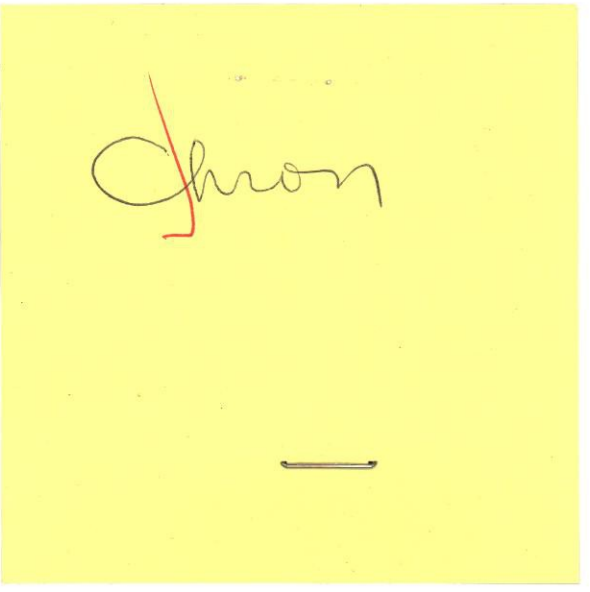


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THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

March 5, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: **SYLVIA MATHEWS, BRUCE REED, AND STEVE SILVERMAN**

SUBJECT: **National Service Summit**

Attached is a memo from Benjamin Barber on the National Service Summit. In strong terms, Ben articulates his concern about ensuring that the concept of service (not simply volunteerism) is preserved in the Summit. He also expresses that we need to build up Americorps and the concept of service in the time leading up to the Summit. We agree with Ben on these objectives.

We recently sent a memo (which is attached) to Erskine Bowles outlining some of the steps we are taking to ensure that service and your signature program Americorps are an anchor of the summit. Since then, a few other steps have taken place which are summarized below. Please let us know if you have other thoughts.

Establishing a Summit decision-making process where the WH is involved.

Erskine has called General Powell and set up a meeting during the week of March 10 with him, Ray Chambers, Harris Wofford, the Summit's CEO and others to discuss where we stand and establish an inclusive process for decision making. In this meeting, Erskine will discuss: 1) the substance of the Summit; 2) message and communications; 3) attendance; 4) principal participation; 5) logistics; and 6) post summit follow-up.

- We are establishing a working group which will hold conference calls twice a week where decisions are made. Steve Silverman and Diana Fortuna, who works with Bruce, will participate on the calls for the WH.

Staying on top of the Summit within the Administration.

- Bruce and Steve call weekly interagency meetings where they track the process of the Administration efforts on the Summit.

- Bruce also calls a WH interdepartmental meeting where he and Steve ensure that WH processes are fully integrated, and we act on ideas. For example, Communications participates in the meeting so that we can focus on the message of your pre-Summit events. Also at this meeting, Marcia posts us on Mayor Rendell and the Philadelphia front, as well as the participation of state and locals. The First Lady's office participates as well.

- Steve is establishing a relationship with the CEO of the Summit, Stuart Shapiro, much like he did with the people from the Atlanta Mayor's office during the Olympics.

- WH meetings are being held with Leslie Dach and Michael Deaver who were hired to handle the communications effort.

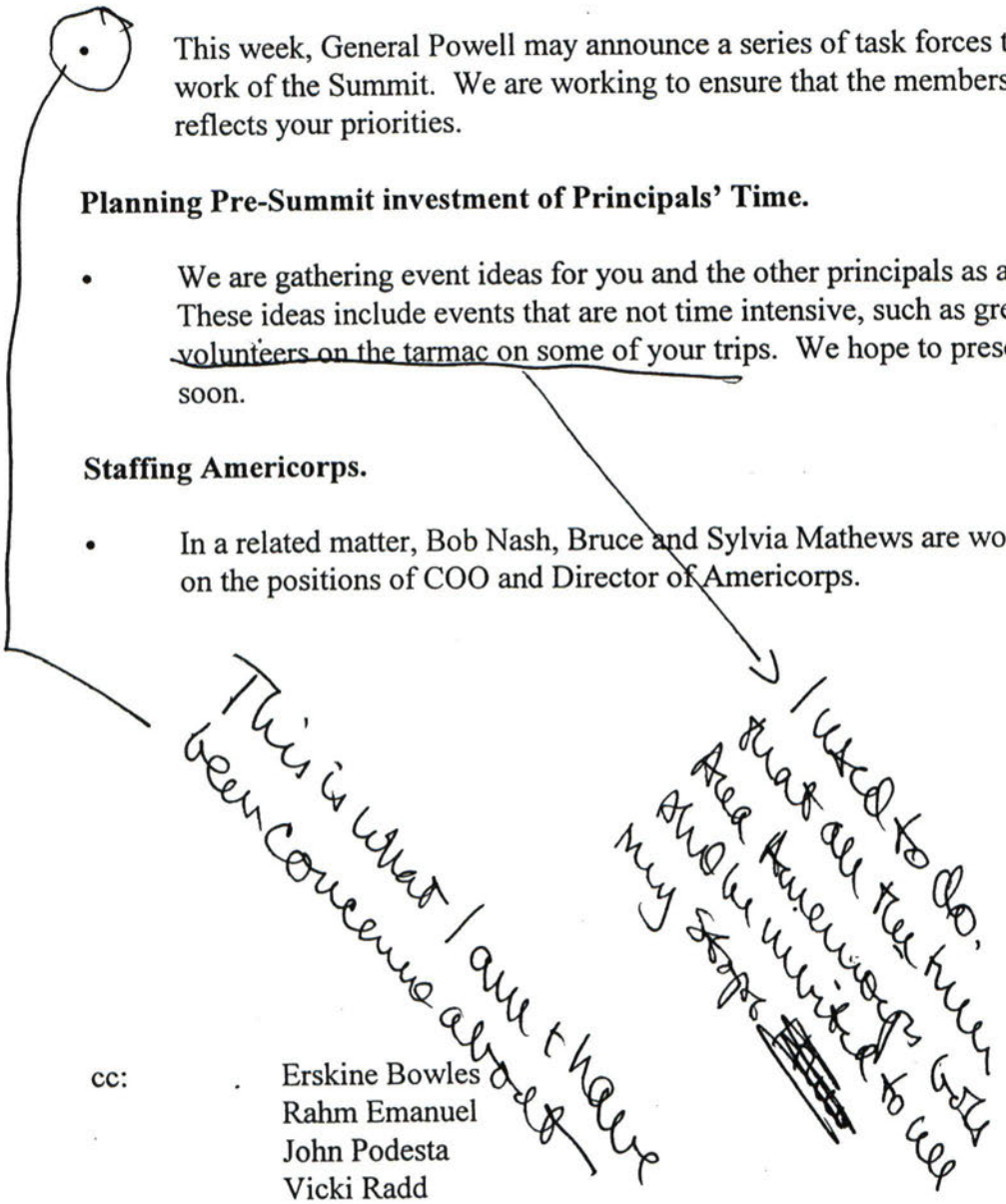
- This week, General Powell may announce a series of task forces that will follow up on the work of the Summit. We are working to ensure that the membership of the task forces reflects your priorities.

Planning Pre-Summit investment of Principals' Time.

- We are gathering event ideas for you and the other principals as a lead up to the Summit. These ideas include events that are not time intensive, such as greeting Americorps volunteers on the tarmac on some of your trips. We hope to present these ideas to you soon.

Staffing Americorps.

- In a related matter, Bob Nash, Bruce and Sylvia Mathews are working with Harris Wofford on the positions of COO and Director of Americorps.



cc: Erskine Bowles
Rahm Emanuel
John Podesta
Vicki Radd
Doug Sosnik

attachment

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: MI DATE: 9/14/11

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CONFIDENTIAL MEMORANDUM

to: PRESIDENT CLINTON

from BENJAMIN BARBER

February 26, 1997

re: Losing Control of The Summit on America's Future

Mr. President: I believe there is a real danger that you may be losing control of the April Summit on Service in Philadelphia; that, despite your crucial commitment to national and community service, the Summit risks becoming a showcase for an ex-President's private philanthropy (non-civic) approach to service and a four year national platform on which a prospective President (General Powell) can run against you and the Vice-President on what should be YOUR issue. In short, what should be a celebration of your courageous leadership on citizenship, government-civil society partnerships and the linkage of democratic education and community service risks being hijacked for purposes unrelated to and potentially at odds with what you stand for.

I understand and applaud the spirit of bipartisanship that led to involving President Bush and General Powell, but if the price of their involvement becomes too high, if they take over the Summit and what it stands for in the public eye, it will turn out to be a very bad deal -- not just politically but also in terms of fundamental political philosophy and defining civic ideals.

You took from the Bush Administration the tired private heroes approach to service (Points of Light) that made service an alternative to government (federal and local) and an excuse for government simply to drop out, and turned it into an inspiring civic program for the forging of citizenship in young people, the cultivating of social responsibility among individuals and communities, and the creation of a working partnership both between government and civil society and between education and democracy. In this partnership, individual citizens, communities and states as well as the federal government work as collaborators in bringing civic forces to bear on the solving of community problems. Your vision strengthens rather than undermines confidence in government as a partner of citizens and civic associations in confronting the nation's challenges.

Yet the rhetoric in which the summit is being wrapped (and the way it is being represented in the Press) largely abandons this language in favor of privatistic talk about volunteers, and overly optimistic rhetoric about outcomes, and could leave the public with the impression that you, Bush and Powell are going to turn over the nation's problems

to private individuals and associations for solution (the Newt Gingrich "let the churches and charities deal with all our social problems" approach.) In light of the pressures on spending from the need to balance the budget, what should be an exercise in civic spirit may be construed as a cynical abnegation of governmental responsibility altogether.

Moreover, the Corporation, which to me is a MODEL of the partnership between the federal government, the states and civil society associations, seems in danger of being treated as a Big Government special interest player at the Summit rather than as the paragon of what a citizenship-grounded service program can be. Commitments by private philanthropies and corporations are being highlighted while the program that has made service a civic ideal for every young American seems marginalized. While it may be imprudent to use the Summit to try to expand Americorps, it seems equally imprudent to hide it or cast it as just one more player. It is a signature accomplishment of the First Term and if the mood of bipartisanship means anything, surely it means you need no longer play down one of your favorite programs for fear of subjecting it to Republican attack.

My concern is not to "politicize" the Summit by putting your political agenda ahead of Bush's or Powell's (though that might not be such a bad idea!) but to make sure that it is not politicized by others and robbed of its role as a showcase for a very special political philosophy in which the linkage between education and service is highlighted and the role of service as a training ground for citizens and not just a substitute for government is emphasized.

From my meeting with Harris Wofford and Susan Stroud yesterday, I know meetings have already been held with Bruce Reed and that you and the Chief of Staff will be meeting next week with Harris. In the final part of the period leading up to the Summit in April, I believe you need to assure that the Summit once again becomes yours. Because you are the President, anything less will look not like you are modestly counting yourself as primus inter pares but seem like you are weaker than the former President and General Powell. And because you have pioneered a powerful new logic of citizen service and innovated a powerful new instrument for realizing that logic in the real world (the Corporation), it surely must be this logic and this instrument not Colin Powell's Newsweek rhetoric or Ray Chamber's Points of Light talk that are highlighted throughout the weekend.

How service is described, what the cynical press says happened, and who seizes the initiative on what is to be an ongoing program could be one crucial factor in determining the success of your second term. With this in mind, let me

suggest several ideas that may help reassert control over the runaway Summit:

1. YOUR APPEARANCE(S) need to be special and clearly differentiated from those of the former Presidents and General Powell. They should involve not just cheerleading but a clear enunciation of YOUR CIVIC PHILOSOPHY that distinguishes it (though not offensively) from Points of Light and private philanthropy. They should focus on YOUR PROGRAMS from the Corporation to the Two Years of College commitment and make clear why such programs are central to the service ideal. They must invoke your role as the nation's steward with responsibilities to make government work for everyone (and not just to make everyone work for -- or in place of -- government!)

2. THE CORPORATION and what it stands for need to be central to the rhetoric and activities of the weekend. The last time Americorps was spotlighted was at the Summer of Service where all its birthing difficulties were still in evidence. Now it is strong and resilient and extremely popular in the local communities where it is active. I would look for ways to make outstanding Americorps volunteers and their projects a centerpiece for the weekend. The message should be

> "Americorps embodies everything we believe about service, the linkage between education and democratic responsibility, the partnering of federal, state and local resources to make projects work, the impact on community outcomes but also on volunteers. Every American should be a volunteer; every volunteer is a citizen in the making; citizens working together is the key to a robust democracy; government is not the cause but the end product of this process of forging responsible citizens."

3. THE POLITICAL PHILOSOPHY undergirding YOUR VISION of service needs to trump the rival visions that will come from Bush and Powell and others. For theirs is a vision that sees service as private and philanthropic, as a substitute for government, as a form of personal activity rather than a form of citizen activity. The philanthropic vision can be used to question government service programs: it not only can argue that service does not need Americorps but that it contradicts the underlying assumptions of Americorps. "You can't pay volunteers," they will say. "Why should government organize points of light that organize themselves very well, thank you?" they will insist. "Let charity do all the things government can't and shouldn't -- deal with poverty, homelessness, unemployment, teen pregnancy" they will argue, in the manner of Newt Gingrich's calling for the private sector to act as a substitute for government.

In short, there ARE real substantive policy implications attached to different articulations of the service ideal, and if the Summit is defined by some one else's rhetoric it can too easily become a weapon against your philosophy of governance -- an not just in the service sector but in other domains too.

Your service ideal as I understand it envisions a PARTNERSHIP between government and the citizens who constitute government's democratic legitimacy, not an abandoning of government in favor of private sector philanthropy. Service hopes for specific community outcomes for children at risk, but it also aspires to change those who serve and turn their season of service into a lifetime of responsible citizenship, forging a stronger more democratic nation better able to meet its national and global responsibilities.

This message has to come through loud and clear -- from your speeches, from the highlighted activities, and from your leadership and your mastery over the spirit of the weekend. If Philadelphia is seen as a Summit on Citizenship and Social Responsibility that vindicates your determination to put democratic education, responsible citizenship and government/civil society partnerships at the core of your Presidency, you will have succeeded. If it is seen as a Summit on Volunteerism or a Summit on How Private Markets Can Solve all our Public Problems or a perfect platform for General Powell to spend four years in the limelight talking about your issues, you will have lost a vital battle over the role of the civil society/government partnership in the American future and, I fear, (forgive my bluntness) will have diminished rather than have enhanced your Presidency.



THE WHITE HOUSE

WASHINGTON

February 26, 1997

MEMORANDUM FOR ERSKINE BOWLES

THROUGH: SYLVIA MATHEWS great

FROM: BRUCE REED BR
STEVE SILVERMAN SS

CC: KITTY HIGGINS
GOODY MARSHALL
DIANA FORTUNA

SUBJECT: PLANNING FOR SERVICE SUMMIT

Progress is being made in the planning for the April 27-29 Service Summit in Philadelphia. Yet, real challenges exist in ensuring that the President's role, and that of the Administration, is appropriate and positive.

As you know, organizers, led by Chairman Colin Powell, have a serious management challenge guiding a multi-headed hydra towards this major event. The decision-making process is diffuse and the organizational structure is abstract. Our challenge in the short term is getting our hands around the management structure and the decision-making apparatus. We need to use our leverage to impose a decision-making and reporting process where none currently exists -- not so that we can dictate the decisions, but so that we (and everybody else involved) can be party to them. President Bush and Ray Chambers should welcome our help, since it will speed things along and reduce suspicion on both sides.

We propose that you telephone Chairman Colin Powell and invite him to join you at a White House meeting next week to discuss planning for the summit. At that meeting, we would bring all the key players together, almost for the first time, get their sense of progress and attempt to establish a cohesive management structure whereby appropriate WH staff would meet or teleconference regularly with designees of the Principals to ensure 1) good information flow, and 2) strong decision making capabilities. Both are absent today, eight weeks before the summit.

The key issues for this meeting, and subsequent meetings, include:

- substance
- message/communications

- attendance
- principal participation
- commitments
- logistics
- post-summit follow-up

Organization

Gen. Colin Powell is the Summit's General Chairman. Henry Cisneros is the Vice-Chair. The President and former President Bush are the Honorary Co-Chairs. Powell has hired Stuart Shapiro to be the CEO of the Summit. Edelman Communications, led by Mike Deaver and Leslie Dach, leads the public relations effort. Philadelphia Mayor Ed Rendell is playing a key role as the host mayor. The Summit is overseen by a steering commitee chaired by Ray Chambers, consisting of 6 designees from the Points of Light Foundation (including Arianna Huffington and Bob Goodwin) and six designees of the Corporation for National Service (including Harris and Eli Segal). Furthermore, Powell is setting up a non-profit entity that will carry out the work of the Summit for the next 3-5 years. He has already selected an Executive Director (Rick Little) and is in the process of establishing task forces to focus on the Summit's 5 core principles. Harris Wofford may chair task force number 5, student volunteerism. His role, post April, is in question due to legal issues. We will ask Stuart to send us an organizational chart. Finally, we should consider sending a staff person to work with Harris on Summit preparation.

Progress

We convened an interagency working group yesterday to brief them on the plans for the Summit. Agencies will provide memoranda to us by Friday, February 28, laying out 1) agency staff commitments to volunteerism, 2) constituency volunteerism opportunities 3) a review of current initiatives and the enhanced role service might play, 4) potential partnerships with the private sector to enhance service or volunteerism, 5) current volunteerism activities by the Cabinet members or their agencies. Our next weekly meeting is March 4 at 11 am.

We have begun to meet with members of the White House staff to explore opportunities for the President's involvement in the Summit. A White House working group will begin meeting regularly next week. We recommend a local Presidential event announcing some of the Administration's volunteer commitments, prior to the Summit. This would demonstrate the President's own strong commitment to this endeavor.

Harris Wofford is working closely with Summit organizers. We would like to become more involved in day-to-day information flow and decision-making.

Please let us know your thoughts. We look forward to discussing this with you.

THE PRESIDENT HAS SEEN
3-17-97

ARTICLE

Why Is the Price of Cleaner Air So Low?

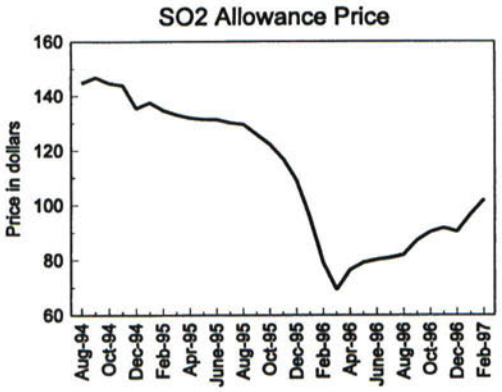
Economists have long argued that market mechanisms are a valuable tool for achieving more cost-effective pollution control. The sulfur dioxide (SO_2) allowance trading program (implemented as the centerpiece of the Acid Rain Program of the 1990 Clean Air Act amendments) provides an important test of that idea. Two things are already evident. First, the program has provided strong incentives for efficient abatement. Second, incremental abatement costs—as reflected in the price of allowance permits—have turned out to be much lower than originally expected.

The allowance program. The SO_2 allowance program is intended to reduce the total emissions of large plants such as electric generating facilities. Plants are required to have a permit for each ton of SO_2 they emit, and the total number of permits is limited in order to achieve the desired reduction in aggregate emissions. Most permits were allocated to existing sources, but a small number were retained by the EPA for allocation to new sources and for auction on the Chicago Board of Trade. Allowance permits are denominated in annual tons of SO_2 emissions and can be used now, traded, or saved for the future. Trades among sources are permitted irrespective of geographic location.

The advantage of the allowance program over traditional command-and-control regulation (which often calls for specific emission reduction targets for each plant and specifies the abatement technology to be used) is that individual polluters have incentives to find the least-cost abatement strategy. Permit trading provides incentives for more pollution reduction by sources with relatively low incremental abatement costs, while high-cost sources can buy allowances. Since both parties gain from the exchange of allowances, so does society.

A success story and a puzzle. Phase I of the allowance program runs from 1995 to 2000, and focuses on the emissions of the 110 dirtiest coal-fired electric utilities. The success story of Phase I is that annual emissions have been reduced by nearly 50 percent. And these reductions have been achieved at about one-third to one-half the cost that would have been incurred using the command-and-control approach.

The puzzle is what has happened in the permit market. Prior to the passage of the 1990 amendments, EPA and industry predicted that abatement costs to achieve targeted emission reductions would range between $750 and $1,500 per ton. It was expected that high-cost utilities would demand allowances from low-cost utilities, driving up trading volume and market price. But this demand did not materialize. The going price for an allowance is about $100 per ton (see chart on next page). Why have cost savings been so large, even though allowance prices have been so low?



Flexibility and markets. The main reason is flexibility. The SO_2 market provided the flexibility for utilities to find and use a low-cost compliance option. One cost-effective option turned out to be low sulfur coal from the Powder River Basin in Wyoming and Montana. Since 1990, the price of low-sulfur coal has been declining, due in part to the deregulation of railroads with the Staggers Act of 1980. As a result, Midwestern and Eastern utilities have switched to low-sulfur coal or to a blend of low- and high-sulfur coal, an option previously thought too expensive. The widespread availability of low-sulfur coal has made abatement costs about the same for most utilities. And since the benefits of trading allowances arise when utilities have different abatement costs, the demand for allowances fell. Low demand relative to supply resulted in lower prices.

Other factors. Allowance prices are lower than predicted for other reasons as well. First, the government awarded an extra 3.5 million bonus allowances (over 10 percent of total allocations) to utilities that installed scrubbers. This increase in supply put additional downward pressure on allowance prices. Second, many utilities have to cut emissions for other reasons, such as local pollution regulations, which reduces their demand for allowances.

The future of the SO_2 market. The puzzle of high cost savings but low allowance prices can be explained by unanticipated changes in market fundamentals and the design of the allowance market. Keeping track of further changes remains an important task as we move beyond 2000 and into Phase II of the program when an additional 700 fossil fuel-burning plants enter into the market for cleaner air.

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re: Hispanic Initiatives

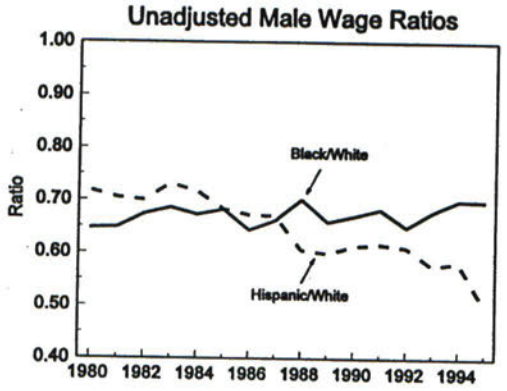
for Hispanic Education Week
Hispanic Entrepreneurship
~~Radio~~ press - address message
Television announcements
Radio Proposed use -
Regional Forums to
Generate private sector
GED enrollment among
Hispanics

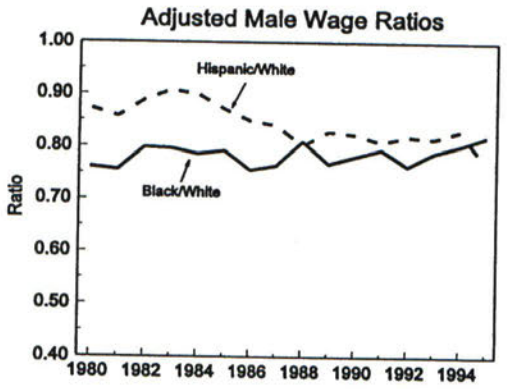
SPECIAL ANALYSIS

The Economic Status of Hispanics

Recent press reports have highlighted a deterioration in the economic well-being of Hispanics over the past decade or so. Limited job skills appear to be an important explanatory factor.

Trends in relative earnings. The attention-grabbing statistic was a decline in median household income for Hispanics between 1994 and 1995, when other demographic groups were experiencing increases. But not much should be read into a single year's income data. What is more disturbing is the longer-term trend in earnings. While black men who work full-time, year-round have held their own or even gained ground relative to their white counterparts, Hispanic men have experienced a marked deterioration in their relative earnings (see upper chart).





Analysis. The fact that Hispanic workers tend, on average, to be younger and less-skilled than white (or black) workers explains a significant part of the relative deterioration in their earnings. The lower chart, based on a statistical analysis, shows that the ratio of the earnings of Hispanic workers to those of white workers of similar age with similar education is substantially higher and shows less decline than the unadjusted ratio. The serious deterioration in the unadjusted earnings data therefore implies that either the proportion of Hispanic workers who are low-skilled has increased or the relative earnings of low-skilled workers has declined. Two developments may be important:

- Immigration. The proportion of unskilled Hispanic workers could have increased because of immigration. The annual flow of Hispanic immigrants has been about a half million per year for the past decade (about 2.5 percent of the U.S. Hispanic population). If these immigrants were quickly assimilated into the workforce, this flow would be too small to have much impact on average wages. But some studies suggest that the earnings disadvantage of immigrants persists over time, creating a growing pool of low-skilled workers.

- The skill premium. Whether or not the proportion of low-skilled Hispanics has increased, we know that the relative earnings of low-skilled workers generally have declined over the past decade or two. Hispanics as a group have relatively low skill levels when measured by conventional indicators like education. For example, only 57 percent of Hispanics between the ages of 25 and 29 have graduated from high school, compared with 87 percent for both blacks and whites. During a period when the relative earnings of low-skilled workers have deteriorated, groups with a disproportionate number of low-skilled workers are likely to experience relative earnings declines.

Conclusion. Some of the decline in Hispanic earnings remains unexplained. But low educational achievement and therefore low skills are clearly an important reason for the decline. Whether it is through overcoming language difficulties or other barriers, one route to improving the economic prospects of Hispanics almost surely involves raising educational attainment.

THE PRESIDENT HAS SEEN
3-17-97

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

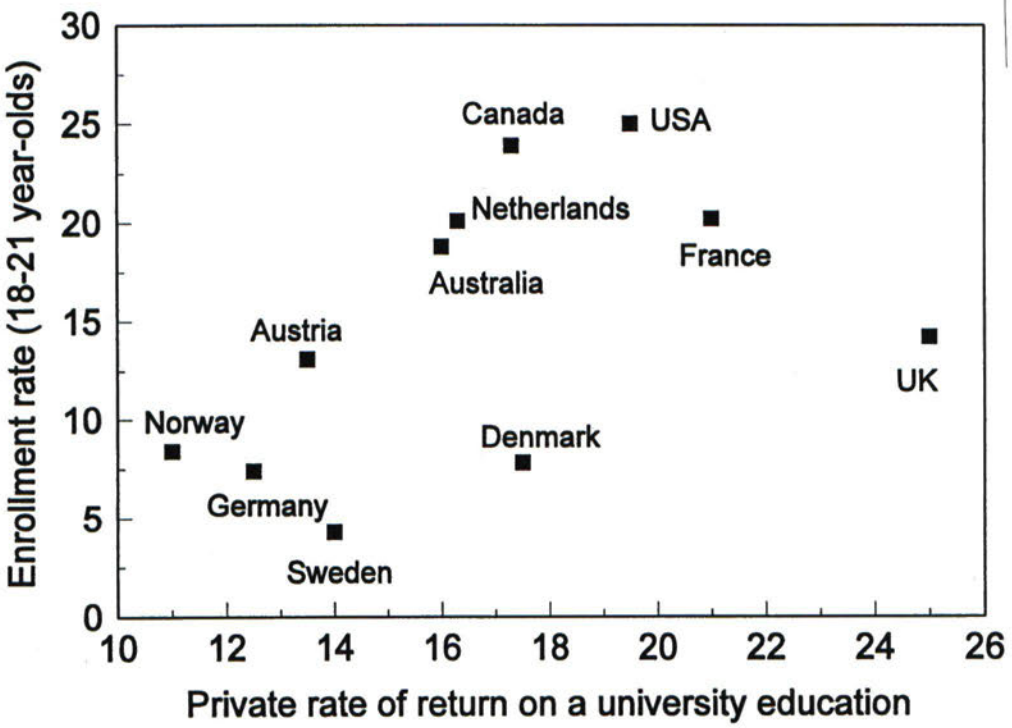
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

March 14, 1997

copies sent to Bowles Yellen

CHART OF THE WEEK

University Enrollment Rates in OECD Countries



OECD data show a positive relationship between the rate of return to a college education and university enrollments. Enrollment rates are relatively low in Germany, Norway, and Sweden, where rates of return are also relatively low. The United States has the highest enrollment rate, and one of the highest rates of return. The relationship shown in the chart is based on a crude rate of return calculation that takes into account foregone earnings while at university and education wage premiums. Enrollment rates reflect government policies and other factors in addition to the rate of return on a university education.

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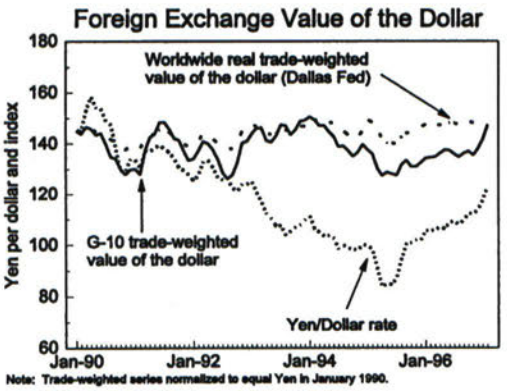
"Your constant cries to cut the pork sadden me, Senator."

CURRENT DEVELOPMENT

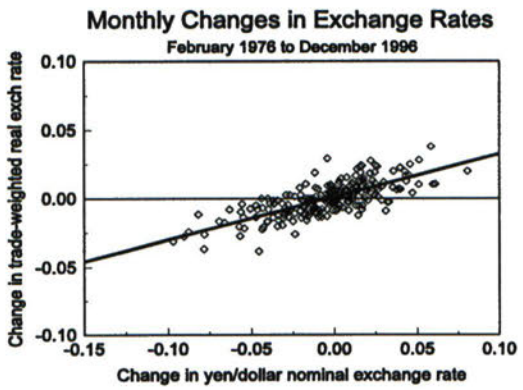
Putting Exchange Rate Fluctuations in Perspective

Recent discussions of exchange rate fluctuations often have focused on big movements in the dollar relative to the yen and a few key European currencies. Looking at a broader range of currencies, however, the dollar's fluctuations have been milder.

Which exchange rate? The yen/dollar exchange rate has swung dramatically over the past few years, falling 33 percent between January 1993 and April 1995, for example, and then rising 47 per cent from April 1995 to February 1997 (see upper chart). The trade-weighted "effective exchange rate" against our G-10 trading partners has swung less wildly over the same period. But even this rate overstates the dollar's volatility, because it excludes the currencies of some other important trading partners.



The United States now trades more with Canada than with Japan; more with Mexico than with Germany or the U.K.; more with China or Korea than with France or Italy; and more with Singapore than with the Netherlands (see table on next page). The Canadian dollar, Mexican peso, Korean won, and other Asian currencies all tend to be more closely linked to the U.S. dollar than to the yen or European currencies. In a few cases, such as Argentina and Hong Kong, the country even pegs its currency firmly to the dollar.



A trade-based index. The most comprehensive exchange rate shown in the upper chart (based on the currencies of 103 trading partners) shows the least volatility. Historically, changes in this index have been associated with changes in the yen/dollar exchange rate, but with only about a 1 percent change in the broad index for every 3 percent change in the yen/dollar rate (see lower chart).

Conclusion. Financial markets often focus on the yen/dollar exchange rate, but the trade-weighted index is more important for imports and exports, and for the cost of imported goods, which affects U.S. inflation.

Relative Importance of Top 20 U.S. Trade Partners 1993-95

Country	Share Weight (Percent)
Canada	20.8
Japan	14.9
Mexico	8.3
Germany	4.6
U.K.	4.5
China	4.3
Taiwan	3.8
Korea	3.4
France	2.6
Singapore	2.5
Italy	2.0
Hong Kong	1.9
Malaysia	1.8
Netherlands	1.8
Belgium-Luxembourg	1.5
Brazil	1.5
Thailand	1.3
Saudi Arabia	1.3
Venezuela	1.2
Australia	1.1
Memorandum:	
G-10 countries	54.4
Asia and Australia (excl. Japan)	21.9
Latin America	15.2
Rest of World	8.5

Note: Trade weights for Dallas Federal Reserve Bank Real Dollar Index (average of 1993-95 exports plus imports divided by total for 103 countries).

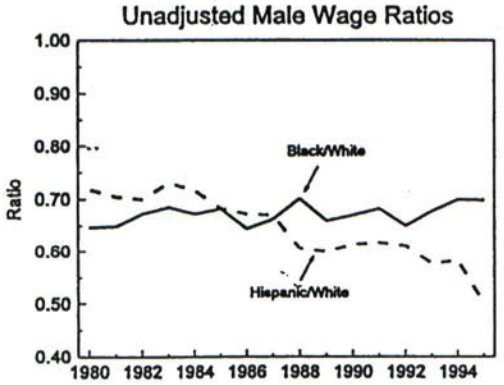
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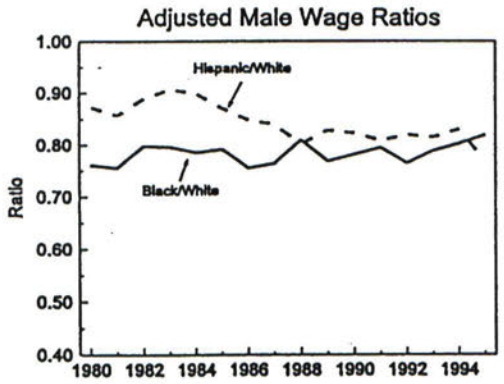
SPECIAL ANALYSIS

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Analysis. The fact that Hispanic workers tend, on average, to be younger and less-skilled than white (or black) workers explains a significant part of the relative deterioration in their earnings. The lower chart, based on a statistical analysis, shows that the ratio of the earnings of Hispanic workers to those of white workers of similar age with similar education is substantially higher and shows less decline than the unadjusted ratio. The serious deterioration in the unadjusted earnings data therefore implies that either the proportion of Hispanic workers who are low-skilled has increased or the relative earnings of low-skilled workers has declined. Two developments may be important:

- Immigration. The proportion of unskilled Hispanic workers could have increased because of immigration. The annual flow of Hispanic immigrants has been about a half million per year for the past decade (about 2.5 percent of the U.S. Hispanic population). If these immigrants were quickly assimilated into the workforce, this flow would be too small to have much impact on average wages. But some studies suggest that the earnings disadvantage of immigrants persists over time, creating a growing pool of low-skilled workers.

- The skill premium. Whether or not the proportion of low-skilled Hispanics has increased, we know that the relative earnings of low-skilled workers generally have declined over the past decade or two. Hispanics as a group have relatively low skill levels when measured by conventional indicators like education. For example, only 57 percent of Hispanics between the ages of 25 and 29 have graduated from high school, compared with 87 percent for both blacks and whites. During a period when the relative earnings of low-skilled workers have deteriorated, groups with a disproportionate number of low-skilled workers are likely to experience relative earnings declines.

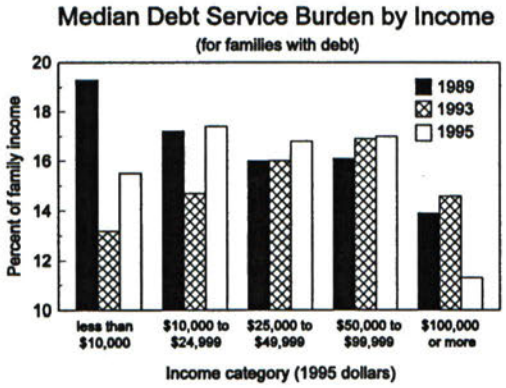
Conclusion. Some of the decline in Hispanic earnings remains unexplained. But low educational achievement and therefore low skills are clearly an important reason for the decline. Whether it is through overcoming language difficulties or other barriers, one route to improving the economic prospects of Hispanics almost surely involves raising educational attainment.

SPECIAL ANALYSIS

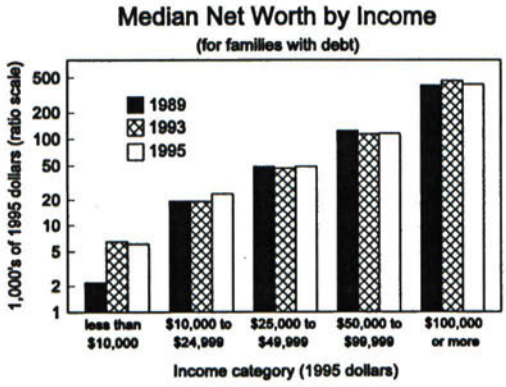
The Financial Condition of Households: Looking Beneath the Aggregate Data

In the aggregate, the financial condition of households is healthy (see *Weekly Economic Briefing,* March 7, 1997). But what about the distribution of assets and debt underlying the aggregate figures? Recently released data on the distribution of household wealth in 1995 suggest that households are not generally overextended, although some low- and moderate-income households may have borrowed excessively.

Who has been taking on debt? The Federal Reserve's Survey of Consumer Finances is conducted every 3 years and currently provides detailed data on the finances of more than 4,000 U.S. households. The latest data show that the rise in household debt between 1992 and 1995 reflected higher median holdings by households with incomes under $100,000 (median debt fell among very high-income households). The fraction of households with debt remained roughly constant; increased holdings among those with debt accounted for the overall rise. The largest rise in debt service burden as a share of pre-tax income between 1992 and 1995 took place among households with incomes less than $25,000 (see upper chart). These increases in median debt burden reversed, at least in part, the decreases posted between 1989 and 1992.



Trends in net worth. Notwithstanding the rise in debt burdens, median net worth rose between 1992 and 1995 for debtor households with incomes between $10,000 and $24,999 (see lower chart). In 1995, households in this class generally had more valuable houses and larger mortgages. Despite the aggressive marketing of credit cards in recent years, credit-card debt did not rise substantially among low- and moderate-income households. (The largest increases in credit-card debt were posted in the $50,000 to $99,999 income category.)



Median net worth declined somewhat between 1992 and 1995 in the category of households with income under $10,000 who also held debt; this followed a substantial rise between 1989 and 1992. Nonetheless, the relatively high level of their net worth suggests that households in this category face much less financial

strain than their 1989 counterparts. Indeed, the fraction of such households with debt burdens over 40 percent of pre-tax income fell between 1992 and 1995. Analysis of this class of households is complicated because it probably includes many whose incomes are only temporarily low (owing to layoffs, illness, youth, and other factors). This group would be expected to borrow to support spending while their income is low, and might also have houses and residential mortgages, thereby boosting reported debt levels for the group as a whole.

Conclusion. The rise in household debt, at least through 1995, does not seem to have caused problems for most households. Although the Survey of Consumer Finances shows that debt service burdens increased disproportionately for lower-income households between 1992 and 1995, other information in the survey suggests that these households are not generally overextended.

ARTICLE

Why Is the Price of Cleaner Air So Low?

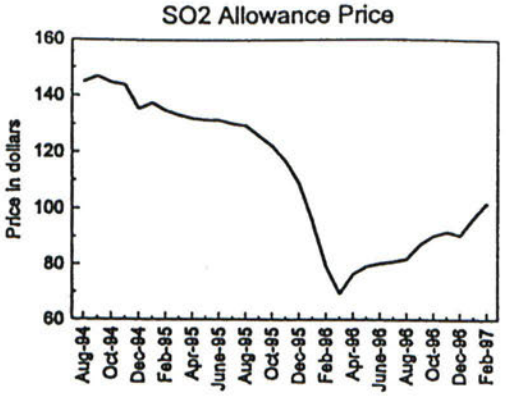
Economists have long argued that market mechanisms are a valuable tool for achieving more cost-effective pollution control. The sulfur dioxide (SO_2) allowance trading program (implemented as the centerpiece of the Acid Rain Program of the 1990 Clean Air Act amendments) provides an important test of that idea. Two things are already evident. First, the program has provided strong incentives for efficient abatement. Second, incremental abatement costs—as reflected in the price of allowance permits—have turned out to be much lower than originally expected.

The allowance program. The SO_2 allowance program is intended to reduce the total emissions of large plants such as electric generating facilities. Plants are required to have a permit for each ton of SO_2 they emit, and the total number of permits is limited in order to achieve the desired reduction in aggregate emissions. Most permits were allocated to existing sources, but a small number were retained by the EPA for allocation to new sources and for auction on the Chicago Board of Trade. Allowance permits are denominated in annual tons of SO_2 emissions and can be used now, traded, or saved for the future. Trades among sources are permitted irrespective of geographic location.

The advantage of the allowance program over traditional command-and-control regulation (which often calls for specific emission reduction targets for each plant and specifies the abatement technology to be used) is that individual polluters have incentives to find the least-cost abatement strategy. Permit trading provides incentives for more pollution reduction by sources with relatively low incremental abatement costs, while high-cost sources can buy allowances. Since both parties gain from the exchange of allowances, so does society.

A success story and a puzzle. Phase I of the allowance program runs from 1995 to 2000, and focuses on the emissions of the 110 dirtiest coal-fired electric utilities. The success story of Phase I is that annual emissions have been reduced by nearly 50 percent. And these reductions have been achieved at about one-third to one-half the cost that would have been incurred using the command-and-control approach.

The puzzle is what has happened in the permit market. Prior to the passage of the 1990 amendments, EPA and industry predicted that abatement costs to achieve targeted emission reductions would range between $750 and $1,500 per ton. It was expected that high-cost utilities would demand allowances from low-cost utilities, driving up trading volume and market price. But this demand did not materialize. The going price for an allowance is about $100 per ton (see chart on next page). Why have cost savings been so large, even though allowance prices have been so low?



Flexibility and markets. The main reason is flexibility. The SO_2 market provided the flexibility for utilities to find and use a low-cost compliance option. One cost-effective option turned out to be low sulfur coal from the Powder River Basin in Wyoming and Montana. Since 1990, the price of low-sulfur coal has been declining, due in part to the deregulation of railroads with the Staggers Act of 1980. As a result, Midwestern and Eastern utilities have switched to low-sulfur coal or to a blend of low- and high-sulfur coal, an option previously thought too expensive. The widespread availability of low-sulfur coal has made abatement costs about the same for most utilities. And since the benefits of trading allowances arise when utilities have different abatement costs, the demand for allowances fell. Low demand relative to supply resulted in lower prices.

Other factors. Allowance prices are lower than predicted for other reasons as well. First, the government awarded an extra 3.5 million bonus allowances (over 10 percent of total allocations) to utilities that installed scrubbers. This increase in supply put additional downward pressure on allowance prices. Second, many utilities have to cut emissions for other reasons, such as local pollution regulations, which reduces their demand for allowances.

The future of the SO_2 market. The puzzle of high cost savings but low allowance prices can be explained by unanticipated changes in market fundamentals and the design of the allowance market. Keeping track of further changes remains an important task as we move beyond 2000 and into Phase II of the program when an additional 700 fossil fuel-burning plants enter into the market for cleaner air.

THE PRESIDENT HAS SEEN
3-17-97

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Heavy Costs of Low-Birth-Weight Babies. Medical and technological advances in health care have substantially increased the survival rate of infants with low birth weight (less than 5 lb 8 oz). But almost all low-birth-weight infants require special attention. A recent study shows that the extra costs incurred for the almost 4 million children under age 15 born with low birth weight totals over $5.5 billion per year. Three-quarters of the costs arise from increased health care costs for infants. The remainder, for children aged 3 to 15, represents greater health care, child care, and education expenses due to higher hospitalization rates, increased utilization of special education, and greater likelihood of grade repetition. With the vast majority of the costs incurred during the first year of a low-birth-weight child's life, investments in public health programs that are effective at reducing the prevalence of such births should have a quick payoff. Cigarette smoking by pregnant women is the largest known risk factor—about 20 percent of low-weight births could be avoided if women did not smoke during pregnancy.

Beige Book Shows Economy on a Steady Pace. Somewhat surprisingly, given other recent macroeconomic data suggesting growth is heating up, the latest Federal Reserve regional survey finds the economy generally continuing to expand at a relatively moderate pace with temperate inflationary pressures. Respondents in almost every district report difficulty finding and keeping new workers because of tight labor markets. Shortages of engineers and high-tech, construction, and skilled manufacturing workers are the ones most often noted. Despite the tight labor markets in most districts, wage gains remain moderate and show no signs of breaking out of the 3-to-4 percent range. Most districts also report strong residential and even stronger commercial real estate markets, with declining vacancy rates and new nonresidential construction activity. Sales have been up from a year ago in most districts, and have exceeded expectations in some districts. Vehicle sales, though, are mixed; inventories are generally adequate, but a few respondents report shortages of popular models.

Internet and Television Companies Partner Up. Not long ago, traditional media companies were considered to be dinosaurs in the new-media world of the Internet. But today Internet companies are realizing that the strengths of the World Wide Web—cheap distribution and low entry costs for newcomers—have not changed the rules of competition. World Wide Web sites are finding that brand names and promotion (especially on television) are still the key to getting the customer's attention. As a result, old-media companies, with their established brand names and expertise in mainstream promotion, are looking more attractive as partners to some of the more popular sites on the World Wide Web. Last week, for example, Sportsline USA sold a 22 percent stake to CBS in exchange for advertising, promotion, and programming. The deal comes as Starwave Corp., a leading programmer of sports, entertainment, and family Web sites, is in talks to sell a reported one-third stake to Disney. Starwave has already teamed up with Disney-owned ESPN, whose on-air promotion has helped make Starwave's Sportszone the leading sports site in traffic and advertising.

INTERNATIONAL ROUNDUP

Eastward Expansion of EU Not Yet Imminent. Last month, leaders from both Poland and the Czech Republic began admitting publicly that the target date for their entry into the European Union was probably around 2002 rather than 2000. Their public statements highlight the ongoing tension between "widening" EU membership by adding new members versus "deepening" it by strengthening existing structures. The last widening of the EU occurred in January 1995, when Austria, Finland, and Sweden became full members, bringing the total to 15. Recently, however, concerns over monetary union, regional development funds, EU governance structures, and programs like the Common Agricultural Policy make it unlikely that even the most advanced former Communist countries will become members in the near future. As with NATO, one aim of expanding EU membership is to tie the former Eastern Bloc countries to the West politically. At present, 10 countries from the former Eastern Bloc are eligible for eventual EU membership.

Unemployment Expected to Fall in Finland. The Finnish unemployment rate declined to a still-high 15 percent in the fourth quarter of 1996. Further reductions in unemployment are expected, but the government remains concerned by the slow rate of job creation. Since the breakup of the Soviet Union in 1991, Finland's economy has experienced a painful restructuring. In 1990, 12.7 percent of Finnish exports went to the Soviet Union, and the disruption of that market contributed to a 6.5 percent drop in GDP in 1991. The unemployment rate soared from 3.4 percent in 1990 to 18.2 percent in 1994. As with the former Communist countries, a re-orientation towards the West became an integral part of Finland's economic recovery. Finland currently conducts about 45 percent of its trade with its EU partners, 6.5 percent with Russia, and 7 percent with the United States.

Death and Taxes in Russia. In Russia, death remains certain (and much sooner for men than for women, with male life expectancy down to 58). But tax collection apparently does not. Despite government efforts to improve compliance with tax codes, evasion remains high and contributes heavily to the government's inability to pay wages in the public sector and pensions to the elderly. Revenue losses from evasion are estimated to be about 2 percent of GDP. Improved methods of tax collection did reduce wage arrears in 1996, but recent reports indicate that school teachers have not been paid in 3 to 8 months. Unpaid wages have helped fuel an increase in strikes, and some unions are calling for a general strike on March 27. The pension fund is also in dire straits. Retirees are owed about $3.1 billion, but efforts to reform the system have met with fierce opposition in the Duma. Some good news is that the Federal budget deficit in 1996 was only 6.3 percent of GDP, which is within the target set by the IMF. Low revenue collections in January 1997 suggest, however, that the budgetary situation is fragile.

RELEASES THIS WEEK

Industrial Production and Capacity Utilization
****Embargoed until 9:15 a.m., Friday, March 14, 1997****

The Federal Reserve's index of industrial production rose 0.5 percent in February. Capacity utilization increased 0.1 percentage point to 83.3 percent.

Producer Price Index
****Embargoed until 8:30 a.m., Friday, March 14, 1997****

The producer price index for finished goods fell 0.4 percent in February. Excluding food and energy, producer prices fell 0.1 percent.

Retail Sales

Advance estimates show that retail sales rose 0.8 percent in February following an increase of 1.5 percent in January. Excluding sales in the automotive group, retail sales increased 0.5 percent following an increase of 1.4 percent.

Productivity

Nonfarm business productivity rose 1.1 percent at an annual rate in the fourth quarter of 1996. Manufacturing productivity rose 4.4 percent.

MAJOR RELEASES NEXT WEEK

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

U.S. ECONOMIC STATISTICS

	1970–1993	1996	1996:2	1996:3	1996:4
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	3.2	4.7	2.1	3.9
GDP chain-type price index	5.3	2.1	2.2	2.0	1.8
Nonfarm business (NFB) sector:					
Productivity (chain-type)	1.5	**0.9**	0.6	0.0	**1.1**
Real compensation per hour:					
Using CPI	0.6	0.4	**0.5**	**0.7**	**0.2**
Using NFB deflator	1.3	**2.2**	2.0	2.0	**2.7**
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	10.4	10.3	10.6	10.5
Residential investment	4.5	4.1	4.2	4.1	4.1
Exports	8.2	11.3	11.3	11.1	11.5
Imports	9.2	12.6	12.6	12.7	12.7
Personal saving	5.1	3.6	3.2	3.9	3.8
Federal surplus	–2.7	N.A.	–1.7	–1.6	N.A.

	1970–1993	1996	Dec. 1996	Jan. 1997	Feb. 1997
Unemployment Rate	6.7**	5.4**	5.3	5.4	5.3
Payroll employment (thousands)					
increase per month			231	247	339
increase since Jan. 1993					11785
Inflation (percent per period)					
CPI	5.8	3.3	0.3	0.1	N.A.
PPI-Finished goods	5.0	2.8	0.6	–0.3	**–0.4**

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

New or revised data in **boldface**.
PPI data **embargoed until 8:30 a.m., Friday, March 14, 1997.**

FINANCIAL STATISTICS

	1995	1996	Jan. 1997	Feb. 1997	March 13, 1997
Dow-Jones Industrial Average	4494	5743	6707	6917	6879
Interest Rates					
3-month T-bill	5.49	5.01	5.03	5.01	5.12
10-year T-bond	6.57	6.44	6.58	6.42	6.72
Mortgage rate, 30-year fixed	7.95	7.80	7.82	7.65	7.84
Prime rate	8.83	8.27	8.25	8.25	8.25

INTERNATIONAL STATISTICS

Exchange Rates	**Current level March 13, 1997**	**Percent Change from Week ago**	**Year ago**
Deutschemark-Dollar	1.706	–0.7	15.6
Yen-Dollar	123.2	1.6	17.0
Multilateral $ (Mar. 1973=100)	96.05	0.0	11.0

International Comparisons	**Real GDP growth (last 4 quarters)**	**Unemployment rate**	**CPI inflation (last 12 months)**
United States	3.2 (Q4)	5.3 (Feb)	3.0 (Jan)
Canada	2.3 (Q4)	9.7 (Jan)	2.1 (Jan)
Japan	3.1 (Q4)	3.3 (Jan)	0.6 (Jan)
France	2.1 (Q4)	12.8 (Dec)	1.7 (Jan)
Germany	2.2 (Q4)	7.6 (Dec)	1.8 (Jan)
Italy	0.7 (Q3)	11.9 (Jul)	2.6 (Jan)
United Kingdom	2.7 (Q4)	7.5 (Jan)	2.8 (Jan)

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
3-17-97

March 15, 1997

MR. PRESIDENT:

The attached Berger/Hilley memo recommends that you report to Congress, consistent with the War Powers Resolution, on the introduction of U.S. Armed Forces into Albania.

The War Powers Resolution requires you to make a report when U.S. Armed Forces are introduced into foreign territory while equipped for combat and in certain other situations.

copied
Berger
Hilley
COS

WH Counsel, State, DoD and Justice concur in the text of the letters.

If you approve, we will have the letters executed on your behalf. The letters will be dated today and delivered to the Hill on Monday. *You should act on this today as the 48 hour deadline expires sometime this evening.*

✓ Approve letters ___ Disapprove ___ Discuss

Phil Caplan PM

1734

THE WHITE HOUSE

WASHINGTON

March 15, 1997

'97 MAR 15 AM10:35

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: SAMUEL BERGER
JOHN HILLEY

SUBJECT: Report to Congress, Consistent with the War Powers Resolution, on Introduction of U.S. Armed Forces into Albania

Purpose

To report to Congress, consistent with the War Powers Resolution, on the introduction of U.S. Armed Forces into Albania.

Background

The War Powers Resolution requires you to report to Congress when U.S. Armed Forces are introduced into foreign territory while equipped for combat and in certain other situations. A report on Friday's deployment of U.S. forces into Albania is attached.

The Counsel to the President together with the Departments of State, Defense (including the JCS) and Justice concur in the text of these letters. The report should be signed on March 15.

RECOMMENDATION

That you report to Congress, consistent with the War Powers Resolution, on the introduction of U.S. Armed Forces into Albania.

Attachment
Tab A Letter to the Speaker of the House
Tab B Letter to the president pro tempore of the Senate

cc: Vice President
Chief of Staff

THE WHITE HOUSE

WASHINGTON

Dear Mr. Speaker:

In February 1997, civil unrest broke out in Albania after a nationwide pyramid investment scheme destroyed the life savings of tens of thousands of investors unaware of the fraudulent nature of those investments. Protesters took to the streets and later joined political opponents of President Sali Berisha in demanding his removal. By March 13, much of Albania, including the capital city of Tirana, had fallen into widespread disorder. Looting and gunfire was reported throughout the country as sympathetic police and military officials refused to enforce the law. While there was no evidence that Americans were being directly targeted, the disorder and violence sweeping the country subjected American citizens and property to risks ranging from criminal acts to random violence.

On March 13, due to the rapidly deteriorating security situation and the potential threat to American citizens and the American Embassy, U.S. military personnel were deployed to provide enhanced security for the American Embassy in Tirana and to conduct the evacuation of certain U.S. Government employees and private U.S. citizens. Approximately 25 U.S. Marines entered the capital city on March 13 and immediately took up positions in and around the American Embassy compound. Evacuation operations began concurrently as U.S. CH-46 helicopters operating from the USS *Nassau* amphibious ready group transported approximately 50 U.S. citizens to U.S. Navy ships at sea. Evacuation efforts resumed on March 14 and are expected to continue for several days. The rescue helicopters are escorted by AH-1W Cobra helicopters, which came under fire but were not damaged during separate, sporadic incidents on March 14. In addition, a 150-member Marine rifle company has also been inserted near the American Embassy to provide additional security for the evacuation.

The Marines involved in this operation are from the Marine Expeditionary Unit currently operating in the Adriatic Sea. Although U.S. forces are equipped for combat, the evacuation is being undertaken solely for the purpose of protecting American citizens and property. United States forces will redeploy as soon as evacuation operations are complete and enhanced security at the American Embassy is no longer required.

I have taken this action pursuant to my constitutional authority to conduct U.S. foreign relations and as Commander-in-Chief and Chief Executive.

I am providing this report as part of my efforts to keep the Congress fully informed, consistent with the War Powers Resolution. I appreciate the support of the Congress in this action to protect American citizens and the American Embassy in Tirana.

Sincerely,

The Honorable Newt Gingrich
Speaker of the
House of Representatives
Washington, D.C. 20515

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March 15, 1997

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Washington, D.C. 20515

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Sincerely,

The Honorable Strom Thurmond
President pro tempore
of the Senate
Washington, D.C. 20510

Commissioner Eduardo Burkhart
Advisory Neighborhood Commission
District of Columbia
3905 Davis Place NW #303
Washington, DC 20007
FAX: (202) 965-2253
17 March 1997

'97 MAR 17 PM12:01

3-17-97

Phil -
This came in on our fax machine -
Send to Dorskind?
Yes ✓
no ____

C.

President William J. Clinton
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear President Clinton,

This is Eduardo Burkhart, graduated from Gallaudet University and first deaf elected offical in the District of Columbia history and your term.

This letter which I am writing to you about my concerning of President Roosevelt Memorial Site which has lack of wheelchair. I am so regret about your situation and using wheelchair and hope you will get well soon. Bill, I am asking you for your assistance to endorse for FDR to have wheelchair on the statue by possible to provide an executive order or any action to request the FDR Memorial Commission to change the status by adding the wheelchair.

In fact, this country has rich history of successful economic story of huge successful done by President Roosevelt by pulling from horrible Great Depression into huge successful with his wheelchair on his term.

Again, thank you for your time and consideration and look forward to hearing from you as soon as possible.

Your sincerely,

Eduardo Burkhart

Urgent: ACT NOW

What you should do:

1. Call, write or fax the FDR Memorial Commission
   Senator Mark Hatfield and Senator Daniel K. Inouye
   Co-Chairmen, FDR Memorial Commission
   attn: Dorann H. Gunderson, Executive Director
   632 Dirksen Senate Office Building
   Washington, DC 20510
   Tel: 202-228-2491
   Fax: 202-228-1010

2. Call, write or fax your member of Congress to let him/her know your view on this issue and ask the member for support. The Capitol Operator at 202-225-3121 can connect you to the office of your member of Congress.

3. Visit the FDR Memorial Commission at the address above and let them know you want FDR's disability shown in one of the statues.

4. Make a donation to help fund this effort. Send your check to:
   FDR in a Wheelchair Campaign
   c/o National Organization on Disability
   16th Street, NW, Suite 600
   Washington, DC 20006.

5. Spread the word on this issue and get others involved. Make copies of this flyer and circulate.

NOD
NATIONAL ORGANIZATION ON DISABILITY
910 Sixteenth Street, N.W., Suite 600,
Washington, D.C. 20006 • (202) 293-5960
TDD (202) 293-5968 • FAX (202) 293-7999

Don't let the FDR Memorial hide his source of strength - his disability.



"FDR developed his strength of character, determination and discipline most distinctly as a result of having polio. We want him remembered as he was, in all his strength, courage and humanity. He would be comfortable, perhaps eager, in light of current increased understanding of disability issues, to share awarenss of his disability with others. We urge an adequate inclusion of all facets of the man as he was, not as some think he ought to have been."
Letter to the National Organization on Disability from Anne Roosevelt on behalf of eight Roosevelt grandchildren, 4/29/96.

December 1996

Dear Friend:

Your help is needed! Since early 1995, the National Organization on Disability (N.O.D.) has been calling for the accurate depiction of FDR's disability in the memorial under construction on the Mall in Washington, D.C. There are three statues of FDR planned for the memorial -- not one shows FDR in a wheelchair. **His disability is hidden.**

It is difficult to understand the Memorial Commission's intransigence on this issue given the facts of FDR's life. During his last 24 years, including 12 as president, FDR never took a step unassisted. He used his wheelchair every day. Hiding FDR's disability in the memorial is an affront to America's 49 million citizens with disabilities and a half-billion people worldwide. Moreover, it is a step backward from the great advance of the Americans with Disabilities Act of 1990.

Future generations of visitors from throughout the world will learn that FDR led the United States out of the Great Depression, and commanded to victory the mightiest fighting force ever assembled. Yet, they will not know that he did it all from his wheelchair.

Time is running out! The memorial is scheduled to open on May 1, 1997. Please see the back of this flyer to learn what you can do to help. Together we can win! FDR would be with us all the way!

Sincerely,

Michael R. Deland
Chairman
National Organization on Disability

James Dickson
Director
FDR in a Wheelchair Campaign

Nationwide Support Grows for a Statue of FDR in a Wheelchair

- "I think it unconscionable for schoolchildren 25 years from now to go through the memorial and not have a depiction of FDR's disability." *N.O.D. Chairman, Michael R. Deland, in meeting with FDR Memorial Commission, March 1995*

- 73% of Americans favor showing FDR's disability clearly as part of the memorial. *1995 N.O.D./Harris Poll*

- "For FDR, concealing his disability was an expression of courage. For the custodians of his memory, concealing his disability is a lack of courage. They have nothing to fear but fear itself." *Maureen Dowd, New York Times, 5/2/96*

- "He probably would not have become president ... without passing through the furnace of polio. So let's see FDR portrayed at the memorial in a wheelchair." *George F. Will, Washington Post, 5/9/96*

- "Depicting FDR in a wheelchair would be one of the most powerful parts of the memorial ... If Franklin Roosevelt were to come back, I think he would want his disability to be shown in some way." *Doris Kearns Goodwin, Pulitzer Prize winning author of FDR biography, No Ordinary Time*

- "Omission of FDR's handicap is a crime against his spirit." *Hugh Sidey, Time Magazine, 5/20/96*

- "It is my opinion that FDR should be shown for what he was – a courageous man who had infantile paralysis and still led our nation." *President George Bush, 4/29/96*

- "It is important to Americans with disabilities – and important as a symbol of how American society perceives its disabled people that the memorial depict the man as he was: tall, strong, heroic and disabled... Don't let them steal our hero!" *Hugh Gallagher, author, FDR's Splendid Deception*

3-17-97

Phil -

This came in on our fax - Send to NSC?

Yes ____

No ____

C.

'97 MAR 17 PM4:15

PRESIDÊNCIA DA REPÚBLICA

DE: ***His Excellency***
Mr. Fernando Henrique Cardoso
President of the Federative Republic of Brazil

FAX : (061) 321-5157

PARA: ***His Excellency***
Mr. William J. Clinton
President of the United States of America

Fax: (001-202) 456-2215

DATA: ***PÁGINAS: (01)*** ***DOCUMENTO:***

Dear Mr. President,

Ruth and I were sorry to learn of the small accident you suffered last Friday and of the knee injury that resulted from it. We were encouraged by the news of a successful operation and of the good prospect for an early recovery.

I am aware that yours is a very painful kind of injury and of how exasperating medical instructions can be. However, you and I both know that in our jobs we must learn to cope with restrictions, physical or of other nature. Ruth and I send you our best thoughts, hoping for a smooth and quick recovery.

Please accept our sincere wishes for your continued well-being and personal happiness.

We look forward to seeing you and Hillary here in Brasilia in May.

Sincerely,



If you have any difficulties concerning this fax, please contact:
(5561) 411-2217 or 411-2118

3-17-97

Phil -

This came in on our fax —

Send to NSC?

Yes ✓

No _____

EILANDGEBIED CURAÇAO

'97 MAR 17 PM4:58

BESTUURSCOLLEGE

The Honourable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington D.C., 20500

Uw nummer (letter): Uw brief van: Ons nummer: 97/999
Afd.:

Onderwerp:

Willemstad February 6, 1997.
Sent: 11 FEB. 1997

Bijlagen:

Gelieve bij beantwoording datum en nummer te vermelden en in elke brief slechts EEN onderwerp te behandelen.

Dear President Clinton,

Curaçao together with the other vacations destinations in the Caribbean, is very concerned about the implication that a possible strike of the American Airlines Allied Pilots Association as of February 15, 1997 would have on its economy.

Tourism for our island in the past years has been increasing in importance and now contributes approx. 15% to our island's Gross Domestic Product, produces over $ 200 million in foreign exchange earnings annually and offers employment direct and indirect to over 10% of our labour force

American Airlines' service is key to the further development of the important North American market for us and currently produces approx. 15% of our total visitor arrivals which represents some $ 17 million in gross foreign exchange earnings.

A possible work stoppage caused by aforementioned strike by the AA pilots would have very severe implications for our economy.

It is therefore that we would appreciate your personal involvement in this matter and we would like you to encourage both parties to enter into binding arbitration prior to February 15.

The Government of the Island Territory of Curaçao,

The Governor, The Secretary,

Copied Berger COS

THE PRESIDENT HAS SEEN
3-17-97

1054

THE WHITE HOUSE

WASHINGTON
February 18, 1997

INFORMATION

'97 FEB 18 PM3:49

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER

SUBJECT: Speaker Gingrich

I mentioned to you that I had a lengthy meeting with Speaker Gingrich last week, at the end of which he expressed an interest in our spending more time seeking to develop "common ground" (my characterization) on our international agenda.

He gave me the attached paper he drafted posing a broad range of questions that he believes need to be addressed. It is interesting.

We will meet again for a longer period when he returns from the recess. This may be an academic exercise, but I think it is worth pursuing for awhile.

Attachment
Tab A Paper on "Strategic Thinking and Planning for America's Next Century"

Sandy
Nice G
Quick good —
We should try to get
Newt & Daschle in a room
room w/ just us
Should be a fun
Meeting w/ Cong —
BC

cc: Vice President
Chief of Staff

STRATEGIC THINKING AND PLANNING FOR AMERICA'S NEXT CENTURY

The greatest single American security challenge is to think through an integrated approach to the 21st century and a set of organizing principles which take into account all the demands and facets of American security and foreign policy interests.

While it is tempting and traditional to focus either on national security or on economic issues that would miss the central challenge of our new role.

In an information age which combines virtually real-time worldwide communication from national leader to citizen with the economic demands of a global marketplace and the technological revolutions inherent in the new scientific breakthroughs, any effort to analysis by reduction is doomed to miss the larger equation.

It is precisely in the synergistic effects of the larger picture and the interactions of all the key variables that an American system of world leadership is going to have to emerge. Therefore the number one national security task of our time is to develop a comprehensive overview of America's goals in the world, the threats to those goals, and the strategies and structures which would optimize America's ability to ensure safety, prosperity and freedom for its own citizens while helping all our neighbors on the planet optimize their chance to achieve the same goals.

There are clearly some domestic requirements for any successful American foreign policy and as they emerge in the course of this study they ought to be noted. A second study on how to ensure the domestic strengths necessary to sustain America's leadership of the world might well be in order but domestic implementation should be kept separate from identification of domestic requirements. The national security, foreign policy, and international economic policy interactions alone will exhaust the participants of this study.

Among the topics which this study ought to undertake are:

What are America's long-term interests and goals in the world? What are the potential threats or obstacles to those goals?

Where do international crime in an organization such as the Russian, American, and Sicilian Mafias rank as a problem? Criminals get more wealthy and technologies proliferate. To what extent do national police become slower and less effective than international criminals?

Where do drugs and the drug cartels rank as security threats to our societies and what are the legitimate integrated strategies to defeat them?

Which kind of threats outside our normal rational planning-analytical process have to be taken seriously? Where are potential enemies likely to be more ferocious than we are prepared to deal with? Where are people more likely to have a very intense regional or local interest which leads them to play for higher stakes than our broader interests permit? Where are there possibly new weapons that suddenly make American casualties more likely or which would provide deterrent threats to American action

What are the blind spots in America's own strategic thinking? Are there any indications from other countries of what lessons they are drawing from Desert Storm and other American efforts? What should we expect from clever opponents in the future if they have analyzed our weaknesses and prepared accordingly.

What strategies and structures would maximize the likelihood of achieving America's goals and minimize the chance of opponents and competitors succeeding?

What are the international, multinational, and alliance structures we would find useful in achieving our goals?

Of the current structures which need to be reformed to be effective from the American viewpoint.

Are there any current structures which actually weaken or make more difficult the achievement of the American goals and which need to be reformed or eliminated?

Are there missing structures which need to be invented or new missions for existing structures?

Given our constitutionally complex system what are the executive and legislative roles? What are the roles of state and local governments, the private sector and non-governmental organizations?

What is the correct STYLE of a world power? People tolerated American bullying when the Soviet Empire was an active threat. Now that America is the only superpower there is a grave danger that we will bully people into ganging up against us. What national style do we need to develop so people believe we are leading within a framework of their interests and they have full input partners even if we are the leading partner?

How does the United States develop the patience and persistence to listen to a wide range of allies, understand integrated complex issues with multiple values, create a coherent policy that our allies can understand and be brought to support. Or in rare cases,

can they be led to tolerate decisive unilaterlism on our part? How does this patience and persistence get developed and then manifest itself in the bureaucracy, political leadership, the news media and the active opinion makers?

How do we achieve cultural and structural goals in other societies? In China we want cultural norms to shift toward free speech and the rule of law. In Russia we believe their constitution needs to be reformed to have a broader and more stable distribution of power. How do we achieve these kind of indirect goals without interfering in the affairs or other countries or allowing ourselves to get so fixated and frustrated that our efforts actually become counterproductive?

How do we come to realize that a single weapon of mass destruction in a populated area is the great threat of the 21st century and it requires an ability to anticipate, a level of human intelligence and a doctrine of preemption that will all be very different from anything we have ever experienced before. This is the greatest and most likely threat to human life and security in the next century and the technologies guarantee that the threat could come from almost any vector (consider Oklahoma City, the world trade center, and Iraqi scuds as three radically different vectors).

What are other factors that could lead to that happening? The interaction between terrorist groups, the lack of controls over Russia's various nuclear, chemical and biological arsenals and the failure to pay Russian military and scientific systems over the last year are examples.

Policing, peace keeping and peace maintaining are going to become more common in the 21st century and more multinational. How do we build a peacekeeping capability without losing the war fighting edge of our regular forces? How do we deal with integrated multinational efforts without losing key aspects of our sovereignty? How do we maintain the most advanced war fighting doctrine for our own forces without either losing it in multinational experiences even more dangerously or upgrading the multinationals so they can all learn our doctrine ?

What is the legitimate role of the legislative branch in monitoring, reforming, and paying for long-term multinational efforts? Our system was designed to be episodic legislatively with implementation in the executive branch. The current reality is that ongoing organizations require new kind of ongoing legislative oversight that has to be carefully developed within our constitutional framework.

How do we educate the news media and activist opinion leaders so long-term efforts can be sustained and integrated complex projects can be understood.

What are some specific case studies that could be gamed out using new holistic model? Could there be a series of games (not necessarily war) that take specific countries (e.g. China, Russia, Iran) or specific crises (South Asia in 2010) and then walk through the difference between a synergistic, holistic approach with persistence and patience versus the current system?

Could a core group of people (no more than 15 to 20) be recruited to tackle this project for three to five years? Could then a series of advisory groups and murder boards be developed to tackle specific areas? The Rockefeller Reports of the late 1950s (which helped make Henry Kissinger) and the Center for Strategic and international Study multi-year effort on military`reform in the 1980s are two models of this kind of effort.

We desperately need a global vision. From that we need the kind of systems building and habit building that the evolution of the Combined Chiefs in World War Two or the invention of the general staffs in the late 19th century epitomized. This time the integration need to be economic, political, military, criminal, and intelligence in a way which no one has yet to succeed in developing.

This is the most important challenge to American leadership of the world as we enter the 21st century and no amount of tactical brilliance or sheer determination will replace the hard work of thinking this through at the global, vision, strategic and structural levels.

'97 MAR 13 PM4:20

AMERICAN CHAMBER
MEXICO

SHAUNA DOYLE DE BRUN
PRESIDENT

General Director
Texel, S.A. de C.V.

March 12, 1997

President William Jefferson Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President,

We support your efforts to dissuade further Congressional and Senate decertification efforts against Mexico. Last Friday, we issued the attached "Action Alert" to our membership and the press. In addition, AACCLA has sent the attached letters to all Congressmen and Senators in anticipation of this week's voting.

We hope this effort will help the "cause".

We look forward to seeing you in Mexico. As always,

Best regards,

Shauna Doyle de Brun

3/17/97

Send to Dorskind
Yes ✓
No

Coordinate w/ NSC? Yes ✓
No

cc: Mr. Thomas "Mack" McLarty

AMERICAN CHAMBER MEXICO

ACTION ALERT!

March 7, 1997

Dear Member:

We ask that you read the attached and contact your respective Congressmen or Senators. I would appreciate your sending me a copy of any communication. Thank you.

Sincerely,

Shauna de Brun
President
American Chamber/Mexico

AMERICAN CHAMBER/MEXICO QUESTIONS DECERTIFICATION

The AMERICAN CHAMBER OF COMMERCE OF MEXICO is concerned over the potential ramifications to U.S./Mexico relations of a continued effort by U.S. politicians to override President Clinton's decision to certify Mexico's anti-drug trafficking efforts. AMERICAN CHAMBER/MEXICO believes that continued public focus on this aspect of U.S./Mexico relations undermines the gains achieved to date, and still in progress, on this issue and many other equally important bilateral issues. Representing 85 percent of all U.S. direct foreign investment in Mexico, AMERICAN CHAMBER/MEXICO is urging its members to contact their respective Congressmen and Senators to reinforce the importance of maintaining strong and mutually respectful U.S./Mexico relations.

AMERICAN CHAMBER/MEXICO president Shauna de Brun comments, "The United States and Mexico have long been partners in fighting drug trafficking in addition to cooperating on economic and commercial ties, among other issues. Furthering, not undermining, strong and cooperative bilateral relations must remain at the forefront as it is in both countries' mutual interest. We have learned that the only road to progress is continued cooperation in all aspects of the bilateral relationship."

AMERICAN CHAMBER
MEXICO

SHAUNA DOYLE DE BRUN
PRESIDENT

General Director
Texel, S.A. de C.V.

March 10, 1997

The Honorable Newt Gingrich
United States House of Representatives
Washington, D.C. 20510

Dear Mr. Speaker:

The American Chamber of Commerce of Mexico, representing 85 percent of all U.S. direct foreign investment in Mexico, is concerned over the potential ramifications to U.S./Mexico relations of House Joint Resolution 58, aimed at overriding President Clinton's decision to certify Mexico's anti-drug trafficking efforts.

Mexico is the third largest trading partner of the United States, and hundreds of thousands of U.S. jobs depend on the ability of our leaders to cooperate on issues, not impede their successful resolution. The United States and Mexico have long been partners in fighting drug trafficking, in addition to cooperating on economic and commercial ties. Furthering, not undermining, strong and cooperative bilateral relations must remain at the forefront as it is in both countries' mutual interest. We have learned that the only road to progress is continued cooperation in all aspects of the bilateral relationship.

We urge you to consider the importance of promoting, rather than hindering, strong and muturally collaborative efforts that have achieved and are still achieving results in this and other areas of U.S.-Mexico relations. Thank you.

Sincerely,

Shauna Doyle de B

AMERICAN CHAMBER
MEXICO

SHAUNA DOYLE DE BRUN
PRESIDENT

General Director
Texel, S.A. de C.V.

March 10, 1997

The Honorable Dianne Feinstein
United States Senate
Washington, D.C. 20510

Dear Senator Feinstein:

The American Chamber of Commerce of Mexico, representing 85 percent of all U.S. direct foreign investment in Mexico, is concerned over the potential ramifications to U.S./Mexico relations of any efforts to override President Clinton's decision to certify Mexico's anti-drug trafficking efforts.

Mexico is the third largest trading partner of the United States, and hundreds of thousands of U.S. jobs depend on the ability of our leaders to cooperate on issues, not impede their successful resolution. The United States and Mexico have long been partners in fighting drug trafficking, in addition to cooperating on economic and commercial ties. Furthering, not undermining, strong and cooperative bilateral relations must remain at the forefront as it is in both countries' mutual interest. We have learned that the only road to progress is continued cooperation in all aspects of the bilateral relationship.

We urge you to consider the importance of promoting, rather than hindering, strong and muturally collaborative efforts that have achieved and are still achieving results in this and other areas of U.S.-Mexico relations. Thank you.

Sincerely,

Shauna Doyle de Brun

VH1
MUSIC FIRST

1515 BROADWAY NEW YORK NY 10036-5797 TELEPHONE (212) 258-7880 JOHN SYKES PRESIDENT

March 12, 1997

President William J. Clinton
White House
Washington, DC 20502

Dear Mr. President,

It was nice seeing you again on Tuesday during our VH1 taping at the White House. Thank you so much for taking time out of your schedule to be part of our upcoming special on the role music has played in your life.

I also wanted to say thank you for the incredible words of support you gave to VH1's *"Save the Music"* campaign. We are determined to reach out to our 57 million cable homes to collect one million instruments for public school children across the country.

We are already off to a great start piloting the program in New York City. To date, we've collected hundreds of used musical instruments, and over $200,000 in corporate donations to purchase new ones. I understand that Ann Lewis is working with your legal staff to hopefully arrange for you be the first American to donate an instrument when "Save the Music" rolls out nationally this fall.

Again, thank you for your time and incredible support and I hope you have a chance to listen to the Sonny Rollins collection on your trip to South America.

Best regards,

3.17.97
To Dorskind
for reply

JS\krf
Attachment

PS — Being a passionate musician, I thought you'd enjoy reading the attached letter from a New York City musician who recently donated his trombone, which he played in the company of such greats as Lionel Hampton, Duke Ellington and Woody Herman.

1/30/97

Dear student musician,

I am a professional musician. I played this Trombone in the 1960's + 70's with Lionel Hampton, Woody Herman and many other great musicians including Duke Ellington for the last 2 years of his life.

While this Trombone has some dents in it and some of the lacquer is worn off, it still is in good playing shape and has a beautiful sound. I know it has a lot of good notes left in it and hopefully you will learn how to play them. It has been my "back-up" Trombone right up until 3 months ago.

I hope you have fun with it.

Sincerely,

Vince Prudente

P.S. If the slide gets dry, wipe it off and put a very little bit of Trombone cream (which is in the case); spread it and then spray some water on it. Only put the cream on every 3 or 4 days (remember just a little). You use the water spray as often as you need to.

THE WHITE HOUSE
WASHINGTON

Date 3/17

To: Don Kerrick

From: The Staff Secretary

POTUS usually likes to hear from Joe Durkey. Do you want to get a short NSC cover memo on this and resubmit?

Phil Caplan

3-13-97

Phil -

This was sent to us by Cabinet Affairs - is this something they should send to NSC or Scheduling or both?

Carol Ellenote

Hyperion

208972

DIRECTOR

February 28, 1997

The President
The White House

Dear Mr. President:

As we think about and plan for the European summit and Marshall Plan commemoration later this year, I want to suggest what my colleagues call a "deliverable" which USIA could prepare for this event. What I will describe would:

-- be very well received by our allies;

-- draw out their government's contributions and participation in a joint venture;

-- have no real new cost for our government because it repackages existing programs;

-- be welcomed by publics here and overseas as an act of leadership by the U.S.; and

-- have an appeal to domestic audiences.

On May 5-6, the U.S. and the European Union will co-host a conference in Washington that will kick off fiftieth anniversary celebrations of the Marshall Plan. The purpose of the conference is to develop initiatives for the U.S.-EU summit in the Netherlands on May 28. Those engaged in these deliberations will explore ways that we can nurture the next generation of leadership through new forms of international partnership. I am proposing to Secretary Albright that she write to European Foreign Ministers proposing an item for this agenda, specifically planning for joint efforts by the U.S. and Europe for civic education programs in Eastern and Central Europe.

USIA has begun such programs and found good response everywhere we have taken the idea. Under the leadership of Penn Kemble, we have shifted our efforts from "democracy programs" -- a rather vague term that often confuses as much as it clarifies -- to programs built around the themes of "civic education" and "civil society." What do I mean? Democracy means more than the superstructure, more than the first steps of elections and constitutions. There is a *culture* of democracy at stake. This infrastructure of ideas and institutions nurture the values and habits of heart and mind that sustain democracy and that must be tended to by every generation. We have

MAR 3

brought together representatives of the many Americans -- teachers, civic leaders, and local citizens -- who work on these concerns in Los Angeles, in New York City neighborhoods, in Atlanta and Chicago, to work with their counterparts in Europe and together with them, with the new nations to the east. I am convinced that this kind of activity is the Marshall Plan equivalent for this new era in the development of a unified, peaceful and democratic Europe.

USIA is fully coordinated with the State Department in this endeavor. We made civic education for democracy a focal point of the U.S.-EU New Transatlantic Agenda you signed in Madrid in December 1995. Together we are organizing the May 5-6 conference at which we hope to launch this new initiative.

USIA has directed resources to this endeavor and Dick Riley and I have collaborated in a joint effort. The Department of Education is investing resources here. We don't really need new funding. Many of our partners in European countries, both government and private, recognize our leadership and are eager to get their governments involved. They have urged us to challenge their leaders and foreign ministries by putting this on the agenda of the U.S.-EU summit in The Hague.

I would suggest that we designate participants who are sent abroad or brought here in these programs for the next few years as *Shanker Fellows,* in tribute to Al Shanker, who had a deep interest in this effort and lent his support to help us get it started, even as he struggled with the illness that finally took his life. I think this would be very well received across the nation by every sector of our society and be a tribute to union leadership that has an understanding of and concern about international issues.

I believe this is a winner all around.

On April 7 and 8, USIA will bring to Washington an international group of leaders in civic education for a conference. George Soros and the Director-General of UNESCO, Federico Mayor, will participate along with a large contingent of American representatives. On the evening of Tuesday, April 8, we have arranged for Anna Deavere Smith (*Twilight, Los Angeles, 1992,* which you saw recently) to return to Washington to do some excerpts from her play for this group. The play and the wonderful way she presents it speak directly to the themes we are working on.

If your schedule allows, you might consider receiving members of the group and maybe even use the occasion to announce that the U.S. will propose this emphasis to our European allies at the forthcoming U.S.-EU summit, referencing the Marshall Plan legacy.

I would be glad to discuss this with you or whomever you designate if the notion has some appeal.

We send best wishes.

Sincerely,

Joseph Duffey

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USIA

FACT SHEET

Civic Education for Democracy: An International Priority

CIVITAS, an informal international consortium for civic education, was inaugurated at an international conference of civic educators held in Prague in June 1995. More than 450 civi educators from 52 countries gathered at CIVITAS@Prague.1995 to discuss the importance civic culture to the successful development and maintenance of democratic governance. They explored the central role of civic educators in cultivating a democratic culture and pledged to continue their joint efforts to raise the visibility of civic education on the international agenda and leverage their resources through cooperative efforts. At the close the conference, participants from the 52 nations adopted and signed the following declaratio

The wave of change toward democracy and the open economy that swept the world at the beginning of this decade has slowed, and, in some respects, even turned around. Religious and ethnic intolerance; abuses of human rights; cynicism toward politics and government; corruption, crime and violence; ignorance, apathy and irresponsibility -- all represent growing challenges to freedom, the marketplace, democratic government, and the rule of law.

All this makes clear how central knowledge, skills, and democratic values are to building and sustaining democratic societies that are respectful of human rights and cultural diversity. Once again, we see the importance of education which empowers citizens to participate competently and responsibly in their societies.

Despite great differences in the more than 50 countries represented among us, we find many similarities in t challenges we face in our civic life. These challenges exist not only in the countries represented here; they also exist in other parts of the world, and in all aspects of social, economic, and political life. People involve in civic education have much to learn from one another.

It is time again to recognize the crucial role that civic education plays in many areas of concern to the international community:

- ***Shared democratic values, and institutions that reflect these values, are the necessary foundation fo national and international security and stability;***
- ***The breakup of Cold War blocs, while bringing much good, has also created openings for aggressive and undemocratic movements, even in the established democracies themselves;***
- ***Civic development is an essential element in -- not just a side effect of -- economic development. Investments and guarantees made by private enterprise, governments, and international financial institutions will fail where political and legal systems fail, and where corruption and violence flourish***

The challenge of civic education is too great for educators alone. They need far greater cooperation from th own peoples, governments, and the international community.

We seek increased support for civic education -- formal and informal -- from the widest range of institutions and governments. In particular, we urge greater involvement in civic education by international organization such as the Council of Europe, the European Union, the North Atlantic Assembly, the Organization for Secur and Cooperation in Europe, the United Nations, UNESCO, and the World Bank.

We seek an active personal and electronic on-line exchange (through Civnet) of curricular concepts, teachin methods, study units, and evaluation programs for all elements of continuing education in civics, economics and history.

United States Information Agency • Washington D.C. 20547 • Tel: 202-619-4355 Fax: 202-619-6988

Building the International CIVITAS Network

Since the inauguration of CIVITAS, civic education programs and activities are thriving in many regions of the world. The following are some highlights:

Bosnia

In late-March 1996, CIVITAS members, the American Federation of Teachers, the Center for Civic Education, the Council of Europe and the United States Information Agency joined in sponsoring a four-day workshop on teaching democracy held in Sarajevo, Bosnia. This cooperative effort brought together civic educators from the Czech Republic, Hungary, Northern Ireland, Norway, and the U.S. to deliver a series of workshops on teaching democracy. The training was attended by participants from throughout the country, including Banja Luka, Brcko, East and West Mostar, Gorazde, and Tuzla.

The participants' positive response to that training inspired a more ambitious program of cooperation among American, European, and Bosnian educators. In May and July 1996, more than 25 civic educators from the United States and Europe spent several weeks in Bosnia - Herzegovina working with their counterparts in every canton of the country. Among the materials used during the training were translations of texts developed by the Center for Civic Education for use in American schools. These included selections from "We the People...The Citizen and the Constitution," "Foundations of Democracy," and "Project Citizen" – texts which provide students with an understanding and greater appreciation of constitutional democracy. The response to these materials was also enthusiastic, to the extent that the Bosnia-Herzegovinan government requested copies for every high school student in the country. This fall the materials have been introduced into Bosnian classrooms in a pilot program which, it is hoped, will lead to nationwide implementation.

Eastern and Central Europe and the Newly Independent States (NIS)

The International Civic Education Exchange, a CIVITAS program, enables civic educators from the United States, Eastern and Central Europe and the NIS to learn from and assist each other in improving education for democracy. The program includes seminars for civic educators on the basic values and principles of constitutional democracy and its institutions; reciprocal visits by civic educators to school systems, institutions of higher learning, and nonprofit organizations which have exemplary programs in civic education; translations of basic documents of constitutional government and significant works on political theory, constitutional law, and government; adaptations and development of exemplary curricular and teacher education programs; joint research projects in the areas of curricular development and teacher education and evaluation to determine the effects of civic education programs. The program is administered by the Center for Civic Education, supported by the United States Department of Education, and is being conducted with the cooperation of the United States Information Agency and its affiliated offices in participating nations in Eastern and Central Europe and the NIS.

The Americas

An international partnership of civic educators hosted a unique hemispheric conference on civic education from September 29 through October 2, 1996 in Buenos Aires, Argentina. The conference, entitled "CIVITAS Panamericano: Education for Democracy," built regional and international networks of expertise and technology among non-governmental and governmental organizations to strengthen democratic values, civic participation and free market economies throughout the Americas. The 300 participants at CIVITAS Panamericano represented civic education organizations, government ministries, the media, and the private sector from 20 countries in North and South America.

Anticipated Projects in 1997

CIVITAS conferences in Capetown, South Africa and Amman, Jordan

Civnet

Civnet is a Web site on the Internet for civic education practitioners, curriculum designers, teachers, teacher trainers, researchers, administrators, and non-governmental organizations (NGOs) involved in promoting civic education or civil society. Created and maintained by CIVITAS partners, the **Civnet** Web site contains a vast virtual library of teaching resources, discourse on civil society, directories of information on organizations and programs, NGO newsletters, calendars of events, and information on CIVITAS activities and events. Resources include lesson plans, complete civics textbooks, historical documents, bibliographies, and articles on teaching methodology, provided by educators, authors, and organizations wishing to contribute.

No specific person, organization, or government owns **Civnet**. It is developed continually by its users worldwide, by contributing teaching materials in their native languages, and information on their organizations, programs, events, and contact information (including links to other Web sites). In this way, **Civnet** reflects the diversity of experiences, needs, objectives, cultures, and languages of its users and contributors.

Civnet was first designed by the U.S. Information Agency for CIVITAS@Prague.1995, with content supplied by several NGOs, including the Center for Civic Education and the American Federation of Teachers. The Council of Europe supplied a major update to **Civnet** with its own materials at the CIVITAS Steering Committee Meeting in Strasbourg, France in March 1996. **Civnet** was most recently updated with Spanish-language materials from Conciencia Argentina, in preparation for the CIVITAS Panamericano conference in Buenos Aires, Argentina. **Civnet** may be accessed on the World Wide Web at the Internet address **http://civnet.org**.

Contributing to **Civnet**: CIVITAS partners welcome all submissions to **Civnet** including contributions of materials, comments, critiques, and queries. See the Inquiries and Input heading within the "What is **Civnet**" section of the home page, or e-mail submissions to golson@usia.gov.

THE WASHINGTON POST
December 15, 1996

Promoting a Return to 'Civil Society'

Diverse Group of Crusaders Looks for New Solutions to Social Problems

By Kevin Merida
and Barbara Vobejda
Washington Post Staff Writers

Amid widespread public disillusionment with government and its ability to solve the nation's most pervasive problems, a loosely formed social movement promoting a return to "civil society" has emerged in recent months, drawing a powerful and ideologically diverse group of political leaders.

Its backers are as conservative as former education secretary William J. Bennett and as liberal as retiring Democratic Rep. Patricia Schroeder (Colo.), and their reformulated vision of public good is giving rise to a variety of new think tanks, projects and foundations around the country.

In every case, these former policymakers and officials are stepping outside of government and turning to private efforts to tackle poverty, crime and declining civic participation.

Over the past few months, Bennett, a Republican, has teamed up with retiring Democratic Sen. Sam Nunn (Ga.) to head the National Commission on Civic Renewal, former Tennessee governor Lamar Alexander has agreed to chair the newly created National Commission on Philanthropy and Civic Renewal, and retiring Democratic Sen. Bill Bradley (N.J.) has joined the Penn National Commission on Society, Culture and Community.

On Monday, a Boston think tank known as the Institute for Civil Society plans to announce that it will devote part of a $35 million anonymous gift—one of the largest contributions to a private organization this year—to a fledgling philanthropic project to be headed by Schroeder, who is retiring from Congress after 24 years.

See CIVILITY, A22, Col. 1

CIVILITY, From A1

"New solutions have not been possible in the Congress because we are always being pulled toward lowest-common-denominator thinking," Schroeder said in announcing the new project. "America is on the verge of a new era of problem-solving."

While the nation has a long tradition of private efforts aimed at solving public problems, the reinvigorated civil society movement is fundamentally different.

More hands-on than most think tanks, and more philosophical than most nonprofits, these efforts attempt to shake up the relationships among government, businesses and civic institutions. If they see a social problem that needs attention, they question whether public resources are being funneled in the right direction and, whenever possible, push traditional organizations to provide nontraditional solutions.

The Institute for Civil Society, for example, has funded a coalition of African American churches committed to reducing crime in the black communities of Boston. Another of its efforts distributes wheelchairs to the disabled, including those specially designed to handle dirt roads and rough terrain in third-world countries.

"We're committed to the bubble-up theory of building a civil society," said Pam Solo, president of the institute.

While these efforts are organized around a variety of themes, they share a general commitment to supporting local initiatives, looking for common ground among divergent philosophical camps and encouraging a heightened sense of civility and civic participation in a search for solutions.

The movement is being driven by a number of interrelated factors, of which declining public confidence in government is only one part. Momentum is also coming from a weakening of some community institutions and a feeling by many Americans that the quality of moral life has dropped off significantly over the past four decades.

The public has repeatedly signaled its unhappiness about the character of public discourse on the nation's ailments by declining to participate in the political process. Last month's elections, for instance, featured the lowest percentage voter turnout in a presidential year since 1924.

The citizenry's disenchantment, say those on the movement's front lines, is fueled by a nightly digest of violence on television newscasts and a supply of anecdotes that suggest a rise in social pathologies: Mothers who abandon their own children. Parishioners who rob churches. Drug dealers who take over apartment complexes.

"I think there is a sense we're off the tracks morally in the country," said Pete Wehner, director of policy at Empower America, a conservative Washington think tank. "There

Former Officials, Politicians Seeking New Solutions to Social Problem

is a lot of violence and coarseness in society. And this is an attempt to explore what has gone wrong."

Exactly how far wrong is still the subject of debate. Robert Putnam, professor of government at Harvard University, stirred the debate early last year with his provocative essay, "Bowling Alone: America's Declining Social Capital."

In the essay, and in a follow-up work early this year, Putnam tries to quantify Americans' disengagement from civic life. He cites figures that suggest stagnant church attendance, falling union memberships, a reduction in the number of volunteers for the Boy Scouts and Red Cross, a decline in participation in parent-teacher organizations and, as the essay's title implies, a dwindling interest in bowling leagues.

Concerns about this trend, says Putnam, are what is driving the move toward new social solutions.

"The Bradleys and Nunns are not doing it because Bob Putnam wrote an essay, but because they are listening to their constituents and they realize it is a problem," Putnam said. "I think all of these efforts are really valuable. It has taken us 30 years or more to get into this predicament and we won't get out of it overnight."

Some have challenged Putnam's conclusions, but not many have quarreled with the symptoms.

"We feel anxious and uncertain and worried about the future despite our greatness," said Alexander. "We can't blame it on the Russians anymore. We're the richest country—rich in wealth and poor in spirit."

Alexander's commission, which has more than a $500,000 budget and is being financed by the Bradley Foundation, is undertaking a nine-month study of charitable giving and will offer a "road map to help Americans reconsider their roles in charity, philanthropy, volunteerism and community service."

Alexander, a Republican, had promoted the themes of individual responsibility and expecting "less of government and more of ourselves" during his failed presidential campaign this year. Now, he said, he believes he may be more successful outside the political arena.

Don Eberly, who has written extensively on the subject of a civil society, said the problems of the political system remain unchanged, citing the influence of special interests and the need for politicians to raise large amounts of money. "Retiring politicians are reacting to that," he said. "This isn't the arena anymore where serious problems can be confronted."

The concept of a "civil society" is not new, but it is clearly reenergized. Its origins date from the 18th century, and over time, it has been used to describe free societies where government, commerce and civic institutions are balanced, citizens participate in their communities and the culture promotes civility.

In the 1830s, Alexis de Tocque-

See CIVILITY, A23, Col. 1

'Civil Society' Movement Gains Bipartisan Backing

CIVILITY, From A22

ville observed much of this idea in America, writing that one of the keys to American democracy was the extent to which U.S. citizens were engaged in civic associations.

The philosophy was widely promoted in Eastern Europe after the fall of the Soviet Union, when the Czech Republic and other countries began the transition from communism to democracies.

Here, it was picked up over the past several decades by conservative writers and thinkers, who have argued that big government solutions have failed and a return to a civil society would rely on private responses, including an expansion of charities to take on more social services currently supplied by government.

The concept has gained currency in a different form among Democrats, including Tipper Gore and Hillary Rodham Clinton.

Eberly, who heads the Civil Society Project in Pennsylvania, said he spent several hours in April with former presidential adviser Dick Morris discussing these ideas and that Morris went on to incorporate them into the campaign.

The Clinton campaign did include several initiatives—support for school uniforms and teen curfews, for example—formed around the notion that smaller, symbolic gestures were preferable to big government solutions.

Some hope the reintroduction of "civil society" will help soften partisan divisions.

"Civil society is part of the effort to find new common ground," said William Galston, a former domestic policy adviser to President Clinton who is now running the National Commission on Civic Renewal. "The language of civil society may be a way for people to come together across the political spectrum."

Galston notes that Clinton's last two State of the Union addresses featured similar language and adds that the president has met with diverse scholars from Putnam to Harvard's Henry Louis Gates Jr. to discuss the subject.

Meanwhile, those who are toiling in the political arena also are searching for ways to become more civil as they debate public policy. A proposal by Reps. David E. Skaggs (D-Colo.) and Ray LaHood (R-Ill.) for a bipartisan weekend retreat to reduce the rancor on Capitol Hill has been endorsed by leaders of both parties and is set for next spring.

On the policy front, Republicans, stung in the last Congress by Democratic charges that they lack compassion, said they hope to reverse that image next year.

Last week, Sen. Dan Coats (R-Ind.) and House Budget Committee Chairman John R. Kasich (R-Ohio) held a forum to promote a legislative package called "The Project for American Renewal." The centerpiece is a "compassion tax credit" that would allow individuals to claim up to a $500 tax credit for contributions to a charity that fights poverty.

The legislation, said Coats's policy director, Mike Gerson, takes Republicans beyond just shifting federal responsibilities to the states and "focuses people's attention on where effective compassion is really taking place."



University students in Bucharest. They can now study such Western subjects as economics, philosophy and law.

East Europeans Westernize Curricula

By Susan Milligan

BUDAPEST — A remarkable development is occurring in classrooms from Albania to the former Soviet Union: Youngsters are studying law, economics and civics.

That hardly sounds noteworthy to people schooled in the West, where such subjects are not only common but often required. But in Eastern and Central Europe, the political and economic changes of 1989 are finally making their way into classroom curricula.

Gone are the "economics" courses of the past — generally Marxist theory is not even called economics. In their place are teaching guides such as *Jo Polgar*, the Hungarian term for "good citizen."

Organizing the effort toward Western-style curricula is Civitas, a loosely connected group of teachers and educational experts who are revamping classrooms in Eastern and Central Europe, including the former Soviet Union.

"There is a strong need for a democratic ethos here," said Hidveghi Balazs, executive secretary of the Civitas Association for Teaching Civics, Knowledge and Skills, which is based in Budapest. "We think this is the only way democracy will really mean democracy here."

The Civitas program is part of an increasing involvement by Western governments and educational institutions in the former Soviet bloc. Through teacher training, donations of pro-Western books and exchanges of professors, U.S. and West European educators are helping to Westernize education here.

Civitas began last year at an international conference in Prague and now has representatives throughout the region. The group's members are seeking to teach democratic principles, citizenship and human rights issues in the classroom.

For many teachers, the Civitas program means teaching subjects that were never taught before; for others, it means amending the "facts" that students learned in Soviet-style schools before the fall of the Berlin Wall in 1989.

Courses such as history, philosophy and logic were nonexistent under the Soviet system, said Sulev Valdmaa, a representative of the Jaan Tonisson Institute in Estonia.

In Hungary, "there is not really a subject called civics," Mr. Balazs said. "There used to be a subject, compulsory for one year, called citizenship information, but it was really not more than pouring into pupils' heads what communism is all about."

The idea behind Civitas, which receives some funding from the U.S. government, the European Commission and other governmental and private sources, is to define a good citizen in a democratic society.

Since most school curricula are developed locally, there is no central Civitas plan meant to apply to all schools and all countries. Many teachers, instead of introducing new subjects that might have to be approved by government bureaucracies, integrate civics teachings into other subjects.

The role of Civitas members is often as a "facilitator," said Zana Lita, a program officer with the Albania Education Development Project in Tirana. "We are trying to push the process," but the details are left to government officials and schools, she said.

This transition can be difficult for many teachers and students, who are not used to discussing certain topics, Civitas members said. The Western-style method of teaching, which often involves classroom discussion, has traditionally not been a part of education in Eastern Europe, Mr. Balazs noted.

At the university level, Western educators are also helping to revamp the substance and style of education. Through the Civic Education Project, founded by the financier and philanthropist George Soros and administered with Yale University, new doctors of philosophy from the United States and Western Europe teach at East European universities in return for a modest stipend and housing expenses.

"It's like an academic Peace Corps," said Donna Culpepper, who directs the program from Budapest. "They're a bright group of people anxious to get out of academia for awhile and to make a difference."

Lecturers, numbering 117 this year, teach at 35 universities in 16 countries.

SUSAN MILLIGAN is a journalist based in Budapest.

An American teaches democracy to Bosnian teachers

By MICHAEL ESKENAZI
Staff Writer

Twenty-seven national borders, over 2,500 years of fluctuating rule, and ethnic and religious intolerance are ingredients in the unrest that plagues the former Yugoslavia. As the United Nations strives to enforce peace on the area's warring factions, an effort has begun to work from within the nations to teach democracy to the region's youth, and to move toward a system of government in which people of differing views can work together to achieve compromise solutions on social issues.

An Alexandria resident Mark J. Molli has been among those working to spread an understanding of the principals of democracy in the Baltics. Molli was one of 18 American educators and 20 European teachers who took part in CIVITAS Bosnia-Herzegovina program from July 17 to 27. The program prepares Bosnian teachers to provide education in democracy and civil politics.

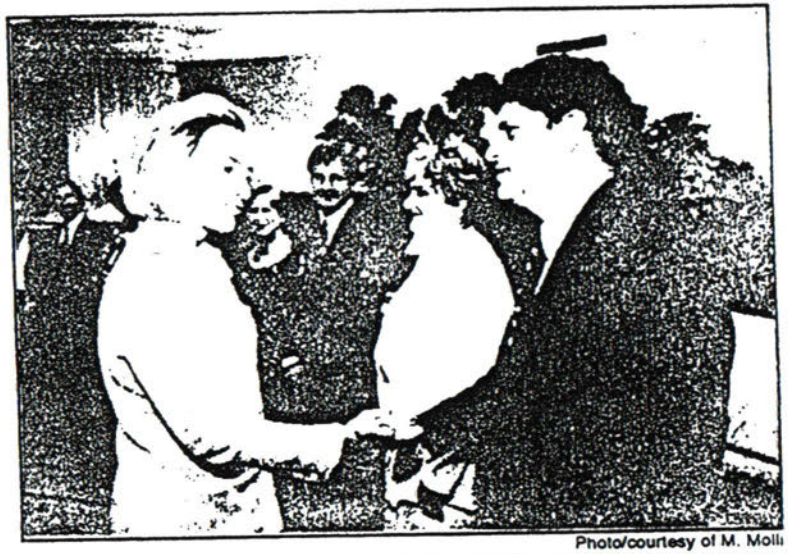
Molli works for the Center for Civic Education, a not-for-profit education firm in Washington, D.C., where he helps develop programs in civic education. One of the firm's programs, "We the People...the Citizen and the Constitution", is implemented in every congressional district in the U.S..

Molli and another educator were assigned to West Mostar, a city in the Western portion of Bosnia. There he spent two weeks teaching Bosnian teachers theories in civic education, and, somewhat unexpectedly, basic democratic theories.

"Some of the fundamental democratic concepts were new ideas for some of the people in the group," recalled Molli from his Alexandria home. "But they really took to the ideas. It was an education for the teachers as well."

Molli said he and the other American educators also instilled in the teachers an understanding of a basic Western teaching concept: interaction in the classroom.

"There's not a lot of interaction in the classroom in Bosnia," he explained. "The teacher lectures. The process is geared toward memorization. Once we brought in a guest speaker from the Ministry of Education to ask questions, and [the Bosnian teachers] liked the idea that you can question authority. That's a real civic education lesson itself."



Photo/courtesy of M. Molli

Mark Molli being welcomed home by First Lady Hillary Rodham Clinton at the White House following his trip to Bosnia.

Charles Quigley, executive director of the Center for Civic Education, said Molli's work in West Mostar was of particular importance among the seven cities American educators were assigned to, because "cities to the north of the federation take their marching orders from West Mostar. Their schools follow West Mostar."

Molli's efforts were recognized recently on the floor of Congress when Rep. James P. Moran (D-8th) read a proclamation recognizing his accomplishments.

The proclamation relayed "initial reports evaluating the program indicate the materials and teaching methods were enthusiastically received and can be adopted for use in classrooms throughout Bosnia-Herzegovina."

"As a result of him being there," said Quigley, "they're using this program in schools throughout the federation."

In addition to the seeds he planted, Molli said he took something away from his experience in Bosnia.

"I developed a real appreciation for our system of democracy and just what a hard experience these people had during the war. They were absolutely energetic and resilient in that they wouldn't let the effect of the war diminish their role as a teacher. One of the educators said 'we have to remember we do this for love.' I think I'll remember that for the rest of my life."

We pledge ourselves to create and maintain a worldwide network that will make civic education a higher priority on the international agenda.

The CIVITAS Organizing Committee, selected from the leadership of the Prague conference, convened in Strasbourg in March 1996 under the auspices of the Council of Europe's Directorate of Education, Culture and Sport with the support of the United States Information Agency, the United States Department of Education, the American Federation of Teachers and the Center for Civic Education. The committee adopted this interim statement of purpose while a constitution is drafted and adopted by the entire membership.

CIVITAS, an international consortium for civic education, aims to strengthen effective education for informed and responsible citizenship in new and established democracies. The CIVITAS consortium is composed of individuals, non-governmental associations, and governmental institutions from around the world. Fulfilment of the consortium's mission is the mutual responsibility of all members, acting by themselves and through concerted effort.

The CIVITAS consortium believes that education for democratic citizenship must be among the paramount aims of democracies everywhere. The fate of democracy in many parts of the world is uncertain. Even where continued existence of democracy is not in question, the quality and direction of public life are at stake.

To meet these challenges CIVITAS undertakes to maintain a worldwide network, using all available resources, including computer networking, international exchange, and other appropriate means, that will bring the knowledge, skill, and experience of education for democracy to bear on the momentous tasks that confront democracy in a time of opportunity and peril.

Members of CIVITAS are aware that education for citizenship cannot of itself save, consolidate or sustain democracy when forces such as widespread lawlessness and economic decline threaten to undermine public confidence and support. And they also realize that no democracy can adequately function without the support of citizens who understand its foundations in ideas, institutions and practices, and know how to ensure that their problems and aspirations are addressed by the governments charged with representing them.

The democratic world should be put on notice that very much depends on educating the next generation of informed and responsible citizens. The euphoria that accompanied the liberation of Eastern Europe in 1989, the subsequent demise of the Soviet Union, the end of apartheid in South Africa, and the re-establishment of democracy in many Latin American countries has largely dissipated. Grave, in some instances profound, obstacles to the stability of democracies have become apparent. Religious, political and ethnic intolerance, human rights abuses, political cynicism and corruption, crime and violence, ignorance, apathy, and irresponsibility all pose threats to the vitality of democracy.

Because of the depth of these challenges, CIVITAS affirms that sustained international cooperation is required to keep the democratic tide rising and that the momentum of post-Cold War international cooperation cannot be sustained in an atmosphere of democratic collapse. We, the CIVITAS consortium have come together and now call on all other civic educators around the world to join us in our efforts.

For more information, please contact the communications office at:

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ID# 208972

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

INCOMING

DATE RECEIVED: MARCH 10, 1997

NAME OF CORRESPONDENT: MR. JOSEPH DUFFEY

SUBJECT: EXPRESSES CONCERN REGARDING THE EUROPEAN SUMMIT AND MARSHALL PLAN COMMEMORATION BEING HELD LATER THIS YEAR

'97 MAR 13 AM 11:17

ROUTE TO: OFFICE/AGENCY (STAFF NAME)	ACTION ACT CODE	ACTION DATE YY/MM/DD	DISPOSITION TYPE RESP	DISPOSITION C D	DISPOSITION COMPLETED YY/MM/DD
KATHRYN "KITTY" HIGGINS	ORG	97/03/10			
REFERRAL NOTE:					
Stern, Todd	A	97/03/11			
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COMMENTS: ENCLOSURE

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*A-APPROPRIATE ACTION	*A-ANSWERED	*TYPE RESP=INITIALS OF SIGNER
*C-COMMENT/RECOM	*B-NON-SPEC-REFERRAL	*CODE = A
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*F-FURNISH FACT SHEET	*S-SUSPENDED	
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THE WHITE HOUSE
WASHINGTON

To VP COS THE PRESIDENT HAS SEEN
3-17-97

Pls let me see the
Ofc. speech to Calif.
legislature →

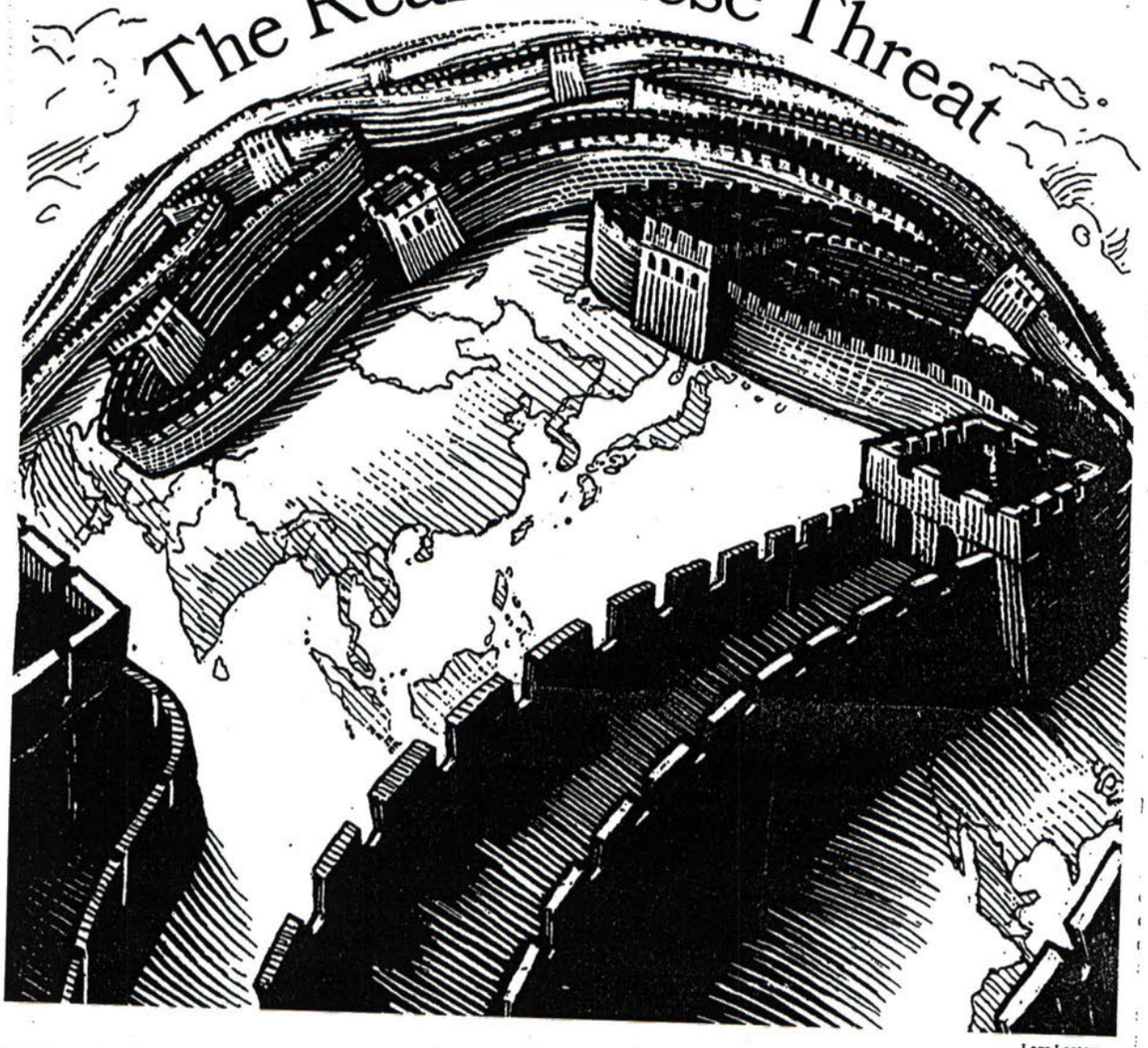
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THE NEW YORK TIMES **OP-ED** WEDNESDAY, MARCH 5, 1997

THE PRESIDENT HAS SEEN
3-17-97

The Real Chinese Threat



Lars Leetaru

By William Greider

WASHINGTON

China casts such a large shadow over the future that it has become the crux of all debate over the risks and rewards of the globalizing economy.

Prevailing wisdom, promoted by multinational conglomerates and embraced by President Clinton, holds that China's middle-class consumers will lift all boats. The Cassandra school foresees a flood of low-wage exports that will swamp the global system. The argument has taken on greater urgency with the death of Deng Xiaoping and the pending decision on whether China will be allowed to join the World Trade Organization.

The problem with making China the sole focus of the globalization debate is that the inclination to glorify or demonize what Communist leaders call "market socialism with Chinese characteristics" misses the larger point. The real issue should be the flawed nature of the global system itself.

China is best seen as a huge mirror that bluntly magnifies those broader problems. Unfortunately, if it succeeds in becoming a world economic leader, its scale may push the manic logic of global capitalism to predictably dangerous conclusions: increased loss of jobs from higher-paying developed countries to the third world and overproduction of goods relative to demand.

Its Marxist-Leninist dogma notwithstanding, China will do exactly what global capitalism permits and even encourages. Beijing, one might

Xian plant, but accepts that its buses will soon be made of at least 90 percent Chinese parts. A manager of the Xian Aircraft Company, which is run by the military, boasted that it "already has almost the manufacturing level to produce one whole aircraft at the level of the Boeing 737."

Can one country swamp the global economy?

Boeing's strategists do not scoff at this claim. China hopes that with the help of international partners it can launch its own "Asian Airbus," modeled after the government-subsidized aircraft consortium in Europe. Why denounce Beijing for copying Bonn and Paris? Boeing wants a piece of the new venture — a smart strategy for the company, if not for machinists and engineers in Seattle.

The United States is the global system's buyer of last resort. It absorbs China's lopsided trade flows — an astonishing deficit of $40 billion last year — but the rise of low-wage higher-tech industries there now threatens Japan's domination of Asian markets as well. Thus Tokyo is more worried than Washington. "China is a horror story for the rest of the world if it simply grows as an exporting nation," Harou Shimada, a Japanese economist who advises the Government, told me. "If you bring in 1.2 billion workers at those wages that can de-

and wages at home and abroad.

It should, for example, incorporate labor rights into trade negotiations by imposing tariffs on the goods of the most flagrant abusers of workers and giving preferential trade terms to poor nations with more equitable governments. This wouldn't end the pressures on jobs and wages here, but it would boost global consumption.

It should also use the threat of tariffs to keep countries from developing an export advantage through excess capacity. We have the leverage to do this: If not us, who will buy China's $40 billion surplus of goods?

None of this promises to solve the problem of competition from China. But neither will China's growth solve the problems of economic globalization, despite economists' rosy views. Instead of coddling China or depicting it as uniquely evil, the United States should start questioning its own blind faith in the global economy. □

the globalizing economy.

Prevailing wisdom, promoted by multinational conglomerates and embraced by President Clinton, holds that China's middle-class consumers will lift all boats. The Cassandra school foresees a flood of low-wage exports that will swamp the global system. The argument has taken on greater urgency with the death of Deng Xiaoping and the pending decision on whether China will be allowed to join the World Trade Organization.

The problem with making China the sole focus of the globalization debate is that the inclination to glorify or demonize what Communist leaders call "market socialism with Chinese characteristics" misses the larger point. The real issue should be the flawed nature of the global system itself.

China is best seen as a huge mirror that bluntly magnifies those broader problems. Unfortunately, if it succeeds in becoming a world economic leader, its scale may push the manic logic of global capitalism to predictably dangerous conclusions: increased loss of jobs from higher-paying developed countries to the third world and overproduction of goods relative to demand.

Its Marxist-Leninist dogma notwithstanding, China will do exactly what global capitalism permits and even encourages. Beijing, one might say, is following the Japanese model of developing sophisticated manufacturing but "with Chinese characteristics." It intends to build a world-class industrial base and become a major exporter of technological goods — cars, chemicals, steel, electronics, even commercial aircraft.

To this end, multinationals from Boeing to Volvo, from Airbus to Mitsubishi, are trading elements of production in order to sell aircraft or cars to the Chinese. China, like many others before it, demands jobs and technology as the price of entry. At the huge assembly halls of Xian Aircraft Company, I saw machinists who earn $50 a month assembling Volvo buses and the tail sections of Boeing 737's. The workers are supervised (and sometimes disciplined) by Communist Party cadres. "If you want something done," Boeing's plant manager told me, "you go to the party member and it's done — like that."

Rigid control over the work force has always been part of what economists call the "comparative advantage" of manufacturing in very poor countries. In Indonesia, the ruling ideology is right-wing rather than Marxist, but the suppression of workers' rights is nearly as harsh as in China. Malaysia's burgeoning electronics industry is based on an explicit promise to American semiconductor companies that workers will be prohibited from unionizing. When Malaysia considered lifting this ban, American companies threatened to move to China or Vietnam.

China's industrial strategy is not secret. It publishes blueprints, industry by industry, elaborating how it intends to focus on certain export markets. Party bureaucrats envisage a car industry as large as North America's within 15 years — with a capacity way beyond the potential demand at home. The shoddier cars can be sold domestically; higher-quality models will be exported.

China's vision is not as improbable as many assume. Volvo now ships assembly kits made in Sweden to its

William Greider is the author, most recently, of "One World, Ready or Not: The Manic Logic of Global Capitalism."

Can one country swamp the global economy?

Boeing's strategists do not scoff at this claim. China hopes that with the help of international partners it can launch its own "Asian Airbus," modeled after the government-subsidized aircraft consortium in Europe. Why denounce Beijing for copying Bonn and Paris? Boeing wants a piece of the new venture — a smart strategy for the company, if not for machinists and engineers in Seattle.

The United States is the global system's buyer of last resort. It absorbs China's lopsided trade flows — an astonishing deficit of $40 billion last year — but the rise of low-wage higher-tech industries there now threatens Japan's domination of Asian markets as well. Thus Tokyo is more worried than Washington. "China is a horror story for the rest of the world if it simply grows as an exporting nation," Harou Shimada, a Japanese economist who advises the Government, told me. "If you bring in 1.2 billion workers at those wages, that can destroy the global trading system."

In short, it is China's scale, not its despotism, that threatens the economic system. Even if China were to collapse tomorrow, the threat of lost jobs would not disappear. Low-wage producers from India to Eastern Europe are vying for the same ground.

With this in mind, people should consider the fundamental contradictions of globalization, particularly that the world is generating production much faster than it is creating consumers. Economists typically dismiss this analysis, saying that supply and demand will always even out. But consider that the global auto industry will be able to produce 79 million vehicles in 2000, while consumers won't buy more than 58 million. Someone somewhere is going to have to close more car factories — lots of them.

The perverse paradox of globalization is that the very steps companies think they must take to survive fierce new competition actually end up making the worldwide supply problem worse. Moving production to low-wage economies exchanges high-wage workers for very cheap ones. The developing economy enjoys new jobs and rising incomes, but overall consumption power is lost.

As Henry Ford observed in 1913, an industrial system cannot endure if workers cannot buy the things they make. This condition led to 1929, and it is before us again. To save the system, the United States must take real steps to emphasize the condition of workers would boost global consumption.

It should also use the threat of tariffs to keep countries from developing an export advantage through excess capacity. We have the leverage to do this: If not us, who will buy China's $40 billion surplus of goods?

None of this promises to solve the problem of competition from China. But neither will China's growth solve the problems of economic globalization, despite economists' rosy views. Instead of coddling China or depicting it as uniquely evil, the United States should start questioning its own blind faith in the global economy. □

Correction

Because of a production error, the last paragraph of an Op-Ed article yesterday by Jenny McPhee was incomplete. The paragraph should have read:

"As women, as feminists, one of our greatest challenges is to claim the power of our feminine character — whatever we choose it to be. As the woman in the croissant shop said to her friend, if we don't get excited about it, who will?"

THE WHITE HOUSE

WASHINGTON

DATE: March 18, 1997

NOTE FOR: The Honorable Dan Glickman

The President has reviewed the attached, and it is forwarded to you for your:

Information ☒

Action ☐

"Dan,

This is very good. Also, I think you should highlight advocacy work of USDA when you can - rural development, research, alternative use of crops, new exports, etc-

BC"

Thank you.

Staff Secretary
(x6-2702)

cc:

THE PRESIDENT HAS SEEN
3-17-97

Sent to Glickman + Baxter

Dan - This is very good - Also I think you should highlight advocacy work USDA has undertaken - such as encouraging alternative uses of crops - new exports etc - DC

THE SECRETARY OF AGRICULTURE
WASHINGTON, D.C.
20250-0100

March 12, 1997

MEMORANDUM FOR THE PRESIDENT

FROM SECRETARY DAN GLICKMAN

SUBJECT: Our Telephone Conversation Yesterday (3/11/97)

Mr. President, I have been reflecting on your call to me regarding farm issues. I agree with you: There is a fair amount of anxiety around the country, and particularly in the South and Midwest, regarding the extraordinary amount of change in the agricultural sector. That anxiety in my judgement is based on three factors:

1. The Farm Bill The 1996 Farm Bill begins the process of reducing and perhaps eliminating programs, particularly for wheat, corn, cotton, rice and other row crops. The bill continues the process of removing government supports for dairy, and makes additional adjustments in sugar and peanuts. Notwithstanding the bill's positive provisions on conservation issues, many farmers remain disturbed about the long term implications of possibly ending farm programs.

2. Reorganization and Downsizing The controversy concerning potential USDA county office closings is directly related to provisions of the 1996 Farm Bill which reduced the traditional Farm Service Agency workload, and the current budget which includes fiscal year (FY) 1998 reductions of 1,850 non-Federal county office staff years (SY) and 269 Federal SYs. In fact, county office SYs are projected to continue to drop to a level of about 4,900 by FY 2002, from a pre-streamlining base of just under 15,000 SYs in FY 1993. The budget also proposes to reduce USDA county offices from approximately 2,500 in FY 1997 to no more than 2,000 by the end of FY 1999. This is down from about 3,700 county offices in FY 1993.

I have attempted to assuage Congressional concerns by writing to each member of the House and Senate, a copy is enclosed, to indicate that (One), no specific office closing plans have been approved; (Two), I am committed to working with Congress on this issue; and (Three), I will keep Congress apprised of our plans. I also testified with this same message on February 26 and 27, to both the House and Senate Agriculture Appropriations Subcommittees.

With respect to the immediate future, we have developed a two phased approach. The first is to deal with the FY 1998 staffing reduction and office closure issue. We are currently reviewing budget

options that could be offered to minimize the affect on personnel. The idea is to limit the SY reductions in FY 1998 which in turn would allow us to stabilize the county office situation until we can complete phase two of our plan, which is composed of two steps.

First, we will conduct an agriculture policy forum involving key policy officials from the executive and legislative branches of the Government. We need to reach a consensus, or at least an understanding, on the assumptions for key USDA programs from FY 1999 through FY 2002, the strategic goals for the Department and how these assumptions and goals relate to the Department's overall structure, and in particular, to the county based delivery system. We also need general discussion on the possible role of Government in supporting agriculture beyond 2002. Further, the 1996 Farm Bill mandates a Commission on 21st Century Production Agriculture. One requirement of the Commission is to identify the appropriate relationship of the Federal Government with production agriculture after 2002. We anticipate convening this forum within the next six to eight weeks.

Second, we will proceed with a management study which would be based on the results of the policy forum, and also take into account previous studies and estimates done by the Department's bureaus, the recommendations of the recent Civil Rights Action Team, and other sources. The study would be designed to provide more precise information with respect to appropriate staffing levels, number of offices, the criteria for closing or maintaining county offices, changes needed to ensure efficiency, the role of county committees, and the appropriate time frame for implementing further changes. The FY 1998 budget also calls for such a study. We are planning to use an outside contractor for this study to ensure objectivity, as well as the perception of objectivity. We intend to work closely with the Office of Management and Budget on this.

3. Civil Rights Our recent internal focus on civil rights enforcement of USDA has focused in part on the farmers in the historic county committee system. The Civil Rights Action Team which I appointed has given me an excellent report that recommends that I be given the power to appoint under-represented persons to county committee posts, that the existing 12,000 county committee staff people be made federal employees, and that you as President, through me, take a much more direct role in the appointment of FSA state directors and FSA state committee persons rather than relying almost exclusively on recommendations from the state's congressional delegation. All of these recommendations represent significant change from the status quo and have made some of our employees rather nervous. Nonetheless, I believe the recommendations to be correct.

To deal with all the concerns you and I discussed, we are proposing to slow the efforts to consolidate field offices and reduce staff further until we can sit down with key congressional leaders and OMB officials and engage each other with respect to USDA's delivery systems during the next decade. Structuring our delivery systems based exclusively on arbitrary budget numbers is certainly not a complete way of analyzing our future resource needs. To get the proper buy-in from our USDA staff and farmers and ranchers, they need to know far better than they do now the "whys" of our future

downsizing and the strategic plans for delivering our services in the future.

I would point out that the reductions in staffing and employees have also affected our rural development functions, but not as severely. These people are federal employees and generally not affected by the traditional county office structure, although each State Director of Rural Development is a Presidential appointment. Our conservation employees have been affected the least, largely because the farm bill dramatically expands their functions. Needless to say, the fact that our conservation staffing is not being reduced at the same rate as the others has caused some internal squabbling by those working in the FSA system.

Deputy Secretary Rominger and I are well aware of the challenges we face in managing change at USDA. Working with Congress and our own staff, I am convinced we can sensibly and prudentially continue to reinvent and improve ourselves and still remain committed to serve the needs of production in agriculture. This may mean that we slow down the downsizing process for a while until we get a better handle on our longer term strategic needs.

Finally, the good news is that net farm income, farm asset value and exports have all shown significant gains in the past four years. I have spoken about these in recent speeches, two of which are attached. Economically, the future of producing agriculture has never looked better.

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

February 21, 1997

Honorable Paul S. Sarbanes
United States Senate
309 Senate Hart Office Building
Washington, D.C. 20510-2002

Dear Paul:

You may be hearing concerns from your constituents regarding proposals in the budget with respect to the staffing levels and structure of the Department of Agriculture's (USDA) county-based delivery system. Some of these concerns are coming from county and Federal employees of USDA who are concerned about their futures. Other concerns are coming from constituents who are worried about the Department's ability to deliver programs at the local level, particularly the Conservation Reserve Program, for which we will soon start sign-up under the new rules we just announced.

I want to do everything possible to assure that you have accurate information about the status of USDA's county-based delivery system and the actions we are taking related to the proposals in the budget. In the first place, it is important to understand the context in which these developments are occurring.

We have been downsizing our county-based delivery system since 1994 when the Congress passed major reorganizing legislation. Pursuant to commitments made when that legislation was passed, we have been closing or consolidating approximately 1,200 county locations and creating 2,500 service centers to deliver programs at the local level. At the same time, we have significantly reduced employment in our county-based agencies. Between fiscal years (FY) 1993 and 1996, we have reduced Federal staffing in the Farm Service Agency (FSA) by 16 percent, county office staffing by 15 percent, staffing in our Rural Development agencies by 16 percent, and staffing in the Natural Resources Conservation Service (NRCS) by 14 percent. Our ability to continue serving our customers while making these structural changes and personnel reductions has been a major achievement for USDA.

In the past year, additional events have taken place which have caused us to take another look at the county-based structure. The 1996 Farm Bill changes our programs in many significant ways. Because of these changes, the President's budget proposes additional reductions during the FY 1998-2002 period. FSA faces further reductions in non-Federal county and Federal staffing. Further reductions in Rural Development staffing will come, also. Staffing in NRCS remains significantly below the FY 1993 level and will not be reduced further because of the additional conservation workload created by the farm bill.

AN EQUAL OPPORTUNITY EMPLOYER

I asked each of the involved USDA agencies, as well as our USDA Service Center Implementation Team, to take a hard look at the budget and give me their best advice as to how we can organize within those budget levels. I have asked them to examine these agencies at every level including headquarters, regional, State, and field offices, and to review every possibility for improved efficiency through sharing administrative services and adjusting staffing. We have indicated that we will hire an outside consultant to assist in this effort.

It is my understanding some of you may have received information based on the internal work done by some of the individual agencies or read news accounts about this work. I want to be very clear and emphasize that this work, however well intentioned, is speculative at this point. While we have made a general commitment that we will reduce the number of our service centers, I have made no decisions about individual offices. I am committed to working with the Congress as we proceed with our review, and will keep you fully apprised of our plans. In short, any information you receive which does not come from me or my authorized representatives does not represent any official proposal on the part of USDA.

With respect to program delivery, I believe we have adequate resources to deliver programs authorized in the farm bill. In addition to the State and county offices, we have clear legal authority for other USDA agencies to help program delivery if that should prove necessary. I am advising our State directors and other key personnel to make maximum use of this authority to assure we have the resources in place to conduct an effective signup for the Conservation Reserve Program and carry out our other responsibilities. To the extent that there are problems at individual locations, we will move rapidly to address those situations.

I hope you find this information helpful. There is no doubt that we face difficult decisions as we try to adjust our delivery system to the dual reality of the changes in programs made by the farm bill and the effort to balance the budget. We look forward to working with you on these issues.

Sincerely,

DAN GLICKMAN
Secretary

REMARKS FOR AGRICULTURE SECRETARY DAN GLICKMAN
1997 FARMERS UNION ANNUAL CONFERENCE
NASHVILLE, TN -- FEBRUARY 28, 1997

INTRODUCTION

Thank you, Leland. It's good to be back here with all of you ... on the home turf of our vice president. You know, with the world transfixed by Dolly, the genetically cloned sheep, the debate's now shifted to when the first ***human*** will be cloned. In Washington, that's translated into which ***politician*** will go first. The immediate answer from the White House was Vice President Gore. He's into all this technology stuff, and come to think of it, I ***have*** seen him in ***quite*** a few places lately. You'd almost think there were 2 of him ... maybe more.

I was with Vice President Gore -- or at least what I ***thought*** was him -- recently for a trip to South Africa. We were there opening up doors to our agricultural goods. Among other things, South Africa will now buy $34 million in quarantined wheat that's twice tested negative for Karnal bunt. South Africa was a productive trip, and an inspirational place to visit.

Regrettably, I can't say the same about ***this*** town. Nashville, for me, will always be the city of hard truths. Before I became Secretary of Agriculture, I was a Member of Congress from Kansas. I served on the House Agriculture Committee, and I came here for a conference. One day, I found myself lucky enough to be asked to sing a duet with Tammy Wynette.

We sang 'Stand By Your Man.' Tammy did ... through the ***entire*** song. We got a good round of applause ... in hindsight it was probably for her ***fortitude***. But at the time, I was halfway to the Country Music Awards in my head ... until she leaned over and whispered, ***'Don't quit your day job.'*** That's about when I decided that Secretary of Agriculture would be OK, too.

Actually, it's been much more than OK. Earlier this week, I gave the agricultural outlook for 1997. It's no state secret that the future of American agriculture looks very bullish.

We're coming off a year of record-high prices, and strong farm incomes. Ag exports reached close to $60 billion. Cash receipts are at an all-time high. The value of farmland's gone up 7%.

DAIRY

It hasn't been ***all*** easy. It never ***is*** on the farm. Cattle was squeezed by drought, $5 corn and $7 wheat. Dairy had trouble with weak prices. This Administration goosed exports, and accelerated government purchases. Partly as a result, milk and cheese prices are headed back up. We still have a ways to go, but we're hopeful the worst is behind us.

We're now taking a hard look at the National Cheese Exchange ... like you asked us to. We're in the comment period right now, so I don't have much ***new*** news. But I will say that the debate will certainly get a lot more interesting and ***complicated*** now that the Commodity Futures Trading Commission has decided to approve milk futures and oversee the cheese exchange.

The debate's also about to heat up on the structure of Class 1 or fluid milk prices. As many of you know, the '96 Farm Act mandated the reform of federal milk marketing orders. Next Friday, USDA will release a set of options that are under consideration. They'll serve as the starting point for public debate. We'd like to hear from you -- in as much detail as possible -- on what you think would work or wouldn't and why. You're the experts, too.

FSA REORGANIZATION

You're also the experts on the job we're doing for our producers out in the field. I know you have concerns about USDA reorganization. We're working to balance the budget by 2002, and that's going to require us to continue streamlining our county field structure.

This will save taxpayers an estimated $8 ***billion***. It also reflects the simple fact that farm programs have changed ***dramatically***, and USDA's going to have to change, too.

There are a lot of rumors, so I want you to hear ***from me*** that there is no 'master plan' that says which offices will close and which will stay open. Those decisions will only be made ***after*** we've consulted with state and local officials. I'm committed to an effective county field structure, and my bottom line will be preserving customer convenience ... ***your*** convenience.

AMERICA'S FARM ROOTS

So we've got our challenges, as we ***always*** do, and we'll work through them together. But overall, I believe we're headed into a new era of farm prosperity. Now, we need to ensure that ***all*** of agriculture -- big and small, in every sector -- comes along for the ride.

I like your theme this year, 'A Proud Heritage, A Bright Future.' It's true. Farmers are the quintessential Americans. In fact, great Americans throughout our history have been farmers. Take our 18th president. He once said, 'I am more of a farmer than a soldier. I take little or no interest in military affairs.' That's a pretty standard statement for the late 1800s ... except for the fact that it was made by the great civil war general ***Ulysses Grant.*** It just goes to show the central role the farm way of life has played in building the American identity.

Thomas Jefferson once said, 'the cultivators of the earth are the most ***valuable*** citizens. They are the most ***vigorous***, the most ***independent***, the most ***virtuous***, and they are tied to their country and wedded to its liberty and interest by the most ***lasting*** bonds.'

That tells me that agriculture is as much a system of ***values*** as anything else. They are core American values -- civic virtue, community, thrift, hard work, and self reliance. Whether we live in a city highrise or on 100-acres of farm, it's critical that we all value the land and the people who feed us.

CRP: OUR FARM BILL FOR THE FUTURE

We have a new Conservation Reserve Program that reflects America's strong environmental ethic. The dirty '30s warned us that we ***can*** push Mother Nature beyond her generous limits. It's

in our hands not to.

That's why the new CRP is a ***true*** conservation program. It ***means*** what its name implies. It will no longer be government's way of controlling supply and demand. It will simply be government's way of ***helping*** farmers be good stewards of the land. We will take ***only the most*** environmentally sensitive land -- to prevent soil erosion, to protect wildlife habitat, and to improve our water and air quality.

In the longest of runs, we ***have*** no higher priority than feeding a growing world without destroying the environment. The CRP is our #1 tool for ensuring that agriculture's growth is sustainable. With commodity programs phasing out, the new CRP ***is*** our farm bill for the future.

Sign-up starts this coming Monday and lasts through March 28, so you'll have ample time to make your Fall planting decisions. We also have a continuous sign-up underway for high priority practices. I encourage all of you to talk to your local field office and consider your options.

RURAL AMERICA

A successful farm policy can't ***just*** focus on the land. Throughout this century, one of the biggest challenges we've faced in agriculture is the mass exodus -- especially of young people -- from the countryside. This Administration's started to turn that trend around. Last year, 1 million more Americans moved ***into*** rural communities than moved ***out***. Rural incomes, both on and off the farm, are starting to climb back up.

USDA's committed to innovative rural development efforts. It would be hard not to when we've got a President from Hope, Arkansas -- population 9,768.

- We've used the Internet and satellite technology to bring quality education and health care to the remote countryside.

- We're bringing safe, running water to 1 million rural Americans who've never had it.

- And, we've helped nearly 2 million rural Americans buy or hold onto their home -- options they probably wouldn't otherwise have had.

RURAL HOUSING ANNOUNCEMENT

Home ownership is the cornerstone of the American Dream. President Clinton's National Homeownership Initiative sets an ambitious goal of 8 million new homeowners by the turn of the century. I'd like to see a spike in rural homeownership put us over the top.

We have a lot of innovative programs. Some folks hammer nails and raise drywall on weekends, helping build low-income housing, and earning sweat equity toward the cost of their own home. And we're stretching scarce federal dollars as far as they'll go through public/private partnerships.

One of the most successful of these endeavors has been USDA's Rural Home Loan Partnership. USDA provides a subsidized mortgage for part of the cost, and a local bank offers a fixed-rate mortgage for the rest.

In its first year alone, this program has helped dozens of low-income rural Americans buy a home ... like the Markgrafs, a family of five in rural Vienna, Ohio. Both husband and wife work hard to make end meets, but they still couldn't get a home loan from their bank. This partnership gave them the boost they needed to move out of a 2-bedroom apartment and into a 4-bedroom house. Last January, they rang in their first New Year in a home of their own.

This is government at its finest. I'm proud to announce today that I will ***double*** the funding for this program in 1997. This will allow the partnership to reach 150 families, like the Markgrafs, and help them live ***their*** American Dream.

RISK MANAGEMENT

For many rural citizens, I know the dream is a farm of their own, and that's even harder to hold on to. This Administration's proposed estate tax relief in our '98 budget, so it's easier to pass the family farm from generation to generation.

But we've also got to do more to address all of the ***risks*** farmers face on a daily basis.

I know there's a good number of you here today from the Dakotas. The blizzards there have caused tremendous cattle loss, and floods are now feared to be just around the corner. USDA's going to be there with assistance as long as we're needed.

We also need to be equipped to help farmers when disaster strikes in the form of weak markets. That's why, during last year's farm bill debate, President Clinton promised you a new safety net. USDA delivered in our 1998 budget.

- We're seeking to expand our revenue insurance pilot programs nationwide.

- We want to eliminate the one-strike-you're-out farm credit policy that disenfranchised a whole class of good farmers who went under in the '80s. They deserve a second chance.

- And, we want to extend commodity loans and allow haying and grazing on conservation reserve land when markets get choppy.

CONCENTRATION

Beyond the safety net, government can also help farmers manage risk by serving as an information broker. No one more than our smaller producers understands that knowledge is power. In the Information Age, our farmers and ranchers need accurate, timely data to be competitive. That's why you see so many computers cropping up on the farm.

Agricultural information has always been critical. In fact, it was the USDA Weather Service that referred two brothers to Kitty Hawk, North Carolina, because of its optimal wind conditions for their aeronautic experiments. The 2 brothers? Orville and Wilbur Wright.

But today, information is more important than ever. It's our great equalizer. Take livestock concentration. Market transparency has been our first line of defense. If small ranchers have accurate pricing information, they've got a better chance at a fair shake in the marketplace.

I know you'd like to see us go further. I haven't said I'm through yet. We're in the midst of a spirited public debate. And I've already said that if voluntary price reporting doesn't give adequate protection to small producers, I will support legislation on mandatory reporting.

We're also looking into poultry concentration, and questioning whether or not it's time to step in and regulate a baseline of fairness in the relationship between large poultry companies and their contract producers. Usually, when a government official says the word 'regulate,' folks pull out the rotten tomatoes. But this may very well be a case of good regulation -- to ensure we have a system that exploits ***no one*** and gives ***everyone*** a fair opportunity. That's ***all*** we ask.

I do have serious concerns about what I see going on out there.

Listen to this quote from an esteemed University of Missouri extension economist: 'The founding of our country was basically an escape from the feudal system in Europe in which the lords owned all the land and the serfs worked it for them. Now we're moving toward an industrial situation where the farmers become wage employees, and the masters are a few large corporations.'

That gets my attention.

Now, we see contracting moving into hogs and row crops where it hasn't been before. It's important that the department actively engage these changes, ask questions, and make sure that family farmers are treated fairly under these new arrangements.

TRADE/VALUE-ADDED CO-OPS

We want to see the same in trade. Last year, ag exports hit a record $60 billion. I know that doesn't mean much if your own wallet's not getting any fatter.

We need to do more to ensure that our smaller producers get a real opportunity to engage world markets. The smaller you are, the harder it can be to compete internationally. That's why the rise of co-ops has been so important. They've evolved from bulk seed buying clubs to sophisticated vertically integrated market-savvy alliances.

While our exports of bulk commodities are expected to drop off slightly in the coming year, growth in value-added exports is expected to continue at a record pace. I'd like to see our smaller producers share more of the rewards.

Value-added's potential is laid out quite clearly in the old Farmer's Prayer. It wonders why cotton's overpriced at 60 cents a pound, while a $20 cotton T-shirt's a bargain. Farmer's aren't getting the full value of their product. The more you control the product -- from the soil to the final sale -- the more profits you can earn.

Obviously, it's easier for the big guys to amass the financial resources they need to have that kind of operation. But co-ops can do the same for smaller producers. Just ask the small cotton farmers down in Littlefield, TX, who pooled their resources to become the biggest U.S. supplier of denim to Levi Strauss. Don't tell them they're out of their league.

This Administration wants to do everything we can to promote these kinds of success stories.

I've designated $1.7 million from the Fund for Rural America to help cooperatives move into or expand their value-added processing. In fact, we're about to start accepting grant proposals.

THE FUTURE OF THE SMALL FARM

We're working hard to expand opportunities for small producers. Just this afternoon, I spoke to all my agency heads, subcabinet officials, and via satellite to our field staff across the country. I was talking primarily about civil rights, but I said that our department has not done enough for small farmers -- not for the past month, not for the past year, not for decades.

It's a personal priority of mine to see that change. I'm also going to establish a national commission on the future of the small American farm.

It's important to me. I ***know*** it's important to you, and it's important to this President. When I see him these days, often the first 2 questions out of his mouth are: What are you doing for small farmers? What are you doing to bring more young people into agriculture?

Those are 2 of the most important questions in agriculture today. USDA needs to come up with better answers, and I hope you'll work with us to do that.

Thank you.

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REMARKS OF SECRETARY DAN GLICKMAN
GOVERNOR'S AGRICULTURE SUMMIT
RALEIGH, NC -- MARCH 10, 1997

INTRODUCTION

Thank you, Governor Hunt. I'm proud to be here in North Carolina. I just want to say that I know these are divisive times here in the Triangle. Some will say it's a state issue, and I really should keep my mouth shut. But when I see neighbor pitted against neighbor, I can't help but say: It's time to heal. It's time to let go of past differences ... It's time to get over yesterday's game.

I'd like to congratulate North Carolina and N.C. State on a battle well fought. The record of North Carolina's college basketball teams this season rivals that of your agriculture -- #1 in tobacco, #2 in hogs, #4 in broiler production ... This is a ***great*** agricultural state.

I feel a bit like the warm-up act. President Clinton will be here on Thursday to talk about education. He picked the right state. Jim Hunt is ***the*** education governor. It's programs like Smart Start that will help ensure America succeeds and prospers in the Information Age.

Governor Hunt, I must say that it's good to be back here under ***brighter*** skies. My last visit was ***not*** as enjoyable. I toured the aftermath of Hurricane Fran, and talked to folks about what USDA could do. We've been here ever since. In fact, we're still here helping restore bridges, roadways and farms. We'll stay as long as we are needed.

We have a strong record of customer service to live up to. Most folks don't know it, but USDA and the Tar Heel State have a long history of cooperation and success. It all started with one letter which I recently pulled from our archives.

It is from a Joseph J. Dosher, U.S. Department of Agriculture, Weather Bureau, Office of the Observer, Station ***Kitty Hawk***, North Carolina.

The letter reads, 'In reply to yours of the 3rd, I will say the beach here is about 1 mile wide, clear of trees or high hills and extends for nearly 60 miles same condition. The wind blows mostly from the north and northeast September and October, which is nearly down this piece of land, giving you many miles of a sturdy wind with a free sweep ... I am sorry to say you could not rent a house here, so you will have to bring tents.'

That last line gives away the fact that this letter is ***slightly*** dated. It was written on August 16, 1900. The recipient? A Mr. ***Wilbur Wright***, owner of Wright Cycle Company, Dayton, Ohio.

The rest, as they say, is history.

I'm proud of the fact that when the Wright Brothers needed a big gust of wind, USDA delivered here in North Carolina ... I just hope the same's not said of me after this speech.

Standing atop Kill Devil Hill, the Wright Brothers probably looked more like ***dare***devils than the fathers of modern aeronautics. Even they'd probably have a hard time envisioning today's jumbo jets ferrying hundreds around the world, or the space shuttle taking a man to the moon.

But those events are ***commonplace*** not 100 years later. In 20th century America, progress and change have outpaced our greatest expectations. That's certainly true in agriculture.

America started the century a ***nation*** of farmers. Most folks worked the land, but mainly it was just enough to feed our families. Today, less than 2% of us farm. The police have their 'thin blue line.' Agriculture's 2% are our 'thin green line.' They help feed the world.

Basic laws of nature will prevent us from ever reaching the Star Trek phase -- where a computer instantly offers whatever food we ask for. But we're close. For most Americans, safe, abundant, affordable food is a ***constant*** in life ... so reliable it's simply taken for granted.

That security and peace of mind is, of course, a ***stark*** contrast to farm life. Agriculture ***is*** risk and uncertainty. Farmers and ranchers stare down from Kill Devil Hill ***every day.***

You never know when a hurricane's going to turn your barn into perfectly stacked firewood or a flood's going to replant your cotton crop 2 counties over. But we ***do*** know, and all America should know, that our farmers and ranchers perform the most essential work around.

Your success is in the national interest. That's one reason we ***have*** a USDA. With all the changes taking place in agriculture -- from freer trade, to technological breakthroughs, to free-market reforms and an increased focus on conservation -- we need to work more closely together than ever before to minimize risks and maximize opportunities.

TOBACCO ANNOUNCEMENT

1996 saw a sea-change in farm policy. The Farm Act replaces deficiency payments with lump sum, gradually declining, market transition payments. That was a ***dramatic*** and very positive change that unleashed the full market potential of U.S. agriculture.

But it's not been without its kinks. I know that tobacco farmers, in particular, have been put in a bind by production flexibility contracts. Because of the way the law was written, you've not been able to combine contract and non-contract farms. That's not an acceptable position to put you in. You need more flexibility to rotate your crop acreage. Today, I'd like to announce that I've made an exception on combining contract and non-contract farms for flue-cured tobacco purposes ***only***. By the end of this week, your FSA office will have the details.

SAFETY NET

Government is easing out of the marketplace, and that's a good thing. But it must never mean that government ducks its responsibility to help farmers manage risk -- whether it comes in the form of a powerful hurricane or a weak market.

President Clinton promised farmers a ***new*** safety net. USDA's proposal would:

- expand USDA pilot revenue insurance programs nationwide;
- end the one-strike-you're-out farm credit policy; and
- allow commodity loan extensions and haying and grazing on conservation reserve land when markets get choppy.

None of these proposals bust the budget. In fact, they're all accounted for in the President's balanced budget plan.

Government can also help as an information broker -- on new research, new markets, new conservation techniques -- and by giving straightforward assessments of all the new risk management tools (crop and revenue insurance, new futures and options products, forward contracts).

REORGANIZATION

It's a more hands-off role for the federal government, but it's an important role. It requires a strong USDA.

I know that many of you have heard rumors about office closures in the Farm Services Agency. For the most part, they are just that -- rumors. I have made no decisions yet as to which offices will close and which will stay open, and I want you to hear from me today that those decisions will only be made after I've talked to Governor Hunt and Members of Congress.

There will be no surprises.

I'd like to also make clear that we are not zeroing-in on FSA. We'll take a hard, fresh look at the entire field structure, including both the Natural Resources Conservation Service and Rural Development. I'm committed to preserving an ***effective*** field structure, and my bottom line will be customer convenience ... ***your*** convenience.

USDA's reorganization will save taxpayers about $8 billion, and make a sizable contribution to President Clinton's effort to balance the federal budget. I don't see any other way of reaching that goal without cutting into market transition payments, which this Administration will not do.

We should recognize the fact that farm programs have changed dramatically since FDR first created the county field structure. USDA has to change, too. We need to refocus on the challenges of the future, not the programs of the past.

APHIS HUB ANNOUNCEMENT

One challenge ahead is to more effectively use science to strengthen all aspects of agriculture.

One way we do this is by more closely linking USDA services with the forward-thinking research that's going on in government, our universities, and the private sector.

As many of you know, USDA's Animal and Plant Health Inspection Service has been planning for some time to consolidate its 13 regional offices into 2 hubs -- one in the east, one in the west.

I know the location of the ***eastern*** hub has been of particular interest to you. I can't think of a better place to build for agriculture's future than right here in Raleigh.

APHIS already has a research lab nearby in Oxford. Our Plant Protection and Quarantine Program's Plant Health Center is already here. But most importantly, APHIS and the State of North Carolina have a strong history of cooperative achievement. In the '80s, we eradicated the boll weevil. We're now closing in on witchweed.

The Raleigh hub will allow us to apply that same teamwork to tomorrow's challenges: whether it's cutting through phony science trade barriers, improving disease prevention or using the latest technology to eradicate pests.

And, the Raleigh hub will once and for all establish the work being done at Centennial Campus and throughout the Research Triangle as on the cutting-edge of agricultural advancement.

I don't have a street address for you yet. There's a separate process now getting underway to determine the exact location of the hub. But over the next 2 to 4 years, 6 of our APHIS regional offices and 150 jobs will move here. The western hub will be in Fort Collins, Colorado, and will work closely with Colorado State University.

EQIP ANNOUNCEMENT

Another challenge ahead is to better protect the land that feeds us. That's something Governor Hunt's been leading the way on. The cost-sharing initiatives he's started here are setting the national standard for state conservation efforts.

Governor Hunt's carrying on a strong legacy. North Carolina's own Hugh Hammond Bennett was the father of the modern conservation movement in agriculture. He was the founder of the Soil Erosion Service -- now NRCS -- as well as the conservation district movement back in the '30s -- when dustbowls gave us all a somber warning that we could push the Earth too far.

Locally-led conservation is the wave of the future. USDA's devoting tremendous resources to these efforts.

I'm sure you've heard about the new Conservation Reserve Program. It's a ***true*** conservation program. It focuses solely on preventing soil erosion, protecting wildlife habitat and improving air and water quality. It will no longer take healthy land out of production, but accept only the most environmentally sensitive land.

I don't see major geographic shifts under the new CRP -- certainly not here in North Carolina. Most CRP acreage here ***is*** highly sensitive. Much of it's also been planted to trees, which is a plus under the new program, because it offers benefits beyond the life of the contract.

We also now have the Environmental Quality Incentives Program which will help family-sized farmers and ranchers address priority natural resource and environmental concerns. EQIP's particularly important in places like North Carolina because it's the first major recognition that the federal government should put its money where its mouth is and help family-sized livestock operations address environmental concerns.

Under EQIP, USDA can provide up to 75% of the costs of certain conservation practices, like better nutrient, manure, irrigation water, wildlife and integrated pest management practices. USDA has designated $3.9 million in EQIP funds for North Carolina's producers. EQIP sign-up will take place later this Spring, after the CRP sign-up is completed on the 28th.

Government should be a strong partner to local efforts to protect important natural resources, like the Neuse [NOOSE] River. EQIP funds will be available to farmers in the Neuse River Basin. But USDA wants to do more. I will provide additional funds for technical assistance for the state's 'planned intervention' project -- to work on a basin or watershed basis to help entire farms develop best management practices and meet the state's goal of 30% nutrient reduction.

The new CRP can help improve water quality in the Neuse Basin through our continuous sign-up for buffer strips, grass waterways and riparian areas. I encourage all of you to talk with the folks at your local USDA Service Center about what you can do to protect your land, and what USDA can do to help.

TRADE

No vision of our future is complete without a look around the world. This Administration's done more than any other to open doors for America's agricultural products. Today, when people around the world buy American, more than any other product they buy American agriculture ... including North Carolina tobacco, cotton, soybeans, poultry, pork and beef.

North Carolina is well positioned to succeed in the global economy. Between '94 and '95, your exports shot up 27% to $1.4 billion. We don't yet have the full figures for '96, but we have some pretty strong indicators. North Carolina had a 16% increase in broiler exports last year. U.S. poultry's expecting a 12% growth year ahead.

U.S. pork export demand rose sharply in '96, most of the export growth coming out of North Carolina. Soybeans look very bullish. Despite 3 hurricanes, North Carolina tobacco saw a 21% increase in yields last year. Then a warm summer took your cotton almost to the million-bale mark -- the highest since 1926.

This Administration's going to keep pushing doors open for you. We'll continue aggressively

challenging phony science trade barriers wherever they crop up. We'll make sure that we have agriculture trade concessions from China ***before*** they enter the WTO. We'll push hard for freer and fairer agricultural trade in the '99 round of GATT negotiations. And we want to extend NAFTA further south of the border into the high-growth markets of Latin America. Many countries already have trade agreements there. We need one quickly to stay competitive.

With global populations and incomes on the rise -- especially in the Pacific Rim and Latin America -- there's a ***world*** of opportunity out there, ***if*** we choose to embrace it. We should. It's no coincidence that ag exports and farm incomes are setting simultaneous records. America's farmers and ranchers are succeeding in the global marketplace.

It reminds me of the old joke about the chickens out scratching in the yard. A football's accidentally kicked over the fence. The rooster struts over, inspects it, turns to the hens, and says, 'I don't mean to criticize, but look what they're puttin' out next door!'

America's got the football, and we're running with it. We're setting the world standard -- on productivity, on quality, on safety -- in every aspect of agriculture.

CONCLUSION

You know, I look at how strong North Carolina agriculture is. I look at how strong your economy is, under the leadership of Governor Hunt, and I see America's future here in North Carolina. It's a ***bright*** future that includes a new era of farm prosperity.

In preparation for coming here, I looked up your state motto. I'm not going to even ***try*** and say it in Latin, but it roughly translates as 'to ***be*** rather than to ***seem***.' I think that's something most folks in agriculture can appreciate. There's no fudging our success. It's measured in bales produced, tons exported, mouths fed.

In the past few years, we've enjoyed a great deal of success, despite adversity. But there is still so much potential. We can harness it together, and ensure agriculture's future surpasses even its own stunning history.

Thank you.

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THE PRESIDENT HAS SEEN
3-17-97

THE WHITE HOUSE

WASHINGTON

March 16, 1997

copies sent to
Glickman
Bowles

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) **Jennings memo on Hatch-Kennedy Children's Health Bill.** The recently announced bill proposes a $20 billion grant program financed by a tobacco tax, but it represents a significant departure from the Kennedy/Kerry bill introduced last September. That earlier bill had a 100% federally funded entitlement program in which states were given enough money to subsidize children up to 300% of poverty. In contrast, this bill (i) contains no entitlement; (ii) allows states to set eligibility levels within some limits; and (iii) requires a state contribution. It is much more analogous to your state partnership grants program ($750 million per year) because of its fixed funding and state flexibility. The tobacco tax is 43¢ per pack; under the Health Security Act, we proposed 75¢ per pack. Chris attaches a one-page summary of the bill.

(B) **Poll on Chemical Weapons Convention.** Rahm forwards a Mellman Group/Wirthlin Worldwide poll on the CWC. Conducted February 20-22, the poll concludes that support for ratification is overwhelming, 84% to 13% and that voters are more likely to support a Senate candidate if the candidate supports ratification, 75% to 22%.

(C) **Glickman follow-up to phone call.** He has been reflecting on your call and agrees that there is a fair amount of anxiety around the country, particularly in the South and Midwest, regarding the extraordinary amount of change in the agricultural sector. He sends a long memo that outlines his view that the anxiety is based on three factors: 1) the 1996 Farm Bill and the reduction (possibly elimination) of support programs; 2) USDA reorganization and downsizing and the potential closing of county offices and 3) civil rights concerns.

(D) **McGinty response to your note on forest fire policy.** You asked Katie if an L.A. Times piece on Administration policy towards using controlled fires to thin forests was a good thing. In short, the answer is "yes." Secretary Babbitt's speech was based on work by a Forest Service-BLM team that is consistent with the best thinking of fire specialists and ecologists today. There is consensus among scientists that decades of fire suppression has dramatically altered the ecological structures of forests and that controlled burning is an important conservation tool. Although much of the rationale for salvage logging is that it will lessen the fuel buildup, most of this timber is small, new wood rather than big, old trees that are most economically attractive. In fact, a recent study concluded that timber harvest has increased fire severity more than any other recent human activity.

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With this page,
A) to Jennings, Bowles
C) to Glickman Bowles

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(E) **Glickman note and clips on speech in North Carolina.** He forwards two favorable clips on his speech. Raleigh was selected as one of two sites for new regional Animal and Plant Health Inspection Service offices. Secretary Glickman also announced North Carolina would receive $3.9 million in grants to help farmers with environmental problems and that tobacco farmers will receive an acreage exemption to help with crop rotation problems.

(F) **Mike Barnicle column from <u>The Boston Globe</u> on your radio town hall with Peter Jennings.** Via Ann Lewis who calls it "well deserved praise for an unusual source." Barnicle writes that your most appealing trait is your ability to "set an average citizen at ease" as you did with the kids at this event. He says you were "neither patronizing nor egotistical and because the kids sensed [you were] truly talking to them, they responded as equals." When kids know someone cares for them, they "usually make it."

We also received the following items:

Secretary Jesse Brown note on your March 7 press conference. He writes to congratulate you. "The nation's veterans appreciate your unfailing dedication to their concerns while others ignore them. That has been the hallmark of your presidency, and the nation is better for it."

Governor Voinovich note on response to flooding. Thanks you for quick response in granting disaster declaration. "FEMA and SBA have been most responsive and helpful...James Lee Witt is a great asset to your administration."

THE PRESIDENT HAS SEEN
3-17-97

THE WHITE HOUSE

WASHINGTON

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March 13, 1997

MEMORANDUM TO THE PRESIDENT

FROM: Chris Jennings CCJ

SUBJECT: Hatch-Kennedy Children's Health Bill

cc: Bruce Reed, Gene Sperling, John Hilley

Today, Senators Kennedy and Hatch will announce their bill called "CHILD: The Hatch-Kennedy Child Health Insurance and Lower Deficit Act". They propose:

- **$20 billion grant program for children's health coverage,**
- **Financed by a tobacco tax to raise $30 billion, $20 billion for kids, $10 billion for deficit reduction.**

This represents a significant departure from the bill that Kennedy introduced with Senator Kerry in September — and what he had been working on this winter before joining with Senator Hatch. The earlier bill was a 100 percent Federally funded entitlement program in which the states were given enough money to subsidize children up to 300 percent of poverty.

In contrast, this bill (a) contains no entitlement; (b) allows states to set eligibility levels within some limits; and (c) requires a state contribution. It is much more analogous to your state partnership grants program ($750 million per year) because of its fixed funding and state flexibility.

The tobacco tax is a 43 cents per pack increase in the Federal cigarette tax with a comparable increase for other tobacco products. This is less than the 75 cents per pack increase that we had proposed under the Health Security Act. For reference, CBO estimated in 1994 that the 75 cents per pack increase would generate $54 billion over five years. Kennedy's staff estimates the revenue from their tax to be about $30 billion over five years.

Attached is a summary of the proposal. I will keep you posted on further developments.

SUMMARY

CHILD: The Hatch-Kennedy Child Health Insurance and Lower Deficit Act

- **Block Grant:** States get block grants to cover uninsured children (there is no new entitlement). States may also use up to 5 percent of funds to provide preventive and primary care services to pregnant women.

- **Federal Funding:** $20 billion in grants ($3 billion growing to $5 billion by 2002).

- **State Funding:** States have the option of participating.

  States that do participate must contribute matching funds. The matching rate will range from 10 to 20 percent of the program costs, depending on the state average income (similar to Medicaid's matching rate).

- **How It's Financed:** 43 cents per pack increase in the Federal cigarette tax, with a comparable increase for other tobacco products. Staff estimate revenue to be $30 billion, with $20 billion dedicated to the grants and $10 billion for deficit reduction.

- **Eligibility:** State determined, but the poorest children must be served first

- **Assistance Amount:** State determined, but the premiums for families below 185 percent of poverty cannot be higher than 5 percent of the total premium and the cost sharing for families below 150 percent of poverty must be limited.

- **Benefits:** Same as states provide under Medicaid.

- **Health Plans:** States can either provide assistance through employers or private, child-only policies.

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3-17-97

1997 Anderson Lecture
Hastings College of the Law

Robert S. Bennett

March 7, 1997
San Francisco, CA

Mr. Bennett is a partner in the Washington office of Skadden, Arps, Slate, Meagher & Flom LLP

Anderson Lecture
Hastings College of Law

San Francisco, CA

Robert S. Bennett*

March 7, 1997

I. Introduction.

For the past quarter of a century I have had a ringside seat at many if not most of the nation's scandals involving political figures. I have represented members of Congress and the executive branch; served as counsel to congressional committees; have been a federal prosecutor; and now serve as a defense lawyer. I have observed over that period of time the steady deterioration of the public's respect for government and its political leaders. Moreover, I have witnessed first hand the pollution of our legal and ethical processes caused by short-term partisan politics.

Today, I speak to you not as an advocate in any current case but as an officer of the court, and hopefully as a "good citizen" who cares about his country. I do so because I believe that we face a crisis of confidence in our basic institutions of government and those who lead them. Many of our current means of fact-finding, whether it be an independent counsel investigation or a congressional hearing, are being polluted by partisan politics. Many of these proceedings, while billed as impartial and honest fact-finding missions, are little more than "witch-hunts," designed to harm and humiliate the opposing political party or one's political opponents. This crisis threatens the ability of innocent people to receive a fair hearing, in courts of law, congressional hearings and in the court of public opinion. The scandal machine bankrupts individuals who are little more than pawns in larger political agendas. It threatens the ability of the political system to

attract and retain the bright, dedicated people that our nation needs and deserves. It threatens the ability of prosecutors and defense attorneys to fulfill their assigned roles within our system. Most significantly, it threatens public confidence in our government, its leaders, and its processes. This crisis appears to be growing worse.

What is this crisis? I call it "The Politicalization of the Legal and Ethical Processes." By that term, I refer to the tactic -- practiced by Republicans and Democrats alike -- of using the important and often constitutionally based processes that are designed to resolve legal and ethical disputes for partisan advantage. We have all witnessed this phenomenon: the ethics committee that divides on party lines on virtually every issue whether large or small. It is as if there were such animals as "Donkey Ethics" or "Elephant Ethics" and not simply good ethics. Even simple housekeeping chores such as the scope, duration, and cost of investigations are occasions for bitter partisan fights. The routine call for an independent counsel or a high profile congressional investigation at the slightest whiff of scandal, no matter how minor, is common place. We now have the spectacle of many independent counsels spending millions of dollars investigating many routine and ordinary matters that are more properly investigated by the Department of Justice. There is great hypocrisy on both sides of the aisle. The Republicans were highly critical of the independent counsel statute when my client, Mr. Weinberger, was in the cross-hairs of the independent counsel, but don't think it such a bad idea now that President Clinton is on the receiving end. Of course, the Democrats, who now complain about Mr. Starr, had no problem with Lawrence Walsh when he was pursuing Mr. Weinberger.

I wish to emphasize that I have no partisan motivation in speaking out about this problem -- nor am I advocating on behalf of any particular client I represent. Hopefully, I will continue to represent Republicans and Democrats alike. In fact, I must admit that Washington's current obsession with scandal has been a boon for my practice and that of my colleagues in Washington. As someone who has been actively involved in many of these cases, I fear that partisan investigations have become far too common -- so common, in fact, that we no longer appreciate how damaging they can be, not only to innocent people trapped within the scandal machine, but also to our entire political system.

II. The Recent History of Political Scandal.

Because we have grown so accustomed to such events, we forget that they are a relatively recent phenomenon. Only a generation ago, it was unusual that prominent congresspersons, justices of the Supreme Court, or the President himself could be subjected to intense scrutiny, much less criminal investigation, under circumstances that were less than extraordinary. Such public figures were treated with a certain amount of respect, or at least a presumption of honesty, because of their reputations as honorable men and women, which most of them are.

All of this changed, however, with Watergate. The nationally televised hearings, the controversy when President Nixon attempted to fire the counsel investigating the case, the intense press coverage, the court battles -- all of these made Watergate the first great modern political scandal. Most significantly, however, the aura of respectability that once surrounded political figures has never quite recovered from this spectacle. Americans became much less willing to trust

their elected leaders, and much more willing -- indeed even eager -- to believe that they were involved in unethical or illegal activities.

Furthermore, Watergate changed the attitudes of many of the significant players in Washington with regard to political scandals. Congress became much more willing to launch public investigations into the executive branch. New ethics laws were passed, thus causing the potential for more investigations. The press became much more aggressive in reporting potential scandals, and in an effort to become the "Woodward" or "Bernstein" of Watergate fame many young reporters, without a sense of history, context or proportion, saw scandal where it did not exist or at least treated any mistake, no matter how minor, as a scandal worthy to be called a "Gate" of some kind.

Moreover, as a result of Watergate, the executive branch would no longer be trusted to police itself: The Ethics in Government Act of 1978 created the office of "independent counsel," a prosecutor appointed by a panel of judges and for all practical purposes accountable to no one, who could investigate potential wrongdoing within the executive branch. The independent counsel law as it is now written is all right in theory, but in practice we have created an unbridled monster who is free to roam the landscape in search of high profile prey to devour, to the clamoring approval of the media. Beware of the lawyer with only one case and an endlessly deep pocket to finance it.

As a result of these changes, the increase in the number of public scandals since President Nixon's 1974 resignation has been enormous. By 1991, Suzanne Garment, the author of a brilliant book called Scandal: The Culture of Mistrust in American Politics, could state that since Watergate, "more

than 400 relatively senior federal officials and candidates for federal office . . . have been publicly accused in the national press of personal wrongdoing."[1] Since our obsession with scandal seems actually to have increased in the last six years, we can only imagine how many more accusations have been made since Ms. Garment's book was published -- the number has probably doubled or tripled.

But numbers alone do not tell the real significance of the change in our political culture since Watergate. The Democrats achieved enormous gains in the 1974 mid-term elections, held soon after President Nixon resigned, and won control of the White House two years later. In both elections, the Democrats benefited from the cloud cast over the GOP by President Nixon's resignation.

And here, perhaps, we see the most damaging result of Watergate: It taught both parties that scandal could serve as a shortcut to political success. The lesson was learned: allegations of criminal wrongdoing or ethical breaches -- consumed by a hungry press -- could achieve immediate political results. Since Watergate, both parties have eagerly looked for wrongdoing -- but only by members of the opposite party. It seems so much easier than old-fashioned politics. Rather than debate your opponent's proposals, simply attack his character. Rather than try to win a battle of ideas, try to tie up your opponents with subpoenas and prosecutors.

Examples of such partisanship abound. Only a few years ago, Newt Gingrich and other Republicans sparked an investigation that ultimately caused Jim Wright to step down as Speaker of the House. Now, David Bonior and other Democrats have sparked an investigation that endangers Mr. Gingrich's ability to remain as Speaker of the House. A few years ago, certain special interest groups attempted to derail

Clarence Thomas's nomination to the Supreme Court by looking for scandals in his personal life. Now, other special interest groups attempt to derail President Clinton's administration by looking for scandals in his personal life.

These examples -- and many others -- indicate that the real agenda for many who pursue these investigations has little, if any, connection to the supposed scandal being investigated. Instead, the real agenda is to achieve political power by damaging one's political opponents. Accordingly, all sides attempt to use the press to put their "spin" on the scandal of the moment. After all, if you are concerned with partisan effect, the court of public opinion is more important than any court of law.

What is it like to be a target or a defendant in such an environment? Consider one of my clients, former Secretary of Defense Caspar Weinberger, who was hounded by an independent counsel appointed as a result of the politically charged Iran-Contra affair.

After we successfully moved to dismiss a key part of an indictment of Mr. Weinberger, the independent counsel returned a second indictment just a few days before the 1992 election. This indictment not only attempted to repackage the dismissed charge against Mr. Weinberger, but unnecessarily included specific, inculpatory references to then-President Bush. Although we successfully argued that the new charge was filed beyond the statute of limitations, the impact of the news coverage on Mr. Weinberger -- and possibly on the election -- was irreversible.

Consider the circus that has surrounded some of my other clients, who are witnesses in the so-called Whitewater affair. At the insistence of congressional Republicans, an

independent counsel, Robert Fiske, a moderate Republican, was appointed to investigate this matter. Just before 1994 Senate Banking Committee hearings on Whitewater, Mr. Fiske, an experienced former United States Attorney and a man of well-known independence and integrity, issued a report that exonerated White House staffers of illegal activity in connection with contacts with the Treasury Department concerning Madison Guaranty. Instead of rejoicing that no wrongdoing had occurred by government officials, a Republican congressman attacked Mr. Fiske's character and demanded that he be replaced.

In response to these criticisms, a new independent counsel was appointed to replace the more experienced Mr. Fiske: Kenneth Starr, a well-known conservative and former judge of the United States Court of Appeals for the District of Columbia Circuit. This appointment, in turn, set off criticism from Democrats, who claimed that Mr. Starr was too partisan. But the most stunning development came a few weeks ago, when Mr. Starr announced his intentions to step down and become the Dean of Pepperdine University Law School. Suddenly Mr. Starr, who had been celebrated by the conservatives, was their target. Consider this comment from the New York Times columnist William Safire: "We can hope that Starr, having looked history in the eye and flinched, will get out of town and let someone else finish the job he misled the nation he was prepared to do."[2]

Faced with such relentless criticism, Mr. Starr reversed himself and said he would stay on the job. Imagine how you would feel being investigated by a man who was under such pressure to bring indictments and who so quickly changed his mind in face of such criticism. As for Mr. Starr, it no longer appears that conservatives want him to be truly

"independent" at all, and the Democrats are concerned that his quick reversal shows a malleability and desire to please his critics. Moreover, they rightfully question his judgment in the first place in announcing his departure before his job was done.

Or consider the controversy that has recently bedeviled the Senate Governmental Affairs Committee, which has planned an investigation into political fund-raising. Senator Fred Thompson, a Republican who chairs the committee, has said that it should conduct a broad-based inquiry into fund-raising in all federal races. But recently, Senators Mitch McConnell and Rick Santorum, two other Senate Republicans, said they would not go along unless the committee focuses its attention solely on the 1996 Presidential race. It just so happens that Senator McConnell heads the National Republican Senatorial Committee, which raises millions of dollars for GOP Senate campaigns.

Meanwhile, Sen. John Glenn, the ranking Democrat on the committee, announced that a former prosecutor described in the press as a "pitbull" had been appointed as chief minority counsel for this investigation, to replace the non-partisan counsel who had served the institution of the Senate so well over many years. Senator Glenn stated: "I believe, at this point in the investigation, that we need someone with a strong prosecutorial background to lead this inquiry for the Democrats."[3]

How can anyone believe that an investigation resulting from such a partisan environment won't be tainted by politics? How can anyone believe that it will be conducted in an atmosphere devoted primarily to finding the truth? Obviously, senators in both parties plan to use an investigation into a serious issue -- whether federal campaign laws have been

violated -- to score partisan points and serve partisan agendas. Such partisan motives have no place in objective fact-finding. As far as we know, Lady Justice is neither a Republican nor a Democrat.

III. The Dangers of Partisanship in Legal Investigations.

What lessons can we draw from these events? The most important is that a criminal or ethical investigation is simply not an appropriate place for partisan politics. The role of a partisan is to advocate certain policies, to move voters in a certain direction, to persuade their fellow citizens how they should govern themselves, to elect their own candidates and to defeat their opponents. Partisans are supposed to act publicly; they need to motivate voters, so they also need to hold press conferences, write editorials, to make speeches, and to attempt to mold public opinion. But these techniques of the political marketplace are completely out of place in the world of dispassionate investigations.

Accordingly, our legal system is replete with rules designed to limit partisanship in criminal investigations. Judges must recuse themselves in cases where they have a personal interest. Grand jury testimony must remain secret, save for certain limited exceptions. In most jurisdictions, ethical rules restrict the ability of prosecutors and defense counsel to discuss their cases publicly. Witnesses are usually kept out of court until their time comes to testify. When necessary, juries are sequestered -- sometimes for months at a time -- to keep them from being affected by outside publicity. These protections -- and many others -- are designed to ensure that every criminal investigation and trial is conducted under the most objective conditions possible.

But in the new world of political investigations, whether by independent counsel or congressional committees, all of these principles are turned upside down. A President's partisan political opponents argue that the Justice Department is not sufficiently adverse to the executive branch, and so they insist that an independent counsel be appointed to investigate that branch. If the independent counsel does not come to the conclusions they want, these same partisans attack him as being "too soft" on the administration. A partisan investigation is efficient, but that is only because one does not need to take the time to get the objective facts. A congressional committee may launch its own investigation into its chairman's political opponents, with the elected members of the committee serving as both judge and jury. Rather than trying to avoid conducting their investigation in public, partisan investigators actively involve themselves with the press and seek to use reporters to mold the public response to their cases. Partisans of both parties routinely leak documents obtained through committee requests and subpoenas.

IV. The Results of Partisan Investigations.

What are the results of such partisan investigations? Perhaps the most poignant is the anguish that must be suffered by those unfortunate enough to become trapped in our modern scandal machine. Almost every single public figure under investigation has lived an extraordinarily productive life, often in public service, and has been respected and admired by his or her peers. And suddenly -- sometimes on the basis of little more than rumor -- that person's life's work is threatened by scandal.

Consider the costs, financial and personal, of defending yourself against a politically motivated investigation.

Consider the emotional cost of knowing that you are in the cross-hairs of an independent counsel. As Justice Scalia has so eloquently stated:

> How frightening it must be to have your own independent counsel and staff appointed, with nothing else to do but to investigate you until investigation is no longer worthwhile . . . . And to have that counsel and staff decide, with no basis for comparison, whether what you have done is bad enough, willful enough, and provable enough, to warrant an indictment.[4]

As I say: "Beware of the lawyer with one case and a deep pocket." Can we seriously believe that such a prospect does not discourage many of our most talented people from involving themselves with public service and the admirable profession of politics? Can we seriously believe that it is best for our country to torture men and women who have devoted their lives to public service with politically motivated -- and politically influenced -- investigations?

The extremely able former Presidential advisor, George Stephanopoulos, told me recently that he believed he had a successful run in Washington because he left the White House with under $100,000 in legal fees. He was only half-joking.

And yet the individuals exposed to investigation are hardly the only victims of our current obsession with scandal. Traditional procedural protections -- such as an unbiased prosecutor who does not try his cases in public -- are eroded by politically motivated investigations. Whenever such protections are weakened, all of us suffer. One of the greatest lessons of American history is that the rights and liberties of citizenship belong to all Americans, no matter how unpopular. In the early 1950s, many Americans mistrusted Communism,

but we ultimately concluded that Joseph McCarthy and his followers could not violate constitutional protections in the name of anti-Communism. I believe many of these tactics are being employed today by overzealous investigators and prosecutors. Even if many Americans today mistrust politicians, we must not allow this mistrust to blind us to the real injustices that many public figures suffer due to our current fascination with scandal.

This mistrust leads to another harm: The politicalization of our fact-finding processes is eroding public confidence in our government. The constant drumbeat of investigations from Washington and the impression that almost everyone seems to be under some type of investigation have persuaded many Americans that everyone must be corrupt, that everyone is tainted. This change in the way Americans feel about their government is one of the most significant changes of the last twenty-five years.

How times have changed. In the 1960s, if you said that the government was hostile to the liberties of its citizens, that politicians were more concerned about private gain than the public welfare, and that corruption was so ingrained that almost no public figure could be trusted, you would have been described as radical, or even un-American. Such talk now comes from conservatives, not flower children or hippie radicals. But this cynicism is not limited to conservatives; it seems to be rampant throughout all parts of the political spectrum.

National opinion surveys and polls of gauging the public's confidence in America's institutions shockingly reveal that Congress remains at the bottom of public trust. Next to the bottom is the executive branch. Of course, political advertising has helped here, too. The scorched-earth policy

of political ads has demonized everyone. As the Pulitzer-prize-winning columnist Charles Krauthammer has pointed out, after the crash of a USAir flight a few years go, Delta Airlines did not run negative TV ads about USAir ("USAir, airline of death. Going to Pittsburgh? Fly Delta instead").[5] And when a Jack in the Box hamburger once killed two customers, McDonald's did not run ads against Jack in the Box. Why? As Krauthammer points out, "Delta and McDonald's know that if the airline and fast-food industries put on that kind of advertising, America would soon be riding trains and eating box-lunch tuna sandwiches."[6] Krauthammer goes on to write: "Yet every two years the American politics industry fills the airwaves with the most virulent, scurrilous, wall-to-wall character assassination of nearly every political practitioner in the country -- and then declares itself puzzled that American has lost trust in its politicians."[7]

The constant effort to brand the members of the opposing party as crooked or unethical and to use the power of oversight and investigating committees to prove it has contributed to the low regard for political figures in our country. Do we really have to ask why many do not vote? Do we really have to ask why Congress and the executive branch are at the bottom rungs of the public-confidence ladder? Why should we be surprised by this crisis in confidence when our citizens are deluged with scandal talk and allegations of wrongdoing? Don't our politicians understand that, when they viciously attack each other or use the scandal machine to chew up their political opponents, they are helping to undermine, indeed destroy, the public's confidence in its government and its institution and leaders?

Now I am not here to maintain that everyone in politics is fully devoted to the public good. But I do believe it is a mistake

for any of us -- liberal, conservative, or moderate -- to see conspiracies around every corner and to assume that every politician is corrupt. Because of political reforms and the openness of our political process, in my view politicians are cleaner, more ethical, and less corrupt than at almost any time in American history.

Dennis Thompson, the Alfred North Whitehead Professor of Political Philosophy at Harvard, who served as a consultant to me when I represented the United States Senate Ethics Committee in the Charles E. Keating matter, observes in his recent book "Ethics in Congress":

> More members of Congress have been investigated and subjected to sanctions for ethical misconduct in the past decade and a half than in the entire previous history of the institution. In recent seasons, both the House and the Senate have been producing "bumper crops" of ethics cases . . . .

He notes that this is true even though

> few of its members engage in the flagrant behavior that used to be common in the institution. Conduct generally accepted in earlier eras would now be grounds for expulsion. In the nineteenth century, respected members openly accepted money for personal use from companies directly affected by the legislation the members supported. Daniel Webster, for example, was on retainer from the Bank of the United States. While serving as the bank's leading defender in Congress, he not-so-subtly reminded its president, "If it be wished that my relation to the Bank be continued, it may be well to send me the usual retainers."[8]

But you would never know that our politicians are more honest today. Why? Because the politicalization of the legal

and ethical process is helping to paint a false, disfigured portrait of contemporary American politics. Politics should be a noble and worthy profession. But the acid of cynicism is destroying that profession before our very eyes. Human beings make mistakes and it is wrong to transform even political error or moral lapse into scandal talk. Such attitudes breed indifference and helplessness toward the problems of our public life. If all politicians are corrupt, if Washington is really a swamp of moral decadence, why should any of us try to make our country better? What good can any individual do against a corrupt system? And so we become less likely to vote, less likely to join political organizations, less likely to attend local city council and school board meetings, more likely to avoid jury duty. We stop acting like citizens and start acting like spectators. By so doing, we give away one of our greatest birthrights: the right to participate in our country's government.

Even more ominously, the belief that all politicians are corrupt can prevent us from seeing the dangers of real wrongdoing. One of the reasons the American people reacted so strongly to the Watergate scandal is that we were shocked to hear that our President could be involved in such matters. That shock stirred us to outrage over the wrongdoing that had occurred. But I wonder, if Watergate were to occur today, whether we would have the same feelings. Would we simply say that this sort of thing happens all the time and that all politicians are crooked anyway? Is it possible that no matter what was uncovered in the investigation -- for certainly there would be an investigation -- the people simply would ignore it?

I am not alone in these concerns. David Brock, the conservative author of The Real Anita Hill and The Seduction of Hillary Rodham, knows something about scandals. He

recently criticized his fellow conservatives for creating what he called "a virtual scandal industry in the right-wing press, on talk radio, in right-wing interest groups."[9] Mr. Brock concluded that this obsession with scandal had hurt conservatives. He said:

> In a culture with such a glut of information from so many varied sources, it is impossible to expect the public to distinguish the good from the bad, the credible from the fantastic. At a certain point, everything attains the same level of credibility.[10]

While I often disagree with Mr. Brock, he is right on this point. Remember the punishment of the boy who cried "wolf"; when the wolf finally arrived, no one listened to him.

V. Proposals for Change.

So there are many reasons why we should be concerned about the politicalization of legal and ethical investigations. But what can we do? Since Watergate, each party seems to be caught in a never-ending effort to prosecute the other, with the press dutifully reporting the accusations made by each side. Accusations lead to investigations, which lead to investigations of the investigations, which lead to more accusations, which lead to more investigations. We seem to have started a scandal machine that we can no longer control, much less stop. Clearly, it will not be easy to change the habits of the last twenty-five years, but I believe it can -- and must -- be done. Accordingly, I would like to give you some practical suggestions.

First, we must remember the importance of having professional, non-partisan investigators and prosecutors. Just before World War II, then Attorney General Robert H. Jackson -- who was later appointed to the Supreme

Court -- stated that the "[t]he prosecutor has more control over life, liberty, and reputation than any other person in America."[11] Justice Jackson also noted that all prosecutors must exercise common sense and discretion and have a sense of proportion. He explained that,

> [i]f the Department of Justice were to make even a pretense of reaching every probable violation of federal law, ten times its present staff will be inadequate. We know that no local police force can strictly enforce the traffic laws, or it would arrest half the driving population on any given morning. What every prosecutor is practically required to do is to select the cases for prosecution and to select those in which the offense is the most flagrant, the public harm the greatest, and the proof the most certain.[12]

All wrongdoing is not entitled to the name "Gate."

How can we protect the independence and professionalism of our prosecutors? We can begin by radically changing the independent counsel statute. Justice Jackson recognized the dangers of such prosecutors long ago. In the speech I have just quoted, he also said:

> With the law books filled with a great assortment of crimes, a prosecutor stands a fair chance of finding at least a technical violation of some act on the part of almost anyone. In such a case, it is not a question of discovering the commission of a crime and the looking for the man who has committed it, it is a question of picking the man and then searching the lawbooks, or putting investigators to work, to pin some offense on him.[13]

This comment is remarkably similar to the warning of

Justice Scalia about the great danger of the independent counsel. But there are so many more. An independent counsel is not limited by the demands of other cases. His budget is practically limitless. His investigation can cover almost anything -- or anyone -- that he chooses. He has a built in conflict of interest because he loses his job -- and the trappings of power it confers -- as soon as he determines that the subject of his investigation is innocent. If he cannot convict, he can simply issue an official report accusing anyone he chooses of wrongdoing. Most significantly, he has no superiors and suffers no punishment if he bungles his assignment. Surely such unlimited resources and negative incentives are the last tools that should be given to someone with even more power than the typical federal prosecutor.

Of course, it was originally hoped that an independent counsel would be even more objective, even more neutral, than other federal prosecutors. But, as recent events have shown, it is simply no longer credible to maintain that an independent counsel is somehow insulated from public pressure. Since he became an independent counsel, Mr. Starr's every action has been scrutinized -- loudly and publicly -- from every political angle. Now that he has decided to remain on the job, his every remaining decision will be made under enormous political pressure. If independent counsels are not even allowed to be independent, their position can truly no longer be defended. Whatever Mr. Starr's prosecutorial decisions, a large portion of the population will not accept them. While I believe him to be an honest and moral man, I also believe that his prior partisan activities and recent blunders have virtually assured the loss of confidence in his prosecutorial decisions. The loss of confidence is the very thing that the independent counsel statute was designed to avoid.

Congress should also reduce the number of investigations into criminal and ethical questions that it initiates. Congress is a partisan body -- as it was intended to be and as it should be. But for all of the reasons I have already given, that makes it precisely the wrong type of body to investigate matters which require an objective search for the truth.

I realize that Congress has always had the power to investigate the matters it chooses and that it is unlikely to relinquish such power entirely. Nevertheless, to the extent Congress feels such investigations are necessary, it should adopt procedures to ensure that they are conducted in the most professional, non-partisan manner possible. They must simplify and regularize procedures so that every procedural step is not an occasion for intense partisan debate and conflict. Any investigation into a serious criminal or ethical matter should be conducted by a committee specially created for that occasion, with a term that will expire at the next election. Both parties should agree on the chairperson of the committee, and the committee itself should include an equal number of Republicans and Democrats. If both the House and the Senate wish to investigate the same matter, they should form a joint committee, so that those under investigation will only have to deal with one committee.

The committee should have the same rules of confidentiality and secrecy as a grand jury. If the committee determines that it may have uncovered a crime, it should immediately make a referral to the Justice Department and cease its own investigation into the alleged crime. Committees should not be permitted to find ethical violations or impose punishments on party line votes.

By radically changing the independent counsel statute and greatly reducing the role of congressional investigations in

what are essentially criminal proceedings, we can ensure that most investigations are handled by trained professionals, under the supervision of veteran prosecutors, and subject to the ultimate authority of the President -- the only public figure elected by the entire nation. Such a system would certainly be preferable to what we have today.

But all of the above will not be enough, and therefore I have one final recommendation. History shows, time and again, that our politicians ultimately respond to us. If we want serious people who debate serious issues, that's what we will get. If we want bread and circuses, that's what we will get. If we really want to stop the politicalization of the legal and ethical process, we must inform our political leaders -- in no uncertain terms -- that we will not tolerate it. We must punish those congresspersons who abuse their investigative authority. We must reject those who build their political careers on personal attacks and character assassination. We must call upon all parties to treat each other with the respect they deserve.

I do not mean that we should be indifferent to serious wrongdoing or that we should significantly lower the standards by which we judge our political leaders. As I have stated already, I fear that our current obsession with scandal actually presents the real threat to our standards. But we need to call a truce to the vicious political abuse of the law that we have seen in recent years. Too many good people are being hurt. Our legal system is being hurt. Our country is being hurt.

So let us recognize that those who disagree with us are not always criminals, do not always merit investigation, and are not necessarily our enemies. Let us extend to our political enemies the same procedural fairness that we would ask for ourselves. Let us base our political arguments on political

differences, rather than on rumor, innuendo, or suggestion. By doing so, we can stop the politicalization of the legal and ethical processes. By doing so, we might not necessarily improve the financial life of the defense bar, nor elevate the negative ratings of our political opponents, but we will improve the condition of our legal system and we will help our country.

The press also has a responsibility here. Members of the press should think long and hard about their complicity in creating our current obsession with scandal and our contempt for politics. Now I strongly believe that the press has a responsibility to act as a watchdog over government officials; to ask hard questions; to probe and to press and to demand answers; and to be skeptical. But skepticism is one thing; unremitting cynicism is quite another. And in much of our modern-day reporting there seems to be a cynical underlying assumption: Politics is an ignoble profession; almost all politicians are guilty of scandal or wrong-doing; they almost always act only in their own self-interest; and they almost never act to advance the common good. In my many years of dealing with Congress, that is not my experience. I simply do not think that these assumptions are true, merited, or helpful.

I am troubled that many reporters are more concerned about being scooped than being right and are less concerned about being called wrong or unfair than being called "soft" or "in the pocket of a politician"; many are too willing to turn a blind eye to the improperly leaked document or the scandalous tip when it serves their immediate purposes.

We lawyers also have our responsibilities as citizens.

Let me acknowledge to you that in the heat of the moment,

perhaps there are things I have said and done in defense of a client which have contributed to the very concerns which I have addressed today.

We lawyers must remind ourselves that while we must be zealous advocates on behalf of clients, we should not be legal assassins.

We should reject the words of Lord Brougham, who in defense of Queen Caroline in 1820 before the House of Lords argued that an advocate is to act without regard to public consequences and may go so far as to inflict torture and destruction in performance of one's duties. One can be a zealous advocate and still be a good citizen.

In Federalist No. 51 James Madison noted that "[i]f men were angels, no government would be necessary" and that "[i]f angels were to govern men, neither external nor internal controls on government would be necessary."[14] While political leaders are not angels, they are not devils either. Our political leaders must call a truce: We must change; we must remove partisanship from fact-finding investigations; we must stop seeking political gain by reckless allegations of criminal and ethical wrongdoing. We must recognize that our government is largely made up of honorable men and women, both Republicans and Democrats, who do not deserve the "hell" that partisanship has wrought upon them to the detriment of our nation. The survival of our country and our people depends on such changes.

Thank you.

[1] Mr. Bennett's oral presentation sometimes departs from the written text.

[2] Suzanne Garment, Scandal: The Culture of Mistrust in American Politics 3 (1991).

[3] William Safire, The Big Flinch, N.Y. Times, Feb. 20, 1997, at A23.

[4] Helan Dewar, GOP Senators Seek to Curb Panel's Fund-Raising Probe, Wash. Post, Feb. 27, 1997, at A1.

[5] Morrison v. Olson, 487 U.S. 654, 732 (1988).

[6] Charles Krauthammer, Political Suicide, Wash. Post, Oct. 28, 1994, at A27.

[7] Id.

[8] Id.

[9] Dennis F. Thompson, Ethics In Congress: From Individual to Institutional Corruption 1-2 (Brookings, 1995) (footnotes omitted).

[10] David Brock, My Scandalmongering Problem -- and Ours, The Wkly. Standard, Jan. 27, 1997, at 23.

[11] Id.

[12] Robert H. Jackson, The Federal Prosecutor, Address Delivered at the Second Annual Conference of the United States Attorneys, (Apr. 1, 1940).

[13] Id.

[14] The Federalist No. 51, at 322 (James Madison) (Clinton Rossiter ed., 1961).

Do White House coffees leave grounds for complaint?

Kenneth A. Gross

POLITICS, LOBBYING AND THE LAW



It has gotten to the point that if a day goes by without a new allegation being raised concerning improper fundraising, those in Washington who feast on the news may experience withdrawal symptoms.

All too familiar are the allegations relating to the White House coffees, sleep-overs in the Lincoln Bedroom, solicitation of contributions by Vice President Gore from his office, and, most recently, the receipt of a $50,000 contribution to the Democratic National Committee (DNC) by Hillary Clinton's chief of staff, Margaret Williams.

Only a few, however, have taken a serious look into whether such activity actually violated any law. In fact, it appears that most, if not all, of those activities were legal.

I. The Law - Section 607

Section 607 of the U.S. Criminal Code makes it a felony for any person to solicit or receive any contribution, as defined under the Federal Election Campaign Act (FECA), in any room or building occupied by a federal officer or employee in the discharge of his or her official duties.

II. Application of the Law to the Facts

A. Was there solicitation or receipt?

A necessary element to a Section 607 violation is that a contribution must be solicited or received. During the White House events, including the coffees and sleep-overs, there is no reported evidence of a contribution being received or solicited. Rather, many of the people attending those events had already made their contributions.

In a case where President Jimmy Carter hosted a luncheon for contributors to the DNC, the Attorney General's Office found that there was no evidence of a violation of Section 607 because Carter merely thanked attendees for their past contributions and did not specifically solicit future contributions.

Also, the Office of Personnel Management promulgated a rule relating to political contributions that defines the term "receipt" to only include receiving a contribution officially on behalf of a candidate and not the ministerial act of handling or delivering a contribution. Thus, Margaret Williams who merely handled the contribution check and quickly passed it on to the DNC would not be considered to have "received" the contribution under the law.

B. Was there a contribution covered under Section 607?

Even if there were a solicitation or receipt of a contribution, Section 607 only covers "contributions" as defined under FECA. Attorney General Janet Reno confirmed this in a press conference last Thursday. FECA's definition of a contribution includes a deposit of money or anything of value made for the purpose of influencing any election for federal office.

Thus, if the contributions at issue were made to the DNC's "soft money" account, which is exclusively designated for non-federal use such as certain party-building activity and supporting state and local candidates, the prohibitions of Section 607 would not apply.

C. Place of solicitation or receipt of contributions

Section 607 prohibits the solicitation or receipt of contributions in a room or building occupied for the discharge of official duties. As it applies to the White House, the Attorney General's Office has interpreted this to include those areas that are used for official purposes by the president and other officials (e.g., offices and other work space), but not the areas that are designated for personal use. The White House coffees and sleep-overs were mostly held in the White House's Map Room and Lincoln Bedroom, which are personal use areas.

D. Must the solicitee be in the official room or building?

The legislative intent behind Section 607 was to eliminate "shake downs" of federal employees (i.e., protect federal employees from on-the-job solicitations). Thus, it is reasonable to interpret Section 607 to only prohibit solicitations that occur when both solicitor and solicitee are in a room or building occupied for official use (e.g., a face-to-face solicitation in a government building). In fact, of the four known prosecutions under Section 607, they all involved a solicitee who was in an official room or building at the time of the solicitation.

When it comes to enforcing the law, alleged improprieties cannot be confused with alleged illegalities. It is up to Congress to change the law if it turns out to be inadequate.

Kenneth A. Gross is the head of the Political Law Department and a partner at the law firm of Skadden, Arps, Slate, Meagher & Flom. This article was prepared with the assistance of his associate, Ki P. Hong.

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THE PRESIDENT HAS SEEN
3-17-97

THE WHITE HOUSE

WASHINGTON

March 7, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: MACK McLARTY

SUBJECT: BILL WHITE

Bill White called me and related to me that he felt he should not be considered in our decision-making process as a possible Ambassador to Mexico. He simply feels existing business commitments could not be changed, despite his deep interest and commitment to US-Mexico relations.

Bill did offer a thoughtful suggestion worth considering. He feels Mayor Bob Lanier might be interested and is potentially a superb choice. As you know, Bob completes his term in October of this year, so the timing would be good.

This is a critically important position, as we have discussed and you so well articulated in our drug certification meeting Friday morning.

cc: Erskine Bowles
Sandy Berger
Bob Nash

Sandy
Nat & would consider
it a genuine favor
Congress - very important
Also knows a lot about
cert/drug ops.

Copied
Lewis
Mathews
Podesta
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THE WHITE HOUSE

WASHINGTON

March 14, 1997

MEMORANDUM FOR THE PRESIDENT

CC: **ERSKINE BOWLES, SYLVIA MATHEWS AND JOHN PODESTA**

FROM: **ANN LEWIS**

SUBJECT: **UPDATE ON DC OUTREACH PLAN**

Attached is an update of our DC Outreach efforts. Thanks to the good work by Steve Silverman of Cabinet Affairs, our 10-day Cabinet Roll-Out is already underway, including a number of strong announcements and activities. A full schedule is attached.

To demonstrate the strength and breadth of our commitment -- and to build on the positive response to last week's economic development announcement -- the Press Office will release the full schedule of Cabinet events on Monday, and Mike McCurry plans to mention the roll-out at his Monday press briefing. The Press Office will also release more detailed materials on the administration's financial commitment to DC, and on agency volunteer efforts in DC over the past four years (both documents are now being finalized by OMB and Cabinet Affairs).

The Press Office and Media Affairs are contacting local media to promote these activities, and will encourage the media to pay special attention to next Tuesday and Thursday -- "package" days when a variety of events are taking place.

Our office is also working with the offices of the First Lady, the Vice President, and Mrs. Gore to identify events and ideas for their further involvement with DC issues.

We will continue to report to you on our progress.

THE CLINTON ADMINISTRATION'S
CONTINUED COMMITMENT TO THE DISTRICT OF COLUMBIA
For planning purposes only

Wednesday, March 12

- **Secretary Andrew Cuomo** will attend the ribbon cutting for the Safeway Supermarket at the Hope Marketplace Shopping Center. The District will use $1 million in Economic Development Initiative funds and $11.5 million in federal loan guaranteed funds to assist in the development of the Good Hope Marketplace Shopping Center in the Anacostia neighborhood, an economically distressed community. The 96,000 square foot commercial shopping center, anchored by a Safeway Supermarket, is expected to create early 200 jobs for low- and moderate-income persons in the area and better link residents to retail. (Jon Cowan 708-0980)

- **VA Secretary Jesse Brown** will deliver keynote remarks at the Horatio Alger seminar hosted by Eastern Senior High School. VA is currently working to enhance the computer lab at Eastern and and provide specialized computer training for blind students. (Kathy Jurado, 273-5750)

Friday, March 14

- **Secretary of State Madeleine Albright** at 10:00 am will visit and adopt the Watkins Elementary School. The Secretary will use this as an opportunity to create an awareness even at early age of our connections to the world around us, and of the roots that America's people have in cultures from around the globe. *12th/ D Street SE* (Sandy Brown, 647-2492)

Saturday, March 15

- **Education Secretary Richard Riley** will deliver the Keynote address at 1:30 pm for the launch of the DC branch of *"Do Something!"* at UDC Auditorium. Secretary Riley will join Harris Wofford, CEO of the Corporation for National Service, Congresswoman Eleanor Holmes Norton, Andrew Shue, star of Melrose Place and co-founder of *Do Something* National, Malik Yoba, youth services advocate and star of N.Y. Undercover, and students and residents from across D.C. for an afternoon of activities highlighting the themes of involvement in education, economics, government, health, and the community. D.C. *Do Something* inspires and assists young people to make fundamental changes in their communities. Through their Leadership Course, Community Coaches, Action Projects, and Grants Program, D.C. *Do Something* is supporting youth efforts to improve D.C. neighborhoods. (Anna Erdreich, 401-4389)

Monday, March 17

- **HHS Secretary Donna Shalala** at 9:00 am will do an event highlighting the "Health and Human Services Academy" located at Eastern High School. HHS has a memorandum of understanding with the DC Public Schools and the DC Government where HHS manages the academy: a "school withing a school" which has over 400 students who are interested in careers in health care professions. HHS provides a full time "Executive on Loan" to assist in program administration as well as sponsoring internships and summer employment. (Victor Zonana, 690-6343)

Tuesday, March 18

- **GSA Acting Administrator David Barram** will formally present excess federal computers to the Options School at 10:00 am as part of the Administration's Computers to Schools initiative and announce how other federal agencies are donating computers as well. The Options School is the only charter school in the nation for students grades 5-8 who are "at-risk" of dropping out of school. DC Public Schools have a 48% drop-out rate, 85% of those students who went through the Options program stayed in school. GSA has donated 185 computers and 9 printers to D.C. schools and 40 computers to the University of the District of Columbia. *Options School, 800 3rd Street NE* (Beth Newburger, 501-0705)

- **ONDCP Director Barry McCaffrey** will do an event at 11:15 am highlighting the Families and Schools Together (FAST), a program that provides support for at risk school children and their parents over a three year period. The FAST program is currently funded by NIDA in a variety of states. ONDCP intends to adopt the funding of another elementary school with the assistance of NIDA and Family and Child Services of Washington DC. *Noyes Elementary School, 10th/Franklin St. SE* (Robert Weiner, 395-6626)

- **SBA Administrator Aida Alvarez** will be the Keynote speaker at the Greater Washington Ibero American Chamber of Commerce luncheon at 1:15 pm at the National Press Club. *14th/F Street NW, 13th floor* (Jeanne Saddler, 205-6605)

Wednesday, March 19

- **OPM Director Jim King** will be on hand to celebrate the one year anniversary of the DC Career Transition Center where he hopes to present the Hammer Award to the center for their good work in coordinating and streamlining delivery of career transition services for displaced federal employees and contractors. *800 N. Capitol Street* (Rosalie Cameron, 606-1800)

- **CEA Chair Janet Yellen** will visit and adopt Moten Elementary School at 11:00 am. She will talk to both a 5th and 6th grade class to teach students about understanding economics and our economic system. Economics is one of the nine core subjects specified in Goals 2000. Dr. Yellens' lecture to the children will be based on Goals 2000 guidelines. *Morris/Elvins Road, Anancostia* (Michele Jolin, 395-5084)

- **Commerce Secretary William Daley and USTR Ambassador Charlene Barshefsky** at 2:30 pm will visit Ballou Senior High School. Ballou is the site of a unique program that concentrates on the link between computer education and employment, and the expanded uses of technology in DC schools. Secretary Daley and Ambassador Barshefsky will visit the computer class at Ballou and engage the students in a dialogue on the importance of gaining technology skills in order to compete in the global marketplace. Following the computer class visit, Secretary Daley and Ambassador Barshefsky would lead a roundtable discussion with officials from FEI, Ballou, D.C. Public Schools and the private sector on the issues related to expanding the Ballou program on a city-wide basis. *4th/Trenton Street SE* (Kelly Lees , 482-4883/Jay Ziegler, 395-3230)

Thursday, March 20

- **Agriculture Secretary Dan Glickman** at 3:30 pm will visit the Capitol Area Community Food Bank and announce how the USDA is helping high school students in DC and Maryland meet their graduation requirement by providing community service opportunities in food recovery, environmental protection, and anti-hunger projects. *645 Taylor Street NE* (Tom Amontree, 720-4623)

- **Secretary of Defense William Cohen** will participate in an event this afternoon with the Young Marines Program. The Marines Barracks at "8th and I" host a community outreach program where they mentor District community kids from the ages of 8 to 17. The mentor program helps with homework and school work, building confidence, courage, and leadership skills while teaching them about the United States Marine Corps. (Kenneth Bacon, 703/697-9312)

- **UN Ambassador Bill Richardson** at 12:00 pm will visit and adopt Bell Multicultural School.The Ambassador will return to the school every three months or so to share his experience in his new job. He will report on both on his travels with the President and his own travel. He will explain his experience in diplomacy -- how you use words to avoid conflict, rather than violence -- and encourage the students to do the same in their lives. Ambassador Richardson hopefully will be seen as a role model, an inspiration to how these students can rise above where they started in life to achieve goals they may have only dreamed of.

- **Transportation Secretary Rodney Slater**, NHTSA Administator Ricardo Martinez, representatives of DC SafeKids, DC Department of Public Works and Law Enforcement in the presentation and installation of child safety seats to the families of St. Joseph's Day Care Center at Taft Junior High School. *18th/Perry Street NE* (Bill Schultz, 366-4531)

- **Acting Labor Secretary Cynthia Metzler** will kickoff this years Summer Jobs Initiative. (Howard Waddell, 219-7316)

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- **Acting Labor Secretary Cynthia Metzler** will kickoff this years Summer Jobs Initiative. (Howard Waddell, 219-7316)

- **FEMA Director James Lee Witt** and DC Fire Chief Otis Latin will announce that FEMA and the DC Fire Department will jointly sponsor a juvenile firestarter workshop to enhance arson prevention in the District. Also, the National Fire Academy, a part of FEMA, will work with the District Fire Department to design and conduct a strategic leadership course in fire prevention. (Vallee Bunting, 646-4600)

Friday, March 21

- **Interior Secretary Bruce Babbitt** at 9:30 am will hold a press conference on the Mall to highlight the completion of the roadway by Raoul Wallenberg Place and 15th Street. Efforts to improve the 15th Street corridor, one of the main access roads into the Mall and Monument areas, has been an ongoing joint effort between The National Park Service and the Federal Highway Administration. Interior Secretary Bruce Babbitt will join students from D.C.'s Wheaton Elementary School to highlight these and other federal efforts to improve the transportation corridors and federal property in the District of Columbia. (Mike Gauldin, 208-4623)

- **EPA Administrator Carol Browner** at 11:00 am will attend the Ribbon Cutting at the Kramer Middle School for Environmental Studies for the opening of their new computer laboratory. Both the Kramer Middle School and the EPA are partners in the Anacostia River Watershed Association. Kramer is the first public middle school in Washington, D.C. to have environmental education as its major focus. The nearby Anacostia River and its wetlands serve as a part of the children's educational experience. Because the school had no computer facilities to access environmental information, EPA in September, 1996 provided a grant for $24,000 for a computer laboratory and has provided technical support for the computer laboratory. This project has significant potential as a model for EPA to work through the public school system in urban economically-disadvantaged neighborhoods to engage the broader community in protection and restoration of the environment. *1700 Q Street SE* (Loretta Ucelli, 260-9828)

Monday, March 24

- **Attorney General Janet Reno and HUD Secretary Andrew Cuomo** will join together to focus on HUD's "Get Tough" initiative. The Get Tough Initiative is a strengthened enforcement effort directed at landlords of HUD-insured properties who defraud HUD or divert funds from keeping up mortgage payments or the condition of housing. HUD is stepping up the resources that it will devote to identifying and investigating these instances of abuse, and Justice, through the efforts of United States Attorneys here and across the nation, will continue to pursue civil and criminal enforcement efforts. This initiative is a targeted, pro-active program and will booster HUD's efforts to provide safe, affordable and decent housing. (Greg King, 616-2777 & Jon Cowan, 708-0980)

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3-17-97

THE WHITE HOUSE

WASHINGTON

March 10, 1997

MEMORANDUM TO THE PRESIDENT

FROM: **STEPHANIE STREETT**
ANNE HAWLEY
NICOLE ELKON

SUBJECT: **TRIP TO HELSINKI**

COPY: **JOHN PODESTA**
GENERAL DONALD KERRICK

As I had mentioned in an earlier memo, the schedule for Wednesday, March 19 was designed to allow for maximum down time for off the record activities, briefing time and time to rest. I have scheduled two hours of briefing for the Summit because there will be very little time to prepare the next day.

Ambassador Shearer's suggestion to tentatively visit the market following your meeting with the President is a good one. The market is just across the street. If you would like to have lunch with Ambassador Shearer and his wife, I recommend going to a restaurant in lieu of his residence as it is your only opportunity to eat out in Helsinki. As usual we will not make any definitive sightseeing plans so that the afternoon remains off the record and more spontaneous.

Would you like to plan on having lunch with Ambassador Shearer and his wife at a restaurant?

Yes_____ **No**_____ **Discuss further**_____

Do you have any sites you would like to revisit based on your previous trips to Helsinki?

In regards to dinner that night with President Ahtisaari and President Yeltsin, Ambassador Shearer misspoke. At the suggestion of President Ahtisaari, the dinner will take place at the Palace. This was the site of President Bush's meeting with President Gorbachev and is the site of your morning meeting with the Prime Minister.

The embassy meet and greet has been scheduled just before the dinner to once again allow for a maximum amount of rest and briefing time. As the Ambassador requested, the meet and greet will take place at his residence.

SCHEDULE OF THE PRESIDENT

FOR

TUESDAY, MARCH 18, 1997

SCHEDULING DIRECTOR:	**ANNE HAWLEY**	
	HOME:	**703-553-8940**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4039**
SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4033**
EVENT COORDINATOR: *(Speaker's St. Patrick's Day Lunch)*	**LAURA GRAHAM**	
	HOME:	**703-212-7642**
	OFFICE:	**202-456-2349**
	WHCA PAGER:	**4809**
TRIP COORDINATOR: *(Helsinki, Finland)*	**NICOLE ELKON**	
	HOME:	**202-332-2350**
	OFFICE:	**202-456-6481**
	WHCA PAGER:	**4799**
PRESS COORDINATOR:	**ANNE EDWARDS**	
	HOME:	**301-565-3101**
	OFFICE:	**202-456-2921**
	WHCA PAGER:	**4208**

SCHEDULE OF THE PRESIDENT
FOR
TUESDAY, MARCH 18, 1997

tba	**MORNING RUN**
9:00 am- 9:15 am	**MEETING** OVAL OFFICE Staff Contact: Erskine Bowles
9:15 am- 9:30 am	**BRIEFING** OVAL OFFICE Staff Contact: Sandy Berger
9:30 am- 9:45 am	**BRIEFING** OVAL OFFICE Staff Contact: Sandy Berger
9:45 am- 10:15 am	**MEETING WITH KING HUSSEIN OF JORDAN** OVAL OFFICE Staff Contact: Sandy Berger **POOL SPRAY (At the top)**
10:30 am- 11:30 am	**BRIEFING FOR FOREIGN TRIP** OVAL OFFICE Staff Contact: Sandy Berger
11:30 am- 11:45 am	**BRIEFING** OVAL OFFICE Staff Contact: John Hilley
11:45 am	**THE PRESIDENT** departs the White House via motorcade en route the United States Capitol [drive time: 5 minutes]
11:50 am	**THE PRESIDENT** arrives the United States Capitol
	Greeters:

12:00 pm- 2:00 pm	**SPEAKER'S ST. PATRICK'S DAY LUNCHEON** RAYBURN ROOM United States Capitol Remarks: Staff Contact: John Hilley Event Coordinator: Laura Graham **POOL PRESS**
2:05 pm	**THE PRESIDENT** departs the United States Capitol via motorcade en route the White House [drive time: 5 minutes]
2:10 pm	**THE PRESIDENT** arrives the White House
2:15 pm- 4:30 pm	**DOWN TIME** RESIDENCE
4:30 pm- 5:00 pm	**BRIEFING** OVAL OFFICE Staff Contact: Sandy Berger, Michael McCurry
5:10 pm	**THE PRESIDENT** proceeds to the South Lawn
5:15 pm- 5:25 pm	**DEPARTURE STATEMENT** OUTSIDE DIPLOMATIC RECEPTION ROOM Remarks: Staff Contact: Sandy Berger, Michael McCurry **OPEN PRESS**
5:35 pm	**THE PRESIDENT** departs the White House via Marine One en route Andrews Air Force Base [flight time: 10 minutes] **Note: This departure is closed/open to staff and guests.**
5:45 pm	**THE PRESIDENT** arrives Andrews Air Force Base
6:00 pm	**THE PRESIDENT** departs Andrews Air Force Base via Air Force One en route airport tba, Helsinki-Vantaa Airport, Helsinki, Finland [flight time: 8 hours] [time change: +7 hours]
BC RON **HRC RON**	**AIR FORCE ONE** **AFRICA**

SCHEDULE OF THE PRESIDENT

FOR

WEDNESDAY, MARCH 19, 1997

Helsinki, Finland

SCHEDULING DIRECTOR:	**ANNE HAWLEY**	
	HOME:	**703-553-8940**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4039**
SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4033**
TRIP COORDINATOR: *(Helsinki, Finland)*	**NICOLE ELKON**	
	HOME:	**202-332-2350**
	OFFICE:	**202-456-6481**
	WHCA PAGER:	**4799**
PRESS COORDINATOR:	**ANNE EDWARDS**	
	HOME:	**301-565-3101**
	OFFICE:	**202-456-2921**
	WHCA PAGER:	**4208**

SCHEDULE OF THE PRESIDENT
FOR
WEDNESDAY, MARCH 19, 1997

Helsinki, Finland

Note: Helsinki, Finland is 7 hours ahead of Washington, DC.

9:00 am
(2:00 am EST)

THE PRESIDENT arrives Helsinki-Vantaa Airport, Helsinki, Finland
OPEN PRESS

Greeters:

9:20 am

THE PRESIDENT departs Helsinki-Vantaa Airport via motorcade en route the Palace
[drive time: 15 minutes]

9:35 am

THE PRESIDENT arrives the Palace

9:40 am-
9:55 am
(2:40 am-2:55 am EST)

BRIEFING FOR MEETING WITH PRESIDENT MARTTI AHTISAARI AND PRIME MINISTER PAAVO LIPPONEN
ROOM TBA
The Palace
Staff Contact: Sandy Berger
Event Coordinator: Nicole Elkon
CLOSED PRESS

PARTICIPANTS
THE PRESIDENT
Ambassador Derek Shearer
Secretary Madeleine Albright
John Podesta
Sandy Berger
Michael McCurry
Jim Steinberg
Sandy Vershbow
John Kornblum

10:00 am-
11:00 am
(3:00 am-4:00 am EST)

MEETING WITH THE PRESIDENT MARTTI AHTISAARI AND PRIME MINISTER PAAVO LIPPONEN OF FINLAND
SITE TBA
The Palace
Staff Contact: Sandy Berger
Event Coordinator: Nicole Elkon
Interpretation: None Needed
POOL SPRAY (At the top)

AMERICAN PARTICIPANTS	FINNISH PARTICIPANTS
THE PRESIDENT Ambassador Derek Shearer Secretary Madeleine Albright John Podesta Sandy Berger Jim Steinberg Sandy Vershbow (note taker) John Kornblum Interpreter	President Martti Ahtisaari Prime Minister Paavo Lipponen

11:05 am

THE PRESIDENT departs the Palace via motorcade en route site tba
[drive time: 10 minutes]

11:10 am-
1:10 pm

DOWN TIME/SIGHTSEEING
SITE TBA

1:15 pm

THE PRESIDENT departs site tba via motorcade en route the Intercontinental Hotel
[drive time: 10 minutes]

1:25 pm

THE PRESIDENT arrives the Intercontinental Hotel

1:40 pm-
3:40 pm

BRIEFING FOR THE MEETING WITH PRESIDENT BORIS YELTSIN
PRESIDENTIAL SUITE
The Intercontinental Hotel
Staff Contact: Sandy Berger

3:45 pm-
5:45 pm

DOWN TIME
INTERCONTINENTAL HOTEL

5:55 pm

THE PRESIDENT departs the Intercontinental Hotel via motorcade en route the United States Embassy
[drive time: 5 minutes]

6:00 pm

THE PRESIDENT arrives the United States Embassy

6:05 pm-
6:45 pm

EMBASSY MEET AND GREET
LIVING AND DINING ROOM
Staff Contact: Sandy Berger
Event Coordinator: Nicole Elkon
CLOSED PRESS

-- Ambassador Derek Shearer makes remarks and introduces Secretary Madeleine Albright.

-- Secretary Madeleine Albright makes remarks and introduces **the President**.

-- **The President** makes remarks.

-- Upon conclusion of remarks, **the President** works a ropeline and departs.

PARTICIPANTS
THE PRESIDENT
Ambassador Derek Shearer
Secretary Madeleine Albright
Sandy Berger
Ruth Goldway

6:50 pm

THE PRESIDENT departs the United States Embassy via motorcade en route the Palace
[drive time: 5 minutes]

6:55 pm

THE PRESIDENT arrives the Palace
POOL PRESS

7:05 pm

THE PRESIDENT greets President Boris Yeltsin
POOL PRESS

7:10 pm-
7:20 pm

PHOTO OPPORTUNITY WITH PRESIDENT BORIS YELTSIN
ROOM TBA
The Palace
Staff Contact: Sandy Berger
Event Coordinator: Nicole Elkon
CLOSED PRESS

7:25 pm-
9:00 pm
(12:25 pm-2:00 pm EST)

INFORMAL DINNER HOSTED BY PRESIDENT OF FINLAND
HALL OF MIRRORS
The Palace
Staff Contact: Sandy Berger
Event Coordinator: Nicole Elkon
Interpretation: Consecutive
POOL PRESS

AMERICAN	FINNISH	RUSSIAN
THE PRESIDENT Ambassador Derek Shearer Secretary Madeleine Albright John Podesta Sandy Berger Strobe Talbott Larry Summers Jim Collins Jim Steinberg (note taker) Lt. Gen. Myers Jan Lodal Interpreter	President Martti Ahtisaari	President Boris Yeltsin

9:05 pm — **THE PRESIDENT** bids farewell to President Boris Yeltsin
CLOSED PRESS

9:10 pm — **THE PRESIDENT** departs the Palace via motorcade en route the Intercontinental Hotel
[drive time: 5 minutes]

9:15 pm — **THE PRESIDENT** arrives the Intercontinental Hotel

BC AND STAFF RON — **THE INTERCONTINENTAL HOTEL**
HELSINKI, FINLAND

HRC RON — **AFRICA**

SCHEDULE OF THE PRESIDENT

FOR

THURSDAY, MARCH 20, 1997

Helsinki, Finland
Copenhagen, Denmark

SCHEDULING DIRECTOR:	**ANNE HAWLEY**	
	HOME:	**703-553-8940**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4039**
SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4033**
TRIP COORDINATOR: *(Travel, Helsinki, Finland)*	**NICOLE ELKON**	
	HOME:	**202-332-2350**
	OFFICE:	**202-456-6481**
	WHCA PAGER:	
PRESS COORDINATOR:	**ANNE EDWARDS**	
	HOME:	**301-565-3101**
	OFFICE:	**202-456-2921**
	WHCA PAGER:	**4208**

SCHEDULE OF THE PRESIDENT
FOR
THURSDAY, MARCH 20, 1997

Helsinki, Finland
Copenhagen, Denmark

Note: Helsinki is 7 hours ahead of Washington, D.C.

9:15 am	**THE PRESIDENT** departs the Intercontinental Hotel via motorcade en route the President's Residence, Mantyniemi [drive time: 15 minutes]
9:30 am	**THE PRESIDENT** arrives the President's Residence, Mantyniemi **POOL PRESS**
	Greeter: President Martti Ahtisaari
9:45 am	**THE PRESIDENT** greets President Boris Yeltsin
9:50 am- 9:55 am (2:50 am-2:55 am EST)	**PHOTO WITH PRESIDENT BORIS YELTSIN OF RUSSIA AND PRESIDENT MARTTI AHTISAARI OF FINLAND** COURTYARD Mantyniemi Staff Contact: Sandy Berger Event Coordinator: Nicole Elkon Interpretation: Whisper **POOL PRESS**
10:00 am- 11:30 am (3:00 am-4:30 am EST)	**BILATERAL MEETING WITH PRESIDENT BORIS YELTSIN** LIVING ROOM Mantyniemi Staff Contact: Sandy Berger Event Coordinator: Nicole Elkon Interpretation: Whisper **POOL PRESS**

AMERICAN PARTICIPANTS	RUSSIAN PARTICIPANTS
THE PRESIDENT Secretary Madeleine Albright Sandy Berger Strobe Talbott Interpreter	President Boris Yeltsin

11:35 am-
11:55 am

BREAK
RESIDENCE

12:00 pm-
1:30 pm
(5:00 am-6:30 am EST)

WORKING LUNCH WITH PRESIDENT BORIS YELTSIN
DINING ROOM
Mantyniemi
Staff Contact: Sandy Berger
Event Coordinator: Nicole Elkon
Interpretation:
CLOSED PRESS

AMERICAN PARTICIPANTS	RUSSIAN PARTICIPANTS
THE PRESIDENT Secretary Madeleine Albright Sandy Berger Strobe Talbott Lt.Gen. Myers Larry Summers Jim Collins Jim Steinberg Steve Pifer (note taker) Jan Lodal Interpreter	President Boris Yeltsin

1:35 pm-
3:50 pm
(6:35 am-8:50 am EST)

BREAK
RESIDENCE

tba

TAPE RADIO ADDRESS
RESIDENCE
Staff Contac: Megan Moloney

4:00 pm- **BILATERAL MEETING WITH PRESIDENT BORIS YELTSIN**
5:30 pm LIVING ROOM
(9:00 am-10:30 am EST) Mantyniemi
Staff Contact: Sandy Berger
Event Coordinator: Nicole Elkon
Interpretation:
CLOSED PRESS

AMERICAN PARTICIPANTS	RUSSIAN PARTICIPANTS
THE PRESIDENT Secretary Madeleine Albright Sandy Berger Strobe Talbott Interpreter	President Boris Yeltsin

5:35 pm- **BRIEFING**
6:30 pm ROOM TBA
(10:35 am-11:30 am EST) Mantyniemi
Staff Contact: Sandy Berger, Michael McCurry

PARTICIPANTS
THE PRESIDENT Secretary Madeleine Albright John Podesta Sandy Berger Strobe Talbott Larry Summers Michael McCurry Jim Collins Bob Bell Tony Blinken Steve Pifer

6:35 pm **THE PRESIDENT** departs the Residence via motorcade en route the Hotel Kalastajatorppa
[drive time: 5 minutes]

6:40 pm **THE PRESIDENT** arrives the Hotel Kalastajatorppa

6:45 pm-
7:30 pm
(11:45 am-12:30 pm EST)

JOINT PRESS STATEMENT
BALLROOM
Hotel Kalastajatorppa
Remarks:
Staff Contact: Sandy Berger, Michael McCurry
Event Coordinator: Nicole Elkon
OPEN PRESS

AMERICAN PARTICIPANTS	RUSSIAN PARTICIPANTS
THE PRESIDENT Ambassador Derek Shearer Secretary Madeleine Albright John Podesta Sandy Berger Strobe Talbott Larry Summers Michael McCurry Ruth Goldway Jim Collins Ambassador Molly Raiser Jim Steinberg Bob Bell Tony Blinken Steve Pifer	President Boris Yeltsin

7:40 pm — **THE PRESIDENT** departs the Hotel Kalastajatorppa via motorcade en route the Guest Residence
[drive time: 5 minutes]

7:45 pm — **THE PRESIDENT** arrives the Guest Residence

8:00 pm-
9:15 pm

DINNER WITH PRESIDENT BORIS YELTSIN OF RUSSIA
GUEST RESIDENCE
Staff Contact: Sandy Berger
Event Coordinator: Nicole Elkon
CLOSED PRESS

AMERICAN PARTICIPANTS	RUSSIAN PARTICIPANTS
THE PRESIDENT Note taker Interpreter	President Boris Yeltsin

9:30 pm	**THE PRESIDENT** departs the Guest Residence via motorcade en route Helsinki-Vantaa Airport [drive time: 20 minutes]
9:50 pm	**THE PRESIDENT** arrives Helsinki-Vantaa Airport **OPEN PRESS**
10:05 pm (3:05 pm EST)	**THE PRESIDENT** departs Helsinki-Vantaa Airport, Helsinki, Finland via Air Force One en route Kastrup Airport, Copenhagen, Denmark [flight time: 1 hour, 30 minutes] [time change: - 1 hour]
10:35 pm (3:35 pm EST)	**THE PRESIDENT** arrives Kastrup Airport, Copenhagen, Denmark **OPEN PRESS**

Note: Copenhagen, Denmark is 6 hours ahead of Washington, DC.

Greeters: Queen Margrethe
Prime Minister Paul Nyrup Rasmussen

10:40 pm-
10:55 pm

ARRIVAL CEREMONY
KASTRUP AIRPORT
Staff Contact: Sandy Berger
Event Coordinator: Nicole Elkon
OPEN PRESS

PARTICIPANTS
THE PRESIDENT
Ambassador Edward Elson
Secretary Madeleine Albright
John Podesta
Sandy Berger
Strobe Talbott
Larry Summers
Ambassador Molly Raiser
Jim Steinberg
Lt. Gen. Myers
Sandy Vershbow
John Kornblum
Jan Lodal

11:00 pm

THE PRESIDENT departs Kastrup Airport via motorcade en route the Palace Christian IV
[drive time: 15 minutes]

11:15 pm

THE PRESIDENT arrives the Palace of Christian IV

Note: There is an arrival ceremony

BC RON

PALACE OF CHRISTIAN IV
COPENHAGEN, DENMARK

STAFF RON

HOTEL SCANDIC

HRC RON

AFRICA

SCHEDULE OF THE PRESIDENT

FOR

FRIDAY, MARCH 21, 1997

Copenhagen, Denmark
Washington, DC.

SCHEDULING DIRECTOR:	**ANNE HAWLEY**	
	HOME:	**703-553-8940**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4039**
SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4033**
TRIP COORDINATOR: *(Travel, Helsinki, Finland)*	**NICOLE ELKON**	
	HOME:	202-332-2350
	OFFICE:	202-456-6481
	WHCA PAGER:	
PRESS COORDINATOR:	**ANNE EDWARDS**	
	HOME:	**301-565-3101**
	OFFICE:	**202-456-2921**
	WHCA PAGER:	**4208**

SCHEDULE OF THE PRESIDENT
FOR
FRIDAY, MARCH 21, 1997

Copenhagen, Denmark
Washington, DC.

Note: Copenhagen is 6 hours ahead of Washington, D.C.

9:00 am-
9:30 am
(2:00 am-2:30 am EST)

BRIEFING FOR MEETING WITH THE PRIME MINISTER RASMUSSEN OF DENMARK
ROOM TBA
Palace of Christian IV
Staff Contact: Sandy Berger
Event Coordinator: Nicole Elkon
CLOSED PRESS

PARTICIPANTS
THE PRESIDENT
Secretary Madeleine Albright
John Podesta
Sandy Berger
Jim Steinberg
Sandy Vershbow
Tony Blinken
John Kornblum

9:35 am

THE PRESIDENT departs the Palace of Christian IV via motorcade en route Memorial Park
[drive time: 15 minutes]

9:50 am

THE PRESIDENT arrives Memorial Park

9:55 am-
10:25 am
(2:55 am-3:25 am EST)

WREATH LAYING CEREMONY
CEMETERY OF MINDELUNDEN
Memorial Park
Staff Contact: Sandy Berger
Events Coordinator: Nicole Elkon
POOL PRESS

AMERICAN PARTICIPANTS	FINNISH PARTICIPANTS
THE PRESIDENT Ambassador Edward Elson Secretary Madeleine Albright John Podesta Sandy Berger Ambassador Molly Raiser Jim Steinberg Lt. Gen. Myers Sandy Vershbow John Kornblum Jan Lodal	President

10:30 am

THE PRESIDENT departs Memorial Park via motorcade en route Christiansborg Palace, Parliament Building
[drive time: 15 minutes]

10:45 am

THE PRESIDENT arrives Christiansborg Palace, the Parliament Building

10:50 am-
11:20 am
(3:50 am-4:50 am EST)

MEETING WITH PRIME MINISTER PAUL NYRUP RASMUSSEN OF DENMARK
ROOM TBA
Christiansborg Palace
Staff Contact: Sandy Berger
Event Coordinator: Nicole Elkon
Interpretation: None Needed
POOL PRESS

AMERICAN PARTICIPANTS	DANISH PARTICIPANTS
THE PRESIDENT Secretary Madeleine Albright John Podesta Sandy Berger Jim Steinberg Lt. Gen. Myers Sandy Vershbow (note taker) Jan Lodal Interpreter	Prime Minister Paul Nyrup Rasmussem

12:00 pm-
12:15 pm

PHOTO RECEIVING LINE WITH OPPOSITION LEADERS
ROOM TBA
Christiansborg Palace
Staff Contact: Sandy Berger
Event Coordinator: Nicole Elkon
PRESS TBD

12:25 pm

THE PRESIDENT departs Christiansborg Palace via motorcade en route Amalienborg Palace
[drive time: 5 minutes]

12:30 pm

THE PRESIDENT arrives Amalienborg Palace

12:35 pm-
1:55 pm
(6:35 am-7:55 am EST)

SMALL LUNCH WITH THE QUEEN MARGRETHE
ROOM TBA
Amalienborg Palace
Staff Contact: Sandy Berger
Event Coordinator: Nicole Elkon
PRESS TBD

AMERICAN PARTICIPANTS
THE PRESIDENT Secretary Madeleine Albright John Podesta Sandy Berger Ambassador Molly Raiser Jim Steinberg Lt. Gen. Myers Sandy Vershbow John Kornblum Jan Lodal

2:00 pm

THE PRESIDENT proceeds on foot to the Palace of Christian IV

2:10 pm-
2:55 pm
(7:20 am-8:20 am EST)

SPEECH PREP
ROOM TBA
Palace of Christian IV
Staff Contact: Sandy Berger, Michael McCurry
Event Coordinator: Nicole Elkon

PARTICIPANTS
THE PRESIDENT
Secretary Madeleine Albright
John Podesta
Sandy Berger
Michael McCurry
Jim Steinberg
Sandy Vershbow
Tony Blinken

3:00 pm-
4:00 pm
(9:00 am-11:00 am EST)

REMARKS TO THE PEOPLE OF EUROPE
SITE TBD
Remarks:
Staff Contact: Sandy Berger
Event Coordinator: Nicole Elkon
Interpretation: None Needed
OPEN PRESS

PARTICIPANTS
THE PRESIDENT
Secretary Madeleine Albright
John Podesta
Sandy Berger
Bruce Lindsey
Michael McCurry
Ambassador Molly Raiser
Jim Steinberg
Lt. Gen. Myers
Sandy Vershbow
John Kornblum
Fred Dohse
Jan Lodal
Tony Blinken
Nicole Elkon

4:00 pm- 6:30 pm	**DOWN TIME/SIGHT SEEING** SITE TBA
6:45 pm	**THE PRESIDENT** departs site tba via motorcade en route Kastrup Airport [drive time: 25 minutes]
7:10 pm	**THE PRESIDENT** arrives Kastrup Airport
7:15 pm- 7:45 pm	**EMBASSY MEET & GREET** SITE TBA Kastrup Airport Staff Contact: Sandy Berger Event Coordinator: Nicole Elkon **CLOSED PRESS**
8:00 pm (2:00 pm EST)	**THE PRESIDENT** departs Kastrup Airport, Copenhagen, Denmark Force One en route Andrews Air Force Base [flight time: 8 hours, 35 minutes] [time change: 6 hours] **OPEN PRESS**
10:35 pm	**THE PRESIDENT** arrives Andrews Air Force Base
10:45 pm	**THE PRESIDENT** departs Andrews Air Force Base via Marine One en route the White House [flight time: 10 minutes]
10:55 pm	**THE PRESIDENT** arrives the White House
BC RON **HRC RON**	**THE WHITE HOUSE** **AFRICA**

THE WHITE HOUSE
WASHINGTON

Date 3/17

To: Don Kerrick

From: The Staff Secretary

This came in through Cabinet Affairs. I won't forward to the President... I assume you'll deal with D.O.D on the request.

Phil

THE WHITE HOUSE
WASHINGTON

3/17

PHIL KAPLAN-

'93 MAR 17 AM 11:00

A NOTE FR: DOD Secy Cohen
TO THE President.

KRIS

THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

11 MAR 1997

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Proposal for an Invitation to the Amir of Bahrain

As the significance of the Arabian Gulf region to U.S. interests continues to grow and the regional power balance becomes more dynamic, it becomes increasingly important to maintain a stable and mutually respectful relationship with the Government of Bahrain.

Recently, their sensitivity and quick response to U.S. Government requests for additional security measures in Manama helped ensure the continued safety of our personnel stationed there. I believe the best interests of the United States are served by maintaining close ties with this ally.

I propose an invitation be offered to Amir Isa bin Salman Al Khalifa to visit the United States as your guest. If an invitation is offered, I will coordinate with the Department of State to propose opportunities in the Amir's schedule to visit with Department of the Defense officials including a visit to military facilities.



1 copy
for chron

THE PRESIDENT HAS SEEN
3-17-97



To BC cc: Cos
Rgh
BC