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Friday, April 2, 1999

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*through
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Entergy Corporation
425 West Capitol Avenue
P.O. Box 551
Little Rock, AR 72203
Tel 501 377 3515

Jerry L. Maulden
Vice Chairman

March 22, 1999

President Bill Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500-2000

99 APR 24 11:25

Dear Mr. President:

Thank you for your letter of December 22 regarding a serious problem we are having with the HUB River Power Project in Pakistan. The purpose of this letter is to update you on the current situation.

As I indicated in my letter of November 23, 1998, last year the Government of Pakistan commenced a series of well-coordinated actions against the Hub River Project designed to force the owners of the Hub River Project to renegotiate key agreements. These actions ranged from harassment of management personnel to the public denouncement of the Project on national television by the Prime Minister. Despite the assurances provided by the Prime Minister and the Minister of Commerce in their visit to Washington in early December, there has been very little progress made over the last three months. The Project remains in a precarious economic situation and may eventually be forced to default on World Bank sponsored debt unless a mutually agreeable resolution can be reached. The Project has made a number of overtures to the Government of Pakistan attempting to resolve the issues only to be rejected and forced to continue to seek resolution through international arbitration.

As outlined in our last letter, we remain open to resolving the issues at hand under the framework established by the World Bank. We understand the difficulties that the country is facing and want to be part of a solution that recognizes the rights of investors as well as the needs of the people of Pakistan.

We ask the Administration's continued support in helping resolve the important issues associated with the project, as we attempt to establish an open dialogue with the Government of Pakistan. If you require any additional information, please feel free to call me. I look forward to seeing you again soon.

Sincerely,

JLM/sc
Enclosures

to Burkhardt + 4-2
for response?
- yes
- no BC Sig

coordinate with
NSC? - yes

THE WHITE HOUSE

WASHINGTON

December 22, 1998

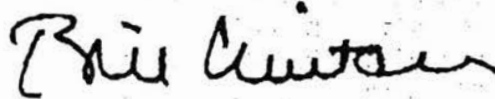
Dear Jerry:

Thank you for your letter describing the difficulties Entergy Corporation's Hub River Project is having with the Government of Pakistan. The problems experienced by the Hub River Project and the other Independent Power Producers (IPPs) have been a matter of concern to my Administration for quite some time.

During my meeting with Prime Minister Sharif, the IPP issue was raised and I was advised by Pakistan's Minister of Commerce, Mr. Ishaq Dar, that this issue had been resolved to the satisfaction of all parties. However, it is important to ensure that we have achieved a satisfactory outcome before we consider this situation resolved. Consequently, in subsequent meetings with Prime Minister Sharif, Secretaries Rubin and Richardson reiterated our strong desire for this issue to be resolved equitably and expeditiously.

It was good to hear from you and I appreciate your sharing your concerns with me on this issue. Over the coming months we will continue to work to ensure Independent Power Producers are treated fairly by the Pakistani Government.

Sincerely,



Mr. Jerry Maulden
Entergy Corporation
425 West Capitol Avenue
P.O. Box 551
Little Rock, Arkansas 72203



Entergy Corporation
425 West Capitol Avenue
P.O. Box 551
Little Rock, AR 72203
Tel 501 377 3515

Jerry L. Maulden
Vice Chairman

November 23, 1998

President Bill Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500-2000

Dear Mr. President:

It is my understanding that you will be meeting with the Prime Minister of Pakistan during the first week of December. I have no doubt that you are thoroughly up to date on the serious problems independent power producers ("IPPs") are having with the Pakistani government, which has reneged on IPP agreements made under the previous Pakistani administration. However, I did want to make sure you are aware of Entergy's involvement in one such power development and our experiences to date. In 1994 Entergy Power Group joined a group of international investors in the \$1.6 billion Hub River Power Project. The Hub River Project is the largest foreign investment in the history of Pakistan and promises to provide the people of Pakistan with reliable, market-priced power well into the 21st century. The Project entered full commercial operation in 1997, and since then, has been reliably providing as much as 15 percent of the electrical generation needs of the country. With the Hub River Project in stable operation, Pakistan has been able to reduce the effects of acute power shortages that have plagued the country for the last decade and significantly reduced economic growth. In all aspects, the Project has been a splendid example of the beneficial effects of private infrastructure investment and World Bank support in the developing world.

Earlier this year, for reasons still unknown to the investors and managers of Hub River, the Government of Pakistan began a series of coordinated attacks against the Project and individuals associated with the Project. These actions include a unilateral reduction of the power price by the Lahore High Court, harassment of site personnel, detention without cause of former employees, raiding of the company offices by the Federal Investigative Agency and public allegations by senior members of the Government of corruption on the part of the Project. Unfortunately, this campaign has taken place without the Government of Pakistan providing a single piece of evidence to support its claims and has resulted in a significant economic loss for the investors of the Project.

Despite the failure to pay the full power price and other actions of the Government, the Project continues to operate according to the original contractual agreements. As an active member of Hub River's Board of Directors, Entergy is committed to the World Bank's "orderly framework" concept and will continue to support the management of the

President Bill Clinton
Page Two
November 23, 1998

Project according to the terms and conditions of the Project Agreements. We ask that the Government of Pakistan make the same commitment. At a time when Pakistan desperately needs international and IMF support, the actions of the last six months are unfair, unwarranted, and, while jeopardizing our Hub River Project, will ultimately create a very unfavorable climate for foreign investment within Pakistan.

We ask for your support explaining our position to the Government of Pakistan and in helping bring resolution to this important pressing issue. If any additional information on this subject is required, please feel free to call upon me. I look forward to seeing you again soon.

Sincerely,

A handwritten signature in cursive script, appearing to read "JLM", is written below the word "Sincerely,".

JLM/sc

4-2
to Burkhardt
for Response?

— ☒ yes

— no

Dx.

The Gridiron Club
Washington, D.C.

(202) 639-5480

The Gridiron Suite
The Capital Hilton Hotel
16th and K Streets, NW
Washington, D.C. 20036

99 APR 2 AM 11:25

Apr. 1, 1999

My dear Mr. President,
I am deeply grateful that
you agreed to put up with
another long night of Gridiron
humor. You were a good sport
throughout. But Willie & I knew
that from Tommy.

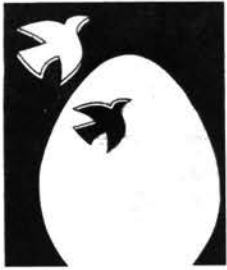
Your speech was a great
success & brought our program
to an uplifting close.

Please give our best to
the First Lady.

And, of course, thank you on
behalf of the Gridiron Club &
The Lewis family, as well.

Sincerely,

Finley Lewis



The Humpty Dumpty Institute

William J. Rouhana, Jr.
Michael W. Sonnenfeldt
CO-CHAIRS

Constance J. Milstein
VICE-CHAIR

Ralph L. Cwerman
PRESIDENT

THE PRESIDENT HAS SEEN *Meeting The Pieces Back Together Again*
4-2-99
THROUGH PUBLIC/PRIVATE PARTNERSHIPS

Steinberg, Canill, Podesta
see me in this

BC

copied
Steinberg
Canill
Podesta

March 29, 1999

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

Dear Mr. President:

As you requested, I am following up on our conversation at Tom Downey's home last week regarding the issue of landmines. During our time together, I described the Adopt-a-Minefield Program™. Modeled after the Adopt-a-Highway program, this project seeks to create a substantial new source of funding to remove landmines around the world by encouraging corporate and community sponsors to adopt minefields and raise funds to clear them.

Our preliminary efforts to secure sponsors have been encouraging and a number of minefields have already been adopted. In this nation-wide campaign, we are reaching out to communities, corporations, civic organizations, houses of worship, schools, and celebrities and athletes. Our goal is to raise at least \$10 million annually to methodically clear one minefield at a time with the direct result of saving thousands of lives and restoring barren, mine-laden land to productive use.

This simple idea of adopting and clearing minefields is powerful. It gives ordinary Americans a degree of ownership in the solution of this tragic international problem. It provides a major new source of grassroots funding for the removal of landmines. And it is an important new vehicle to engage the American people in one of your Administration's creative foreign policy initiatives.

The Adopt-a-Minefield Program™ is highly complementary to your "Demining 2010 Initiative". In this regard, we have been working closely with your Special Representatives for Global Humanitarian Demining (previously Ambassador Rick Inderfurth, and currently Ambassador Donald Steinberg). Your kind offer to help publicize this program will be a tremendous boost to our efforts and we are most grateful for your personal interest. As requested, I have listed below a number of options, for your consideration, which we believe will raise the profile of the Adopt-a-Minefield Program™:

Radio Address: The Adopt-a-Minefield Program™ would be a good topic to incorporate into an appropriate Saturday morning radio address. We could assemble the leaders of the various organizations behind this effort to join you during this address, as well as some of the sponsors who have already adopted minefields.

Public Service Announcement: I have been told that when your schedule permits, you typically tape public service announcements following your radio address. Taping a public service announcement specifically geared toward the program would be a useful tool in our marketing plan.

White House Reception: Once a critical mass of sponsors has adopted specific minefields, a special ceremony at the White House recognizing their leadership would be an effective way to encourage additional sponsors to join the program. Such a ceremony might focus on children from around the nation whose schools have adopted various minefields around the world.

Presidential Mission: We are planning a CEO fact-finding tour later this year to Vietnam, Laos and Cambodia. I understand that occasionally such missions can be designated as "Presidential Missions" using the imprimatur of the White House. Such a designation would give our group a more credible voice as we investigate the status of landmine removal and publicize the Adopt-a-Minefield Program™ in Southeast Asia. We would provide you with an official report of our findings.

Any one of these initiatives or any combination of them would help us raise the profile of the Adopt-a-Minefield Program™ and significantly enhance its effectiveness. Working in partnership, two non-profit organizations developed this program: **The Humpty Dumpty Institute**, a group of New York business leaders seeking to promote public/private partnerships on key public policy issues (co-founded by Michael Sonnenfeldt and Bill Rouhana, both of whom you have met on several occasions); and the **United Nations Association of the United States of America**, the largest grassroots foreign policy membership organization in the country with over 30,000 members in 178 cities around the U.S., and the nation's leading center for policy research on the United Nations.

Under separate cover, I have enclosed background materials for your reference. These materials include a catalogue which lists available minefields for adoption; a short video on the Adopt-a-Minefield Program™ (which includes parts of your speech at the United Nations calling for the removal of landmines); and a report, which you endorsed with a letter of introduction, on one of our fact-finding missions to four heavily-mined countries in Africa.

Once again, thank you for your leadership on this issue and your personal interest in the Adopt-a-Minefield Program™. We are committed to helping you secure the objectives of your "Demining 2010 Initiative" and will work equally hard to achieve the potential of our own program. With the publicity generated by your personal involvement, I know the scope of the Adopt-a-Minefield Program™ will grow exponentially. Thank you very much and best wishes.

Sincerely,



Ralph L. Cwerman
President

RLC: RS



The Humpty Dumpty Institute

William J. Rouhana, Jr.
Michael W. Sonnenfeldt
CO-CHAIRS

Constance J. Milstein
VICE-CHAIR

Ralph L. Cwerman
PRESIDENT

Putting The Pieces Back Together Again

THROUGH PUBLIC / PRIVATE PARTNERSHIPS

April 1999

Adopt-a-Minefield™ at a Glance

In 1996, a meeting of 40 landmine experts was convened to explore ways in which concerned organizations could educate the public about the global tragedy of landmines. The outcome was **Adopt-a-Minefield™**, a unique program offering a simple and practical way for individual, community and corporate sponsors worldwide to participate in the resolution of a critical international crisis - removing the tens of millions of mines that contaminate the world.

The idea behind the program is both powerful and simple. It borrows from two successful national programs – *Adopt-a-Highway* and *Sister Cities* – and applies them to the landmine issue. Sponsors raise money, ranging from tens of thousands of dollars to millions of dollars, to “adopt” a minefield. Once the necessary funds have been secured, the adopted fields are demined, and the land is returned to productive use. **Adopt-A-Minefield™** is unique in that it allows its sponsors to directly and dramatically make a difference in people’s lives, through the removal of landmines. Because the costs of mine clearance vary, **Adopt-a-Minefield™** coordinates the contributions of all groups and individuals to the program, and may pool the resources of smaller donors in order to ensure maximum participation by all of those who are interested.

The **Adopt-a-Minefield™** program has been widely endorsed by the landmine community. It is regarded as a model of the public-private partnership envisioned by President Clinton when he initiated the U.S. *Demining 2010 Initiative*, an American effort to assist the growing global effort to remove the threat of landmines to civilians by 2010. The United States Campaign to Ban Landmines also supports the program.

The **Adopt-a-Minefield™** partnership includes the United Nations Development Programme (UNDP), the United Nations Mine Action Service (UNMAS), and the United Nations Office for Project Services (UNOPS), which serves as the overall technical coordinator for the program. **Adopt-a-Minefield™** works closely with the United Nations to ensure that funds earmarked for clearing specific minefields are properly allocated. As funds and awareness are raised, we hope to create long-lasting bonds between sponsors and the local peoples who will benefit directly from these mine clearance activities.

The hundreds of thousands of landmine survivors worldwide bear testament to the indiscriminate nature of anti-personnel landmines. The **Adopt-a-Minefield™** program is one new vehicle for providing the necessary aid to remove these hidden killers. Please join us in our efforts to remove the scourge of landmines that effect so many people around the world. Your contribution can help us eliminate these hidden killers.



The Humpty Dumpty Institute

William J. Rouhana, Jr.
Michael W. Sonnenfeldt
CO-CHAIRS

Constance J. Milstein
VICE-CHAIR

Ralph L. Cwerman
PRESIDENT

Putting The Pieces Back Together Again

THROUGH PUBLIC / PRIVATE PARTNERSHIPS

Frequently Asked Questions about Adopt-A-Minefield™

The scourge of landmines affects millions of people in an estimated 70 countries around the world. The International Committee of the Red Cross estimates that landmines kill or maim approximately 26,000 people each year, 8-10,000 of whom are children. Children risk their lives everyday simply by walking to school or playing in a field. Landmines prevent farmers from planting crops and engineers from rebuilding roads. They cripple economic activity, impede the transportation of goods and services, and disrupt societal stability. Removing and destroying these horrific weapons is a fundamental humanitarian task.

What is Adopt-a-Minefield™?

Adopt-A-Minefield™ is a vehicle that allows people to make a real difference by contributing directly to the removal of landmines and raising awareness about the indiscriminate horror they inflict on civilian populations. Adopt-a-Minefield™ raises funds in the United States and around the globe to clear minefields and to return land to local populations for productive use. Sponsors may either contribute the necessary funds for complete clearance of a particular minefield or have their funds pooled with the resources of other donors, ensuring the participation of all interested groups and individuals.

How much does it cost to Adopt-A-Minefield™?

Ironically, an individual mine may cost as little as \$3 to produce, though the same mine can cost up to \$1000 to remove. The cost of clearing a minefield ranges from tens of thousands of dollars to millions of dollars, depending on the size and location of the selected minefields and the complexities of the respective demining operations. The enclosed Adopt-A-Minefield™ catalogue details the costs associated with the demining of particular minefields.

How will corporate involvement be maximized?

HDI works closely with sponsors to design the appropriate corporate role in the Adopt-a-Minefield™ program. Along with specific information on adopted minefields and communities in which the demining occurs, HDI provides periodic briefings on the demining process to corporate sponsors and the community at large. HDI publicizes the Adopt-a-Minefield™ programs through local, national and international media outlets, and corporate names and logos will appear on Adopt-A-Minefield promotional and educational materials. Corporate sponsors will receive special invitations to landmine site inspection tours, and will be highlighted at all public affairs events. Additionally, corporate sponsors may be twinned with domestic organizations (schools, community groups and associations) that are working to adopt minefields.

What information does HDI provide about the minefields?

HDI provides all potential sponsors with a comprehensive list of all available minefields. The information includes the location of the minefields, the type of minefields, the size and density of the minefields, the duration of the demining projects, the type of demining techniques to be used, national and local priorities for demining selected minefields, the cost of demining operations, the social and economic impact of the minefields on the local community, and the anticipated results of clearing the mines. HDI provides regular briefings and progress reports to keep sponsors informed and involved and it makes special arrangements for sponsors who may wish to visit their adopted minefields and for deminers and/or local residents to visit sponsoring organizations once the mine clearance process is completed.

What happens to contributions?

Money raised by sponsors is deposited into a special account that has been established for the Adopt-a-Minefield™ program. The net proceeds are deposited into the United Nations Development Programme Contributions Account, and subsequently forwarded to the United Nations agency undertaking the particular demining project. All contributions to the program are tax deductible.

What is HDI's role once a donation has been received?

HDI works closely with the United Nations to monitor the demining process and to ensure that the selected minefields have been cleared according to international standards for humanitarian mine clearance (99.6% clearance rate). We also ensure that funds earmarked for clearing specific minefields are properly allocated for this purpose.

What countries are participating in the program?

Currently, Adopt-a-Minefield™ operates in five countries: Afghanistan, Bosnia-Herzegovina, Cambodia, Croatia, and Mozambique. In the months to come, additional countries will be added to our list.

Who does the actual demining?

The United Nations Office for Project Services (UNOPS) serves as the overall technical coordinator for the program. Most of the mine clearance activities are conducted in accordance with the United Nations objective to develop local indigenous capacities. Accordingly, primarily local deminers, under the supervision of UNOPS undertake the actual demining. A smaller number of demining projects is coordinated by other United Nations agencies.

How can companies get involved?

Further information about Adopt-a-Minefield™ and the global landmine crisis is available online at www.unausa.org, by contacting HDI directly, by phone at (212) 944-7111 or by e-mail at humptydumpty@muus.com.

A report on the status of

Landmine Clearance in Africa

The Eighth Annual Citizen's Inspection Tour
April 25-May 2, 1998

Mozambique

Angola

Eritrea

Rwanda

UNITED NATIONS ASSOCIATION
of the United States of America



A Publication of the Humpty Dumpty Institute

A Publication in affiliation with the United Nations Association of the United States of America

THE WHITE HOUSE

WASHINGTON

November 13, 1998

Members of the Board of Directors
Humpty Dumpty Institute
29 West 46th Street
New York, New York 10036

Dear Friends:

As you issue the Humpty Dumpty Institute's first publication, I want to thank you for your leadership in the effort to remove the landmines that plague more than 70 countries around the world.

According to the International Committee of the Red Cross, mines kill or maim as many as 26,000 people each year, and, as you well know, the brunt of the physical and emotional anguish they cause falls on innocent civilians. At the current rate of extraction, it could take decades to remove the millions of mines that are estimated to be in the ground today. However, we are hopeful that emerging methods and technologies will help accelerate the removal of these deadly weapons.

Just over a year ago, Secretary of State Madeleine Albright and Secretary of Defense William Cohen announced my Administration's Demining 2010 Initiative, which established our goal of eliminating landmines that threaten civilians by the year 2010. But governments alone cannot accomplish this monumental task -- it requires the support and commitment of individuals and organizations across the globe.

The Humpty Dumpty Institute, a new organization dedicated to supporting the work of peacemakers and nation-builders, is already making an important contribution to this effort. Your participation in the United Nations Association Landmine Inspection Tour demonstrates the potential for public-private partnerships in this endeavor, and I thank you for your involvement. I look forward to working with you as we seek to build a world in which landmines no longer threaten the civilian citizens of our global community.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Clinton", with a stylized flourish at the end.

Acknowledgement

The Humpty Dumpty Institute (HDI) is a new non-profit organization established by a small group of business leaders who believe the private sector has an increasingly significant role to play in the development of international public policy. The Institute has been created to give expression to a common vision – that successful entrepreneurs and business leaders share a unique set of skills that, when applied properly, can assist government policy-makers by offering new and practical solutions to difficult international problems. The Institute will be implementing this vision by establishing a series of public-private partnerships.

This report is the first publication of the Humpty Dumpty Institute, and demonstrates our partnership with one key organization -- the United Nations Association of the United States (UNA-USA). In April 1998, the founders of HDI underwrote a special fact-finding mission organized by UNA-USA to Mozambique, Angola, Eritrea, and Rwanda. Many talented people dedicated time and resources to ensure the publication of this report, the production of an accompanying video, and the establishment of the "Adopt-A-Minefield" program.

The United States Government, through its Demining 2010 Initiative, provided invaluable assistance in planning the Africa trip. Ambassador Karl Inderfurth, the leader of this special U.S. program, and Stacy Davis of his office, coordinated difficult logistics associated with the trip and has become a partner in the "Adopt-A-Minefield" program. We are grateful to each of the U.S. Ambassadors and their Embassy staffs in Mozambique, Angola, Eritrea, and Rwanda for their assistance under difficult conditions.

Numerous United Nations officials both at New York Headquarters and in the field were instrumental in giving our delegation an unprecedented view of the tremendous challenges faced by deminers around the world. We are particularly grateful to Bernard Miyet, the UN's Under-Secretary-General for Peacekeeping, under whose responsibility all UN demining activity falls, as well as Reinhardt Helmke, the Executive Director of the United Nations Office of Programs and Services, and numerous representatives of the United Nations Development Programme, UNICEF, and the UN Mine Action Group, all of whom were particularly helpful in making this trip possible. These UN agencies and units are also full partners in the "Adopt-A-Minefield" program.

We would also like to extend my thanks to the leadership of the United Nations Association as well, under whose auspices this trip took place. A number of UNA-USA and HDI staffers and interns provided most, if not all of the heavy lifting, that ensured a successful trip to Africa, the publication of this report, the production of the trip video, and the development of the "Adopt-a-Minefield" Program. Melanie Velez and Rachel Sherwin worked hard to coordinate all aspects of the trip. Ben Lee, Jeff Kaplow, Achint Mahajan, Lilia Saslekova, and Enrique Biasotti, formed a talented team of interns and made a sizable contribution by gathering research and preparing significant background material. David Ball



played a critical role by preparing the first draft of this report. And Marcella Milan proved invaluable as a fact-checker and bringing the final version together. Bill Rigler, whose passionate views on landmines inspired all of us to work harder, has played a central role in the development of all these products over the past two years. And Oren Schlein has worked diligently toward the launch of the "Adopt-A-Minefield" program. To all of you, we extend our thanks for a job well done.

Our appreciation goes out to all the members of the Delegation for their support and encouragement, particularly to Dan Layton for contributing an unparalleled level of expertise to our examination of this complex problem. We are also thankful for the kind and gentle disposition of Mark Epstein, a member of our Delegation whose hand was seriously injured by a landmine during our trip. His accident brought home the danger of landmines to our group in a way that briefings or demonstrations could not. Despite the discomfort caused by his injury, Mark's commitment to this issue outweighed his own personal well-being, and he stayed with the group and completed the mission. We are all grateful that Mark has fully recovered from this terrible accident. The hardest working member of our Delegation also deserves special recognition. Eliot Rose is a gifted filmmaker and has created another moving film that will make thousands of people around the country understand the urgent need to remove and destroy as many landmines as possible as soon as possible.

My thanks to Walter Arbib, Surgit Babra, and Vito Morriello of SkyLink Aviation Inc. Humanitarian workers across the globe know SkyLink as one of the most reliable aviation companies in the world, and their planes and personnel work on a daily basis to rescue lives and deliver food and other emergency aid to victims in disaster areas in some of the most dangerous areas on earth. SkyLink arranged the use of a private plane for our Delegation without which this trip would not have been possible. The SkyLink team executed the complex logistics of this trip faultlessly.

We wish to especially thank Matt Lorin for making possible all these endeavors. Matt has provided valuable assistance throughout all stages of these programs and we have all benefited from his years of experience in government and in the NGO community.

And finally, to Emiko Tate and Ralph Blank, thank you for your support. And to Rose Servedio, my executive assistant, thank you for all your hard work.



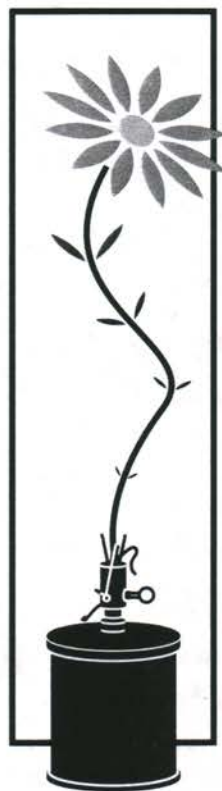
Ralph L. Cwerman
President, Humpty Dumpty Institute



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ADOPT
A
MINEFIELD



CATALOGUE



I N T R O D U C T I O N

In 1996, the United Nations Association of the USA (UNA-USA) convened 40 landmine experts to explore ways in which UNA-USA, with its unique mandate, membership, and distinct reach around the country, at the United Nations, and in Washington, could educate the public about the global tragedy of landmines. The outcome is Adopt-a-Minefield™, a unique program that offers a simple and practical way for individual, community and corporate sponsors worldwide to participate in the resolution of a critical international crisis—removing the tens of millions of mines that contaminate the world.

The idea behind the program is both powerful and simple. It borrows from two successful national programs—Adopt-a-Highway and Sister Cities—and applies them to the landmine issue. Working in partnership with the Humpty Dumpty Institute and under an exclusive agreement with the United Nations, Adopt-a-Minefield™ seeks sponsors to adopt active minefields. Sponsors raise the necessary funds in their respective communities to clear their adopted minefields and return the land to productive use. The cost of these clearance activities ranges from tens of thousands of dollars to millions of dollars, depending on the size and location of the minefields and the complexities of the respective demining operations. Adopt-a-Minefield™ also pools the resources of smaller donors in order to ensure maximum participation by all groups and individuals. Contributions may be as small as \$25.

The Adopt-a-Minefield™ partnership includes the United Nations Development Programme (UNDP), the United Nations Mine Action Service (UNMAS), and the United Nations Office for Project Services (UNOPS), which serves as the overall technical coordinator for the program. Adopt-a-Minefield™ works closely with the United Nations to ensure that funds earmarked for clearing specific minefields are properly allocated. As sponsors raise funds and awareness in their communities, we hope to create long-lasting bonds between these communities and the local peoples who will benefit directly from these mine clearance activities.

The Adopt-a-Minefield™ program has been widely endorsed by the landmine community. It is regarded as a model of the public-private partnership envisioned by President Clinton when he initiated the U.S. Demining 2010 Initiative, an American effort to assist the growing global effort to remove the threat of landmines to civilians by 2010. The United States Campaign to Ban Landmines also supports the program, and UNA-USA is a member of the Campaign's Steering Committee.

The hundreds of thousands of landmine survivors worldwide bear testament to the indiscriminate nature of anti-personnel landmines. While a mine can cost as little as \$3 to produce, it can cost up to \$1,000 to remove. Local communities in mine-affected countries often do not have the resources to clear their own land. They depend on international assistance, and the Adopt-a-Minefield™ program is one new vehicle for providing this aid. Please help us eliminate these hidden killers by participating in this program and adopting a minefield today.

THE PRESIDENT HAS SEEN

4-2-99

THE WHITE HOUSE

WASHINGTON

March 29, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT RUBIN
GENE SPERLING
JACOB J. LEW

SUBJECT: Release of Consolidated Financial Statements

44 MAR 29 4 10 08

Copied
Rubin
Sperling
Lew
Podesta

I. SUMMARY

On March 31, 1999, the Secretary of the Treasury, in coordination with the Director of the Office of Management and Budget, will submit to the President and the Congress the second annual financial report of the United States Government, which will be audited by GAO. These statements will show a negative \$134 billion "net results of operation" and a negative \$6.1 trillion "net position" for the government in FY 1998. Some people may attempt to use these results to cast doubt on our budget numbers, including our surplus number. However, the consolidated financial statements in no way challenge the \$69.2 billion surplus. They are intended to be a management tool and are prepared using an entirely different accounting concept ("accrual") from the concept used in budgeting ("cash"). In fact, GAO reviewed the elements that establish our surplus number and did not challenge them.

The audit report from GAO discusses many areas in which the reliability of the current accrual-based financial statements must be improved and, as a result, states that GAO was unable to render an opinion on these statements; in addition GAO discussed incorrect Medicare payments. The development of comprehensive financial statements covering all of the myriad activities of the U. S. Government is a challenge your Administration set for itself in order to improve the accountability and functioning of the government. This is an immense task and a great deal of additional work is still required to implement an entirely new system of reporting.

The purpose of this memo is to discuss our strategy for preventing the release from damaging our budget message or impugning our stewardship of financial data and to put these financial statements in context.

II. BACKGROUND

Last year, for the first time, the U.S. government prepared comprehensive financial statements -- covering 70 agencies and over 2,000 component entities -- and subjected them to audit. The statements, to be released on Wednesday (3/31), are the second government-wide audited statement covering the Executive branch, as well as parts of the Legislative and Judicial branches.

The National Performance Review recommended that the Federal government prepare consolidated financial statements in order to improve the management and the efficiency of the government. In 1994, the Administration supported the Government Management Reform Act (GMRA), which mandated the issuance of these financial statements. The Administration supported the Federal Accounting Standards Advisory Board in creating the accounting standards that form the basis for the financial statements.

The principal differences between the accounting methods on which these statements are based -- accrual and cash -- pertain to the timing of the measurement and recognition of the revenues and expenses and the inclusion of a presentation of assets and liabilities. In budgeting, we measure cash in (revenues) and cash out (outlays) to determine deficit or surpluses. In contrast, accrual accounting includes such items as obligations for payments that will be made in future years (e.g. future VA benefits) and one-time only actuarial adjustments. Therefore, on an ongoing basis, the accrual method, in effect, includes a provision for future obligations as an expense, and when cash payment is made there will be an offset in liability and no net expense will be recorded. Each of the two accounting methods -- cash and accrual -- are useful tools for looking at the government's operations, but for different purposes.

III. STRATEGY

On Tuesday, March 30, 1999, it is reported that Congressman Steve Horn is planning a press conference to release a report card on the agencies' financial management in advance of Treasury's delivery to you and to the Congress on March 31, 1999 (as required by statute) of the consolidated financial statements and Horn's congressional hearing on March 31, 1999. Also on Tuesday, March 30, 1999, the Social Security and Medicare Trustees will meet and will come to the White House to brief you. In advance of Tuesday's events, Treasury and OMB officials will brief key members and their aides. We will keep our affirmative message focused on the Social Security and Medicare Trustees report (about which you will make a statement after being briefed by the Administration's four trustees -- Secretaries Shalala, Rubin, and Herman, and Commissioner Apfel). Following your statement, in a different location, Treasury and OMB officials will brief the press on the Trustees report.

As you will recall, last year's release of the consolidated financial statements resulted in one day of favorable stories -- concerning the first time nature of such statements -- and then following Representative Horn's hearing two days of unfavorable press coverage including discussions on the network evening news about inadequate financial control. This year we will aggressively make three crucial points to defend the Administration's efforts: (1) that nothing in the consolidated financial statements challenge the fact that we had a \$69.2 billion surplus and that comparing accrual numbers to budget numbers is like comparing apples to triangles; (2) that these numbers do not in any way reflect the true net worth of the government -- at least until the systems and standards are finalized; (3) that the consolidated financial statements are an example of your commitment to improve the management and efficiency of the U.S. government and that the enormity of the task of implementing entirely new systems and standards creates a challenge for several years to come and; (4) that while the amount of incorrect Medicare payments is too large it has improved.

IV. THE CHALLENGE

Creating and implementing an entirely new system of identifying and tracking all the operations of the U. S. Government is an immense task and will require a great deal of additional effort in order to complete it. To give you some sense of this undertaking: (1) we have had to develop (and are still finalizing) new accounting standards that apply to the Federal government's unique role (e.g. as the owner of national parks and or the entity responsible for a large military infrastructure); (2) each agency must complete creation and implementation of new systems to account for their assets and liabilities and; (3) the Department of Treasury must identify, reconcile, and eliminate all the inter-agency transactions (to avoid double-counting), assure consistency, and consolidate the statements. Until the new systems are fully implemented, the results of the statements will continue to fluctuate for several years.

V. MAJOR CONCERNS AND OUR RESPONSES

The consolidated financial statements are expected to raise four key issues of concern:

1. **The Government Has a Negative "Net Result of Operation" in the Amount of \$134 Billion for FY 1998.** As stated earlier, some people may use this result to try to cast doubt on our budget numbers, including our budget surplus number. You should know that nothing in these statements challenges the fact that we had a \$69.2 billion surplus last year. We will make this point aggressively. As stated above, the two distinct bases of accounting -- cash and accrual -- are not comparable and, in fact, GAO already reviewed the components of the FY 98 \$69.2 billion surplus (our revenue and debt estimates and our cash flow processes) and did not challenge them. Furthermore, there are one-time accounting differences such as a \$109 billion change in veterans' benefits estimates which effect the "net result of operation."
2. **The Government Shows a Negative "Net Position" (Assets minus Liabilities) of \$6.1 Trillion this Year.** This bottom line number does not in anyway reflect the true net worth of the government -- at least until the systems and standards underlying these statements are finalized. At this point, a value can not be placed on such tangible assets as national parks or military equipment or on any of the nation's intangible assets. For example, the "net position" deteriorated a full \$1.1 billion from last year because of the changes in the accounting rules -- including one that removed \$655 billion of military equipment from the balance sheet entirely. It is also worth noting that your current plan for the surplus would virtually wipe out the \$3.7 trillion debt included in liabilities by 2020.
3. **The FY 1999 Budget Set the Goal of a Clean Audit Opinion for the FY 1999 Consolidated Financial Report.** In May of 1998 you issued a memorandum to all the agencies reiterating this goal. However, it is now unlikely that this goal will be met.

The audit report from GAO discussed many areas in which the reliability of the current financial statements must be enhanced and improved, and, as a result, GAO was unable to render an opinion on these statements. The mammoth nature of this undertaking raises questions about whether additional resources are needed throughout the government to achieve our financial management objectives. Since the time you took office, progress has been made -- process and coordination have improved and the number of major agencies with clean audits has increased from 1 to 13 (out of 24) -- but there is a great deal that remains to be done. In his letter transmitting GAO's opinion on the consolidated financial statements, Comptroller General Walker will state: "The Executive Branch recognizes the extent and severity of the financial management deficiencies and that addressing them will require concerted improvement efforts across government . . . With a concerted effort the federal government as a whole can continue to make progress toward achieving accountability and generating reliable financial and management information on a regular basis."

4. **As Previously Reported by HHS, the Consolidated Financial Statements Will Discuss \$12.6 Billion in Incorrect (Both over and Under) Payments of Medicare Fee-for-Service Benefits.** You should know that these incorrect payments are not new. Our new financial statements have provided us the means to identify and track any incorrect payments -- which is how they are coming to light -- and have helped us to reduce such payments as well. Only a year ago, incorrect Medicare payments were at \$20 billion.

BUSINESS
58.77
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Clinton Manalapan visit off; Sewall's Point dinner on

LOCAL NEWS, 1B

WEATHER: Mostly sunny, few afternoon clouds.
High 73, low 59. 2A

THE PRESIDENT HAS SEEN
4-2-99

each Post

3

58 PAGES

50 CENTS

to end teen smoking



the minimum" the program should receive.

Thrasher has repeatedly said he is not convinced the program has proven it is curbing youth smoking and therefore should receive

no more money. He denies he has been influenced by cigarette manufacturers, who have contributed \$678,900 to Florida Republicans in the last four years.

Bush, however, countered Thrasher's argument Monday, saying that one year is not enough time to see

if the anti-smoking program has penetrated youth cigarette advertising brands.

"It's too early adding that even if the campaign is proven to be replaced with something else and not simply scrapped.

Both the Senate and House expect to pass their budgets later this week and work out differences in conference committee.

Please see **TEEN SMOKERS/4A**

Cutting primary class size too costly

Board members balk
at \$169 million estimate



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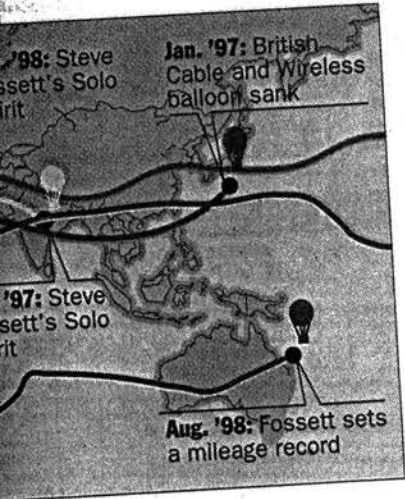
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Cutting primary class size too costly

Board members balk at \$169 million estimate

By **Stephanie Desmon**
Palm Beach Post Staff Writer

It could come under the heading: If you have to ask the price, you can't afford it.

Frustrated by a series of half-answers, school board members asked Superintendent Joan Kowal two weeks ago just how much it would cost to have a 20-to-1 student-teacher ratio in each Palm Beach County elementary school.

A cool \$168.8 million came the reply Monday.

"That's a lot of money," sighed board member Paulette Burdick.

And that doesn't include reducing class sizes in middle and high schools (another \$140.5 million to go down to 25-to-1). Both figures include the cost of hiring hundreds of new teachers and building hundreds of new classrooms for them to teach in.

The steep figures mean the school board will not be doing a massive class-size reduction for the coming year. A modest reduction of two students in the primary grades — a cut from an average of 26 to 24 — would cost a more-reasonable \$5.2 million in salaries and benefits.

Though the Florida Legislature has directed districts to lower class sizes for several years, Palm Beach County hasn't made a sizable dent.

But school board members said they felt overwhelmed and frustrated by the volume of numbers provided by the superintendent's staff Monday. The figures included everything needed to lower class size, down to the furniture each new teacher would be provided and the cost of permanent classrooms.

Some board members said the data seemed like an effort to keep them from doing anything at all.

Research shows that class size has to get down to 20 students to make a difference in student achievement.

Please see **CLASS SIZE/14A**

After 3rd recount, Wright wins Delray race — by one vote

By **Mary Lou Pickel**
Palm Beach Post Staff Writer

Delray Beach City Commission candidate Mike Wright sat through the last minutes of the third and final recount of his three-vote victory over Barbara Brown in nervous silence.

Hunched over in his seat, his head in his hand, he chatted with his wife as elections workers plodded through 6,960 ballots, laboriously counting each one by hand. At about 9 p.m. — after four hours

Board aiming to find means to help most-neediest schools

CLASS SIZE

From 1A

"If you get swallowed up by the numbers, you (forget) the purpose of what we're doing here," said Chairwoman Sandra Richmond. "You have got to look at doing it a different way. Maybe you can lower class size for half the day to 20-to-1. We don't even talk about that. We talk about 20-

to-1 is too expensive, and we can't do it for everyone."

When Tom Lynch reads a figure like \$168 mil-

lion, he thinks the idea is: "You think there's no money so you give up." He doesn't believe that's the answer.

School board member Jody Gleason said she wants to cut through the data and focus on what can be done.

She thinks the district can afford to target the poor-performing elementary schools with smaller classes as a start. Lowering them to 20-to-1 would cost \$6.1 million for the teachers and \$14.8 million for the equipment and classrooms, staffers said.

"I'm not giving up yet," Gleason said.

There will probably be some smaller classes next school year. A reading program with 20 students to a teacher for 90 minutes a day in grades K-2 is being de-

The cost of smaller classes

Palm Beach County School Board members learned Monday that to lower the student-to-teacher ratio in elementary, middle and high schools to recommended levels would cost a great deal of money. Listed below are the numbers district staff developed.

Education level	Desired ratio	Teachers needed	Costs in Millions		
			Operating	Capital	Total
Elementary	20-1	871	\$50.0	\$118.8	\$168.8
Middle	25-1	204	\$11.7	\$31.6	\$43.3
High	25-1	370	\$21.2	\$76.0	\$97.2
Total		1,445	\$82.9	\$226.4	\$309.3

Operating costs include the standard teacher salary and fringe benefits (\$57,145), materials, supplies and books (\$200) per teacher.

Capital costs include computer with printer (\$1,554), desk, chair and file cabinet (\$643) per teacher.

Schools that are over capacity have to add permanent classrooms. For each classroom the cost would be: elementary — \$133,975; middle — \$152,600; high — \$203,275.

Source: Palm Beach County School District

CHRISTOPHER SMITH/Staff Artist

million). There is a move afoot to lower class sizes in 9th grade algebra and related math (\$3.5 million).

Tim McClary, the district's chief financial officer, said that kind of tweaking is the best way to lower class size because not every school has the same needs.

The board hasn't even met to set its budget priorities, even though staffers have been crunching numbers for months

budget needs to be approved in July. A school board retreat to set priorities has been set for April 6. Until then, the superintendent can't really know what the board members want to do with the budget — including money to lower class size.

"As soon as the seven of us decide to set the priorities, we'll see things happening differently," Gleason said.

Brown says 4th challenge unlikely

ELECTION

From 1A

Brown asked for a full recount after an initial recount of only three precincts earlier Monday night narrowed her losing margin to just one vote. On election night, Wright won by five votes.

After the three-precinct recount, Palm Beach County Elections Supervisor Theresa LePore was ready to certify the election and friends and family began to congratulate Wright. Then, because the race was so close, Brown stepped forward and asked for a recount of all the ballots by hand.

After a brief huddle, LePore and County Judge Nancy Perez of the elections canvassing board agreed.

County Attorney Denise Dytrych explained that if Brown challenged the results in court, a judge would likely ask for a full recount anyway.

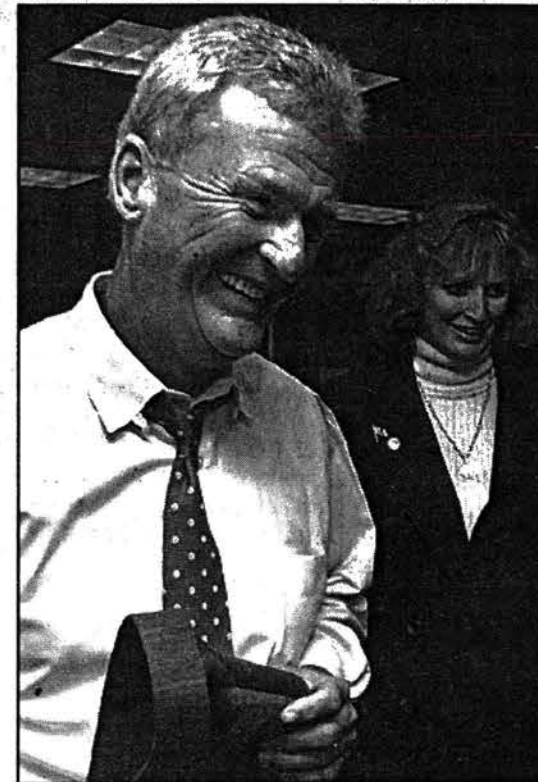
Six elections workers sat at three tables, each one holding a stack of ballots. At each table, a worker would pick up a ballot, hold it up to the light, inspect it carefully and pass it to another worker, who did the same. Then they would place the ballot into one of four piles — one each for Wright and Brown, one for ballots that didn't choose either candidate and one for ballots that chose both.

After each precinct was tabulated, LePore announced the results. The race stayed so close that nervous candidates occasionally approached the counters to inspect individual ballots.

During the course of the night, Brown picked up an additional five votes and Wright an additional three votes.

In Precinct 171A — Rainberry Bay — for example, each candidate picked up a vote in the three-precinct recount because voters had made mistakes in punching their ballots.

Elections workers noticed that on two different ballots, voters had punched a hole under one or the other of the candidates' names in-



GREG LOVETT/Staff Photograph

A recount gave Michael Wright a one-vote victory in the Delray Beach City Commission race. At right is Judge Nancy Perez.

stead of punching out the small rectangular space that they were supposed to punch.

Brown, who held a precinct printout in her lap and closely followed the vote totals the entire night, said she pushed for the full recount because she had to know the true result.

Wright will take office March 25.

Also Monday, Delray Beach City Commission candidate Stanley Scheinberg protested his loss by 1,099 votes to incumbent Commissioner Patricia Archer, but the canvassing board denied his protest.



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The Honorable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Avenue NW
Main Building, 1st Floor, West Wing
Washington, DC 20502



SIMON WIESENTHAL CENTER
Museum of Tolerance

Rabbi Marvin Hier
Founder and Dean

March 3, 1999

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The Honorable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Avenue NW
Main Building, 1st Floor, West Wing
Washington, DC 20502

Dear President Clinton:

I am writing you regarding an important film project we are now working on through the Simon Wiesenthal Center's Moriah Films Division.

Moriah is the documentary filmmaking arm of the Center chaired by Merv Adelson, a member of our Board of Trustees. Last year we produced, *The Long Way Home*, the story of the post-war period 1945-48 narrated by Morgan Freeman, which won the Academy Award for Best Documentary Feature for 1997. In 1981, our film *Genocide*, a documentary about the Holocaust narrated by Orsen Welles and Elizabeth Taylor also won the Academy Award.

Currently, we are in production on a major theatrical documentary examining Israel's first 50 years. One of the significant achievements of Israel's first half-century was the signing of the Peace Treaty between Israel and the Palestinians of which the United States under your leadership played a key role.

The purpose of my letter is to request a filmed interview for this project.

Our new documentary will look at the key events, which have shaped Israel's first half-century and provide insight on the human dimension behind those moments. It will also seek to provide perspective on the future of Israel's next half-century.

The new film script was written by the British historian Sir Martin Gilbert, the official biographer of Winston Churchill and is being adopted for the screen by the Emmy Award winning writer, Scott Goldstein.

A major theatrical release for our new film is planned for the later part of 1999 in North and South America, Europe, and Israel. Discussions are already taking place regarding TV and home video releases.

INTERNATIONAL HEADQUARTERS

9760 West Pico Boulevard, Los Angeles, California 90035-4792 • 310.553.9036 fax 310.553.4521 www.wiesenthal.com
New York • Florida • Toronto • Jerusalem • Paris • Buenos Aires



The Honorable William Jefferson Clinton
March 3, 1999
Page 2

We are particularly interested in interviewing you for your unique perspective on the peace process and your close working relationship with the late Prime Minister Yitzhak Rabin and King Hussein. Your insight would not only be invaluable, it would add a special dimension to the film as well. To date, numerous dignitaries including Shimon Peres and President, Ezer Weizman have agreed to be interviewed.

We know how busy your schedule is and the enormous demands on your time and we would be grateful to you, if you would agree to the interview at a time of your convenience, preferably in March or April of 1999.

I have included a copy of our most recent film for your review and that of your staff. I would be most happy to speak with your office to answer any questions there might be about our project and our proposed interview. On behalf of the Wiesenthal Center and its Moriah Films division, I thank you in advance for your consideration and look forward to a favorable reply.

Sincerely,

Rabbi Marvin Hier
Dean and Founder

RMH:gr

enclosure

spun every way
The stuff you gave
was very good
Because of Kosovo
I had to add the rest -
the coming was
might be helpful
in future talks
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THE WHITE HOUSE

Office of the Press Secretary

ite Release

March 30, 1999

REMARKS BY THE PRESIDENT
AT ELECTRONIC INDUSTRIES ALLIANCE DINNER

J.W. Marriott
Washington, D.C.

8:25 P.M. EST

THE PRESIDENT: Thank you. First of all, I want to thank you all for giving me a chance to come tonight. I thank my longtime friend, Dave McCurdy, for his introduction and for his leadership of EIA. You made a good decision when you named him your President. And I know what you're laughing about out there. (Laughter.) Two or three years from now you'll think it's an even better decision. (Laughter.)

I want to also pay my respects to your Vice President, John Kelly, who went to Georgetown with me, although he's a much younger man. (Laughter.) John -- when I was a senior, John was actually President of the freshmen class. And I've been trying to think out of respect for the will of the people -- the only people we knew back then -- whether I should still address him as "Mr. President." (Laughter.) But then that would confuse the EIA, so I didn't do it.

Mr. Major, thank you for your invitation. Mr. McGinn, thank you for your remarks. That was very impressive. I couldn't even keep up with all the new things you announced tonight.

I'm glad that our FCC Chairman, Bill Kinard, is here, and I think Secretary of the Army Louis Caldera is also here. And, General Jones, I thought you gave a terrific invocation. Thank you very much. I appreciate that. (Applause.)

You know, I was trying to think tonight whether there was any way I could say what I originally wanted to come here and say, which is to talk about some of the technology policies that we're trying to pursue that I hope will help you, but in the process will strengthen our democracy, and the sweep of opportunity and freedom around the world -- and at the same time, say a few words, as I feel I must, about our important mission in Kosovo.

And before I came over here tonight I had a long meeting and I went and had what has now become almost my daily phone call with Prime Minister Blair. And I sat down and I thought about it. I thought about how grateful I am to the members of this organization for the phenomenal successes you have enjoyed in these last few years and the major contributions you have made to the economy of the United States; the opportunities you have given our people. And I thought about this terrible brutality that is going on in Kosovo, replaying what happened not so long ago in Bosnia, and in a way replaying what we see around the world, the modern world that seems to be troubled with ancient hatreds rooted in racial, ethnic and religious differences.

MORE

If you think about the major forces alive in the world today, the move toward globalization and the explosion in technology, especially in information and communications, they really not only, as all of you know better than I, are dramatically changing the way we work and live and relate to each other and to the rest of the world. They represent both a pull toward integration and a dramatic force toward decentralization. And I would argue to you that both forces have within them the potential for enormous good and enormous trouble for the world of the 21st century.

If you think about the forces toward integration of the global economy, for example, that's a wonderful thing. But it can be very destabilizing if we leave whole countries and vast populations within countries behind.

If you think about the explosion in technology and how wonderful it is in empowering individuals and small firms and communities, and enabling communities -- little schools I've seen in poor African and Latin American villages to hook up to the Internet and have access to learning that would have taken them a whole generation, at least, to achieve through traditional economic development processes in their countries. It is breathtaking.

But looked at another way, it also provides access to technology for every terrorist in the world to have their own weapons site, and for independent operators to figure out how to make bombs and set up chemical and biological labs.

And when married together with the most primitive hatreds, like those we see manifest in Kosovo today, the advent of technology and decentralized decision-making and access to information can be a very potent, but destructive force.

When I ran for President in 1992, what I was seeking to do was to articulate a vision to the American people of the way I wanted America to look in the 21st century in a world I hope we would be living in then, and what I thought the President and the government of the United States should do; to take advantage of the benefits of globalization and the explosion of technology; and to provide those policies and bulwarks necessary to guard against the deepest problems of the modern world. There are so many things bringing us together and so many things breaking apart. We have to decide a lot of new questions.

And if I could just say a word about what we tried to do -- and Dave McCurdy and I have been working on this through the Democratic Leadership Council for more than 15 years -- I believe that if we could create a country in which there was genuine opportunity for every responsible citizen, and in which we had a real sense of community, of belonging, of mutual responsibility, one to another, so we all felt we would be better off if everybody had a chance as well; and that if we could maintain America's sense of responsibility for leading the rest of the world toward peace and prosperity and harmony both with the environment and with others across all the lines that divide us, that the best days for our country and the best days for humanity were still ahead.

I still believe that. Every story you can tell about every company represented in this room reflects that. But we cannot forget that there will never be a time when life is free of difficulty and where the organized forces of destruction did not seek to move into the breaches of human conduct for their own advance.

MORE

And that is what we see in Kosovo. It is a sad commentary, indeed, that on the edge of a new millennium there are still people who feel they must define their own self-worth and merit in terms of who they are not; and who believe that their lives only really count not when they are lifting themselves up, but when they are holding someone else down; and sometimes who believe that it is literally legitimate not only to uproot totally innocent civilians from their homes and their villages, but to kill them in large numbers.

This is, of course, not confined to the Balkans; it is still at the root of the troubles in the Middle East; it is still at the root of the problems we are, oh, so close to getting finally resolved in Northern Ireland; it is at the root of an ancient tribal difference that led to the deaths of somewhere between 500,000 and 800,000 people in 100 days in Rwanda just a few years ago.

We see it everywhere -- the fear of the other. It led a couple of demented people in a little Texas town to dismember and drag an African American to death; and a couple of other people in Wyoming to kill a young man at the dawn of his life, apparently because he was gay.

We have to find a way to use all of this technology in a way that celebrates our differences instead of uses them for destructive ends. And the only way to do that, I am convinced, is to somehow reaffirm that amidst all our differences, what it is we have in common as human beings is more important.

And ultimately, that is the liberating logic of the telecommunications revolution, so much that you have powered. The idea that if we just gave everybody a chance, ordinary people would do extraordinary things, and so they have.

And so I asked all of you tonight to support what the United States and our 18 other NATO allies are trying to do in the Balkans -- first, because of all the little people who may never even see most of the things you invent and sell and market, but who could if they could live in peace. Second, because the problems could spread, and you see them beginning to spread with the outflow of refugees. And, third, because the United States and our allies will always have to provide for some order in a world where you want to maximize freedom and individual initiative. There have to be some limits beyond which we collectively do not wish to see our country go and our world go.

I know you had Congressman Davis and Governor Gilmore here today. The White House, as all of you know, is quite close to the Potomac River. Right across the river in Virginia -- I used to run down there every day and just be amazed -- in the Fairfax County School District there are children from 180 different racial, ethnic and national groups. They speak about 100 different languages as their first language. It is the most diverse of all American school districts; but what they represent is happening everywhere.

I went home a couple of weeks ago to the little town in Arkansas where I was born. There are about 9,700 people there now. It's a lot bigger than it was when I was born there. And there is a little grade school in this little town in southwest Arkansas named for me -- which I appreciate; usually you have to die before they do that. (Laughter.) And, anyway, in this little grade school in my little hometown there are 27 immigrant children, first generation immigrant children whose parents, by

MORE

and large, were migrant farm workers who settled there.

This is an incredible asset for America. But we have to say to people, whatever your national background, whatever your racial background, whatever your religious convictions, you can have a home here in this country and you ought to be safe in the world if you are willing to abide by the norms of civilized conduct everywhere. We must not allow, if we have the ability to stop it, ethnic cleansing or genocide anywhere we can stop it -- particularly at the edge of Europe.

So I ask you to support our men and women in uniform, but to support the proposition that the 21st century world will be a case of, yes, there will be a lot more decentralization, there will be a lot more individual empowerment, but it will not be a time of chaos and madness. We will not let it descend into the vision of the darkest of the science fiction writers, because we believe our common humanity is better than that. Thank you. (Applause.)

Now, I want to say what I came to say. (Laughter.) But it relates to what I just said. I believe in the Information Age the role of government is to empower people with the tools to make the most of their own lives, to tear down the barriers to that objective, and to create the conditions within which we can go forward together.

Now, the answers to all the questions will not always be easy. But at least I want you to know that's how I think about this. I see myself trying to help create the conditions of dynamic balance so we can get the maximum benefit from market economics without giving up the idea of community and without leaving anyone behind who's willing to try to do the right thing.

And I see our environmental policy in the same way. I think we have to take on the challenge of climate change because I'm convinced the science is real; but I believe we can do it in a way that grows the economy, not undermines it. And all the big questions we're facing this year as a country require that sort of decision-making. You don't have to agree with the decision I make, but you ought to ask yourself what is the basis of your decision.

We're dealing with the challenge, for example, of the aging of America. And the older I get, the better I like that challenge. (Laughter.) I've never understood all this hand-wringing about Social Security and Medicare, this is a high-class problem. (Laughter.) Some of you have helped to bring it about. (Laughter.) We're living longer and that's good, isn't it? And there's more medicine, and that's good, isn't it? But as a consequence, you know, the average age in America is 76.7 years.

Anybody in this room over 60 who still doesn't have any life-threatening conditions has probably got a life expectancy well in excess of 80 years already. Any child born in America that's under the age of 15 that's healthy and stays healthy has probably got a life expectancy of about 84. And with the baby boomers retiring, this is an issue we have to deal with.

Now, I'll tell you how I think about this. I believe we should make maximum use of technology, maximum use of modern business organizations and competition. I think that we have to be willing to reform the Medicare system. But I don't believe we should turn the Medicare system into, in effect, a defined contribution, as opposed to a defined benefit plan, because health care is not like retirement -- and it's a life-saver for

MORE

people.

And I'm willing to work with Congress to save it. And we'll have some philosophical differences, but I'm trying to achieve a dynamic balance of maximizing the change while maximizing the sense of community and the fact that it's a life-saver for so many people.

Social Security we're going to have an interesting debate. By 2030 we'll only have two people working for every one person drawing Social Security. Now, by 2034, 35 years from now, the Social Security system is projected to run out of money, the trust fund, which means you only have three choices: you can raise revenues, reduce benefits or increase the rate of return on what we're investing.

And there are a lot of people who believe that we should, in effect, take this surplus and give it back to the American people as mandatory individual retirement accounts; let them invest it in the stock market because the stock market always out-performs the government bonds over any long period of time. And if you happen to be one of those unfortunate people who retire in a period like we had between -- in the 1960s and early '70s, where the value of the stock market is going down, then the government would make up the difference between what you would have gotten under the old Social Security program and what you, in fact, get.

The other way to do it is to do what Canada does, which is set up an independent board, like the Federal Reserve, and let the whole trust fund earn money. And then you'll know you'll always be able to have uniform, but higher, returns for people.

None of us want -- no Republican or Democrat I've talked to believes we should raise payroll taxes, because the tax is regressive, more than half the working people in the country already pay more in payroll taxes than they do in income taxes; and small businesses just getting started would have to pay that, whether they make money or not -- unlike the income tax. So we don't believe that's an acceptable thing.

So when you hear this debate, think of the dynamic balance, think of how you can maximize the market forces that are good and still preserve a sense of community -- and maybe even improve it. For example, I want to lift the earnings limitations because people are living longer, and I think once you earn Social Security you ought to be able to work. I want to do something about single women, because the poverty rate among elderly single women, if they're living alone, is about twice the poverty rate for other seniors in our country. That's the framework in which I hope this debate will play itself out and get resolved this year.

The last issue I'll tell you is that I firmly believe we ought to deal with Social Security and Medicare in a way that maximizes the amount of the surplus we use over the next 15 years to buy down the public debt.

Now, that is much less popular than the alternative proposal by the congressional majority, which is to give most of the surplus away right now in a tax cut. It's your money anyway, they say, and of course, it is. It is your money anyway. But keep in mind, our country quadrupled the national debt between 1981 and 1993. And in an uncertain economic climate in the rest of the world, with all the financial troubles you've seen in Asia, it seems to me to be given a chance to pay down our debt to

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the lowest level we had since before World War I is better for most of you than a short-term impact of a tax cut.

Why? Because it will give us lower interest rates, lower inflation; it will lower interest rates for countries that have to borrow money that you want to sell your products to; it will maximize growth; it will, therefore, maximize income and job-generating potential in America. And to me, the benefits of having an America that could be out of debt in 17 years is quite staggering. Because we might have to borrow money ourselves someday, again, and we don't ever want to do -- ever get back to the way we were when we were having to borrow money just to pay the bills.

Most of your companies have borrowed a lot of money, but presumably, you didn't do it very often just to make payroll. And that is what we -- that's the decision we've been given the opportunity to deal with. So it seems to me that's the right decision to do.

And I think that -- when I look at our technology policy, I think about that. I think about how can we have the dynamic balance, how can we maximize this -- this is almost 100 percent positive good. And if there is something that has to be done to limit it in any way, shape, or form, how can we minimize the damage to the economy and to the rapid spread of opportunity.

Now, that's what we've tried to do for six years, and it's worked pretty well. So we cut the deficit and balanced the budget, but almost doubled investment in education and training.

I believe very strongly that we have to continue to expand trade. That's another issue. Most of you support that position. Most of you believe the President should be given fast track authority. (Applause.) And most of you believe if we can get an agreement with China that is good for the American economy, we should extend the opportunity to them to join the World Trade Organization. (Applause.)

But I ask you to think about how are we going to get this passed in a Congress where there are some people who are afraid of trade and some people who are basically -- they're afraid trade hurts more of the people they represent than it helps -- and others just are afraid trade gives power to countries that they feel will be adversaries of the United States over the long run. Some people feel that about China now, that they're inevitably our adversaries.

I say there has to be a dynamic balance here. We should be trading more. We should be opening our markets more. We should be getting more open markets, but we should make sure we're investing what is necessary here to help people who are dislocated by trade through no fault of their own, and we should support the same thing in other countries.

When we elevate trade, if we increase national income it should lift the incomes of all working people. It should be a race to the top, not a race to the bottom. And when we deal with China, we should recognize that were advantaged when we open China more economically, informationally, culturally; but if we have honest differences with them over political and human rights, we ought to say it. And we ought to encourage them to have their differences with us -- but not in a way that isolates us one from another.

Keep in mind what I said to you about these ethnic wars. There are people who cannot bear to live without somebody

MORE

to be afraid of or look down on. And there are -- sometimes I have the feeling that we're looking for a new enemy in America. I'm not looking for a new enemy. I didn't pick Mr. Milosevic, for example. His conduct made him the adversary of the United States and people who believe in the inherent dignity of every religious and ethnic group in the world. I did not look for a new enemy. (Applause.)

So I say to you, if you want us to go forward with China, then remind everybody the same debates we're having about China today are being held about the United States in China. I promise you there are people inside the high councils of government who say, those Americans don't want us to amount to a hill of beans. Those Americans want us to be their enemy so they will have a way to increase their defense budget. Those Americans will do everything they can to promote discord in our country; that's why they're all for political and human rights, they want us to purely disintegrate, just like we did once before.

And by the time -- you know, you just keep on talking like that, and there is enough mutual misunderstanding until finally you get the political equivalent of a divorce.

So I say we should be careful. We should evaluate our partners, our friends, our potential adversaries based on the facts at hand. But we should always be working for the best future, even as we prepare for something we might not like. And that's where I think you are.

So I ask you to work with us to help to fashion a fast track bill, for example, that will reflect a new consensus on trade; that will be able to say, we want more trade, but we want to lift people up, and we don't want to tear the environment up. And there is a way to do that. And, yes, we would like to have a good relationship with China that includes a frank, sometimes even uncomfortable airing of our differences, but we recognize that the Chinese people will be better off, and we'll be less likely to have conflict in the 21st century if there is more constructive relationships -- not just commerce, but also culture, education, all kinds of information. And so let's try to build that sort of relationship.

And that again I say, it seems to me you folks are in a unique position to make these arguments because if you take -- while Rich was giving his speech tonight and I was thinking about what his company does in Newark, New Jersey. Now, most of the people there helping in Newark, New Jersey, will never work for Lucent. But it will be a more successful company if everybody is at least literate enough to make a decent living, have a good job, and buy those products. And life will be a lot better if every inner-city in this country has a set of thriving businesses beyond the drug trade, and where the children feel safe walking on the street, and where the schools are functioning at a high level and people aren't dropping out of school. And so they invest in that -- not because it immediately shows up on the bottom line, but because they have a sense that life is of a whole texture and you have to understand what these relationships are. That's what we have to do as Americans. And that's how we have to look at this.

So let me just mention two or three specific things that I think we should do in your area -- and I ask you for your help. First, we have to work to keep America's lead in science and technology, which means you have to do your part, but we have to do ours. Basic government investment in research and

MORE

development is important and fulfills a role fundamentally different from that done by most companies.

Tonight I ask you to help us to increase our investments for the seventh straight year in research and development. Our budget provides those kinds of investments that will spur the next generation of information technology, meet the challenge of climate change, find new cures for medical difficulties, explore space, protect our infrastructure against terrorist attacks.

The budget resolution passed by the congressional majority would inevitably lead to big reductions in many of these investments. It is not necessary for us to do this. We can find a way to be fiscally responsible without cutting our R&D investments, and I ask your help in that regard.

Second, I ask you to work with me to maintain the right conditions for entrepreneurship in electronics. Just a few years ago, E-commerce did not exist. In four years, retail trade on the Internet could reach \$100 billion, business-to-business trade above \$1 trillion. Two years ago, the Vice President and I released a framework for seizing the potential of global electronic commerce. We said the Internet should be a free trade zone, with incentives for competition, protection for consumers and children, supervised not by government, but by the people who use the Internet every day. Most of you thought that was a pretty good idea.

Now, in the coming months we've got to fill in the blanks of that nice sounding general statement. I want to work with you to find ways to give consumers the same protection in the virtual mall they now have at the shopping mall -- to enhance the security and privacy of financial transactions on the Internet, an increasingly deep concern of citizens everywhere; and to bring advanced, high-speed connections into homes and small businesses.

I may not know as much about cable modems or T-1 lines as the Vice President -- (laughter) -- "may" is a misleading word there. (Laughter.) But I know what this can do for our children's future.

The third thing I'd like to ask you to do relates to something Dave McCurdy talked about. I want you to help us continue to work to bridge the digital divide. We have to have shared prosperity and leave no one behind. Today, affluent schools still are more likely than disadvantaged ones to have Internet access in the classrooms. And white households are more than twice as likely to own a computer as black or Hispanic ones. The digital divide has begun to narrow, but it won't disappear on its own. We'll have to work at it.

Dave talked about the first NetDay in 1996. Listen to that -- before that day only 8 percent of our classrooms were wired to the Internet. Today, well over half of them are, and we are well on our way to connecting every classroom to the Internet by the end of next year. (Applause.)

I'd like to ask you to do one other thing, as well. A lot of you have had a hard time finding sufficiently trained workers in the United States to do the work you need done. Last year I agreed to increase the number of H-1b visas as an emergency measure. But over the long run, the answer to this problem of the lack of skilled workers cannot simply be to look beyond our borders -- surely a part of it has to be to better

MORE

train people within our borders to do this work. (Applause.)

For many years, your foundation has made this a top priority and many individual firms have, as well. Cisco Systems is now working to establish a networking academy, for example, in every empowerment zone high school that wants one. These academies will provide students with the skills they need to get certified for jobs and information technology. It's like giving a student first-class ticket to a high-skilled, high-wage future. We have to do more of that.

Because you have done so well, I would argue that you have larger responsibilities as citizens than those who have not. And many of you are fulfilling them remarkably.

The last thing I'd like to say is this: You were very kind when I spoke about Kosovo earlier; kind to stand -- maybe just hoping I was through with my speech -- (laughter). I believe there is a hunger for substantive information on the part of our citizens greater than I have ever seen before. And the more you give them ways to get information, the more hungry they feel. But keep in mind, you can sit in front of your television and channel-surf all night long. You can have 50 channels, or 70, or 80 or 90. You may pick up a lot of facts and you may go to bed bleary-eyed at 3:00 a.m., and the next day your understanding of what it is you have seen or heard might not be any greater.

And so the last thing I would like to say is, with your employees, with those in the community with whom you work, help people to understand that the forces of globalization can be good, but they present challenges that must be met. Help people understand that the forces of decentralization, of the breaking-up of old blocs can be a magnificent story of individual empowerment and democratization, but they, too, present challenges that must be met.

I have done everything I could to fashion a government that could do its part to meet those challenges. It's the smallest government we've had since President Kennedy was here. It has given more power to states and localities. It works more with community groups and churches and social programs. It does a lot of things that need to be done badly, and I'm sure we can do better.

But in the end, there will be these gaps, and someone must be standing in the gap to reaffirm our basic devotion to freedom and democracy, to peace and prosperity, and to the principle that we must be a community -- that out of many we are one; and that we are still about the business of our Founding Fathers, forming a more perfect union.

Thank you and God bless you all. (Applause.)

END

9:00 P.M. EST

THE PRESIDENT HAS SEEN

4-2-99



U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, D.C. 20410-0001

March 29, 1999

THE SECRETARY

MEMORANDUM FOR: The President

FROM: Andrew Cuomo

SUBJECT: Follow-up to our conversations on the "untapped markets" tour.

Initially, I am very excited by the potential of this initiative and would love to participate to the maximum extent possible. I believe this effort provides the opportunity to demonstrate enormous vision and leadership and awaken the nation to issues of poverty and inequity that many would rather lie dormant. There is also a true crisis in our older, medium-sized cities, which are stumbling in the transition from manufacturing to information-based economies.

* Gary, East St. Louis, Norfolk, Buffalo, Santa Ana, are typical of these cities which by and large have gotten smaller and poorer over the past 20 years.

I also believe this effort is the natural evolution in the progress of your administration. You have brought the Democratic Party to a place where it now has the credibility to once again advocate progressive solutions - partnerships among government, business, faith-based groups and not-for profits, and you have brought the economy to a point where the nation can afford a progressive investment agenda.

You have also repeatedly reminded the Nation, from the earliest days of your 1992 campaign, that if people "play by the rules" they should have a fair shot at the American Dream. This "untapped markets" tour could focus on Americans who are prepared to play by the rules but are currently barred - by the total absence of jobs and hope in these places - from even getting in the game. In many ways this tour is the best closing argument for your opportunity/responsibility theme and policies of the past 6-8 years. The "opportunity/responsibility" paradigm could well be a central piece of your legacy if we return to it in the final quarter; it worked before and will work well now.

At the same time, we must be aware that we are touching political lightning rods when we visit these people, places and issues, and there will be many cynics who will seek to distort and discredit our plans and motivations.

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He should be rewarded
Good points
BC

I think there are three potential pitfalls to anticipate and avoid:

- This is not a new issue for us. We are already doing much, but there is more to do and this historic economy allows us – indeed obligates us – to do it. We must make sure the dramatic nature of your visit does not imply a novelty or recent discovery. Critics may suggest this initiative suggests a lack of past attention and is now “too little, too late.” The truth is we have been working on these issues from literally the first day of the Administration. We must frame your visit as a clear ongoing Administration effort. I believe the Empowerment Zones offer the most clear and undeniable Clinton strategy. Empowerment is your signature policy, with significant resources already committed and years of ongoing effort (the first EZ round was 1994 and 2.5 billion!). If your visit occurs within an Empowerment Zone, I believe we are inoculated against the “recent discovery” line of criticism. While we have done much, there is still more to do and your budget proposes new initiatives, such as APIC, Treasury’s tax credits and HUD’s economic development efforts. The historic economic growth, which you created, now allows us to continue these investments.
- This is not old time liberal politics but bipartisan, third way empowerment. Prominent Democrats are already highly associated with the trip. It is important that we include Republicans in this effort and stress economic empowerment. Of course no matter who attends these events, some will say “there goes Clinton back to his liberal roots.” I believe that is a failing argument and we should not run from it. Who better than a “centrist” President to say that his “American Center” includes every American who wants to work - every citizen who is prepared to play by the rules and do their part. (Moreover it leaves our opponents with just the “conservative” part of their “compassionate conservative” slogan).
- This is not just a “visit” - we have deliverables and an agenda. It is important that we have an action plan for the areas we visit. Our nation-wide agenda may not cover all the needs in the areas we intend to visit. APIC, HUD’s Economic Development, Treasury’s initiatives are positive steps but cannot be posed as the solution to all the problems we will see. However, we can develop local action plans - that supplement the national initiatives - to propose a comprehensive agenda.

My specific recommendations are as follows:

- There will be a National Empowerment Conference in El Paso, Texas in May. This conference will have people from all the Empowerment Zones in both the first and second rounds, urban and rural, nationwide. This conference is the follow-up to last year’s White House Empowerment Conference. I would recommend using this conference to anchor your tour and set the context of your

mission. Your speech at the conference could outline your vision, establish the longevity of your efforts, highlight your current budget proposals, and announce the upcoming visits. We could "frame" and define the importance through our lens.

- The tour could include the Delta, Appalachia, struggling cities and the Colonias. We have existing Empowerment Zones in all these areas. The Colonias, along the Texas-Mexico border, are horrendous and rarely visited. I would also recommend rather than the typical big city visits (which raise other issues), you bring attention to the plight of the struggling medium-size cities, which are more inclusive, less threatening, and frankly, more problematic. The big cities are doing well--New York City, Chicago and Los Angeles are relatively strong. The medium-sized city is the challenge. The upside is that they are less daunting and have a broader political base. I would recommend you visit Gary, Indiana or East St. Louis. On the big city side, the high performing Empowerment Zones are New York City, Baltimore and Cleveland. The Los Angeles Community Development Bank is currently experiencing some difficulties.
- In addition, as you know, the Delta and Appalachia regions do not believe it is wholly productive to focus on the negative aspects of the region as it may fuel stereotypes and less than constructive images. We are working on a joint State of Kentucky and HUD Action Summit to develop an interagency redevelopment plan for Eastern Kentucky. This venue might provide a positive portrayal of the assets of the area, and a good stage for you.
- *about?* We have a great opportunity for an Indian Reservation event. Pine Ridge, South Dakota is the poorest census tract in the United States and is a recent Empowerment Zone winner. We are holding a HUD Housing and Economic Development Conference on the Reservation and combining it with a Habitat-style homebuild. In 11 years of HUD providing Indian housing, it is the first time we will hold a conference on an Indian Reservation! We will have representatives from all the major tribes, as well as numerous volunteers, working on the homebuild.

In sum, this is an historic initiative and will add yet another exciting element to your growing legacy. We need only anticipate and avoid the potential criticism.

Please let me know if there is anything else you would like me to pursue.

THE WHITE HOUSE
WASHINGTON

Dan -
SEE ATTACHED

Phil - UNLESS YOU THINK IT'S TOO MUCH,
I'D GET A NICE REPLY DONE
AND ATTACH A SET OF REMARKS.
THEN TO POTUS W/ A NOTE
SAYING WE'VE SENT IT TO
COS FOR THEIR
CONSIDERATION. (MAYBE
SHE REALLY IS GOOD?)

Good idea -
TO Dan B for reply.
BC Sig
Phil 4/2



U.S. DEPARTMENT OF COMMERCE
Office of the Secretary

March 29, 1999

To : Phil Caplan

99 APR 1 PM 12:35

From : Jim Dorskind
Executive Secretary

Hello. I hope this note finds Ari, Zoë, and you all doing well.

I am sending over a letter from Ilene Zeldin, Secretary Daley's head speechwriter, thanking the President for his kind (and humorous) remarks about Secretary Daley's speech at the unveiling of the late Secretary Brown's portrait. Could you please forward the letter on?

Also, would it be possible to have the enclosed copy of the President's remarks signed for Ilene? As you can see from her resume, a copy of which I've also enclosed, she has devoted substantial effort on behalf of this Administration, serving three different cabinet secretaries since March 1993.

Thanks much for your consideration.



UNITED STATES DEPARTMENT OF COMMERCE
Office of the Secretary
Washington, D.C. 20230

To: President Clinton

From: Ilene Zeldin *Ilene Zeldin*

Date: March 26, 1999

Re: Response To Your Question
About Secretary Daley's Speech

*TO
DAN B.*

I am Secretary Daley's speechwriter, and I want to thank you for your kind -- and very unexpected -- compliment at the Ron Brown portrait unveiling at Commerce this week.

To answer your question about who made him such a great speaker: all the funny lines and good thoughts were Secretary Daley's. I call him the King of One Liners -- and I just dot the i's and cross the t's for him.

As for your very public job offer, I could never ask for a better boss than Secretary Daley, and I am not sure he would let me be dispatched to the White House. Of course, should Michael Waldman ever leave, as the rumor has it, I would hope the King would reconsider.

After six years of serving Secretaries Bentsen, Slater, and Daley -- and prior to that Lee Iacocca -- I would be most honored to serve you.

cc: Secretary Daley

*WILL
NEED
REMARKS
FROM
TYPING*



March 24, 1999

**REMARKS BY THE PRESIDENT AT UNVEILING OF PORTRAIT OF
SECRETARY OF COMMERCE RON BROWN**

10:49 A.M. EST

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

March 24, 1999

REMARKS BY THE PRESIDENT
AT UNVEILING OF PORTRAIT OF
SECRETARY OF COMMERCE RON BROWN

Herbert Hoover Building
Washington, D.C.

10:49 A.M. EST

THE PRESIDENT: Thank you very much. Let me, first of all, say I thought Secretary Daley did a remarkable job today, and he was the funniest I have ever heard him. (Laughter and applause.) Which means either that the Commerce Department has been very good for him, or he has found an extraordinary speechwriter. (Laughter.) If it is the former, I thank you. If it is the latter, I would like that person dispatched to the White House this afternoon. (Laughter.)

I want to thank Congressman Ford and Mr. Mayor, and all of our Cabinet for being here. And Mickey, Heidi, thank you for being here. Members of the Brown family. This is both a happy and a bittersweet day. We are now in the springtime, even though Washington is not quite behaving like it yet. Soon the dogwood that we planted on the back of the White House lawn will be blooming for Ron again. And now this portrait will be here forever, to remind us all of his service and his spirit.

Mr. Polson, I think you did a terrific job, and I congratulate you. We love it. (Applause.)

If Ron Brown were here I know exactly what he'd say. He'd say, well, you did well. I'm dressed well -- (laughter) -- and

I look very strong. But you could have made me a little thinner.
(Laughter.)

And I'd just like to just take a minute to remind all of you about the spirit. Secretary Daley was kind enough to say that I have tried to elevate the Commerce Department. I think that is true, but I would like to just say a word about it as it relates to Ron Brown.

After the election of 1992, when we were putting together our economic team, and I had been listening rather carefully to what others had said, and what I had seen, about previous administrations and how they ran their economic policy, it seemed to me that, by and large, previous administrations had lodged the making of economic policy too much either in Treasury, or the White House, or both, and had sort of overlooked the integral role of Commerce and our Trade Ambassador, on a daily basis, to the development of our long-term economic well-being.

Same thing could be said of other departments -- the Agriculture Department, the Energy Department -- how they were needed to make a joint economic policy. And so we put together this National Economic Council to integrate all the departments. And then we decided to elevate the economic role, particularly of the Commerce Department, and to try to bring the Trade Ambassador in to the daily work of the economic life of the administration, not just when there was some big trade negotiation going on.

And I think the evidence is, it worked pretty well. But it worked pretty well in no small measure because Ron Brown was here, and Mickey Kantor was our Trade Ambassador -- and because Ron Brown believed me when I told him that I thought the Commerce Department had been grossly under-utilized, at least in recent history, in terms of building the economic potential of America -- within our country and beyond our borders. So he bought the big idea and then he sold the big idea.

But the second point I want to make is that he did it, in no small measure, because of the spirit you see reflected in the set of the jaw and the glance of the eyes in this fine portrait. He basically believed there was no mountain that couldn't be climbed. He believed that American businesses had a responsibility to act in their enlightened self-interest to help themselves and others, here at home and around the world.

He also believed that people driven by ancient hatreds could find a way to put them aside. I will never forget how excited he was in the last conversation we had right before he left for Bosnia, how proud he was that he could lead a delegation of American business people to the Balkans to try to make peace.

Well, the peace process is working in Bosnia. As all of you know, it's under siege again in the Balkans because of what is going on in Kosovo. I don't want to talk about that here today except to say that there are basically two kinds of people that are dominating the public discourse around the world today -- there are people that are determined to divide and drive wedges between and depress people because they're of different ethnic and racial and religious groups; and then there are people like Ron Brown, who believe that everybody ought to be lifted up and brought together, and don't understand why anyone would waste lives and take other people's lives to gain a false sense of power in a smaller and smaller life based on oppression.

And when you look at this picture today, when you go out, first of all, I want all the members of the Commerce Department to be proud of what you are doing, proud of what he did and proud of what you are doing under Secretary Daley, who has also, in my judgment, done a magnificent job. And I want you to think about the troubles of the world today, and I want you to see your life as an instrument of bringing out the spirit that Ron Brown brought to his life and his work in this department every day, and think about it for what it is -- the principal opposing force to all this destructive racial, ethnic, religious and cultural destruction we see all over the world today.

Every country has to make that choice, and in a way, every business has to make that choice and every person has to make that choice.

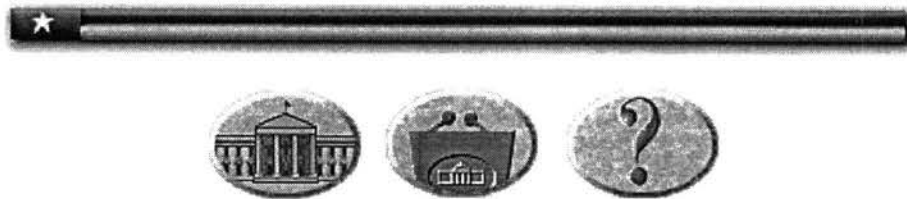
We're all blessed that we knew Ron Brown. We're glad that his family is here today. We're glad we've got Alma right where we want her -- she can't talk back. I could have given her a whole lecture today. (Laughter.) But I know Ron Brown would want me to say, to use this moment to say, look at this picture, look at this life, look at the troubles of the world. The choice is clear: America needs to stay on the path that he blazed.

Thank you and God bless you. (Applause.)

END

10:58 A.M. EST

[Back to summary page](#)



To comment on this service: feedback@www.whitehouse.gov

ILENE S. ZELDIN

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Arlington, VA 22202**

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EXPERIENCE

U.S. DEPARTMENT OF COMMERCE, Washington, D.C.

January 1998 - Present

Director of Speechwriting

Serve as Secretary Daley's chief speechwriter, and manage two other writers who prepare speeches for him and the Deputy Secretary. Speeches cover a broad range of economic, trade, technology, and training issues. Work closely with the Secretary and travel with him internationally, as 30 percent of the speeches are given overseas to help promote American exports.

U.S. DEPARTMENT OF TRANSPORTATION, Washington, D.C.

April 1995- December 1997

Associate Director, Public Affairs

Managed two writers, who prepared speeches and other material for Secretaries Slater and Pena and the Deputy Secretary; and served as the Secretary's chief speechwriter. Worked closely with the Secretary to prepare major policy addresses. The department prepared an average of 35 speeches a month. Often worked with other speechwriters in the Administration to coordinate messages.

U.S. DEPARTMENT OF TREASURY, Washington, D.C.

March 1993 - April 1995

Speechwriter to the Secretary

Working directly for Secretary Bentsen, wrote speeches, op-eds, congressional testimony, toasts, and press statements; accompanied him on foreign trips; advised him on answering media questions; and prepared one liners for his use at events. Covered a broad range of issues, including the economy, health care, trade, crime, and banking. Received highest rankings on personnel evaluation from the Secretary, resulting in a special promotion.

CHRYSLER CORPORATION, Detroit, MI

January 1986 - February 1993

Public Affairs Specialist

For five years, served as a speechwriter to Lee Iacocca, one of the most sought-after speakers in the country. Also wrote op-eds, contributed to his monthly syndicated column, and prepared background for his use in answering media questions. Developed special expertise in Japanese trade issues. Other assignments included: overseeing production of Chrysler's annual report to shareholders; assisting in press communications on new car launches; and directing cost-cutting and re-invention teams. Received numerous promotions.

BATTELLE MEMORIAL INSTITUTE, Columbus, OH

July 1978 - December 1985

Manager, Media Relations

Oversaw staff of four people, who handled contacts with national press and trade journals; prepared hundreds of news releases annually; handled community phone calls on controversial topics, such as chemical weapons and nuclear research; and set up editorial visits for executives with major publications. Also oversaw work of outside PR and advertising agencies. Received numerous promotions.

EDUCATION

B.A., Journalism, The Ohio State University, 1978

M.B.A., The University of Dayton, 1986.

THE PRESIDENT HAS SEEN
4-2-99

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wwdesk
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4-2-99

Take Belgrade

By WILLIAM E. ODOM

On the first page of the first chapter of the first book of "On War," Carl von Clausewitz wrote in italics: "War is an act of force to compel our enemy to do our will." Has bombing alone ever "compelled" any of our enemies? By ignoring this obvious point, the U.S. intervention in Kosovo is fast turning into a disaster. Today we are at war without an effective plan and properly deployed forces, conducting combat operations that accelerate Serb atrocities rather than deter them.

Thus the president has made himself and the American people at least partly culpable for the slaughter in Kosovo. We cannot evade this reality. We can only decide how we deal with it. To argue, as some administration officials do, that we bear no blame because Serbian dictator Slobodan Milosevic would eventually kill or expel all of these Kosovars in any case, is ludicrous. Even if it is true, it is irrelevant. Today he is killing them because our bombing campaign has given him both the opportunity and the incentive.

If we now fail to bring this war to a successful conclusion, not just liberating Kosovo from Mr. Milosevic's tyranny but also destroying Mr. Milosevic personally along with his regime, then far more blood will be on our hands. Moreover, we will inspire greater doubts about the viability of NATO in the post-Cold War era than if we had not bombed in the first place.

Thus the president has only one alternative: a ground invasion. It's important to stress that such an attack should be directed at destroying Mr. Milosevic's power, not at the Serbian people. (Nor should we take the side of the Albanians, whose own record has hardly been blameless over the years.) There are promising liberal politicians among the Serbs, and a military defeat might give them the impetus to take power. But we should be prepared if necessary to keep a NATO force in place for decades to quash any temptation among local politicians to wait out the occupation.

No one can confidently predict what a ground invasion will require, especially without the most reliable intelligence about Serbian forces. It will certainly require several weeks or longer to prepare. It

can be won, however, and won fairly rapidly once NATO forces are deployed in the region.

While our planners will insist on a large advantage in the balance of military power, there is considerable public

The approach from Hungary—now a NATO ally—into the Voivodina region of Serbia and directly to Belgrade is open country that invites a high-speed armored ground attack.



information suggesting that the Serbian forces are not all that effective. Their conscript soldiers are poorly trained, and their junior officers have no training comparable to that of their NATO counterparts. Serbia deploys more than 300 antiquated T-54/55 tanks and 232 more modern T-72s, but the entire Serb tank force is no match for a single battalion of U.S. M-1A2 tanks. Apache attack helicopters should have a field day against Serbian ground forces. U.S. mechanized infantry mounted in Bradley Fighting Vehicles with 20mm twin guns can destroy most Serbian armor. And, as things now stand, the Serb military in Kosovo is too busy executing young male civilians and pushing their wives and children

into Macedonia and Albania to build strong defensive positions against a NATO ground attack.

A ground invasion must not be limited to Kosovo. In fact, the approach from Hungary—now a NATO ally—into the Voivodina region of Serbia and directly to Belgrade is open country that invites a high-speed armored ground attack. The German military swept down this corridor in World War II, taking the whole of Yugoslavia in a couple of weeks. NATO forces today probably have an even greater qualitative edge over the Serbs than the Wehrmacht had then. And supplying our forces on this front should be much easier than in Kosovo, at least at the beginning.

Some official spokesmen have estimated that 200,000 troops will be required for an invasion; others put the figure at 30,000 to 40,000. Only NATO planners with the latest intelligence are in a position to make sound judgments on this issue, but after following the behavior of the Serbian military for several years, I have become convinced that the lower figure is much closer to what is actually needed, especially after a long bombing campaign has degraded Serbian forces.

More than 20,000 NATO troops are already in Macedonia, poised to make the "permissive" entry into Kosovo envisioned by the peace agreement Mr. Milosevic rejected. They should now make a "non-permissive" entry, supported by 24,000 U.S. troops stationed in Germany. Facing an invasion from Macedonia and Hungary at the same time, Mr. Milosevic will be doomed.

Unfortunately, we cannot destroy him in time to save the Kosovars from slaughter, but we can at least ensure retribution and an end to any further slaughter, especially in neighboring Montenegro.

American lives will inevitably be lost in such an invasion. This is a legacy Mr. Clinton cannot escape and a price that we must now pay. If we don't, Mr. Milosevic will survive and NATO will unravel.

Mr. Odom, a former U.S. Army general and director of the National Security Agency, is a senior fellow at the Hudson Institute.

THE PRESIDENT HAS SEEN
4-2-99

GWS
Wray on Notes
Joes up?
~~Can we do anything?~~ ~~TH~~

Copied ✓
Sperling
Podesta

11

Mortgage Costs Could Ambush the U.S. Economy

By ROBERT D. HERSHEY Jr.

Charles Gradante and his wife, Lee, were on the verge of refinancing their co-op on Sutton Place in Manhattan late last year, but a big remodeling project so consumed them that they failed to get around to it.

"I just let the thing slide, and before I knew it, interest rates started to run up," said Mr. Gradante, a 52-year-old consultant to hedge funds. "I didn't pull the trigger."

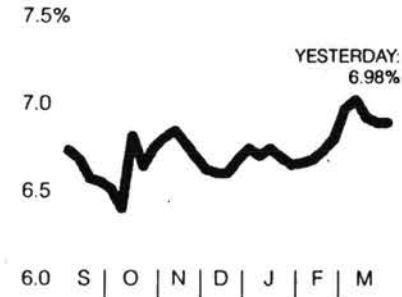
So the Gradantes have shelved their refinancing, one of many early casualties of a bounce in interest rates this year.

Late last year, the couple could lock in a 7 percent rate for 30 years on their super-jumbo \$700,000 mortgage. Today, they would have to pay 7.25 percent to 7.5 percent. Instead, they are sticking with their current loan, which carries a fixed 7 percent rate for seven years but can then adjust annually for 23 years. If they refinanced at 7.25 percent now, they would have to pay an extra \$146 a month.

Since October 1998, mortgage rates have been crawling upward — now an average of about half a percentage point higher nationally. The first effect has been a decline in home refinancings, which has put extra dollars in the pockets of consumers and helped fuel a torrid consumer spending spree. But if mortgage rates continue to rise from their current levels — still quite low in historical terms — sales of homes will drop off as well, as fewer people can

The Rise in Rates

The national average cost of a 30-year fixed-rate mortgage has been rising since a recent low of 6.49 percent.



Source: Federal Home Loan Mortgage Corporation

The New York Times

make the monthly payments. Furthermore, a significant increase in interest rates would weigh on stocks and could provide some drag on the overall economy.

By the second week of March, the average commitment rate on 30-year mortgages had climbed to its highest point in nine months — 7.11 percent plus 1 percent of the sales price for loans up to \$227,150 — according to Freddie Mac, the Govern-

ment-chartered company that buys loans from lenders and packages them as securities for investors. Bigger loans, like the Gradantes' mortgage, tend to run about a quarter-point higher.

Rates have since receded a bit, to 6.98 percent this week, but the possibility of a resurgence hangs over not just the real estate market but the stock market and the booming American economy. Today's report on job creation in March could prove crucial because each sign of robust economic growth revives fears of inflation and the possibility of higher interest rates in the financial markets.

If interest rates were to jump significantly, by perhaps a percentage point, "it would be a disaster, the worst thing that could happen," said Robert J. Froehlich, vice chairman and stock strategist at Kemper Funds in Chicago. "You could see the stock market easily give back 15 to 20 percent of its value." He remains optimistic, however, that rates will remain largely in check.

Rising interest rates make the bond market a relatively more appealing place for investors to put their money instead of the stock market. Higher rates also raise companies' costs both in conducting everyday business and investing in operations, putting pressure on corporate profits.

Tumbling stock prices could in turn chill consumers who have been driving an econ-

Continued on Page 15

THE PRESIDENT HAS SEEN

4-2-99

The New York Times

FRIDAY, APRIL 2, 1999

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Continued From First Business Page

omy that grew at a blistering 6 percent pace in the final three months of 1998 and shows only modest signs of a long-anticipated slowing.

"To a significant extent, the high-flying stock market is responsible for the consumer spending spree and the lowest savings rate since 1933," said Sung Won Sohn, an economist at Wells Fargo & Company in Minneapolis.

Dr. Sung noted that 48 percent of families now have some kind of stake in the stock market, compared with 32 percent a decade ago — a fact "amplifying the impact of the sizzling stock market" on household spending.

While higher rates would certainly take some of the steam out of the housing market and, therefore, the economy, said William C. Dudley, chief United States economist at Goldman, Sachs, much would depend on what caused the rise.

It they rose because of a global economic recovery, corporate profits would also benefit, and the net effect might be a wash, he said. On the other hand, if rates rose because of intensified upward pressure on American wages, that would imply a return to inflation and would be more problematic, he said.

Although rates on long-term Treasury bonds plunged as low as 4.7 percent last October as foreign turmoil prompted many investors to scurry for safety, average mortgage rates did not fall as sharply, bottoming at about 6.5 percent. Similarly, this year's upturn in Treasury rates has had a more modest impact on mortgage rates.

Rates on many other forms of consumer borrowing, including automobile and education loans, have been virtually unaffected so far but would be swept upward by a sharp rise in

interest rates. Credit card rates tend to be less sensitive to rate fluctuations because administrative costs account for the bulk of their relatively high rates.

The mortgage rate increase of late, though, is starting to bite. Applications to refinance home loans, fell 11.7 percent the week ended March 26, the Mortgage Bankers Association of America reported on Wednesday, and stood 22.2 percent below the level four weeks earlier.

"The refi business has definitely slowed up," said Melissa Cohn, president of the Manhattan Mortgage

***As rates creep up,
they may be the
hurdles that growth
stumbles over.***

Company, a leading broker in the New York City area, even as the rise pushes fence-sitters into action for fear rates could move out of reach.

Refinancings accounted for just more than half all new mortgages in 1998 and are projected to slip to 40 percent of the total this year, according to Paul S. Reid, executive vice president of the Mortgage Bankers Association. Total lending is expected to decline 18 percent to a still-robust \$1.2 trillion.

Borrowers are also shifting to adjustable-rate mortgages, which means lower payments for now. The rates on one-year adjustable mortgages are running about 1.2 percentage points lower than the rates on a fixed 30-year loan, according to The Bank Rate Monitor. At the latest tabulation, the number of applica-

tions for adjustable mortgages was 54.5 percent more than it was a year earlier.

Still, many financial analysts are far from convinced that rates are headed much higher.

James W. Paulsen, chief investment officer at Wells Capital Management, sees no reason to believe that current economic growth must lead to inflation. Actually, low inflation is fueling economic growth, he said. "And what inflation indicator has moved up to make you think that we should have a 6 percent interest rate?" he asked. The 30-year bond now yields about 5.7 percent; the Treasury's 10-year note that is the main benchmark for pricing mortgages, yields 5.3 percent.

Despite the tightest labor market since the 1970's, inflation has remained tame. Consumer prices have risen just 1.6 percent the last 12 months.

And most people think it would take some pickup in inflation to spur the Federal Reserve Board to push rates higher. The Fed took no action at its meeting on Tuesday, not even announcing a tilt toward higher rates in the future.

"We still expect the 30-year Treasury bond yield to retreat to around 5 percent in coming months," said Maury N. Harris, chief economist at Paine Webber.

David F. Seiders, chief economist for the National Association of Home Builders, said that even if rates rose further, his industry and its suppliers were likely to be spared a direct hit.

"If people decide they don't want to lock into the higher yield, they'll go for adjustable-rate mortgages," he said. "It would soften the blow."

No day is complete
without
The New York Times.

The New York Times

FRIDAY, APRIL 2, 1999

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4-2-99

John Podesta

This is all important
piece of evidence - all
we have to ~~show~~ show to
what → show effort in
if our group have a convincing
evidence it will out there

PD

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Podesta

4-2-99

Kosovo Campaign Dwarfed by Gulf War

NATO Officials Acknowledge Underestimating Milosevic; Weather Also Cited as Problem

By BRADLEY GRAHAM
Washington Post Staff Writer

Although NATO leaders have designated air power as their exclusive weapon against Yugoslavia, the allied force employed so far falls far below that unleashed in the Persian Gulf War and has been further reduced by persistent clouds and limits on what can be bombed.

As NATO rushes to widen its attacks and augment its fleet of more than 400 planes, the 10-day-old air campaign continues to involve only a fraction the number of aircraft—2,700—employed by the U.S.-led coalition against Iraq during the 1991 Persian Gulf War.

The rate of strike sorties, or flights—averaging about 50 a day during the first week over Yugoslavia, compared with about 1,000 in the gulf war—also has suggested a relatively constrained attack plan against the Yugoslav forces of President Slobodan Milosevic.

"It would seem we could use a lot more firepower, particularly if we're trying to achieve both the tactical objective of beating back Serb forces in Kosovo and the strategic objective of hitting Belgrade targets of high value to Milosevic," said an Air Force colonel who teaches strategy.

While reluctant to second-guess commanders leading the air campaign, some former senior military officers have begun to argue that NATO warplanes should have moved more quickly to broaden the attack, rather than concentrate in the first days largely on wearing down Yugoslav air defenses.

Only gradually this week have alliance aircraft shifted focus to the staging areas, fuel storage sites and field headquarters of Yugoslav forces directly involved in the eviction of ethnic Albanians from Kosovo, the southernmost province of Serbia, the dominant Yugoslav republic. Late Tuesday, NATO's political delegates also approved the bombardment of Yugoslav military command facilities and other government buildings in Belgrade and elsewhere.

"If the objective was to stop Milosevic's 40,000 forces in Kosovo, I would have liked to have seen a tougher, harder air attack in the first few days against those targets that would have helped us achieve it," said retired Gen. George Joulwan, once NATO's top military commander. "We needed to target those troops sooner rather than later."

Particularly in the absence of any threat to invade with ground forces—an option that Clinton administration officials continue to rule out as politically untenable—critics say NATO should have struck more aggressively from the outset against power centers in Belgrade and troops in Kosovo, even if it meant exposing NATO pilots to greater risk from anti-aircraft fire.

"We took so many targeting options off the table that we really ended up with having only a limited air campaign that so far hasn't caused enough pain to

threaten Milosevic's survival," said retired Lt. Gen. Terry Scott, director of the national security program at Harvard University's Kennedy School of Government.

NATO authorities acknowledged having underestimated Milosevic's willingness to withstand an attack and crack down on Kosovo's secessionist rebel forces and their supporters in the 90 percent ethnic Albanian population.

"There was a general, political decision made right at the outset to give Milosevic a chance at the beginning to acquiesce to a peace agreement," said a senior general deeply involved in the NATO operation. "I think if NATO members had known that he would be as defiant as he has been, they might have gone into it with a little stronger will up front."

In any case, NATO officials continued to express confidence that the recent broadening of targets will compel Milosevic to end the violence in Kosovo. Their

biggest problem, they said, remains the weather. Low clouds and enduring fog have obscured visibility on all nights but the first, forcing cancellation on some days of more than half the scheduled strikes, according to one well-placed NATO diplomat.

To improve accuracy and reduce the possibility of civilian casualties, NATO aircraft are relying on laser-guided bombs rather than conventional "dumb" ones. But the laser weapons require each pilot to hunt for targets to obtain a direct line of sight before firing. Cloud cover frequently has made this impossible, although Pentagon officials say pilots have been able to find occasional breaks in the clouds.

Better weather is forecast for Yugoslavia this weekend. But the forecasts have proven notoriously unreliable, and clouds often shroud the Balkans this time of year.

Other precision weapons, not dependent on line of sight, are available to NATO forces. These

include sea- and air-launched cruise missiles and Joint Direct Attack Munitions, or JDAMS, that are guided by satellite signals. But these all-weather munitions are good only against stationary targets for which specific coordinates can be obtained, not for moving columns of tanks or infantry units.

"It is clearly frustrating for our Harrier fighter bomber pilots that, after all the planning and the emotions involved in going into combat, they have on a number of occasions—including yesterday and last night—been unable to engage their targets," British Air Marshal Sir John Day told reporters yesterday.

To compensate for some of the aborted bombing runs, Day said, NATO has resorted to cruise missiles. But with the Pentagon's stockpile of air-launched cruise missiles dwindling to fewer than 100, even this alternative has become limited.

The Washington Post

FRIDAY, APRIL 2, 1999

THE PRESIDENT HAS SEEN
4-2-99

Podesta/Sweeney et al
worth reading
Bk

Sunday, March 28, 1999

Europe's SOS

The Limits of Outside Intervention in the Balkans

By STEPHEN D. KRASNER

STANFORD--Religious and ethnic toleration did not emerge in the West simply out of the good intentions of wise rulers. In the 16th and 17th centuries, European Catholics and Protestants slaughtered each other with abandon. The Wars of Religion in France, the 30 Years' War in Germany, the English Civil Wars all killed millions. Religious toleration in Western Europe was the result of the lessons learned from these bloody conflicts, conflicts so politically destabilizing and destructive that most European rulers came to realize that religious repression was too politically dangerous--at least if a large number of defectors from the official religion were involved. No one saved the Europeans from their own follies. They eventually learned to save themselves.

Why have the Balkans not embraced these lessons on toleration? Not because ethnic divisions have been any more intense there than in other parts of the world. One thing that distinguishes the Balkans from Western Europe is the extent of intervention by outside actors. The Balkan states have never been left to settle their own ethnic divisions. From the 1830s, when Greece became independent, through the 1990s, when Yugoslavia fell apart, the major powers have always intervened to try to establish more tolerant political regimes. The major European powers refused to recognize Greece in 1832, Romania, Montenegro, Serbia and Bulgaria in 1878, and Albania in 1912 until the would-be rulers of these new states agreed to establish civic and political equality. In the cases of Greece and Albania, the major powers chose the form of government, a monarchy, and selected the monarch.

In 1919, after World War I, Yugoslavia, like the other new states of central and eastern Europe, had to recognize minority rights. In 1991, the European Union conditioned recognition of Slovenia and Croatia on comprehensive protections and guarantees for minorities, including acceptance of a number of international human-rights conventions. Similar conditions were written into the Dayton accords for Bosnia in 1995, including the creation of an international court, most of whose judges were to be appointed by the countries of Western Europe. Bosnia is at peace, but it is also occupied by 40,000 troops of the North Atlantic Treaty Organization. The major powers--first the Europeans, then the United States--had good reasons for intervening. They have always been concerned that instability in the Balkans could lead to instability throughout Europe, and sometimes it has. They have also worried about human rights. Lord Byron, the English poet, and more than a thousand men from all over Europe fought for Greek independence in the 1820s. An extensive regime for minority rights was established in the League of Nations after World War I. President Bill Clinton's appeals last week to humanitarian concerns and national security could have been pulled from the speeches of any of a number of Western leaders over the last 150 years.

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Yet, external intervention has never worked in the Balkans. The fundamental problem with external intervention is that it reduces any incentives that the antagonists have to find their own solutions and obscures the actual power the two sides possess. Protestants and Catholics stopped killing each other in Europe, in part, because each side realized it could not win. Ethnic groups in the Balkans have always had the option of fighting their opponents and of seeking aid from far more powerful external allies that could decisively affect the local balance of power. Because it has often been unclear exactly how much support more powerful states might provide, one side or the other has been usually tempted to prolong or provoke a conflict. Greece secured its independence only because the combined British, French and Russian fleet defeated the Turkish Egyptian fleet at the Battle of Navarino in 1827. Russian intervention helped to secure autonomy for Romania after the Crimean War and independence for a number of Balkan states after the Russo-Turkish Wars in the 1870s. Serbian nationalists looked to external help before World War I. In the same way, Bosnians could hope to free themselves from a larger Serbia because they had the possibility of aid from the West. The Kosovo Albanians can hope that their struggle against Serbia will lead to independence because of cruise missiles and B-2 bombers. As long as there is a powerful state that can intervene on one side or the other in a struggle in the Balkans, or elsewhere for that matter, the weaker party may always find it attractive to fight on. Losers never really lose. The distribution of power on the ground is never clearly revealed. Refugees are never resettled. Why give up when there is always the uncertain hope of future victory because of external intervention?

The United States and its NATO allies confront a dilemma in Kosovo. If they stand by and do nothing, many Albanians will be killed and the ensuing conflict could destabilize the entire region. In the longer run, however, if the Balkan states were left to their own devices, the contending parties would arrive at some resolution of their differences based on the balance of forces in the region, just as the Western Europeans did some 300 years earlier. External intervention can work, but only if it supports domestic groups favoring a peaceful settlement and provides these groups with enough continuing assistance to defeat appeals by would-be nationalist leaders. Without a new governing class in Serbia, intervention may save people and provide some short-term stability, but it will cost lives and increase instability in the future.*

Stephen D. Krasner is a Professor of Political Science at Stanford University and Author of "Sovereignty: Organized Hypocrisy."

4-2-99

2303

THE WHITE HOUSE

WASHINGTON

April 1, 1999

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM:

SAMUEL BERGER (K) *fer*

SUBJECT:

Yeltsin's State of the Nation Speech

Yeltsin again defied the skeptics, delivering a strong 20 minute speech that called for Russia to finish the transition to a market economy, hold free and fair elections and stay out of the conflict in Kosovo. By no means is Yeltsin "back." He is still physically weak and badly damaged politically. But his ability to pull out another performance in the name of reform will slightly rebalance the political infighting in Moscow and give second-tier reformers a little room to maneuver.

Yeltsin made passing reference to Kosovo, saying that Russia is trying to contribute to a peaceful solution. He called the NATO air campaign a threat to the foundations of international law; yet he asserted that Russia's response must be "responsible, not emotional." Yeltsin did not mention START II or other foreign policy issues -- but he made the case for partnership with the "leading powers of the world."

On economics, Yeltsin called Russia an "ugly hybrid" of a command and market economy. Taking a cue from your September Moscow speech, he said that economic competitiveness is an objective reality, and that Russia's problems were not the result of reforms but of not reforming enough. Yeltsin defended the Kiriyenko government, blamed the August crisis on the Duma's failure to pass a reform package in July, and lamented that Primakov would now have to implement the Kiriyenko reform plan in more difficult circumstances.

Yeltsin stated his commitment to fair and timely Duma (December) and Presidential (June 2000) elections. He called for measures to prevent political extremists and criminal elements from running for parliament. He said the Kremlin would take a hands-off approach and not support any particular party or candidate.

cc: Vice President
Chief of Staff

*Probably
Should do a
congratulatory
to him -*

99 APR 1 14:09

*Copied**Berger**NSC W. Wing Desk**COS*

Yeltsin was noncommittal on Primakov. He commended Primakov's hard work to solve the Kosovo crisis and to achieve a modicum of economic stability. But he decried one of Primakov's hallmark proposals -- to appoint rather than elect regional governors -- as stealing the people's "right of choice."

In short, Yeltsin used his speech to revive the themes of freedom and dignity that have served him well throughout the past decade. By no means will he reclaim control over Russian politics, but by injecting liberal themes into the political debate he appealed to people's values and their vision for Russia in a way that few politicians have of late. The vision may be short-lived, but welcome at a time when many feared a diatribe against the West.

PHILIP C. JAMISON . 1848 Greenplace Terrace . Rockville, Maryland 20850

(301) 251-9709 (H) / (703) 695-5678 (W)

April 2, 1999

The President
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500-2000

THE PRESIDENT HAS SEEN

4-2-99

Don Cheslow found
retired Navy - worked at
Pentagon in same country
daughter in Macedonia
as a staff officer -

- see suggestion on college
(or at least Penn's analogy)

Dear Bill,

Wanted to let you know you gave a great speech yesterday in Norfolk. What particularly struck me is that you looked to the future much more than the past for guidance. Many of us are learning more about Balkan history than we ever thought we would (Elizabeth had me read Balkan Ghosts before she left for Europe); but as you said, this is much more about precedents being set for the next century.

It is an extraordinary and difficult situation over there and I think you are handling it just right. The key question is that, given the fluidity of the situation, how do we hold firmly to our very worthwhile objectives while being flexible enough to adjust our means for achieving them? Have some jumbled ideas floating around in my head and if and when I organize them in my mind, will put on paper and pass to you.

One idea probably can't wait. On the way into work this morning I walked through one of the biggest peace demonstrations at the Pentagon this decade (still less than a hundred I think). Very polite crowd, by the way, which was I think organized by a religious non-violent movement. What struck me is that rather than a bunch of old priests in the crowd, there were many young college-age people. Most of the signs called for NATO to stop the bombing. While it is actually good thing that the young are getting involved, I am afraid that we may lose them across the country if they are manipulated into believing that the only thing that needs to be stopped over there is NATO bombing. It is a wonderful generation, but as you would expect, they have many other things on their mind and, on the whole, do not know the facts very well. I don't think many understand how awful the situation is on the ground in Kosovo. My suggestion would be to consider focusing on this group -- perhaps before they start exams and disperse -- by introducing select college audiences to Albanian refugee speakers fresh from the war zone. As for Administration speakers, it may be that you are the only U.S. government person that can effectively talk to that kind of audience (which is a testament to your great capability to talk to all kinds of people.)

On the home front, have been getting Elizabeth's e-mails from Skopje. She says her work in Macedonia is very satisfying (in part I think she is involved in finding out what is going on inside Kosovo). She was caught in the Embassy when it was attacked, so Susan and I had an anxious day when it happened. Thanks much for beefing up security there. Carolyn and I plan on lunch next week to catch up on things and do a little reunion planning. Talk to you later.

Sincerely,

Phil

THE PRESIDENT HAS SEEN

4-2-99

John / Steve

This idea of
outreach to students,
especially by the
Kosovans and
Albanians is something
we should get in action -
They could get good credit
on campus and good
press from it - BC

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Ricchetti
Podesta
Bergin
Steinberg

Podesta / Steinberg / *[initials]*

THE PRESIDENT HAS SEEN

4-2-99

BILLY GRAHAM
MONTREAT, NORTH CAROLINA 28757

March 31, 1999

✓ 4-cc: CPM
P. 1018
CCH: [unclear] / [unclear]
P. 1018

Dear Bill,

My apologies for not communicating with you earlier, but I have been sick with a long siege of flu and three weeks at the Mayo Clinic for other things that have kept me out of circulation almost since Christmas.

In the meantime, I have thought about you and prayed for you daily. I have wonderful memories of our prayers together.

Ruth and I deeply appreciate the invitation to the dinner on April 8 for His Excellency Zhu Rongji, who is a longtime friend of ours. Each time we have been to China he has entertained me. On the day that he was to be inaugurated mayor of Shanghai, he delayed the inauguration for two hours in order to entertain and talk with us.

Ruth is almost a cripple and if she is able to come to the dinner she may have to be in a wheelchair. Because of Parkinson's Disease, I now have to use a cane most of the time. I know we have your sympathetic understanding.

I think it is most important that we keep a friendship with China--for many reasons. There are some of our most brilliant thinkers who believe that China will be the most powerful country in the world economically and militarily by the middle of the next century.

As you know, my wife was born and reared in China. When President Jiang Zemin visited you a year ago, I was the only clergyman that he asked to see privately and I spent about forty-five minutes with him. Naturally I don't agree with some of their policies on human rights, but I do believe we can make a greater impact on their thinking and actions by our friendship.

I still have the warmest affection and sense of friendship for you that I have always had. The events of the past few months have had their disappointments, but it has not affected my love for you and Hillary, and our daily prayers for you.

With wonderful memories of our friendship and times together, I am

Cordially yours,

A handwritten signature in cursive script, appearing to read "Bill", with a stylized flourish underneath.

The President
The White House
Washington, DC 20500

President William Jefferson Clinton

Statement on Unemployment and Kosovo

'99 APR 2 04:11:33

April 2, 1999

THE PRESIDENT HAS SEEN

4-2-99

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11:45 AM Briefing - Humanitarian Leaders Meeting

Coverage: On the record, Not for Broadcast (No Cameras or Sound)

Briefers:

Eric Schwartz, NSC Senior Director for Multilateral and Humanitarian Affairs

Julia Taft, Assistant Secretary of State for Population, Refugees and Migration

Harriett Babbitt, Deputy Administrator, U.S. Agency for International Development

Lt. General John McDuffie, Chairman's Director for Logistics (J-4), Joint Chiefs of Staff

Lockhart will brief at 1:00 pm.

4-2-99

Good morning. I want to make a brief statement about the challenges America faces, at home and abroad. → News from home

Today we received more good news about the enduring strength of America's economy.

Unemployment has now dropped to 4.2%, the lowest ⁽¹⁹⁷⁰⁾ peacetime unemployment rate since 1957. And this economic expansion is widening the circle of opportunity: We now have the lowest Hispanic unemployment in history. And we now know that last year, real wages for working Americans grew at the fastest rate in two decades.

Strong growth, rising wages, falling unemployment, and low inflation are more than economic measures. They mean wider opportunity, renewed confidence, and a better chance for millions to pass the American dream on to their children.

This is just the latest reminder of the gains we have reaped by replacing reckless deficits with fiscal discipline. Now America must act to extend the prosperity we have created, as we choose how to use the budget surplus.

In the coming months, I will to insist that we continue to follow the path of fiscal discipline, using our strong economy and good fortune to strengthen Social Security and Medicare for the next century.

Let me also say a few words about Kosovo.

The humanitarian situation there remains grave today. Since last year, nearly one in three people in Kosovo have been pushed from their homes.

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THE PRESIDENT HAS SEEN

4-2-99

White House
Admission

Many are arriving in neighboring countries, where we can provide help, ~~but~~ we are increasingly concerned about the plight of displaced people trapped in Kosovo and under attack by Serbian forces. That is why our air strikes are focusing increasingly on military targets inside Kosovo.

①

I met this morning with the representatives of humanitarian organizations that are leading the relief effort. They're doing courageous work under extremely difficult circumstances and we want to support them in every way we can.

They told us clearly that refugees support NATO action and believe that we had planned to see them out of their homeland and were not only being

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This week, I authorized an additional \$50 million in emergency aid, to augment our contributions to the UNHCR and other relief organizations and to ensure that our military can help them get aid to people in need. Today, NATO agreed that its forces in Macedonia should support the relief effort there, by providing transport, shelter and logistical support.

④

There is no doubt that Mr. Milosevic is trying to keep the land of Kosovo while ridding it of its people. We cannot let that happen with impunity.

We must be disciplined and determined and we must see our mission through: to make sure Mr. Milosevic pays a heavy price for his policy of repression and to seriously diminish his capacity to conduct that policy.

Ultimately, we want to make it possible for the innocent victims of this conflict to return home with security and self-government.

Let me also reaffirm what I said yesterday about the three army infantrymen who were seized on Wednesday as they were carrying out a peaceful mission in Macedonia.

no basis for them to be held,

There was no basis for them to be taken.[^] There is absolutely no justification for putting them on trial, or displaying them in public in violation of the Geneva Convention. As long as they are detained, they have the status of POWs and are entitled to all the protection that comes with that status. As I made clear yesterday, we will hold President Milosevic and his government responsible for the safety and well-being of these men [~~and we call for their immediate release~~].

President William Jefferson Clinton

Radio Address on Kosovo Humanitarian Tragedy

April 2, 1999

REVISED

(708 words)

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As we gather in our homes during this sacred week to observe Easter and Passover, let us take a moment to think about the plight of people in Kosovo, who have been forced from their homes by a campaign of violence and destruction, and who are looking to us for help and for hope.

The tragedy in Kosovo has been mounting for over a year now. Over the last two weeks, Serbian forces have intensified their attacks against innocent civilians there, leaving no doubt about the cold, clear goal of their leader, Slobodan Milosevic: to keep Kosovo's land while ridding it of its people.

Nearly one out of every three people in Kosovo has been made homeless since the start of this conflict.

Every hour of every day, more arrive at Kosovo's borders, tired, hungry, shaken by what they have seen.

Among them are elderly people who have lived their whole lives in peace with their neighbors, only to be told to leave everything behind in minutes or be killed on the spot. Among them are small children who have walked for miles over mountains, sometimes after watching their fathers and uncles and brothers taken from them and shot before their eyes.

Some have been shelled by artillery on their long trek to safety; many have had their identity papers and family records stolen and destroyed, their history erased, their existence denied.

America cannot do everything, end all suffering, or stop all violence. But there are times when looking away is simply not an option. Right now, in the middle of Europe, at the doorstep of NATO, an entire people are being made to abandon their homeland or die -- not because of anything they have done but because of who they are.

If there is one lesson we have learned in this century, it is that this kind of poison will spread if it is not stopped. If there is one pledge that binds past and future generations, it is that we cannot allow people to be destroyed because of their ethnicity when we have the power to do something about it.

Our military mission in Kosovo is a difficult and dangerous one, but it is necessary and right and we must stand with our allies to see it through. Our goal is to exact a high price for Mr. Milosevic's policy of repression and to seriously diminish his capacity to maintain that policy.

We must also open our hearts and our arms to the innocent victims of this conflict. This week, I authorized the expenditure of \$50 million in emergency funds to support the relief effort, and I directed our military to do its part to get critical supplies to people in need. We will work with the United Nations and with the many courageous volunteers working on the ground with non-governmental organizations from around the world. You can help too: I urge you to call your local Red Cross or church-based charity and ask how you can get involved.

Together, we will provide food, water and medicine, blankets, clothing and shelter to Kosovar refugees.

We will remind the victims of this conflict that for all they have lost they have not been abandoned or forgotten.

European countries are helping as well. Kosovo's neighbors Macedonia and Albania are taking in refugees, despite the huge burden this places on these poor, struggling nations. So are Greece, Bosnia and Bulgaria, showing us that there is more mercy than madness in the Balkans, more compassion than cruelty in this troubled region of the world.

All of us want to provide for the refugees and all of us want to make it possible for them to return home.

Let us do our part for all the innocent people whose lives have been shattered by this conflict. Let us give our thanks to our men and women in uniform, who are risking their lives today for our ideals and our interests. Let us keep in our prayers the three brave American servicemen now being held without justification in Belgrade, that they may return to us soon. Let us do what we must for peace to prevail and let us stay the course till it does.

for listening
~~Thank you and God bless you.~~

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Foreign Affairs

THOMAS L. FRIEDMAN

Bomb, Talk, Deal

TOKYO

Now that NATO has made its point that it's serious about degrading the Serb army — and President Slobodan Milosevic has made his point that you can pound, kill and curse the Serbs, but there's just one thing you can't do and that's make peace in the Balkans without them — it's time to get back to the negotiating table before this situation spins out of control.

I believe there is still a basis for a deal, but the Clinton team has to be much clearer about U.S. interests in Kosovo. This Administration has given a dozen explanations for involvement. I applaud its basic instinct to do something to prevent the slaughter of civilians there. As a European power, the U.S. could not and should not be indifferent to events in Kosovo.

But this Administration committed America to a bad peace plan at Rambouillet. The sooner we adjust it, the better. The take-it-or-leave-it deal the U.S. offered the Serbs calls for autonomy for the Kosovar Albanians for three years, protected by NATO forces, and then final status negotiations, between Serbs and Kosovo Albanians, on the ultimate fate of Kosovo. The Serbs rejected both the deal's NATO peacekeepers and its implicit commitment to Kosovo independence.

The only reason the Kosovo Albanians accepted was because they viewed Rambouillet as independence on a three-year installment plan, protected by NATO and guaranteed by America with a wink.

We have neither a moral nor a strategic interest in the independence of Kosovo. Our moral interest in Kosovo is to prevent the murder of innocent civilians, which can be done in the context of protected autonomy for Kosovo's majority Albanian population. And our strategic interest is that Kosovo not be independent. We do not want to be formally or implicitly obligated to Kosovo independence, because it would be an endless commitment, because it would send an unrealistic message to Basques, Kurds and other aggrieved ethnic groups that we will support their independence, and because Albania is already a failed state. It doesn't need a twin in Kosovo.

Secretary of State Madeleine Albright never should have supported a peace plan that committed the U.S. to anything other than protected autonomy for Kosovo — period, full stop, no further negotiations, unless the parties themselves agree on partition. And if the Kosovars would not have accepted such a plan, then they should

have been told they're on their own.

So now what do we do? The Clinton team is going to have to eat some crow — and eventually they will. They need to put the U.S. behind a new peace plan that is consistent with our own moral and strategic interests, and which a decent Serb leader — and maybe even the war criminal Slobodan Milosevic — will be tempted to accept.

Such a plan would: 1) Make clear that the only final status we will ever support for Kosovo is autonomy. 2) The actual autonomy framework should be based on the generous cultural and political autonomy accorded the Kosovars in the 1974 Yugoslav Constitution — not some foreign-imposed plan. 3) But to guarantee that autonomy for Kosovars, the Serbs will have to permit the return of all the refugees, and the entry of a foreign observer force, plus peacekeepers. If the Serbs will not accept NATO peace-

It's time to adjust the peace plan.

keepers then we should think about using troops from the Partnership for Peace. The P.F.P. is a junior NATO made up of all the Eastern European countries that aspire to be NATO members, as well as Russia. Having NATO-directed and supported P.F.P. forces on the ground can protect the Kosovars, and having Russians among them can reassure the Serbs.

I'm all for U.S. activism. But there are big, important places and there are small, less important ones. And the trick is understanding the difference between the two and finding ways to advance America's moral and strategic interests on the small issues, such as Kosovo, without committing America in an all-consuming way as though it were a big issue.

I'm glad we're punishing the Serbs now for their ethnic cleansing. It's barbaric. But punishment is not a policy. Wars are fought for political ends. The Clintonites should rethink their objectives in Kosovo now, and put on the table a plan that is good for the average Kosovar, is acceptable for any decent Serb, and makes sense for America. Otherwise, we will be bombing the Serbs into accepting a plan that they will never keep and we shouldn't want. □

The New York Times

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