

Chron

2/17/98 98 FEB 14 PM 12:24
THE WHITE HOUSE

Deputy Chief of Staff

MR. PRESIDENT:

If you approve,
Eric & I would
like to move forward
with this plan
Thur/Today

OK - But we need
very aggressive cooperation
effort of private sector -
where we have more technology
solutions and much more
than government on full govt
side - we need to take the lead
in modeling ~~for~~ CO2
reduction of windows
lighting - would like to

Discuss w/ Todd & Bob - TSC

Chron

THE WHITE HOUSE

WASHINGTON

February 12, 1998

THE PRESIDENT HAS SEEN

2/17/98

copied
Bowles
Podesta
Mathews
Spesling
McGinty
Stern
Steinberg
Klain
VP

MEMORANDUM FOR ERSKINE BOWLES AND JOHN PODESTA

CC: SYLVIA MATHEWS

FROM: TODD STERN *TDS*

SUBJECT: Organization of Climate Change Effort

At your request, this memo outlines an internal organization for our climate change effort premised on the notion that I would be the overall CEO, or coordinator, with others in the core group acting in effect as a Board of Directors or Steering Committee. The Steering Committee would include me, Katie, Gene, Jim and John. Ron Klain should be part of it as well, if he is interested. A flow chart is attached.

There are five principal areas of activity: diplomatic, domestic policy/implementation, outreach, communications and congressional. Under this model, I would be the point person for all of these, responsible for making sure that we were moving forward appropriately on all fronts. As a practical matter, this would involve me chairing a weekly Steering Committee meeting as well as chairing regular working group meetings in the functional areas. Of course there are some areas, such as electricity restructuring or our budget package where NEC or CEQ would continue to have the lead. But I would be responsible for knowing what was up on such issues and how they were contributing to our overall climate change effort.

The teams of people in each functional area would be drawn from relevant White House offices as well as some agencies. Consistent with their other obligations, I would have the authority to task people on these teams with specific assignments.

What follows is a brief discussion of how each functional area would be handled. If the go-ahead for this overall structure is approved, the working group in each area would develop a more detailed strategy, setting forth goals, plans for achieving those goals, and timelines.

Diplomatic

NSC and State (Stu Eizenstat and Wendy Sherman, with Melinda Kimble at Assistant Secretary level) will have the lead in working the substantial diplomatic issues on the agenda -- e.g., negotiating rules for emissions trading and the new "Clean Development Mechanism", making progress on developing country participation, etc. I am currently doing a weekly meeting with Wendy and Stu others at State, David Sandalow, Bill Antholis, and selected additional agency people to discuss strategy and tactics, discuss relevant issues like upcoming congressional

hearings, etc. David is in turn chairing working level interagency meetings to pursue matters discussed at the senior meeting.

Domestic Policy

The principal elements of our domestic policy implementation are the \$6 billion program; electricity restructuring; federal procurement and usage; standards; and the sector by sector effort. The first two of these should continue to be run through the NEC process. For federal procurement, we need to enlist a person to head up a vigorous interagency effort. In addition, there are a variety of other initiatives that need to be monitored and kept on track, such as the Million Solar Roofs initiative.

The sector by sector effort will be the most labor intensive. Ideally, we would have an inside-outside team managing this, with a high-level outside person, such as John Deutch or a major ex-CEO, helping engage top level management in the relevant sectors, and Dirk Forrister heading an inside team to do the hands on, day-to-day management of the process. Dirk would need a deputy and an assistant (new agency reps to the Task Force), as well as the active participation of an interagency team of experts with knowledge of the relevant sectors. Finally, I would propose bringing on Amory Lovins as a consultant to be actively engaged in developing cost-effective, energy-saving ideas for industry sectors and the federal government. Getting the benefit of his thinking without having him too high profile would be the best way to go.

I would chair a weekly meeting of the domestic policy team to review where we are on each of the key issues of our domestic policy. This team would include: Dirk Forrister, our federal procurement person, Peter Orszag, Linda Lance, T.J. Glauthier, Rosina Bierbaum, Bill Antholis, Jon Gruber, Peter Bass (or other representative from State), and other relevant agency people, such as David Gardiner or David Doniger from EPA, and Dan Reicher from DOE.

Outreach (business, enviros, labor, agriculture, State and local, academics)

Our principal outreach objectives are to maintain a positive, working dialogue with key stakeholders, secure public support and validation, neutralize antagonistic, or potentially antagonistic constituencies, engage State and local leaders.

Regarding business, there will be a lot of overlap between our industry by industry effort and general outreach, so Dirk should head up this aspect of outreach, as well as ag. Regarding enviros, labor and State/local, those areas would be headed up by CEQ, Karen Tramontano and Fred Duval, respectively. We also need a further active effort to develop academic validators, such as scientists, economists and foreign policy experts. All of the components of the outreach effort would operate under my supervision.

Communications/Press

Our public affairs objectives include defining this issue for the public (e.g., protecting environment for children and grandchildren vs. \$2000 for a family of four, etc.); positioning the President in the vigorous center; building support for reasonable action, etc.

We need to bring on a senior person to head up the communications/press team. Others on that team will include Jake Siewert, Elliot Diringer, David Sandalow, Eli Attie, Beverly Barnes, Jeff Smith, Bob Boorstin, Jonathan Prince, John Haber, Beth Viola, Bill Antholis, Natalie Wymer and possibly a few other agency people.

Congressional

Our immediate congressional objectives are to prevent or defend against hostile actions, such as a resolution against signing, build our base of genuine supporters and build a larger base of those willing to remain neutral. Down the road a bit, we will need to focus attention on passage of the President's \$6 billion plan, dealing with potential appropriations riders, etc.

I would chair a weekly working group meeting on legislative strategy. We need to bring on an additional legislative person to work this issue, either in our own leg. shop or from an agency. I have lined up a good agency candidate and am discussing this with Larry Stein. The legislative team will also include Lucia Wyman, Barbara Larkin or Meg Donovan, Julie Norton, John Angell, Kay Casstevens, Mara Rudman (NSC), Dirk Forrister, Bill Antholis. State will keep a climate change data base on all Members.

Steering Committee

I would chair a weekly Steering Committee meeting to report on what is happening on all fronts and to discuss major issues that need resolution at the Steering Committee level. The core group, as noted, would be Gene, Katie, Jim, John Podesta and Ron Klain, if he wishes. As we did during the fall when we were working on the President's policy, we might well want to include others such as Stu Eizenstat, Larry Summers, Janet Yellen.

Summary

There are obviously a number of White House offices with equities in this issue -- CEQ, NEC, NSC, OVP, OSTP. The premise of the organizational model set forth in this memo would not be to limit their activity -- the Steering Committee and working group meetings would be designed to insure a full opportunity for active participation and, at the Steering Committee level, guidance. However, the premise of this model *would* be to insure that offices (and agencies) are acting in a coordinated manner rather than independently.

Climate Change Steering Committee

Stern
Sperling
McGinty
Steinberg
Podesta
[Klain]
Eizenstat
Summers
Yellen

White House Coordinator

Stern

Outreach

Team Leader: Forrister

CEQ: Viola
COS: Tramontano
IGA: Duval
OPL: Carter
Cab Aff: Balderston

Stern Deputy: Antholis

Congressional

Team Leaders: WH Leg
[TBD]

WHL: Wyman
[TBD]
State: Donovan
Norton
OVP: Casstevens
NSC: Rudman

Stern Deputy: Forrister
Antholis

Communications

Team Leader: [TBD]

Treas: Boorstin
State: Prince
Bass
Energy: Wymer
EPA: Ucelli
COS: Barnes
OVP: Attie
Ewing
NSC/CEQ: Sandalow
OSTP: Smith
NEC: Siewert
CEQ: Diringier
Viola

Stern Deputy: Antholis

Diplomatic

Lead Negotiator: Eizenstat

Team Leader: Sandalow

Treas: Gruber
Boorstin
State: Kimble
Pomerance
Reifsnieder
Pershing
Biniaz
Greenfield
EPA: Doniger
Gardiner
USAID: Hales
DOE: Mazur
Commerce: Hunker
OVP: Jordan
NEC: Orszag

Stern Deputy: Antholis

Domestic

Climate Driven Initiatives:
Industry by Industry: Forrister
Federal Procurement: TBD
Other Climate Issues: TBD

State: Greenfield
Treasury: Gruber
Energy: Mazur, Reicher
EPA: Doniger, Gardiner
NEC: Orszag
CEA: Aldy
NSC/CEQ: Sandalow
OSTP: Bierbaum
OMB: Glauthier

Stern Deputy: Forrister
Antholis

Climate as key component
Budget (\$6 Billion): Sperling
Electricity Restructuring:
Sperling,
w/ McGinty

*Industry by
Industry
ex-CEO*

TBD

*Technology
Consultant*

[Lovins]

2-17-98

THE WHITE HOUSE

WASHINGTON

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM:

SAMUEL BERGER

for IGC.

SUBJECT:

My Speech to the National Press Club

Attached is the speech I made on Friday, wherein I provided an overview of our policy toward Iraq. I thought you might find it useful for the telephone calls.

Attachment

Tab A Remarks

copied
Berger
COS

cc: Vice President
Chief of Staff

THE WHITE HOUSE

**Office of the Press Secretary
(Philadelphia, Pennsylvania)**

For Immediate Release

February 13, 1998

As Prepared for Delivery

**REMARKS BY SAMUEL R. BERGER
ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS**

**NATIONAL PRESS CLUB
WASHINGTON, D.C.**

FEBRUARY 13, 1998

My challenge today is to resist the tyranny of the news cycle and put the current crisis with Iraq in context. I want to make clear the danger Saddam Hussein poses to his people, his neighbors, America and the world. I want to explain what we're doing about it -- in terms of the current crisis over Iraq's weapons of mass destruction program. And I want to lay out our long term strategy for dealing with the chronic problem that is Saddam Hussein.

Throughout his time in power, Saddam has demonstrated again and again utter contempt for his people, the peace of his region and the security of the world. He pursued a horrific, decade-long war of attrition against Iran, costing at least half a million lives. He repeatedly unleashed chemical weapons against Iran's soldiers and fired SCUDs into its cities. In 1988, he gassed Kurdish civilians in Northern Iraq. In 1990, his troops invaded Kuwait, executing those who resisted, looting the country, setting fire to 600 oil wells, spilling tens of millions of gallons of oil into the Gulf, firing SCUD missiles at Tel Aviv, Riyadh and Manama [mah-NAH-mah]. At war's end, he brutally put down in his own country the Kurds and Shia Arabs who rose up in revolt against him. He ordered an attempt on the life of former President Bush. Once again in 1994, he massed his army along the Kuwaiti border. He forcefully occupied Irbil in Northern Iraq in 1996. And throughout the last two decades, Saddam has worked to develop, maintain and conceal the most terrible weapons known to humanity -- nuclear, chemical and biological -- and the missiles to deliver them.

The United States has actively and consistently opposed Saddam because he has demonstrated the intent to threaten the stability of a region vital to our interests. A stable Middle East means we can better protect the free flow of oil, fight terrorism and build support for a comprehensive Middle East peace. There is no greater challenge to the region's stability -- and to America's security in that region -- than Saddam's reckless pursuit of weapons of mass destruction. As President Clinton has said, the spread of these weapons to outlaw states, and from them to

terrorists and international criminals, is one of the most dangerous security threats our people will face over the next generation. Other countries have weapons of mass destruction and ballistic missiles. With Saddam Hussein, there is one big difference: he has used them. Not once, but repeatedly. Not only against combatants, but against civilians. Not only against a foreign adversary, but against his own people. And I have no doubt he will use them again if his capacity to rebuild his arsenal is left unchecked.

For the better part of this decade, the international community has worked to discover and dismantle Iraq's WMD program. At the end of the Gulf War, Iraq was given 15 days to inventory and prepare for the destruction of its nuclear, chemical and biological weapons and the missiles to deliver them. The U.N. set up a special commission of international experts, called UNSCOM, to make sure that the job got done -- and to monitor the situation so that Iraq did not reconstitute its program.

Ever since, Iraq's WMD compliance record had been a litany of lies, deceit and run-arounds. The full disclosure document on missiles Baghdad was required to produce in fifteen days, it delivered -- in five years. When UNSCOM and the International Atomic Energy Agency uncovered facts that proved Iraq's biological, chemical and nuclear weapons reports to be grossly inaccurate, Baghdad simply amended the reports. When Hussein Kamel [ka-MEL] -- Saddam's son-in-law and the architect of Iraq's WMD program -- defected to Jordan in 1995, Baghdad was forced to reveal additional weapons stockpiles and production capacity it had insisted it did not have. Throughout, Baghdad has engaged the UNSCOM inspectors in a high stakes game of cat-and-mouse -- lying to them, harassing them, delaying their access to sites, flagrantly destroying evidence in plain view of the inspectors.

Yet despite Iraq's best efforts, the inspectors have done a remarkable job. They have found and destroyed more of Iraq's weapons of mass destruction capacity than was destroyed during the Gulf War itself. This includes nearly 40,000 chemical weapons, more than 100,000 gallons of chemical weapons agents, 48 operational missiles, 30 warheads specially fitted for chemical and biological weapons, and a massive biological weapons factory at Al-Hakim equipped to produce deadly anthrax and botulinum.

But UNSCOM's job is not yet done. Stockpiles of chemical and biological munitions and a small force of Scud-type missiles remain unaccounted for. And most importantly, Iraq still has the capacity to rebuild its production program for biological and chemical weapons and the missiles to deliver them. As UNSCOM has come closer and closer to ferreting out Iraq's remaining weapons capacity, Saddam has become increasingly determined in his efforts to block the inspectors and end the inspection regime.

Which brings us to the current crisis. Over the last three months, Saddam has sought to end UNSCOM by any and every ruse. First he demanded that American inspectors be removed from the inspection teams. Then he tried to dictate a change in the teams' composition. Now he is denying UNSCOM the free and full access it must have to all sites by designating some of them "Presidential" sites or otherwise restricting the inspectors' access. But as the charts behind me

show, some of his presidential compounds are literally city-sized -- one almost as large as the district of Columbia -- with dozens of separate buildings.

At the same time, Saddam is seeking to end the economic sanctions imposed by the United Nations after the Gulf War -- and which should not be lifted until Iraq complies with all U.N. resolutions, including those on WMD. His gambit is clear and presents a stark danger to our national interests. Compromise UNSCOM's integrity by imposing debilitating conditions on the inspectors and Saddam keeps his remaining weapons of mass destruction and the capacity to produce many more of them. Lift the sanctions and Saddam gets the money he needs to rebuild his military.

It is a situation we cannot tolerate. If Saddam defies international controls here with impunity, he will roll on, as he has before, energized by the conclusion that the international community lost its will. Only our will has stopped him before. The will of President Bush to lead the Gulf War coalition that ejected Iraq from Kuwait and imposed tough conditions for the cease-fire. The will of President Clinton to strike hard at Iraqi intelligence headquarters in 1993 after its agents plotted to assassinate former President Bush. The will immediately to deploy our troops, ships and planes to the region, as President Clinton did in 1994 when Saddam threatened to repeat his walkover of Kuwait. The will to take out Iraqi air defenses and extend the No Fly Zone when Saddam forcefully occupied Irbil in northern Iraq.

Now, once again, we must summon the will to respond firmly to Saddam's challenge to UNSCOM and establish a safe haven for programs to develop weapons of mass destruction. That is exactly what we are doing. From Europe to the Persian Gulf, there is widespread consensus that Iraq must meet all its obligations to the United Nations, that UNSCOM must be allowed to do its job effectively, and that, if diplomacy fails, Saddam Hussein will bear responsibility for the consequences.

Many of our friends and allies would prefer a diplomatic solution. So would we. The UNSCOM system works -- that's why Saddam is so desperate to end it. We will spare no diplomatic effort to gain unfettered access for UNSCOM and to assure it can do its job effectively. We will not accept any proposal that would weaken UNSCOM's effectiveness.

In pursuit of these objectives, President Clinton has been in contact with his counterparts nearly every day over the past few weeks. He dispatched Secretary Albright and Secretary Cohen to Europe and the Middle East -- and Ambassador Richardson literally around the world. If there is a peaceful way to convince Saddam to let UNSCOM complete its mission, we will pursue it until the end.

But if Iraq continues to tie UNSCOM's hands, as Chairman Butler has said, it doesn't much matter if the inspectors are holed up in a hotel in Baghdad, or in Bahrain, or in Boston. If they are not allowed to do their job unhindered, we must be prepared to deal directly with the threat posed by Iraq's weapons of mass destruction -- with force if necessary. Either Saddam Hussein acts -- or we must be prepared to do so.

For the past several weeks, the United States has built up its forces in the Gulf. As I speak, two American carrier battle groups and over 300 aircraft are in the region. They are joined by the British aircraft carrier Invincible. And we continue to receive support for action, should it prove necessary. Our force posture in the region would not be possible without the support of Saudi Arabia, Kuwait, Bahrain, the GCC states, and Turkey. And many friends and allies -- including the United Kingdom, Germany, Spain, Portugal, Denmark, Hungary, Poland, the Czech Republic, Australia, New Zealand and Canada -- are prepared to provide forces, bases or logistical support. That list is growing every day.

Should such a mission prove necessary, its purpose is clear: to deliver a serious blow that will significantly diminish Saddam's weapons of mass destruction threat, and reduce his ability to threaten his neighbors. That is the objective we can and must meet to protect our vital national interests.

The most difficult decision any President has to make is to put our troops in harms' way. No military mission is without risk and cost. Even the best prepared, best equipped forces will suffer losses. But should force become necessary, the safety of our men and women in uniform will be President Clinton's top priority. And let me say, too, that, if military action becomes necessary, we will do what we can to avoid civilian casualties.

If, in the aftermath of force, Iraq allows UNSCOM back in, so much the better. Unless it does so, there is no prospect for ending economic sanctions. But if it does not, here's how the world will look to Saddam in the weeks and months after force is used.

First, as I noted a minute ago, Iraq's weapons of mass destruction threat and capacity to lash out at its neighbors will be significantly diminished. We cannot destroy everything. But we can have a real impact.

Second, Saddam will know, by our actions and our warning, that we will be prepared to act again if we have evidence he is trying to rebuild his weapons of mass destruction capabilities. We will closely monitor Iraq's activities with our own intelligence methods. I have full confidence in our ability to detect significant cheating. The demonstrated certainty that he will pay a heavy price for his conduct will need to become part of Saddam's calculus in the future. The United States will not go away.

Third, sanctions cannot be lifted so long as UNSCOM is unable to complete its mission. Sanctions hurt the Iraqi regime. The proof can be found in Saddam's desperate attempts to lift them. They severely restrict the amount of oil Iraq can sell and give the United Nations control over Iraq's primary source of revenue. To date, sanctions have cost Iraq \$110 billion in oil sales. Imagine the armed force Saddam would have today had he invested even a fraction of this money in rehabilitating his military.

Sanctions are aimed at the Iraqi regime, not the Iraqi people. From the start, we exempted food and medicine. To help Iraq generate revenue to pay for such food and medicine, the United States in 1991 proposed U.N. Security Council Resolutions 706, 712 and later 986.

They would have allowed Iraq to sell limited amounts of oil and use the proceeds for humanitarian supplies -- subject to U.N. monitoring. Saddam rejected that offer for five years, in effect taking the needs of his own people hostage -- while spending what resources he had on Italian marble for 48 new palaces and expensive automobiles for his cronies.

In 1996 Saddam finally and grudgingly accepted U.N. Security Council Resolution 986. Since then, more than 3 million tons of food have been delivered to the Iraqi people. But to this day, Saddam hinders the program's operation and deploys his people as "human shields" around suspected weapons sites -- while appealing to international public opinion to lift the sanctions with images of starving Iraqi children and patients suffering from a lack of vital medicines. This is the mother of cruel deceptions.

Despite Saddam's cynical efforts to manipulate the plight of his people for political ends, we are determined to do all we can to make "oil-for-food" work better. We welcome the U.N. Secretary General's recommendation to increase the program. The more Iraqi oil goes to feeding the Iraqi people, the less Saddam can spend on arms.

Fourth, in the weeks and months ahead Saddam will know that we will strictly enforce the No Fly Zones in southern and northern Iraq. Already, our airforce controls the skies from the southern suburbs of Baghdad to the Kuwaiti border and over northern Iraq -- severely reducing the threat Iraq poses to the Gulf countries and Turkey. We have flown more sorties to enforce these "No Fly Zones" than in all of Desert Storm. And our forces in the Gulf are ready to respond to Iraqi aggression quickly and decisively -- countering any threat in a matter of days instead of the months it took in 1990.

There are alternatives to our approach. I do not think they best serve America's national interests.

Some suggest we should meet Saddam half way by agreeing to close our eyes to "Presidential" or "sensitive" sites or to render UNSCOM ineffective. Such a stunning reversal of the U.N. Resolutions imposed on and accepted by Iraq after the Gulf War would be unacceptable -- and pose a serious threat to our security.

Others suggest that the only effective solution is for U.S. ground forces to remove Saddam from power. But the costs and risks associated with such a venture are high and not essential to achieving our strategic interests -- containing the threat Iraq poses to the region. It would require a major land campaign and risk large losses of our soldiers.

There is no question that Iraq and the world would be better off if Saddam were out of power. As Secretary Albright said in March, we would gladly work with a successor regime ready to live at peace with its neighbors and resume its rightful place in the community of nations. The Iraqi people deserve no less. In the meantime, we have worked with Iraqi opposition groups -- and we will continue to do so.

But as long as Saddam Hussein is in power, we must be prepared to respond firmly to his reckless actions. When the international community weakens in the face of his threats, Saddam simply is emboldened. When we stand as one, Saddam is thwarted. That is the timeless lesson to apply to dangerous tyrants. Sustaining our policy will require constant vigilance. It will from time to time cause tension with our friends and allies. And it will require that we sustain the will to act each time Saddam seriously challenges the international community. We are on the right course. Staying with it offers the best prospects for protecting our interests and preserving stability in a vital part of the world.

#

Economic Viewpoint

BY ROBERT KUTTNER

To Give/Assess/Speakwriting Staff
More soon after

DON'T THANK THE FREE MARKET ^{BC} FOR ECO-FRIENDLY CARS



TEAMWORK:
When it came
to developing
fuel-efficient
engines,
Washington's
alliance
with Detroit
pulled off what
market forces
couldn't

Copied
Spelling
Reed
Speechwriter
COS

Robert Kuttner is co-editor of *The American Prospect* and author of *The End of Laissez-Faire*

At last month's auto show, Detroit congratulated itself for finally getting serious about fuel-efficient engines. In the afterglow of the Kyoto summit on global warming, General Motors Corp. Chairman John F. Smith Jr. predicted a gradual shift from gasoline engines to fuel-cell systems over the next three decades. By 2001, GM plans a hybrid gas/electric production car, with fuel economy of 80 MPG. Ford Motor Co., meanwhile, is investing nearly half a billion dollars in an alliance with Daimler Benz and Canada's Ballard Power Systems to mass-market fuel-cell cars by 2004. Chrysler Corp. has a 70-MPG Intrepid prototype, using a diesel/electric engine. In Japan, Toyota Motor Corp. is already mass-marketing its gas/electric Prius, which gets 66 MPG.

Isn't the free market wonderful? Not exactly. This shift in Detroit's thinking can be credited substantially to the U.S. government, both through its antipollution regulations and the Administration's Partnership for a New Generation of Vehicles. States such as California have also raised standards. The PNGV was created and brokered in 1993 by Vice-President Al Gore, with a 10-year goal of tripling fuel efficiency. *Automotive News* recently editorialized: "Government became partners with the Big Three in a scramble for what seemed like a myth: the 80-MPG family sedan. And darned if it's not working."

The partnership began on a sour note. Candidate Bill Clinton, at an Earth Day speech in April, 1992, proposed raising the hated Corporate Average Fuel Efficiency (CAFE) standards from the 27.5 MPG already in the books for the year 2000 to 40 MPG. And Gore proposed a seemingly utopian technology policy. **MOON SHOT.** Through the first half of 1993, Gore and Presidential science and technology adviser John H. Gibbons met with the CEOs of the Big Three, who wanted a more incremental goal. They also wanted to trade the research commitment for a freezing of CAFE standards. Although no such deal materialized, the auto makers eventually agreed on an alliance. Washington committed more than a billion dollars over a decade through some 20 federal laboratories. The Big Three committed hundreds of millions more, individually and through the industry consortium, the U.S. Council on Automotive Research (USCAR). Formally unveiling the plan in September, 1993, sponsors compared it to the Man-

hattan Project and the moon shot—a long-term effort to meet an ambitious goal, relying on technology that did not yet exist.

The comparison is apt. Government financing of "precompetitive research" was necessary because the auto makers, as rivals looking to near-term results, simply could not commit enough funds for a sufficiently long time horizon. With America's low gasoline taxes and cheap fuel, there was no market demand for an 80-MPG engine. The Administration, for its part, was eager for a less adversarial role with Detroit. The fledgling partnership, however, was sorely tested in 1995 when the Republicans, with their newly won congressional majority, tried to kill the program. "Techno-pork," sneered the libertarian Cato Institute. But Detroit backed the Administration, and PNGV survived.

Now, at the midpoint of the 10-year effort, the alliance is paying real dividends. The progress, Detroit recently claimed, would not have occurred without a government policy commitment to cleaner air. Washington deftly used the CAFE standards as stick and the PNGV as a carrot. The technology policy, says Gibbons, is "a complement, not a substitute, for federal regulatory power."

Some free-market economists, such as Robert W. Crandall of the Brookings Institution, have attacked fuel-efficiency regulations; others, such as Roger G. Noll of Stanford University, have scoffed at the need for technology policies. But given America's political refusal to raise gasoline taxes, both regulation and public investments in technology are needed to reduce the auto emissions that contribute to global warming. The Big Three, thinking in ordinary commercial terms, favored incremental improvements in fuel efficiency. It took substantial public research and development funding as well as a goal that initially seemed far-fetched to create a serious commitment to entire new technologies.

Why government involvement? Air pollution is what economists call a "negative externality"—something that market forces price too cheaply because they don't directly bear the cost. Clean-engine technology is a positive externality—a social good in which industry under-invests because the private rewards are too uncertain. Public regulation and public research must both play a role, or pollution will be excessive. So don't count government out. Detroit didn't.

A Double Standard on Privacy

It is amusing to see how people's standards change at their convenience. Last year, right-wingers became purple with indignation when a Florida couple illegally recorded a cellular phone conversation in which Newt Gingrich broke his agreement with the congressional committee not to lobby for his own acquittal on ethics charges. The member of Congress who accepted the tape of that call was denounced as a trafficker in illegal goods.

Now we have Linda Tripp illegally taping her phone calls with Monica Lewinsky and turning over the tapes to Kenneth Starr. By the standards the right wing used last year, that makes Starr a trafficker in illegal goods. The right denies the comparison, saying that Starr has the power to immunize Tripp. But she broke state law (in Maryland you cannot tape a phone conversation without letting the other party know), and Starr has authority only over federal proceedings.

There is a difference, though, between the two taping situations. The Florida couple just happened on the Gingrich call. The two did not set up the conversation in the first place. Tripp, however, arranged the taping of the calls with Lewinsky, and kept pumping her, leading her on. She asked if anyone saw Lewinsky and the president engaged in hanky-panky (Lewinsky answered no), if his phone calls could be subpoenaed (Lewinsky said no; she thought they must have been made on a "special phone"), and so on.

Starr, given the illegal tapes, wired up Tripp to make a legal tape of Lewinsky in person. Permission does not

have to be granted for that kind of taping. So the wiring itself was not illegal, but Starr's self-authorization to widen the scope of his investigation has been criticized by former independent counsels and law professors. Only when he had taken this step on his own did he produce the second (legal) tape while demanding that Janet Reno authorize him to keep going down the path he had already chosen. What could she do at that point?

On the tapes of the phone calls, Tripp asked Lewinsky for permission to tell her own lawyer about Lewinsky's charges. Guess who that lawyer is? James Moody, a member of the right-wing Federalist Society, as is the lawyer who recommended Tripp to Moody, James Conway.

Conway wrote the brief for Paula Jones' Supreme Court plea to proceed against Clinton while he is in office. Moody ar-

ranged Tripp's meeting with Starr, an old comrade. And you think that Hillary Clinton is extravagant when she says there is a conspiracy of like-minded people out to get the president by any means?

The cast of dubious characters does not end here. Don't forget Lucianne Goldberg, who put Tripp up to taping Lewinsky's plea in the first place. Goldberg, a literary agent who wanted to involve Tripp in a book claiming that Vincent Foster was murdered, told a friend for whom she played the Lewinsky tapes that this is "payback for Vince Foster." Even Starr has given up on the absurd charge that Foster was murdered. But he is cooperating with the nuts who still hold that position. The nuts are running the show.



**GARRY
WILLS**

copied
Lewis
Begala
COS

Ann L
C. Begala

The John F. Kennedy Center for the Performing Arts

WASHINGTON, D.C. 20566-0001
202 416-8000

February 6, 1998

The President
and Mrs. Clinton
The White House
Washington, DC 20500

'98 FEB 17 AM 11:11

Dear President and Mrs. Clinton:

On Sunday evening, April 19, 1998, the John F. Kennedy Center for the Performing Arts will celebrate an evening of music in the White House. The evening will feature the American Top 40 charts around the world (The Washington Post). The evening will conduct the concert with a spectacular Hall. The evening will feature pop and classical music and a "fourth tenor" (The Washington Post) singing Leonard Slatkin.

The gala begins on the Main Stage, followed by a performance on the Center Millennium Stage. This annual event has been a tradition for over 20 years. The gala will support the Kennedy Center's programs in all 50 states.

On behalf of the Center, I am grateful if you would accept our invitation. We would be honored by your support.

With warmest wishes,

Sincerely,


James A. Johnson
Chairman

bcc: Phil Kaplan
Capricia Marshall

The John F. Kennedy Center for the Performing Arts

February 6, 1998

WASHINGTON, D.C. 20566-0001
202 416-8000

The President
and Mrs. Clinton
The White House
Washington, DC 20500

'98 FEB 17 AM 11

Dear President and Mrs. Clinton:

On Sunday evening, April 19, 1998, the John F. Kennedy Center for the Performing Arts will celebrate its Sixth Annual Spring Benefit Gala with a spectacular evening of music in the Kennedy Center's newly renovated Concert Hall. The evening will feature the American debut of one of the hottest names on both pop and classical charts around the world, Andrea Bocelli, who has been called "the fourth tenor" (*The Washington Post*). The Kennedy Center's own Grammy Award-winning Leonard Slatkin will conduct the concert.

The gala begins with a preview performance on the Kennedy Center Millennium Stage, followed by a festive black-tie dinner on the Kennedy Center's Roof Terrace Level. This annual event has become one of Washington's premier evenings. Proceeds from the gala will support the Kennedy Center's artistic, education, and public service programs in all 50 states.

On behalf of the Committee for the Sixth Annual Benefit Gala, I would be very grateful if you would agree to be our Honorary Patrons for this extraordinary occasion. We would be honored by your support.

With warmest wishes,

Sincerely,

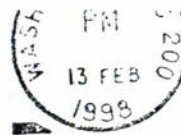


James A. Johnson
Chairman

bcc: Phil Kaplan
Capricia Marshall

The John F. Kennedy Center
for the Performing Arts

WASHINGTON, D.C. 20566-0001

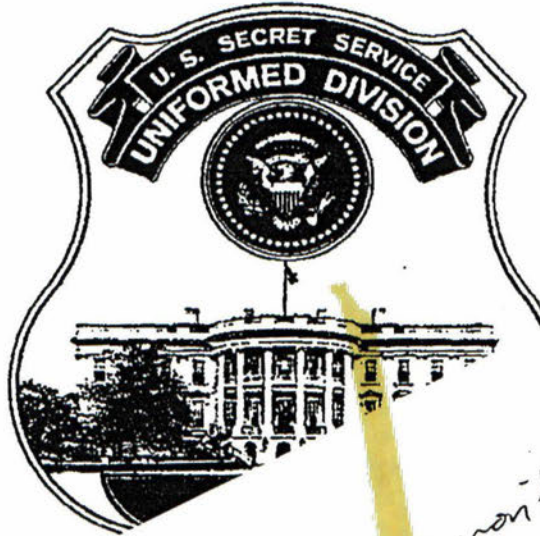


Mr. Phillip M. Kaplan
Deputy Assistant to the President
and Deputy Staff Secretary
The White House
Washington, DC 20502



'98 FEB 12 AM 11:3

**United States Secret Service
Uniformed Division
Foreign Missions Branch**



TO: _____

FAX #: _____

FROM: _____

FAX #: _____

DATE: _____

PAGES: _____

NOTES: _____

Den- The USSS knows POTS won't be
able to attend his event, but they
have asked for a message. Can you
write one? Thanks,
JHM 2/17

3 in. lining cover

1998 "Stop the Violence"
Indoor Soccer Tournament

'98 FEB 12 AM 11:3

**United States Secret Service
Uniformed Division
Foreign Missions Branch**



TO: Phil Caplan

FAX#: 202-456-2215

FROM: Jim Oman

FAX#: 202-634-2297

DATE: 2-12-98

PAGES: 3 including cover

NOTES: 1998 "Stop the Violence"
Indoor Soccer Tournament



U.S. SECRET SERVICE SOCCER CLUB



United States Secret Service
Soccer Club
3507 International Place, NW
Washington, DC 20223

December 1, 1997

President William J. Clinton
1600 Pennsylvania Ave., NW
Washington, DC 20220

Dear President Clinton:

According to the Children's Defense Fund, 5,702 children are arrested every day in America. Out of these arrests, 311 children are arrested on alcohol offenses, 316 are arrested for violent crimes and 403 are arrested on drug offenses. These statistics are alarming. Thus, it is up to each and every citizen of each community in the United States to take action to ensure that our nation's children receive the opportunities to become productive members of society and to teach them that crime does not pay. In this vein, the United States Secret Service Soccer Club is hosting the third annual **"Stop the Violence" Indoor Soccer Tournament** on Saturday, March 21 and Sunday, March 22, 1998 at American University in Washington, DC. The Soccer Club respectfully invites you to attend this event.

All proceeds from this tournament will benefit DC SCORES, a non-profit organization dedicated to helping students build their athletic and literacy skills and self-confidence. DC SCORES is an after-school program. Its mission is to inspire and promote creativity, academic achievement, community involvement and athleticism among urban youth through soccer and creative academic workshops. DC SCORES works in partnership with schools, neighborhoods, the soccer and writing communities and talented professionals. It currently operates in thirteen DC public schools and serves over 400 student-athletes. Adult leaders coach the students in soccer and give them guidance in writing workshops where they are encouraged to express their feelings related to their activities on and off the soccer field. DC SCORES allows students to find their own voices, and find ways to improve their communities from within.

The two day tournament will consist of 32 adult mens teams from the Washington, DC diplomatic community and law enforcement agencies from around the United States and the world. In conjunction with the mens tournament, there will be 6 adult women's police teams and a children's tournament consisting of youth soccer teams from the Washington, DC area. This international event will include law enforcement teams from Achterhoek, Holland; Ljubljana, Slovenia; Toronto, Canada; Bermuda and Naples, Italy as well as police teams from Philadelphia and New York. The tournament will kick off at 9:00am on Saturday, March 21, 1998, with an Olympic style opening ceremony and a performance by the DC Youth Ensemble. We anticipate a lot of press coverage for this event with several news agencies on hand. We would be honored if you could attend and give a speech at the ceremony.

This tournament is just one more way that the Secret Service Outreach Program is benefiting the community. The Secret Service and participating law enforcement agencies, and the teams from the diplomatic corps are committed to assisting the inner-city children of Washington, DC in the hope of improving their lives and communities. If you have any questions, or want more information on the tournament, please do not hesitate to contact me at (202)634-2555.

Sincerely,

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

Officer James D. Oman
United States Secret Service
Uniformed Division

Mr. President:

February 12, 1998

[Handwritten signature]

My son Jonathan's 7th grade class has been holding a discussion about race over the past few months, that has culminated in a series of letters they have written to you. Jonathan asked if I would directly forward them to you.

The children and school officials would greatly appreciate any response you could give. Knowing how busy you are, I have drafted a note you could send if you don't have time to read the letters and draft a statement yourself.

98 FEB 17 AM 11:11

Thanks for considering this request.

[Handwritten signature]

Ira C. Magaziner

P.S. On a personal note, I hope you know that there is a great deal of support, good will and sympathy for you on the accusations you are now confronting. Virtually everywhere I go, even among people who have not been political supporters, there is a strong feeling that you are doing a great job and that the continued harassment you are receiving from the special prosecutor and press is outrageous. Hang in there.

*Don -
These are for Student Correspondents.
Nancy said POTUS would like
to respond. Should try to do
quickly. BC Sig.
Phil
2/17*

Ms. Lee's 7th Grade English Class
Milton Academy
Milton, Massachusetts 02186

February 13, 1998

Thank you for sending me your opinions about the racial problems our nation faces. I am particularly happy to hear from my friend Jonathan Magaziner. I am very impressed by the thoughtfulness and compassion demonstrated in your letters. I will forward them to the National Commission on Race which is now considering these issues.

As a boy growing up in Arkansas, I saw racism first hand and knew that it was wrong. I vowed to do what I could to end racism in this country. We have made great strides in this country to end discrimination and promote civil rights, but we still have a long way to go. I am hopeful that the national dialogue we are now conducting on race will allow us to take important steps forward in solving the racial divide that still exists in our society.

I am glad to hear that your school, Milton Academy, has progressed so far in trying to solve problems of racism. The road your school has followed of opening its doors to all children regardless of race and then implementing programs to address high dropout rates among minority students is an exemplary one. I also applaud the fact that you are having this dialogue on race as a central part of your curriculum.

I particularly liked some of the sentiments you expressed in your letters to me.

" Each individual must take part, as well as each organization and each state, in the elimination of racism. Perhaps one day our nation will truly be able to say that it is free from racism and prejudice, free from all the injustices that have torn at the fabric of our nation. "

" We must find ways to increase education in general and more specifically about racial awareness. This task is easier said than done, but if we start now, slowly accomplishing our goals, my generation's children will have learned the lessons to stop racism. "

" Mr. President, bigotry and hatred will probably haunt us forever, but in the United States, we can choose not to tolerate it. Help lead us away from discrimination, and let every citizen know, WE WILL NOT TOLERATE BIGOTRY HERE ! "

" The challenge of our generation is to help overcome negative stereotypes and create a society where people are judged on the basis of their merits instead of their race. "

I assure you that I will do all in my power to bring down the barriers of race that now too often divide people in our society. With your help and the help of many others in our country who are dedicated to racial harmony, we can succeed.



MILTON ACADEMY

Dear Mr. President,

My name is Jonathan Magaziner and I am proud to participate in this national discussion on racism, which has been debated and discussed since the beginning of our country's history. There have been wars, conflicts, and protests dealing with race. Our past leaders have attempted to put an end to racism, and have achieved many goals that have brought us closer to becoming a unified nation. We still have a way to go, however.

In the past, racism appeared in a more overt form than we see today. Previously, we witnessed the ultimate manifestation of racism, slavery. In slavery, people owned others of different races to perform the tasks that they themselves found too difficult or unpleasant. Private landowners staked claims on others because they felt them to be inferior. This was certainly the most extreme form of racism.

Ever since Lincoln's Emancipation Proclamation and the end of the Civil War, slavery has been abolished in this country. However, that didn't abolish racism. In the more recent past, racism has appeared in our own country's laws, those same laws that are made to enforce the Constitution which states that all men are created equal. The government enacted laws that greatly limited the freedom of minorities, for example the Jim Crow laws, and the use of segregated public bathroom and restaurant facilities. Even though slavery was outlawed, racism still existed and was upheld by the government.

After much freedom fighting by these minorities and their supporters, government sanctioned segregation is no longer in effect. Although we have accomplished all of this, however, minorities are still limited in their ability to pursue happiness, which is a basic Constitutional right of all Americans. It may be difficult for someone to get a job if the person in charge doesn't see that all men are created equal, for example. I am not a believer in racial quota systems, but if there is no other way of ensuring that all people have equal opportunities for jobs or education, affirmative action must be put into effect.

Today we see racism in a more person to person context. For example, teachers may act in prejudiced ways towards students or visa versa, or riots may occur in the streets because of racial tension. Negative stereotypes reinforced by the media, such as the movie industry, have affected the way some people think about others of diverse backgrounds. There is a difference, though, between the examples of racism today that I've just described, and those of the past. In a way, what we see today is harder to eradicate because it has more to do with people's opinions than with their overt actions or those of the government. It can be just as harmful to a society, however, especially because it can affect the way people of all backgrounds regard those of all other backgrounds, not just one particular minority.

In President Franklin Roosevelt's Inaugural address, he stated that there are four things from which an American citizen should be free. One of these is fear. We now live at a time when people of all races live in fear of other races. In a recent survey, a woman walking down the street at night would be more likely to go out of her way to avoid a crowd of African-American teenagers than she would with white teens. She does this because of the stereotype that the crowd of black youths could be up to no good. In some neighborhoods, members of a minority may be too afraid to sleep at night because of their fear that others may disrupt their peace simply because of their cultural background.

In a perfect world, everyone would be free from fear they may be put in danger, avoided, or ridiculed because of their ethnicity. The real problem that we face is that racism in general will never end, only lessened, because people will always have their own opinions. That doesn't mean that we have to stop trying, though. The challenge of our generation is to help overcome negative stereotypes and create a society where people are judged on the basis of their merits instead of their race.

Thank you for your leadership in this important area.

Sincerely,

Jonathan Magaziner
Grade 7



MILTON ACADEMY

February 4, 1998

Dear Mr. Clinton,

My name is Lyh-Hsin Lam. I am thirteen years old and attend seventh grade at Milton Academy in Massachusetts. I am of an ethnic Chinese background. My mother, Helen, was born in Canton, China. She was delivered by her sister while hiding in a small shed in the mountains from the Communists who were trying to persecute her family. She then fled to Hong Kong where she immigrated to the United States of America at the age of eleven. My father, Daniel M. Lam, was born in Phnom Penh, Cambodia during World War II. He was forced to flee to the United States towards the end of the Vietnam War. Last April, my father was the first Asian-American selectman in Randolph's 204-year history, as well as one of the handfuls of elected Asian American officials in Massachusetts. Not only was this milestone a dream-come-true for my family, it also raised racial issues and tensions that I had perceived as superficial or non-evident in my life. I am writing this letter to you as a response to your request for a National Dialogue on Race.

In English class, my fellow classmates as well as myself were faced with this question: If the opposite of slavery is freedom, what does it mean to be free? Does being free imply the freedom from an entity, substance, or thought such as the racial barriers that divide today's society. Does being free represent the freedom to be an individual or the freedom to do something that you yearn for whether it being moral or not, without having the fear of being questioned or criticized? I believe to be free, a person must have the freedom from, the freedom to do, and the freedom to be anything he or she chooses.

In 1988, my grandfather died from liver failure. He was an alcoholic and smoked heavily. Every morning after I woke up, I would look out the window and see him puffing away. When he would smoke, my grandfather would lift his fuming cigarette slowly, in some way remorsefully as if he knew that with each and every draw through his trembling lips he was expecting the time to his own death. My grandfather was an addict, a drunk no one questioned it. But every time I think about him, I feel that he was cheated out of his life, manipulated and enslaved by addiction. Life was a game to him, and in the constraining, repressive binds of the consequences of his own indiscretion he lost.

"Look at all those Vietnamese, having all those kids, and they're all on welfare," the woman standing behind us in line at the local supermarket uttered just loud enough for my siblings and I to hear. As I look back on that moment today, I am glad that I was too young at that time to hate, and that way enmity is vented through undermining bigotry, negative stereotypes and so on. One of the most wounding and derogatory forms of discrimination is stereotyping. Stereotypes are most detrimental due to the fact that they are used as a way to classify and categorize others in the basis of preconceived notions. Not only do stereotypes blind the truth, they are judgements made through the assumption that an individual can be placed into a certain grouping by their race, physical appearance, and the way they act. Today, stereotypes are just as banal as racism in our country.

In closing, I truly believe that racism is still quite evident in daily life and that not one person in this country has been affected by its presence. I feel that we as a nation, as well as a racially diverse and culturally complex people, must constantly work our hardest in the everyday fight to abolish bigotry and discrimination once and for all.

Yours Truly,

Lyh-Hsin Lam



MILTON ACADEMY

Dear Mr. President,

Hi, my name is T.J. Mobisson, I am a "mixed" race male who is one of those people who asks himself the "unanswered questions." I once heard, "Don't be ashamed to show your colors, and to own them," and I ask myself, what does this mean?

Today's American society is made up of many colors and races. What does it mean to show your color? Does it mean to act the same way as everybody else that is your color, or does it mean to state that you belong to a certain group. And what does it mean to belong in a certain group? My life is full of questions: Why this and why that.

I believe that stereotypes of blacks are a huge problem in America today. They are all over the place, here and there, on TV and in the media. For example, because a black teenager acts a certain way on a television show, its viewer may be led to believe that he has to act that way to "belong to the group," to be a part of the whole. As you may know, this causes a whole lot of problems. Stereotypes are a relationship between a person and a general statement. In other words, when you fit a person into a particular category that you have seen lots of his group of people do, is an example of a stereotype. People of other cultures are especially vulnerable to this because their life style is sometimes so much different from the majority of American culture. Ebonics for example, was a stereotype based on black teenagers who are exposed to urban life. Supposedly, the way "they" talk. The thing that is horrible about stereotypes is that some are very true! That is why they keep going on for years and years and generations after generations are exposed to them.

Living in a society where you are either white or non-white, I sometimes ask myself, what is it like to be part of another group? Some of my friends want to be white, while others wish to be black. Because of my characteristics, outside("half-white") and inside, some of my friends think I am white. The point is, I am not ashamed to show my true personality. This is what it's all about, not being "ashamed...to show your colors, and to own them." One of the major problems in our society, could be solved if we could **own our colors**.

One question I would like to ask is not too controversial, but is important for me to see where you are in the world of racism. Did you see or hear of a lot of racial controversies when you were growing up? If so, please name some examples and let me know about them.

Sincerely yours,
T.J. Mobisson
T.J. Mobisson



MILTON ACADEMY

Dear President Clinton,

My name is Brendan Byrne and I am a seventh grade student at Milton Academy in Massachusetts. My class and I are writing to you in regard to the National Dialogue on Race. Over the past few weeks, we have been discussing this topic in my English class. After participating in these classes and doing some research, I have some facts, ideas, and opinions to share with you.

One of the most important issues in our society today are stereotypes. Living in modern day America, stereotypes are a way of life. There aren't many days that go by that we don't hear negative or stereotypical remarks about blacks, whites, Latinos, Asians, or Jews. One of my personal experiences comes from my old neighborhood of Dorchester, which is a section of the city of Boston. Walking down the street there was a group of kids with baggy clothes and their hats on backwards. Some of these kids were white and others were black. On my way down the street I came across two white teenagers who told me to stay away from the kids because they look like "punks" and there are a couple black kids with them. This is just example of something that is slowly destroying our country.

Stereotypes are not just going to go away, but I do think there is a chance of them being diminished. I think the way to do this is to try to combine races more often in meetings and other places people interact. Also, we must address a younger age group because of the fact that if we grow up without stereotypes there could be no stereotypes in years to come. The school I now attend has gotten rid of one of its stereotypes; after a long time its hard work has really paid off: Since the founding of the school, two hundred years ago, Milton Academy, has been predominantly white. From the early 60's to mid 70's, Milton had two to four students of color per grade. In the early 80's, Milton accepted a larger number of black and Latino students, but these kids were making up 75% of the attrition rate. Now thanks to people of all colors the attrition rate has gone down and there are many clubs, boards, and advisors for all colors. Stereotypes are the foundation of racism and definitely one of the problems our country must attack.

After learning about this campaign you have begun on race Mr. President, there are two questions I would like you to answer. First of all, I would like to know how you think racism is started today, and, secondly, have you ever encountered any racial incidents in a old school or town and how did they affect you personally?

I would really appreciate you taking the time to read this letter and I hope my class and I can help you in the fight against racism. Thank you again.

Sincerely,

Brendan M. Byrne



MILTON ACADEMY

Dear Mr. President:

For an English assignment, my class was to write you a letter on race. I am white and I live in Milton, MA, a suburb of Boston. My family is fairly well off: we own a nice house in a nice neighborhood, and though I've gone to public school until now, I currently attend a very good (and expensive) independent school. I know lots of African-American people, though, as well as Latino, Asian, and Jewish people and it seems to me that exposure is the most important way for acceptance of one another.

The more exposure one has to other races and cultures, the more tolerant he/she becomes -- I've never found a case where this isn't true. I'm sure you're aware of all that, but the problem is that many kids aren't getting that "exposure." Kids who live deep in the country or suburbs don't grow up knowing anyone except kids just like themselves. The same is often true for inner city kids. Whether people divide into separate groups because of class, color, or whatever, these social barriers need to be destroyed.

Another problem I believe this country needs to face is that the schools of poor communities are definitely lacking in excellence. Money from tax payers needs to be distributed more equally among our public school systems. Maybe we should be spending more money on education and less on other things, all children deserves equal opportunities. Many schools aren't that diverse either (depending on where they're situated) and "exposing" kids through school is one of the easiest and most effective ways. It only inflicts more damage to segregate America's youth.

Many inner city kids grow up very poor with no father, no guidance, and no future. They resort to street life because they believe it's their only chance. They're not encouraged to do good and try hard in school or find a special talent in themselves, but they are pressured to obtain a gun and join a gang. This is the image America has of Black youth. It is partially unfair because there are many, many young African-Americans who don't try to get involved in street life, but if you are a Black male; you fit the description. Unfortunately, this is the image many white people have of, the police have, even I sometimes have.

In concluding, I don't know how much impact this letter will have compared to the thousands of others being sent to you on the same topic, but I've told you my view, and I think many would agree with it.

Sincerely,
Alden Smith



MILTON ACADEMY

February 4, 1998

Dear Mr. President,

My name is Joshua Rothenberg, and I am a seventh grader at Milton Academy in Milton, Massachusetts. Our nation has come through many eras of battling racism, and, though racism has been significantly lessened, it still exists. As many schools have found over the years is that the key strategy to eliminating racism is for both Black people and White people to accept each other. Neither group should be required to suppress their own history, but all should accept each other for who they are. Inequality of the races is racism in its worst form.

The U.S. has moved very far towards that ideal of total equality, but we are not there yet. In the meantime, we must do everything that can be done to keep racism down as much as possible. Completely stopping racism can't be accomplished by any single way. It requires a large commitment, and sufficient funding. Simply putting a little money, time, and effort aside to lessen racism and prejudice is not enough. What needs to be done, is a national campaign to educate the nation more about the foolishness of racism, combined with stronger penalties for racist crime. One large, unified campaign could make a strong difference in crushing the prejudice that remains in this nation.

My school received a \$400,00 grant in 1984. That money in itself allowed my school to start up many of the programs that were essential to eliminating inequality and racism between the students of color and other students. With that grant, my school started many clubs for people of different and diverse ancestries. The faculty's diversity was increased dramatically. Public speakers of color were brought into the school to talk. In the same year, the attrition rate of students of color was brought down also. Each program that was started continued to evolve, and become larger and better. That small grant was enough to change the school completely. My school committed itself to diversity, and is proud to say that now 24% of its students from within this nation are of color, and 14% of its faculty is of color. If schools in areas where problems with racism exist got funding to start such programs, they might all become completely free of racism.

In all sections of history, whenever there have been differences between peoples or nations, people have tried to scapegoat and exploit other peoples, blaming them because of their differences. This occurred in Egypt with Moses' followers, it occurred in ancient times in the Greek poleis, it occurred in Rome, and it has certainly happened in the brief history of our nation. While colored people are no longer taken advantage of, they are still, to a small extent, oppressed and made scapegoats by extremely racist people. Though it is not nearly as bad as it was a century, or even half a century ago, we can not, and should not try to deny that it still exists.

The North, especially New England, has been proud to say that it was always better, always less racist, less segregated, then other parts of our nation. But New England *did* take a part in slavery, and *did* have segregation. We are not exempt from our past. There were many strongly racist people in New England, and it is not right for us to deny it. It is true that we had no statewide government agency to intervene when colored people tried to gain rights, as Mississippi is alleged to have, but everyone must admit their past if they are to move on. We are not free from the responsibility. No state in the entire U.S. is free from it. That must be accepted and understood by all.

Each individual must take part, as well as each organization and each state, in the elimination of racism. Perhaps one day our nation will truly be able to say that it is free from racism and prejudice, free from all the injustices that have torn at the fabric of our nation. These are my opinions on racism in this nation. These are my views on the past and the present. The future remains to be decided.

Joshua Rothenberg
Student of Milton Academy



MILTON ACADEMY

Dear Mr. President,

I understand that you have initiated a national dialog about race and multi-culturalism. Recently, our seventh-grade English class has been discussing many of the same subjects. Through many of our experiences we have seen demonstrations of racism, discrimination, and prejudicial acts, and we have been able to freely discuss these issues in our class. I think a lot of people are fearful to discuss many of these subjects, and I believe it is a great idea to have a national dialog about these things.

Our school has seen multi-culturalism as a great success. In 1965 there were 2 to 4 students of color accepted each year. Now 24% of the students at our school are students of color, as are 14% of the faculty. Although we saw a large attrition rate up until the year of 1980, we have managed to successfully lower that by providing many support programs. A lot of these helped students of many races, such as African-American, Latino, Asian, native American, and students of different religions, by letting students be welcome to Milton Academy, and being able to trust or rely on faculty if they need help.

Many of the students helped pitch in with multi-cultural projects, and learned to have respect for other people of different races, religions, and backgrounds. As an example, in seventh grade we do an issues project, where each student performs a presentation about a part of their culture that they want to celebrate. This lets students learn about other people's culture, background, and race.

I believe many of the students at Milton Academy are aware that there once was racism, discrimination, and prejudice. Recently a discriminating letter was sent to an African-American student in one of the dorms at Milton. Almost instantly people were aware of this, and although we did not find out who it was, a lot of people were socially moved by this racist act. I think the fact that this was happening on school grounds and had never happened before was what scared us the most, and a lot of people realized that this was also a threat to them too.

Couldn't this happen to anybody? Yes, but what would be the difference? If the same letter was sent from an African-American student to a white student, what would we think of it? Would we enforce the same punishment if he/she got caught? Unfortunately we probably wouldn't. Racism is something we think we have stopped, but little things like that letter give everyone a kind of fear.

A lot of people need to lose the fear that is inside them, and I think that if people "get it out", or talk about their thoughts and ideas, a lot of these things would not happen. Having a national dialog about these issues lets people communicate between each other and talk about race, which is unfortunately not happening in many places. Having the freedom to do so is extremely important in the United States.

Sincerely,
Dan Starmer
Daniel Starmer, Milton Academy



MILTON ACADEMY

Dear Mr. President,

It seems to me that racism is still a very real problem in America, and it will take drastic steps to resolve this conflict. Rules and regulations alone cannot change people's opinions. The only effective and efficient way to deal with racism is to teach people when they're kids and are still open-minded. I am a kid, myself, have been taught that racism is wrong for most of my life and now, because of it, I am not a racist person. I believe a small grant paid to each school system could help them start a cultural diversification project much like my school has now. It would be a multi-phased project which would stress unification and would help integrate the schools. Racism is encouraged by the media, since it puts many bad stereotypes in peoples' minds. For example, gang violence is fairly publicized and causes some white kids to think that all blacks are dangerous and go around making trouble. But most people of all races are fine workers, normal, and make good friends. This is the type of truth we should encourage. Possibly the most influential source of racism are kids' parents. Most parents grew up before all the anti-racism ideas came to be, so they believe in racism and too often teach their kids to hate. I'm afraid there are very few ways to change a parent's opinion about racism after so many years of bad stereotypes and their parents' ideas. A long-term way around this is by teaching children about racism, so when they grow up they'll teach their kids the same, and this fact links back to the idea of helping schools to endorse cultural integration.

I realize that it is up to your hierarchy, Mr. President, to decide about which method to use to culturally integrate the country, but I hope you'll consider something like what I have proposed above.

Sincerely,

Scott McHugh



MILTON ACADEMY

January 13, 1998

Dear Mr. President,

I live in Boston, Massachusetts and attend seventh grade at a private school. To me it seems many northerners view racism as happening long ago in a far away land where the Klan reigned by terror, making every political and ethical decision, and blacks were completely shunned by whites. In fact, blacks and whites made far more daily contact south of the currently existent Mason-Dixon Line than they did in the urbanized North where racism, perhaps in a subtler form than of the old South, was, and still is forever present. After all, a bigot is a bigot wherever he may reside.

Bigotry is frightening and for anyone to attain true freedom he must be liberated from fear: fear of prejudice, fear of segregation, fear of poverty, fear of tyrannical government, fears related directly to racism. Before any progress is made on racism in America all fear must first be abolished, for if even a small part of a nation's population is living in fear, harmony can never be achieved among its people. Whether a person fears physical harm, verbal abuse, or subtle discrimination, he still fears, and therefore can never be free. These fears cannot be abolished without the cooperation of an open-minded majority, which is often hard to come by.

It has been proposed that America apologize for slavery. Meaning no disrespect to slaves or their ancestors, I disagree completely with this suggestion. Those who would be apologizing were not the slave-holders, and though African-Americans have been oppressed throughout history, those who would be apologized to were never slaves in the literal sense. Instead, there should be a national day of recognition for slaves, much like Veterans' Day, when America would have the chance to remember and honor the slaves held captive by many of our celebrated leaders.

All racists stereotype blacks, especially young males, as crime starters and neighborhood destroyers because it is often African-Americans who inhabit the ghettos and high-crime areas of cities. Until blacks are given equal opportunities there is no way for the general masses to escape from the ghetto and nullify their negative image. I am against the principles of Affirmative Action; however, if there is no other way to ensure equal education and job opportunities for blacks then Affirmative Action must be put into place.

The cancer of racism on American society is a crucial matter in desperate need of address. The same malevolent cycle has been repeating itself since the beginning of our country. It continues all over America and will continue until the nation as a whole is strong enough to join together and break the cycle.

Sincerely,

Andrew Miller
Andrew Miller



MILTON ACADEMY

Dear Mr. President

I am Andrew Fink of Wellesley, Massachusetts. I have lived in the suburb of Wellesley my whole life. I am German-American. I currently attend Milton Academy in Milton, Massachusetts in seventh grade. I attended Wellesley public schools before Milton Academy. I am writing this letter to you discussing racism for the National Dialogue on Race.

Someone once asked, "If the opposite of 'Slavery' is 'Freedom,' what does it mean to be 'Free?'" Lincoln freed the blacks from slavery but only that and then the Civil Rights movement helped again, but full freedom means being your own person, have your own job, have their own life. In "perfect" worlds, all men are created equal, but our world is not "perfect." Blacks' lives are still influenced by racism in our real world. As Americans, we continue to improve our country, ridding it of the discrimination, and letting equality of race take over.

Racism is something that needs to be dealt with in America. The people, and the government need to come together and strive for equality between races. All men are created equal is right, but not all men are treated equally. People are treated differently because of the color of their skin. We need freedom from this prejudice.

I remember hearing about an event in my town when a professional basketball player was sitting in his expensive car in front of a bank, and someone from an office across the street thought that this was suspicious and called the police. The police arrived and searched the car and the basketball player only to find out that he was just innocently waiting for one of his friends inside the bank. The reason the person called was that he "fit the description." The player probably felt that he was stripped of his freedom; his freedom of being accused because of the color of his skin; his freedom of being equal to those people of white skin. This prejudice is an ugly side of the American society.

One of the many problems with equality is stereotypes. There are stereotypes on all kinds of people and things. If a woman is walking down the street and she notices a group of teenage blacks, chances are that she will walk on the other side of the street, or turn around, no matter what her race is. If the same woman is walking down the street and she sees a group of teenage Caucasians with the same clothes, actions, the only difference is their race, the woman will probably keep on walking, by the Caucasian teenagers. Stereotypes about blacks, that they are more dangerous and troublesome than other races are something that we shouldn't have to live with. This nationwide stereotype that blacks are more violent and dangerous than whites causes many people to fear a group of black kids hanging around in the city.

The American society should also rid itself of fear. In the example above the woman will not walk down the same side of the street by a group of black teenagers. Because of her stereotype, she has a fear of violence. She is afraid that she could be hurt or put in danger if she walked by this group of people. Many fears in America can be destroyed, but some can only be reduced, and we should attempt to find the minimum fear.

At the school that I attend they had problems with integrating the school years ago. They first integrated in 1963, in their goal to become a fully integrated school. These first two students of color's success in life came at a high price. Clearly being the minority of the school, these two students experienced many prejudices, although they did get a great education to lead them into a successful career. By the early 1980s, the attrition rate for African-Americans and Latinos was very high, while the rate for Caucasians was only 4% (24% for African-Americans, 52% for Latinos). The school formed many groups to solve this problem, helping students and people speak their mind about multi-racial communities. The goal worked, and the prejudices are mostly gone, and the students don't have to worry if they will unintentionally offend anyone, and they know that they are all equal.

America is a multi-racial community just as my school is. We should strive to reach homogeneity through a diverse nation.

Sincerely yours,

Andrew C. Fink



MILTON ACADEMY

Dear Mr. President,

My name is Colby Rodman. I am a student at Milton Academy and in the 7th grade.

I think a problem in the U.S. is how neighborhoods in cities are usually one main race so the kids growing up are mainly introduced to just their race. When they get older they may get bad ideas about one culture or think that culture is odd. Also that could happen with religion too.

Another problem is stereotyping another culture. As a young kid hearing bad things about different kinds of people might put an idea in his or her head and make them hate all of the people in that group because of what they were hearing while they were young.

In my life it has always seemed that the African-Americans have gotten the worse of every thing, or not fair say in the problem, but that's not as true anymore. I think you have done a good job with that along with some earlier president.

As a kid I grew up with a best friend who was Korean, and I could not tell the difference between us. As I became older I learned some people hated people who had dark skin they also were more afraid of them. For example if a white person was walking down a street and saw a black teenager, the white person would be more likely to stay as far away from the black teenager as possible then if the same thing happened with a white teenager, because he or she is thinking it is more likely to be hurt by the black man. How long do you think stereotyping different ethnic backgrounds will take, and why if ever will it happen? Also, how do you think it makes the black teenagers feel to hear that fact? My thought is that the key to stopping racism in the U.S. is working with new generations and getting their parents' help.

Sincerely,

Colby Rodman
Colby Rodman



MILTON ACADEMY

Dear Mr. President,

In 1963, Martin Luther King Jr. delivered his famous "I Have a Dream" speech. It has been a long road from his dream that his "four little children will one day live in a nation where they will not be judged by the color of their skin, but by the content of their character." I believe that our nation has kept his dream alive. We have come far from the deep racism regularly encountered by blacks in Dr. Martin Luther King's time and we should be proud of this.

I live in a protected and liberal environment. Going to a private school, I am surrounded by people who understand the complex issues of race. I learn about racial issues from my teachers and other students who set good examples. Also, living in the suburbs, my family and me barely ever see the racism that sometimes plagues urban areas. Although I do not personally encounter racism often, there have been events that have reminded us that we haven't totally stopped racism. For example, last year a hate letter was sent to a black boarding student. Everyone was shocked. This kind of severe racism had not been encountered in many, many years at Milton Academy. My sixth grade class had long discussions about what this meant and the incident was a great opportunity to discuss other racial issues as well. We talked about ways in which we can help stop racial injustices that happen every day and why some people are racist.

Racism is often generated from misunderstandings. In particular, misunderstandings and misconceptions that white people have about blacks. This often results when whites are not very well educated and do not understand the black people are equal to them. Just because black people are different some people think that they are inferior. In the 50's and 60's, the idea that different is inferior was a common belief and sometimes, no matter how unfortunate, still is. If people were educated and understood that all humans are equal then racism would be reduced greatly.

Our nation also needs to look at the ideals that we have set for our selves and shape our nation around them. "All men are created equal," is an excerpt from our countries own Declaration of Independence, that say that all men, black and white, are created equally and still they are not treated equally. "[All men] are endowed by their Creator with certain unalienable Rights" Through out the history of slavery, segregation, racism and other forms of prejudice in the United States, have taken many of these rights away.

Although it will not be easy, we must find ways to solve these racial problems. We must find ways to increase education in general and more specifically about racial awareness. This task is easier said than done, but if we start now, slowly accomplishing our goals, my generation's children will have learned the lessons to stop racism. We all must be more aware of racial issues that we face and the task will become easier. When we are more aware then problems and we do not sweep them under the rug, then they will be solved rapidly and we will become more united as a nation.

Sincerely,

Kit Will
Kit Will



MILTON ACADEMY

Dear President Clinton,

I am a thirteen year-old student at Milton Academy in the seventh grade. It seems to me that our country has come a long way in the battle against racism, but we still have a long way to go to erase one of the most terrifying realities of our country. Racism is something encountered very frequently in every day life.

I have heard stories about prejudice against the Irish in this country, not so long ago. My great grand-father immigrated to America from Ireland during the potato famine. But he did not find things much better here. Everywhere he tried to get work signs would read "Irish need not apply." He found a way around it. By changing his voice he was able to get a job as a trolley driver, only to be fired months later when the boss discovered he was Irish. Discrimination against the Irish has surely diminished, but occasionally people tell distasteful jokes, preserving negative stereotypes. Just a few weeks back there was an article in the Boston Globe that many Irish people took offense to.

I am very fortunate never to have experienced prejudice first hand. But through class discussions I have learned that many of my friends have encountered prejudice outside of school. I believe, correctly I hope, that our class is "colorblind" and we do not judge people differently or act differently towards them because of race. In reflecting on our harmonious class, I believed that we were "colorblind" because we began school together, before hearing prejudicial comments from adults, and because our teachers taught us as early as kindergarten, to understand and value our diversity.

Unfortunately, my sister's fourth grade class, which has had the same education, has had a number of incidents in which children have made hurtful racial comments to classmates. It is shocking that children of this age who have been aware of the meaning of discrimination could make such cruel and hateful remarks. I cannot account for the different behavior of these two classes. Fortunately, the incidents were immediately brought to the school's attention and dealt with in such a way that the offending students have hopefully learned a valuable lesson. I continue to hope and believe that my class will be free from senseless racial tensions. At the same time, I realize that racism still exists in our society.

I think that the nation-wide dialogue on race is a worthwhile pursuit. But are there specific goals and objectives to the dialogue? Do you think that additional legislation needs to be passed to eradicate racial discrimination? Would a mandatory course at the elementary school level in understanding our need for racial harmony be helpful?

Sincerely,

A handwritten signature in cursive script, appearing to read 'Tucker Greene', written in dark ink.

TUCKER GREENE



MILTON ACADEMY

Dear President Clinton,

As you may well know, different forms of bigotry remain major quandaries in our country.

My name is Dennis Reardon and I am a seventh-grade student at Milton Academy in Massachusetts. Although I personally have not witnessed many acts of racism, anti-Semitism and bigotry in my life, through my friends, parents, my studies and the media I am aware that it is one of the most continuous and damaging malignancies in our society.

In my school, there has been very little prejudice. But Milton has strived to eliminate discrimination and to encourage diversity with respect and tolerance for each individual. If a school could achieve such a noble goal, why couldn't the UNITED States, a capable country, do the same? Like my small community at school, why can't we band together against racism by funding our schools through grants that allow the diverse races to receive high quality educations? Why can't we expand public awareness and encourage immediate ostracism when prejudice and hatred arises in our communities?

I was proud to be from Boston when I heard yesterday that the Old Colony Housing Project in South Boston resolved to evict two families whose children threatened and bullied minority families in a public housing project. The Housing Board took quick action, and the courts backed their decision. The message was, "We will not tolerate bigotry here!"

Mr. President, bigotry and hatred will probably haunt us forever, but in the United States, we can choose not to tolerate it. Help lead us away from discrimination, and let every citizen know, "WE WILL NOT TOLERATE BIGOTRY HERE!"

Sincerely,

Dennis Reardon

Phil -

I would suggest just a brief "thank you for your thoughtful note -- I have sent a copy on to the Counsel's Office" response, together with whatever personal note is warranted by their relationship, if any.

Chuck

'98 FEB 17 AM 11:18

Regent - 2/17/98
See Chuck Phil's note.
Can you draft a reply?
Thanks
Phil



Yale Law School

STEVEN B. DUKE
Professor of Law

February 6, 1998

*cc: Counsel's
Office
SMB*
FEB 10 11:00

The President
The White House
Washington, DC 20500-2000

Dear Mr. President:

Please permit your old criminal procedure teacher to remind you of something you learned and that apparently many of the White House legal advisors did not. You might pass it on to them.

Friendly witnesses should be advised that, even if subpoenaed, they have no obligation whatever to talk to the FBI or representatives of Starr's office, even Starr himself. Nor are they obliged, even if subpoenaed, to show or give documents or other objects to any such persons. Subpoenas require only the subpoenaed person appear and testify and produce documents to the grand jury.

If witnesses insist on their right not to discuss anything with Starr, et al., prior to the grand jury proceeding itself, it will then be clear, if their stories turn up in the press, that there has been a violation of Rule 6(e), Federal Rules of Criminal Procedure, which protects grand jury secrecy. If, on the other hand, witnesses allow themselves to be interviewed, or turn over documents and objects to investigators, it will then be virtually impossible to establish any violations of Rule 6(e) and the leakages will continue.

Moreover, when prospective witnesses submit to interviews, they allow the special prosecutors to pick and choose which witnesses they will put before the grand jury and even to select (and thus distort) which parts of the witness' account to present.

Mr. Starr postures about the White House keeping evidence from the "grand jury." Cooperate with the "grand jury," if no privileges are threatened, but your employees and advisers should usually not submit to interviews outside the grand jury room.

Grand jury witnesses may also leave the room before answering any question (or all questions) to consult with counsel.

Sincerely,

THE WHITE HOUSE

WASHINGTON

February 14, 1997

THE PRESIDENT
2-17-98

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN *Phil*
SEAN MALONEY

SUBJECT: Recent Information Items

We are forwarding th

- Tab D: cover memo + memo: - Berger/COS
Tab E: page 2 cover memo + memo - Berger/COS
Tab G: page 2 " " + memo - Berger/COS
Tab H: page 2 " " + memo - Matthews/COS
Tab I: page 3 " " + memo - Marshall/COS
Stinson
Lewis memo re msg from Iris Martin: page 3 cover memo + memo (Lewis/COS)
- (A) **Berger memo** appreciation fo pounds of hum medical equipm continuing after
- (B) **Berger/Tarullo** expressed interest "crony capitalism" and forcing interna IMF reforms, if im transformation of tl more enduring rather than putting individuals on trial, i.e., a repudiation of "crony capitalism"; and that (ii) foreign and domestic equity investors have already suffered substantial losses; Rosenthal's desire to see further investor suffering is impracticable because of a genuine tradeoff between restoring financial confidence and punishing creditors; efforts are underway to address the "moral hazard" issue by finding ways to punish bad investment choices while preserving the health of the international financial system.
- (C) **Berger Memo on Irish Press Response to Amb. Seitz's Policy Criticisms** -- as you know, former U.S. Ambassador to Ireland Ray Seitz recently published memoirs that criticize you and your policy team over the 1994 decision to grant Gerry Adams a visa; he also attacks Jean Kennedy Smith and accuses the White House of leaking British intelligence information to the IRA; Sandy reports that the Irish press reaction in both North and the Republic, generally supported you and your policy, born out by positive developments in the peace process; Jean is reportedly contemplating a libel suit against the London-based *Sunday Telegraph*, which published Seitz's excerpted memoirs.
- (D) **Berger Memo on Sharing Satellite Vulnerability Data with Russia** -- you inquired about a *Washington Times* article alleging U.S. plans to share satellite vulnerability data as part of an arms control agreement with the Russians; Sandy says the allegations are flat wrong; still, such charges combined with your October line-item veto of three

THE WHITE HOUSE

WASHINGTON

February 14, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN *PC*
SEAN MALONEY

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) **Berger memo on letter from Chinese President Jiang** -- Jiang wrote to express his appreciation for recent earthquake assistance: the U.S. Pacific Command airlifted 81,000 pounds of humanitarian supplies, including clothing, sleeping bags, blankets, food, and medical equipment; Sandy notes that his letter is noteworthy for its warmth, reflecting the continuing afterglow of the October visit; Sandy believes no reply is necessary.

(B) **Berger/Tarullo Reply to A.M. Rosenthal Op-Ed Article on Asian Corruption** -- you expressed interest in Rosenthal's column in which he attributes Asia's financial crisis to "crony capitalism" and proposes establishing IMF commissions to investigate corruption and forcing international investors to absorb losses; Sandy and Dan respond that (i) the IMF reforms, if implemented, should result in systemic change and a more enduring transformation of the capital allocation system rather than putting individuals on trial, i.e., a repudiation of "crony capitalism"; and that (ii) foreign and domestic equity investors have already suffered substantial losses; Rosenthal's desire to see further investor suffering is impracticable because of a genuine tradeoff between restoring financial confidence and punishing creditors; efforts are underway to address the "moral hazard" issue by finding ways to punish bad investment choices while preserving the health of the international financial system.

(C) **Berger Memo on Irish Press Response to Amb. Seitz's Policy Criticisms** -- as you know, former U.S. Ambassador to Ireland Ray Seitz recently published memoirs that criticize you and your policy team over the 1994 decision to grant Gerry Adams a visa; he also attacks Jean Kennedy Smith and accuses the White House of leaking British intelligence information to the IRA; Sandy reports that the Irish press reaction in both North and the Republic, generally supported you and your policy, born out by positive developments in the peace process; Jean is reportedly contemplating a libel suit against the London-based *Sunday Telegraph*, which published Seitz's excerpted memoirs.

(D) **Berger Memo on Sharing Satellite Vulnerability Data with Russia** -- you inquired about a *Washington Times* article alleging U.S. plans to share satellite vulnerability data as part of an arms control agreement with the Russians; Sandy says the allegations are flat wrong; still, such charges combined with your October line-item veto of three

unnecessary military space projects, prompted a recent letter to you from 43 retired Flag officers seeking assurances that we'll "deny our enemies the use of space"; NSC is responding; preliminary discussions with Russia have begun on whether certain ground lasers could inadvertently damage orbiting objects like the Space Station; if an agreement is reached, a warning system could be developed that would not divulge details of our satellites' vulnerabilities. U.S. Space Command supports this initiative.

Berger Memo on Soldier's Medal for Vietnam Veteran -- responds to your inquiry on status of Soldier's Medal for Hugh Thompson, the former Army helicopter pilot who saved more than a dozen Vietnamese civilians during the 1968 My Lai massacre; news reports have blamed "Army politics" for delaying the award; in fact, the planned Pentagon "Hall of Heroes" ceremony was shelved, at Thompson's request, in favor of a possible outdoor ceremony at the Vietnam Memorial on March 6 with General Shelton presiding; the Army and Park Service are discussing such a ceremony, as such a ceremony has never been held at the Memorial.

Berger Update on Pacific Salmon -- following 5 months' consultation with state, federal, tribal and industry representatives, the U.S. and Canadian Special Representatives reluctantly announced on Jan. 12 that the two sides' differences are too great to justify reconvening stakeholder talks; Sandy notes that although this is disappointing, the outcome is potentially constructive as the report recommends that both sides strive to adopt interim arrangements and recommit to developing a practical framework for implementing contentious provisions of the 1985 Pacific Salmon Treaty; Alaskan fishermen reacted negatively; Canadians have stressed willingness to work with us; an agreement was announced recently by Alaska Governor Knowles and Canadian Fisheries Minister to resolve civil suits filed after last summer's blockade of the Alaskan ferry Malaspina; this should improve Alaskan/British Columbia relations and the climate for Salmon negotiations.

Berger Memo on Caribbean Banana Question -- responds to your note on a recent *Economist* article expressing a desire to help Caribbean banana producers, now that the WTO has ruled in our favor; last week, USTR and State presented a proposal to help poor producers in St. Lucia and the Eastern Caribbean that would permit certain duty-free banana exports to Europe, consistent with WTO requirements; the affected countries reacted positively and have agreed to study the proposal; the EU has a competing proposal that is not WTO-consistent and we have expressed our concerns to the Europeans; the parties have agreed to meet again; Sandy will keep you apprised.

New Yorker Article Summary from Sylvia Mathews -- provides a summary of the article on Neo-Nazis that Wendy Smith sent you (which you forwarded to Sylvia and Judith); with respect to the idea of meeting with Neo-Nazis and Klan members, your PIR group feels you should not meet with such groups because (i) they do not believe in One America, which is our starting point, and (ii) we should not be legitimizing them.

✓ P
This is important to him -
Percy Malone Letter on Arkadelphia Recovery with Goody Marshall Cover Note --
Malone wrote you with his estimate on what tornado recovery will cost; Goody has met with him and facilitated contacts between Arkadelphia officials and the relevant agencies; since your March visit, much progress has been made; FEMA obligated \$328,000 in public assistance funds, \$457,000 in temporary housing grants, and over \$125,000 in individual and family grants; the Army conducted a \$3M debris removal operation; HUD provided a \$686,000 disaster recovery grant; and the SBA approved 151 loan applications for homes and businesses worth \$5M; Malone commends the Administration's response, and asks for your continued support; Goody will continue to monitor the situation.

We have also received the following items:

✓
Compilation of Id al-Fitr Messages Sent to Heads of State -- on your behalf, Sandy approved approximately three dozen cables to Muslim heads of state congratulating them on Id al Fitr, the Islamic holiday, celebrated with days of feasting, that marks the end of Ramadan; in each message you extend wishes for health, happiness and prosperity; individual messages were further tailored to specific nations/leaders.

✓
When it comes let me see
Message from Iris Martin Conveyed by Ann Lewis -- Martin believes that recent events are the latest manifestation of the "Gandhi effect" -- the hostile reaction to transformational leaders by those opposed to/threatened by change, who bond together in an unconscious attempt to "kill the king;" says the same effect is seen in the corporate world, though at a less toxic level; Ann asked Martin for a memo summarizing her experiences with the "Gandhi effect."

2-17-98

THE WHITE HOUSE
WASHINGTON

February 14, 1998

MR. PRESIDENT:

Attached are the following weekly information items:

- (A) Weekly Economic Briefing
- (B) Interest Rates and the Stock Market (CEA) and Update on Emerging Markets (Treasury)
- (C) DPC Report
- (D) NEC Report
- (E) CEQ Report
- (F) Communications Report
- (G) Legislative Report
- (H) Race Initiative Report
- (I) Public Liaison Report
- (J) Intergovernmental Affairs Report
- (K) Cabinet Affairs Report
- (L) OSTP Report
- (M) Political Report

Tab C: Reed / Kagan / COS Phil Caplan
Tab D: Sperling / COS
Tab E: McGinty / COS
Tab F: Lewis / COS
Tab G: Stein / Ruff / COS
Tab I: Echaveste / COS / Matlans
Tab J: Ibarra / Podesta / COS
Tab K: Marshall / COS
Page 3
Smith / COS

2-17-98

THE WHITE HOUSE
WASHINGTON

February 14, 1998

MR. PRESIDENT:

Attached are the following weekly information items:

- (A) Weekly Economic Briefing
- (B) Interest Rates and the Stock Market (CEA) and Update on Emerging Markets (Treasury)
- (C) DPC Report
- (D) NEC Report
- (E) CEQ Report
- (F) Communications Report
- (G) Legislative Report
- (H) Race Initiative Report
- (I) Public Liaison Report
- (J) Intergovernmental Affairs Report
- (K) Cabinet Affairs Report
- (L) OSTP Report
- (M) Political Report

Phil Caplan *Phil*

Tab C: Reed / Ragan / COS
Tab D: Sperling / COS
Tab E: McGinty / COS
Tab F: Lewis / COS
Tab G: Stein / Ruff / COS
Tab I: Echaveste / COS / Matlens
Tab J: Ibarra / Podesta / COS
Tab K: Marshall / COS
Page 3

THE WHITE HOUSE

WASHINGTON

February 13, 1998

Copied
Reed
Kagan
COS

98 FEB 14 PM 5:45

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Health -- Children's Health Outreach: In an event with the First Lady on Wednesday, you are scheduled to announce that Colorado and South Carolina are joining Alabama as the first states to enter the new children's health program (CHIP). (Seventeen other states have proposals under review at HCFA.) You also can announce several new steps to target and enroll uninsured children. These include (1) the \$900 million children's outreach initiative included in your FY99 budget; (2) an executive memorandum directing the six agencies (HUD, Agriculture, Education, Labor, Treasury, and HHS) that run programs likely to reach uninsured children (e.g., WIC and Food Stamps) to devise ways of helping to enroll them in Medicaid or CHIP; (3) efforts by the NGA to disseminate information on model outreach programs; (4) the establishment of a 1-800 number, financed by Bell Atlantic, to help individuals contact their state Medicaid and CHIP enrollment agencies; and (5) other major private sector commitments made by the Robert Wood Johnson Foundation, the Kaiser Family Foundation, and Pampers.

2. Health -- Missouri Children's Health Waiver Request: Governor Carnahan has asked for a children's health waiver, and he will probably raise this matter with you at the upcoming NGA meeting. The waiver proposal, although otherwise acceptable, raises one very large problem. The state proposes to rely on provider taxes to finance the program, even though the law establishing CHIP explicitly prohibits this financing mechanism. (Missouri's Medicaid program similarly relies on impermissible provider taxes.) Missouri apparently hopes that our desire to implement CHIP quickly will lead us to approve this request. HHS, OMB, and DPC all believe, however, that the law prevents us from doing so. As you know, we are doing everything we can to absolve Missouri (and other states) from the consequences of using improper provider taxes to finance Medicaid. We believe that we should not overlook, much less explicitly approve, the extension of these illegal practices into the children's health program.

3. Health -- Patients' Bill of Rights: When you endorsed the consumer bill of rights recommended by your Quality Commission last November, you asked the five agencies in the Federal government with jurisdiction over health care -- OPM, HHS, VA, DOD, and DOL -- to review their programs and bring them into compliance with the bill of rights. The agencies will report back to you next week, and you are scheduled to announce on Friday the actions they are taking. For example, OPM is issuing individually tailored letters to every participating plan in the FEHBP detailing what they need to do -- on matters such as access to specialists and

1) How
2) Reed
3) Kagan
4) Order?
5) Committee?
6) Hunt?
7) -

emergency room care -- to come into compliance with the Bill of Rights. Similarly, HCFA is sending a letter to all state Medicaid programs clarifying that the law requires them to cover emergency room services whenever the need arises. You can use this announcement to show that the Administration is leading the way in the effort to ensure quality health care, and to urge Congress once again to enact legislation to provide these rights to all Americans.

4. Health/Race -- Racial Disparities in Health Care: Next week's radio address is currently scheduled to focus on the FY99 budget's new initiative to address racial disparities in health care. As you know, African-Americans, Hispanics, Native Americans, and Asian Americans suffer from certain diseases up to five times as frequently as whites. To use just one example, infant mortality rates are 2 ½ times higher for African-Americans and 1 ½ times higher for American Indians and many Hispanic groups than they are for whites. Dr. Satcher intends to make this issue one of his highest priorities, and we are considering a proposal that he participate with you in the radio address. You can announce the Administration's commitment to eliminate racial disparities in health care by the year 2010, and detail the public health measures proposed in the budget -- totaling more than \$400 million over the next five years -- to advance this effort. This funding will allow communities to test innovative and promising new ways to improve health care for minorities, as well as enable established public health programs to turn their attention to this issue. You also can challenge foundations, health care providers, and corporations to focus on this problem.

5. Drugs -- Prison Drug Treatment Report: The Justice Department is releasing today the results of a study, involving 1,866 inmates at 30 institutions, that confirms the benefits of drug testing and treatment for prisoners. The study, which was announced in your radio address, found that federal inmates who participated in the Bureau of Prisons (BOP) residential drug abuse treatment program during their incarceration were 73 percent less likely to be re-arrested and 44 percent less likely to test positive for drugs in the first 6 months after release than similar inmates who did not participate. In compliance with the 1994 Crime Law, the BOP provides drug treatment to 100 percent of eligible inmates prior to their release from custody. In FY 97, nearly 31,000 inmates participated in Bureau treatment programs, with about 6,000 (at 42 different institutions) participating in the especially intensive residential program that is the subject of this study. Your FY99 budget proposal would give \$72 million to states to establish similar residential drug treatment programs for inmates. It also would provide \$85 million to state and local governments to implement the comprehensive drug testing and intervention plans that are now a condition of receiving federal prison money.

6. Crime -- COPS Program: The COPS Office last week awarded \$64 million in grants to 311 law enforcement agencies across the country to hire nearly 1,000 officers. Two of the larger grantees were the Nashville and Tampa Police Departments, which each received funding for 40 full-time officers.

7. Tobacco -- International Control Efforts: At our urging, the State Department will issue guidance to U.S. diplomatic posts early this week on tobacco trade and control in foreign

countries. The guidance encourages posts to assist tobacco-control efforts in host countries; prohibits posts from challenging foreign tobacco-control laws, as long as the laws are applied in a non-discriminatory manner; and prohibits posts from promoting the sale or export of tobacco products, or assisting U.S. firms or individuals to do so. The guidance implements a recent appropriations rider sponsored by Rep. Doggett and ensures that all diplomatic posts will act consistently with the Administration's overall tobacco-control policy. We will inform *The New York Times* or other newspaper of the guidance just prior to its issuance by the State Department.

✓ **8. Welfare -- Illegitimacy and Work Bonuses:** HHS will issue proposed regulations this week on giving bonuses to states for (1) reducing illegitimacy and (2) promoting work. We described the work bonus to you last week; briefly, HHS will give \$200 million annually to the states that do most to place welfare recipients in jobs and help them succeed in the workplace. The illegitimacy bonus, totaling \$100 million annually, will go to the five states with the largest decline in the percentage of children born out of wedlock -- if those states also can show a decline in their abortion rates since 1995. As you know, about 33 percent of all children -- and 75 percent of children with teen mothers -- are now born out of wedlock. We will release information on the two bonuses (highlighting the work bonus) to *The Washington Post* for a story early this week.

✓ **9. Welfare -- Michigan Privatization Lawsuit:** Michigan has sued the Department of Labor for withholding Wagner-Peyser funds in response to the state's decision to privatize employment service operations. Michigan submitted a privatization proposal to DOL late last year. When Secretary Herman indicated that she would disapprove the plan, Governor Engler withdrew it and announced that he would proceed without federal approval. DOL responded by withholding funds for employment services, and Michigan then brought suit. The court last week denied Michigan's request for a temporary restraining order and a preliminary injunction. The court will hear arguments in April on the core issue of whether federal law (in the absence of a waiver) requires states to staff employment services with public employees.

10. Welfare -- Secretary Herman's Tour: Secretary Herman just finished a ten-city welfare-to-work tour to explore welfare reform efforts and promote the \$3 billion welfare-to-work program. The tour began in November in Washington, D.C. and ended last week in Los Angeles. Along the way, the Secretary consulted with a range of people, including employers, former and current welfare recipients, and government officials. She will speak at the National Press Club on Tuesday about what she learned and release a booklet called "About Welfare: Myths, Facts, Challenges and Solutions." The booklet emphasizes that families on welfare want to work and face the same challenges as the non-welfare working poor; it also calls for continued action by the public and private sectors to provide better child care, transportation, and training. The Secretary will send you a detailed memo on her tour in a week or two.

11. Education -- Testing Initiative: You will be able to announce the appointment of Governor Engler to the National Assessment Governing Board (NAGB) at the National Governors Association meeting later this month. In addition, NAGB finalized a contract last

week for developing national tests in 4th grade reading and 8th grade math. Under the contract, test questions will be written in 1998 and pilot testing will begin in 1999.

12. Education -- 12th Grade TIMSS Tests: New 12th grade TIMSS scores will come out on February 24. The results are dismal. In both math and science, U.S. 12th graders scored third to last among 21 countries. Even our most advanced students performed at or near the bottom when compared with advanced students in other countries. We think that you should respond to the report by again emphasizing the need for a national eighth grade math test and policies to end social promotions. You also can highlight a \$50 million budget initiative for the National Science Foundation and Department of Education to improve the training of math teachers and the use of math instructional materials and technology. We will provide you with further details next week on a recommended response to the TIMSS numbers.

Handwritten notes:
Have to
appear
discrepancy
between
12th grade

13. Immigration -- INS Reform: As you know, we have nearly completed our review of the Commission on Immigration Reform's proposal to restructure the nation's immigration system. Whereas the Commission recommended disbanding the INS entirely, we and OMB are inclined to recommend a fundamental reform of the INS that will separate enforcement and service activities both in the field and at headquarters. We met with Immigration Subcommittee staff for Senators Abraham and Kennedy last week to discuss our tentative conclusions. They were very positive about our approach, agreeing that immigration activities should remain within a single agency, but with much greater separation of enforcement and service functions. They -- and we -- are worried, however, that some members of the relevant House and Senate appropriations committees want to pursue the Commission's idea of dispersing immigration functions throughout the federal government. We are meeting with key staff on the appropriations committees next week, and will make a final recommendation to you on restructuring the immigration system following that set of meetings.

14. Immigration -- H1B Visas: We are currently leading an interagency process to consider a proposal to expand the number of H1B visas -- temporary work visas that allow "highly skilled" immigrants (with a BA or equivalent) to work in this country for up to six years. Under current law, the number of H1B visas is capped at 65,000 per year. This cap was reached for the first time last year, and it probably will be reached this year by April. The information technology industry, along with some members of Congress (including Senator Abraham and Rep. Lofgren), strongly support removing the H1B cap entirely or significantly increasing the annual allotment. Labor unions, along with other members (including Senator Kennedy and Rep. Dingell), would likely oppose any increase in the cap. We hope to find a way to reconcile the concerns of the high-tech industry and the interests of American workers.

Handwritten notes:
Can't make
H1B visas
if we
remove
the cap
to free
up
the
system
to
allow
more
immigrants
to
work
in
the
country

15. Cloning -- Congressional Activity: As you know, 12 Republican Senators joined all 42 voting Democratic Senators last week to block cloture on an overbroad cloning bill sponsored by Senators Bond and Frist. Some Senators voted to block cloture solely on procedural grounds, because there was no committee review of the bill. A significant number,

however, understood that the bill would have interfered with valuable medical research aimed at preventing and treating diseases like diabetes and cancer. At a hearing held by the House Commerce Committee the following day, a number of Republicans again joined Democrats in criticizing the Bond/Frist approach for interfering with important medical research. These Republican members may force the House and Senate leadership to back a narrower bill. The leadership, however, is under great pressure from the pro-life wing of the party to retain -- or even expand on -- the Bond/Frist approach, so as to impose further restrictions on embryo research. We are continuing to support the Kennedy-Feinstein cloning bill (which is nearly identical to our own proposal), while working with HHS and OSTP to devise possible compromise proposals.

1998 FEB 13 PM 5:00

THE WHITE HOUSE
WASHINGTON

February 13, 1998

THE PRESIDENT HAS SEEN
2-17-98

copied
Spertling
COS

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

RE: NEC Weekly Report

cc: ERSKINE BOWLES

Sally Katzen: I am elated to note that this past week was Sally Katzen's first as the Deputy Director of the NEC. She is quickly immersing herself in a number of issues including climate change and Social Security as well as leading processes in issues she has had previous experience in, such as electricity restructuring.

Social Security Speech at Georgetown: While we did not get nightly network news coverage, your speech generated good coverage. CNN, Fox and MSNBC ran stories on the speech throughout the day and papers across the country, including those overseas, gave the speech considerable play. We have attached some stories. It is also worth noting that the speech prompted a lot of articles and editorials presenting the basic issues involved in Social Security reform -- certainly an important factor in our efforts to challenge a national discussion on this issue.

Social Security Process Update: On Thursday, several members of my staff, as well as other White House staff, and I met with Concord Coalition and AARP representatives, including Martha Phillips and John Rother, to discuss the initial steps for the Social Security Forum to be held in Kansas City on April 7. We are in the process of developing options for the forum's structure, including presentations, a town hall, pro/con debates, panel discussions, intergenerational conversations, and more. On the communications side, we talked about the possibility of securing television coverage of part of the forum and looking at the option of feeding the Kansas City forum via satellite into a number of additional sites around the country. On these and other issues, we plan to follow up with the two groups early next week. We will update you on our progress.

IRS Update: As you may know, the Senate Finance Committee held a hearing on Wednesday on "innocent spouses." The Committee received compelling testimony from several women who, following a divorce or separation, had serious difficulty with the IRS over tax liabilities from tax returns they signed while married. On Monday, in advance of the hearing, Secretary Rubin announced a series of Administrative actions, including new training and forms, to help innocent spouses. He also renewed our strong commitment to the legislative proposals that are in the House-passed IRS reform bill to help make it easier for people to qualify for innocent spouse relief.

Electricity Restructuring: We expect to be sending you a decision memorandum at the end of next week on electricity restructuring. One impediment to moving forward had been a disagreement between DOE and EPA staff regarding the impact of electricity restructuring on carbon emissions. To resolve this disagreement, the NEC and CEQ convened a technical working group to examine the evidence. The result is that consensus has been reached on the issue among technical staff at NEC, CEQ, CEA, and Treasury, and we are working with DOE and EPA to see whether the consensus is acceptable to both of them. The decision memorandum will focus on the other major remaining issues that we have not been able to resolve.

High Hopes College-School Partnerships: We are taking several steps to press for support for your proposal. Working with the Education Department, we will hold three briefings next week to consult with groups on some of the details of the legislation. We need to move fairly quickly in order to include the program in the consideration of the reauthorization of the Higher Education Act. The Ford Foundation is very interested in our proposal, and is working with Rep. Fattah to sponsor a congressional staff trip to Houston to visit a model program there. They are contacting, in particular, the authorizing and appropriating committee staff. I also sent a letter to Gen. Powell notifying him of the initiative and soliciting any ideas or views he might have on how High Hopes could support the Service Summit's goals.

School Construction: Tomorrow, the Vice President and Secretary Riley will be in Florida and California, respectively, releasing the state and local figures for your school modernization proposal. We are looking into you possibly doing some radio actualities. We have met with Hill staff (Lowey, Rangel, Moseley-Braun), Treasury, Education, and OMB to go over content and strategy issues. We expect to have a bill ready to go when Congress returns from recess. If the Senate still plans to bring up Coverdell by early March, we want to be ready with a strong substitute that includes school construction (and possibly also class size).

Student Loan Interest Rate: Bob Shireman on my staff was called to the Hill by Buck McKeon and Dale Kildee, the chair and ranking members of the Postsecondary Education Subcommittee earlier this week. At the meeting, they pressed the banks, college and student associations, as well as the Administration on the need to move quickly to address the July 1 interest rate change. We are encouraging them to wait for a Treasury study -- which could be released as early as next week -- on the issue. It will show that while the July 1 rate is too low for banks to be profitable, the current rate is too high. Our strong message will be that (1) the report shows that students are paying too much now, and the banks can absorb a reduction, and (2) the number one priority in "fixing" the July 1 problem should be to keep costs low for students.

Welfare Recipients and College: Legal aid advocates have indicated that a large number of welfare recipients are unable to get aid to go to college because they once attended a shoddy trade school and subsequently defaulted on a student loan. In conjunction with DPC's broader efforts to help welfare recipients go to college, we are pushing the Education Department to more proactively reach out to these individuals and make use of provisions that allow some of these loans to be canceled or reduced, or to at least get them out of default status through income-contingent repayment.

Bankruptcy Reform: Several bills have been introduced to reform the system for personal bankruptcies, and we expect some movement on the Hill in the coming weeks and months. The issue is controversial because of the difficult balance between creditor and debtor interests. Credit card companies, for example, are advocating a new "needs-based" approach to bankruptcy, which would force those who can afford to repay a share of their debts to do so. Such needs-based proposals are criticized by consumer groups, who blame the credit card companies for irresponsibly issuing too much debt and forcing consumers into bankruptcy.

Over the last few months, we have worked on this issue and met with both creditor and debtor groups, as well as with Secretary Bentsen and bankruptcy lawyers. We also met with Brady Williamson, the chair of the Bankruptcy Review Commission, to review his findings. Following up on these steps, we will be leading an inter-agency process to review various legislative proposals and consider a possible Administration package.

Clinton begins effort to fix Social Security

Addressing students, he said he would begin to write legislation after a year of study.

By Tom Raum
ASSOCIATED PRESS

WASHINGTON — President Clinton told a student audience yesterday that “we have to start now” to overhaul Social Security. Then he and other administration officials signaled caution over plunging in too quickly.

In kicking off his campaign to “save” the nation’s retirement program, Clinton told a Georgetown University audience: “You don’t wait for a rainy day to fix the roof. ... It’s very sunny outside. And on this sunny day, we should deal with Social Security.”

It was Clinton’s first extended comment on Social Security since he suggested in his State of the Union address that Congress reserve any budget surplus to help shore up the nation’s retirement program. Yesterday he said that, after a year of study, he would confer with House and Senate leaders and begin to write legislation.

Gené Sperling, director of Clinton’s National Economic Council, said in a White House briefing that no specifics would be advanced by the administration at least until after November’s midterm elections.

Releasing details now, Sperling suggested, could turn Social Security into a partisan battleground and jeopardize chances for true reform.

He also commented on Clinton’s appeal to Congress to “save Social Security first” instead of using any budget

surpluses to finance tax cuts.

Using a surplus to help pay down the national debt for the next year or two, while Social Security overhaul legislation is being developed, would be acceptable to the administration, Sperling said. He said the administration would not propose that the surplus actually be held in reserve while the search for a Social Security fix is underway.

In his speech yesterday, Clinton announced that the first of four regional forums on overhauling Social Security would be held April 7 in Kansas City, Mo.

Social Security currently takes in more payroll taxes from working Americans than it pays out in benefits to retirees. But after baby boom-

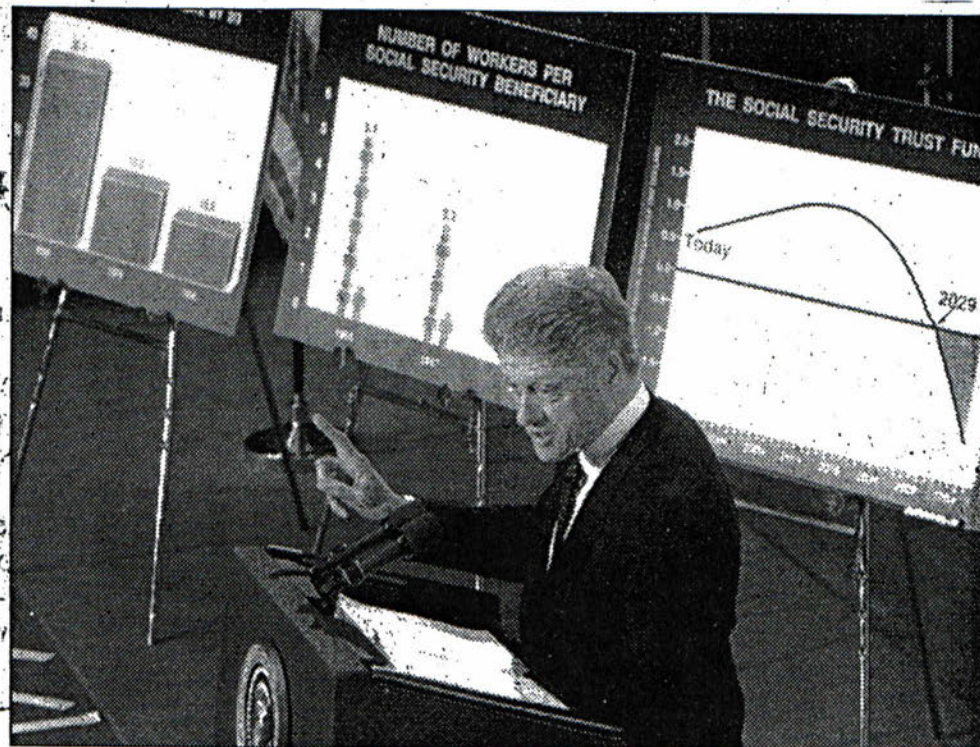
ers start to retire around 2010, that situation will be reversed. Without changes, Social Security by 2029 will be unable to pay due retirement benefits.

“Baby boomers are getting gray,” Clinton, 51, said of his own generation. “If we act soon, less is more.”

Most GOP leaders in Congress want to use the anticipated budget surplus for tax cuts. And Republicans have criticized Clinton for being vague on the topic of Social Security and not proposing specific legislation.

In addition to announcing the date and location of the first Social Security forum, Clinton said he would participate in a March 21 teleconference on the subject sponsored by the Pew Charitable Trusts.

The teleconference will enable him to speak from the White House with participants in 10 cities: Boston; Winston-Salem, N.C.; Albuquerque, N.M.; Boise, Idaho; Denver; Detroit; Lexington, Ky; Minneapolis; San Francisco, and Tallahassee, Fla.



Associated Press / RUTH FREMSON

President Clinton speaks about Social Security before a Georgetown University audience. He offered no specifics about his plans.

Fast, but cautious, Social Security fix urged

ASSOCIATED PRESS

WASHINGTON - President Clinton told students yesterday that "we have to start now" to overhaul Social Security. Then he and other administration officials signaled caution over plunging in too quickly.

In initiating his campaign to "save" the nation's retirement program, Clinton told a Georgetown University audience: "You don't wait for a rainy day to fix the roof. . . . It's very sunny outside. And on this sunny day, we should deal with Social Security."

It was Clinton's first extended remarks on Social Security since he suggested in his State of the Union

address that Congress reserve any budget surplus to help shore up the nation's retirement program. Yesterday, he said that, after a year of study, he will confer with House and Senate congressional leaders and begin to write legislation.

In his speech Clinton announced that the first of four regional forums on overhauling Social Security will be held April 7 in Kansas City.

In addition to announcing the date and location of the first Social Security forum, Clinton said that he would participate in a teleconference on the subject on March 21 sponsored by the Pew Charitable Trust.

The teleconference will enable him to speak from the White House

with participants in Boston and nine other cities: Winston-Salem, N.C.; Albuquerque; Boise, Idaho; Denver; Detroit, Lexington, Ky; Minneapolis; San Francisco; and Tallahassee.

Gene Sperling, director of Clinton's National Economic Council, said in a White House briefing that no specifics of the legislation will be advanced by the administration until at least after November's mid-term elections.

Releasing details now, he suggested, could turn Social Security into a partisan battleground, and jeopardize chances for true reform.

He also commented on Clinton's appeal to Congress to "save Social Security first" instead of using any

budget surpluses to finance tax cuts.

Using a surplus to help pay down the national debt for the next year or two while Social Security overhaul legislation is being developed would be acceptable to the administration, Sperling said. He said the administration will not propose that the surplus actually be held in reserve while the search for a Social Security fix is under way.

Most Republican leaders in Congress want to use the expected budget surplus for tax cuts. And Republicans have criticized Clinton for being vague on the topic of Social Security and not proposing specific legislation.



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20503

'98 FEB 13 PM 7:5

February 13, 1998

THE PRESIDENT HAS SEEN
2-17-98

copied
- McGinty
LOS

MEMORANDUM FOR THE PRESIDENT

CC: ERSKINE BOWLES

FROM: KATHLEEN A. MCGINTY

SUBJECT: CEQ WEEKLY REPORT

ENVIRONMENTAL POLITICS

Democratic Unity Agenda on Environment

Your unity event with Hill Democrats included an important reference to environmental protection. I have been working with White House Legislative Affairs, affected agencies and the Democratic Leadership in an effort to press the environmental part of the unity agenda in the coming session of Congress. So far, the environmental agenda, which echoes your major themes, is being favorably received.

The major environmental elements announced this week include:

✓ • "Restoring clean water to our communities" -- Despite major progress under the Clean Water Act, a dramatic expansion of effort is needed if we are to restore the 40 percent of our Nation's watersheds that remain polluted. Legislative elements for Congress could include full funding of our clean water budget, reauthorization and strengthening of the Clean Water Act, enactment of beach protection legislation, and enactment of the Senate oceans bill.

• "Accelerating and making polluters pay for toxic waste cleanup" -- The Clinton Superfund program has completed more cleanups in five years than in all 12 years of Republican administrations combined. In addition, the Administration's brownfields program has brought hope to industrial sites left behind by the old economy. Legislative elements for Congress could include full funding of our proposed increases for cleanups, reinstating the taxes that support Superfund cleanups, and the enactment of protective brownfields legislation. The Administration also has proposed legislation to help support state and local prosecutors in the fight against environmental crimes.

✓ • "Protecting our national parks and other great places" -- Our national parks and other protected wilderness and scenic areas are fundamental to our way of life. Yet, important national treasures remain unprotected while many of our existing parks are inadequately maintained. Legislative elements for Congress could include funding of the Land and Water Conservation Fund and the Department of Interior national parks budget.

Do as much as possible on this

Naturally, any effort to expand this agenda would need to shape proposals to avoid divisive issues. For example, on climate change the emphasis may need to be on technology incentives rather than the Kyoto treaty or other issues that tend to divide Democrats.

Meeting with Agricultural Leaders

The Vice President met with agricultural leaders on Wednesday to open a dialogue on environmental issues. There is quite a bit of unease in the farm community about issues ranging from clean water and wetlands to pesticides and climate change. The meeting was scheduled in advance of your announcement next week of the clean water initiative. The agricultural community worked with USDA and EPA in shaping the initiative, and the Vice President promised the leaders that the Administration would work with them on implementation.

RESOURCE STEWARDSHIP

Headwaters

We have yet to reach an agreement in principle on a Habitat Conservation Plan (HCP) with Charles Hurwitz. The state and federal biologists have labored for months with Pacific Lumber Company (Palco) in an effort to hammer out an agreement which is protective of endangered species on Palco property while serving the company's interests.

Hurwitz is stalling as he is trying to link the HCP with a settlement with the FDIC over a lawsuit concerning a failed Savings and Loan which was tied to Hurwitz's purchase of Palco back in 1986. Currently he is engaged in discussions with the FDIC to settle the suit by swapping trees. We have made it clear that we will not and cannot advise the FDIC on an appropriate settlement because it involves pending litigation by a banking regulator.

I have two grave concerns: (1) that the FDIC will settle for trees that could have been preserved for 50 years under an HCP, thus angering environmentalists and others who think Hurwitz is getting too much in this deal (settlement of FDIC lawsuit and being allowed to cut trees under the HCP); and (2) that we must come to an agreement in principle very soon in order to meet legislative deadlines set forth in the 1998 Interior Appropriations bill. We have stressed to Hurwitz with increasing urgency that he must make a decision now.

OTHER

CEQ Appropriations Hearing

On Thursday I testified before the VA, HUD and Independent Agencies Appropriations Subcommittee on the CEQ FY 1999 budget request. This budget request would put CEQ at just over \$3 million -- an increase of 20% total, but only \$520,000 above FY 1998. Members attending the hearing were polite and focused their attention on very specific issues that they would like to see addressed. Despite the polite tone, I anticipate a fight before it is over to get the additional resources I need to continue to promote the Administration's agenda.

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
2-17-98

February 13, 1998

Copied
Lewis
COS

MEMORANDUM FOR THE PRESIDENT

FROM: ANN LEWIS

SUBJECT: WEEKLY COMMUNICATIONS REPORT

- Millennium Council: The First Millennium Evening and our inaugural White House cybercast were successes. Use of the Millennium Council web site spiked nearly 630% on the day of the event. We are working with Ellen Lovell to make the Hawking lecture an even greater success by generating attention and enthusiasm for the event through communications efforts targeted at science institutions, colleges and universities, and Web and Internet media.
- Winter Olympics: Besides calling Jonny Mosely and Picabo Street, you have sent letters of congratulations to all American athletes who have medaled. Additionally, the Vice President and Mrs. Gore have placed calls to the other American medal winners.
- Census: We are working with the Commerce Department to develop and roll-out our Census plan. The first law suite challenging sampling has been filed. We are developing strategies for our message and outreach efforts that make the case for sampling both to the elite and general public audiences as appropriate.
- Judges: We met with Sen. Leahy's office, Labor, the Alliance for Justice and other groups to review the status of our judges efforts, identify pending nominees who we need to highlight and more aggressively promote, and set a strategy for moving forward from the confirmation votes of the last several weeks.

THE WHITE HOUSE
WASHINGTON

February 13, 1998

'98 FEB 13 PM5:1

MEMORANDUM FOR THE PRESIDENT

FROM: LARRY STEIN LS

SUBJECT: WEEKLY LEGISLATIVE REPORT

House of Representatives

1. **Loretta Sanchez:** On Thursday, the House passed (378-33) H.Res. 355, a Resolution Regarding the Contested Election in the 46th Congressional District of California. Last week, the House Oversight Committee approved (8-1) a task force recommendation to end the panel's investigation of alleged illegal voting. Representative Mica was the lone dissenter.

2. **Voter Eligibility Verification Act:** On Thursday, the House rejected (210-200) H.R. 1428, the Voter Eligibility Verification Act, under suspension of the rules. Bills considered under the suspension of the House rules require a 2/3 vote for passage. The Administration-opposed measure would have permitted election workers in Texas, Illinois, Florida, California and New York to use government records to verify the citizenship status of potential voters. These states were chosen because of their existing Social Security employers program. The measure's sponsor, Representative Horn (R-CA), stated that he would like to bring the bill to the House floor again this session.

The Week Ahead

The House will stand in recess during the week of February 16 for the President's holiday. The House will reconvene on Tuesday, February 24. During the week of February 24, the House may consider measures dealing with: the protection of witnesses involved in drug crimes; cellular telephone phone fraud prevention; the consolidation of homeless programs; and the reauthorization of the National Highway Transportation Safety Administration.

Senate

1. **Nominations:** On Tuesday, the Senate confirmed (63-35) the nomination of Dr. David Satcher to be U.S. Surgeon General. The Senate also confirmed (67-28) the nomination of Margaret Morrow to be a U.S. District Court judge for Central California. The Senate, however, returned the nomination of Frederica Messiah-Jackson to the Senate Judiciary Committee. The Committee will hold a supplemental hearing on her nomination to be a U.S. District Court judge for Pennsylvania on February 24th in light of new concerns raised by the Philadelphia Prosecutors Association. Senator Lott suggested from the floor on Thursday that you withdraw

Telecom
Office
? //
what's
the deal here

her nomination.

2. Human Cloning: On Wednesday, the Senate failed to invoke cloture (42-54) on the motion to proceed to S. 1601, the Human Cloning Prohibition Act. The Administration does not support the legislation in its current form. The measure was returned to the Senate Labor and Human Resources Committee for further consideration.

3. Education IRAs: On Tuesday, the Senate Finance Committee approved (11-8; Senators Breaux and Graham voting in favor) the Coverdell Education IRA proposal. Chairman Roth added several provisions in an attempt to increase Democratic support for the bill, including a scaled back school construction program. However, facing significant Republican opposition and with Senator Moynihan unwilling to support the underlying Coverdell bill, Roth struck the provisions from the legislation. Roth did reserve the option to add a fully financed school construction proposal to the bill once the legislation is on the floor.

The Week Ahead

The Senate will stand in recess during the week of February 16. When the Senate reconvenes on Tuesday, February 24, the Senate will begin consideration of the Campaign Finance Reform bill under the terms of the unanimous consent agreement reached last October. Under the agreement, Senator Lott will offer a Republican Leadership proposal, then Senators McCain and Feingold will be recognized to offer the first amendment to the Lott bill. The McCain-Feingold amendment will receive an up or down vote after which the Senate will proceed to consider the legislation under regular order.

cc: The Vice-President
Erskine Bowles
John Podesta
Sylvia Mathews

'98 FEB 13 PM5:12

THE PRESIDENT WAS SEEN
2-17-98

February 13, 1998

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: MARIA ECHAVESTE

SUBJECT: OPL WEEKLY REPORT - February 6 - February 13

ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES

CHILDREN'S HEALTH

- **Corporate support for children's health** - This week we secured an 800 telephone number from Bell Atlantic for the children's health announcement next week. Bell Atlantic has agreed to fund the costs involved. We are also continuing our discussions with other corporations asking them to consider publicizing this number on their products.

RACE

- **Outreach to the faith community** - We are planning two community forums on racial reconciliation and the religious community - one in New Orleans, the other to be determined. New Orleans has a richly diverse faith community. We will look at the changing face of religion in the United States, promising practices and how to expand those, and seek additional commitments from religious leaders for addressing racial reconciliation.
- **Race briefing for women** - On Friday, Feb. 6 the Women's Office and the President's Initiative on Race sponsored a meeting with 102 local, state and national women leaders from around the country. The goal was to provide an overview on the Race Initiative and to engage these leaders in the national dialogue toward one America. The very diverse audience was briefed by several senior administration women. Also featured were four grassroots women sharing successful race related practices they have experienced or implemented in their organizations and/or communities. The briefing was followed by 10 simultaneous conversations on race, each also lead by a senior administration official.

SATCHER CONFIRMATION

- **Another Africa American accomplishment** - The confirmation of Dr. Satcher has created a great deal of excitement in the African American community and is being hailed as a major victory.

copied
Echaveste
COS

2-17-98

CONSTITUENT OUTREACH AND OTHER ISSUESAFRICAN AMERICAN OUTREACH

Africa trip - OPL is working with Presidential Personnel and Political affairs on the list of those African American leaders and business notables who have expressed strong interest in traveling to Africa during your visit. We have received many request from prominent people from all over the U.S.

Black Latin American - We met with Michael Franklin, President, Organization of Africans in the Americas (OAA), who is concerned about the lack of inclusion of Black Latin Americans in the forthcoming Summit of the Americas. The OAA are asking us to publicly support their effort to include Black Latin Americans in the Agenda of the Summit of Americas..

- **Support for Civil Rights Initiatives** - US Civil Rights Commission Chair Mary Berry wrote an OP-ED in African American newspapers across the country in support of your Civil Rights Initiatives outlined in your 1999 Budget Proposal.

ASIAN AMERICAN:

- **Hmongs** - OPL organized a meeting with Hmong legal advocates, Counsel's office, OMB and Domestic Policy to clarify issues around food stamps for Hmong "vets". The Hmong advocates are pleased with your inclusion of food stamps for the Hmongs in your budget; however, they are concerned that the legislation will take time and in the meantime many of the Hmongs will suffer.
- **Japanese Peruvians** - A group of advocates representing former internees who were brought to the U.S. from Latin America during WWII and wish to be included under the Civil Liberties Act of 1988 (Redress for Japanese Americans) visited NSC, OPL, Justice and the Hill. We advised them that there is no authority at the present time for DOJ to grant permanent resident status in order to be eligible for redress. We indicated a willingness to support a legislative solution.

GAY AND LESBIAN OUTREACH

- **Maine becomes the first state ever to repeal a gay rights law.** Strategic and tactical mistakes were blamed for the 52-48% vote on Tuesday which resulted in the first ever repeal of a state's gay rights bill in a single issue election. Ten other states have such laws currently on the books.

Handwritten note:
a question
anyone to
ask about
the US cos. the
revenue

- **Lott blocks Hormel.** A Lott spokesperson said the Senator had no intention of allowing a vote any time soon or at all this year.

cc: Erskine Bowles Rahm Emanuel
 Craig Smith Michael McCurry
 Doug Sosnik Gene Sperling
 Sylvia Mathews Thurgood Marshall, Jr.
 Sid Blumenthal John Podesta
 Bruce N. Reed John Hilley
 Mickey Ibarra Ron Klain
 Ann Lewis Susan Liss
 First Lady Mrs. Gore

THE WHITE HOUSE
WASHINGTON

February 13, 1998

THE PRESIDENT HAS BEEN
2-17-98

copied
Ibarra
Podesta
COS

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra *MI*

SUBJECT: Office of Intergovernmental Affairs Weekly Report -- February 9 - 13, 1998

CC: The Vice President

Race Initiative

- Fred DuVal continues to coordinate with PIR staff on the "Statewide Days of Dialogue" strategy which we expect will foster greater involvement by governors in the Race Initiative. In partnership with the YWCA, "Statewide Days of Dialogue" will occur through YWCA chapters across the country on May 2. The YWCA will ask each of the 50 governors to participate. We plan for you to announce this in your opening remarks at the National Governors' Association Round table on February 23.

Education

- On Thursday, February 12, IGA facilitated a meeting in Sacramento for 12 California state and local elected officials and senior White House staff to discuss the anti-bilingual education initiative on the June California ballot. Maria Echaveste, Karen Skelton and Mike Cohen met with Mayor Joseph Serna (D-Sacramento, CA), a member of the Sacramento School Board, and members of the California State Assembly to learn more about the "English for the Children" initiative and the current political climate surrounding this issue in California. This was an excellent opportunity to both receive a comprehensive briefing on this very important issue but also to demonstrate to some of the state's elected leaders that we value their counsel.

Governors

- We are finalizing plans for the Administration's involvement in the National Governors' Association Winter Meeting. The major issues of the meeting will be child care, workforce development, education, transportation, and tobacco.

Governor Jeanne Shaheen (D-NH) called the Vice President to express her unhappiness on two issues. The Governor is seeking a waiver on her Children's Health Insurance Program so that she can use Foundation money as her state match. Secondly, she is requesting over 200 million

*Podesta
Suarez
Cali Quillen
Antel
PR*

of LIHEAP money which is used to mitigate the economic impact of energy costs resulting from bad weather. We have briefed the Governor on the fact that LIHEAP is formula-driven and that New Hampshire does not yet qualify.

- Governor Thomas Carper (D-DE) has called a number of White House officials to express his objection to our Amtrak budget. He believes we are not living up to our commitment resulting from the negotiations last fall. OMB officials have spoken with him and assured him of our intention to fulfill our commitments.
- In conjunction with OPL and Cabinet Affairs, we have responded to Governor Paul Patton's (D-KY) request for a Presidential Summit on Farming in Kentucky by assuring him that Secretary Glickman will go to Kentucky and participate in a forum on this topic.

Statewide Officials

- We hosted the National Association of Secretaries of State for a reception and briefing on February 13, which included presentations by Sylvia Mathews, Deputy Treasury Secretary Larry Summers, Acting Commerce Undersecretary Lee Price, Ellen Lovell on the Millennium Program, and Bob Stone on the U.S. State and Local Gateway, an Internet website.

Mayors and Municipal Officials

- IGA facilitated a conference call between the Vice President, Secretary Cuomo and twenty mayors in which they were briefed on increases for HUD programs in the FY99 Budget. The mayors had their own press with them during the call and it was also televised via satellite; the resulting regional press was very positive.
- I met with the Executive Director of the National Association of Towns and Townships to discuss a strategy for strengthening our relationship with the organization.

Insular Affairs

- House Republicans agreed the full House should act on the Puerto Rico status choice bill next month. The bill had been delayed by the opposition of some GOP conservatives to its statehood option. In addition, Representative Gerald Solomon's (R-NY) position that it should require the exclusive use of English in the islands' schools caused further debate. Democratic leaders on the bill, including Representatives George Miller (D-CA) and Jose Serrano (D-NY), have circulated a letter calling for a vote on the bill.

Women Elected Officials

- During the winter meetings of the intergovernmental affairs organizations in Washington, Lynn Cutler is making a special effort to meet with the women elected officials.

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
2 - 17 - 98

February 13, 1998

copied
Marshall
COS
page 3
Smith
COS

MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. TM

SUBJECT: Summary of Cabinet Weekly Reports
February 7 - 13, 1998

AMPLIFICATION OF PRESIDENTIAL INITIATIVES

- **El Niño Activities:** Even before the El Niño-related disasters this week in CA, FL, and DE, the federal government had prepared for the effects of El Niño and conducted major public awareness efforts. Activities include posting an active FEMA internet site highlighting El Niño, NASA photo imagery, distributing a "HUD Disaster Recovery Guidebook" to field offices, and highly technical forecasting by NOAA. The Vice President and key cabinet agencies, including HUD and SBA, are planning disaster viewing trips to FL and CA where the Vice President will highlight FEMA's Project Impact initiative.

DEPARTMENT OF TREASURY

- **Asia Financial Crisis:** Treasury continues its outreach efforts emphasizing the importance of IMF funding. Secretary Rubin, Deputy Secretary Summers, and other Treasury officials continue to make the case that NAB and the Quota increase are essential to the IMF mission. Treasury officials are working on ways to address Members' concerns about labor standards, human rights, and the operations of the IMF. Treasury is also working on proposals for reforming the international financial architecture to prevent crises from occurring in the future.
- **Korea:** While Korea's foreign reserves rebuild, Korean markets remain volatile in the weeks leading up to the February 25 inauguration of President-elect Kim Dae Jung. On February 6, the stock and currency markets saw significant gains supported by the conclusion of a labor restructuring agreement negotiated by unions, management and the government. However, the Korea Confederation of Trade Unions' subsequent rejection of the accord and promise to strike has unsettled the markets. Press reports and anecdotal

evidence suggest that both domestic industry restructuring and foreign interest in investing in Korea may be rising in the wake of IMF measures designed to liberalize and open the Korean economy.

- **Thailand:** During the week of February 9, Thailand's currency continued to strengthen, and the release of January trade figures -- a surplus of \$870 million and the recent appreciation of the Indonesian rupiah -- were significant factors benefiting the currency. The exchange rate has appreciated 29 percent against the dollar since its low of 55.5 on January 12. With the recent stabilization of Thailand's currency, overnight interbank rates have come down from 25 percent in mid-January to 21 percent in February. The stock market, which had appreciated by 65 percent between January 12 and February 3, to a level of 559, has been fluctuating between 500-540 in recent days.
- **Abortion Clinic Bombing:** ATF is the lead agency, working with the FBI and other agencies in AL and NC, investigating the January 29 bombing of an abortion clinic in Birmingham, AL.
- **Drug Interdiction:** On February 1, Customs initiated a concentrated narcotics enforcement action designed to interdict more of the narcotics that enter the U.S. across the Southern Tier (San Juan to San Diego). Customs designated over 40 land, air and sea ports as primary participants in the 180-day initiative, and charged those ports to develop and implement comprehensive examination, interdiction, and investigation plans to target local, regional and national narcotics smuggling threats.

DEPARTMENT OF JUSTICE

- **Tobacco Testimony:** On February 5, DOJ testified before the House Judiciary Committee regarding legislative proposals implementing the state Attorneys General proposed settlement of their suits with tobacco firms. The testimony provided a framework within which to analyze proposals.
- **Student Loan Case:** On February 2, the parties in a case signed a settlement in which former students of a trade school agreed to accept a payment of \$700,000 from the former owner of the school and its officers and directors. Plaintiffs sought relief from student loans which totaled approximately \$37 million. They alleged that the school fraudulently induced them to enroll by misrepresenting the quality of its services.
- **VAWA:** A plaintiff brought suit alleging claims under the VAWA against two individuals and claims under Title IX against Virginia Polytechnic Institute. DOJ argued that the VAWA was a proper exercise of Congress's power under the Commerce Clause and the Fourteenth Amendment. A divided panel upheld the constitutionality of the statute. The Fourth Circuit has now granted rehearing en banc petitions regarding the VAWA and Title IX claims and has set argument for March 3.

- **Naturalization Fraud:** In California, six indictments were returned charging 20 defendants in a nationwide scheme to falsify the naturalization examination test results for as many as 13,000 aliens who paid the defendants more than \$3 million for their services.
- **Campaign Fraud Case:** A sanitary landfill company was sentenced to pay one of the largest fines ever imposed in a Federal Election Campaign Act (FECA) case, \$8 million, as a result of its previously entered guilty plea to 40 FECA violations. The company and six corporate officials were previously charged with using conduits to make prohibited corporate contributions totaling \$129,000 to 10 federal candidates between 1994 and 1996.
- **Native American Issues:** For the first time, DOJ's Office of Legal Education brought together tribal prosecutors and Assistant United States Attorneys to receive training on Native American issues.
- **COPS Grants:** On February 12, the COPS Office announced the awarding of over \$64 million for 890 new full-time officers and 96 part-time officers for 311 jurisdictions in 48 states under the COPS Universal Hiring Program. This puts the total number of officers to date at over 70,000.
- **Juvenile Crime Prevention:** On February 16, the Attorney General will travel to Boston, MA, Portland, ME and Burlington, VT, where she will meet with the local editorial boards to highlight the Administration's successful juvenile crime prevention programs.

A CBS
Anchor
Kenny Rogers

DEPARTMENT OF INTERIOR

- **Virgin Islands Park:** DOI is proposing to Congress that land be purchased to assemble the Salt River Bay National Historical Park and Preserve in St. Croix, USVI. Authorized several years ago, the Park will preserve the largest remaining mangrove area on St. Croix, at the site where the crew of Christopher Columbus first set foot on U.S. soil.
- **Royalty Rate Reduction Wells:** On February 19, BLM will announce an extension of the federal royalty rate reduction for stripper wells. This policy, which was first implemented five years ago, has resulted in incremental oil production of more than four million additional barrels of oil, which might otherwise have been supplied by imports. Continued production at these marginal properties provides jobs in local communities. This policy also protects the environment because it encourages the continued use of existing wells rather than the drilling of new ones.
- **South Africa:** On February 24-March 1, Secretary Babbitt will accompany the Vice President to the Gore-Mbeki Commission meetings.

- **Trade in Endangered Species:** On March 2-6, FWS will lead a delegation of representatives from State, DOI and DOC to the 1998 meeting of the Convention on International Trade in Endangered Species (CITES) Standing Committee in London. The Committee, chaired by the UK, will discuss issues including the possible resumption of the ivory trade in 1999; and other issues pertaining to trade in bears, tigers, elephants, and other species.
- **Toyota Grants:** Five CA parks have been selected to receive grants to develop National Parks Labs programs. The parks -- Carlsbad Caverns, Golden Gate National Recreation Area, Lowell National Historical Park, Rock Creek Park, and Santa Monica National Recreation Area -- will be made public in the next two weeks.
- **Merritt Island National Wildlife Refuge:** On February 18-19, Secretary Babbitt will light and help fight a prescribed fire over 800 acres of marsh land at the Merritt Island National Wildlife refuge near the Kennedy Space Center. This prescribed burn is a collaborative effort between FWS and NASA.
- **Resource Advisory Council (RAC):** On February 20, Secretary Babbitt will participate in a video conference with RAC members from the western states.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **North Korea Food Shortage:** In response to a global appeal from the World Food Program, USDA is gearing up to purchase and arrange shipment for up to 200,000 metric tons of foodstuffs for North Korea in the coming months.
- **Value Of R&D Spending:** On February 17, USDA will release a report documenting that 75 percent of U.S. agriculture's gains in productivity can be traced to public investments in research. At 1.94 percent annually, agriculture ranks among the highest sectors in annual productivity growth.
- **Honor Award:** On February 10, Secretary Glickman received the first annual Honor Award given by Former Members of Congress. Sixty former Members, including former Speaker Wright and former Representatives Michel and Kemp, attended the event.
- **Food Safety:** On February 18, Secretary Glickman will deliver a speech on food safety at the Food Safety and Toxicology Laboratory at the University of Michigan at East Lansing, at the invitation of Rep. Stabenow.

DEPARTMENT OF COMMERCE

- **Asia Trip:** On February 14-20, Secretary Daley will travel to Japan, Korea, and Singapore. The Secretary will assess the present economic circumstances in Asia,

evaluate prospects for U.S. commercial interests, and emphasize the continued importance of market openings.

- **South Africa Trip:** On February 21-28, Secretary Daley will lead DOC's delegation to the U.S.-South Africa Binational Commission and Business Development Commission meetings in Cape Town and Pretoria.
- **TCC Web Site:** On February 10, Secretary Daley announced the Trade Compliance Center's "TCC On-Line" service. TCC On-Line's database contains the texts of more than 200 trade agreements, along with detailed market-access information for more than 90 countries. U.S. exporters will be able to file market-access and trade-agreement complaints online.
- **JCCT Standards Seminar:** Nearly 250 businesspeople are registered for the first U.S.-China standards seminar to be held at DOC on February 17-18. The workshop is a result of the U.S.-China Joint Commission on Commerce and Trade (JCCT) and its efforts to educate U.S. industry concerning product safety and quality standards set by the Chinese government. A Chinese delegation of six standards experts will advise U.S. businesses on new developments in China's standards environment. An MOU will be signed between China's State Administration of Commodity Inspection and the American Society of Mechanical Engineers, a major sponsor of the conference.
- **Connecting All Americans Conference:** On February 24-27, DOC and the Public Utility Law Project will co-host a conference in Washington, D.C. The conference will address immediate opportunities to take advantage of Telephone Lifeline Service and to improve access to new telecommunications technology for low income and rural communities. The Vice President and other senior Administration officials will participate.
- **National Engineers Week:** During February 22-28, National Engineers Week, about fifty engineers from DOC's National Institute of Standards and Technology will visit local middle and high schools in MD to highlight the importance of technology.

DEPARTMENT OF LABOR

- **Garment Shops:** On February 11, DOL announced a sweeping federal court order against a NYC garment manufacturer resulting from wage and hour law violations by garment shops in NYC's Chinatown. The court order bars Fashion Headquarters, Inc. from shipping garments that DOL found were made in violation of the minimum wage and overtime requirements of the Fair Labor Standards Act.
- **NAACP Award:** On February 14, Secretary Herman will receive an Image Award at the NAACP Image Awards in Los Angeles.

- **Child Labor:** On February 13, DOL held a public hearing to gather information regarding specific efforts by governments and non-governmental organizations to reduce child labor in countries where it has been identified as a problem. DOL's fifth Congressionally-mandated report on international child labor will describe specific actions by countries where child labor has been identified as a problem.
- **Welfare-to-Work:** On February 17, Secretary Herman will report on her fact finding mission on welfare-to-work in remarks at the National Press Club. Five state plans (MI, IL, NV, NE and LA) have been approved and eight are outstanding (KS, KY, GA, SC, TN, MA, HI, MN). DOL expects receipt of another 23 by the end of March.
- **Foreign Travel:** From February 18-20, Secretary Herman will attend the U.S./EU Codes of Conduct Workshop in Belgium. On February 20-23, Secretary Herman will attend the G-8 Employability Conference in London, England.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **New Antibiotic:** On February 19, an FDA advisory panel will discuss a new drug application for Rhone-Poulenc Rorer Pharmaceuticals' Synercid, a new antibiotic for use in the treatment of vancomycin-resistant infections, complicated skin and skin structure infections, community-acquired pneumonia, and hospital-acquired pneumonia. This discussion is expected to generate press interest because of the antibiotic-resistance issue.
- **Medicare/DoD Subvention Demonstration:** On February 13, HHS and DoD reached an agreement on the parameters for the Subvention demonstration. This demonstration will allow Medicare-eligible military retirees in six communities to receive comprehensive health care services through military treatment facilities. DoD will meet the same requirements as Medicare+Choice plans and will be paid a reduced capitation rate for its enrollees.
- **Olestra:** On February 10, Procter & Gamble (P&G) announced that by this summer, U.S. consumers will be able to purchase a variety of snack foods made with Olean, P&G's fat-free, calorie-free cooking oil. Olestra (P&G's brand name is Olean) was approved by FDA in January 1996. On a February 4, the Center for Science in the Public Interest reiterated its longstanding objections to the approval of Olestra.
- **Rift Valley Fever:** On December 23, CDC reported approximately 150 deaths due to hemorrhagic fever in the Northeastern Province of Kenya. Laboratory analysis demonstrated that 44 percent of specimens obtained from patients were positive for Rift Valley fever virus infection, a serious disease affecting both humans and livestock such as cattle and sheep. Through the end of January, 350-400 persons in Kenya and 100 persons in Somalia were estimated to have died from the disease. Most of East Africa is at risk for a similar epidemic in the next six months. On January 25, CDC received a

request for assistance from the Kenya Ministry of Health and in collaboration with WHO and the DoD, CDC dispatched a six-member team.

- **E. coli Vaccine:** On February 9, scientists at the National Institute of Child Health and Human Development announced that they have developed an experimental vaccine against E. coli O157, the pathogenic bacterium that causes severe food poisoning. The results of this clinical trial are reported in the February issue of the *Journal of Infectious Diseases*. Although further clinical trials are required before the vaccine is declared protective in humans, scientists are considering another strategy to eradicate E. coli O157 -- mass vaccination of cattle -- which would eliminate the pathogen at its source.
- **Hospital Fraud and Abuse:** On February 11, the Office of Inspector General (OIG) released its voluntary compliance program for hospitals. The guidance is intended to combat fraud and abuse in the hospital industry.
- **Tobacco and Children:** On February 13, the FDA expects to sign a contract with NC to enforce FDA regulations prohibiting retailers from selling cigarettes and smokeless tobacco products to children under 18. This is the first such contract of 1998. In 1997, FDA contracted with ten states to enforce the tobacco regulation: FL, WA, IL, TX, MA, CA, MN, AR, PA, and CO. Under the contract, a state conducts unannounced retail compliance checks. Information about the compliance checks is sent to FDA, which issues a warning for the first violation to retailers found selling to adolescents and seeks a fine of \$250 for the second violation and greater fines for subsequent violations.
- **Guatemalan Berries:** On February 9, FDA issued a letter to the Guatemalan Embassy stating that since fresh blackberries and frozen blackberries and raspberries from Guatemala had not been implicated in the 1996 and 1997 outbreaks of cyclosporiasis in the U.S., FDA will not object to the importation of these products, subject to normal FDA import and sampling procedures. Last summer, the Guatemalan authorities were informed that importation of Guatemala's 1998 Spring crop of fresh raspberries would not be allowed unless information on the cause and prevention of cyclosporiasis from Guatemalan raspberries was available or if alternative processing methods become available which would ensure the destruction of *Cyclospora*.
- **Depression and Smoking:** In the February issue of the AMA's *Archives of General Psychiatry*, researchers supported by the National Institute of Mental Health report on a study which found that a history of major depression was associated with progression of smoking and that a history of daily smoking was associated with increased risk for major depression. According to the researchers, their study is the first report on the influence of major depression on the progression of smoking among people who have ever smoked.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **“Officer Next Door”:** For the week ending February 6, HUD accepted 36 sales contracts and closed 42 deals on HUD-held properties to police officers under the “Officer Next Door” program. These additions bring the total number of contracts to 669 and closings to 341. The “Officer Next Door” program is an anti-crime and community revitalization initiative that enables police officers to purchase HUD homes at a 50 percent discount.
- **California Travel:** On February 16-17, Secretary Cuomo will meet with mayors and visit communities in a number of CA cities. On February 18, Secretary Cuomo will host “HUD For A Day” in Los Angeles, CA. On February 19, Secretary Cuomo will participate in an event with Representative Jerry Lewis.
- **Fraud:** Five people associated with companies that received over \$52 million in HUD rental assistance subsidies from 1990 to 1997 have been indicted on charges alleging they fraudulently diverted funds. The amount of HUD assistance allegedly diverted from eight low-income apartment developments in five states owned by Blackstone Realty Management Company of New York City remains under investigation, but it is believed to total at least \$2 million.

DEPARTMENT OF TRANSPORTATION

- **Aviation Safety and Security:** On February 12, the one-year anniversary of the issuance of its Final Report, Secretary Slater submitted to the Vice President a report on the implementation of the recommendations of the White House Commission on Aviation Safety and Security.
- **G-8 Environmental Futures Conference:** On February 16-18, Deputy Secretary Downey will participate in the G-8 Environmental Futures Conference in London, England.
- **CA Storms:** Some major roadways, mainly in the San Francisco Bay area, are still being affected by high water. Initial highway damage estimates total \$20 million, but final estimates are expected to be higher. On February 11, CA’s letter of intent was submitted to FHWA. The ER request, using the “quick release” process, is expected in the coming days. CA will likely ask for an initial allocation of \$20 million.
- **Adarand:** On February 9, the U.S. filed its reply brief in Adarand v. Romer, one of two cases before the U.S. Court of Appeals for the Tenth Circuit that resulted from the Supreme Court’s decision questioning the constitutionality of DOT’s Disadvantaged Business Enterprise (DBE) program. The government’s reply brief in the other case, Adarand v. Slater, is scheduled to be filed on February 23.

- **Air Traffic Control:** On February 26, the FAA will testify at the Senate Commerce, Science and Transportation Subcommittee on Aviation hearing on air traffic control modernization.
- **Amtrak:** On March 12, the Senate Appropriations Subcommittee on Transportation will hold a hearing on Amtrak privatization.

DEPARTMENT OF ENERGY

- **Tribal Colleges:** On February 5, Secretary Peña signed an MOU with the American Indian Higher Education Consortium (AIHEC). The MOU reinforces your 1996 Tribal Colleges and Universities Executive Order. AIHEC is the only national organization representative of all 31 Tribal Colleges. DOE will work with AIHEC to develop a five-year plan to ensure that Tribal Colleges and Universities will have long-term access and involvement in DOE programs.
- **National Association of Counties:** On March 2, the Secretary will address attendees at the National Association of Counties Annual Conference. He will speak about current energy issues, electricity restructuring, and climate change.

DEPARTMENT OF EDUCATION

- **State of American Education:** On February 17, Secretary Riley will deliver his annual address on the State of American Education in Seattle, WA. DOEd is working with Members of Congress to organize downlinks across the country.
- **Math and Science Achievement:** On February 24, Secretary Riley will participate in the release of a major report of U.S. results from the Third International Math and Science Study (TIMSS). The report will reflect data on student achievement for the third and final TIMSS age cohort, students in their final year of secondary education, and will show that American students at that level perform poorly in math and science compared to students in other countries.
- **Town Hall Meeting:** On February 26, Secretary Riley will join Congressional Democrats for a Town Hall meeting in Washington, D.C. highlighting public education successes around the country.

VETERANS AFFAIRS

- **Confirmation Hearing:** On February 24, the Senate Veterans' Affairs Committee will hold a confirmation hearing on the nomination of Acting Secretary West as Secretary of Veterans Affairs.

- **El Niño:** Several intense Pacific storms, credited to El Niño, hammered the CA coast last week, producing winds, flooding and mud slides. VA Palo Alto Health Care System responded to the Salvation Army's request for space to assist in housing flood victims from the East Palo Alto and Redwood City communities. A building at the Menlo Park facility is now housing more than 125 people of all ages. The Salvation Army is managing this temporary shelter and purchasing meals from VA's Nutrition and Food Service. VA Palo Alto Health Care System is preparing to house more flood victims, as needed.
- **Welfare-to-Work:** The VA Welfare-to-Work program exceeded its first year goal by 50 percent, and with 676 hires on-board as of February 1998, is currently more than half way towards its goal of 800 hires. VA is assisting participants on child care options and earned income tax credits.
- **Energy Savings Equipment:** The Loma Linda, CA, VA Medical Center has initiated an innovative, \$9 million project to replace its inefficient and obsolete cooling towers and chillers. The project is being funded by an affiliate of the local natural gas supplier. Savings generated by the new energy efficient chillers are estimated to be at least \$1 million per year based on current prices and will repay the cost of the project over a ten-year period. The first three phases of this energy savings project have already resulted in an initial rebate of \$280,000.
- **Medicare Subvention:** Veterans' Affairs Committee members are urging the Administration to make VA/Medicare subvention a major legislative priority this year. Along with MCCF receipts, subvention dollars coming to VA are a critical revenue source that must be available as soon as possible in order for VA to achieve its non-appropriated funding goal by FY2002.
- **Tobacco-Related Disabilities:** There is still significant resistance to the idea of prohibiting payment of VA compensation to certain veterans for tobacco-related disabilities. Members of Congress are voicing concern that only 10 percent of the \$17 billion in projected five-year savings associated with the enactment of VA's proposal would be redirected back into VA for veterans' education and employment assistance programs.
- **U.S. News and World Report Interview:** *U.S. News and World Report* spoke to Dr. Matthew Friedman, Director of the National Center for Post-Traumatic Stress Disorder (PTSD), on the effects of PTSD on soldiers from Bosnia and Serbia. The February 16 piece will focus on the lack of medical infrastructure in the region and its impact on PTSD victims.
- **Functional Electrical Stimulation:** *ABC's 20/20* appears to be interested in the research of Dr. Byron Marsolais of the Cleveland, OH, VA Medical Center. Dr. Marsolais is a

pioneer in the field of Functional Electrical Stimulation, a process that uses electric currents to help paralyzed persons use their limbs. Two former VA patients are unhappy with Dr. Marsolais's treatment, claiming that it has resulted in infections and other complications.

ENVIRONMENTAL PROTECTION AGENCY

- **Dallas-Fort Worth Air Quality:** On February 5, EPA changed the Dallas-Fort Worth area's air quality classification from "moderate" to "serious" nonattainment for the ozone (smog) public health standard. Known as a "bump-up," EPA's action is based on monitoring data from 1994-96 which show that the area recorded 46 violations of the federal health standard for ozone. The reclassification requires the Dallas-Fort Worth area to develop a more aggressive plan for reducing ozone-causing emissions and for attaining the ozone health standard by November 15, 1999.
- **Imported Canola Seed:** Canola growers in ND have been importing canola seed for planting that has been treated with a pesticide product containing lindane, thiram, and thiabendazole. This pesticide is not registered for use in the U.S., so there is no established tolerance for residues of these chemicals in canola. EPA has informed the state and canola growers that a tolerance is required if crops will be grown from the treated seed in the U.S.
- **Superfund:** On February 20, Administrator Browner will visit a Superfund site in Boonton, NJ.

UNITED STATES TRADE REPRESENTATIVE

- **World Trade Organization (WTO) Victory for U.S. Computer Industry:** On February 5, Ambassador Barshefsky announced that the U.S. won its WTO case against the European Union (EU), Ireland and the United Kingdom (UK) for raising tariffs on computer networking equipment in the largest case the U.S. has ever brought to the WTO in terms of dollar volume of trade. The U.S. computer networking equipment has over half of the share of the European market, which totals over \$5 billion in sales annually.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **National Youth Anti-Drug Media Campaign:** On February 18, Director McCaffrey will travel to Los Angeles, CA for a series of meetings with entertainment industry leaders to discuss entertainment industry involvement in ONDCP's National Youth Anti-Drug Media Campaign and enlist the industry in efforts to de-normalize drugs and increase the perception of risk. While in Los Angeles, the Director will also visit the Los Angeles Veterans Hospital's drug treatment facilities, and the SHIELDS for Families, Inc. Rehabilitation Program, which helps mothers and their children overcome drug addiction.

SMALL BUSINESS ADMINISTRATION

- **“Big Three” MOU:** On February 19, Administrator Alvarez and the Vice President will announce the MOU with the Big Three Automakers at a White House event.
- **President’s Race Advisory Board:** On February 11, the Administrator delivered the keynote speech and participated in a panel discussion on “Race and Poverty” at the board meeting in San Jose, CA.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **Project Impact:** FEMA continues to use Project Impact as a model for federal government work with state and local governments, business and civic leaders and individuals to make our communities and citizens safer and reduce the cost of future disasters.
- **CA Flooding:** In CA, the U.S. Army Corps of Engineers has completed 70 percent of levee repairs along the Pajaro River between Santa Cruz and Monterey counties. Sandbagging operations are underway at the Spring Valley water filtration plant in Lake County. The American Red Cross is operating one San Francisco-area shelter housing 647 people and has opened service centers in Monterey and East Palo Alto counties.

OFFICE OF PERSONNEL MANAGEMENT

- **Federal Employees Pay Raise:** On February 24, Congressman Hoyer and several other Members of Congress representing the Washington, D.C. will hold a press conference regarding the 3.1 percent pay increase for federal employees contained in the FY99 Budget. These Members favor a higher pay raise and will introduce legislation to tighten the criteria used to alter the pay adjustment required under the Federal Employees Pay Comparability Act.
- **Administrative Law Judge Conference:** Congressman Gekas is expected to introduce legislation that would establish an Administrative Law Judge Conference. The Conference would, among other things, promote “legal specialization,” and promote standards of professional accountability.
- **Year 2000:** The House Technology Subcommittee, possibly in conjunction with the House Education and Workforce Committee, plans to hold a hearing in early March on whether there is a sufficiently trained and available workforce to meet Year 2000 computer challenges. OPM may be invited to testify if the scope of the hearing includes the government.

UNITED STATES INFORMATION AGENCY

- **Iraq:**
 - ▶ USIA's Foreign Press Center (FPC) in Washington hosted an SRO crowd for Under Secretary of State Pickering's Iraq briefing. Assistant Secretary of State Martin Indyk was interviewed by London-based Middle East Broadcasting. He will background for Washington-based Arab journalists. On February 17, National Security Advisor Sandy Berger will participate in a live Worldnet satellite dialogue with reporters in Europe and the Middle East. Ambassador Pelletreau, former Assistant Secretary of State, participated in a Worldnet interactive with journalists in Cairo, Amman and London.
 - ▶ USIA is also cooperating with the NSC on the preparation and distribution of a videotaped message by you to citizens of foreign countries conveying our position on the Iraq crisis with emphasis on our concerns for the people of Iraq and determined effort to resolve the problem through diplomacy.

cc:

The Vice President
Erskine Bowles
Sidney Blumenthal
Maria Echaveste
Rahm Emanuel
Jack Gibbons
John Hilley
Mickey Ibarra
Janis Kearney
Ron Klain
Ann Lewis
Sylvia Mathews
Michael McCurry
Katie McGinty
John Podesta
Franklin Raines
Bruce Reed
Craig Smith
Doug Sosnik
Gene Sperling
Dan Tarullo
Melanne Verveer

DEPARTMENT OF DEFENSE

Cavalese Ski Resort Accident: A joint (U.S. and Italian) military investigation team has been assembled to determine the facts regarding last week's EA-6B Prowler collision with the gondola cable. The investigation is expected to take 6-8 weeks. The Italians are conducting a separate civil investigation. The joint military investigation team is sharing all evidence and information gathered with the civilian investigation.

BRAC Transfer of Detroit Arsenal Tank Plant: The Army will transfer 153 acres on the east Side of Detroit Arsenal for a purchase price of \$5,925,000. The terms of payment will allow the City to redevelop the property in accordance with its reuse plan and preserve the property's qualification as a State of Michigan Renaissance Zone. The Army will realize immediate savings in the amount of \$12,364,000 because caretaker costs will cease in FY99 rather than continue through FY 2003 as planned. More than 9,000 short and long-term jobs can potentially be created at the site.

UNITED NATIONS

Iraq: On February 12, Ambassador Richardson departed on another Presidential mission to Tokyo and Beijing, two key Security Council member states, to convey personally U.S. policy on Iraq. The message is the same: the U.S. and international community must demand full and unconditional access for the UN Special Commission inspectors and the U.S. considers all options, both diplomatic and military, to be still on the table.

Oil-for-Food: The Security Council continues to consult on expanding the "oil-for-food" program. The UK, Sweden, and Portugal are developing the basis of a resolution. The U.S. is under pressure by all fourteen other members of the Council to support expansion of the program and be less bureaucratic.

- **Naturalization Fraud:** In California, six indictments were returned charging 20 defendants in a nationwide scheme to falsify the naturalization examination test results for as many as 13,000 aliens who paid the defendants more than \$3 million for their services.
- **Campaign Fraud Case:** A sanitary landfill company was sentenced to pay one of the largest fines ever imposed in a Federal Election Campaign Act (FECA) case, \$8 million, as a result of its previously entered guilty plea to 40 FECA violations. The company and six corporate officials were previously charged with using conduits to make prohibited corporate contributions totaling \$129,000 to 10 federal candidates between 1994 and 1996.
- **Native American Issues:** For the first time, DOJ's Office of Legal Education brought together tribal prosecutors and Assistant United States Attorneys to receive training on Native American issues.
- **COPS Grants:** On February 12, the COPS Office announced the awarding of over \$64 million for 890 new full-time officers and 96 part-time officers for 311 jurisdictions in 48 states under the COPS Universal Hiring Program. This puts the total number of officers to date at over 70,000.
- **Juvenile Crime Prevention:** On February 16, the Attorney General will travel to Boston, MA, Portland, ME and Burlington, VT, where she will meet with the local editorial boards to highlight the Administration's successful juvenile crime prevention programs.

F. COPS
K. Smith
K. Smith
K. Smith

DEPARTMENT OF INTERIOR

- **Virgin Islands Park:** DOI is proposing to Congress that land be purchased to assemble the Salt River Bay National Historical Park and Preserve in St. Croix, USVI. Authorized several years ago, the Park will preserve the largest remaining mangrove area on St. Croix, at the site where the crew of Christopher Columbus first set foot on U.S. soil.
- **Royalty Rate Reduction Wells:** On February 19, BLM will announce an extension of the federal royalty rate reduction for stripper wells. This policy, which was first implemented five years ago, has resulted in incremental oil production of more than four million additional barrels of oil, which might otherwise have been supplied by imports. Continued production at these marginal properties provides jobs in local communities. This policy also protects the environment because it encourages the continued use of existing wells rather than the drilling of new ones.
- **South Africa:** On February 24-March 1, Secretary Babbitt will accompany the Vice President to the Gore-Mbeki Commission meetings.

THE WHITE HOUSE

WASHINGTON

February 17, 1998

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER 

SUBJECT: Iraq

CC UP / Raleny

98 FEB 17 AM 1

The attached analysis by Israel's best Saddam watcher is worth reading for its insights into Saddam's mindset.

Attachment



*copied
VP
Emanuel
COS*

cc: Vice President
Chief of Staff

What Does Saddam Hussein Want?



Iraq's mercurial dictator wants to be ranked as a great military leader alongside Hammurabi and Nebuchadnezzar, the kings of ancient Babylon, and Saladin, who vanquished the Crusaders, says a Middle East expert.

Despite his present military weakness, Saddam Hussein is still potentially "one of the most dangerous leaders in the world," because he is amoral, hugely ambitious, and believes he can achieve his goals only through military means, including the manufacture, threat—and perhaps actual use—of weapons of mass destruction, says **Amatzia Baram**, a senior fellow at the U.S. Institute of Peace and head of the department of Middle Eastern history at the University of Haifa in Israel. Saddam's ambition is to lead the Arab and Islamic worlds—and place himself among the great military leaders of history.

Saddam is dangerous, too, because he has not learned from his past defeats that in today's world the economy, not the sword, makes a nation great, says Baram, an expert on the Iraqi dictator and his socio-political system. Baram discussed Saddam's background, motivations, power base, and recent expulsion of UN weapons inspectors at an Institute briefing November 20. C-SPAN broadcast the event, which was moderated by **Max M. Kampelman**, vice president of the Institute of Peace's board of directors. Saddam poses "a greater threat today to our country and the civilized world than he did six years ago [at the time of the Gulf War]," Kampelman said in his introductory remarks.

Baram said that although Saddam seems to be a resolute player at the games of "chicken" he initiates, he has one major fear: that a revolt within his armed forces might topple him. For example, if he provoked an air attack by the United States/United Nations, that could create the kind of chaos in Iraq that would give ambitious soldiers a chance to grab power, Baram said. As a result, Saddam is likely now to stop short of provoking such an attack, but at some point he may miscalculate and drive matters to a head.

To achieve and retain power, Saddam has ordered the deaths of political allies and close relatives, as well as the massacre of hundreds of thousands of unarmed Kurdish and Iraqi villagers, Baram said. Despite his military defeat in 1991, Saddam continues to resist weapons transparency, while at the same time using the Iraqi people's suffering to manipulate western moral outrage in hopes of gaining an end to the UN-mandated sanctions.

Saddam expelled the UN inspectors primarily because they were getting too close to massive caches of biological weapons—"They were prying into his holy of holies," Baram said—and thus Saddam had to demonstrate his willingness to protect his military strength, to show his power base that he could limit the supervision teams. "In Iraq, security and state secrecy are a new secular state religion," Baram said.

Saddam is claiming victory not only in this latest confrontation, but also in the Gulf War. Baram noted that Saddam boasts to his people, "Where are George Bush, Margaret Thatcher, or Mikhail Gorbachev?" While Saddam, as everyone knows, is still in charge in Baghdad, Iraq, he claims to his captive audience, won a moral, as opposed to a clear-cut military, victory in the Gulf War, because its leadership is still intact and defiant. Demonstrating defiance is, thus, of great importance to him, especially when it comes to preserving important components of his non-conventional weapons, Baram said. As Saddam sees it, these weapons are critical not only to his own strength, but also to his credibility with his domestic power base: his tribe, his palace guard, and the Republican Guard Corps. By keeping biological and chemical weapons, he proves to them that he remains a formidable figure. Thus, Baram concluded, these weapons to him are both a means of survival and a means to achieve his grandiose dream of Arab and Islamic leadership.

2-17-98

THE WHITE HOUSE

WASHINGTON

98 FEB 17 AM 10:13

February 17, 1998

RECOMMENDED TELEPHONE CALL

Copied
Marshall
Jennings
COS

TO: Eric Holder, Deputy Attorney General

DATE: Anytime

RECOMMENDED BY: Thurgood Marshall, Jr. TM
Jon P. Jennings

PURPOSE: Condolence call to Eric Holder on the death of his father.

BACKGROUND: On February 12, Eric Holder, Sr. passed away at the age of 94. He is survived by his wife of 48 years, Miriam. A memorial service is scheduled for February 16 in East Elmhurst, NY.

TOPICS OF DISCUSSION:

1. Mr. Holder's family immigrated to the United States from Barbados.
2. At the age of 40, Mr. Holder joined the military to fight in World War II.
3. Mr. Holder was a real estate agent.

CONTACT PERSON AND TELEPHONE NUMBERS: Eric Holder's home number is (202) 966-0729.
Eric Holder's office number is (202) 514-2101.
Jon Jennings in the Office of Cabinet Affairs can be reached at 6-2572 or via SIGNAL.

THE WHITE HOUSE
WASHINGTON

February 17, 1998

Mr. President:

I've attached condolence letters
if you don't want to make this
call.

Phil Caplan

*The already
called*

THE DOCUMENT WAS SEEN
2-17-98

Holder 1/14
2/14

WHITE HOUSE
WASHINGTON

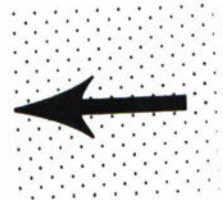
February 17, 1998

The Honorable Eric Holder, Jr.
4246 50th Street, N.W.
Washington, D.C. 20016

Dear Eric:

Hillary and I were deeply saddened to learn of your father's death. Our hearts go out to you, and we hope that the loving support of your family and friends will bring you strength and comfort during this difficult time. We are keeping you in our thoughts and prayers.

Sincerely,



**SIGN
HERE**

Mrs. Holder Sr. 1/14
2/14

WHITE HOUSE
WASHINGTON

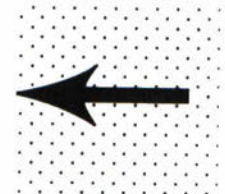
February 17, 1998

Mrs. Eric Holder, Sr.
23-66 101st Street
East Elmhurst, New York 11369

Dear Mrs. Holder:

Hillary and I were saddened to learn of your husband's death, and we extend our deepest sympathy. We hope that the love and support of your family and friends will sustain and comfort you during this difficult time. You are in our thoughts and prayers.

Sincerely,



**SIGN
HERE**

2-17-98

THE WHITE HOUSE
WASHINGTON

copied
Bowles
Ruff
Center

February 17, 1998

✓
MR. PRESIDENT:

The attached memo from Chuck Ruff recommends that you grant a conflict-of-interest waiver to Marca Bristo, Chair of the National Council on Disability, to permit her to participate in general policy matters before the Council while continuing to serve as an unpaid board member of the Rehabilitation Institute of Chicago. You granted a similar waiver to her in 1995 to permit her to participate in National Council matters while serving as president and CEO of Access Living, an independent living center in Chicago.

A waiver is necessary because the Institute receives substantial support through Medicaid, Medicare, and federal grants. Absent a waiver, she may not participate in any Council matter that could affect the financial interests of the Institute.

Rationale. As Chair of the National Council, the "particular matters" in which Ms. Bristo participates are general in nature and do not specifically affect any one institution. While it is conceivable that National Council policy recommendations could affect the Rehabilitation Institute, Chuck recommends that you grant the waiver based on a determination that the affects of general policy recommendations by the National Council on the financial interests of the Rehabilitation Institute are not likely to be so substantial as to affect the integrity of Ms. Bristo's government service -- the standard set out in the conflict-of-interest statute. Ethics officials at DOEd and the Office of Government Ethics concur as does *John Podesta*.

✓
Approve ☒ Disapprove ☐ Discuss ☐

Phil Caplan *PC*
Sean Maloney *SM*

THE WHITE HOUSE
WASHINGTON

2-17-98

December 24, 1997

MEMORANDUM FOR THE PRESIDENT

THROUGH: ERSKINE B. BOWLES
CHIEF OF STAFFFROM: CHARLES F.C. RUFF
COUNSEL TO THE PRESIDENTVIRGINIA CANTER
ASSOCIATE COUNSEL TO THE PRESIDENTSUBJECT: Request for Conflict-of-Interest Waiver

Attached is a request for a conflict-of-interest waiver, pursuant to 18 U.S.C. 208(b)(1), from Marca Bristo, Chairperson of the National Council on Disability, to permit her to participate in general policy matters before the Council while continuing to serve as an unpaid member of the Board of Directors for the Rehabilitation Institute of Chicago (Rehabilitation Institute). You previously granted Ms. Bristo a waiver, dated January 23, 1995, to permit her to participate in general policy matters that may affect Access Living, an organization for which she serves as President and Chief Executive Officer.

As you know, the conflict-of-interest statute prohibits federal employees, including special government employees such as Ms. Bristo, from participating personally and substantially in a particular matter that will have a direct and predictable effect on their financial interests, including the interests of organizations for which the employee serves as an officer, director, trustee, general partner, or employee. 18 U.S.C. 208(a).

Ms. Bristo is a member of the Board of Directors for the Rehabilitation Institute. The Rehabilitation Institute provides comprehensive rehabilitative inpatient and outpatient services and programs, and receives substantial support and revenue through Medicare, Medicaid, and federal grants. Because of her position on the Board of Directors, the financial interests of the Rehabilitation Institute are imputed to Ms. Bristo under 18 U.S.C. 208(a). Accordingly, as Chairperson of the Council on Disability, Ms. Bristo may not participate in any matter that would affect the financial interests of the Rehabilitation Institute in the absence of a waiver under 18 U.S.C. 208(b).

The mission of the Council on Disability is to promote policies and programs that guarantee equal opportunities for all people with disabilities, and empower individuals with

disabilities to achieve economic self-sufficiency, independent living, and integration into all aspects of society. To accomplish that mission, the Council provides advice and recommendations to you, Congress, the Secretary of Education, and the heads of the National Institute on Disability and Rehabilitation Research and the Rehabilitation Services Administration.

As Chairperson of the Council on Disability, the particular matters in which Ms. Bristo is required to participate are general in nature, and do not specifically affect any one institution or entity. Moreover, it is not clear the extent to which these general policy matters would have a direct and predictable effect on the interests of the Rehabilitation Institute or any other individual entity. Nevertheless, we are advised by the Department of Education that it is conceivable that the Council might, in its position as an advisor, participate in legislation or policy matters that would affect the funding of programs in which entities, such as the Rehabilitation Institute, participate. In which case, the Rehabilitation Institute as an affected entity could be considered to have a financial interest in such matters.

You have the authority to grant a waiver of the conflict law, provided that you determine that the interest to be affected is not so substantial as to affect the integrity of the employee's services. 18 U.S.C. 208(b)(1). For the reasons stated herein and in the attached waiver request, we recommend that you grant the waiver requested based on a determination that the financial interests of the Rehabilitation Institute of Chicago in the formulation of general policy recommendations and advice by the National Council on Disability are not so substantial as to be deemed likely to affect the integrity of the services the Government can expect from Ms. Bristo. The Alternate Agency Ethics Official at the Department of Education concurs in this recommendation, and the Office of Government Ethics has reviewed and approved this request.



NATIONAL COUNCIL ON DISABILITY

An independent federal agency working with the President and the Congress to increase the inclusion, independence, and empowerment of all Americans with disabilities.

MEMORANDUM FOR THE PRESIDENT

FROM : MARCA BRISTO *March 11 2:47*
Chairperson, National Council on Disability

SUBJECT : Conflict of Interest Exemption

As Chairperson of the National Council on Disability (Council) 18 U.S.C. § 208(a) prohibits me from participating personally and substantially in Council matters in which, to my knowledge, I have, or anyone whose interests are imputed to me has, a financial interest. Among the interests imputed to me by law are those of any organization for which I serve as an officer, director, or trustee. I currently serve as an unpaid member of the Board of Directors for the Rehabilitation Institute of Chicago (Institute).

I am seeking a waiver, pursuant to 18 U.S.C. § 208(b), from the prohibitions of 18 U.S.C. § 208(a) with respect to certain particular matters I may be called upon to participate in for the Council, based upon advice of the Council's Designated Agency Ethics Official at the U.S. Department of Education. As the official responsible for my appointment, you may grant a waiver of the prohibition upon your written determination that the financial interest in a matter is not so substantial as to be deemed likely to affect the integrity of the services which the Government may expect from me. You approved my request, dated January 23, 1995, for a waiver to participate in general policy matters before the Council that may effect Access Living, an independent living center in Chicago, for which I serve as the President and Chief Executive Officer (attached).

The Council's purpose is "to promote policies, programs, practices and procedures that -- (A) guarantee equal opportunity for all individuals with disabilities, regardless of the nature or severity of the disability; and (B) empower individuals with disabilities to achieve economic self-sufficiency, independent living, and including and integration into all aspects of society." 29 U.S.C. § 780 (a)(2). To carry out this purpose, the Council gathers information on, reviews, and evaluates the implementation of law and policy affecting persons with disabilities, and provides advice and recommendations to, among others, the President, Congress, the Secretary of Education, and the heads of the National Institute on Disability and Rehabilitation Research (NIDRR) and the Rehabilitation Services Administration (RSA), both housed in the Department of Education.

Established in 1954, the Institute provides, at both its primary hospital facility and several other locations around Chicago, comprehensive rehabilitative inpatient and outpatient services and programs. The Institute receives between 55% and 60% of its revenues from Medicare or Medicaid. Additionally, the Institute's affiliate Research Corporation receives approximately 63%

MEMORANDUM FOR THE PRESIDENT -- 2 OF 2.

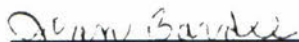
of its \$3.8 million budget from Federal grants, including grants from the Centers for Disease Control and the U.S. Department of Education.

Notwithstanding the Institute's financial interest in these Federal programs, the particular matters that I am called upon to participate in as the Chairperson of the Council are general in nature, and do not specifically affect any one institution or entity. Indeed, in many instances it is not clear to what extent these general policy matters would have a direct and predictable effect on the interests of any individual institution or entity, including the Institute. However, in the event that such a matter might arise, I am requesting this waiver to permit me to participate in general policy matters that may affect the Institute's interests as part of a class of similarly situated entities.

I will remain disqualified from participating in any particular matter specifically relating to, or having a unique or peculiar effect upon, the Institute. For instance, while the waiver would permit me to participate in Council discussions concerning advice to the Director of NIDRR on issues concerning all NIDRR constituents, such as identifying research priorities that will guide the implementation of all of NIDRR's programs, it would not permit me to participate in discussions concerning particular discretionary grant programs within NIDRR under which the Institute receives grants. This includes particular programs in which the Institute has a record of participating as well as new programs for which there is a reasonable expectation that the Institute will apply.

Accordingly, pursuant to 18 U.S.C. § 208(b), I request that you grant me a waiver from the prohibition of 18 U.S.C. § 208(a) permitting me to participate in the above-described matters by determining that the Institute's financial interest in these matters is not so substantial as to be deemed likely to affect the integrity of the services the Government may expect from me. The Council's Designated Agency Ethics Official has consulted with the Office of Government Ethics on this waiver.

Concurrence:

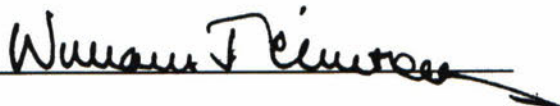


Alternate Designated Agency Ethics Official



Waiver relating to general policy matters, as described above, granted based upon my determination that the Rehabilitation Institute of Chicago's financial interest in those matters is not so substantial as to be deemed likely to affect the integrity of the services the Government may expect from you as the Chairperson of the National Council on Disability.

Waiver denied.



THE WHITE HOUSE

WASHINGTON

February 17, 1998

TO: Stephanie Streett
Nancy Hernreich
Don Kerrick
Kim Tilley
Ron Klain
Melanne Verveer
Patti Solis Doyle
Goody Marshall
Steve Silverman

FR: Phil Caplan *PC*

I have received the attached letter inviting the President and/or the First Lady (and although it does not say so, the Vice President) to lead a delegation to the World Cup Soccer finals to be held in France this summer in June and July.

Background. The World Cup finals are held every four years. This quadrennial tournament is the culmination of a two-year competition involving the national soccer teams of virtually every country on earth. Thirty-two teams qualify for the finals. The United States hosted the World Cup in 1994. The President went to the opening ceremonies in Chicago and the Vice President went to the final game at the Rose Bowl in L.A.

1998 World Cup. The U.S. National Soccer Team has qualified for France. The U.S. Soccer Federation (the governing body of soccer in this country, akin to the U.S. Olympic Committee) has invited a delegation to the games, and specifically to watch the U.S. matches. The World Cup runs from June 10 - July 12. The U.S. first-round matches are June 15 (vs. Germany in Paris), June 21 (vs. Iran in Lyon) and June 25 (vs. Yugoslavia in Nantes). The Iran match presents interesting issues from an NSC perspective. If the U.S. gets enough points during the first round, they advance to the second round.

Please let me know if you think any of the principals would be interested in attending and heading up the delegation. If none of the principals are interested, we should think about which member of the Cabinet might be most appropriate.



January 28, 1998

President William Jefferson Clinton
c/o Phillip Caplan, Special Assistant
to the President for Cabinet Affairs
THE WHITE HOUSE
Washington, DC 20502

My Dear Mr. President:

On June 21st, Father's Day, the United States of America will compete against Iran in a World Cup match being staged in Leone, France. No doubt you are aware of the great significance being placed on this match. On behalf of the tens of millions of soccer fans in the United States, I would like to invite you to be present at this historic match. Furthermore, the United States Soccer Federation would like to invite the First Lady to be the Honorary Head of Delegation for the United States Team as we participate in the World Cup Finals in France.

The team representing the United States has made significant improvement over the past decade and we expect to have a competitive showing at the World Cup. We have, however, drawn an extremely difficult group featuring Germany, Iran and Yugoslavia.

We look forward to your reply as to your disposition on whether you and the First Lady can attend any of these matches.

Thank you for the great job you have done for the United States. We wish you continued success.

Sincerely,
UNITED STATES SOCCER FEDERATION

Hank Steinbrecher
Secretary General

HS/tj

cc: B. Greenspan
H. Guber
Ann Lewis

WHITE HOUSE
WASHINGTON

Brian Greenspan
Hankel Guber
Ann Lewis

February 17, 1998

Vasil M. Markoff
President and Founder
The Republican Club of Southern Nevada
Post Office Box 42357
Las Vegas, Nevada 89116

Dear Mike:

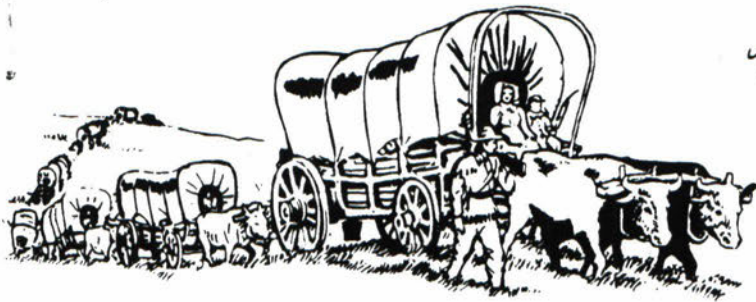
Thanks so much for your supportive letter. It meant a great deal to hear from you.

Please feel free to send your further comments. Thank you again for taking the time to write.

Sincerely,

Bill Clinton

Your letter was great and
I would welcome further
advice —



*Keep your
feeling
for which We stand*
To the Republic

NEWSLETTER: The Desert Foghorn

The Republican Club of Southern Nevada
(Founded 1963)

P.O. Box 42357 • Las Vegas, Nevada 89116

Phone: (702) 878-5303

Fax: (702) 383-6893

January 27, 1998

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

Dear Mr. President:

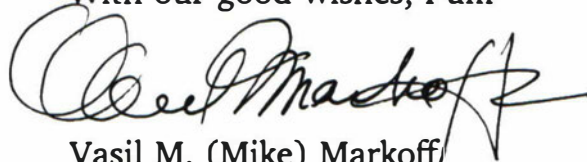
Hang in there. The situation is like a war battle engagement taking a Pork Chop Hill. Keep cool, show it, and don't let anyone rattle you. You have millions of women and men behind you no matter what happens. You're not alone, we take the hit almost as hard as you and Mrs. Clinton take it. Behind every good man, and you are a good man, there is a good woman, and you have a good woman, Mrs. Clinton.

Keep your courage up and don't fire words until you are close enough to see the whites (position) of the other side's eyes. You have three years in office to go. There will be other battles. You will win some and lose some, but try not to lose your capitol or capital.

Mr. William J. Clinton
January 27, 1998
Page 2

I would like to send to you in the future some sage information about everything that you might encounter, if you so desire. Please advise. Thanks.

With our good wishes, I am

A handwritten signature in black ink, appearing to read "Vasil M. Markoff", with a large, stylized flourish extending from the end.

Vasil M. (Mike) Markoff
President and Founder,
D.A.V. World War II and
Korean Conflict

VMM:cj



Box 42357 Huntridge Station
Las Vegas, Nevada 89116
Phone: (702) 878-5303
Fax: (702) 383-6893

January 27, 1998

Mrs. Ann Lewis
Assn't to the President of the United States
Director of Communications
West Wing, Ground Floor
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mrs. Lewis:

Enjoyed seeing you in action on C-span recently on Washington Journal. You were excellent, but we need more of you, and like you, out in front for our nation's good.

Please read my letter I have sent to the President. It's unsealed. One of millions I suppose, but maybe it may give him and his wife encouragement from we who are in the outback country.

Sincerely, I am

Vasil M. (Mike) Markoff

VMM:cj



THE WHITE HOUSE
WASHINGTON
February 17, 1998

MR. PRESIDENT:

The attached memo from Gene Sperling, Mickey Ibarra and Larry Summers seeks your approval of a plan to take a more active posture on pending "electronic commerce" legislation-- without such support, the bill will likely die.

Background. The Internet Tax Freedom Act provides for a study process (including a Commission that you would appoint) to develop recommendations for permitting e-commerce to develop free of various state and local taxes. Last summer, Larry Summers testified in favor of the bill's goals and principles, but stopped short of endorsing it. The hi-tech industry strongly supports the bill and Big 7 state and local groups (NGA, Conf. of Mayors, et al) oppose it. Earlier this month, we proposed to the Big 7 that we work jointly on a bill to address their concerns; they declined hoping they can kill the bill but want to keep talking with us.

Options. Two are presented, but there is no support among your advisors for the second. **Option A** recommends that the Administration actively support the bill while continuing to solicit state and local views. *Pros:* opportunity to take credit for an anti-tax initiative beneficial to e-commerce; good public policy for developing technology. *Cons:* Big 7 groups won't be happy, but will likely have to work with us as the bill progresses. In the end, only a veto will satisfy them. **Option B** is to continue supporting the goals of the bill without endorsing it, but this strategy could kill the bill at this point.

John Podesta and Larry Stein also support Option A.

☐ Agree with Option A ☐ Disagree ☒ Discuss

Phil Caplan

copied
Sperling
Ibarra
Summers
COS

THE WHITE HOUSE
WASHINGTON

98 FEB 10 PM 12:47

February 6, 1998

MEMORANDUM FOR THE PRESIDENT

From: Gene Sperling *GS*
Director, National Economic Council

Mickey Ibarra *MI*
Director, Intergovernmental Affairs

Lawrence H. Summers *LS*
Deputy Secretary of the Treasury

Re: Internet Tax Freedom Act (Cox-Wyden Legislation)

ACTION FORCING EVENT

Congress is currently considering legislation (The Internet Tax Freedom Act, S. 442, H. 1054) introduced by Senator Ron Wyden (D- OR) and Congressman Chris Cox (R- CA) to impose a moratorium on new or discriminatory state taxation of the Internet. The legislation provides for a study process to develop policy recommendations and is aimed at permitting electronic commerce to develop free of distortionary taxes imposed by myriad jurisdictions. It is based on principles set forth in a Treasury policy paper, in the July 1, 1997 *Framework for Global Electronic Commerce* and in your Presidential Memorandum on electronic commerce and is consistent with the position we have taken in international discussions.

Industry, not surprisingly, strongly supports the bill. Earlier this year, seven CEOs belonging to the Computer Systems Policy Project, including Lou Gerstner of IBM, Lew Platt of Hewlett Packard and Lars Nyberg of NCR met with Secretary Rubin and Deputy Secretary Summers to urge full support.

State and local groups such as the National Governors' Association, the US Conference of Mayors, NACO, the National League of Cities as well as elected officials, however, strongly oppose the bill as usurping their ability to tax (though officials from high tech states such as Governors Wilson, Pataki and Cellucci support it.) Opponents have been slow to identify specific problems that might be fixed but cite lost sales tax revenues if on-line sales cut into store sales that would generate taxes. They are concerned that while consumers are liable for taxes on mail-order sales, those taxes are rarely collected. State and local groups have said that the legislation "will lead to Main Street stores and small businesses ... across America being forced to close due to the discriminatory impact of a sales tax levied only on retail stores, not their Internet competitors." In view of the federalism issue, last summer, Deputy Secretary Summers testified in favor of the bill's goals and principles but stopped short of endorsing it. Earlier this month, he proposed to the Big Seven state and local organizations that we work jointly on a bill that addresses their concerns. They declined the offer while suggesting that we continue to talk. The Big Seven rejected the offer because they believe that they can continue to delay or kill the legislation, and are not motivated to

work with us until it is absolutely necessary.

On November 4, 1997, the Senate Commerce Committee reported out a bill. We understand that the Senate will wait for the House. Our active support is likely to help the bill and satisfy high tech proponents while withholding support would partially satisfy state and local groups. Your guidance is sought on whether to take a more active position in support of the bill and therefore take credit for its passage or continue to maintain a low profile. A strong announcement of support early this session would probably carry the most weight. IGA would prefer that we wait until mid-March, to avoid needlessly antagonizing the Big Seven groups, who will be having meetings in February and early March.

OPTIONS

- A. Actively support the legislation while soliciting state and local views in order to address any flaws and legitimate concerns

This option will give us the opportunity to take credit for an anti-tax initiative that will be beneficial to the development of electronic commerce. From an economic point of view, preventing new taxes on a network that provides so many public benefits is good policy. The Senate version has been improved to where Treasury's Office of Tax Policy now feels we can support it, though some technical and substantive problems remain. This option will initially increase pressure from state and local opponents. However, as the legislation moves forward, opponents are likely to increasingly value our offer to use our offices to address their remaining concerns.

- B. Continue current posture (support goals and principles without endorsing legislation)

This option while frustrating high tech proponents would initially do more to satisfy state and local concerns and might lead to the bill's failing to pass. However, if the bill passes in its current form, anything short of a veto will still upset state and local opponents. If we take a lower profile, we will also have less influence to improve the bill.

RECOMMENDATION: Your economic and political advisors (Treasury, Commerce, NEC, IGA, OMB, and Ira Magaziner) recommend Option A. They believe this legislation will foster electronic commerce which is emerging as an important engine of growth while preserving our ability to address the legitimate concerns of state and local governments. Withholding support may cause the legislation to fail, or if it passes anyway, subject us to strong pressure to veto a bill that we believe merits support.

☐ Agreed ☐ Disagreed ☐ Let's Discuss

BACKGROUND AND ANALYSIS

The Internet Tax Freedom Act would permit states to continue to collect existing, non-discriminatory taxes but imposes a moratorium on new or discriminatory ones and calls for a study process. Both bills call for you to appoint a commission representing the states, industry and the Administration, which will then issue recommendations which you may submit to Congress. The current Senate version of the bill ends the moratorium in approximately five years on January 1, 2004, which we think is appropriate.

The Administration's Actions So Far

Treasury first set forth the principle of tax neutrality for the Internet at the international level in its paper, *Selected Tax Policy Implications of Global Electronic Commerce*, released in November 1996. That goal was adopted by the sponsors of this legislation.

Deputy Secretary of the Treasury Summers testified last summer in favor of the goals and principles of the legislation but, at that early stage, stopped short of endorsing it. In his testimony, he set forth three guiding principles: first, that commercial activities conducted by means of the Internet should not be subjected to new or discriminatory taxes; second, that the Internet should not become a tax haven; and third, that we should be highly sensitive to concerns about federalism. In short, we supported technology neutral, non-discriminatory, taxation of electronic commerce that preserved the state and local tax base. The goal of tax neutrality was then incorporated in the July 1, 1997 paper, *A Framework for Global Electronic Commerce* and included in your July 1, 1997 Presidential Memorandum on electronic commerce. We have adhered to this principle in international and domestic tax policy discussions.

Efforts to Address State and Local Concerns

With the exception of officials in high tech states such as Governors Pataki, Wilson and Cellucci, most state and local officials oppose the legislation on the grounds that it inappropriately restricts their right to tax. They are particularly concerned that rapid growth in electronic commerce will come at the expense of store sales and, if treated like mail order sales for tax purposes, will cut into sales tax revenues. In fact the bill is silent on whether neutrality means neutrality with store sales where merchants must collect "sales tax" or neutrality with mail order sales where consumers owe "use tax" but merchants are not required to collect them. Nor does it address the thorny issues of "nexus" or where the sale takes place for tax purposes.

As a practical matter, states will face the problem of how to collect tax on out-of-state Internet sales whether the bill passes or not. The bill, as written, neither worsens nor solves their problem. Attempting to solve it would probably mean addressing the complex issue of mail order taxation. Recently, a proposed deal between the Direct Marketing Association and several large states on the mail order issue fell apart after strong negative reaction from mail order customers.

Since legislation was introduced, Treasury officials have met with the Multi-state Tax Commission, the Big Seven group of state and local organizations representing elected officials, and others to address specific concerns. While state officials generally expressed more interest in killing the bill than in identifying specific problems with the language of the bill, Treasury did communicate specific suggestions we received, as well as our own concerns, to drafters who incorporated most of them in the Senate bill. In January, Deputy Secretary Summers made an offer to representatives of the Big Seven state and local organizations to work jointly on a bill addressing the states' larger remaining concerns. However, after some consideration, they turned this offer down, preferring to work with Congress directly.

One idea that opponents have often raised is to flip the burdens of the bill around to ban specific taxes during the moratorium rather than all taxes except those carved back in. This approach would require industry to identify taxes it opposes rather than requiring the states to identify taxes they wish to impose. However, Treasury believes that since states and municipalities best understand state and local tax issues,

they are better positioned than industry to identify which taxes should be permitted. We have not stated a position publicly and we could refrain from expressing a view.

Other ideas opponents have raised include grandfathering all existing taxes and shortening the moratorium. The bill already grandfathers some taxes. Treasury's Office of Tax Policy believes that if the moratorium is significantly shortened, taxing authorities may choose to simply wait it out rather than actively engage in the study process. Moreover, shortening the moratorium may leave insufficient time for the study process to be effective.

Legislative History

The bill was held up for many months by Senator Ted Stevens (R- AK) over his desire, unrelated to the tax aspects of the bill, to require the FCC to revisit requiring Internet Service Providers to pay into the Universal Access Fund. On November 4, 1997, the Senate Commerce Committee reported out the bill by a strong vote of 14 to 5. A request by the Senate Finance Committee to review the bill sequentially is being considered by the Parliamentarian but a previous request was denied. The next action is likely to occur in the House where Chris Cox believes supporters can move the bill out of the Commerce and Judiciary committees.

In December 1997, Republican governors raised their concerns about the legislation to the Congressional leadership. This has led to a dialog between Governor Leavitt (R- UT), the governors' point person on this issue, and Congressman Cox on how to move forward. Cox is considering the states' proposal to redraft the bill to declare a moratorium on specific taxes rather than all taxes except permitted ones. Industry has so far resisted this approach. The Senate is likely to move the bill to the floor only after it is reported out in the House.