

Chyon

THE WHITE HOUSE
WASHINGTON

DATE: 6/20/97

NOTE FOR:

Dorskind (for action)
Berger
Sperling
Podesta
Tarullo
Bowles

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

Information ☒

Action ☐

Others
copied
6/17/97

Thank you.

Staff Secretary
(x6-2702)

cc:

THE WHITE HOUSE
WASHINGTON

June 14, 1997

MEMORANDUM FOR THE PRESIDENT

THE PRESIDENT HAS SEEN
6/16/97

FROM: PHIL CAPLAN

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

- (A) **McCaffery radio address proposal.** Gen. McCaffrey is concerned about ONDCI proposed \$175 million anti-drug media campaign and suggests using a radio address to endorse the campaign to help convince Members of Congress of the proposal's merit. ONDCP says that markup of the relevant appropriation bill begins next week in the House. Ann Lewis questions whether a radio address would be very effective absent a news hook that would lead the media to report on it. She notes that it might be possible to work the anti-drug media campaign into a larger radio address about combating crime. Rahm thinks any radio address we do on this should be keyed to action on the Hill. *TAB B Copied to Derskind for action Berge Spurling Podesta Tarullo COS*
- (B) **Letter in support of MFN for China from all living former Secretaries of the Treasury.** Letter from William Simon and endorsed by Bentsen, Baker, Blumenthal, Brady, Douglas Dillon, Henry Fowler, Bill Miller, Regan and George Schultz. *We have sent copies to Sandy, Gene, Podesta and Tarullo.*
- (C) **Sperling/Orszag memo on economic Progress for African-Americans.** In response to an article you saw in the Wall Street Journal that asserted African-Americans have not shared in the benefits of the economic recovery. One of the article's principal points -- that the wage differential between otherwise similar blacks and whites is high -- is true, but the wage gap is only one measure of economic well being. The recovery has produced other significant gains for African-Americans, e.g., median family income increased by over \$3,000 between '92 and '95. Memo details other signs of recent African-American gains -- poverty, unemployment, employment -- but Gene/Peter note that we have more to do, especially with younger African-Americans. The teenage unemployment rate was 33.2% in May and the poverty rate was 41.9% in 1995. *we need a fact sheet on this*
- (D) **Congressional Correspondence.** Dick Arme note in response to the NYT crossword you sent him which included his name. He writes: "I, too, do the NYT crossword in ink. I, too, have often found your name. Unfortunately, I don't often complete them." David Bonior letter in response to your request for his ideas on educational initiatives for those who don't complete college -- 70% of Americans, according to Bonior. Letter focuses on expanding your initiatives like HOPE scholarship and fully funding Pell Grants.

William E. Simon
P. O. Box 1913
310 South Street
Morristown, New Jersey 07962-1913
(201) 898-0290

June 11, 1997

The Honorable Bill Clinton
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

As former Secretaries of the Treasury, we strongly support unconditional renewal of normal trading status with China.

We take this position because we believe that trade relations with China will help advance the economic and national security interests of the American people. America's goal must be to promote China's integration into the global economy, support Hong Kong in remaining a growing, vital financial center and economic engine for China and the rest of Asia, and to help China succeed in its effort to move to a more market-oriented economy. Severing our trade with China will succeed only in isolating the United States, not in isolating China.

Continuation of normal trade status is particularly important in light of the upcoming reversion of Hong Kong's sovereignty to China. Hong Kong's role as a gateway for trade and investment to China is central to its current and future economic vitality. A coalition of business leaders, current government officials and Democracy Party Chairman Martin Lee have made clear that revoking normal trade relations with China would severely undermine international confidence in Hong Kong's economy at a time when it is most needed.

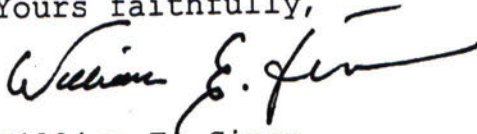
Failing to renew normal trading status would impose substantial economic costs on the United States, jeopardizing \$12 billion in exports to China and the 170,000 American jobs that depend on this trade. It would also derail our attempts to integrate China into a rules-based global trading system through China's accession to the World Trade Organization, which should substantially reduce trade barriers in China and create new opportunities for U.S. firms.

The impact of denying normal trading status to China would also be felt far beyond business circles. It would

jeopardize China's willingness to cooperate with us on other important issues, such as non-proliferation, the environment and problems in the Korean peninsula. Our ability to influence China's policies in areas such as human and religious rights would also be severely diminished if not eliminated.

We must recognize the reality that China's economic and political role in the international community will expand in the years to come. By failing to renew normal trading status, we run the risk of losing our ability to shape the future landscape of the global community.

Yours faithfully,

A handwritten signature in dark ink, appearing to read "William E. Simon", with a stylized flourish at the end.

William E. Simon

All the other living former Secretaries of the Treasury have endorsed this letter:

James A. Baker, III
Lloyd M. Bentsen
W. Michael Blumenthal
Nicholas F. Brady
C. Douglas Dillon
Henry H. Fowler
G. William Miller
Donald T. Regan
George P. Shultz

THE WHITE HOUSE
WASHINGTON

Date 6/20

To: Don Kerrick

From: The Staff Secretary

Could you have a prepare
replied for the President's
signature?

Thanks,

Phil

cc: Chris Walker

JOHN JOSEPH MOAKLEY

9TH DISTRICT, MASSACHUSETTS

COMMITTEE ON RULES

RANKING DEMOCRATIC MEMBER

KEVIN RYAN

CHIEF OF STAFF

WASHINGTON

FREDERICK W. CLARK

DISTRICT DIRECTOR

BOSTON

E-mail: jmoakley@hr.house.gov

URL: <http://www.house.gov/moakley/welcome.html>



Congress of the United States

House of Representatives

Washington, DC 20515-2109

June 17, 1997

PLEASE RESPOND TO:

- ☐ 235 CANNON BUILDING
WASHINGTON, DC 20515
(202) 225-8273
FAX: (202) 225-3984
- ☐ WORLD TRADE CENTER
SUITE 220
BOSTON, MA 02210
(617) 565-2920
(617) 439-5460
FAX: (617) 439-5157
- ☐ 4 COURT STREET
TAUNTON, MA 02780
(508) 824-6676
FAX: (508) 880-3520
- ☐ BROCKTON FEDERAL BUILDING
166 MAIN STREET
BROCKTON, MA 02401
(508) 586-5555
FAX: (508) 580-4692

The Honorable William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear President Clinton:

I know that the renewal of Most Favored Nation Status for China is a vitally important initiative for your administration. I commend your efforts to pursue an open, strategic dialogue with China that best serves the interests of this nation. Integration, and not isolation, will give the United States the influence necessary to work for respect of human rights, non-proliferation, the rule of law and religious freedom in China. Revoking this trade status, and effectively cutting off dialogue between our nations, will severely undermine our ability to work for positive change. For these and other reasons, I will support you in the extension of MFN for China.

With the strategy of engagement as a tool to achieve the goals of our national interests in mind, I want to respectfully point out the inconsistencies of U.S. policy towards Cuba. As you recall, this is an issue that I discussed with you last year at the White House during the China MFN debate. For 35 years, the United States has pursued a policy of isolationism with Cuba -- and it hasn't worked. Even after losing the patronage of the former Soviet Union, the Castro-regime has remained. The U.S. embargo on Cuba has not forced Castro out of power, it has not improved Cuba's respect for human rights and it certainly has not improved the lives of Cuban citizens. As you know, a recent study by the American Association for World Health reports that the U.S. embargo has had a drastic effect on the health of women and children in Cuba.

In fact, Fidel Castro has frequently used the U.S. embargo to justify and explain the failures of his system. Every time there is a food shortage, economic decline or crackdown on political dissidents, Castro delivers one of his famous speeches blaming the U.S. embargo for the problems. It is time for a change.

Like in China, change in Cuba will come only through open dialogue and engagement. By exposing the island to an infusion of free enterprise, democratic ideals, and people who believe in political freedom, I strongly believe that change will occur in Cuba. And it will occur much quicker in Cuba than in China. Cuba, only 90 miles off our shore, is a much smaller nation, and can embrace democracy and its ideals faster than the massive nation of China. As in the former Soviet Union and across Eastern Europe, the spirit of capitalism will flourish. With open political channels, the United States will have the opportunity to talk to Cuban officials about important issues like human rights and political openness. Such engagement will in fact allow us to increase the pressure for change in human rights and democracy. Currently, we have no avenue to pursue this goal. Additionally, our business leaders will talk about the importance of free speech and market reforms as precursors to the American investment that Cuba so desperately needs. The Cuban government will be forced to accept the change that is inevitable.

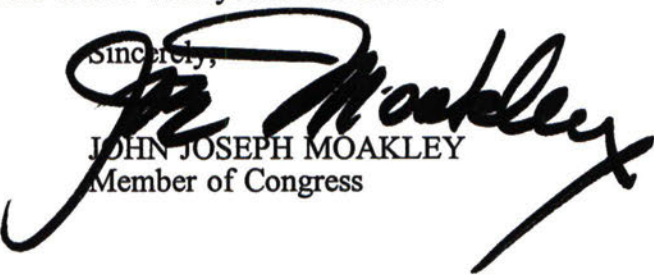
As you stated in your recent letter to me regarding China MFN,

"If we fail to engage China, we will fuel the very forces that trample human rights and flaunt international rules and regimes. Over time, if we engage China -- encouraging the evolution of the rule of law and civil society -- if contacts across borders, among people and between governments grow; if markets expand and information flows; if we make our differences clear; then there is a far greater likelihood that the roots of a more open society will gain strength in China and America's interests will be served."

I would argue that the same logical strategy is true for U.S.-Cuba relations.

Therefore, Mr. President, as we debate the important issue of China's MFN renewal, I hope that you will seriously revisit the U.S. policy toward Cuba. Certainly, if we are pursuing open dialogues with China, North Korea and Vietnam, openness with Cuba makes sense. At a minimum, engagement will force Castro to be more tolerant and will create a climate of reform. And, quite possibly, open engagement might also pave the way for an end to the reign of the Castro dictatorship that has lasted for 38 years. I appreciate your consideration of this important issue, and look forward to discussing the matter with you in the future.

Sincerely,


JOHN JOSEPH MOAKLEY
Member of Congress

JJM:sl

6-17-97

THE WHITE HOUSE
WASHINGTON

June 14, 1997

MR. PRESIDENT:

Attached are the following weekly information items:

- (A) Interest Rates and the Stock Market
- (B) CEA Weekly Economic Briefing
- (C) DPC Report
- (D) CEQ Report
- (E) Emanuel Report -- to be forwarded
- (F) Cabinet Report - *filed separate*
- (G) Public Liaison Report
- (H) Intergovernmental Report
- (I) Legislative Report
- (J) OSTP Report

Phil Caplan

*Phil*COPIES

TAB C → Reed, Kagan, COS

TAB D → McGinty, COS

TAB E → Emanuel, COS

TAB G → Echaveste, COS, Hemreich, Currie

TAB H → Ibarra, COS

TAB I → Hilley, COS



UNITED STATES DEPARTMENT OF COMMERCE
Office of the Secretary

Washington, D.C. 20230

JUN 18 1997

*Todd Stern
cc Stern*

'97 JUN 20 AM 8:34

MEMORANDUM FOR

KITTY HIGGINS
Secretary to the Cabinet

FROM:

Paul Donovan
Chief of Staff

PAU

SUBJECT:

President's Export Council recommendation on re-authorization of
Ex-Im Bank and OPIC and full funding of TDA

Attached is a memorandum to the President from the Secretary of Commerce transmitting a letter from President's Export Council Chairman Michael Armstrong in support of re-authorization of the Export-Import Bank of the United States and Overseas Private Investment Corporation, and full funding of the U.S. Trade Development Agency. A draft acknowledgment from the President is also attached.

Attachments

to Jim Donstine

for reply

6/20

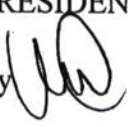


THE SECRETARY OF COMMERCE
Washington, D.C. 20230

JUN 18 1997

197 JUN 20 AM 8:34

MEMORANDUM FOR THE PRESIDENT

FROM: William M. Daley 

SUBJECT: President's Export Council recommendation on the re-authorization of
Ex-Im Bank and OPIC, and full funding of TDA

President's Export Council Chairman Michael Armstrong has asked me to send you the attached letter in support of re-authorization of the Export-Import Bank of the United States and Overseas Private Investment Corporation, and full funding of the U.S. Trade Development Agency. The letter recommends that you participate in a public event to draw attention to the importance of re-authorizing and fully funding these agencies. The Council offers its full support.

Attachments

Mr. C. Michael Armstrong
Chairman
President's Export Council
14th and Constitution Avenue, NW
Washington, DC 20230

Dear Mr. Armstrong:

Thank you for the Export Council's letter expressing support for the re-authorization of the Export-Import Bank of the United States and the Overseas Private Investment Corporation, and full funding of the U.S. Trade Development Agency.

As we move into the twenty-first century, this Administration recognizes that it is essential for our government to continue to help U.S. firms compete in the global market by improving the availability of trade finance and investment insurance. To meet this goal, I agree with you that the services provided by these agencies are vitally important to American exporters' ability to pursue trade opportunities in the emerging markets. As your letter recommends, my Administration is committed to increasing awareness and drawing attention to the importance of re-authorizing and fully funding these agencies. We intend to implement your suggestions regarding a White House organized public event as part of our strategy and will seek the Council's support.

I am grateful for your timely comments and support on this issue. Please continue to respond with your concerns as I value your opinion and advice.

Sincerely,

THE PRESIDENT'S EXPORT COUNCIL
WASHINGTON, D.C. 20230

May 15, 1997

The Honorable William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Mr. President:

We, as members of your Export Council, are gravely concerned about the re-authorization of the Export-Import Bank of the United States (Ex-Im Bank) and the Overseas Private Investment Corporation (OPIC). The continued viability of the U.S. Trade Development Agency (TDA) is of equal concern.

You have compiled a solid record of achievement in the area of international trade. Capped by NAFTA and the Uruguay Round accords, you have implemented a number of important market-opening agreements that are creating many new export opportunities for American companies and jobs for American workers. Your consistent support for export promotion and finance programs has provided American exporters with vitally important tools to compete effectively in global markets.

Ex-Im Bank, OPIC and TDA are vitally important to American exporters in pursuing the trade opportunities that are opening up in the "big emerging markets." As you know, exporting into these markets requires financing and investment insurance which often are not available from the private sector. Ex-Im Bank and OPIC fill this gap. TDA helps ensure that U.S. companies are in on the ground floor of major infrastructure projects overseas. Every major trading nation provides similar assistance to their companies, and devote considerably more resources toward ensuring that their companies win their contracts. If Congress reduces or eliminates the Ex-Im Bank, OPIC, or TDA, our competitive position in global markets will be seriously threatened.

OPIC has consistently earned a profit, is mandated to be a self-sustaining agency, and earned a net income of \$209 million in FY96. OPIC project requirements, which support workers' rights globally, should continue to be enforced. Ex-Im Bank supports deals where commercial banks will not operate and American companies are engaged in fierce competition with companies that are heavily supported by their own governments, and leverages \$20 dollars in U.S. exports for every dollar appropriated.

We commend you for your statement on April 16th at Blair House that Ex-Im Bank, OPIC and TDA are priorities on your legislative agenda. At our President's Export Council meeting on April 24, it was apparent that your interagency team is working effectively on behalf of these agencies. There is also an active, organized effort among American business working to enact your proposed re-authorization legislation.

However, as your advisers, we strongly recommend that you participate directly in a White House organized public event to heighten awareness and support for this pressing issue. This event should be held as soon as possible. Support from your Cabinet, members of Congress, the business community, labor, environment, and the President's Export Council would focus attention on the importance of re-authorizing Ex-Im Bank and OPIC, and fully funding TDA.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mike", written in a cursive style.

C. Michael Armstrong
Chairman

cc: Ambassador Daniel K. Tarullo
The President's Export Council

THE WHITE HOUSE
WASHINGTON

June 14, 1997

MEMORANDUM FOR THE PRESIDENT

THE PRESIDENT HAS SEEN

6/16/97

FROM: PHIL CAPLAN

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) **McCaffery radio address proposal.** Gen. McCaffrey is concerned -
proposed \$175 million anti-drug media campaign -
endorse the campaign -

OND

House

news

to work

Rahm

TAB A copied to McCaffrey, Lewis, Emanuel, COS
TAB B copied to Bergen, Sperling, Podesta, Tarnillo, and
COS for information and to Darskind for reply / action.

(B)

Letter

Treasur

Brady, I

sent copy

TAB C copied to Sperling, Orszag, COS.
TAB K copied to Raines, COS.

Sperling

an article

shared in

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African-American gains -- poverty, unemployment, employment -- but Gene/Peter note

that we have more to do, especially with younger African-Americans. The teenage

unemployment rate was 33.2% in May and the poverty rate was 41.9% in 1995.

(D)

Congressional Correspondence. Dick Armey note in response to the NYT crossword
you sent him which included his name. He writes: "I, too, do the NYT crossword in ink.
I, too, have often found your name. Unfortunately, I don't often complete them." David
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WASHINGTON

June 14, 1997

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THE PRESIDENT HAS SEEN

6-16-97

(E)

Sweeney letter on Denver Summit. Sweeney thanks you for meeting with international labor leaders last week and attaches a summary of the issues, prepared at Dan Tarullo's request, that you discussed. *We have copied Dan Tarullo.*

(F)

Berger memo on the B-2 bomber. In deciding last year not to procure additional B-2s, you committed to B-2 proponents that you would have DoD study whether additional B-2s made sense. The study was completed in May and folded into the QDR release. DoD decided not to proposed procurement of additional B-2s beyond the currently planned 21. Despite the plane's utility in halting an invasion, there were three major reasons for not buying more: 1) B-2 would not provide full range of warfighting capabilities offered by the forces it would replace, i.e., the B-2 is a "designated hitter" when we need a "utility infielder"; 2) additional B-2s would have less weapons capacity per day than the forces that would have to be retired to pay for them; and 3) because of the retirement, there would a loss of warfighting capability while the additional B-2s were built. *This thorough study has fulfilled your commitment.* Bob Bell has briefed Rep. Norm Dicks, who said that he and other B-2 proponents will now focus their attention of the National Defense Panel's review of forces. Dicks will still push for 9 additional B-2s on the Hill.

(G)

Congressional Black Caucus Follow-up. As you know, you sent a thank-you note to CBC members after your meeting; it referenced a more detailed letter that Sylvia would be sending following up on a number of issues. Sylvia forwards a copy of her letter.

(H)

McGinty memo on CA chemical standards. OSHA approved, with specific limitations, CA's exposure-to-hazardous-chemicals standards promulgated in response to passage of Prop 65 in 1986. You asked Katie whether environmental groups support OSHA's decision -- the answer is yes...strongly. The groups have encouraged the Administration to establish similar rules at the federal level and endorse a bi-partisan bill moving on the Hill. CEQ has begun preliminary discussion with WH offices, agencies, and the Hill.

(I)

McGinty memo on Ford's Ethanol Vehicles. You asked Katie whether we should do a positive letter to Ford on their announcement of plans to produce 250,000 vehicles that can burn either ethanol or gas. Katie advises against Administration endorsement. She notes that Ford is likely taking this step to meet fuel economy requirement in existing law while continuing to build ever-larger sport utility vehicles and trucks. The law allows companies to receive a huge credit for dual-use vehicles, and they are likely to run on gas anyway, because of the limited availability of ethanol. The environmental community reacted negatively to Ford's announcement.

(J)

McLarty report on his trip to Peru and Ecuador. Mack has returned from his week-long trip -- his 34th to the region. He lead the U.S. delegation on behalf of Secy Albright to the OAS General Assembly in Lima; achieved progress on the Peru/Ecuador dispute; had discussions with Presidents Fujimori and Alarcon; and made progress on the finalizing the draft agenda for the 1998 Santiago Summit of the Americas. Mack attaches a detailed report and news clips.

(K)

Dept. of Commerce plan for assisting D.C. Secy Daley has sent you Commerce's strategic plan for supporting your D.C. initiative. *We have sent a copy to Frank Raines -- the full report is in our office if you want to see it.*

We have also received the following items:

- **Note from Mack on FERC Chair.** Sen. Bumpers called Mack and strongly advocated your appointing Bill Massey as Chairman of FERC. The Senator felt very strongly about this and Mack simply wanted to make you aware of his call. *Mack has already let Erskine, Bruce and Bob Nash know of Bumpers' call.*

*Studds was a
member of the
Mauler*

THE PRESIDENT HAS SEEN

8-16-97