

FOIA MARKER

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Subseries:

OA/ID Number: 2886
FolderID:

Folder Title:
Chronological Files: Presidential Memos

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Katie McGinty to VPOTUS re recommendation (1 page)	05/03/1993	b(6)
002. memo	Katie McGinty to VPOTUS re recommendation (1 page)	05/03/1993	b(6)

COLLECTION:

Clinton Presidential Records
Council on Environmental Quality
Kathleen "Katie" McGinty
OA/Box Number: 2886

FOLDER TITLE:

Chronological Files: Presidential Memos

2012-0769-F

kc1988

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

INVENTORY LIST FOR:
KATIE MCGINTY (through MATT GENTILE), OFFICE ON ENVIRONMENTAL
POLICY

DATE BOXED: JULY 21, 1994
BOX #002

These are miscellaneous letters to senators; CHRON FILES; CCAP
ANNOUNCEMENT.

FILES (IN ORDER):

PRESIDENTIAL MEMOS

CHRON FILE 8-93

CHRON FILE 9-93

CHRON FILE 10-93

CHRON FILE 11-93

CHRON FILE 12-93

~~CHRON FILE 1-94~~

~~CHRON FILE 2-94~~

~~CHRON FILE 3-94~~

~~CHRON FILE 3-94~~

~~CHRON FILE 4-94~~

HEARING 3-30 REFORESTATION

S-CLEAN CAR HEARING

HEARING- 6/29 SENATE ENERGY CLIMATE CHANGE

HOUSE SCIENCE- ENV. R&D

HOUSE FOR AFFAIRS-AID

CONGRESSIONAL OUTREACH

WEEKLY BRIEFINGS

HR1720 & S815

CONGRESSIONAL

NO RESPONSE NECESSARY

MICHAEL ANDREWS

GOV. CECIL ANDRUS

MEMOS TO BABBITT

BARBARA BOXER

GEORGE BROWN

JOHN BRYANT

JERRY COSTELLO

BUD CRAMER

TOM DASCHLE

PETER DEFAZIO

NORM DICKS

SAM FARR

BARNEY FRANK

CHUCH GRASSLEY

TOM HARKIN

JIMMY HAYES

TIM HUTCHINSON

SCOTT KLUG

PATRICK LEAHY

LIEBERMAN

DAVID MANN

2886
ENCLOSURES FILED OVERSIZE ATTACHMENTS

L.F. PAYNE
CLAIBORNE PELL
HARRY REID
BINGLY RICHARDSON
CHARLES SCHUMER
PHIL SHARP
TONY SOCCI
BILLY TAUZIN
BENNIE THOMPSON
BRUCE VENTO
PAUL WELLSTONE
CALIFORNIA
MINNESOTA
SENATE/HOUSE COMMITTEES
CCAP ANNOUNCEMENT:
SCHEDULING MTGS W/PRESIDENT
DAMAGE CONTROL
WAVES
LEGISLATIVE CABINET
AGENCY INVOLVEMENT
SCHEDULE
BOOTHSD/DEMOS
CCAP INVITIATIONS
VICE PRESIDENT
CCAP RECEPTION
WH SOCIAL OFFICE
EAST ROOM
BRIEFING ROOM
DISTRIBUTION LIST
MEMOS TO CATHY
GRAPHICS/PAMPHLET
THANK YOU NOTE/LETTERS
RECEPTION ON THE MALL
NATIONAL ACTION PLAN ANNOUNC

PAM'S CHRON
FILE -

(Everything has been
sent whether its printed
on WH letterhead or not)

THE WHITE HOUSE

WASHINGTON

TO: AL
FROM: KATIE
DATE: APRIL 14, 1993

This memo outlines the most likely arguments against committing to stabilization. There is only one specific argument noted -- the one raised by Commerce. I believe, however, that Commerce will be supportive.

To date, I am only sure that Jack will have problems. (Others may -- but I don't know that yet.) Jack feels that we don't know enough to commit. But, even if we knew more, he seems to think that seven years is simply too short a time frame to take action of this kind. He believes that 2015 is a safer date. Of course it is, but -- as I told him -- it also means no action. The fact of the matter is that industry will NEVER take seriously a 2015 "commitment." Moreover, we would get slammed by the environmental community. My recommendation would be that no statement at all would be preferable.

You should know that the numbers now look as though -- with full funding of the Clinton proposals -- we will get to within approximately 7% of stabilization. At the Deputies meeting we will present NAS and OTA studies that show significant reductions in emissions at little or no net cost to the economy.

I will continue to try to get a read on the players and will keep you posted.

CHRON FILE INDEX

DATE	TO	SUBJECT	STAFFER
7/11	Roy Neel	August & September Travel	Marsh
7/29	CCMG	Joint Implementation	Chupka
7/30	Paster/Panetta	Approps for the Forest Plan	Cottingham
8/12	Craig Livingstone	Permanent Clearance for Visit	Marsh
8/23	Andrea Rutledge	OEP Computers	Zwally
8/23	CCMG	Cancellation of 8/24 Mtg	Chupka
8/23	Working Grp Chrs	Fact Sheets and Q & A's	Chupka
8/25	CCMG	Cancellation of 8/26 Mtg	Chupka
8/31	Alice Honea	White House Access	Zwally
9/1	CCMG	Meeting 9/2 4:00 pm	Chupka
9/2	President	Bumpers & Pryor - Wetlands	Laughlin
9/3	CCMG	Stakeholder List	Zoi/Chupka
9/3	Bo Cutter	Conservation Funding, NAFTA	Blank
9/3	President	OEP Activity Report	Lindseth
9/8	President	Bumpers & Pryor - Wetlands	Laughlin
9/8	Bo Cutter	Conservation Funding, NAFTA	Blank
9/8	CCMG	Thursday, 9/9 Meeting	Zoi/Chupka
9/8	Vice President	EPA Budget, Talk Pts. Browner	Zoi
9/9	Frank Sobol	FOIA Requests	Lindseth
9/10	Bo Cutter	Conservation Funding, NAFTA	Blank
9/10	President	OEP Activity Report	Lindseth
9/13	President	Mtg with Enviros on NAFTA	Blank
9/14	Katie	FOIA Requests	Lindseth
9/14	CCMG	Today's CCMG Meeting	Chupka
9/14	Roy Neel	POTUS Sched for Enviro Events	Zoi
9/15	Craig Livingstone	Administrative Contact	Zwally
9/15	WH Staff	Climate Chng AP Briefings	Chupka
9/15	WH Staff	Climate Chng AP Briefings (2)	Chupka
9/16	Alice Honea	Support for OEP Interns	Zwally
9/16	CCMG	Cancellation of Today's Mtg	Chupka
9/16	Rachel Mullally	President's CCAP Announcement	Lindseth
9/16	David Watkins	Full Time Staff in OEP	Zwally
9/17	CERCLA Reauth Com	Cancellation of 9/21 Mtg	Laughlin
9/17	President	OEP Activity Report	Lindseth
9/20	Cabinet	President's CCAP	Chupka
9/20	CCMG	President's CCAP	Chupka
9/20	Roy Neel	President's Mtg w/ PCSD	Laughlin
9/20	Senior OEP Staff	Involvement PCSD Working Grps	Laughlin
9/21	Bruce Lindsey	Asst Secy of the Army, Envt	Marsh
9/21	WH Staff	President's CCAP	Chupka
9/21	Andrea Rutledge	OEP Office Space Plan	Zoi
9/22	Tony Wilson	10th Annual World Envt Cntr	Marsh
9/22	VPOTUS/Babbitt	Bolivian President Sanchez	Marsh
9/22	Vice President	Telephone Call to Gus Speth	Doniger
9/22	Vice President	Weekly Lunch with the POTUS	Zwally
9/22	CERCLA Reauth Com	Process for Future Meetings	Laughlin
9/22	Cabinet	Recommended Phone Calls PCSD	Laughlin
9/24	Bruce Lindsey	Candidates for the USDA	Marsh

9/24	Vice President	Environmental Media Awards	Zoi
9/24	President	OEP Activity Report	Lindseth
9/24	Katie	Correspondence Report	Lindseth
9/28	Wetlands Work Gp	Studds Bill	Laughlin
9/29	VPOTUS/Jack Quinn	World Bank Exec Dir position	Marsh
9/29	Vice President	Forest Service Leadership	McGinty
9/30	Torrez/Flint	Flood Control Alternatives	Stelle
10/1	President	OEP Activity Report	Lindseth
10/1	Vice President	Natl Relig Partnership Mtg	Zwally
10/5	Forest Exec Comte	Meeting 10/7, 3 pm	Stelle
10/5	Vice President	Global Enviro Education Fund	MacDonald
10/5	Bruce Lindsey	Office of Nuclear Waste Negot	Marsh
10/5	Carol Browner	Candidate for EPA Intntl Pstn	Marsh
10/6	Patsy Thomasson	OEP's Long-term Office Space	Zoi
10/6	Patsy Thomasson	722 Jackson Place	Zoi
10/6	Wetlands Work Gp	Meeting Change	Laughlin
10/7	President	Pacific Northwest Forest Updt	Stelle
10/7	Gibbons/Watson	VPOTUS Global Clim Chng Updts	McGinty
10/7	POTUS/VPOTUS	Chief of the Forest Service	McGinty
10/7	John Podesta	Executive Order Recycling	Zoi
10/8	CCMG	Climate Action Plan Briefings	Chupka
10/8	POTUS/VPOTUS	Executive Order Recycling	Zoi
10/8	Katie	Correspondence Report	Lindseth
10/8	Distribution	Federal Fleet Conversion Task	Chupka
10/8	WH Staff	New England Fishery Econ Asst	Stelle
10/8	President	OEP Activity Report	Lindseth
10/12	Vice President	Role in PCSD Meeting (10/18)	Laughlin
10/12	Roy Neel	President Mtg w/PCSD co-chrs	Laughlin
10/12	Tony Wilson	President's CCAP Announcement	Lindseth
10/12	Reike/Frampton	California Bay-Delta Issues	Stelle
10/13	WH Staff	California Bay-Delta Briefing	Stelle
10/13	Distribution	Correction - CERCLA Meeting	Laughlin
10/13	Pac Salmon Wrk Gp	Additional Briefings	Stelle
10/14	David Watkins	Blue West Wing Passes - 1 Day	Zwally
10/15	President	OEP Activity Report	Lindseth
10/15	POTUS/VPOTUS	Meeting w/ Buzzelli & Lash	Zwally
10/15	President	Status of Spotted Owl in CA	Stelle
10/18	Vice President	Climate Change AP Event Memo	Lindseth
10/18	President	Climate Change AP Event Memo	Lindseth
10/19	Distribution	Floodplain Review Meeting	Stelle
10/21	Vice President	Environmental Education Mtg	Marsh
10/21	Les Samuels	Proposed Tax - Methyl Bromide	McGinty
10/21	Lt. Lucas	Catering Request	Lindseth
10/21	Distribution	Reception - Climate Change AP	Lindseth
10/22	POTUS/VPOTUS	Option 39 in Action Plan	Chupka
10/22	President	OEP Activity Report	Lindseth
10/22	Vice President	Keystone Natl Ecosystem Mgmt	Stelle
10/25	Judith Jaffe	SES Appointment for ED, PCSD	Zwally
10/25	Nancy Hernreich	POTUS Mtg Rqst D/M JW Thomas	Marsh
10/25	Craig Livingstone	Security Clearance for Aimée	Christensn
10/26	Distribution	Wetlands Interagy Wrk Grp Mtg	Laughlin
10/26	Vice President	Takings and Private Property	Stelle
10/26	Lt. Musolino	Personnel with Access to OEP	Zwally
10/26	POTUS/VPOTUS	Your Environmental Scorecard	McGinty

10/26	All Staff	Access to CEQ for Meetings	Zwally
10/26	Gerald Torres	Takings Issues	Stelle
10/26	POTUS/VPOTUS	Recycling Executive Order	Johnson
10/27	Vice President	Natural Gas Vehicles	Chupka
10/27	John Podesta	Comments, O'Leary Memo to SSC	Marsh
10/27	The File	Designate Federal Official	Zwally
10/27	President	Mtg w/ Dr/Ms Jack Ward Thomas	Zwally
10/28	Distribution	CCAP Implementation Kick-Off	Zoi
10/29	Katie	OEP Correspondence Report	Lindseth
10/29	Betty Ubbens	Cathy Zoi's Parking Pass	Zwally
10/29	President	OEP Activity Report	Lindseth
11/1	Distribution	VP Mtg Financing Intntl Env	Marsh
11/1	Vice President	Mtg W/ Trammel Crow	Zwally
11/2	Roy Neel	Forestry and Cmty Asst Ofc	Stelle
11/2	Floodpln Mgmt TF	Proposal for Floods Mgmt Rvw	Stelle
11/3	Bo Cutter	Comments on Proposed EO	Chupka
11/3	President	EPA Cabinet Bill Markup Event	Zwally
11/3	Katie McGinty	Amendments on EPA Cabinet Leg	Chupka
11/3	WH Communications	Profile on Enviro Issues	McGinty
11/4	Distribution	All-Hands November 9 Meeting	Zoi
11/4	Bruce Lindsey	Politically Sensitive Enviro	Marsh
11/4	Cabinet Sec'ys	Forest Plan Interagency Steer	Stelle
11/5	President	OEP Activity Report	Lindseth
11/9	Gary Soucie	Definition Sustainable Develop	Marsh
11/9	Bruce Lindsey	Asst Secy of Army Civil Works	Marsh
11/9	Kieth Mason	Correspondence Gov. Voinovich	Lindseth
11/9	Mack McLarty	Environmental Policy Initiat	McGinty
11/10	McGinty et al	Dwyer Ruling on the Extension	Stelle
11/10	Cabinet	Interagency Ecosystem Mgmt TF	Stelle
11/11	Gearan/Voles	Environmental Achievements	Marsh
11/12	President	Good News on the Enviro Recrd	McGinty
11/12	Andrea Rutledge	Travel Authorization Goergen	Stelle
11/12	President	OEP Activity Report	Lindseth
11/15	Working Group	San Francisco Dredging Update	Stelle
11/15	Intragy Plcy Com	CERCLA Reauthorization Update	Breggin
11/15	Alicia Munnell	CERCLA Legislative Draft Team	Breggin
11/15	Vice President	Interagency Ecosystem Mgmt TF	Stelle
11/15	Vice President	Climate Change Interview	Chupka
11/17	President	California Smog Check Program	McGinty
11/17	President	California Environmental Issu	Stelle
11/17	Leon Fuerth	Intntl Environmental Budget	McGinty
11/18	President	Letter from Randy Young	Stelle
11/19	President	Port of Oakland Project	Stelle
11/19	President	OEP Activity Report	Lindseth
11/19	Roy Neel	Northwest Forestry Office	Stelle
11/22	Peter Yu	New England Fish	Stelle
11/22	Betsy Reike et al	California Water Issues	Stelle
11/22	Mack McLarty	Ethanol/Reformulated Gas Optn	Doniger
11/22	Distribution	CERCLA Principals Meeting	Breggin
11/23	Morrie Goodman	Communications Person Floodpl	Stelle
11/23	John Leshy	Ward Valley	Stelle
11/23	Jim Lyons	USDA Assignee to Fldpln Mgmt	Stelle
11/23	WH Staff	Private Property Movement	Marsh
11/24	Mickey Kantor	Trade Policy Review Group	McGinty

11/24	Distribution	Mitigation Banking Meeting	Laughlin
11/24	Vice President	Enviro Issues Uruguay Round	Blank
11/	-----	Floodplain Management Letter	Stelle
11/29	Steve Neuwirth	Halon Procurement	Chupka
11/29	Alicia Munnell	Superfund Reauthorization	Breggin
11/29	VPOTUS/Fuerth	Gore/Chernomyrdin Comm Nuclr	Marsh
11/30	Pac Salmon Wk Gp	Meeting Discuss Pending Iss	Stelle
11/30	Pac Salmon Wk Gp	Change of Time for 12/8 Mtg	Stelle
12/1	Tom O'Donnell	Economic Report to POTUS	Chupka
12/2	Bo Cutter	Superfund Principles Meeting	Breggin
12/2	Distribution	Prelim Mtg Salmon Issues 12/6	Stelle
12/2	Ricki Seidman	San Francisco Dredging	Stelle
12/2	Mike Espy	Northwest Timber Sales	Stelle
12/3	Keith Collins	USDA Represent Floodplain Mgt	Stelle
12/3	Vice President	Russian Action Tiger Poaching	Blank
12/3	Morgan Rees et al	Port of Oakland Dredging	Stelle
12/4	President	OEP Activity Report	Lindseth
12/5	Katie	OEP Correspondence Report	Lindseth
12/6	Distribution	Floodplain Mgmt Cmt Mtg 12/10	Stelle
12/6	POTUS/VPOTUS	Biodiversity Convention Rspns	Doniger
12/6	Thomas McLarty	Request for Telephone Call	Stelle
12/7	Distribution	404(f) Mtg Amer Forest Paper	Laughlin
12/7	Distribution	Proposed Actions Spotted Owls	Stelle
12/8	President	Federal Fleet Conversion Task	Chupka
12/8	Togo D. West	Brig Gen Gerald E. Galloway	Stelle
12/8	Tom Collier	Takings	Stelle
12/8	Vice President	Ethanol Issues	Chupka
12/8	SF Dredging Wk Gp	Meeting on the Oakland Projct	Stelle
12/8	Distribution	Cancel Wetlands Interagcy Mtg	Laughlin
12/8	President	Federal Fleet Conversion Evnt	Chupka
12/9	Rafe Pomerance	GEF Funding Issues	Lindseth
12/9	Vice President	GEF Funding Issues	Marsh
12/10	President	OEP Activity Report	Lindseth
12/10	Distribution	Meetings on Alaska, Wetlands	Laughlin
12/13	Nash/Fawbush	Comments on RCERT Plan	Stelle
12/13	V. Nightingale	Oberstar Corrsp Voyageurs NPW	Stelle
12/13	Virginia Donohue	Press Release for Bay/Delta	Stelle
12/14	John Deutch	Procurement of Halon Reserves	Chupka
12/15	Anne Stock	Holiday Receptions	Lindseth
12/15	Distribution	12/17 CCAP Implementation Mtg	Chupka
12/16	Thomas McLarty	Bennett Johnston's Ltr Ward V	Zoi
12/17	Phil Lader	Florida Evergaldes	Stelle/Zoi
12/17	President	OEP Activity Report	Lindseth
12/20	Distribution	Rescheduling Wetlands Enforcem	Laughlin
12/20	Phil Lader	Deputies Meeting and WH Opert	Zoi
12/22	Betty Ubens	Parking Pass Assignment	Zwally
12/22	President	OEP Activity Report	Lindseth
12/23	Ambassador Romero	Contractors Biological Assess	McGinty
12/28	T.J. Glauthier	Funding for GLOBE Program	Miller
12/29	Phil Lader	OEP's Agenda Setting Process	Zoi
12/30	President	Letter from Spotila/Costa Ric	Zoi
12/30	McLarty/Lader	Action on the Chair of CEQ	Zoi
1/3	Vice President	Meeting with Gus Speth	Blank
1/3	Craig Livingstone	Danielle Miller	Zwally

1/4

Vice President

Cairo Conference

Blank

March 9, 1993

DATE: March 10
LOCATION: Indian Treaty Room 476 OEOB
TIME: 8:40
FROM: Katie McGinty

I. PURPOSE:

You are meeting with Congressional delegations from Oregon, Washington, and northern California, and leadership of key committees in the Indian Treaty Room of the Old Executive Office Building to brief the delegation on the Forest Conference. The Vice President will host the briefing. The Vice President will convene the briefing at 7:45. You are scheduled to stop at 8:40, make brief remarks, and leave with the Vice President at 8:45.

II. BACKGROUND:

Before you arrive, the Vice President will announce:

1. The Conference will take place in Portland, Oregon, on Friday, April 2.
2. You and the Vice President will participate in the Conference. Secretaries Babbitt, Espy, and Reich as well as Administrator Browner will attend and be part of the Administration team preparing a comprehensive program to address the issues. Staff from Education and Commerce have also been involved to date. We are seeking broad public participation.
3. Prior to April 2, Cabinet members will make "information gathering" trips to the region. We expect that congressional members will want to accompany Cabinet Secretaries on these trips.
4. The Conference begins the process to develop a Comprehensive Northwest Forest Management Program. Tomorrow's meeting should focus only on the process leading up to the Conference and the format of the Conference itself. For your information, however, the Forest Management plan will include:
 - measures to provide immediate timber sales on Federal forest lands;
 - a long-term strategy for managing Federal forest lands

- on the west side of the Cascade Mountains; and expand displaced worker and community development assistance programs in areas dependent on Federal forest lands for timber.

5. The most important point you can make today is that there is an urgent need for all parties to pull together now to find a balanced solution to this problem.

GENERAL BACKGROUND ON FOREST PROBLEMS IN THE PACIFIC NORTHWEST

The Problem

Pacific Northwest (Oregon and Washington) and northern California forestry issues are complex and polarized. The debate has focused on the environmental and economic benefits and costs of protection of the northern spotted owl. The debate escalated with the formal listing of the owl as threatened under the Endangered Species Act. It increases in anticipation of the listing of the marbled murrelet and several species of salmon. The problem centers on how the public forest lands should be managed to address the needs of old growth forest dependent species as well as the needs of the heavily timber-reliant economies of the region.

Major concerns:

- How much old-growth forest should be protected?
- How much old growth acreage can be made available to timber production?
- How and to what extent should old growth dependant species other than the northern spotted owl be dealt with?
- How should the needs of communities affected by changes in forest management policies be addressed?

Background

- Most remaining old growth stands are on federal lands administered by the Forest Service in the Department of Agriculture (25 million acres) and the Bureau of Land Management in the Department of Interior (2.4 million acres). Old growth has been extensively cut on most private lands leading to increasingly heavy reliance on federal forests. Second growth forests on most private lands are still 15-20 years away from being of harvestable age.
- About half of all timber harvested nationwide from Forest Service lands comes from Washington and Oregon.
- Since 1989, injunctions have stopped most Forest

Service and some BLM timber sales in the region.

- Reductions in logging in the region have also occurred as a result of reductions in market demand and limitations on logging on federal lands.

Key Issues

The following issues have emerged as critical components of any resolution coming out of the conference process.

- Ancient forest protection: The establishment of forest preserves as a means of ensuring protection of the remaining old growth forests in the region may provide part of a solution.
- Ecosystem management: The anticipated Endangered Species Act (ESA) listing of a number of other old growth dependent species which have been affected by timbering activities (e.g. marbled murrelet and several species of salmon) suggests the need for management strategies that focus on maintaining the integrity of the forest ecosystem as a whole rather than isolated individual species. Ecosystem management is likely to have greater long-term efficacy than a species-by-species or stand-by-stand approach.
- Implications for management of other forest lands: The extent to which efforts to resolve this issue will affect management of private forest land in the region should be considered. Federal ESA listings require landowners to avoid "taking" listed species or destroying their habitat.
- Timber supply: A reasonable degree of certainty with respect to future timber supply is essential to timber industry investment decisions. Timber interests are concerned over both absolute quantities as well as the reliability of a constant timber supply. They are also concerned that appeals and litigation may limit availability of timber.
- Worker Assistance: Worker assistance strategies should be included in any resolution to being developed: retraining, education and new resource-related employment such as watershed restoration are potential elements that should be considered.
- Community assistance: Community development in the affected region will address economic diversification and investment in rural development to ease the transition away from dependence on a single resource.

III. PARTICIPANTS

THE VICE PRESIDENT

KATIE MCGINTY

MARLA ROMASH

DAVID COTTINGHAM, OEP

INVITED CONGRESSIONAL DELEGATION

OREGON:

Mark Hatfield (R)

Bob Packwood (R)

Peter DeFazio

Elizabeth Furse

Mike Kopetski

Bob Smith (R)

Ron Wyden

WASHINGTON

Slade Gorton (R)

Patty Murray

Maria Cantwell

Norm Dicks

Jennifer Dunn (R)

Tom Foley

Jay Inslee

Mike Kreidler

Jim McDermott

Al Swift

Jolene Unsoeld

CALIFORNIA

Barbara Boxer

Dianne Feinstein

John Doolittle (R)

Vic Fazio

Dan Hamburg

Wally Herger (R)

Robert Matsui

George Miller

Lynn Woolsey

House of Representatives

Merchant Marine and Fisheries Committee

Gerry Studds, Chair

Jack Fields, Ranking Minority

Jim Saxton, Ranking Minority, Subcommittee on Env. and Natural Resources

Agriculture Committee

Kika de la Garza, Chair

Pat Roberts, Ranking Minority

Charles Rose, Chair, Subcommittee on Crops and Forestry

Tom Lewis, Ranking Minority, Subcommittee

Natural Resources Committee

George Miller, Chair

Don Young, Ranking Minority

Bruce Vento, Subcommittee on Natl Parks & Public Lands

Jim Hansen, Ranking Minority

Senate

George Mitchell, Majority Leader

Energy and Natural Resources Committee

Bennett Johnston, Chair

Malcolm Wallop, Ranking

Dale Bumpers, Chair, Subcommittee on Nat'l Parks and Forests

Frank Murkowski, Ranking, Subcommittee

Agriculture, Nutrition, and Forestry

Patrick Leahy, Chair

Richard Lugar, Ranking

Tom Daschle, Chair, Subcommittee on Forestry

Larry Craig, Ranking, Subcommittee on Forestry

Environment and Public Works

Max Baucus, Chair

John Chafee, Ranking

IV. PRESS PLAN

Closed press. A press release will follow the meeting.

V. SEQUENCE OF EVENTS

7:45-8:00 Coffee and general conversation. The Vice President will begin the meeting

8:00-8:10 Vice President will announce the date, location, and format of Forest conference.

8:10-8:40 Questions and Answers for the Vice President

8:40 You drop by to make brief remarks on importance of
 conference process.

8:45 You adjourn meeting and leave with the Vice
 President

VI. REMARKS

Talking points attached.

Attachment 1: Talking points
Attachment 2: Potential questions and recommended answers the
 Vice President may be asked.
Attachment 3: Chronology of major events regarding forest-
 spotted owl activities

TALKING POINTS

- o We have witnesses gridlock on this issue for too long. The result is that both the environment and the communities in the region have suffered. It's time to move forward.
- o We need your assistance to organize the Conference. We welcome input and advice. We want to work closely with you as we approach the Summit and in the follow-up to it.
- o As you all know better than me, there certainly are no magic solutions here.

However, we will work hard -- with your help -- to produce a plan to resolve this crisis. I believe that our plan must include:

- a comprehensive and scientifically sound approach to managing Federal forest lands; and

- certainty for mill owners who have had their timber supply cut off;

- sound protection of areas of important ecological significance.

- new jobs and expanded economic

opportunity for those communities that
have been so hard hit by the gridlock
of the last 12 years.

- o Working together, I believe we can
produce a plan that will resolve this
long-standing issue.

ATTACHMENT 2: QUESTIONS AND ANSWERS

Anticipated Questions from Congressional Delegation on Forest Conference:

Q: How will Congress be involved?

A: This has been and will continue to be an inclusive process. During the transition and up to this time, we have had an extensive outreach effort underway to ensure that all interested parties will be involved. You have been enormously helpful to date and we look forward to your continued input and involvement as we proceed.

Q: Where and when will the site visits take place and how can I, as a Congressperson from the region, be involved?

A: We have yet to finalize exact details related to location of the site visits. Between now and April 2, Cabinet members will visit each of the three states to speak with residents of forest dependent communities, local environmental leaders and industry representatives. These fact finding missions will allow us to develop a better understanding of the complexities on this issue. It will also enable us to reach out to the communities most affected by this issue, allowing them to share in the difficult decisions which lie ahead. Again, we welcome your advice on times and locations, and I am certain that Cabinet members would welcome your participation in these visits.

Q: What will be the outcome of the Conference?

A: At this time we do not have a magic solution. I have already directed the secretaries of Interior, Agriculture, Commerce and Labor to begin gathering information that will lead to a comprehensive regional forest management strategy which includes worker and community development components.

Q: Will legislation be required?

A: Our White House and Agency advisers are currently reviewing this issue. It is not yet clear to us the extent to which this matter can be done administratively and what will need legislation. With or without legislation this Conference will lead to the development of a long-term forest management strategy which is consistent with land management and wildlife protection statutes as well as based on the best available scientific information.

Q: Who should we contact if we wish to give input on the structure and participants at the Conference?

A: The White House Office on Environmental Policy will be coordinating this effort. We are committed to working with Congress throughout the process and will look forward to your suggestions.

MEMORANDUM FOR: Forest Conference Executive Committee

FROM: Katie McGinty
Director, Office on Environmental Policy

SUBJECT: Forest Service Litigation -- Court Papers
Being Filed

SUMMARY

On Thursday, May 7, the Justice Department will file the government's response Judge William Dwyer's order to prepare an environmental impact statement (EIS) on the Forest Service regional guidelines on northern spotted owls. The government's brief will indicate that the Forest Service and Bureau of Land Management (BLM) we are going to prepare an EIS on the Administration's comprehensive forest ecosystem management plan. Completing the EIS and National Forest Management Act (NFMA) process will take until the late fall at the earliest. Therefore, under this scenario, neither the Forest Service nor BLM are likely to hold timber sales until late 1993 or early 1994 [without relief from Congress].

We are forced to go this route to comply with the National Environmental Policy Act (NEPA) and NFMA. Judge Dwyer is not likely to remove injunctions to future timber sales until the Administration complies with these statutes. Furthermore, I view preparation of an EIS as insurance in case Congress does not pass legislation providing relief from these laws.

People interested in harvesting timber from Federal lands quickly, notably some members of Congress, timber industry, county officials, and labor leaders, will view this as an indication that the Administration is not responding quickly to the timber supply situation. Expect criticism.

The Sierra Club Legal Defense Fund, attorney for plaintiffs in several of the court cases, supports the Administration preparing an EIS on the Administration's comprehensive forest management program.

BACKGROUND

Environmental groups have obtained court injunctions stopping most timber sales on Forest Service and BLM lands on the west side of the Cascades in Oregon, Washington, and northern California. The injunctions have been based on, among other things, the lack of the forest Service and BLM to prepare adequate EISs on their programs' effects on northern spotted owls.

Judge Dwyer has repeatedly ruled in favor of environmental groups. He has expressed frustration over Forest Service failure to prepare

EISs. Last August, he found that the Forest Service EIS on its management guidelines for northern spotted owls did not meet the "viability standard" of the NFMA. He ordered the Forest Service to prepare an EIS by August 1993 to address compliance with that standard. The Forest Service commissioned the Scientific Assessment Team report to determine the scientific requirements of the "viability standard". It has not issued a Draft EIS.

TENTATIVE SCHEDULE

MAY 7 Administration announces its intention to prepare an EIS on comprehensive forest management plan.

Justice Department files papers in Seattle District Court providing schedule.

Forest Service and BLM NEPA teams begin work with Forest Ecosystem Assessment Working Group to prepare DEIS.

JUNE 1 Cabinet officials submit Forest Ecosystem and Social/Economic reports to President. Administration officials begin work with key Congressional committees on legislative package to enact proposal.

15 President announces proposal to public and Congress.

Congress begins holding hearings.

JULY 1 **Forest Service and BLM distribute DEIS and begin 90 day comment period.**

Congressional hearings continue. Target for passing legislation is before August recess.

OCT 1 **Public comment period ends**

NOV 1 Forest Service and BLM distribute FEIS.

DEC 1 Forest Service and BLM issue Record of Decision (ROD).

Forest Service and BLM announce areas to be offered for sale. NFMA-required appeal process (3 months) prior to actually holding sale

We will indicate that the Forest Service and Bureau of Land Management will distribute a draft programmatic EIS by July XX, 1993. The agencies will accept public comments on the EIS

MEMORANDUM FOR THE VICE PRESIDENT

FROM KATIE MCGINTY

SUBJECT COUNTERPOINTS TO ENVIRONMENTALISTS' ATTACK ON
FOREST MANAGEMENT

In an article in this morning's Washington Post, environmentalists attacked a forest management option that the Forest Conference Executive Committee is considering. The thrust of the article is that the Administration favors logging over all other aspects of forest conservation.

From a strategic point of view, the article plays into our hands of presenting a balanced approach. We are proposing to reduce harvest on Federal lands by 74 percent, designate approximately 11 million acres as forest and watershed reserves (some of which will have limited logging), and provide what the scientists say is high viability for protecting spotted owls and murrelets.

Specific points the environmentalists criticized the Administration on are:

1. New emphasis on watershed protection rather than focussing on owl habitat.

RESPONSE: The best way to implement "ecosystem management" is to base planning on natural features like watersheds. We are trying to avoid degradation of habitat for salmon and other species which are in trouble. The reserve system in option 9 includes most previously designated owl habitat. All options we are considering have "high" viability rates for owls.

2. Some logging would be permitted in old-growth stands within owl preserves; reserves should be "inviolable."

RESPONSE: The reserves are based on watersheds. Not all tree stands in the reserves are old growth. In the coast ranges, no harvesting will occur in stands older than 80 years within designated reserves -- the old-growth is off limits in these areas. In the forests on the western slope of the Cascades, at least 50 percent of the area will be maintained as old growth. (70% of total old growth will be in reserves. However, 50% of harvest will be from old-growth, most of it not in the reserves.)

3. "Adaptive management" are little more than social experiments for "local control" as favored by the Wise Use

movement.

RESPONSE: We are proposing 10 adaptive management areas in different physiographic regions. We propose to have local involvement in how those lands are managed, and the research and monitoring programs that will be conducted. Communities would have input; they would not control the areas.

4. Insulation of the plan from legal challenge is unacceptable.

RESPONSE: We have never proposed to insulate the plan from legal challenge. We are proposing to have Congress designate the proposed program as the regional guide. Environmentalists, counties, or industry could challenge it.

We are proceeding with all appropriate administrative remedies to implement the proposed plan -- preparing public notices and an environmental impact statement. Completing this process will prevent the Forest Service or BLM from holding timber sales until next summer, at the earliest. Many mills and communities will run out of timber supplies before then.

5. This is "political science, not biological science."

RESPONSE: The scientific team in Portland produced this option as a better way to meet conflicting social and biological needs. It is biologically sound. It provides very good "viability ratings" (likelihood that a species will remain viable throughout its range) for key species: spotted owls -- high; marbled murrelets -- medium high; and at-risk fish -- medium high.

February 11, 1993

MEMORANDUM TO THE PRESIDENT

FROM THE VICE PRESIDENT

SUBJECT: PROPOSED ETHANOL REGULATIONS

Per your request, this memorandum reports on the current status of the proposed rulemaking for reformulated gas pursuant to the 1990 Clean Air Act requirements. Late yesterday, agreement was reached among the agencies to release OMBs hold on the rule. It will now be published in the Federal Register for comment.

BACKGROUND:

You will recall that this rule was proposed by President Bush in the final stages of the campaign in an attempt to gain the support of farm states. Ethanol interests had argued that EPAs proposed rules for reformulated gas would exclude their participation in the program and deny them a share in the market for reformulated fuels that would be created by the Clean Air Act requirements. Environmentalists, methanol interests and the oil industry countered that (1) special provisions for ethanol would undermine a painstakingly negotiated compromise on this issue to which the ethanol was a party and had signed off on; (2) special provisions (a "waiver") for ethanol would violate the Clean Air Act; (3) a waiver for ethanol would undermine the environmental benefits of the reformulated gas provisions of the Clean Air Act because ethanol increases the evaporative emissions of smog-forming chemicals from gasoline.

OUR ACTIONS TO DATE

The ethanol rule was held by OMB along with all other pending proposed rulemakings. On January 29, 1993, Administrator Browner released the rule. She noted that it was only a proposed rule; that the release did not amount to an endorsement; and that this action was being taken in order for EPA to meet a court-imposed March 15 deadline for issuance of a proposed rule. All options, including ultimate withdrawal of the rule, were retained.

Several agencies (including Transportation and Energy) raised strong concerns about Administrator Browner's action because of their own strong belief that the rule -- for the reasons cited above -- is seriously flawed. On the basis of these concerns, OMB acted to hold the rule once again.

At the same time, farm state Senators were pressing hard for a release of the rule.

Because the rule is only proposed for comment at this point and because it was made clear that the release was not an endorsement, but merely an effort to receive comment to inform further action, at my direction and at Leon Panetta's request, Katie McGinty worked with the agencies to encourage them to release the rule. Late yesterday, agreement was reached and the rule will be published -- with appropriate disclaimer -- for comment. This action does not solve this problem, but it will give Administrator Browner the opportunity to study the problem and develop a solution. A final rule is required under court-order by September 1993.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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001. memo	Katie McGinty to VPOTUS re recommendation (1 page)	05/03/1993	b(6)
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COLLECTION:

Clinton Presidential Records
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Chronological Files: Presidential Memos

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RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

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RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

TO: The Vice President
FROM: Katie McGinty
DATE: February 23, 1993
RE: Meeting with Environmental Ministers of Eastern Europe

I. PURPOSE OF THEIR VISIT

You are meeting today with the Environmental Ministers from Eastern Europe and the former Soviet Union, who are in Washington, D.C. to develop concrete steps to address the overwhelming ecological crisis of Eastern Europe through both effective self help and cooperation with older democracies. The ministers issued The White Oak Statement in Washington, D.C. on February 22 calling for an Environmental Information Exchange System, including a "green" telephone "hotline", collaboration on national environmental legislation and standards, as well as on interstate and transboundary problems, and support of Regional Environmental Agreements. See attached list of participants.

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- * The reliance in the past 45 years on production targets, overemphasis on development of heavy industry, and lack of investment in pollution prevention and control are the major contributing factors to the pervasive environmental problems in the region.

III. CURRENT U.S. EFFORTS IN CENTRAL AND EASTERN EUROPE

- * USAID's Environmental Initiatives Program promotes policy and price reform, encourages privatization and adoption by the private sector of efficient and environmentally sound technology.
- * Improved Public Sector Environmental Services provides technical assistance and training to improve the environmental quality in Central and Eastern Europe and to strengthen government's capacity to provide public sector environment services in the region.

IV. INVITATION TO LUCERNE

- * You should be aware that you have been invited to a pan-European conference to be held in Lucerne in the near future. Participants of the conference will be the European Environmental Ministers. They will be discussing cooperative environmental efforts between East and West. We have declined the invitation, but we are trying to schedule for Carol Browner.

TALKING POINTS:

- * Discuss generally the priority of the environment.
- * Discuss Eastern European environmental problems.
- * Mention our ongoing efforts.
- * Look forward to further cooperation.
- * Ask their ideas and suggestions.

JUNE 15, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: KATIE MCGINTY

SUBJECT: CALLS TO MEMBERS ON FOREST CONFERENCE FOLLOW UP

You are meeting later today regarding forest conference follow up with Hatfield, and Dicks and DeFazio. In order that other members not feel excluded from this consultation process, Howard Paster and I advise that you make calls to several key members in advance of that meeting. THESE MEMBERS ARE: FOLEY, MILLER, LEAHY, AND dela GARZA.

Talking points follow. Also attached is a copy of your briefing memo for the meeting this afternoon. This includes background, and the status of our work to produce the Forest Management Plan.

- o My staff received the reports of the three working groups¹ on June 2. The staff is synthesizing the reports and preparing an options paper for me.
- o My decision space is severely constrained as a result of the forest management policies which have been pursued over the last decade. I recently learned of the over-estimation of the timber base on the Forest Service Lands (up to 40% over-estimation on some forests). The range of timber output that is possible while complying with the law is very limited.
- o Compared to historical highs, I anticipate significant reductions in timber flow from federal lands.

¹ The three working groups are: 1) an Ecosystem Management Assessment Team to evaluate forest management options and their economic impacts; 2) a Labor and Community Assistance Team, exploring economic development and assistance proposals; 3) an Agency Coordination Team, examining ways to improve interagency collaboration, particularly for implementation of forest management policies.

- o I will be proposing a labor community assistance package that builds on existing programs in providing assistance to the families, businesses and communities affected by an economic transition.
- o If there was one thing that was made clear at the Forest Conference, it was that maintaining the status quo is unacceptable.
- o Timber flows are likely to be low, but they will be reliable.
- o I will be looking for your help to implement this package as quickly as possible. I want to have the Forest Service and BLM hold timber sales as soon as possible.
- o Katie McGinty's office will contact you very soon regarding the specifics of our proposed program.

June 11, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: KATIE MCGINTY

RE: THE PRESIDENT'S COUNCIL ON SUSTAINABLE
DEVELOPMENT

I. BACKGROUND:

At the Rio Earth Summit held last June, the nations of the world announced their intentions to promote sustainable development as a means to increase both economic performance and environmental progress. One tangible result of the Summit was the Agenda 21 document, a blueprint for action on issues of sustainable development.

At the first anniversary of the Earth Summit, you have an opportunity to reemphasize and revisit the issues raised in Rio. On one front, the US is obligated to provide to the UN reports on our progress toward the goals outlined in Agenda 21. But more importantly, we should view this anniversary as an opportunity to promote bold environmental leadership throughout the world, leadership that President Bush abdicated last year. Other nations, including members of the EC, are currently stalled in moving forward on Agenda 21. US leadership is badly needed on the world stage to encourage nations to recognize the link between the economy and the environment.

II. ACTION:

Your establishment of the President's Council on Sustainable Development will help us fulfill both our domestic obligations to Agenda 21 and provide evidence to the international community of our nation's commitment to sustainable development.

The Council's 25 members ¹, representing industrial, environmental, governmental, and not-for-profit organizations will strive to improve the dialogue and inter-action between the Government and the public, and between the numerous agencies within this Administration related to sustainable development.

¹ At the moment, there are actually 24 members and one vacant slot on the Council. One of the prospective Council members withdrew this week. (Disney Corporation withdrew because of a concern about the possibility of a perceived conflict of interest). We will fill the slot shortly after you establish the Council on Monday.

The Council will be responsible for the following:

- o Develop specific policy recommendations for a national strategy for sustainable development that can be implemented by the public and private sectors;
- o Respond to the recommendations in Agenda 21 and help ensure its US implementation;
- o Sponsor projects that demonstrate and test the Council's recommendations;
- o Recognize outstanding sustainable development opportunities through an annual Presidential award;
- o Educate the public about the far-reaching opportunities in sustainable development.

III. STRUCTURE:

You have already approved the membership of the Council's twenty-five members. Each member will be present on June 14, 1993 for the national announcement of the PCSD.

The Council will identify a series of issues of national importance related to sustainable development. Although the Council members will have discretion as to the selection of the issues to be addressed, direction will be provided by the OEP. We will particularly look toward demonstrating the synergy between economic progress and environmental protection.

The PCSD will create and direct National Committees to address these specific issues. Like the Council, each committee will be comprised of industrial, environmental, and governmental representatives, primarily those agency members with direct responsibility for regulating the issue in question. The Committees' primary responsibility will be to gather information and recommend actions. These recommendations will come in the form of a report which will help guide us as we develop our policies related to the requirements of Agenda 21, and will serve as important tools for the policy makers in each agency. By including agency participation at all levels of the committee, the reports will serve as practical hands-on policy documents.

The Committees will also employ "grassroots" task forces as a means to gather and disseminate localized information and to reach out to regional constituencies. Congressional, state and local governments, local businesses, religious and civic leaders, educators, and environmental and community group representatives would be directly involved. As you demonstrated in the Northwest Forest Conference, local broad based support and encouragement is essential in developing national policies.

III. STRATEGIC PLAN:

The tentative schedule for the PCSD:

- * The Council will be composed of twenty-five members who will represent industry, environmental, governmental, and not-for-profit organizations who have experience in matters of sustainable development. **The Council will meet quarterly. The committees and task forces will meet throughout the year as necessary.**
- * The Council will formulate a very **broad strategy by December 31, 1993**, at which time it will be reported to the United Nations.
- * The Council will release a more **defined (interim) strategy by June 1, 1994.**
- * The Council will release a **preliminary refined report on the strategy including demonstration projects by June 14, 1995.**
- * The Council will **sponsor demonstration projects and conduct outreach on an ongoing basis.**
- * The Council will release a **final report related to the strategy including the demonstration projects by December 31, 1995.**

COMPARISON OF FOREST MANAGEMENT IN ARKANSAS
AND THE PACIFIC NORTHWEST

MARCH 31, 1993

Forest Condition

The forests of Arkansas consist mainly of pine and mixed hardwoods. There are three national forests in Arkansas -- the Ouachita National Forest -- 1.6 million acres; the Ozark -- 1.5 million acres; and the St. Francis -- 30,000 acres. Most of the timber on these lands had been previously harvested.

The national forests of the Pacific Northwest and northern California were created from the public domain. There are 13 National Forests in Oregon and 6 in Washington, for a total of 25 million acres. Typically, these lands remained in public ownership because they were in higher elevation areas, often with steep slopes and poor access -- i.e., their value for agriculture and/or timber production was limited.

Following is a brief comparison of key characteristics of the national forest lands in Arkansas and the Pacific Northwest:

National Forest Land Base:

In Arkansas, 7.4% of the state is in National Forest land. In the Northwest, 23.3% of Oregon and Washington are National Forest (25% of Oregon and 21% of Washington)

Acreage Harvested:

Arkansas, 1991.....	10,635 acres.....	72 acres clearcut
1992.....	33,740 acres.....	15 acres clearcut
Oregon & Washington, 1991....	243,764 acres....	20.4% clearcut
1992....	149,920 acres....	19.6% clearcut

Percentage of National Forest Land Available For Harvest:

Arkansas.....	71.8%
Oregon & Washington.....	37.5%

Forest Management Issues

A number of similar forest management issues have arisen on the Ouachita and the national forests in the Pacific NW. A

discussion of these provides insight into the similarities and differences between the forests in these regions and the issues affecting them.

Wilderness: Of the 1.6 million acres of forested land on the Ouachita, 41,732 have been designated for inclusion in the National Wilderness Preservation System. In Oregon and Washington, 5.6 million acres - an area over three times the size of the Ouachita Forest - has been designated as wilderness. In both regions, designation came after much debate and bitter struggle between commodity, recreation, and environmental interests.

Clearcutting: Clearcutting has been the primary means of harvesting Douglas-fir forests in the Pacific NW. It is an economical means of harvesting timber in the region. However, it is also understood to be the most ecologically harmful method -- particularly on the steep slopes that are characteristic of the PNW terrain.

The Ouachita clearcutting is now limited and will be eliminated. In the Pacific NW, limitations on clearcutting have also been proposed. Indeed, at the end of the Bush Administration - in light of the spotlight that was focused on our forest management practices during the Rio Earth Summit -- President Bush pledged to eliminate clearcutting on national forests.

Forest Species Conversion: A strongly contested issue in the Ouachita has been the conversion of mixed pine/hardwood stands to all pine after harvest. This practice produces monoculture pine plantations which reduces the diversity of the forest stand and associated animal species. Stand conversion has been accomplished traditionally through clearcutting then burning the remaining slash and planting the site. However, by agreement with interested parties, the Forest Service has made a commitment to attempt to recreate the pine/hardwood mix in future harvesting activities. In fact the Ouachita is the lead forest in the region for attempting to implement ecosystem management on the national forests.

In the Pacific NW, stand conversion has degraded the health of the ecosystem. In the case of national forests on the east side on the Cascade Mountains, for example, species not normally associated with these forests have been planted and have contributed to significant forest health concerns.

It is interesting to note that the viability requirement of the National Forest Management Act (NFMA) -- the basis for current injunctions against Forest Service timber harvests in Oregon and Washington -- were the result of concern for the conversion of forests in the Southeast following timber harvests.)

Lands suitable for timber production:

Less than half of the Ouachita NF is suitable timber production (735,000 of the 1.6 million acres). The same is true for the national forest in Oregon and Washington -- 11 million of the 24.7 million acres is considered suitable for timber.

Public timber is the sole source of material for many mills in rural communities in Oregon and Washington. In contrast, private timberlands are the primary source of timber for mills in Arkansas.

Red-cockaded woodpecker and the northern spotted owl: The red-cockaded woodpecker is to the loblolly pine forests of the Southeast what the northern spotted owl is to the Pacific NW. Both species are listed for protection under the Endangered Species Act and both inhabit late successional or old-growth forest ecosystems. The management strategy for protecting both, at least to date, is also similar -- placing harvest restrictions around known nesting sites to limit or minimize disturbance to the bird. There are few red-cockaded woodpecker colonies on the Ouachita at present, so logging restrictions to protect the bird there are limited.

To: Al

From: Katie

Re: Meeting with Prime Minister Bruntland

Interest in this meeting is quite strong in the environmental community. The issues however are complex and I would recommend that you avoid definitive statements at this time. Specifically, Bruntland will argue that the IWC was intended to be a organization to manage whaling. NGO's, however, are trying to convert it to an organization to ban whaling. The weight of the scientific evidence is that some species (i.e. minke) have recovered sufficiently to be safely harvested. The question is whether moral/ethical considerations should lead us to keep the full moratorium in place. This opens a Pandora's box of issues regarding the scope and intent of the IWC as well as other environmental agreements such as CITES and even our own Endangered Species Act.

-- You should urge Bruntland to try to resolve this issue within the IWC rather than pulling out and acting unilaterally.

-- As to whether we can support her position, you should say that we will undertake a policy review at the highest level immediately and will keep her apprised of our position as it evolves prior to the May 1993 IWC meeting. (Note that the Deputy Chairman of the IWC has called for an extraordinary meeting of interested commissioners in mid-February, so there is considerable pressure on us to define our position soon).

-- You should make clear to her the intense domestic pressure the Administration faces to take a hard line here -- especially in light of the strength of the Bush Administration position on this.

Recent History:

1) John Knauss (Administrator of NOAA and our IWC Commissioner) met with Norwegian officials on Dec. 16 to discuss US concerns with Norway's intention to resume commercial whaling. The US expressed specific concern about Norway acting unilaterally without IWC permission.

Bush has certified Norway under the Pelly amendment (stating that both Norway's excessive "research" whaling and intention to whale commercially diminished the effectiveness of the IWC), and sent Bruntland a letter this month reiterating the US concerns. However, the US has yet to invoke trade or other sanctions.

2) As Norway and Iceland prepare to enter the EC, there is growing consensus among EC nations that whaling would violate EC laws. The British Foreign Office has indicated that Norway would not be allowed into the EC if it sold whale meat, which the EC would take to be a violation of CITES.

3) NGOs are pushing for consideration of a whale sanctuary in Antarctica. This idea will be put forward by France and Australia at the May 1993 IWC meeting in Kyoto. The US has been generally supportive of this idea, if more so to use as a bargaining block against Japan than for love of Antarctic whales. Japan has been whaling for "scientific" purposes off McMurdo Sound for some years now and are vehemently opposed to this sanctuary.

The IWC has requested written comments from member states on the sanctuary by Jan 30. NOAA is collecting these comments and would like to hear from the new Administration on this issue. If they do not hear, they will press ahead with support for the sanctuary.

4) Russia - Rumor has it that the new IWC delegate from Russia will not come from the Fisheries department, but from the Environment dept. There is some hope that Alexy Yablokov will be the Russian delegate. This will mean good things for the US positions at the IWC meetings; Russia, previously sympathetic to Iceland, Norway and Japan may now abandon its support for revised management of whale stocks.

5) More on Japan -- Japan would like to see the following happen at the IWC meeting.

- o abandonment of the Antarctic whale sanctuary idea.

- o new lenient quotas on small coastal whaling and small cetaceans. Japan believes it should be allowed some coastal whaling quotas for aboriginal purposes but since some of the meat is sold in Japanese villages, that kind of small coastal whaling is considered commercial under the IWC and hence falls under the moratorium.

- o revised management procedures on monitoring and enforcement of whale quotas. I.e. the limited taking of whales for commercial purposes.

6) There is new support among NGOs and the non-whaling nations that the IWC should address non-lethal uses of whales as part of a sustainable use of living resources scheme. Sylvia Earle spoke eloquently to this as an avid whale watcher. NGOs have been trying to prove that a whale is worth more alive for whale watching trips than dead for meat (I don't know the exact figures).

7) As scientific evidence continues to mount that whaling may be possible at low, sustainable levels for some species (i.e. minke), NGOs are asking the IWC to address the preservation of whale for ethical reasons. In order to continue a complete moratorium on whaling, ethical reasons will most likely have to be used for justification. This of course raises that whole slippery slope argument -- what about aboriginal whaling? (allowed now under the IWC); is whaling any more cruel than a slaughterhouse, etc, you get the picture. Also there are likely ramifications for CITES as well. IF developed nations are so quick to move away from

scientific evidence in the whaling case, what if elephant populations make a comeback, or tigers, or alligators or whatever? Does signing CITES condemn a nation to always preserving once endangered animals no matter what their eventual number?

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FROM: Katie McGinty
DATE: February 23, 1993
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FOLDER TITLE:

Chronological Files: Presidential Memos

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RESTRICTION CODES

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- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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- b(1) National security classified information [(b)(1) of the FOIA]
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- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

February 11, 1993

MEMORANDUM TO THE PRESIDENT

FROM THE VICE PRESIDENT

SUBJECT: PROPOSED ETHANOL REGULATIONS

Per your request, this memorandum reports on the current status of the proposed rulemaking for reformulated gas pursuant to the 1990 Clean Air Act requirements. Late yesterday, agreement was reached among the agencies to release OMBs hold on the rule. It will now be published in the Federal Register for comment.

BACKGROUND:

You will recall that this rule was proposed by President Bush in the final stages of the campaign in an attempt to gain the support of farm states. Ethanol interests had argued that EPAs proposed rules for reformulated gas would exclude their participation in the program and deny them a share in the market for reformulated fuels that would be created by the Clean Air Act requirements. Environmentalists, methanol interests and the oil industry countered that (1) special provisions for ethanol would undermine a painstakingly negotiated compromise on this issue to which the ethanol was a party and had signed off on; (2) special provisions (a "waiver") for ethanol would violate the Clean Air Act; (3) a waiver for ethanol would undermine the environmental benefits of the reformulated gas provisions of the Clean Air Act because ethanol increases the evaporative emissions of smog-forming chemicals from gasoline.

OUR ACTIONS TO DATE

The ethanol rule was held by OMB along with all other pending proposed rulemakings. On January 29, 1993, Administrator Browner released the rule. She noted that it was only a proposed rule; that the release did not amount to an endorsement; and that this action was being taken in order for EPA to meet a court-imposed March 15 deadline for issuance of a proposed rule. All options, including ultimate withdrawal of the rule, were retained.

Several agencies (including Transportation and Energy) raised strong concerns about Administrator Browner's action because of their own strong belief that the rule -- for the reasons cited above -- is seriously flawed. On the basis of these concerns, OMB acted to hold the rule once again.

At the same time, farm state Senators were pressing hard for a release of the rule.

Because the rule is only proposed for comment at this point and because it was made clear that the release was not an endorsement, but merely an effort to receive comment to inform further action, at my direction and at Leon Panetta's request, Katie McGinty worked with the agencies to encourage them to release the rule. Late yesterday, agreement was reached and the rule will be published -- with appropriate disclaimer -- for comment. This action does not solve this problem, but it will give Administrator Browner the opportunity to study the problem and develop a solution. A final rule is required under court-order by September 1993.

The nations of the world came together at the Earth Summit in Rio last June, a landmark event capturing the spirit and enthusiasm of people around the world to challenge the global environmental crisis we face. It was truly a turning point in history.

Here in the United States, we also are at a turning point, moving away from the false choices and short-sighted policies that for too long guided American action, or more often, inaction. For too long we were told that we have to choose between the economy and the environment, between our jobs and the health of our communities. President Clinton instead is offering leadership and vision, recognizing that economic growth demands environmental protection, that protecting the environment can create jobs. There are clear signs of America's renewed commitment.

On Earth Day 1993, President Clinton announced his intention to sign the Biodiversity Treaty after working with business and environmental leaders to strengthen and clarify portions of the treaty. Last year, at the Earth Summit, the U.S. acknowledged the treaty's problems but walked away from them. This year, with President Clinton's leadership, we solved them. Now the U.S. will be part of a strategy to protect the miraculous diversity of plant and animal life all across the planet.

One recent example makes the point. A tree that was thought to have no value, the Pacific Yew, used to be bulldozed and burned. Now we know that tree contains one of our most promising potential cures for certain forms of cancer. We cannot walk away from challenges like those presented by the Biodiversity Treaty. We must step up to them.

We also must take the lead in addressing the challenge of global warming. President Clinton and I are committed to reducing our nation's emissions of greenhouse gases to their 1990 levels by the year 2000. And we've committed to producing a cost-effective plan by the end of the summer that will enable us to continue the trend of reduced emissions. This must be, President Clinton said, a clarion call, not for more bureaucracy or regulation, but instead for American ingenuity and creativity.

President Clinton and I seek to bring a new spirit to these difficult issues. In an era of global economics and global environmental hazards, a central challenge of our time is to promote our national interest in relation to the rest of the world. We share our atmosphere, our planet, our destiny with all the peoples of this world. Finally, our government is acting to fulfill that challenge.

THE WHITE HOUSE

WASHINGTON

March 8, 1993

MEMORANDUM FOR THE VICE PRESIDENT

FROM: KATIE MCGINTY

SUBJECT: MEETING TODAY WITH EDGAR WOOLARD OF DUPONT

You will be meeting today with Edgar Woolard, Chairman of the Board of DuPont, regarding CFC phase out in the federal government. You need to discuss possible changes in procurement policy and your commitment to seeing that the General Services Administration and other federal agencies can prepare for the Montreal Protocol deadline of a 1995 CFC production ban.

1) Woolard recently let our office know that the folks at the General Services Administration asked Dupont to supply CFC's for needs which DuPont suspects are intended to meet government requirements beyond the year 2000. They believe that the government does not have adequate plans in place for CFC conversion nor has the government committed the necessary funds for the retrofit of existing equipment that will be needed.

2) However, to some degree, there is action within the federal government on this front. In Section 613 of the Clean Air Act Amendments, EPA was to issue regulations stating that federal agencies must modify their procurement policies to minimize the use of products made with ozone depleting chemicals by April 1, 1993. The final regs are due in October of 1993. The regulations will state that each department agency and instrumentality of the United States must certify to OMB by October of 1994 that their procurement guidelines have been modified to:

- (1) Give preference to the use of alternative chemicals, product substitutes, and alternative manufacturing processes; and
- (2) minimize the use of materials and substances which contribute to the depletion of stratospheric ozone.

Federal procurement is in general governed by the Federal Acquisition Regulation (FAR) - a comprehensive procurement statement for the entire federal government. The FAR is prepared, issued and maintained jointly by the Secretary of Defense, the Administrator of GSA and the Administrator of NASA. EPA's regs would apply to each agency that implements the FAR.

THE WHITE HOUSE

WASHINGTON

However, some industrious staff level folks in the Office on Procurement Policy at OMB got the idea that an amendment to the FAR, not just regulations that change the implementation of the FAR for each agency, would speed up the change in procurement by six months or so by complementing the EPA regs. (The EPA regs would start in Oct 1993 -- if they are finalized by that time -- while the OMB policy letter amendment to FAR would go into effect 30 days after issuance of the letter -- which could be as soon as we wanted.) This move would send a strong message that we are committed at the White House level to CFC federal procurement. However, this policy letter is bogged down by some higher ups at OMB who believe that:

- (1) EPA should be let alone to issue these regs
- (2) The policy letter does not mention "a balancing of regulatory costs and benefits." The letter says that it is the policy of the Federal government that agencies minimize the use of ozone depleting substances and give preference to the use of alternative chemicals. The OMB folks think that this letter makes "broad statements of Federal policy ... without consideration of economic factors". Of course, we could easily modify this policy letter to address this concern.

The question then becomes whether we want to work with OMB, GSA and EPA to broker this kind of policy letter to speed up the phaseout. (EPA folks would love to do it.) EPA also tells me that DOD and GSA have started issuing internal regulations to provide direction on phasing out the use of ozone-eaters in new equipment acquisition and in HVAC repair.

- 3) I do not believe that Woolard is aware of this OMB policy letter. You should explore with Woolard what his suggestions and thoughts are on it, and what he believes we can do to help the federal government move away from CFC use.

THE WHITE HOUSE

WASHINGTON

March 1, 1993

MEMORANDUM FOR PUBLIC LIASON OFFICE

FROM: KATIE MCGINTY, ENVIRONMENTAL POLICY OFFICE

SUBJECT: ECONOMIC PACKAGE

I wanted to take this opportunity to apprise you of the some of the unsolicited comments this office has been receiving regarding the economic package. We've also attached some talking points that we prepared for the President that may be helpful for you in your outreach programs. Please let us know what else this office can do to help all of you.

ENVIRONMENTAL INTEREST GROUPS:

Overall, environmental groups have been strongly supportive of the President's plan. Prior to the announcement of the economic package, our office coordinated a meeting between the major environmental leaders, the Vice President and the President to talk about environmental elements of the plan. Of the overall package, the National Wildlife Federation's President Jay Hair said, "I've spent more time visiting the President and Vice President in the last two weeks than in the last 12 years. Environmentalists are welcome again at the White House." (NWF Press Release, 2-18-93) Some specific programs of support include:

-- **Energy tax.** Reaction to this proposal has been overwhelmingly positive. The American Council for an Energy Efficient Economy said, "President Clinton's energy tax proposal makes sense from and economic as well as environmental perspective. The energy tax will lower the federal budget deficit and prompt some consumers to increase energy efficiency and save energy. This in turn will reduce polluting emissions associated with energy use and reduce our dependence on imported oil. We support the energy tax and the budget priorities in the President's economic package." (ACEEE, Feb 18, 1993) Other environmental groups have also praised the tax as a good way to spur more energy conservation. Some environmental groups have called for an even higher tax.

-- **Public lands.** Another point of the package that environmental groups appreciate are the increased fees for cattle grazing on public lands, increased fees for hardrock mineral claims on public lands (currently miners can lay claim to mineral holdings

on federal lands at as little as \$2.50 an acre), and phase-out of below cost timber sales in national forests (it costs more to build roads and operate timber extraction programs than is received in timber receipts in many of our national forests). The Sierra Club said, "The package also cuts the government welfare programs for the mining, grazing, and timber industries, which will reduce the deficit and protect America's magnificent public lands from exploitation." (Sierra Press Release, 2-18-93).

-- **Energy efficiency.** The stimulus package contains additional money for EPA's voluntary energy efficiency partnerships with businesses, and the long term investment package adds considerable funds to renewable energy resources and conservation strategies. Both are supported by all major environmental groups.

-- **Nuclear fission research and development phaseout.** Many environmental groups such as Friends of the Earth, Public Citizen, Sierra Club, and US PIRG support the phaseout of funds for non-viable nuclear power research. The same groups have called for a further reduction in nuclear power research and development at currently existing plants and a move to shut down uranium enrichment programs, which they feel are too environmentally dangerous.

INDUSTRY GROUPS

On the whole, this office has not received many comments from industry on the package, with the exception of the energy tax. Your office may be receiving comments directly from industries such as the mining industry in the West which is opposed to increased mining fees. We will keep you apprised of industry positions as we learn of them.

-- **Energy Tax.** Industry reaction has been mixed. The large petroleum producers disagree with the decision to add a larger surcharge to oil than other fuels. However, some oil companies such as ARCO have tentatively come out in support of the overall package and tax plan. The National Economic Council is receiving many comments on this tax and they are coordinating further development of tax options and outreach with affected industries.

February 16, 1992

MEMORANDUM FOR THE PRESIDENT

FROM KATIE MCGINTY

SUBJECT: ENVIRONMENTAL ELEMENTS OF THE ECONOMIC PLAN

The initiatives included in the plan embody a central tenet of the campaign -- environmental protection and economic growth are not conflicting but complementary goals. The investments that are identified in the plan will benefit the environment, create jobs and lay the groundwork for long-term economic growth.

CLEAN WATER PROJECTS: EPA and the States have estimated that expenditures of over \$110 billion on wastewater treatment construction will be needed by 2010 to meet national water quality standards. The failure to meet those standards exacts an environmental, human health, and economic toll. In 1989 and 1990, for example, there were over 2400 beach closings in 10 states. Billions in tourism, boating, and fishing dollars were lost. In addition, at any given time, some 40-50% of the nation's shellfish beds are closed due to pollution, and nearly every coastal and Great Lakes State has advisories warning against the consumption of many types of fish. Addressing these problems therefore makes economic sense. And these programs create good jobs. Most estimates suggest that every \$1 billion clean water investment creates 50-60,000 jobs. In at least part of the program (the Drinking Water Initiative), we will also begin to address the pressing problem of lead contamination of water resources by beginning to remove the old lead-soldered pipes that are significant contributors to this problem.

Specific Initiatives:

- o **Watershed Resource Restoration Grants** -- provides \$47M in 1993 BA; 30M for 1994; 50M 1995-1997.

- o **Clean Water State Revolving Funds** -- provides \$2 billion per year to fund projects that emphasize addressing storm water problems. \$1.2 billion in 1994; 2.7 billion 1994 -1997.

- o **Wastewater State Revolving Fund** -- provides \$845M in 1993. Note that this may be controversial because the extra infusion of money in 1993 completes the Federal obligation to this program. The positive side is that we are paying our final

installment one year earlier than required by statute. The negative side (from the States' perspective) is that this is the final federal contribution. The Fund will essentially be required to revolve from 1994 on.

- o **Drinking Water State Revolving Fund** -- \$1 billion per year is provided to help municipalities comply with Safe Drinking Water act Requirements.

ENERGY EFFICIENCY: To protect the environment; to improve our balance of trade; to ensure our national security, enhanced energy efficiency should be a national priority. Energy efficiency programs create significant numbers of skilled and unskilled jobs and are a stimulus to the creation of new technologies.

Specific Initiatives:

- o **Energy Tax** -- The specific design of this tax will not only encourage overall energy efficiency, but it will encourage the use of less polluting fuels. By stimulating energy conservation, the tax will cut U.S. energy use by 1.4% in the year 2000. This is equivalent to the energy consumed by 100 power plants. The tax will also cause emissions of volatile organic compounds, carbon monoxide and nitrogen oxides -- the most significant contributors to urban smog -- to fall by 9,800, 89,000 and 11,000 tons per year, respectively. This is equivalent to taking 75,000 to 26,000 older, highly polluting cars off the road. Even further emissions reductions will be achieved in the utility sector. And, by reducing oil imports (oil imports are expected to decrease by 350,000 barrels per day), we will also reduce oil shipments and the danger of oil spills.

- o **Weatherization Grants** -- Increase funding by \$47M in 1993 to help States weatherize homes of lower income households and create jobs quickly. (460M over 1994-1998 baseline).

- o **Federal Energy Efficiency** -- The Federal government is one of the worst offenders in terms of energy waste and inefficiency. A 1991 OTA study shows, for example, that the federal government could easily cut more than 25% of its present energy use. Cost-effective investments in federal buildings, for example, would have a short pay-back period (2-3 years) and -- once implemented -- would save \$1 billion per year in energy outlays. Increase funding for DOE in-house energy management and Federal Energy Management Program Activities (by 13 million in FY 93 and \$292 million over FY94-98 baseline). Government-wide, the buildings energy conservation program would increase by \$94 million in FY 1994 and a total of \$1.4 billion over baseline between FY 94-98.

o **Conservation and renewables** -- A package of 1.9 billion over 1994-98 for renewable energy and conservation R&D, most of which is intended for implementation of the Energy Policy Act of 1992 is included. The increased funding will be distributed roughly equally among four major program areas: solar, renewable energy, industrial and buildings, and transportation R&D. The funds will not only accelerate development of cost-effective technologies in each of those areas, but will also promote the increased exports of these technologies. The stimulus package includes an initiative for "Model Projects" in Industrial and Energy Conservation that will make available \$19 million in 1993 for cost-shared federal funding for model projects that demonstrate or accelerate the commercial acceptance of advanced energy saving technologies and products.

o **Alternatively Fueled Vehicles** -- Converting as large a portion of the 550,000 vehicle federal fleet as is practicably feasible to operate on alternative fuels such as natural gas should provide a significant market stimulus to trigger both mass vehicle production by auto manufacturers and construction of refueling infrastructure by power providers. The purchase and/or conversion of gasoline powered vehicles in the federal fleet will be funded at levels of \$28 million in FY93.

o **EPA voluntary green programs** -- During the past two years the EPA has launched a number of highly successful pollution prevention and energy conservation programs. These programs have several things in common: they are voluntary, they are profitable, and they are partnerships between the private sector and the federal government. These include the "Green Lights" program in which corporations, with EPA's technical assistance, install energy efficient lighting, and the "Energy Star" program that enlists computer manufacturers to make super efficient office workstations and personal computers. These programs will receive a \$23 million budget as part of the FY93 stimulus -- nearly a quintupling of current funding levels. (15M in FY94; 25M FY 95-97).

NATURAL RESOURCES PROTECTION: Our National Parks and Forests are suffering significant wear and tear. The National Park Service, for example, has a daunting \$2 billion backlog of facility maintenance and repair needs. Attending to these needs will preserve our natural heritage and will create skilled and unskilled jobs. Importantly, prioritizing our efforts on this front also affords an opportunity to bring inner-city youth into our natural areas.

Specific Initiatives:

o **Enhanced Natural Resource Protection and Environmental Infrastructure** -- \$349M in FY93; \$160M in FY94 will be invested in roads to ensure high quality and safe visitor experiences in parks and on public lands; in trail maintenance and in riparian repair activities.

o Note that there are several controversial elements in this package of initiatives as well. The increased grazing fee; hardrock mining holding fees; increased recreation fees; irrigation water surcharges; and the phaseout of below-cost timber sales that are proposed as part of the investment and budget reduction portions of the plan will be strongly resisted especially in the West.

February 16, 1992

MEMORANDUM FOR THE PRESIDENT

FROM KATIE MCGINTY

SUBJECT: Talking Points on Economic Package for Trip

o Energy Efficiency

- Weatherization programs will get an additional \$50 million in FY 1993. States will be required to match federal funds to gain a grant. With these funds, 62,5000 additional homes will be weatherized.

- The Energy Policy Act of 1992 required new research programs and demonstrations commercialization of renewable and conservation technologies. The package includes a total of \$1.4 billion in funding above the baseline for these projects.

- An initiative for "Model Projects" in Industrial and Energy Conservation will make available \$20 million in cost-shared federal funding for model projects that demonstrate or accelerate the commercial acceptance of advanced energy saving technologies and products.

- The Administration will spend nearly \$2 billion between FY 94-97 to increase energy efficiency in federal buildings.

o Alternative Fueled Vehicles

- The purchase and/or conversion of gasoline powered vehicles in the federal fleet will be funded at levels of \$30 million.

o Natural resources protection:

- Implementation of a federal irrigation water surcharge. This proposal would authorize a per acre-foot surcharge on water sales to reclamation projects throughout the West. Revenue from the surcharge would be deposited into a special fund for use in mitigating irrigation-caused adverse impacts on fish and wildlife. (Save \$15M)

- An increase in grazing fees on federal land (Save \$35 M). The exact amounts to be raised will be negotiated with DOI and USDA.

- An initiative to permanently extend hardrock mining holding fees and royalties will save \$357M. This is an extension of last year's legislation passed by Congress that authorized a \$100 per claim holding fee on all hardrock claims on Federal lands (previously only \$2-\$5 was needed to buy the claim) for one year -- now the Administration would like to permanently extend the fee. The Administration is seeking the extension of this law as well as a 12.5% royalty fee on all minerals discovered/extracted.

- phaseout below-cost timber sales to save \$28 million. The exact forests have not been designated, but any forest with a three-year run of below cost timber sales is likely to be targeted. The phaseout will be stretched over three years.

o EPA stimulus projects:

- Expand EPA voluntary green programs \$23M: These include the "Green Lights" program to install energy efficient lighting in corporations and the "Energy Star" computers, a line of energy efficient computers.

- Watershed Resource Restoration \$47 M
- Wastewater Treatment SRF \$845M

o Environmental Infrastructure:

- In USDA, \$188M and DOI, \$349M for enviro infrastructure such as trail building, parks, etc.

o International

Climate Change Country Studies to implement Framework Convention on Climate Change: \$12.5 million in FY'94

Montreal Protocol Fund: \$28.5 million in FY'94

Global Environment Facility: \$50 million in FY'94

Forests for the Future: \$150 million in FY'94

Population: thru AID and UNPF: \$400-500 million in FY'94

UNEP: 22 million

o OTHER

USDA

- Increase Rural Water and Wastewater Loans by \$470 million
- Increase Funds for Watershed Projects \$47 million
- Rural Development Administration loans \$1.1 billion
- Forest for the Future \$30 M
- Tree Planting \$41M
- National Research Initiative on food safety & sustainable ag - \$30 M
- Forestry Research Initiatives \$20
- Wetlands Reserve Program - maintained at levels of \$373 for FY 94

DOI

- Historic Preservation funding \$23 M

EPA

- Drinking water SRF \$600 M
- Clean Water SRF \$1,200M
- Completion of Wastewater Treatment Grants \$1.9 B in savings
- Increase Private sector financing of Superfund \$109 M

July 22, 1993

RECOMMENDED TELEPHONE CALL

TO: MEG THOMAS (WIFE OF JACK WARD THOMAS)

DATE: WITHIN THE NEXT WEEK OR TWO

RECOMMENDED BY: KATIE MCGINTY

PURPOSE:

I would like to request that a phone call be placed as soon as possible to Meg Thomas; Meg is the wife of Jack Ward Thomas, the Forest Service scientist who led our scientific team's efforts in producing a forest management plan for the Pacific Northwest.

BACKGROUND:

Meg is dying of cancer. Jack has not spent as much time with her as I know he wanted to because of all his work on the forest management plan. (In fact, for the past 3 months he has lived away from his home ... spending full time with the forest management team in Portland.) A call to Meg expressing your gratitude to her for all Jack's work and her support would be very much appreciated.

(You should also know that Jack has been at the forefront of efforts in the Reagan and Bush Administrations to develop a sound forest managements strategy. Those efforts were consistently undermined by previous Administrations. In addition, Jack has been the subject of repeated death threats because of his work in this area.)

TOPICS OF DISCUSSION:

- o I wanted to let you know how much I appreciate you and your husband's efforts for us. I know this has been a hard time for us all, and especially for your family.
- o Your efforts and support have meant a great deal to me. Through all the long hours and difficult times, we've come up with a plan that I am extremely proud of.

Everyone involved in this effort can be proud of the progress we have made. I wanted to thank you personally as well, knowing what a trying time it has been for you and Jack. I want you to know that your husband's leadership -- and your own sacrifices -- were essential to our success.

o Mrs. Clinton and I are praying for you and know God is with you during this time.

CONTACT PERSON AND
TELEPHONE NUMBER:

Meg Thomas (503) 963-4739

DATE OF SUBMISSION:

July 22, 1993

ACTION:

To: President Clinton
From: Vice President Gore
Re: Environment, Energy and Natural Resource Initiatives
2-2-93

Per your request, this memorandum describes initiatives in the environment, energy and natural resource areas. Many of these initiatives have important, positive economic consequences. Others are important in signaling a shift in policy from the previous Administration.

I. INFRASTRUCTURE INVESTMENTS:

These proposals embody a central tenet of the campaign -- that environmental protection and economic growth are not conflicting but complementary goals. The investments we have identified will benefit the environment, create jobs and lay the groundwork for long-term economic growth.

A. Clean Water Projects:

o EPA and the states have estimated that expenditures of over \$110 billion on wastewater treatment construction will be needed by 2010 to meet national water quality standards. The failure to meet those standards is currently exacting a significant economic cost -- particularly on coastal communities. In 1989 and 1990, there were over 2400 beach closings in 10 states. Billions in tourism, boating, and fishing dollars were lost. In addition, at any given time, some 40-50% of the nation's shellfish beds are closed due to pollution, and nearly every coastal and Great Lakes state has advisories warning against the consumption of many types of fish because of their dangerous levels of contamination. Investments in improving this situation therefore make sound economic sense. Importantly, investments in these types of projects also promise strong job-creation benefits. Focusing on these initiatives also offers us the opportunity to begin to address the number one environmental health threat facing our children: water- and air-borne lead.

Jobs: According to one estimate, the total number of jobs generated from the expenditure of \$1 billion on water and sewer projects is **at least 34,000 and could be as high as 57,000.**

Costs: \$2.7 billion per year starting in FY 93.

B. Energy Efficiency Initiative:"ENERGY EFFICIENCY 2000"

To protect the environment; to improve our balance of trade; to ensure our national security, enhanced energy efficiency should be a national priority. Focusing on energy efficiency improvements will also prove to be a stimulus to the production of new technologies. **The President should launch an initiative - challenging the private sector and government -- to make**

America the most efficient country in the world by the year 2000.
Some initiatives that can help us get there:

o **EPA's Energy Efficiency and Pollution Prevention Programs:** During the past two years the Global Change Division in EPA's Air Office has launched a number of highly successful pollution prevention programs. These programs have several things in common: they are **voluntary**, they are **profitable**, and they are **partnerships** between the private sector and the federal government.

Jobs will be created by these programs in four ways:

- (1) direct jobs for implementing the programs (energy auditors, etc);
- (2) indirect jobs attributable to accelerated investments made by companies in new lighting, heating, ventilation, building materials and other equipment;
- (3) saved resources re-channelled for new investment rather than fuel and energy production; and
- (4) jobs related to expanded exports in energy efficiency.

These EPA programs include:

* *GREEN LIGHTS* is a voluntary program for installing energy efficient lighting whenever it is profitable. Green Lights currently enrolls some 750 corporations and is limited not by the interest of additional corporations across America in the program or in the expertise EPA can provide, but in the staff needed to market and help get implementation started. With an increase in resources, EPA will be able significantly to augment its marketing and sales effort, intensify its implementation assistance, and launch new auditing and technical programs in the areas outlined above.

Jobs: EPA estimates 26,400 jobs can be created.

Cost: \$15,000,000

* *The ENERGY PRODUCTIVITY BRANCH* consists of a series of programs including Energy Star Buildings, Computers, and Residential (e.g. "Golden Carrot") Programs aimed at increasing the productivity of energy systems wherever profitable. Like Green Lights, these efforts are primarily limited by EPA's ability to support efforts in new technology areas with demonstrated potential-- not by the private sector's willingness to sign partnership agreements.

Jobs: EPA estimates that 3,700 jobs can be created.

Cost: \$20,000,000

* *ENERGY AUDITORS* - This program will support Green Lights and Energy Star Buildings by **training workers in transition and minorities** to conduct audits for Green Lights and Energy Star Buildings in order to increase market capture and future energy reductions and job creation. At the present time most organizations have no idea that they could cut their energy expenditures in half (at a payback of less than 3-5 years). To fill this information void, energy auditors are needed who can survey and assess installed equipment and educate businesses and residential owners about other equipment options. This initiative proposes to offer training for energy auditors in major metropolitan areas, tied to EPA's programs so that profitable investments are made.

Jobs: EPA estimates that 8,200 jobs can be created.

Cost: \$10,000,000

* *JOB CREATION THROUGH PRODUCTIVE USE OF METHANE* - Since methane has energy value, methane evaporation means energy waste. Lack of motivation and know-how, as well as institutional obstacles, have presented this resource from achieving effective utilization. The methane programs will seek to capture profitably this "lost energy":

- o Coal Mines - the programs will be aimed at generating methane capture in Appalachia during coal mining and then fully exploit this resource so that jobs equal to half of the current coal mining jobs are created extracting methane.

- o Natural Gas Star - a voluntary program with industry that aims at accelerating investments to reduce pipeline leaks and increase exports to the former Soviet Union of this technology.

- o Agricultural Wastes - a program with the objective of accelerating farmer utilization of waste as an energy source by investing in collection systems and generators and/or absorption refrigeration.

- o Livestock - will aim at partitioning carbon to useful products (milk and meat) by nutritional supplements and/or range improvements.

- o Landfills - will aim at helping small communities meet local energy demands and the need for acceptable landfilling by creating a recovery industry profitable for these communities.

Jobs: EPA estimates that 12,000 jobs can be created.

Cost: \$8,000,000

NOTE that ALL of these EPA programs could be further expanded on FY '94 to achieve further savings and job creation. (EPA estimates that the programs could be fully effective if supported at 3% of EPA's resources or \$150 million.) Note also that future job creation maybe more significant because the greatest benefits will stem from reinvesting profits from energy savings.

o **State and Local Assistance Programs:** These programs provide federal funding for state and local energy efficiency services to low-income households, non-profit schools and hospitals, municipalities, small businesses and farmers. The programs are proven winners -- they save energy and create jobs. Each 100 million spent on SLAP will create approximately 4,000 new jobs. They often get squeezed in the appropriations process, however, and many worthy projects go unfunded.

Cost: Increase appropriations by \$150 million in FY 93; \$200 million in FY 94; \$300 million in FY 95; and \$350 million in FY 96 and thereafter.

o **Federal Energy Management:** The federal government is one of the worst offenders in terms of energy waste and inefficiency. A 1991 OTA study shows, for example, that the federal government could easily cut more than 25% of its present energy use. Cost-effective investments in federal buildings, for example, would have a short pay-back period (2-3 years), and -- once implemented -- would save \$1 billion per year in energy outlays.

Cost: Supplemental appropriations for the Federal Energy Efficiency Fund of \$25 million in FY 93 and appropriations of \$100 million in FY 94, \$200 million in FY 95, \$300 million in FY 96 and thereafter.

o **Federal Energy Use Executive Order:** In early 1991, President Bush issued Executive Order 12759, which was designed to strengthen Federal energy management efforts by requiring agencies to seek to reduce facility energy use by 20% in 2000 (from 1985 levels), reduce fuel use in Federal vehicles by 10% in 1995 (from 1990 levels), accelerate their procurement of alternative fuel vehicles and use life cycle costing methods in procuring energy using products, among other directives. While a significant step forward, the Executive Order was viewed by many as too general, and not sufficiently aggressive in several areas.

There are a number of important opportunities for this Administration to further strengthen Federal energy management efforts through the early issuance of a new Executive order.

-- Require all agencies to budget at least 5 percent of their annual facility energy costs for efficiency investments and energy management training (this would exceed \$200 million annually, compared to FY 93 expenditures of \$120 million and early peak in annual investments of approximately \$250 million). [Agencies should be permitted to include in their total efficiency investments funds made by energy performance contractors and utilities.]

-- Increase the 2000 energy reduction goal to 25% and establish a 30 % reduction goal for 2005.

-- Require all agencies to establish centralized expertise on energy performance contracting and to solicit bids for at least one energy performance contract annually.

Cost: No significant budgetary impact anticipated.

o **Energy Technology Initiative:** The Department of Energy should be directed to develop a process to use objective criteria to compare competing energy investments to determine the portfolio of energy investments that will reduce oil vulnerability, encourage economic growth, and promote environmental protection in the most cost-effective manner possible. The Department of Energy should be further directed to vigorously encourage public participation in this priority setting process through a series of public hearings across the Nation. The public will also be given the opportunity to review and comment on the Department's analysis of competing energy investments. The active participation of the American people is a crucial element in developing the consensus necessary to forge an effective National energy policy. This should not be a one-time effort. The Energy Technology Initiative will institutionalize this analytical approach to determining energy technology investment priorities at the Department of Energy. This process will be incorporated into the formulation of the Department annual budget submission. The Secretary will prepare an annual report on the status of the Energy Technology Initiative beginning with the submission of the fiscal year 1996 budget.

C. High Speed Rail:

Putting People First states that "we will rebuild America and develop the world's best communication, transportation and environmental systems...We will focus on four critical areas...[The first is] transportation, including...creation of a high-speed rail network linking our major cities and commercial hubs...".

Aside from its obvious economic benefits, an efficient high-speed rail network is an environmental priority. By reducing automobile and airport use, such a network can greatly reduce vehicle congestion in our major intercity corridors, thereby conserving energy and reducing air pollution.

Experts have advised us that improvements to the Northeast Corridor and other heavily-traveled sections of the existing Amtrak network would permit tilt-trains to operate at high-speeds with both diesel and electrified power. With adequate system improvements, operating speeds (now 80-100 mph) could be increased to 125 - 140 mph in those corridors with the greatest air quality problems and automobile congestion. Increased outlays would be targeted at track straightening, bridge clearances, better signalization, elimination of grade crossings and electrification.

Costs: Amtrak's capital budget would be increased by \$150 million in FY 93 and by up to \$400 million in subsequent years.

D. Natural Gas:

Natural gas is a low-cost, clean-burning fuel. Supplies are largely domestic or from secure North American producers. Several initiatives could be undertaken in order to spur increased natural gas use:

o **Federal Fleets:** Converting as large a portion of the 550,000 vehicle federal fleet as is practicably feasibly to operate on natural gas should provide a significant market stimulus to trigger both mass vehicle production by auto manufacturers and construction of refueling infrastructure by power providers. It has been estimated that extensive use of vehicular natural gas in fleet vehicles (there are approximately 14 million public and private fleet vehicles) would increase annual natural gas consumption by roughly 1.6 trillion cubic feet, adding about \$3 billion in gross national output and producing an estimated 50,000 to 75,000 additional jobs in gas-producing states. Oil import reductions of some 14% are also estimated, which would have the attendant benefit of improving the balance of trade by \$5.8 billion.

It should be noted, here, however, that ethanol, methanol, and electric vehicle interests will resist exclusive promotion of natural gas vehicles -- as opposed to other alternatively fueled vehicles. In addition, it could be argued that it is unwise for the federal government, in essence, to choose natural gas as the "winner" in the alternative fuel experiment that we are just launching.

Costs: Accelerating the purchase of alternatively fueled

vehicles in place of new conventional vehicles by one year from the mandates contained in the Energy Policy Act of 1992 would require funding of approximately \$35 million in FY 93 and \$45 million in FY 94.

o **New Natural Gas Pipelines:** New natural gas pipeline development and certification has become a bottleneck to increased natural gas usage in some regions. To address this situation, an executive order could be issued directing the FERC to initiate a rulemaking on natural gas pipeline certification. Care would, of course, need to be given to ensure that eminent domain powers would in no way be abused in acquiring the right-of-way for pipelines and that private property rights would fully be respected.

Cost: No significant budget impact is anticipated.

E. Environmental Infrastructure:

o **National Park Service.** The NPS has a daunting \$2 billion backlog of facility maintenance and repair needs. The recent storm in the Northeast caused \$6 million in damage and funds could be used for structural repairs at Cape Cod and Fire Island National Seashore, Gateway National Recreation Area, Ellis Island, and Minute Man National Historic Park. Additionally, other projects such as rehabilitating employee housing at Grand Canyon, the electrical system at Yosemite, and the bathhouse row at Hot Springs National Park (Arkansas) are illustrative of the problems facing the parks' decaying infrastructure.

Jobs: 1,800

Costs: \$73 million

o **Urban Park and Recreation Grants.** Grants can be targeted to renovating existing facilities or providing innovative recreation programs such as night basketball for "youth at risk." In FY 1992, NPS received requests over two times available funding. Several examples of the 62 projects funded last year include an evening co-ed team sports league in Los Angeles for youth 13-18; an entrepreneur leadership program for teens at risk in Durham, NC; and a cultural arts program for youth in Danville, VA. This funding could also be targeted to similar type programs, as well as repair and rehabilitation of urban recreation infrastructure.

Jobs: 1,400 jobs

Costs: \$50 million

o **Indian Reservations.** Because many Indian reservations

are isolated rural areas, good roads are critical to economic development. The majority of reservation roads are not paved and often impassable.

Jobs: 1,200 jobs

Costs: \$76 million

o **Regional Restoration**

-- Western Oregon: Due to court injunctions on logging and sawmill operations, regional unemployment and family displacement are serious problems. A total of \$19 million will enable BLM to hire 1,460 laborers for three month's summer employment in Columbia, Coos, Douglas and Klamath counties. In the area of road maintenance, approximately 85 bridges will be repaired and 300 miles of bituminous roads will be sealed. To help restore the natural forest resource, 41,500 acres will be reforested through precommercial thinning and other practices, reducing the backlog of reforestation work by 80%.

Jobs: 1,460

Costs: \$19 million

-- Wetlands Restoration: Since 1987, the FWS has worked with private landowners to restore over 175,000 acres of wetlands nationwide. This involved more than 1100 contracts with primarily small, rural based private construction enterprises. There is currently a backlog of approximately 85,000 acres of restoration opportunity involving over 2000 private landowners. Consistent with your pledge to protect wetlands and to use federal programs to encourage environmentally-conscious use of private lands, the funding would initiate habitat improvement projects in all 50 states.

Jobs: 714

Costs: \$51 million

II. FEDERAL PROCUREMENT OF RECYCLED COMMODITIES

Communities across the country are eager to participate in recycling initiatives. Too often however, those communities are forced either to send carefully separated materials to the landfill or to abandon their projects altogether. The primary bottleneck here is the lack of end markets for the post-consumer materials that have been collected.

Federal government purchases currently account for about 7-8% of GNP. Increased federal procurement of recycled products

would therefore create a significant market for post-consumer materials and send a strong signal to manufacturers that their investments in re-manufacturing equipment will be rewarded. In most cases, use of recycled materials, as opposed to virgin materials, saves energy, water and reduces pollution from manufacturing operations. (For example, dioxins are not created when recycled -- as opposed to virgin -- fibers are used.)

Note here that it has been incumbent upon EPA since the passage of RCRA in 1976 to undertake this type of initiative. Bureaucratic inertia and Reagan/Bush administration opposition to environmental initiatives have prevented progress.

Costs: This initiative should be structured so that recycled commodities are procured in preference to those manufactured from virgin materials as long as the cost of the recycled good is within 10% of the virgin good. Outlays here therefore would at most be 10% more than normal procurement expenditures.

III. WHITE HOUSE CONFERENCE ON ENVIRONMENTAL TECHNOLOGIES

New, cleaner and more efficient process technologies are essential if we are to improve our competitiveness. In addition, a huge new market is emerging for environmentally sound products and services. Currently estimated at some \$200 billion per year, the environmental technology industry is one of the fastest growing sectors of the domestic and international economy. Estimates of the potential global demand for environmental products and services range as high as \$600 billion over the next 10 years. This is a market we cannot afford to lose.

Domestic envirotech businesses face significant obstacles to growth, however. Many are small to medium sized companies which are less able than well capitalized and nationally supported foreign competitors to make the investment required to develop business abroad. In addition, they often lack information about promising market abroad while regulatory requirements have thwarted the introduction and use of new technologies here at home.

A White House Conference on Environmental Technologies early on in the administration would signal the Administration's understanding of the importance of these industries. In addition, if the Conference were designed as a joint initiative of CEQ and OSTP the link we would like to make between the business, technology and environmental communities could be demonstrated. Moreover, if all relevant agencies -- State, Aid, Treasury, Commerce, Labor, in addition to EPA and DOE, etc. -- participated, important, but less evident, issues could be

identified and discussed. For example:

- o Our competitors station attaches in their embassies who are familiar with the technologies of their envirotech industries. The result is that their firms are often the first in line to bid on important projects. Shouldn't we do the same? (Note here that Administrator Reilly tried to undertake a similar initiative by offering to loan appropriate personnel. State Department, however, has not been receptive).

- o While the economies of the major industrial countries have been stagnant or in decline, developing countries have experienced record growth. These countries already account for some 35% of our exports. How can our embassies in those countries be of assistance to our envirotech businesses? What resources does AID have that could be of use here? How should we conduct the negotiations that are called for in the Rio agreements so that the technology cooperation provisions of those agreements will offer opportunity for US interests?

- o Current EPA regulations define "best available technologies" in a way that often precludes the use of new and innovative technologies. Shouldn't we take a look at those regs to see if a more flexible approach could be identified? (Note that this openness could send an important signal to business that the new administration's will to work with them in order to achieve environmental objectives in an economically sound manner).

- o Federal dollars are tight. How can private dollars be leveraged to provide needed investment capital (and to slow the current sale of technologies to foreign investors)?

Cost: No significant budget impact expected.

IV. INTERNATIONAL ENVIRONMENTAL INITIATIVES

A. The Climate Convention

As you know, President Bush, alone among industrial country leaders, refused to commit to stabilizing emissions of carbon dioxide at 1990 levels by the year 2000. You embraced this commitment during the campaign, however. We are presented with two opportunities very early on in the Administration to affirm this commitment. First, pursuant to the terms of the treaty, we are obligated to produce an action plan on climate change 6 months after the treaty comes into full force and effect. In Rio, President Bush accelerated our commitment and promised to produce the plan in January -- 6 months after signature of the treaty. A draft action plan has been prepared. However, it has

been severely criticized both within the Administration (EPA has been harshly critical of it, saying that it will not achieve meaningful reductions in emissions) and by the environmental community. The plan has been published in the Federal Register and is open to public comment.

The new Administration should undertake a serious re-evaluation of this plan and institute a process by which to produce a plan that not only will achieve meaningful reductions, but will in fact, result in a stabilization of emissions.

Second, the parties to the Convention will meet again in March. The new Administration should take advantage of this meeting to affirm its commitment to the international community -- and to secure their re-affirmed commitment in return.

Cost: No significant budget impact of producing action plan or participating in international negotiations. Analyses differ with respect to the cost of actually achieving stabilization in the US. Some project significant costs while others (such as EPA) show that stabilization could be accomplished with net positive impact on GNP. The menu of policy options that are chosen as part of the plan obviously will be determinative, and top priority can and should be given to those options that can be done at a profit.

B. Biodiversity

o **The Biodiversity Convention:** As we have discussed, this convention, as finally negotiated, is flawed. Problems arise with regard to the intellectual property provisions of the treaty and with regard to the financing mechanism that has been devised. These problems are not, however, insurmountable. And, a reversal of Bush Administration policy here would send an unmistakable signal that the US was serious about securing -- once again -- a leadership role on international environmental issues.

As we have also discussed, I believe it is imperative to the well-being of the US biotech industry that we find a way to fix the flaws in this treaty and to sign-on to it. Because of the way President Bush handled these negotiations, US researchers are now being shut out of some third world countries. Venezuela, for example, has suspended research agreements with several US institutions. Moreover, the Conference of Parties to the treaty will undertake an effort to craft international regulations concerning genetically modified organisms. We must have a seat at those negotiations to ensure that those regulations are based upon the best science and that they will not unduly or unfairly hamper the US biotech industry.

The new Administration should, therefore, express unequivocally its intention to work with the Conference of the Parties to address the problems that prevented our signature. Simultaneously, an effort should be undertaken with other major industrial countries -- such as the UK, Switzerland, France, Germany, etc. -- to come to a common understanding on these issues. (I understand that these countries -- having signed the treaty -- now face obstacles in ratifying it because of concerns their own biotech companies are now raising. They therefore should be amenable to our efforts). And outreach with the US biotech industry should be begun in order to develop a position that they are comfortable with and that is protective of their interests.

Cost: No significant budget impact expected.

o **Executive Order establishing a National Biodiversity Center.** The Committee on Science, Space and Technology has been holding hearings on biodiversity since 1987 and passed legislation in the last Congress that established a National Biodiversity Center. A National Biodiversity Center would allow us to catalog our nation's biological resources, and evaluate their properties and status, a prerequisite for sustainable use. Thus we would join countries such as Costa Rica, Mexico and Indonesia, which have already established such Centers. An interagency working group has drafted such an Executive Order, to establish a National Biodiversity Center at the Smithsonian Institution, in cooperation with a number of agencies. Former President Bush failed to sign this Order, despite the promises that he made at the Earth Summit in Rio.

C. Environmental Impact Assessments

The National Environmental Policy Act of 1969 required all agencies of the Federal Government to prepare an environmental impact statement for major Federal action significantly affecting the quality of the human environment. This far-reaching legislation remains the principal means by which we can ensure that any effects of development upon our environment are considered carefully. As we implement our Rio commitment to promote sustainable development around the globe, it is important that our government agencies apply the same environmental standards abroad as they must domestically. Toward that end, an Executive Order should be issued to ensure that U.S. agencies which carry out, finance or provide technical assistance to major development activities or construction projects outside the United States will conduct the necessary environmental review beforehand.

V. OTHER

A. Business and the Environment

The new administration has an important opportunity to forge a new alliance between business and environmental interests. To capitalize on this opportunity, the President should issue a directive calling for a **series of roundtable strategy sessions with business leaders** to discuss, for example, how we can use market-based initiatives to achieve environmental goals; how can we stimulate new investment that accelerates the replacement of environmentally burdensome products and processes; how can we promote pollution prevention strategies; how can we promote voluntary initiatives such as environmental audits and green labeling. These efforts should be coordinated through -- and a primary mission of -- the CEQ.

The new Administration should also consider re-establishing the **President's Commission on Environmental Quality** that was created -- but ignored-- by President Bush. PCEQ pulled together representatives of the business and environmental community to advise on environmental policy. PCEQ should be given enhanced visibility and importance. The group should also be expanded to include grassroots and community representatives and thought should be given to having the PCEQ act as a travelling forum -- establishing environmental policy **roundtables around the country** as is done in Canada.

Additionally, businesses that make efforts to reach beyond minimum regulatory requirements by setting ambitious goals to greatly reduce or even eliminate waste should be recognized so that these efforts get the encouragement and acknowledgement they deserve in the other will be inspired to follow. The EPA should develop a **Presidential award** that will be extended to companies that exemplify the highest standards of environmental excellence in the design, manufacture, and marketing of products.

B. National Income Accounts

By using market-based mechanisms, we can achieve environmental "goods" in a way that also offers economic benefits. Unfortunately, we can't fully take advantage of the market if we aren't using the right price signals.

While national income and product accounts provide us with a variety of short-run and long-run indicators of economic health such as GDP, productivity, disposable income, and profits, the framework takes no account of changes in the quantity, quality, or value of natural resources and other environmental conditions.

Recent projects at the Bureau of Economic Analysis (the branch of the Commerce Department that produces the accounts), EPA, CBO, as well as the United Nations Statistical Organization, have established the theoretical underpinnings for expanding the accounts, and now researchers are attempting to put them into practice.

To focus, prioritize and accelerate this work, a **directive should be issued to BEA, EPA, CEQ and other Departments (such as Interior, where much natural resource data resides) to undertake an effort to expand the accounts, and to identify near term conceptual issues and data requirements.** This initiative could ideally be coordinated jointly by CEQ and OSTP.

This domestic initiative should then be translated into a major international initiative, with the US leading a UN effort to revise national accounts. The UN typically undertakes such an effort every 20 years, and is currently in the process of developing "satellite accounts" on natural resources. This has not been a high priority, however, and progress has been very slow.

The importance of accelerating these efforts has been demonstrated by Bob Repetto at the World Resources Institute and other researchers who have found that annual rates of growth in developing countries are dramatically diminished when the irreversible destruction of natural resources is accounted for. (Accounting for the loss of natural capital, Indonesia's "real" growth rate falls from some 7% to approximately 3%).

Cost: No significant budget impact is expected.

C. Elevate EPA to Cabinet Level Status

The influence and effectiveness of EPA may be limited by the fact that it is not a cabinet level agency. A cabinet level department could provide increased access to the President, more clout in interagency disputes, better integration of environmental policies with "mainstream" economic and social policies, and enhanced US credibility in international environmental negotiations.

Elevation of the department enjoys bipartisan support. Questions will arise, however, with regard to whether other environmentally-related functions should be vested with EPA in the process of elevating the agency. It has been suggested, for example, that NOAA should be transferred to a cabinet-level EPA.

While these questions must carefully be thought through, an early statement of support from the President simply with regard to elevation of the department could be of significant symbolic import.

Cost: No significant budget impact expected.

D. Implementation of Agenda 21

One of the key documents resulting from the Rio Conference was "Agenda 21" -- a comprehensive yet non-legally binding

action program designed to reconcile the goals of continued economic development and environmental preservation to ensure that human needs are met in a sustainable fashion.

To demonstrate US commitment to furthering progress on sustainable development, a directive should be issued to all agencies to undertake an analysis of each of their respective programs and develop an action plan to implement Agenda 21. It is critical that this effort be undertaken jointly by the agencies as many issues -- such as improved natural resource management -- cross agency jurisdictions. This effort should be coordinated through CEQ.

Cost: No significant budget impact is anticipated.

E. Expanding Collaboration

Independent, uncoordinated action by the multitude of federal, state, local and private parties with an interest in the environment cannot efficiently achieve the levels of protection demanded by the public. Limited resources demand:

- o Collaboration among the actors early in the life of an issue -- before crisis or confrontation develops.
- o Local concerns to be solved with local input.
- o Federal agencies to work in a complementary fashion rather than at cross purposes.

In the Coastal America program, for example, an interagency steering group directs nine agencies' efforts to improve, protect and restore the coastal environment. Regional implementation teams use existing agency programs and budgets, identify primary actions and projects, and bring to bear combination of resources, expertise, and program authorities to accomplish what no single agency could accomplish alone. State and local government and private sector involvement is sought in all project activities.

Possible initiatives to build upon this example include:

-- Watershed Management. Wetlands, nonpoint source pollution, water supply, recreation access and similar resource issues can best be considered and reconciled with development concerns on a watershed basis. You could request the creation of a series of full scale demonstrations of comprehensive watershed management. This approach involves bringing together government and private stakeholders to identify : 1) key resource issues for the watershed, including conflicts between development or infrastructure and resource protection; 2) tools and action that might have brought to bear on them. Without additional statutory

authority, watershed management must be on a voluntary basis. Approaches being discussed in the context of Clean Water Act reauthorization would make some elements of this approach mandatory.

-- Habitat Restoration. Habitat management and restoration responsibilities are spread among federal, state, and local entities, and are of interest to a range of private groups. Single-agency approaches, by definition, fail to use all available resources, authorities, and expertise. You could request the creation of regional habitat restoration councils, comprised of federal, state, tribal and local government representatives, as well as private and conservation interests. Both traditional resource and regulatory interests and development and infrastructure agencies should be included. The councils would identify habitat projects that are of high priority for more than one agency, and that require or benefit from the expertise or resources of multiple parties. Council should also compare and integrate resource protection priorities and early development/infrastructure planning information.

Cost: These programs would be run within existing budgets. Savings would be expected as efforts become increasingly coordinated and efficient.

May 13, 1993

MEMORANDUM FOR THE VICE PRESIDENT

FROM: KATIE

SUBJECT: AGRICULTURAL BIODIVERSITY

I understand you will be having an interview Monday with Oregon Public Broadcasting regarding their special PBS documentary called "The Seed Savers". This program will look at the loss of biodiversity in agriculture throughout the world. Your role will be to emphasize the importance of agricultural biodiversity in protecting the global food supply. The interviewers are particularly interested in discussing the points you raise in EITB regarding this issue. I have summarized relevant quotes, as well as provided background on USDA's current efforts in this Administration.

QUOTES FROM EITB:

"The single most serious strategic threat to the global food system is the threat of genetic erosion: the loss of germplasm and the increased vulnerability of food crops to their natural enemies."

"The current system is in scandalous condition with insufficient government attention and money, little coordination between different repositories, grossly inadequate protection and maintenance of national collections, and is missing a sense of urgency where such a precious resource is concerned."

"Our inability to provide adequate protection for the world's food supply is simply another manifestation of the same philosophical error that has led to the global environmental crisis as a whole:... because we feel no connection to the physical world, we trivialize the consequences of our actions. And because this linkage seems abstract, we are slow to understand what it means to destroy those parts of the environmental that are crucial to our survival. We are, in effect, bulldozing the gardens of eden."

"The perceived inequity of the current arrangements in the global food system has led to the Third World's distrust of efforts on the part of multinational corporations to continue retrieving wild crop relatives from their centers of genetic diversity."

WHAT THE CLINTON ADMINISTRATION IS DOING:

- o Signing the Biodiversity treaty to protect the miraculous diversity of life around the globe. The treaty as interpreted by the US will also provide important economic gains to companies and countries alike. By preserving biodiversity, we stand a better chance of discovering new sources of food, fiber and medicines in the great unknown areas of the world. We also provide a mechanism and incentive for developing countries to voluntarily preserve their biodiversity.

- o Creating a National Biological Survey within Interior to map out OUR nation's biological resources. Secretary Babbitt's initiative to consolidate scientific research within Interior so that we can centralize science and build a blueprint of the country's ecosystems will help us to head off emerging endangered species controversies. Although we hear the most about spotted owls and bald eagles, many endangered species in America are plants. We can't even imagine the possibilities for food production and pest resistance that could be encapsulated in just one of these species. Both economically and environmentally, the NBS will be a useful tool for sound resources management decisions.

- o National Research Initiative at USDA. The USDA budget as proposed by the Clinton Administration would provide \$30 million above the baseline for additional competitively awarded research grants in 1994 that would support approximately 500 additional research projects in areas such as food safety, sustainable agricultural production, forestry research and biotechnology. We plan to spend \$480 million by 1997 at improving research in these crucial areas. As the nation continues to face major challenges to ensure the food supply's safety and quality, sustaining natural resources, and continuing the competitiveness of US agricultural products in global trade, these additional funds will help us meet and conquer these challenges.

Attachment: The Seed Savers transcript.

MEMORANDUM FOR THE VICE PRESIDENT
FROM: KATIE MCGINTY
RE: STIMULUS AND INVESTMENT//WATER PROJECTS

2-9-93

I met this morning again with OMBs folks who handle the environment and natural resources portfolio to check status of projects we had inquired about. I believe there's a bit of a disconnect -- the numbers ain't exactly what we had in mind.

Agreement as I thought we left it:

- o Wastewater fund would be zeroed out.
- o State Revolving Fund (i.e. sewers and storm water stuff) -- which had been zeroed out -- would get 2 billion above baseline of zero in each year FY '94 through FY '97.
- o A new initiative would begin in FY'94 to fund Safe Drinking Water Act requirements (about 1 billion per year).

Agreement as they described it to me:

- o Wastewater fund zeroed out.
- o State Revolving Fund given 900 million in FY '93, but then zeroed out.
- o Safe Drinking Water Act gets 2 billion in FY '94 - '97.

So -- at best we're a billion short on where we thought we would be. But, it really is not that simple -- pumping up the Drinking Water Act stuff is not a substitute for the sewage stuff -- two different problems.

OMB staff understands this disparity and is meeting with Panetta about it before your meeting later today. You should say that

On green lights, I have agreement on 25 million in FY '93 and 25 million each year thereafter on top of their baseline. Note here that baselines are FY '93 levels simply adjusted for inflation over the period. THIS RAISES A BIT OF A PROBLEM:

Overall, we will be asked: "Is the environment doing better under this Administration than it would have under Bush?"

My sense is that -- if we simply look at the numbers Bush had in the FY94 submission he made -- it will be a tough argument for us to make that we are doing better. OMB staff tells me that that is because Bush put all of the plums in but did not ask for any cuts -- of course, he didn't have to -- so it looks like he would have given big money to the environment.

If that is the case, we are going to have to show that -- while our overall numbers may not be better -- it is clear that even in the tight financial times we face, environment is a priority.

I HAVE ASKED OMB STAFF TO COMPILE THAT PICTURE FOR US. Namely -- show us across all of the environment areas -- environmental infrastructure, enviro technologies, funding for climate change and other international commitments, parks and natural resources, etc. that we are emphasizing enviornmental priorities. (Frankly -- with 4.2 billion in DOT, it's going to be a hard case to make). YOU NEED TO RE-EMPHASIZE THIS CASE. To accomplish this, several bureaus in OMB will have to work together and it will not get done without direction from the top.

MEMORANDUM FOR THE VICE PRESIDENT

FROM KATIE MCGINTY

SUBJECT: VISIT WITH MICHAEL HOWARD

3-1-93

I met with him today; you will meet with him tomorrow (Tues) at 6:00. His primary purpose in wanting to meet with us is to express the UK's willingness to work with us on language that would satisfy concerns regarding the finance and intellectual property/technology provisions of the biodiversity convention. In fact, he offered today to send one of his top lawyers to begin work with our lawyers to come up with mutually acceptable language.

Tact I have taken with him: I have told him that we have a complete and thorough review of the text underway. To date, we have not come up with an analysis of the language that would relieve us of the concerns that had been raised by the previous Administration. I did welcome his offer, however, and told him that as soon as we were more comfortable in our review and analysis we would welcome further contact with them (including a visit by their lawyer).

Note that his tact will be to say that they didn't previously and still don't have a problem with the intell prop language -- but they are willing to be sporting fellows to work with us to help us sign. (Recall that they did have problem with the finance language and did issue a separate declaration on that issue when they signed the convention). Just so he is not left with the idea that they would just be doing us a favor by coming up with common language, you should note to him that, of course, in a convention like this one that does not allow any reservations, separate resolutions really don't carry the force of international law, and that for any interpretative language to have that force, a significant amount of international weight needs to be behind it.....

Other issues:

1. Climate Convention -- they have not yet ratified and as a rule, the Europeans are quickly backing away from their commitments on this. You need to tell him that we intend our action plan -- which we are preparing -- to achieve stabilization. And that, of course, in light of their previous commitment, that their plan would do the same.

2. Our energy tax. As you know, our tax is much smaller in magnitude than the EC proposal and it is not purely a carbon tax as the EC proposal is (EC proposal is 50% carbon tax/ 50% broad based energy tax). You need to say to him that, in effect, our tax works like a carbon tax; our tax is a significant part of our

overall climate change policy package; and that, while smaller than the EC proposal it nonetheless is a step in the right direction. We would be happy for the EC to bring the magnitude of their tax in line with ours -- important thing is that they hold to their commitments and take action in concert with us. Together, we will bring Japan into the fold.

NOTE THAT HOWARD TOLD ME THAT HE MET WITH BENNET JOHNSTON WHO TOLD HIM THAT, WHILE HE SUPPORTED A VAT, IN THE END HE THOUGHT THE PRESIDENT WOULD PREVAIL ON THIS.

TO: THE VICE PRESIDENT

FROM: KATIE
SUBJECT: STIMULUS PACKAGE
2-5-93

o **EPA's Energy Efficiency and Pollution Prevention Programs:**

During the past two years the Global Change Division in EPA's Air Office has launched a number of highly successful pollution prevention programs. These programs have several things in common: they are **voluntary**, they are **profitable**, and they are **partnerships** between the private sector and the federal government. These EPA programs include:

* *GREEN LIGHTS* is a voluntary program for installing energy efficient lighting whenever it is profitable.

* *The ENERGY PRODUCTIVITY BRANCH* consists of a series of programs including Energy Star Buildings, Computers, and Residential (e.g. "Golden Carrot") Programs aimed at increasing the productivity of energy systems wherever profitable.

* *ENERGY AUDITORS* - This program will support Green Lights and Energy Star Buildings by **training workers in transition and minorities** to conduct audits for Green Lights and Energy Star Buildings in order to increase market capture and future energy reductions and job creation.

* *JOB CREATION THROUGH PRODUCTIVE USE OF METHANE* - Since methane has energy value, methane evaporation means energy waste. Lack of motivation and know-how, as well as institutional obstacles, have presented this resource from achieving effective utilization.

Budget requirements: All of these Green Programs together amount to:

o **Demonstration of Energy efficiency.** President Clinton has indicated that he would like to showcase the retrofitting of federal buildings as a demonstration of his commitment to improved energy efficiency. No decisions have yet been made regarding the number of buildings that will be involved in this initiative or the extent of the retrofitting to be undertaken.

Budget requirement: 60 million will be needed in FY 93 for EPA's voluntary programs in order to prepare for this initiative. Outlays will then be required in F 94-97 in both EPA's voluntary programs budget and in DOE's Federal Energy Management Program Budget to fund this initiative. Exact amount of funding that will be required cannot be determined until the scope and extent of this initiative is decided.

February 15, 1993

MEMORANDUM FOR THE VICE PRESIDENT

FROM KATIE

SUBJECT: MEETING WITH ENVIROS ON STIMULUS PACKAGE

You will be meeting again with the heads of the largest enviro groups to brief them on the environmental aspects of the stimulus package. Attendees will include:

Jay Hair, NWF
George Frampton, Wilderness Society
Jim Maddy, LCV
Fred Krupp, EDF
Jane Perkins, FOE
John Adams, NRDC
Rodger Schlickheisen, Defenders
Johnathan Lash, WRI
Ben Chavis, United Church of Christ

You will want to extensively brief them on the energy tax options.

Talking Points on energy tax:

- * The administration is proposing a modest broad-based energy tax designed to
 - * reduce the deficit and thereby stimulate private investment;
 - * make our economy more energy efficient;
 - * improve the environment; and
 - * enhance national security by reducing energy imports.
- * The tax is based on the energy content of fuels (called a Btu tax for "British thermal units") along with a national security premium on oil to discourage imports and help encourage domestic natural gas. The tax is levied on energy sales to industries and utilities. The energy tax will be phased in over three years, at which point it will provide \$22 billion dollars annually for the treasury. (The phased-in supplemental petroleum tax is delayed for one year for home heating oil, in order to protect consumers in the Northeast who heat homes with oil.)
- * Because it applies to all energy products, the tax will not unduly burden any region, industry, or consumer segment.

The U.S. spends about \$500 billion on energy every year, so that a tax generating \$22 billion in net revenues will not seriously increase overall energy expenditures. When fully phased in:

- * Gasoline prices would increase by about 8 cents, a 6% increase;
 - * Electric bills would increase by less than 4%; and
 - * Natural gas prices would increase by about 4%.
 - * Home heating oil prices will increase by about 8%, but the full impact will be delayed by one year.
 - * Annual energy expenditures by a family of four with \$40,000 per year in income are about \$2,600. The tax would increase expenditures by about \$125 per year.
- * Other elements of the Administration energy plan makes the entire revenue package progressive -- that is, people with lower incomes pay much smaller amounts than do higher income persons.
- * Expanded earned income tax credit will reduce overall tax burden of lower income families;
 - * Expanded low-income energy assistance programs will target lower income families in regions of higher energy prices
 - * Additional Food Stamp Assistance will further help lowest income families.

The Administration has ensured that those persons who can afford to pay a little extra for energy will help reduce the deficit, while protecting those least able to contribute.

- * Because the energy tax is phased in, relatively small, and based primarily on energy content, the tax will encourage overall energy efficiency, while avoiding significant shifts in fuel markets which would pit regional interests against each other.
- * The energy tax combined with other measures will enhance American competitiveness:
- * Reducing the deficit will lower stubbornly high long-term interest rates;
 - * Targeted investment tax credits will increase private investment;

- * Permanent R&D tax credit will spur private sector innovation;
 - * Expanded energy conservation programs at EPA and DOE will help industrial and commercial energy users to help control energy costs.
 - * Incentives for expanded use of natural gas will encourage the use of this domestic clean energy source.
 - * Manufacturing extension programs will emphasize energy efficient technology for small and medium sized firms.
 - * American companies will still face much lower energy prices than our main economic rivals in Europe and Japan.
- * The energy tax will reduce dependence on foreign oil, reduce the U.S. trade deficit, enhance national security, and restore U.S. leadership role in international environmental protection:
- * Reduction in oil use would come primarily from imports, most of which comes from unstable regions of the globe;
 - * U.S. oil imports account for over half of our trade deficit;
 - * Since the 1950s, the U.S. has spent over a trillion dollars to ensure the free flow of oil from the Persian Gulf.
 - * The U.S. can regain international leadership role in responding to the threat of climate change. An energy tax would give the U.S. strategic leverage in negotiating strong international environmental commitments.
 - * The European Community has indicated that it would follow the U.S. lead and tax pollution-causing energy use in their member countries.
- * The environmental benefits from energy conservation include reduces emissions of carbon dioxide (the most important greenhouse gas), automobile emissions that cause urban smog, and emissions from factories and utilities that contribute to acid rain. The projected reductions in carbon dioxide will help the U.S. meet international goals for greenhouse gas reductions.

- * The adoption of an energy tax represents a vigorous commitment to deficit reduction, fairness, competitiveness, energy conservation, and global environmental protection. Combined with other essential elements in President Clinton's economic plan, the overall package will ensure that the economy will create jobs as we pull out of recession now, and will invest appropriately so that the U.S. standard of living will increase as we enter the 21st century.

Note: Attached are OMB documents on major items in the environmental budget. I am also attaching a memo done for me by Hazel O'Leary's chief of staff that outlines some of the important conservation and efficiency investments in the package.

INTERNATIONAL INITIATIVES (these are all approximate figures):

Climate Change Country Studies to implement Framework Convention on Climate Change: \$12.5 million in FY'94

Montreal Protocol Fund: \$28.5 million fo FY'94

Global Environment Facility: \$50 million in FY'94

Forests for the Future: \$150 million in FY'94

Population: thru AID and UNPF: \$400-500 million in FY'94

UNEP: 22 million

March 3, 1993

MEMORANDUM FOR THE VICE PRESIDENT

FROM: KATIE MCGINTY

SUBJECT: THE BREAKFAST CLUB (Bruce Babbitt, Carol Browner, Jim Baker, Jack Gibbons, and Tim Wirth)

Tomorrow will be the first of a series of breakfasts with the policy makers you agreed would comprise a kind of "brain trust". You will also want to discuss the development of an environmental and energy initiative that we can aim to release on Earth Day, April 22.

At this first meeting, you should explain your purpose in calling the invitees together. You should establish a permanent day to meet each week -- Tony has suggested that Thursday is a good day for you. You should also kick around ideas for speakers and guests for following sessions. (Note that Paul Kennedy, the Harvard professor and author of Preparing for the 21st Century, whom we had thought about for a session, will not be available for a couple of weeks.) You might also see if anyone has suggestions for additional policy makers that should be a part of the club.

To help stimulate discussion, the following is an outline of the environment package that we had previously prepared.

I. NEW INITIATIVES

A. Business and the Environment

The new administration has an important opportunity to forge a new alliance between business and environmental interests. To capitalize on this opportunity, the President should issue a directive calling for a **series of roundtable strategy sessions with business leaders** to discuss, for example, how we can use market-based initiatives to achieve environmental goals.

B. National Income Accounts

Recent projects at the Bureau of Economic Analysis (the branch of the Commerce Department that produces the accounts),

EPA, CBO, as well as the United Nations Statistical Organization, have established the theoretical underpinnings for expanding the accounts to include natural resource accounting, and now researchers are attempting to put them into practice. To focus, prioritize and accelerate this work, **a directive should be issued to BEA, EPA, and other Departments (such as Interior, where much natural resource data resides) to undertake an effort to expand the accounts, and to identify near term conceptual issues and data requirements.**

C. Implementation of Agenda 21

To demonstrate US commitment to furthering progress on sustainable development, a directive should be issued to all agencies to undertake an analysis of each of their respective programs and develop an action plan to implement Agenda 21.

D. Interagency Cooperation

Independent, uncoordinated action by the multitude of federal, state, local and private parties with an interest in the environment cannot efficiently achieve the levels of protection demanded by the public. Limited resources demand Collaboration among the actors early in the life of an issue -- before crisis or confrontation develops, and federal agencies to work in a complementary fashion rather than at cross purposes.

In the Coastal America program, for example, an interagency steering group directs nine agencies' efforts to improve, protect and restore the coastal environment. Regional implementation teams use existing agency programs and budgets, identify primary actions and projects, and bring to bear combination of resources, expertise, and program authorities to accomplish what no single agency could accomplish alone. State and local government and private sector involvement is sought in all project activities.

E. White House Conference on Environmental Technologies

Currently estimated at some \$200 billion per year, the environmental technology industry is one of the fastest growing sectors of the domestic and international economy. Domestic envirotech businesses face significant obstacles to growth, however. A White House Conference on Environmental Technologies early on in the administration would signal the Administration's understanding of the importance of these industries.

F. Federal Procurement of Recycled Commodities

Federal government purchases currently account for about 7-8% of GNP. Increased federal procurement of recycled products would therefore create a significant market for post-consumer materials and send a strong signal to manufacturers that their investments in re-manufacturing equipment will be rewarded.

II. INTERNATIONAL INITIATIVES

A. The Climate Convention

First, pursuant to the terms of the treaty, we are obligated to produce an action plan on climate change 6 months after the treaty comes into full force and effect. Second, the parties to the Convention will meet again in March. The new Administration should take advantage of this meeting to affirm its commitment to the international community -- and to secure their re-affirmed commitment in return.

B. Biodiversity

o **The Biodiversity Convention:** As we have discussed, this convention, as finally negotiated, is flawed. These problems over intellectual property rights and financing mechanisms are not, however, insurmountable.

o **Executive Order establishing a National Biodiversity Center.** A National Biodiversity Center would allow us to catalog our nation's biological resources, and evaluate their properties and status, a prerequisite for sustainable use. An interagency working group has drafted such an Executive Order, to establish a National Biodiversity Center at the Smithsonian Institution, in cooperation with Interior and a number of agencies.

III. INITIATIVES BEGUN IN THE ECONOMIC PLAN

Note that many of these initiatives have been included in the economic plan and the focus of discussion should be how those initiatives should be expanded/carried forward in the future.

A. Clean Water Projects:

o EPA and the states have estimated that expenditures of over \$110 billion on wastewater treatment construction will be needed by 2010 to meet national water quality standards.

B. Energy Efficiency Initiative: "ENERGY EFFICIENCY 2000"

The President should launch an initiative -- challenging the private sector and government -- to make America the most efficient country in the world by the year 2000. Some initiatives that can help us get there:

o **EPA's Energy Efficiency and Pollution Prevention Programs:** These programs have several things in common: they are **voluntary**, they are **profitable**, and they are **partnerships** between the private sector and the federal government. These EPA programs include:

* **GREEN LIGHTS.**

* The **ENERGY PRODUCTIVITY BRANCH** consists of a series of programs including Energy Star Buildings, Computers, and Residential (e.g. "Golden Carrot") Programs aimed at increasing the productivity of energy systems wherever profitable.

* **ENERGY AUDITORS** - This program will support Green Lights and Energy Star Buildings by **training workers in transition and minorities** to conduct audits for Green Lights and Energy Star Buildings.

o **State and Local Assistance Programs:** These programs provide federal funding for state and local energy efficiency services to low-income households, non-profit schools and hospitals, municipalities, small businesses and farmers.

o **Federal Energy Management:** Cost-effective investments in federal buildings, for example, would have a short pay-back period (2-3 years), and -- once implemented -- would save \$1 billion per year in energy outlays.

o **Federal Energy Use Executive Order:** Require all agencies to budget at least 5 percent of their annual facility energy costs for efficiency investments and energy management training; increase the 2000 energy reduction goal to 25% and establish a 30 % reduction goal for 2005; require all agencies to establish centralized expertise on energy performance contracting.

o **Energy Technology Initiative:** The Department of Energy should be directed to develop a process to use objective criteria to compare competing energy investments to determine the portfolio of energy investments that will reduce oil vulnerability, encourage economic growth, and promote environmental protection in the most cost-effective manner possible.

C. High Speed Rail:

With adequate system improvements, operating speeds (now 80-100 mph) could be increased to 125 - 140 mph in those corridors with the greatest air quality problems and automobile congestion.

D. Natural Gas:

Several initiatives could be undertaken in order to spur increased natural gas use:

o **Federal Fleets:** Converting as large a portion of the 550,000 vehicle federal fleet as is practicably feasibly to operate on natural gas.

o **New Natural Gas Pipelines:** An executive order could be issued directing the FERC to initiate a rulemaking on natural gas pipeline certification.

E. Environmental Infrastructure:

o **National Park Service.** The NPS has a daunting \$2 billion backlog of facility maintenance and repair needs.

o **Urban Park and Recreation Grants.** In FY 1992, NPS received requests over two times available funding.

o **Indian Reservations.** Because many Indian reservations are isolated rural areas, good roads are critical to economic development.

o **Wetlands Restoration:** There is currently a backlog of approximately 85,000 acres of restoration opportunity involving over 2000 private landowners.

March 24, 1993

MEMORANDUM FOR THE VICE PRESIDENT

FROM:

KATIE *fam*

SUBJECT:

TVA FERTILIZER PROGRAM

This memo responds to your request for follow up on Sen. Howell Heflin's push to retain funding for TVA's fertilizer institute. As you know, OMB originally cut out all funding in the baseline budget for the institute for savings of \$57 million. However, responding to the President and Howard Paster's concerns, OMB moved to restore full funding this week. It looks like this is a done deal, especially in light of the press release Heflin sent out the 22nd that I have attached. Although I still have serious reservations about the environmental significance of TVA's programs at this center, it appears that final decisions have already been made on this.

THE WHITE HOUSE

WASHINGTON

March 24, 1993

MEMORANDUM FOR JOHN PODESTA

FROM: KATIE MCGINTY *pan*
SUBJECT: TOXIC SUBSTANCES RULES

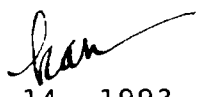
This is in response to the clipping from the Post on March 23 that you passed on to me yesterday regarding the Occupational Safety and Health Administration's toxic substances rules.

I am aware of the Court of Appeals ruling on toxic substances in the workplace. During the course of my discussions with the Labor Department, and based on the advice of the Solicitor General's office, we decided that an appeal of the U.S. Court of Appeals decision to the Supreme Court would have resulted in the same verdict. We believe that Labor does not have the statutory authority to issue broad based standards as was done during the Reagan years. OSHA is rather required to issue specific, science based regulatory standards for a variety of toxic substances.

Because the appeals court ruled that about 400 of OSHA's regulations were issued without needed supportive scientific evidence, Labor should attempt to revise their rulemaking process. This leaves the Administration several options. First, Labor could redo its overall rulemaking assessments so that they comply with the Court's requirement that substantial evidence of significant risk be demonstrated for each grouping of rules issued. Second, Labor can revise its overall rulemaking structure and attempt to issue separate rules for each toxic substance in the workplace. (Labor tells me that this would be extremely time consuming.) Or thirdly, we can attempt to work with Congress to develop legislation to change the ability of OSHA to issue these broader regulations. Rep. Bill Ford has introduced such legislation.

THE WHITE HOUSE

WASHINGTON

TO: AL
FROM: KATIE 
DATE: APRIL 14, 1993

This memo outlines the most likely arguments against committing to stabilization. There is only one specific argument noted -- the one raised by Commerce. I believe, however, that Commerce will be supportive.

To date, I am only sure that Jack will have problems. (Others may -- but I don't know that yet.) Jack feels that we don't know enough to commit. But, even if we knew more, he seems to think that seven years is simply too short a time frame to take action of this kind. He believes that 2015 is a safer date. Of course it is, but -- as I told him -- it also means no action. The fact of the matter is that industry will NEVER take seriously a 2015 "commitment." Moreover, we would get slammed by the environmental community. My recommendation would be that no statement at all would be preferable.

You should know that the numbers now look as though -- with full funding of the Clinton proposals -- we will get to within approximately 7% of stabilization. At the Deputies meeting we will present NAS and OTA studies that show significant reductions in emissions at little or no net cost to the economy.

I will continue to try to get a read on the players and will keep you posted.

Responses to Arguments Against Making Climate Change Commitments

Claim 1. The science is too uncertain; action should be postponed for more research.

The best scientific estimates indicates that continued increases in greenhouse gas concentrations will cause global warming. The real question is not whether there will be a warming, but what its precise timing, magnitude, and regional impacts will be.

For more than a decade, the best estimates have suggest that doubling atmospheric carbon dioxide from pre-industrial levels will occur sometime in the next century and will result in a global average temperature increase of 1.5-4.5 degrees Centigrade (2.7-8.1 degrees Farenheit) -- taking the earth to a higher temperature than has been experienced in the last 1,000,000 years. This could cause large impacts on weather patterns and, thereby, on agriculture and natural ecosystems.

A "wait-and-see" approach is extremely dangerous because CO₂ and other greenhouse gases have extremely long lifetimes and climate effects lag behind emissions. Once effects are unambiguously apparent, the world will be committed to them for decades to centuries.

Claim 2. Costs will be too high.

There are huge opportunities to achieve greater energy efficiency -- and thereby reduce greenhouse emissions -- in all sectors of the economy, at a profit or at low cost. Given the right signals from government policy, there is every reason to expect the further improvements in these technologies, and expanded deployment of them.

US costs can be further reduced through measures taken jointly with other countries where low-cost emission reductions are available. Under guidelines to be established under the Climate Convention, the US would be able to take credit for some portion of the emission reductions that we helped to obtain in another country.

a. Commerce Dept says stabilization could cost 0.3% GNP.

This projection is based on the assumption that taxes are the only policy instrument used to make emission reductions. It ignores the existence of profitable measures to reduce emissions and the stimulus to technical innovation from stabilization policy.

b. Coal industry complaints.

The BTU tax and other measures that we will take will not have an unfair impact on coal. The dominant factor in the coal industry's jobs picture is continued automation, not environmental policy.

Claim 3. The US can't solve this problem with unilateral action.

a. Europe and Japan aren't serious.

The US is currently the world's largest emitter of greenhouse gases, responsible for 20% of current emissions. OECD countries together represent 60% of current emissions. While developing country emissions are growing and are expected to surpass OECD emissions by 2050, industrial country will still account for much higher emissions per capita. Thus there is no way to solve this problem without, as a first step, emission reductions from developed countries.

US leadership is the key to leveraging concrete action to cut greenhouse gases across the OECD. Many OECD countries have already committed to emissions stabilization by 2000. Some have begun adopting implementation measures. While some are lagging in implementation, a US commitment to cut emissions, coupled with concrete domestic implementation plans, will put this country in a good position to press other OECD countries to firm up their commitments and implementation.

b. Actions to cut greenhouse gases will hurt us competitively.

Energy efficiency technologies which reduce manufacturing costs and make products more attractive to consumers will help, not hurt, American competitiveness.

Regarding the BTU tax, we have an opportunity to leverage similar action by our major trading partners. The European Community has proposed a carbon/BTU tax but made implementation conditional on some similar action by the US and Japan. By pursuing this issue we can address competitiveness and climate change simultaneously.

c. Developing country emissions will negate anything we do.

The US objective must be to get global cooperation to address global warming. But without commitments and actions by the US and other industrial countries, developing countries with growing greenhouse gas emissions (e.g., China, India, Brazil) will have little reason to take this issue seriously.

The US also has the opportunity to compete for profitable markets for new technologies that will help developing countries grow with a minimum of greenhouse emissions. Energy efficiency technologies developed at home will have applications abroad. Failure to encourage these technologies at home will see us out-competed abroad.

THE WHITE HOUSE
WASHINGTON

DATE: 3/12

NOTE FOR: *McGINTY, WARDMA, VREY*

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

Information ☒

Action ☐

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:

THE WHITE HOUSE

WASHINGTON

February 28, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: KATIE MCGINTY *KM*

SUBJECT: SUPERFUND

I wanted to bring to your attention a point of clarification on Superfund. In a speech you gave on February 11, you remarked that 85% of Superfund program costs go to lawyers. While that is a common belief, it is not quite accurate. That figure comes from a recent Rand study that concluded that 88% of monies paid by insurance companies involved in Superfund sites went to lawyers. However, only 20% of industry costs were paid to lawyers. In a weighted average of total private sector Superfund costs, only 25-30% of expenditures went to lawyers.

I hope this is helpful.

Thompson

SUSTAINABLE DEVELOPMENT AND ITS IMPLICATIONS FOR THE ROLE OF A.I.D.

Prepared for: Eric Newsom

Prepared by: Katie McGinty
(202)224-4283

Introduction

Sustainable development, a concept endorsed at the Rio environmental summit by 154 countries, is a goal for both the most highly industrialized rich countries (like the United States) and the most wretched underdeveloped nations, and for all those in between. This paper deals with options for U.S. cooperation with developing countries to help them achieve sustainable development, but it should be understood that the interdependent world in which we live requires that all countries, North and South, pursue a sustainable development path.

Sustainable Development:

A New Mission for the United States

The new mission of the United States in the post-UNCED, post-Cold War era is to develop partnerships with the developing countries to make sustainable development a reality. It will require no less than the reinvention of U.S. foreign policy toward the developing countries of Latin America, Africa, and Asia. In one sense, it is exactly the same as our mission at home: to create programs to achieve broad-based, environmentally sustainable growth. There is an inherent, conceptual connection between our approach to domestic economic recovery at home -- to jobs, productivity, and competitiveness -- and our international approach

to helping developing countries overcome their problems of poverty and environmental degradation. Even the prescriptions -- promoting trade, getting deficits under control, investing in human capital -- are alike.

The new policy and programs for implementation should respond to the grave and urgent environmental, poverty, and population challenges these countries face. They should be viewed as a long-term investment that can yield large benefits for our country: more prosperous trading partners, greater prospects for democracy and political stability, reduced international tensions, a safer global environment, and enhanced international cooperation on U.S. objectives ranging from halting nuclear weapons proliferation and slowing the buildup of conventional arms to controlling illegal immigration and drug trafficking.

This new U.S. policy must expand U.S. development assistance but also recognize the limits of traditional "foreign aid" approaches. A responsive program must integrate U.S. policy across a wide front: public and private development financing, technology cooperation, debt reduction, and mutually advantageous trade reforms. What's needed is a balanced package of complementary initiatives that combines trade liberalization and other pro-market reforms with equally powerful environmental, anti-poverty, and other initiatives that will shift the resulting growth to sustainable and equitable paths.

The U.S. stake in the future of the developing world, already large, will grow dramatically in the future. The 130-plus developing nations of the South account for four-fifths of the world's consumers and one-sixth of the economic output, and much of the economic expansion will occur in these regions. Many of the flashpoints for military violence are there -- so too are the principal challenges to democracy and human rights. These countries are also the hardest hit by hunger, disease, poverty, and the deterioration of natural resources and local environments. And there is no hope of meeting such threats as global climate change, biodiversity loss, and overpopulation without their cooperation.

The end of the Cold War and the extraordinary world consensus at the Rio conference offer new opportunities to redirect the path of development for the planet. U.S. leadership on this front, conspicuously absent for the past twelve years, can start the transition to sustainable development around the world.

Structure:

Organizing the Government for Sustainable Development

Leadership and the articulation by the President and Vice-President of U.S. interests in the developing countries and of the goal of sustainable development are the first prerequisites for achieving the mission. Beyond that are some specific structural and organizational requirements:

1. U.S. policy toward the developing countries will require high level coordination among State, Defense, USTR, EPA, Agriculture, Energy and the other agencies whose responsibilities impinge on our relations with them.
2. A lead agency organized both to solve problems and to promote the goal of sustainable development and make it clear to Americans how important U.S. interests in developing countries are.
 - Visionary, experienced leadership well acquainted with both environment and development issues and committed to the spread of democracy.
 - The capacity to help eliminate both poverty and hunger, the twin scourges of underdevelopment, as well as the urban industrial pollution and suffering that result from unsustainable development.
 - The capacity to help developing countries broaden participation in decision-making and access to information -- the essential prerequisites for democracy.
 - The capacity to work with countries along the whole spectrum of development, from the very poor, largely rural, to the industrialized, urbanized states.

- An organization with the flexibility and a broad array of well trained problem-solvers needed to deal with a wide variety of countries and development problems.

Various proposals for organizing sustainable development have been put forth over the last four years, but especially since the Rio Conference. All proposals for "foreign assistance reform" fall into four categories. Although predicated on differing philosophical grounds, each proposal starts with the assumption that the Agency for International Development (AID) is in terrible shape and needs a radical overhaul. But there the similarities end.

The options are discussed below. The first two both call for a new agency, but for a different mission and degrees of institutional change. The third and fourth options each emphasize a single goal (ending poverty or promoting U.S. exports, respectively) and devote less attention to the analysis of agency structure.

Option 1 - Reorganizing and Restaffing AID

Proposals falling into this category call for necessary overdue reform of the status quo, but would keep AID largely intact, giving it a new name, new leadership, and some new functions. All such proposals reflect a general satisfaction with the basic law (the Foreign Assistance Act and Amendments) and with its primary mission -- development -- though they specify increased

attention for environmental problems. They reflect the belief that we just need to get the Agency and its programs back on track, after the ruinous experience of the last eight or more years.

Advocates of Foreign Assistance and AID reform cite the ways in which the system needs fixing:

1. AID has been badly served, by its past two Administrators in particular, and needs new leadership -- specially an Administrator who is fully knowledgeable about development and has the highest professional goals and standards for the agency.
2. Successive amendments to the Foreign Assistance Act have overwhelmed AID with multiple missions, endless paper requirements, and micro-management by a distrustful Congress. The Agency should focus on a few basic development tasks. Most of the policy-objectives identified here are variations on the objectives cited in the Hamilton-Gilman Task Force Report of February 1989: growth, environmental sustainability, poverty alleviation, and pluralism.
3. The agency should be given clear responsibility and then held accountable.
4. The new leadership should undertake some internal reorganization to better meet the Agency's added responsibilities. In particular, AID's ability to offer assistance in natural resources management and related environmental problems needs strengthening.

5. The Agency's name should be changed, putting "sustainable development" in the title to reflect its added emphasis on problems of environmental degradation.

These advocates of overhauling AID also recognize the need for closer coordination by the White House of all federal agencies whose programs affect developing countries, but they would leave the Agency within the State Department's jurisdiction.

On these minimum goals for reform there is wide agreement among both critics and defenders of AID. Disagreements within this school are over whether AID should be involved in administering Economic Support Funds (ESF); what to do about major recipients Israel and Egypt; what programs should be cut back (agriculture? primary education?); and how to define the field missions' role.

Support for this AID reformation is found among many thoughtful AID professionals, former AID workers still in the development business, Congressman Hamilton, and many organizations (including some very effective ones) that contract with AID (universities and the big international non-governmental organizations (NGOs), and consulting firms) -- that is, the traditional supporters of the Foreign Assistance Act.

Option 2 - A New Sustainable Development Agency

An increasing number of people and organizations advocate breaking with the past by replacing AID with a new sustainable development agency -- one with a different mix of responsibilities and more clout. The new agency would work with developing

countries to build and expand the human and institutional capacities required for broad-based economic growth. It would battle both poverty and environmental degradation. It would improve the opportunities and status of the poor by working primarily in the sectors that are also key to environmental sustainability:

- Ending hunger and poverty through programs and policies promoting sustainable agriculture, fisheries, and forestry;
- Encouraging small enterprise development in both rural and urban areas;
- Providing basic health services and universal access to voluntary family-planning programs;
- Providing clean drinking water and sanitation for all;
- Developing sustainable energy sources; and
- Cooperating to control pollution control in industry, transportation, and agriculture.

To accomplish these ends, the new agency would have to be equipped to work on both urban and rural problems, on both sophisticated, high-technology industrial and traditional grass-roots participatory economic development projects. It must be able to work with very large and comparatively rich countries as well as small or very poor ones. It would, for example, work on pollution control with countries like Mexico and Brazil, which do not now

receive the full package of U.S. foreign assistance.

And because the best projects in the world can be stymied by adverse national policies, the agency must be equipped to work also with developing country partners on policy reform. Unlike the big ESF disbursements of the past, this assistance would be aimed at developing policy analysis capabilities and appropriate incentives for policy change. This work must be closely coordinated with U.S. policy in the International Monetary Fund, the multilateral development banks, and United Nations development agencies; and U.S. relations with those international bodies should, ideally, be shifted from Treasury and State to the new sustainable development agency.

In short, this sustainable development agency would become the Administration's center for development assistance policy and its Administrator the chief advisor to the President on the subject. The agency would have to operate free of State's day-to-day political considerations. Just how separate is still a subject of debate among the proponents of this model, but there are compelling arguments for having the new agency's administrator report directly to the President through the White House policy council described below.

This new agency would need three parts: a foundation to provide grants to communities, NGOs and government agencies for education, training, technical assistance, planning, grass-roots projects; a technical arm to help countries design or adapt and use technologies, support joint research and development, and forge

long-term links among U.S. businesses and developing country enterprises; and a core bureau to conduct policy analysis to guide agency programs, to work with developing-country colleagues on policy reform, and to carry out special assignments like emergency relief or interim support for Eastern Europe.

To ensure that other U.S. agencies work together to carry out these policies, the President should create a Cabinet level inter-agency policy group in the Executive Office. Its responsibilities would be to oversee initiatives in trade relations, technology cooperation, debt reduction, and the promotion of private U.S. investment. It could also develop the Administration's initiatives to address major developing country problems, such as deforestation and desertification.

These proposals have been developing over four years. They have their roots -- especially the idea of a high-level coordinating council -- in the Michigan State University and Phoenix Group Reports of 1989. But their greatest impetus has come in the months since the Rio conference, as institutions contemplated how the United States can best fill its responsibilities under Agenda 21 -- the new international blueprint for sustainable development. This option is now embodied in a White Paper organized by the Overseas Development Council (ODC) with signatures that include distinguished leaders from both environmental and development organizations. It has the strong backing of environmental advocates. Members of the foreign policy

advocacy organizations, sustainable development starts and ends with a commitment to end poverty. Theirs is not a welfare model, but would indeed support the truly entrepreneurial drive of poor people by providing access to resources and genuine economic choice.

Proponents of Option 3 want an aid agency independent of the State Department's short-term political interests and organized on the foundation model. They are fully supportive of a larger role for non-governmental organizations as recipients and deliverers of aid. Because their own experience tells them that only people-oriented, ground-up strategies have worked, they eschew bilateral attempts at policy reform and want either to convert all ESF funds to projects or to transfer responsibility for distributing these funds to the State Department. Their proposals do not speak in detail to the need to relate development functions to other U.S. foreign policy objectives in the developing countries. Their emphasis is on the poverty and environmental degradation that results from underdevelopment and is more often rural than urban. They would leave the problems of urban industrial pollution and all its human side-effects to other agencies.

Many other organizations support Bread for the World in this campaign, though some will insist on adding firm support for population programs and dealing also in some detail with commensurate organizational changes -- which Bread for the World does not address.

Option 4 - Aid for Trade

In his September 1992 speech to the U.N. General Assembly, President Bush announced his intentions to change AID's focus. He said he would recast the agency so as better to promote democracy and free market economies in the former Communist countries. At the time, Senator David Boren claimed that using foreign aid funds to promote trade with emerging democracies was an idea that he and other Senate Democrats (Boren and Baucus) had put forth months before.

Indeed, under AID Administrators Woods and Roskens, AID projects and ESF were deployed to promote U.S. exports. There is widespread agreement that the Agency is not very good at this task.

Although convinced of the need to expand exports of U.S. goods and services, nobody in the development or environment communities advocates a trade-promotion mission for the U.S. foreign assistance program. But some powerful forces in Congress and in various industries focussed single-mindedly on increasing jobs in the United States do. Some will persist in that view, no matter which of the foregoing options is selected.

These supporters of "aid for trade" insist on a "Buy America" policy, even in instances in which American companies can't supply a particular service or product in a timely and competitive way. They are proposing a step backward to a concept of "tied aid" just when the OECD (with U.S. participation, of course) has made significant progress in negotiating limits to tied aid by other donor countries like Japan. Against the significant potential

benefits from bolstering the economic strength of long-term developing-country trading partners must be weighed the miniscule short-term benefit to the United States of boosting exports with AID dollars. On balance, experience shows that expenditures on foreign assistance are not an effective way to boost exports. But the U.S. Chamber of Commerce and companies and political leaders who see the foreign assistance program as a vehicle for selling American goods and services in the short run support this option.

How U.S. Commercial Interests Might Benefit from These Options

Proponents of an active partnership of the United States in sustainable development share President Clinton's goal of invigorating U.S. trade, lowering barriers to international trade, and expanding the export of U.S. goods and services. Indeed, to professionals working for economic growth in developing countries, the slogan "trade not aid" has genuine appeal. And developing countries themselves would prefer to develop their trade rather than receive aid, if they could. Nevertheless, no adherent of the options 1, 2 and 3 thinks the nation's international development cooperation agency should dabble in export promotion. That is best done by Ron Brown's reinvigorated Department of Commerce and its experts who know the whole range of U.S. products and potential buyers.

This conclusion does not mean, however, that Options 1, 2 and 3 do not entail real benefits for U.S. business and other institutions. Our universities, specialized consulting firms, and

NGOs will continue to have major roles in executing the new mission under any of the first 3 options. And, in Option 2, a new sustainable development agency, there is potentially a great deal of room for business participation simply because of the range of technologies needed to deal with pollution, energy and other environmental problems is so wide. Industries that have products and services to sell or joint ventures to organize -- especially technology companies, utilities promoting least-cost planning, and chemical companies with new environmentally responsible products to sell -- will find abundant opportunities in the pursuit of sustainable development, and this potential can only grow with the success of the program. But the over-riding responsibility of a sustainable development agency lies in helping to get all the developing countries to a stage where they make good solid trading partners and stable democracies.

Selected Key Documents

Proposals for U.S. Cooperation for Sustainable Development

Report of the Task Force on Foreign Assistance to the Committee on Foreign Affairs, U.S. House of Representatives (the Hamilton-Gilman Report), February 1989. Washington, D.C.: U.S. Government and Printing Office, 1989.

The Convergence of Interdependence and Self Interest: Reforms Needed in U.S. Assistance to Developing Countries. A review and recommendations by the Phoenix Group. Rosalyn, Virginia: The International Trade and Development Foundation, February 1989.

The Future of Foreign Aid: Observations, Issues, and Implications. AID staff memo for discussion, November 2, 1992.

Restructuring the Foreign Assistance Program, Memo from Brian Atwood to Tony Lake and Sandy Berger, August 26, 1992.

InterAction. Draft letter to the Presidential Transition Team on Foreign Assistance, November 24, 1992.

Partnership for Sustainable Development, Washington, D.C.: Environment and Energy Study Institute, December, 1992.

James Gustave Speth, "A Post-Rio Compact," Foreign Policy, No.88, Fall 1992.

Choosing a Sustainable Future, The Report of the National Commission on the Environment. (The Train Commission) Washington, D.C.: The Island Press, January, 1993, especially pp. 66-79.

Keeping the Rio Commitment, Recommendations [by "the Green Group"] for Immediate and Medium Term Actions to Rebuild the Global Leadership Role of the United States. Washington, D.C.: December, 1992.

Bread for the World Foreign Aid Project Committee. Bread for the World Report on Foreign Aid, draft outline, December 11, 1992, and Draft Letter from Bread for the World to the Presidential Transition Team, December 10, 1992.

Remarks by the President in an address to the United Nations General Assembly, New York, New York, September 21, 1992. Washington, D.C.: The White House, September, 1992.

To: Al
Fr: Katie
Re: Environment, Energy and Natural Resource Initiatives

The attached booklet describes in detail recommended initiatives in the environment, energy and natural resource areas that should be considered as important elements of the new administration's policy on these issues. In this cover memo, I wanted to highlight several of the options for your immediate consideration.

I. INFRASTRUCTURE INVESTMENTS:

These proposals embody a central tenet of the campaign -- that environmental protection and economic growth are not conflicting but complementary goals. The investments we have identified will benefit the environment, create jobs and lay the groundwork for long-term economic growth. A wide range of initiatives are presented; I want to highlight two:

A. Clean Water Projects:

EPA and the states have estimated that expenditures of over \$110 billion on wastewater treatment construction will be needed by 2010 to meet national water quality standards. The failure to meet those standards is currently exacting a significant economic cost -- particularly on coastal communities. In 1989 and 1990, there were over 2400 beach closings in 10 states. Billions in tourism, boating, and fishing dollars were lost. In addition, at any given time, some 40-50% of the nation's shellfish beds are closed due to pollution, and nearly every coastal and Great Lakes state has advisories warning against the consumption of many types of fish because of their dangerous levels of contamination. Investments in improving this situation therefore make sound economic sense. Importantly, investments in these types of projects also promise strong job-creation benefits: According to one estimate, the total number of jobs generated from the expenditure of \$1 billion on water and sewer projects is at least 34,000 and could be as high as 57,000. Focusing on these initiatives also offers us the opportunity to begin to address the number one environmental health threat facing our children: water- and air-borne lead.

Costs: \$2.7 billion per year starting in FY 93.

B. Energy Efficiency Initiative:

To protect the environment; to improve our balance of trade; to ensure our national security, enhanced energy efficiency should be a national priority. Two initiatives are worthy of particular focus:

o **State and Local Assistance Programs:** These programs provide federal funding for state and local energy efficiency services to low-income households, non-profit schools and hospitals, municipalities, small businesses and farmers. The programs are proven winners -- they save energy and create jobs. Each 100 million spent on SLAP will create approximately 4,000 new jobs. They often get squeezed in the appropriations process, however, and many worthy projects go unfunded.

Cost: Increase appropriations by \$150 million in FY 93; \$200 million in FY 94; \$300 million in FY 95; and \$350 million in FY 96 and thereafter.

o **Federal Energy Management:** The federal government is one of the worst offenders in terms of energy waste and inefficiency. A 1991 OTA study shows, for example, that the federal government could easily cut more than 25% of its present energy use. Cost-effective investments in federal buildings, for example, would have a short pay-back period (2-3 years), and -- once implemented -- would save \$1 billion per year in energy outlays.

Cost: Supplemental appropriations for the Federal Energy Efficiency Fund of \$25 million in FY 93 and appropriations of \$100 million in FY 94, \$200 million in FY 95, \$300 million in FY 96 and thereafter.

C. High Speed Rail

Putting People First states that "we will rebuild America and develop the world's best communication, transportation and environmental systems...We will focus on four critical areas...[The first is] transportation, including...creation of a high-speed rail network linking our major cities and commercial hubs...".

Aside from its obvious economic benefits, an efficient high-speed rail network is an environmental priority. By reducing automobile and airport use, such a network can greatly reduce vehicle congestion in our major intercity corridors, thereby conserving energy and reducing air pollution.

Experts have advised us that improvements to the Northeast Corridor and other heavily-traveled sections of the existing Amtrak network would permit tilt-trains to operate at high-speeds with both diesel and electrified power. With adequate system improvements, operating speeds (now 80-100 mph) could be increased to 125 - 140 mph in those corridors with the greatest air quality problems and automobile congestion. Increased outlays would be targeted at track straightening, bridge clearances, better signalization, elimination of grade crossings and electrification.

Costs: Amtrak's capital budget would be increased by \$150 million in FY 93 and by up to \$400 million in subsequent years.

D. Natural Gas

Natural gas is a low-cost, clean-burning fuel. Supplies are largely domestic or from secure North American producers. Several initiatives could be undertaken in order to spur increased natural gas use:

o **Federal Fleets:** Converting as large a portion of the 550,000 vehicle federal fleet as is practicably feasible to operate on natural gas should provide a significant market stimulus to trigger both mass vehicle production by auto manufacturers and construction of refueling infrastructure by power providers. It has been estimated that extensive use of vehicular natural gas in fleet vehicles (there are approximately 14 million public and private fleet vehicles) would increase annual natural gas consumption by roughly 1.6 trillion cubic feet, adding about \$3 billion in gross national output and producing an estimated 50,000 to 75,000 additional jobs in gas-producing states. Oil import reductions of some 14% are also estimated, which would have the attendant benefit of improving the balance of trade by \$5.8 billion.

It should be noted, here, however, that ethanol, methanol, and electric vehicle interests will resist exclusive promotion of natural gas vehicles -- as opposed to other alternatively fueled vehicles. In addition, it could be argued that it is unwise for the federal government, in essence, to choose natural gas as the "winner" in the alternative fuel experiment that we are just launching.

Costs: Accelerating the purchase of alternatively fueled vehicles in place of new conventional vehicles by one year from the mandates contained in the Energy Policy Act of 1992 would require funding of approximately \$35 million in FY 93 and \$45 million in FY 94.

o **New Natural Gas Pipelines**

New natural gas pipeline development and certification has become a bottleneck to increased natural gas usage in some regions. To address this situation, an executive order could be issued directing the FERC to initiate a rulemaking on natural gas pipeline certification. Care would, of course, need to be given to ensure that eminent domain powers would in no way be abused in acquiring the right-of-way for pipelines and that private property rights would fully be respected.

Cost: No significant budget impact is anticipated.

II. FEDERAL PROCUREMENT OF RECYCLED COMMODITIES

Communities across the country are eager to participate in recycling initiatives. Too often however, those communities are

forced either to send carefully separated materials to the landfill or to abandon their projects altogether. The primary bottleneck here is the lack of end markets for the post-consumer materials that have been collected.

Federal government purchases currently account for about 7-8% of GNP. Increased federal procurement of recycled products would therefore create a significant market for post-consumer materials and send a strong signal to manufacturers that their investments in re-manufacturing equipment will be rewarded. In most cases, use of recycled materials, as opposed to virgin materials, saves energy, water and reduces pollution from manufacturing operations. (For example, dioxins are not created when recycled -- as opposed to virgin -- fibers are used.)

Note here that it has been incumbent upon EPA since the passage of RCRA in 1976 to undertake this type of initiative. Bureaucratic inertia and Reagan/Bush administration opposition to environmental initiatives have prevented progress.

Costs: This initiative should be structured so that recycled commodities are procured in preference to those manufactured from virgin materials as long as the cost of the recycled good is within 10% of the virgin good. Outlays here therefore would at most be 10% more than normal procurement expenditures.

III. WHITE HOUSE CONFERENCE ON ENVIRONMENTAL TECHNOLOGIES

New, cleaner and more efficient process technologies are essential if we are to improve our competitiveness. In addition, a huge new market is emerging for environmentally sound products and services. Currently estimated at some \$200 billion per year, the environmental technology industry is one of the fastest growing sectors of the domestic and international economy. Estimates of the potential global demand for environmental products and services range as high as \$600 billion over the next 10 years. This is a market we cannot afford to lose.

Domestic envirotech businesses face significant obstacles to growth, however. Many are small to medium sized companies which are less able than well capitalized and nationally supported foreign competitors to make the investment required to develop business abroad. In addition, they often lack information about promising market abroad while regulatory requirements have thwarted the introduction and use of new technologies here at home.

A White House Conference on Environmental Technologies early on in the administration would signal the Administration's understanding of the importance of these industries. In addition, if the Conference were designed as a joint initiative of CEQ and OSTP the link we would like to make between the business, technology and environmental

communities could be demonstrated. Moreover, if all relevant agencies -- State, Aid, Treasury, Commerce, Labor, in addition to EPA and DOE, etc. -- participated, important, but less evident, issues could be identified and discussed. For example:

- o Our competitors station attaches in their embassies who are familiar with the technologies of their envirotech industries. The result is that their firms are often the first in line to bid on important projects. Shouldn't we do the same? (Note here that Administrator Reilly tried to undertake a similar initiative by offering to loan appropriate personnel. State Department, however, has not been receptive).

- o While the economies of the major industrial countries have been stagnant or in decline, developing countries have experienced record growth. These countries already account for some 35% of our exports. How can our embassies in those countries be of assistance to our envirotech businesses? What resources does AID have that could be of use here? How should we conduct the negotiations that are called for in the Rio agreements so that the technology cooperation provisions of those agreements will offer opportunity for US interests?

- o Current EPA regulations define "best available technologies" in a way that often precludes the use of new and innovative technologies. Shouldn't we take a look at those regs to see if a more flexible approach could be identified? (Note that this openness could send an important signal to business that the new administration's will to work with them in order to achieve environmental objectives in an economically sound manner).

- o Federal dollars are tight. How can private dollars be leveraged to provide needed investment capital (and to slow the current sale of technologies to foreign investors)?

Cost: No significant budget impact expected.

IV. INTERNATIONAL ENVIRONMENTAL INITIATIVES

A. The Climate Convention

As you well know, President Bush, alone among industrial country leaders, refused to commit to stabilizing emissions of carbon dioxide at 1990 levels by the year 2000. Governor Clinton, however, embraced this commitment during the campaign. We are presented with two opportunities very early on in the Administration to affirm this commitment. First, pursuant to the terms of the treaty, we are obligated to produce an action plan on climate change 6 months after the treaty comes into full force and effect. In Rio, President Bush accelerated our commitment and promised to produce the plan in January -- 6 months after signature of the treaty. A draft action plan has

been prepared. However, it has been severely criticized both within the Administration (EPA has been harshly critical of it, saying that it will not achieve meaningful reductions in emissions) and by the environmental community. The plan has been published in the Federal Register and is open to public comment.

The new Administration should undertake a serious re-evaluation of this plan and institute a process by which to produce a plan that not only will achieve meaningful reductions, but will in fact, result in a stabilization of emissions.

Second, the parties to the Convention will meet again in April. The new Administration should take advantage of this meeting to affirm its commitment to the international community -- and to secure their re-affirmed commitment in return.

Cost: No significant budget impact of producing action plan or participating in international negotiations. Analyses differ with respect to the cost of actually achieving stabilization in the US. Some project significant costs while others (such as EPA) show that stabilization could be accomplished with net positive impact on GNP. The menu of policy options that are chosen as part of the plan obviously will be determinative, and top priority can and should be given to those options that can be done at a profit.

B. The Biodiversity Convention

As we have discussed, this convention, as finally negotiated, is flawed. Problems arise with regard to the intellectual property provisions of the treaty and with regard to the financing mechanism that has been devised. These problems are not, however, insurmountable. And, a reversal of Bush Administration policy here would send an unmistakable signal that the US was serious about securing -- once again -- a leadership role on international environmental issues.

As we have also discussed, I believe it is imperative to the well-being of the US biotech industry that we find a way to fix the flaws in this treaty and to sign-on to it. Because of the way President Bush handled these negotiations, US researchers are now being shut out of some third world countries. Venezuela, for example, has suspended research agreements with several US institutions. Moreover, the Conference of Parties to the treaty will undertake an effort to craft international regulations concerning genetically modified organisms. We must have a seat at those negotiations to ensure that those regulations are based upon the best science and that they will not unduly or unfairly hamper the US biotech industry.

The new Administration should, therefore, express unequivocally its intention to work with the Conference of the Parties to address the problems that prevented our signature. Simultaneously, an effort should be undertaken with other major industrial countries -- such as

the UK, Switzerland, France, Germany, etc. -- to come to a common understanding on these issues. (I understand that these countries -- having signed the treaty -- now face obstacles in ratifying it because of concerns their own biotech companies are now raising. They therefore should be amenable to our efforts). And outreach with the US biotech industry should be begun in order to develop a position that they are comfortable with and that is protective of their interests.

Cost: No significant budget impact expected.

C. Mexico City Policy

President-elect Clinton pledged to "Restore US funding for the United Nation's population stabilization efforts and allow US foreign aid to support international family planning efforts."

The last major international conference on population was held in Mexico City in 1984. At this meeting the US declared that it would no longer fund private voluntary organizations that offer abortion-related services. This is in addition to standing policy of not allowing US funds to pay for abortions.

This policy should be reversed by executive order. Family planning is desperately needed in much of the world. In addition to hardships and suffering experienced by those in overpopulated lands, population pressures are the most significant factor driving dramatic degradations of the natural resource base.

Note that the reversal of the Mexico City policy would not require that US funds be provided for abortions. Rather, the restriction imposed by the 1973 Helms Amendment to the Foreign Assistance Act could be maintained. In addition, funds could be controlled so that there would be no question that US dollars were supporting any programs of coerced or involuntary abortions.

Note also that the UN International Conference on Population and Development to be held in Cairo in September 1994 presents a significant opportunity for the US to reverse course on this issue. Preparations for that conference (two preparatory sessions have already been held) should be prioritized.

Cost: Additional funds would not be necessary.

V. OTHER

A. National Income Accounts

By using market-based mechanisms, we can achieve environmental "goods" in a way that also offers economic benefits. Unfortunately,

we can't fully take advantage of the market if we aren't using the right price signals.

While national income and product accounts provide us with a variety of short-run and long-run indicators for economic health such as GDP, productivity, disposable income, and profits, the framework takes no account of changes in the quantity, quality, or value of natural resources and other environmental conditions.

Recent projects at the Bureau of Economic Analysis (the branch of the Commerce Department that produces the accounts), EPA, CBO, as well as the United Nations Statistical Organization, have established the theoretical underpinnings for expanding the accounts, and now researchers are attempting to put them into practice.

To focus, prioritize and accelerate this work, a directive should be issued to BEA, EPA, CEQ and other Departments (such as Interior, where much natural resource data resides) to undertake an effort to expand the accounts, and to identify near term conceptual issues and data requirements. This initiative could ideally be coordinated jointly by CEQ and OSTP.

This domestic initiative should then be translated into a major international initiative, with the US leading a UN effort to revise national accounts. The UN typically undertakes such an effort every 20 years, and is currently in the process of developing "satellite accounts" on natural resources. This has not been a high priority, however, and progress has been very slow.

The importance of accelerating these efforts has been demonstrated by Bob Repetto at the World Resources Institute and other researchers who have found that annual rates of growth in developing countries are dramatically diminished when the irreversible destruction of natural resources is accounted for. (Accounting for the loss of natural capital, Indonesia's "real" growth rate falls from some 7% to approximately 3%).

Cost: No significant budget impact is expected.

B. Elevate EPA to Cabinet Level Status

The influence and effectiveness of EPA may be limited by the fact that it is not a cabinet level agency. A cabinet level department could provide increased access to the President, more clout in interagency disputes, better integration of environmental policies with "mainstream" economic and social policies, and enhanced US credibility in international environmental negotiations.

Elevation of the department enjoys bipartisan support. Questions will arise, however, with regard to whether other environmentally-related functions should be vested with EPA in the

process of elevating the agency. It has been suggested, for example, that NOAA should be transferred to a cabinet-level EPA.

While these questions must carefully be thought through, an early statement of support from the President simply with regard to elevation of the department could be of significant symbolic import.

Cost: No significant budget impact expected.

C. Implementation of Agenda 21

One of the key documents resulting from the Rio Conference was "Agenda 21" -- a comprehensive yet non-legally binding action program designed to reconcile the goals of continued economic development and environmental preservation to ensure that human needs are met in a sustainable fashion.

To demonstrate US commitment to furthering progress on sustainable development, the President should issue a directive to all agencies to undertake an analysis of each of their respective programs and develop an action plan to implement Agenda 21. It is critical that this effort be undertaken jointly by the agencies as many issues -- such as improved natural resource management -- cross agency jurisdictions. This effort should be coordinated through CEQ.

Cost: No significant budget impact is anticipated.

D. Business and the Environment

The new administration has an important opportunity to forge a new alliance between business and environmental interests. To capitalize on this opportunity, the President should issue a directive calling for a series of roundtable strategy sessions with business leaders to discuss, for example, how we can use market-based initiatives to achieve environmental goals; how can we stimulate new investment that accelerates the replacement of environmentally burdensome products and processes; how can we promote pollution prevention strategies; how can we promote voluntary initiatives such as environmental audits and green labeling. These efforts should be coordinated through -- and a primary mission of -- the CEQ.

To: President Clinton
 From: Vice President Gore
 Re: Environment, Energy and Natural Resource Initiatives

Per your request, this memorandum describes initiatives in the environment, energy and natural resource areas. Many of these initiatives have important, positive economic consequences. Others are important in signaling a shift in policy from the previous Administration.

I. INFRASTRUCTURE INVESTMENTS:

These proposals embody a central tenet of the campaign -- that environmental protection and economic growth are not conflicting but complementary goals. The investments we have identified will benefit the environment, create jobs and lay the groundwork for long-term economic growth.

A. Clean Water Projects:

o EPA and the states have estimated that expenditures of over \$110 billion on wastewater treatment construction will be needed by 2010 to meet national water quality standards. The failure to meet those standards is currently exacting a significant economic cost -- particularly on coastal communities. In 1989 and 1990, there were over 2400 beach closings in 10 states. Billions in tourism, boating, and fishing dollars were lost. In addition, at any given time, some 40-50% of the nation's shellfish beds are closed due to pollution, and nearly every coastal and Great Lakes state has advisories warning against the consumption of many types of fish because of their dangerous levels of contamination. Investments in improving this situation therefore make sound economic sense. Importantly, investments in these types of projects also promise strong job-creation benefits. Focusing on these initiatives also offers us the opportunity to begin to address the number one environmental health threat facing our children: water- and air-borne lead.

Jobs: According to one estimate, the total number of jobs generated from the expenditure of \$1 billion on water and sewer projects is **at least 34,000 and could be as high as 57,000.**

Costs

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transition and minorities to conduct audits for Green Lights and Energy Star Buildings in order to increase market capture and future energy reductions and job creation. At the present time most organizations have no idea that they could cut their energy expenditures in half (at a payback of less than 3-5 years). To fill this information void, energy auditors are needed who can survey and assess installed equipment and educate businesses and residential owners about other equipment options. This initiative proposes to offer training for energy auditors in major metropolitan areas, tied to EPA's programs so that profitable investments are made. EPA estimates that 8,200 jobs can be created in 1993 alone through this program.

Cost: \$10,000,000

* JOB CREATION THROUGH PRODUCTIVE USE OF METHANE - Since methane has energy value, it's emission to the air is equivalent to energy evaporating before use. Lack of motivation and know-how, as well as institutional obstacles, have presented this resource from achieving effective utilization. The methane programs will seek to profitably capture this "lost energy":

- o Coal Mines - the programs will be aimed at generating methane capture in Appalachia during coal mining and then fully exploit this resource so that jobs equal to half of the current coal mining jobs are created extracting methane.

- o Natural Gas Star - a voluntary program with industry will aim at accelerating investments to reduce pipeline leaks and increase exports to the former Soviet Union of this technology.

- o Agricultural Wastes - a program with the objective of accelerating farmer utilization of waste as an energy source by investing in collection systems and generators and/or absorption refrigeration.

- o Livestock - will aim at partitioning carbon to useful products (milk and meat) by nutritional supplements and/or range improvements.

- o Landfills - will aim at helping small communities meet local energy demands and the need for acceptable landfilling by creating a recovery industry profitable for these communities.

EPA estimates that 12,000 jobs can be created through this program in 1993.

Cost: \$8,000,000

NOTE that ALL of these EPA programs could be further expanded on FY '94 to achieve further savings and job creation. (EPA estimates that the programs could be fully effective if supported at 3% of EPA's resources or \$150 million.) Note also that future job creation maybe more significant because the

greatest benefits will stem from reinvesting profits from energy savings.

o State and Local Assistance Programs: These programs provide federal funding for state and local energy efficiency services to low-income households, non-profit schools and hospitals, municipalities, small businesses and farmers. The programs are proven winners -- they save energy and create jobs. Each 100 million spent on SLAP will create approximately 4,000 new jobs. They often get squeezed in the appropriations process, however, and many worthy projects go unfunded.

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Cost: No significant budget impact is anticipated.

II. FEDERAL PROCUREMENT OF RECYCLED COMMODITIES

Communities across the country are eager to participate in recycling initiatives. Too often however, those communities are forced either to send carefully separated materials to the landfill or to abandon their projects altogether. The primary bottleneck here is the lack of end markets for the post-consumer materials that have been collected.

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III. WHITE HOUSE CONFERENCE ON ENVIRONMENTAL TECHNOLOGIES

New, cleaner and more efficient process technologies are essential if we are to improve our competitiveness. In addition, a huge new market is emerging for environmentally sound products and services. Currently estimated at some \$200 billion per year, the environmental technology industry is one of the fastest growing sectors of the domestic and international economy. Estimates of the potential global demand for environmental products and services range as high as \$600 billion over the next 10 years. This is a market we cannot afford to lose.

Domestic envirotech businesses face significant obstacles to growth, however. Many are small to medium sized companies which are less able than well capitalized and nationally supported foreign competitors to make the investment required to develop business abroad. In addition, they often lack information about promising market abroad while regulatory requirements have thwarted the introduction and use of new technologies here at home.

A White House Conference on Environmental Technologies early on in the administration would signal the Administration's understanding of the importance of these industries. In addition, if the Conference were designed as a joint initiative of CEQ and OSTP the link we would like to make between the business, technology and environmental communities could be demonstrated. Moreover, if all relevant agencies -- State, Aid, Treasury, Commerce, Labor, in addition to EPA and DOE, etc. -- participated, important, but less evident, issues could be identified and discussed. For example:

- o Our competitors station attaches in their embassies who are familiar with the technologies of their envirotech industries. The result is that their firms are often the first in line to bid on important projects. Shouldn't we do the same? (Note here that Administrator Reilly tried to undertake a similar initiative by offering to loan appropriate personnel. State Department, however, has not been receptive).

- o While the economies of the major industrial countries have been stagnant or in decline, developing countries have experienced record growth. These countries already account for some 35% of our exports. How can our embassies in those countries be of assistance to our envirotech businesses? What resources does AID have that could be of use here? How should we conduct the negotiations that are called for in the Rio agreements so that the technology cooperation provisions of those agreements will offer opportunity for US interests?

- o Current EPA regulations define "best available technologies" in a way that often precludes the use of new and innovative technologies. Shouldn't we take a look at those regs to see if a more flexible approach could be identified? (Note that this openness could send an important signal to business that the new administration's will to work with them in order to achieve environmental objectives in an economically sound manner).

- o Federal dollars are tight. How can private dollars be leveraged to provide needed investment capital (and to slow the current sale of technologies to foreign investors)?

Cost: No significant budget impact expected.

IV. INTERNATIONAL ENVIRONMENTAL INITIATIVES

A. The Climate Convention

As you well know, President Bush, alone among industrial country leaders, refused to commit to stabilizing emissions of carbon dioxide at 1990 levels by the year 2000. Governor Clinton, however, embraced this commitment during the campaign. We are presented with two opportunities very early on in the

Administration to affirm this commitment. First, pursuant to the terms of the treaty, we are obligated to produce an action plan on climate change 6 months after the treaty comes into full force and effect. In Rio, President Bush accelerated our commitment and promised to produce the plan in January -- 6 months after signature of the treaty. A draft action plan has been prepared. However, it has been severely criticized both within the Administration (EPA has been harshly critical of it, saying that it will not achieve meaningful reductions in emissions) and by the environmental community. The plan has been published in the Federal Register and is open to public comment.

The new Administration should undertake a serious re-evaluation of this plan and institute a process by which to produce a plan that not only will achieve meaningful reductions, but will in fact, result in a stabilization of emissions.

Second, the parties to the Convention will meet again in April. The new Administration should take advantage of this meeting to affirm its commitment to the international community -- and to secure their re-affirmed commitment in return.

Cost: No significant budget impact of producing action plan or participating in international negotiations. Analyses differ with respect to the cost of actually achieving stabilization in the US. Some project significant costs while others (such as EPA) show that stabilization could be accomplished with net positive impact on GNP. The menu of policy options that are chosen as part of the plan obviously will be determinative, and top priority can and should be given to those options that can be done at a profit.

B. The Biodiversity Convention

As we have discussed, this convention, as finally negotiated, is flawed. Problems arise with regard to the intellectual property provisions of the treaty and with regard to the financing mechanism that has been devised. These problems are not, however, insurmountable. And, a reversal of Bush Administration policy here would send an unmistakable signal that the US was serious about securing -- once again -- a leadership role on international environmental issues.

As we have also discussed, I believe it is imperative to the well-being of the US biotech industry that we find a way to fix the flaws in this treaty and to sign-on to it. Because of the way President Bush handled these negotiations, US researchers are now being shut out of some third world countries. Venezuela, for example, has suspended research agreements with several US institutions. Moreover, the Conference of Parties to the treaty will undertake an effort to craft international regulations concerning genetically modified organisms. We must have a seat at those negotiations to ensure that those

regulations are based upon the best science and that they will not unduly or unfairly hamper the US biotech industry.

The new Administration should, therefore, express unequivocally its intention to work with the Conference of the Parties to address the problems that prevented our signature. Simultaneously, an effort should be undertaken with other major industrial countries -- such as the UK, Switzerland, France, Germany, etc. -- to come to a common understanding on these issues. (I understand that these countries -- having signed the treaty -- now face obstacles in ratifying it because of concerns their own biotech companies are now raising. They therefore should be amenable to our efforts). And outreach with the US biotech industry should be begun in order to develop a position that they are comfortable with and that is protective of their interests.

Cost: No significant budget impact expected.

C. Mexico City Policy

President-elect Clinton pledged to "Restore US funding for the United Nation's population stabilization efforts and allow US foreign aid to support international family planning efforts."

The last major international conference on population was held in Mexico City in 1984. At this meeting the US declared that it would no longer fund private voluntary organizations that offer abortion-related services. This is in addition to standing policy of not allowing US funds to pay for abortions.

This policy should be reversed by executive order. Family planning is desperately needed in much of the world. In addition to hardships and suffering experienced by those in overpopulated lands, population pressures are the most significant factor driving dramatic degradations of the natural resource base.

Note that the reversal of the Mexico City policy would not require that US funds be provided for abortions. Rather, the restriction imposed by the 1973 Helms Amendment to the Foreign Assistance Act could be maintained. In addition, funds could be controlled so that there would be no question that US dollars were supporting any programs of coerced or involuntary abortions.

Note also that the UN International Conference on Population and Development to be held in Cairo in September 1994 presents a significant opportunity for the US to reverse course on this issue. Preparations for that conference (two preparatory sessions have already been held) should be prioritized.

Cost: Additional funds would not be necessary.

V. OTHER

A. National Income Accounts

By using market-based mechanisms, we can achieve environmental "goods" in a way that also offers economic benefits. Unfortunately, we can't fully take advantage of the market if we aren't using the right price signals.

While national income and product accounts provide us with a variety of short-run and long-run indicators of economic health such as GDP, productivity, disposable income, and profits, the framework takes no account of changes in the quantity, quality, or value of natural resources and other environmental conditions.

Recent projects at the Bureau of Economic Analysis (the branch of the Commerce Department that produces the accounts), EPA, CBO, as well as the United Nations Statistical Organization, have established the theoretical underpinnings for expanding the accounts, and now researchers are attempting to put them into practice.

To focus, prioritize and accelerate this work, a directive should be issued to BEA, EPA, CEQ and other Departments (such as Interior, where much natural resource data resides) to undertake an effort to expand the accounts, and to identify near term conceptual issues and data requirements. This initiative could ideally be coordinated jointly by CEQ and OSTP.

This domestic initiative should then be translated into a major international initiative, with the US leading a UN effort to revise national accounts. The UN typically undertakes such an effort every 20 years, and is currently in the process of developing "satellite accounts" on natural resources. This has not been a high priority, however, and progress has been very slow.

The importance of accelerating these efforts has been demonstrated by Bob Repetto at the World Resources Institute and other researchers who have found that annual rates of growth in developing countries are dramatically diminished when the irreversible destruction of natural resources is accounted for. (Accounting for the loss of natural capital, Indonesia's "real" growth rate falls from some 7% to approximately 3%).

Cost: No significant budget impact is expected.

B. Elevate EPA to Cabinet Level Status

The influence and effectiveness of EPA may be limited by the fact that it is not a cabinet level agency. A cabinet level department could provide increased access to the President, more clout in interagency disputes, better integration of

environmental policies with "mainstream" economic and social policies, and enhanced US credibility in international environmental negotiations.

Elevation of the department enjoys bipartisan support. Questions will arise, however, with regard to whether other environmentally-related functions should be vested with EPA in the process of elevating the agency. It has been suggested, for example, that NOAA should be transferred to a cabinet-level EPA.

While these questions must carefully be thought through, an early statement of support from the President simply with regard to elevation of the department could be of significant symbolic import.

Cost: No significant budget impact expected.

C. Implementation of Agenda 21

One of the key documents resulting from the Rio Conference was "Agenda 21" -- a comprehensive yet non-legally binding action program designed to reconcile the goals of continued economic development and environmental preservation to ensure that human needs are met in a sustainable fashion.

To demonstrate US commitment to furthering progress on sustainable development, the President should issue a directive to all agencies to undertake an analysis of each of their respective programs and develop an action plan to implement Agenda 21. It is critical that this effort be undertaken jointly by the agencies as many issues -- such as improved natural resource management -- cross agency jurisdictions. This effort should be coordinated through CEQ.

Cost: No significant budget impact is anticipated.

D. Business and the Environment

The new administration has an important opportunity to forge a new alliance between business and environmental interests. To capitalize on this opportunity, the President should issue a directive calling for a series of roundtable strategy sessions with business leaders to discuss, for example, how we can use market-based initiatives to achieve environmental goals; how can we stimulate new investment that accelerates the replacement of environmentally burdensome products and processes; how can we promote pollution prevention strategies; how can we promote voluntary initiatives such as environmental audits and green labeling. These efforts should be coordinated through -- and a primary mission of -- the CEQ.

E. Expanding Collaboration

Independent, uncoordinated action by the multitude of

federal, state, local and private parties with an interest in the environment cannot efficiently achieve the levels of protection demanded by the public. Limited resources demand:

- o Collaboration early in the life of an issue -- before crisis or confrontation develops.
- o Local concerns to be solved with local input.
- o Federal agencies to work in a complementary fashion rather than at cross purposes.

Possible initiatives along these lines include:

-- Watershed Management. Wetlands, nonpoint source pollution, water supply, recreation access and similar resource issues can best be considered and reconciled with development concerns on a watershed basis.

The President could request the creation of a series of full scale demonstrations of comprehensive watershed management. This approach involves bringing together government and private stakeholders to identify : 1) key resource issues for the watershed, including conflicts between development or infrastructure and resource protection; 2) tolls and action that might have brought to bear on them. Without additional statutory authority, watershed management must be on a voluntary basis. Approaches being discussed in the context of Clean Water Act reauthorization would make some elements of this approach mandatory.

-- Habitat Restoration. Habitat management and restoration responsibilities are spread among federal, state, and local entities, and are of interest to a range of private groups. Single-agency approaches, by definition, fail to use all available resources, authorities, and expertise. The President could request the creation of regional habitat restoration councils, comprised of federal, state, tribal and local government representatives, as well as private and conservation interests. Both traditional resource and regulatory interests and development and infrastructure agencies should be included. The councils would identify habitat projects that are of high priority for more than one agency, and that require or benefit from the expertise or resources of multiple parties. Council should also compare and integrate resource protection priorities and early development/infrastructure planning information.