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THE WHITE HOUSE

WASHINGTON

March 21, 1998

3-22-98

copied

VP

Reed

Kagan

COS

MEMORANDUM FOR THE PRESIDENT

FROM: PHILLIP CAPLAN *PC*

SUBJECT: INS Restructuring

The attached Reed/Kagan memo seeks approval of a proposal on reorganization of the INS. All of your advisors, including the Attorney General, Secretary Herman and the State Department, are in agreement that the INS should not be disbanded, but that it needs to be significantly reorganized.

Background. In a report to Congress last fall, the U.S. Commission on Immigration Reform (CIR) called for reforming the immigration system including dismantling the INS. At your request, the DPC led an interagency review process of the CIR's recommendations. The FY '98 Commerce, State, Justice Appropriations Act requires the AG to report back to Congress on the CIR report by April 1.

Reorganization. The CIR's biggest criticism of INS centers on it's failure to delineate clearly between its immigrant service and enforcement functions. Therefore they recommended the functions be split between State (immigrant services) and Justice (enforcement). Outside groups and your advisors are very concerned about the disruptions the CIR scheme would bring, especially to State (an agency with a completely different mission) and predict such a scheme would require a six- or seven-year transition and further delay immigration reform. But, the review process found widespread agreement with CIR's criticism of the way INS carries out these dual functions. Therefore, your advisors recommend a significant restructuring of the INS to create distinct lines of authority (chart attached). Under this model, each function would be organized in a way best suited to its core responsibility. Enforcement operations, for example, would be organized regionally (e.g., Southwest Border) and services/benefits would be located in areas of high immigrant concentration.

Congress. On the Senate side, the key authorizers and appropriators Abraham, Kennedy, Gregg and Hollings -- appear dubious of the CIR proposal and receptive to our plan. On the House side, it is more uncertain. Rep. Hal Rogers, Chair of the C/S/J subcommittee, is trying to gather support to dismantle the INS. Rep. Lamar Smith is playing his cards close to his vest, has indicated a desire to deal with structural reform, but has no preference for any particular proposal. It is unclear how the GOP leadership views the CIR proposal or whether they will try to make a political issue out of it.

John Podesta, Rahm, Maria, Larry Stein and Chuck Ruff concur in DPC's recommendation to significantly restructure the INS rather than split it's functions between State and Justice.

☒ Approve

☐ Disapprove

☐ Discuss

*Does
UPager
430
P. Brown*

THE WHITE HOUSE
WASHINGTON

198 MAR 19 PM 5:50

March 19, 1998

3-22-98

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: INS Structural Reform

In its final report to the Congress last fall, the United States Commission on Immigration Reform (CIR) called for significant reforms to our nation's immigration system, including dismantling the Immigration and Naturalization Service (INS) and reallocating its major functions to other federal agencies. The FY 98 Commerce, Justice, State (CJS) appropriations bill required the Attorney General to report back to the Congress on the CIR proposal by April 1.

At your request, the DPC led an extensive interagency review process of the CIR's recommendations and other immigration reform proposals. We worked especially closely with OMB because of its expertise in managerial issues. We also included OVP, OPL, Counsel's Office, NSC, INS, and the Departments of Justice, State, and Labor. We had many discussions with immigration experts and advocates, as well as with members of the CIR.

Based on this process, we recommend that the Administration (1) reject the CIR proposal to dismantle the INS, but (2) fundamentally restructure the INS to respond to problems that the CIR rightly identified. The principal feature of this restructuring plan would be a clear separation of enforcement and service operations within the INS. All participants in the review process concur with this recommendation, and we propose submitting our plan to Congress in response to the April 1 deadline.

Policy Discussion

The CIR charged that the INS's dual responsibility of welcoming immigrants who enter legally and deterring or punishing those who attempt to enter or stay illegally has resulted in "mission overload." To address this problem, the Commission proposed to move all immigration service functions to the Department of State, while consolidating all immigration enforcement activities into a new federal law enforcement agency within the Justice Department.

Nearly everyone consulted about this proposal raised serious concerns about it. People both inside and outside the Administration noted the disruption involved in reassigning immigration functions, especially to an agency (State) that has a different primary mission. They

also emphasized the inefficiencies created by placing immigration service and enforcement functions in two wholly distinct agencies.

Our review process identified serious risks in transferring authority over immigration service operations to the State Department. Some immigration advocates predicted that such a substantial transfer of authority would require a six or seven-year transition, thereby exacerbating the current long delays in processing basic immigration services. The State Department echoed these concerns, in part because it is already in the process of absorbing two other agencies: the United States Information Agency and the Arms Control and Disarmament Agency. The Department and immigration advocates alike also expressed the view that the domestic focus of many of INS's services conflicts with the Department's foreign policy mission. Finally, immigration advocates fear that Congress will short-change immigration service activities in the appropriations process if they are in a wholly separate agency from enforcement functions.

Our review also found real inefficiencies -- and a potential weakening of both enforcement and service functions -- in a scheme that places these activities in separate departments. Many experts pointed out the variety of ways in which service officials depend on data collected by enforcement officers, and vice versa, to ensure the integrity and effectiveness of both functions. Likewise, they noted the opportunities for coordination between these officials to enhance enforcement and service activities alike -- as when, for example, a service officer discovers that a person has overstayed his visa and become an illegal alien. For these reasons, almost all experts and advocates recommended keeping enforcement and service activities within a single agency.

At the same time, however, our review process found widespread agreement with the Commission that immigration policy has suffered from the INS's failure to delineate clearly between its service and enforcement operations. Advocates and experts consistently remarked on the absence of any lines of authority within INS reflecting this division in function. They particularly noted that many INS employees at both the headquarters and field levels have responsibility for both enforcement and service activities, notwithstanding the fundamental difference in knowledge, skill, and ability necessary to perform these functions effectively.

Our review process concluded that we have the best chance of achieving the optimum mix of separation and coordination by dramatically restructuring the INS itself. This fundamental reform would create two distinct lines of authority -- one for services, one for enforcement -- running from the field offices all the way up through headquarters. Under this model, each function would be organized in the way best suited to its core responsibility. Enforcement operations, for example, would be organized regionally (e.g., Southwest border, Northwest border), while the benefits operations would be located in areas of high immigrant concentration.

We are attaching two organization charts -- one showing the current INS structure, the other the proposed INS structure -- to give you a clear idea of the magnitude of this reform. We believe that the proposal would greatly enhance the effectiveness of immigration activities by encouraging the development of function-specific knowledge and skills and creating clear lines

of accountability throughout the organization.

Congressional Reaction

We have met with key Hill staff to try to get a sense of where the Congress is going on the INS reform issue, and how it would respond to our proposal. Chairman Rogers of the House CJS appropriations committee is trying to garner support to dismantle the agency along the lines of the CIR recommendations. Our conversations with Congressional staff from other offices, however, suggest that most members of Congress are approaching the issue cautiously. The key Senate authorizers and appropriators -- Sens. Abraham, Kennedy, Gregg, and Hollings -- appear dubious of the CIR's proposal and receptive to our alternative. The situation in the House is more uncertain. Rep. Lamar Smith, who will be critical to the outcome, is playing his cards very close to the vest, indicating a desire to deal with structural reform issues, but no preference for any particular proposal.

Recommendation

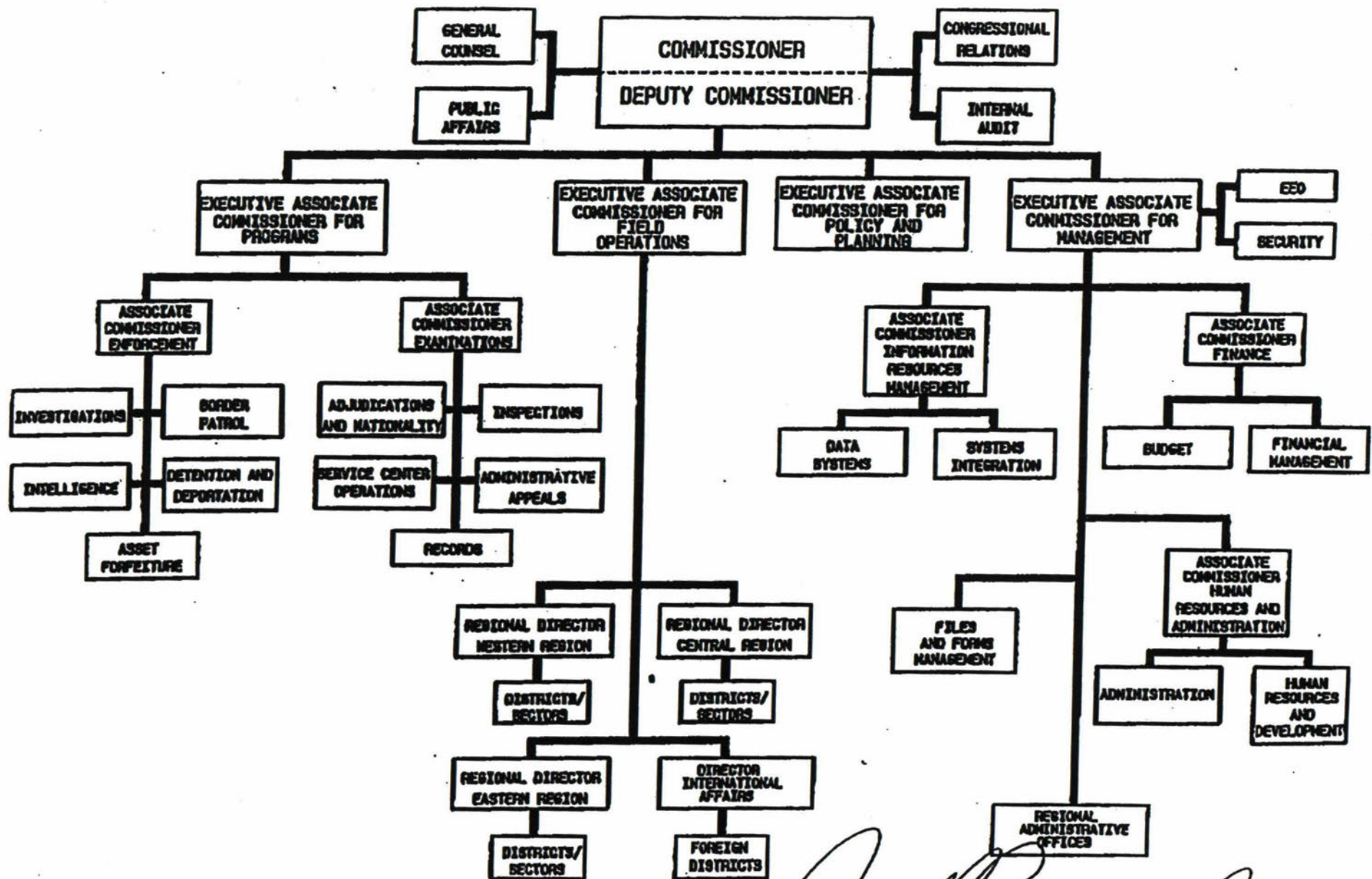
We recommend that the Administration propose a reform model that clearly separates enforcement and service operations within the INS, while retaining the INS as a single entity.

Agree: _____

Disagree: _____

Let's Discuss: _____

IMMIGRATION AND NATURALIZATION SERVICE



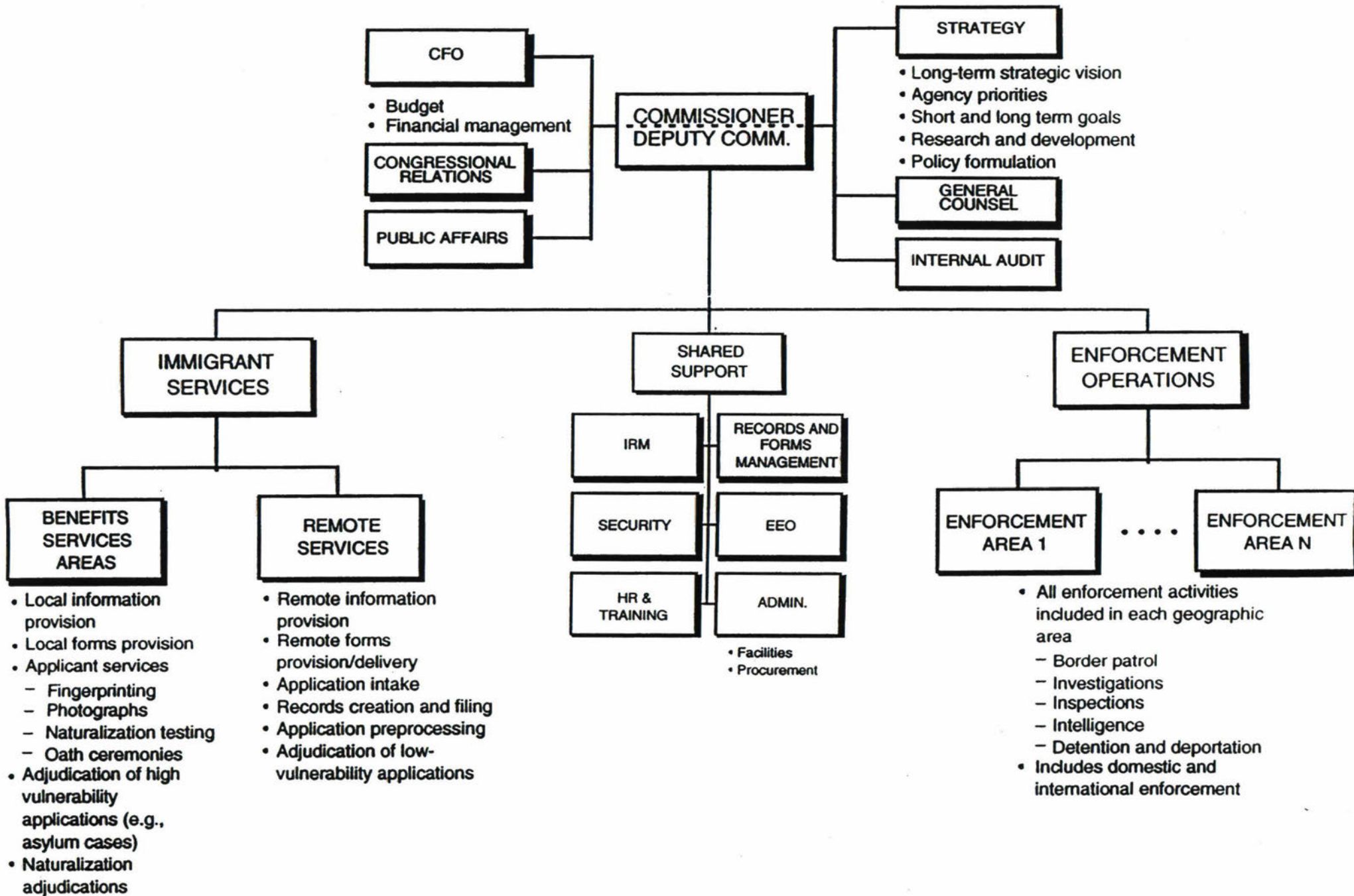
Approved:

Janet Reno
JANET RENO
Attorney General

Date:

July 14, 1979

PROPOSED INS ORGANIZATION



Chron

THE WHITE HOUSE
WASHINGTON

3-22-98

Copied
Berger
Podesta
COS
NSC W/L Desk
WH Counsel (Ruff)

March 21, 1998

MR. PRESIDENT:

Attached is a memo from Sandy Berger that seeks guidance from you on pending legislation, the Government Secrecy Act of 1997, sponsored by Sen. Moynihan and Rep. Lee Hamilton. *The bill moves to mark-up next week and the sponsors have asked for our views.*

The bill arises out of a commission chaired by Sen. Moynihan, and on which John Podesta (and John Deutch) served. After interagency and NSC review, Sandy and Chuck Ruff have taken the position that not only should the Administration strongly oppose the bill, especially on separation-of-powers grounds, but that it can't be fixed without rendering it virtually meaningless. John Podesta on the other hand, is not opposed to legislating in this area and believes that the bill can be fixed; he points out that it would lock into statute some of the fundamental reforms contained in your 1995 Executive Order on classification. John has laid out his argument in a separate 1-page memo, which I have attached to Sandy's.

I recommend you read both memos. Please note that while Sandy's memo says John would like to meet with you prior to your making a decision, John no longer feels this is necessary.

My instinct is that Phil Caplan
Podesta is right whether or not we would
be better off if any of the provisions were put
in legislation without the provisions we
find objectionable. The world out there
is not a class. Unlike that makes sense

THE WHITE HOUSE

WASHINGTON

March 20, 1998

98 MAR 20 PM 5:39

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER *SB*

SUBJECT: Government Secrecy Act of 1997

3-22-98

Last March the Commission on Protecting and Reducing Government Secrecy, chaired by Senator Moynihan, submitted a report to you that included many recommendations for improving the classification and declassification programs. The most important and controversial of their recommendations is to enact a statutory framework for these programs. Pursuant to this recommendation, the Government Secrecy Act of 1997 was introduced in the House and the Senate by Senator Moynihan and Congressman Hamilton, among others.

In recommending legislation, the Secrecy Commission called the increased likelihood of Congressional oversight an "incentive for senior officials to exert greater leadership to ensure the appropriate use of classification." The Commission cited periodic changes to the executive order-based classification system as contributing to the lack of a stable and coherent policy framework and said that the current bifurcated policy and oversight arrangement between the Security Policy Board and the Information Security Oversight Office (ISOO) exacerbates the problem.

I wrote to appropriate agencies last May asking them to evaluate the Commission's report, particularly the recommended legislation. An interagency committee chaired by the Director of ISOO submitted a detailed analysis to me last September. The Security Policy Board's Policy Forum also conducted an interagency analysis for the SPB, which we have reviewed. In both cases, the interagency evaluation is almost unanimously opposed to legislation in this area; only the National Archives has unambiguously endorsed the concept of legislation.

John Podesta and I asked the NSC staff to take charge of developing a proposed Administration position for your decision. Since the legislation apparently is moving quickly toward markup in the Senate, and both Moynihan and Hamilton have asked for our formal views, we need to move as quickly as possible.

SUMMARY OF LEGISLATION

S. 712 (H.R. 1546) establishes a statutory framework for the security classification system. It would enact general principles and standards and allow the President to prescribe the details of a classification and declassification system, subject to certain limitations. It would require the President, and each agency head, to obtain and take into account public comments before issuing classification and declassification procedures. It also mandates a public interest balancing test

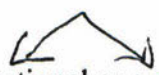
(agencies must consider the public benefit from disclosure before classifying information), which you explicitly declined to make mandatory in your Executive Order 12958, and several other specific standards for classifying and declassifying information. Finally, it establishes a National Declassification Center, to coordinate and oversee these programs and provide technical assistance to the agencies.

AGENCY VIEWS

Staff of NSC, OMB and the Chief of Staff's office met with representatives of the key affected agencies: State, DoD, CIA, Justice, Energy, and the National Archives. We sought their views on two basic questions:

1. Is the proposed legislation (a) fundamentally flawed, so that it probably cannot be rewritten to make it acceptable; or, (b) should we attempt to work with the Congress to redraft the legislation in the hopes of making it acceptable?
2. Regardless of our answer to the first question, should we support the establishment of a National Declassification Center?

In response to the first question, **Justice** expressed very strong objections to the concept of legislation to establish a statutory framework for the classification/declassification system. Legislation is particularly objectionable as a matter of separation-of-powers policy because it would represent an unprecedented and dangerous intrusion by Congress into areas that are within the prerogative of the President. Specific provisions such as the balancing test would invite judicial intrusion as well. Presidential control of these judgments historically has been viewed as extremely important to the President's discharge of his constitutional responsibilities in the areas of national defense and foreign affairs.

Justice has not determined that the bill is unconstitutional as a matter of law; because the bill only provides for a general framework, the President may still exercise his core authority to protect specific information. Legislation would reduce the President's flexibility to make needed changes and would open the door to increasingly detailed Congressional regulation through the oversight process. For these reasons, Justice considers the bill a highly objectionable encroachment into Presidential prerogatives. **State** and **DoD** endorsed the DOJ position.

The **CIA** stated that despite several serious flaws, they believe the legislation could be redrafted to make it acceptable. CIA would insist on three changes: (1) legislating the so-called third agency rule, which requires interagency referrals as part of declassification review, (2) prohibiting any right of judicial review under the legislation, and (3) adding a provision that would grant CIA the authority to exempt entire categories of information from the provisions of the proposed legislation. **DOE** generally endorsed these CIA views. **CIA** also suggested that an Administration position is not necessary at this time because the House will not allow the legislation to come to a vote this session, a viewpoint that was not supported by any other agency. Indeed, because of its separation of powers concerns, **Justice** believes it is incumbent that the Administration respond to this legislation.

3-22-98

The National Archives believes that a legislative framework for these programs is not necessary but could result in some real benefit. However, they would strongly oppose one of the CIA's necessary revisions, i.e., exempting any categories of information from the provisions of the proposed legislation. They also believe that the failure to include an automatic declassification date in the legislation would seriously retard future declassification efforts.

NSC AND WHITE HOUSE COUNSEL VIEWS

Chuck and I share the objections to legislating in this arena as articulated by Justice. We oppose a statutory framework for the security classification system for several other reasons as well, and we believe that the legislation cannot be rewritten to make it acceptable on practical grounds or in a manner that will not infringe on your prerogatives:

- The separation-of-powers concerns are not merely abstract. Passage of this legislation could embolden Congress to legislate in the area of information sharing with the United Nations or an enlarged NATO. It also would undermine the discretion traditionally granted by the Courts in this area, thus further weakening the President's ability to protect such information. We have taken a strong stand against infringement of Executive authority to control national security information throughout this Administration. Moreover, we have been most successful in resisting encroachments in this area when we have defined clear boundaries rather than sought negotiated solutions. This is neither the time nor place to begin compromising this principle.
- Rewriting this legislation to make it palatable would render it a virtually meaningless statement of very general principles, except to the extent that it invites future, more intrusive legislation. Once Congress has established a legislative framework in this area, the President would have much less leverage to resist the inevitable legislative revisions of the future. Indeed, the legislation provides a framework for such intrusion by requiring an annual report to Congress from each agency and establishing a National Declassification Advisory Committee, two-thirds of whose members would be appointed by the Congress.
- ① Your Executive Order 12958, which is barely two years old, incorporates many of the principles and objectives of this legislation. Since the effective date of the Order, agencies have declassified 400 million pages of historically valuable records, or some 70% of everything declassified since 1980. E.O. 12958 should be given more time to improve upon the considerable accomplishments already achieved.
- The proposed National Declassification Center (NDC) is an excellent example of a potential change that does not require or warrant legislation. While the legislation does not specify, the likely location of an NDC would be the National Archives. However, Archives strongly opposes locating the NDC within the Archives, because of resource concerns, and all other agencies strongly oppose giving the NDC the independent authority that the Archives thinks it should have. Improving oversight of information security programs can best be accomplished by reexamining the overlapping responsibilities assigned to the Security Policy Board and ISOO and allocating additional resources to the oversight function.

- We appreciate that expressing a willingness to work with the Congress to rewrite the legislation, with broad assertions up front about the extent of our proposed changes, might gain some political benefit from the sponsors. However, for the reasons stated above, we recommend that you oppose any legislation in this area. Equally serious harm will be done with a statute of general applicability as with one that is specific.

JOHN PODESTA'S VIEWS

John and John Deutch served on the Commission that recommended legislation. John would like to meet with you and Sandy and Chuck before you make a decision to explain how his views differ from those of the NSC and the Counsel to the President.

RECOMMENDATION:

That you authorize Justice to send a letter on behalf of the Administration that strongly opposes S. 712 and H.R. 1546, especially on separation-of-powers grounds, and indicates that the flaws cannot be corrected without rendering the legislation virtually meaningless (NSC and Counsel to the President recommend)

Approve _____

or

That you authorize the NSC and OMB to prepare a letter that articulates revisions that would be required to enable the Administration to support S. 712 and H.R. 1546 (John Podesta recommends)

Approve _____

THE WHITE HOUSE
WASHINGTON

3-22-98

March 20, 1998

98 MAR 20 PM 4:01

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA *JP*

SUBJECT: Government Secrecy

X (I wanted to add what I expect is a futile note to Sandy's memo on government secrecy. Sandy's memo reflects the conventional wisdom that the current secrecy government classification system is working fine and that Congress' intervention in the system certainly would do nothing but make things worse. While I am somewhat sympathetic to the latter view, I do not share the former. Simply put, too much information is classified for too long for too little reason. Your 1995 executive order on classification did much to improve the system (see attached clip), but you should know that the same people in the agencies who opposed the promulgation of that executive order, oppose the Moynihan/Hamilton bill. It seems certain to me that the secrecy bureaucracy will attempt to roll back the positive achievements of your order once they have a chance (much as President Reagan rolled back the positive aspects of President Carter's order in 1981.) The Moynihan/Hamilton bill would lock into legislation some of the fundamental reforms contained in your order.

While I understand that this bill can be seen as an encroachment on executive authority, it leaves vast discretion to the Executive Branch to implement the classification system and ~~certainly goes no further than many of the statutory provisions of the National Security Act~~ which have structured the national security apparatus for the past 50 years.

Finally, the bill proposes a National Declassification Center, an idea that John Deutch first proposed, to begin to declassify the mountain of classified records that are more than 30 years old. I think this is a viable concept which could be worked through in the legislative process.

Podesta memo

Want to Hear Some CIA Secrets? Well, Maybe Not

* * *

Agency Sets Up a 'Factory' To Determine Which Files Are Safe for Public Perusal

By CARLA ANNE ROBBINS

AI
Staff Reporter of THE WALL STREET JOURNAL
**SOMEWHERE NEAR DULLES AIR-
PORT** — In a nondescript office building in
an undisclosed Virginia suburb, the Central Intelligence Agency is sifting through
millions of its old secrets — one page at a
time.

Joe Ozefovich, a 33-year CIA veteran, reviews a 1956 folder on the ultra-secret U-2 spy plane. One memo from the project's "cover officer," charged with keeping the program secret, rejects a proposal to have the highflying jet set a world altitude record. "We could establish a record," the officer concedes — but not without letting everyone know what the spy plane, officially just a weather aircraft, was really capable of.

"Here was someone who wanted to wave our flag," says Mr. Ozefovich wistfully. "But cover and security had to prevail."

Protecting Sources

Forty years later, the CIA is just as reluctant to give up its secrets — except it has no choice. Under a White House executive order, by April 17, 2000, the CIA and every other U.S. government agency must release every classified document in its archives that is more than 25 years old, unless the information falls into nine supposedly narrow exemptions, including protecting human intelligence sources, current war plans, weapons technology and sensitive diplomatic relations.

The CIA's task is especially daunting: It has an estimated 65 million pages of secrets at least 25 years old. And while some agencies have judged whole rooms full of files too old or too arcane to worry about, the CIA has decided to "redact" every page, editing out sensitive information line by line.

To pull it off, the agency has set up a declassification factory — the address is secret — here in northern Virginia. Staffers open every archive box, scan each page into computers and read every document, not once but three times, to make sure nothing dangerous slips by. Redactors, like Mr. Ozefovich, make their cuts according to a 44-page declassification guide — its contents also classified — excising names of CIA employees, descriptions of clandestine methods, and almost every overseas CIA location, including the obvious ones like Moscow and Beijing.

If the CIA confirmed them, "it would become an undeniable, uncontested fact," explains project director Rich Warshaw.

The work is expensive: \$2.50 a page just in labor costs. And it is so time-consuming that Mr. Warshaw concedes they will be lucky to have a third of their workload, about 20 million pages, done by the deadline. Mr. Warshaw, nevertheless, defends the process. "It's the only way to make sure that security is protected and the public gets to see as many documents as possible," he says.

A Bug in the Palace

Some are skeptical. The National Archive's Steven Garfinkle, who oversees declassification governmentwide, worries that CIA definitions of damaging information may be too vigilant. Twenty-five years, he agrees, is too early to reveal the name of a CIA source or overseas agent. "The families of sources could be searched out and tortured," he says. But he is less

Please Turn to Page A8, Column 3

Continued from First Page
certain about the agency's insistence that spy craft methods also need to be as fiercely protected. "Revealing that in 1955 they bugged the Patagonian presidential palace?" he asks hypothetically. "Much of it isn't very subtle or unusual."

Others are more worried about what the CIA has chosen not to review. The agency is asking that another 106 million pages, nearly all from the covert-action Directorate of Operations, be automatically exempt to protect overseas sources and methods. The costs for holding back so much information are real, says Sen. Daniel Patrick Moynihan, the New York Democrat who crusades against what he calls excessive government secrecy. "We don't know our history very well," he argues. "You also don't correct your mistakes because nobody knows you made them."

For all that, nearly everyone here seems enchanted with the secrets they do get to see. Pointing to steel cages stacked with archive boxes, chief of operations Kirk Lubbes jokes that they come from the "Raiders of the Lost Ark" warehouse, Hollywood's imagined repository for all the wonders the public isn't ready to know.

What arrives one morning looks a lot less glamorous. A box marked "phone files" includes carbon filmsies of a January 1954 memo announcing changes in CIA telephone prefixes; another sheet lists overseas phone charges for a four-week period.

But the work in an adjoining room would make a historian's juices run. A microfilm scanner clicks off pages of 1945 files of the OSS, the CIA's World War II predecessor, on de-Nazification efforts in occupied Germany. A few feet away, a young woman feeds 1958 Soviet military railroad maps into a computer scanner.

For the factory's redactors — all 55 are retired CIA veterans hired for this job — the work is an exercise in ambivalence, a daily struggle between their training never to give up secrets and a more natural human

desire to want to tell their stories.

"My whole career was based on the belief that letting out information could get people killed," says Armand Vallieres, 76, an overseas operative who began with the OSS in China in 1944. "After I got used to it, I saw that this was history and it showed we had done a good job."

Salacious Secrets

The work has given Betty Grim even more: a peek at the office goings-on while she served as secretary to 1960s-era CIA director John McCone. Ms. Grim has been redacting the daily work diaries of Mr. McCone's top administrator, Col. Lawrence K. "Red" White.

Some of it, she says, can be downright salacious. She has recently been caught up in the saga of a CIA manager Col. White fired after the official had a questionable liaison with an agency secretary. "We've been reading some of it aloud to our team," she says. "But we haven't found out yet whether she got pregnant."

The White diaries also give a fascinating window on the political times and challenges of managing the CIA's growing bureaucracy. Pages from the spring and summer of 1964 note a half-dozen meetings on how the agency should respond to the newly minted civil-rights law. "The director's . . . opinion [was] we should continue our passive [minority hiring] program, make sure we defend ourselves against any allegations of discrimination but avoid any drive to place select persons in key positions so they would be noticed." The diaries also include calls to beef up administrative support for U.S. intelligence efforts in Vietnam, and growing frustrations over press leaks — including one tantalizing reference to a reporter from the now-defunct Washington Star who, judging from the deletions, may also have been on the agency's payroll.

Playing the Numbers

For Gerry Helfenstein, who spent most of his career as an intelligence analyst, the work gives him a chance to re-examine the agency's, and his own, intellectual triumphs and failures. A July 1972 memo prepared for Henry Kissinger, then national security adviser, describes the "Status of Communist Forces" in South Vietnam as "48% ineffective." The CIA's view of the war "was always like the rest of the nation," explains Mr. Helfenstein. "It started out somewhat realistic and then the fog of war and politics took over."

For nearly all the veterans, the work raises questions about how secrets are made and kept. Working on the U-2 plane files, Mr. Ozefovich has been patiently excising the names of commercial contractors who worked on the project, "even though whole books have been written on the subject," he says. Explains Mr. Warshaw: "We have to live with a lot of ambiguities." Almost all redactors complain about the amount of useless paper that collects in classified files. One favorite is a 136-page series of weekly reports from the agency's "forms branch" that prints bureaucratic forms.

Pat Bogen, a retired secretary working as an indexer at the factory, says she knows how all "the junk" got there. Every time her boss would ask her to clean out his safe drawers, "I didn't feel I could decide what should be kept and what to dump. So I'd put it all in a box and ship it off to the archives," she says. "Now it's come back to haunt me."

THE WHITE HOUSE
WASHINGTON

3-22-98

98 MAR 19 PM 1:51

March 19, 1998

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Spurling
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also to
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MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING AND KATHLEEN MCGINTY

SUBJECT: Electricity restructuring

As you know, Secretary Pena is eager to unveil the Administration's electricity restructuring proposal. We previously sent you a memo outlining the issue that we had been unable to resolve during the interagency process -- namely, whether to include cap-and-trade authority in the proposal. CEQ and EPA supported including such authority in our proposal because they felt it was important in ensuring the environmental integrity of the bill and signaling our strong stance on climate change, while NEC, DOE, State, Treasury, OMB, Legislative Affairs, and Todd Stern were opposed, because they feared that it would lead to more charges of "backdoor implementation" of the Kyoto agreement and that it pre-judged many of the issues surrounding a cap-and-trade system. In response to that memorandum, you indicated that you wanted to discuss the issue further.

✓ In the meetings that we have been chairing to prepare for a discussion with you, a compromise has emerged that has now been endorsed by all agencies, although they each would prefer other alternatives if they had their own way. The fundamental logic of the compromise is to refrain from seeking cap-and-trade authority now (with the exception of NOX trading, which had been non-controversial), but to emphasize that we will seek such authority at the appropriate time and to bolster the other environmental provisions of the electricity restructuring proposal.

Under the compromise, our electricity restructuring proposal would include the following statement:

"We are not asking this Congress for cap-and-trade authority as part of the Administration's electricity restructuring proposal. The Administration's climate change policy calls for cap-and-trade authority to be in place by 2008, and the Administration will consider in consultation with Congress whatever legislative vehicle is most appropriate for this purpose."

This stance is intended to leave open our ability to seek cap-and-trade authority in any appropriate legislative vehicle on a timetable consistent with our climate change policy (possibly including electricity restructuring itself, should enactment be delayed). State and others accept this compromise, despite serious concerns about the negative impact it might have on eventual Kyoto ratification.

Our electricity restructuring proposal, furthermore, would include a statement of our commitment to monitor utility emissions during the restructuring period, and to address any unintended consequences (such as increased emissions) in a timely manner. It would also involve a statement to industry reiterating our climate change policy commitment to reduced emissions and our support for a market-based mechanism of controlling emissions, all of which should be considered by industry in making investment decisions.

The compromise would also expand two important environmental provisions of the proposal. The original proposal included a public benefits fund, capped at 0.5 mil/kWh (equivalent to \$1.4 billion) to finance energy-efficiency programs, demand management programs, consumer education, demonstration of emerging technologies such as renewables, and low-income assistance. It also included a 5 percent renewable portfolio standard, to require that 5 percent of electricity sales be generated from non-hydroelectric renewable sources.

The strengthening of the environmental part of the proposal would involve raising the public benefit fund cap to 1 mil/kWh, equivalent to approximately \$3 billion, and the renewable portfolio standard to 5.5 percent of sales, subject to a cost cap to prevent unexpectedly high costs. These changes would produce additional carbon reductions, making it easier for us to make the case that our overall proposal will achieve carbon reductions even without the backstop of a carbon cap-and-trade system. They would also have benefits beyond immediate carbon reductions, including assistance for low-income individuals, and the encouragement of promising new technologies not yet price competitive in an open market. The changes would, however, reduce the consumer savings from restructuring. The economic agencies remain concerned that these provisions are excessively costly, but are willing to accept them as part of an overall compromise.

The compromise thus involves the language above on cap-and-trade, a 5.5 percent renewable portfolio standard with a cost cap, and a \$3 billion public benefit fund.

RECOMMENDATIONS

DOE, NEC, CEQ, EPA, OMB, Treasury, CEA, Legislative Affairs, State, and Todd Stern all support the compromise proposal. With your approval, we would now plan the roll-out of the Administration's electricity restructuring proposal.

- ☒ Approve
- ☐ Do not approve
- ☐ Discuss

Betty: can you help us with this. Sincerely Hank 

3-20-98 TELEFAX TO PRESIDENT CLINTON VIA BETTY CURRIE

DEAR MR. PRESIDENT:

(202) 456 6703

copied
Podesta
COS

I RECEIVED NEW INFORMATION FROM THE PEACE CORPS "GRA

WHILE NOT OFFICIAL AND NOT YET APPROVED BY MARK GEAR MATERNITY LEAVE UNTIL 15 APRIL, THE PHILIPPINE CO-DIRECTOR IS "TENTATIVELY FILLED" BY TRANSFERRING PEACE CORPS PERSONNEL TO ANOTHER COUNTRY. I UNDERSTAND THE PROCESS IS SUCH THAT THE PAPERWORK WILL NOT GET TO WASHINGTON FOR ANOTHER WEEK. THEN MARK WILL STILL HAVE TO APPROVE.

SEEMS LIKE DEJA VU ALL OVER AGAIN. FIVE YEARS AGO WHILE BEING CONSIDERED AS A NON-CAREER AMBASSADOR TO THE PHILIPPINES, WE WERE NOT ABLE TO CHANGE "CAREER TO NON-CAREER." WE ARE FIVE YEARS SMARTER AND THE BURDEN SHOULD BE MUCH EASIER THIS TIME; PLACING FRESH, COUNTRY QUALIFIED, CO-DIRECTORS INSTEAD OF TRANSFERRING ONES AT GREAT EXPENSE FROM EUROPE WHO HAVE BEEN AT BAT BEFORE.

Podesta

THE PRESIDENT

3-22-98

This guy has been
a strong supporter
pls try to get this done
He's wanted to serve
for 5 years — BC

THE MAX STAY IS FIVE
(LY SOMEONES BUDDIES)
SHARE THEIR EXPERTISE
SHARE FRESH IDEAS AND
PURPOSE OF THE PEACE
, DEDICATED AND READY
TO THE GOVERNMENT.
INARY PEOPLE. IT IS
FOREIGN AID WE HAVE.
G, FARMING, FISHING,
URBANIZING PEOPLE,
TIENCE, FLEXIBILITY,
SENSE OF HUMOR. DOUG
KILLS AND TALENTS. WE
FIVE YEARS, WE HAVE
TING THE ALOHA MEDICAL
F RIDING THE BUS WITH

ORDINARY PEOPLE. IN FACT, WE RODE THE BUS FOR SIX HOURS LAST WEEK FROM MANILA NORTH WHILE DOING THE PRE-WORK FOR THE ALOHA MEDICAL MISSION. OUR MANILA VISIT TO PEACE CORPS LAST WEEK REVEALED HIGH ADMINISTRATIVE WORKLOAD ALSO WHICH IS FINE WITH US AND NO STRANGER WITH OUR BACKGROUNDS. EVERYTHING HAS A SEASON. THIS IS OUR SEASON. LET US NOT LOSE THIS ONE. DOUG AND I ARE THE RIGHT CO-DIRECTORS FOR THE PHILIPPINES AT THIS TIME. WE HAVE BEEN LAW PARTNERS FOR TEN YEARS. WE COMPLIMENT EACH OTHER AND ARE READY TO CHANGE GEARS TO SHARE AMERICA WITH THE LESS FORTUNATE. PLEASE GET US AN INTERVIEW WITH MARK GEARAN AND THEN LET HIM DECIDE WHAT IS BEST FOR THE PEACE CORPS. WE STAND READY TO CONTRIBUTE SKILLS AND HARD WORK THIS TIME.

ALOHA FROM HAWAII,

TEL/FAX (808) 947-7090

Hank
HANK HANNIGAN--2444 HIHIWAI ST. #2204 HONOLULU, HI 96826

3-22-98

Betty: Can you help us with this. Sincerely Hank

3-20-98 TELEFAX TO PRESIDENT CLINTON VIA BETTY CURRIE

DEAR MR. PRESIDENT:

(202)456 6703

I RECEIVED NEW INFORMATION FROM THE PEACE CORPS "GRAPE VINE."

WHILE NOT OFFICIAL AND NOT YET APPROVED BY MARK GEARAN WHO IS ON MATERNITY LEAVE UNTIL 15 APRIL, THE PHILIPPINE CO-DIRECTOR POSITION IS "TENTATIVELY FILLED" BY TRANSFERRING PEACE CORPS PERSONNEL FROM ANOTHER COUNTRY. I UNDERSTAND THE PROCESS IS SLOW AND THE PAPERWORK WILL NOT GET TO WASHINGTON FOR ANOTHER WEEK OR SO AND THEN MARK WILL STILL HAVE TO APPROVE.

SEEMS LIKE DEJA VU ALL OVER AGAIN. FIVE YEARS AGO WHILE BEING CONSIDERED AS A NON-CAREER AMBASSADOR TO THE PHILIPPINES, WE WERE NOT ABLE TO CHANGE "CAREER TO NON-CAREER." WE ARE FIVE YEARS SMARTER AND THE BURDEN SHOULD BE MUCH EASIER THIS TIME; PLACING FRESH, COUNTRY QUALIFIED, CO-DIRECTORS INSTEAD OF TRANSFERRING ONES AT GREAT EXPENSE FROM EUROPE WHO HAVE BEEN AT BAT BEFORE.

THE PEACE CORPS IS NOT A CAREER JOB. USUALLY THE MAX STAY IS FIVE YEARS. TO TRANSFER TWO CO-DIRECTORS (PROBABLY SOMEONES BUDDIES) WHO HAVE ALREADY HAD AN OPPORTUNITY TO SHARE THEIR EXPERTISE INSTEAD OF GIVING SOMEONE ELSE A CHANCE TO SHARE FRESH IDEAS AND SKILLS SEEMS TO RUN AGAINST THE GRAIN AND PURPOSE OF THE PEACE CORPS. DOUG AND I ARE FRESH, VERY EXPERIENCED, DEDICATED AND READY TO GO FROM THE PACIFIC RIM AT LESS EXPENSE TO THE GOVERNMENT. THE PEACE CORPS PROVIDES DIRECT HELP TO ORDINARY PEOPLE. IT IS PEOPLE TO PEOPLE HELP. I THINK IT IS THE BEST FOREIGN AID WE HAVE. THE PEACE CORPS IS ABOUT TEACHING, BUILDING, FARMING, FISHING, IDENTIFYING FUTURE LEADERS IN COUNTRIES, URBANIZING PEOPLE, TRAINING CITIZENS OF THE WORLD, HAVING PATIENCE, FLEXIBILITY, CROSS-CULTURAL COOPERATION AND HAVING A GREAT SENSE OF HUMOR. DOUG AND I ARE AVERAGE ORDINARY PEOPLE WITH MANY SKILLS AND TALENTS. WE HAVE DONE ALMOST EVERYTHING. IN THE PAST FIVE YEARS, WE HAVE VISITED MANY PLACES IN THE PHILIPPINES SUPPORTING THE ALOHA MEDICAL MISSION AT OUR EXPENSE. WE ARE NOT AFRAID OF RIDING THE BUS WITH ORDINARY PEOPLE. IN FACT, WE RODE THE BUS FOR SIX HOURS LAST WEEK FROM MANILA NORTH WHILE DOING THE PRE-WORK FOR THE ALOHA MEDICAL MISSION. OUR MANILA VISIT TO PEACE CORPS LAST WEEK REVEALED HIGH ADMINISTRATIVE WORKLOAD ALSO WHICH IS FINE WITH US AND NO STRANGER WITH OUR BACKGROUNDS. EVERYTHING HAS A SEASON. THIS IS OUR SEASON. LET US NOT LOSE THIS ONE. DOUG AND I ARE THE RIGHT CO-DIRECTORS FOR THE PHILIPPINES AT THIS TIME. WE HAVE BEEN LAW PARTNERS FOR TEN YEARS. WE COMPLIMENT EACH OTHER AND ARE READY TO CHANGE GEARS TO SHARE AMERICA WITH THE LESS FORTUNATE. PLEASE GET US AN INTERVIEW WITH MARK GEARAN AND THEN LET HIM DECIDE WHAT IS BEST FOR THE PEACE CORPS. WE STAND READY TO CONTRIBUTE SKILLS AND HARD WORK THIS TIME.

ALOHA FROM HAWAII,

TEL/FAX (808) 947-7090

Hank
HANK HANNIGAN--2444 HIHIWAI ST. #2204 HONOLULU, HI 96826

THE PRESIDENT
3-22-98

C O V E R

FAX

S H E E T

TO: PRESIDENT CLINTON
FAX #:
SUBJECT:
DATE: MARCH 20, 1998
PAGES: 3 , INCLUDING THIS COVER SHEET.

COMMENTS:

It is urgent that the President receives this at the first possible opportunity.

Thank you.

copied
Podesta
COS

Podesta

Pls check this out
get on it - this
a good friend

BC

From the desk of...

BARBARA DURON

ASCAP

310/246-0877
Fax: 310/246-9541



ASCAP

MARILYN BERGMAN

President and
Chairman of the Board

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

20 March 1998

Dear Mr. President:

In my position as President and Chairman of the Board of the American Society of Composers, Authors & Publishers (ASCAP), I represent over 70,000 creators and guardians of one of our most precious resources: the American popular song. I know I don't have to tell you how important our country's music is - not only here but all over the world. There is no place that we can go without hearing the songs that come from the pens of America's songwriters.

H.R. 2589, copyright term legislation which your administration supports and which we wholeheartedly seek, will be on the floor of the House for a vote next week.

However, Congressman James Sensenbrenner will offer an amendment on music licensing which is disastrous for songwriters and publishers. It will create huge new exemptions for the payment for music used by restaurants and retail establishments. The over-arching questions we ask are:

1. Do they have a right to use but do not have an obligation to pay for licensed music? Do they have a right to take the property of songwriters to enhance their establishments' profits without just compensation to the creators and the copyright owners?
2. Do they have the right to put in jeopardy the hundreds of millions of dollars that America receives from the world-wide use of our country's music?

As Commissioner Bruce Lehman wrote to House Judiciary Chairman Howard Coble in January of this year, any significant increase in exemptions would have grave international repercussions; not only potentially costing us a huge amount of money which comes from abroad, but seriously undercutting our government's intense efforts to persuade other countries to strengthen their copyright laws. Commissioner Lehman also stated that exemptions of the kind Congressman Sensenbrenner proposes would violate United States treaty obligations and make a mockery of our efforts abroad.

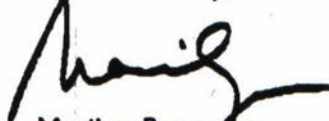
Therefore, would not any benefit from term extension of copyright be wiped out by the international consequences of music licensing legislation?

As a songwriter and a passionate advocate of copyright protection, I must ask you, Mr. President, to exercise the threat of a Presidential veto of this proposed amendment to be used in the debate on the House floor when the vote on H.R. 2589 comes up next week.

After all is said and done, the ultimate beneficiaries of copyright term extension and the fair compensation of our nation's artists and creators are the American people, who have the best and most diverse music in the world. The continued stream of this music can only be assured if my fellow songwriters can continue to make a living writing the songs the world sings.

My very best to you always,

Most sincerely,


Marilyn Bergman

P.S. My daughter made me a grandmother last week! (My first!)

I feel passionately about my right to leave her my copyrights along with the rest of my property before this. I now am even more devoted to the cause of copyright extension and protection!

I wish for a wonderful and joyous trip to Africa.
M.

chion

ONE 21-98
THE WHITE HOUSE

Ann

Thank!

Bin

To: The President

This was given
to me at a bar
mitzvah last week.
They are being
made in Los
Angeles.

Ann Lewis

Copied
Lewis
COS

3-22-98
THE WHITE HOUSE
WASHINGTON

March 20, 1998

MR. PRESIDENT:

In the attached memo, Chuck Ruff joins DOJ in recommending you deny the clemency petition of E.B. Rich, a 67-year-old former United Steelworkers union official (from 1965-late 80's), convicted in 1990 of taking bribes from his former employer, the U.S. Steel Corporation (USX) (1949-1963) -- he improperly solicited and received a USX pension in exchange for certain union bargaining concessions during a labor negotiation. Rich was sentenced to 36 months' jail time, 3 years' supervised release, and a \$6,000 fine. Though scheduled for release in August, Rich asks you to commute his sentence to time served and remit the fine.

copied
Ruff
Chirwa
Cabe
COS

Clemency Request. Rich argues he was innocent, and also cites his age, two years' honorable military service, civil rights work, and responsibility for supporting his family, as the bases for his clemency petition. He claims that many companies and unions permit company employees, who leave to work for a union, to continue to receive credit toward retirement benefits.

Views. In recommending you deny the petition, *Deputy AG Holder* cites Rich's failure to accept responsibility or concede guilt, despite compelling evidence that Rich demanded and received what he knew to be a bribe; rejects as "cynical" Rich's comparing himself to union officials who properly receive benefits; feels clemency would send the wrong message on union corruption; and concludes neither Rich's age, health nor family obligations justifies clemency. *Ruff* concurs.

Deny Petition (recommended) ☒ Grant ☐ Discuss ☐

Phil Caplan *Phil*
Sean Maloney *SM*

3-22-98

THE WHITE HOUSE
WASHINGTON

96 FEB 26 PM 10

February 25, 1998

MEMORANDUM FOR THE PRESIDENT

FROM:

CHARLES F.C. RUFF
DAWN CHIRWA
MEREDITH CABE

SUBJECT:

Executive Clemency Application of E.B. Rich

I. Offenses

E.B. Rich, a 67-year-old former official of the United Steelworkers of America, was convicted in September, 1990, of conspiracy to violate the Labor-Management Relations Act ["Taft-Hartley Act"] and of receiving payments (kickbacks) prohibited by the Taft-Hartley Act. He was tried in the U.S. District Court for the Northern District of Alabama, and his conviction was affirmed by the Eleventh Circuit. Rich was sentenced to 36 months' imprisonment, three years' supervised release, and a \$6,000 fine. He is projected for release in August of this year. He seeks commutation of his sentence to time served, and remission of the fine.

II. Background

From 1949 to 1964, Rich worked for the United States Steel Corporation ["USX"]. He left USX to work for his union, the United Steelworkers of America. When he left USX, the collective-bargaining agreement then in effect provided that USX employees who left to work for the union could be considered to be on a "leave of absence" of up to two years in duration. An employee who was on such a leave of absence continued to accrue continuous-service credits toward a company pension. Rich was not eligible for a company pension when he left USX. In addition, since he did not return to USX within two years of leaving to work for the union, he never earned sufficient credits to qualify for a pension.

In 1983, Rich and other union officials were negotiating a local collective-bargaining agreement with USX. Because of poor market conditions, USX had closed its Fairfield mill in Birmingham, Alabama, and was unwilling to resume production there unless the union locals agreed to significant concessions. Rich, along with Thermon Phillips (another union official and former USX worker who would ultimately be Rich's codefendant in the criminal trial), gave a USX official a proposal that would extend retroactively the leave-of-absence provisions for Rich, Phillips, and seven other union employees -- thereby making them eligible for company

pensions. When USX rejected the proposal, Rich and Phillips informed the company there would be no local agreement for Fairfield until USX authorized their pensions.

In mid-November, negotiations ceased altogether because the union refused to grant the concessions sought by USX. The parties were at an impasse until USX officials contacted Rich and Phillips about their pensions. When told that USX would "favorably consider" the matter of their pensions, Rich and Phillips signed an agreement that incorporated many of the union concessions USX had been seeking from the outset.

Later, in July, 1984, a group of Fairfield mill workers filed grievances against USX. Rich and Phillips were responsible for deciding whether the union would prosecute the grievances and submit them for arbitration. A USX official learned of the grievances, and contacted Rich and Phillips to promise them pensions. The grievances were later withdrawn. Rich began receiving a company pension in December, 1984, ultimately receiving \$48,318 in pension benefits. The method of granting the pensions circumvented company policy and union rules; USX officials did not want to submit the proposed pensions to the union, for fear the membership would see them as payoff for earlier union concessions. USX officials instead used an internal company form to authorize the pensions. When USX employee-benefits personnel questioned the granting of the pensions, they were told to "keep the matter quiet." In addition, union rules prohibited the acceptance of any pension not provided for by the governing collective-bargaining agreement.

III. Grounds for Clemency

Rich asserts his innocence as the primary ground on which clemency should be granted. He also cites his age, his two years of honorable military service in the 1950's, his involvement with the civil rights movement in his community and in the steel industry in the 1960's, and his responsibility for the support of his wife, his mother (who has been ill), his sister-in-law, his recently-widowed daughter, and two grandchildren. He bases his claim of innocence on the fact that many companies and unions have an arrangement by which employees who leave the companies to work for unions are granted unlimited credit towards their retirement. Rich asserts that his (and his codefendants') is the only prosecution on record based upon the receipt of such credits.

IV. DOJ Recommendation

Deputy Attorney General Holder recommends that Rich's petition be denied. He cites Rich's failure, in the over seven years since his conviction, to accept any responsibility for his actions or concede his guilt. He characterizes Rich's insistence on his innocence as "obdurate," and believes any commutation of Rich's sentence would be seen as a vindication of his claim. The Deputy Attorney General believes that commutation of Rich's sentence and remission of his fine would "send the wrong message to the public about official tolerance of corruption in the labor movement," possibly serving to encourage activity the Taft-Hartley Act seeks to deter. He believes compelling evidence was adduced at Rich's trial to show Rich demanded and received

what he knew to be a bribe, and that Rich's comparison of his case to that of union officials who openly bargained for their benefits is a "cynical attempt[] to bolster his own case."

As for Rich's health, the Bureau of Prisons reports that Rich is in "good physical condition," and is assigned to regular duty status with medical restrictions. (Phillips was granted a reduction of his sentence because he was diagnosed with colon cancer, and underwent surgery and chemotherapy. He has since been released.) The Deputy Attorney General concludes that neither Rich's health nor his family obligations are so extraordinary as to distinguish him from the vast majority of federal prisoners serving their full sentences. Rich is due to be released this August.

After reviewing the recommendations of the Department of Justice, our office concurs with DOJ's recommendation that Rich's petition be denied.

DENY: _____

GRANT: _____

DISCUSS: _____

THE PRESIDENT

3-20-98

DAN BURKHARDT

please coordinate the
reply.

4100 Massachusetts Ave., N. W.
Apt. 108
Washington, D. C. 20016

March 18, 1998

President Wm. Jefferson Clinton
The White House
1600 Pennsylvania Ave.
Washington, D. C. 20500

Dear Mr. President:

Our hearts go out to you. What you've been going through over the recent happenings must be terrible. We know you'll fight this in the same warm, dignified and forceful manner we so admire in you.

With regard to Kenneth Starr and his never ending investigation, we are extremely concerned that the far right wing in The Congress and elsewhere, will gain more influence in our nation. This must not happen. We are relying on you to do everything possible to quell their power, and to get more Democrats elected to The Congress.

Our concern also includes the news media and their lack of integrity in reporting. We believe in freedom of speech, but with integrity. We don't think we've been getting this for as many years as we can remember. Our trust is in you to continue fighting for a liberal (not a bad word at all) outlook in our country.

We are sure you will do your utmost to stop the focus on your personal life, and get on with the very important tasks you have undertaken so well.

We're with you all the way.

Very sincerely,

Robert Lehrfeld
Robert Lehrfeld
Florence Lehrfeld
Florence Lehrfeld

SUPPORT CRIZ

3C SIG.

P.S. To lift your spirits, if needed:

Standing in our 7 yr. old grandson Justin's bedroom in N.Y. State, is a lifesize cardboard likeness of you, which he proudly displays, and of which his friends are very envious.

Please give your wonderful wife our best. We are admirers of her, and very proud that she is our First Lady. What a great representative she is of our country.



DESIGN CENTER, SPACE 137, 300 D ST. SW, WASHINGTON, DC 20024

Lehrfeld

To: President Wm. Jefferson Clinton

P E R S O N A L

THE PRESIDENT

3-20-98

Need
Treas &
Read
Sign off on
if OK

Copied
Boyles

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.
March 15, 1998

SECRETARY OF THE TREASURY

MEMORANDUM FOR PRESIDENT CLINTON

FROM: Robert E. Rubin

SUBJECT: Financial Modernization Legislation

Background. Last year we sent to Congress draft legislation proposing sweeping changes in the laws governing the financial services industry. Our bill would both broaden the range of financial activities permissible for banking organizations and allow insurance and securities firms to own banks. The House Banking Committee and the House Commerce Committee, each of which has jurisdiction, reported out significantly different versions of the bill last year. The Republican Leadership in the House -- with no involvement of Democrats -- has recently forged a compromise version, which it is proposing to move to the Floor quickly, perhaps in the next few weeks.

We propose to send the Leadership a letter stating that we will oppose the bill and recommend against its enactment unless our concerns are resolved. We believe it will be difficult for the Leadership to pass this bill over our objection -- although they are likely to make a strong effort to do so.

While the compromise would achieve some of our basic objectives, it includes a number of provisions that we find highly objectionable. In particular, it would significantly weaken the national bank charter in several important respects:

- First, it would bar national banks (but not state banks) from conducting new financial activities through their own "operating subsidiaries" and would force all such activities to be conducted through holding company affiliates, under the sole jurisdiction of the Federal Reserve. In this respect the proposal is intended to shut down the Comptroller of the Currency's "Part 5" initiative, under which Comptroller Ludwig has moved to give national banks more flexibility in conducting new financial activities through subsidiaries.

This would significantly limit the role of the Executive Branch in the development of banking policy and would put the national bank charter at a competitive disadvantage compared to the state charter. We think it would also have the effect of weakening the Community Reinvestment Act, by reducing the volume of bank resources that could be taken into account by the Comptroller in assessing a bank's CRA performance.

- Second, it would make national banks more vulnerable to state laws that discriminate against banks (such as those limiting the ability of banks to sell insurance) by eliminating the tradition deference the Federal courts have given to

-2-

the Comptroller's decisions on preemption of such state laws. It would also discriminate against national banks in a number of other respects, for example by imposing restrictions that do not apply to state banks and by failing to eliminate outdated restrictions in Federal law that apply only to national banks.

- There is no safety and soundness or competitiveness basis for these restrictions.

The bill would also significantly limit the utility and flexibility of the Federal thrift charter.

We repeatedly informed the two Committees and the Leadership of our objections to these provisions, but they pointedly ignored our position, largely out of a fear of offending the Federal Reserve. We are informed that they fully expect opposition from us. (We and the Federal Reserve have compartmentalized this disagreement from the rest of our working relationship.)

Where the Parties Stand. The major insurance and securities groups appear to be supportive of the compromise proposal, largely because it allows their members to acquire banks. We believe the Independent Insurance Agents are likely to be supportive because of the restrictions the bill would put on new bank insurance activities. Several major banks, such as NationsBank and BancOne, support the proposal. The American Bankers Association has not yet taken an official position, although it is known to be unhappy about a number of the bill's provisions. We have heard reports that the House Leadership has been lobbying heavily to get bankers on board.

The Independent Bankers Association of America, which represents smaller community banks, and the major trade association representing thrift institutions are strongly opposed to the bill. Consumer groups are also opposed, principally because they believe the bill does not have sufficient protections for consumers and because it does not extend CRA to insurance and securities companies. (We were urged to include such an extension of CRA in our bill, but elected not to do so because we thought it could not pass and would create strong opposition to the basic structural reforms we were proposing.)

House Banking Committee Democrats are disaffected because they were not given a role in forging the compromise. However, John Dingell, Ranking Member of the Commerce Committee, has supported some of the provisions that we oppose, and he could support the Leadership compromise. Gene Ludwig and Ellen Seidman, who is Director of the Office of Thrift Supervision, both have strong objections to the bill.

Our Recommended Position. The bill has gone further than any prior financial modernization proposal, and it has much in it that we support. However, we are strongly opposed to the provisions weakening national banks and the authority of the Comptroller's Office. If the bill could be altered to satisfy our concerns we could be supportive. While the Leadership has urged that we try to get our concerns addressed in the Senate or in Conference, and that we not try to prevent passage in the House, we are reluctant to allow a bill to pass the House in this form -- in part because the Senate may well not act on the proposal this year and a House-passed bill might then become the baseline for the next Congress.

3-22-98

Send Barb
to PM Ahem
Peland

3-23-98

We will have the
NSC dispatch -

Carol

NATIONAL BESTSELLER

HOW THE IRISH SHAPED CIVILIZATION

*An Old Story
of Ireland's Heroic Role
from the Fall of Rome to the
Rise of Medieval Europe*

THOMAS CAHILL

"Charming and poetic...an entirely engaging, delectable voyage into the distant past, a small treasure." —Richard Bernstein, *New York Times*

"A shamelessly engaging, effortlessly scholarly, utterly refreshing history of the origins of the Irish soul and its huge contribution to Western culture."

—THOMAS KENEALLY, AUTHOR OF *SCHINDLER'S LIST*

From the fall of Rome to the rise of Charlemagne—the "dark ages"—learning, scholarship, and culture disappeared from the European continent. The great heritage of Western civilization—from the Greek and Roman classics to Jewish and Christian works—would have been utterly lost were it not for the holy men and women of the unconquered Ireland.

In this delightful and illuminating look into a crucial but little-known "hinge" of history, Thomas Cahill takes us to the "island of saints and scholars," the Ireland of St. Patrick and the Book of Kells. Here, far from the barbarian despoliation of the continent, monks and scribes laboriously, lovingly, even playfully preserved the West's written treasury. With the return of stability in Europe, these Irish scholars were instrumental in spreading learning. Thus the Irish not only were conservators of civilization, but became shapers of the medieval mind, putting their unique stamp on Western culture.

"A lovely tale...Graceful and instructive."

—RICHARD EDER, *LOS ANGELES TIMES*

"Cahill's lively prose breathes life into a 1,600-year-old history."

—*BOSTON GLOBE*

"When Cahill shows the splendid results of St. Patrick's mission in Ireland—among them, the preservation and transmission of classical literature and the evangelization of Europe—he isn't exaggerating. He's rejoicing."

—*THE NEW YORKER*

"Delightfully written...full of bold insights into the Irish character and its continuity through the ages."

—*KIRKUS REVIEWS*

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US \$12.95 / \$16.95 CAN

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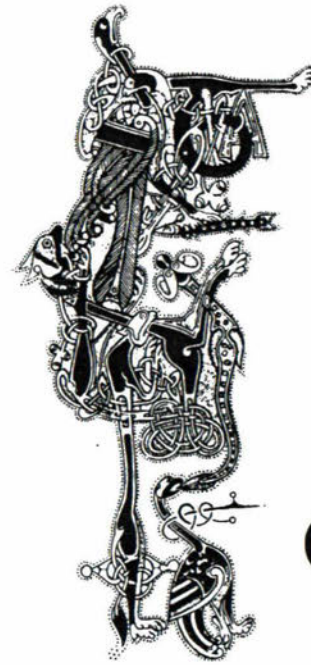
ALSO BY THOMAS CAHILL:

*Big City Stories by Modern
American Writers* (with Susan Cahill)

A Literary Guide to Ireland
(with Susan Cahill)

Jesus' Little Instruction Book

*Looking for Books:
How to Find Hard to Find Books*



How the Irish Saved Civilization

The Untold Story of Ireland's

*Heroic Role from the Fall of Rome to the Rise of
Medieval Europe* • Thomas Cahill

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TO SUSIE

. . . first and fairest . . . best and dearest:
Thine be ilka joy and treasure,
Peace, Enjoyment, Love, and Pleasure

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How Real Is History?

3-22-98

THE WHITE HOUSE
WASHINGTON

Copied
Tramontano
COS

March 16, 1998

MR. PRESIDENT:

The attached memo from Karen Tramontano answers some of the questions you had about your trip to Las Vegas on Wednesday and seeks your approval of the schedule of events.

The AFL-CIO Executive Council -- the union's governing body of roughly 45 members -- is holding its annual meeting in Las Vegas. The meeting used to be held in Bal Harbour, but John Sweeney has sought to change the tone and manner of the gathering to focus more on policy and organizing. Unlike in past years, the AFL-CIO is not looking for specific deliverables or new directives but instead has asked that you focus your remarks on the union's role in increasing the standard of living for working families and improving communities. Las Vegas, with its booming economy, union density and labor/industry cooperation, is a good setting for such a speech.

Proposal. Karen, with the concurrence of your political and communications team, recommends that you begin the day with a tour of the Carpenters' Training Center where 1400 apprentices receive training each year. After the tour, you would deliver a speech to about 1500-2000 workers. You would then meet with the AFL-CIO Executive Council briefly and informally at a location on the site. (The VP will be there Thursday. He will do a roundtable with workers, formally address the Council, and hold a press conference with Sweeney).

☒ Approve ☐ Disapprove ☐ Discuss

Phil Caplan

Phil

THE WHITE HOUSE
WASHINGTON

March 13, 1998

3-22-98

MEMORANDUM FOR THE PRESIDENT

FROM KAREN A. TRAMONTANO
SUBJECT AFL-CIO ANNUAL MEETING

This memo provides background for your trip to Las Vegas next week and seeks your approval on the proposed event. The AFL-CIO's Executive Council--its governing body-- holds its annual meeting to set labor's political and public policy agenda. This meeting for over 50 years was held in Bal Harbour, Florida. Following John Sweeney's election, the site, tone and manner of the meetings have changed. The meetings now focus on organizing, workers and policy issues. This year the meeting is in Las Vegas, Nevada.

Las Vegas is symbolic for a couple of reasons. Its economy is growing and union density and membership are on the rise. Metro area employment has grown from 339,255 employees in 1989 to 500,516 employees in 1995. Housing production in Nevada has soared to an all-time high of 40,000 units in 1996.

In Las Vegas 26 % of the workforce is employed in the hotel and casino industry with nearly 1/2 of those workers in unions. Unions in three industries--hotel, building and construction and health care--are organizing in ways they have never done before and have committed millions of dollars to their efforts. The Culinary Union is one of the fastest growing unions in Las Vegas. Its Las Vegas local grew from 26,000 members in 1989 to 40,000 today; 9,000 members have joined the local since 1996. The construction workforce in Las Vegas has nearly doubled to more than 60,000 workers over the last five years. This led the Building and Construction unions to establish a market-wide organizing model for the Las Vegas construction workforce. In health care, SEIU and 1199 New York (now merged) have committed \$5 million to organize health care workers statewide.

Unlike in the past, the AFL-CIO is not looking for specific deliverables or new economic policy directives from your Administration (although we have had a successful partnership with them on a number of issues and a list of accomplishments we can highlight). Instead, the AFL-CIO is asking the Administration--specifically you and the Vice President--to focus your remarks on the benefits of unions in two ways: the union's role in increasing the standard of living for working families; and the union's role in improving communities. Las Vegas may provide an easy venue for you and the Vice President to highlight these benefits.

In Las Vegas hospitality workers have shared prosperity with employers. Most hotels and casinos have committed to being neutral in organizing campaigns. Labor and industry have many examples of working cooperatively to achieve high levels of service and productivity. Union

workers in this industry earn 19% more than other hotel workers, have health care and job and retirement security. As a result of collective bargaining, new and current workers have training and child care centers.

In 1996 unionized construction workers earned (nationwide) 32.4% more than non-union workers. In this industry, where workers must change jobs and employers often, unionization helps workers attain long-term financial security. As of 1993 75% of union construction workers were covered by a pension plan--only 18% of non-union workers have this benefit.

In years past, labor organized workers in the community along side religious and civil rights leaders. In these Las Vegas organizing campaigns labor has returned to its early strategies and has involved and achieved the support of community and religious leaders. One example of the community model is labor's efforts to end the strike at the Frontier Hotel Casino. In January 1997 the Frontier opened its doors ending the nation's longest-running strike of 6 ½ years. All 550 workers returned to work--support from community and religious leaders was in the forefront of this labor campaign. Precisely because the organized work force has better wages, benefits and working conditions in all three industries, labor can point to the real benefits organizing brings to working families and communities. The three industry campaigns also focus on labor-management partnerships, improving services and productivity for employers and opening the workplace to a more diverse workforce.

We propose that you begin the day with a tour of the Carpenters' Joint Apprenticeship Training Center. This is a brand new facility where 1400 apprentices receive training each year. The ground floor presents an easy walk-through where you would be able to observe and talk with workers. After the tour, we recommend that you speak to about 1500 - 2000 workers from a variety of industries about preserving the American dream for working families. We would like to have as a backdrop a house-frame representing home ownership--a key element to the American dream. It is here where labor would like you to outline the value of unions to workers and to communities. After your speech we recommend you meet with the AFL-CIO Executive Council--about 45 members--at a location on the site. This can be brief and informal. Sweeney would thank you and present you to the Executive Council members who would greet you in a receiving line.

You asked about the Vice-President's day. On Thursday he will begin with a round table discussion with workers and then formally address the Executive Council. He will hold a press conference with John Sweeney after he tours the Culinary Training Center--a training center for low income residents and former welfare recipients. He will echo the organizing message and highlight the training center as one benefit of collective bargaining. He ends with a reception honoring the workers and employers who settled the five year Frontier strike.

____ Approve

____ Disapprove

____ Discuss

THE PRESIDENT HAS SEEN
3-22-98



✓ Jock Gill <jgill@penfield-gill.com>
03/19/98 01:09:33 PM

Actually
the book
sent to Pres
Don Quirón
3/28

Record Type: Record

To: Jock Gill <jgill@penfield-gill.com>
cc:
Subject: Harvest of Rage

After you have
seen, we will
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Burkhardt -

American Dream list members:

I strongly urge you to read Joel Dyer's book "Harvest of Rage".
As a nation, we have a problem in that Rural America has a
suicide rate 5X greater than the rest of America.

He writes on page 70: "America's rural places are in bad shape.
A half-century of ever-increasing economic restructuring and
corporate consolidation has, according to numerous studies, left
25 million [39.7%] of the 63 million rural inhabitants poor,
farmless, underemployed or jobless, inadequately housed,
physically ill with little or no access to health care, and,
perhaps most importantly, depressed".

Is it any wonder this group of Americans has such a high suicide
rate and are the easy recruits for the anti-government
organizations across the country? Is it a good thing, much less
good policy, to allow this situation to persist?

On the opposite end of the spectrum, for every entry level
faculty position at Mass. College of Art that my wife
advertises, there are on the order of 1,000 over qualified
applicants. I.E. too many people who are highly educated can
not get jobs for which they were trained. If we do not want
these twin problems to exist in 2020, what had we better do
today? God forbid these two groups should get together for the
purposes of radical political action. This is the classic mix
for revolution. Is there political advantage for the
Administration addresses these issues creatively right now?

I look forward to continuing our conversations.

Regards,

Jock

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