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THE WHITE HOUSE

Assistant to the President and
Staff Secretary

9/3/99

DAN —

WE NEED TO DISCUSS
FIRS ON TUESDAY.

- SEAN

United States Senate
WASHINGTON, DC 20510

August 30, 1999

The President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

On behalf of the more than 100 million Americans who join with their fellow citizens in the spirit of economic cooperation who own and operate over 48,000 cooperative private businesses in this country, we request that you proclaim October, 1999, as National Cooperative Month.

The lives of millions of Americans are improved through their membership in and support for cooperatives. Furthermore, this spirit of cooperation helps sustain our national character, energize the American experience and contribute to our shared prosperity. Perhaps more than any other, the cooperative form of business provides opportunity for people from all walks of life and every economic condition by bringing them into the American free enterprise system.

Cooperative businesses succeed thanks to the dedication and commitment of Americans who realize that their common economic, social, and cultural aspirations can best be achieved through jointly owned and democratically controlled enterprises. Today, cooperative businesses are an invaluable part of our nation's economy. Cooperatives are structured to provide their members with economic opportunity and financial security. Because of this, these strengths should be recognized and rewarded.

During the month of October, people from every type of cooperative join together to celebrate their achievements, reaffirm their commitment to the values that are the foundation of cooperative enterprise, and look to the future to ensure that cooperatives will enjoy continued success. Proclaiming October as National Cooperative Month will not only enhance this valuable annual celebration, it also will serve to heighten Americans' awareness and appreciation of cooperatives and the invaluable contributions they make to this country.

Your favorable consideration of this request will provide well-deserved recognition for these valuable cooperative businesses and the Americans who make their success possible. Thank you.

Sincerely,


Tom Daschle
United States Senate


Tom Harkin
United States Senate

cc: John Podesta
Larry Stine

99 SEP 3 PM4:01

*Search
and
we
should
do
this
John*

9-3-99
EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

99 SEP 2 PM 7:30

September 2, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: MARTIN N. BAILY

SUBJECT: Employment and Unemployment in August, Labor
Department Release, Friday, 8:30 a.m.

Copied
Baily
Padesta

The unemployment rate edged down 0.1 percentage point in August to 4.2 percent, in line with market expectations, and has been flat at either 4.2 or 4.3 percent since April.

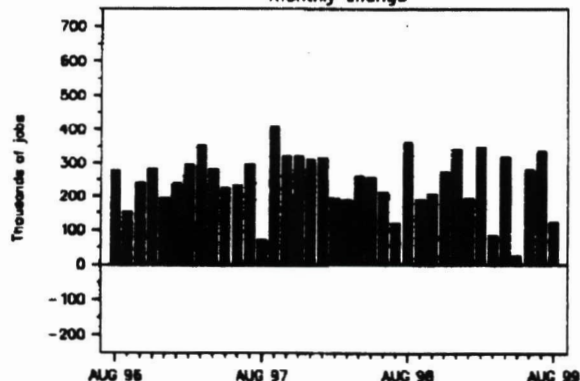
Nonfarm payroll employment rose 124,000 in August (below market expectations), following a sharp 338,000 increase in July.

- Payroll employment has increased 19.4 million since January 1993, with 17.9 million of these jobs in the private sector.
- August job gains in the service-producing sector (219,000) were partially offset by declines in the goods-producing sector (95,000). Manufacturing and construction both fell sharply reversing strong increases a month earlier.

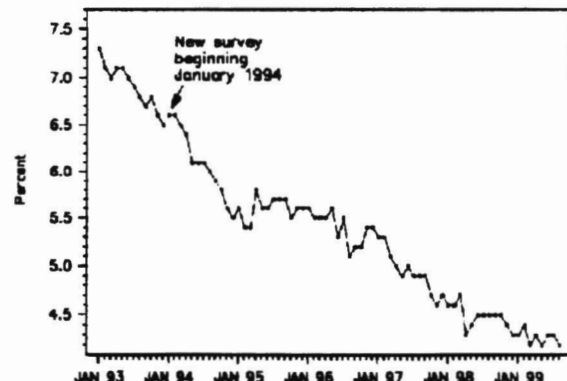
Average hourly earnings of production workers rose 0.2 percent in August, slightly below market expectations. This wage measure increased 3.5 percent over the past 12 months--down from the 4.2 percent year-earlier rate.

The labor market news remains favorable, with solid job growth, moderate wage gains, and continued low unemployment. However, the decline in factory jobs has reasserted itself after a July uptick. Based on this report and other data, it now appears that real GDP is growing at around 3½ to 4½ percent at an annual rate in the third quarter.

NONFARM PAYROLL EMPLOYMENT
monthly change



CIVILIAN UNEMPLOYMENT RATE



9-3-99

99 SEP 1 PM 7:03

THE WHITE HOUSE
WASHINGTON

September 1, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA *JP*

SUBJECT: Daily Report

*Copied
Podesta*

White House offices are tracking the following issues today:

NEC

China WTO Talks. The Chinese Ambassador today delivered to Lael Brainard and Jim Steinberg President Jiang's reply to your letter urging restart of China WTO accession negotiations. The letter, which is attached, states that the Chinese side welcomes U.S. negotiators to come to Beijing and hopes we will make "joint efforts with the Chinese side for an early WTO bilateral accession agreement to be resumed soon." President Jiang states he looks forward to meeting with you in Auckland, but does not set forth your meeting as a target date for reaching agreement. NEC/NSC have proposed to Ambassador Barshefsky that she send her team to Beijing on Friday in advance of your meeting with President Jiang in Auckland.

ITC Study on Effects on the United States of China's WTO Accession. The ITC last night provided to USTR a confidential report assessing the economic effects on the United States of China's Accession to the WTO. The report is generally positive, but critics will likely focus on the ITC's conclusion that the U.S. trade deficit will likely increase, despite an increase in U.S. exports to China. Based on China's April offer, the ITC report finds China's accession to the WTO would:

- significantly reduce tariff and non-tariff barriers that currently impede U.S. services, goods and agricultural exports to China, and require that the U.S. phase out quotas on textile and apparel imports from China;
- most positively impact U.S. exports of agriculture, paper and pulp, chemicals, rubber, plastics, transport equipment (including aircraft), and machinery and equipment, and negatively impact footwear, wearing apparel, wood products and other light manufactures;
- have a positive, but minor impact in terms of growth of U.S. GDP, total exports and imports, consumption and wages, consistent with the fact that U.S. trade with China accounts for less than 1 percent of U.S. GDP;

UNCLASSIFIED WITH ~~SECRET~~ ATTACHMENT

9-3-99

- increase U.S. exports to China by 10 percent due to Chinese tariff reductions, and increase Chinese exports to the United States by 7 percent as trade liberalization makes China's export sectors more competitive;
- increase our bilateral trade deficit with China because the quantity of its exports are significantly larger than U.S. exports to China; and
- not affect the overall U.S. trade balance with the world, as China replaces other marginal producers and U.S. trade imbalances with other trading partners improve.

Press stories late last week cited allegations from unnamed sources that USTR was attempting to delay and withhold public release of the report. Minority Leader Gephardt had requested the analysis before negotiations with China had progressed. USTR requested the ITC report in December, 1998, when negotiations began advancing in earnest, and requested further evaluation of China's April offer. USTR is working to release all portions of the report that would not negatively impact negotiations as soon as possible. The executive summary could be available as soon as Thursday morning.

Good work Purdy

Air Traffic Control Reform. NEC and OVP staff have been meeting intensively with airline officials, congressional staff and others to discuss possible legislation to reform the FAA's air traffic control (ATC) system. Although the Administration has tried since 1993 to get legislation allowing for provision of ATC services by a user-fee-funded, business-like entity (e.g., a government corporation), we have never succeeded, in part because the airlines themselves had higher priorities. Recently, however, in response to growing ATC-related flight delays and concern about passenger unrest, the big airlines have signaled a willingness to join us in fighting for ATC reform. Our goal is to accomplish something in the next few months -- as part of this year's FAA reauthorization bill, which is deadlocked over the trust-fund-off-budget issue -- but it will likely take more time.

Good

Vietnam Bilateral Trade Agreement. Our aim is to have the agreement ready for the President to sign in New Zealand at conclusion of APEC Leaders meeting. USTR negotiators confirmed today that talks in Washington, D.C. to finalize July's agreement in principle continue. Richard Fisher will soon share a draft text (that takes Vietnam's concerns into account as much as appropriate) with his counterpart to see if they are willing to sign. If Vietnam has remaining concerns, we will need to continue talks. Publicly, we are stopping short of saying that the agreement will be signed at APEC. For now, we are saying that work continues and we do not expect to make an announcement this week. Once the agreement is signed and prior to submitting the agreement for congressional approval, we will pursue a separate textiles agreement in order to avoid vehement textile sector opposition. We expect strong Congressional support given the wide margin (over 100 votes) by which the Jackson-Vanik waiver disapproval motion was defeated the past two years. Combined with this year's Jackson-Vanik waiver, the bilateral agreement will lead to Vietnam receiving "normal trade relations" (NTR) status.

9-3-99

DPC

✓ **Labor Day/Next Week.** Tomorrow, as Labor Day weekend approaches, we will be making several announcements to highlight our efforts to encourage safe driving. We will be releasing seat-belt grants from the Department of Transportation and Justice Department grants to reduce under-age drinking, as well as a DOT report that shows a reduction in DUI traffic fatalities. On Friday we will send out a letter from you to Congressional leaders urging them to complete work on the juvenile justice conference; this letter will serve as the hook for the radio address you will tape Friday that will lead off with guns and crime issues and then preview next week's agenda events. Finally, you should know that yesterday HHS sent out letters to six states (Hawaii, Illinois, Louisiana, Maine, Missouri and Tennessee) pressing them on their continued use of impermissible Medicaid provider taxes.

CEQ

✓ **Oceans.** At the National Ocean Conference last year in Monterey, you directed the Cabinet to develop recommendations for "a coordinated, disciplined, long term federal ocean policy." On Thursday, September 2, in Boston, the Vice President will receive the Cabinet's report outlining its recommendations for a comprehensive ocean policy to guide federal efforts. The Vice President is also scheduled to announce a new task force chaired by CEQ and NSC to oversee the implementation of the recommendations in the report. In addition, the Vice President will announce a proclamation (which Staff Secretary will prepare and execute on your behalf) extending the U.S. Contiguous Zone from twelve to twenty-four nautical miles. This proclamation will double the area in which violators of federal laws, including customs, immigration and environmental laws, can be brought under the control of the U.S. Coast Guard. Finally, the Vice President will also announce \$5 million in relief funds for New England fishermen hurt by the closure of declining fisheries, and a \$300,000 pilot project that will employ commercial fishermen in research efforts at the Channel Islands National Marine Sanctuary in California.

NSC/CEA

See attached memos.

9-3-99

99 SEP 2 PM 6:49

THE WHITE HOUSE
WASHINGTON

September 2, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA

SUBJECT: Daily Report

White House offices are tracking the following issues today:

NEC

APEC Preparations. We continue to work with New Zealand on essential elements of an APEC Leaders declaration and with Australia on a possible stand-alone Leaders statement on the Seattle WTO Ministerial. The New Zealand and Australian drafts do not yet meet our key concerns, including strong support for private sector initiatives (natural gas, civil aviation, auto dialogue) within the APEC declaration and strong support for Seattle deliverables (duty free cyberspace, government procurement transparency, accelerated tariff liberalization, increased institutional transparency) -- we continue to push. PM Shipley is planning to call you to push for endorsement at Auckland of the Pacific 5 proposal for a P-5 free trade agreement among NZ, Australia, Chile, Singapore, and the U.S. Lael hosted a deputies meeting on this issue yesterday, which ultimately reaffirmed a principals decision last year that now is not the time to announce forward movement on such a subregional pact. While we do not want to close the door, concerns include that an Auckland announcement could: distract from our other trade agenda items, including Seattle WTO and China WTO; alienate key trading partners in the run up to Seattle, and create concern among our agricultural community, which would likely be asked to give up more in terms of import protection in return for only marginal expansion of export opportunities.

DPC

Juvenile Justice/Guns. DPC has prepared a letter (attached) to the Republican Congressional leadership, calling on the Congress to send you a juvenile crime bill that includes the Senate-passed gun measures. If you approve, Sean will execute and transmit the letter on your behalf tomorrow.

Governor Bush Education Speech. This afternoon, Governor Bush delivered his first major address on education, at a gathering of Latino business leaders. Substantively, he made three proposals. First, he argued that the government should fund only "what works," by focusing on basic skills and phonics and shedding redundant federal programs fueled by "self-esteem" and

Copied
B. Reed
Podesta

9-3-99

fads. Second, he said that Head Start should be reconceived as a program to give kids an educational edge and should thus be moved into the Department of Education. Under his plan, Head Start programs that fail to generate educational improvement would have to compete for public funding with faith-based and other organizations. Third, he called for requiring accountability in Title I schools and no longer allowing federal funds to subsidize failure. Under his plan, states would be required to use their own tests to test Title I students in basic skills (already a requirement under the 1994 ESEA law). In schools that fail after three years to meet state standards, he said that federal funding should be given directly to parents to spend on private education, other public schools, or home schooling. He did not use the word "vouchers." His speech was notable too for its centrist, Clintonesque overtones. His accountability package is essentially a combination of current law, our accountability proposals (limited to Title I), and the Florida voucher plan -- decrying, for instance, the "soft bigotry of low expectations" in poor and minority communities; saying every child can learn and no child should be left behind; and asking people to resist the temptation to centralize control in Washington on the one hand and "give up" on public schools by slashing programs on the other. The Vice President is likely to say that Bush's support for the Republican tax plan will cut federal education spending in half, while his education plan will siphon off what little is left away from public schools -- while the Administration supports more reform and more investment. We will forward the full text of his remarks as soon as we have it.

I'd like
B.Reed to
do analysis
point 2 is
interesting

CABAFFS

Cayuga Nation Law Suit. Representatives from the Department of the Interior and the Department of Justice will address a large group of Seneca and Cayuga County citizens (estimated 3,000-4,000 people) this evening in Seneca Falls, New York. The subject of the community meeting is the lawsuit filed by the Cayuga Nation of New York and the Cayuga Indian Tribe of Oklahoma claiming that land within their 64,000-acre reservation belongs to them rather than to the current residents. DOJ intervened on the Tribes' behalf in large part to prevent the State of New York from avoiding the suit through an Eleventh Amendment immunity defense. Such an action would leave only the counties and individual landowners as defendants. Several months of active settlement negotiations are winding to a close and it is unclear whether they will be successful. It is clear, however, that no residents will ever be involuntarily removed from their property. The issue has been extremely volatile in the affected local communities, and it is anticipated that today's public meeting may be relatively unpleasant. Seneca Falls is about half an hour from Skaneateles.

Tropical Storm Dennis. Dennis has remained essentially unchanged in recent hours, moving little and changing little in strength. No intensification is anticipated through the end of the 72-hour forecast period. Dennis' tropical storm force winds extend outward up to 145 miles from the center of the storm. Coastal flooding and beach erosion are the primary threats from Dennis. A heavy surf advisory remains in effect for the Virginia, Delaware and New Jersey shorelines.

California Wildfires. The Willow Fire, in the San Bernardino Nation Forest, started on August 28, 1999 north of Lake Arrowhead, CA. Currently, no communities are threatened and public

9-3-99

THE WHITE HOUSE
WASHINGTON

99 SEP 2 PM 6:49

September 2, 1999

MEMORANDUM FOR THE PRESIDENT

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*Copied pp. 1-2
B. Reed
Podesta*

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California Wildfires. The Willow Fire, in the San Bernardino Nation Forest, started on August 28, 1999 north of Lake Arrowhead, CA. Currently, no communities are threatened and public

meetings are being held to keep the local residents informed of firefighting efforts. Between 19-30 structures have been lost to date. The fire has consumed over 60,000 acres and is being managed by the Forest Service and the CA Department of Forestry. Currently, 35% of the work necessary to stop the spread of this fire has been completed. Approximately 63 twenty- person hand crews, 113 engines, 18 bulldozers, 16 water tenders, 15 helicopters and 20 airtankers are involved, and 2,244 personnel are assigned to the fire. Secretary Glickman visited the area on Wednesday.