coalition, lives in Silverthorne, Colo. A spokesman, Joel Vaughan, said Hodel "remains convinced the department conducted itself properly at all times."

The Washington Post

Wednesday, February 9, 2000

THE PRESIDENT HAS SEEN
2-10-00

C Jennings
What's this about?
Thx

Copied
Jennings
Podesta

THE PRESIDENT HAS SEEN
2-10-00

CDC Funds Diversion Is Probed

Hill Panel, Shalala Scrutinizing Agency

By Valerie Strauss
and Joe Stephens
Washington Post Staff Writers

The House Commerce Committee launched an investigation yesterday into how the Centers for Disease Control and Prevention diverted millions of dollars in federal funding, while Health and Human Services Secretary Donna E. Shalala said she was taking "unprecedented and aggressive action" at the agency to regain the trust of Congress.

In a letter to CDC Director Jeffrey P. Koplan, Commerce Committee Chairman Thomas J. Bliley Jr. (R-Va.) said his panel has "grave questions about the management of funds" at one of the agency's centers and about "the truthfulness of CDC statements" to Congress.

Bliley cited a Washington Post article on Feb. 2 that reported that the CDC had told Congress it spent as much as $7.5 million a year fighting a deadly germ known as hantavirus, when much of the money had in fact been spent on other exotic diseases, such as Ebola and Lassa fevers. Koplan issued a statement last week saying the agency had "made a mistake" by telling Congress that it spent the money, as appropriated, for hantavirus.

Last year, Koplan apologized to Congress after an audit revealed that the CDC had diverted or could not account for as much as $12.9 million appropriated for research into chronic fatigue syndrome.

CDC critics have called for a Justice Department probe to determine whether the agency violated laws against lying to Congress.

Appearing before a House Appropriations subcommittee, Shalala said the CDC is the "world's premier public health agency" but she recognized that it has lost the trust of the panel. To start regaining that trust, she said, she is ordering more scrutiny over agency expenditures and requiring top managers to take budget training.

"I have zero tolerance for inaccurate reporting and inaccurate statements," Shalala said.

Still, the chairman of the subcommittee, John Edward Porter (R-Ill.), said he has concerns about "the culture" of the CDC. "There is something going on within this institution that leads to a cavalier approach" in its dealings with Congress, he said.

Shalala said that she and Koplan are developing a strategy for fixing the problems. "Today I am taking very unprecedented and aggressive action to regain the trust of this committee," she said.

That action, Shalala said, includes ordering the CDC's chief financial officer to review and certify all expenditures in all divisions of the agency, creating a "second signature" on every document.

She said she is also ordering all senior decision-makers to undergo budget training, a step that expands a budget training program for lower-level employees instituted last summer by Koplan.

"This is the equivalent of a stand-down in the military," Shalala said.

Porter said that while the chronic fatigue syndrome diversion—and subsequent incorrect reporting to Congress about how the appropriated money was used—occurred under Koplan's predecessor, the latest disclosure about hantavirus money occurred during his tenure.

"This raises questions as to what other inaccuracies there might be," said Porter, who is holding a hearing Thursday to question CDC officials.

The Washington Post

Wednesday, February 9, 2000

THE PRESIDENT HAS SEEN
2-10-00

Bruce/Gene

need analysis of their — 1) compared to our proposal & VP's

2) in terms of the criticisms of us

3) does he have the $ left to do their health plan given the cost of the tax cuts

4) doesn't this leave him more vulnerable on Medicare?

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Podesta

THE PRESIDENT HAS SEEN
2-10-00

The New York Times
WEDNESDAY, FEBRUARY 9, 2000

EDUCATION

Bradley to Speak on Improving Schools That Serve the Poor

By JAMES DAO

WASHINGTON, Feb. 8 — In his most extensive speech on education, former Senator Bill Bradley will call for increasing spending by $80 billion over the next decade to improve schools in poor areas. His plan includes requiring schools to have teachers meet minimum standards, or face state takeover.

Mr. Bradley is scheduled to unveil his proposals in a speech on Wednesday in St. Louis, where he will also criticize Vice President Al Gore, his rival for the Democratic presidential nomination, for failing to do enough to improve education in seven years in the White House.

The speech comes as Mr. Bradley — who lost to Mr. Gore in the Iowa caucuses and the New Hampshire primary and trails him in national polls — is making his most concerted effort of the campaign to reach core Democratic voters. Polls consistently show that education is the most important or second most important issue for Democrats.

Mr. Bradley's new emphasis on education is a shift for his campaign. Unlike Mr. Gore, who made education a focus from the beginning, Mr. Bradley has interlaced educational themes into policy initiatives on poverty and working families. Until recently, Mr. Bradley's aides were vague about whether he would even deliver a major education address.

"We believe that Al Gore is winning on the issues and education is right at the top of the list of issues that people care about," said Douglas Hattaway, a spokesman for the Gore campaign. "This turnaround is clearly coming because Bradley realizes he's been losing on the issues."

But Eric Hauser, Mr. Bradley's spokesman, said the campaign had been working on the education proposals for several months and had delayed unveiling them until the weeks preceding March 7, or "Super Tuesday," when voters in a dozen states, including New York and California, will be paying attention to the race.

"I don't think they care what month of the campaign you offer a proposal," Mr. Hauser said. "Gore is proposing to increase defense spending more than education spending. It's pretty clear who the education candidate is."

Mr. Bradley is calling for spending $175 billion over the coming decade on education, a figure that includes his previous proposals. The vice president has proposed spending $115 billion over the same period to increase salaries for teachers in high-poverty areas, expand preschool programs and help schools modernize, among other initiatives.

The centerpiece of Mr. Bradley's speech is a proposal to double federal spending, to $16 billion a year, on Title I, the federal aid program for schools in poor communities.

Created in 1965, Title I is the largest federal program for primary and secondary education, providing nearly $8 billion annually to help schools improve the academic performance of 10 million poor children. Though conservatives often criticize the program, it has gained broad support in both major parties because Title I funds go to schools in almost every Congressional district.

In his speech, Mr. Bradley will link his Title I proposal to the broad vision of his campaign: that the nation has a moral obligation to use its soaring prosperity and the federal budget surplus to lift up the neediest.

"The Dow Jones has been soaring to record heights, but our children's test scores in reading, writing, math and science have stayed essentially flat," Mr. Bradley will say, according to an advance copy of the speech. "The achievement gap between minority and nonminority, between poor and nonpoor, remains unacceptably vast."

Under his plan, parts of which mirror a Title I bill passed by the House last year, Mr. Bradley would also require the following:

¶Every teacher in districts that receive Title I money would have to have majored in the subject they taught or passed state aptitude tests in the subject. Schools would have to show within four years that all teachers had met those qualifications, or be subject to a state takeover.

¶Every Title I school district would have 10 years to eliminate the performance gaps between its minority and nonminority students, and between poor and nonpoor students. Schools that failed to close the gaps could be subject to takeover.

¶Schools that are deemed failing would have to allow students to transfer to other public schools in those districts. Title I money would follow students to their new schools to encourage high-performing schools to accept the additional students. Currently, Title I money does not move with children who transfer.

Mr. Bradley's proposals won praise from several education experts on both sides of the aisle today. While liberals said they liked its large investment in poor students, conservatives said Mr. Bradley was right to expand the ability of poor students to choose their schools and to require individual schools to meet clear performance standards.

"If you are going to invest so much money, focusing on the achievement gap is the right way to go," said Nina Rees, a senior education policy analyst with the Heritage Foundation and an education adviser to Gov. George W. Bush of Texas, who is seeking the Republican presidential nomination.

CITY OF LAREDO

LAREDO, TEXAS
1755

ELIZABETH G. FLORES
Mayor

'00 FEB 10 AM8:42

2-10-00

Send to Scheduling?
Yes ✓
No

Call

February 4, 2000

The Honorable
William J. Clinton
President of the United States of America
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20502

Attention: Ms. Ann McCoy

Dear Mr. President:

Thank you for inviting me to spend the night at the White House and for the exceptional opportunity to talk with you. You are indeed an extraordinary person and a great President. I have shared my story with the people of Laredo–and they were all thrilled! I was truly honored to be invited to share an evening with you, your friend and the other three mayors.

I am following up on my invitation to you to come to Laredo and El Cenizo, Texas. We all remember your successful campaign stop in Laredo and the great reception we gave you. We remember the picture in the Laredo Morning Times of County Judge Martinez holding up your hand in victory.

The State Department has advised us that President Zedillo would like the inauguration scheduled for the week of April 10, 2000, a week before Holy Week begins. He has expressed an interest in Friday, April 14, 2000. Hopefully, your February trip to Texas will not keep you from considering our invitation for April. The only Presidents that have visited Laredo were Eisenhower and Nixon. Nixon closed our air force base because we did not vote for him and ruined our economy for years.

But times has changed for us. The opening of our fourth international bridge, the World Trade Bridge, represents over $128 million in local, state and federal funds. It would be a great honor to have our President cut the ribbon and let the first truck through the newest, most innovative and efficient bridge in the largest inland port in the Country. Laredo handles 36% of all ground transported United States/Mexico trade and 50% of all trade through Texas. This is not where the United States ends and Mexico begins. It's where the United States blends into Mexico; it's where international trade is turned into national profit; and it's where government policy is turned into stark reality.

The Honorable
William J. Clinton
President of the United States of America
February 4, 2000
Page 2

It is my sincere hope that you will witness firsthand Laredo's contribution to this Country's fantastic economic growth and share this Bridge opening with us. You will not be disappointed.

The people of El Cenizo would also be honored to have their President visit them. Many are recent immigrants trying hard to be good Americans. Others are just older immigrants that never got the opportunity to learn English. However, all their children attend school and speak good English. They do not deserve the hate mail they received. I often have to conduct parts of my council meetings in Spanish too. It is different here. Other immigrants that come into the United States know they may never go home..our folks can see their home from here.

Thank you Mr. President for this opportunity. We know you are busy and get many invitations, but we pray and hope that the angel pin I gave you will bring you to us.

Warmest regards.

Sincerely,

Betty Flores
Elizabeth G. Flores

LYONS UNITY MISSIONARY BAPTIST CHURCH

3215 Lyons Avenue, Houston, Texas 77020
Church Phones: (713) 227-3372 - 227-3373
FAX (713)222-2862
Rev. Oliver C. Johnson, Sr., Pastor
Study(713) 236-9711 Home(713) 683-9883

'00 FEB 10 AM8:41

February 8, 2000

SECOND REQUEST

The President and Mrs. Hillary Clinton
c/o The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

We, the members of the Lyons Unity Missionary Baptist Church, Pastor O.C. Johnson, Sr. and the Christmas Banquet Committee would like to honor you as one of the best President that the Country has ever had.

We have come to this conclusion because, in our opinion, you have been fair, honest and just to all people, especially the minorities. Most people think honoring the President is impossible, but we believe that with God all things are possible.

It is with this spirit that we, the Lyons Unity Missionary Baptist Church along with Pastor O.C. Johnson, Sr., would like to honor you on Friday, December 15, 2000 at 7:00 p.m., at The Westin Galleria Hotel, 5060 W. Alabama, Houston, TX.

We would be most honored if you would please respond within ten (10) working days. We are prayerfully anticipating a positive response. You may fax your reply to (713) 222-2862.

Respectfully,
Rev O.C. Johnson Sr.

2-10-00
Send to Scheduling?
Yes ✓
No ___

Pastor O.C. Johnson, Sr.
Mrs. Carrie Ball, Committee Chairperson
Mrs. Lucille Richard, Co-Committee Chairperson

Carl