THE PRESIDENT HAS SEEN

copied
Reed
Podesta

New Schools Venture Fund
440 Broadway
Redwood City, CA 94063
650.556.2342
650.569.2196 fax
ksmith@newschools.org
www.newschools.org

Kimberly C. Smith
President

Bruce - need to make ~~[illegible]~~ contact; see what they're doing, whether we can/should do more to promote - BC

newschools

newschools

Public education:
Our most important business

THE PRESIDENT HAS SEEN
4-19-00

4-19-00
Burkhardt
for Reply

Saw you back
came to
airport
[illegible]

The University of New Mexico

www.unm.edu/~gpsa

Brian S. Colón, GPSA President

(505) 277-3803
email: colonbr@unm.edu

University of New Mexico
Room 200, Student Union Bldg.
Albuquerque, NM 87131-2016

Graduate and Professional
STUDENT ASSOCIATION

President
Clinton,
It was a pleasure
meeting you in '88 @ Boys NATION '87
N.M. State Dem. Conv.
Today, it was
a great honor.
Thank you,

03-14-00 07:05pm From-BRILL MEDIA VENTURES 2123326340 T-70?

LISEL—
AS DISCUSSED.
THX.
(B)

TO DAN B:
SANDY HAS ASKED
FOR STANDARD
REPLY TO EMILY BRILL;
~~IF POTUS HAS RELATIONSHIP~~
~~WITH HIM~~, SHOULD DO
(BC SIG).
(W)
4·19·00
EMILY BRILL
C/O STEVE BRILL
ADDRESS

STEVEN BRILL
CHAIRMAN AND EDITOR-IN-CHIEF

1230 AVENUE OF THE AMERICAS
SIXTEENTH FLOOR
NEW YORK NEW YORK 10020
T 212 332 6301 F 212 332 6340
SB@BRILLSCONTENT.COM

Hon. William Clinton
The White House
Washington, D.C. 20500

Dear Mr. President:

Two years ago after the dinner party at Renaissance the night before New Year's Eve, you may recall that you got into an animated, one-on-one, half-hour discussion with my daughter Emily about affirmative action.

As you can see from the attached, you made quite an impression on her; it's an article she wrote for her newspaper at Deerfield Academy (where she's a sophomore) about your presidency.

At least someone in our family can write something supporting you without Tim Russert going nuts.

Best regards.

Sincerely,

Steve

More than a speech

by Emily Brill
Guest Reporter

On the evening of Thursday, January 27, President Clinton delivered his final State of the Union Address to a nation that—just seven years before—would have assumed he was trying out material for a Jay Leno monologue had he mentioned a budget surplus. The Address was a culmination of seven extraordinary years of leadership that history will recognize far more than we do today. It was no surprise then, that the President's speech conveyed almost unbounded optimism and a strong sense of accomplishment. The America that elected Bill Clinton to office in 1992 needed a leader who could fix an economy that the Bush Administration's fiscal incompetence had driven to a standstill. Seven years later, we found ourselves listening to a president who could boast, accurately, that America continues to enjoy what has been the single longest period of economic growth in its history.

But an unparalleled economy was hardly the only accomplishment that he discussed in his speech; the President also spoke of a 20% decrease in crime, a 50% decrease in the number of those in need of welfare, a 30% increase in adoption, and a decrease in teen births for the seventh year in a row. There is no question that today, as we begin the new millennium, America is, as President Clinton said in his opening remarks, "better than it has ever been."

Put differently, we hired a CEO who promised peace, a better economy, and effective attacks on our major societal problems—and he's produced results. The bad news is that we're firing that CEO because the constitution says we have to. And the worse news is that none of the men trying to replace him seem likely to be as willing or able as he was to keep tackling our problems. Indeed, this year's State of the Union Address was also a reflection of an America in which there are four major contenders in this year's presidential race, and each seems, in his own way, not likely to pick up where President Clinton will leave off.

There are still a number of serious problems that need to be solved, as reflected by the ambitious legislative objectives that the President laid out. Some of the top priorities after saving social security that he listed included passing a patient's bill of rights, new gun safety laws, and a minimum wage increase. Yet the chances of any such legislation getting passed are not good, because heavy partisanship on Capitol Hill is still so likely—especially in the absence of strong leadership in the White House—to trump the nation's need and the people's clear desire to deal with our problems. On the Republican side, the focus remains locked on a gigantic tax cut, even though every national poll says that the people would rather that we deal with the issues that a smaller tax cut could address. True, John McCain offers a great platform on one important issue—campaign finance reform—but even here his deeds have not matched his words. Besides, his broader view of the world on issues ranging from foreign policy to social security offers none of the same fresh, gutsy approach. And on the Democratic side, there seems to be competition only to say the most to please and do the least to offend the various groups and special interests that have always supported the party.

President Clinton had lots of faults and made lots of mistakes, but what transcended them on the night of the State of the Union, and during most of the days of his presidency, was a willingness to get deeply engaged in all of the toughest issues our country faces- a willingness to master the facts and, whether the issue was the budget deficit or Northern Ireland, to spend the political capital to stretch the limits of what had been achieved before. That's really what that State of the Union Speech was all about. And no one running to replace him seems likely to be inclined to give that kind of speech and go to the office every day with that kind of determination.

Political correctness is just not correct

by Mike Gilbane
Guest Writer

The school's climate is presently one in which both students and teachers have said that they feel unsafe; they are afraid to speak their minds. Many attribute this to the invasion of political has reached the point of absurdity. I read the course description for a class at the University of Colorado and I thought it struck directly at the core of the PC problem. In his course intro sheet the instructor said, "While it is incumbent upon us all to avoid the use of terms that imply prejudice, racism or sexism of any separation is something that we must rally together to ward off.

Many people feel that the closest parallel to these PC times was the inquisition days of the McCarthy era. Ralph Heller, a Senior Research Fellow at the Nevada Policy Research Institute says that in this "politically correct age

4-19-00
TO NSC
~~FOR REPLY~~
to handle

'00 APR 19 AM 9:10

Ev. Nkuba L. E. S.
Box 12281,
Dar es Salaam.

PHONE: 0811 – 619349,
FAX: 051 172856
E-mail: Nkubales@gpo.posta africaonline.com.

NN/LE/BN/00/007/2000

26th March, 2000

American Embassy,
Dar es Salaam.
Tanzania.

Dear Honourable,

I do come to you to seek a channel of addressing my request to His Excellency the President of America, Bill Clinton.

I do hope my bunch of letter will be mailed to America through your Embassy.

I do thank you for your consideration.

Yours Sincerely,

Evangelist Nkuba Lucas Emmanuel.

Ev. Nkuba L. E. S.
Box 12281,
Dar es Salaam.

PHONE: 0811 – 619349,
FAX: 051 172856
E-mail: Nkubales@gpo.posta africaonline.com.

NN/LE/BN/00/007/2000

26th March, 2000

Mr. Bill Clinton,
C/o American Embassy,
Dar es Salaam.
Tanzania.

RE: SPONSORSHIP.

With Revenue I do come to beseech a sponsorship to pursue my studies (Theological Training) in Nicholas Bhegu Bible college in South Africa.

I am a servant of God, serving end time Ministries International, as Evangelist of the Gospel of Jesus Christ.

Due to the lack of finance the church can afford my school financial requirements, thus I do plead you to meet my studies financially.

You will find enclose, His Excellency, the following items.

1. Letter of Acceptance.
2. Church Recommendation.
3. Financial statement.
4. Copy of Registration.

His Excellency, your consideration will be highly appreciated.

Sincerely Yours,

EV. NKUBA LUCAS EMMANUEL.

FINANCIAL STATEMENT.

1. FEE and Boarding R 3, 500-00x3 years = R 10, 500
2. STUDENT PERMIT: US 680 –00
3. AIR TICKET (BRITISH WAYS): 1050-00

TOTAL = $ 1730 – 00
= SR 10,500 – 00 = 1737 $ = 3467

FROM

NICHOLAS BHENGU THEOLOGICAL COLLEGE

P.O. Box 623
Henley on Klip
1962
South Africa

Tel: 016 661081 (O)
661060 (H)
661496 (F)

I have tried to fax this to you twice - but there seems to be a problem with your machine - so I'm posting it to you. I trust that you receive it safely.

FOR ATTENTION OF:-

EV.NKUBA L.E.S.

FAX No. 09255-51-172856

Box 12281 DAR-ES-SALAAM.

15.02.2000

DEAR BROTHER,

WARM GREETINGS IN JESUS.

THANK YOU FOR YOUR FAX DATED 05.02.00 WHICH WE RECEIVED TODAY. WE ARE SORRY TO HEAR OF THE PROBLEMS YOU HAVE ENCOUNTERED THESE LAST FEW MONTHS, BUT REJOICE WITH YOU THAT YOUR WIFE AND YOUR SPONSOR ARE NOW RESTORED.

OUR FIRST TERM FINISHES ON MARCH 16TH, SO THERE IS NO POINT IN YOU ARRIVING HERE IN MARCH. THE SECOND TERM BEGINS ON APRIL 26TH AND WE WILL BE HAPPY TO HAVE YOU ARRIVE ON EITHER THE 25TH OR 26TH. THIS IS JUST AFTER EASTER. ARRANGEMENTS WILL BE MADE FOR YOU TO COMPLETE THE FIRST TERM'S WORK AT A LATER DATE.

WE LOOK FORWARD TO HEARING FROM YOU CONFIRMING YOUR DATE AND TIME OF ARRIVAL. IF YOU CAN ARRANGE TO GET TO EITHER VEREENIGING OR MEYERTON STATIONS, YOU MAY PHONE US FROM THERE AND WE WILL COME TO COLLECT YOU.

THANK YOU FOR THE NEWS OF PASTOR MWENE AND HIS FAMILY, PLEASE GIVE THEM OUR GREETINGS.

YOURS VERY SINCERELY IN CHRIST JESUS.

G.O. Kirby.

MRS G.O.KIRBY. REGISTRAR.

Ev. Nkuba L.E.S.
Box 12281
DAR ES SALAAM

PHONE: 0811-619349
FAX: 051-172856
Email -Nkubales@gpo.posta africa online.Com

05:02:2000

The Registrar,
N.B.T.C,
Box 623,
HANLEY ON KLIP,
1962
SOUTH AFRICA

FAX: ~~016~~661081

RE: POSTPONEMENT OF COURSE ATTENDANCE AT A GIVEN TIME

Dear Sir,

I greet you in the name of Jesus, the above heading refers.

I am hereby inform you that I will not be in a position to attend the course at the scheduled time because of the following reasons.

1. In the time I prepared myself for journey to S.A. for the same, my wife felt in sick and was admitted in the Hospital where she was undergone abdominal operation but I praise lord now because my wife's health is improving.

2. The person I expected to sponsor me Mr. Scott Haaland (American Missionary) got an accident (aircraft accident). But he survived. So will you please spare the vacancy for me for the month of March 2000 as I am still interested to attend the course - and I am very sorry for any inconveniences which accured due to my failure of attendance on time.

NB: Pastor Mwene and his family are still well.

Yours in the name of Jesus.

EV. NKUBA L.E.S.

NICHOLAS BHENGU THEOLOGICAL COLLEGE

To:-

Evangelist L.E.S.Nkuba
P.O.Box 12281
DAR ES SALAAM
Tanzania.

Po Box 623
Henley on Klip
1962
Tel/Fax 016 661081

**Student Phone:-
016 66 0186**

LETTER OF ACCEPTANCE.

Dear. Brother. Nkuba, ...   12.11.99

Greetings to you in the name of our Lord and Saviour Jesus Christ.

I am happy to inform you that you have been granted a place at N.B.T.C. Please arrive on Campus for registration on Monday January 12th 2000 ..... Kindly report to the Registrar's office on arrival.

TRAVEL DIRECTIONS: see attached map.

WHAT TO BRING:

Clothing. Please note that Henley-on-Klip is very cold in winter and very hot in summer. You will need suitable clothing for classroom, church, work periods and sports.

Bedding: Mattresses and pillows are provided by the College. You need to bring blankets, sheets, pillow cases and extra pillows if you need them.

Toiletries: Towels, soap, razor, tooth-brush and paste, deodorant etc.

Study materials: An English Bible (preferably N.I.V.) and also a Bible in your own language. If you have a Concordance, commentaries or a Bible dictionary please bring them, though we have several in the College library, it will make your own studies easier to have your own. An own language/English dictionary will also be useful. You need to provide your own writing materials (pen, paper, files, ruler etc.) However, these may be purchased at the College.

General: You are responsible for your personal laundry, therefore we suggest that you bring an electric iron. You may also bring a radio, tape recorder, musical instrument etc if you wish.

Medicines: If you are taking medication, please make sure you have a good supply of the necessary medicines with you. If you will require more while at the College, make sure you have a prescription from your doctor before you leave home.

Pocket money: Make sure you have enough money to cover personal expences. Remember you will need to buy toiletries, stationary, books. You will need money for telephone calls, medical expences and travel. It is College policy that staff members may not make loans to students. The College will only consider granting students a loan in very exceptional circumstances.

We look forward to seeing you at N.B.T.C. May the Lord bless you as you prepare to join us.

Yours very sincerely in Christ,

G. O. Kirby

Mrs G.O.Kirby. Registrar.

Y

TEMPORARY STUDY PERMIT APPLICATION

PLEASE READ THE IMPORTANT INSTRUCTIONS ON BI-159 AND BI159F CAREFULLY BEFORE COMPLETING THE ATTACHED FORMS:

1. **THE PRESCRIBED NON-REFUNDABLE FEE OF USD170 (TERTIARY EDUCATION) OR USD100 (PRIMARY AND SECONDARY EDUCATION) TO BE SUBMITTED IN RESPECT OF ALL APPLICATIONS.**

2. Application forms must be completed in black ink.

3. Please complete all the questions on the application forms. Failure to do so may delay the processing of your application. **NB: BOOKINGS ARE NOT TO BE MADE PRIOR TO OUTCOME OF APPLICATION BEING NOTIFIED.** Applications to be submitted **14 days** prior to departure.

4. All applications **MUST** be submitted together with documents requested therein as well as:-

   a) details of accommodation arrangements;

   b) proof of your financial support whilst studying and financial means to pay for the tuition involved;

   c) the outcome of the application **must** be awaited outside South Africa;

   d) a cash deposit of USD510 (10 = bank charges) (application for refund can be made after departure from South Africa subject to compliance with the orignal conditions of issue);

   e) particulars regarding medical cover;

   f) Letter of registration of foreign student for the year;

   g) passport(s) (valid for a minumum of one year);

   h) undertaking that you will leave the Republic on completion of your studies;

   PLEASE NOTE THAT LEGIBLE FAXED COPIES ARE ACCEPTED

   i) ....

   ....

5. Please note that this is not an application for permanent residence.

6. Please submit the completed application forms and supporting documents to:

   South African High Commission, DAR ES SALAAM

USD 680

4-19-00

'00 APR 14 AM8:45

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

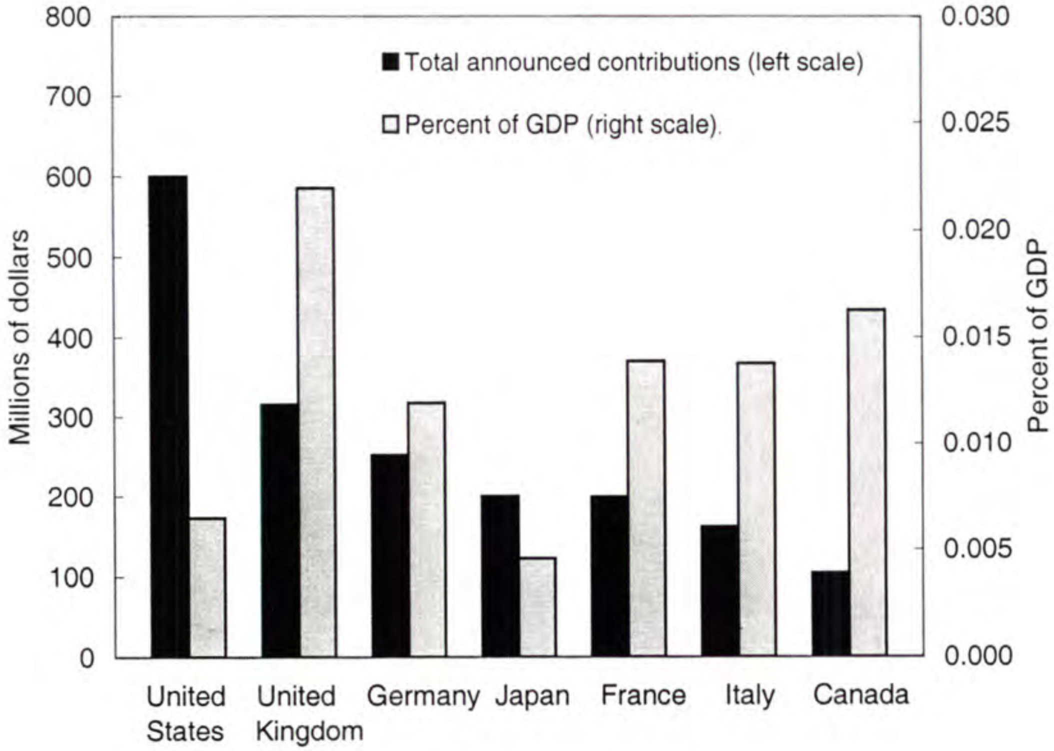
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

April 14, 2000

Copied
Bailey
Sperling
Reed
Podesta

CHART OF THE WEEK

G-7 Announced Contributions to HIPC Trust Fund



The Heavily Indebted Poor Countries (HIPC) Trust Fund is seeking $3.6 billion of external support for regional multinational development banks that are unable to pay their share of the $28 billion enhanced HIPC Initiative. Thus far $329 million in contributions have been received from 16 countries, and 26 countries have pledged almost $2 billion more. The largest donors to the Trust Fund are the G-7 and the Netherlands. Some countries have conditioned pledges or additional new funding on a U.S. contribution.

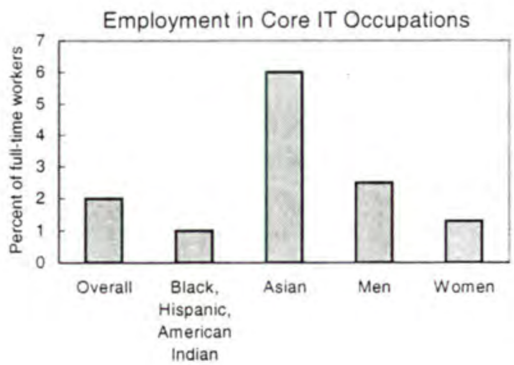
CONTENTS

MY CENSUS FORM?... IT DIDN'T SAY ANYTHING ABOUT WINNING MILLIONS OF DOLLARS SO I THREW IT OUT.
CENSUS 2000

SPECIAL ANALYSIS

The Digital Divide in IT Employment

Employment in core information technology (IT) jobs such as computer systems analysts, computer scientists, and computer programmers has doubled over the last decade, reaching 2.2 million workers in 1999. The CEA estimates that median wages are about 80 percent higher than in the non-IT sector. An expanding and well-paid field, IT can offer substantial opportunity for those with appropriate skills. But employment patterns by race/ethnicity and gender reveal another facet of the digital divide.



Minority and female representation. CEA calculations find that employment in core IT occupations represents about 2 percent of the full-time workforce (see chart). For whites, the percentage is slightly higher, while only about 1 percent of African Americans and less than 1 percent of Hispanics hold core IT jobs. Women are only half as likely as men to be employed in these occupations.

Educational attainment. Two-thirds of full-time core IT workers have a bachelor's degree or more, hence differences in educational attainment might help explain these differences in IT employment. For African Americans with a bachelor's degree who work full time, there is no employment gap: the proportion of such workers in core IT occupations is about 4¼ percent, the same as that of comparable non-Hispanic whites. In contrast, even among those with BA/BS degrees, Asians are still about three times as likely to work in IT as non-Hispanic whites. Women with a bachelor's degree are employed at half the rate as men with bachelor's degrees. Evidence for Hispanics is mixed, but having a bachelor's degree does not appear to eliminate the IT employment gap.

What's your major? About two-thirds of core IT workers with a bachelor's degree have a science, mathematics, or engineering background. Thus, the choice of major is a key determinant of subsequent IT employment. Data from a National Science Foundation survey of college graduates indicate that African Americans and Hispanics earn degrees in science and engineering at the same rate as whites. Thus, their low representation in IT employment would seem to reflect lower rates of college attendance, not choice of major once in college. The situation is different for women, who earn more than half of all bachelor's degrees but are much less likely than men to graduate with science or engineering degrees.

Earnings. While much of the under-representation of minorities in core IT jobs appears to be related to educational differences, the variation in earnings in core

IT jobs is substantial even when education is held constant. Although small sample sizes in the available data make it difficult to reach definitive conclusions, African Americans with a bachelor's degree or greater appear to earn substantially less in IT jobs than other racial groups with the same educational attainment. Women, for whom there are more data, earn about 15 percent less than men in core IT occupations after controlling for education. These gender earnings differences exist even though age and hours of work are similar for men and women in core-IT jobs. Race and gender pay gaps may arise because women and African Americans are disproportionately represented in lower-paying sub-occupations.

Conclusion. Employment and earnings differences by race and gender in IT jobs reveal yet another dimension of the digital divide. While educational attainment and choice of major are key factors in explaining these differences, they do not tell the full story.

4-19-00

Send this article 2 pages to Gun/Bruce Sullivan

SPECIAL ANALYSIS

Guns and Teen Violence

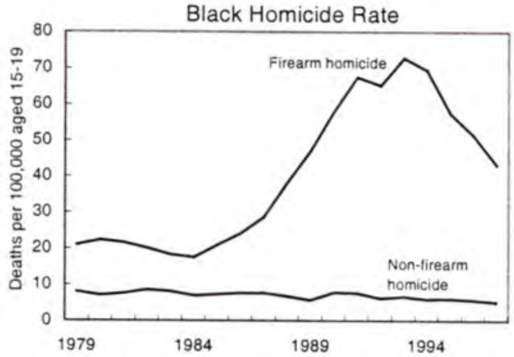
Recent trends showing declining teen suicide and homicide victimization are encouraging. Nevertheless, the harmful effects of the proliferation of guns in the mid-1980s remain evident. New evidence focused on African American teenagers is instructive.

The crack connection. Crack cocaine first arrived in large cities like Miami, Los Angeles, and New York around 1983. A large number of youth, especially African American teenagers, were drawn into the crack trade. After remaining fairly constant from 1975 through 1984, drug arrest rates among non-white juveniles more than doubled between 1985 and 1989. Social scientists have hypothesized that a distressing by-product of the rapid growth in crack trade was the dissemination of guns into the hands of many American teenagers, African Americans in particular. The nucleus of the diffusion process was gun possession by teens directly involved in drug markets, but possession became far broader as other teens acquired guns in reaction to this trend—for perceived self-protection or as a status symbol. (One 1993 study conducted in center-city schools found that 22 percent of students possessed guns, with 68 percent citing protection as the main reason.)

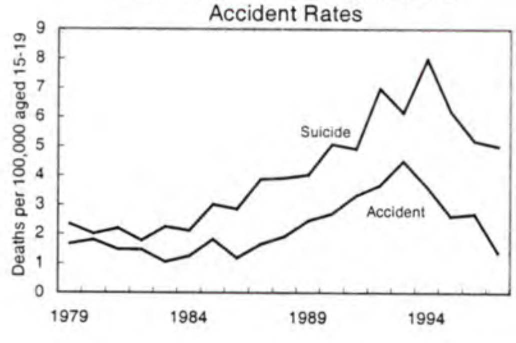
copied Sperling Reed

Gun homicide. The apparent increase in teenage gun possession in the mid-1980s has been suggested as a factor in several trends, the most disturbing of which is the rapid rise in deaths among African American teens due to gun homicide (see upper chart). There are two competing explanations for the sharp rise in homicides. First, the rise in gun possession may have directly increased the lethality of confrontations among teens. Second, there may simply have been an increase in teens' inclination toward violence. Indeed both factors may have been at work, but if the latter explanation were the predominant influence, we might expect to observe an increase in both gun and non-gun homicide. In fact, non-gun homicide victimization among African American teens remained roughly constant through the 1980s.

Black Homicide Rate



Black Firearm-Related Suicide and Accident Rates



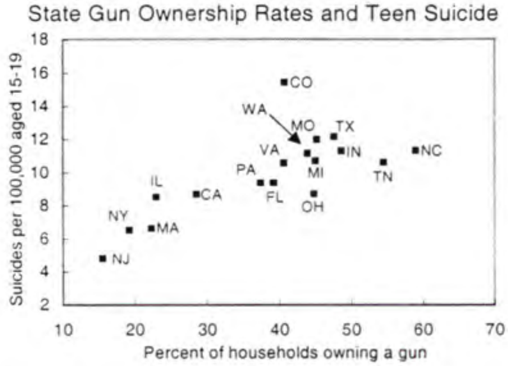
Fatal gun accidents. The underlying premise that more guns were finding their way into the hands of African American teens in the mid-1980s is

THE PRESIDENT HAS SEEN
4-19-00

supported by trends in deaths from gun accidents. The rate of fatal gun accidents was more than four times as high in 1993 as in 1983 (see lower chart on previous page).

Gun suicide. The proliferation of guns also likely played a key role in suicides among African American teens. While the rate of gun suicides increased rapidly in the mid-1980s, the non-gun suicide rate remained fairly constant for this group. The idea that gun access directly leads to increasing suicide is also supported by a cross-state analysis of suicide rates among teens generally. In states where more households have guns, overall teen suicide rates are much higher (see chart, which presents statistics for the 17 large states for which there are data). Importantly, this relationship holds because gun-related teenage suicide is higher in states with high gun ownership; non-gun teen suicides are not correlated with gun ownership. (These results are consistent with an earlier *Weekly Economic Briefing* analysis of overall suicide rates and guns.)

State Gun Ownership Rates and Teen Suicide



Some good news in the 1990s. The spread of guns among center-city youth in the mid-1980s was likely responsible for the disastrous increases in homicide, suicide and accidental death among African American teens. By the mid-1990s gun-related death rates were declining for this demographic group, perhaps because of a decline in the levels of gun possession by more recent cohorts of teenagers. However, gun homicide and suicide rates remain relatively high, presumably because a large stock of guns remains accessible to youth. Policies that are effective in reducing the gun possession by teens should reinforce the recent downward trend in teen mortality.

Gun Buybacks ~~Important~~ Need to do more

copied Sperling

ARTICLE

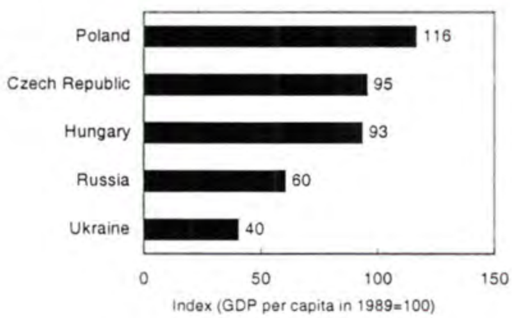
HAS SEEN
4-19-00

Poland: Lessons in Transition

Poland has been the most successful of the transition economies in moving from a centrally planned to a market economy. A recent study by a large consulting firm explores the reasons why and points to the economic challenge Poland still faces.

Adjustment and recovery after 1989. Real GDP per capita in Poland dropped by about 18 percent between 1989 and 1991 following the implementation of market reforms. Communist-era products and services found it difficult to pass the market test following liberalization, and government spending fell. Between 1992 and 1998, however, Polish real GDP per capita grew at around 6 percent per year, reaching a level 16 percent higher than in 1989. This success contrasts sharply with other major transition economies, which have not yet regained their 1989 level (see chart).

GDP per Capita in Transition Economies in 1998



Productivity and employment. Poland's turnaround mostly reflects solid productivity growth of 5 percent per year in real GDP per worker between 1992 and 1998. Employment, by contrast, has yet to recover fully from a sharp setback following liberalization. Though down from its peak of 16 percent, the unemployment rate remains above 10 percent.

Growth in productivity resulted from increasing utilization of the industrial assets that continued to operate and from investment in new, more productive facilities. Foreign direct investment accounted for more than half of all private investment in 1998 and was crucial in boosting private investment from 5 percent of GDP in 1995 to 13 percent in 1998. Even this investment level is relatively modest, however, and the overall level of productivity remains low by advanced country standards (29 percent of the U.S. level in 1998).

Sound macroeconomic policies. In contrast to other transition economies, Poland followed sound monetary and fiscal policies. Following a surge after liberalization, inflation has gradually been brought under 10 percent. The public sector budget deficit was kept below 4 percent of GDP, which, along with strong economic growth and debt relief granted by foreign creditors, has cut the public debt-to-GDP ratio to around 50 percent.

Generally successful privatization. Poland established a successful framework for privatization and the process has been virtually completed in much of the economy. In the privatized markets, prices have been freed and competitive conditions apply. Poland has encouraged foreign investment and allowed foreign companies to purchase "key" domestic companies. This has brought in hard currency and both management and technological expertise. The successful, broad-based privatization, together with the sound macroeconomic policies, the study argues, account for Poland's strong performance relative to other transition economies.

In some sectors privatization has been delayed. In mining and steel, the government is trying to reach agreement on, and then put in place, specific restructuring programs, before selling the assets. In banking, telecom, utilities and airlines, privatization is waiting for the appropriate regulatory structures to be established. Other sectors of the economy have been privatized, but with "no layoff" provisions in force for a period of time.

Labor markets. Wage-setting institutions have evolved since 1990. Under the new system, wage bargaining takes place mainly at the firm level, under a nationwide ceiling for increases set by a commission made up of state, employer, and union representatives. Minimum wage rates are negotiated by the same three groups, and the study expressed concern that rising real minimum wages together with large payroll taxes could soon have adverse employment effects in sectors such as retail and apparel, although this has not been a serious problem so far.

Promoting competition. Although the government opened markets in much of the economy, the study identifies areas where more needs to be done. For example, 40 percent of urban dwellings are sheltered from market forces by direct and indirect subsidies. These are not allocated according to need or income and their effect is to discourage new residential housing construction. In addition, the structure of property taxes discourages local governments and private landowners from making land available for either residential or commercial development.

The challenge. Poland illustrates the dilemma faced by transition economies. Rapid liberalization, privatization, and the opening of international trade encourage efficiency, but they also force large structural adjustments. Productivity rises rapidly, but employment falls or rises only slowly, leading to unemployment or rising employment in subsistence activities. In 1997, for example, Poland had between 44 and 50 percent of its workforce (depending on data source) in agriculture and manufacturing, with a high potential for job loss in the unproductive parts of these sectors. Slowing the pace of adjustment can make sense, in order to allow new jobs to grow fast enough to absorb the job losers. But this also slows the creation of a full market economy.

THE PRESIDENT HAS SEEN
4-19-00

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Working Together: Welfare and Workforce Development. A recent study by the Urban Institute finds that establishing closer links between welfare offices and workforce development systems (including JTPA/WIA agencies, community colleges, one-stop career centers, and private employment and training contractors) can benefit TANF recipients. Coordination and integration among these groups, it finds, allows for referrals to a wider range of services, improved case management, and the convenience of co-location. The study notes that creative approaches to assisting TANF recipients find work, including these partnerships, are being spawned by a greater availability of resources per client, the need to address multiple barriers faced by those still on the rolls, and the rapid expansion of computer technology and computer-based labor market information. In light of the tight labor market, which is increasing employer involvement, the study concludes that the current environment offers unprecedented opportunities for partnerships to help welfare clients move successfully to work.

Teacher Quality and Students' Future Earnings. Longitudinal data on the impact of teacher quality on subsequent earnings of students is relatively limited. But a new study has combined data from a Wisconsin survey of 1957 high school graduates with information about the characteristics of the school districts from which they graduated. In particular, the study found a significant relationship between a set of education and experience characteristics of high school teachers and the future earnings of male graduates 17 years later, when they were in their mid-30s. Using average teacher salary as a proxy for these characteristics and controlling for family education and income, the study found that a 1 percent increase in average teacher salary increased students' future earnings by 0.3 percent. This is over 80 times larger than the estimated effect of a comparable increase in family income.

Why Do Larger Banks Charge Higher ATM Fees? Surveys have shown that large banks charge higher ATM fees than do smaller banks. To some extent at least, these fees reflect the higher costs to the bank and greater convenience to their customers of deploying a larger network of ATMs, according to a recent study. In particular, the study found that differences in the fees that banks charge their own customers for using another bank's ATM are due to differences in cost and convenience. However, larger banks charge non-customers more for using their machines, even after controlling for the greater convenience and higher costs associated with deploying and operating a larger number of machines. This fee structure gives customers an incentive to open accounts at larger institutions with more ATMs, putting competitive pressure on middle-tier banks operating in the same market. Despite the evidence that large banks impose higher fees, the study questions the economic wisdom of bans on ATM charges. Customers can, and for the most part do, avoid paying ATM surcharges by finding machines that do not impose them; bans would limit consumer choice and probably slow the deployment of ATMs; and banks would have to find other, possibly more inefficient ways of financing ATM services.

INTERNATIONAL ROUNDUP

IMF Expects Higher World Economic Growth. World output will grow 4.2 percent in 2000, according to the IMF's latest *World Economic Outlook*. This is 0.8 percentage point higher than in the IMF's October forecast and would mark a significant increase over growth rates of 3.3 percent in 1999 and 2.5 percent in 1998. Despite its optimistic forecast, the IMF points to a number of imbalances that have been building in the world economy, noting that the large U.S. current account deficit combined with persistent surpluses in Japan and the euro area are unlikely to be sustainable. The IMF argues that the large capital inflows into the United States have made the dollar too strong relative to the euro given medium-term fundamentals, which creates the risk of disruptive exchange rate adjustments if market sentiment changes suddenly. The report cautions that world stock markets may be overvalued, due in part to the ample growth in liquidity over the last few years needed to overcome the effects of financial crises in Asia, Russia, and Latin America. In order to secure a transition to a sustainable pattern of global growth, the IMF stresses the need to contain excess demand pressures in the United States while promoting durable expansions in the EU and Japan.

Japan Extends Debt Relief Program. This week, Japan became the latest G-7 country to cancel all non-official development assistance (non-ODA) loans for eligible heavily indebted poor countries (HIPCs). Japan also pledged an additional $190 million to the HIPC Trust Fund (on top of the $10 million it has already contributed) and promised further provision of bilateral grant assistance. As part of the 1999 enhanced HIPC Initiative, the G-7 agreed to forgive 100 percent of ODA debts and 90 percent or more of their non-ODA claims, which include trade insurance and loans made by export-import banks, for eligible HIPC countries. Several G-7 countries have since expressed their intention to waive 100 percent of their non-ODA claims as well. As Japan is one of the largest HIPC donors, with over $10 billion of loans to the 40 HIPC countries, some see Japan's decision to follow suit as critical to the success of the HIPC Initiative.

FDI Promotes Growth in China. A recent OECD study finds that differences in rates of foreign direct investment (FDI) are particularly important in explaining differences in growth rates across Chinese provinces since the mid-1980s. These results help explain why coastal regions of China have grown much faster than central or western regions, since they have attracted the lion's share of foreign investment (88 percent in 1996, for example). The positive effect of FDI on growth is stronger when the average level of schooling of the population is higher, suggesting that FDI and education are complementary. Interestingly, the study finds that differences in export growth have little *direct* impact on differences in output growth rates. Instead, openness to trade contributes to output growth primarily by helping attract FDI. In addition, FDI is higher in provinces with high incomes, high growth rates, and better transportation infrastructure. The study recommends that to achieve more balanced growth, China should encourage FDI in the inland provinces by introducing preferential measures to attract FDI, providing better infrastructure, and improving education.

RELEASES THIS WEEK

Industrial Production and Capacity Utilization
****Embargoed until 9:15 a.m., Friday, April 14, 2000****

The Federal Reserve's index of industrial production increased 0.3 percent in March. Capacity utilization fell 0.1 percentage point to 81.4 percent.

Consumer Price Index
****Embargoed until 8:30 a.m., Friday, April 14, 2000****

The consumer price index rose 0.7 percent in March. Excluding food and energy, consumer prices rose 0.4 percent.

Producer Price Index

The producer price index for finished goods rose 1.0 percent in March. Excluding food and energy, producer prices rose 0.1 percent.

Retail Sales

Advance estimates show that retail sales increased 0.4 percent in March following an increase of 1.8 percent in February. Excluding sales in the automotive group, retail sales rose 1.4 percent following an increase of 1.8 percent.

MAJOR RELEASES NEXT WEEK

Housing Starts (Tuesday)
U.S. International Trade in Goods and Services (Wednesday)

U.S. ECONOMIC STATISTICS

	1970-1993	1999	1999:2	1999:3	1999:4
Percent growth (annual rate)					
Real GDP (chain-type)	2.9	4.6	1.9	5.7	7.3
GDP chain-type price index	5.2	1.6	1.3	1.1	2.0
Nonfarm business (NFB) sector:					
Productivity (chain-type)	1.7	3.6	0.6	5.0	6.4
Real compensation per hour:					
Using CPI	1.0	1.7	1.4	2.1	0.8
Using NFB deflator	1.5	3.0	2.9	4.0	2.1
Shares of Nominal GDP (percent)					
Business fixed investment	11.4	12.6	12.6	12.7	12.5
Residential investment	4.5	4.4	4.5	4.4	4.4
Exports	8.2	10.8	10.7	10.8	10.9
Imports	9.2	13.5	13.4	13.8	14.0
Personal saving	6.6	1.7	1.8	1.5	1.3
Federal surplus	-2.8	1.2	1.3	1.4	1.2

	1970-1993	1999	January 2000	February 2000	March 2000
Unemployment Rate (percent)	6.7**	4.2**	4.0	4.1	4.1
Payroll employment (thousands)					
increase per month			394	7	416
increase since Jan. 1993					21213
Inflation (percent per period)					
CPI	5.8	2.7	0.2	0.5	**0.7**
PPI-Finished goods	5.0	3.0	0.0	1.0	**1.0**

**Figures beginning 1994 are not comparable with earlier data.

New or revised data in **boldface**.
CPI data **embargoed until 8:30 a.m., Friday, April 14, 2000**.

FINANCIAL STATISTICS

	1998	1999	February 2000	March 2000	April 13, 2000
Dow-Jones Industrial Average	8626	10465	10542	10483	10924
Interest Rates (percent per annum)					
3-month T-bill	4.78	4.64	5.55	5.69	5.65
10-year T-bond	5.26	5.65	6.52	6.26	5.94
Mortgage rate, 30-year fixed	6.94	7.43	8.33	8.24	8.12
Prime rate	8.35	8.00	8.73	8.83	9.00

INTERNATIONAL STATISTICS

Exchange Rates	Current level April 13, 2000	Percent Change from Week ago	Percent Change from Year ago
Euro (in U.S. dollars)	0.952	-0.6	-11.7
Yen (per U.S. dollar)	105.8	0.9	-11.9
Major currencies index (Mar. 1973=100) (trade-weighted value of the U.S. $)	95.99	0.7	1.0

International Comparisons [1/]	Real GDP growth (percent change last 4 quarters)	Unemployment rate (percent)	CPI inflation (percent change in index last 12 months)
United States	4.6 (Q4)	4.1 (Mar)	**3.7** (Mar)
Canada	4.7 (Q4)	6.8 (Feb)	2.7 (Feb)
Japan	0.0 (Q4)	4.9 (Feb)	-0.6 (Feb)
France	3.2 (Q4)	10.0 (Feb)	1.4 (Feb)
Germany	2.3 (Q4)	8.6 (Feb)	1.8 (Feb)
Italy	2.1 (Q4)	11.2 (Jan) [2/]	2.4 (Feb)
United Kingdom	3.0 (Q4)	5.9 (Dec)	2.3 (Feb)

U.S. CPI data **embargoed until 8:30 a.m., Friday, April 14, 2000.**

1/ For unemployment data, rates approximating U.S. concepts as calculated by the U.S. Department of Labor, Bureau of Labor Statistics, except as noted in footnote 2.

2/ Data from OECD standardized unemployment rates.

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4-19-00

Copied
Reed
Liu
Podesta

THE WHITE HOUSE

WASHINGTON

April 14, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

1. Guns – Smith & Wesson Agreement. Several weeks ago, Smith & Wesson posted a "clarification" document on their website that offers a narrow – and incorrect – interpretation of our agreement with them. As you know, the document gained attention this week when some in the press characterized it as a major retreat from the deal. In response HUD, Treasury, and Smith & Wesson yesterday released a joint statement reaffirming that the company is fully committed to meeting the terms of the pact. Our public approach thus far has been to emphasize that the terms are clear and speak for themselves, but also to downplay the appearance of a rift. We have pointed out that the company is coming under intense pressure from the industry simply for doing the right thing, that they will weather this storm, and that we are confident the agreement will stand and will be enforced as written.

2. Guns – New Hyde Compromise. On Wednesday, Chairman Hyde sent a letter asking you to support his latest gun compromise proposal. Unfortunately, the proposal is even weaker than one that Rep. Conyers rejected this fall; Conyers and Democratic leaders in both houses dismissed it as a ploy to create the appearance of good faith negotiation. The new Hyde proposal would weaken existing law and create new loopholes. In particular, it would: (1) limit the time for background checks from 72 to 24 hours when red flags are raised regarding felony indictments, some restraining orders and mental health records; (2) significantly weaken existing law on interstate shipment of firearms; (3) use a pinched definition of "gun show" that exempts events like urban flea markets; and (4) require the FBI to immediately destroy records from NICS background checks (instead of allowing the 180 days currently provided under law), thus limiting FBI's ability to guard against fraud and to help ensure enforcement of the Brady Law.

3. Guns – McCollum Project Exile Bill. This week, the House passed a bill (358-60) sponsored by Rep. McCollum that would create a national "Project Exile" grant program to provide $100 million over five years. Senator DeWine has introduced companion legislation. We did not oppose the bill, but instead argued that it does not go far enough to strengthen gun enforcement. The bill provides only modest resources ($10 million the first year, and nothing for federal prosecutors) and would cover only a maximum of seven states. By contrast, your $280 million National Gun Enforcement Initiative would provide a significant and immediate increase for federal, state and local gun enforcement, more tools to expand gun tracing and ballistics testing, and support for cities to replicate programs like Project Exile and Operation Ceasefire.

4. Health Care – Update on Patients' Bill of Rights. On Thursday, we met with Congressman Dingell and Senator Kennedy to discuss the disappointingly slow progress of the conference. We agreed to suggest to you the possibility of your hosting a meeting here with key conferees soon after the Easter recess to refocus public attention on the issue and to jump-start negotiations. On Friday, the conferees did reach agreement on the external appeals provisions of the legislation, thus clearing the way for serious discussion of the three major outstanding issues (scope of coverage, enforcement, and the potentially problematic tax and "access" provisions). While we are pleased with this development, we want to avoid overstating its importance so that we can keep the focus on the unresolved issues.

5. Health Care – Medicare Prescription Drugs. As you know, the House Republican leadership unveiled their prescription drug benefit this week. While they provided few details, it is clear they are choosing a private insurance, drug-only approach that is severely flawed. For one thing, insurers tell us privately that they would not participate in the GOP plan because of their concerns over adverse selection. As a consequence, the Republicans cannot even ensure that there would be a benefit for all beneficiaries. Moreover, the plan's absence of direct premium assistance for individuals with annual incomes over $12,600 (150 percent of poverty) would almost certainly result in excessively high premiums. With one notable exception (AARP), the advocacy community has blasted the proposal as a phantom benefit. Democrats are united in opposition. The House Democratic leadership plans to further amplify their strong support for a Medicare drug benefit – and their criticism of the Republican proposal – in an event with you on April 26th that will be coordinated with Democratic events across the country.

6. Education – New York Summer School. You asked recently about the controversy surrounding New York City's summer school programs. There are two related issues: the first involves teacher salaries; the second, space in the programs. Mayor Giuliani has pitted himself against the United Federation of Teachers over salaries for summer school teachers. The UFT is insisting on higher base pay and signing bonuses of $1,000-$1,500 for all participating teachers, while Giuliani wants to institute merit pay of $750 to $2,500 based on student achievement. The UFT is unwilling to embrace merit pay and has taken a hard line as it prepares to renegotiate its contract, which expires in November. Interim Schools Chancellor Harold Levy, who has tried to mediate this dispute, also announced last week that he was cutting summer school enrollment from 322,000 students to 250,000 students because he could not recruit enough teachers. This means summer school would be available only for students who are to be held back a grade, and not for other students at risk of failing or who simply want to take an additional course.

7. Education – ESEA Activity. As you know, the House Education and Workforce Committee finished work on the remaining parts of the Elementary and Secondary Education Act they must reauthorize. The bill block grants after-school, Safe and Drug-Free Schools and technology programs, and it includes an ill-conceived initiative to allow districts to transfer funds between ESEA programs with no accountability. The bill also fails to include your proposal help states and communities modernize their schools. Meanwhile, Senator Lieberman held an unofficial "hearing" this week on his education bill, exacerbating tensions among Democratic senators. The Senate ESEA bill is expected on the floor the first week of May.

8. Education – Department of Education and Governor Bush. You asked about the congressional inquiry into a report at the Department of Education examining student achievement gains in Texas. On March 28, in an article examining Governor Bush's education record, the Baltimore Sun mentioned the existence of a Department of Education "analysis" of the test scores in Texas, which was negative and written under a pseudonym. Because the article was generally critical of Texas, the Vice President's campaign faxed it to reporters, bringing the existence of the alleged report to the attention of a wider audience. Initially, the Department denied the existence of the report. After some investigation, they determined that it did indeed exist but had been drafted by a researcher there, on personal time and without using any departmental resources. Thus while the situation is potentially a source of political attacks, no laws were broken. The researcher who drafted the report apparently has plans to publish it in an academic journal, which may well bring the controversy to the fore again.

9. Welfare – TANF Spending Report. State fiscal reports compiled by HHS show that for FY 1999, state spending increased slightly over FY 1998 even as caseloads continued to decline. Overall, states spent or obligated 94 percent of their combined FY 1997-1999 federal and state MOE funds, leaving $2.85 billion unobligated. Though the absolute level of unobligated funds is comparable to last year's, we have not yet seen a repeat of last year's congressional attempts to raid the balances. As we would hope, spending on cash assistance has declined while spending on work activities and child care has increased. While it appears that some states are beginning to make significant investments to help people go to work and succeed on the job, it is too early to discern the full impact of the flexibility provided in your final TANF rule from last April. We will continue to urge states to invest in child care, transportation, job retention, and responsible fatherhood services. HHS has also provided us the latest welfare caseload data (through September 1999) showing that welfare rolls continue to drop nationally, with 37 states experiencing caseload declines over the last quarter. We will find an opportunity for you to announce the caseload data along with several related actions.

Let's Do This Soon

10. Youth Violence – National Campaign Board Meeting. This week the National Campaign launched its City–by-City tour in Memphis, culminating with a town hall aired live on Discovery (you taped a video). Next Tuesday, Jeff Bleich will be appearing on the Today show with several of his Board members. Jeff will discuss new commitments by Board members, unveil two new PSAs, and announce an agreement by the broadcast networks, several cable channels, and AOL to form an advisory council to evaluate what the media can do to reduce violence. Following the Today appearance, the Campaign Board will have its first in-person meeting; we are working with Scheduling to find a time slot for you to call into the meeting. The Campaign has worked hard to secure the Board commitments and private sector investment, and your call could help push them to do even more.

11. Civil Rights – Religious Liberty Protection Act (RLPA). On Thursday, we joined with Public Liaison and the Counsel's Office to discuss RLPA with a number of local government groups (the National Association of Counties, National League of Cities, U.S. Conference of Mayors, and the National Association of Towns). These groups are opposed to RLPA because they view it as usurping local governments' authority, particularly in zoning. We suggested ways to address their concerns, but they were not interested in fixing the bill. Rather, their goal is to prevent the bill from coming to the floor at all. Senator Lott, meanwhile, has retreated from his earlier pledge to bring RLPA to a vote before the Easter recess, and there appears to be no date set for further action.

THE PRESIDENT HAS SEEN
4-19-00

'00 APR 14 PM 7:01

THE WHITE HOUSE

WASHINGTON

copied
Ballentine
Podesta
Burkhardt
for Reply

April 14, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: ROGER BALLENTINE

RE: OFFICE OF ENVIRONMENTAL INITIATIVES WEEKLY

Climate Change

Press, Science and Industry

Three large U.S. corporations announced that they have become "Climate Neutral", as part of a program organized by the non-profit group the "Climate Neutral Network" (*4/12*). Shaklee, Interface and Saunders Hotels pledged to become climate "neutral" by reducing their emissions and investing in "offsets" to their emissions. Examples of their certified offsets include energy efficiency investments in schools in Portland, OR and solar rural electrification investments in Sri Lanka. "Clearly, we believe the dialogue on global climate change must move from conversation to demonstration . . . [o]ur actions must speak as loudly as our words," affirmed Robert Schults, President and CEO of Shaklee.

Suggest we do letters to CEOs of these 3

Outbreaks of dengue fever will continue to increase across the Americas in the 21st century -- and spread in range because of global warming--unless governments take action, according to a report issued by the Ninth International Congress on Infectious Diseases *(4/12)*. Warmer temperatures will increase the range of the dengue-carrying *Aedes Aegypti* mosquito and thus the disease, the panel said. The U.S. Centers for Disease Control reported the number of cases of dengue fever worldwide doubled from about 364,000 in 1998 to more than 741,000 in 1999.

Legislative

Senator Sam Brownback (R-KS) is holding an April 20 press conference in Kansas to announce his introduction of two carbon sequestration bills. The first bill would establish a pilot domestic incentives program for carbon sequestration on agricultural lands (similar to the Conservation Reserve Program), as well as an international carbon sequestration crediting program. The second bill would go beyond awarding credits, and would give real financial benefits (*e.g.* tax credits) for international sequestration activities. Minority Leader Daschle (D-SD) is expected to be the lead cosponsor on one or both bills.

can we get ahead of this?

VIPs Meet Despite

Peaceful

rcycles charged into a
ad surged toward the
Police used pepper
what they said were
s to drive back the pro-
were convinced they'd
sed.

burning, numbness
mouth, eyes watering,
." said John Hamilton,
tims.

the protests that over-
ice and smashed win-
Seattle at trade meet-
t year, the weekend
ns were largely nonvi-

TRADE *on* PAGE A2

THE ASSOCIATED PRESS

SIT DOWN: A pair of global trade protesters sit in front of a police line as demonstrations continue in Washington, D.C., on Sunday.

Rural Net Pla

▪ *Clinton expected to unveil technology initiative during Navajo Nation visit today*

BY MICHAEL COLEMAN
Journal Politics Writer

Michael Bonner, a fifth-grade teache
Mesa Elementary School in Shiprock, h
problem he hopes Bill Clinton will help
solve when the president visits the Nav
Nation today.

Bonner said his school has 23 classro
and five Internet connections. He said

TOM UDALL
MEMBER OF CONGRESS

Compliments of your Local Congressman

TU

502 CANNON HOB
WASHINGTON, D.C. 20515
(202) 225-6190

REMEMBERING BATAAN

MATT BERNHARDT/FOR THE JOURNAL

the early-morning sunlight as participants start walking in the 26-mile Bataan Memorial Death March on Sunday.

Nearly 3,000 marchers from 34 states and three foreign countries converged on White Sands Missile Range at sunrise Sunday morning to participate in the 26-mile Bataan Memorial Death March.

The annual event commemorates the heroism of the World War II soldiers who were part of the 1942 Bataan Death March in the Philippines. About 10,000 soldiers died during the 10-day, 55-mile march.

Candidates Give Fund Info to Feds

Wilson Ahead in Raising Money for Congress Race

BY JOHN J. LUMPKIN
Journal Staff Writer

Republican Rep. Heather Wilson has raised almost $1 million for her re-election effort, according to campaign finance filings with the Federal Election Commission released Sunday.

Meanwhile, John Wertheim continues to lead the field of Democrats vying to unseat her, largely by virtue of his fund-raising last year.

His primary opponents, Sam Bregman and John Kelly, who entered the race well after Wertheim, made significant gains after just a few months of campaigning.

Late fine

Wilson's congressional campaign is fined for not reporting contributions on time A2

The FEC filings cover the candidates' fund-raising efforts from Jan. 1 to March 31.

Wilson, who is finishing her first full term representing New Mexico's Albuquerque-area 1st Congressional District, reported having $673,702 on hand on March 31. She has no campaign debt.

She also reported raising $210,458 during that period, including $139,933 from individuals and $61,500 from political action committees. The rest came from other campaigns and other sources.

She spent $88,299 during the reporting period. She has no opponent in the June 6 Republican primary.

The $210,458 is more than the total Wertheim, Bregman, Kelly and Bob Perls — the Democrat who dropped out of the primary two weeks ago — raised during the same period.

Since Jan. 1, 1999, Wilson has raised $942,810 in contributions, $20,000 from a multicandidate fund-raiser, and received another $13,074 in interest and similar sources. She has spent a net $307,890.

"I continue to feel humbled by the overwhelming support thousands of New Mexicans have shown for me and the work I'm doing as their representative," she said in a news release Sunday.

See **CONGRESS** *on* **PAGE A2**

roup Meets Despite Protest

THE ASSOCIATED PRESS

CROSSING THE LINE: Police round up protesters near the World Bank in Washington, D.C., on Sunday after the demonstrators crossed over a dividing fence.

they would be on a "liberal leave" policy, meaning they could stay home if they were willing to burn a vacation day.

Officials in Arlington County, Va., across the Potomac from Washington, declared a similar "liberal leave" policy for county employees.

Police in America's security-savvy capital sent buses under the cover of early-morning darkness Sunday to pick up world finance ministers at their hotels, and used circuitous routes and U-turns to get them to work.

But some VIPs were stranded: The finance ministers of France, Brazil, Portugal and Thailand were thwarted by the crowds and sat at the Watergate Hotel six hours after the meetings started, wondering what to do. They eventually made it to the spring meeting of the International Monetary Fund.

Police, who estimated as many as 10,000 protesters were on the streets, let demonstrators largely have their way outside the security zone.

Protest leaders estimated their crowds at more than 30,000.

Shan credited police with being relatively restrained, if suffocating in the size of their force. "Overall, they maintained their composure quite a bit," he said. "They have brutalized a few people without provocation."

While the numbers Sunday were far smaller, the security measures were not unlike those of the giant anti-war demonstrations of the 1960s and early 1970s.

President Nixon's White House was once ringed by city buses parked as a barricade against protesters; during the 1968 riots that followed the assassination of Martin Luther King Jr., troops set up machine-gun encampments on the steps of the Capitol.

The atmosphere was less tense than on Saturday, when police raided and closed the protest headquarters during the day and arrested more than 600 people in the evening.

About 20 people were arrested Sunday, police said. One police officer was hospitalized for back pain and another for heat exhaustion.

The protesters chanted, beat on plastic buckets and wore papier-mache puppet heads cast in the likeness of the leaders they hold in contempt.

It was all meant to disrupt the World Bank and IMF meetings being held Sunday and today.

ural Internet-Access Plan Raises Hopes

THE ASSOCIATED PRESS

LIMITED ACCESS: Altie Yazzie, 12, a student at Mesa Elementary in Shiprock, has one computer with Internet access in his classroom, and he and his classmates must share it. Yazzie's school is the only

sioner Gloria Tristani and others.

At a White House news conference on April 4, Clinton said the Internet offers an unprecedented opportunity to break the cycle of poverty that has plagued Native Americans.

"I believe that the computer and the Internet give us a chance to move more people out of poverty more quickly than at any time in all of human history," Clinton said. "But it won't happen by accident. We'll have to work to make it happen."

Clinton's visit to the Navajo Nation today will mark the second time a sitting president has visited Indian country since Franklin Delano Roosevelt's administration, according to the White House. Clinton made the first visit since Roosevelt when he visited

Congress Candidat Disclose Funding

from **PAGE A1**

Wertheim, an Albuquerque lawyer and the 1996 Democratic nominee in the 1st District, reported having $108,338 on hand on March 31 and $77,000 in debt.

He received only $6,680 in contributions between Jan. 1 and March 31, all of it from individuals. That augmented the $97,000 he raised from individuals last year.

He spent a net $33,392 and repaid $10,000 in loans during the reporting period.

Bregman, a lawyer and former Albuquerque city councilor, has $14,515 on hand and is owed $1,000 by a campaign employee. The campaign has no debt.

He started with $11,115 cash, left over from his exploratory committee in 1999. That committee raised $27,275 and spent $16,186, primarily on polling and consulting.

In 2000, he raised $48,549 from individuals and $500 from a electrical workers union. He spent $44,686.

Kelly has $118,068 on hand and $117,963 in debt, according to his report.

He received $52,243 in con tions from individuals and $ from PACs. He loaned his camp $100,000, and spent $39,215. source of the other $17,963 in d unclear.

Perls, who is no longer camp ing, repaid some $200,000 in per al loans he had made to his c paign, according to his report. also reported having $14,647 hand with $58,273 in debt, all to h self.

Wilson's potential Democra opponents have estimated that w ever wins the primary will need much as $1.5 million to defeat he

Recent attempts to gain the s had not exceeded $1 million in t spending until 1998, when Dem rat Phil Maloof spent $6.45 milli most of it his own money, and W son spent $2.5 million. Most of spending went for television ads

The totals were higher, in p because Wilson and Maloof fa off in two elections, a special vot replace the late Rep. Steve Sch R-N.M., followed by the reg election. Wilson won both.

Wilson Campaign Fined $15,00 For Late Contribution Reports

BY JOHN J. LUMPKIN
Journal Staff Writer

The Federal Election Commission has fined Rep. Heather Wilson's congressional campaign $15,000 for not reporting some contributions on time when she was running in a special election in 1998.

Wilson, a Republican, announced Sunday that her campaign paid the fine in January and that she did not contest it.

"There is no excuse for my campaign failing to properly file some contribution reports in the final weeks before the 1998 special election," she said in a statement. "We thought we were doing it right, but we weren't."

In the 10 days before and after the June 23, 1998, special election to replace the late Rep. Steve Schiff, candidates were required to file campaign finance reports with the FEC up to every 48 hours. Each report had to contain all the contributions to the campaign of $1,000 or more within the last two days.

Wilson spokesman Enrique Carlos Knell said Sunday that some those contributions weren't rep ed on time but instead were inc ed in a final report prepared by son's campaign later.

FEC auditors noticed the disc ancy and fined the campaign, K said.

The campaign has since hire accounting firm and sent accountant and finance direct "a special school about compli with FEC rules," Wilson's state said.

Wilson won the special elec defeating Democrat Phil M and the Green Party's Bob A son. Wilson won a full term du the regular election that fall.

In another action in re months, the FEC notified the Republican Party and Wilson's paign that the two erred by reporting an ongoing party matic telephone bank as a contr tion until a filing deadline passed. No fines were issued in case, which was in response complaint by Democrats.

Instrument Could Aid Crime Figh

from **PAGE A1**

technique, but the conventional technology doesn't have the ability to filter out ordinary room light.

Detectives have to erect blackout curtains to darken a room — a time-consuming process that isn't always practical, Smithpeter said.

While his device has now been used once successfully, Smithpeter

Senator Pat Roberts (R-KS) spoke at the USDA Earth Day event on the Mall on Thursday, and led the crowd in a chant: "Carbon in the air -- bad! Carbon in the soil -- good!" (!!)

Senate Energy Committee Chairman Murkowski (R-AK) and Ranking Member Bingaman (D-NM) reportedly will introduce separate energy security/energy policy legislative packages after the Easter recess. The Chairman's package is expected to include ANWR drilling, domestic production incentives, and tax incentives for additional storage in the Northeast. The Democratic package will be based on S.1833, the Energy Security Tax Act introduced by Minority Leader Tom Daschle (D-SD) last year, but will also include marginal well production incentives. We are seeking to include all of your climate change tax incentives provisions in the Democratic bill.

International

Climate change was the top item on the agenda at the G-8 Environment Ministers meeting last weekend. European and Japanese ministers pushed hard for a communique pledging ratification of the Kyoto Protocol by 2002. (France recently took the political steps necessary to ratify the Protocol, and will likely become the first industrialized country to do so soon.) European ministers also pushed hard for "concrete ceilings" limiting the right to use emissions trading, while voicing considerable skepticism about the seriousness of U.S. efforts to limit greenhouse gas emissions to date. Other G-8 countries made clear that they do not believe "developing country participation" is a priority for this round of negotiations. In general, the meeting suggested that COP-6 (November 13-24, 2000) will be very challenging.

cc: The Vice President
John Podesta
Martin Baily
Maria Echaveste
Steve Ricchetti
Chuck Brain
Charles Burson
George Frampton
Neal Lane
Gene Sperling
Jim Steinberg

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JP/Gene – we should look at changing the rules! R

HOW TO BECOME A TOP BANANA

When a fruit baron wanted to conquer more of the European market, he got Washington to launch a trade war for him. The victims of the cross fire? A bunch of ordinary Americans who never saw it coming

First in a series of Investigative Reports on campaign finance

In Summerville, S.C., Rick Reinert has built a small business called Reha Enterprises that sells bath oil, soap and other supplies. But now he is selling many of his products, imported from Germany, at no profit or at a loss. This is the result of an order by the U.S. government.

In New York City, Arthur Kaplan, owner of Galaxy of Graphics Ltd., a retailer of decorative prints, has stopped selling the popular English lithographs produced for him by a venerable London art dealer for two decades. This is the result of an order by the U.S. government.

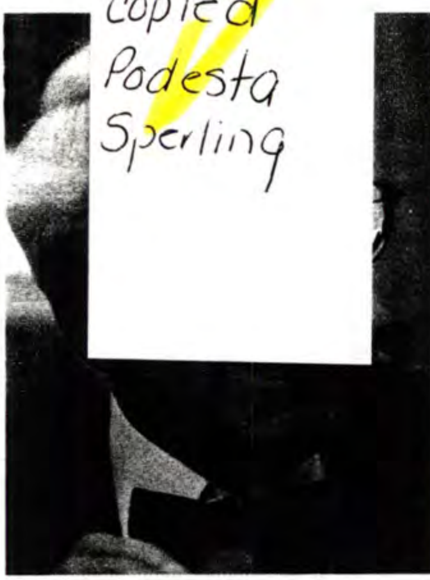
In Somerset, Wis., Timothy Dove, who heads a 17-year-old family business called Action Battery, which sells and installs industrial batteries, has lost a quarter-million-dollar account and faces the prospect of more losses to come. This is the result of an order by the U.S. government.

What's going on here?

Nearly a year ago, the Clinton Administration imposed a 100% tariff on the products these three businesses and hundreds of others like them import and sell. That's sort of like charging you $40,000 for a $20,000 Ford Taurus.

What did these folks do to encourage the wrath of the White House? Absolutely nothing. It was what they didn't do that matters. They neglected to make huge campaign contributions or hire high-powered Washington lobbyists to plead their case.

Reinert, Kaplan and Dove are what the military refers to as collateral damage—unwitting victims of what will go down in economic history as the Great Banana War. Except that for these victims, collateral is up close and very personal.



DOROTHY JOHNSTON

DEEP POCKETS **Carl Lindner was unhappy with European import rules; he sought help; he got it; others were to pay**

This is partly the story of Carl H. Lindner Jr. of Cincinnati, a certified member since 1982 of the *Forbes* list of the 400 richest Americans, who has a personal fortune estimated at $800 million and has been a very large contributor to political candidates, both Democratic and Republican.

But mostly this is a story about people who get hurt by contributions, who are paying a steep personal price because of the influence exercised by unlimited money in elections and lobbying. These human casualties are mostly unchronicled, but you can count them in the millions. They are your friends and neighbors.

In simplest terms, Lindner, whose company has dominated the global trade in bananas for a century, was in 1993 frustrated because European countries limited imports of his bananas. He complained to the U.S. government, which complained to the World Trade Organization (WTO), which authorized the U.S. government to retaliate by imposing a stiff tariff—in effect, a tax—on select European goods shipped to this country.

So which goods to attack? President Clinton could have slapped the 100% tariff on, say, Mercedes-Benz autos imported from Germany, fine wines from France, or elegant women's shoes from Italy. But that might have provoked retaliation by the Europeans against major American exports. So instead the President chose to punish smaller and less important European companies—companies that furnished bath products to Reinert, prints to Kaplan and batteries to Dove. In short, the Administration came down with a heavy foot on relatively powerless citizens. People who, like 99% of the population, contribute little or no money directly to politicians.

How heavy was that foot? In Reinert's case, the U.S. government raised the tariff on his most popular product, an herbal foam bath, from just under 5% to 100%. His U.S. Customs bill for the last six months of 1999 spiraled to $37,783 from just $1,851—a 1,941% tax increase.

For a small business, that's strong poi-

MARTIN ROGERS—CORBIS

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son. Indeed, when Reinert called the office of U.S. Trade Representative Charlene Barshefsky to describe his plight, an official there expressed amazement. "[They] were very surprised I was still importing," recalls Reinert. "They thought the tariff would cut off the industry—shut it down. That was their intention. They wanted to kill that industry, whatever industry it is." That, naturally, would have meant killing Reinert's business as well.

Reinert did have an option. He could have found a way around paying the tax. Except it would have been illegal. Sort of like people working off the books to avoid paying income tax on their earnings. That's what many small-business people in Reinert's position are doing—fudging their import records. It's polite language for falsifying government documents. Each distinct type of product imported into the U.S. is assigned an individual code number. The tariff is collected on the basis of the code numbers. Thus changing a single numeral in the code will convert a taxable product into one that is not subject to tax.

Are the people doing this comfortable with their deception, which an ambitious federal prosecutor could turn into a conviction accompanied by a large fine and prison sentence? Absolutely not. But it's a matter of survival. Further, they figure, if the U.S. government decides to take care of a multinational business whose owner, his family and his fellow executives contribute millions of dollars to political candidates and their parties—and to punish small businesses whose owners do not contribute—then why not cheat?

AT AGE 80, LINDNER SITS ATOP A corporate agglomeration that includes American Financial Group, Inc., an insurance business (annual revenue: $4 billion); Chiquita Brands International, Inc., the fruit-and-vegetable giant ($2.7 billion); and an array of other businesses, including Provident Financial Group, Inc., a bank holding company (assets: $8 billion); and American Heritage Homes, one of Florida's largest builders.

At American Heritage, Lindner has been a business partner since 1996 with the king of Democratic fund raisers, Terence McAuliffe, described by an admiring Vice President Al Gore as "the greatest fund raiser in the history of the universe." McAuliffe has raised tens of millions of dollars for the Democratic Party, for President Clinton's 1996 re-election campaign, for the President's legal-defense fund, for the President's library and for Hillary Clinton's New York Senate run.

Since 1990, political contributions of $1,000 or more by Lindner, members of his family, his companies and their executives have added up to well over $5 million. Most of the money has gone to the Republican Party and its candidates. But at strategic moments, Lindner has made hefty contributions to the Clinton Administration.

DELMER MARTINEZ—AP

The short version of the money story is this: Europe first offended Lindner when it imposed import restrictions on bananas from Latin America, where his plantations are located. Lindner then contributed a quarter of a million dollars to the Democrats. Gore called and asked for more money. Lindner gave it. And then some more. So much more that Lindner had dinner in the White House, attended a coffee klatch there for the truly generous and slept in the Lincoln Bedroom. Along the way, he periodically met with then U.S. Trade Representative Mickey Kantor and his staff, the officials who ultimately sought the trade sanctions intended to punish the Europeans and force them to give Lindner what he wanted.

Clinton's people weren't the only ones looking after Lindner. Members of Congress—Democrats and Republicans, fund raisers all, beneficiaries themselves of Lindner's largesse—called or wrote or met with Kantor and the President to encourage action on behalf of Chiquita. Trent Lott of Mississippi, the Republican majority leader in the Senate, did it. So did John Glenn, at the time a Democratic Senator from Ohio. And Republican Congressman Jim Bunning of Kentucky, now a Senator. And Charles Stenholm, the Democratic Representative from Texas. And Richard Lugar, the Republican Senator from Indiana. And Mike DeWine, the Republican Senator from Ohio. And, of course, Mitch McConnell, the Republican Senator from Kentucky, who is Congress's most strident advocate of unlimited money in elections.

On April 19, 1999, the U.S. Trade Representative imposed the punitive tariffs on nine types of European goods. To be sure, trade experts outside the European Union generally agree that the restrictive banana policies do violate free-trade rules. Indeed, four global trade panels have reached that conclusion over the years. But restrictive trade policies are hardly peculiar to Eu-

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rope. The U.S. has its own, notably those that restrict the free access of sugar and peanuts to the American market.

The Clinton Administration has been less than forthcoming about its relationship with the banana baron. In response to repeated TIME requests for documents relating to the decision to seek the WTO's help with the banana dispute, the U.S. Trade Representative's office stalled, saying it was having trouble coordinating its

PETER DEJONG—AP

LYNNE SLADKY—AP

INCOMING BUNCHES

▲ **Chiquita bananas arrive at Antwerp harbor—and all over Europe, tariffs or no**

A HELPING HAND

◄ **Senator Mike DeWine, here at a Chiquita plantation in Honduras, wrote the White House on Lindner's behalf**

FREE OF THE TARIFF

► **Europe gives a preference to farmers like Ellis Gajadhar, in St. Lucia, a former colony**

many files. When it finally began turning over documents last December, many were censored or blank, with the USTR claiming that release of the information would "constitute a clearly unwarranted invasion of personal privacy."

The Banana Baron's Lament

CARL LINDNER BEGAN INVESTING IN BAnanas in the 1970s, and by 1984 he had acquired a controlling interest in one of America's enduring brand names. Lindner and his family, through their American Financial Group, own 40% of the outstanding shares in Chiquita Brands International, based in Cincinnati, Ohio.

Before Lindner bought in, Chiquita Brands was the old United Fruit Co., a ruthless buccaneer that earned a justifiable reputation as a tyrant that bribed officials of foreign governments, used armed force to keep its workers in line and generally mistreated its thousands of dirt-poor laborers on impoverished Caribbean islands and Central American plantations. All of which helps explain why Chiquita was—and is—the world's dominant banana producer.

But how did it come to pass that the U.S. government launched a trade war over bananas at the expense of small American businesses, especially since the U.S. does not export bananas and Chiquita employs no American production workers?

It started with bananas in Europe. After World War II, the continent's banana market divided into two kinds. Such countries as Britain, France and Spain limited imports and gave preferential treatment to bananas grown in their former colonies. Thus Britain encouraged banana output in Jamaica, Dominica, St. Lucia; France extended special treatment to bananas grown in the Ivory Coast and the Cameroons. At the other extreme, Germany offered a free market with no import restrictions or tariffs.

Britain and France took the position that banana production was essential for both the economic health and the social well-being of their former colonies. By the late 1980s, about one-third of the work forces on the small island nations were employed in banana production.

Protected banana production, that is. Most of the bananas were grown on small family farms and tilled by hand on hilly terrain and poor soil, with little or no mechanization or irrigation. Yields were far below those in places like Honduras, Guatemala and Ecuador. In fact, the cost of growing bananas in the Caribbean was twice that for bananas produced on Latin American plantations. Without their favorable entrée to Europe, the banana industries of these small islands might have disappeared.

Chiquita nevertheless cracked the British market through its ownership of a British subsidiary, Fyffes Ltd., which grew bananas in the former British colonies. British consumers paid a relatively high price for those bananas, but Chiquita's margin from this trade was still small compared with the profits from its efficient plantations in Latin America. By 1986, as the European Union began to take shape, Chiquita executives hoped the restrictions would be lifted and its low-cost bananas could take over the market. So Chiquita sold off its Fyffes subsidiary.

It would prove to be the first in a series of missteps by the Lindner-controlled company—suggesting at least the possibility that the ensuing banana war was really intended to bail out the Lindners from their costly business mistakes.

Meanwhile, in a tariff-free and quota-free Germany, Chiquita had seized 45% of the market. Envisioning the same potential for all of Europe, as well as the former Soviet satellites that were opening up, Chiquita and its chief competitor, Dole Food, decided in the early 1990s to pour more money into production and flood the European market with bananas. With more bananas than buyers, prices—and hence profits—plummeted.

Worse still, the E.U. announced that instead of an open market, which Chiquita had hoped for, it would expand the old system, with quotas and tariffs on bananas brought in from Latin America and preferential treatment for bananas grown in the former colonies. The new rules went into effect on July 1, 1993.

They certainly should not have come as a surprise to Chiquita, the U.S. government

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or anyone else. The signs had been clear for years that Europe intended to continue giving preferential status to bananas from its former colonies. An investment report prepared in October 1990 by the Wall Street firm of Shearson Lehman Bros., Inc., predicted that Europe, contrary to Chiquita's hopes, would maintain the status quo for years to come.

Even Chiquita knew at the time what it faced. In its 1992 annual report filed with the U.S. Securities and Exchange Commission, the company acknowledged that "although we will oppose these restrictive policies in the proper legal forums, we are prepared to adapt to this new regulated environment." By this time, Dole, the world's second largest banana producer and Chiquita's only real rival, had hedged its bets and arranged to acquire bananas from those countries with no tariffs and generous import quotas.


CHRIS STANFORD FOR TIME (2)

■ **RICK REINERT**
Reha Enterprises

Reinert, an importer of bath products, became an unwitting victim of the banana wars when the U.S. government decided to retaliate with a 100% tariff on bath oils and soaps from Europe

Meanwhile, Chiquita's business was tanking. From 1992 to 1994, the company racked up $407 million in losses. Its stock price plunged from $40 to $11 a share. In meetings with government officials, Chiquita laid the blame squarely on the E.U.'s trade restrictions. The U.S. Trade Representative and the rest of the Clinton Administration bought the line, at least officially. And to this day, Chiquita officials insist that's the case. Steven Warshaw, Chiquita's president, told TIME, "The E.U.'s illegal banana regime is the cause of the company's poor financial results since 1992. It would be absurd to conclude otherwise... It is well accepted that the E.U.'s banana regime was specifically designed to expropriate market share from U.S. banana interests to benefit European multinationals and other interests within the European market ... Our stock price declined precipitously, and our industry has been substantially damaged."

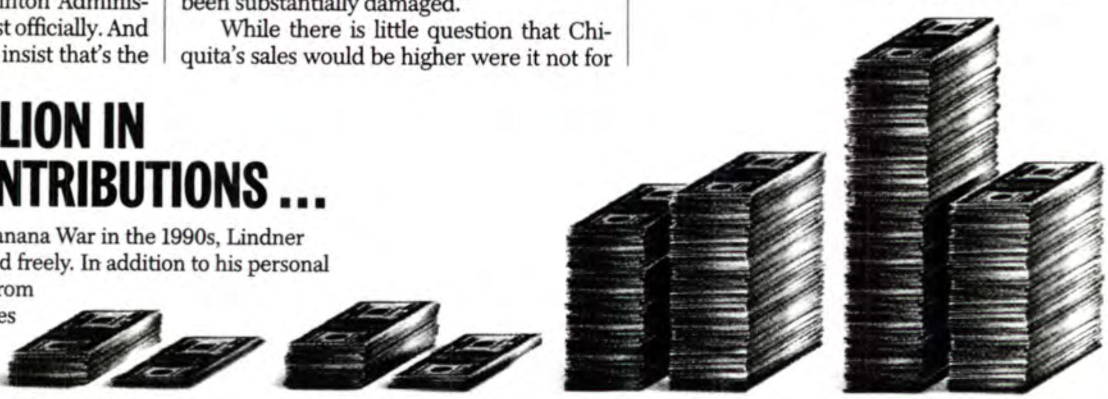
While there is little question that Chiquita's sales would be higher were it not for Europe's quota and licensing system, a close look at company filings with the Securities and Exchange Commission over the past 15 years shows that a good portion of Chiquita's decline is attributable to other causes. In the years it posted record losses, Chiquita said in the SEC reports, its costs "were significantly impacted" by outbreaks of banana disease, bad weather, a strike by workers in Honduras, as well as shipping and operating losses from its "Japanese 'green' banana trading operations."

Banana pricing wars also took a toll, but even more telling, the company ran up its long-term debt so that cash payments for interest charges spiraled from $52.6 million in 1990 to $164.3 million in 1993. Even if Chiquita sales had reached the level the WTO said they would have in the absence of European restrictive policies, the company still would have recorded losses or, at best, a marginal profit. As a Wall Street investment analyst who tracked the banana industry put it in 1992, "we have serious doubts about the abilities of management to deal with the company's problems."

Over the 15 years ending in 1998, with the Lindners in control, Chiquita tallied total sales of $45 billion but profits of only

HOW $5.5 MILLION IN CAMPAIGN CONTRIBUTIONS ...

With the onset of the Great Banana War in the 1990s, Lindner campaign contributions flowed freely. In addition to his personal donations, money also came from family members, his companies and corporate executives. A year-by-year account:



GOP | DEMOCRATS	1991	1992	1993	1994
	$37,000 | $4,000	$56,000 | $11,500	$220,000 | $264,000	$446,000 | $254,000

... BOUGHT CHIQUITA ACCESS IN WASHINGTON

A longtime Republican and supporter of G.O.P. causes, Lindner also reached out to Democrats, earning access—and support—from both sides of the aisle.

1992: Chiquita posts its first loss, a whopping $284 million, under Carl Lindner. European Union devises a system of tariffs, quotas and import licenses to restrict banana imports from Latin America.

1993: The Lindners take their case to the Clinton Administration. Keith writes a letter to U.S. Trade Representative Mickey Kantor; Dad follows with $250,000 to the Democratic National Committee.

1994: Senator Bob Dole and other lawmakers pressure President Clinton and Kantor to take action against the European Union. Kantor initiates a 301 investigation. Vice President Gore solicits Lindner, and Democrats get $150,000 from Lindner exec.

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$44 million. That's the equivalent of a $10,000 investment that returns 65¢ a year. Not surprisingly, the company's stock is now trading at less than $5 a share.

In an SEC filing last December, a minority shareholder of Chiquita's reported that the Lindners were pondering an auction to sell off Chiquita. All of which may explain the money trail the Linders left behind in Washington.

Throwing Money at the Problem

LINDNER, A NONSMOKING, NONDRINKING, nonswearing Baptist, has been a major supporter of the Republican Party, its candidates and causes. This may account for the less than enthusiastic response that Lindner received when he first took his banana case to the Clinton Administration early in 1993. In fact, at that time the U.S. Trade Representative's internal memos show that bananas were a low priority for the U.S. government. What's more, USTR and State Department officials had given—and would continue to give—repeated assurances to leaders of Caribbean governments that the U.S. supported European preferences for their bananas. And not without good reason. Everyone was fearful that islanders unable to grow and sell bananas would turn to a much bigger cash crop—drugs.

It was against this background that in June of that year, Keith Lindner, then president of Chiquita and one of Carl's three sons in the family businesses, wrote a "Dear Ambassador" letter to Mickey Kantor outlining concerns over Europe's import restrictions. There was little response.

That December, Carl Lindner contributed a quarter of a million dollars to the Democratic National Committee, establishing himself as a generous supporter of both political parties.

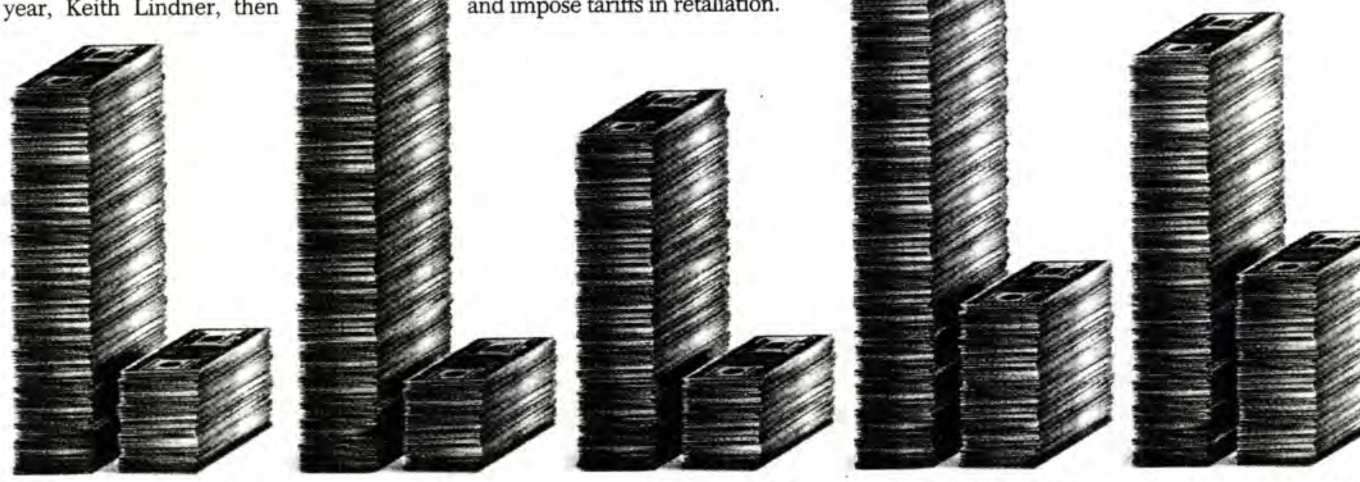
Through the early months of 1994, the Lindner lobbying juggernaut concentrated on building congressional support to pressure the Clinton Administration into action. From January to August, lawmakers of both parties bombarded Clinton and Kantor with letters demanding action.

Among the more strident and persistent correspondents were Bob Dole, who would eventually campaign for the presidency aboard Lindner's corporate jet, and John Glenn, who counted Lindner as a campaign contributor.

In January, Dole and Glenn, along with Senator Richard Lugar, wrote to the President calling for "sustained interventions" with European Union officials to make clear that export quotas and licensing "are not an acceptable solution." By August, Dole and Glenn demanded that Kantor initiate a so-called 301 investigation. The name comes from a section of the 1974 trade law that gives the USTR authority to investigate foreign trade practices and impose tariffs in retaliation.

On Sept. 13, Dole arranged a breakfast meeting with Kantor and Lindner. A day later, according to an internal USTR memo, Kantor and his staff had a follow-up meeting with Lindner and his colleagues to discuss "possible strategies" to overturn the European quotas.

Over the years, the USTR has averaged only about five 301 investigations annually. Even rarer are cases in which the USTR has recommended punitive tariffs on the imports of the offending nation. The Chiquita case was rarer still—an instance in which the complaining company was not even a U.S. exporter. Two USTR staff members acknowledged this in a memo to Kantor on Oct. 13, 1994, saying that "if initiated, this investigation would break new ground, as this would be the first time that USTR had ever used Section 301 in connection with a product not exported from the United States but from elsewhere." Nonetheless, the staff members said "we have been persuaded by Chiquita that the practices here do have a significant effect on U.S. commerce." Lawyers for other U.S. corporations disagreed strongly. Natalie Shields, tax and trade counsel for Black & Decker, later captured the logic of the USTR decision this way: "This would inflict substantial harm on one U.S. company in



$519,500 | $132,000 **$736,000 | $114,500** **$459,000 | $116,000** **$1,132,500 | $217,000** **$555,000 | $260,000**

1995

After showing up on White House's list of top 10 donors, Lindner attends a White House state dinner and sleeps over. Kantor prepares to take the banana dispute to World Trade Organization.

1996

U.S. Trade Representative files formal complaint and first submissions with WTO. Nine members of Congress, Democrats and Republicans, cheer USTR decision to take banana case to WTO.

1997

Chiquita reports disappointing financial results, eking out profit of $343,000 on sales of $2.4 billion. Stock price at year end—$16 a share—remains mired near bottom, down from high of $51 in 1991.

1998

Clinton Administration announces list of products imported from Europe to be targeted for punitive 100% tariff. Hearings held. Most big businesses have their products removed from list.

1999

A 100% tariff is imposed on products finally selected for the sanctions list. With few exceptions, the American companies affected are small businesses. The European Union is unfazed by the trade war.

an effort to benefit other U.S. companies which export bananas from third countries."

But the Clinton Administration liked the notion. On Monday, Oct. 17, 1994, Kantor authorized the 301 investigation. That Thursday night Lindner was in the White House, attending a dinner as a guest of the President. And the following week, Al Gore called Lindner, asking for another major donation. Lindner delivered. On Nov. 3, Lindner's American Financial Corp. donated $50,000 to the D.N.C. His Great American Holding Corp. donated $25,000, and his American Money Management kicked in $25,000, bringing the one-day total to $100,000.

At the same time, Senators Dole and Glenn kept the pressure on, urging Kantor in another letter on Nov. 17 to retaliate against the Europeans.

The following month, on Dec. 10, the Lindners again met with Kantor, after which they fired off a "Dear Mickey" letter, thanking him for his efforts.

At year's end, on Dec. 30, James E. Evans, a Lindner executive, contributed $150,000 to the D.N.C., bringing to $250,000 the sum that in one year Lindner, his companies and their executives poured into Democratic coffers.

On Jan. 3, 1995, four days after the latest Lindner-related contribution, Kantor announced "a list of retaliatory actions that he [was] considering against the European Union to counter E.U. policies which discriminate against U.S. banana marketing companies." Specifically, Kantor said he was contemplating sanctions "that would directly hit E.U. firms providing air, maritime and space transportation services."

On Thursday of the same week, Terry McAuliffe, Bill Clinton's moneyman and Lindner's home-building partner, sent a memo to Nancy Hernreich, one of the President's administrative assistants, summarizing a conversation he had had with the President on fund-raising activities. McAuliffe asked that overnight stays at the White House be arranged for major contributors; that dates be scheduled for contributors to have breakfast, lunch or coffee with the President; and that other contributors be included in such presidential activities as golf and jogging.

The next day another aide passed along a memo to Harold Ickes, the President's deputy chief of staff, saying that "Nancy has asked us to follow up on this at the President's direction and his note indicates 'promptly.'" The memo called for "overnights for top top supporters." Accompanying McAuliffe's memo was a 10-person list of those "top top" supporters prepared by McAuliffe. Prominently holding down the No. 2 slot: longtime Republican Carl H. Lindner.

Five weeks later, on Feb. 9, Lindner was in the White House at a state dinner honoring German Chancellor Helmut Kohl. After entertainment by Tony Bennett and a German chorus, Lindner went upstairs to bed. Less than two weeks later, he was back in the White House for coffee.

Cranking Up the Pressure

THROUGHOUT THIS PERIOD, LINDNER'S ALlies in Congress kept the pressure on the Clinton Administration. On June 21, Senator Dole wrote to Kantor: "I am concerned that time is running out in the banana case. U.S. banana companies are on the verge of suffering even greater irreparable damage as a result of the E.U. and Latin practices."

Kantor scribbled a note in the margin of the letter, addressed to Jeff N.—Jeffrey Nuechterlein, senior counsel to Kantor—and Jeffrey L.—Jeffrey Lang, one of his top aides: "Please give me a way to proceed. Pressure is going to grow. MK."

Kantor says he has no recollection of the note. "I don't remember writing it," he says. Lang doesn't remember it either. He recused himself from the banana dispute, he says, because before his appointment as Deputy U.S. Trade Representative, he represented the European side in the WTO proceedings. Nuechterlein, likewise, doesn't remember anything about it. "I was not involved with bananas substantively," he says.

Dim memories aside, the pressure did indeed grow. On July 19 Carl and Keith Lindner wrote to Kantor again, expressing their dissatisfaction with proposals put forth by the Europeans to resolve the banana dispute. At least in the view of the Lindners, the war should be waged as a joint effort, with Chiquita and its ally, the U.S. government, on one side and the European Union Commission on the other.

On Aug. 3, the four-member Hawaiian congressional delegation sent a letter to Kantor saying they were prepared to talk about possible "international courses of action" against the E.U. As America's only state producing bananas—most were grown for consumption on the islands—Hawaii had an indirect stake in the outcome of the banana war; because Chiquita, Dole and other producers had flooded the European market, tariffs notwithstanding, the overflow had found its way back into the U.S., driving down retail prices.

The following day, Lindner's American Financial Corp. delivered an additional $100,000 to the D.N.C. A few days later, the Lindners met once again with Kantor. Two months went by. On Nov. 3, the Lindners

SOME WINNERS AND LOSERS

What's on the List . . .

After Chiquita lobbied the Clinton Administration to put pressure on Europe to drop tariffs on bananas, the U.S. answered by imposing huge tariffs on a variety of European goods. Among those penalized: coffeemakers, plastic handbags, uncoated felt paper and bed linens

▲ Bed linens

◀ Perfume gift boxes

▶ Coffee makers

. . . And What Escaped It

Scores of European products, from clothing to stoves to glass Christmas ornaments, were originally targeted for the retaliatory tariffs. But aggressive lobbying by big corporations, trade groups and members of Congress got most of the threatened import products off the list

▲ Chandeliers

▲ Ball point pens

▶ Dolls

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advised Kantor's staff that it was "very important" they get together for 20 minutes. This particular meeting did not take place, but nine days later, on a Sunday night, Lindner was sitting behind Clinton at a presidential gala in Ford's Theatre.

As 1995 gave way to 1996, the money kept gushing from the Lindner empire, much of it in smaller, harder-to-trace donations. In February a Lindner executive gave $10,000 to the D.N.C., and American Financial Corp. contributed $15,000. In March, Lindner directed $10,000 each to the Minnesota, North Carolina, Tennessee and Iowa Democratic parties, $15,000 to the Michigan Democratic Party and $5,000 to the Connecticut Democratic Party. In April he steered $10,000 to the Pennsylvania Democratic Party.

With at least an additional $95,000 of Lindner money in the Democratic Party's bank accounts, the U.S. Trade Representative on May 8 took its banana case to the WTO. At long last, the Clinton Administration was ready to mount a global trade war on Lindner's behalf.

A spokesman for Chiquita dismissed the suggestion that campaign contributions by Lindner had anything to do with the USTR's taking the case. "It is well known that Carl Lindner has been actively involved and a major contributor to candidates and other causes on a multipartisan basis for many decades," he said.

Former Trade Representative Kantor also insisted that contributions played no part in his decision. "The staff made a unanimous recommendation to me that we bring the case," he said.

Of Lindner's contributions, Kantor said, "I couldn't have cared less. It made no difference to us whatsoever. We didn't hear a word from the White House."

Be that as it may, the USTR decision to pursue a trade war over bananas was sharply at odds with its handling of similar agricultural issues. Consider this: today, even with the tough trade restrictions still in place, Chiquita controls 20% of the European market. By way of contrast, the USTR has negotiated with Japan to allow American companies a 3% share of the Japanese market for rice.

In other words, the U.S. went to war on behalf of one American company that already had 20% of a foreign market, and it negotiated to secure 3% of another foreign market for the benefit of seven to 10 American companies.

Over the next two years, Lindner continued to dispense cash to the Democrats. In June 1997, two installments of $10,000 each went to the Democratic National Committee Services Corp. In November he gave $75,000 to the D.N.C. and in February 1998 another $75,000. That was followed by contributions of $10,000, $10,000, $25,000, $50,000, $25,000 and $5,000.

Throughout this period, Lindner and Chiquita enjoyed a close working relationship with the USTR office. Copies of U.S. government correspondence with heads of state in other countries were voluntarily turned over to Lindner. Finally, on Nov. 10, 1998, the USTR proposed 100% tariffs on several dozen European imports. The agency said the increased tariffs would be imposed on March 3, 1999, if Europe did not relent and relax its restrictions on Latin American bananas.

The products included pecorino cheese, certain wines, apple juice, bath preparations, candles, furs, coniferous wood, paper boxes, lithographs, cashmere sweaters, women's suits, dresses, skirts, bed linens, scissors, sewing machines, vacuum cleaners, food grinders, windshield wipers, dolls, photographic equipment, chandeliers, glass Christmas ornaments, sweet biscuits, wafers, felt paper, plastic handbags, coffee or tea makers, electric toy trains, greeting cards, stoves and ballpoint pens.

In short, it was a list of products bearing absolutely no relation to bananas.

While government officials were assuring reporters that the tariffs would never be levied, the U.S.-based companies that would be affected were taking no chances. In all, 42 types of products were targeted for tariff increases and, as it had to do by law, the USTR asked interested parties to respond.

Respond they did, setting off a furious lobbying campaign to try to get off the banana hit list. Companies and politicians showered the agency with letters warning of potential job losses in their districts if the increased tariffs were imposed.

At a USTR hearing on Dec. 9 attended by trade associations and Washington lobbyists, various interest groups spoke out against the tariffs, saying they would cripple or possibly destroy their businesses.

"The imposition of a prohibitive duty on ballpoint pens would have a devastating effect on Gillette's writing-instruments business in the U.S.," a representative for the Gillette Co. warned.

"Subjecting these dolls to a 100% duty could well result in the collapse of the entire line of American Girl products," a representative for Mattel cautioned.

"The imposition of a 100% duty rate on articles of fur clothing and garments will seriously impact our members, making their garments outrageously expensive, even for a luxury product," declared a representative of the Fur Information Council of America.

Two weeks later, on Dec. 21, products imported by Gillette, Mattel and fur retailers, as well as those of some two dozen other trade groups and industries that testified at the hearing or lobbied the USTR, were dropped from the list.

More lobbying ensued. On April 19, when the final list was published, most of the goods once proposed for high tariffs had been stricken from the list. Only nine types of products were covered.

In announcing the final list, Barshefsky, who had replaced Kantor as U.S. Trade Representative, reiterated that the higher annual tariffs on European goods were in retaliation for Europe's refusal to change its import rules on bananas.

"It is proof that the system works," she said. "When members [of the WTO] refuse to live by the rules, they will pay a price."

DENIS PAQUIN—AP

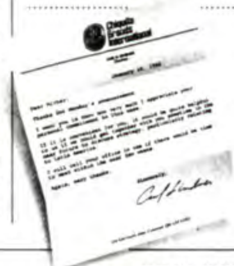
Friends in High Places

The banana king fervently courted the help of U.S. Trade Representative Kantor, above with Clinton. A sample of events:

JAN. 5 — **The President's** chief moneyman, Terry McAuliffe, identifies lifelong Republican Carl Lindner as one of top 10 contributors to Democratic Party

EU Quotas on Bananas Hurt US Businesses, Kantor Finds

JAN. 10 — **Kantor** concludes that the European Union's banana restrictions have harmed Lindner's company and suggests U.S. retaliation



JAN. 10 — On the same day, Lindner writes a "Dear Mickey" thank-you letter, expressing appreciation for Kantor's "personal commitment to this case"

THE PRESIDENT HAS SEEN
4-19-00

There was one major oversight in Barshefsky's reasoning: the wrong people were going to pay the price.

The Clinton Administration salvo aimed at giant European corporations hit Rick Reinert, Arthur Kaplan, Timothy Dove and other small entrepreneurs, whose only connection to bananas is to eat one every now and then.

"I Thought It Was a Joke"

REINERT IS—OR MORE ACCURATELY WAS—the typical American small-town, small-business success story. He grew up in LaPorte, Ind., and attended Western Kentucky University before enlisting in the U.S. Army in 1975. He and his wife, whom he met during his Army stint in Germany, started their wholesale bath-supplies business in 1994 out of the family garage in Summerville, S.C., a pine tree–studded bedroom community of Charleston. "We began very meagerly," says Reinert. "We didn't have one account." By knocking on doors, attending an endless parade of trade shows and selecting the right representatives, they built a solid customer base of some 2,000 stores—gift shops, beauty salons, boutiques, grocery stores, independent pharmacies and a major drugstore chain. Their most popular items, which they buy from a German supplier and account for 60% of sales, are aromatic foam baths scented with herbs from lavender to rosemary. And these items were among the ones singled out by the USTR office for its trade war with Europe over bananas.

Reinert remained blissfully unaware until January 1999 that he was on his way to war. That's when he first heard about the proposed tariffs. "I was at a Portland [Ore.] gift show ... and I happened to read this little blurb in TIME about bath products. I thought it was a joke." He investigated. "It was no joke. We were on the potential hit list."

That's when Reinert started writing letters and calling everyone—his Congressman, his Senator, the USTR. It was during one of many conversations with a USTR staff member that he was told, in effect, it was his own fault that he had got caught up in the trade war. After all, the USTR had published a list of the targeted imports in the *Federal Register*. He should have attended the hearings in Washington, just like Gillette (annual sales: $10 billion) and Mattel ($5 billion). If he had, then Reha Enterprises (less than $1 million) might have been removed from the list as well.

Reinert is still fuming. "That's ridiculous. I mean, do you read the *Federal Register*? Does anybody in Summerville read the *Federal Register*?" The trade official suggested Reinert should have hired a lobbyist in Washington to keep him briefed. That one didn't go over well either. "I mean, we've got two kids. It's a small business," says Reinert. "Who in his right mind would come up with stuff like that?"

"We're only [six] years old," Reinert says. "Cash flow is always a problem. Finance is always a problem. But they are just destroying the base of our company."

What other advice has Reinert received from officials in the U.S. Trade Representative office and from the staffs of members of Congress?

He says one official urged him, off the

*

TIMOTHY DOVE *Action Battery*

Hit by a $200,000 Bill from the Blue

WHAT DO BANANAS and batteries have to do with each other?" asks an incredulous Timothy Dove. The owner of Action Battery in Somerset, Wis., a supplier of specialized batteries to the telecom industry, Dove found out last year that bananas are inextricably bound up in his financial future. And that isn't good for him.

The 10-ton batteries that he imports from Germany are one of the items the U.S. Trade Representative (USTR) slapped with 100% tariffs to pressure Europe into abandoning its banana-import quotas. But instead of punishing Europe, the tariffs have squeezed Dove and others like him who have spent years painstakingly building businesses that are now hurt by forces over which they have no control.

BRUCE KLUCKHOHN FOR TIME

SHORT CIRCUITED Dove with one of his replacement batteries

A onetime millwright for 3M, Dove went into business for himself, installing the huge industrial batteries that telephone companies and other firms use as backups during power outages. The first years were a struggle, Dove recalls, and "there were many times after I started when I thought about going back to being a millwright." But he hung on and in 1990 hired his first employee. Today Action Battery has 19 employees and about $2 million a year in sales.

When Dove heard last year that one of his products was on the hit list, he hastily called the USTR office in Washington. "They told me it was too late," he recalls. "I was told that maybe if I'd called sooner, they could have done something."

"Why would I know about this?" he asks. "My job is selling batteries, not making sure our government isn't going to put a duty on me while I'm trying to run my business." After the shock wore off, Dove hustled to find replacements. "If I don't have anything to install," he said, "I've got to lay people off." He traveled at his own expense to Israel and Japan to line up new suppliers. Those trips, plus increased charges for new products, have cost him at least $200,000.

"I think that's a pretty steep price to pay for a small business," he said. "How long is this going to go on? Isn't it time to put these tariffs on somebody else?"

The Clinton Administration thinks not. ■

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Lew
Podesta

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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April 18, 2000

HAS SEEN
4-19-00

MEMORANDUM FOR THE PRESIDENT

FROM: Jacob J. Lew

SUBJECT: FY 2001 Budget Resolution

This week, the House and Senate passed the Budget Resolution Conference Report. The House vote was 220-208 and the Senate vote was 50-48.

Both votes fell largely along party lines. Only six House Democrats voted for the plan: Gary Condit (CA), Ralph Hall (TX), Matthew Martinez (CA), Owen Pickett (VA), Norm Sisisky (VA), and Jim Traficant (OH). Five House Republicans opposed the package: Nancy Johnson (CT), Connie Morella (MD), Ron Paul (TX), John Edward Porter (IL), and Mark Sanford (SC). In the Senate, every Democrat present opposed the resolution, along with GOP Senators Chafee, Jeffords, McCain, and Specter.

In many ways, the resolution is similar to last year's congressional budget. It assumes deep cuts in discretionary spending in order to finance a large tax cut. It does not provide for your Medicare or Social Security solvency proposals but does reserve some funds for a Medicare prescription drug initiative. It sets aside all of the annual Social Security surpluses for debt reduction, as in your budget, but the size of the tax cut threatens to undermine the ability to keep that commitment. The resolution increases defense spending by $4.5 billion above your request for FY2001 and cuts non-defense spending by $23 billion in FY2001.

Appropriations Outlook. For the second year in a row, Congress met the April 15 deadline for action. The Appropriations Committees will begin work on the appropriations bills after the Easter recess. The first bills are likely to be Military Construction, Agriculture, and Legislative Branch. Congress is likely to attach the supplemental appropriations for the current year to the FY2001 Military Construction and Agriculture bills.

The House and Senate Appropriations Committees plan an aggressive schedule that calls for floor action on every appropriations bill by the end of July -- so that only conference reports would remain for September -- with several bills presented for your signature by the August recess. However, that schedule is very ambitious. The discretionary spending allocation is significantly lower than in your budget and congressional appropriators will have a very difficult time passing signable appropriations bills in a timely manner. Divisions within the Republican caucuses on overall spending levels are likely to resurface throughout the appropriations process. As a result, many of the bills may again be negotiated in late September or early October, following numerous veto threats and, if presented to you, actual vetoes.

GOP Dissent. Leadership in both chambers had to overcome some conservative resistance to the resolution. Conservatives were upset that the resolution does not freeze discretionary spending and concerned that the final appropriations bills will ultimately spend even more than the resolution assumes. Republican leaders made a number of concessions to secure passage. House conservatives will have the opportunity to offer debt reduction amendments to the supplemental and other appropriations bills; they were promised that any additional FY2000 surpluses CBO projects later this year will not be spent; and new procedural hurdles (including Senate supermajority requirements) were created against some of the mechanisms used last fall to reduce the official costs of the final appropriations bills. In both chambers, some GOP moderates and appropriators had the opposite concern: that the discretionary levels are too low to allow appropriations bills to pass. Some moderates also object to the size of the tax cuts. These divisions are likely to resurface as Congress works to implement the resolution.

Senate GOP support for your priorities. During the initial Senate floor debate, Democrats attracted Republican support for a number of Administration priorities. Senate majorities voted to consider prescription drug legislation before a large tax cut, to increase health discretionary spending (for NIH) above the level in the resolution, to increase education discretionary spending (for Pell Grants) above the level in the resolution, to urge prompt action on a juvenile justice bill that includes the Senate-passed gun provisions, and for a two-year increase in the minimum wage. However, these amendments either required supermajorities or were dropped in conference.

Democratic Alternative Resolutions. House and Senate Democrats each offered alternative resolutions on the floor. On most major issues -- discretionary spending levels, tax cuts, Medicare solvency, prescription drugs, and debt reduction -- the alternatives were very close to your budget, although they did not include your tobacco policy and other offsets proposed in your budget.

The House Democratic alternative amendment failed, 184-233. No Republicans supported it and nineteen Democrats voted "no." Opposing Democrats were mostly Blue Dogs (Bud Cramer, Chris John, Tim Holden), but there were also liberals who opposed the measure (Peter DeFazio, Barbara Lee, Pete Stark). The Senate alternative failed on a 55-45 straight, party-line vote.

A summary of the final resolution, with comparisons to your budget request, is attached.

Summary of Budget Resolution

Discretionary Spending. The resolution would set total FY01 discretionary spending at $600.3 billion (Budget authority), $14 billion above a freeze and nearly $60 billion above the current statutory discretionary spending cap. Defense spending would be set at $310.8 billion and non-defense at $289.5 billion. In the out-years, total discretionary spending would increase by less than two percent annually.

Your budget requests $620 billion in discretionary budget authority, $20 billion above the resolution. The resolution exceeds your defense request so non-defense discretionary programs would be funded $23 billion (nine percent) below your budget. We circulated documents to the Hill outlining some of the programmatic impacts of these cuts.

Tax Cuts. The resolution calls for a tax cut of at least $175 billion over five years. This is about three times the size of your net $55 billion tax cut over the first five years. Moreover, the cuts are likely to grow significantly in the second five years, with the ten year cost, including interest, possibly exceeding $1 trillion. In addition, the resolution would dedicate to tax cuts any additional FY01-05 surpluses projected by CBO in its summer update (Representative Kasich has estimated this as at least another $40 billion in tax cuts). By comparison, the tax bill you vetoed last year would have cost $156 billion in its first five years, well below the $175 billion tax cut assumed in the resolution.

Prescription Drugs/Medicare. The resolution sets aside $40 billion over five years for legislation that provides prescription drugs coverage. If not used for Medicare, the funds would be used to reduce the public debt. There are no funds earmarked for Medicare solvency.

The Senate divides the funds into two components. The first $20 billion is available without conditions for legislation to expand access to prescription drug coverage for Medicare beneficiaries. However, the remaining $20 billion is only available if the legislation also includes structural Medicare reform, and could be used for Medicare givebacks to providers rather than used for a prescription drug benefit. In the House, the full $40 billion is linked to Medicare reform. The gross cost of our Medicare proposals (excluding solvency transfers into the trust fund) is $40.8 billion over five years.

Agriculture. The resolution would set aside $5.5 billion in FY00 and $1.6 billion in FY01 for new mandatory agriculture spending. Your budget proposes $4 billion in new farm safety net spending in FY01 and a total of $10 billion over five years.

Health Coverage Initiative. The resolution does not provide for your health coverage initiative. Your budget called for $18 billion in new spending over five years for this initiative, primarily through Medicaid and SCHIP.

Debt Reduction. As does your budget, the resolution reserves all Social Security trust fund surpluses for public debt reduction, although its tax cuts may undermine that commitment. Both the resolution and your budget contain additional provisions that contribute to further debt reduction. Our preliminary estimates indicate that your budget will produce slightly more debt reduction over five years than the congressional plan.

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H … E GUY
C … HED

JP - Did you read this?
If not, you should.
Then let's discuss.
BC

W … llions in campaign
cc … rdinary citizens
ar … see it coming

By Donald L. Barl … eele

IT WAS JUST YOUR TYPICAL PIECE OF CONGRESSIONAL DIRTY work. As 1999 wound down, the House and Senate passed the District of Columbia Appropriations Act. You might think that would be a boring piece of legislation. You would be wrong. For buried in the endless clauses authorizing such spending items as $867 million for education and $5 million to promote the adoption of foster children was Section 6001: Superfund Recycling Equity. It had nothing to do with the District of Columbia, nor appropriations, nor "equity" as it is commonly defined.

Instead Section 6001 was inserted in the appropriations bill by Senator Trent Lott of Mississippi, the Senate majority leader, to take the nation's scrap-metal dealers off the hook for millions of dollars in potential Superfund liabilities at toxic-waste sites. In doing so, Lott had the support of colleagues in both parties.

This early Christmas present to the scrap-metal dealers—who contributed more than $300,000 to political candidates and committees during the 1990s—made them very happy. Others in the recycling chain were not so happy. All of a sudden, they were potentially responsible for millions of dollars in damages the junkmen might otherwise have had to pay.

While clever in its obscurity, Section 6001 is not an especially big giveaway by Capitol Hill standards. Rather, it is typical among the growing litany of examples of how Washington extends favorable treatment to one set of citizens at the expense of another. It's a process that frequently causes serious, sometimes fatal economic harm to unwary individuals and businesses that are in the way.

How do you get that favorable treatment? If you know the right people in Congress and in the White House, you can often get anything you want. And there are two surefire ways to get close to those people:

- Contribute to their political campaigns.
- Spend generously on lobbying.

If you do both of these things, success will maul you like groupies at a rock concert. If you do neither—and this is the case with about 200 million individuals of voting age and several

Illustrations for TIME by Peter Kuper

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HOW THE LITTLE GUY GETS CRUNCHED

When powerful interests shower Washington with millions in campaign contributions, they often get what they want. But it's ordinary citizens and firms that pay the price—and most of them never see it coming

By Donald L. Barlett and James B. Steele

IT WAS JUST YOUR TYPICAL PIECE OF CONGRESSIONAL DIRTY work. As 1999 wound down, the House and Senate passed the District of Columbia Appropriations Act. You might think that would be a boring piece of legislation. You would be wrong. For buried in the endless clauses authorizing such spending items as $867 million for education and $5 million to promote the adoption of foster children was Section 6001: Superfund Recycling Equity. It had nothing to do with the District of Columbia, nor appropriations, nor "equity" as it is commonly defined.

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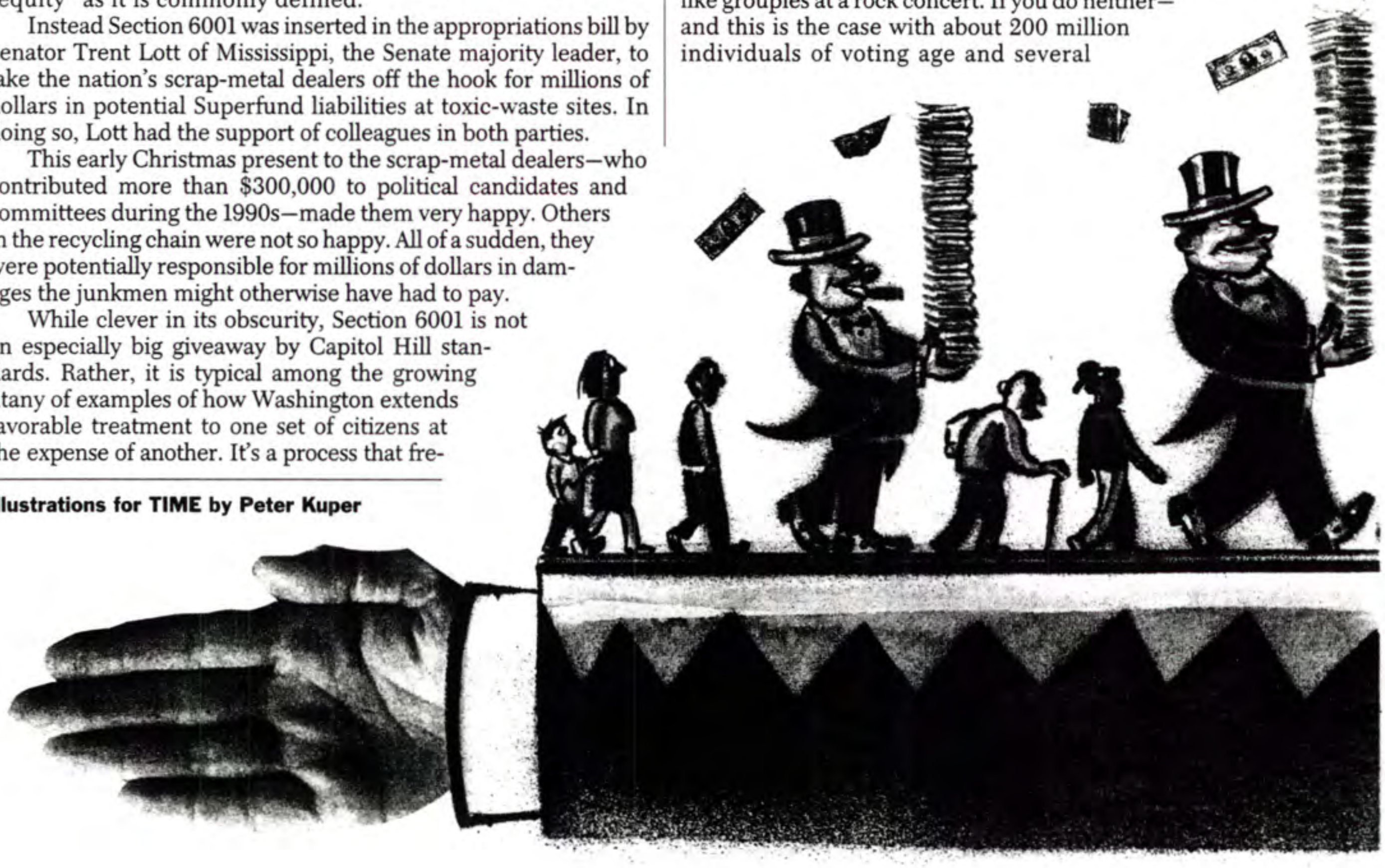

Illustrations for TIME by Peter Kuper

THE PRESIDENT HAS SEEN
4-19-00

record, to break the law—to change the number on the Customs invoice so it would appear that he was importing goods not subject to the tariff. Reinert demurred. "I could end up in jail for it," he says. "I don't want to be the only one without a chair when the music stops."

Another official chided Reinert for not buying American, a rebuke that angered him. Reinert responded, "'Why don't you go out in your parking lot and count all the Mercedes and Porsches, BMWs, Lexuses and Toyotas?' I mean, these are just ridiculous arguments."

In response to repeated calls and letters, Reinert heard personally from Barshefsky last August. The news was not good. Reinert, she suggested, was standing in the wrong place at the wrong time when the war started. She explained in her best bureaucratic language that it was legally impossible to remove Reinert's bath products from the tariff list. Said she: "We have examined the question of whether [the USTR office] has the authority to grant exemptions to small businesses, such as yours, that are severely harmed by the increased tariffs ... We have concluded that the relevant statute ... does not provide such authority to USTR."

Three months later, in November 1999, Barshefsky told quite a different story when she testified before the Senate Banking Committee concerning the upcoming WTO gathering in Seattle. In response to a committee member who suggested legislation that would rotate products on and off the tariff hit lists, Barshefsky asserted that "I have discretionary authority as it is to alter a retaliation list if that becomes necessary or advisable. So the authority is already there."

None of this is any help to Reinert, Kaplan, Dove and the hundreds of other small entrepreneurs like them, some of whom have already been forced out of business. Nor is it any consolation for all those who have been caught up in the ripple effect—the peripheral businesses, from trucking companies to local suppliers, who deal with those on the tariff list.

For his part, Reinert continues to wage his battle, writing letters to whoever he thinks just might take an interest in his case. "It's been mentioned to me, you know, from all levels of government, [that] you cannot fight the government. Well, I think you can. It's wrong what they're doing."

The USTR, for its part, insists that the products chosen for high tariffs were intended to "minimize the impact" on Americans and "maximize the impact on Europeans," in the words of Peter Scher, a special trade negotiator. As to how much pressure they have had on Europe, Scher said, "I think it has had an impact. Has it moved the E.U. as far as we want them? No. But it has certainly moved the E.U. to the negotiating table."

Might the tariffs that have squeezed Rick Reinert and other small businesses remain in place another year or two? "Anything is possible," said Scher. "The ball is in the E.U.'s court." Even Chiquita acknowledges that there is little movement toward a settlement. "There is no end in sight," said a company spokesman.

SO WHAT DOES THE BATTLEFIELD LOOK LIKE as the Great Banana War's tariffs approach their first anniversary?

Well, the operators of some small businesses, like Reinert, are limping along from month to month. Other small-business people are filing fraudulent Customs documents to escape payment. Other businesses are doing just fine because their suppliers in Europe agreed to pick up the tariff or it applies to just a small percentage of the goods they sell. In Europe as in America, small businesses have been harmed by the U.S. tariffs. Larger companies have been mostly unaffected. And the European Union has kept in place its system of quotas and licenses to limit Chiquita bananas. Who, then, is the winner in this war?

CATRINA GENOVESE FOR TIME

NO PRINTS Kaplan now finds English art too costly to import

That's easy. It's the President, many members of Congress and the Democratic and Republican parties—all of whom have milked the war for millions of dollars in campaign contributions—along with the lobbyists who abetted the process.

A final note. While Lindner had many areas of political interest beyond his battle with the European Union, a partial accounting of the flow of his dollars during the Great Banana War—as measured by contributions of $1,000 or more—as well as lobbying expenditures on the war, shows:

Republicans—$4.2 million
Democrats—$1.4 million
Washington lobbyists—$1.5 million

That's more money than a business like Rick Reinert's will earn in a lifetime. —***With reporting by Laura Karmatz and Andrew Goldstein and research by Joan Levinstein***

ARTHUR KAPLAN
Galaxy of Graphics

Goodbye, Art

IN AN AGE WHEN COMPANIES fall in and out of business arrangements more frequently than Puff Daddy's name punctuates the tabloids, Arthur Kaplan is a throwback. He started his decorative-art business in Manhattan more than four decades ago, selling prints of landscapes and flowers as well as children's art. Walk into any Target or Wal-Mart or K Mart today, and you will find his framed works of largely unknown artists.

For years Kaplan maintained a warm and profitable relationship with one of London's venerable print dealers, Felix Rosenstiel's Widow & Son Ltd. "We represented them exclusively in America. They represented us in the rest of the world. They sell our products in places like Australia and South Africa. We sell theirs in the States."

Make that past tense. What severed this business association was the decision by the U.S. to impose a 100% tariff on British prints shipped to Kaplan—a tariff imposed in retaliation for European quotas and tariffs on bananas. Kaplan's is a business in which "if we sell a picture for a penny more than our competitors, we lose the sale," he says. So when the U.S. doubled the price of his British prints, Kaplan had to stop selling them.

The physical evidence of the decision is striking. Stroll through his storage rooms, and see the thousands of prints neatly arranged on metal shelves that run from floor to near ceiling, row after row. And there, sandwiched in the middle, are rows of shelves standing bare. "Those used to be filled with Rosenstiel prints," Kaplan says dejectedly. "It was a real loss to us to lose them as a supplier." His business will survive, but Kaplan has lost income and, he adds, "a [business] relationship that worked beautifully for us." ■

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4-19-00

THE WHITE HOUSE

WASHINGTON

March 17, 2000

Ricchetti
Levin is key
Wants to have something [illegible]

RECOMMENDED TELEPHONE CALL

TO: Rep. Sam Gejdenson (D-CT)

DATE: As soon as possible.

RECOMMENDED BY: Chuck Brain CMB
Steve Ricchetti

PURPOSE: To urge Rep. Gejdenson to support PNTR status for China.

BACKGROUND: Rep. Gejdenson has consistently opposed NTR for China.

We have had a number of high-level discussions with Rep. Gejdenson. Despite his historic opposition, we believe his interest in having China become more integrated into the global community and the positive economic benefits to the United States may override his human rights concerns.

He has also recently taken a more open stance on trade. For example, he is currently supporting the Africa/CBI bill. As the future Democratic Chairman of the International Relations Committee, you should encourage him to be a leader on important issues, such as China.

As you know, Congressman Gejdenson is serving his tenth term as the representative of Connecticut's second Congressional District. He is the Ranking Member on the International Relations Committee.

CONTACT PERSON AND TELEPHONE NUMBERS(S): Rep. Sam Gejdenson 202-547-2513 (DC)
860-823-8212 (CT)

DATE OF SUBMISSION: March 17, 2000

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Ricchetti
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4-19-00

THE WHITE HOUSE

WASHINGTON

March 17, 2000

RECOMMENDED TELEPHONE CALL

Reluctant
He'll work
off a Levin approach

TO: Rep. John Dingell (D-MI)

DATE: As soon as possible.

RECOMMENDED BY: Chuck Brain CMB
Steve Ricchetti

PURPOSE: To urge Rep. Dingell to support PNTR status for China.

BACKGROUND: Rep. Dingell has consistently supported NTR for China. He, like most of the Michigan Democrats, is leaning against support of PNTR. He recognizes the benefits of the agreement, but is hearing from very vocal critics, especially the UAW.

As you know, Congressman Dingell, the Dean of the House, is serving his 23rd term as the representative of Michigan's 16th Congressional District. He is the Ranking Member on the House Commerce Committee.

CONTACT PERSON AND TELEPHONE NUMBERS(S): Rep. John Dingell (D-MI) 703-734-6945 (VA)
313-271-4214 (MI)

DATE OF SUBMISSION: March 17, 2000

To Lynn Cutler
fyi

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American Indian Science & Engineering Society

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Sequoyah

American Indian
Science & Engineering Society

Chris Key
Navajo/San Carlos Apache
Development Director

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2201 Buena Vista SE, Suite 301 • Albuquerque, NM 87106
Phone (505)765-1052 Ext. 11 • Fax (505)765-5608 • chris@aises.org
www.aises.org

AMERICAN INDIAN SCIENCE & ENGINEERING SOCIETY

Facts and Pro

AISES: BUILDING A STRONGER NATIVE AMERICA

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- American Indian Professionals
- Teachers and Professors
- Supporters in Corporations, Government and Foundations
- Open to all American Indians who want to use our programs and to everyone who can lend a helping hand

COLLEGE SCHOLARSHIPS

Over $600,000 in scholarships were awarded in 1998. Eligible disciplines include science, engineering, mathematics and medicine.

THE NATIONAL AMERICAN INDIAN

The American Indian Scien
&
Engineering Society

AISES

gineering Society
lbuquerque, NM 87119-9828
ite 301 Albuquerque, NM 87106
aiseshq@aises.org

Nuclear Age Peace Foundation

'00 APR 19 AM 11:43

April 14, 2000

4-19-00
TO NSC FOR APPROPRIATE HANDLING

President William Jefferson Clinton
Attn: Betty Currie
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear President Clinton:

I understand that the G-8 will be meeting in Okinawa in July. An important opportunity for leadership exists for you to propose that a half-day be devoted to going to Hiroshima and visiting the Peace Memorial Museum there. I was recently in Hiroshima, and I know that both Mayor Akiba of Hiroshima and Minoru Hataguchi, the Director of the museum, would welcome you and the other G-8 leaders to the Hiroshima Peace Memorial Museum.

I assure you that after visiting this museum it is not possible to any longer think of nuclear weapons as instruments of policy or weapons of war in any reasonable conceptualization of war. This becomes very visceral when visiting this museum.

By making the effort to visit Hiroshima, you and your fellow G-8 leaders would educate not only yourselves, but the entire world about the terrible potential consequences of relying upon nuclear weapons as instruments of national security. I strongly urge you to demonstrate the bold leadership I am suggesting to you.

With best regards.

Sincerely,

David Krieger

David Krieger
President

DK:smt
cc: Mayor Tadatoshi Akiba
Minoru Hataguchi
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