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TALKING POINTS FOR MCCURRY RE: DIGITAL TV STANDARD

Q: Today the Wall Street Journal reports that the Clinton Administration has had an election-year change of heart regarding a plan to shift the nation to digital television. Has the Administration caved to companies such as Microsoft and powerful Hollywood interests on this issue?

A: The Administration has not changed its support for a digital TV standard.

The Administration has brought the computer and TV industry together to discuss how to move the digital standard forward while protecting computer industries' desire for a display standard that both computers and TVs can use.

The Administration believes standards should be flexible and, therefore, opposes including non-essential elements in government standards.

Both the computer industry and the film community raised serious concerns about locking in a standard for years to come. The Administration feels obligated to balance all concerns, but still supports a digital standard adopted within a reasonable time

Drafted: Heidi Kukis
Cleared: Greg Simon

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8/6/96
Technology

Computer Industry/Silicon Valley
August 6, 1996

Background: There is an article in the Wall St. Journal today which claims that Silicon Valley executives are angry at the President because of his veto of tort reform legislation earlier this year. The article also says that Clinton is in the pocket of the trial lawyers.

- This is a tired old story. The Product Liability Act that Congress sent to the president went too far: it protected the interest of manufacturers at the expense of consumers. In deed, the new York Times called the bill, "the Anti-Consumer Act of 1996."
- True, the Trial Lawyers did support President Clinton's veto of the bill. True, Silicon Valley was not happy with the veto. But we have been working closely with computer industry executives on a variety of initiatives since then, notably, their pledge to wire schools to make them computer-friendly. On Wednesday afternoon in San Jose, the President will go to Muir Middle School and meet with educators and computer executives to discuss the situation.

Drafted: MEGlynn

Putting Lawyers First: Who Needs a Computer Industry?

It seemed like you couldn't call anybody in Silicon Valley last week without hearing that the person on the other end had just gotten off the phone with the White House. Bill Clinton whistle-stops the Valley today, with dinner tomorrow night at Steve Jobs's. He'll be meeting with veterans of his egregious 1992 smoochfest, when half the Valley's Republicans lined up behind the Democratic ticket. And unless they completely wimp out, he can expect a lot of grumbling.

Business World

By Holman W. Jenkins Jr.

Last time out, Silicon Valley discovered to its surprise that it could actually make a difference in a presidential campaign. It won't be making that mistake again soon.

"He's really trying to focus on business now," says a spokeswoman for Silicon Graphics's Ed McCracken, who led the treasonous gaggle into the Clinton camp.

"He hasn't been talking about that subject (i.e. politics) lately," says a spokeswoman for Larry Ellison, the normally oracular Oracle CEO. "As you know, he was Clinton's biggest contributor last time."

Sandy Robertson is one of the few '92 apostates who isn't taking a powder. Four years ago, the venture capitalist gave a Clinton fund-raiser at his home, and was instrumental in orchestrating the CEO defections. "We had 23 who endorsed Clinton," he recalls, somewhat mistily. "Only a handful of them are actively supporting him now."

But let's continue with the roll call. Gil Amelio, then with National Semiconductor, laid a hand of blessing on Clinton-Gore. Today, as Apple's CEO, he has

quietly become a rallying point for Dole supporters. Says Tom Campbell, the GOP congressman from Palo Alto: "President Clinton doesn't need the validation that candidate Clinton did. But if there were a widespread perception of people jumping ship, that could be very destructive" to the president's image with California voters.

Then there's John Young, the former Hewlett-Packard chief who emceed the Clinton conversions last time. He hasn't publicly dumped the president, but he's done the next best thing, taking charge of the Valley's campaign against the lawsuit industry, one of Mr. Clinton's core support groups.

Thereby, in fact, hangs the tale of Silicon Valley's souring on Mr. Clinton. For while high tech made only a passing splash in the 1992 presidential campaign, its one sustained attempt at politics has been the tort-reform fight. And the president's veto last year of a bill to curb abusive lawsuits (though quickly overridden by a Republican Congress) was like spitting in the Valley's eye.

Nor will it soon be forgotten that the veto came right after San Diego attorney Bill Lerach was seen bending the president's ear at a White House dinner. Mr. Lerach has grown rich by suing companies, especially those in the volatile high-tech sector, when their shares drop. He is not well liked in Silicon Valley, to put it mildly.

Led by Intuit's Tom Proulx, the Valley worked up a ballot initiative earlier this year to make California courts more Lerach-proof—only to be defeated in a \$20 million war of TV ads. The most notorious pictured Al Shugart, the respected chief of Seagate Technology, morphing into Charles Keating, the S&L felon. Mr. Proulx pronounced himself "disgusted" with democracy. Mr.

Shugart's feelings were best revealed in his subsequent attempt to get his dog, Ernest, on the ballot as a congressional candidate.

So Mr. Clinton's continuing dalliance with the Lerachies is something the Valley takes personally. It's bad enough that shakedown lawsuits steal time and money away from the business of inventing technology. More than that, high-tech folks resent being portrayed in court as people who cheat their shareholders. If this were just the usual battle of morally equivalent interest groups, Mr. Clinton might ooze by. But it's not. "Bill Lerach is a cunning economic terrorist," says John Doerr, a leader among Valley venture capitalists. "What he's doing is certainly immoral, and just this side of illegal."

Largely funded by his fellow lawyers, Mr. Lerach has gone on the offensive in California. Proposition 211, if passed, would so stack the deck that companies would have little choice but to pay up. Moreover, any company could be sued so long as it has a single California shareholder. In short, federal law would be shoved aside and the business world would become subject to California torts.

Happily, voters in California's initiative battles tend to play it safe and vote "no" when they feel an issue is over their heads. But whatever the outcome, the lawyers are flexing their political muscle to show business who's boss. Last month, California's Democratic Party voted overwhelmingly to endorse the Lerach initiatives. Heading up the



William Lerach

"yes" campaign is Bill Carrick, a Clinton-Gore strategist in the state. Tort lawyers have poured almost \$3 million lately into Democratic coffers. Message to business: Lie back and enjoy the attentions of Mr. Lerach & Co., because they aren't going away.

Mr. Robertson, the Clinton loyalist, is the first to acknowledge that the Clinton veto "washed away a lot of good will." But he says the president has been hinting lately that he only threw a bone to trial lawyers because, after all, he knew he'd be overridden. Mr. Robertson also believes Mr. Clinton has a capital-gains tax cut up his sleeve, which would make the Valley happy. But then Mr. Robertson believed the same thing four years ago, and it didn't happen.

The rap on Bob Dole, of course, is that he thinks a hard drive is something you do in golf. But so what? In the last four years, Silicon Valley figured out the way you move the ball on small issues in Washington is by lobbying. We don't elect a president for his virtuosity in cyberbabble and the promise of pork, but because the world needs a leader. Moreover, high-tech folks can be big babies about sharing the big tent with the Christian right, easily caricatured as bigots and book-burners. But computer jocks ought to see more in common with people who care about their children's future than with the pirates of the plaintiffs' bar, with whom they share the Democratic Party.

There was a glimmer of principle in the Valley's whirlwind affair with Newt Gingrich, who offers a broad vision of government in line with the Valley's entrepreneurial, libertarian instincts. Mr. Gingrich finds it possible to be a Republican among Republicans. If Silicon Valley's heart really lies with smaller government and lower taxes, it should find a way to do the same.

Talking Points on Technology in Poor and Minority Schools
May 22, 1997

Q: A recent Educational Testing Service survey indicates that low income and minority students are less likely to have access to technology? Is the Administration concerned about inequity in technology in our nation's schools?

A: Technology is vitally important to helping students reach high standards and get ready for the 21st Century. It's critical that technology not divide us into a nation of haves and have nots. While the biggest gap in access to computers is in the home, the President and the Vice President are deeply committed to working with our nation's schools to make sure that every child, no matter where they live or their economic circumstances, can log on to the Internet and take advantage of its rich possibilities for learning. Here's what we're doing:

- Signed the Telecommunications Act and fought for the E-rate, which will allow Internet access discounts for schools and libraries. Discounts are on a sliding scale based on need, with poorest schools qualifying for a discount of up to 90%--nearly free.
- Working with private sector partners to connect every single school in each of the 15 Empowerment Zones to the Internet, so they can leap ahead in technology. ATT and America On-Line have committed to providing free Internet access for every school in every EZ, and there are strong public-private partnerships in EZ's including Harlem and Oakland. The President also signed an executive order giving preference to schools in EZ's and EC's for surplus federal computers.
- In order to receive grants under our Technology Literacy Challenge Fund, states must spell out how they will target assistance to communities with the highest rates of poverty and the greatest need for educational technology.
- As we have worked with the private sector on Net Days, have specifically urged them to get involved with low-income areas, such as in DC and LA. And we have worked to involve not just companies, but also unions and other volunteers.

[Attached are more detailed talking points from the Department of Education.]

Educational Technology Talking Points

► **ERATE**

The President, Vice President and Secretary Riley fought hard for affordable access to telecommunications services for schools and libraries. On May 7 the FCC unanimously ruled that all K-12 schools and libraries are eligible to receive up to \$2.25 billion a year in discounts on telecommunications services. The discounts range from 20-90 percent and the average discount will be about 60 percent. The poorest schools--about one-third of all schools--will receive discounts of 80-90 percent. These discounts will help prepare all students and citizens for the Information Age by connecting them to the vast learning resources available on the Information Superhighway. Now, all classrooms and libraries--even those in the most rural and most disadvantaged areas--will be able to benefit.

► **Technology Literacy Challenge Fund**

Launched this October with a \$200 million appropriation, President Clinton proposed this funding as the first installment of a \$2 billion, five-year Technology Literacy Challenge Fund to motivate and catalyze state, local and private sector efforts to work together to integrate technology into teaching and learning and reach the four national goals for education technology: 1) provide all teachers the training and support they need to help students learn through computers and the information superhighway; 2) develop effective and engaging software and on-line learning resources as an integral part of the school curriculum; 3) provide access to modern computers for all teachers and students; and, 4) connect every school and classroom in America to the information superhighway. The FY98 budget request is for \$425 million. Ninety five percent of a state's award under the TLCP must go to local school districts and is targeted to communities with high rates of poverty and the greatest need for educational technology so that their students will have access to the benefits of educational technology.

► **NetDays**

In March 1996 the President and Vice President joined more than 20,000 other volunteers to wire 3000 California schools in an "electronic barnraising." Companies contributed wiring kits, more than six million feet of cable, technical assistance, free Internet access, and free or discounted hardware and software. Over 40 states organized and participated in NetDays this fall, wiring over 25,000 schools, using over 250,000 volunteers and these efforts will continue. This spring several more states participated in NetDays which focused on reaching the least served and low income areas. These efforts help us make significant progress in meeting our goal of wiring classrooms to the Internet.

► **Affordable Computers**

On April 17, 1996 the President signed an Executive Order making it much easier to get computers no longer needed by the federal government into America's classrooms. Procedures have been simplified, and private organizations will ensure that the computers are fully

functional and equipped to use modern software. Computer donations have been targeted toward the empowerment zones. On May 14 Education Testing Service released a study, *Computers and Classrooms: The Status of Technology in U.S. Schools*. This study revealed that major inequities still exist — students in schools with the largest percentage of poor and minority students have less access to technology. The Technology Literacy Challenge Fund and the Computer Donation program are important initiatives that will help close the gap between the have and have nots.

► **High Quality Content -- The Technology Learning Challenge Grant Program**

In 1995 the Administration initiated a "Technology Learning Challenge," to challenge communities to form partnerships of local school systems, students, colleges, universities and private businesses to develop creative new ways to use technology for learning. 19 grants were awarded in FY95 involving 134 school districts in 23 states demonstrating the innovative uses of computers, networking and multi-media across the curriculum. In FY96 the Department received 586 applications and 24 new five year grants were awarded on October 2. \$57 million has been appropriated for fiscal year 1997 which means the Department of Education will be issuing approximately 14 new grants. The FY98 budget request is for \$75 million.

Vice President's Meeting with Bill Gates

- The Vice President is attending a forum organized by Bill Gates on information technology and the new global economy of the 21st century.
- The Vice President was invited to attend because he is recognized as a leader in the field of information technology.
 - The Vice President actually coined the term “information superhighway” twenty years ago.
- Led by Bill Gates, the conference draws together one hundred CEOs from companies across the nation.
 - Not limited to high tech companies (examples of attendees include CEOs from Wells Fargo, United Airlines, GTE, Cisco, Boeing, in addition to Microsoft).
- This meeting is not a specific follow-up to the President's CEO meeting on education technology last month.

Drafted by: L. Anderson

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FAX TRANSMITTAL SHEET

DATE: April 28, 1997

TO: Mike McCurry, Press Secretary

PHONE NUMBER: 6-2873

FAX NUMBER: 6-6423

FROM: Jeff Smith

NUMBER OF PAGES (INCLUDING COVER SHEET): 4

Attached is an article from the 4/28/97 issue of New Technology Week which incorrectly speculates that Jack Gibbons, the President's science advisor will be succeeded by John Deutch in June.

Included with this fax is a statement which sets the record straight and some background Q&As. The statement was approved late Monday afternoon by Jack Gibbons as well as Don Gips in the Vice President's office.

-- Jeff Smith
6-6047

New Russia ISS Schedule; House Approves NASA Bill

BY DAVID MULHOLLAND

Even as the House was passing an authorization bill for the National Aeronautics and Space Administration, NASA chief Daniel Goldin laid out the agency's revised schedule for deciding on Russia's future involvement in the International Space Station (ISS).

Testifying before the Science, Technology and Space Subcommittee of the Senate Commerce Committee, Goldin said NASA has three major decision points that delineate the limits of its willingness to tolerate further delays to ISS caused by Russia's service module.

The decision process Goldin detailed does not conflict with the legislation (H.R. 1275) passed Thursday in the House with minor amendments (NTW, Apr. 21, p. 5), which requires a presidential decision on the degree of Russia's participation in ISS by August 1.

Goldin indicated that if Russia cannot live up to its commitment to ISS, the longer that nation remains involved in the critical path, the steeper the cost of completing the station without it.

The first decision point, Goldin testified, will be May 14, when NASA meets with its ISS partners. Then, they will decide whether to launch Russia's service module in December 1998 or to launch the U.S. interim control module being built by the Naval Research Laboratory.

The decision will depend on the answers to three questions:

- Did Russia supply all the funds promised for April?
- Did the Russia hold a review with all 38 subcon-

• Has the money reached the subcontractors?

If the answer to any of the questions is no, NASA and its international partners will schedule the U.S. module for launch. But if the answer to all the questions is yes, they

will schedule the Russian module.

Assuming Russia's service module is slated for launch, the second decision point comes in late summer, when NASA will recertify that Russia has done what it said it would do.

If it does not, the U.S. would have to commit to the costly steps of building a permanent propulsion module

that would supply the attitude control for ISS and of accelerating the life-support machinery to put it on the U.S. laboratory module instead of on the later U.S. habitation module. "This will be expensive," Goldin warned.

The third decision point arrives in 1998, Goldin testified. If the Russians are unable to supply the service module, support services such as fuel, or equipment such as two crew-rescue vehicles, then NASA will have to work with its international partners to build ISS infrastructure. This would mean a vastly altered relationship between Russia and ISS.

But Goldin noted that Russia has a great amount of valuable expertise applicable to ISS. Contrary to the perception of many, Russia has very good safety equipment. Answering a question from Subcommittee Chairman Bill Frist (R-Tenn.), Goldin said in reference to the recent fire on Mir that the Russians have better fire detection and prevention on their space station than had been planned for ISS.

He further noted that

the Russian approach to safety differs from that of the U.S. Instead of having the same system and replicating it, Russia uses different approaches to achieve redundancy. Goldin noted that when Mir's oxygen generator failed, it was backed up by devices that create oxygen as a byproduct of a chemical reaction, making the

Deutch Taking Over At OSTP?

Will the Massachusetts Institute of Technology's John Deutch, a professor of chemistry, return to public service in Washington?

Rumor has it that Deutch, who had hopes of becoming secretary of Defense after a recent tour as director of the Central Intelligence Agency, has accepted a White House post.

According to sources, Deutch may be in line to serve as the next director of the Office of Science & Technology Policy (OSTP). Deutch's selection for the OSTP job reportedly was made in January, but Deutch is said to have wanted a quiet time before moving into his next government position.

Meanwhile, Jack Gibbons, the current director of OSTP, is reported to have been running major policy issues by Deutch, who is expected to formally replace Gibbons in June or July. Earlier this year Gibbons indicated in a meeting with reporters that he would likely leave the OSTP job this summer.

Responding to the prospect of Deutch, who has previously held ranking positions at the Department of Energy as well as at DOD, taking OSTP's reins, one DOE veteran rejoiced. "That would be wonderful," he said. "He would really shake things up." An NSF official concurs that a Deutch appointment could be a net plus for the science and technology community.

Indeed, OSTP watchers say that someone of Deutch's strength is required to rejuvenate OSTP and advise the president on the science and technology needs of the nation. OSTP's role in R&D policy is perceived in some quarters as steadily being usurped by White House policy advisers such as John Podesta.

NTW attempted to speak with Deutch and Gibbons about their career plans before going to press, but neither could be reached for comment.

—MARK CRAWFORD

April 28, 1997

Dr. John H. Gibbons continues to serve as the Director of the Office of Science and Technology Policy and, as Assistant to the President for Science and Technology, continues to advise the President and the Vice President on policy and budget formulation in all matters in which science and technology are important elements. Any contemplation about his successor is premature speculation. Dr. Gibbons has indicated that he may desire to leave this post near the end of the year. When that time comes, a number of leaders in the U.S. science and technology community will be considered for this critical position.

Q&A

1) Has Jack Gibbons definitely decided to leave his post as the President's science advisor at the end of the year?

No. Dr. Gibbons has not yet reached any final decision regarding any departure plans. He has no definitive schedule. It will be his decision on the timing.

2) Was the New Technology Week article accurate in stating that John Deutch had been offered the OSTP post last January?

No. There have been no formal offers made to anyone. At the appropriate time, numerous U.S. scientific and technical leaders will be considered, and John Deutch will undoubtedly be among them.

3) Is OSTP's role "steadily being usurped by White House policy advisors?"

No. OSTP continues to play the critical role on all the important national issues that are affected by science and technology. Naturally, there is close coordination with relevant White House personnel in developing and implementing the Administration's domestic and international science, research and technology programs and policies.