

Chron

—

United States Senator

BOB BENNETT

Utah

Recipient:

Phil Kaplan

Organization:

From the Desk of:

Jim Barker

Fax Number:

456-2215Total Pages with Cover: 2

Comments:

Chino Walker -
 Ken Palmeri asked
 AP 1 to this invitation, which
 likely won't happen.
 Balls in your court
 for a response
 Phil
 2/25

FAX

ROBERT F. BENNETT
UTAH

COMMITTEES:
APPROPRIATIONS
BANKING, HOUSING, AND
URBAN AFFAIRS
JOINT ECONOMIC
SMALL BUSINESS

United States Senate

WASHINGTON, DC 20510-4403
(202) 224-5444

February 25, 1998

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

Dear Mr. President:

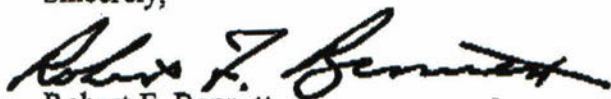
I am writing at this time to offer to put together a short 30 to 60 minute low impact briefing with a few key members from the Salt Lake Olympic Organizing Committee for the 2002 Winter Olympic games for you while you are in Park City this weekend.

Such a meeting could be held in Park City at a time and location convenient to your schedule and I think the meeting could provide you with a good overview of some of the issues associated with Salt Lake City hosting the 2002 Olympic games.

By the way, we have just had two feet of fresh snow fall in Park City -- your trip is perfectly timed for a great weekend.

If I could be of any assistance, please let me know.

Sincerely,



Robert F. Bennett
United States Senator

cc: John Podesta
Mack McLarty, III

STATE OFFICES:

- WALLACE BENNETT FEDERAL BUILDING
126 SOUTH STATE, SUITE 4225
SALT LAKE CITY, UT 84138-1185
(801) 524-5833
- FEDERAL BUILDING
324 25TH STREET, SUITE 1410
OGDEN, UT 84401-2310
(801) 625-5676
- OLD COURT HOUSE BUILDING
91 SOUTH UNIVERSITY AVENUE, SUITE 310
PROVO, UT 84601-4424
(801) 378-2525
- FEDERAL BUILDING
196 EAST TABERNACLE, SUITE 24
ST. GEORGE, UT 84778-3474
(801) 628-5514
- FEDERAL BUILDING
82 NORTH 100 EAST, SUITE 200
CEDAR CITY, UT 84720-2686
(801) 885-1335

THE WHITE HOUSE
WASHINGTON

Date 2/25 1:40pm

To: John Podesta

From: The Staff Secretary

I'd like to get this and
the draft remarks to AFI
within the next hour or so.

Any comment on memo?

Phil

THE WHITE HOUSE
WASHINGTON

February 25, 1998

98 FEB 25 PM 1:23

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING
MICKEY IBARRA
LARRY SUMMERS

RE: STRATEGY FOR THURSDAY EVENT ON INTERNET TAX FREEDOM
ACT

Summary: This memo lays out a strategy for your Thursday speech in San Francisco on Internet taxation and electronic commerce that is consistent with:

1. Your policy decision to support the Internet Tax Freedom Act ("Cox-Wyden");
2. Your concerns about the "nexus" issue for state and local taxes;
3. Your conversations with the Governors, and your concerns about the erosion of the state and local tax base.

NGA Resolution: Two issues need to be brought to your attention:

- We thought that Governor Leavitt was proposing a moratorium on state and local taxation of the Internet and electronic commerce. After reading the resolution, it is clear that their proposal would just cover Internet access and not taxation of electronic commerce. This is much narrower in scope than the Cox-Wyden proposal.
- Second -- their solution -- which is that the states would impose a single statewide tax rate applicable to all electronic commerce and mail order sales -- will encounter strong opposition from mayors and other local tax authorities. Opposition from cities and counties to uniform rates has in the past held up agreement with direct marketers regarding voluntary collection of sales tax on mail-order sales.

Suggested position on resolution: In light of the NGA resolution, we think that you need to stake out the following position:

1. Your Administration is willing to play the role of facilitator to bring all sides of the debate to the table to find long-term solutions to the problems raised by electronic commerce and the nexus issue;
2. The passage of Cox-Wyden should not be held hostage to longer-term negotiations; and
3. You should not embrace the NGA proposal because of its very narrow moratorium and the opposition that it will receive from local tax authorities.

Message for Thursday speech

We believe that you should deliver the following message in your Thursday speech:

1. The Internet is an engine of economic growth, and is central to the emergence of the "new economy." The continued development of the Internet as a commercial marketplace will lead to benefits such as high-tech jobs, higher productivity, increased exports, and greater customer choice.
2. To allow the Internet to grow and flourish, we need to prevent the Internet and electronic commerce from being hit with new and discriminatory taxes from the 30,000 different tax jurisdictions in the United States. Congress should pass an Internet Tax Freedom Act this year.
3. At the same time, we need to make sure that state and local government has the tax revenue they need to educate our children, fight crime, and provide many other critical services. The Internet must not become a "tax haven" that erodes the state and local tax base.
4. That's why we need a dialogue convened by the Administration -- between industry and state and local elected officials -- to develop long-term solutions to the issues raised by electronic commerce. Working together -- we can develop a tax policy that is fair, simple, and non-discriminatory -- that will allow the Internet to flourish while protecting the ability of states and local governments to provide critical services to their citizens.



HARVARD NEGOTIATION PROJECT

Office: POUND HALL 500
HARVARD LAW SCHOOL

CAMBRIDGE, MASSACHUSETTS 02138

(617) 495-1684

Sunday,
22 February 1998

Hon. William Clinton
President of the United States
The White House

By hand, cov

Dear Mr. President,

Congratulations -- I h

The attached three-p
reported that he had reached
to the States. Not knowing

Nevertheless, if you l
against the risks and costs, y
- the rather gloomy a
- the desirability of of
him.

Keep up the good work.

Sincerely yours,

Roger Fisher

Roger Fisher, Director
Williston Professor of Law, Emeritus

P.S. You wouldn't remember, but we met briefly on the beach at Oyster Pond one summer when I was talking with Hilary about negotiating with Congress and you were teaching a young boy how to catch crabs.

PP.S. Incidentally, I am enclosing one other page, an assessment, made during the first week of February, of Saddam Hussein's **Currently Perceived Choice** -- as he may have perceived it. It is a tool that you might want to use in other cases where, as here, success for us requires "the other side" to make a decision. The intelligence people could be asked to prepare such charts giving their best assessment of why people whom the US is trying to influence have been saying "no."

Send to Bushright?

Yes

No

2-24-98

Coord
with
NHL

C.



HARVARD NEGOTIATION PROJECT

Office: POUND HALL 500
HARVARD LAW SCHOOL

CAMBRIDGE, MASSACHUSETTS 02138

(617) 195-1684

Sunday,
22 February 1998

Hon. William Clinton
President of the United States
The White House

By hand, courtesy of Alan Solomont

Dear Mr. President,

Congratulations -- I hope -- on achieving unfettered Unscm inspections in Iraq!

The attached three-page memo was written yesterday, before the Secretary General reported that he had reached an agreement with Saddam Hussein and was flying back tomorrow to the States. Not knowing the content of that agreement, the memo may be wholly irrelevant.

Nevertheless, if you have to weigh the merits of what the Secretary General achieved against the risks and costs, you may still find the memo helpful, in particular:

- the rather gloomy assessment of how Saddam might in fact welcome air strikes; and
- the desirability of offering a relaxed oil embargo so that agreement looks preferable to him.

Keep up the good work.

Sincerely yours,

Roger Fisher, Director
Williston Professor of Law, Emeritus

P.S. You wouldn't remember, but we met briefly on the beach at Oyster Pond one summer when I was talking with Hilary about negotiating with Congress and you were teaching a young boy how to catch crabs.

PP.S. Incidentally, I am enclosing one other page, an assessment, made during the first week of February, of Saddam Hussein's **Currently Perceived Choice** -- as he may have perceived it. It is a tool that you might want to use in other cases where, as here, success for us requires "the other side" to make a decision. The intelligence people could be asked to prepare such charts giving their best assessment of why people whom the US is trying to influence have been saying "no."

(2)

INFLUENCING IRAQ
Firm on Inspection, FLEXIBLE ON OIL

1. Success for the US requires Saddam Hussein to change his mind.

Without committing substantial ground forces, the US cannot by physical means produce the results we want: Compliance with the 1991 cease-fire terms. That established arms control arrangements. Damaged facilities are not a good substitute.

2. To change Saddam's mind requires changing one or more of the following:

- A. The "stick:** make the consequences of saying "NO" look less attractive.
- B. The "carrot:"** make the consequences of saying "YES" look more attractive.
- C. The decision required.** Change the nature of the decision required.

A. The "stick." The results of air strikes may look fairly *attractive* to Saddam:

By coming out of bomb shelter alive and unyielding, Saddam looks strong.
He is seen as a powerful and dangerous leader on the world stage.
The world thinks he has biological, chemical, and maybe nuclear weapons.
All UNSCOM inspections are ended.
There is widespread sympathy for Iraq as a victim of US brutality.
The US and others are more moved by civilian casualties than Saddam.
Arab states and the Third World are increasingly anti-US.
US military power is seen as ineffective.

B. The consequences of saying "YES" to UN must now look fairly *unattractive*:

Intrusive inspection continues with no end in sight.
No foreseeable end to the sanctions that limit the export of our oil.
UN and US continue their demand for "full compliance with all UN resolutions."
(This includes massive unspecified compensation to Kuwait and others for which we have no money to pay until we can sell much more oil.)
At some point the US will again threaten to bomb us until we teach the US the lesson that bombing doesn't work.
The intrusive food-for-oil program permits only UN-approved distribution.
We can't even fix the oil production we need to earn money for food.

C. The decision required.

Unilaterally yield to an ultimatum

A Possible Future Choice.

A. The "Stick."

There is apparently little possibility of influencing Saddam by making the threat less attractive.

B. The "Carrot"

While remaining absolutely firm on the need for unfettered inspection, it is possible to improve the results for Iraq of accepting such inspection:

- Allow Iraq to invite diplomats to accompany Unscm inspectors (without the freedom to participate in their private deliberations)
- Allow Iraq to import spare parts and technicians to repair oil production facilities. (Maintaining restrictions on importing arms, etc.)
- Allow Iraqi oil exports beyond the oil-for-food program up to a fixed limit. (As production permits, and with \$30% + for the compensation fund.)
- Agree to negotiate a new agreement covering monitoring of arms restrictions. (Unlimited oil exports in exchange for ongoing adequate monitoring.)
- Make clear that increased oil exports remain contingent on continuing compliance.
- Agree to listen to other Iraqi suggestions, now and later.

C. The decision required. Offer an agreement not an ultimatum.

It is not to the US interest to defeat Iraq militarily, overthrow Saddam Hussein, and take responsibility for establishing a new government, rebuilding the country, etc., etc. More than other countries, US economic and political well-being depends upon order, stability, and respect for international law.

Our long-term program requires dealing with Iraq and other countries politically. That means allowing a political leader to explain decisions to his colleagues and constituents as a political success. We want to find an agreement that satisfies Saddam's interests well enough for him to accept it and to implement it. This requires a package with promises that run both ways, one which gives Iraq things, and a way to explain them.

The attached page suggests how each government might explain a package along the lines suggested above as a great success.

190

4

Hypothetical US statement:

- Our firmness has been rewarded. We have achieved the unfettered inspection which Iraq has promised.
- We have always been flexible on the oil embargo. The Security Council with US support and sponsorship has approved and recently offered to greatly expand the "oil for food" program.
- Permitting Iraq to earn more from its exports of oil automatically generates more funds to compensate Kuwait and others who suffered from Iraq's 1990 aggression.
- Permitting Iraq to improve its oil production facilities makes this possible.
- Should Iraq fail to comply with full inspection the UN can immediately suspend its ability to export that oil.

Hypothetical Iraqi statement:

- Our firmness has been rewarded.
- The UN has agreed that we may invite international diplomats to accompany and observe UN inspectors to make sure that they respect the sovereignty and dignity of Iraq's official residences and other important buildings.
- The UN has agreed to lift much of the oil embargo without requiring that we first perform all the compensation and other provisions that they have been demanding.
- The UN has agreed that Iraq may import spare parts and other technical assistance to restore our oil production facilities.
- The UN has agreed that proceeds above an agreed oil-for-food program can be freely spent by the Government of Iraq for uses other than UN-approved lists of "humanitarian" supplies.
- The UN has also agreed that rather than have unfettered monitoring of the arms provisions on which we have agreed, such monitoring will be agreed upon by Iraq in exchange for a total lifting of all limits on our oil exports.

CURRENTLY PERCEIVED CHOICE

Decision-maker: Saddam Hussein

Question: Shall I today make a significant concession and allow increased UN inspection?

IF I SAY "YES"

- I look weak.
- By yielding to threats I encourage more threats.
- The U.S. will continue to demand "fulfillment of all UN resolutions," including unspecified compensation to Kuwait -- for which we have no money.
- *Whatever* I unilaterally agree to do will not be enough to end sanctions.
- UN inspectors will find that our weapons programs are not as far along as they feared.
- The UN will destroy weapons and plans we want to keep before we can hide them.
- I seriously limit my options.

But:

- + I reduce the immediate risk of U.S. military strikes that would destroy many of our weapons and kill many Iraqis

However:

- Until we teach the U.S. a lesson, it will continue to push us around, threaten attacks, and probably strike us later.
- We yield to the U.S. goal of permanent inspection and domination of Iraq.

IF I SAY "NO"

- + I look strong and confident.
- + I am consistent in calling for an end to sanctions.
- + By showing starving babies and the futility of taking military action, I divide the UN.
- + I may be able to negotiate a deal with the UN: "more inspection and less sanctions."
- + I am in the center of the world stage, standing up to the world super-power.
- + We buy time in which to hide things where they will never find them.
- + I keep all my options open.

But:

- I may not have time to cut a deal that eliminates the risk of immediate military action.

However:

- + The U.S. will learn again that air strikes will never defeat Iraq.
- + The US public, Russia, Arabs and others will prevent the U.S. from waging the high-casualty land-war required to occupy Iraq.

President Clinton