#0fb
Sr

Charles Stith
US Ambassador
Tanzania

Nancy Hernreich
Please pass this on to the President. I don't think he needs to weigh in on this yet.
We're in the residence now, the phone #'s are: 011 255 51 666 558 (ph) 011 255 51 667 158 (fax)
I hope to be in the States in January
[signature]

Memo

To: Whitney Schneidman

From: Stith

CC:

Date: November 17, 1998

Re: Canceling Africa Level Two talks is a **MISTAKE**

'98 NOV 18 10:33

I was informed late on Friday that the Level 2 talks for the Africa Partnership Initiative, scheduled for Dec 9 - 11, had been called off. The reason being, the countries which had not made the list of invitees were encouraging those countries which had been invited to boycott the meeting. I strongly believe canceling the meeting for this reason is a huge mistake!

First, I think it sends the wrong signal to everyone. Since the concern by those excluded was that the process was more political than anything else; what better way to confirm that suspicion than to succumb to political pressure and call the meeting off. If the "Africa Initiative" is truly to be about an economic partnership built on market economy principles then all involved must understand that the first rule of the market is that things are dynamic and not static. Even in the case where mistakes are made corrections are made in an environment in which movement continues.

A second principle of a market environment is that it is competitive. The necessity for the Partnership initiative was that the paradigm we used in the past relative to Africa was, as been described, paternal, at best . The point of the initiative is a paradigm shift which invites competition. African nations are at different levels in terms of private sector reform, have different political environments, and, in some cases, have developed their resources in a way that gives them a competitive advantage. Thus, the rate at which they advance in the "partnership" is going to be different. If a viable economic partnership is built on these factors, then what is the incentive to embrace these principles if every country is going to progress at the same rate regardless of the respective conditions in the country. What we have done on the Level Two meetings is unfair to countries like Tanzania. The democracy has been stable and viable for 30 years, the President has taken a hard line on corruption, and is aggressively proceeding with private sector reform. A part of the rationale that he has to give to his people for them to accept the uneven growth in the economy, that benefits them at different rates, is that it will give them a competitive advantage in the global market place and eventually lead to

11-18-98
To NSC? for reply
Yes ✓ No _
B.

believe if we do both, the Ambassador's meeting and the Level 2 with integrity.

Feel free to share this with the Assistant Secretary.

FR: Charles Stith

Mr. President,
As the memo reflects I've been busy in Tanzania trying to move the "Partnership" initiative. I think we're onto something. I'd be interested in your thoughts. Take Care. Chas.

Respond

A Paradigm for Private Sector T.R.A.D.E. for US Embassies in Africa[1]

As one who is new to the ambassadorial corps, the experience is an honor filled with challenges. As an Ambassador to an African country, it is a particularly exciting time because of the extraordinary opportunity to participate in implementing a major shift in policy. When President Clinton began his second term, he articulated two goals that will impact significantly on how our missions in Africa carry out their responsibilities. The first was to have U.S. trade increase by 35% worldwide by the year 2000. The second goal is more explicitly tied to our mission, and that is his commitment to get the African Growth and Opportunity Act passed and his commitment to have U.S. policy relative to Africa become more trade focused than simply aid focused. Assistant Secretary of State for African Affairs Susan Rice, in her most recent Bureau Management Plan, fashioned for the bureau a plan consistent with the objectives set out by the President. Her immediate objectives for the bureau are, by the year 2002, to increase the United States' average market share in Africa to ten percent from the current seven percent and to increase U.S. direct investment in Africa to $10 billion from the current $4.9 billion.

In order to give substance to the policy objectives put forward by the President and Assistant Secretary, there are a couple of things American missions in Africa need to do. We need to develop a model to increase trade between the U.S. and African countries and investment by U. S. companies in Africa. And, we need to develop a strategic plan to accomplish these ends.

There seems to me to be, at least, three questions that ought to inform our efforts. To frame those questions specific to Tanzania, they are:

(i) What's happening in terms of economic opportunities in Tanzania? That is, what are the relevant factors that would impact on the effort to expand trade and investment in Tanzania? The relevant factors would cover everything from the macro policies of the country, to the competitive environment, to an analysis of current economic conditions.

(ii) What's possible in terms of economic opportunities? Implicit in this question is such issues as country and consumer needs, the economic capacity of the country, and the need to identify potential "deal" partners.

[1] The *T.R.A.D.E.* acronym translates to Trade and Reform in A Developing Economy

(iii) What needs to be done in order to exploit the economic opportunities which exist? This question covers a range of tasks: from how we communicate to American businesses the opportunities which, to how we advocate on their behalf, to which Tanzanian policies we encourage the government to change in order to create an environment more friendly for American businesses.

What follows is a conceptual framework for approaching our task of increasing trade and investment in Africa.

A Conceptual Paradigm for African T.R.A.D.E.

MACRO ENVIRONMENT	**The History of Privatization and Private Sector Reform (what has happened relative to privatization?)**	**Regulations and Policies (what are the regulatory policies, donor aid policies, IMF and World Bank policies impact on economic growth?)**	**Country Economic Data (what is the economic capacity and needs; and what is the infrastructure capacity and needs?)**
COMPETITIVE ENVIRONMENT	**Political Climate and Players (who makes what happen relative to the economy?)**	**Private Sector Players (who are the deal makers and deal breakers in the country?)**	**Foreign Countries and Companies (what are they doing and how are they doing it?)**
MARKET ENVIRONMENT	**Economic Diplomacy (what politics, policies, and regulations must be changed to improve US business opportunities?)**	**Economic Opportunities (what parastatals are on the market and what is the schedule for sell and what are the market driven opportunities and consumer demand?)**	**Servicing American Companies (how does the embassy organize itself to develop the strategy for identifying, communicating to, and advocating for US businesses regarding market opportunities?)**

The grid offers a way of conceptualizing all of the relevant issues involved in positioning American companies to be competitive in African countries. While the grid in many ways is self explanatory, there are some dimensions to each factor that are worth emphasizing.

The grid is designed to answer three critical questions, which are generalized refinements of questions raised earlier. The way the questions are cast are to get us to the end game, which is to make US companies more competitive in Africa.

(i) The first broad question is, what is the *macro environment*, i.e., how has the game been played in the past, what are the rules, and what is the state of the economy?
(ii) The second broad question is, what is the *competitive environment*, i.e., who are the players and who do we have to beat?
(iii) The third broad question is, what is the *market environment*, i.e., what are the market obstacles and opportunities and what does it take to capitalize on the opportunities?

There are elements to each question that I will flesh out in the sections to follow. One of the things that should become clear in moving through this model is that using the resources of statecraft to give American companies a competitive advantage in the African economic marketplace is more about the reorganization and management of present assets than the development and deployment of new assets.

The Macro Environment

The first element that is essential to understanding the macro environment in a developing economy is the history of privatization and private sector reform. The importance of this element simply put, to paraphrase George Santayana, is "those that forget the past are doomed to repeat it". In order to make progress in the movement toward privatization, it is critical to understand the fits and starts of previous efforts. As it relates to African countries this is particularly important, because in many cases there were earlier efforts to privatize and nationalize economies that had a direct relation to the governments need to deliver economic opportunities to complement the political freedom that came in the post colonial era. Understanding that history is critical to making the case for privatization and understanding the impediments to free enterprise and private sector development.

US agencies like USAID are great repositories of information on the economic histories of nations in which we have a presence. As such, they represent an excellent place to start an inquiry on the history of the politics and economics of opportunity.

The second element of the macro line is the regulations and policies that either impede or promote private sector development. These regulations and policies exist at several levels. There is the regulatory environment of the particular country. There is the policy agenda of donor nations and extra-governmental agencies like the IMF and World

Bank, which have a major impact on everything from physical infrastructure to fiscal infrastructure.

This is another case in which USAID has developed an approach that is helpful. Several years ago, USAID developed a methodology that aids in the analysis of the regulatory and policy impediments to private sector growth in developing economies. It is called the *Investor's Road Map*. In those countries in which it has been done, it is a real asset for understanding the problems and a real asset in influencing the policy debates that often need to take place in these countries. As the US Ambassador to Tanzania, one of the things I found most heartening as I traveled around the country was the number of people and policy groups that knew about the *Road Map* and referred to it, and saw it as a legitimate framework for debating public policy.

In understanding the work and roles of the IMF and World Bank in these economies, they have more literature than anyone could ever probably digest. Having said this, what they have is clearly helpful and necessary to understand their role. Understanding the short and long term impact of their roles is another matter. This is an area in which the State and Commerce Departments might well do more analytical work in light of the mandate to step up their efforts in the area of economic diplomacy.[2]

The third element of the macro line is the country's economic data. It is this data which enables one to gauge the economic capacity and needs of a nation. It is the data that gives one an objective picture of the economic potential and the economic problems that must be managed.

While we have assets that track the economic performance of the countries in which we have a presence, it is also helpful to identify an indigenous organization that tracks economic performance. When no such entity exists, the creation of such an asset is desirable.

The Competitive Environment

In any enterprise in which winning is the objective and losing is a possibility, understanding the competitive environment is critical. There are several elements to gauging the competitive environment. One is the political climate and the players. The point here, is from an economic perspective what game is being played. Are the politics of the economy defined by the rules of free enterprise, or are there other rules that are in play? Two words that often have currency in gauging the political environment are "transparency" and "corruption".

[2] There are emerging schools of thought that are beginning to question the structural adjustments the IMF often calls for in developing economies. A Japanese economist, Professor Ryokichi Hirovo of Seiko University and a former advisor to the UN Development Program in Tanzania, has cautioned developing countries against the "blind" adoption of IMF policies.

As it relates to the players, one point is, who are the key actors to move one through the necessary regulatory and bureaucratic maze that is a part of doing business anywhere? This is important in any context but it is particularly important in a developing economy, without a long history of private sector development and thus potentially more red tape to tie one up. Identifying some of the players in this group can be accomplished through traditional courtesy calls. Others will have to be identified by simply casting a broad net. The important point here is that it is important to know and meet the people in the country who follow the money.

The second element of relevance to understanding the competitive environment is identifying the private sector players. These are the players who can make or break a deal by virtue of their position and inclination to be helpful or not. These players fall primarily into two categories. The first category consists of those persons who could serve as potential deal partners. What we, and those in other countries, have found is that it is easier for foreign companies to do business if they partner with an indigenous firm. Thus, it is critical that there be a roster of potential deal partners available to companies wanting to do business. This is not a matter of the Embassy trying to pick which indigenous companies are (or will be) winners and losers, but rather to identify those that are competent and not tainted by corruption.

The other category of private sector players are those that provide essential services for conducting business. These services include consultants providing strategic planning advice, lawyers, accountants and the like. The rationale is obvious, for a US company doing business in a foreign country there is a need to utilize the services of professionals who understand the regulatory and legal landscape. Such assistance is a necessity in order to keep from getting bogged down in regulatory and legal entanglements.

The third element in gauging the competitive environment is identifying the countries and companies that are U.S. competitors. If our companies are to compete successfully, it is important to know what strategies other governments are using to advocate and aid their companies. It is also important to know which foreign companies our companies will be competing against as well as the strategies they are employing in order to get business. An obvious reason for doing this kind of reconnaissance is the need to know the competition. In addition, our companies are competing against many of these companies in other markets, and some of the strategies that they are employing already might well be utilized in this case. It is also important to note that our companies will not always simply be competing against companies from the G7 countries. In Tanzania, South African and Indian firms are major competitors in this market.

The Market Environment

This line in this conceptual paradigm for African T.R.A.D.E. is where the rubber meets the road. These are the tasks that are most directly involved in trying to ensure that American companies have a competitive advantage in African markets. The conceptual tasks, which were identified earlier, are the necessary preliminary steps to the concrete work that begins at this level.

The first element here is *economic diplomacy*. Before addressing the specific issues for diplomatic discourse, it is important that the assumptions which guide this focus be clearly articulated. The pretexts for the mission's diplomatic efforts are:

(i) Identifying the benefits in terms of corporate growth and job creation for US companies by investing in the particular country.
(ii) Identifying the benefits of US investment for the particular country.
(iii) Delineating the growth and development that will result for the country as a result of US investment.
(iv) Delineating the extent of job creation and the multiplier effect of US investment.
(v) Delineating what US investment and trade mean in terms of an increased standard of living for the general population and deliverables for politicians seeking reelection.

In short, the pretext that must be established in order to engage in effective economic diplomacy is the "win win" opportunity that exists for the country and our country as a result of US trade and investment. This is an area in which public diplomacy is required. The watchwords here are *perfect the message* and *stay on message*. Our message is this:

> *For American companies, Africa is the world's hottest emerging market. Presently, the return on investment has exceeded average worldwide returns by nearly 20 percent. Tanzania is a great place to invest and realize similar returns because "it has a history of political stability, an exceptional economic track record, and a clear legislative framework for foreign investors.*[3]
>
> *For Tanzania, recent American investment policy has established a goal of $5.1 billion over the next four years for direct investment in Africa. That represents almost 75 percent of Tanzania's GNP! As a part of President Clinton's "Partnership for Economic Growth and Opportunity in Africa" initiative, Tanzania has been selected as only 1 of seventeen African countries for level two status. This means that Tanzania is situated to become a prime place for substantial U.S. investment. More investment means more capital, more capital means more wealth, more wealth means greater prosperity and opportunity for all Tanzanians.*

Our people at USIS do an outstanding job of creating and finding opportunities for us to articulate this message.

[3] Vogl, Frank & Sinclair, James: **Boom: Vision and Insights for Creating Wealth in the 21st Century**, 1996. Irwin Press. P.218

Beyond creating a tone with the "message" the specific foci for diplomatic attention are the policies, regulations, and politics that must be changed to improve US business opportunities. In most African countries the areas of attention are fairly standard. They run the gamut from streamlining bureaucracies and regulations that make doing business next to impossible, to transparency and Y2K issues, to the need for laws governing intellectual property rights.

The second element in this line of our grid is identifying the *economic opportunities* that American companies might pursue. These opportunities include the market opportunities that could be identified using techniques that would be employed anywhere, to identifying "country owned" companies (parastatals) to be sold as countries move to privatize their economies. While sophisticated market analysis, in most cases, is beyond the capacity of most embassies, locating reliable analysis done by the government and independent sources is well within the capability of every embassy. [4]In addition, it is within the capabilities of our embassies to document parastatals that are for sale, the schedule for such, and the requirements that need to be satisfied in order to make a competitive bid.

The last box in this grid represents the end game. That is, the point of developing this conceptual framework is to understand what is needed in order to give American businesses a competitive edge in doing business in Africa and to provide an approach for getting it done. This element, ***servicing American companies***, is about doing what it takes to give American companies a competitive advantage as they compete in the African marketplace.

Early on I indicated that one of the keys to this model is that it is about the reorganization and management of present assets rather than the development and deployment of new assets. No where was this reflected more than in the first mission initiative to get this effort moving. At the suggestion of my Deputy Chief of Mission, John Lange, we established a ***Trade and Investment Promotion Team.*** Our *TIP Team* is comprised of USAID representatives Sherry Sykes and Daniel Ngowi, the Mission Political/Econ Officer Chris McMullen and staff members Fredrick Kibodya , Colin Green, Ben Winfred, and Tina Mdobilu, USIS head Dudley Sims, the DCM and me. Two tdy'ers (temporary duty personnel) who were extremely helpful in our efforts were Troy Fitrell and Tom Ofcansky. In order to service American companies, the Embassy must be organized to do so; forming a *TIP Team* is a first critical step. While it is implicit, it is worth punctuating that the Ambassador must take the lead if the Embassy is going to be an effective advocate for US commercial interests abroad!

The second step involves doing the necessary research and analysis in order to develop a strategic plan. The watchword here is follow the ***Conceptual Paradigm for African T.R.A.D.E.***.

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[4] Some sources for economic conditions and market analysis in Africa are **The Africa Competitiveness Report 1998**, World Economic Forum and USAID's Investor's Road Maps. Other studies and analysis, which are country specific, are probably available.

The third step is developing the actual plan for identifying, communicating to, and advocating for US businesses regarding market opportunities.

The final step is getting down to business for US businesses.

The Tanzania Initiative

The first part of this paper was conceptual. This part deals with the actual; i.e., what did we do in Tanzania to become more effective diplomats for American commercial interests and how did we do it. While it is too early to declare the absolute success of our efforts, I do believe we are far enough along in order to be able to talk about some of the successes we have had.

Before I go on to discuss the successes we have had, let me first stress the importance of our model (and plan). For us it made for a clarity of purpose and action, which is valuable in and of itself. This approach is also helpful because it positions an embassy to deal with one of the facts of life in an American mission abroad, and that is the inevitable change of personnel. This hit home for us in a profound way. After the bombing of the Embassy in Dar es Salaam, we required an extraordinary number of *TDY'ers* to deal with the damage which had been done and also to relieve personnel who had been traumatized by the blast. Inadvertently, we discovered that a byproduct of this approach was that it provided continuity and consistency in a situation where we had to manage significant staff changes. Given the constant turn over in embassies, a model like this will serve well in any situation. In short, the plan makes for continuity and consistency, both of which are critical to being effective at economic diplomacy.

In terms of organizing the *TIP Team* there were several things we did. We established a regular weekly meeting; this is where tasks were assigned and where we discussed strategy. I ordinarily chaired the meetings; but the management of the team was the responsibility of the Political/Econ Officer. We also developed a time line around which to organize our efforts. This also served to keep us on the ball in terms of getting things accomplished. We started with two events and worked backwards in terms of developing our work plan. The events were *The Corporate Council on Africa* April Summit in Houston and *The Council's* trade mission to Tanzania, which was scheduled for January. These represented ways to benchmark our efforts.

One of the first tasks of the *TIP Team* was to do an inventory of our assets. That is, we went through the process of surveying the relevant research and work that had already been done at the mission. In this same vein, we inventoried the research and resources relevant to our work that had been done by other government agencies and NGO's.

Our analysis of history and data revealed several interesting points and trends. Relative to the *Macro Environment*, the present Government of Tanzania has taken an aggressive posture on the liberalization of policies affecting trade and privatization. In 1992 USAID conducted an assessment of needed private sector reform. Some of the areas in which reforms were needed were in the financial sector and in laws governing prices, privatization, and trade. By 1998 the government had developed comprehensive guidelines for licensing banks, branching, and ownership. The government presently has a policy of no price controls, no foreign exchange controls, and no parallel market for foreign exchange. While these changes, in and of themselves, are significant relative to the competitive environment what the changes also reflected was a real commitment over time by the Tanzanians to private sector reform. Our research confirmed that the World Bank also believed this to be the case. The commitment and continuity in developing a private sector driven economy is information that is particularly important for investors to know.

Beyond the changes in the macro environment that resulted in a more business friendly *competitive environment,* there were other strategies we used to gauge the competitive environment.

Our team kept me very busy getting out to see the country and how its economy operated. Obviously as a part of that I met many of the key players. I was surprised at how few of my colleagues from other countries had been to the places I had been and met the people I had met. In addition, our team kept a steady stream of people coming through my office to keep me up to date on the latest economic developments. The team was also quite busy doing their own reconnaissance. They did an excellent job of pinpointing the strategies used by other governments to promote the interests of their firms.

In managing the issues pertinent to enabling our companies to operate in the *market environment,* we took a number of different approaches.

In the area of economic diplomacy we identified a couple of policy priorities that we felt were important and on which we had a pretty good chance of success. The two areas we chose were moving the Department of Transportation "safe skies initiative" and encouraging a legal framework to protect intellectual property rights. Prior to leaving for post, I met with the Secretary of Transportation Rodney Slater. He reiterated his commitment to include Tanzania in the group of "safe skies" countries. It was then our responsibility to make sure Tanzania fulfilled the necessary conditions. The staff made sure I was thoroughly briefed on the issues. The briefing also included a tour of the airport and briefings by those that had responsibility for administering the airport authority.

On the issue of intellectual property rights, we learned that there was legislation in draft form on the way to Parliament. While the commitment to private sector reform was there, on an issue such as this we knew that we would need to do some things to "enable" and encourage the passage of this legislation.

Another area critical to American companies negotiating the market environment was identifying economic opportunities. One area ripe for participation by American companies was the acquisition of parastatals. Out of 400 parastatals earmarked for privatization, over two hundred had been privatized. Our task in this regard was to identify those still to be sold, outline the bidding process, and do what we could to make sure our companies got a fair shake.

The final piece of this puzzle is the actual *servicing of American companies* interested in doing business in Tanzania. The first task here was to develop the capacity to communicate to our companies about the opportunities available and relevant market conditions. We developed a three pronged strategy. The first piece was to develop a newsletter, which we sent to businesses and relevant trade associations. Secondly, we expanded the Embassy website to include information about economic opportunities in Tanzania. And, thirdly we collaborated with the Tanzanian Embassy in Washington to carry information which we had developed, as well as encouraging them to beef up their portfolio on this issue.

The final piece is the work of getting out and advocating the interest of American companies and touting the value of an American presence in the marketplace. In some cases, companies will come to the Embassy and ask for help.

In the beginning, it is necessary to look for opportunities to push American companies and products, because quite frankly American businesses have not expected much from our Embassies in this regard. Probably the best statement of this was offered by Peter Bijur, Chairman of Texaco. Before leaving to assume my post, the chairman of Texaco was one of those persons I met with to discuss the Embassy's role in economic diplomacy. He said that often one of the most difficult things a business leader encountered when in countries where they had business interests or were seeking to do business was getting a meeting with the Ambassador! In far too many cases they were only able to meet with the political/econ officer. While the political/econ officer is an important player, a business leader expects to be able to meet with the leader of the mission. If we are to be effective diplomats for America's economic interests, we must definitely have an open door policy to business leaders who seek our advice or support, and understand the value of our presence and leadership.

The effort to make this "Partnership for Economic Growth and Opportunity in Africa" work is well worth it. As Assistant Secretary Rice wrote, "...as the world's last major emerging market, Africa will become increasingly important to overall U.S. prosperity. Economic reform across Africa has fostered impressive new economic growth: 5.6 percent in 1996 and 4.5 percent for 1997, despite global repercussions from the financial crisis in Asia. U.S. exports to Africa totaled \$6.2 billion in 1997 and now exceed U.S. exports to all of the former Soviet Union combined by more than 20 percent. In recent years, return-on-investment in Africa has exceeded average worldwide returns by nearly 20 percent." We need to step up our efforts to ensure American businesses have a competitive advantage because quite simply, it's too much money to leave on the table.

But maybe even more important, the "business of America is business", so not to compete in this emerging market and win is not the American way!

prosperity for all Tanzanians. Why should he have to defer on the advantages they have created, at great sacrifice to his people and at real political risk to himself, for countries and leaders who refuse to operate in a similarly free democratic environment and who have yet to make the tough choices to give their economies more of a free market orientation? This not only sends the wrong signal, it is patently unfair and it is irrational because it penalizes those who perform.

A third reason I believe calling the meeting off was a mistake is the problem it creates for those of us who are seriously trying to carry out your free market policy objectives for Africa. This move undermines the efforts of those of us who are trying to get the leadership of the countries in which we are posted to think with a free market mind set. Additionally, canceling the meeting comes across so much like the old way of doing business with Africa; either we can't or won't get our act(s) together.

In Tanzania we have organized our Embassy to become more effective in implementing your agenda. (The model for which I'll send under a separate cover.) We are ready to move forward not backward.

Rather than canceling the meeting we need to convey to the countries which did not make the first cut that the presently scheduled talks do not exclude or preclude their participation in the future. Though they view their exclusion from the meeting as a mistake; at this point, the only significant mistake would be to cancel this meeting. The process you have begun is an opportunity to make a clean break with the past. The process we've begun is not always going to be neat or mistake free, but that is the way of the world. A relationship that is really about partnership has to grow within the context of this reality. Those who would complain about the composition of the group because it appears arbitrary miss the point. The most significant thing that has beleaguered our relations with African countries is not the arbitrary nature our relationships; it is that we do nothing or we do so little because we don't want to make hard choices or extend ourselves beyond the minimum. Scheduling the Level 2 talks so soon after The President's trip sent the signal that we are serious; and that this not another one of those initiatives, that seem to define our past relations with Africa, that are all talk and no action. I was proud to be able to make this point to the Tanzanians. To cancel the meeting is a horrible waste of capital/credibility.

The meeting needs to be rescheduled as presently constituted. Countries which were invited that would boycott the meeting are either not serious about developing a serious trade relationship, or they don't understand what we mean by the present policy objective. In either case, we need to know this. We need to be clear about why leaders who have been invited would not attend; and we need to be clear with them why we think they should attend the meeting and how such meetings fit the new paradigm.

There is an upside to the "postponement" of the meeting and that is, it really would give the present invitees more time to plan and prepare for the talks. Beyond that, as I have stated, we should move immediately to reschedule this meeting.

PS. Based on our conversation earlier today, I agree that it would probably be a good idea to convene a meeting of the Ambassador's of countries that did not make the first cut and explain to them where we're going with this initiative. Clearing the air never hurts. But, having said that I stick by my initial point that the previously scheduled Level Two meeting should be scheduled sooner rather than later. I believe if we do both, the Ambassador's meeting and the Level 2 talks, we can accomplish both ends, with integrity.

Feel free to share this with the Assistant Secretary.

(iii) What needs to be done in order to exploit the economic opportunities which exist? This question covers a range of tasks: from how we communicate to American businesses the opportunities which, to how we advocate on their behalf, to which Tanzanian policies we encourage the government to change in order to create an environment more friendly for American businesses.

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Tab A - copied Caplan cover note and
Tab A to Murguia, Echaveste,
Podesta, Eli Joseph for reply

Tab B - copied Caplan cover note and
Tab B to Berger/west wing desk/
Podesta/Ibarra

Tab C - copied Caplan cover note and Tab C
to Podesta/Burkhardt for reply

THE WHITE HOUSE

WASHINGTON

November 17, 1998

11-18-98

MEMORANDUM FOR THE PRESIDENT

FROM: PHILLIP CAPLAN
DAVID GOODFRIEND

SUBJECT: Recent Information Items

Maria

We are forwarding the following recent information items:

(A) **Sen. Chris Dodd's Hurricane Mitch Letter via Janet Murguia** -- Sen. Dodd traveled with Mrs. Gore to Honduras and Nicaragua; he's sorry he couldn't attend the radio address. He found the trip very useful and recommends legislative and executive actions: Congress should enact a $230-250M supplemental appropriation and extend NAFTA parity for Central America and the Caribbean. You should consider the following executive actions: (1) provide debt forgiveness; (2) provide DoD airlift assistance and accelerate Operation New Horizons; (3) simplify "Denton" procedures allowing private voluntary organizations to receive DoD assistance; (4) clarify that recent DoD drawdown authority covers all DoD expenses so that scarce AID funds are not used for such purposes; and (5) extend the temporary suspension of all INS deportations to Central America. *We sent a copy of his letter to Maria and Sandy; Janet sent Dodd a copy of Mrs. Gore's report.*

(B) **Berger Memo on Domestic Preparedness for WMD** -- responding to an article you sent regarding state and local officials' discontent with federal weapons-of-mass-destruction preparedness programs, Sandy reports that an Administration review revealed three problems: (1) a focus on chemical but not biological weapons; (2) providing training but not equipment; and (3) a lack of coordination among agencies. You addressed the first two issues in a budget request subsequently funded in the Omnibus Appropriations Act. On the coordination issue, the Attorney General and Dick Clarke created a single WMD Preparedness Office, which opened November 1. The objective now is to get the word out; Dick will do a multi-city tour later this year.

(C) **Mark Gearan Peace Corps Update** -- Mark reports that there are 6,700 Volunteers in 80 countries; the Peace Corps received $240M for this fiscal year, the largest budget in the agency's history and a step toward the 10,000-Volunteer goal; new programs opened this year in Mozambique and Bangladesh; the Crisis Corps, which you announced in 1996 to send Volunteers on short-term disaster relief assignments, grew to 90 Volunteers in 13 countries; the Peace Corps hosted its second conference on International Volunteerism in June; the new recruitment campaign will include diversity goals; the new headquarters recently opened here in D.C. (Mrs. Clinton was present at the dedication in honor of Sargent Shriver).

'98 NOV 16 PM8:41

THE WHITE HOUSE

WASHINGTON

November 13, 1998 11-18-98

MEMORANDUM FOR THE PRESIDENT

FROM: **JANET MURGUIA**

SUBJECT: **SENATOR CHRIS DODD (D-CT)**

Attached is a letter from Sen. Chris Dodd (D-CT) on Hurricane Mitch and its effects on Central America.

Sen. Dodd requested that I bring this letter to your personal attention and indicated that it is time sensitive.

I have forwarded to him a copy of Mrs. Gore's report that she presented to you on behalf of the delegation.

Enclosures

cc: Mrs. Gore

Caplan cover note
TAB A to
Murguia
Echaveste
Podesta
Eli Joseph for reply

United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510-6225

November 13, 1998

The President
The White House
Washington, DC 20500

Dear Mr. President:

I am writing to thank you for inviting me to participate in the Presidential fact finding mission to Honduras and Nicaragua under the able leadership of Mrs. Tipper Gore. I found the visit enormously helpful in getting an accurate picture of the devastation that has been wrought by Hurricane Mitch to the infrastructures and populations of those countries. I know that other members of the Congressional delegation also benefitted greatly from this visit. I regret that I am not able to attend the meeting at the White House today to discuss what more the United States can do to assist the countries of Central America to recover from the effects of Hurricane Mitch, but I nevertheless thought that you might find it helpful to know my conclusions and recommendations after spending two days in the region.

The destruction and devastation caused by Hurricane Mitch are almost incomprehensible, as are the tasks of cleanup and rebuilding. While Honduras and Nicaragua were the most severely impacted, other countries in the region also suffered storm-related damage as well. The entire region will require sustained international assistance, if it is to ever fully recover from this disaster. I very much hope that the United States will play a leadership role in spearheading that effort.

I commend you for your efforts to date in providing United States disaster related assistance to Central America, particularly to Honduras and Nicaragua. However, I believe that there are a number of additional areas where the United States could be doing more: some of these will require Congressional action, and others can be undertaken pursuant to Executive Order. With respect to the former, I believe that the 106th Congress must make as its first legislative priority the passage of an emergency supplemental appropriations bill for the region, perhaps on the order of $230-250 million. In my view, that emergency legislation should also include provisions extending NAFTA-parity treatment to the countries of Central America and the Caribbean, since over the longer term the private sectors of these countries will be the engine for economic growth and job creation. I stand ready to work with your administration and with the bipartisan leadership of the House and Senate to accomplish that goal.

I would also ask you to consider undertaking steps in the following areas pursuant to Executive Order:

-- authorize the forgiveness of a substantial portion of the outstanding official debts owed by these countries to the United States as part of an international debt forgiveness initiative;

-- instruct the Department of Defense to send more airlift capacity to the region to facilitate efforts to deliver emergency supplies to remote areas, and to accelerate the starting date of Operation New Horizons so that the United States Army Corps of Engineers or National Guard units can begin now to rebuild bridges and roads, particularly in the coffee growing areas of Honduras while this year's crop is still salvageable;

-- simplify so called Denton authority procedures that private voluntary organizations must follow in order to obtain assistance from the Department of Defense in delivering emergency donations to the region;

-- clarify that the Foreign Assistance Act 506(a) drawdown authority, which was authorized on November 6, should cover all Department of Defense related expenses in the relief effort, rather than continue to utilize scarce AID disaster funds for some of these expenses; and

-- extend for a period of up to six months the Attorney General's temporary suspension of all INS deportation proceedings with respect to Central Americans currently residing in the United States since it would be inhumane to send additional individuals back to those countries at this time.

Mr. President, I hope that you will find these recommendations helpful as you go forward to formulate United States programs and policies to respond effectively to the current crisis confronting our friends and neighbors in Central America. I stand ready to do all that I can to be of assistance to you in these efforts, including working with the bipartisan leadership of the Congress to gain early approval of the legislative components of U.S. relief and reconstruction initiatives.

With sincerest regards,

Chris

Christopher J. Dodd
United States Senator

cc: Mrs. Tipper Gore

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note
TAB B to
Berger / WWD
Podesta
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THE WHITE HOUSE

WASHINGTON

'98 NOV 16 PM6:33

November 16, 1998

INFORMATION

11-18-98

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER (K) Ic

SUBJECT: Criticism of Domestic Preparedness for WMD

You asked about an article reflecting state and local officials' discontent concerning our program on weapons of mass destruction preparedness.

There were three things wrong with the program when we reviewed it in the Spring:

-- It was focused on CW, and did little about BW;

-- It provided training, but did not give equipment;

-- There were too many Washington agencies involved and no one in charge.

You moved to solve the first two problems in your May 22nd initiative by requesting funds for BW related programs and CW related equipment for state and local governments. Congress provided those funds in the Omnibus spending bill in early October.

To address the third issue, Janet Reno and Dick Clarke crafted an initiative to create a single National WMD Preparedness Office, in which all relevant agencies would be involved. That office opened its doors on November 1.

These steps will go a long way toward meeting the justifiable criticisms of state and local governments. What we need to do now is get the word out. Dick is working with FEMA, Justice, and other concerned agencies to do a multi-city tour later this year to speak with governors' offices, mayors, fire chiefs, police, and emergency managers.

cc: Vice President
Chief of Staff

Sandy – Seems worth [illegible]

THE PRESIDENT HAS SEEN
10-14-98

TO: TRANSNATL
EXEC TO TRACK

Anti-terrorism plans falling short

Urban officials say they lack equipment and training to fight an attack involving chemical, biological or nuclear weapons

By Fred Bayles
USA TODAY

BOSTON — If the drill had been real, the first police officers and firefighters answering the 911 call would have died quickly, convulsing on the ground because they lacked the basic gear to protect them against sarin gas.

Those wouldn't have been the only deaths. Police cadets playing victims ran in mock panic from the scene. They would have contaminated city streets and a nearby hospital. Others who played the seriously injured cried for help that took 90 minutes to arrive. Paramedics had to wait to treat them until firefighters could find the right people to struggle into the few protective suits on hand.

The recent drill at a Boston high school football stadium was part of a nationwide training program to prepare cities for a terrorist attack, a once farfetched idea first made real by the World Trade Center bombing in 1993 and the destruction of Oklahoma City's Federal Building in 1995.

Since then, there have been other warning signs of vulnerability: the attack in 1995 on the Tokyo subway system; the bombings a year later of Khobar Towers in Saudi Arabia and this year's attacks on U.S. embassies in Kenya and Tanzania.

In the years since the World Trade Center bombing, the federal government has spent billions — $7 billion last year alone according to one estimate — to create anti-terrorist programs, panels and agencies. Many have overlapping roles that even government watchdog agencies can't track.

Confused and worried

This bureaucratic maze has left urban officials confused and worried. Many told USA TODAY they are no more ready now than they were two years ago for a terrorist attack using chemical, biological or nuclear weapons.

Some don't even know which agency to call for help in case of an attack. All feared the potential of hundreds of casualties and millions of dollars in damage.

"We don't have sufficient equipment or training for a major terrorist event," says Bob Canfield of Los Angeles' Emergency Preparedness Division. "Instead, what we see is a lot of money being used up by people at the federal level trying to decide how the system should run."

Canfield is not alone in his complaints. In August, a gathering of 200 "first responders" — firefighters, police and urban managers who would be in the front lines of a terrorist attack — told Attorney General Janet Reno and others the system wasn't working.

They said grants for needed equipment were slow in coming; often the equipment they got didn't fit their needs. They talked of a bewildering array of programs and contradictory plans on how to deal with emergencies that left them unsure how to respond to an attack or even where to call if they faced one. They begged for someone to rein in the scattered programs and provide a central voice to the effort to get them ready.

Federal officials acknowledged the complaints last week. They say they soon will announce their solution — the creation of another anti-terrorism office.

"We have heard the message loud and clear and we agree they have a legitimate complaint," says Michael Dalich, chief of staff at the Justice Department's Office of Justice Programs.

Trying to improve

Dalich says a new FBI division, the National Domestic Preparedness Office, will take over coordination of programs in the Public Health Service, the National Security Agency and the Departments of Defense and Justice.

"The handling of terrorism issues has been historically very diffuse," he says. "We're trying to get all the programs in one place to coordinate it and make it work better."

But Dalich says it will take months before the new system goes into place.

Local officials remain skeptical. Though Bernard Hicks, deputy director of the Atlanta-Fulton County Emergency Management Agency in Georgia, gives federal training programs an "E" for effort, he doesn't expect the bureaucracy to get more efficient anytime soon.

"The red tape I have to [illegible]," he says. "We have a long way to go."

Urban officials from around the country echo that view.

In San Francisco, police rely on humor to shrug off the immediate prospect of what a terrorist attack might mean. Right now, only the police bomb squad has a few A-type protective suits, which seal the wearer from toxic dangers and provide a self-contained breathing system.

Police would like to have a dozen more on hand along with detection and decontamination equipment costing at total of $4 million. But any purchases will have to wait to next year, along with more extensive training.

'D suits'

For now, police joke about their "D suits" — regular uniforms that protect against dirt and little else.

"The firefighters refer to the police officers as the blue canaries because we'd be the first to die," says Sgt. Mickey Griffin, the police department's emergency services coordinator.

Others complain they need much more than suits. Their emergency personnel would have to enter hot zones — the area of the attack where chemicals or other lethal agents are still reacting — without equipment needed to detect and identify lethal agents. And they also complain about a lack of equipment to decontaminate victims exposed to deadly gases, germs or radiation.

At the Boston drill, one team used a car washing wand, garden hoses and a child's wading pool decorated with cartoon flowers and snails to wash down supposed victims. Grants for specialized decontamination tents are stuck in the pipeline and the portable facilities are in short suppply.

Boston is not an unschooled backwater in this exercise; it's ahead of much of the nation. The country's largest 120 cities are supposed to receive anti-terrorist training under the Defense Department's Domestic Preparedness Program. Mandated by Congress in 1996, the five-year, $150 million program is the most visible of the federal anti-terrorism schemes.

But the training takes time. The program, in it's second year, has been to just 34 cities for week-long classroom sessions that theoretically prepare cities for a dress rehearsal a year later. Only five cities — Washington, D.C., Detroit, Philadelphia, San Jose, Calif., and now Boston — have taken the next step of a full-scale drill.

Lessons learned

Although those in charge of the drills say they are learning from each experience, each experience shows new weaknesses in the system.

▶ In Washington, D.C., emergency personnel responded to a Sept. 22 drill using the scenario of a nerve gas attack at an RFK Stadium rock concert. They found that downdrafts from emergency helicopters would have spread the gas.

▶ In San Jose, fire and police units responding to a supposed gas attack on City

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Berger
COS

Council offices waited outside for three hours while personnel struggled to don unfamiliar protective gear before they could get to victims.

▶ In Boston, rescuers waited 90 minutes until personnel with A-suits could check the scene. Reason for the delay: seven officers chosen to wear the suits were found to suffer from high blood pressure and alternates had to be found.

Still, there was little disappointment with the three-hour drill that involved hundreds of personnel from the fire, police and emergency medical services along with state and federal agencies.

"This is a success just by the fact we've got all these different people working here together," says Richard Serino, the head of Boston's Emergency Medical Services.

National groups of firefighters and fire chiefs are more critical. They criticize the military style approach to the training with its doctrine of "acceptable casualties."

"Our people have real problems that they should be

Overlapping agencies now under 1 FBI office

Continued from 15A

prepared for firefighter casualties in the event of terrorist act," says Fred Nesbitt, an official with the International Association of Fire Fighters. "To us, that's unacceptable."

Some city officials say they are disappointed with another aspect of the Pentagon program — grants of $300,000 in equipment to each city. The equipment, they say, is mainly for training and is not what they need to step up their readiness in case of a chemical attack.

Hicks says much of the equipment his agency received in the grant either duplicated what Atlanta already has or were training materials that would be little help in the event of a real attack. "I would have liked to have the $300,000 in hand so I could purchase equipment to enhance what we already have."

Municipal officials also complain the training program is just one of a dizzying array of federal programs and duplicative agencies in the anti-terrorism business.

The Departments of Defense, Justice, Energy, and Health and Human Services and the Federal Emergency Management Agency (FEMA) all have anti-terrorism offices, some offering overlapping services. All are suppose to fall under the umbrella of the new FBI office.

To those in the cities, such a plethora of programs offers little more than confusion.

"Everybody seems to have a big program up there in Washington, but I'm not totally sure what I'm supposed to be doing here in terms of training, equipment and planning. It makes it all very overwhelming," says Jim Thacker, director of Nashville's emergency management office.

Richard Davis, a security analyst with Congress' General Accounting Office, says the problem is that federal agencies just jumped on the gravy train when Congress and the White House began showering money on the anti-terrorism problem. The result, he says, is that lots of people qualify for funds but no one is coordinating the effort.

"Terrorism seems to be the popular problem right now," he says. "If you want to pump up your funding, all you need is a line in your budget that talks about counter-terrorism and you're likely to get more money." Davis authored the study that estimated the federal government spent $7 billion on terrorism-related projects and programs last year.

Estimated is the operative word. Both GAO and the Office of Management and Budget can't detail which federal agencies are involved, how much they spend and to where the money goes.

For local officials, the confusion even comes down to which federal agency to call in the event of an attack.

Some city officials say they would call the FBI, others FEMA or the Public Health Service. Still others believe their first call should go to a Coast Guard operation that responds to massive oil spills.

"My plan is to call FEMA," Thacker of Nashville says. "Then I suppose I'll get all these other people standing up here, saying, 'I'm in charge.' "

THE DIRECTOR OF THE PEACE CORPS
WASHINGTON, D.C.

October 26, 1998

11-12-98 Copied Capla cover note TAB C to Podesta Burkhardt for reply

MEMORANDUM FOR THE PRESIDENT

From: Mark D. Gearan MG
Director

Subject: Update on the Peace Corps

The purpose of this memo is to provide you with an update on activities at the Peace Corps. Today, there are 6,700 Volunteers serving around the world, and I am pleased to report to you that they doing outstanding work on our nation's behalf. They are making important contributions to grass-roots projects in education, small business development, the environment, health, and agriculture. At the same time, our Volunteers are strengthening cross-cultural ties with the people of 80 countries. What follows are some highlights from this year.

Peace Corps' FY 1999 Budget — After you announced in your first radio address of the year your plan to expand the Peace Corps to 10,000 Volunteers, we worked to build bipartisan support for your initiative and for your FY 1999 budget request of \$270 million. In April, six former Peace Corps Volunteers who serve in Congress and Secretary of Health and Human Services Donna Shalala (who was a Volunteer in Iran) testified before the House International Relations Committee in support of your initiative.

Thanks to your leadership and the outstanding work of your budget negotiating team, the Peace Corps received \$240 million for this fiscal year—\$10 million above the House mark and \$19 million above the Senate mark. This is the largest budget in the agency's history and puts us on the path toward achieving your goal of 10,000 Volunteers early in the next century. By the end of FY 1999, we expect to have 7,400 Volunteers in the field. I remain committed to your goal for the Peace Corps, and we will do everything possible to honor the trust you have placed in us.

New Peace Corps Programs — In October, we sent the first Volunteers to our new programs in Mozambique and Bangladesh. These programs mark another important step in the Peace Corps' long-standing efforts to send Volunteers to the neediest countries. The Volunteers in both countries will serve as English teachers and, at the same time, open new relations with the people of Mozambique and Bangladesh.

Crisis Corps Projects Expand — In the summer of 1996, you announced in the Rose Garden the establishment of the Crisis Corps, a new Peace Corps program that allows Volunteers to participate in short-term humanitarian assistance projects. This program continues to grow, and the Volunteers are making important contributions to disaster relief projects. Over the last year, we have sent more than 90 Crisis Corps Volunteers to 13 countries around the world. For example, they have helped communities in Chile, Paraguay, and Bolivia overcome the hardships of floods caused by El Niño, and in Papua New Guinea, they worked on projects to combat the effects of drought. In addition, Crisis Corps Volunteers are working on refugee projects in Guinea and Thailand.

New Headquarters Building — For the first time since the 1960s, the Peace Corps has moved into its own building here in Washington. The new building (located at the corner of 20th and L Streets) will serve as the headquarters for our international and national operations. It contains modern technology, street-level visibility, and a visitor's center/conference hall named in honor of Sargent Shriver. Mrs. Clinton was our guest of honor, and she delivered a wonderful and very inspiring speech to several hundred former Volunteers, staff members, and friends of the Peace Corps. Her Majesty Queen Noor of Jordan, Senators Dodd and Coverdell, several members of the House, and members of the Shriver family were all part of our celebration. We would be very honored if your schedule would permit you to visit our new building at some point in the future.

Conference on International Volunteerism — In June, the Peace Corps hosted its second conference on International Volunteerism. Representatives from 22 volunteer organizations in 19 countries traveled to Washington for three days of discussions on ways to strengthen cooperation among our volunteers and help developing countries establish their own domestic volunteer organizations. This conference reaffirmed the Peace Corps' role as a leader among international volunteer organizations.

New Recruitment Campaign — As part of our efforts to recruit new Volunteers who will be serving overseas when the new millennium arrives, we have launched a new recruitment campaign that we believe will inspire more Americans to apply for Peace Corps service. An important part of our strategy will be to ensure that our Volunteer corps reflects the diversity of our country. We have developed a new Web site, a 15-minute film of Volunteers serving in South Africa, Ecuador, Uzbekistan, and Mongolia, and a new recruitment catalogue, a copy of which I have enclosed for your information.

11-13-98

THE WHITE HOUSE

WASHINGTON

'98 NOV 16 PM3:22

November 16, 1998

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Podesta

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN TDS

SUBJECT: Buenos Aires Wrap-up

We had quite a good week at the climate change conference in Buenos Aires. The substantive results exceeded our expectations and the press coverage was very good, with frequent positive stories in the *New York Times*, *Washington Post*, *Wall Street Journal*, the wires and other papers. We also got two good editorials in the *Washington Post* and one in the *NYT*. Although there is, to be sure, a very long way to go, we come out of the Buenos Aires meeting with some good momentum on the international front. Here are the highlights:

Developing country commitments. The breakthrough news of the conference was President Menem's announcement on November 11 that Argentina would become the first developing country to agree to a binding emissions target. Argentina will announce the actual number at next year's Conference of the Parties. (The Argentinians are seeking our help in the science and economics of determining a target, and we will of course provide it.)

Menem's announcement is a big deal. It shows that major developing countries can and should step up to the plate rather than resisting even the discussion of their own commitments. It will encourage others to follow suit in the near term. Khazakstan has already done so, announcing at the Conference that it would accept a target. As you know, Menem was under considerable pressure, from outside and within his government, *not* to announce a binding commitment. But he held firm, sticking with the advice from his Environment Minister, Maria Julia Alsogaray, who was also the Chair of the Conference. Your phone call to Menem early last week helped to shore him up at exactly the right time.

Argentina's announcement was the most dramatic evidence of a quieter evolution going on within the developing country bloc. In brief, fissures are starting to show. This bloc (known as the Group of 77, or "G-77," though it now includes some 130 countries) in fact comprises several distinct subgroupings: the Latins, the Africans, the small island states ("AOSIS"), OPEC and big players like China, India and Indonesia. China, India and OPEC are the hard liners; many of the others are more interested in a genuine dialogue. We shouldn't overdo this; so far, most of the G-77 still stick together. But, increasingly, the non-hard liners are looking for more constructive engagement with us. We will need to find useful ways to encourage this evolution.

The work plan. The Conference agreed on an overall plan -- dubbed the "Buenos Aires Plan of Action" by the European Union -- to finish many of the open issues in the Kyoto Protocol. Most important from our viewpoint was a work plan to develop and finalize rules for the free-market tools, including international emissions trading and the so-called Clean Development Mechanism, that were agreed to in broad concept at Kyoto. We succeeded in (1) keeping the work plan neutral, contrary to the concerted effort of the EU to tilt it toward imposing a hard cap on the use of such tools, and (2) nailing down a two-year deadline for the work, contrary to the efforts of some hard line developing countries to avoid any deadline. The Conference also agreed on a two-year time to develop the rules on compliance, an important and tricky subject. Particularly given our strong resistance to a cap on emissions trading, which opens us to criticism from the EU and enviros for being too "brown," it is important for us to advocate proactively for a strong compliance regime, albeit one that isn't overly intrusive.

Signing the Kyoto Protocol. Our decision to sign the Protocol during the Conference worked out very well. When Stu Eizenstat announced this in his statement to the plenary session on Thursday, the whole hall applauded, an unusual occurrence in these UN conferences. (Stu, incidentally, once again did a terrific job as our lead negotiator.) Congressional opponents like Reps. Sensenbrenner, Knollenberg and others attacked us Tuesday on the strength of rumors that we might sign, but our congressional defenders (including Senators Lieberman and Kerrey and Reps. Kucinich and De Fazio) won the exchange, and we received strong support from enviros and moderate business groups as well. Our Argentine hosts, having stuck their own necks out with their embrace of binding commitments, were delighted that we stepped forward and signed.

We will have to keep an eye out for a possible congressional resolution disapproving our action or calling on us to submit the Protocol forthwith. The key here will be Senator Byrd. He opposed our signing, but appreciated that Stu called him in advance from Buenos Aires and talked through the issue. If Senator Byrd were to make it clear that he wouldn't join a resolution, there probably wouldn't be one.

Follow-on process. Stu pushed throughout the Conference to initiate a process that will bring together key nations from the EU, our "Umbrella" group and developing countries at a political level several times a year to push negotiations forward. One of the big problems we have in these yearly meetings is that none of the issues requiring political input gets made until the end since the intersessional meetings occur at the level of technical negotiators. We need more regular engagement at the political, decision-making level. The EU was quite open to this idea, and the final "Plan of Action" authorizes Alsogaray to use her power as Chair of the Conference to convene this kind of group from time to time.

Umbrella Group. Last year at Kyoto, we began to form a loosely knit group of non-EU industrialized countries to join with us as a negotiating counter-weight to the EU. That group -- which has come to include Japan, Canada, Australia, New Zealand, Russia, Ukraine, Norway and

Iceland -- proved quite cohesive and useful during the Buenos Aires talks. It is clearly here to stay in the climate change context.

cc: Vice President
John Podesta
Sandy Berger
George Frampton
Leon Fuerth
Ron Klain
Jack Lew
Neal Lane
Gene Sperling
Jim Steinberg
Janet Yellen

11-18-98

Sidney
Save for NLC speech prep—

BR

copied Blumenthal Podesta

E. J. Dionne Jr.

In Search of the Third Way

A classic Clinton performance on a day among friends.

NEW YORK—It was an off-Broadway revival of the smash hit "The 1992 New Hampshire Primary." The slightly weathered star of the original knew that this time around, it would be a harder act.

Bill Clinton could still pick the words to match the mood he needed to convey. Ad-libbing remains his specialty. He moved easily from colloquial banter to academic seriousness, from a partisanship couched in humor to calls for national and global unity couched in high-mindedness.

In political sickness or in health, it was the same old Bill Clinton. And the crowd at New York University, like the crowds in New Hampshire, stood up and cheered when it was over—though, it must be said, he was performing before the intellectual wing of his political base.

The setting on Monday was a conference on "Strengthening Democracy in the Global Economy" at New York University Law School. The supporting cast—the word "supporting" is appropriate—included Clinton's friends and political comrades, British Prime Minister Tony Blair and Italian Prime Minister Romano Prodi.

Also along to offer an eloquent reminder that things are much worse in other countries was Bulgaria's reformist leader, Petar Stoyanov. But he insisted his country would overcome its past. Stoyanov could not stop thinking about tomorrow.

For weeks, policy types had dubbed the gathering "The Third Way Meeting." Its purpose was to advance an approach to politics that Clinton and Blair have championed, an effort to thread the needle between Reaganism and Thatcherism on the one side and welfare state socialism on the other.

Blair, who has leaned even more heavily on Third Way rhetoric than Clinton, had the definitions down: It represents "the alliance between progress and justice," an effort to "take the basic value structure" of old progressive faith "minus the dogma."

The Third Way doesn't want "big government" or "tax and spend," but neither does it want "laissez faire." Government, Blair said in an interesting choice of words, should be an "enabler" to help people do what they want through better education and training. It shouldn't try to run people's lives. It offers "a different contract of citizenship" involving both "rights and duties."

The happy conclusion from Blair: "We are witnessing, effectively, the rebirth of progressive politics."

Clinton led off and moderated the meeting with the breezy informality he used during living room get-togethers in Epping, Keene, Concord and countless other New Hampshire towns. Third Wayers wanted to be "modern and progressive," to avoid "false choice designed to divide people to win elections," to have an America that would stand up for "collective responsibilities beyond our borders" and to "moderate boom-bust cycles."

"I'm grateful," Clinton said, "that the Third Way seems to be taking hold."

Now understand that all this was happening on the day that Clinton's grand jury testimony was filling the airwaves. As the hugely advanced information systems that Third Wayers love were feeding the president's words, Hillary Rodham Clinton was bravely doing her part, presiding over a morning discussion among the Third Way's intellectuals. She offered practical stoicism: "We have to take the world as we find it and do what we can to improve upon it."

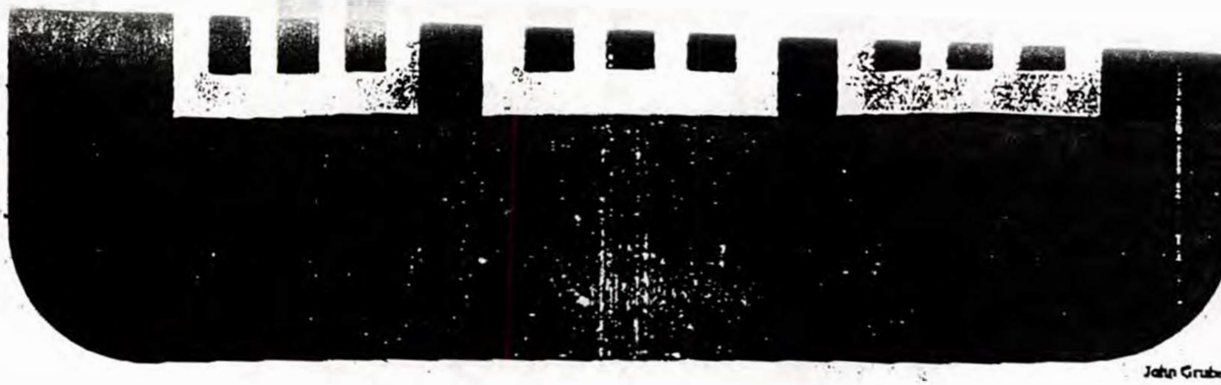
You could argue that the meeting was a lost opportunity for Clinton. He didn't use it to offer a ringing affirmation of the purposes of his presidency that might have nudged its way onto the evening news.

And the conference underscored that Third Way-ism is a plausible concept still in search of a program. It has the potential for sparking the progressive era Blair predicted by arguing for a new balance between government and the market, between a competitive society and social justice. But it has not yet provided a clear path to reforming domestic social insurance programs (including, as Clinton pointed out, Social Security and Medicare in the United States), or to building new institutions to govern a troubled international economy. Prodi warned of the dangers of "walking in the clouds" and the need to acknowledge that the Third Way promises an approach "not yet defined."

Clinton's two-hour policy respite may prove to be no more than that—a footnote to a day that will be remembered only for the release of his grand jury testimony in the Monica Lewinsky case and the barest pause in the juggernaut to an impeachment inquiry.

But the main player in that old New Hampshire drama was struggling to give his well-practiced act one more try. As the scandals rained down on him in 1992, Clinton told voters over and over: "This election is not about me, it's about you." He convinced enough of them six years ago. Now he's playing to a much bigger audience, under more excruciating circumstances. He's looking for a third way out.

The Washington Post
Friday, September ... 1998



John Gruber

Our Lost Best Chance

By James Traub

I spent the day The Videotape was released inside the bubble of New York University Law School's symposium on globalization. And a very pleasant bubble it was, with the First Lady and scholars and bankers and United Nations officials earnestly, even a bit piously, mapping a "third way" between laissez-faire capitalism and the welfare state.

Then, in the afternoon, President Clinton arrived, to talk about "Strengthening Democracy in the Global Economy" in a forum with three other heads of state and government. More genial blather, I expected.

But no; the President posed the hard questions the others had avoided. What kinds of problems are not amenable to "third way" solutions? How do you persuade a public, or a legislature, to deal today with a problem that won't surface for 10 years, like Social Security? The President even made Prime Minister Tony Blair of Britain, his trans-Atlantic soulmate, seem ever so slightly flashy.

On the way out, I asked a constitutional law scholar what he had thought. "That was the most intellectually serious President of my lifetime," he said. "And I can't believe we'll get another for a long time. What a waste."

That, I said, was exactly what I had been thinking. It must have been what many people at the symposium were thinking. What a pitiful waste.

At the reception afterward, the President stayed and stayed and talked and talked — about the problem of the long term, about Kosovo, about anything. I had met him only once before, after a debate in New Hampshire in the fall of 1991, and then, too, he had stayed for hours, debating and delineating.

Some of the same forces of conventional opinion that ridicule Mr. Clinton now over his penchant for all-nighters and commons-room palaver fell hard for him then — for his passionate engagement with the most serious issues, for his gift for posing complicated questions in the most lucid form. It seemed then that this man could break the ideological deadlock of left and right — no one had yet coined the phrase "third way" — and could instill in public life something of the intellectual vitality we associate with the Kennedy years.

And yet, the Clinton Administration has been haunted almost from the outset by the sense of wasted possibilities. President Clinton, unlike Prime Minister Blair, faced a hostile, highly conservative Congress. (At the reception, he said with a smile that at times he could see the merits of a parliamentary system.) Whatever might have been quickly disappeared with the failure of health care reform, the disastrous 1994 elections and the subsequent ascendancy of Dick Morris and "triangulation" — a debased variation on the third way, in which the President reduced his ambitions almost to nothing.

Perhaps a different kind of man — a man less intent on survival — could have found a way to rally the nation to his side. Yet it is also true that the Republicans were determined to deny Mr. Clinton significant legislative victories.

But we didn't know then how profound the waste would turn out to be. After Monday's symposium, I came home, turned on the television and heard, "If the person being deposed kissed the breast of another person . . ." That's what it had come to. Democratization and the forces of global capitalism were inside the bubble, rarefied and faintly preposterous. The all-pervading reality was that the President was facing the prospect of impeachment for refusing to admit that he had touched Monica Lewinsky when she had touched him. And yes, of course, the

Who dashed the hopes of the 1992 campaign?

President was very much to blame for the fix he was in. He shouldn' have done it, and he shouldn't have lied about it. But the world has no been kind to him. It has given him a avenging prosecutor, and a ravening media, and a Republican majority quietly sharpening its knives.

To Mr. Clinton's critics, it is obvious how history will apportion the blame for this colossal waste. But i isn't obvious to me.

James Traub's books include "City on a Hill."

Daily News
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THE OP-ED PAGE

In real world, Bill still stands tall

STANLEY CROUCH

On Monday, while station after station was broadcasting Mr. Bill's grand jury testimony, the President in the flesh was being given a sustained standing ovation at the United Nations. Later, he was particularly brilliant at New York University, where he appeared as a panelist discussing the global economy.

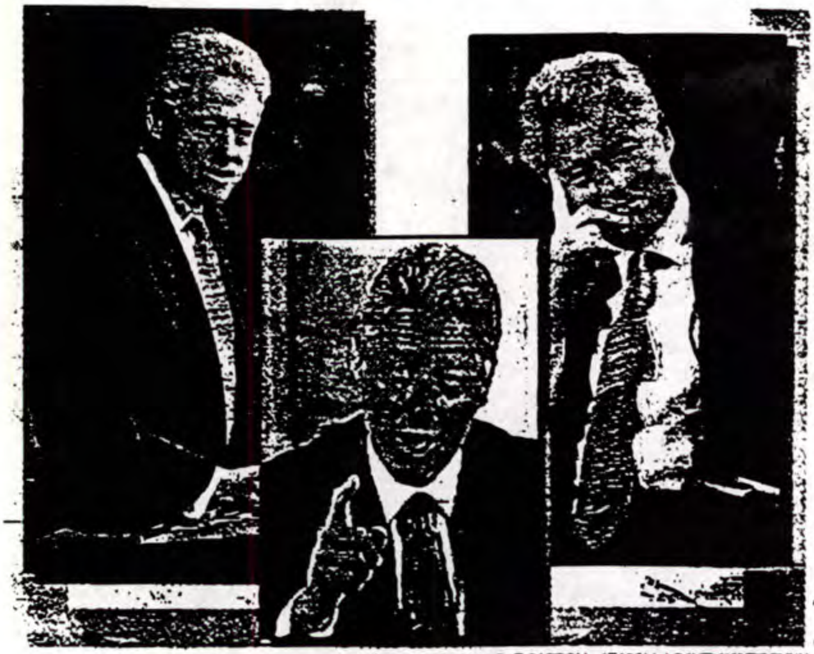
The annual presidential visit to the UN gave us the chance to see things of actual importance as opposed to the reports and admissions of tempests in panties and underpants.

Mr. Bill's UN subject was international terrorism, and the fact that the General Assembly gave him a standing ovation was clearly a message from the rest of the world to this country: *Yes, we have heard about Monica Lewinsky; no, we are not more concerned about that soap opera than we are about the peril of terrorism. And we do not feel that this is a mortally wounded President incapable of leading.*

How surprisingly different from what we get from Washington, where turned-up snoots full of hooey dominate the discussion.

When we think of the people around the world who have lost their lives at the hands of terrorists, Mr. Bill's talking about his illicit sex life seems not at all the Himalayas of high crimes the Republicans claim to be scaling as they sanctimoniously disseminate all the pornographic material they can.

At NYU, Mr. Bill, relaxed and ready for bear, spontaneously unwrapped one eloquent sentence after another in his discussion of our international situation of ever more economically interdependent nations. A female economics professor observed how exciting it



CLINTON AT UN (l.) PAT CARROLL. AT NYU (r.) DAVID HANDSCHUH

was to hear the President acknowledge that the world community cannot allow the land, air and water to be destroyed as we move along the precarious path of development.

His sense of history seemed to her informed, precise and sophisticated in its recognition of the inevitable difficulties as the profit motive comes into conflict with morality, ethics and protection of the environment.

And now the video-tape ploy has begun to boomerang on the Republicans. On Monday, the Dow Jones went up. The majority of Americans said they still supported Mr. Bill. And in the more than 3,000 pages of released testimony, Monica said she had never been approached by the President or Vernon Jordan to lie and had not been given a job to maintain silence.

Doesn't that destroy several of the charges against Mr. Bill? Why was that testimony not included in the 445 pages of Kenneth Starr's report? Does that amount to Starr's stacking the deck with mud or lying by omission?

As for all the wailing about such terrible untruths in high places, former White House adviser Lloyd Cutler observed that the third most highly positioned person in the government, House Speaker Newt Gingrich, was reprimanded and fined for giving false or misleading information. He still wields his gavel. My, my, my.

And now parents are rightly blaming the Republicans for rushing to disseminate material through the Internet they don't want their children to see, much less talk about.

It seems the GOP's wild elephant may have locked itself in the stocks, behind exposed and ready for serious paddling.

Mr. Bill's sins, as he calls them, are against his wife, daughter and those staff members whose careers now rot in the wind because they took his word.

However hurtful, those layers of misleading do not amount to high crimes and misdemeanors. But they do sound an awful lot like the blues.