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THE WHITE HOUSE

WASHINGTON

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Lockhart
Podesta

July 3, 2000

MEMORANDUM TO THE PRESIDENT

FROM: JOE LOCKHART

RE: Joe Klein Interview

This interview, scheduled for Wednesday, July 5, is very important, as the New Yorker and Joe Klein's pieces can help move public opinion. This is the reason we have asked for a 90-minute block for you to speak with Klein. His piece will cover the substance of the past eight years and will provide you with a good opportunity to look back and lay out the economic success we have had.

Following please find summaries from several members of the senior staff, who have also spoken to Klein, as well as a letter Klein has written to you outlining his current vision of the piece.

INTERVIEW SUMMARIES FROM SENIOR STAFF

Bruce Reed:

Joe Klein talked with me about the general success of our efforts to move the Democratic Party to the center and particularly about welfare reform. He said he wanted to make the case that the real legacy of the Clinton years is that the New Democratic agenda has worked -- on the economy, crime, welfare, and other social problems. He did not ask about health care or education (in 1997, he wrote a very positive article on our plan for national tests).

On welfare, he wanted to know the history of our efforts -- what we proposed in the campaign, why Congress didn't act on it in 1993-94, what was our strategy for dealing with the Gingrich Congress, and how you decided to sign the bill. I explained to him that the 1996 law reflected the basic elements we proposed in the campaign and in our 1994 bill (time limits, work requirements, tough child support enforcement, etc.); that in 1993-94 we wanted to push welfare reform at the same time as health care but the Congress wasn't interested; that in 1995 we pursued a conscious strategy (beginning with the Blair House summit) of pitting Republican governors who wanted flexibility and Catholics who opposed abortion against Congressional ideologues who wanted conservative mandates; that you repeatedly used executive action (numerous executive orders on child support and welfare reform, as well as welfare waivers for 43 states) to shame Congress into passing a bill; that the two bills you vetoed failed to protect health care and nutrition; that your major reservation about the final bill was about cuts in immigrant benefits you have since largely restored; that the Vice President and First Lady were in favor of signing the bill; and that since we took office, the rolls have dropped more than half, the people still on welfare are four times more likely to be working than in 1992, and employers who used to complain about the old welfare system are now hiring every welfare recipient they can find.

<u>Sandy Berger/Jim Steinberg:</u>

In lengthy interviews with both Sandy and Jim, Joe made clear that he understands (and quite clearly agrees with) the central premise of your foreign policy: making sure that America is poised to reap the benefits and master the challenges of the era of globalization. He believes that you have compiled a strong set of accomplishments around this theme, and disagrees with those who say your policy is ad hoc or lacking a central vision. He is particularly focused on what he sees as the framing events of your two terms – NAFTA and the Uruguay Round in the beginning and China/PNTR at the end, as evidence that you see opening up the global trading system not only as **economic** opportunity for the United States, but also as a way to achieve the political objectives of integrating countries into a global regime and promoting more open, liberal democratic societies, which enhances both our security and our values. Joe has spent a lot of time in China, and strongly supports your idea of engagement as a way to foster change.

Joe's framework neatly fits with the dominant themes of your Presidency. In addition to the accomplishments on trade and reforming the international financial architecture to meet the needs and dangers of global markets, your strategy for shaping globalization includes **integrating former adversaries** (Russia and China) and developing countries (Africa, Caribbean and Latin America) into the global political and economic system; **adapting our alliances away from their Cold War roots** to meet new challenges (NATO, Japan, Korea); **meeting the new dangers** from the spread of information technology and more porous borders (terrorism, cybersecurity, crime, drugs, disease and environmental damage); and using America's unique position to **help resolve dangerous regional conflicts** (e.g., MEPP, Northern Ireland, Balkans, South Asia). Moreover, by strengthening America at home (through sound economic policies and investing in our people and our technological edge) we are better able to be strong abroad.

He may probe you on your "lessons learned" concerning Kosovo and Bosnia and the lack of a "clean victory" in the aftermath. The key here is to stress that our victory was secured because you were able to maintain alliance cohesion; and that although that inevitably meant a certain amount of tactical compromise, Allied will to prevail was strong, and sent a powerful message that project of a peaceful, undivided democratic Europe will prevail over the kind of outdated, virulent nationalism practiced by Milosevic. You can point to real progress in both Bosnia and Kosovo, while acknowledging that the scars Milosevic created will not heal overnight.

Other topics: on <u>Iraq</u> (are you concerned that there have been no inspectors back for two years) – you can say that we've managed to keep Saddam from threatening his neighbors, used force when necessary (three times), and have converted much of his oil resources from tanks to food, while remaining alert for evidence that he has reconstituted his WMD threat in a way that constitutes a real threat; on <u>humanitarian intervention</u> and the contrast between Kosovo and

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Rwanda – regret that we were unable to stop the genocide in Rwanda (although the more you elevate that the more you obscure his affirming thrust); meanwhile we have been working with the Africans to develop a better capability to intervene in the future —- we will be training seven West African battalions to assist in Sierra Leone.

Gene Sperling:

For your interview with Joe Klein you should look to describe how your three-part economic strategy was compelled by the demands of the transition from the industrial/manufacturing economy to the information economy. In my past several conversations with Klein he has focused not just on technology issues but also on your entire economic record from deficit reduction to EITC to US trade policy. You can see this in the breadth of subject matters mentioned in his letter to you. Because you have so many economic issues you may want to discuss with him, the most critical thing for this interview is to decide on a coherent framework to present your overall economic vision.

I recommend you try to stay within your three-part vision – fiscal discipline, investment in people, and open trade. Yet to encompass your entire economic vision, you need to be able to articulate the three basic themes mentioned above in broad enough terms. For example, "Fiscal Discipline and Financial Management" for the information age is broad enough to encompass not only deficit reduction, but protecting the independence of the Federal Reserve and creating the NEC. "Investment in Our People and Our Future" is broad enough to encompass education, training, EITC, reworking work, but also your views on science and research. "Open Markets and a Dynamic Economy" is a way to address not only trade, but deregulation as well. (The other option is to include deregulation as part of "Fiscal Discipline and Financial Management" or as separate addendum.)

Below is a suggested framework that tries to outline many of the best points you might want to make within the three-part framework.

Overall Perspective: The demands of the new economy meant that the country required a combination of three things.

I. **<u>"Fiscal Discipline and Sound Financial Management":</u>** The federal government does not create jobs per se but can play a critical role in either laying a foundation for productive investments or acting as an obstacle. For the US to have a strong investment-led recovery and expansion, we had to get control of the deficit. This was critical not only because the public sector was the best hope for improving national savings and lowering interest rates, but critical for U.S. clout in global economy and for creating confidence in global capital markets that the US is the prime place for investment.

A. ***Impact on Savings and Interest Rates:*** Deficit reduction – through the 1993 Economic Plan – was critical in increasing national savings and lowering interest rates. American businesses had to restructure themselves; confidence that interest rates were going down was critical in spurring major growth in investment.

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- We claimed that strong showing of deficit reduction would lower interest rates and provide investment stimulus before contracting impact of deficit reduction. Despite many doubts from others, it worked perfectly.

B. ***Impact on Confidence:*** Key in Global Capital Markets: In addition to impact on savings and interest rates, deficit reduction played a key role in making the U.S. a solid place to invest.

- One can piece that together with supporting free trade, not criticizing the Federal Reserve, not initiating political interventions to show confidence of serious -- not political -- stewardship.

Mexico

C. ***Maintaining Confidence in US Commitment to Fiscal Discipline Has Been Crucial:*** While 1993 was the turning point, the 1997 Balance Budget agreement and your 1998 "Save Social Security First" State of the Union were critical for keeping economic confidence afloat in the United States.

D. ***Asian Financial Crisis and Fiscal Discipline:*** Imagine if during the Asian Financial Crisis of 1998, the U.S. economy was as weak as it was in 1992 with huge fiscal deficits.

- Asian Financial Crisis also demonstrated how critical the effects of U.S. federal government policy could be on fiscal discipline and financial management. In areas where government policy was poor, it smothered the private sector.

II. **<u>Investing in People and the Future:</u>** Realized that we could not put investing in people on hold in the "New Economy," while we did deficit reduction. We had to do both simultaneously which put strain on the budget.

A. ***Now More Convergence:*** businesses now agree that education and training policies are part of an economic growth strategy. They talk of skill gaps and say they need better government policies.

B. ***Deficit Reduction Has Helped to Create More Stable Expansion:*** it has led businesses to reach out more to people on the fringes.

C. ***Can't Afford to Leave Anyone Behind – Economically and Morally:*** Why we needed a Third Way Approach to disadvantaged areas and people. This is not a laissez-fair approach or big public works project, but an activist effort to bring about capital and opportunity. Examples: CDFI, Empowerment Zones, CRA, and most recently New Markets.

D. ***Major Increases in EITC, Worker Training, and Education:*** Although it was enough, these are big accomplishments that not only invested in people but helped cut the deficit significantly.

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E. Focus on Tearing Down Barriers to Work: EITC, minimum wage, welfare reform, childcare can all be seen as part of a coherent Third Way approach to fight poverty within a rewarding work framework.

F. Closing the Digital Divide: It is crucial for the information age to ensure new universal literacy. Examples: E-Rate, Net Days, Technology Literacy Challenge, Community Technology Centers -- all new initiatives.

*G. Science, Research-*Investments in the Future: Even in the midst of deficit reduction, stressed increases in all science, research, and dual-use technology is a critical investment in the future.

III. <u>Open Markets; Deregulation: Keeping a Dynamic Market, Pro-growth Economy:</u>

A. U.S. is Envy of World for Entrepreneurship, Putting Ideas into Action, Innovation and Risk Taking.

B. Open Markets Keep Inflation Low; Competition and Innovation Up: Politicians don't do enough to argue for importance of imports.

C. Good for all: Mexico came back quicker -- far quicker from peso devaluation because of NAFTA.

D. Disappointed that We Were not Able to Bring Democratic Party Consensus to Third Way -- but we did govern that way:

- NAFTA
- Uruguay round
- Info Tech Round
- China, CBI, Africa

270 agreements

E. Started Dialogue on Labor and Environment

F. Stress on "New Economy":

- Information Technology Agreement: $600 billion worth of goods
- WTO Basic Telecom Agreement
- Intellectual Property Protection: GATT, NAFTA
- Liberalized Export Controls
- International E-Commerce Agreements

G. Also Taken Active Steps on Humane Globalization:

- Debt Relief
- Child labor
- Immunizations and AIDS
- Universal Education (boys and girls)

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III (b). <u>Deregulation</u>

Proud of:

- Telecom
- Airline
- Financial Modernization

Allowed the Internet to Develop

- Bias toward innovation
- Studied and worked with private sector first – not knee jerk regulation
- People like John Chambers have told our people "we got it."

Telecom Deregulation

- Dinner with 40 CEOs of new companies
- How you told Mori and Zedillo that deregulation was in their interest

28 June 00

Dear Mr. President—

Thank you very much for agreeing to sit down with me next week. As you know, I've been working on an old-fashioned (which means very, very long) 'New Yorker' piece about the *substance* of the past eight years. My intention is to view your administration through a lens you provided me a long time ago when you said the job of the government in the 90s would be to move us from the Industrial Age to the Information Age.

After dozens of interviews with all sort of people, I've come to the conclusion that you've been acting on that premise throughout; that, indeed, it's been the core vision and purpose of the past eight years. I hope you agree (if not, I'm in trouble). I'd like to ask you about some of the specifics…and I'd also like to hear your thoughts on some of the more general issues raised by this rather remarkable moment in time.

I'm not sure how I'll structure the piece yet, but there are five essential areas I've been thinking about. Feel free to add others if you like.

--Management of the Domestic Economy.

--Understanding the Impact of Globalization on Just About Everything—this includes your foreign policy (especially the emphasis on economic issues and free trade), but also your efforts to prepare Americans for this confusing and scary new reality by expanding education and training, changing the social compact (welfare reform), etc. I've also noticed your delight in new medical, scientific and technological breakthroughs; a different president might not have had so much fun with this, or understood the message that your obvious enthusiasm conveys.

--Understanding the Importance of Diversity. This could easily fit in the point above, but the change in the country has been so remarkable that I believe it needs to be highlighted. In the past eight years—and especially in the past two—Americans have finally come to see diversity as a strength not a weakness. You've said that all along, and you've acted on it. The impact on our national identity has been subtle, but huge.

--Creating a social safety net appropriate to the Information Age. This includes everything from the Workforce Investment Act to universal health insurance to old-age pensions. You understood the challenge, but, obviously, there have been some problems here.

The fifth area is more amorphous:

--A hundred years from now, this decade may well be remembered as the moment when the traditional distance between leaders and the public vanished. (I suspect a certain amount of distance, of mystery, is a good thing.) You've had to walk point for future president in this area, and I'd like to know your thoughts about the vagaries of our public atmosphere—including the point you raised to Bob Putnam at the New Economy Conference: How do leaders create a sense of national purpose when so many of us spend all our time doing what I'm doing right now—staring at a computer screen, alone?

I've had a lot of fun working on this piece. I know its been a frustrating eight years, at times, for you (and I know there have been times when I've increased the frustration level). But I do believe that you've a very clear and, ultimately, accurate vision of where the world was headed and what needed to be done about it. That isn't easy during a paradigm shift of this magnitude, but it's the most important thing that leaders do. I think it's time some of the rest of us acknowledged that, too.

Best Wishes,

Joe Klein

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THE WHITE HOUSE

WASHINGTON

July 7, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: Bob J. Nash, Assistant to the President and Director of Pr Personnel

RE: **Office of Presidential Personnel Weekly Report for Week Endin July 7, 2000**

NEW ISSUES

Department of Commerce, Secretary

Norm Mineta is going through his agency briefings. Next week he is scheduled to visit with Senators McCain and Hollings and other Commerce committee members. Possible confirmation hearing dates are July 12 or July 19. He is on the *fast track* with his vetting and White House Counsel is working hard to get this done before July 12 so his background check can be delivered to the Senate in time for the hearing.

Fannie Mae, Freddie Mac, (Sallie Mae)

We need to discuss this and come to a conclusion as you have requested. I recently received a letter from the Calvert Group Limited, an investment company who is a long-time investor in Fannie Mae and Freddie Mac, remarking on the relatively non-existent diversity on these two boards (in terms of both women and minorities). Joel Ferguson is the only minority on the Freddie Mac board and there are no minorities on the Fannie Mae board.

Good

I will have a specific recommendation to resolve the Mae's and Mac's for you and the Chief of Staff early next week.

Vacancy Act letter from GAO

The Chairman of the Senate Committee on Governmental Affairs has asked GAO to review implementation of the Federal Vacancies Reform Act of 1998, examining in particular our agencies' compliance with the legislative criteria relating to the appointment and reporting of individuals to temporarily fill vacant Senate-confirmable positions. In addition they will review whether the time limits have been adhered to by our agencies. GAO has written me requesting a meeting with the appropriate White House officials and has also requested access to the White House database to identify all PAS positions and the status of their incumbents. I have asked Beth Nolan for guidance on the latter request.

Federal Labor Relations Authority (FLRA)

Karen Tramontano and I have been working with the labor community on the politics involved with the possible nomination of Bonnie Castrey, sponsored by Eli & Phyllis Segal, as Chair of the FLRA. Don Wasserman, strongly supported by the labor community, is currently the Chair. His term expired on July 1, 2000 and he can remain in this position until we decide to replace him. The labor community wants to keep Don Wasserman as Chair rather than proceeding with Bonnie Castrey. It is in our best interest to nominate Bonnie Castrey, even though she may never be confirmed. We will update you on the outcome of this situation next week.

Why cross labor here

Marc Lincoln Marks, Federal Mine Safety and Health Review Commission

White House Counsel is reviewing several comments made by Marc Lincoln Marks, a Republican nominee who is currently serving and up for reappointment, on this bi-partisan Federal Mine Safety and Health Review Commission. Allegations have been made that he does not abide by the Sunshine act, which would be problematic should he be confirmed and hold a position on this commission. He has made numerous calls inquiring as to the status of his nomination to several Assistants to the President and the Chief of Staff. I will inform you of White House Counsel's decision.

ONGOING ISSUES

Federal Housing Finance Board

As you know Bruce Morrison recently submitted his resignation as Chair of the Federal Housing Finance Board. You have nominated Franz Leichter (6-8-99) and more recently Allen Mendelowitz. If they are not confirmed by the next recess (begins July 28), we will need to recess Franz Leichter, since major board business will need to be transacted by September 2000.

OK

Chemical Safety Hazard Investigation Board (CSHI)

I met with Paul Hill a few weeks ago to recommend his departure from the CSHI board. I have worked with White House Counsel Office to answer some of his legal questions that pertain to his possible resignation. We plan to nominate and proceed with Gerald Poje, who you selected for Chair, as soon as I meet with Paul Hill again to finalize his resignation from the board.

Senator Lautenberg has sent a letter asking for the removal of Paul Hill from the CSHI.

Recess Appointments Opportunities in the Future

We created a list of possible recess appointments that we shared with Dave Hoppe of Senator Lott's office. Dave Hoppe recommended that we not do many recess appointments during the COB June 30 –July 9 Senate recess. John Podesta, Maria Echaveste and I think we should wait for the next recess beginning July 28, to do a large number of recess appointments. This approach would allow us to get more confirmations in July, before the 28th.

We have two more possible opportunities to make recess appointments during the balance of your term. The possible dates are:

1.) July 28 – September 4
2.) October 6 (*sine die* adjournment) to January 2001

Key Appointments to the Clerk This Week:

- Paige Reffe, Member, United States Air Force Academy Board of Visitors
- Michael Young, Member, United States Air Force Academy Board of Visitors
- William Wardlaw, Member, American Battle Monuments Commission
- Stephen Susman, Member, Holocaust Memorial Council
- Burton Stephen, Member, Holocaust Memorial Council
- Janice Lachance, Member, National Partnership Council
- Edward Montgomery, Member, National Partnership Council
- Colleen Kelley, Member, National Partnership Council
- Charles Barnes, Member, National Partnership Council

Key Nominations This Week:

- Everett Mosley, Inspector General, United States Agency for International Development
- Marjory Searing, Assistant Secretary, Department of Commerce
- Roger Gregory, Judge, Fourth Circuit Court
- Kenneth Tomlinson, Member, Board of Directors, Corporation for Public Broadcasting

Key Confirmations This Week:

- Paul Huck, District Judge for the Southern District of Florida
- John Darrah, District Judge for the Northern District of Illinois
- Joan Humphrey Lefkow, US District Judge for the Northern District of Illinois
- George Singal, US District Judge for the District of Maine

- Daniel G. Webber, Jr., US Attorney for the Western District of Oklahoma
- James L. Whigham, to be US Marshal for the Northern District of Illinois
- Russell John Qualliotine, US Marshall for the Southern District of New York; and,
- Julio F. Mercado, Deputy Administrator of Drug Enforcement, Department of Justice
- Anne Blackburne-Rigsby, Associate Judge of the Superior Court of the District Of Columbia
- Thomas J. Motley, Associate Judge of the Superior Court of the District of Columbia
- John McAdam Mott, Associate Judge of the Superior Court of the District of Columbia
- J. Randolph Babbitt, Member, Federal Aviation Management Advisory Council
- Robert W. Baker, Member, Federal Aviation Management Advisory Council
- Geoffrey T. Crowley, Member, Federal Aviation Management Advisory Council
- Christopher A. McLean, Administrator, Rural Utilities Service, Department of Agriculture
- Edward Bolen, Member, Federal Aviation Management Advisory Council
- Kendall W. Wilson, Member, Federal Aviation Management Advisory Council
- Robert A. Davis, Member, Federal Aviation Management Advisory Council

Number of Individuals Approved by the President and Currently Being Vetted by the White House General Counsel's Office:

Presidential Appointees *with* Senate Confirmation (Full-time & Part-time)	103
Presidential Appointees *without* Senate Confirmation (Full-time & Part-time)	112
Total	**215**

Status of 2000 Nominations and Confirmations:

Status of All (Including Judges)

	Number
Current Nominations	194
Nominations on the Executive Calendar	22
Confirmed in 2000	114
Confirmation Percentage	37%
Grand Total (Nominated or Confirmed)	**308**

Judges Only

	Number
Currently Nominated	40
Nominations on the Executive Calendar	0
Confirmed in 2000	30
Confirmation Percentage	43%
Grand Total (Nominated or Confirmed)	**70**

cc: John Podesta
Maria Echaveste
Beth Nolan