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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. list	re: Pesticide Bill Signing [partial] (2 pages)	n.d.	b(6)
002. memo	Kris Balderston to Elizabeth Drye re: Attendess for Tomorrows's Signings [partial] (1 page)	08/02/1996	b(6)
003. note	re: SSN and DOB (1 page)	08/01/1996	b(6)
004. list	re: Pesticide Bill Signing [partial] (2 pages)	n.d.	b(6)
005. list	re: DOBs [partial] (1 page)	07/31/1996	b(6)
006. list	re; Pesticide Bill Signing [partial] (2 pages)	n.d.	b(6)
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COLLECTION:

Clinton Presidential Records
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FOLDER TITLE:

Pesticides Event Planning

2014-0046-S
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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]
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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(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

BACKGROUND FACTS

THE LAST 4 YEARS:

- CHANGES IN THE ECONOMY
- CHANGES IN THE FARM ECONOMY
- CHANGES IN AGRICULTURAL EXPORTS
- CHANGES IN THE RURAL ECONOMY
- CHANGES IN TAXES
- THOUGHTS ON SUPPLY-SIDE ECONOMICS

Changes in the Economy

Overall economic growth--

- Real gross domestic product is expected to grow 2.2 percent in 1996 compared to 2.7 percent growth in 1992.

Jobs--

- Ten million new jobs have been created since 1992. The rate of job growth under Clinton is the strongest since the 1920's. The Bush administration had the worst job growth rate since the Great Depression.

  -- Most of the new jobs have been higher paying full-time jobs. Two-thirds of the jobs are in high-wage industries, and 90 percent are full-time.

- The unemployment rate stands at 5.4 percent now compared to 7.4 percent in 1992. The unemployment rate has been below 6 percent for 23 consecutive months.

Wages and Income--

- Average hourly wages paid to production workers in nonagricultural jobs increased from $10.57 in 1992 to $11.80 now.

- Real per capita disposable income measured over the first half of 1996 was $19,185 compared to $18,062 in 1992. The estimates are in terms of 1992 dollars.

Inflation--

- Inflation measured by the Consumer Price Index (CPI) is expected to be 3.1 percent in 1996, compared to 3.0 percent in 1992. The inflation rate over the last four years has been the lowest of any administration since Kennedy.

- The interest rate on 10-year Treasury notes is 6.5 percent, down half a percentage point from 1992 rates.

Misery index--

- The misery index--the sum of the unemployment rate and the inflation rate--fell from 10.4 in 1992 to 8.5 now.

- The economy is enjoying the lowest combined inflation rate, unemployment rate, and mortgage rate since the early 1960's. The sum is expected to be 15.2 this year and was 17.4 in 1992.

The deficit--

- The federal deficit has been cut each of last 3 years and will decrease again this year. In 1992 the deficit was $290 billion. CBO projects this year's deficit at $144 billion while OMB sets the figure at $117 billion. Using the CBO estimates, the deficit is now 1.9 percent of GDP compared with 4.7 percent in 1992.

- The size of Federal Government spending as a percent of GDP has shrunk from 23.3 percent in 1992 to 21.7 percent now.

Stock Market--

- Business optimism is reflected in the Dow Jones index which stands at about 5,700 now compared to 3,284 in 1992.

ECONOMIC SPEECH LANGUAGE

Four years ago. Four years ago, our economy was no longer providing the opportunity that is the key to the American dream. Unemployment was nearly 8%; the deficit was at an all time high, and growing; job-growth was anemic. Great American industries were flat on their back. Our country was drifting toward the 21st Century.

President Clinton changed the country's course. Bill Clinton ran for President determined to prepare our people for the 21st century -- to restore opportunity to all, to demand responsibility from all, and to bring our people together in community. He put in place a tough economic plan: cutting the deficit, shrinking the government, expanding exports through over 200 trade agreements, and investing in our people and their skills.

The economy is now growing. Four years later, let's look at the record. The U.S. auto industry is now number one again. Basic industries are back; there have been 800,000 new construction jobs. High-tech industries like semiconductors and biotech lead the world. 3.7 million people became homeowners. Hundreds of thousands of women-owned businesses have been started -- and now one in three businesses are owned by women. Exports have surged to record levels. The federal government has been cut by 237,000 people. The combined rate of unemployment, interest and mortgages is the lowest in 30 years. The deficit has been cut by over half -- so that it is now the smallest since 1981. The economy has created 10 million new jobs. And real wages, which had fallen for a decade, have begun to rise again. America's economy is the soundest it has been in a generation.

A record to build on, not to rest on. Our strategy is working. Now, we must press forward, to keep the economy growing and to make sure that all our people can reap the rewards of economic change.

So we must keep our economy growing, steady and strong. We should finish the job of balancing the budget. That would keep interest rates down, and spur even more business investment. We should do it in a way that protects Medicare, Medicaid, education and the environment. We should reward work by raising the minimum wage. And we should continue to invest in technology and other areas that will keep the economy growing.

As we expand opportunity, we must demand that all Americans take responsibility to make the most of a growing economy. And we must give them the capacity to do so -- and that means education, especially college. We have already expanded preschool, tightened school standards, and opened the doors of college wider than ever before. Now, we must make the 13th and 14th years of education as much a universal standard as a high school degree is today. That is why President Clinton wants to give every family a $10,000 deduction to pay for education after high school, and to give individuals a $1500 tuition tax credit for 2 years -- enough to pay for the cost of a typical community college. And we should make sure that every worker who needs education or training, gets it. That is the way to make opportunity real into the 21st Century.

Changes in the Farm Economy

Prices--

- Agricultural commodity prices are substantially higher than in 1992. A notable exception is cattle, whose price is lower because of larger supplies and increased herd liquidation in response to high feed costs.

- Corn and wheat set record high average prices in the 1995/96 marketing year (corn $3.25/bu and wheat $4.55/bu). This year's crops are likely to set new records. Prices in 1992 were more than $1 lower for both crops.

- Soybean prices did not set a record in 1995/96 but were extremely high ($6.80/bu), and are expected to average even higher in 1996/97. Prices could average over $8.00/bu. 1992 soybeans sold for an average of $5.56/bu.

- Cotton prices are much improved over 1992 when they averaged 53.7 cents a pound. The average price received for 1995/96 cotton has been 76.9 cents. USDA is prohibited from publishing cotton price forecasts but, March futures are selling just under 75 cents a pound, indicating another year of strong prices.

- Rice prices did not set a record in 1995/96, but at $9.10.cwt were substantially higher than the $5.89/cwt average from 1992. The price for the 1996 crop is expected to average over $9.00/cwt.

- Hogs prices are averaging over $53/cwt in 1996, which is $10 more than in 1992. Price strength is expected to continue in 1997.

- Cattle prices are expected to average $63-$64/cwt in 1996. This is low compared to the $75/cwt average for 1992. However, steps taken by the administration to increase demand and ease feed costs pressure on producers have helped move cattle prices up from the mid-$50s/cwt in May. Slightly better prices are expected in 1997.

  -- Fed cattle prices (Nebraska steers) were $59/cwt in April. Today they are $67/cwt, up 15 percent. From the low point in April, which was $53/cwt, today's cattle prices are up 27 percent.

Prices received and prices paid--

- The index of prices received by farmers was record high in July. Overall, farmers sold their crops and livestock this summer at prices 21 percent higher than in 1992. Prices for crops are 38 percent higher, while livestock, because of weaker cattle prices, are only 6 percent higher than in 1992. Strong milk and hog prices are holding up the livestock index.

- The index of prices paid by farmers has increased more slowly than the index of prices received. Since 1992 the prices paid index is up 14 percent compared to the 21 percent increase in prices received. This is a significant transition compared to the 1980s, when the index of prices paid rose 33 percent while prices received increased just 7.3 percent.

Farm income--

- Net cash farm income for 1996 is forecast between $51 and $61 billion (midpoint is $56 billion). The upper half of the forecast range would surpass 1992's $55 billion income.

- Direct government payments will be a smaller component of farm income--$7-$9 billion compared to $9.2 billion in 1992.

- USDA also keeps track of the economic well-being of farmers by measuring the average income to farm operator households. The average income from farming and off-farm sources is forecast at $42,500 to $47,800 for 1996. This compares to an average of $42,900 in 1992. Average farm operator household income is similar to the average for all U.S. households.

Farm sector balance sheet--

- Farm assets continue to grow. Led by increases in real estate values, farm assets will reach the highest level since 1980. Farm sector assets are forecast to reach $982-$992 billion in 1996, about 14 percent more than in 1992.

- Farm sector debt increased from $139 billion in 1992 to about $156 billion in 1996. This is the first significant increase in debt since the farm financial crisis of the 1980s, but it well within the debt servicing capacity of the sector. The higher debt levels reflect investments that are financially sound given the prospects for continued strong agricultural prices.

- Strong asset growth and relatively slow debt growth in farm sector will bring the equity position of farmers to $832 billion in 1996. This is the highest since 1980 and 14 percent higher than 1992.

- The debt/asset ratio of the farm sector for 1996 is a healthy 15.6 percent, down from 16 percent in 1992. Debt/asset ratios ran as high as 23 percent in the 1980s.

Number of farms--

- The number of farms seems to have stabilized at just over 2 million. Although the number of farms showed a small decrease between 1992 and 1996, the rate of decrease was less than half the rate between 1988 and 1992. The average farm size remains virtually unchanged at 469 acres.

Planted acres and flexibility–

- Responding to higher prices and increased planting flexibility advocated by the Administration and achieved in the 1996 Farm Bill, farmers planted 334 million acres to principal crops in 1996. This is 8 million more than 1992 and the most since 1986.
  - In 1992, nearly 20 million acres were idled under annual farm programs; now this is zero.

Food prices–

- Food remains a bargain in the United states: Americans spend only 11.3 percent of their disposable personal income on food.
- The CPI for food has been lower than the overall CPI since 1991.
- In 1996, the CPI for food is forecast to increase 2.8-3.0 while the overall CPI increases 3.1 percent. Food prices showed very little increase in 1992 with the CPI for food rising just 1.2 percent.
- The CPI for food is expected to increase 3-4 percent in 1997.

Changes in Agricultural Exports

Exports booming–

- U.S. agricultural exports are a record $60 billion in 1996--42 percent above 1992 levels. This export explosion reflects both higher export prices and larger quantities (total export volume up 12 percent).

  -- Poultry exports are more than 3 times larger than in 1992, pork exports are 2.5 times larger, and beef exports are up 60 percent.

  -- Value-added exports--meats and poultry, fruits and vegetables, vegetable oils and meal, etc,--are about $31 billion--up nearly 33 percent since 1992

- Global economic growth and the 200 plus trade agreements negotiated by the Administration have spurred U.S. exports. Export growth has been especially strong in Asia which takes 46 percent of U.S. agricultural exports. Exports to Japan are $12 billion--up 50 percent from 1992 while exports to the 4 Asian tigers (Korea, Taiwan, Hong Kong, and Malaysia) are up nearly 70 percent at a record $8.9 billion..

- The NAFTA partners import $10.3 billion of U.S. agricultural products. Exports to Canada are $5.9 billion--up 20 percent since 1992. Exports to Mexico are $4.4 billion--up nearly 20 percent from 1995's depressed level due to the peso crisis and expected to grow.

Export potential–

- Exports will continue to grow with increases in global incomes and rising population and as trade agreements are fully implemented. The United States will benefit from expanding trade opportunities. The 1996 Farm Bill increases producers' flexibility, productive cropland is not set aside, publicly-funded research will increase productivity, export programs will stimulate exports, and further trade liberalization is expected.

Concerns–

- The CRP includes productive cropland which diminishes U.S. competitiveness.

- Constraints on federal spending may lead to cuts in agricultural research which could impair productivity growth and competitiveness.

- Competition will remain strong and may intensify as countries, e.g., the EU, reform policies.

- Success in further negotiations to open markets arguably will become more challenging– particularly with respect to technical barriers to trade, including sanitary and phytosanitary regulations.

- Dispute settlement rulings against U.S. interests will weaken the support for trade negotiations.

Changes in the Rural Economy

- Rural America has shared in the Nation's improved economic conditions since 1992. Like the rest of the country, rural places have benefited from lower inflation and interest rates and job growth.

Population rebound--

- Population growth was considerably greater and more widespread in rural America in the 1990-95 period than in the 1980's. Rural areas experienced significant population, income, and employment growth in the 1970's and poverty rates fell dramatically, but these gains stagnated in the 1980's.

- The economic revitalization of the country in the 1990's has lead to a net migration of 1.3 million people into rural counties. Overall, the rural population increased by nearly 2.6 million people.

  -- Over 75 percent of rural counties have had population increases compared to less than half in the 1980's.

  -- Some areas of population decline continue, notably places in the Great Plains and Corn Belt.

Rural employment--

- Rural employment increased 6.5 percent between 1992 and 1995, bringing employment up to 24 million persons. The rural unemployment rate fell from 8 percent to 6.2 percent. Despite these gains, rural places continue to have a smaller percentage of the population employed and an unemployment rate that runs 0.6 percentage points higher than the national average.

Income and Poverty--

- The mean household income in rural places improved 8 percent between 1992 and 1994 and reached $32,756. Median household income increased from $24,900 in 1992 to $26,250 in 1994. Data on household income and poverty rates for 1995 will be released by the Department of Commerce in October.

- Rural poverty fell from 16.7 percent in 1992 to 16.4 percent in 1994. In 1994, there were over 9 million rural people in poverty--half of them were children or the elderly. In 1994, the poverty threshold for a household containing two adults and two children was $15,029.

Tax Changes 1993-Present and Administration's Current Proposals

I) 1993: The Revenue Reconciliation Act of 1993

The Revenue Reconciliation Act of 1993 was the President's first budget. That act has been criticized as the largest tax increase in history. White House analysis indicates it was not; the 1982 deficit reduction tax package included increases that were larger. The 1993 package raised taxes for the top 1.2% of taxpayers but had some key benefits for farmers and rural residents. However, there were also many unpopular tax increases.

Tax Benefits of the 1993 Act:

--*Created 3 rural empowerment zones and 30 rural enterprise communities*, with associated tax benefits, to stimulate business formation and job creation.

--*Expanded the Earned Income Tax Credit*--also known as the "Working Families Tax Credit"--for low income working families. This increased the size of the tax credit and the number of sole proprietor farms and the number of rural persons eligible for the credit. Most benefits went to working families with two or more children.

--*Extended the 25% deduction for health insurance premiums for self-employed individuals.* About a fifth of all farm returns claim this deduction. This is an issue of fairness--provide self-employed workers at least part of the benefit available to salaried workers.

--*Reduced the cost of capital for farmers and other small businesses by increasing the amount that could be expensed* (deducted immediately) from $10,000 per year to $17,500 per year. This allowed over half of all investment in depreciable property by farmers to be currently deducted.

--*Extended the Federal income tax exemption on interest on state-issued bonds that are used to provide low-interest loans to first-time farmers.* This provision permits states to provide loans of up to $250,000 to first-time farmers.

--*Provided a tax credit for individuals who make a contribution to a community development corporation.*

--*Provided some capital gains tax relief by permitting gains on the sale of publicly traded securities to be deferred* by being rolled over into an interest in a small business investment company.

Tax Increases in the 1993 Act:

--*Increased marginal income tax rates for high-income households* (from 31 to 36% for single persons with taxable incomes over $115,000 and joint returns over $140,000).

There were other changes such as a 10% surtax on incomes over $250,000 and limiting of itemized deductions. The marginal tax rate increase affected only 2 to 3% of farm sole proprietors and the surtax affected less than 1 percent.

--*Increased corporate tax rates for corporations with taxable income above $10 million and put limits on business deductions.* Very few farms affected.

--*Eliminated the $135,000 cap on income for the Medicare Hospital Insurance Tax.* Now, income above $135,000 is subject to the tax which means self-employed farmers have to pay the 2.9% tax on earnings above that level.

--*Increased the taxable portion of social security benefits.* This is estimated to affect 5% of farm sole proprietors and 20% of farm landlords.

--*Increased the top tax rate for estates and gifts.* Estates over $2.5 million have to pay more tax. Only 200 farm estates per year are affected.

--*Increased the Federal excise tax on fuels by 4.3 cents per gallon with the funds going to deficit reduction.* Fuel on the farm is exempt from the tax. The only effect is on transportation costs to market.

II) 1996: The Small Business and Job Protection Act

This act, signed into law on August 20, increased the minimum wage rate and provided tax relief to small businesses. While the minimum wage increase could increase labor costs for some farmers there are exemptions for small farms, family farms (those who recruit their own labor) and certain other farms, so the effect on farm workers and employers is expected to be small. The effect on rural residents and businesses will be greater than urban. Low wage, high labor cost firms will be most affected, such as the retail food service industry. Minorities, women and teenagers will be the wage beneficiaries.

Tax Benefits of the Act:

--*Increases capital expensing for small businesses from $17,500 to $25,000.* This reduces the cost of capital for farmers and reduces the record keeping needed for depreciation deductions.

--*Allows tax-exempt agricultural organizations to offer associate memberships* with annual dues up to $100 without this income being subject to tax as unrelated business income.

the taxpayer could claim a tax credit for $1,500 per year for two years of educational costs after high school. The credit would be refundable to those with insufficient income and would require the student to maintain a 2.75 grade point average.

--*Provide estate tax relief* by increasing the value of the estate that is eligible for deferred payment of estate taxes and reduce further the interest rate on the taxes that are paid over time. This applies to estates where the value of a farm or other closely held business exceeds 35% of the value of the estate. The proposal would increase the value of the farm or business from $1 million to $2.5 million eligible for deferred payment of taxes and reduce the interest rate from 4 to 2%. This proposal would reduce the need to sell farm assets to pay taxes and would aid in transferring the farm to the next generation.

--*Expand IRAs* by raising the income limit for deductible contributions to $80,000 on a joint return, index the IRA's $2,000 limit, and create a nondeductible IRA which would allow tax free withdrawals for certain purposes, such as higher education, medical costs or first home costs. Few farmers use IRAs, they rely on social security and farm assets for retirement; this proposal would make IRAs more attractive to farmers.

--*Authorize 2 new urban empowerment zones* with the same benefits as the first 9; authorize *20 new empowerment zones* (5 in rural areas) with different benefits; and authorize *80 new enterprise communities* (30 rural) with the same benefits as the original communities. The 20 new zones would not be eligible for the 20% wage credit on the first $15,000 in wages paid to zone residents but would be eligible for new empowerment zone facility bonds that would be exempt from any state bond volume caps.

Thoughts on Supply-Side Economics

Budget overview 1997-2002–

- Based on CBO projections, the deficit will grow to $285 billion in FY 2002 under current policy. Total 6-year outlays are $11.3 trillion including $1.4 trillion non-defense discretionary spending. The accumulated deficit over the next 7 years is $1.4 trillion which would raise the national debt in FY 2002 to $5.3 trillion--up from current $3.8 trillion.

Key elements of Dole Plan–

- Over a three-year period, cut personal income taxes across-the-board by 15 percent, reduce capital gains tax by 50 percent, allow a $500 per child tax credit, expand tax breaks for IRA's and educational expenses, and repeal 1993 increase in Social Security taxes.

  -- Plan would reduce tax revenues by a reported $550 billion over 6 years and is to be financed from spending cuts and an increase in tax revenues from higher economic growth (assumes a $1 cut in tax revenues generates $0.27 increase or "feed back" in tax revenues, a relationship we would not challenge).

  -- Assuming the feedback, spending cuts of about $400 million over 6 years would be needed to "pay" for the tax cut--about 30 percent of non-defense discretionary spending. This is the most difficult assumption of the plan.

What economists are saying–

- Attached are articles by 3 economists:

  -- **Gary Becker:** Dole's full plan including deregulation could achieve growth rate of 3.5 percent; tax cuts and other incentives could stimulate economic growth so that tax revenues could increase more than $0.27 for each $1.00 in cuts.

  -- **Martin Feldstein:** 15 percent tax cut will increase growth by increasing savings and investment, increasing business activity, and encouraging education and training; tax revenue recovery high--$0.44 for every $1.00 in cuts--therefore smaller spending cuts necessary.

  -- **David A. Wyss:** 15 percent tax cut <u>without offsetting spending reductions</u> boosts short-term growth, increases interest rates and inflation, and raises federal deficit; 15 percent cut <u>with offsetting spending cuts</u> stimulates private sector, reduces interest rates and inflation.

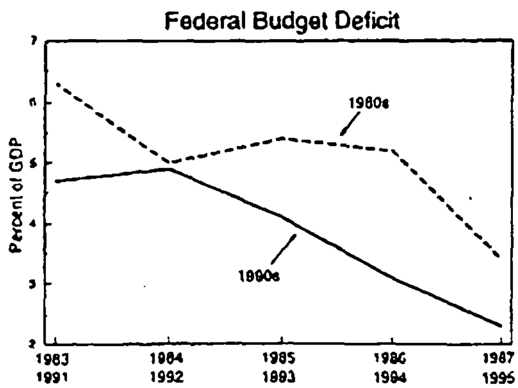
Received from the Council of Economic Advisers

The Mix Matters: A Comparison of Fiscal and Monetary Policy in the 1980s and 1990s

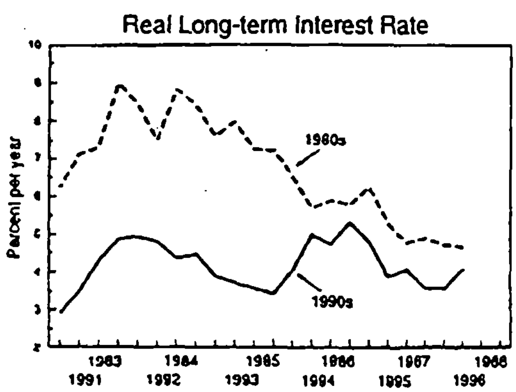
Advocates of large tax cuts point to the expansion of the 1980s as proof that tax cuts make the economy grow. But this argument obscures the difference between a business cycle expansion and sustainable long-run growth.

The importance of the policy mix. When there is slack in the economy, any mix of monetary and fiscal policies that produces net stimulus can generate a short-term expansion. But the actual mix of policies matters a great deal when it comes to laying the foundation for sustained long-term economic growth and a rising standard of living. The following charts compare several indicators, starting with a business cycle trough (the fourth quarter of 1982 and the first quarter of 1991) and covering a comparable amount of time of the subsequent expansion.

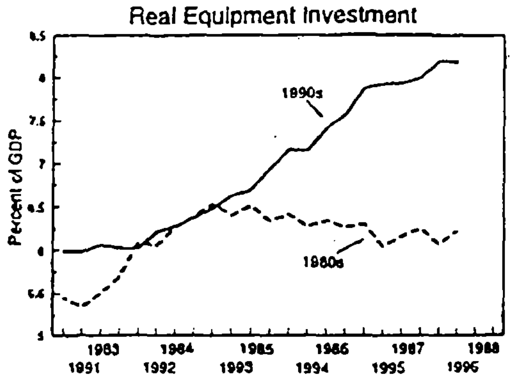
Fiscal policy in the 1980s, characterized by the large tax cut of 1981 and large Federal budget deficits, was expansionary (see Weekly Economic Briefing, August 9, 1996). Fiscal policy in the 1990s, by contrast, has been more restrictive, marked by serious efforts to bring down the deficit. These efforts began with the Omnibus Budget Reconciliation Act of 1990 and proceeded through OBRA93 to current proposals to eliminate the Federal budget deficit.

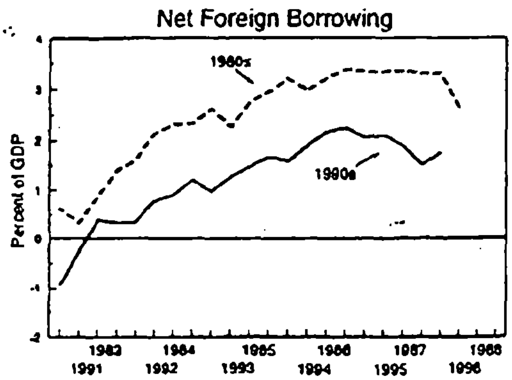


In the 1980s, when fiscal policy was expansionary, monetary policy, acting through higher interest rates, provided the restraint needed to keep the economy from overheating. In the 1990s, when fiscal policy was more restrained, monetary policy accommodated private sector growth. In both cases, the economy was able to expand following a recession, but real (inflation-adjusted) interest rates have been lower in the 1990s than they were in the 1980s.



The high real interest rates of the 1980s may have discouraged investment, especially the equipment investment many economists believe is critical to productivity growth.





Similarly, the lower real interest rates of the 1990s may have allowed investment to grow more strongly.

Investment would have been even lower in the 1980s if we had not been able to borrow abroad to offset some of the national saving depleted by large Federal budget deficits. This borrowing put the United States on a path that turned it from the world's largest creditor to its largest debtor. And many of the benefits of investment financed by foreign borrowing accrue to foreigners, not U.S. citizens. Foreign borrowing has been substantially less in the 1990s.

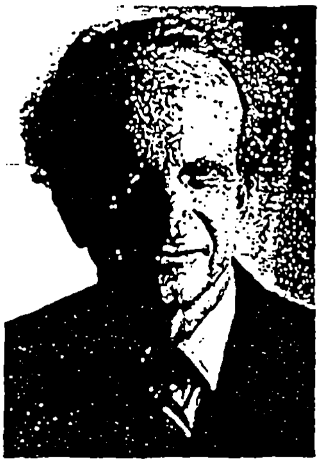
Finally, higher interest rates increased demand for dollar-denominated assets. This factor may have been partly responsible for increasing the foreign exchange value of the dollar in the mid-1980s. A strong dollar raises the foreign price of U.S. goods, making it harder for U.S. producers to sell abroad, and lowers the U.S. price of foreign goods, allowing foreign producers to make substantial inroads into U.S. markets. In the late 1980s, the real exchange rate of the dollar fell sharply, perhaps reflecting lower real interest rates in the United States. The dollar has not shown similar gyrations in the 1990s, reducing the shocks experienced by firms engaged in international commerce.

Conclusion. The economic expansion of the 1980s (following the deep 1981-82 recession) was no supply-side tax miracle. In fact, the combination of an expansionary fiscal policy and a restrained monetary policy produced a number of deleterious supply-side effects (such as restrained equipment investment and a sharply increasing trade deficit). The current recovery, by contrast, has produced stronger investment performance and less foreign borrowing, and thereby laid a better foundation for future prosperity.

Economic Viewpoint

BY GARY S. BECKER

WHY THE DOLE PLAN WILL WORK



LOGICAL: Voodoo, the plan isn't. The tax cut's growth dividend might cover even more than the 27% of lost revenue that Dole now projects

I was surprised when I received a phone call in early May to attend a meeting in Washington with then-Senate Majority Leader Bob Dole of Kansas, other senators, and a few economists to discuss the formulation of an economic program for the Presidential campaign. I had been the consummate Washington outsider: I declined all invitations to testify before Congress and had never even set foot in the Capitol, the building where the meeting was to take place!

But I accepted this invitation because I believed that new economic initiatives were much needed to raise the growth rate of America. The meetings with Dole and his advisers gave me a priceless education on the mix of economic and other factors that determine an economic program.

It was early agreed that cuts in income and capital-gains taxes were to be the centerpiece of his program. I believed large cuts were essential; their precise form mattered much less. Dole chose a 15% across-the-board tax cut from several alternatives because families can easily understand how that would directly affect them. Moreover, this cut is a major step toward the reforms he promised for his first Presidential term: a simpler and flatter tax structure, a balanced-budget amendment to the Constitution, and the requirement of supermajorities in Congress to raise income-tax rates.

From the beginning, Dole wanted major education and training initiatives because he recognizes that investments in human capital are essential to robust long-term growth in modern economies that depend on knowledge, skills, and information. Better education and training will also help narrow the inequality in earnings that has grown over the past two decades.

VOUCHERS AND SAVINGS. His program advocates scholarships, or vouchers, for students from middle-class and poor families that could be spent at private schools, including parochial schools. Poorer students attend the worst public schools, since they cannot afford either private schools or good suburban schools. Vouchers, choice, and competition among schools sharply distinguish Dole's approach from President Clinton's, since he, along with the teachers' unions, has strongly opposed school vouchers and choice.

The Dole plan includes education savings accounts that allow families to contribute $500 per year to an "education individual retirement account" for each child, which can be spent eventually on college or other post-high-school education. It also gives tax incentives to companies to pay for training and retraining of employees—including those who lost their jobs, possibly because of downsizing.

The Dole program plans to first stop and then roll back the rapid growth in regulations under Presidents George Bush and Bill Clinton. The Clinton Administration itself estimates that the cost of complying with federal regulations in 1995 absorbed almost 10% of gross domestic product, and the cost is continuing to rise. Dole would require benefit-cost analysis to justify new regulations and would reevaluate all existing regulations.

FEEDBACK. I believe the full program can reach the target of 3.5% growth per year. The U.S. and many other countries have enormous reservoirs of skills that are throttled by high taxes, excessive regulations, and failures to properly educate and train much of the workforce. Any country will gain a large burst in economic vitality if it can improve opportunities for men and women to start businesses and encourage much greater investments in human and physical capital.

The tax cuts and other incentives in the Dole program would reduce federal revenues by about $550 billion over the six-year period to the year 2002. Faster economic growth and reallocation of assets toward more taxable forms induced by the whole program, not just the tax cuts, is assumed to recover during this six-year period about 27%, or $150 billion, of the revenue loss.

I consider this 27% feedback conservative. Martin S. Feldstein of Harvard University has estimated that the 1986 tax cuts yielded a 40% feedback. More than $200 billion, rather than the assumed $150 billion, will be recovered in six years if the Dole package raises growth by only 0.2 percentage points each year for six years: Instead of growing at 2.2% each year, the economy would grow at 2.4% in the first year, 2.6% in the second, and so on.

Some critics label the assumption of revenue recovery voodoo economics revisited, but to me it is a simple implication of elementary economics taught to freshmen: that powerful changes in incentives have powerful effects on behavior. Economists should go out of business if they deny that taxes, prices, and costs significantly alter behavior. This is the strength of Dole's economic plan.

Gary S. Becker, the 1992 Nobel laureate, teaches at the University of Chicago and is a Fellow of the Hoover Institution

A Case for Cutting Marginal Rates

By Martin Feldstein

Bob Dole has proposed major tax cuts and promised to offset the resulting revenue losses with additional spending cuts. Without such spending cuts, the advantages of lower tax rates would be undermined by higher deficits that absorb savings and reduce investment. Dole budget analysts calculate that annual spending must be cut by an additional $60 billion by 2002—about 3% of projected government spending—to offset the proposed tax cuts and achieve budget balance.

Critics of the Dole plan argue both that this $60 billion is based on an underestimate of the likely revenue loss, and that the needed spending cuts cannot be justified by the gains that would result from lower tax rates. I disagree with both criticisms. I'll focus my comments on the 15% rate cut since that's three-fourths of the total and the subject of almost all of the public debate.

Higher Growth

Lower tax rates can cause higher growth by raising the rate of saving and investment, increasing entrepreneurial activity, and encouraging more education and training. But when economists quantify the economic gains from lowering marginal tax rates, we focus on the shorter-term benefit of reducing tax-induced distortions in behavior. Consider the potential impact of the Dole plan on a married couple with $50,000 of taxable income. An additional dollar of taxable earnings now means 28 cents more in federal personal income taxes, 15 cents more in employer-employee payroll tax payments, and about five cents more in state personal income taxes, a remarkable combined marginal tax rate of 48%. Each extra dollar of pretax earnings only adds 52 cents of spendable income.

The couple's high marginal tax rate induces them to substitute fringe benefits and nicer working conditions for taxable cash. Even if it costs the company a dollar to provide some benefit that the employee values at only 60 cents, that will be a better deal than paying the dollar in wages that shrinks to 52 cents before it can be spent. The logical implication of this is clear: Companies will spend money on fringe benefits and nicer working conditions until the last dollar of such spending is worth just 52 cents to the employee. What a waste!

High marginal tax rates also affect how much and how hard individuals work. When extra work means $100 of pretax earnings but only $52 of additional spendable income, the individual will substitute more leisure and less demanding work for the cash income that he would otherwise prefer. The logical implication of this is clear: The employee will pass up the chance to earn an additional $100 if doing so means giving up leisure that he values at as little as $52. What a wasted opportunity!

The Dole proposal would cut the couple's marginal federal income tax rate taxable earnings would therefore mean 56 cents of spendable cash instead of the current 52 cents. There would be less incentive to substitute low-valued fringe benefits and leisure for spendable income. The amount of waste would decline. Although an 8% increase seems small, experience shows its effect would be substantial.

Taxpayer behavior after the 1986 tax rate cuts provides some very useful evidence. In a study based on a large sample of anonymous tax returns provided by the Treasury Department, I compared the taxable incomes of high-income individuals in the years before the tax rate cuts with their taxable incomes after the rate cuts. Each 1% increase in the net tax rate increased taxable income by about 1%, an estimate later confirmed in a related study by economists at the Treasury.

Since middle-income taxpayers might be less responsive than those high-income

net of

Board of Contributors

High marginal tax rates affect how much and how hard individuals work.

taxpayers, I'll cut the earlier estimated response in half and assume that the 8% increase in the net tax rate causes the couple to increase its taxable income by just 4%, from $50,000 to $52,000. Such an increase in taxable income could occur because the husband or wife worked more or because they substitute bigger cash wages for some fringe benefits.

The $2,000 of extra consumption and tax revenue would otherwise have been fringe benefits and leisure valued at about 52 cents per dollar, or $1,040. The $960 difference between the $2,000 and that $1,040 value measures the reduction in waste that results from the 15% rate cut. Economists refer to this $960 waste as the deadweight loss of the higher tax rates.

What happens to the tax revenue? A couple with $50,000 of taxable income would pay $1,340 less in tax if their income were unchanged. In the language of the Washington tax analysts, that's the "static" revenue loss.

But the increase in taxable income induced by the tax cut substantially reduces this revenue loss. The rise in taxable income reflects both the higher net tax rate and the effect of the $1,340 static tax cut on the demand for leisure and fringe benefits. Statistical evidence suggests that the net effect would increase taxable income by about $1,500. Taxing this at the reduced marginal tax rate of 24% plus the employer-employee payroll tax rate of 15% produces $585 of extra tax revenue. Instead of a static revenue loss of $1,340, the "dynamic" estimate of the revenue loss is only $755. The "feedback" effect of increased taxable earnings cuts the loss of income tax revenue in this

In summary, for this couple the 15% rate cut would reduce tax revenue by $755 and would cut the deadweight loss by $960, implying a total gain of $1,675 to these taxpayers. The taxpayers gain more than two dollars for every dollar of revenue loss.

The story is similar for high-income taxpayers except that we can expect them to be more responsive to tax rate changes. It's appropriate to assume that they would respond to the 15% rate cut with the same responsiveness as in 1986—a 1% increase in taxable income for each 1% rise in the net of tax share.

Consider a couple with $300,000 of taxable income who now face a federal marginal tax rate of 39.6%. A 15% cut in all tax rates would imply a static tax cut of $14,173 and a reduction in the marginal tax rate to 33.7%. The rate cut would thus raise the net tax share from 52.5% (assuming a 5% effective state tax rate and the 2.9% Medicare payroll tax) to 58.4%, an increase of 11.2%. Their taxable income would rise by about $28,000. Taxing this at 33.7% plus the 2.9% Medicare tax implies additional income tax revenue of $10,249. This revenue feedback reduces the static revenue loss by 72% to $3,933.

Cutting tax rates by 15% reduces this couple's deadweight loss by more than $18,000. The couple save $14,173 of their initial tax bill and responds to the lower marginal tax rate by willingly increasing their taxable income enough to pay $10,249 more in taxes because the goods and services that they can buy with the extra net cash exceeds the value of the foregone leisure and fringe benefits.

Criticisms

With these calculations in mind, let's look at the criticisms of the Dole tax cut. First, are the Dole assumptions about revenue feedback really too optimistic? The Dole budget analysis assumes a revenue feedback equal to about one-third of the static revenue loss. As my examples show, the experience after the 1986 tax cuts would actually imply substantially greater revenue feedback and therefore less net revenue loss.

Second, can the spending cuts needed to pay for the tax cuts be economically justified? Government spending is justified only if the benefit that it produces exceeds the total cost of paying for those benefits, including the deadweight loss of raising the revenue. With today's very high marginal tax rates, the total cost now exceeds more than two dollars for every extra dollar of government spending. If Congress can use that as the criterion for judging existing spending programs, it shouldn't be difficult to identify the $60 billion of additional desirable spending cuts. But getting those cuts enacted will require a Congress and a president committed to deficit reduction and budget balance.

Mr. Feldstein, former chairman of the President's Council of Economic Advisers, is

The Rush to Cut: Tax Cuts And the Economy

by David A. Wyss

Both President Clinton and candidate Robert Dole are being pushed toward a major tax cut as a primary economic initiative of their campaigns. Proposals for a 15% across-the-board cut in tax rates are gaining support in the Dole campaign team, sometimes tempered by support for measures to balance the budget. President Clinton's team has proposed its own set of tax benefits, concentrated on higher-education deductions, to blunt the political popularity of the tax cut message. The final versions of both parties' positions will probably emerge over the summer.

The political advantage of proposing a tax cut seems clear. No one likes paying taxes, and all taxpayers believe they are paying more than their fair share. Both parties again seem to be promising the voters the best of all possible worlds—lower taxes, more spending on favored programs, and a balanced budget. Moreover, a tax cut could, in the short run, increase output and income. With no offsetting spending cuts, the standard Keynesian multipliers will assure that increased consumption will boost production.

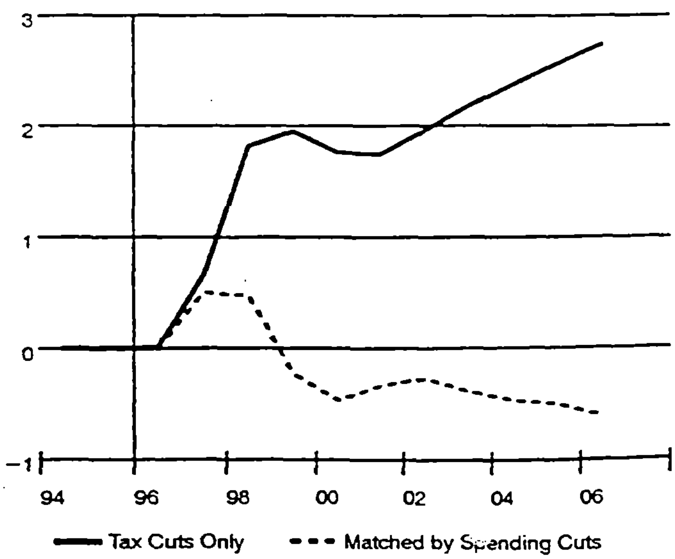
In the longer run, however, the increased consumption will necessarily raise interest rates and lower investment. Potential GDP will decline relative to the baseline, slowing economic growth. The higher federal deficits reduce the national saving rate directly, and the build-up of federal debt puts increasing pressure on the budget by raising interest costs. In addition the bond market could be spooked by deficit fears, making the gains even shorter-term than DRI/McGraw-Hill forecasts.

Some simple arithmetic should lay to rest any hope that cutting taxes will not hurt the budget. If tax rates are cut by 15% across the board, national income must rise by 15% to keep taxes constant. Even if productivity growth doubles as a result of the tax cut, it will take over a decade for the added growth to offset the initial tax loss. By that time, the level of federal debt will be increased by nearly $2 trillion.

The only way to offset the reduction in investment is to match the tax cuts with spending cuts. The amount of money the federal government takes out of the economy does not depend on taxes, but on spending. Every dollar the federal government spends must be taken out of private income, either through taxes or borrowing. Taxes come partly out of investment and partly out of consumer spending; borrowing comes entirely out of investment.

Tax cuts, which are sold as "supply-side" economics, are in fact the antithesis of concern for the supply of goods and services. The primary impact of higher deficits is to reduce investment, reducing the funds available for private investment. The resulting lower capital stock re-

EXHIBIT 1
Tax Cuts Without Spending Cuts Raise Interest Rates
(30-year Treasury yield, difference from trend)



duces the capacity of the economy to supply goods and services.

To examine the full impact, DRI has run simulations of the impact of a 15% cut in personal and corporate income taxes. We have also simulated the impact of such a cut matched by reductions in federal spending.

Raising the Deficit

A tax cut that is not matched by spending cuts will raise the federal deficit, despite increasing near-term growth. The problem is especially severe because the economy is now operating near capacity, and inflation is thus a greater threat. So far, inflation has remained stable in spite of an unemployment rate that is probably below the long-term NAIRU (non-accelerating rate of unemployment, or "full employment"). Faster growth is unlikely to be tolerated by the Federal Reserve or the bond market, neither of which believes in the wishful thinking about a 4% potential rate of GDP growth. Even if the Fed could be coerced by the politicians to ignore the deficit, the bond market is unlikely to cooperate.

For this simulation, DRI has assumed a 15% cut in all corporate and individual tax rates. Payroll (social security and Medicare) and other non-income taxes are assumed to be unaffected. The cut is a cut in the tax rate, not an increase in deductions or tax credits. The Federal Reserve is expected to follow its normal reaction to changes in the economy, and not to try to slow the economy down in advance of the tax cut. In practice, we would expect the Fed to react quickly, since the scenario is familiar to them.

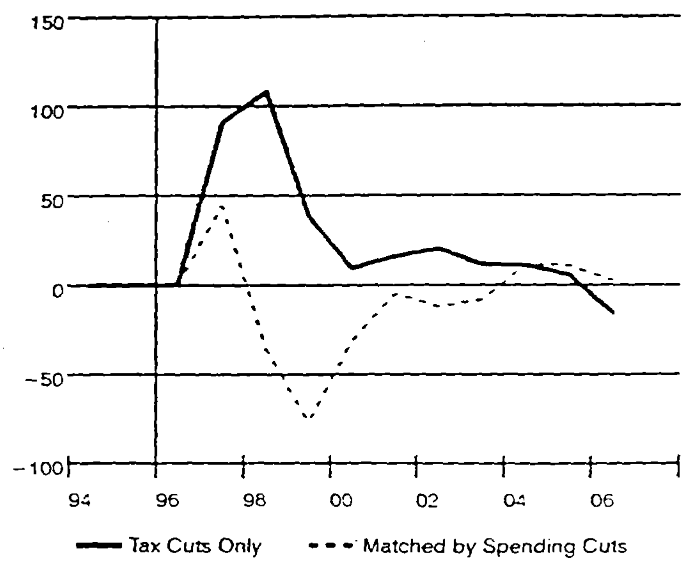
In the short run, the tax cut will raise real GDP. Real GDP is boosted 1.3% in 1997 and 1.5% in 1998, that is, the growth rates are boosted 1.3 percentage points and an additional 0.2 percentage point. The unemployment rate drops in response to the stronger growth, falling to 4.8% in 1998 compared with 5.7% in the baseline. The lower unemployment rate raises inflation, with a lag. On average, the CPI inflation rate is 0.3 percentage points higher than the baseline over the 10-year projection, rising to 4.4% in 2006 compared with 4.0% in the baseline.

The Federal Reserve responds to the stronger growth by raising interest rates. Bond markets are further affected by the increased borrowing needs of the federal government. The federal funds rate rises to a peak of 8.0% in 1998, compared with 5.8% in the baseline. The

EXHIBIT 2

The Economy Gets a Demand-Side Boost in the Short Run

(Real GDP, billions of chain-weighted 1992 dollars, difference from trend)



yield on the 30-year bond reaches 8.4%, and holds two percentage points above the baseline level. We have used the DRI model's estimate of the reaction of the Fed and bond markets to increases in the federal budget deficit. In fact, since they would see the emerging deficit in advance, both might react faster.

The federal deficit swells to $422 billion (unified basis) in fiscal 2006, compared with an optimistic $97 billion in our baseline estimate. About 60% of the increase is accounted for by higher interest on the national debt, which is primarily the result of the accumulated deficit over the 10-year forecast period. The federal debt in private hands (excluding holdings by the federal trust funds) is $1.8 trillion, or 37% above the baseline level in 2006.

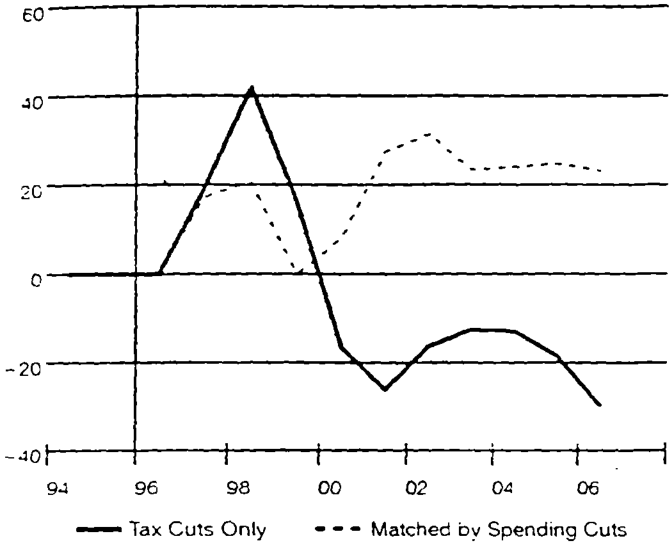
Business fixed investment would gain in the short run from the stronger demand for final products and the improved after-tax corporate cash flow, which will temporarily overcome the impact of higher interest rates. By the end of the 10-year forecast period, however, investment is $30 billion, or 2.9%, below its baseline level. Housing is also hurt by the higher interest rates, with residential construction $8.4 billion, or 2.6%, below the baseline in 2006.

On the other hand, the lower tax rates boost consumer spending by $78 billion, or 1.4%, in 2006. Even with

EXHIBIT 3

Spending Cuts Raise Investment

(Business fixed investment, billions of 1992 chain-weighted dollars, difference from trend)



this, the saving rate rises to 6.6% in 2006, compared with 4.7% in the baseline. The higher personal saving, however, is not enough to offset the higher federal borrowing requirement. There is an increased inflow of foreign capital to close part of the gap. The dark side of that is a worsening trade deficit, which widens to $277 billion in 2006, nearly twice its baseline level.

Overall, the tax cut improves the economy's short-term performance but at the expense of the longer-term performance. The tax cut shifts spending from investment to consumption, and, in turn, lowers the long-term growth of productivity and thus real incomes. The wider federal deficit worsens our foreign trade gap, and raises inflation despite stringent Fed measures.

The danger is that the performance doesn't look too bad to those voting for it. The economy improves in the first four years, because of the boost given consumption. The higher inflation is noticeable, but at the current low rates, not alarming. Proponents will tout the higher personal saving rates as evidence of supply-side benefits, conveniently forgetting that what counts for investment is the national saving rate, which is net of government borrowing.

A tax cut unaccompanied by spending cuts is simply one more sacrifice of the future for the present. The widening budget deficit in our projection reflects the buildup of federal debt. The interest payment on that debt will burden the budget and the taxpayer for generations. Today's budget would be balanced were it not for the interest needed to pay off the borrowing of the past. The 2006 budget would be nearly balanced were it not for payments on the borrowings needed to finance the 1997 tax cut.

Responsible Policy: Less Spending Matches Lower Taxes

A responsible approach is to match the cuts in taxes with equivalent cuts in federal spending. In our projection, we have phased in the cuts in two steps. All spending components are cut except social security and interest on the federal debt.

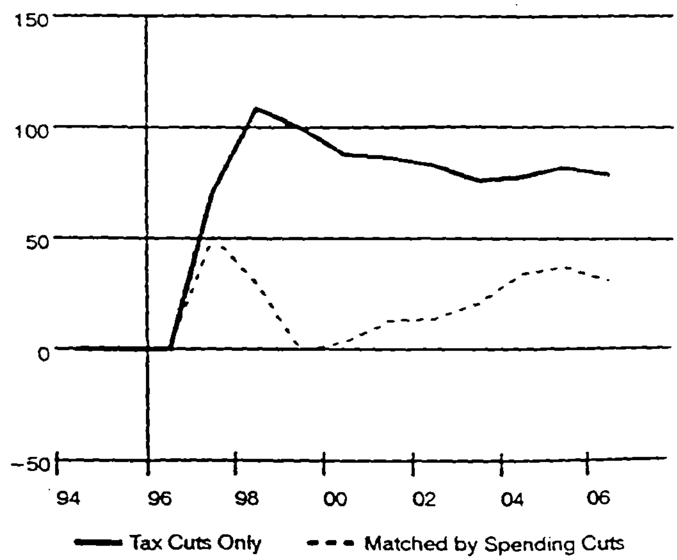
This balanced approach creates a stronger economy. The lower federal spending permits a shift to more investment, and thus raises productivity growth. Inflation is kept in check by the stronger productivity, with CPI inflation averaging 0.1 percentage point lower over the decade.

Because of the timing of the cuts, there is still a wider deficit in 1997 and 1998. By 2000, however, the budget gap is back to its baseline level. Although ideally we would prefer to balance the budget first, then cut taxes, we have simulated the more likely political action of cutting taxes first and spending later. Unfortunately,

EXHIBIT 4

Tax Cuts Raise Consumer Spending

(Real consumption, billions of 1992 chain-weighted dollars, difference from trend)



the even more likely political action is to cut taxes first, and promise to cut spending later.

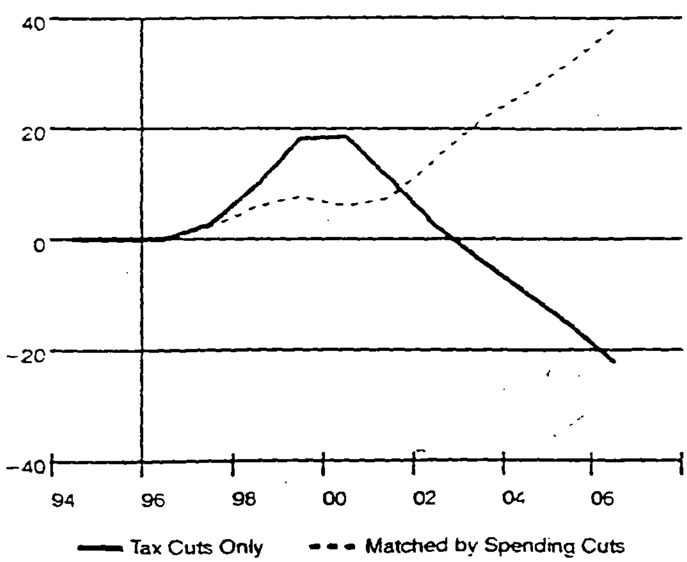
The target for the simulation was to return to the same level of debt at the end of the 10-year period, which implies the same average deficit over the decade. The Federal Reserve and the bond market respond to the economic change by lowering interest rates. The yield on the 30-year bond drops to 5.3%, 60 basis points below its baseline level, by 2006.

Real GDP is marginally lower through most of the period, because of the weaker government spending. Private GDP, however, is up throughout the period, and is $40 billion higher in 2006. Both consumer spending and business investment are higher throughout the decade.

The big winner is business investment, which is 3.5% higher in 2002, at its peak. Stronger investment propels productivity growth: in 2006, potential GDP is 0.5% higher. This increase sounds modest for a decade, but this is about the most that can be accomplished without impacting private consumption. The economy is near capacity throughout the period in the baseline, so any increase in investment spending must, in the short run, be balanced by lower spending elsewhere. In this simulation, the lower federal spending does most of the balancing.

There is little impact on employment or unemployment in either of these two simulations. The economy is near

EXHIBIT 5
Raising Long-Term Potential Growth Requires Spending Cuts
(Potential GDP, billions of 1987 dollars, difference from trend)



capacity, and the Federal Reserve will not tolerate significantly more growth than is already in the baseline. The unemployment rate averages 5.8% over the decade, just above our estimate of full employment.

By construction, the federal deficit averages the same as in the baseline projection. The cuts required to hold the deficit down after the 15% tax cut are probably unrealistic, given recent experience in trying to balance the budget. We assume no cuts in retirement programs. Medicare and Medicaid are cut 10% from their baseline. Other transfer programs, such as AFDC, food stamps, unemployment, and supplementary social insurance, are also cut 10%; we expect the welfare programs to suffer greater cuts, and food stamps and related items smaller reductions. Federal purchases are cut 15%. Cuts are spread over the first two years of the program, with the larger cuts made in 1997.

This program is not as politically attractive as a pure tax cut. Those who benefit from the government programs will complain about the cutbacks. The immediate gain to real output is modest and short-lived. In the longer run, however, this policy provides a more balanced economy with stronger growth. It also prevents the buildup of debt that will eventually throttle the budget and the economy.

Spending Cuts Only

From an economist's standpoint, an even more attractive option would be to cut spending without cutting taxes. From a politician's standpoint, this is attractive only if he wants to collect his pension early.

The large spending cuts, unmatched by tax cuts, create a budget surplus by 1999. Although there is no recession, the economy is significantly slower in the near term, in spite of sharp declines in interest rates. The yield on the 30-year Treasury bond falls to 4% in 1998, with the federal funds rate dropping back to 3%.

This simulation is in many respects the opposite of the first (tax-cut) simulation. Near-term pain is substantial, but in the long run the lower interest rates and higher national saving permit stronger growth of the real economy. Since the simulation is totally unrealistic from a political standpoint, there seems little need for detailed discussion.

Summary

Tax cuts unmatched by spending cuts are an attractive option politically, since they give the economy a near-

--Expands the definition of first-time farmers that states can provide loans to using the proceeds from issuing tax-exempt bonds. Now people can have owned more land and buy land from relatives and still be considered first-time farmers.

--Other provisions of benefit include an expansion of the IRA for homemakers to the full $2,000 even if they do not have sufficient income and *simplifies rules for self-employed pension plans.*

III) 1996: The Health Insurance Portability and Accountability Act of 1996

This act, signed by the President on August 21, is directed at enabling people to move from job to job and retain health insurance. It includes some tax provisions of benefit to agriculture.

Tax Benefits of the Act:

--Expands the deduction for self-employed health insurance costs. The deduction, was extended at 25% in 1993, raised to 30% in 1995, and this act raises it to 40% in 1997 and slowly thereafter until it reaches 80 percent starting in 2006. Farmers pay $1 billion in health insurance premiums each year. This change will provide tax savings for some 400,000 families.

--Creates medical savings accounts for a maximum of 750,000 taxpayers who must be self-employed or work for a firm of fewer than 50 employees. Participants will be able to deduct contributions (up to a limit) from income and social security taxes and withdraw the savings for medical expenses tax free. Participants must be in a high deductible health insurance plan.

IV) 1996: Administration's Current Tax Proposals

The administration would provide targeted benefits to individuals and businesses. The administration had previously proposed the increase in capital expensing, the expanded deduction for self-employed health insurance costs, and pension simplification enacted as described above.

Other Tax Benefits Proposed:

--Provide a tax credit for dependent children. Tax relief for families in the form of a credit of $300 per dependent child under age 13, rising to $500 after 1998. The credit phases out for incomes above $75,000.

--Provide a tax credit and deduction for education expenses to encourage more people to attend college. The deduction is for higher education expenses for the taxpayer, the taxpayer's spouse or children for up to $5,000. Beginning in 1999, the deduction would rise to $10,000. It is available for joint filers with incomes up to $100,000. Alternatively,

term boost and provide a present for the taxpayer. The longer-term problems are for the next administration; however, the long-run cannot be ignored forever. The build-up of debt and the decline in investment caused by the siphoning of savings to finance the deficit eventually slow the economy.

If the lower taxes are matched by lower spending, the results are clearly positive, at least for the macroeconomy. The microeconomic impacts on the beneficiaries of federal programs are the reason why such Draconian spending cuts have so far proven impossible.

David A. Wyss is DRI/McGraw-Hill's Research Director and Chief Financial Economist.

Talking Points
Vice President Al Gore
Signing Ceremony -- The Food Quality Protection Act
August 3, 1996

(Acknowledgments from advance)

- Today, we do right by American families and their children.

- After years of debate over our nation's food safety laws, the President is about to sign into law a comprehensive overhaul that will strengthen the nation's food safety system.

- This law -- which the Clinton Administration has urged since 1993 -- will ensure health and safety for American families in three important ways:

- First, the law establishes a more protective, more stringent health-based standard, so American families can have increased protection from pesticide exposure.

- Second, special new provisions in the law will protect infants and children from pesticide health risks--important measures that will bring the latest science to the supermarket.

- Finally, the law includes new measures to expand consumers' right-to-know about pesticide health risks, more than ever before.

- In September 1993, nearly three years ago, we joined together to chart a new, more stringent system to achieve those protections.

- Today, that system is a reality. And it is a reality, above all, because of the leadership and determination of the person I now have the honor of presenting. The President of the United States . . . Bill Clinton

ACKNOWLEDGEMENTS

ADMINISTRATION OFFICIALS

I'd like to acknowledge some of the Administration Officials here today and thank them for their leadership on this issue:

- EPA Administrator **Carol Browner**
- USDA Deputy Secretary **Richard Rominger**
- Food and Drug Administration Commissioner **David Kessler**
- CEQ Chairman **Katie McGinty.**

I'd also like to thank former Deputy Assistant to the President **Bill Galston** and others in the Administration who have worked on this legislation.

And I'd like to acknowledge and thank the rest of you here today who have worked to bring this legislation to fruition. You represent a remarkably diverse set of interests including, the **Crop Protection Association, the Farm Bureau, the National Food Processors Association, the Environmental Working Group, and the Natural Resources Defense Council.** You've come together in the interests of the American people, and I thank you for it.

And I'd like to thank the **youth** for joining us -- they are here **from farm families in New Mexico, South Dakota, Pennsylvania and from two local schools, Conner Elementary in Manassas Park and Hunter Woods Elementary in Fairfax.**

USDA PESTICIDE DATA PROGRAM

The Pesticide Data Program (PDP) is designed to improve the protection of consumers by increasing the amount of data that can be used to assess dietary risk and aids farmers by making accurate data available on the levels of actual pesticide residues that are detected in food.

The Program is targeted to collect data on foods for which EPA has significant needs in two key areas:

1) The Program collects data that enables EPA to implement the recommendations of the 1993 National Academy of Sciences Report on Pesticides in the Diets of Infants and Children which urged improvements in the availability of residue data on foods widely consumed by children so that their diets can be better protected. The Report indicated the need for more complete and statistically reliable data sets on foods that children consume.

2) Actual residue data on crops and pesticides is of major importance to minor crop producers. Without this data to accurately assess exposure EPA is left with worst-case scenarios, rather than real world information, in determining whether farmers will still be allowed to use important pesticides. EPA has indicated that PDP has been crucial in performing risk analyses for more than a dozen active ingredients that are of importance to farmers.

On August 3, 1996 President Clinton signed the Food Quality Protection Act which makes significant changes in the nation's pesticide laws.

Implementation of the new Food Quality Protection Act requires a more comprehensive evaluation of dietary risk that will place a premium on high quality residue information. Congress recognized the importance of this data by including in Title III of the Act language that mandates pesticide data collection. Section 301 (c) Residue Data Collection states:

"The Secretary of Agriculture shall ensure that the residue data collection activities conducted by the Department of Agriculture, in cooperation with the Environmental Protection Agency and the Department of Health and Human Services, provide for the improved data collection of pesticide residues, including guidelines for the use of comparable analytical and standardized reporting methods, and the increased sampling of foods most likely consumed by infants and children."

The data collection activities mandated in this section are identical to those conducted by the USDA Pesticide Data Program. The monitoring data collected by the Food and Drug Administration for enforcement purposes does not provide the same representative information that is collected by PDP for use in regulatory decision- making.

The swift and unexpected passage of the legislation provided virtually no opportunity for the Administration or members of Congress to coordinate pesticide legislative deliberations with discussion on other key legislation. In particular, the pesticide bill was passed after work in conference had been completed on the Agriculture Appropriations Act. As a result, although the pesticide bill mandated pesticide residue data collection, no funds were included for PDP in the appropriations bill.

The most direct impacts from the lack of funding for PDP will be an insufficient amount of information to adequately meet the data requirements for assessing the diets of infants and children and the probable loss of important pesticide uses for minor crop producers due to the shortage of data to accurately assess the actual dietary exposure.

Bill Signing Ceremony: The Food Quality Protection Act
Saturday, August 3, 1996
11:30 a.m.
The Rose Garden

VICE PRESIDENT'S ACKNOWLEDGEMENTS

[MEMBERS OF CONGRESS: Legislative Affairs will provide list]

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E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E N T

01-Aug-1996 06:27pm

TO: Jeremy D. Benami
TO: Elizabeth E. Drye

FROM: Carol H. Rasco
Domestic Policy Council

SUBJECT: welfare reform

Bruce and I had a conference call with a group from HHS this afternoon. Kevin was perky but wow, the rest of the group sounded like it was straight from a morgue.

The call was to discuss preliminary planning for implementation. Bruce and I talked afterwards and neither of us was overwhelmed by their plans. We have told them we want them working with USDA and SSA, that we want a good comprehensive memo on implementation for POTUS by August 20.

I will talk with Kevin next Wednesday to get an update.

Bruce and I are going to next week decide if we think we are headed to a White House led group meeting weekly or bi-weekly like crime bill....the idea excites neither of us! We thought about asking Ken Apfel to chair it so we won't have to attend every time!

Seriously though...let's all keep our ears open...I don't want screwy stuff happening between now and Nov. on this program.

They did say they are talking about some kind of conference in Sept. with states and possibily a couple of conferences in Oct....we'll learn more next week.

The first deadline so to speak is Child Support performance standards by Nov. 96. The AFDC block starts by July 97 but states have an incentive to go earlier and they are already calling wanting to know how to do it. And of course there are TONS of questions already about how the current waivers will merge into all this.

The first reg that will require a lot of work is that dealing with maintenance of effort....others aren't as pressing as they don't affect things in year 1.

That is about it for now.....I just keep thinking about how chilly

EXECUTIVE OFFICE OF THE PRESIDE
N T EXECUTIVE OFFICE OF THE PRESIDE
N T

02-Aug-1996 01:59pm

TO: (See Below)

FROM: David Shipley
Office of Communications

SUBJECT: draft potus statement for bill signing

DRAFT 8/2/96 2:00 P.M.
PRESIDENT WILLIAM J. CLINTON
STATEMENT ON SIGNING THE FOOD QUALITY PROTECTION ACT
THE WHITE HOUSE
AUGUST 3, 1996

Acknowledgments: TK. VP introduces.

We gather today in celebration. This morning, I will sign into law legislation that will protect the health and safety of all Americans -- especially our children.

The Food Quality Protection Act is important for several reasons. It will revolutionize the way we protect our food from harmful pesticides. It proves that we do not have to choose between a strong environment and a healthy economy. And it shows that we can come together -- across special interests and party lines -- to do what is right for the American people. May this bill be the model for the way we meet all our challenges as we stand at the dawn of a new century.

It is my duty as President to do everything in my power to see to it that Americans live
with the basic security of knowing that the food we eat, the air we breathe, the water we drink will not make us sick.

In the last 3 1/2 years, I have worked hard to meet this fundamental promise. We stood up to and stopped an all-out assault on our most basic public health and safety protections. We strengthened and expanded the Community Right to Know law, which requires industries to tell our citizens exactly what substances are being released into the world around us. Last year, we put in place strong new protections to ensure that the seafood we eat is safe. And last month, I announced steps to revamp our meat and poultry inspection system for the first time in 90 years -- to revolutionize the way our nation protects food safety.

Today, we add the cornerstone to the solid foundation we've built for America's families: The Food Quality Protection Act. This landmark legislation overhauls and strengthens the way we regulate pesticides. I like to think of it as the "Peace of Mind Act," because it will give parents the peace of mind that comes from knowing that the fruits, vegetables, and grains they set down in front of their children are safe.

food

This legislation is long overdue. Written with the best intentions decades ago, the safeguards that protect our food from pesticides are simply no longer up to the job. Bad pesticides have stayed on the market too long. Good alternatives ~~are~~ kept out.

have been

There are strong protections against cancer, but not against other health dangers. There is no uniform standard for what is safe.

The weaknesses in the law put us all at risk -- but especially our children. According to the National Academy of Sciences, infants and young people are particularly vulnerable to pesticides. Chemicals can go a long way in a small body. The Food Quality Protection Act puts the safety of our children first. First, it sets a clear, consistent standard for all pesticide use on all foods for all health risks. It also sets that standard high: If a pesticide poses a danger to our children, then it won't be in our food. Period.

Second, the Act will reform the regulatory process for pesticides. New, safer substitutes will be approved faster. The sooner they get on the market, the sooner farmers will be able to use them to replace older pesticides that may pose greater health risks. All pesticides will be reviewed regularly using the best science available.

Third, this legislation will see to it that consumers get the facts they need. Supermarkets will be required to display [illegible] information telling shoppers ~~exactly~~ [illegible] what pesticides have been used on the food they are buying. so that [illegible] can make more informed choices.

A family should be able to gather for a summer dinner knowing that the fruits and vegetables before them will provide nothing more than nourishment and joy. Americans have enough on their minds without having to worry about whether or not the food they eat will put them in harm's way. With this legislation, Americans will continue to have the security of knowing that the world's most bountiful food supply is also its safest.

Just as important as what this law does, is how it came into being. Most of us here have worked for years to reform our pesticide laws. Early in my administration, I sent reform legislation to Congress. The Food Quality Protection Act meets the goals I set forth. And it comes to my desk with the support of farmers and environmentalists, ~~consumer~~ groups and the agriculture industry -- and the ~~medical~~ public health community. After more than a decade of work, these diverse groups have come together to say with this bill: We do not have to choose between a strong economy ~~and~~ and a safe healthy environment. We can have both.

This bill also comes to the White House with the unanimous backing of Republicans and Democrats in Congress. [Special word of thanks to leadership of Reps. Bliley, Waxman, and Dingell.] What a difference a year makes. Last August we were fighting off an all-out assault to rollback our most basic safeguards for

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E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E
N T

02-Aug-1996 01:57pm

TO: (See Below)

FROM: David Shipley
Office of Communications

SUBJECT: next draft potus radio

DRAFT 8/2/96 2:00 P.M.
PRESIDENT WILLIAM J. CLINTON
WEEKLY RADIO ADDRESS
THE WHITE HOUSE
AUGUST 3, 1996

Good morning. Today I am pleased to announce a major step toward protecting the health and safety of all Americans -- especially our children. In a few moments, I will sign into law legislation that will revolutionize the way we protect our food from harmful pesticides.

It is my duty as President to do everything in my power to see to it that Americans live
with the basic security of knowing that the food we eat, the air we breathe, the water we drink will not make us sick.

In the last 3 1/2 years, My Administration I have worked hard to meet this fundamental promise. ~~We~~ stood up to and stopped an all-out assault ~~on our~~ most basic public health and safety protections. We strengthened and expanded the Community Right to Know law, which requires industries to tell our citizens exactly what substances are being released into the world around us. Last year, we put in place strong new protections to ensure that the seafood we eat is safe. And last month, I announced steps to revamp our meat and poultry inspection system for the first time in 90 years -- to revolutionize the way our nation protects food safety.

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Third, this legislation will see to it that consumers get the facts they need. Supermarkets will be required to display information telling shoppers ~~exactly what~~ what pesticides, ~~have been used on the food they are buying~~. the risks and benefits So they can make informed choices

A family should be able to gather for a summer dinner knowing that the fruits and vegetables before them will provide nothing more than nourishment and joy. Americans have enough on their minds without having to worry about whether or not the food they eat will put them in harm's way. With this legislation, Americans will continue to have the security of knowing that the world's most bountiful food supply is also its safest.

Just as important as what this law does, is how it came into being. The Food Quality Protection Act comes to my desk with the support of farmers and environmentalists, ~~consumer~~ public health groups and the agriculture industry -- and the medical community. After more than a decade of work, these diverse groups have come together to say with this bill: We do not have to choose between a strong economy and a safe environment. We can have both.

This bill also comes to the White House with the unanimous backing of Republicans and Democrats in Congress. What a difference a year makes. Last August, we were fighting off an all-out assault to rollback our most basic safeguards for clean air, clean water, clean food. Our traditional bipartisan commitment to protecting the public health and our environment seemed at risk. Today, I am proud to say that today we stand on common ground.

This is how we can meet the challenges of our time -- not by drifting apart, but by coming together. In the last week, members of both parties have joined in common cause to do what's best for America: to end welfare as we know it, to raise the minimum wage, to pass health-care reform, and to safeguard our food. This is truly a season of progress. We are coming together around our basic values of opportunity, responsibility, and community. If we keep it up, we will surely make this an age of possibility for all Americans. Thanks for listening.

Distribution:

TO: Michael Waldman
TO: Victoria L. Radd
TO: Brian J. Johnson
TO: Elizabeth E. Drye
TO: Barbara D. Woolley
TO: Ann M. Cattalini
TO: Kris Balderston
TO: Eric L. Schnure

clean air, clean water, and clean food. Our traditional bipartisan commitment to protecting the public health and our environment seemed at risk. Today, as I look out at everyone here, I see a different story. I am proud to say that we stand again on common ground.

This is how we can meet the challenges of our time -- not by drifting apart, but by coming together. In the last week, members of both parties have joined in common cause to do what's best for America: to end welfare as we know it, to raise the minimum wage, to pass health-care reform, and to safeguard our food. This is truly a season of progress. We are coming together around our basic values of opportunity, responsibility, and community. If we keep it up, we will surely make this an age of possibility for all Americans.

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COLLECTION:

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Domestic Policy Council
Elizabeth Drye
OA/Box Number: 10451

FOLDER TITLE:

Pesticides Event Planning

2014-0046-S
rc1410

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P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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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(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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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]

PESTICIDE BILL SIGNING--LIST OF INVITEES

Master

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Lois Schiffer
Assistant Attorney General

DRAFT - 7/31/96

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Marion Berry
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AFBF - Dean Kleckner
Bob Vice (CA)
Richard Newpher
Dennis Stolte
Mark Maslyn
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ACPA - Jay Vroom - R + Board members (attached) (9)
(202)296-1585

John McCarthy R
Linda Fisher (Monsanto)
(202)383-2871

Greg Thies (BASF)
(202)682-9462

Bob Woods (Zeneca)
Call Leo Bontempo (Ciba)
Hold Charlie Fisher (Dow Elanco)
Hold Bob Larkin (Rohm & Haas)

National Cotton Council - John Maguire
(202)745-7805

National Association of Wheat Growers - Carl Schwensen R
Margie Williams R
(202)547-7800

National Corn Growers Association - Keith Heard
Bruce Knight
(202)546-7611

American Soybean Association - Krysta Harden R
(202)371-5511

International Apple Institute - Ellen Terpstra
(703)442-8850

United Fresh Fruit and Vegetable - Tom Stenzel
~~John Aguirre~~ Marshall Metz (789-1012) -
Add John McClung
(703)836-3410

23 + 3 = 26

Northwest Horticultural Council - Chris Schlecht (Minor Crop Farmer Alliance) R
(509)453-3183

National Council of Farmer Cooperatives - Wayne Boutwell R
Tom Van Arsdall
(202)626-8700

National Farmers Union - Leland Swenson A, Larry Mitchell A
(202)554-1600

Sunkist - Julian Herron A
(202)342-1300

Western Growers Association R - David Moore
(714)863-1000

National Potato Council - Ed Ruckert A
Jerry Hill A
(202)887-8000

Agricultural Retailers Association - Floyd Gaibler R
(202)457-0825

The National Grange - Robert Frederick A
(202)628-3507

California Prune Board R - Dan Haley
(202)484-7137

National Cattlemen's Beef Association - Chandler Keyes
(202)347-0228

American Sheep Industry Association - Larry Myers
(202)484-2773

Chemical Specialities Manufacturers' Association- Ralph Engle A
(202)872-8110

Hershey Foods - Holly Hassett
(717)534-7547

Parry & Romano - Jack Martin A
(202)547-4000

Hold Rice Growers - Bob Bor wrong #
(202)371-5000

Call National Barley Growers - Jack Pettus
(202)833-4737

American Mushroom Institute - Laura Phelps
(202)842-2345

19 60

Add Muldoon & Clark, P.C. - Joe Muldoon
(202)638-5855

Robert Cashdollar
(202)728-4058

Call Food Marketing Institute - Nancy Yannish
(202)452-8444

NFPA - John Cady
Brian Folkerts
(202)634-5900

Call GMA - Manley Molpus
(202)337-9400

CPDA - Warren Stickle
(703)548-7700

Add Natural Resources Defense Council - Al Meyerhoff
Erik Olson
~~Greg Wetstone~~
(202)289-6868 or
(202)783-7800

John Adams
Laurie Mott

Add Environmental Working Group - Ken Cook
Richard Wiles
Mark Childress
(202)667-6982

National Campaign for Pesticide Policy Reform - Carolyn Brickey
(202)861-2242

Add National Audobon Society - Maureen Hinkle ; Eric Draper, VP for Public Policy
(202)547-9009

House of Representatives:
(Staff in parentheses)

Pat Roberts (Bill O'Connor, Dale Moore)	Larry Combest
Thomas Bliley (Howard Cohen)	Charles Stenholm
Michael Bilirakis	Gary Condit
John Dingell (Kay Holcomb)	Sam Farr
Henry Waxman (Phil Schiliro)	Vic Fazio
Kia de la Garza (Curt Mann)	Dick Gephardt
Georege Brown	Charlie Rose
Karen Thurman	Harold Volkmer
Cal Dooley	Tim Holden
Bill Richardson	Bart Stupak
Blanche Lambert/Lincoln	Tim Johnson
Richard Durbin	

Senate:

Richard Lugar (Chuck Conner)	Thad Cochran 78

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David Pryor (Bobby Franklin)
Pat Leahy (Ed Barron)
Diane Feinstein
Charles Grassley
Tom Harkin
Howell Heflin
Larry Craig

Nancy Kassebaum
Bob Kerrey
Kent Conrad
Tom Daschle
Ted Kennedy
Max Baucus
Barbara Boxer

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Environmental Defense Fund-Fred Krupp, Executive Director
David Roe
(202)387-3500

~~Environmental Working Group-Mark Childress~~
~~Richard Wiles~~
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~~National Campaign for Pesticide Policy Reform-Carolyn Brickey, Executive Director~~
~~(202)955-3810~~

National Research Council--Committee on Pesticides in the Diets of Infants and Children-
Dr. Phillip Landrigan
Dr. Richard Jackson STET- please include
(202)334-2000

include -

World Wildlife Fund-Kathrine Fuller, President
Polly Hoppin
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~~National Audubon Society-Maureen Hinkle~~
~~(202)547-9009~~

National Academy of Sciences-Dr. Bruce Alberts, President, NAS
Ken Shine, President, Institute of Medicine
(202)334-2000

Children's Environmental Health Network-Joy Carlson, Director
Dr. Routt Reigert, Chairman of the Board
(???)???-???? 510-540-3657

Physicians for Social Responsibility-Dr. Bob Musil, President
Joan Stout
(202)785-3777

American Preventative Medical Association-Dr. Michael Jamson, President
Candice Campbell
(703)759-0662

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American Academy of Pediatrics-Dr. Maurice Kenan, President
Graham Newsome
(202)662-7460

American Public Health Association-Dr. Rick Brown, President
(202)789-5600

Citzen Action-Ira Arlook, President
~~Wenonah Hauter~~
(202)775-1580

Public Voice for Food and Health Policy-Mark Epstein
~~Al Rosenfeld~~
(202)371-1840

Center for Science in the Public Interest-Michael Jacobsen, Executive Director
SKT ~~Caroline Smith DeWaal~~
(202)332-9110

National Wildlife Federation-Mary Marra
(202)797-6800

National Parent Teacher Association-Carolyn Henrich
(202)331-1380

Mothers and Others for Livable Planet (National Strategies, Inc.)
Betsy Lydon (David K. Aylward)
(202)496-9339

Children's Healther and Environmental Coalition-Jim & Nancy Chuda
(310)589-5727

Environmental Information Center-Phil Clapp, Executive Director
(202)797-6500

American Preventive Medicine Assn -
Dr. Michael Jamson
Candice Campbell . 703-759-0662

112

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PLEASE DELIVER TO BARBARA WOOLLEY

ACPA Board Members

Robert Woods (Zeneca)	302-886-1101
Leo Bontempo (Ciba)	910-632-2617
Charles Fischer (DowElanco)	317-337-4572
Howard Minigh (American Cyanamid)	201-831-3395
Richard Urbanowski (ISK Biosciences)	216-357-4157
Al Ungulli (Uniroyal)	203-573-3348
Arnold Donald (Monsanto)	314-694-3294
Bill Schumann (FMC)	215-299-5884
James Reilly (Ecogen)	215-757-1590

hold

I added the last one.

121

Via Fax #'s 456-6218
456-6682

92	90	Groups	106
30	16	kids	
30 Staff	15	Admin	

- 14/16 -

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*** ACTIVITY REPORT ***
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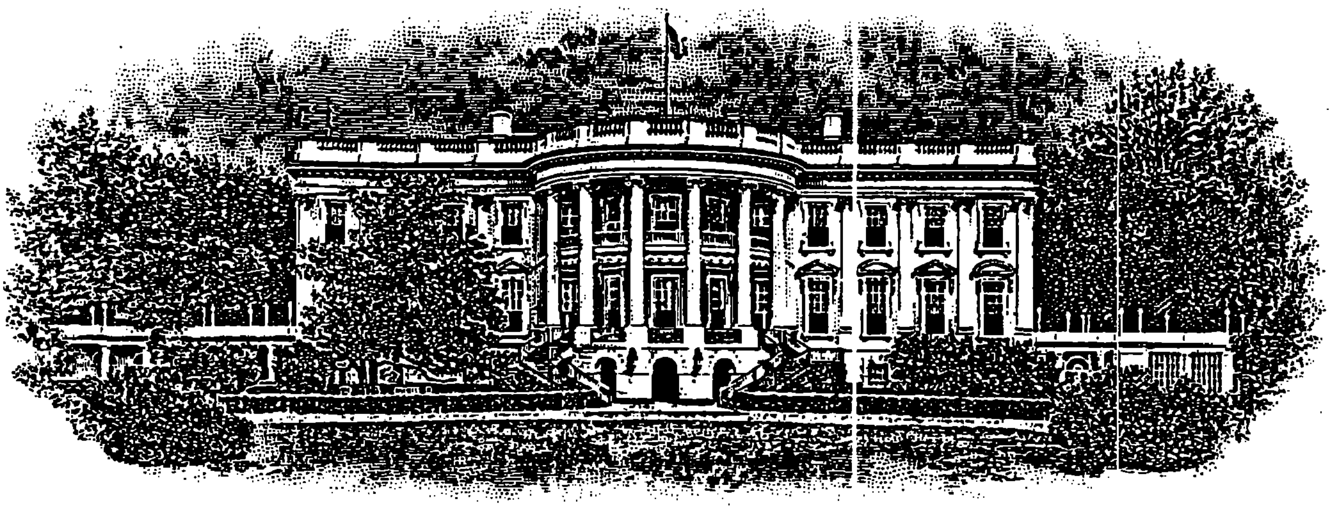
TRANSMISSION OK

TX/RX NO.	9468
CONNECTION TEL	52604
CONNECTION ID	
START TIME	08/02 13:13
USAGE TIME	05'59
PAGES	11
RESULT	OK

The White House



DOMESTIC POLICY

FACSIMILE TRANSMISSION COVER SHEET

TO: Dan Tate

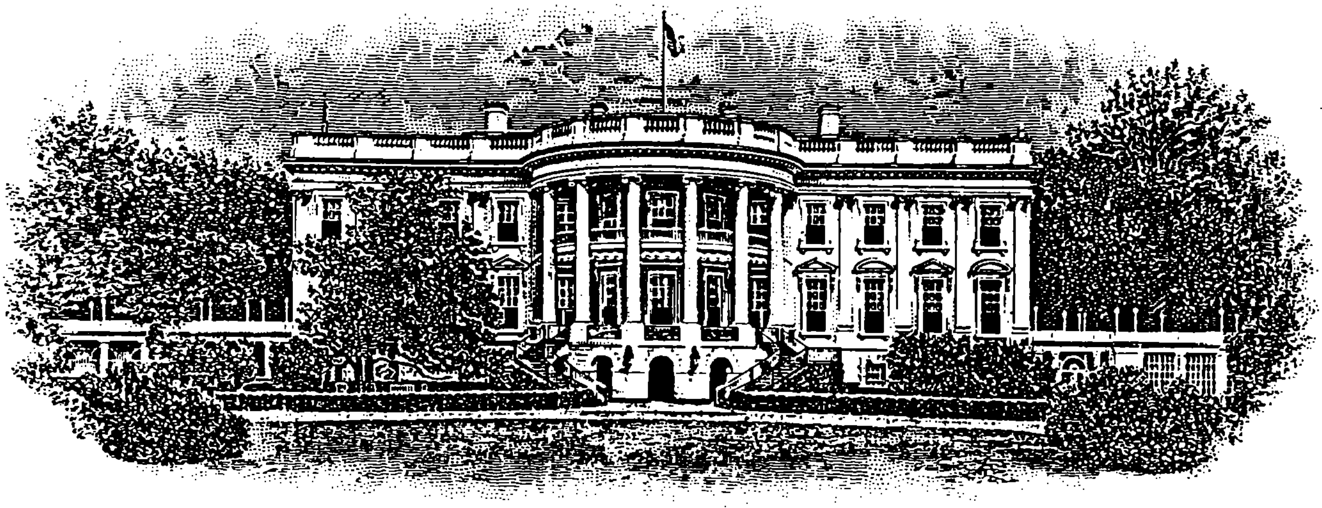
FAX NUMBER: 62604

TELEPHONE NUMBER: ____________

FROM: ____________

TELEPHONE NUMBER: ____________

The White House



DOMESTIC POLICY

FACSIMILE TRANSMISSION COVER SHEET

TO: Dan Tate

FAX NUMBER: 6-2604

TELEPHONE NUMBER: ______

FROM: ______

TELEPHONE NUMBER: ______

PAGES (INCLUDING COVER): ______

COMMENTS: ______

EPA

Office of Prevention Pesticides and
Toxic Substances
U.S. Environmental Protection Agency
401 M Street, SW (TS-788)
Washington, D.C. 20460

TO: Elizabeth Dye

FAX:

PHONE:

PAGES: 3

DATE:

FROM: Mike Fernandez

MESSAGE:

July 26, 1996

FFDCA PROVISIONS

Strengthens Current Law with a Health-based Safety Standard: The bill establishes a strong, health-based safety standard for pesticide residues on all foods. It uses "reasonable certainty of no harm" as the general safety standard, the same approach used in the Administration's 1994 bill.

♦A single, health-based standard eliminates longstanding problems posed by multiple standards for pesticides in raw and processed foods.

♦Requires EPA to consider all non-occupational sources of exposure, including drinking water, and exposure to other pesticides with a common mechanism of toxicity when setting tolerances.

♦The bill also distinguishes between pesticides with 'threshold' and 'non-threshold' effects, an important distinction to strengthen health-based risk determinations.

Special Provisions for Infants and Children: The bill incorporates language virtually identical to the Administration's 1994 bill to implement key recommendations of the National Academy of Sciences report "Pesticides in the Diets of infants and Children."

♦Requires an explicit determination that tolerances are safe for children.

♦Includes an additional safety factor of up to ten-fold, if necessary, to account for uncertainty in data relative to children.

♦Requires consideration of children's special sensitivity and exposure to pesticide chemicals.

Limitations on "Benefits" Considerations: Unlike current law, which contains an open-ended provision for the consideration of a pesticides "benefits" when setting tolerances, the bill would place specific limits on benefits considerations.

♦Benefits considerations would apply only to non-threshold effect pesticides (e.g., carcinogens), so that no benefits considerations would be allowed when setting tolerances for all other pesticides that may have reproductive or other effects.

♦Further limited by three "backstops" on the level of risk that could be offset by benefits considerations. The first is a limit on the acceptable risk in any one year -- this limitation greatly reduces the risks. The second limitation is on the lifetime risk, which would allow EPA to remove risky tolerances after specific phase-out periods. The third limitation is that benefits could not be used to override the health-based standard for children.

Tolerance Reevaluaion: Requires that all existing tolerances be reviewed within 10 years to make sure they meet the requirements of the new health-based safety standard.

Endocrine Disruptors: The bill incorporates the Safe Drinking Water provisions for endocrine testing, and also provides new authority under FFDCA to require that chemical manufacturers provide data on their products, including data on potential endocrine effects.

Enforcement: Includes enhanced enforcement pf pesticide residue standards by allowing FDA to impose civil penalties for tolerance violations.

Right to Know: Requires distribution of a brochure in food stores on the health effects of pesticides, on how to avoid risks, and on which foods may contain higher pesticide residues because of benefits considerations. The bill also specifically recognizes a state's right to require warnings or labeling of food that has been treated with pesticides, such as California's Proposition 65 requirements.

Uniformity of Tolerances: States will be unable to set tolerance levels that differ from national levels unless the state petitions EPA to set a tolerance based on state-specific situations. National uniformity, however, would not apply to tolerances that included benefits considerations.

FIFRA PROVISIONS

Minor Use Pesticides:

- ♦Encourages "minor use" registrations through extensions for submitting pesticide residue data, extensions for exclusive use of data, flexibility to waive certain data requirements, and requiring EPA to expedite review of minor use applications.

- ♦Establishes minor use programs within EPA and USDA to foster coordination on minor use regulations and policy, and provides for a revolving grant fund to support development of data necessary to register minor use pesticides.

Pesticide Reregistration Program: Reauthorizes and increases (from $14M to $16M per year) user fees necessary to continue the review of older pesticides to ensure they meet current health and safety standards.

Registration of Safer Pesticides: Expedites review of safer pesticides to help them reach the market sooner to replace older and potentially more risky chemicals.

Anti-microbial Pesticides: Establishes a new requirement to expedite the review and registration of anti-microbial pesticides.

Pesticide Registration Renewal: Requires EPA to periodically review pesticide registrations, with a goal of reviewing a pesticide's registration every 15 years, to ensure that all pesticides meet updated safety standards.

OMB Summary for background

Major Provisions of H.R. 1627

H.R. 1627 would amend the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) and the Federal Food Drug and Cosmetic Act (FFDCA) as described below.

FIFRA Amendments

-- Background

FIFRA requires EPA to regulate the distribution and use of pesticides used in the United States and to evaluate their risks to human health and the environment. Pesticides must be registered for use by EPA before they can be marketed, and pesticides registered prior to 1984 must be reregistered based on current safety standards.

-- Registration and Reregistration

H.R. 1627 would establish a goal for EPA to review each pesticide registration every 15 years to ensure the pesticide meets current health and safety standards. It would also expedite registration of reduced risk pesticides. EPA would be authorized to collect up to $14 million annually for pesticide reregistration maintenance fees during 1998-2001 and to collect an additional $2 million annually in fees during 1998-2000. EPA's authority to collect pesticide reregistration fees would otherwise expire at the end of 1997.

-- Minor Use Pesticides

EPA and USDA would be directed to establish programs to facilitate the registration of minor use pesticides. Minor use pesticides are defined as pesticides used for crops grown on less than 300,000 acres nationwide. Appropriations of $10 million would be authorized annually to USDA for grants to develop data to support minor use pesticide registration. Appropriations of $12 million would be authorized for the Department of Health and Human Services (HHS) in 1997 for grants to develop data to register pesticides used predominantly in public health programs.

-- Data Collection

The Secretary of Agriculture would be required to develop and implement procedures to improve data collection on food consumption patterns of infants and children. The Secretary is to undertake this activity in consultation with the EPA Administrator and the Secretary of HHS.

FFDCA Amendments

-- Background

FFDCA requires the establishment of food safety standards (a.k.a. tolerances) for chemical residues in all foods. FFDCA's section 409 includes the "Delaney Clause", which establishes a zero tolerance for cancer risks attributable to chemical residues in processed food. Section 408 of FFDCA, however, allows carcinogenic chemicals to be used on raw foods when the risk to the public is negligible. The Delaney Clause has forced EPA to cancel food safety standard tolerances that pose only negligible risks. This has occurred because scientists can now detect chemical residues in smaller concentrations (parts per trillion) than was possible when the Delaney Clause was enacted in 1958.

-- Delaney Clause

H.R. 1627 would replace the Delaney Clause with a single health-based safety standard that would require EPA to determine that there is "a reasonable certainty of no harm" from exposure to the chemical residues in either processed or raw foods. The bill includes requirements to ensure that infants and children are protected.

-- HHS Activities

Appropriations of $12 million would be authorized for the Secretary of HHS for increased monitoring of pesticide residues in imported and domestic food. The Secretary would also be authorized to impose civil penalties for introducing adulterated food into interstate commerce.

-- Miscellaneous Provisions

The EPA Administrator would be required to:

-- conduct a safety review of all existing tolerances and exemptions from tolerances within 10 years of enactment of this Act to ensure they meet the updated safety standards;

-- develop and implement a program to screen pesticides for estrogenic effects; and

-- distribute a brochure at food stores on the health effect of pesticides, how to avoid risks, and which foods may contain higher pesticide residues.

July 25, 1996

MEMORANDUM FOR DON BAER

FROM: Elizabeth Drye EAD

SUBJECT: Pending Signing of the Food Quality Protection Act

As you know, the Senate passed the House pesticide/food safety bill unanimously yesterday without amendment. The President sent similar legislation to the Hill early on in the Administration and said in a statement yesterday (attached) that he is looking forward to signing the bill. The legislation repeals the Delaney clause for pesticides and replaces it with a tough health-based standard for pesticides in foods, with special protections for children. Public health, environmental, and agriculture groups embrace it as sound reform. I thought the attached materials would be helpful to you as we begin discussions on a possible signing ceremony.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release July 24, 1996

Statement by the President

I am pleased that the Senate tonight passed the Food Quality Protection Act.

Americans have every right to expect the world's most bountiful food supply will also be the world's safest. Earlier this month, I announced tough new measures to improve meat and poultry safety. Meeting goals I set early in my Administration to strengthen our pesticide laws, this legislation is another major step forward. It puts in place a strong health-based standard, provides special safeguards for children, and protects our health and safety using the best science available. This bill demonstrates how Congress and the Administration can work together to help farmers and consumers, and I look forward to signing it.

###

THE WHITE HOUSE
OFFICE OF THE VICE PRESIDENT

FOR IMMEDIATE RELEASE
WEDNESDAY, July 17, 1996

CONTACT: 202/456-7035

STATEMENT BY THE VICE PRESIDENT

Today, the House Commerce Committee took a major step toward improving food safety for all Americans by strengthening our laws regulating pesticides in foods.

The Committee bill meets goals President Clinton set forth early in his Administration: a strong health-based standard; enhanced protections for infants and children; and common-sense reform of regulatory requirements.

I commend the Committee for setting aside differences to address this critical issue. And I hope Congress and interest groups will respect the delicate balance of this bipartisan bill so that the President can sign legislation this year to improve food safety for all Americans.

##

THE NEW YORK TIMES,
MONDAY, JULY 22, 1996

Progress on Pesticides

In a remarkable bipartisan effort, and after more than a decade of trying, House Democrats and Republicans have reached agreement on regulating pesticides in food. This is a welcome and indeed surprising achievement given the House's 18-month effort to roll back important environmental protections.

The compromise negotiated in recent days gives something to the food industry and something to environmental and consumer groups. It would do away with the 38-year-old Delaney clause, the law that prohibits adding cancer-causing substances to processed foods but does not apply to fresh foods, which are allowed to contain cancer-causing residues.

Under the agreement, Delaney would be replaced by a broader but still tough standard for all pesticides regulated by the Environmental Protection Agency. The new standard would allow pesticide residues in processed and raw foods as long as there was a "reasonable certainty of no harm" to consumers. Reasonable certainty is generally defined as a one-in-a-million chance of causing cancer.

As a practical matter, that is actually more stringent than what is sometimes allowed today. The fact that Delaney does not apply to fresh foods has led to bizarre circumstances in which a new, safer pesticide on raw tomatoes, for example, might be rejected because it formed a carcinogenic residue when processed as tomato paste or tomato soup, while an older pesticide, apt to cause more cancer deaths, was retained. With technology that can measure even the most minuscule risk of cancer posed by food substances, the food industry, supported by a decade-old report from the National Academy of Sciences, has long argued that Delaney's absolutist approach is outmoded.

The agreement favors national uniformity for pesticide-residue tolerances, which was sought by the food industry, although a state can still put warning labels on products that might pose a particular risk to its population. For consumers, the agreement calls for the E.P.A. to make more information about pesticides available through supermarket booklets. In addition, the agreement specifically takes into account the different effects that pesticides have on infants and children and offers them special protection.

Apart from its details, the agreement is most remarkable for how quickly it came together. Updating the Delaney clause has been a subject of Congressional debate since about 1980. A 1993 Clinton Administration proposal, offered in response to a Federal appeals court decision that would have required the E.P.A. to stringently enforce Delaney in pesticides, went nowhere.

But with the court ruling still driving E.P.A. pesticide policy and an election campaign around the corner, longtime House members and frequent adversaries — Thomas Bliley, a Virginia Republican, and Henry Waxman of California and John Dingell of Michigan, both Democrats — sat down and in just about a week reached agreement.

After an expected favorable vote by the full House this week, the hard work of three determined Congressmen deserves approval by the Senate and the Administration.

The Washington Post
7/22/96

Sound Compromise on Pesticides

A CONGRESS that was supposed to be incapable of compromise on environmental issues appears to be on the verge of a compromise that has eluded legislators for years. A unanimous House Commerce Committee has reported out a bill, supported by both the food and chemical industries and environmental groups, that would rationalize the regulation of pesticides.

It is the second such major bill the panel has produced without dissent in a month. Safe drinking water legislation was sent to the floor and thence to conference with the Senate in June. The drinking water bill still has some obstacles to overcome. But some congressional aides and lobbyists think that the pesticide trade-offs so long in the offing could actually be on the president's desk by the end of the month—and he is prepared to approve them.

The great dispute with regard to pesticides has always been what should be the standard of safety. The law is uneven. For residues on certain processed foods, it sets a standard—the so-called Delaney clause—widely regarded as too strict, while in other cases critics say it has been too lax. The committee bill would repeal Delaney, thereby pleasing the grocery manufacturers, but in its place impose the single strong standard, "reasonable certainty of no harm," on all foods, raw as well as processed, thereby satisfying most advocates of careful regulation as well.

Special consideration would have to be given to the particular susceptibilities of infants and children. And while the Environmental Protection Agency could take into account the cost of regulations to growers of particular products—another concession to industry—it could only do so in fairly narrow circumstances. The bill would also preserve, while limiting, the right of states to issue stronger regulations than the feds. It gives EPA, which has often lagged in the past, 10 years to put the new standards into effect.

The industry and environmental groups alike had resisted such trade-offs in the past. Industry was driven to the table this time by a court decision that for the first time requires strict enforcement of the Delaney clause; it had to deal lest it get hurt. Likewise, the House Republicans, who suffered in opinion polls last year for taking too harsh a stance on environmental issues, badly wanted an environmental achievement to take to the voters this fall. Here's a case where the public knew better than the ideologues, the hard-edged positions of a year ago gave way to common sense and the public interest has been well served. Everyone wins if this one passes.

PRESIDENT CLINTON HIGHLIGHTS THE IMPORTANCE OF FOOD SAFETY IN WEEKLY RADIO ADDRESS; SIGNS PESTICIDE LEGISLATION
August 3, 1996

The President today will deliver his weekly radio address live from the Oval Office. In his remarks, he will underline the importance of ensuring all Americans that the food we eat, the air we breathe and the water we drink will not make us sick. Following the address, the President will sign legislation to strengthen the nation's food system by regulating pesticides -- reforms the Administration has urged since 1993. Participants in the Rose Garden signing ceremony for the Food Quality Protection Act include members of congress, Administration officials and children potentially affected by the bill.

Attached is a fact sheet on the Food Quality Protection Act.

-30-30-30-

OMB Summary for background

Major Provisions of H.R. 1627

H.R. 1627 would amend the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) and the Federal Food Drug and Cosmetic Act (FFDCA) as described below.

FIFRA Amendments

-- Background

FIFRA requires EPA to regulate the distribution and use of pesticides used in the United States and to evaluate their risks to human health and the environment. Pesticides must be registered for use by EPA before they can be marketed, and pesticides registered prior to 1984 must be reregistered based on current safety standards.

-- Registration and Reregistration

H.R. 1627 would establish a goal for EPA to review each pesticide registration every 15 years to ensure the pesticide meets current health and safety standards. It would also expedite registration of reduced risk pesticides. EPA would be authorized to collect up to $14 million annually for pesticide reregistration maintenance fees during 1998-2001 and to collect an additional $2 million annually in fees during 1998-2000. EPA's authority to collect pesticide reregistration fees would otherwise expire at the end of 1997.

-- Minor Use Pesticides

EPA and USDA would be directed to establish programs to facilitate the registration of minor use pesticides. Minor use pesticides are defined as pesticides used for crops grown on less than 300,000 acres nationwide. Appropriations of $10 million would be authorized annually to USDA for grants to develop data to support minor use pesticide registration. Appropriations of $12 million would be authorized for the Department of Health and Human Services (HHS) in 1997 for grants to develop data to register pesticides used predominantly in public health programs.

-- Data Collection

The Secretary of Agriculture would be required to develop and implement procedures to improve data collection on food consumption patterns of infants and children. The Secretary is to undertake this activity in consultation with the EPA Administrator and the Secretary of HHS.

FFDCA Amendments

-- Background

FFDCA requires the establishment of food safety standards (a.k.a. tolerances) for chemical residues in all foods. FFDCA's section 409 includes the "Delaney Clause", which establishes a zero tolerance for cancer risks attributable to chemical residues in processed food. Section 408

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. memo	Kris Balderston to Elizabeth Drye re: Attendess for Tomorrows's Signings [partial] (1 page)	08/02/1996	b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Elizabeth Drye
OA/Box Number: 10451

FOLDER TITLE:

Pesticides Event Planning

2014-0046-S
rc1410

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]
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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]

August 2, 1996

MEMORANDUM FOR: ELIZABETH DRYE

FROM: KRIS BALDERSTON

SUBJECT: ATTENDEES FOR TOMORROW'S SIGNING

Please include these people as guests in VIP seating for tomorrow's Pesticide Bill Signing and Radio Address. They've worked for years on this bill in Washington D.C. and Research Triangle, NC with NIEHS (National Institute of Environmental Health Sciences). Thank you and please contact Kris with any questions.

Joseph T. Hughes, Jr. Seattle Regional Appointment.
(b)(6)
[002]

Samuel Hughes
DOB: (b)(6)

Dr. Janis Kupersmidt
DOB (b)(6)

Michael Baker
DOB: (b)(6)

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. note	re: SSN and DOB (1 page)	08/01/1996	b(6)

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To: Ms. Elizabeth Drye

Per conversation with Bill Schultz

The DOB are:

- Catherine Copp: (b)(6) [003]
- Karen Hulebak would love to come but will be out of town.
- Lloyd Lake: (b)(6)
  (Bob)
- Jerry Marbe [redacted]

of FFDCA, however, allows carcinogenic chemicals to be used on raw foods when the risk to the public is negligible. The Delaney Clause has forced EPA to cancel food safety standard tolerances that pose only negligible risks. This has occurred because scientists can now detect chemical residues in smaller concentrations (parts per trillion) than was possible when the Delaney Clause was enacted in 1958.

-- <u>Delaney Clause</u>

H.R. 1627 would replace the Delaney Clause with a single health-based safety standard that would require EPA to determine that there is "a reasonable certainty of no harm" from exposure to the chemical residues in either processed or raw foods. The bill includes requirements to ensure that infants and children are protected.

-- <u>HHS Activities</u>

Appropriations of $12 million would be authorized for the Secretary of HHS for increased monitoring of pesticide residues in imported and domestic food. The Secretary would also be authorized to impose civil penalties for introducing adulterated food into interstate commerce.

-- <u>Miscellaneous Provisions</u>

The EPA Administrator would be required to:

-- conduct a safety review of all existing tolerances and exemptions from tolerances within 10 years of enactment of this Act to ensure they meet the updated safety standards;

-- develop and implement a program to screen pesticides for estrogenic effects; and

-- distribute a brochure at food stores on the health effect of pesticides, how to avoid risks, and which foods may contain higher pesticide residues.

July 25, 1996

MEMORANDUM FOR DON BAER

FROM: Elizabeth Drye EAD

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Office of the Press Secretary

For Immediate Release July 24, 1996

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7/22/96

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260-1847

N T EXECUTIVE OFFICE OF THE PRESIDE
N T EXECUTIVE OFFICE OF THE PRESIDE

01-Aug-1996 05:30pm

Fruits
Vegetables
Grains
Milk products
legumes/nuts

TO: (See Below)

FROM: David Shipley
Office of Communications

SUBJECT: draft radio and pest bill signing statement. my # is 67289
SUBJECT:

DRAFT 8/1/96 3:30 P.M.
PRESIDENT WILLIAM J. CLINTON
WEEKLY RADIO ADDRESS
THE WHITE HOUSE
AUGUST 3, 1996

Good morning. Today I am pleased to announce a major step toward protecting the health and safety of all Americans -- especially our children. In a few moments, I will sign into law legislation that will revolutionize the way we protect our food from harmful pesticides.

It is my duty as President to do everything in my power to see to it that Americans live
with the basic security of knowing that the food we eat, the air we breathe, the water we drink will not make us sick. [is not harmful]

In the last 3 1/2 years, I have worked hard to meet this fundamental promise. ~~We stood up to and stopped an all-out assault on our most basic public health and safety protections. We strengthened and expanded the Community Right to Know law, which requires industries to tell our citizens exactly what substances are being released into the world around us.~~ Last year, ~~we~~ my Administration put in place strong new protections to ensure that the seafood we eat is safe. And last month, I announced ~~plans~~ steps to revamp our meat and poultry inspection system for the first time in 90 years -- to revolutionize the way our nation ~~protects food safety.~~ keep dangerous bacteria from reaching our children.

[They're actual final rules]

This is a bipartisan crowd. Also-doesn't fit too well here - ~~...~~ I like what you say later re. battle.

[Yesterday, I signed into law a strong extension to the Safe Drinking Water Act. This legislation sets tough, new safety standards. It guards against pollution in our rivers and lakes. It aids communities that are working to improve the quality of the water that comes out of their taps. And it requires municipalities to let people know what contaminants -- if any --

, are in the water we give our children to drink on an August day.]

Today, we add the cornerstone to the solid foundation we've built for America's families: The Food Quality Protection Act. This landmark legislation overhauls and strengthens the way we regulate pesticides. I like to think of it as the "Peace of Mind Act," because it will give parents the peace of mind that comes from knowing that the fruits and vegetables they set down in front of their children are safe.

(USDA might want longer list)

This legislation is long overdue. Written with the best intentions decades ago, the safeguards that protect our food from pesticides are simply no longer up to the job. Bad pesticides ~~stay~~ on the market too long. Good alternatives ~~are~~ kept out. ~~New~~

have stayed

have been

Under the old law

Science has advanced and ~~that it~~ our understanding of health risks has improved dramatically

We have had tough protections against cancer, but not against ~~other diseases~~ other harmful ~~developmen~~ effects.

Current law has different requirements for tomatoes in pesticides than tomatoes in catchup.

~~technologies go unused.~~ There is no ~~universal~~ uniform standard for what is safe. In fact, there are actually different rules for different foods: ~~You can wind up with~~ the law allows more pesticide residue on fresh fruits and vegetables than on the same products if they are processed.

Kids have different diets than adults, and

The weaknesses in the law put us all at risk -- but especially our children. According to the National Academy of Sciences, infants and young people are particularly vulnerable to pesticides. Chemicals can go a long way in a small body. The Food Quality Protection Act puts the safety of our children first. First, it sets a clear, ~~universal~~ uniform, health-based standard for <u>all</u> pesticide use on <u>all</u> foods. It also sets that standard high: If a pesticide poses a health risk to our children, then it won't be in our food. Period. ~~Under this legislation, our children will be provided with as much as 10 times more protection than they have under current law.~~ The standard must reflect ~~the~~ children's special diets and vulnerabilities.

technically not correct

Second, the Act will reform the regulatory process. New pesticide substitutes will be approved faster. The sooner they get on the market, the sooner farmers will be able to use them to replace older pesticides that may pose greater health risks. And ~~all products~~ ~~will be~~ we will review all pesticides routinely using the best available science.

Third, this legislation will see to it that consumers get the facts they need. ~~Supermarkets will be required to inform~~ shoppers about ~~health~~ the risks and benefits from pesticides ~~and how to avoid them. Pesticides may be invisible, but~~ With this information, parents will be able to ~~see, clearer than ever, what they are giving~~ make clearer choices about what they give their children. The government will publish information for

Supermarkets will be required to display information about one

A family should be able to gather for a summer dinner knowing that the fruits and vegetables before them will provide nothing more than nourishment and joy. Americans have enough on their minds without having to worry about whether or not the food they eat will put them in harm's way. With this legislation, Americans will ~~once again~~ continue have the security of knowing that the world's most bountiful food supply is also its safest.

Just as important as <u>what</u> this law does, is <u>how</u> it came into being. ~~The Food Quality Protection Act comes to my desk with the support of both farmers and environmentalists, consumer groups and the agriculture industry.~~ After ~~XX years~~ more than a decade of work, these diverse groups have come together to say with this bill: We do not have to choose between a strong economy and a safe environment. We can have both.

This bill also comes to the White House with the ~~near~~ unanimous backing of Republicans and Democrats in Congress. After a year in which our traditional bipartisan commitment to protecting our environment and the public health seemed at risk, I am proud to say that today we stand

Most of us here have worked for years to reform our pesticide laws. Early on in my Administration I sent reform legislation to the Congress. Now, under the bipartisan leadership of Congressmen Bliley, Waxman, Dingell, and others ~~Congress has delivered a bill that meets my goals~~ farmers and environmentalists, consumer groups and the agriculture industry have delivered

a bill that meets my goals

on common ground.

This is how we can meet the challenges of our time -- not by drifting apart, but by coming together. In the last week, members of both parties have joined in common cause to do what's best for America: to end welfare as we know it, to raise the minimum wage, to pass health-care reform, ~~to protect our water~~, and to safeguard our food. This is truly a season of progress. We are coming together around our basic values of opportunity, responsibility, and community. If we keep it up, we will surely make this an age of possibility for all Americans. Thanks for listening.

Distribution:

TO: Michael Waldman
TO: Victoria L. Radd
TO: Brian J. Johnson
TO: Elizabeth E. Drye
TO: Ann M. Cattalini
TO: Eric L. Schnure
TO: Jennifer Palmieri

EXECUTIVE OFFICE OF THE PRESIDENT
Office of Management and Budget
Legislative Reference Division
New Executive Office Building
725 17th Street NW
Washington, DC 20503

TO:	AGENCY:
Larry Elworth	USDA
Paul Speigel	HHS
Robert Coronado	EPA
Louse Milkman	
et al	DOJ
Wes Warren	CEQ

E. Drye – Please note – EPA + Larry are revising

From: Holly Fitter (phone 202 395-3233/fax 395-5691)
Date: 7/26/96

Subject: H.R. 1627 - Food Quality Protection Act

Please review and comment on the attached SIGNING STATMENT on H.R. 1627 and provide comments/sign-off no later than 10:00 AM Monday 7/29/96. We would really appreciate any comments today 7/26/96

Thanks

Larry – I talked to E. Drye –
I do need to coordinate
a S.S. – (History) – E. Drye
is working on PR stuff

(Signed sta)

DRAFT 7-25-96

STATEMENT BY THE PRESIDENT

Today I am pleased to sign into law H.R. 1627, the "Food Quality Protection Act," which brings much needed, comprehensive reform of the food safety laws of the United States.

The Act greatly strengthens current law by replacing a fragmented regulatory system with a single, protective, comprehensive health-based standard for all foods, thereby increasing the American public's protection from pesticide exposure in food. All pesticide residue levels will be required to meet the new standard and safe pesticide substitutes will be approved more quickly so they can reach the market sooner.

The Act also contains special new provisions to protect the health of America's infants and children from pesticide health risks. These provisions will implement the key recommendations set forth in the National Academy of Sciences' 1993 report, "Pesticides in the Diets of Infants and Children."

To ensure that Americans have both comprehensive health protection and the tools they need to protect themselves from pesticides risks, the Act includes special right-to-know provisions that would provide more public information than ever before about risks from pesticides on foods. The Act requires distribution of health information about pesticides on food -- with information about how consumers can avoid these health risks -- in major food stores nationwide.

Once implemented, this Act will not only strengthen the standards to limit the health risks of pesticide exposure for the American public, but it will also provide special new provisions to protect the health of the Nation's infants and children.

WILLIAM J. CLINTON

THE WHITE HOUSE
August , 1996

U.S. Department of Agriculture
Office of the Under Secretary
Natural Resources and Environment
(202) 720-7173 - Phone
(202) 720-4732 - Fax

DATE: 7/26/96

TO: ELIZABETH Daye

PHONE NUMBER:

FAX NUMBER: 456-7028

TOTAL PAGES: 3

FROM: Larry Elworth

REMARKS:

** IF YOU DID NOT RECEIVE THE TOTAL AMOUNT OF PAGES, PLEASE CALL (202) 720-7173 AND SOMEONE WILL ASSIST YOU **

FOREST SERVICE U S DEPARTMENT OF AGRICULTURE

July 26, 1996

FFDCA PROVISIONS

__Strengthens Current Law with a Health-based Safety Standard__: The bill establishes a strong, health-based safety standard for pesticide residues on all foods. It uses "reasonable certainty of no harm" as the general safety standard, the same approach used in the Administration's 1994 bill.

♦A single, health-based standard eliminates longstanding problems posed by multiple standards for pesticides in raw and processed foods.

♦Requires EPA to consider all non-occupational sources of exposure, including drinking water, and exposure to other pesticides with a common mechanism of toxicity when setting tolerances.

♦The bill also distinguishes between pesticides with 'threshold' and 'non-threshold' effects, an important distinction to strengthen health-based risk determinations.

__Special Provisions for Infants and Children__: The bill incorporates language virtually identical to the Administration's 1994 bill to implement key recommendations of the National Academy of Sciences report "Pesticides in the Diets of infants and Children."

♦Requires an explicit determination that tolerances are safe for children.

♦Includes an additional safety factor of up to ten-fold, if necessary, to account for uncertainty in data relative to children.

♦Requires consideration of children's special sensitivity and exposure to pesticide chemicals.

__Limitations on "Benefits" Considerations__: Unlike current law, which contains an open-ended provision for the consideration of a pesticides "benefits" when setting tolerances, the bill would place specific limits on benefits considerations.

♦Benefits considerations would apply __only__ to non-threshold effect pesticides (e.g., carcinogens), so that no benefits considerations would be allowed when setting tolerances for all other pesticides that may have reproductive or other effects.

♦Further limited by three "backstops" on the level of risk that could be offset by benefits considerations. The first is a limit on the acceptable risk in any one year -- this limitation greatly reduces the risks. The second limitation is on the lifetime risk, which would allow EPA to remove risky tolerances after specific phase-out periods. The third limitation is that benefits could not be used to override the health-based standard for children.

Tolerance Reevaluaion: Requires that all existing tolerances be reviewed within 10 years to make sure they meet the requirements of the new health-based safety standard.

Endocrine Disruptors: The bill incorporates the Safe Drinking Water provisions for endocrine testing, and also provides new authority under FFDCA to require that chemical manufacturers provide data on their products, including data on potential endocrine effects.

Enforcement: Includes enhanced enforcement pf pesticide residue standards by allowing FDA to impose civil penalties for tolerance violations.

Right to Know: Requires distribution of a brochure in food stores on the health effects of pesticides, on how to avoid risks, and on which foods may contain higher pesticide residues because of benefits considerations. The bill also specifically recognizes a state's right to require warnings or labeling of food that has been treated with pesticides, such as California's Proposition 65 requirements.

Uniformity of Tolerances: States will be unable to set tolerance levels that differ from national levels unless the state petitions EPA to set a tolerance based on state-specific situations. National uniformity, however, would not apply to tolerances that included benefits considerations.

FIFRA PROVISIONS

Minor Use Pesticides:

- Encourages "minor use" registrations through extensions for submitting pesticide residue data, extensions for exclusive use of data, flexibility to waive certain data requirements, and requiring EPA to expedite review of minor use applications.

- Establishes minor use programs within EPA and USDA to foster coordination on minor use regulations and policy, and provides for a revolving grant fund to support development of data necessary to register minor use pesticides.

Pesticide Reregistration Program: Reauthorizes and increases (from $14M to $16M per year) user fees necessary to continue the review of older pesticides to ensure they meet current health and safety standards.

Registration of Safer Pesticides: Expedites review of safer pesticides to help them reach the market sooner to replace older and potentially more risky chemicals.

Anti-microbial Pesticides: Establishes a new requirement to expedite the review and registration of anti-microbial pesticides.

Pesticide Registration Renewal: Requires EPA to periodically review pesticide registrations, with a goal of reviewing a pesticide's registration every 15 years, to ensure that all pesticides meet updated safety standards.

E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E N T

01-Aug-1996 03:56pm

TO: Ann M. Cattalini

FROM: Elizabeth E. Drye
Domestic Policy Council

CC: Barbara D. Woolley

SUBJECT: Congressional Staff List

Congressmen

Bliley -- Howard Cohen (sp?) and Eric Burger
Dingell -- Kay Holcomb
Waxman -- Greg Dotson (sp?), Phil Schiliro, Norah Mail and Pat Delgado (per our discussion)
Roberts -- Bill O'Connor, Dale Moore
de la Garza -- Curt Mann

E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E N T

01-Aug-1996 03:57pm

TO: Ann M. Cattalini

FROM: Elizabeth E. Drye
Domestic Policy Council

SUBJECT: Forgot Senate staff

Lugar -- Chuck Conner
Pryor -- Bobby Franklin
Leahy -- Ed Barron.

Thanks!

E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E N T

01-Aug-1996 01:27pm

TO: Barbara D. Woolley

FROM: Elizabeth E. Drye
Domestic Policy Council

SUBJECT: Add'n to Cabinet list

Please add Lois Schiffer, Assitant Attroney General, Environment and Natural Resources Division, to the invite list. phone is 514-2701. Thanks.

E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E N T

31-Jul-1996 04:59pm

TO: Kim B. Widdess 66330 F: 66235
TO: Barbara D. Woolley

FROM: Ann M. Cattalini
Office of Legislative Affairs

SUBJECT: Food Safety Event

This is the list of Members of Congress that we will be inviting to the event on Saturday. I don't anticipate getting a huge turn out. Also, we would like to invite between 10 and 15 staffers.

MEMBERS OF CONGRESS TO BE INVITED:

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Rep. Pat Roberts (R-KS)
Rep. Kika de la Garza (D-TX)
Rep. Thomas Bliley (R-VA)
Rep. John Dingell (D-MI)
Rep. Michael Bilirakis (R-FL)
Rep. Henry Waxman (D-CA)
Rep. Larry Combest (R-TX)
Rep. Charles Stenholm (D-TX)
Rep. Gary Condit (D-CA)
Rep. Sam Farr (D-CA)
Rep. Cal Dooley (D-CA)
Rep. Vic Fazio (D-CA)
Rep. Dick Gephardt (D-MO)
Rep. Charlie Rose (D-NC)
Rep. George Brown (D-CA)
Rep. Karen Thurman (D-FL)
Rep. Harold Volkmer (D-MO)
Rep. Tim Holden (D-PA)
Rep. Bill Richardson (D-NM)
Rep. Blanche Lincoln Lambert (D-AR)
Rep. Bart Stupak (D-MI)
Rep. Tim Johnson (D-SD)
Rep. Dick Durbin (D-IL)

23
18
41 congress
15 staff
56 possible

SENATE (18 total):

Sen. Richard Lugar (R-IN)
Sen. Patrick Leahy (D-VT)

Sen. Nancy Kassebaum (R-KS)
Sen. Ted Kennedy (D-MA)
Sen. Charles Grassley (R-IA)
Sen. Larry Craig (R-ID)
Sen. David Pryor (D-AR)
Sen. Bob Kerrey (D-NE)
Sen. Kent Conrad (D-ND)
Sen. Tom Harkin (D-IA)
Sen. Chuck Robb (D-VA)
Sen. Carl Levin (D-MI)
Sen. Dianne Feinstein (D-CA)
Sen. Barbara Boxer (D-CA)
Sen. Tom Daschle (D-SD)
Sen. Max Baucus (D-MT)
Sen. Howell Heflin (D-AL)
Sen. Paul Wellstone (D-MN)

8-01-96

re: lists

* get all missing phone #s
use book

gov't relations in Wash.

Loretta

call #260-9828

Dom. Policy

f/

Erik Olson → 289-6868
@ NRDC

Melissa Bonney
260-9828

Kim Widdess 1st lady's office
#66630
fax 66235

E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E N T

01-Aug-1996 10:12am

TO: (See Below)

FROM: Kim B. Widdess
Office of the First Lady

SUBJECT: List for Food Quality Protection Act Signing

The Food Quality Protection Act Signing ceremony is currently confirmed for Saturday at 11:15am. The invitation time will be 10:30am, with gates opening at 10:00am. The entrance gate will be the Pennsylvania Avenue entrance of the Old Executive Office Building, due to tours on the East side.

The capacity for the event is 150, and the Social Office will issue verbal invitations to all guests except Members of Congress and Congressional Staff. Leg Affairs will issue all Hill invitations.

Following are the elements of the guest list:

The President
The Vice President
The Secretary of Agriculture

Members of Congress and Hill Staff	30 slots
Environmental Groups	tbd slots
Farm Groups	
Food Industry/Chemical Industry	
Health Groups	

USDA
FDA
EPA

CEQ Staff
DPC Staff
VP Staff
WH Staff

Please let me know if there are any other categories missing from this list. All names should be given to Barbara Woolley for approval. The deadline for the list to the Social Office is NOON

TODAY so we can begin to issue invitations.

I can be reached at 456-6330 (fax: 456-6235). Thank you.

Distribution:

TO: Barbara D. Woolley
TO: Elizabeth E. Drye
TO: Kris Balderston
TO: Anne E. McGuire
TO: Ann M. Cattalini
TO: Brian J. Johnson
TO: FAX (9-720-4732,Larry Ellworth)

CC: Sarah Farnsworth

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
004. list	re: Pesticide Bill Signing [partial] (2 pages)	n.d.	b(6)

COLLECTION:
Clinton Presidential Records
Domestic Policy Council
Elizabeth Drye
OA/Box Number: 10451

FOLDER TITLE:
Pesticides Event Planning

2014-0046-S
rc1410

RESTRICTION CODES

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RR. Document will be reviewed upon request.

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PESTICIDE BILL SIGNING--LIST OF INVITEES

EPA STAFF

Carol Browner
Administrator
260-4700

Bob Hickmott
Associate Administrator for Legislative Affairs
(b)(6) [004]
260-5200

Lynn Goldman
Assistant Administrator for Prevention, Pesticides, and Toxic Substances
(b)(6)
260-2902

Jim Aidala
Associate Assistant Administrator for Pesticides
(b)(6)
260-2902

Doug Parsons
Congressional Liaison
(b)(6)
260-5200

Mike Fernandez
Special Assistant for Pesticides
(b)(6)
260-2902

USDA

Richard Rominger
Deputy Secretary of Agriculture
720-6158

Michael R. Taylor
Acting Undersecretary for Food Safety
(b)(6)
720-7025

USDA cont.

Larry Elworth
Special Assistant for Pesticides Policy
(b)(6)
720-6538

James R. Lyons
Undersecretary for Natural Resorces and Environment
(b)(6)
720-7173

J. David Carlin
Assistant Secretary for Congressional Relations
(b)(6)
720-7095

FDA

David Kessler
Commissioner
(b)(6)
301-827-2410

Bill Schultz
Deputy Commissioner for Policy
(b)(6)
301-827-3370

Phil Barnett
Director, Office of Policy Research
(b)(6)
301-827-0585

DoJ

Lois Schiffer

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005. list	re: DOBs [partial] (1 page)	07/31/1996	b(6)

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OA/Box Number: 10451

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2-3 [illegible]

Pesticide Bill Signing

EPA STAFF ✓ Administrator Carol Browner 260-4200

✓ **Bob Hickmott** 260-5200
Associate Administrator for Legislative Affairs
(b)(6)

✓ **Lynn Goldman** 260-2902
Assistant Administrator for Prevention, Pesticides and Toxic Substances
4-24-51

~~**Fred Hansen**~~
~~**Deputy Administrator**~~
(b)(6)

✓ **Jim Aidala** 260-2902
Associate Assistant Administrator for Pesticides
(b)(6)

Next

Mike Fernandez 260-2902
Special Assistant for Pesticides
(b)(6) 5

✓ **Doug Parsons** 260-5200
Congressional Liaison
(b)(6)

Jon Fleuchaus
(b)(6)

Bill Jordan
(b)(6)

8

VP staff

White House

~~Bill~~
Elizabeth Drye
Barbara Woolley
Katie McGinty
CEQ Brian Johnson / Beth Vi[illegible]
~~Other CEQ~~
Brad Campbell
~~Kris~~ Balderston
~~10~~
~~Leon~~
Dan Tate
Lucia Wyman
Ann Catalini

10

USDA of Agriculture 720-615

- Deputy Sec. Rominger
- Mike Taylor Acting Undersecretary for Food Safety 720-7025
~~Charles Rawls~~
- Larry Elworth Special Assistant for Pesticide Policy
- Jim Lyons Undersecretary, ~~Dept~~ 720 6538
James R. Natural Resources and Environment
x/17/55 720-7173 (b)(6) [006]

J. → David Carlin Asst. Secretary for Cong. Relations 720-7095

FDA

Commission Kessler B.D
Bill Schultz Deputy Commissioner
X Phil Barnett 301/827-0585 3
~~Jerold Mande~~ If space available
X Bob Lake
X Karen Hulebak
X Catharine Copp

Executive Asst. to the Commissioner
(b)(6) 301-827-3449

JUL-31-96 18:23 FROM:

* PH Dr. Michael Jamson, President
Candice Campbell
(2) American Preventative Medical Association
(703) 759-0662

*PH Dr. Maurice Kenan, President
Graham Newsome
(2) American Academy of Pediatrics
(202) 662-7460

*PH Dr. Rick Brown, President
American Pubic Health Association
(202) 789-5600

*? Ira Arlook, President
Wenonah Hauter
Citizen Action
(202) 775-1580

Don't invite yet

PH Mark Epstein
Al Rosenfeld
(2) Public Voice for Food and Health Policy
202-371-1840

E Garth Youngberg
Kathleen Merrigan
(2) Henry A. Wallace Institute for Sustainable Agriculture
202-544-0705

*PH Michael Jacobsen, Executive Director
Caroline Smith DeWaal
(2) Center for Science in the Public Interest
(202) 332-9110
?

*E ~~Mark Van Putten, President and CEO~~
Mary Marra
(2) National Wildlife Federation
(202) 797-6800
(1)

(1) E* Carolyn Henrich
National Parent Teacher Association
(202) 331-1380

(1) E* Betsy Lydon
Mothers and Others for Livable Planet (in New York, NY)

listed under... (Nat'l Strategies, Inc), David K. Aylward
(202) 496-9339 in Wash. Reps.

(1) E* Jim and Nancy Chuda
Children's Health and Environmental Coalition
(310) 589-5727

Environmental Information Center
Phil Clapp, ~~Pres~~ Ex Director 797-6500 (DC)

Key Public Health/Consumer Groups on Pesticide and Food Safety Reform

E John Adams, Executive Director
Al Meyerhoff
~~Laurie Mott~~
3 Erik Olsen
Natural Resources Defense Council
202-783-7800

E Fred Krupp, Executive Director
David Roe
2 Environmental Defense Fund
202-387-3500

E ~~Ken Cook, President~~ ?
Mark Childress
3 Richard Wiles
Environmental Working Group
202-667-6982

E Carolyn Brickey, Executive Director
1 National Campaign for Pesticide Policy Reform
202-955-3810

*PH Dr. Phillip Landrigan
Dr. Richard Jackson
2 National Research Council -- Committee on Pesticides in the Diets of Infants and Children
(202) 334-2000
E Kathrine Fuller, President
Polly Hoppin
2 World Wildlife Fund
202-293-4800

E ~~Eric Draper, Vice President for Public Policy~~ 1
Maureen Hinkle
2 National Audubon Society
202-547-9009

PH Dr. Bruce Alberts, President NAS
Ken Shine, President, Institute of Medicine
2 National Academy of Sciences
202-334-2000

* PH Joy Carlson, Director
Dr. Routt Reigert, Chairman of the Board
2 Children's Environmental Health Network

*PH Dr. Bob Musil, President
Joan Stout
2 Physicians for Social Responsibilty
(202) 785-3777

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(b)(6) [006]
260-5200

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(b)(6)
260-2902

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260-2902

USDA

Richard Rominger
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720-6158

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(b)(6)
720-7025

USDA cont.

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Special Assistant for Pesticide Policy
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12 Tower Lane

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(b)(6) [007]

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Assistant Administrator for Prevention, Pesticides and Toxic Substances
(b)(6)

Fred Hansen
Deputy Administrator
(b)(6)

Jim Aidala 260-2902
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(b)(6)

next
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(b)(6)

5

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(b)(6)

Jon Fleuchaus
(b)(6)

Bill Jordon
(b)(6)

8

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of Agriculture 720-615

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720-7173
Dave Carlin
Asst. Secretary for Cong Relations 720-7095

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~~Other CEQ~~
Brad Campbell
Kris Balderston
~~10~~
~~Leon~~
Dan Tate
Lucia Wyman
Ann Catalini
(b)(6)
10

Dep. Comm for Policy

FDA
Commission ~~David~~ ~~Kessler~~
Bill Schultz
Phil Barnett 301-(b)(6)-1585
~~Jerold Mande~~
Bob Lake
- Karen Hallbak
- Catherine Copp

Office of Policy Research

Spec Asst.

Exec Asst to the Commissioner
301 ... (b)(6)

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release July 24, 1996

Statement by the President

I am pleased that the Senate tonight passed the Food Quality Protection Act.

Americans have every right to expect the world's most bountiful food supply will also be the world's safest. Earlier this month, I announced tough new measures to improve meat and poultry safety. Meeting goals I set early in my Administration to strengthen our pesticide laws, this legislation is another major step forward. It puts in place a strong health-based standard, provides special safeguards for children, and protects our health and safety using the best science available. This bill demonstrates how Congress and the Administration can work together to help farmers and consumers, and I look forward to signing it.

###

E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E N T

31-Jul-1996 04:59pm

TO: Kim B. Widdess 66330 F: 66235
TO: Barbara D. Woolley

FROM: Ann M. Cattalini
Office of Legislative Affairs

SUBJECT: Food Safety Event

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Rep. Vic Fazio (D-CA)
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Rep. Charlie Rose (D-NC)
Rep. George Brown (D-CA)
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Rep. Harold Volkmer (D-MO)
Rep. Tim Holden (D-PA)
Rep. Bill Richardson (D-NM)
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Rep. Bart Stupak (D-MI)
Rep. Tim Johnson (D-SD)
Rep. Dick Durbin (D-IL)

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Sen. Patrick Leahy (D-VT)

Sen. Nancy Kassebaum (R-KS)
Sen. Ted Kennedy (D-MA)
Sen. Charles Grassley (R-IA)
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Sen. Dianne Feinstein (D-CA)
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