

ARMS Email System

RECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Jonas E. Neihardt ( NEIHARDT\_J ) (OMB)

CREATION DATE/TIME:15-NOV-1994 09:11:47.66

SUBJECT: Oxley on Telecom Leg.

TO: Thomas A. Kalil ( KALIL\_T ) Autoforward to: Remote Addressee ( tkalil@arpa.mil@inet ) (OPD)  
READ:NOT READ

TO: Gregory C. Simon ( SIMON\_G ) Autoforward to: Remote Addressee ( Gregory C. Simon@EOP\_OVP@CCGATE@EOPMRX (VPO)  
READ:NOT READ

TO: Michael R. Nelson ( NELSON\_M ) (STP)  
READ:NOT READ

TEXT:

Note how Oxley's "one-wire" concept resembles "Title VII."

===== ATTACHMENT 1 =====

ATT CREATION TIME/DATE:15-NOV-1994 08:44:00.00

ATT BODYPART TYPE:B

ATT CREATOR: Jeffrey A. Weinberg

ATT SUBJECT: Telecommunications legislation in 104th Congress

ATT TO: Christopher F. Edley, Jr ( EDLEY\_C )

ATT TO: Sally Katzen ( KATZEN\_S )

ATT CC: Kenneth L. Schwartz ( SCHWARTZ\_K )

ATT CC: Louisa Koch ( KOCH\_L )

ATT CC: Jonas E. Neihardt ( NEIHARDT\_J )

ATT CC: Bruce W. McConnell ( MCCONNELL\_B )

ATT CC: Timothy R. Fain ( FAIN\_T )

ATT CC: James C. Murr ( MURR\_J )

ATT CC: James J. Jukes ( JUKES\_J )

TEXT:

At the end of last week, I attended a conference at which Rep. Oxley (R - Ohio) spoke about the outlook for telecommunications

legislation. He is in line to chair the telecommunications subcommittee. He said:

1. Telecommunications legislation has been bipartisan and he expected that it would continue to be. The starting point would be the legislation that passed the House. House hearings would be scheduled for January and February. He expected that the Senate would move on the legislation in tandem with the House rather than waiting for the House to complete action first.
2. He said that he opposes cost-based fees for telephone companies and is against restrictions on foreign ownership of American communications companies. He foresees 1 wire into the home with no restrictions on what it can carry.
3. The enacted "over regulatory" cable legislation "was one of the worst" in his tenure in the House and might be amended.
4. He claimed credit for legislation on spectrum auctions and thought that it was great that the Treasury was getting the revenue from the auctions.

Other items of interest:

Jurisdiction of Energy and Commerce Committee could be changed to shift securities to Banking Committee.

Oxley supports passage of GATT and reinstating fast track authority.

Gingrich also spoke at the conference and, in response to a question, he said that he favored action on telecommunications legislation.

ARMS Email System

RECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Paul A. Deegan ( DEEGAN\_P ) (OPD)

CREATION DATE/TIME: 8-DEC-1994 15:14:53.63

SUBJECT: AMERICAS SUMMIT: CANADA TO PUSH FOR QUICK START TO ...

TO: David J. Lane (LANE\_D) (OPD)

READ: 8-DEC-1994 16:04:33.04

TEXT:

Date: 12/08/94 Time: 15:11

AMERICAS SUMMIT: Canada to push for quick start to liberal trade  
Knight-Ridder

Ottawa--Dec 8--Canada will push for an immediate start to trade liberalization in the hemisphere at the 3-day Miami Summit starting Friday, senior officials from Prime Minister Jean Chretien's office said today.

In a briefing to reporters, the senior officials said Canada does not want any delay in moving toward hemispheric free trade, including the accession of Chile to the North American Free Trade Agreement between the US, Canada and Mexico.

The Miami Summit also will serve to begin examining the possibilities of having Latin American and Caribbean trade groups, such as Mercosur, the Andean Pact and others, join NAFTA.

"There is very little collective knowledge of the similarities or lack of similarities between the various trade agreements," an official said. The Miami Summit will begin the process of understanding the "common ground" between all the trade groups in the hemisphere.

"We're hopeful we can start with Mercosur in the new year, a dialogue as to whether there is a possibility between having an agreement between Mercosur and NAFTA," an official said.

The Miami Summit also should produce an announcement that Chile will join NAFTA, an official said. Once the announcement is made, the official said he expected the US to ask for fast-track authority from Congress to allow for the process to be completed quickly.

Canada wants the process for Chile joining NAFTA to be accomplished within a certain period of time.

At the summit, Canada also will advocate that no new trade and investment barriers be created within the Americas, the prohibition of export subsidies for agricultural trade within the hemisphere and concrete steps to expand NAFTA to include other countries from the region.

Canada also views the Miami Summit as the first step in its move toward greater interest in Latin America.

The summit will be attended by 34 heads of state of the countries of the hemisphere, except Cuba, which was not invited at the insistence of the US, the officials said. Foreign and trade ministers will accompany the heads of state. End

By Roland Blassnig, Knight-Ridder Financial News

(NOTE: Comments or suggestions about this item or any other aspect of KRFN's news coverage can be sent via the Internet to the following address: [krf.news@plink.geis.com](mailto:krf.news@plink.geis.com))

ARMS Email System  
RECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Peter M. Yu ( YU\_P ) (OPD)

CREATION DATE/TIME: 8-JAN-1995 07:49:42.67

SUBJECT: Transition Materials

TO: David J. Lane ( LANE\_D ) (OPD)  
READ: 8-JAN-1995 15:26:40.42

TO: Sheryll D. Cashin ( CASHIN\_S ) (OPD)  
READ: 8-JAN-1995 13:37:10.70

TO: Paul R. Dimond ( DIMOND\_P ) (OPD)  
READ: 8-JAN-1995 09:37:25.04

TO: Elgie Holstein ( HOLSTEIN\_E ) (OPD)  
READ: 9-JAN-1995 09:29:27.16

TO: Heather L. Ross ( ROSS\_H ) (OPD)  
READ: 9-JAN-1995 08:06:25.50

TO: Ellen S. Seidman ( SEIDMAN\_E ) (OPD)  
READ:10-JAN-1995 17:47:19.31

TO: Dorothy Robyn ( ROBYN\_D ) (OPD)  
READ: 8-JAN-1995 12:10:54.12

TO: Thomas A. Kalil ( KALIL\_T ) Autoforward to: Remote Addressee ( )  
tkalil@arpa.mil@inet (OPD)  
READ:NOT READ

TO: Michael D. Deich ( DEICH\_M ) (OPD)  
READ: 9-JAN-1995 08:09:32.71

TO: Robert C. Fauver ( FAUVER\_R ) (OPD)  
READ: 9-JAN-1995 08:25:53.04

TO: Robert D. Kyle ( KYLE\_R ) (OPD)  
READ:NOT READ

TO: Michael Punke ( PUNKE\_M ) (OPD)  
READ:NOT READ

TO: Michael B. Froman ( FROMAN\_M ) (OPD)  
READ: 9-JAN-1995 08:31:57.76

TO: Helen C. Walsh ( WALSH\_H ) (OPD)  
READ: 9-JAN-1995 15:00:03.90

TO: William E. Whyman ( WHYMAN\_W ) (OPD)

READ:12-JAN-1995 12:02:11.32

TO: Sylvia M. Mathews ( MATHEWS\_S ) (OPD)

READ: 9-JAN-1995 14:28:55.39

TEXT:

Attached please find a rough draft compilation of the "transition material" that you all provided me. A next draft will include David's, Heather's, and Deich's information. At that time, I will also ask for bios to be included in Part V. Any comments greatly appreciated--I know we're all busy, but I think we all agree that this will help whomever takes Bob's place.

Thank you in advance for your help. (Paul--I didn't put all of your material in; I'm thinking of putting the remaining material in an attachment. Is that okay?)

===== ATTACHMENT 1 =====  
ATT CREATION TIME/DATE: 8-JAN-1995 07:45:00.00

ATT BODYPART TYPE:p

ATT CREATOR: Peter M. Yu

TEXT:

PRINTER FONT 12\_POINT\_COURIER  
Draft/Close-

Hold

HORIZONTAL\_PITCH 8  
PRINTER FONT 16\_POINT\_ROMAN  
Background Materials  
on the  
National Economic Council

Outline

- I. The National Economic Council: A Mid-Term Assessment
- II. The NEC Agenda for 1995-96
- III. Lessons Learned from the First Two Years
- IV. Staff Suggestions Regarding Internal Operations
- V. Biographies of Policy Staff

RESET 1

HORIZONTAL\_PITCH 11  
PRINTER FONT 12\_POINT\_ROMAN

## I. THE NATIONAL ECONOMIC COUNCIL: A MID-TERM ASSESSMENT

Like any "agile" organization, the National Economic Council needs to respond to the changing environment in which it operates, while adhering to its basic principles and functions, as discussed in Section I below. This paper offers thoughts on the function and future of the NEC, and proceeds in three parts. The first section reviews the functioning of the NEC over the Administration's first two years; the second discusses major changes in the political, institutional, and policy environment and how the NEC's role might change in response. The third section identifies several actions the NEC might consider.

### LOOKING BACK: NINE ROLES OF THE NEC

One can distinguish among at least nine functions the NEC staff have played during the Administration's first two years. These roles are obviously not mutually exclusive; indeed, every NEC activity involves more than one of these functions.

#### PRINTER FONT 12\_POINT\_ROMAN\_ITALIC

- (1) Interagency Manager--This is the NEC's "honest broker" role, by which it convenes, organizes, facilitates, and referees the decisional process. There are dozens of examples of this function, with member agencies playing the lead role in some, such as budget and tax matters, and NEC staff playing the lead role in others, such as certain trade issues, disaster insurance, and intellectual property issues.
- (2) Policy Development (including relevant legislative liaison activity)--The NEC has assumed the lead on certain Presidential initiatives, such as CDFIs, urban policy, the APEC meeting, and the Detroit jobs conference.
- (3) Policy Implementation--On certain Presidential priorities, the NEC has played a critical role in implementation, including influencing authorizations and appropriations. Defense reinvestment and EZ/ECs are examples of this function.
- (4) The "Economic Perspective"--In many areas, the NEC has emphasized the "economic perspective" on issues. Here, China's MFN status, regulatory issues (such as risk and cost-benefit), and agricultural policy are examples.
- (5) Outreach and Liaison to the Business Community & Others--On many issues, the NEC serves as a contact point for the business community, environmental interests, and others. NAFTA, GATT, NII, and the electronics/telecommunications industries illustrate this well.
- (6) Facilitation of Private-

Party Negotiations--Building on its "honest broker" capacity and its White House reputation, the NEC has facilitated negotiations among private parties. The Superfund-insurance negotiations and Car Talk are good examples of this dynamic.

(7) Strategic Planning--At times, the NEC has applied its resources to broader projects concerning the future of the economy. The workforce and structural transformation groups are examples of this activity, as are the CIA's long-term forecasting activities.

(8) Message--The NEC has also played an important role in coordinating the development and implementation of the Administration's economic message.

(9) Integration--Throughout all of its activities, the NEC has integrated politics, congressional concerns, and message with policy, and maintained a sense of teamwork and collegiality among the NEC members.

#### PRINTER FONT 12\_POINT\_ROMAN

Over the first two years of the Administration, the NEC has evolved very quickly and has functioned remarkably well. The dramatic mid-term changes, however, require a critical reexamination of the NEC's role and functioning.

#### LOOKING AROUND: HOW THINGS ARE CHANGING

Changes in the political environment, the policy agenda, and the institutional environment challenge the NEC to focus its roles and functions for the next two years.

In general, the third and fourth years of most Presidential first terms have been dedicated to policy implementation and reelection--not to policy development, the activity to which a majority of NEC staff time has been dedicated. Moreover, the Republican's control of Congress and their "Contract" provide them with extra influence over the policy agenda. Accordingly, the Administration's efforts will likely have a larger reactive aspect as well as an ongoing proactive dimension.

Of the nine roles outlined above, several may be different in the coming years; for example:

? The "interagency manager" and "policy development" functions could be less significant because of the emphasis on implementation and the Republican agenda.

? The "strategic planning" function could be overshadowed by a shorter-term focus on reelection.

? The "economic perspective" function will, at least, be as prominent. For example, the NEC will need to distinguish rational reform of regulation from reactionary deregulation, clarifying how the Administration and the Congress differ on some of these issues.

? The "liaison" function will be of heightened importance. For the first few months, business and other groups will court the new Congress; the NEC will need to be more proactive in its outreach.

In considering the NEC's role, one might ask: what are the NEC's strengths? where are opportunities for the NEC best to serve the President? Four possibilities include:

? Maximize the NEC's role in the budget and government-

reform

activity. This is where much of the NEC's substantive expertise lies: in creative policymaking in a constrained environment.

This will require effective integration with OVP, OMB, and others.

? Develop "niches"-

-

policy initiatives in which the NEC can play a central role. Fast track and product liability reform may be

examples of such niches. The NEC should identify other priorities not currently addressed and establish policy processes for these.

? Provide policy support for congressional Democrats. Both because of reduced congressional staffs and because the Administration may wish congressional Democrats to carry some of the more negative messages, this may emerge as a critical NEC role. That will require determining how best to work with Legislative Affairs and may require more effort at integrating with Communications.

? Coordinate interagency focus on regulatory reform. There will be efforts led by other agencies but that would benefit from the NEC staff's contribution or from White House involvement. Examples of this include financial regulatory reform, policy toward derivatives, and issues concerning Washington, D.C.

#### LOOKING AHEAD: WHAT THE NEC MUST DO TO ADAPT

Obviously, the foregoing list is merely suggestive. But the point should be clear: the NEC should take a hard look at itself and its environment and consider its roles for the next two years. Several next steps are possible; these include:

? Develop an NEC policy agenda that fits within the Administration's overall agenda. As suggested above, the NEC should identify 5-10 issues on which it will take the lead. This will minimize duplication and maximize the clarity of the NEC's objectives.

? Improve internal NEC communications. Staff are, at times, disconnected from the principals/deputies process. Better communications is essential in the new environment.

? Improve ties with Legislative Affairs. Nothing less than a full-scale overhaul is needed here. NEC and Legislative Affairs staff must be provided with common goals and a common agenda; and they must collaborate to achieve those goals.

? Build ties with key congressional staff. With the assistance of Legislative Affairs, NEC staff should develop direct contact with key congressional staff to reduce response time.

? Improve ties with Communications. If war-room type responses are needed, NEC staff will need to work far more closely with Communications staff. As with Legislative Affairs, common goals and a common agenda are necessary to achieve this.

? Improve ties with OVP, NSC, OMB. There remain gaps in communication and apparent lapses of comfort between these offices and the NEC. This needs to be corrected.

## II. THE NEC AGENDA FOR 1995-

96

### A. INTERNATIONAL ECONOMIC ISSUES

#### PRINTER FONT 12\_POINT\_ROMAN\_ITALIC

Overview. During the past two years, the Administration has begun to lay the foundation for a more free and open international economic system through, for example, passage of NAFTA and the Uruguay Round. During the next two years, we will work to (1) secure fast track authority to pursue further trade liberalizing initiatives, (2) build economic institutions for the future, and (3) cultivate a constituency in favor of free trade.

PRINTER FONT 12\_POINT\_ROMAN

? Secure Fast Track Authority: To pursue a number of likely trade initiatives, including those arising out of the APEC and Summit of Americas process, the Administration will require fast-track authority. This will require the Administration to lay out its future trade agenda, as well as address the link between trade and labor and environmental issues. The fast track bill will probably become a larger trade bill to include provisions on a range of trade issues (e.g., dumping by economies-in-transition). We must reach an internal agreement on the coalition necessary to secure fast track and, consequently, our position on these issues.

? U.S.-

Japan Relations: The Administration has built a reputation for being tough with Japan, and getting results, without resorting to Japan bashing. In the next two years, we will focus on additional Framework issues and other, good individual cases (e.g., cellular telephones) through which we can make tangible progress in opening markets.

? Halifax/International Financial Institutions: In preparation for the G-7 meeting in Halifax in June, we will complete a review of major international economic institutions and make recommendations for their reform. With regard to international financial institutions, we hope to address the need for further debt relief, a special allocation of Special Drawing Rights (SDR) in the IMF, and the replenishment of the International Development Association -- the World Bank's soft loan window.

? Jakarta/Miami Follow-

Up: By the 1995 APEC Leaders' meeting in Osaka, we hope to complete work on the blueprint for achieving free and open trade in the Asia Pacific. We will work with the Japanese, who will chair this process, to produce a specific timetable and work plan. To follow up on the Summit of Americas, we hope to lay the groundwork for free trade with Latin American countries. In the short-run, this could involve preliminary consultations with the Chileans regarding a free trade agreement.

? WTO: As the WTO comes into being, we will work to develop its agenda, including unresolved Uruguay Round issues, new issues (e.g., labor, environment, competition), and the accession of new members (e.g., China, Taiwan, Russia).

? Cultivating a Free Trade Constituency: It will be important to demonstrate trade's significant economic role, in order to strengthen public support for further trade

liberalizing initiatives. In part, this is an issue of domestic education, training, and reemployment policy. However, we also must (1) make a stronger effort to promote publicly the benefits of trade for U.S. workers and firms, (2) develop strong export promotion strategies, particularly towards the Big Emerging

Markets (BEMS), and (3) eliminate remaining domestic barriers to exports, such as unnecessary export controls.

## B. DOMESTIC ECONOMIC ISSUES

### PRINTER FONT 12\_POINT\_ROMAN\_ITALIC

Overview. The NEC's domestic agenda covers a broad range of issue areas and includes both issues placed on the agenda by the Administration, and those placed on the agenda by the new Republican majority.

### PRINTER FONT 12\_POINT\_ROMAN

? Health Care Reform: [to be completed]

? Education, Training, and Reemployment: An NEC-led group will complete development, communication, and, to the extent enacted, the implementation of Middle Class Bill of Rights (including adult workforce empowerment and reemployment initiatives). In addition, the NEC will assist DoEd in defending and implementing the interagency Technology Learning Challenge, assist in developing options for a 1996 campaign for the Lifelong Learning Agenda (particularly Goals 2000, School-to-Work, and Skills Standards), and assist in the further development of the Middle Class Bill of Rights (including Individual Education Accounts, Skills Scholarships, education tax incentives, private sector initiatives).

? Car Talk: This is a stakeholder-inclusive, professionally facilitated advisory committee that is designed to replace the traditional "CAFE wars" with more constructive ways of dealing with the greenhouse gas emissions from cars and light trucks. The committee is addressing vehicle fuel efficiency, vehicle miles travelled (including related land use issues), alternative fuels, and alternative-fuel vehicles. The committee is scheduled to make an interim report in March and a final report in September. The Administration will have to respond to the recommendations, some of which may be politically problematic.

? Financial services legislation: During the next several months, the House will begin to consider legislation on several issues: bank regulatory consolidation; Glass-Steagall reform/repeal; derivatives; and disclosures involving municipal securities. The Senate is likely to wait for the House to move and then--except with respect to Glass-Steagall--cut back on or moderate any House bill before passage. Traditionally, banking legislation has passed in even-numbered years, so this is likely to be a two-year process.

In addition, the Administration has promised to deliver legislation to reform the Federal Home Loan Bank System early this year. We have almost completed work on the proposal, which should garner significant support. The major question with this legislation is whether we can or should attach to it provisions that would solve the

longer-term weakness of the Savings Association Insurance Fund. While SAIF's flaws are structural, no one on the Hill wants to fix it unless some sort of compromise can be brokered between the banking and savings industries, and the bankers (at least the ABA) are too short-sighted to understand how badly they'll get hurt if SAIF fails.

? Disaster insurance: For the last year, an NEC-led interagency working group has been considering development of a program that could allow the insurance industry to pick up a larger share of natural disaster expenses. We have developed a proposal that, because it gives the insurance industry less than it would like to have, is not meeting with universal adulation. However, submitting a legislative proposal (even if in the form of a detailed policy statement rather than legislation) early in the next session may be desirable, largely because, if there is another major earthquake in the next two years, some legislation of this sort is likely to move and the extant alternatives are potentially far more costly to the federal government.

? HUD homeownership partnership: HUD will soon launch an exciting initiative to dramatically increase the homeownership rate by the year 2000, primarily by increasing minority homeownership rates. This is not just another government program, but rather a major effort involving most of the major players in the sector. It consists of serious pledges by those outside government who can make it happen to take specific action steps and to accomplish specific results. This high-quality program can both benefit from White House attention and can benefit the White House. The NEC should put some resources behind continuing to help it along, and in particular, to making certain it stays on the right track and gets and continues to get Presidential attention.

? 1995 Farm Bill: The Farm Bill encompasses a very wide range of issues including: commodity programs, food and nutrition issues, export promotion, conservation, and rural development. The legislation is revisited every five years and usually consumes 4-6 months. NEC, DPC, OMB, and USDA are co-chairing the Administration's effort in this area. Current plans call for a more deductive approach, with a decision memorandum seeking presidential guidance on the general direction in agricultural policy.

? Legal Reforms: The "legal reforms" currently being discussed include (i) civil justice reforms (such as changes in attorneys' fees and rules of evidence); (ii) product liability reforms (such as changes in the law of damages); and (iii) securities litigation reforms (such as limits on stockholder class-action suits). NEC and the Counsel's office are co-chairing an effort to develop an Administration position and legislative strategy in this area. The Chief of Staff has offered initial guidance; a decision memorandum is expected in late January.

? Regulatory Reforms: The NEC is participating in the Vice President's regulatory reform task force, with a primary role in the following working groups: cross-cutting issues; financial services; information technology; and energy, the environment, and natural

resources. These groups will make presentations to the Regulatory Working Group and develop administrative and legislative proposals as directed by the Vice President.

? Regulatory Issues: The NEC is involved in developing the Administration's position on the major regulatory issues raised in the Republican Contract including: takings, risk/cost-benefit

analysis, unfunded mandates, and Reg Flex.

? Superfund Reauthorization: The NEC played a central role in this area last session and is expected to play a similar role this session. The Superfund taxes expire this year, but most indications are that the issue will not arise until after the first 100 days.

? R&D Programs: In its first two years, the Administration created or expanded a number of technology initiatives that are characterized by cost-shared partnerships with industry. Those programs, located in agencies such as the Department of Commerce, the Department of Defense, and the Department of Energy, are now under attack by Republicans. The "Contract with America" targets the Advanced Technology Program in the Department of Commerce for elimination, and a proposal by Senators McCain and Warner would rescind funding for most of DoD's dual-use technology programs. Also vulnerable are the "clear car" initiative, environmental technology programs, and cooperative agreements between industry and the Department of Energy labs. The NEC will be centrally involved in Administration efforts to block rescission of FY95 funds and to secure FY96 appropriations for these programs, and it will take the lead (within the White House) when it comes to the dual-use programs.

? R&D tax credit: The R&D tax credit will expire in June 1995. High technology industries will argue for permanence, which would cost roughly \$10 billion over the next five years. The President's 1993 budget called for a permanent extension of the R&D credit. The current Administration position is to support temporary extension, with a commitment to work for a permanent extension if appropriate offsets can be found. Republicans will probably offer other business tax incentives as well.

? Telecommunications: The House and Senate are both expected to introduce legislation that would reform the Communications Act of 1934. The right legislation will increase competition, stimulate private sector investment in the "information highway," lower prices, give consumers more choice, and create jobs. The Administration would like legislation that promotes competition for local telephone service, gradually phases out the line-of-business restrictions that prevent the Regional Bell Operating Companies from entering long-distance and manufacturing, eliminates the cable-telco crossownership restriction, and reaffirms our historic commitment to universal service. Although there is broad agreement on the principles of the legislation, there are differences of opinion as to how to manage the transition from the status quo (government regulation and incumbent monopolists) to a competitive marketplace with little or no government regulation. There is also a possibility that Republicans may attempt to gut the 1992 Cable Act, which would allow cable companies to raise rates again.

? National Information Infrastructure: Telecommunications reform is only one element of the Administration's NII agenda. Other components include: achieving the President's goal of connecting all classrooms, libraries, hospitals and clinics to the NII by the year 2000; promoting use of the NII in health care, electronic

commerce, life-long learning, and the delivery of government services; increasing the dissemination of government information; and expanding overseas markets for U.S. information and communications goods and services.

? Defense Economic Adjustment: Some of the Administration's investments to ease defense economic adjustment are targets for FY95 rescission or FY96 reduction/elimination by Republicans. The NEC will be closely involved in efforts to protect these programs, which are located in the Department of Labor, EDA, and the Department of Defense.

? Procurement Reform: There will be several opportunities to expand on what the Administration accomplished in last year's procurement reform bill. Republicans will introduce legislation early in the session to repeal or significantly reform Davis-Bacon; although the Administration will not get out in front on reform of Davis-Bacon, we should be in a position to shape a compromise short of repeal. There may be a similar opportunity to reform the Cargo Preference Act. The defense authorization bill will provide another vehicle for enacting incremental improvements to the procurement system.

? Infrastructure: [to be completed]

? Other Activities: Other activities in which the NEC is involved:  
G-7 Summit  
G-7 Summit on the Global Information Society  
White House Conference on Small Business  
White House Conference on Travel and Tourism  
National Rural Conference

### III. LESSONS LEARNED FROM THE FIRST TWO YEARS

This section summarizes the staff's thoughts on lessons learned from the NEC's first two years of operation. As the comments are drawn from different staff members, they may be inconsistent.

? There are channels of action and communication in which the NEC is not naturally involved, particularly at the staff level. These include the budget, strategy and communications, legislative relations, and political affairs. Unless the NEC staff actively reaches out to address these issues, we will find that (i) on issues where we have the lead, we will get to the end of the process and discover further support lacking, and (ii) on issues where we're interested but don't have the lead, we will be left out and our (perhaps valuable) insights lost.

? "No sharp elbows" really is a good rule. In general, we have done much better when we have offered our services, than when we have demanded leadership. However, persistence is also essential; if you're not visible around here, you're forgotten.

? There's too much to do and not enough people to do it. Some of us have reacted by relatively narrow specialization--with good results in the chosen field. Others have spread far more broadly, with generally acceptable results on the coordination front and less impact on individual programs. A new head of the NEC either needs to live with this dichotomy or needs to make major

management changes.

? Policy, rather than process, should guide the NEC. The President's much-storied campaign mantra, "It's the economy, stupid," provides the rationale for the creation--and the mission--of the NEC. Put simply, the NEC should focus its energies and limited resources on helping the President define, articulate, and provide leadership in formulating and communicating a national economic policy that can dominate American political life for a generation (and, hence, guide the agencies and the Congress, lead the public and the parties, now and in the future). Without such a clear focus, the NEC--apart from any personal style, relationship, and authority of the new NEC head with the President--runs a real risk of merely turning into a "third wheel," to the NSC on foreign policy, the DPC on domestic policy, OMB on the budget and with the Agencies, the CEA and the Treasury on economic issues, and the OVP on governmental reform. The analogy for the NEC's mission should be achieving for national economic policy in this time of transition following the end of the Cold War what the NSC achieved for American foreign policy during the years of transition following the end of World War II.

The challenge for national economic policy is straightforward: how to make a successful transition from the stagnating wages and living standards, and small productivity increases, of the old American economy during the second generation of the Cold War to a vibrant new American economy with smartly rising productivity, wages and living standards in a post-Cold War era of global competition, whole new means of production

through information and communication, and world-wide economic growth. Stated another way, the issue is whether we can articulate a national economic policy that empowers the American people with the opportunity to earn a rising income and, thereby, to build as burgeoning a middle class over the next generation as America achieved during the first generation following World War II.

Given the increasing limits on any national government's authority in such a global economy and the other marked difference in circumstances today and fifty years ago, this may seem a tall, if not daunting order. But the NEC--and this President--will ultimately not survive the 1996 presidential election unless we establish such a national economic policy as the majority position in the country.

#### IV. STAFF SUGGESTIONS REGARDING THE DAILY OPERATION OF THE NEC

This section summarizes staff suggestions regarding the internal operation of the NEC--primarily the dynamic between the Assistant and Deputy Assistants and the staff. Again, as these comments reflect a number of persons' views, they may be mutually inconsistent.

##### A. COMMENTS ON THE INTERNAL STRUCTURE OF THE NEC

? As I see it, the NEC staff was set up on a model that was appropriate for Clinton's ambitious agenda and strict WH staffing constraints. Where the NSC's structure reflects organizational rigidities (command and control) of the time of its creation (a

big 1950s car company comes to mind) and the military (sensible, since the NSC deals with security issues and draws staff from the Pentagon), the NEC was modeled on more modern organizations: flat, agile, blurred boundaries, ad hoc teaming. In fact, Bo said at the time that he saw the NEC staff structure as being like a consulting firm, combining to work on various projects as they arose.

? After two years, however, things are different. I doubt we'll be sending a huge number of policy initiatives up to the hill, and suspect our new leader will want to focus on implementing and defending what we care about and communicating more effectively. Management may actually begin to matter.

? At the very least, I would think the new leader deserves a special assistant (to handle press, politics, and general support), while the staff deserves a staff director, who should live with the staff in OEOB and meet daily with the three at the top in order to keep the issues staff well

-informed. The focus of this person would be communication between the staff and the West Wing, paper flows, links to the rest of the White House (we're not always well plugged

-in), links to the agencies, oversight of special projects, etc. Nancy Soderberg/Will Itoh may be a model.

? An alternative to this approach would be to bolster the Bo Deputy position -- no one in Bo's peer group operates without a special assistant, and Liz does the work of several (scheduler, executive assistant, receptionist). With some support, this position might provide the management drive, but this may be unrealistic, since that position is also the driver of both international and domestic economic policy.

? If I were head of the NEC, I would

- appoint 3 deputies-

-one to manage international issues, one to manage domestic issues, and Gene to manage communications issues;

- appoint a chief of staff focused on administration and paper flow;
- hire an overqualified young person to draft letters;
- formally team each NEC staffer with the legislative affairs staffer and the political affairs staffer who covers similar issues.

## B. COMMENTS ON THE INTERNAL OPERATIONS OF THE NEC

? The most significant change I would make centers on the internal communications flow of the NEC. Papers go up, record keeping is virtually non

-existent, answers sometimes come back, decisions are made and we sometimes here sooner rather than later, information and reactions rarely flow downhill, most of us are in the dark about each other's work and ideas, and POTUS feedback is next to

nil.

? If I were head of the NEC, I would

- formalize paper flow, emphasize records management. Yes, sometimes there would be forms to fill out, but a paper trail is important.

- establish procedures for document cc

-ing and internal

distribution as well as standard forms for various types of memos going upwards -- informal, small note, decision, correspondence covers, etc.

- establish mandatory record-keeping, including returned originals with decisions checked, marked, noted or whatever.

- require guaranteed return of notes, memos with notations -- read, ignored, used, thanks, no good, etc.

- standardize the procedures for preparing for interagency meetings, e.g., agenda, documents, attendance, distribution of background papers.

- distribute internal analysis to all staff. This includes CEA announcements of data release and interpretations, papers other agencies provide to Cutter/Rubin, etc."

===== END ATTACHMENT 1 =====

ARMS Email System

RECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Charles S. Konigsberg ( KONIGSBERG\_C ) (OMB)

CREATION DATE/TIME:16-MAY-1995 20:03:55.16

SUBJECT: URGENT--Kantor is testifying tomorrow at a joint

TO: Michael B. Froman ( FROMAN\_M ) (OPD)

READ:16-MAY-1995 13:19:05.91

CC: Charles S. Konigsberg ( KONIGSBERG\_C ) (OMB)

READ:16-MAY-1995 13:32:12.81

CC: Joseph Minarik ( MINARIK\_J ) (OMB)

READ:16-MAY-1995 13:53:59.82

CC: Gordon Adams ( ADAMS\_G ) (OMB)

READ:16-MAY-1995 13:31:57.15

CC: Robert G. Damus ( DAMUS\_R ) (OMB)

READ:16-MAY-1995 13:19:18.97

CC: Jacob J. Lew ( LEW\_J ) (OMB)

READ:NOT READ

CC: LAWRENCE J. HAAS ( HAAS\_L ) (OMB)

READ:19-MAY-1995 18:19:16.80

CC: Barry B. Anderson ( ANDERSON\_B ) (OMB)

READ:16-MAY-1995 13:55:29.35

CC: Philip A. DuSault ( DUSAULT\_P ) (OMB)

READ:16-MAY-1995 13:31:21.08

CC: Ronald K. Peterson ( PETERSON\_RK ) (OMB)

READ:16-MAY-1995 13:19:00.65

CC: Annette E. Rooney ( ROONEY\_A ) (OMB)

READ:16-MAY-1995 13:23:56.52

TEXT:

PRINTER FONT 12\_POINT\_COURIER

hearing of Ways & Means and House Rules. Dreier is expected to ask Kantor his opinion about exempting trade implementing bills from PAYGO. Following are draft talking points and a draft letter from Director Rivlin opposing such an exemption. Please let me know by 3pm if NEC has any comments or concerns about either. Thanks.

DRAFT

Honorable David Dreier  
Committee on Rules  
U.S. House of Representatives  
Washington, DC 20515  
(also to Beilenson, Crane, and Rangel)  
Dear Rep. Dreier:

As you know, Ambassador Kantor will be testifying tomorrow at a joint hearing of the Subcommittee on Rules and the Trade Subcommittee on the subject of extending trade fast-track authority. The Administration appreciates your consideration of this important matter.

It is my understanding, that there has been some discussion among Members about exempting trade implementing legislation from the Budget Enforcement Act's PAYGO rules. The Administration has consistently opposed such efforts.

The Administration shares the widely held view that the recently completed Uruguay Round accords under the General Agreement on Tariffs and Trade (GATT), and the North American Free Trade Agreement (NAFTA) are increasing -- and will continue to increase -- economic growth, here in the United States and around the world. This Administration, and many Members of Congress, worked hard to bring those negotiations to a conclusion precisely to increase economic growth.

Nevertheless, we do not believe it is necessary or prudent to sacrifice budget discipline to pass trade implementing legislation in Congress. The Uruguay Round and the NAFTA implementing legislation both complied with the Budget Enforcement Act, without a statutory exemption. Moreover, an exemption for trade legislation from the Budget Enforcement Act would be unwise at a time when budget discipline is extremely important.

Instead, I hope that we can work with you and other Members of Congress to find appropriate offsets for the costs of future trade legislation.

Thank you again for considering the extension of fast track authority.

Sincerely,

DRAFT  
Talking Points - Opposing Trade Exemption from PAYGO

? The Administration has consistently opposed efforts to exempt trade implementing legislation from the Budget Enforcement Act.  
? The Administration shares the widely held view that the recently completed Uruguay Round accords under the General Agreement on Tariffs and Trade (GATT), and the North American Free Trade Agreement (NAFTA) are increasing -- and will continue to increase -- economic growth, here in the United States and around the world. This Administration, and many Members of Congress, worked hard to bring those negotiations to a conclusion precisely to increase economic growth.

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Moreover, an exemption for trade legislation from the Budget Enforcement Act would be unwise at a time when budget discipline is extremely important.

? Instead, I hope that we can work with you and other Members of Congress to find appropriate offsets for the costs of future trade legislation.

ARMS Email System  
RECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Paul A. Deegan ( DEEGAN\_P ) (OPD)

CREATION DATE/TIME: 8-JUN-1995 18:07:12.04

SUBJECT: Do Laura/Gene/Bo have comments on the attached

TO: Thomas O'Donnell ( O'DONNELL\_T ) (OPD)  
READ: 8-JUN-1995 19:15:54.43

TO: Dena B. Weinstein ( WEINSTEIN\_D ) (OPD)  
READ: 8-JUN-1995 18:15:45.90

TO: Elena R. Mccoy ( MCCOY\_ER ) (OPD)  
READ: 8-JUN-1995 18:14:00.44

TO: Elisabeth L. Lindemuth ( LINDEMUTH\_E ) (OPD)  
READ: 9-JUN-1995 09:49:02.85

TEXT:

===== ATTACHMENT 1 =====  
ATT CREATION TIME/DATE: 8-JUN-1995 18:05:00.00

ATT BODYPART TYPE:p

ATT CREATOR: Paul A. Deegan

TEXT:

PRINTER FONT 12\_POINT\_ROMAN  
June 5, 1995

MEMORANDUM FOR LEON PANETTA

FROM: Laura D'Andrea Tyson  
SUBJECT: Long Range Plan

I. International Economy

The priorities of our International Economic Affairs Directorate for 1995 are a continuation of the work we have been engaged in over the past two years to develop the international economic architecture for the future:

Goal: Continue to pursue open and free trade and investment in the Asia Pacific, in Latin America and other regions. (Kyle)

Objectives:

? APEC Leaders Summit (Fall 1995) in Japan to review a copy of the blueprint setting forth proposals to achieve free and open trade in the region by no later than 2020.

? Continue the discussion process begun at the Latin

America Summit to achieve free and open trade and investment in the Western Hemisphere and start negotiations with Chile on accession to NAFTA.

? We will seek fast track authority from Congress in 1995 to pursue trade initiatives in order to reduce barriers to U.S. exports without hurting national security.

? Reauthorize the Export Administration Act to adopt administrative reforms that liberalize controls on high-tech exports.

? Continue to pursue market

-opening with Japan in the Japanese Framework talks and with other countries on a case

-by

-case basis.

? Work to establish an effective WTO and resolve the GATT issues left over from the Uruguay Round (financial services and basic telecommunications).

Goal: Laying the groundwork in the G

-7 and following up the initiatives of the Halifax Summit for a renewed global institutional architecture capable of successfully meeting the economic challenges of the 21st century. (Tarullo)

Goal: Explore opportunities for trade liberalization with the

European Union. (Kyle)

Goal: Prepare for the December 1996 WTO ministerial that will deal with further multilateral trade liberalization. (Kyle)

Goal: Work on the integration of China, Russia and the economies

-in

-transition into WTO and the global economy. Also emphasize the integration of the BEMS (Big Emerging Markets) into the global economy. (Kyle)

## II. Science, Technology, and Infrastructure

Goal: Restructure the International Telecommunications Satellite Organizations (INTELSAT and INMARSAT) in a way that promotes rather than inhibits competition in the market for international satellite services. (Deich)

Objectives:

? Develop Administration consensus on final details of a USG proposal to the INTELSAT Working Party on June 13.

? Coordinate the Administration's efforts to build international support for the USG position -- including interventions in various international forums by State, Commerce, Treasury and the White House.

? Support and coordinate interagency efforts to build domestic

political support for USG position -- largely from US satellite producers, US consumers of satellite services and from US

-owned, separate satellite systems.

? Coordinate the development of an Administration views on whether Inmarsat P has been implemented in a way that meets the criteria set out by the USG last fall, and if not, whether COMSAT should be allowed to offer Inmarsat P services within the US.

Goal: Amended bilateral agreements that provide a more liberal aviation environment with Japan and certain EU countries.

(Deich)

Objectives:

? Coordinate and support Departmental efforts to resolve the dispute between Federal Express and the Government of Japan regarding Fedex's desire to operate between Japan and the Phillipines.

? Coordinate Administration consideration of proposals to allow limited antitrust immunity for certain code

-sharing

operations in the context of some type of "open skies" agreement with Germany.

? Support efforts to negotiate cargo, pricing, charters and new access UK.

Goal: Achieve legislative reforms in some of the personnel, procurement and budget constraints that now hamper the FAA's

ability to adopt new technologies and a more efficient air traffic control system. (Deich)

Objectives:

? Coordinate the development of an Administration position on whether to accept any substantive reforms other than a government

-corporation as meaningful steps toward developing a more efficient ATC system.

Goal: Congressional authorization for State Infrastructure Banks (SIBs) similar to those proposed in the President's Budget.

(Deich)

Objectives:

TOP ODD

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? Work with DOT and OMB to have included in legislation designating a "National Highway System" a provision that would allow states the option of using transportation funds to establish a State Infrastructure Bank.

Goal: Update Presidential Decision Directives on commercial space policy. (Deich)

Objectives:

? Support interagency review of Administration policy on

commercial space launch; support implementation of decision to seek greater consistency in space launch agreements with Russia, China and (potentially) Ukraine.

? Review the objections by Sen. Bingaman and other Congressional critics to the Administration's policy on commercial remote sensing.

Goal: Work with Congress to pass telecommunications reform legislation that the President can sign. (Kalil)

Goal: Extend or make permanent the research and experimentation credit. (Kalil)

Goal: Defend the President's investments in science and technology, especially Commerce Department's Advanced Technology Program, ARPA investments in dual

-use technologies, and High Performance Computing and Communications Initiative. (Robyn/Kalil)

Goal: Continued progress on the Administration's "information superhighway" agenda, including promotion of applications in education, training, electronic commerce, health care, and delivery of government services. (Kalil)

### III. Markets/Regulatory Issues

Goal: Major financial services reform, including regulatory relief and a solution to the structural problems of the Savings Association Insurance Fund. (Seidman)

Objectives:

? Ensure that legislation repealing Glass

-Steagall also maintains the financial and structural integrity of the financial system, and the Administration's role in its regulation.

? Take a constructive, catalytic role in helping Congress structure and pass a long

-lasting SAIF fix.

? See Home Loan Bank reorganization legislation through to a successful conclusion.

Goal: Bring the work of the Advisory Committee on Greenhouse Gas

TOP EVEN

\p

Reduction from Personal Motor Vehicles to a successful conclusion, on time (end of September). (Seidman)

Objectives:

? The committee's report should maximize the consensus possible in the committee, even if the committee cannot agree on strategies to fully return greenhouse gas emissions to 1990 levels by 2005, 2015 or 2025.

Goal: Complete pension simplification legislation that (i) increases funds available to plan participants; (ii) reduces plan terminations; and (iii) increases plan coverage, with the

President getting credit, particularly with small business, for proposing the package. (Seidman)

Goal: Keep the Administration well

-positioned in the debate

concerning disaster [earthquake] insurance. (Seidman)

Objectives:

? Make certain that any legislation enacted by Congress meets the principles enunciated in the Administration's policy paper and, in particular, does not shift uncompensated insurance risk to the federal government.

Goal: Achieve regulatory reform legislation in this Congress that the President can sign. (Ross)

Objectives:

? Work within White House processes to maximize Administration visibility and credibility on commitment to reform. Champion reform in ongoing rulemakings and REGO II deliberations; pursue major opportunities for reform through administrative actions; excise language antithetical to reform from Administration statements to the public and the Hill.

? Find and build Administration and ultimately Hill support for a legislative position that actually does streamline and lighten regulatory burdens. Reduce current 100+ page procedural bills to circa ten

-page performance

-based  
mandate.

#### IV. Human Capital

Goal: Assure acceptance of the major principles of the President's G.I. Bill for American workers in legislation by the end of this session of Congress. (Dimond)

Objectives:

? Regardless of the legislative success, to implement these basic principles as fully as possible through Administrative action and Presidential leadership under existing authority.

? Implement the Technology Learning Challenge throughout the next year to demonstrate (1) the full potential of new,

interactive learning technology to improve lifelong learning and (2) the extent of the market in schools, homes, and workplaces for such interactive learning and communication.

Goal: Implement HUD Reinvention in support of the following basic principles:

? to end public and project

-based housing as we know it by  
substituting a rapid transition to vouchers

? to consolidate dozens of separate programs into two,

performance

-based, incentive block grants for community development and housing

? to create a much more agile FHA to partner with other major financing sources to expand home

-ownership opportunities in underserved market niches. (Dimond)

Objectives:

? provide support to enact major elements of these reforms in this session of Congress

? provide support to implement administratively as much of the principles of this reform as possible

? support the revisions to HUD's Urban Report to make sure that such New Covenant approaches (empowerment zones and CDFIs, in addition to the HUD Reinvention) are highlighted.

## V. Environment/Natural Resources

Goal: To enact legislation re

-authorizing and reforming the Superfund program, while preserving its fundamental tenets. (Holstein)

Objectives:

? To preserve the core liability concepts that are at the heart of the Superfund program, while supporting reforms designed to speed cleanups, reduce costs, and enhance state participation.

Goal: To enact legislation lifting the 22

-year ban on exports of Alaska North Slope (ANS) crude oil. (Holstein)

Objectives:

? To influence the outcome of pending congressional action relating to ANS exports so that it reflects the President's concerns: environmental protection, preservation of West Coast refinery employment, retention of Presidential energy emergency authorities, and compliance with international trade principles.

Goal: To respond to the national security need to purchase uranium from decommissioned Russian missiles, coordinated with the development of a plan to privatize U.S. uranium enrichment services. (Holstein)

Objectives:

? To develop options for the purchase of Russian uranium that will provide acceptable cash flow to Russia in exchange for uranium from dismantled nuclear weapons. To finalize the privatization plan of the U.S. Enrichment Corporation to create a viable private corporation while providing a reasonable return to the Treasury.

VI. General Economy

Goal: Continue promoting outstanding Administration economic initiatives, including the Middle Class Bill of Rights (Child Tax Credit, Education tax deduction, IRA expansion and the G.I. Bill for America's Workers) and increasing the Minimum Wage. (NEC)

Objectives:

? To advance these issues with Congress as appropriate and ensure that they continue to be in the forefront of the Administration's economic planning and strategy.

Goal: To organize a continuing series of Presidential regional economic conferences highlighting the Administration's economic successes. (Lane/Holstein)

Objectives:

? On June 27th, the Pacific Rim Economic Conference -- the second in a series of regional economic conferences -- will be held in Portland, OR. Additional conferences in the Northeast, Mountain West, and Midwest will follow. The objective is to maximize local and regional media attention to the successes of the Clinton economic philosophy and programs.

cc: Erskine Bowles, Harold Ickes

===== END ATTACHMENT 1 =====

ARMS Email System

RECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Michael B. Froman ( FROMAN\_M ) (OPD)

CREATION DATE/TIME:20-SEP-1995 16:26:55.62

SUBJECT: Fast Track Update

TO: Jennifer N. Palmieri ( PALMIERI\_J ) (OMB)

READ:20-SEP-1995 16:53:03.78

CC: Paul A. Deegan ( DEEGAN\_P ) (OPD)

READ:20-SEP-1995 16:45:53.37

TEXT:

For Chief of Staff's Report:

Fast Track: NEC Principals met today to discuss the Administration's position on fast track. (The House Ways & Means Committee has now scheduled a mark-up of Chairman Archer's bill on Thursday.) The Principals agreed at this stage to support the House Democrats' efforts to seek a reauthorization of the 1991 version of fast-track authority, which would be more permissive on labor and environment than Archer's bill. (The NAFTA side agreements were brought back on the fast track under the 1991 authority.) Ambassador Kantor's positions will be: 1) The Administration wants fast track; 2) The Archer bill is unacceptable; 3) We support reauthorization of the 1991 authority; and 4) The Administration is committed to addressing labor and environmental issues in the context of trade agreements.

ARMS Email System

RECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Elgie Holstein (HOLSTEIN\_E) (OPD)

CREATION DATE/TIME: 1-NOV-1995 15:03:55.48

SUBJECT: HOUSE MAY CONSIDER LAST-MINUTE TRADE BILLS

TO: FAX (97035180276,P Eastman) (TLXA1MAIL\_VF:97035180276\C:P EastmanREAD:NOT READ

TEXT:

Date: 11/01/95 Time: 03:11

House May Consider Last-Minute Trade Bills

By Richard Lawrence, The Journal of Commerce

Knight-Ridder/Tribune Business News

WASHINGTON--Nov. 1--A last-minute try to enact a series of trade proposals this year will be made by senior Ways and Means Committee members, Rep. Philip Crane, R-Ill., said Tuesday.

Rep. Crane, who chairs the Ways and Means trade subcommittee, said, "We hope to put together a package (of trade initiatives) sometime after Thanksgiving." Senior committee members plan to confer with House Republican leaders to clear the way for the package, he told a Heritage Foundation conference.

The package, he said, would include new fast-track negotiating authority for the president, provisions giving Caribbean Basin countries access to the U.S. market similar to Mexico's, an international accord to remove shipbuilding subsidies and new trade benefits for Bulgaria and Cambodia.

Rep. Crane has said elsewhere that the Republican-drafted fast-track bill probably could not pass the House on its own, since it is opposed by the White House and most Democrats. The Caribbean bill was stopped earlier this year by apparel industry lobbyists but has broad bipartisan support on the Ways and Means Committee.

The key to success for his trade bill, said Rep. Crane, is for the Clinton administration to stop insisting that labor and environmental issues be part of legislation giving the president fast-track authority to negotiate international trade agreements.

Under fast track, the president may conclude trade agreements subject only to an up-or-down vote by Congress. No amendments are permitted.

House Republicans strongly oppose including labor and environmental issues in any new fast-track legislation. But the administration, said Rep. Crane, still does not "seem to understand" that it is "exclusively Congress' prerogative" to set fast-track negotiating rules.

Still, he said, Congress is unlikely to enact new fast-track legislation unless it can reach an accord with the administration on exactly how the process would apply.

Failing a broad fast-track agreement, Rep. Crane appeared to rule out that Congress might enact a very limited fast-track bill to help Chile join the North American Free Trade Agreement.

"It would be very difficult to target (fast track) for one party," he said.

Rep. Crane said that giving Caribbean Basin countries U.S. market access similar to Mexico's raises the question of how to offset the tariff revenue losses that the proposal would generate. That would require either a new revenue-raising or spending-reduction measure, which Congress so far has not

agreed on.

Rep. Crane said the shipbuilding subsidy accord would be part of the proposed trade package. It was negotiated last year at the 24-nation Organization for Economic Cooperation and Development meeting in Paris. It must be approved by Congress for the United States to remove its remaining shipbuilding subsidies. Unless the United States acts on the accord, other countries may hold back, too, industry sources said. END!A9?JC-TRADE-BILLS

KBviaNewsEDGE

ARMS Email System  
RECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Elgie Holstein ( HOLSTEIN\_E ) (OPD)

CREATION DATE/TIME: 3-JUN-1996 14:14:47.61

SUBJECT: SHIPBUILDERS COUNCIL OPPOSES BILL ON SUBSIDIES AT ODDS WITH

TO: FAX (97035180276,PE; in BNA) ( TLXA1MAIL \_\F:97035180276\C:PE; in BNA\ )  
READ:NOT READ

TEXT:

SHIPBUILDERS COUNCIL OPPOSES BILL ON SUBSIDIES AT ODDS WITH WORLD PACT

A Shipbuilders Council of America official May 31 told BNA that the SCA is adamantly opposed to a substitute version of HR 2754--a bill aimed at implementing a multinational agreement on shipbuilding subsidies--since SCA believes changes adopted by the House National Security Committee violate the agreement negotiated.

This position was echoed by a spokeswoman for the European Commission, who said May 31 that the substitute bill was "very inconsistent" with the agreement negotiated among the parties. The spokeswoman said that she could not see how the signatories would be willing to reopen the pact, characterizing the substitute as "definitely unacceptable."

The National Security Committee May 29 favorably reported an amended version of HR 2754 with changes that would extend the Title XI loan guarantee program to provide U.S. shipyards with an additional transition period. The bill approved by the committee was an amendment in the nature of a substitute offered by Rep. Herbert Bateman (R-Va), who said he would like to see the agreement go forward as long as the other signatories accept the amendment's terms for a transition period for Title XI.

The Shipbuilders Council of America--which had supported the original version of the bill--"absolutely opposes" the new substitute version, Shipbuilders Council of America President Penny Eastman told BNA May 31. "It is not a reasonable alternative," she said, adding that the Title XI provision violates the agreement negotiated. If the committee believes that they can change the terms of the agreement and that other countries will go along, "they are living in a vacuum," Eastman said. In effect, what the committee did would kill the shipbuilding subsidies agreement if it were to pass in its present form, she added.

The original target date for entry into force of the shipbuilding subsidies agreement was Jan. 1, 1996. The pact is now scheduled to take effect July 15--30 days after the ratification deadline of June 15.

The bill approved by the National Security Committee differs from the bill reported by the House Ways and Means Committee in, among other matters, the treatment of the Title XI loan guarantee program. Under the Bateman amendment, the Title XI subsidized financing program could continue until Jan. 1, 1999 and the date that Title XI subsidized ships would have to be delivered would be extended to Jan. 1, 2002 (from a delivery deadline of Jan. 1, 1999), a committee staffer explained.

A House GOP aide told BNA that the question is whether other countries will agree to have the agreement amended to reflect the Title XI changes made by the National Security Committee. "Some of the provisions [adopted by the

National Security Committee] are inconsistent with the original agreement," the aide said. In her view, members of the House Ways and Means Committee will not support a bill that is inconsistent with the agreement negotiated.

The bill could also be open to amendments once it reaches the floor since it was not negotiated under fast-track authority, the aide said. However, the Rules Committee will have the final say on this, the aide said, speculating that it is likely that amendments would be allowed only under "strict circumstances."

The shipbuilding subsidies agreement was signed in 1994 by the European Union, Japan, Korea, Norway, and the United States after almost five years of negotiations under the auspices of the Organization for Economic Cooperation and Development.

Legislation (HR 2754) to implement the agreement was favorably reported by the House Ways and Means Committee March 21 and similar legislation passed the Senate Finance Committee in May.

The basic elements of the agreement are: (1) elimination of virtually all subsidies granted either directly or indirectly to shipbuilders; (2) an injurious pricing code; (3) a comprehensive discipline on government financing for exports and domestic ship sales; and (4) an effective and binding dispute settlement mechanism.

Insurance

ARMS Email System

RECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Jake Siewert ( SIEWERT\_J ) (OPD)

CREATION DATE/TIME:17-APR-1997 19:08:40.71

SUBJECT: U.S. TRADE DEFICIT SHRINKS SLIGHTLY, BUT STILL BIG

TO: Peter R. Orszag ( ORSZAG\_P ) Autoforward to: Remote Addressee ( Peter R.  
Orszag@eop@lngtwy@eopmrx ) (OPD)  
READ:NOT READ

TO: Russell W. Horwitz ( Russell W. Horwitz@eop@LNGTWY@EOPMRX )  
READ:NOT READ

TO: April K. Mellody ( April Mellody@eop@LNGTWY@EOPMRX )  
READ:NOT READ

TEXT:

Date: 04/17/97 Time: 18:53

EU.S. trade deficit shrinks slightly, but still big

WASHINGTON America's trade deficit in February narrowed to \$10.4 billion, after setting a record the previous month, the Commerce Department said late Thursday, after correcting a sizable error that had overstated the trade gap.

The department had originally reported the February deficit was \$1.2 billion larger, at \$11.6 billion, before discovering a major miscalculation of oil imports.

Commerce Undersecretary Everett Ehrlich called the size of the error unprecedented and blamed it on miscommunication between his agency, which compiles the trade statistics and the Customs Bureau, which gathers the raw data.

Customs, in an effort to get a handle on late reports of oil shipments coming into the country, asked its agents to send in not only the current month's data but data from previous months.

However, the Census Bureau, the arm of Commerce that tabulates the trade statistics, was not alerted to separate the old data from the current month, resulting in a \$1.2 billion overstatement of oil imports on a seasonally adjusted basis.

Red-faced Commerce officials said it would take at least a day to come up with corrected tables for all the information contained in the 29-page trade report.

Based on the corrected information, the department said the February imbalance was an 18 percent improvement from January's deficit of \$12.7 billion. The January gap between imports and exports had been the largest since the government switched to tracking goods and services flows on a monthly basis.

Even with the lower figure for February, the deficit so far this year is running at an annual rate of \$139 billion, up sharply from last year's \$114.3 billion deficit.

Economists blamed the deterioration on two major factors the surprisingly strong U.S. economy compared to much weaker growth

overseas, and the strength of the dollar, which is making foreign goods cheaper for American consumers.

Asked about the Commerce error, economist Michael Penzer of the Bank of America in San Francisco said the government was lucky the trade deficit is not a current focus for financial markets.

He said even though the erroneous deficit number was \$1 billion higher than expected, the markets basically ignored the report and focused instead on other reports Thursday.

Those reports, including an increase of 8,000 in the number of weekly unemployment claims filed, signaled to investors that the economy may be starting to slow, easing pressure on the Federal Reserve to raise interest rates to fight inflation.

The Dow Jones industrial average finished the day down only 21.27 at 6,658.60. The trade error was not reported until after the stock market had closed.

In a warning that President Clinton may adopt a more protectionist stance in his second term in response to the growing deficits, Commerce Secretary William Daley on Thursday pledged a renewed push to attack unfair foreign trade barriers.

"We are happy to help break down barriers, happy to lead the way in opening markets ... but we will not be a vehicle for one-way trade," Daley said in what was billed as his first policy speech on trade.

The higher deficits have spawned increased protectionist sentiments in Congress, making it tougher for Clinton to win the congressional fast-track authority he needs to negotiate new trade pacts and to gain the annual approval for China's most-favored-nation trade status.

During the first two months of this year, the deficits with both Japan and China are running far beyond their levels of a year ago.

The two-month total for China was up a dramatic 37 percent from a year ago, and the deficit for Japan for the year is 11.3 percent higher. U.S. automakers are complaining that the strong dollar is allowing Japanese competitors to regain market share in the United States.

The dollar has risen 55 percent against the yen since hitting its low point two years ago, and Sung Won Sohn, chief economist at Norwest Corp., said the problems being faced by automakers were already spreading to computer companies and other U.S. manufacturers.

Last week, Treasury Secretary Robert Rubin for the first time voiced concern about the dollar's rise but so far the administration has stopped short of mounting a coordinated market intervention effort with U.S. allies to dampen the increase.

Total U.S. exports of goods and services in February were up 4 percent to an all-time high of \$73.5 billion. Imports, after correcting for the oil reporting error, totaled \$83.9 billion, also a record.

APNP-04-17-97 1905EDT

ARMS Email System  
RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jake Siewert ( CN=Jake Siewert/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 7-MAY-1997 17:53:58.00

SUBJECT: 1997-5-7 McCurry Briefing complete

TO: Robert D. Kyle ( CN=Robert D. Kyle/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

CC: GRAY\_W ( GRAY\_W @ A1 @ CD @ LNGTWY [ EOP ] ) (NSC)  
READ:UNKNOWN

CC: Malcolm R. Lee ( CN=Malcolm R. Lee/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TEXT:  
Bob, Malcolm, Dave:

Lots of trade Q & A in McCurry's briefing -- particularly on fast-track.

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THE WHITE HOUSE

Office of the Press Secretary  
(Mexico City, Mexico)

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For Immediate Release

May 7, 1997

PRESS BRIEFING BY  
MIKE MCCURRY

J.W. Marriott Hotel

Mexico City, Mexico

10:22 A.M. (L)

MR. MCCURRY: We've got, I think, what is a reasonably good advance text that you can follow along with. He'll amend and revise as he goes along. Obviously, the President will give a speech today that puts out the particulars of his vision of the U.S.-Mexican relationship, which is being redefined in very positive ways as a result not only of this meeting, but the ongoing relationship that we have with the government of Mexico.

He will today say in his speech that we seek a peaceful, prosperous partnership filled with respect and dignity. He will talk about the enormous benefits on both sides of the border that have resulted from the NAFTA agreement and the impact that that's had on our trade relationship. He'll talk a lot about the work that we've done over the last two days to develop cooperation on issues related to migration and fighting drugs, and on balance, the speech will be a real, I think, positive statement to both the people of Mexico and the people of the United States about the benefits of this very important bilateral relationship.

Q Is it a NAFTA speech, or is it broader?

MR. MCCURRY: It's broader than that, but I think a centerpiece of this speech is where he makes the economic argument that free trade is bringing benefits to both sides of this border. The President's intent is to remind the American people that the Mexican economy which, because of the peso crisis, really had a setback, has now prospered, come out of that setback, and the benefits to the people of both sides of the borders are growing almost daily because of the steps we took to encourage free trade.

Q How long will some of those in Mexico who have not felt the improvement have to wait?

MR. MCCURRY: Well, economic modernization, economic liberalization is a long-term process. And one of the things the President is keen on seeing now are the benefits of economic liberalization pushed down into the streets of Mexico so that the people who are at the lowest income levels begin to see the results. Now, some are, but we need to see continued progress as economic growth takes hold and as modernization takes place.

Q Is NAFTA a good model to use when discussing fast track trade with other countries? Shouldn't we be looking at NAFTA?

MR. MCCURRY: Well, a structured free trade environment is a good model. And the President, among other things today, will say that opening up more markets to free trade is important to the people of the United States; that people of the United States run the risk of losing the benefits of liberalized trade in this hemisphere if we don't act quickly to establish free trade agreements in this hemisphere. And obviously, there are some countries in which we can press forward with sooner in achieving those agreements.

But the President again today will reiterate that he will seek fast track authority from Congress and will work closely with Congress to achieve that this year.

Q When is he going to do it? When is he going to do it?

MR. MCCURRY: He'll do that in the course of this year. We've got consultations going on with Congress about how best to press forward on this agenda. It's important for us not to overload the circuits on Capitol Hill. At the moment, we're working hard to codify the balanced budget agreement recently reached between the White House and key members of Congress. And as we work through those issues and get in to later on this year, we'll be able to structure the dialogue with Congress about seeking fast track authority.

Q Mike, since the economy or economics is the focus today, why did Bob Rubin rush home yesterday?

MR. MCCURRY: He just went back because there were -- his work here had been completed in the context of the Binational Commission meetings. There were some matters that he wanted to attend to at the Treasury Department. But they were the routine press of business at the Treasury Department, no alarming developments that I am aware of that sent him home. He, I think, just judged -- he came down with the President, participated in a lot of very productive meetings with his counterpart and with others who were here from the Cabinet and elected to go home just to get back to work at the Treasury Department.

Q Mike, on The Washington Post story today, was the White House aware of that before? And if it is true, does this give the President any pause in U.S.-Israeli relations?

MR. MCCURRY: Well, I'm not going to comment in any way, shape or form on that article. It contains information that you know that we routinely do not comment upon in any setting. The National Security Advisor, who has had discussions at senior levels of our government, is confident the President has the information he needs to conduct foreign policy.

Q Secretary Daley mentioned that, without naming Brazil directly, suggested that certain key elements of the free -- the hemispheric immigration process would like to turn it back or weaken it. How much ground has the administration lost absent fast track in letting Brazil consolidate and slow the pace down?

MR. MCCURRY: Well, because of the aggressive export promotions of Mercosur export promotions of Mercosur, we are losing some opportunities. I think that, quite wisely, governments in South America have taken advantage of the liberalized trade environment and are pressing ahead with their own free trade agreements. The European Union has moved swiftly to take advantage of new market opportunities and new trade opportunities, and the United States is concerned that we will miss an historic opportunity to expand trade throughout our hemisphere if we do not move forward on free trade agreements.

Q Mr. McCurry, is there enough political capital to put forward for the fast track, and then also to negotiate something along the lines of changing the certification process as has been hinted with Congress?

MR. MCCURRY: These are very difficult issues, to be sure, and there are different points of view in Congress. But we are pledged to work closely with our Congress on both of those issues to make sure that U.S. interests are advanced both economically and in our fight against drug trafficking, and doing it in an environment of respect for the dignity of the sovereign governments that we work closely with.

Q You're saying that you will look for the fast track this year. When and if you will be looking for a new certification process, more respectful of other countries?

MR. MCCURRY: It is too early based on our discussions with members of Congress to predict timing on either of those issues. But the President does intend to move forward with fast track authority and certainly will continue conversations about how best to reflect our own concerns about fighting drugs as we look at the legal process that's used annually for certification.

Q If I can follow up on that, there's been a lot

of hand-wringing about the delay or at least the fact that fast track has not gone up to the Hill yet, and the business community says this is going to be a tough fight, so we've got to get it up there soon, and if we don't get a bill up until the fall, there won't be enough time to do it and then it will be an election year. Do you share that analysis from the business community? Do you have to get it up really soon?

MR. MCCURRY: We've also had consultations with the business community on this issue and we understand their desire to move quickly because, as I said a moment ago, many in our business community feel like they are missing opportunities that they want to see available to pursue their own economic transactions. We have to do this in a way that is careful, that judges what pressure will come to bear on Congress as the debate unfolds, and we'll do so in a way that we think maximizes our opportunity to get the authority by the end of the year.

Q Mike, the Central American countries originally wanted NAFTA priority. They have told us many times now that they would like to enter into a free trade agreement separate with the United States. What is the position of the U.S. on that?

MR. MCCURRY: Well, first and foremost, we need the authority to negotiate those types of agreements. And that's where our effort has to concentrate. Without fast track authority, it would be impossible to enter into those type of agreements. But we have had some discussions, as you know, with various governments, including the government of Chile, and we will continue to examine how best to advance our interests using the success of NAFTA as a model for how we proceed.

Q But what would be the answer of President Clinton -- response of President Clinton during this visit?

MR. MCCURRY: Well, our answer during this upcoming visit will be the one that I just gave. He will reassure his Central American counterparts and by indirection, of course, those throughout the hemisphere that he will seek fast track authority. He recognizes the important gains that will occur to all countries in this hemisphere if we continue to liberalize trade arrangements. And he will tell them that it is a high priority of his to obtain that authority from Congress this year.

Q One last question on that part of the trip. The Central American countries also would like the United States to give some amnesty to the illegal immigrants of Central America in the United States. What is your position on that?

MR. MCCURRY: Well, the President has addressed that himself. We are aware of concerns that arise from the immigration bill related specifically to the cap that exists for some of the countries that are most noticeably affected --

Nicaragua, Guatemala, in particular. And the President's view is that immigration must be governed by the rule of law, that legal immigration and the confidence that we can proceed with orderly legal immigration must be the predicate for dealing with existing cases.

Now, on deportation issues, I think the one thing that the President will seek to do during his trip in the next several days is to reassure the governments of Central America that there will not be some hysterical effort to engage in mass deportations; that's not foreseen under the immigration bill.

We are again consulting closely with Congress about some of the concerns that arise from the immigration bill to see if we can address some of those specific concerns. I think there are an estimated 400,000 cases pending in the United States and we need to look carefully at each of those individually, but we'll do so in a way that respects both the principle of the law that was passed, but also reflects our desire to deal with any consequences of that law that would run counter to our concerns about individual human issues that arise in any immigration case.

Q Excuse me if you've answered either one of these questions. Will the President be seeking parity for the Caribbean Basin nations concurrently with fast track authority?

MR. MCCURRY: He will talk a little bit about ways that we can build on the success of the CBI, but I'd like to hold that and do that more closer to our arrival in Barbados. He might generally discuss that and I don't want to rule out that he'll discuss that with some of the Central American leaders that he sees tomorrow. But in general, I think that will be an issue that's more front and center for the President when he arrives in Barbados.

Q The second aspect of that question is also, will he seek labor and environment provisions within the central fast track authority, or will it be like NAFTA and consider it on the side?

MR. MCCURRY: We have said and repeatedly said that concerns about workers' rights and concerns about environmental protection have to be addressed within the context of expanding free trade arrangements. How you best do that and how you consider the concerns that many of the stakeholders in free trade have is one of the delicate issues that we have to consult closely with Congress about. We will do so, but we'll do so with the goal of concluding arrangements with Congress that give the

President the authority he needs to strike the right type of free trade agreements.

Q Mike, in Zaire, can you tell us whether Mobutu has left for good?

MR. MCCURRY: I can tell you that we've got -- he has left for Gabon for meetings with Presidents Bongo, Lissouba and Eyadema. His aides have indicated that he's expected to remain in Gabon only until Friday when he is to return to Zaire. We have not received any indication that President Mobutu has decided not to return to Zaire.

Q -- Gabon instead of returning -- Are you trying to put pressure on him for that?

MR. MCCURRY: We've continued our conversations about how to achieve an orderly transition to a political process that will lead to free and fair elections. Ambassador Richardson has been engaged -- I think he's on his way to Paris, if I'm not mistaken, where he will consult closely with the French government on these issues. We'll continue our diplomatic support of the efforts that are underway by the United Nations and the government of South Africa to achieve agreements that will lead to both the cessation of hostilities in Zaire and the type of orderly transition to a new government that the international community seeks.

Q Mike, would it help if Mobutu did not return, if he stayed in Gabon --

MR. MCCURRY: I don't want to speculate on that. I think we've received the indications I just suggested from the government of Zaire and we will work in that context.

Q Getting back to NAFTA, has there been any talk of the trucking regulations during this visit? Are we any closer to having them implemented?

MR. MCCURRY: That's an issue that may have been broached during some of the Binational Commission discussions that occurred on Monday with some of the trade officials who were discussing those issues. That was not an issue that the President's attempted to resolve yesterday. We'll have to continue our dialogue on that. Obviously, our safety concerns are well-known to the government of Mexico and will use the mechanism of the NAFTA process to address those concerns.

Q Has Erskine told the President that he'd like to return to North Carolina soon now that the framework of the balanced budget agreement is complete?

MR. MCCURRY: Erskine Bowles has said publicly as late as over the weekend on one of the shows that he was on that he's not a permanent creature of Washington. His heart is in North Carolina because that's where his family is. He is, as he describes himself, a creature of the private sector and his interest is eventually to return to private life. But he has a job to do, and he is very satisfied with the role he's been able to play in reaching the framework of an historic balanced budget

agreement. But there's a lot of work ahead on that front in codifying that agreement and turning it into authorizations and appropriations, and Erskine intends to plow ahead on that work.

Q The conventional wisdom has been he's not going to stay here for a full year, but maybe by the end of the year he might decide to leave. Does that still appear to be --

MR. MCCURRY: I think Erskine Bowles is someone who has got an exquisite sense of timing and also an exquisite sense of duty, and he will make his timings in the best -- he'll make his own personal decisions in the best interest of the President and furtherance of his own personal commitment to achieving a balanced budget and to doing the work that the President has laid out for a second term.

Q His departure is not imminent?

MR. MCCURRY: His departure, to my knowledge, is not imminent.

Q Mike, the President looked kind of beat last night at the state dinner. Is the altitude here taking its toll?

MR. MCCURRY: No, I think it's the hours of work that are probably taking a toll. I think it was a late evening last night, but the President thoroughly enjoyed it. He had a wonderful tour of the National Palace, which is an extraordinary building, and the dinner ran late because the President was enjoying the conversation and decided to stay at the dinner a little bit later on. But this has been a fairly grueling schedule and he's having a good time at it, but I think all of us take our wear and tear on these trips.

Q Mike, can you give us a little bit of a sense of the relationship between Zedillo and the President on this trip? They seem to be getting along well. Can you give us any insight into how that's going?

MR. MCCURRY: Not only the two Presidents but the two First Ladies as well have really struck up a very familiar way of conversing. They do so with, I think, a lot of affection for each other, but they do so with respect for the important purposes that attach to the leadership of both countries.

We have been able to work through a number of complicated issues on this trip and I think that the ability to do so reflects the good working relationship that's developed personally between President Clinton and President Zedillo.

But our long-term interests are not predicated on personal relationships. They're predicated on advancing the interests of the people of the United States. And in each and every case on this trip -- whether it's migration, whether it's

economic and trade issues, whether it's the fight against drugs, whether it's protecting the environment -- both Presidents have been able to find ways to accommodate their own national interests and do so in a way that expands opportunities for the people on both sides of the border.

That's what has made this, I think, such a successful visit to Mexico, because there is great respect for the sovereignty of both peoples and yet a common ground and certainly a great deal of cooperation in resolving questions that would be important for both peoples as we plow ahead in our relationship.

Q Did the President agree to meet more, more frequently?

MR. MCCURRY: The President, both here in Mexico, and I think you'll see him reaffirm to the leaders in Central American tomorrow, will reaffirm the importance of these types of high level exchanges.

Tomorrow will be the first time since 1968 that an American President has met in Central America with his counterparts, when President Johnson was in the region -- not the first time in the region; of course, the President saw these leaders, I think in 1993. And the value that attaches to these types of exchanges as we take full benefit of the changes occurring throughout Central America and throughout all of this hemisphere are certainly enhanced by following up on the kind of working relationships that we've established.

The Summit of the Americas in Miami leading to the next Summit of the Americas in Santiago sketch out a framework of high-level working relationships that are very important if we are going to take advantage of the enormous changes occurring in this hemisphere.

If you think about the incredible change that's occurred in Central America since the 1980s when we were dealing with the residue of Cold War, when we were dealing with conflict, a lot of economic, political instability, when we were dealing with military authoritarianism, a change that's occurred as these

countries liberalized both politically and economically is really remarkable -- and that's one thing the President will certainly celebrate during his visits tomorrow -- but it's a process of change that the President seeks to nurture and deepen with some of the ideas he advances.

Q One of the things that in Guatemala, Mexico played a very strong role ushering in the peace process. Is the U.S. counting more on Mexico as a partner not only in economic, but in foreign policy for the region?

MR. MCCURRY: Well, it's a good observation. The

Guatemala peace accords were critical, I think, to really symbolically demonstrating to the world that's occurred in Central America in last decade. The role the government of Mexico played was indeed key. And Mexico as it prospers, as it changes can indeed become more of a significant factor in the foreign relations of this hemisphere, and that, while there is not any structured discussion of that, I think as Mexico emerges, as its economy comes out of the Peso crisis, it's clear that Mexico is poised to play a more important role in the region and indeed many of these countries -- Costa Rica's is another example -- have the opportunity to really demonstrate a leadership role as we work together on many of the issues that confront the hemisphere.

Q You said that the administration is going to be talking with Congress about alleviating some of the concerns about deportation. And one of the principle things that you have to deal with is a cap that was in put in on suspensions of deportations limiting them to 4,000. Are you going to be urging Congress to scrap that cap or raise that cap?

MR. MCCURRY: I don't want to go beyond what Commissioner Meissner said here yesterday. I thought she provided a good answer to that. It was delicately phrased. She said we are working closely with the Congress to address those concerns. We understand that the way we structure a law can have a real human impact in individual cases, and we need to deal with the consequences of that law, but do so in a manner that respects the integrity of the reform of legal immigration that we achieved in the bill that was passed.

Q Well, what she said was, she didn't want to discuss it because to publicly discuss that might jeopardize the chances of success. If this were a national security issue, I could understand that. But it's a matter of immigration policy.

MR. MCCURRY: Well, it's also a matter of careful discussions between the administration and Congress. It won't be productive if we try to negotiate the issue in public.

Q Did Louis Freeh recommend that Janet Reno should appoint a counsel?

MR. MCCURRY: I can't comment on that story other than to say, as we have said consistently, that those decisions have to be made by the Attorney General based on law, and she has very carefully and very patiently, before Congress, explained her reasoning. I don't have anything to add to what she said.

Q At least one of the opposition parties with whom President Clinton met yesterday is not very committed to NAFTA. Is there any second thought -- we were briefed yesterday -- was there any second comment or any second thought about the meeting with the opposition parties yesterday?

MR. MCCURRY: No, no follow-up on that other than to say the President appreciated the opportunity to hear the views of the political leaders he saw yesterday. He thinks that it is important to recognize the political diversity that exists within the political culture of Mexico. But our views of NAFTA are those that President will articulate shortly in his speech.

Q Mike, do you have any color on the President and the First Lady's tourism both today and while they've been here prior to this?

MR. MCCURRY: Not yet.

Q -- honeymoon and that sort of thing.

MR. MCCURRY: I think the President will reference his honeymoon in the speech coming up and he will talk about their own enjoyment and enchantment with Mexico. The President has talked a lot about his trip today to see some things that he normally doesn't see. It's almost a regular complaint of the President of the United States on foreign trips that some many other members of the delegation get to see so much more of the country than he does because he is confined, in many cases, to hotel rooms having meetings.

And so the opportunity to visit a place that foreign dignitaries normally wouldn't go to see a slice of average life in Mexico, albeit a small one, and then to tour some of the significant archeological wonders of Mexico is something the President has very much looked forward to. Of course, he regrets that he won't be able to climb to the top of the pyramid. He would no doubt try if he could. But he is, I think, looking forward to a day of really enjoying some of the splendors of Mexico and also doing what the President often likes to do, having more direct contact with the people of the country he's visiting.

Q Has the subject of Cuba come up between the Presidents?

MR. MCCURRY: I don't recall seeing a specific reference to it. I think there may have been a discussion related to Helms-Burton, but maybe after I take off you can check with David Johnson on that point. And I think there was some general discussion about issues pertaining to Helms-Burton that occurred yesterday, and certainly that is a feature of dialogue that the Secretary of State has had with Foreign Secretary Gurria in the past. So I can imagine that it did arise; I haven't heard anything reported to me that it was a large part of their discussion yesterday.

Q Going back again to a question I did before, is the amnesty part of the request of the Central American

Presidents out of the question for now, or is it something that the President can consider?

MR. MCCURRY: Again, we have got to deal with the issues that derive from the immigration bill very carefully because there are strong feelings in Congress on this, and I don't want to suggest that we would not hear those concerns. We certainly will hear those concerns expressed by the governments of Central America, we expect that, but we will also explain that we are trying to resolve some of these concerns in our very patient dialogue with Congress.

Q Why is the DEA nowhere to be seen if yesterday was devoted to this alliance? And after you leave today, after all is said and done, who is going to be taking care of this and who is going to be following it?

MR. MCCURRY: Well, yesterday was devoted to a considerable wealth of dialogue of which a large part was the Alliance Against Drugs, but the administration's viewpoints were effectively represented by the President and then by General McCaffrey, who has responsibility for all the law enforcement agencies in our government that contribute to his national drug control strategy. He is the point man in working the interagency process that brings so many agencies together in our fight against drugs, not just the DEA but all of those that are involved, from Justice to ATF to a lot of other agencies that contribute resources to the fight against drugs. So it was proper for him at this high level of dialogue to represent the views. And as the General said yesterday, as a matter of interagency commitment, all of the agencies of the government are pledged to fulfill the commitments rendered by President Clinton yesterday.

Q Has the President talked about the human rights situation in Mexico to Zedillo or did members of the Cabinet talk

about the human rights in Mexico?

MR. MCCURRY: Yes, that is a regular feature of our dialogue. We report on it annually through the report of the State Department, and the subject does come up regularly in our bilateral dialogue.

Q But yesterday did they talk about it?

MR. MCCURRY: They did, and it was to reference the concerns that we've expressed in the past to attach the importance that we bring to the subject of human rights and individual liberties as we advance our dialogue, to do so in the environment of respect that we have for the views of other governments.

Q Was Chiapas mentioned in that conversation?

MR. MCCURRY: I'd have to check and see if Chiapas as a specific issue arose. I know that we have inquired about the status of conditions there and the status of any conflict with rebel elements there in the past, I'd have to maybe go back and double-check whether it specifically arose yesterday.

Q Unless I missed it, I don't think the President's made any public comment about the human rights situation in Mexico.

MR. MCCURRY: I'd have to go back and look at everything he said. I thought that he had, but I know that in looking at the preparation for the presentations he was making and others in our government were making, that they did devote time to the subject.

Q Did Mexico sign off on William Weld as the next ambassador?

MR. MCCURRY: I do not know for certain. I do not believe that we have presented a name to the government of Mexico for agreement at this point.

Q The President yesterday said this was his fifth trip to Mexico. Do you know when any of the other trips were?

MR. MCCURRY: I don't. I know that, obviously, his honeymoon was one of them. And I believe as governor of Arkansas he came here. But I don't have the -- I can't enumerate them specifically.

Q His honeymoon was --

MR. MCCURRY: Trick question -- '74? I'd have to

check. Wait, I can answer that easy. It's 22 years ago. Do the math for me, because I'm dim-witted.

Q How concerned is the White House about opposition in conference to the growing opposition to NAFTA? And are the Mexicans concerned about that, too? Have they brought that up?

MR. MCCURRY: I think the government of Mexico understands the complicated political dynamic that exists pertaining to free trade issues in our Congress. They expressed some concern about some statements that are made on our side of the border about the free trade debate. But at the same time, they recognize the fundamental merit of free trade, the arrangements that we've reached. They appreciate the President's resolve to press forward on those arrangements, and they understand that the progress that the Mexican economy has demonstrated over the last year is itself a strong argument in favor of the free trade arrangements that have been achieved.

Q But how much of a threat is that in Congress? How strong is it growing, and is the White House --

MR. MCCURRY: Well, there are strong points of view in our Congress, but that's one of the reasons why we are trying to work closely with our Congress to resolve concerns, to establish the right formula to proceed with an expansion of free trade, because there is no question in the President's mind that free trade arrangements have benefited the people of the United States, just as they've benefited the people of Mexico, the people of Canada. They have created more net economic opportunity for people on both sides of the border.

This will be the last question. The President is getting ready to talk. I think we've done all the issues that I'm aware of. We will try to get you a little bit of color from the trip, although I think the pool will be in a position to do some of that. And David and Mary Ellen will be around for the balance of the day if you need them for anything. And I'm going to go sightseeing. You looked shocked.

All right, thank you.

END 10:55 A.M. (L)

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ARMS Email System

RECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Jake Siewert ( SIEWERT\_J ) (OPD)

CREATION DATE/TIME:15-MAY-1997 16:05:03.21

SUBJECT: WHITE HOUSE TO PUSH AHEAD FOR FAST-TRACK AUTHORITY IN ...

TO: Jake Siewert ( SIEWERT\_J ) Autoforward to: Remote Addressee ( Jake  
Siewert@eop@lngtwy@eopmrx ) (OPD)  
READ:NOT READ

TO: Russell W. Horwitz ( Russell W. Horwitz@eop@LNGTWY@EOPMRX )  
READ:NOT READ

TEXT:

Date: 05/15/97 Time: 10:42

CWhite House to push ahead for fast-track authority in trade talks

WASHINGTON (AP) After a key congressman accused President Clinton of backpedaling, the White House today reaffirmed its commitment to push Congress this year for authority to negotiate a hemisphere-wide free trade agreement.

"We've always said we will try to get it this year, it's just not clear when we're going to try to get it," White House spokesman Mike McCurry said today.

A day earlier, McCurry had indicated that Clinton wants the "fast-track" authority in place before he goes to Chile next spring for the second Summit of the Americas. That remark prompted Rep. Bill Archer, R-Texas, chairman of the House Ways and Means Committee, to accuse the administration of backpedaling on its timetable.

"Many trade opportunities amounting to billions of dollars and thousands of American jobs will be lost because the administration has failed to pursue this vital legislation," Archer said.

McCurry said today that his comments on Chile had been misinterpreted, and that fast-track trade negotiations had to be in place well before that 1998 summit.

"In order to have that happen the president needs fast-track authority and we're going to seek and hopefully obtain it this year," he said.

Clinton has pledged to ask Congress for "fast-track" authority to negotiate trade agreements under expedited procedures that require Congress to accept or reject them without amendments.

Asked on Wednesday why the administration was not pursuing the legislation right now, McCurry said, "Because we are frying a lot of fish right now and the kettle is only so big."

APNP-05-15-97 1056EDT

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Collection: 2014-0550-F

Bucket: OPD

Creation Date: 1997-05-27

Subject: 1997-5-23 McCurry Briefing

Creator: William R. Kincaid CN=William R.  
Kincaid/OU=OPD/O=EOP [ OPD ]

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ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jake Siewert ( CN=Jake Siewert/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 2-JUN-1997 15:51:35.00

SUBJECT: 1997-6-2 McCurry Briefing

TO: Russell W. Horwitz ( CN=Russell W. Horwitz/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

CC: Sarah A. Bianchi ( CN=Sarah A. Bianchi/OU=OMB/O=EOP @ EOP [ OMB ] )

READ:UNKNOWN

TEXT:

make sure gene sees the answers on msa's -- pretty much as scripted

----- Forwarded by Jake Siewert/OPD/EOP on 06/02/97 03:42

PM -----

SUNTUM\_M @ A1

06/02/97 02:28:00 PM

Record Type: Record

To: See the distribution list at the bottom of this message

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Subject: 1997-6-2 McCurry Briefing

THE WHITE HOUSE

Office of the Press Secretary

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For Immediate Release

June 2, 1997

PRESS BRIEFING BY  
MIKE MCCURRY

The Briefing Room

1:10 P.M. EDT

MR. MCCURRY: All right. Let's start the daily briefing. Ladies and gentlemen, can I start with what I meant to say this morning when I incorrectly led you on the health bill question? I said this morning incorrectly that the President gets comped for his health care service out at Bethesda National Naval Medical

Center. That is not correct. He pays what is called the regular DOD flat rate, which is the same rate that they extend to other dignitaries and members of Congress.

Q Is that \$1.25 a day? (Laughter.)

MR. MCCURRY: It's a good deal. My understanding is he's probably got, I think, bills for his knee surgery approaching \$7,000. They've been submitted to his health insurer and the President does have a 20 percent co-pay under his health insurance policy. He has a health insurance policy similar to those that are extended to other federal employees.

Q You're talking about doctor's bills now? Because the hospital doesn't get covered by the flat rate payment, right?

MR. MCCURRY: They think they pay the hospital bills, and I guess -- I don't know what the portion of the additional bill represents. DOD can tell you more about their billing rate for Bethesda. And he is designated for that kind of treatment by the Secretary of Defense.\* (\* The Secretary of Navy authorizes care at Bethesda.)

Q What is the \$7,000 figure refer to? Is that the doctor's fee -- you're not sure?

MR. MCCURRY: I'm not sure exactly what that --what component costs that is.

Q Thanks for clearing it up. (Laughter.)

MR. MCCURRY: It ain't free, in other words. But it's next to.

Q -- round the clock therapist and the orthopedic surgeon that went along on trips --

MR. MCCURRY: That's out-patient care which is extended as part of the service they provide and there is no charge for that, I am told. And that physical therapy is provided as part of the service rendered by the White House Medical Unit.

Q So the 20 percent co-pay, does that mean that he owes \$1,400 on something?

MR. MCCURRY: Whatever the bills are that are submitted, you get up to probably some annual deductible with a co-payment requirement.

Q It seems to me the open question here is if he's

getting the DOD flat rate, what's the \$7,000 for, and it's probably for the surgery, but could you clear it up?

MR. MCCURRY: If you really need me to, I will. Or I can try calling Public Affairs out at Bethesda, which maybe you would like to try, too.

Q Mike, there was some talk on the Hill this morning about a letter from Janet Reno to the President recommending that he veto the supplemental appropriations bill because of a provision that would authorize individuals to sue the government -- something along those lines. Do you know anything about that letter?

MR. MCCURRY: I have not heard anything. Have you heard anything about that, a Reno letter? There are a lot of objectionable features to the supplemental, several of which we've talked about here, that would trigger the strongest possible opposition from the President. But most of our attention is focused on the automatic CR provision, which you know about already. I'll look into that; I hadn't heard that.

Q The Times Magazine reported over the weekend in a lengthy article about Kenneth Starr that Kenneth Starr had sent a letter to the President urging him to urge Susan McDougal to cooperate. Do you know anything about that? Is this true?

MR. MCCURRY: Well, there was an awful lot of things said anonymously by various prosecutors in that article, but you may want to talk to Mr. Kendall; he would be the appropriate person to respond.

Q At the meeting tomorrow, do you have more details yet on this meeting with the House Ways and Means Health Subcommittee on --

MR. MCCURRY: We expect that at 11:45 a.m., it will be chairs and ranking members of the two authorizing committees and the subcommittees that deal with health related provisions of the balanced budget agreement. So we've got Archer and Rangel, Thomas and Stark from the Health subcommittee; Bliley and Dingell from the Commerce side; and from the Health Environment subcommittee, the ranking and chair there, too.

Q At this meeting will the President ask Mr. Thomas not to include MSAs for the Medicare population in his bill, or tell him that he would veto it if he does include them?

MR. MCCURRY: Well, we have not extended a specific veto threat with respect to medical savings accounts. We have raised our concerns in the past about that and even just recently, Chris Jennings, the President's health care advisor, met with members of Congress and staff and detailed once again what our concerns are. We just think that that is going to lead to inadvertent negative consequences in the health insurance market. For all the reasons

that we've described in the past, we've got strong objections to it, and we'll reiterate that. But we are still at the front end of writing that legislation, and we'll approach the meeting tomorrow in a positive spirit.

Q Mike, last year you were amenable to some kind of demonstration plan. Is that still the same position?

MR. MCCURRY: We were -- when pushed right up against it last year, suggested if they want to explore that idea before you mandate a savings account approach for all consumers, it would make

sense to try it and see what the utilities and efficiencies are. And I guess we would still take that view that we don't want to see any wholesale changes made in the provision of health insurance along those lines, but we do want to see if we can't -- if the Republican majority in Congress wants to press the idea, we at the very least would want to see it confined to a set population for a set period of time so it can be properly evaluated.

Q Is that the main purpose of the meeting tomorrow, to talk about MSAs?

MR. MCCURRY: They've got Medicare provisions, Medicaid provisions. They've got all the stuff related to covering uninsured children, which will be part of the discussion tomorrow. So they've got a lot of work to do, and this is one of the first of what we anticipate being several working sessions as we now craft the legislation that implements the balanced budget agreement.

And as I said, and as we've said in the past, there will be moments along the way where we go through, back and forth with Congress and flesh out the details. We know that that won't always be a smooth process, but we think it will ultimately be an effective one and codify the contours of the budget resolution which we expect to be approved this week by Congress.

Q This health insurance idea for children is not part of the budget resolution now. Are you expecting a lot of difficulty with that?

MR. MCCURRY: No, the coverage of the 5 million uninsured kids is part of the balanced budget agreement. You mean the specifics of how you do it and how you accomplish that? There are some different ideas on how you would approach the central question of extending that coverage, but that's the kind of thing they will talk about tomorrow.

Q What is he doing today, what's he preoccupied with?

MR. MCCURRY: He had a day off because he was busy on Saturday. He's doing some paperwork and checked in with Mr. Bowles and Mr. Berger, and I think was catching up on some loose ends that

are still left over from last week when he was traveling out of the country.

Q When is he going to veto the late-term abortion procedure bill?

MR. MCCURRY: Has it even arrived here yet? We'll have to check and see. I'm not even sure that we've received it yet. We'll have to keep you posted.

Q What's the status of your attempts to try and meet our needs on Friday at the Sidwell Friends --

MR. MCCURRY: Ongoing, and we'll report to you when I have something definitive.

Q Mike, would the U.S. support the Nigeria-led operation to put down the coup in Sierra Leone? And there are reports that some 20 people have been killed there in Freetown today. Are you concerned about that?

MR. MCCURRY: Well, there is continuing violence there and we are interested in diminishing the violence and seeing if this fragile cease-fire that they've been working on can't be fully implemented. We are concerned for the safety of those who remain in the capital city. We are monitoring very carefully the situation on the ground, particularly around the hotel from which 300-plus American citizens were evacuated over the weekend, along with hundreds of third-country nationals. We continue to monitor the efforts related to remaining citizens who are innocently trapped in and around the fighting.

Q What about the operation, what about Nigeria and neighboring African countries --

MR. MCCURRY: Well, we have been watching and consulting closely with the so-called ECOMOG group, which is the consortium of African countries that have offered to be of some assistance. We are supporting efforts to deal directly with the parties -- both factions, rebel factions -- to encourage the institution of a cease-fire.

Q Has the President expressed his sympathy to the family of Beth Shabazz?

MR. MCCURRY: One of our staffers in the Political Affairs division who personally knows the Shabazz family has been in contact with the family and expressed our concern, yes.

Q This meeting tomorrow, the Ways and Means Committee is also scheduled to mark up the tax portion of its balanced budget obligations next week, and Archer may unveil his mark sometime later this week. Will that also be on the table, or is this strictly a

Medicare-Medicaid meeting tomorrow?

MR. MCCURRY: I think they are dealing with the health related aspects of the legislation tomorrow, not the health financing aspects. We will have other opportunities to be in contact with the tax writing committees and look forward to doing that. I'm not aware of anything tomorrow but --

Q Do you expect another session later this week on --

MR. MCCURRY: I expect that we will have discussions from time to time and I wouldn't rule out the idea that at some point the President might be dealing more directly with the tax writing committees. But, as you know, they've got a number of very difficult issues that they will have to address. The President, for that reason, but some of his starting principles on the table in the radio address on Saturday, as you probably noticed. So we'll continue that work, but I'm not aware that they're to the point where we're moving into that kind of meeting format at this point.

Q Mike, what's the state of play and White House involvement in the tobacco negotiations?

MR. MCCURRY: No change.

Q Do you have any meetings scheduled this week?

MR. MCCURRY: I'd have to check. Last time I checked with him was during the trip because we had some -- a flurry of rumors that there was going to be some meeting at the end of last week. As far as I know, Mr. Lindsey remains in telephone contact with the parties. They are at a point where you've seen a lot of public discussion in and amongst the attorneys general from the states involved and some of the other plaintiff representatives. And we're monitoring actively the discussions that they're having. But I'm not aware of -- in the meetings that have been scheduled, I haven't heard of any.

Q Donna Shalala was quoted today as saying -- quoted as telling the negotiators not to expect immediate White House approval of any deal that's reached. Is the administration putting daylight between itself and these negotiations?

MR. MCCURRY: No, it's only as we have consistently said. We have very clear public health objectives here. We want to formulate as quickly as possible a program that leads to the health outcome the President seeks -- a reduction in the number of children who start smoking. And we are continuing to pursue our regulatory mechanisms to that effect, and we will, as we have said in the past, evaluate any proposed settlement with exactly that criteria. That's going to require very careful review, and I think Secretary Shalala is probably reflecting the President's determination to make sure we achieve the best possible public health outcome, irrespective of how they deal with other issues that are on the table. But at the

moment, as near as we can tell publicly, judging from the comments of the parties themselves, we are a long way from having that question before us in any event.

Q Mike, yesterday Mr. Bennett said he might be willing to consider giving \$600,000 to \$700,000 to charity in the Paula Jones case. Where would that money come from? Would that come from the personal funds or insurance?

MR. MCCURRY: I don't have anything to add to what Mr. Bennett had to say yesterday.

Q Does the President have the money to come out of the personal funds?

MR. MCCURRY: Mr. Bennett will be in a position to address that, addressed most of those questions yesterday.

Q How frequently are they talking?

MR. MCCURRY: Mr. Bennett addressed that yesterday.

Q Do you have anything to add to what Mr. Bennett said? (Laughter.)

MR. MCCURRY: As you correctly gather, I have nothing to add to what Mr. Bennett said. He was quite available and quite responsive to those questions yesterday.

Q How much time does the President spend on all of these cases?

MR. MCCURRY: A fractional amount.

Q Like what?

Q By definition --

MR. MCCURRY: Like a small fraction. (Laughter.)

Q Charlene Barshefsky will be on the Hill tomorrow --

Q Fifteen minutes?

Q -- to testify before the Senate Finance Committee. Is there any chance that she'll will unveil any administration position on fast track that many in Congress have been waiting for, or is she going to delay again?

MR. MCCURRY: It's a very strong possibility she will discuss that and talk about the broad parameters that the President would seek in obtaining the fast track authority he would need to advance our commitment to free trade in this hemisphere and throughout the world. But I doubt that she would unveil any specific

legislation at this point.

Our view, as we've told you before, is that the best time for that debate will be likely early this fall. I think that's the point at which we would be best positioned to make a very strong push for fast track authority.

Q At what point does Gephardt's opposition to the President's policies make it impossible for the President to continue working with him?

MR. MCCURRY: Well, probably never, because given the large volume of things that they agree upon and given the fondness the President expressed for the Minority Leader last week and the fondness the Minority Leader expressed for the President last week, they're going to be working together in most instances and disagreeing on a few cases. So I don't think that day will ever arrive. At least not until 2000.

Q Are they going to bury the hatchet?

Q As the House begins work on the tax bill, does the President have any warnings to them about what he might or might not

--

MR. MCCURRY: Just be very mindful of the agreements that were reached and the specific promise that was extended by the Speaker and by the Majority Leader as to the out-year size of any proposed tax cuts. We are not at this point going to take any steps that compound deficit problems in the future in how you structure tax cuts and what the out-year effect of those tax cuts are something that we will watch very carefully.

Q Is that the criteria, rather than some kind of distributional analysis?

MR. MCCURRY: Well, as to distribution of effects, the single most important thing is to ensure that the \$35 billion that's earmarked for post-secondary education go for the type of education tax relief that the President has talked about, which will disproportionately help middle-income taxpayers. In fact, even now with the change that we made in our HOPE Scholarship proposal over the weekend will help lower income people.

Q Mike, how go the efforts of the White House to get Congress to pay up arrears to United Nations?

MR. MCCURRY: Ambassador Richardson has been making, I think, a series of rounds on the Hill to press that case. We think the work that we have done in New York to encourage administrative reform at the United Nations has put us in a better position to make the argument for paying up our bills. We think, as a matter of our obligation in the world that we lead, we need to make good on our promise to pay what we owe the United Nations.

But we also, simultaneously, have wanted to see changes made there and the reform program that's underway now at the United Nations looks promising, it has been briefed to relevant committee chairs on the Hill and we think that adds to the argument. As more and more people understand the role the United Nations productively plays in many places around the world, the issues that it deals with, the progress that we're seeing in making it a more effective tool for the post-Cold War world, we think the support will be there both in Congress and amongst the American people.

Q Well, why won't they pay their bills?

MR. MCCURRY: Well, partly because Congress has not appropriated the funds in past budget years to pay.

Q But I mean, why? Why?

MR. MCCURRY: Because they had certain concerns, and some well-founded concerns about the way the United Nations was being run. And, if you recall, we took some fairly aggressive personnel action with respect to that. So we hope that has changed the climate. And the process of reform in the United Nations has moved forward and we think that that makes the environment for passing that payment of arrears more fortuitous.

Q Mike, last year -- well, Boutros-Ghali, who's no longer there -- but the representative to the U.N. and WTO and the IMF and World Bank were at the Lyon Summit. Does the President have any intention of bringing those people to the Denver Summit? Is there any reason to bring them?

MR. MCCURRY: I'm sorry, which group?

Q At the G-7 Summit last summer, the U.N. General Secretary was there, the head of the WTO; there was some discussions among the head of the IMF and the World Bank. Are these people going to be attending again this year for any part of the summit?

MR. MCCURRY: There was in Lyon a very specific discussion about global institutions that exist and the architecture of those global institutions. That's followed up on a conversation that began in Halifax the year before. I think that -- we've gone from that general discussion about the architecture of the post Cold War era down to more specific issues. And some of those same groups may be there or be present for a discussion that I anticipate about Africa and about sustaining economic development in Africa. So I think they've moved now more from a general to a very specific.

Q Mike, you kind of hinted on the fact that you're concerned an automatic CR in the supplemental provision, supplemental appropriations. Do you see any strategy for getting past that?

MR. MCCURRY: About getting past some of the

disagreements we have? Well, my guess is that in the week that Congress has been gone they have heard a lot from constituents that ask, what is the deal with this emergency aid for those suffering from disasters and why did you guys leave town? We tried to turn up the heat a little bit on that question, as you know. And our hope is that Congress will come back to town looking for a way to move that very important disaster relief forward and looking to resolve some of these other issues in other ways so we don't hold up that assistance any longer.

Q How do you plan to do it?

MR. MCCURRY: Through the same kind of close consultation and occasional jawboning that we do to affect the outcome of legislative fights on the Hill.

Q Mike, does the White House have any reaction to the class action suit filed by flight attendants today in Miami against tobacco companies for second-hand smoke on airplanes?

MR. MCCURRY: Not any immediate reaction from the White House. I'm not -- I'll have to check and see if anywhere else in government there's been a comment, but not that I'm aware of.

Q Mike, what's the White House saying in reference to the price of a stamp possibly going up, especially since the economy is supposedly, "so great" right now?

MR. MCCURRY: I don't know that we have evaluated that and I don't know at what point the proposed postal rate increase is -- whether it's come from the Commission, or not.

Q In the radio address, the President said he wants to reach as many working families possible with the \$500 child tax credit. Does that mean he's open to raising eligibility age from 13 to possibly as high as 18, as in the Republican --

MR. MCCURRY: Well, we have strong views about the age 13 as the eligibility date, as you know. But we will work with the tax writing committees. They've got -- I think, as Chairman Archer or someone said the other day -- a lot of wine to pour into the bottle that has been built. And right now, it looks like they may have some overflow that they have to deal with.

But we've got some pretty clear ideas on how expansive the credit should be and how it should be available. And we'll fight for our views in discussions with the tax writing committees. But they clearly want to get done a lot of tax relief, but they have the defined amount of tax relief that's available under the agreement.

Q What does the President think of Secretary Reich's memory? (Laughter.)

MR. MCCURRY: Secretary of who?

Q The former Labor Secretary.

Q The small guy.

MR. MCCURRY: What was his name again?  
(Laughter.)

Q I don't know.

MR. MCCURRY: What does he think of his memory or his book or his --

Q His memory.

Q Both.

MR. MCCURRY: What did he forget? I'm missing something here.

Q There's been some questions about whether everything he recounted was accurate.

Q Or any of it. (Laughter.)

MR. MCCURRY: I wasn't aware of that. It sounded entertaining.

Q He was supposed to have made a lot of misstatements and attributed things to people who claimed it never happened.

MR. MCCURRY: Oh, boy. (Laughter.) Some of that stuff was so good. How about the thing about getting caught in the little dog door. That had to have happened. (Laughter.)

Q Did you read it?

MR. MCCURRY: No, I've read -- I've heard about it. I don't get to read books unless they are with big type and lots of nice pictures and your kids are sitting on your lap. (Laughter.)

Q Did the President read it?

MR. MCCURRY: Not to suggest that this was that kind of book, but --

Q Has the President read the book?

MR. MCCURRY: The last time I had asked him, he had not. But my guess is he probably has by now.

Q He probably has?

MR. MCCURRY: Yes.

Q But, yet, you don't --

MR. MCCURRY: I haven't had any reaction. I've never talked to him about it.

Q Is the President going to have a news conference anytime soon?

MR. MCCURRY: Well, we were trying to work on having one some time next week, like a date that we can't announce, but sort of June 10th. (Laughter.) We were talking about it. If we announce that, I'll let you know.

Q That's Tuesday.

MR. MCCURRY: It's Tuesday.

Q Is there going to be some kind of roll-out to this race initiative or he just going to go to San Diego and give a speech?

MR. MCCURRY: There will be some kind of roll-out. I don't know what kind, but it will either be big wheel barrel or a little wheelbarrow, one or the other.

Q You mean before he does the speech he'll do something else here?

MR. MCCURRY: We may talk about it or try to set it up as we customarily do when we're trying to take the good, positive, interesting ideas of the day and propel them forward into the Zeitgeist. We'll try to figure out some way to do that for you, Wolf.

Q Is Sidney Blumenthal going to be in charge of it?

MR. MCCURRY: I hope so. Who knows.

Q When does he come on board?

MR. MCCURRY: I read in The Washington Post it was six to eight weeks.

Q What's he going to do when he gets here?

MR. MCCURRY: Be profound.

Q You mean you're not profound enough?

MR. MCCURRY: Me? Absolutely not.

Q Will he announce the next ambassador to Japan?

MR. MCCURRY: Will he announce the next ambassador to Japan? No. And we're not anywhere closer to announcing that Tom Foley is an excellent guy that's going to get that job. (Laughter.)

Q Mike, any contacts with Jospin or his people and the White House?

MR. MCCURRY: Between --

Q France, the French election.

MR. MCCURRY: No, we have not, to my knowledge, unless -- I'm not even confident, Eric -- has he formally been asked now to form a government? As of earlier today, that meeting had not occurred with the President. But, as I said earlier, if he is asked by President Chirac to form a government, we would work closely with that government. We've got enduring interests that we explore through our close and warm bilateral relationship with France. And at a time when the future of Europe is very much on the minds of those of us in the United States thinking about the future of that continent, including the President, we would seek a very active, productive, warm relationship with all elements of the French government. And knowing something or two about cohabitating, we think governments can be successful when they operate in that fashion.

Q Do you expect any changes on the policy in Bosnia and the Middle East from France?

MR. MCCURRY: Well, we'll have to await any formal declarations on the part of Prime Minister Jospin, but not that we anticipate. We see some enduring elements to the ideas that have been advanced by President Chirac and by the government, and we suspect that there will be continuity more than change in the presentation of their foreign policy.

Q Do you have any indication from the Socialist Party that that's --

MR. MCCURRY: There has been some from the dialogue that occurred during the election period and then -- nothing formal yet, although through our embassy in Paris, we have ongoing contacts with representatives of the various parties, so we have some sense of their preliminary thinking.

Q Do you have any news at all today? (Laughter.)

MR. MCCURRY: It's a quiet day. Yes, I've got one valuable piece of news, which is the President is announcing today his intent to nominate Janice Lachance to serve as Deputy Director of the Office of Personnel Management. We've got a piece of paper available. And with the distribution of that piece of paper, the

news that you are looking for is that that's our full lid for the day.

Q Mike, Treasury has put out an environmental and economic impact at the closing of Pennsylvania Avenue, and it shows that the closing cost the city half a million dollars a year in lost parking revenue and shifting bus routes. Is there any thought being given to reimbursing the government, D.C. government, in any way for that?

MR. MCCURRY: Well, we have, among other things, a quite substantial economic assistance package that's available to the District -- we're working to do that -- that would defray the costs of many things. There are some aspects of this assessment that I'd

rather leave for the Treasury to review, but we will work with the elected representatives of the District and those who are concerned about the District to make sure that we find acceptable solutions to questions that they care about.

But I remind you that in terms of off-setting aid, we've got an assistance package that's quite generous and has got a number of benefits available well beyond just the question of offsetting costs for traffic closures.

Q As far as the White House views it, does this more or less continue the green light to keeping this closed and changing it to a --

MR. MCCURRY: My understanding is -- Treasury can tell you more, but I think this is an initial assessment that's provided and I think they've got a ways to go before they finalize anything with respect to the various options that were studied within the assessment itself.

Q There's an ongoing attempt to get some --

MR. MCCURRY: -- which goes into a comment period now, right. So there will be an additional period for comment.

Q In an ongoing attempt to get some news, is there any reaction to the Commerce Department report today about personal spending and retail spending only being up one-tenth of a percent in April, which is widely being analyzed as the economy is starting to slow up?

MR. MCCURRY: When the Chair of the President's Council of Economic Advisors was here Friday, in an event that was considerably more newsworthy than many of you here felt -- maybe we should have saved and done that today -- but a lot of what she projected as indicators for the second quarter were that we had seen some moderation of growth and that that probably was a useful thing because we are seeing certain growth patterns even out and continuing

out on a path of steady, disciplined growth in the economy, continuing job creation without seeing any spike in inflation. So that's largely good news. The fact that the economy would slow a little bit is not seen as a negative thing here, given the very strong performance that we talked about in the first quarter.

Q If the McVeigh jury should come back, do you think the President will want to comment?

MR. MCCURRY: I doubt it. We'll see where they are. Regardless of what the jury is, there will be additional steps in the litigation that I think the President would want to be careful about not impinging upon.

Q Mike, the speaker of the Cuban National Assembly, Mr. Ricardo Alarcon has been criticizing President Clinton's policy to Cuba, claiming that it's being led totally by Congress, he's playing more or less a passive role.

MR. MCCURRY: Well, his views in prior statements are well-known and he's arguing that case from the ideological premise that you would expect from someone who supports a totalitarian dictator.

Q Thank you.

END

1:39 P.M. EDT

Message Sent

To:

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Mary E. Glynn  
Julie E. Mason  
April Mellody  
Darby E. Stott  
Julia R. Green  
Lorraine L. Wytkind  
Laura D. Schwartz  
Lori E. Abrams  
Lori Anderson  
Brenda M. Anders  
Eli G. Attie  
Kris M Balderston  
Beverly J. Barnes  
David S. Beaubaire  
Marsha E. Berry  
Lanny A. Breuer  
Laura Capps  
Joseph W. Cerrell @ OVP@EOP  
Steven A. Cohen  
Michelle Crisci  
Carolyn Curiel

Suzanne Dale  
Lanny J. Davis  
Marilyn DiGiacobbe  
James A. Dorskind  
Jennifer D. Dudley  
Christopher A. Dwan  
Dorinda A. Salcido  
James T. Edmonds  
Anne M. Edwards  
Rahm Emanuel  
Karen E. Finney  
Jay K. Footlik  
Ben A. Freeland  
Jeremy M. Gaines  
Michael A. Gill @ OVP@EOP  
Adam W. Goldberg  
Jason S. Goldberg  
Ricardo M. Gonzales  
Donald Goldberg  
Richard Hayes  
Russell W. Horwitz  
Thomas D. Janenda  
Brian J. Johnson  
david t. johnson  
Michele Jolin  
James M. Teague  
David E. Kalbaugh  
William R. Kincaid  
Angus S. King  
Joshua A. King  
Nicholas B. Kirkhorn  
Catherine T. Kitchen  
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Heidi Kukis @ OVP@EOP  
Sara M. Latham  
G N. Lattimore  
Christopher J. Lavery  
Anne H. Lewis  
Patricia F. Lewis  
Michael D. Malone  
Laura S. Marcus  
Doris O. Matsui  
Andrew J. Mayock  
Anne E. McGuire  
Cheryl D. Mills  
Megan C. Moloney  
Kevin Moran  
Jonathan Murchinson  
Elizabeth R. Newman  
Peter R. Orszag  
Carole A. Parmelee  
Sally P. Paxton  
Jonathan Prince  
Peter O'Keefe

Brian A. Reich  
Charles F. Ruff  
Virginia N. Rustique  
Evan Ryan  
Stuart Schear  
Douglas S. Sheorn  
David Shipley  
Robert M. Shireman  
Jake Siewert  
Joshua Silverman  
Brian D. Smith  
Craig T. Smith  
Richard Socarides  
Douglas B. Sosnik  
Todd Stern  
Michael J. Sullivan  
Jonathan H. Schnur/OVP @ OVP  
Sylvia M. Mathews  
Lisa Tamagni  
Virginia M. Terzano @ ovp@eop  
terri tingen  
Barry J. Toiv  
Jodie R. Torkelson  
Serena C. Torrey  
June G. Turner  
Dag Vega  
Lorraine A. Voles @ ovp@eop  
Michael Waldman  
Angelina Walker @ ovp@eop  
Teresa Wildman  
SUNTUM\_M @ A1@CD@LNGTWY  
COGDELL\_C @ A1@CD@LNGTWY  
backup @ wilson.ai.mit.edu@INET@LNGTWY  
wh-outbox-distr @ clinton.ai.mit.edu@INET@LNGTWY  
BARBUSCHAK\_K @ A1@CD@LNGTWY  
BARTHOLOME\_M @ A1@CD@LNGTWY  
BARTHOLOW\_T @ A1@CD@LNGTWY  
BLINKEN\_A @ A1@CD@LNGTWY  
CAPLAN\_P @ A1@CD@LNGTWY  
CUTLER\_L @ A1@CD@LNGTWY  
FULLER\_W @ A1@CD@LNGTWY  
GILLESPIE\_C @ A1@CD@LNGTWY  
GRAY\_W @ A1@CD@LNGTWY  
GRIBBEN\_J @ A1@CD@LNGTWY  
HAAS\_L @ A1@CD@LNGTWY  
JOHNSON\_WC @ A1@CD@LNGTWY  
LIZIK\_C @ A1@CD@LNGTWY  
MOFFETT\_J @ A1@CD@LNGTWY  
NAPLAN\_S @ A1@CD@LNGTWY  
RILEY\_R @ A1@CD@LNGTWY  
SAMBURG\_T @ A1@CD@LNGTWY  
NAPLAN\_S @ A1@CD@LNGTWY  
SMITH\_BD @ A1@CD@LNGTWY  
STUMPF\_D @ A1@CD@LNGTWY

WEINER\_R @ A1@CD@LNGTWY  
WOZNIAK\_N @ A1@CD@LNGTWY  
usia01 @ access.digex.com@INET@LNGTWY  
1=US@2=WESTERN UNION@3=@5=ATT.COM@\*ELN\62955104@MRX@LNGTWY  
62955104 @ eln.attmail.com@INET@LNGTWY  
73030.21 @ compuserve.com@INET@LNGTWY  
INFOMGT @ A1@CD@LNGTWY  
newsdesk @ usnewswire.com@INET@LNGTWY  
usnwire @ access.digex.com@INET@LNGTWY

ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Daniel D. Heath ( CN=Daniel D. Heath/OU=OMB/O=EOP [ OMB ] )

CREATION DATE/TIME:20-JUN-1997 17:59:58.00

SUBJECT: EEP Allocations and Reactivation: Decisions Process Underway

TO: Daniel K. Tarullo ( CN=Daniel K. Tarullo/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

CC: Malcolm R. Lee ( CN=Malcolm R. Lee/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

Issue

As mentioned several weeks ago, USDA requests NEC and interagency approval of its 1) proposed allocations of export subsidies, and 2) intentions to use them, for the marketing year beginning July 1. A 6/24 TPSC meeting will consider the issue, and you had hoped to discuss it with Peter Scher. .

Background

The Export Enhancement Program (EEP) has been inoperative for nearly two years because of high commodity prices and tight world supplies. However, it has been Administration practice to announce "dry powder" allocations by commodity and market, to ensure that EEP is ready for use should it be needed. This is part of the Administration's "greenbox" commitment. The dairy version of EEP, the Dairy Export Incentive Program (DEIP), has been active as the need grows to support milk prices (currently among the lowest in years) and combat EU subsidies. The FY 1997 funding level for EEP recently was reduced in the recent Emergency Supplemental to \$10 million. The FY 1998 level authorized at \$500 million is widely expected to be reduced by Appropriators.

1997/98 Allocation

USDA's proposals for EEP and DEIP are similar to last year's, only with slightly lower commodity and regional ceilings as mandated by the Uruguay Round. For nonfat dry milk DEIPs, individual country ceilings are maintained within the Asian market because of Australian and New Zealand sensitivities, i.e., no more than 5,000 tons can be subsidized to any individual country within the Asian regional destination, except for Taiwan and Thailand that are limited to 10,000 tons each. USDA has also agreed to renew last year's commitment to revisit the question of whether individual country ceilings should be imposed for certain commodities, especially for wheat, should the EEP program become active in the future. This addresses the concern of certain agencies about the regional allocations being so large in the case of wheat that one country within a region could take the lion's share and we might inadvertently displace a non-subsidizer in that market. (Note: Also, the NEC Deputies decided to revisit the issue of auctioning export subsidies if the wheat EEP, or any other significant commodity EEP, is reactivated.)

For this year's programs, USDA has added Paraguay as an eligible destination within Latin America for subsidized sales of nonfat dry milk powder and whole milk powder, Sri Lanka as a destination for wheat flour and Belize as an eligible destination for barley malt. USDA also proposes to combine last year's individual regional allocations for wheat flour into a single allocation for Africa, Asia, Middle East, Europe and FSU. None of these changes are of any significance.

#### Re-activation of Flour and Malt Subsidies

USDA also requests stand-by authority to activate EEP for wheat flour and barley malt. USDA claims there are recent indications that the U.S. has essentially withdrawn from export markets in those commodities in the face of EU subsidies. U.S. commercial wheat flour exports in the 1996/97 marketing year are expected to total only about 200,000 tons, the lowest since 1981/82. By comparison, EU commercial flour exports are estimated to total 4.2 million tons, the highest yearly total in at least the last 15 years. The EU enjoys a near monopoly position in the world commercial flour market with 71 percent of the market. Over 50 percent of world barley malt trade is subsidized by the EU.

Therefore, to maintain a presence in the world market and to win support among farm state legislators for the President's request for fast track authority, USDA is proposing to activate the wheat flour and barley malt programs when the EU resumes export subsidizing--probably in July on wheat flour and in September on malt--with small quantities (475,000 tons of flour and 150,000 tons of malt). Such small sales should not have much impact on domestic prices or aggravate the Canadian imports fracas. Per unit subsidies might have to exceed EU levels, because of transport costs to desirable markets, but overall the budget cost through the marketing year should be about \$12 million (manageable with the \$10 million in FY 97 and \$500 million in FY 98, even if the latter is reduced eventually).

USDA proposes to allocate 90,000 of the 150,000 tons of malt to the Caribbean, 40,000 tons to Asia; 5,000 tons to the FSU, and 15,000 tons to Africa. Recent USDA data shows displacement of U.S. malt exports in Latin America by EU subsidized competition. Australia is the main non-subsidizing exporter, primarily to Asian markets. While we have sought assurances from the Philippines, Korea and Malaysia that they would continue to buy traditional quantities of barley malt from non-subsidizers, i.e., Australia, USDA feels the Asian market has expansion potential and the EU has a significant market share, therefore, Asia should be a prime candidate for our export subsidies on malt.

#### Analysis of Re-activation Proposal

The EEPs seem designed to help small US industries (flour and malt processors are small export players at their best) and to maintain some life in the Program itself. The EEPs would help utilize some of our excess flour production capacity; there is little excess capacity in malt, and Canadian imports are high already. Industry sources claim that over 1,200 jobs have been lost since the slow down in flour exports in July 1995. US flour millers and maltsters have a genuine complaint about EU subsidies. But some of the EU practices are production subsidies, not direct export subsidies, and not illegal or unfair trade practices in the

traditional sense. Will the EEPs be part of a strategy to elevate this issue in the next Round or to raise it with the Europeans in bilateral talks? The proposed EEPs will not boost farm income, or cause the EU sufficient loss to "drive Europe to the negotiating table". They are industrial policy tools flying under the agriculture banner. That is a new use of EEP, in that it is not directly related to farming. On the other hand, the GATT-permitted allocation is there for flour and malt, and the Administration has promised to redress harm in trade relations and to use EEP for market development.

Therefore, the remaining question is crucial: will approval of these EEPs encourage other commodities to seek reactivation of EEP? USDA has not articulated an effective "firewall" separating these EEPs for others. The US remains in a tight stocks situation for wheat, but with more optimistic crop projections, wheat region legislators and lobbyists have renewed calls for reactivated EEP for wheat. With potential pressure resulting from any reactivated EEP, the Administration needs to clearly define the conditions and objectives for using EEP for flour and malt. The "weaning" of US agriculture, as well as the EU, for export subsidies over the past two years ought not to be undone casually.

#### Recommendations

Agency positions are not yet known. However, it seems likely that the EEP/DEIP allocation levels for the marketing year will be regarded as reasonable. I suggest going along with consensus and approving the allocations, with the right for final review of markets in the event of a request to use the subsidies.

Similarly, the case for reactivation of flour and malt deserves sympathy, and since the flour exporters are feeling the distress, flour alone might be approved for EEP. However, since it represents a change for subsidy policy (use EEP as industrial policy), alternatives ought to be explored in order to craft a policy (Is bailing out an industry segment sufficient policy principle? What threshold must the next commodity requests meet?). Assurances should be required for non-subsidizers, in keeping with the President's 1996 statements to Australian Prime Minister Howard.

ARMS Email System

RECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Jake Siewert ( SIEWERT\_J ) (OPD)

CREATION DATE/TIME: 7-JUL-1997 15:03:27.35

SUBJECT: FREE TRADE ACCORD BETWEEN CANADA, CHILE TAKES EFFECT

TO: Robert D. Kyle ( KYLE\_R ) Autoforward to: Remote Addressee ( Robert D.  
Kyle@eop@lngtwy@eopmrx ) (OPD)  
READ:NOT READ

TO: David C. Leavy ( LEAVY\_D ) (NSC)  
READ:14-JUL-1997 08:13:52.31

TEXT:

Date: 07/07/97 Time: 14:22

Free Trade Accord Between Canada, Chile Takes Effect

By Charles Conner, The Commercial Appeal, Memphis, Tenn.

Knight-Ridder/Tribune Business News

Jul. 7--A free trade accord between Chile and Canada took effect Friday, July 4, and officials in both countries expect it to help foster economic growth and provide mutual gains over the next 10 years.

The agreement immediately eliminates tariffs on about 80 percent of the products traded between the two countries and all tariffs will disappear by the year 2004.

American companies are interested in the valuable Chilean marketplace but so far the U.S. is without a similar free trade agreement despite attempts by Clinton administration agriculture and trade officials to talk up and push for "fast track" authority to negotiate trade agreements with other countries in the Western Hemisphere, including Chile.

Because government figures show 95 percent of all consumers live outside the United States, they argue, the U.S. must export to sustain economic growth and must expand access to world markets is essential.

"We (U.S.) have a mature, domestic agricultural market," James S. Gilliland, former Memphis attorney and now second-term U.S. Agriculture Department general counsel, said in an interview.

"There is no sound reason for us not to negotiate a treaty with Chile," Gilliland said.

The Agriculture Department credits the North American Free Trade Agreement (NAFTA) -- trade between the U.S., Canada and Mexico -- with boosting exports of U.S. agricultural products to a record level. Export sales of agricultural products exceeded \$60 billion last year dedicating about one-third of the nation's cropland to consumers abroad.

The important figure for agricultural trade is the "net" and the U.S. maintained a \$27 billion favorable balance last year, Gilliland said.

Since the 15-year NAFTA process began Jan. 1, 1994, growing exports to Canada and Mexico have benefited Mid-South agribusinesses. And despite the collapse of the Mexican peso and subsequent 1995 recession trade with that country has increased.

Though Mexico has had it ups and downs the economy has rebounded and the 3-year growth trend shows a 14-percent increase for U.S. agricultural exports

including crops and livestock, Gilliland said.

Figures compiled by the U.S. Census Bureau's foreign trade division indicate that Mexico is a better agricultural trade partner for Arkansas, Mississippi and Tennessee, while Canada is the larger market for all Mid-South industries.

The administration's ability to negotiate trade treaties which can then be voted up or down by the U.S. Senate is even more essential today because of the rapidly expanding global economy. At stake for area farmers are markets for cattle, cotton, corn, rice, soybeans, and wheat, among others, Gilliland said.

Government economists project the increases in agricultural exports as a result of NAFTA are 10 to 30 percent greater last year than would have occurred without the agreement. Still some products have not experienced significant trade liberalization under NAFTA because of high tariffs that remain.

All things considered, Gilliland said NAFTA has been good for U.S. agriculture.

"All of those arguments once made against it (NAFTA), were bunk," he said.

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ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Daniel D. Heath ( CN=Daniel D. Heath/OU=OMB/O=EOP [ OMB ] )

CREATION DATE/TIME:21-JUL-1997 11:31:13.00

SUBJECT: EEP Decision Meeting This Afternoon - 7/21

TO: Daniel K. Tarullo ( CN=Daniel K. Tarullo/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

CC: MITSLER\_E ( MITSLER\_E @ A1 @ CD @ LNGTWY [ UNKNOWN ] ) (NSC)

READ:UNKNOWN

CC: Kristen E. Panerali ( CN=Kristen E. Panerali/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

I just learned that the TPRG will meet today at 4PM to decide whether to reactivate agriculture export subsidies after a two-year hiatus. This should be a significant meeting, since much of USDA's argument for reactivation rests on an interpretation of the Administration's 1994 "greenbox" commitment (bashing EU to the max on agriculture). Bob Kyle probably will attend. You had wanted to talk with Peter Scher about this.

There is no paper yet. My June note to you is attached. I shall send a page update on recent developments (great budget cuts to EEP), but a central issue remains, "what is the broader policy purpose and strategy to reactivation, beyond doing something for a tiny industry segment that does not affect US farm incomes."

----- Forwarded by Daniel D. Heath/OMB/EOP on 07/21/97

11:21 AM -----

Daniel D. Heath

06/20/97 05:59:52 PM

Record Type: Record

To: Daniel K. Tarullo/OPD/EOP

cc: Malcolm R. Lee/OPD/EOP

Subject: EEP Allocations and Reactivation: Decisions Process Underway

Issue

As mentioned several weeks ago, USDA requests NEC and interagency approval of its 1) proposed allocations of export subsidies, and 2) intentions to use them, for the marketing year beginning July 1. A 6/24 TPSC meeting will consider the issue, and you had hoped to discuss it with Peter Scher. .

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ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Russell W. Horwitz ( CN=Russell W. Horwitz/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 6-AUG-1997 14:39:50.00

SUBJECT: What do you think?

TO: Jake Siewert ( CN=Jake Siewert/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

FAST TRACK ARTICLE FOR COLUMBIA BUSINESS SCHOOL JOURNAL

By Erskine B. Bowles

White House Chief of Staff

In the last four and a half years, we have forged new bonds of peace and prosperity here in this hemisphere, and around the globe. We have negotiated over 200 trade agreements -- including NAFTA and the Uruguay Round of the GATT -- that have opened new markets and created 1.6 million new jobs for America's workers. But, to maintain America's ability to compete in the rapidly emerging markets of the global economy, Congress must give the President the "fast track" authority that every President has had for more than two decades to negotiate new trade agreements.

Fast Track Is an Indispensable Tool. More than any other time in our history, America's economic strength and standard of living are linked to breaking down trade barriers, exporting our goods and services and creating more high-skilled jobs. Fast track is an indispensable tool to help keep America the world's largest exporter, the largest producer of semiconductors and the largest producer of automobiles.

Fast track gives us the credibility to negotiate tough trade deals because our partners know any agreement will not be reopened provision-by-provision by the Congress. Fast track also preserves for the Congress the ultimate decision of whether any potential agreement is good or bad for America. That assurance puts America in the best position to negotiate major trade agreements and maintains a balance that has worked for over 20 years.

Compete or Retreat? As the American people prepare for the challenges of the 21st century, we face a critical choice: We can embrace the global economy, write the trade rules, and continue America's economic expansion -- or we can turn our back on the world and fail to compete for new markets, new contracts, new business and new job opportunities.

Consider this: Over the past four years, more than 25% of our economic growth has come from overseas trade. Eleven million total American jobs are supported by exports -- including one in five manufacturing jobs. And

over the next decade, the global economy is expected to grow at triple the rate of the U.S. economy.

**Breaking Down Trade Barriers.** Under President Clinton, we have opened more foreign markets through more trade agreements than any other administration in history. This is a record to build on, not to rest on. The President would use fast track to negotiate agreements where the U.S. is most competitive. From medical equipment and services, environmental technology, telecommunications to computers, the President will tear down barriers to American exports.

And if we don't aggressively negotiate to open emerging global markets, someone else will. Asia has one of the fastest growing economies in the world -- with nearly 3 billion consumers. Forecasters expect real growth of 6-7% annually for the next 15 years. With our APEC partners, the President is working to reach agreement in key sectors to open these dynamic markets to American goods and services.

The Latin American market including Mexico is the fastest growing area for U.S. exports. If this trend continues, Latin America and the Caribbean will exceed the European Union as a market by 2000 and exceed Japan and the EU combined by 2010. That's why the President is committed to moving forward toward a Free Trade Area of the Americas by 2005.

Fast track authority is crucial to these goals.

This debate must not be about the past, but about the opportunities for the future. In a world where 96% of the world's consumers live outside of the United States, we must export our goods and services to keep America the strongest and most competitive economy in the world. To stay on that global fast track, President Clinton needs fast track authority.

ARMS Email System  
RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jake Siewert ( CN=Jake Siewert/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:14-AUG-1997 19:05:13.00

SUBJECT: 1997-08/14 press briefing by mike mcurry

TO: David C. Leavy ( CN=David C. Leavy/OU=NSC/O=EOP @ EOP [ NSC ] )  
READ:UNKNOWN

TEXT:  
Looks like there's some confusion about fast track in here vis-a-vis  
State. How to proceed?  
----- Forwarded by Jake Siewert/OPD/EOP on 08/14/97 07:09  
PM -----

SUNTUM\_M @ A1  
08/14/97 02:18:00 PM  
Record Type: Record

To: See the distribution list at the bottom of this message  
cc:  
Subject: 1997-08/14 press briefing by mike mcurry

THE WHITE HOUSE

Office of the Press Secretary

---

For Immediate Release August 14, 1997

PRESS BRIEFING BY  
MIKE MCCURRY

The Briefing Room

1:07 P.M. EDT

MR. MCCURRY: You will recall, in April of 1995, the  
President signed Executive Order 12958 -- you'll recall that. It was  
on classified national security information and essentially it was

the result of a lot of interagency work and established a new classification protocol, new guidelines on classification for the government. It really had the goal of both reducing the amount of information that's classified in the first place by the United States government, and also to accelerate the declassification of older classified records, consistent with national security requirements.

There was a report, a new report by the Information Security Oversight Office within the National Archives and Records Administration, a new report to the President, available of you contact the National Security Council press office -- and in it you will learn the following facts.

In 1996, agencies declassified nearly 200 million pages of historical records, which is close to one-half of the total number of pages of classified material declassified in the 15 previous years. In other words, almost eight -- just over eight times as many documents as were declassified in any single year in any of the period in the previous 15 years -- so, adding considerable volume to the ability of the American public to understand historical activities by the United States government that were previously secrets.

And the President also -- part of this declassification order reduced -- called on reducing the number of people who are authorized to classify materials in the first place, and 1,000 fewer people now are classifying secrets in our government. That's down 25 percent. And not surprisingly, because of this, the number of overall secrets authorized by the United States government declined by almost 37 percent last year. So we're becoming more open, more accessible, and less secret. And I should think that you in the press should applaud that.

Q Why is the State Department complaining?

MR. MCCURRY: The State Department advisory board -- historical advisory board has a longstanding dispute on a separate set of records involving their Foreign Relations in the United States series, the FRUS series. And that dispute is over documents related to Guatemala, among other subjects. And the reasons for their concern were set forth by a very prominent historian, Warren Kimball, who read about that recently.

Q Well, is the President going to intervene to loosen them up?

MR. MCCURRY: There is an interagency process that is attempting to reconcile the differences that exist between the agencies. That is a small subset, though, and should not cloud the fact that 200 million pages of previously classified records have now

been declassified.

Q But it isn't just Guatemala that the State Department is complaining about.

MR. MCCURRY: They have some additional complaints, too, about a specific series that they're encountering disagreements with I think both with CIA and with DOD.

Q How far back does this go, Mike? Does it include any JFK assassination material?

MR. MCCURRY: I don't know. I don't have a breakout on the substance of all 200 million pages.

Q Just because a document has been declassified doesn't mean it's available for public review, does it?

MR. MCCURRY: It's up to individual agencies, once it's declassified, whether they make it public, whether they release it publicly. Sometimes they are -- it frees these things up so they can be available under Freedom of Information Act. One of the good things about this declassification process is that when there are a lot of FOIA requests pending on documents that in the past have been turned down because of national security information reasons, this then loosens the document up so it can be made available subject to FOI requests.

Q Did President Clinton meet with Governor Weld yesterday?

MR. MCCURRY: No. Let me do one other item. I'll tell you a little bit more about Governor Weld's activities yesterday.

We also have a written statement out shortly from the President applauding a decision by the Smith & Wesson Company, which is the world's largest manufacturer of handguns. They have apparently forged a partnership with the Master Lock Company and in the future will provide child safety locks with every handgun that they sell for commercial use. And the President, obviously, being a strong proponent of child safety locks on handguns and fighting to get that included in the juvenile justice legislation that will make its way through Congress later this year, we hope, naturally applauds that decision and commends the company for taking an important responsible step for children's safety.

Governor Weld. Governor Weld was here very briefly yesterday morning, met with Erskine Bowles and John Podesta and some others, and --

Q Others on the White House staff?

MR. MCCURRY: Yes.

Q And what did they talk about?

MR. MCCURRY: His pending confirmation.

Q Can you tell us, characterize in some better way --

MR. MCCURRY: No, he had -- he just stopped by here just to have a check-in with us so that we could review some of the things we have underway to continue to press for his -- the fair hearing he deserves in front of the Foreign Relations Committee, and talked a little bit about strategy for the fall and things that we can do to loosen the confirmation process that's currently locked up.

Q There has been some criticism of the White House for not being more aggressive on the Weld nomination. Are things going to get stepped up anytime soon?

MR. MCCURRY: I don't know on what basis there would be criticism. We've been working very hard to get Governor Weld confirmed, and continuing to find the right way to press the argument for his confirmation on Capitol Hill. And he, meanwhile, is continuing the preparatory work that goes into preparing for an ambassadorial posting overseas.

Q Mike, if you recall, Senator Lugar was very blunt in saying recently he saw very little activity, if any, on behalf of the White House --

MR. MCCURRY: Maybe he wasn't looking hard enough, but there is a lot going on.

Q Did Weld request this meeting, Mike?

MR. MCCURRY: No, he just -- I think we wanted to see him. We've touched base with him from time to time, but he'd been off the week before and he was kind of checking back in as he began doing the work he's doing at the National Foreign Affairs Training Center -- Foreign Affairs Training Institute.

Q Was there any discussion whether he should be willing to accept maybe the ambassadorship to India?

MR. MCCURRY: None whatsoever.

Q Mike, has the President been in touch with Senator Lott about the Weld nomination?

MR. MCCURRY: I wouldn't rule that out. I don't know specifically that he has, but others at the White House have certainly been in contact with the Majority Leader and I wouldn't rule out that the President privately has discussed the matter with him as well.

Q He already has?

MR. MCCURRY: I wouldn't rule that out, right. I don't know for a fact that they have, but I suspect they may have.

Q Has he talked to Lugar at all, who seems very supportive and trying to work out some sort of strategy?

MR. MCCURRY: We will consult with as many members of the Foreign Relations Committee as we can -- not only allies, but those that we want to have seriously consider the nomination. And we'll address any concerns that they may have.

Q The Governor is telling friends that he thinks that the Chairman is immovable and that if this is to work it will go through the Majority Leader, much like chemical weapons. Does the administration share that view?

MR. MCCURRY: Well, I wouldn't draw an analogy to those two situations. A ratification fight is different from a confirmation battle, and different sets of issues, different types of arguments. It's kind of comparing apples and oranges.

Q The Majority Leader had to intervene in that case to move the treaty. Do you think the Majority Leader will have to intervene to move the Chairman on the Weld nomination?

MR. MCCURRY: Not necessarily, if the Chairman's thinking evolves or if other things happen. (Laughter.)

Q If you could get Smith & Wesson -- (laughter.)

MR. MCCURRY: I think I'm putting a child safety lock on my mouth right now. (Laughter.) Yep.

Claire, hi. How are you?

Q Hi. How are you?

MR. MCCURRY: Doing great.

Q The Secretary of State's trip to the Middle East has been delayed. Do you know why?

MR. MCCURRY: I'll let Jamie Rubin over at State talk about that. I think they were working out schedules and she fully intends to go, provided that we see the kinds of steps and progress on security cooperation that she indicated were a necessary condition for the trip. And I think they're just working to arrange schedules.

Q So it hasn't been pushed back because none of that was happening?

MR. MCCURRY: Not that I've been told, but I imagine they're spending a fair amount of time on that over at the State Department right at this moment.

Q So, Mike, is the security apparatus in place for her to make the trip?

MR. MCCURRY: They have a procedural mechanism in place. I think there is some desire on the United States government, and no doubt by the parties, too, to assure that it's working satisfactorily.

Q In the spirit of openness and declassifying documents and all, could you share with us the administration's internal estimate of the economic impact of the UPS strike?

MR. MCCURRY: I don't even know that we have one. I don't know that there has been a formal economic analysis done by the Council of Economic Advisors.

Q There were several --

MR. MCCURRY: They were looking at it.

Q I know there are separate laws involved, but there were several analyses available even before the American Airlines strike started. I know labor has a different law, but --

MR. MCCURRY: I'll check. I know that some of the economists on the CEA staff have been monitoring the impact of the strike, but it's been also more directly the Labor Department and the Transportation Department that have been examining that.

Q Has the President been updated on the UPS strike today?

MR. MCCURRY: Only that Secretary Herman convened the parties this morning and that they continue to talk. I think he was told that.

Q Mike, The Boston Herald has a story today about the fact that Richard Friedman, the developer whose home the President is staying at, has a couple of projects pending before federal agencies, where federal agencies are on the opposite side of him. Is that proper for the President? I mean, Mike Espy is threatened with jail for taking Super Bowl tickets from a company that was doing business with his department.

MR. MCCURRY: As far as I know, this matter was reviewed and vetted by counsel, and he's stayed with Mr. Friedman at least two times prior when he was there. Mr. Friedman has indicated to the

which that he has never had any contact with the White House pending on any of the matters that have got any potential federal involvement.

Q You don't see any -- I mean, a lot of the ethics watchdog groups think that this smells.

MR. MCCURRY: We all have dealings with the federal government in one way or another -- if we drive on an interstate highway or if we pay taxes. So just because someone has some issue pending before the federal government doesn't rule him out as someone who can grant an act of hospitality to the President of the United States.

Q Mike, there have been some highly publicized racial incidents throughout the country, especially in New York and the one in Elk Creek, Virginia. With the President's dialogue on race, has the White House thought about the fact that possibly this dialogue could be helping to heighten some of this racial animosity?

MR. MCCURRY: I don't believe that anyone connected with the President's initiative sees any correlation between hate crimes or crimes that have a racial character to them and the effort to create a dialogue in which Americans address some of the differences that we have. In fact, because of incidents like that, the President, among many reasons, opted to go forward with the initiative.

Q Mike, on the religious freedom event the President did today, a number of the groups that were here have proposed legislation before Congress that would apply basically the same guidelines the President set forth to the private sector. What's the administration position on that? Are there any specific issues you have with that legislation?

MR. MCCURRY: I don't know that we have taken a formal position on the legislation. We've continued to discuss legislative approaches with advocates of legislation in Congress. This is a step that is well within the boundaries of the Supreme Court decision and a proper one to take in the President's view, but we'll have to set aside the question of legislation. I don't believe the administration has taken a position.

Q Do you think that the fact that the parties in the UPS strike are talking today is a result of the fact that the White House held off on getting involved?

MR. MCCURRY: I'm not going to speculate on that. I think the important thing is that they are having discussions and we hope the discussions go well.

Q On today's event, why did the President feel it was important to take this step at the federal workplace? Does he feel there is a problem?

MR. MCCURRY: I think, as he did with clarifying what schools can do in terms of allowing religious observances, the President believes it's important in an area that is sometimes contested or sometimes unclear to set forth very clearly what the guidelines are and what's permissible and what is not permissible. And so it is consistent, in fact, with what he did with respect to observances in public schools, and we believe will be helpful to those individual employees in the federal work force who want to express their religious faith, and certainly was welcomed by the groups that we work with closely to craft these guidelines.

Q Mike, what did the President think the Ross visit accomplished in the Middle East?

MR. MCCURRY: The slow, painstaking work of building better confidence between the parties that they can resolve the differences they have.

Q Mike, you made a crack about Congressman Rangel yesterday, and I'm wondering whether you want to --

MR. MCCURRY: I don't recall that it was about Rangel. We went over that, and my memory was it was about the delegation retaliating. But in any event, I've talked to Congressman Rangel and I'll leave the matter there.

Q You have spoken to him?

MR. MCCURRY: Yes.

Q Mike, appropriations bills are going to start making their way over here next month, and Treasury, Postal Service is without money for the FEC enforcement provisions that the President wanted extra money for in April. What is the White House going to do to get that in there.

MR. MCCURRY: We'll continue to make the case that the FEC needs to have the resources to administer the law. It's bad enough that our campaign finance -- the body of law governing campaign finance is badly broken, but those laws that are on the books need to be effectively administered, and we'll continue to make the case that they need the resources to handle all the volume of work that they have to conduct.

Q What are these documents about? Everything that deals in government, the whole range?

MR. MCCURRY: Everything that is properly classified initially and now no longer requires classification.

Q But why were they classified, so many?

MR. MCCURRY: Many things are -- declassification occurs

for a lot of reasons, sometimes because documents are old or they refer to things that are no longer -- it's not longer necessary for the United States to keep secret. The United States government does have, for national security reasons, first and foremost, reasons to keep some matters confidential.

Q If it wasn't national security why were they classified?

MR. MCCURRY: They were classified initially for national security reasons --

Q All of them?

MR. MCCURRY: But that's -- under the act, they have to be. But the point is that the use of classification in the past has been too extensive in the view of the President and that's one of the reasons why the initial order was signed.

Q Mike, on the religious guidelines, why did they not affect the military, and do they affect postal workers?

MR. MCCURRY: I do not know if they affect postal workers, but the military is exempted because they have unique requirements for safety, operational effectiveness, and good order and discipline. And they often require a different type of approach to personnel management. Obviously, the military is covered under separate sets of personnel practices than the civil service, but that's in recognition of the importance that religion can play in the life of the military. The military also has the Uniformed Chaplain Corps and it goes to some great length to protect the right of members of the uniformed military and the civilian employees of the Defense Department to worship.

Q Would you consider developing separate guidelines that would fit their context?

MR. MCCURRY: You would have to ask the Pentagon whether they are or not.

Q Where is the administration with regard to fast track legislation that you want Congress to pass? Have you finished work on the bill the President wants?

MR. MCCURRY: I don't believe that they have finished work on it. I think that they are completing work on that so that we'll be ready to present that in the early fall to Congress.

Q Do you expect specific provisions in that bill for both environmental and labor safeguards or do you expect the President to sort of take care of those two issues in the subsequent negotiations --

MR. MCCURRY: I think how we address labor issues and environmental issues is part of what the administration is continuing to work on.

Q So that's still an open question then at this point? I mean, it's not a done deal?

MR. MCCURRY: There has been considerable discussion on both of those issues. And on the postal service, these guidelines do apply to postal workers.

Q On that same subject, is there discussion in the administration of having at least the initial legislative effort on fast track be Chile only as opposed to other countries? There are some on the Hill who say if you just mean Chile specifically --

MR. MCCURRY: That would not -- I don't imagine that that is an approach that is seriously being considered given the number of things that we need to do with fast track authority. It would be difficult to imagine that you would confine the use of the authority to just one particular negotiation given the large number that the trade office would be handling during the period in which you would need fast track authority.

Q Could you also shed some light on the question that was asked a day or two ago over at State and Jamie Rubin didn't have the answer at the time, and that is whether the President intends in his dealings with Chile to expand NAFTA to include Chile or to cut a separate trade deal with Chile?

MR. MCCURRY: I'm not going to speculate how the President would use fast track authority to reach free trade agreements with any particular country.

Q Well, wait a minute.

MR. MCCURRY: Leo, that's a very specific and very sensitive question and it goes really to the heart of the negotiating process. I'm not going to answer the question, I'm sorry.

Q But I'm trying to establish a matter of record here.

MR. MCCURRY: I'm not going to help you.

Q My memory is that sometime in the past, Mike, the administration did say that you wanted NAFTA expanded to include Chile. I'm basically asking whether that's still the case.

MR. MCCURRY: As a general premise or a general concept, expanding free trade agreements in this hemisphere is a good idea, yes.

Q On the religious guidelines, have you been able to determine yet whether atheists and agnostics will be able to express their views --

MR. MCCURRY: They would be covered by these guidelines.

Q Thank God. (Laughter.)

MR. MCCURRY: Yep. Next.

Q There have been some reports recently coming from India that the President would go to India next year. Can you confirm that?

MR. MCCURRY: The President would very much like to, but we're not in a position where we can confirm the precise time or itinerary.

Q Is he going to do anything to mark the 50th anniversary of independence of India tomorrow?

MR. MCCURRY: He has done some things already. He has prepared a congratulatory message. I believe the First Lady is attending a dinner tomorrow night, along with the Secretary of State and others, and the President will probably have -- may have another way or two to observe the day tomorrow. As you know, it's a jubilee and there's a whole year in which the celebratory activities will occur.

Q With respect to the President's vacation, how bad do you think he needs it?

MR. MCCURRY: I'll talk a little bit more about that tomorrow because I imagine some people will do it -- he's ready for one. I think he -- every other conversation you have with him it seems to come up. So I think he's anxious to get on vacation.

Q What are your plans?

MR. MCCURRY: I'm going to go on vacation, too.

Q Does the senior staff expect him to sit still for three weeks on Martha's Vineyard?

MR. MCCURRY: Oh, we have some wagers underway on that, but --

Q Are you going to be gone three weeks?

MR. MCCURRY: No.

Q Mike, you still seem to be putting a

contingency on Secretary Albright's visit to the Middle East. What are the odds she will not go?

MR. MCCURRY: I'm not putting any contingency other than the one that she herself stated.

Q Which is?

MR. MCCURRY: Provided there is the kind of security that -- the kind of progress on the security-related issues that she identified in her speech, the same thing she stated in her speech.

Q Mike, can you expand on the millennium event tomorrow?

MR. MCCURRY: The President has a group of White House aides who are working with others in the administration and some on the outside to find appropriate ways to mark the change of the calendar from 1999 to the year 2000. What that will mean both symbolically and historically to the country, how we can take note of that date, and participate in a range of activities both here at home and abroad that usher in the new century and the new millennium.

Q What are some of those ideas that have been kicked around?

MR. MCCURRY: Some of the things that the President will talk about tomorrow.

Q Will he announce a new bridge? (Laughter.)

MR. MCCURRY: Build that bridge -- he'll lay out some of the blueprints for the bridge to the 21st century tomorrow.

Q What time?

MR. MCCURRY: I think it's in the morning at one of the museums. Which museum? American History? One of the Smithsonians.

Q Will that include any reference to the problem of the switch-over of the computers --

MR. MCCURRY: I'll have to check on that. At the moment, it may -- the President may reference some of the things that the government is already doing with respect to that problem. That's not the focus of these remarks, but he might touch on it.

Q Will they rename Renaissance Weekend Millennium Weekend?

MR. MCCURRY: I don't know of any plans. Ask our new Ambassador to London. (Laughter.)

Q Mike, does the administration realize that the 21st

century doesn't begin until January 1, 2001?

MR. MCCURRY: We're well aware of the great debate underway about when the millennium actually begins. (Laughter.) And maybe, like India, we'll make it a year-long celebration. (Laughter.)

Q Is he going to settle that debate tomorrow?

MR. MCCURRY: No. We'll have to figure out a way to celebrate for a whole year.

All right, it's summer, isn't it?

Q I'm sorry, one last one. The federal court last week heard your appeal on the tobacco settlement, the tobacco rules that the FDA -- much more skeptical than the trial court. Does that affect your consideration of a settlement and how advantageous it is given he may lose at that level?

MR. MCCURRY: No, we are doing, proceeding as we can on both fronts. Litigation continues, but separately we have to consider how to evaluate the proposed settlement and, as a good lawyer will tell you, it's often important not to read too much into oral argumentation.

National Archives, 9:00 a.m. -- early start tomorrow, National Archives. Good, that means we can go for an early lid tomorrow.

Q Mike, is there a read out on that northeast group?

MR. MCCURRY: No. The meeting is still underway, I believe -- unless they've ended while we've been here.

Q On these guidelines, is there any penalties for failure to comply?

MR. MCCURRY: I imagine individual human resource managers or personnel managers in the federal system can take action against anyone who specifically violates any employment guidelines such as these that are established, but the OPM could probably tell you more about that.

Q Does this early event mean no gaggle tomorrow?

MR. MCCURRY: Probably -- I guess, maybe a late gaggle. Maybe we could try a late gaggle, or early briefing, do one of our combo platter things, mid-morning. (Laughter.)

Q What's the radio address about?

MR. MCCURRY: Higher education.

Q Higher education, you said?

MR. MCCURRY: Radio address. Is he doing the radio address live, or -- pretaping tomorrow?

MR. LOCKHART: Pretaping early in the day.

MR. MCCURRY: We are on that glide path to vacation now. That's where we are.

Yes, ma'am.

Q Can we come in Sunday -- Saturday and Sunday and pick up our stuff off the floor?

MR. MCCURRY: I believe, if I'm not mistaken, they are starting Sunday.

Q So Friday and Saturday.

MR. MCCURRY: If you check in with Darby Stott up in my office, they'll let you know. But my recommendation to everyone would be to start clearing all your stuff out tomorrow and no later than Saturday, because the workers are going to start in here, I think, on Sunday.

THE PRESS: Thank you.

END 1:35 P.M. EDT

#398-08/14

Message Sent

To:

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Julie E. Mason  
April Mellody  
Darby E. Stott  
Julia R. Green  
Lorraine L. Wytkind  
Laura D. Schwartz  
Lori E. Abrams  
Lori Anderson  
Brenda M. Anders  
Eli G. Attie  
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Kris M Balderston  
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SUNTUM\_M @ A1@CD@LNGTWY  
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backup @ wilson.ai.mit.edu@INET@LNGTWY  
wh-outbox-distr @ clinton.ai.mit.edu@INET@LNGTWY  
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BARTHOLOW\_T @ A1@CD@LNGTWY  
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SMITH\_BD @ A1@CD@LNGTWY  
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TCSmith @ dol.gov@INET@LNGTWY  
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WOZNIAK\_N @ A1@CD@LNGTWY  
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usnwire @ access.digex.com@INET@LNGTWY

ARMS Email System  
RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: SIEWERT\_J@A1@CD@LNGTWY ( SIEWERT\_J@A1@CD@LNGTWY [ UNKNOWN ] ) (OPD)

CREATION DATE/TIME:18-SEP-1997 12:37:40.00

SUBJECT: ALBRIGHT SAYS ADDED NEGOTIATING POWERS WOULD BOOST ...

TO: LEAVY\_D@A1@CD@LNGTWY ( LEAVY\_D@A1@CD@LNGTWY [ UNKNOWN ] ) (NSC)  
READ:UNKNOWN

TO: antony.j.blinken@eop ( antony.j.blinken@eop [ NSC ] )  
READ:UNKNOWN

TO: Russell W. Horwitz@eop ( Russell W. Horwitz@eop [ OPD ] )  
READ:UNKNOWN

TO: Jake Siewert@eop ( Jake Siewert@eop [ OPD ] )  
READ:UNKNOWN

TEXT:

Date: 09/18/97 Time: 11:51

CAlbright says added negotiating powers would boost diplomatic

WASHINGTON (AP) American leadership in world diplomacy would be bolstered if Congress approved new trade negotiating authority for President Clinton, Secretary of State Madeleine Albright said today.

The added power would also improve the quality of people's lives, Albright told the American Business Conference and the Institute for International Economics.

"Open economies are more likely to lift people out of poverty than economies that are stagnant and closed," she said.

The administration is urging Congress to move quickly on expanding the president's authority, but many Republicans are unhappy that the administration's proposal would also allow him to negotiate protections for workers rights and the environment.

Senate Majority Leader Trent Lott, joined by a number of other GOP senators, said Wednesday that Clinton's request would have to be changed if he hoped to win passage before Congress adjourns next month.

Lott said that since fast-track proposals can only be approved and rejected by Congress, without a chance for amendments, the authority should be strictly limited to negotiations aimed at lowering trade barriers and not expanded into other areas.

"We must make sure that the administration will not succumb to using fast track as a vehicle for special-interest agendas," Lott said. He said the administration's request "clearly introduces brand new labor and environmental elements into the process. This is clearly disturbing."

Every president since Gerald Ford in the mid-1970s has had fast-track authority until it lapsed in 1994. Clinton has failed

for the past two years to get the Republican-controlled Congress to renew it.

Clinton needs fast-track authority to pursue a variety of economic goals in his second term including creation of a free-trade area covering the entire Western Hemisphere by 2005 and completion of free-trade deals with major Asian countries by 2010.

But he is being buffeted by liberals in his own party who think his proposal goes too far in promoting free trade and Republicans who object to adding the labor and environmental provisions.

"As I read your proposal, it is totally and absolutely unacceptable," Sen. Phil Gramm, R-Texas, told Treasury Secretary Robert Rubin and U.S. Trade Representative Charlene Barshefsky at a hearing Wednesday. "It will never be accepted in its present form."

The president, in the version he unveiled on Tuesday, bowed to Republican demands and gave up insistence that fast-track authority allow him to negotiate protections for workers rights and the environment in the core part of future free-trade agreements.

But in an effort to sway moderate Democrats, Clinton's proposal would seek to pursue labor and environmental side agreements and it also sought authority to negotiate global agreements in these areas through agencies such as the World Trade Organization.

Republicans let the administration know at Wednesday's hearing that this also was unacceptable.

Gramm said such language could force Congress to approve pollution taxes on an up-or-down vote as part of some future trade deal or force lawmakers to vote on repealing states' right-to-work laws, the prohibition 21 states have against mandatory union membership.

Barshefsky refused to tell reporters after the hearing whether the administration would jettison the provisions on worker and environmental protections to satisfy Republican demands. But she stressed that the administration was willing to work with both Republicans and Democrats to build the majority needed for passage.

"Everybody is putting their concerns on the table," she said. "We will work with the Senate Finance Committee. We will work with the House Ways and Means Committee and see if we can reach a common understanding."

The entire fast-track debate is shaping up to be a replay of the bruising 1993 battle Clinton won to approve NAFTA, which opponents charge has cost thousands of lost jobs that have gone to low-wage factories in Mexico.

APNP-09-18-97 1153EDT

ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Dorothy Robyn ( CN=Dorothy Robyn/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 1-OCT-1997 12:27:15.00

SUBJECT: UAW proposal

TO: Randolph M. Lyon ( CN=Randolph M. Lyon/OU=OMB/O=EOP @ EOP [ OMB ] )

READ:UNKNOWN

TO: Robert M. Shireman ( CN=Robert M. Shireman/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TO: Joseph J. Minarik ( CN=Joseph J. Minarik/OU=OMB/O=EOP @ EOP [ OMB ] )

READ:UNKNOWN

TEXT:

In a mtg. w/ the POTUS tomorrow, UAW President Stephen Yokich will propose preferential tax treatment for tuition assistance for workers' CHILDREN.

See attached description. What shld POTUS say? I need your input ASAP.

Thx.===== ATTACHMENT 1 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

PRINTER FONT 12\_POINT\_ROMAN

UAW Concerns

October 1, 1997

Fast Track

Contrary to the Administration, the UAW does not believe Fast Track would be good for the auto industry. Labor officials point to the increase in the U.S. trade deficit with Mexico since the passage of NAFTA. Although exports are up, they note that imports of parts and assembled autos and trucks are up as well, contributing to the higher trade deficit. Moreover, although overall employment in the auto industry is up -- reflecting the health of the overall economy -- 200,000 jobs have left because of NAFTA.

Fast Track will mean more investment by U.S. automakers in Brazil and Argentina. The UAW fears that when the economy slows down, the Big 3 will shut down plants in the U.S. rather than reduce their investment abroad.

If Republicans succeed in moving the Fast Track bill to the right, it will be worse than the Fast Track authority President Bush had, in UAW President Yokich's view. He believes the President would be ill

-advised to demand a vote on such a bill, because it would be damaging to freshmen Democrats and the Democratic party overall.

Talking Points:

## NLRB Appointments

Yokich will urge you to move quickly to fill vacancies on the National Labor Relations Board. Currently, three seats are vacant, and a fourth seat will open up if our recess appointment (Sarah Fox) is not confirmed before the end of the year.

Talking Point:

? We have an agreement with congressional Republicans to move four nominees -- two Democrats and two Republicans. We are doing everything we can to get the nominees vetted before Congress recesses later this year. (The two Democrats are vetted, and the vetting process has begun for the two Republicans.) We are committed to getting this done if it is at all possible.

## Tuition Assistance for Workers' Children

The Administration has worked with the UAW and other groups to ensure that tuition assistance paid for by the employer remains [non

-taxable]. The UAW would like to take that another step and provide a tax incentive for tuition assistance for workers' children.

The UAW recently negotiated tuition assistance for workers' children in two of its collective bargaining agreements: 10,000 children will receive education assistance under the Ford/UAW agreement and 20,000 under the GM/UAW agreement. However, this assistance is fully taxable. The UAW believes preferential tax treatment would encourage broader provision of tuition assistance.

Talking Points:

===== END ATTACHMENT 1 =====

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**Clinton Presidential Records  
Automated Records Management System  
[EMAIL] and Tape Restoration Project [Email]**

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This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies a responsive email, already made available within another collection.

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Collection: 2017-1073-F

Bucket: OPD

Creation Date: 1997-10-14

Subject: draft fast track message documents for your review

Creator: Russell W. Horwitz CN=Russell W.  
Horwitz/OU=OPD/O=EOP [ OPD ]

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ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Russell W. Horwitz ( CN=Russell W. Horwitz/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:14-OCT-1997 15:17:41.00

SUBJECT: 1997-10-14 press conference

TO: Peter R. Orszag ( CN=Peter R. Orszag/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

POTUS made extensive comments on climate change.

----- Forwarded by Russell W. Horwitz/OPD/EOP on 10/14/97

03:16 PM -----

SUNTUM\_M @ A1

10/14/97 03:04:00 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: 1997-10-14 press conference

THE WHITE HOUSE

Office of the Press Secretary  
(Brasilia, Brazil)

For Immediate Release  
14, 1997

October

REMARKS BY PRESIDENT CLINTON  
AND PRESIDENT CARDOSO  
AT SIGNING OF DECLARATION ON EDUCATION

Garden of Alvorada Palace  
Brasilia, Brazil

1:40 P.M. (L)

PRESIDENT CARDOSO: Mr. President of the United

States of America, William Clinton, ladies and gentlemen, may I say to you first what a pleasure it is, Mr. President, for me and for Ruth, my wife, to welcome both you and Mrs. Clinton. And I'd like to take advantage of this opportunity to state our pleasure, and I'm quite sure the pleasure of the Brazilian people as a whole. This is particularly due to the excellent relations between the two of us, which I think makes it obvious to everyone that there is a friendship that joins these two Presidents, and that we share a great many interests -- and by "we," I mean our two peoples.

On both sides, we are interested in ensuring that we will draw closer together and bring our societies closer together as well in very practical ways. We've had a number of opportunities in which to chat. We've covered, I think, just about every problem that was on our agenda before this meeting, including the most general problems, such as peace throughout the world; including the possibility of working together in a number of situations which might require more direct action on the part of the United States or Brazil -- not just in our region, of course, but also views were exchanged, opinions were exchanged about a number of international problems as well. And I can assure you that we both agree with regard to the overall objective, which is to increase the prosperity of people on the Earth as a whole.

It is also our conviction that prosperity is something that needs to be made a general phenomenon. The prosperity of one nation should not harm the prosperity of any other nation, and nothing leads us to believe this. On the contrary; we feel that what's good for Brazil is good for the United States, and what's good for the United States is good for Brazil as well.

Just in terms of commercial relations, for example, the United States is our number one trading partner. But Brazil, as we like to say, is also a major global trader. We have excellent relations with the Mercosur countries, other countries in Latin America, with Europe and Asia, not to mention Africa. And it is with a full understanding of the comprehensive nature, the global nature of our relationships that we, in turn, have been able to reach a closer relationship.

We have underscored our commitment to the sort of endeavor that we have embarked upon, for example, in Mercosur, which is a very important part of our foreign policy in Brazil,

which we feel to be an example of the success of the work of these four countries -- Paraguay, Uruguay, Brazil, Argentina, and now Chile as well.

Much agreement has been reached with regard to trade, democracy, keeping peace. And we also believe that by

working together we can move towards the integration of the Americas as a whole in such a way as to avoid harming our Mercosur interests and in such a way as to avoid harming the interests of the NAFTA countries. But we should integrate the hemisphere as a whole in the line with the view that has already been expressed just a moment ago -- in other words, prosperity for all is best for each and every one.

On the other hand, it also became quite clear that we agree on a number of other issues, even at a personal level. For example, our take on problems is quite similar in our two countries. An example of that fact can be seen via the declaration that we are now signing in the area of education, one of the social area endeavors. I was extremely pleased when I heard President Clinton's State of the Union address, because he spoke about education and what he said certainly made me feel quite enthusiastic. What he said moved us. As a former professor and as two human beings, I'm sure that we agree that education is an instrument which will allow us to equalize relations within a society and to do away with so many of the differences and asymmetries that can exist among countries as well.

In this meeting we would like to reaffirm our full commitment to all the programs in the educational field as a symbol of our concern of the social issues. The integration that we are seeking to pursue as the regional, sub-regional and even at a broader level, as soon as that becomes timely, is going to be integration that will exclude no countries, no fragments within countries, either. Integration is designed to improve the standard of living of the peoples who integrate.

Another thing that we can go over is a list of key issues that have to do with, for example, the climate change. President Clinton, for example, holds the view that I think is quite proper vis a vis climate change. He talks about shared responsibility. He talks about the fact that responsibility should exclude no segment of humanity because the climate is something that involves the preservation of the conditions of life for future generations throughout the planet. So we must come up with mechanisms which will allow us to reduce the greenhouse gas effect. We should reduce the greenhouse gases, but in such a way as to ensure that we're not harming the interests or the development of any country -- the United States, Brazil or developing countries. These things should be done in a balanced way to ensure that we will solve the problems and do so in the best way for our countries, which is what we're going to try to do in Kyoto in December.

Another thing that we're doing is broadening our cooperation in the field of space studies in a clear demonstration of a number of possibilities that exist for

cooperation between Brazil and the United States, certainly in terms of advanced technology.

I don't want to take up too much time, but may I reaffirm the fact that -- very simply, because we did cover such a broad range of topics -- the fact that we avoided no single topic is a clear sign that we can reach an understanding even upon those things that we have some slight misunderstandings on. And, of course, misunderstandings usually just reflect the interests of our individual countries that we, of course, must defend properly, but at the same time in a way which shows that we have an old friendship, a long-term friendship and this friendship allows us to deal with these issues in such a way.

I'd like to repeat something I said in the Panalto Palace. Since the second world war never have we seen so many possibilities for cooperation in so many broad fields -- certainly nothing compared to the many opportunities that are opening up for Brazil and the United States right now, which is why I'm particularly pleased to speak via the media to the

peoples of our countries to reaffirm the tremendous satisfaction that I feel in being able to welcome this great President, Bill Clinton, in our country.

Thank you so much. (Applause.)

PRESIDENT CLINTON: Thank you very much, Mr. President. Let me begin by thanking you and Mrs. Cardoso and the representatives of your government for the warm welcome you have given to us, including our very large delegation, the senior members of our administration, a big percentage of our Cabinet and the distinguished delegation from Congress. We are delighted to be here.

I believe this visit marks a new phase in the long friendship between the United States and Brazil. This is clearly a unique moment of opportunity in the Americas. A quiet revolution is bringing our hemisphere together around common values of democracy, free markets, mutual respect and cooperation. It gives us the opportunity to advance the welfare, the freedom and the security of all of our people in a way that has not been possible before.

Because we have the largest economies and the most diverse populations in the hemisphere, Brazil and the United States have both a special ability and a special responsibility to help lead the Americas into the 21st century. Under President Cardoso's leadership, Brazil clearly is meeting that challenge in fulfilling its destiny as a great nation. Through your own remarkable economic reforms, your strategic partnership with Argentina, your leadership in Mercosur and throughout the hemisphere, and increasingly on the wider international stage,

Brazil has helped to consolidate peace and democracy and to promote prosperity and stability.

Brazil and the United States share a fundamental belief that opening the markets of our hemisphere to trade and investment is the best way to create good jobs and strengthen democracy and cooperation in all our countries.

Three years ago, when we met at the Summit of the Americas in Miami, we pledged to pursue a free trade area of the Americas by early in the next century. Today, the President and I agreed that at the next Summit of the Americas in Santiago, we should launch comprehensive and balanced negotiations to achieve that goal, turning our common agenda into a common plan of action.

If I might, I'd like to just speak a moment about what I think has been the cause of some misunderstanding between our two countries, which is the question of what the American attitude toward Mercosur is and what its relationship to our support for a free trade area of the Americas is.

I support Mercosur. I think it has been a good thing for Brazil, a good thing for all the member nations, a good thing for stability, for growth and cooperation in the region, and quite a good thing for the United States. Our exports to the Mercosur countries have grown substantially since 1991. And we believe that these sort of regional trade arrangements everywhere -- if they serve to open borders, to increase economic activities and to promote growth, promote stability and opportunity that benefit Americans.

We believe that we can create a free trade area of the Americas consistent with Mercosur and the leadership and role of Brazil and the other members in it. So to me, this is a false choice that we don't intend to ask the Brazilians, the Argentineans, or the other members of Mercosur to make. We believe we can build on this and go forward to a free trade area of the Americas.

Trade has produced about a third of the economic

growth the United States has enjoyed since I became President in January of 1993. And I'm working hard to continue to expand our capacity to trade and to create good high-wage jobs in our own country by securing the presidential negotiating authority necessary to tear down more of the trade barriers of the past so that we can open wider the doors of the future to good jobs and higher incomes.

Now, let me say that as we promote more free markets and more free trade, I believe that all of us must work harder to extend their benefits to all citizens. No great democracy has

succeeded in doing that so far. We know we have to begin by ensuring that all of our citizens receive the education and training they need to succeed in this new economy. And I applaud the President's emphasis on education. The education declaration we have just signed focuses on what I believe the keys to making education work in both our countries are.

First, high standards for what children must learn and testing to measure their progress. Second, training our teachers so that those to whom we entrust our children's future are, themselves, well-prepared. Third, intensive parent and community involvement. And fourthly, something the President has worked very hard on, access to technology to realize the possibilities of the information age for all our children.

In the United States we're working hard to make sure that every classroom and library in our country is hooked up to the Internet by the year 2000. We're giving discounted rates to our schools so that they can afford to be on the Internet. And we are finding something I am certain will be the experience in Brazil as well, and that is that very often the largest benefit of this technology revolution will flow to the children who are most in need, who tend to be in isolated rural or urban school districts where they have not had the chances and the opportunities many of our other children have. So I think that the Internet can be an instrument by which we democratize as well as increase the excellence of educational opportunity.

We've also agreed that we can't have today's progress at tomorrow's expense. The President talked a little bit about our common commitment to the environment. The clean energy agreement we have signed will help Brazil to continue to grow, fueled by renewable and efficient energy technologies. Our park services will work together to protect wetlands like the Everglades and the Pantanal Park in Brazil. We share Brazil's determination to conserve the Amazon, one of the most wondrous and biologically diverse environmental habitats in the world. The United States will contribute another \$10 million to the G-7's cooperative program with Brazil to sustain the rainforests. And we will help Brazil to put 21st century technology into this effort, including research done by Brazilians in space.

The fires throughout the Amazon have added urgency to these efforts, and the uncertainties about the climatic effects of this El Nino, both in South America and in the United States, have also added urgency to our efforts.

We did, as the President said, discuss the challenge of climate change. Five years ago in Rio, the world community began to chart a common course to reduce the greenhouse gas emissions that lead to global warming. Developed countries have a special responsibility to lead. I told President Cardoso that the United States will meet that responsibility with a commitment to limit our emissions when we meet in Kyoto on December the 6th.

But as we do our part, I believe so, too, must the developing world. Climate change, after all, is a global problem that requires a global solution.

So here is the question, it seems to me -- and I would like to talk a little about this because I think it's quite important -- I think it's very important that the people of Brazil understand that just as with the trade issue and Mercosur,

the United States would never knowingly make any suggestion that would undermine the growth of Brazil or any other country. It is not in our interest. We, after all, only have 4 percent of world's people. We enjoy a very high standard of living. We can only maintain our own standard of living if you grow. If there are more good jobs for Brazilians, higher incomes, more people are brought into the social compact in this country, then you can be a stronger partner, not only for us, but for your neighbors in this continent and throughout the world.

So our strategy is to aggressively support the growth of the emerging economies of the world, the strength of their democracies, and our capacity to cooperate together. I do not believe that any reasonable person can look at the world of today and imagine the world of tomorrow and believe that America can gain by someone else's economic loss. We have an interest in finding a way to grow together.

By the same token, the world will not gain if some countries limit their greenhouse gas emissions and other countries grow in the same old way with the same old energy base so that the climate continues to warm more rapidly than it has at any time in the last 10,000 years.

So what we want to do is to find a way for the developing countries to fulfill their responsibilities within the framework of Kyoto, recognizing that those of us in developed countries must do more, but that we must all participate. And we want to be very explicit that any participation on your part would not come at the expense of economic growth.

Developing nations have an opportunity to chart a different energy future than some of the developed countries. And if we share our technology and we share our knowledge, then we can achieve that. This is very important.

Brazil has already gone a long way toward proving this point, because you have developed so many non-traditional fuels, biologically-based fuels, for running your vehicles. So you have given evidence to the general point that I hope will be embraced by all the countries of the developing world. And I encourage that.

Finally, let me say, we talked about expanding our

cooperation in regional and global security, and I want to say a word of appreciation to Brazil as the guarantor of the Peru-Ecuador peace process, and appreciation for its historic decision to join the Nuclear Non-proliferation Treaty and to sign the Comprehensive Test Ban Treaty. In all these actions, Brazil has taken its place as a world leader for peace and security.

Today, the Mutual Legal Assistance Treaty we signed will help us to crack down on drug production and trafficking and fight transnational crime in a way that benefits all of our people.

President Cardoso said two years ago when he visited me at the White House -- and I quote -- "The vocation of Brazil and the United States is to stand together." I believe we stand together today as never before. The issues we face are central to the well-being of both our peoples. The fate of our hemisphere, with strong democracies, a commitment to fight crime and drugs, to work for lasting peace, the future of the new economy, preparing our people for the 21st century -- that's what this trip is all about. These are all objectives we share, and they really matter to ordinary citizens in both our nations and throughout this hemisphere.

Thank you. (Applause.)

PRESIDENT CARDOSO: President Clinton, I'd like to ask you to begin if you don't mind.

Q Mr. President, Attorney General Reno has made her decision and will extend her inquiry into your telephone fundraising to determine whether a special counsel should be named. How do you feel about that hanging over you for another 60 days at least?

PRESIDENT CLINTON: I feel nothing about it. There is a law and there are facts. And I feel that it would be much better if she were permitted to do her job. I know I didn't do anything wrong. I did everything I could to comply with the law. I feel good about it. But I told you yesterday, the thing I don't feel good about is the overt, explicit, overbearing attempt to politicize this whole process and to put pressure on more than one actor in it. That's wrong. There's a law. There's a fact-finding process. And I'm going to cooperate with it in every way I possibly can.

Q Mr. Clinton, will the recent -- between the European Union and Mercosur affect how you formulate your strategy for commerce in the Americas?

And for President Fernando Henrique, the question is, what is the relative importance of Europe as far as Brazil's

commercial strategy or trade strategies concerned, especially vis a vis the United States?

PRESIDENT CLINTON: Well, first of all, if I were in Brazil I would be trying to sell as much as I could to America and to Europe. I think that's the way this market works. Both the European Union and the United States have increased our exports to Brazil and to the Mercosur countries in the last few years markedly. So I don't feel threatened by it, I just want to make sure we're fully competing. And if we don't fully compete, it will be our fault, not yours and not Europe's.

That's one of the reasons that I'm seeking fast track authority. It's up to the United States to decide whether it's going to be a fully competitive nation, but we have -- in the last two years, for the first time in a long time, more than half our new jobs have come in the higher wage categories. And it's the direct result of our aggressive pursuit of trade opportunities.

So I'm prepared to compete and all I want is a fair chance to compete with the Europeans here or anywhere else. But I don't see that as a bad thing. If I were in your position, I'd be trying to sell more to everybody.

PRESIDENT CARDOSO: Well, I believe that what President Clinton said is most helpful to us. The more competition we have between the United States and Europe for trade, the better it is for us because it makes our products much cheaper. So I agree with President Clinton. It is true that Brazil's number one individual client is the United States today. But the European Union, as a whole, or taken as a whole, imports and exports a bit more than the United States, actually. We are now, as I said before and I'm going to repeat this, global traders. We actually trade with a number of countries and areas throughout the world and we're very interested in increasing these trade flows.

With regard to the United States, we have increased such trade flows. Unfortunately, we have an increasing trade deficit as a result of the increased trade with the United States. So we have to review this situation and try to balance it better to the benefit of both. We want to increase imports and exports. We don't want a zero-sum game and we don't want a game in which one loses and the other wins. We want a win-win situation in the trade arena.

That is why we say that our trade policy with Europe is very active. It will continue to be very active. But I agree wholeheartedly with President Clinton -- we cannot think about

such economic blocks as isolated fortresses. They have been designed to increase trade, and we're going to take advantage of

every opportunity that we can find to intensify our trade abroad, to sell things abroad. We will do so whenever we can. We're not going to close off our economy because our competitiveness, our progress in the area of technology and the cheapening of the products for own people depend on such trade.

Thank you

Q Mr. President, in Venezuela your discussions included alternative energy sources. Here you've also discussed safe or clean energy sources. I wonder, given that in the United States there is opportunity for improvement in the area of both energy incentives and also reducing the amount of emissions, do you find it difficult to discuss this topic while abroad?

PRESIDENT CLINTON: No, because I don't think the two things are inconsistent. I think we are -- a real responsibility in the United States to do energy conversion. We were on that path, ironically, 20 years ago, when our experts underestimated the amount of natural gas reserves that would be available to us in the United States and throughout the world. And we thought we could move to a clean coal technology and do the job. We now know that that decision was not accurate. But the people who made the decisions 20 years ago did it based on the best evidence they had at the time.

So I think we're going to have more reliance on natural gas and other forms of energy that are even cleaner. And we have to do more conservation. If you were there at the climate change conference we had at Georgetown a couple of weeks ago, we learned, among other things, that two-thirds of all the heat generated in the production of electricity is wasted. If we can recover half of that waste heat, we will generate enormous new capacity for growth without adding one single pollutant in the form of greenhouse gases to the atmosphere. So we've got a lot to do on our own account.

But as I said -- let me reiterate what I said. What I want to do is to try to help the developing countries grow their economy just as fast as would otherwise be the case, but chart a different energy future than the one we charted in the past when we were at the same stage of development. And the question is, can they do that. I think it's absolutely clear, crystal clear that they can.

And this is a big problem. In China today, bronchial disease is, among children, the number one health problem for kids in the country already. So I want the Chinese economy to grow and the Chinese people to prosper, but I think they should choose a different energy course for the same growth. And I think they can and we should be trying to help them. If we don't do it, then no matter what we in the developed countries do, within 30 to 40 years we'll be right back in the same pickle we're in today, except worse.

Q I have two questions for both Presidents. For President Clinton, since 1995 both governments have worked on the bilateral trade with you, but so far they have no concrete results. And the perception is that Brazil is still complaining about trade barriers and better access to the U.S. market. So I'd like to know if both Presidents have now a new orientation toward a new phase in the trade bilateral relationship.

For President Fernando Enrique, my question is, if there is no fast track authority, if this is not granted, would Brazil be willing to negotiate -- if there is no fast track, do you believe that there will be an continuity in the negotiations of FTAA? And if there isn't, would Mercosur take on this role -- in other words, the role of the principal protagonist in terms of trade in the region?

PRESIDENT CARDOSO: I don't want to make any bets on American policy. If there is going to be this sort of a policy or not is the United States' problem. I think that President Clinton is going to be in a position to get the fast track authority he wants.

But integration, whether we're talking about integration throughout the hemisphere or Mercosur, are two processes that are very interesting to our economies, quite apart from any political issues, which will simply decide the speed at which such issues are decided. So what President Clinton said was crystal clear when he talked about his view of Mercosur and FTAA. He said there is no clash between the two; there is no opposition. There is simply a situation, and we have to give ourselves enough time so that we will be in a position to prepare for increased competition. It's just a matter of time, procedures, so that we will be in a position to participate fully in conversations and understandings.

So with or without a fast track authority, the question is, is it good or bad for us to increase international trade, and the answer is always the same -- it's always good to increase international trade. So I would say that the other factors are just conditioning factors, but the key objectives are out there and they're unchanging.

We will continue to work to our utmost to consolidate Mercosur, but simultaneously to work on the FTAA. We signed an agreement in Miami -- I didn't sign it myself personally, but I was just the President-elect, but President Clinton was kind enough to ask me to come and observe. And this is not just a commitment on paper. It's a real commitment -- we really want to increase our trade foundation.

Now, people are talking about the United States,

Europe and so forth -- trade is trade. We have to look at things one question at a time, how we're going to deal with the interests that are being affected, how can we build bridges in such a way as to benefit the parties involved. All of this involves a long construction process.

PRESIDENT CLINTON: Let me say, first of all, I would only add to what the President said that I believe, and I think he believes, as well, that if we can proceed with this free trade area of the Americas, it's also a way of stabilizing the democratic governments of many smaller countries in our hemisphere and giving them some assurance that, if they stay with democracy and reform, their people will also be able to reap some economic benefit from it.

So I think it is important that Brazil assume a leadership role in this fashioning of this whole agreement. And I hope they will, because I think what we're trying to do is to say, this is, first and foremost, about economics, but economics supports freedom and democracy and stability if we do it properly.

Now, on the question you asked me, the trade question, let me just briefly say, we went over the specific trade issues that Brazil has with the United States and the specific trade issues the United States has with Brazil. And we -- obviously, neither one of us are trade negotiators and these are somewhat specific and, in some cases, almost arcane issues involved, but what we did do is we resolved that we would give both sides instruction that we want these matters resolved if at all possible and as quickly as possible. They're dragging on, they're an irritant to our relationship. And they're, in the context of our larger objective, a negative rather than a positive force and we'd like to have them resolved. And that's basically the decision we made.

Q Mr. President, just to go back for a moment to Janet Reno and her investigation -- I'm wondering if you can tell

us, has this whole affair complicated your relationship with her and your ability to actually function with your highest ranking law enforcement official? For instance, do you find yourself not talking to her because you're hesitant to have too much contact with the Attorney General?

PRESIDENT CLINTON: Well, I don't really have anything to add to what I said yesterday about that. I think you all are perfectly capable of drawing your own conclusions and evaluating whether this puts our political system in balance or out of balance, and I don't think that we should discuss it here.

The most important thing is we've got a law; we've got a fact-finding process. The fact-finding process should

proceed with integrity; the law should be implemented without pressure either way. I am doing my part. I wish others were doing as well.

Q Mr. Fernando Enrique, I hope you don't mind if I ask Mr. Clinton the question. Mr. President, your visit was preceded by diplomatic turmoil. A document was disseminated that said that Brazilian corruption was endemic. This was commented on by the American Ambassador and his comments made things worse. The head of the Supreme Tribunal, the Superior Court in Brazil reacted badly, as did some other people in the federal government -- even a governor of a federal district. And they also reacted not just to this issue, but to a number of other issues in which excess security was demanded by some of your advisors.

Brazilian authorities called this people's attitude rather aggressive. Not only authorities, but people as a whole in Brazil felt that they had been badly mistreated. I would like to know your view, sir. Do you think there was any exaggeration? Do you think there were any diplomatic mishaps in this situation?

PRESIDENT CLINTON: Well, first of all, I became aware of this document and the characterization of the Brazilian culture after it had been released. The document was wrong and it represented an appalling error of judgment for anybody to write such a thing. It has been decisively rejected by every American authority, beginning with the Ambassador here now. And it has been excised from the document.

So I regret very much that it happened, but once in a while such a thing may even happen in Brazil, where someone who works for some agency will put out something in printing which shouldn't happen. I can only ask the Brazilian people not to infer that that is the feeling of either the government or, more importantly, the people of the United States toward Brazil. I assure you that no Brazilian could have been any more upset about it than I was. I thought it was terrible and I did everything I could to correct it.

Now, in terms of the trip here, I just don't have enough facts to know. I know that our people historically, because of the problems that have periodically affected our Presidents -- always on our own home turf, I might add, always when we're at home -- that the security for an American President often seems to others to be too rigid and too uncompromising. But, as I said, we've never had problems with our Presidents' security in a foreign country, but we've had enough problems at home over the last 35 years and before that I hope you will at least understand that. But I try to make sure that our people are as understanding and cooperative with the people in every country and community they visit as possible, and I hope they have been. That's all I can say. I don't know the facts.

Q Sir, does it embarrass you when these questions

about fundraising follow you on foreign trips, as they have on this one, or does it embarrass the country?

PRESIDENT CLINTON: Well, I can't be embarrassed by

other people's judgment. I have no control over what you decide to ask about. That's your decision, not mine. That's a question you should ask somebody besides me. I didn't have anything to do with what was asked. I think other people sometimes in other countries wonder what it's all about, especially when everyone concedes that there was no request or improper public action in any way, nor did any occur as a result of whatever communications are in dispute.

But that's a decision for you. You have to decide what questions you're going to ask. I can't be embarrassed about how you decide to do your job.

Q I have a question that I want to ask both Presidents. People who monitor relations between Brazil and the United States feel that the problems that we have had most recently are often exacerbated by the bureaucracies of our two countries simply because there's not enough involvement of the Presidents and the leaders of the two countries. This is criticism that's been leveled against our countries. I wonder if you would agree.

The United States has a difficulty being a superpower, and the only superpower, to deal with an emerging power in the Americas that is asserting its leadership as a democracy as a freer market. Former Secretary Kissinger told me recently that he believed that really you have to adapt, because you are not used to that. You have to adapt intellectually to that. I'd like you to talk about this issue. Does our emerging role bother Americans or the United States of America?

PRESIDENT CARDOSO: Well, at least as far as the Brazilian side is concerned, I was so very pleased because the touchiest issues are always being brought up for President Clinton. No one is asking me these touchy questions. I was so pleased up until now.

However, my involvement and President Clinton's involvement can only be that of people who are involved at a very general level involving problems between our two countries. Of course, there are always going to be some sort of bureaucratic problems, but I'm quite sure that we can deal with them quite easily. I think bureaucratic problems and red tape dissolve as soon as people see the warmth of our warm and direct personal relations, which are much more important than any bureaucratic entanglement.

Now, of course, we do understand fully that for

security reasons, you do have some problems of your own. Luckily enough, we in Brazil don't have to face these major threats. It's not the case of every country. The United States particularly has had to face some very difficult situations. Of course, our security forces try to pay attention at all times in Brazil. But I'm always breaking the rules in Brazil and so far nothing has ever happened and things are very tranquil and I'm sure they'll continue to be so in the future.

But I'm quite sure that anything that comes up can be dealt with quite easily because of the warmth and the openness that President Clinton and Mrs. Clinton have shown to us in Brazil at all times. They have shown to all Brazilians that their trip is an open-hearted visit.

PRESIDENT CLINTON: I'd actually like to respond, if I might, to both your questions. Because the question you asked the President, I think the answer to your question is a lot of -- people who work in government bureaucracies the world over are following established policies, and they tend to acquire an interest in maintaining the established policies, and most of them don't have the authority to change it, which is why these kind of personal relationships are so important. Because it's our responsibility if we want to change the direction of the country not to blame the people who work for us -- and

particularly the people who many not even be political appointees, they work through from one administration to another -- but to try to give different instructions, to send different messages down there.

And that's why -- sometimes I think, with all respect, sometimes members of the press and even our own publics say, well, why did they spend all that money and do that foreign trip, all the money we spent to come here, all the money we spent to entertain us -- why did they do all that? There didn't seem to be an great earth-shaking specific agreement. And the main reason is the very thing you said -- that we have to increase understanding, we have to increase sensitivity. And even subtle shifts in our position can send a different message to those down in the governmental hierarchies that have to implement these decisions on a daily basis. So I think that's a very good question.

The second thing is, does the United States, at the end of the Cold War left as being the world's only superpower, feel threatened by the emergence of Brazil or any other country. The answer to that is, I actually support the emergence of countries to a greater role of influence and responsibilities, as long as they share our basic values -- not agree with us on everything, but share our basic values.

If they're committed to freedom and democracy, if

they're committed to open trading systems, if they're committed to giving all their people a chance to participate in the wealth that the global economy generates, if they're committed to a responsible global approach on the environment, if they're committed to working with us against threats that cross national borders -- terrorism, weapons proliferation, criminal syndicates and drug trafficking -- if they're committed to those things, then I don't see this as competition. I see this as people emerging to take on more responsibility. And if we work together, more good will happen.

I'll give you another example. When I became President, there was the question of whether the United States would object if, in addition to NATO in Europe, there were an independent European security force working with NATO. And I made it clear from the beginning, I support this. I don't see these things as competing.

We have to change because most of the threats to nations in the years ahead will come not from other nations, but from threats that cross national borders -- guerrillas, terrorists, weapons proliferation, drugs, crime, environmental and disease problems -- number one. And because most of the benefits that nations can derive for their people require them to cooperate with people beyond their borders, we will have to change our conception of how national power and influence is acquired.

National power and influence is acquired, ironically, by becoming more interdependent and cooperative with others who are strong and self-sufficient and self-reliant, but need to be allied with you. And I do believe, frankly, that this will require a big change in the way people look at politics -- not just in the United States, but elsewhere.

Q Since you spoke yesterday on Air Force One, it's been reported that the White House and the Justice Department have been negotiating to figure out a way that you could speak to investigators about campaign finance. Have you reached such an agreement? And under what conditions would you speak to the Justice Department?

PRESIDENT CLINTON: I know nothing about that I didn't say yesterday. I literally -- no one has talked to me about it and I know nothing to add to what I said yesterday.

Q Mr. President, Mr. President of Brazil, Fernando Enrique Cardoso, Brazil defends negotiations with the FTAA in complementation to tariff laws. Now, what complements are we talking about specifically as long as Brazil adheres to the calendar?

And for President Bill Clinton, last night, Mr. Clinton, you said that you felt touched by Brazil and had felt touched by Brazil for over 30 years. Have you been touched enough to say that you're going to give support to Brazil's candidacy on the Security Council so that Brazil will become a full member of the Group of Nine as well next year?

PRESIDENT CARDOSO: Okay, I'm going to break a couple of the rules here once again. Go ahead, one last additional question, very, very quickly before we answer.

Q The United States government wants that Brazil open the Brazilian market, but there are many restrictions against Brazilian products, like oranges. My question is, why not the USA don't change the situation, keep the situation and allow the free commerce for many Brazilian companies?

Fernando Cardoso, I would like to know what the Brazilian government's view on these non-tariff barriers against a number of Brazilian products that are trying to get into the U.S. market.

PRESIDENT CARDOSO: All right, I'm going to begin by answering the question on the additional agreements or side agreements to the FTAA. I think that President Clinton talked about his views very clearly when he talked about the meaning of the overall proposal for hemisphere-wide integration. And he made his comments in a way that I think was quite proper.

He said it's not just a matter of tariffs -- I'm going to talk about the tariffs in a minute -- but it's not just a matter of tariffs. It's a much broader concept that we're fighting for here, because we're talking about the fact that there are some political considerations that come into play. And, of course, political considerations are based on values -- a common desire, a shared desire to keep the peace, to control drug trafficking, to avoid criminal activities on the international level or in the international sphere.

So we're not just talking about trade here, so much so that what we proposed in the meetings that we've had thus far and that we're going to continue to have over the next few days, is that the key topic be education. And in Santiago, we're going to keep insisting on education as the key issue, because people can say, all right, very generously, let's talk about something that will move people, but that means that we have to talk about something that goes beyond tariffs.

Tariffs, of course, are very important to countries and their economies and especially interesting to specialists. But countries have much more that they talk about and disagree with in the area of international relations aside from tariffs. And so we have to talk about things that will bring our people closer together.

Education is ideal because the basic tenet of education is equality, and I think that what President Clinton said here pretty much follows along the same line of thought. And we do not want to limit our relationship to issues that don't even require a meeting between Presidents, because technical-level meetings will be enough.

What we are here to express and symbolize is something far greater than this. It's the desire for democracy and greater equality. A country such as Brazil that has no reason to hide its problems, especially our social problems, which are so great in nature, is in a position to want very much

to improve the standard of living of its people. Within Mercosur, outside of Mercosur, we're very interested in seeing that all agreements be broader in scope, just as President Clinton just said.

So with regard to the specific issues that were brought up -- you talked about steel and orange juice and footwear and -- everywhere throughout Latin America where President Clinton goes, he's going to hear the same issues being brought up. And elsewhere as well, because the French, the Japanese, the British, they all have the same problems. To the degree that our countries move forward and progress, especially Brazil, where the industry sector is growing rapidly, of course we're going to begin to compete and problems are going to crop up. And, of course, some moment in time is going to require arbitration of some nature, which is not meant to be just political in nature. But the greater our understanding is, the better our possibilities will be of reaching an understanding as to these issues.

Now, there are specific points on the agenda of demands of our two countries that neither one of us have really talked about them much. Some were brought up now, but we both know what they are. And when President Clinton goes back to the United States, people are going to ask him, did they ask you about this, that, or the other. I'm not even going to mention what they are. He's going to say, yes, I did talk to President Cardoso about it. What did he say? Well, President Cardoso said he's going to give utmost consideration to these issues. And that's what I'm going to say to you. We're both going to work hard to try to solve these issues.

**PRESIDENT CLINTON:** Let me say again, on balance, the United States has a lower tariff structure than virtually any country in the world, and fewer restrictions on trade than the European Union, for example. And I hope we can work these last remaining areas out. If you think about how big and complicated our countries are and the fact that we have now two-way trade in the neighborhood of \$23 billion a year. The number of disputes

is actually relatively small and I'm encouraged by that.

I'm not going to ignore the gentleman's clever question on the United Nations. First of all, you should know that today Brazil has been elected to a two-year term on the Security Council. Congratulations, Mr. President, that's a very good thing for the United Nations, as well as for Brazil.

The United States' position has been that the Security Council ought to be expanded, that a permanent seat ought to be given to Latin America, and that the Latin American nations themselves should resolve how that permanent seat should be filled. This really is one of those areas where I don't think it's our place to tell the people of Latin America how to proceed here. I hope we will proceed and give a permanent seat on the Security Council to Latin America, because I think that the actions of the last several years clearly warrant that. And, again, that's another one of those questions like the gentleman who asked me about Brazil's emergence. The more there is a stable, constructive presence in global affairs presented by Latin America, the better off the world's going to be.

Q Thank you, Mr. President, and good afternoon. Based on your comments yesterday on Air Force One, sir, it would seem that you've been briefed on the videotapes that are soon to be released. What is your understanding of what's on them? And is there anything on them that causes you any concern?

PRESIDENT CLINTON: No, I think it's the same old stuff. As I said, those of you who have been going to the fundraisers with me, you've already seen it live so the replay will probably be boring for you. That's what I understand and I'm not worried about it.

Q Mr. President -- are already saying that --  
(inaudible.)

PRESIDENT CLINTON: I've not made a decision yet about what to do. But let me say this, I intend to take a strong position there and I expect to probably be criticized by all sides. The United States, as our friends in Europe are well aware, is in a particularly difficult position when the benchmark is 1990, for three reasons.

Number one, we've had economic growth since 1990 far greater than Europe, so our greenhouse gas emissions have gone up more, which means we have more to do to go down. Number two, the Europeans are -- particularly if they're treated together -- benefit from the incorporation of East Germany into Germany and the dramatic drop in production in East Germany, which has a high level of pollution. Therefore, they get a big reduction in pollution for something that -- not because of any independent

policy action taken, but because of the incorporation of East Germany into Germany.

And, thirdly, the presence of the North Sea oil for Great Britain gave Britain the ability to sell the oil, which is relatively polluting to other countries and keep the natural gas, which is quite clean, and substitute that for coal. So using the 1990 base mark, they have a lot of inherent advantages over the United States in terms of the degree of rigor required to meet any given target.

Nonetheless, I think there's so much we can do through technology and different purchasing patterns and conservation patterns, that I think that we can do quite a great deal. And I intend to propose that we do a great deal. What I'm trying to do is to put together a comprehensive agreement in Kyoto that will actually do what everybody wants, which is do reduce greenhouse gas emissions into the atmosphere substantially in the next century.

Right now we're at about double the volume of greenhouse gases in the atmosphere that existed before the dawn of the Industrial Age. If we don't do something we'll be triple the volume by the middle of the next century. And we know that something bad will happen. Even though the skeptics on the other side say we don't know exactly what and when, we know enough to know it's not going to be good, and we've seen enough evidence of that so far.

So I'm going to have a credible plan. I'm going to do my best to get everybody involved in it. I hope I'll even have some success at selling it to the Congress. Right now, it may be a lot easier to sell it to the environmentalists and to the business community than to sell it to the Congress, but I'll do my best.

Q Mr. President, have you decided against using your line item veto authority? And am I mistaken, or is this becoming habit forming?

PRESIDENT CLINTON: Well, it's not habit forming but, yes, I used it again today -- as I told you yesterday I would -- on I can't remember how many projects, but more than a dozen worth more than \$140 million that were not either in my

budget or recommended by the Department of Defense. I thought it was appropriate.

I know that a lot of members that voted for the line item veto in Congress now wonder whether they did the right thing, now that I'm exercising it. But I'd like to remind you that, again, I have deferred, in great measure, to Congress. Congress put in 750 projects not requested in our budget or in

the Defense Department plan, and reduced overall weapons procurement, reduced overall research and development to pay for virtually all of them.

And I'm hoping that in the years ahead I won't be using it as much and future Presidents won't use it as much because it will lead to a different kind of negotiation in the budgeting process.

But I think what I did today was responsible and quite restrained. And I believe that it's important to send a signal to the American people that we're going to stay on the budget track we started on, and we're going to stay within these numbers and balance the budget. That's one of the things that's given us the big economy we've got.

PRESIDENT CARDOSO: I'd like to thank all the Brazilian and American journalists for having joined us and for being so good about answering all our questions. And may I say that the emphasis that President Clinton has put on the environmental issue is one that I would like to bring up for Brazil as well. We have an energy matrix that is very, very clean. We use hydro power and now gas, natural gas. And we are strengthening our links with regard to the energy matrix throughout the rest of Latin America. So I think that our dialogue in terms of climate has been extremely positive.

Thank you to everyone.

END                      2:35 P.M. (L)

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ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Russell W. Horwitz ( CN=Russell W. Horwitz/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 5-NOV-1997 15:00:02.00

SUBJECT: "the sperling trade package"

TO: Anne H. Lewis ( CN=Anne H. Lewis/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TO: Jonathan Orszag ( CN=Jonathan Orszag/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

Q Just to follow up on a question earlier about the Sperling trade package, how far do you think that goes toward addressing Democratic concerns about the fast track authority? And what other packages or inducements do you feel are ready that you have to offer to get over the top?

MR. MCCURRY: I think it was important to address that question of worker dislocation and how the administration would define dealing with that problem. And as you heard Secretary Herman say, there were some things being worked on that could be put together that I think will be reassuring to some members. I suspect you'll hear even later today that this has been compelling enough to some members that they are willing not to declare their intentions for the vote on Friday. But, ultimately, we'll know a lot better Friday.

ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Russell W. Horwitz ( CN=Russell W. Horwitz/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:27-JAN-1998 01:51:40.00

SUBJECT: sotu background

TO: Lael Brainard ( CN=Lael Brainard/OU=CEA/O=EOP @ EOP [ CEA ] )

READ:UNKNOWN

TEXT:

Lael, can you please get me those paragraphs by 9:00 this morning (fast track and africa trade). We are trying to get the packet done for the 10a.m. pundit briefing. Thanks a lot.

How's this for f.t.?

America needs fast track to continue to create higher-paying jobs for more Americans.

Without it, America's role as the largest exporter in the world will be put in jeopardy. And with

new markets opening around the world, it is more important than ever to give the President

traditional trade authority to break down trade barriers that put American products made by

American workers at a disadvantage. Fast track legislation is

essentially an agreement between Congress and the president on how Congress will

consider United States trade agreements negotiated by the President. As part of that deal,

the President agrees to extensively consult and coordinate with Congress throughout

trade negotiations. In return, Congress votes on legislation implementing trade deals

within a fixed period of time, on a up or down basis, and with no amendments.

Every president since 1974 has enjoyed fast track authority.

ARMS Email System  
RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michael A. O'Mary ( CN=Michael A. O'Mary/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:25-FEB-1998 16:17:29.00

SUBJECT:

TO: Missy ( Missy @ 3957234 @ fax [ UNKNOWN ] )  
READ:UNKNOWN

TEXT:

Hillary Rodham Clinton  
First Lady of the United States

at the Annual Meeting of the World Economic Forum  
Davos, Switzerland  
February 2, 1998

(Begin transcript)

PROFESSOR KLAUS SCHWAB: Dear Madam First Lady, dear Mrs. Hillary Clinton, it is with purpose that I address you in those two forms, because we welcome you here not only as the representative of a country which is the greatest power in the world, but we welcome you as a personality who in her own right has won high recognition for the causes you stand for as a relentless advocate for those who are disadvantaged and who need to be integrated into our efforts to improve the state of the world.

We have launched here, in Davos, a comprehensive initiative Trustees 21, to take on the challenges in the transition of human kind into the 21st Century. We are eager to hear from you. How you see the individual and collective priorities for our common future. Ladies and Gentlemen, let's welcome again Mrs. Clinton, a most remarkable, a most courageous woman of our times.

FIRST LADY HILLARY RODHAM CLINTON: Good evening, thank you very much Professor Schwab, and thank all of you for the invitation to address this forum. I appreciated greatly the opportunity to come and be part of these sessions, and to speak with you about the priorities for the 21st Century, as seen perhaps from a slightly different perspective from the one that brings many of

you here to this conference.

After having looked at the program, and seen some of the sessions, I think it is probably more appropriate to refer to this gathering as the World Economic, Political and Social Forum, because certainly in the discussions that I have been privileged to hear about and to hear directly, it has struck me that there is a very strong awareness of how interdependent the economic, political and social spheres of life happen to be. It is something that I think we need to pay even closer attention to. Certainly when one thinks about the economy, whether it is the economy of a business, of a nation state, or of our entire globe, one talks a great deal about the importance of and the significance of the free market. And I believe that as we end this century, any doubt about the effectiveness of organizing our economy along the lines of a free market, have finally been put to rest. That is one of the major accomplishments, perhaps, of this past century. That we now understand that the greatest capacity to create employment, income, wealth and investment is derived from a free market.

At the same time, I hope we have also recognized as we end this century, that we need effective, functioning, competent governments. Governments that are neither oppressive, nor too strong and authoritarian, nor on the other hand, so weak that they can neither deliver goods and services for the public good to their citizenry or play the kind of partnership role that they should in connection with a vital free market.

But if that's all we were to speak about, the economy on the one hand, and government on the other, we would be leaving out one of the most important aspects of what we should turn our attention to as we move into this new century, that is society, civil society, because between the marketplace and the government, is what exists that makes life worth living. It is the stuff of life. It is the family, it is the religious belief and spirituality that guide us. It is the voluntary association of which we are a member. It is the art and culture that makes our spirits soar.

I think as we look at the end of this century and the beginning of the next, it behooves all of us, no matter what our perspective or experience, to think hard about how we create conditions in which the economy, governments and the civil society all flourish. Think of it, if you will, as a three-legged stool. We are not stable if we are only on one leg, no matter how strong

the economy might be, no matter how strong a government might be. We are also not stable if we rest merely on two legs of the stool. Rather we need to see the independence and connection among the economy, the government and the civil society. And more than that, I think we need to recognize the ways in which each of those spheres of influence are affected by the other. I know there has been a great deal of useful conversation here about what needs to be done to help manage crises such as the Asian crisis, how to better provide technical assistance for banking supervision and the regulation of markets in many countries around the world, even suggestions as to what could be done to create more of a global regulator atmosphere along the lines perhaps of a new Bretton Woods.

These are all very important conversations. And I hope that the economic and political leaders gathered here will certainly follow up on them through the various entities that exist, and perhaps some that are yet to be born, so that we can address these very important problems that are posed by the state of the economy today. We have also heard how important it is for governments to work with the economies of their countries and regions and globally, and how significant it is to find the right balance between regulation that permits real competition to flourish and that which stifles entrepreneurship. So there is much for governments also to ponder coming out of this conference. How can they do a better job to unleash the energies of their people to provide environments in which businesses can flourish? How do they become more transparent? How do they stand against corruption? How do they create the instruments that are needed for governments today to provide the kind of support for the economy at the same time that they provide the sort of capacity for their people to be able to thrive in this new economic environment? I will leave it to others, many of whom have addressed you, to speak about how we can do more to make sure that our markets do what they should do, and to make sure that our governments do likewise.

But what I want to address is this third leg of the stool. A leg of the stool that I think is too often given short shrift in such conversations as those that take place here, or perhaps marginalized as being something less than important to the significant business of governing and creating economic opportunity.

Our founders in the American republic at the end of the eighteenth century left us with some very good advice that they enshrined in our founding documents and which we have over our centuries of development attempted to adapt to modern conditions. They warned us about unaccountable power, they warned us about creating checks and balances, and they set up a system that they thought would create a balance of power. I think that is what we have to see in creating such a balance among our economic interests, our governmental and political activities and the civil society. One without the other will create an imbalance.

I have been privileged to travel over the past several years to many of the new democracies around the world, particularly in the former Soviet Union. I have seen what has happened to people whose spirits have been crushed, whose economies have been driven into the ground, whose governments were authoritarian, as they attempt to rebuild a sense of potential and opportunity for themselves. It is very clear if one visits these countries that economic opportunity will certainly provide jobs and income but not necessarily long-term stability or governments that understand their duties to their citizens. It is also clear that stable governments, as important as they are, may not bring about those conditions that are essential to creating long-term social stability.

So in my travels I have focused on this third leg of the stool, the civil society, and I have seen many changes within the last several years, as governments and economic interests understand that there must be created within society, the work ethic for capitalism to thrive and continue, a sense of citizenship for governments to be stable and succeed one another peacefully. And so how do we nurture this civil society? Why is it in the interest of business leaders, such as many of you, to worry about whether in the countries in which you do business there is an effort being made to create these civil society functions and institutions? Why should you care whether women are given the opportunity to go to school, or have health care, or vote? Why should you worry whether or not children are being taught basic lessons about democracy or not? Well, I would argue again that it is in your long term interests to do so: to have conditions in the countries in which you do business supportive over the medium and long term of what we mean by a free market, and to have governments that understand their appropriate roles.

So I would urge that as we look towards the end of this century, as many of you work on the important issues of helping to perfect the imperfect mechanism of a free market, worrying about the many inherent problems that have been pointed out, that lead often to instability, particularly in financial markets today. Those of you who are directly involved in helping governments in Asia and elsewhere understand why it is imperative that they reform themselves, that you also think about what we can do to strengthen civil society. How do we create conditions for families to be strong in an age where family values and where the kinds of ideas one would wish to pass on to one's children face very stiff competition from the consumer culture, from propaganda, and from a media that stresses short term gratification. How do we support religious freedom, making it clear that we will honor the spiritual beliefs and journeys of people different from ourselves? How do we work together to create conditions in which tribal and ethnic and racial and other differences among people can be controlled and kept in check. And how can we create opportunities for common enterprises that go beyond the differences that too often divide us? How do we nurture non-governmental organizations in societies have no history of voluntary or charitable activity? How do we create associations that stand between the marketplace and the government, but give people an opportunity to exercise their own skills to become good citizens?

All of these are questions that are being addressed in various ways by many organizations around the world. I have stood in barrios in Latin America and in villages in Asia and Africa where I have seen the effects of micro-enterprise on the capacity of women to make an income for themselves, and not only to make an income, but to feel empowered so that they can become citizens of their village and of their country, so that they can begin to understand not only how a market works, but how a society and a political democracy work as well. I have watched creative projects all over the world that have taken the very poorest of the poor, and empowered them to learn about what it means to live in a democracy. And I have talked with students on every continent about their hopes and aspirations that they will be able to navigate what to them seems like a very difficult journey into the next century. And they have asked for help and guidance, whether it is mentoring or internships or opportunities to work with businesses and government, so they can learn from adults about what

works and what they can follow in their own lives and careers.

There are many large problems that confront us as a world. It is impossible to think of any corporation, no matter how large, or any government, no matter how powerful, addressing these alone. Whether we like it or not, we are more interdependent today than we have ever been. I believe that interdependence is a good development. And it should be respected by governments and businesses alike. Because through it we can meet mutual challenges of environmental degradation or security threats, and we can also work together to help build up strong, functioning markets, governments and civil societies.

I would just end these remarks by reminding us tonight that there isn't any perfect human institution. There is no perfect market except in the abstract theories of economists. There is no perfect government except in the dreams of political leaders. And there is no perfect society. We have to work with human beings as we find them. And we have learned a lot about what works. And the lesson of the global economy will certainly be that those who ignore the lessons that we have learned about effective functioning markets and political and governmental leadership will pay a steep price. That may be a necessary part of the learning curve. But as we go into the 21st Century, if we can keep in mind the balance of power among these three spheres that effect all of our lives, and if we can look for ways to work cooperatively together, then I think the doomsayers and the pessimists will be proven wrong. I wouldn't want to be more optimistic than conditions warrant, but I think based on the conversations that I've heard coming out of this conference, from people in a position to affect economic and governmental action, there is every reason to believe that there is a new awareness growing among the decision makers around the world about the steps that must be taken in order to ensure stability and sustained growth. I'll only ask that in that calculus, we remember the billions of men, women and children who are effectively without a voice, often without a vote, and that we understand that our long-term success, either economically or governmentally, will ultimately depend upon whether we empower them as well, to take their rightful places in forums around the world where they plan their own futures. Thank you very much.

SCHWAB: Mrs. Hillary Clinton, you have reminded us of our obligations, of our obligations toward

society. As the First Lady, you have pursued an incredible active agenda to promote the social progress. Now, looking at the future, and I may ask you a very personal question, what is your personal priority for the remainder of the 21st Century in this respect.

CLINTON: You mean what will I do for the next three years?

SCHWAB: What will you in your own work put emphasis on?

CLINTON: I think I will continue to emphasize the issues that I have tried to speak out about, worked on, and addressed in my writing, and that is the need to invest in the future of children around the world. I don't know how many Americans in the audience heard Larry Summers say yesterday as it was reported to me that a child in Shanghai has a better chance of living to the age of five than a child born in New York City. But I hope if you did hear it, it caused some pause among you.

Of course it is not only in our own country where we have not done all we should to provide the opportunities for health and education and well-being for our children. It is certainly a problem that affects most if not all the nations of the world. And I believe it is the best investment we can make in long-term stability to provide opportunities for education, and healthcare, to work on thorny issues like family planning and environmental degradation that affect the well-being of children, and to do all we can to provide the best possible beginning for as many children as we can reach, and that is what I will continue to work on and speak out about.

SCHWAB: In this context, you have hear in front of you many of the CEOs of leading American companies, and you have been a proponent of moving toward the program of universal health coverage. The program to date has met mixed success, and generally little enthusiasm from the business community. So my question would be, why should the business community have this program as a priority? What would you tell the business leaders here in this respect?

CLINTON: Well I think your characterization of it meeting with mixed success was too kind. I still believe that economically, politically, socially, and morally, the United States would be better off if it provided universal health care coverage for all of its citizens.

I think the economic arguments will again come to the fore. There was a

pullback in the cost of health insurance to the major providers of it in our country, which our employers during the last several years ... but that apparently is about to turn around, and the cost of insurance will once again begin to rise. There has been, since 1993, an increase in the number of uninsured Americans, and an increase in the number of underinsured Americans. I believe that should pose a question for all of us as to whether or not we think it is appropriate for our country, as rich and powerful as it is, to be denying access to the kind of preventive and chronic health care coverage that many people miss out on .

It is true that most people will be taken in by an emergency room, perhaps not the first one they visit, if they are not insured, but perhaps the second or third one if they are lucky enough to still be around by the time they arrive. And that if that were the only assessment we would make, we would say, well eventually everyone gets care. But we are paying a very big price for those who do not get timely or preventive care.

In addition, there is another problem, which is that there are many functions of the American medical system which have helped us to attain the high level of quality that it currently enjoys, which can never be profitable. There is no way for most research to be profitable. There is no way for the education and training of young physicians or nurses to be profitable. And there is no way for charity care to be profitable. And those functions are primarily performed in our country by our great medical schools and medical centers. Because they cannot turn a profit on performing those functions which are performed to the benefit of our entire system, they are at great financial risk. They are being forced into mergers, and they are finding themselves in a position of having to cut back on those functions. That is like eating the seed corn of the American health care system, in my view.

So there are a number of problems in my view, and I think that there is an ideological opposition among many in the American business community to the American government being any part of providing universal care. But of course we provide universal care to our citizens over the age of 65 through Medicare. And we provide it at the cheapest overhead and administrative cost of any insurance program in the United States. I daresay if you went back and you

talked to your benefits people or your CFOs, and you asked them what percentage of the health care dollar you were spending on your employees, that went to administration and overhead and profit, compared with the two cents out of the dollar that goes to Medicare, you would have to ask yourself, is this an ideological opposition that no longer makes economic sense, or shall I hang on to it while I find my capacity to provide health insurance for my employees further diminished, thereby creating more instability in the system. So I hope that we will continue to address these issues in the future.

SCHWAB: Under your husband's leadership, the US has emerged as a world leader in technology, finance, military power. What are the domestic key factors and priorities that you believe are required to maintain this leadership in the long run.

CLINTON: Well, I think my husband very well outlined those priorities in his State of the Union last Tuesday evening. He was able to address the remaining issues that he believes should be at the forefront of the American political debate, both domestically and internationally. And I think that if one were to look at them they would fall roughly into the categories that he has already outlined and has been speaking about for many years.

The first is to provide conditions that offer economic opportunity to as many of our people as possibly can be reached, and that has been I think very effectively accomplished during my husband's administration. We are very lucky, I believe, in having a president who understands not only politics, but economics, and has a very experienced, seasoned team, which is able to implement that policy. And the result is that we have, as you all know, reversed some rather disturbing trends that we saw in the late eighties and early nineties and emerged very strong economically.

But it is certainly clear that we have not by any means finished the job that has begun, and the President spoke about providing better educational opportunities, so that we have more of our people trained so that they can take the jobs that are available in the global economy. He has continued to press for more trade agreements and opening markets because he believes that America can compete and do very well internationally and he will continue to press that argument in the future. He has also spoken about trying to make it possible to put a

floor, a social safety net, under some of our people, who are poorly educated, who are left out of the global economy through increasing the minimum wage again, and he has also talked about providing economic support for social security, child care, which is a very big issue in our country, with so many women working, and single women who are the sole support of their families, and our two parent families.

So I think he has outlined a very clear agenda for trying to provide more opportunity. At the same time, he has asked for more responsibility. Probably the clearest example of what that responsibility means is our continuing effort to reform our welfare system, to move people from welfare to work. He has also advocated strongly that Americans must be prepared to take their responsibility as citizens seriously and has advocated campaign finance reform so that our electoral system can have the confidence of the people, which it should.

Finally, he sees very clearly the role of the United States in building a community within our country and being part of building a community around the world. He has put on the table a race initiative to address the still unfinished business of race in the United States. It is controversial. It is challenging many people to think hard about what they believe. But it is very important if we are to try to create, among our very diverse population, a sense of common destiny and shared purpose.

He has also tried to help the American people understand why the United States must remain engaged around the world. And here I would also address the American business leaders in this audience. It is imperative that those of you who understand the global economy, who visit and do business in many countries, share your knowledge of what you see occurring around the world with members of Congress, with leaders of your community, with anyone who you can reach, because we cannot build a public consensus for American engagement if the American business community is not a strong supporter of that engagement. And I would just ask that you think hard about what you can do to try to have your voices heard. One quick example, during the last session of Congress, when the President's plan for the United States to pay its debts to the United Nations, and to replenish our commitment to the IMF, came before the House of Representatives, it was not voted on because of a debate over whether or not the United States should co

ntinue to give family planning aid around the world to any organization that had anything however remotely to do with abortion. It was voted down. There was a coalition among people who believe the United States should not be engaged in the world, as well as those who are against abortion. There was a deafening silence from the American business community. I saw no press conferences. I saw no ads in newspapers. I saw no signed joint statements saying "we know what faces the United States around the world and we understand how important it is for America to lead and be engaged and we therefore raise our voices on behalf of American support for the United Nations, IMF and other multilateral institutions."

So I think the President has outlined a very clear agenda for where we go in the future. But it is not just the President's agenda. It has to be adopted and promoted by any who believe all or part of it in order for it to come to pass.

SCHWAB: In the same context, the fast-track trade legislation is very much at the top of the priorities of your husbands administration. What can you say also to the business community here to give the active and effective support for this legislative measure?

CLINTON: Well, I would probably just echo what I already said, at the risk of being repetitive. There was a very effective business effort in the United States on behalf of NAFTA. There was a very limited and ineffective effort on behalf of fast track. I don't know all the reasons for that. Some of them suggested, but I have no basis for any first-hand knowledge or any analysis that I find convincing. The bottom line is, however, that no one in Congress felt any particular pressure, or demand, by any business interest about giving the President the authority that other presidents have had to negotiate trade agreements.

Now again, I have to conclude that either American business doesn't care about opening markets around the world -- but I find that very hard to believe -- or they feel that their involvement in politics is something that they wish to minimize or steer clear of and don't want to become participants in any effort to pass such legislation, or some other reason that I have yet to understand. But the effect was the same. For whatever reason, the fact that the American business community made a very limited effort on behalf of the fast track, left the field completely clear to the rather

unusual alliance between the right of the Republican party which is isolationist, anti-American engagement, quite critical and not supportive of the United Nations, IMF or any multilateral group, and the left of the Democratic party that believes that trade authority, and trade agreements are not in the interests of American workers. So that alliance carried the day. Now when the President comes back to the Congress with a request for fast track authority I hope that American business voices will be heard.

Having said that, I would add that there does need to be sensitivity to worker and environmental concerns in trade agreements going forward in the future. Certainly if they are going to be agreements that are negotiated with the United States government and require the consent of the United States Congress. So I think that there may be some good reason for business to engage early with labor and with political leadership in Congress and the Administration to try to hammer out a consensus about the kind of fast track authority and the sort of agreements that we want our President to be negotiating. But certainly that will not happen in the absence of some very stated and obvious business concern.

SCHWAB: I have here a question from the floor. What do you think about the impact of American culture on the civil societies of the rest of the world, especially with regard to language, publicity, media, and the right of difference for all cultures of the world?

CLINTON: Well, I think that is a very important question. If I may, let me just start by talking about something which I think I know a little bit more about which I think is the impact of American culture on America, and then expanding that beyond our borders.

American culture is America's biggest export. We export our fashions, our music, our movies. We export our technology, which comes, as you know, with a bias towards English. That is our biggest export, if one were try to add up all of our GDP that could be attributed directly or indirectly to culture. And on the whole I think it has been a positive development for my own country, that we have the kind of culture and cultural institutions and the messages that are conveyed from them.

I remember so well during the tumult of the years of the Velvet Revolution in the Czech Republic or the fall of the Berlin Wall, hearing story after story about how

influential and important American culture was behind the Iron Curtain in giving people a sense of freedom and human potential and the idea that there was a bigger World out there. So I think on balance, American culture and its effects have been positive both in my country and elsewhere.

Having said that, I have long worried and continue to worry and am becoming more worried, not only about the messages of American culture, but the medium in which they are delivered. Let me explain. There is no doubt that we are creating a consumer-driven culture that promotes values and ethics that undermine both capitalism and democracy. In fact, I think you could argue that the kind of work ethic, postponement of gratification, and other attributes that are historically associated with capitalism, are being undermined by consumer capitalism. And I think you could also argue that the same relentless pressure for instant, simultaneous judgment and for people judging themselves based on their consumer materialistic attributes, is also turning people away from being citizens into being consumers. I think these are two very troubling trends.

In my own country, because we have a very broad understanding of our first amendment, because we are dominated by commercial television, we have a relentless, unrelenting, message of consumer, materialistic pleasure, combined with instant gratification that surely affects our children if not our adults. We combine that with the kind of programming that is popular on American television and we are beginning now to have research which demonstrates that the level of violence that our children see desensitizes them, affects how they view the world, decreases their empathy, makes them more apathetic, less likely to assess their lives in terms other than the purely materialistic. Exporting that cannot be good for any culture. And I hope that there will be ways for individual societies to cherry pick, perhaps, and try to take what is best about American culture, but mitigate against the effects of the undermining, damaging aspects of it as well. That too, is part of the role of the civil society. To mitigate against the excesses of both the market and the government. And it will be critically important for schools, for families, for religious organizations, for associations like scouting, for example, to try to help balance the messages of the materialistic culture. And I think it is one of the biggest challenges we will face in the next century, because certainly there is no stopping the information explosion. There is no turning back the clock on what will be

delivered through  
televisions and computers into the homes of people throughout our world,  
but we are going to have  
to think very hard about our responsibility as business leaders, political  
leaders, parents and others in  
our societies, about how to mitigate against the excesses of that culture.

SCHWAB: Mrs. Clinton, I have three questions which seem to be very  
appropriate to conclude our  
session. The first question is the following. If you had three concrete  
wishes to be shared here with  
the business community, actually which you want to be seen executed by the  
business community,  
what would be those wishes. In really concrete form, what would you wish  
the audience to do over  
the next year or going away from Davos.

CLINTON: That is an impossible question, and I will do my best to answer  
it. I think that I would  
hope that going away from Davos, the leaders who have gathered here, both  
from business and  
government, will take seriously the challenges that many have issued from  
this and other stages to  
look for ways to try to make sure that our markets function effectively  
and we do what we can  
through individual businesses, nation states and globally, to ensure that  
that comes to pass, whether it  
is being part of providing technical assistance to governments and  
businesses that need to learn how  
to be transparent, how to be able to operate in a regulated environment to  
their benefit, and there is  
much work that can be and I hope is done and I hope business leaders will  
urge government leaders  
through entities like the G-8 and the IMF and others, to try to move  
towards some kind of  
consensus about how we need to address these issues that the market has  
presented us with.

Similarly I hope that governments will be encouraged to be as transparent,  
as reform-minded as  
possible, wherever necessary, and that business leaders will support  
government reform in doing so,  
and that we will have the kind of functioning partnership that is so  
necessary for the next century,  
between business and government throughout the world, and that we will do  
away with the false  
debate and the false choice that too often dominates our debate in  
America, where there is an  
unnecessary and I believe false antagonism created between business and  
government. They need  
each other, they need to support each other for the kind of long-term  
stability that both require to  
function well.

And finally I hope that business and government leaders will do more to support the civil society. In your own countries, and throughout the world, wherever it is possible. There are many good ideas and programs that are working. I wish everyone of you could have been with me at a village in Bangladesh, or at a women's bank in India, or at a lending project in Africa, or in a very poor neighborhood in South America, to hear what a difference a little bit of credit makes in the lives of the poor. We now have a proven track record from institutions such as the Grameen Bank in Bangladesh, that the poor, if given credit to buy another milk cow or a goat, or hire a rickshaw to go into business, are the best credit risks in the world. Most commercial banks particularly in today's environment, would die for a repayment rate of 96 to 98 percent, and that is what the poorest of the poor in these countries and in these programs have proven themselves capable of doing, at market interest rates.

Secondly, invest in opportunities for women around the world. If you look at any developing society that is making progress, there is a correlation between those societies that invest in women and those that are demonstration economic and political development and stability. In many instances women are still left out or shut out. We cannot go into this new century with half the world's population not empowered to act in their own best interests and in the best interests of their families. And that is what you will get when you invest in women. The investment will be very well taken care of, based on all we know, because it will in turn be invested in the community and in the family, and particularly in the children.

Thirdly, do not think of education, health care, and other issues as tangential or marginal. In many respects they will determine the long-term stability of the countries in which you do business, in the quality of the workforce that you employ, in the capacity of the consumers to whom you wish to sell your goods. It is in all of our interests to be more effective in investing in education and health care throughout the world, and wherever there is a particular pocket of poverty in an advanced economy, to take what we have learned about welfare reform and other strategies, and attack them through empowerment zones or tax credits or breaks for investment that can begin to provide opportunity in even the most destitute of communities.

And finally, I guess I would ask that we all be more thoughtful in looking at the world in which we live. That we work very hard to rid ourselves of preconceptions and assumptions and stereotypes. That we shelve our ideologies, whether it is of a conservative or a liberal bent. That we realize that conditions have changed, and with it must change also how we see the world, and how we interact politically, economically and socially. So not to rest on old conventions, but instead to be questioning them as well.

We have a great opportunity, as all of you know or you would not be here, to be, as Professor Schwab has titled it, trustees for the 21st Century. But we can only fulfill that responsibility if we understand that we are doing it not for ourselves but for generations to come. And so those, in a very general way, would be my three wishes.

SCHWAB: That was the best answer and the best end of such a highlight of our annual meeting. Nevertheless, nevertheless, I would take on one other question which came from the audience, and it says, don't you think it is time at the beginning of the next century for the U.S. to elect and support a strong, brilliant, woman for the job of the President?

CLINTON: Yes, and I look forward to voting for her!

(End transcript)

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SUBJECT: Bentsen Commission

TO: Cecilia E. Rouse@eop ( Cecilia E. Rouse@eop [ OPD ] )  
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TEXT:

Previously sent message on conversations with Rep. Bentsen's staff.  
Since then we have talked about a "Managing Change" umbrella for this work.

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At Anne Lewis's request, I contacted Rep. Ken Bentsen's office regarding their ideas for the "Bentsen Commission" which the President committed to in his 11/5/97 list of items pursuant to a vote on Fast Track authority.

First, Bentsen is very focused on trade adjustment -- he wants to literally respond to the DLC theme of expanding the winner's circle on trade and thinks that a concerted effort to improve current trade adjustment programs is necessary.

To that end, he would like to see the Commission conduct an analysis of the existing TAA and NAFTA-TAA programs and collect examples of the best practices in states and localities. He has the impression that in some areas these programs are working, but in others the program falls short. He's therefore want us to look at what works and what doesn't (ie Texas imposing ESL requirement hampered adjustment while another state did something more innovative). That's where the Federal-State relationship item came in.

In particular, he's focused on lack of outreach and believes that many workers affected by trade don't know about the program and that others negatively affected by trade opt out -- and is particularly troubled by a low "take-up" rate for retraining. This was what sparked his interest in the wage insurance idea -- he hasn't endorsed it but saw it as another tool that might help those who are not participating in what we have to offer now -- retraining.

I specifically asked whether they felt we could bring in other programs and cast a wider net. The answer I got was that if other best practices for dislocated workers could be lessons on how to improve the trade programs (such as the role of business-led boards in Title III; use of vouchers or perhaps the access issue in UI), then a broader mission would be OK. But they do see this as a trade exercise and moving beyond the needs of dislocated workers and what we know

works best for them, might be a problem.

I know this does not fit too nicely with discussions we've had about a broader mission, but at least we now have an understanding of what Bentsen is thinking. He's eager for a briefing on our thinking about TAA; our legislative specs; any related Title III promises; and our progress on the Commission. I did tell him our budget approach and some of the realities of FACA and I think the staffer at least felt that there was some thinking in DOL about this process. I think they would be open to some fine-tuning, but some of the suggestions we've batted around go pretty far afield of their thinking.

===== ATTACHMENT 1 =====

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CREATOR: economist-politics-return@postbox.co.uk@INET@LNGTWY ( economist-politics-  
return@postbox.co.uk@INET@LNGTWY [ UNKNOWN ] )

CREATION DATE/TIME: 8-APR-1998 17:38:32.00

SUBJECT: Politics This Week (April 4th - April 10th 1998)

TO: Michael W. Williams@eop ( Michael W. Williams@eop [ WHO ] )  
READ:UNKNOWN

TO: Dag Vega@eop ( Dag Vega@eop [ WHO ] )  
READ:UNKNOWN

TO: John R. Pfeiffer@EOP ( John R. Pfeiffer@EOP [ OMB ] )  
READ:UNKNOWN

TO: Jonathan Orszag@eop ( Jonathan Orszag@eop [ OPD ] )  
READ:UNKNOWN

TO: Christopher S. Johns@eop ( Christopher S. Johns@eop [ OMB ] )  
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TO: Jozelyn R. Davis@eop ( Jozelyn R. Davis@eop [ OMB ] )  
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TO: Allan Villabroza@eop ( Allan Villabroza@eop [ OMB ] )  
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TO: catherine a. poynton@eop ( catherine a. poynton@eop [ OMB ] )  
READ:UNKNOWN

TO: Peter R. Orszag@eop ( Peter R. Orszag@eop [ OPD ] )  
READ:UNKNOWN

TO: Christine J. Lindsey@eop ( Christine J. Lindsey@eop [ OMB ] )  
READ:UNKNOWN

TO: Ana Duque@eop ( Ana Duque@eop [ WHO ] )  
READ:UNKNOWN

TO: james boden@eop ( james boden@eop [ OMB ] )  
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TEXT:  
\*\*\*\*\*

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## IN THE ECONOMIST THIS WEEK

The creation of Citigroup will fuel yet more financial consolidation. But will shareholders be grateful? \* Why America and Iran cannot learn to get along \* Ten years of the Big Mac index (only in the Web Edition) \* Seinfeld may be the quintessential New York show, but it is also LA's Trojan horse \* The disguised liberal agenda of Britain's home secretary \* Swathes of Japanese companies are insolvent in all but name \* How to assess scare stories about vaccines \* Thelonus Monk unfrocked \*

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### SEEKING PEACE

- + NORTHERN IRELAND's peace talks entered their final phase, as the British and Irish governments struggled to get the various factions to agree on a blueprint for peace before an Easter deadline.
  
- + France and Britain ratified a treaty banning the testing of NUCLEAR WEAPONS, the first nuclear-armed countries to do so.
  
- + The French government denied reports that WIM DUISENBERG, the Dutchman who runs the European Monetary Institute, will become the head of the European Central Bank and will serve a full eight years in the job. The French say their own central bank's head, Jean-Claude Trichet, is still in the running.
  
- + BORIS BEREZOVSKY, perhaps Russia's most powerful tycoon, said he would support Viktor Chernomyrdin, recently sacked as prime minister, when he runs for president in 2000.
  
- + At least 63 UKRAINIANS died in an accident in a coal mine in Donetsk.
  
- + In GEORGIA, five supporters of a former president, the late Zviad Gamsakhurdia, were killed in an attack on a funeral march. In February, the current president, Edward Shevardnadze, survived an assassination attempt.
  
- + Tension rose between RUSSIA AND LATVIA after a bomb exploded near the Russian embassy in Riga. President Yeltsin proposed diverting Russian oil exports away from Latvian ports. Russia says civil rights are denied to Latvia's large Russian-speaking immigrant population.
  
- + The leaders of Serbia's separatist province of KOSOVO boycotted talks

with Serbia's president, saying they would negotiate only under international mediation. Serbia, which opposes mediation, said it would hold a referendum on the issue.

+ There was sympathy for East Asian leaders at the second annual EUROPE-ASIA MEETING in London, but no extra money to help them cope with the region's economic crisis, beyond what Europe already contributes to the IMF.

#### NO PEACE IN SIGHT

+ Claiming that it was dissident members of HAMAS'S MILITARY WING who killed a Hamas bomb maker in Ramallah last week, not Israelis, the Palestinian Authority arrested five Hamas activists. Hamas rejected the PA's finding, claiming that confessions had been extracted by torture. It continued to threaten revenge against Israel.

+ The arrest of Gholam-Hossein Karbaschi, TEHRAN'S MAYOR, on charges of corruption polarised Iran's establishment. Some believe that his real crime was his closeness to the reformist president.

+ General Georg Meiring, head of South Africa's defence forces, resigned under pressure after a judicial inquiry found that his recent allegations of a COUP PLOT were groundless.

+ Bombs in two hotels in Uganda's capital, Kampala, killed four people. The government blamed the country's SUDAN-BACKED REBELS for them.

#### WAR-LIKE

+ Pakistan successfully tested a surface-to-surface MISSILE with a range of 1,500km (930 miles). India said in response that it had a missile that could reach anywhere in Pakistan. The United States said it was investigating whether China had helped Pakistan to make the missile.

+ For the first time since 1994, NORTH KOREA agreed to direct talks with South Korea. Talks had been broken off after the South declined to express regrets for the death of the North's leader, Kim Il Sung.

+ As part of a new agreement with the IMF, INDONESIA closed seven troubled banks and placed seven others under official supervision.

+ Australia was edging towards an early general election as a bill limiting ABORIGINE LAND RIGHTS faced defeat in the federal Parliament.

+ A court blocked for a week an anti-union move to sack about 1,400 dockers at AUSTRALIA'S PORTS.

#### DOWN TO BUSINESS

+ President Clinton, in bouncy mood after the dismissal of the Paula Jones case, went to Kansas City to take part in the first of several "national forums" to discuss the future of SOCIAL SECURITY, the federal pensions system.

+ In response to the Arkansas school shootings, Mr Clinton announced a permanent ban on the import of 58 different kinds of ASSAULT WEAPONS.

+ Leaders from North and South America prepared for a 34-COUNTRY SUMMIT in Santiago. They will talk about education, poverty, democracy and drugs. They will formally launch negotiations on a free-trade area of the Americas, but without the fanfare once foreseen: Bill Clinton still lacks fast-track authority.

+ COLOMBIA's second-largest guerrilla movement, the ELN, revealed that its leader, Manuel Perez, had died (in February) of hepatitis. Spanish-born, he was once a priest.

+ BRAZIL's coalition parties reacted uneasily to an extensive pre-electoral cabinet shuffle, but found something in it for all their needs. Not for Brazil's, said critics.

+ A general strike in BOLIVIA went into its second week. Few workers were taking part, but some main roads were repeatedly blocked, and seven people died in clashes with the police.

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CREATOR: Robert D. Kyle ( CN=Robert D. Kyle/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:17-APR-1998 20:24:33.00

SUBJECT: Re: Weekly Report - Reminder

TO: Brian A. Barreto ( Brian A. Barreto @ EOP @ LNGTWY [ OPD ] )

READ:UNKNOWN

TEXT:

NEC International Principals Meeting: Gene Sperling chaired an NEC Principals meeting to reach agreement on an Administration position toward important new global trade negotiations in the WTO. We are preparing a memo on this subject, which we will send to you soon. Principals also discussed the current status of efforts to launch a new US-EU Trade Initiative. Finally, NEC prepared a two-page document setting forth the argument that the Administration continues a robust trade agenda, even without fast track authority. This has been circulated to Principals and is being used on the Santiago trip and elsewhere.

Africa Trade Bill: Gene and Sandy co-chaired a small meeting this week to plot strategy for advancing the Africa trade bill in the Senate. The bill currently is being help up by Lott, who would like the Administration's support for attaching the Caribbean Basin Initiative legislation to the Africa bill before he encourages Sen. Roth to move it. NEC/NSC is working closely with Larry Stein to advance the bill.

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CREATOR: Lael Brainard ( CN=Lael Brainard/OU=CEA/O=EOP [ CEA ] )

CREATION DATE/TIME:20-APR-1998 20:50:05.00

SUBJECT: WTO Memo

TO: Malcolm R. Lee ( CN=Malcolm R. Lee/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TO: Robert D. Kyle ( CN=Robert D. Kyle/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TO: Melissa G. Green ( CN=Melissa G. Green/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

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ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING  
SAMUEL BERGER

SUBJECT: WTO Strategy

New global trade negotiations are now being planned in the WTO that will define much of the multilateral trade agenda in the coming years, making it imperative that we put our imprint on these negotiations as they take shape. The next set of negotiations are the historic successor to a series of three global trading "rounds" in the post-World War II period: the Kennedy Round (1960's); the Tokyo Round (1970's) and the Uruguay Round (1980-90's). Leaders, including Prime Ministers Blair, Hashimoto and Chretien will travel to the 50th Anniversary of the WTO from May 18-20 to set forth their visions regarding the shape and structure of these negotiations. Their ideas and others will be debated over the next year, then the negotiations will be formally launched next year at a WTO ministerial, which the U.S. could offer to host.

This memorandum recommends a U.S. strategy for driving the future WTO agenda encompassing 1) the scope and structure of negotiations; 2) the U.S. role in next year's ministerial; and 3) U.S. participation in the 50th Anniversary of the WTO.

## Strategy for the WTO

### a. Structure: a New "Round" or a New Architecture?

**New Round:** A major issue is whether or not the United States should call for a new "round" of trade negotiations, which would entail taking the traditional approach of bundling together a comprehensive set of negotiations as one single agreement. There are two sets of considerations in calling for a new round:

**Substantive:** Critics contend comprehensive negotiations with uniform start and finish dates for all issues tend to hold up concrete progress on all issues until the most difficult ones are fully resolved. The Uruguay Round, originally slated to conclude in four years, ultimately took eight. In recent years, we have concluded important agreements in three separate sectors (information technology, financial services, telecommunications) outside a round structure. Proponents counter that rounds are necessary to achieve requisite trade-offs between sectors (e.g., developing countries give intellectual property protection in return for developed country textile tariff cuts) and that without a round the most difficult issues may never be resolved. In particular, domestic farm groups -- a critical pro-trade constituency -- fear that other countries will not be able to justify lowering farm barriers unless it is done as part of a broad, compelling package.

**Political:** A call for a new round could elicit a political backlash from the Hill and important constituencies, in part because we did not include a new "round" in our fast track agenda last year (even though we did highlight the negotiations themselves). In addition, although several trade partners (EU, Japan and Canada) are leaning in this direction, many nations are skeptical and are finding Uruguay Round implementation difficult in itself.

**New Architecture:** Most agencies recommend instead that we instead pursue an alternative approach that goes some distance in addressing the above concerns. Instead of launching a round, we would instead propose a new architecture for global negotiations in the 21st century. Negotiations would be structured to keep pace with rapid technological change, yielding early agreements when possible. The idea would be to start with sufficient breadth to permit tradeoffs, but allow individual issues or groups of issues to be finalized and implemented on their own timetables, in order to produce results more rapidly.

This is not a smaller proposal than a round, but a new vision that fits the times. We cannot afford to wait a decade or more between rounds when product cycles are now measured in months. Politically, this approach is less likely than a traditional round to elicit a negative reaction from Congressional trade opponents and trade partners who are not ready. Secondly, because it is a new approach, it would preserve considerable flexibility, permitting us to wait until after any possible fast track bid and the elections to specify the full scope of the negotiations. On the other hand, U.S. farm groups will likely criticize anything short of a traditional round because of the fear that our leverage will be inadequate to address the toughest agricultural barriers.

### b. Scope of Negotiations

The Uruguay Round went far to reduced important trade barriers, but left much u

ndone. Even as the Uruguay Round negotiations were being completed, WTO members agreed to a future agenda of negotiations set to start in 1999-2000 which would further reduce barriers in large areas key to trade in the 21st Century.

We want to build on those commitments to develop an ambitious WTO negotiating agenda that addresses key American priorities and values, including opening sectors where American producers are strong, building the electronic infrastructure of the 21st century, and addressing the concerns of stakeholders, including labor and environmental groups, in a more forthright, direct and transparent manner.

**Agriculture:** One out of every three acres of America's farms is dedicated to exports, supporting nearly one million jobs and the United States is the world's largest agriculture exporting country. Despite progress in previous trade rounds, our exports continue to face some of the highest tariffs and most trade distorting government subsidy practices of any sector. For example the EU budget for export subsidies was \$6.1 billion, as compared to the U.S. budget of \$0.12 billion in FY '97. Regulatory restrictions (SPS) cost U.S. exporters \$5 billion annually (USDA). We will attempt to address these in negotiations that will begin in late 1999. World demand for food will triple in the next 50 years.

**Services:** The United States is the world's largest services exporter, with a global market share of 20 percent. U.S. exports have more than doubled over the past ten years, totaling \$254 billion in 1996 (against imports of \$169 billion) supporting an estimated 4 million U.S. jobs. Yet the preponderance of global services trade is not subject to WTO rules. A new set of negotiations scheduled to begin in 2000 is intended to tackle new areas and expand existing commitments in such areas as audiovisual and multimedia services, satellite, telecommunications and professional services.

**Government Procurement:** The U.S. will seek to level the playing field for U.S. firms to compete in government procurement through WTO negotiations to combat bribery in foreign government bids. U.S. exports associated with foreign government contracts in 1996 totaled \$200 billion in a world market of \$600 billion, supporting 2.4 million jobs.

**Tariff Reductions:** The U.S. maintains one of the lowest tariff rates in the world, while many of our trading partners in Asia, Latin America and the developing world maintain much higher tariffs. We will seek to eliminate industrial tariffs through the WTO.

**Labor and the Environment:** We will seek to make the WTO more open and accessible to ordinary citizens, rather than the domain of business and government elites, by establishing a formal consultation mechanism for labor and environmental groups and by opening to the public the dispute settlement system.

**Electronic Commerce:** We will continue to expand the information infrastructure around the world by seeking a follow-on agreement on information technology this year and by developing a work program on electronic commerce, starting with a commitment to keep cyberspace duty free.

#### WTO Ministerial

We also recommend that the United States should seek to host the next WTO trade ministerial (in September or October of 1999), where the new negotiations would

be launched. Launching negotiations in the United States would put you in a strong position to be the chief architect of the multilateral trade system going in to the next century, which should be part of your trade legacy. You should know this also holds some risks. Failure to secure fast track by then could subject us to charges the U.S. cannot lead. Sovereignists and others could use the ministerial to launch demonstrations, and it could be further politicized as presidential politics begin to emerge in late 1999. It would also cost several million dollars, but these costs could be defrayed by private sector contributions, as we did when hosting APEC in Seattle and the G-7 in Denver.

#### 50th Anniversary

As you will see in the attached memorandum, all of your international economic advisers advocate you stop in Geneva on your way home from Europe on May 19th or 20th to speak at the WTO's 50th Anniversary celebration. This venue provides the best opportunity to articulate the vision outlined above. The WTO 50th celebration uniquely presents a world stage for you to lay out your views on the 21st century economy and present your blueprint for the architecture of the world trading system. Moreover, with Prime Ministers Blair, Hashimoto and Chretien planning to participate in the celebration, along with various other leaders, your absence could be interpreted as a sign we are in retreat and have abandoned leadership in world trade.

There is also the risk that Blair, in his EU capacity, intends to call for a round. We will work with UK and EU officials to discourage this. However, there are other pressures within the EU favoring a round. Sir Leon Brittan is an active advocate, seeing it as his legacy. Some EU countries favor it as a way to postpone agricultural liberalization far in the future, and others see it as favorable to developing country interests.

We believe you can demonstrate leadership by calling for the bold new approach on the structure and content of global trade negotiations that is outlined above. Your WTO speech would set forth your vision for the global economy of the 21st Century and how the WTO should help create it. You would outline an ambitious international agenda that enhances prosperity, protects the environment, promotes worker rights and protects U.S. sovereignty. You could call for the WTO to pursue an Open Agenda including:

**Open Process:** Giving stakeholders a greater voice in the WTO system by creating a consultative forum with labor and environmental groups and by increasing the accountability and transparency of WTO proceedings.

**Open Books:** Complementing our efforts elsewhere to combat bribery and corruption by adopting WTO rules on good governance.

**Open Communications:** Providing the foundations for an electronic marketplace spanning the globe, starting with a pledge to keep the Internet free of tariffs.

**Open Markets:** Continue WTO progress in key U.S. sectors such as agriculture, industrial tariffs and services.

Simply put, the 50th Anniversary marks the first step in new global trade negotiations with historic importance. Your presence in Geneva would put an America

n imprint on this effort at its inception and help ensure American leadership in the years ahead..

#### RECOMMENDATIONS

Strategy: State, Commerce, Treasury, USTR, Labor, CEA, NEC and [NSC] recommend that we seek to develop a new architecture for global negotiations as outlined above. USDA recommends that we instead support a new round.

\_\_\_\_\_ New architecture    \_\_\_\_\_ New round    \_\_\_\_\_ Let's discuss

Ministerial: State, Commerce, Treasury, USTR, Labor, CEA, Agriculture, NEC and [NSC] recommend that we should seek to host the 1999 WTO ministerial.

\_\_\_\_\_ Agree    \_\_\_\_\_ Let's discuss

#### 50th Anniversary

State, Commerce, Treasury, USTR, Labor, CEA, Agriculture and NEC recommend that you should give a speech laying out your vision for the world trading system at the WTO 50th. [NSC disagrees, citing the risk that your attendance would serve to highlight our lack of fast track authority and concerns about scheduling conflicts].

\_\_\_\_\_ Explore possibility of attending    \_\_\_\_\_ Decline to attend

cc: Vice President  
Chief of Staff

===== END ATTACHMENT 1 =====

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CREATOR: SIEWERT\_J@A1@CD@LNGTWY ( SIEWERT\_J@A1@CD@LNGTWY [ UNKNOWN ] ) (OPD)

CREATION DATE/TIME:20-APR-1998 09:39:09.00

SUBJECT: Another good trade story

TO: Jonathan Orszag@eop ( Jonathan Orszag@eop [ OPD ] )

READ:UNKNOWN

TO: Peter A. Weissman@eop ( Peter A. Weissman@eop [ OPD ] )

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TO: Jake Siewert@eop ( Jake Siewert@eop [ OPD ] )

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TO: Robert D. Kyle@eop ( Robert D. Kyle@eop [ OPD ] )

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TEXT:

Date: 04/17/98 Time: 15:23

AClinton comes to summit empty-handed on trade powers

SANTIAGO, Chile (AP) Four years ago, President Clinton stood with 33 fellow Western Hemisphere leaders on the steps of a stately Miami mansion and celebrated ``a moment when the course of history in the Americas changed for the better."

But at the second Summit of the Americas this weekend, Clinton has little to show for his vision of a free-trade zone by 2005 stretching from Alaska's North Slope to Argentina's Tierra del Fuego.

The course of history may have to wait a little longer.

Not only has the zeal for jettisoning all trade barriers cooled in some Latin American countries, but the ``fast-track" authority Clinton needs to seal such agreements is stalled in an election-year Congress.

Some analysts suggest the time for the United States to seize the free-trade initiative may have passed, with Latin American countries forming other economic alliances instead with each other and with markets in Asia and Europe.

``It will take place eventually, but you've had some roadblocks in the way," said Paul Sigmund, professor of politics at Princeton University and former director of its Latin American studies program. ``The administration did not push hard enough and fast enough when there was momentum."

The host of the summit, Chile's President Eduardo Frei, said ``Latin America will continue advancing" with or without fast-track.

Indeed, on the eve of the summit several Latin American nations sealed their own trade pacts. Chile and Mexico on Friday expanded a 1991 agreement that already exempted 98 percent of goods from customs duties. And Thursday night six Central American and Caribbean nations agreed to create a \$50 million market to strengthen their hand in the hemisphere-wide trade region to come.

Centerpiece of the 1994 Miami summit was a U.S.-drafted agreement to establish a hemisphere-wide free trade pact by 2005, with "concrete progress" toward that objective by 2000.

With its robust economy, Chile jumped in line first, but is still waiting to join the agreement that already covers Canada, the United States and Mexico.

But there's a limit to what he can deliver.

Administration officials had hoped that, after his productive 12-day trip to Africa, the president would go to Chile with trade-negotiating authority under his belt.

"Certainly, in a better world, we would like to have fast-track authority," said White House adviser Mack McLarty. "But I think we can make significant progress in the near term without it."

Commerce Secretary William Daley said the lack of fast-track won't stall free trade goals. "Some people ... are looking for excuses not to move forward but ... in real terms, it should have no effect," he said. But he acknowledged it would be difficult to win congressional approval this year.

Chile and its neighbors are wary of dealing with the administration minus congressional support. Non-trade issues such as education, freedom of expression and the war against drugs are expected to take a more prominent place on the agenda as a result.

Fast-track authority, which presidents since Gerald Ford have exercised, enables U.S. negotiators to strike trade deals without congressional interference. The finished agreements are then put on a "fast track" to passage with Congress able to approve or reject but not amend them.

Clinton had the authority but it lapsed.

In an embarrassing setback, he was forced to withdraw the bill in the House last November when it became apparent he didn't have enough Democratic votes. He vowed to fight again this year, but has not yet mounted a new offensive. Administration officials privately say it is not likely until 1999.

Environmental groups and organized labor oppose fast-track, contending the existing North American Free Trade Agreement has harmed the environment and cost American jobs. Some conservatives oppose it on the grounds that it sets too many conditions unrelated to trade.

"I think it's time to slow down on the question of fast track until and unless we have a mechanism for correcting mistakes in previous agreements," Sen. Kent Conrad, D-N.D., a fast-track opponent. He said grain farmers in the upper Midwest have been battered by Canadian imports under the existing NAFTA.

"I hope we are undermining the president's position (at the summit) on trade, because our trade policy is a disaster," said Rep. Bernard Sanders, a Vermont independent, contending U.S. wages have gone down and the trade deficit has widened under NAFTA.

"I think we've lost the moment," said David Scott Palmer a

professor of international relations at Boston College. He noted that Latin American countries, tired of waiting for U.S. action, are seeking other trading opportunities. Argentina, Brazil, Paraguay and Uruguay, for instance, have formed an economic alliance, and Chile may soon join.

Not all students of Latin America are pessimistic.

"It's true that fast track was not granted," said Chilean-born Claudio Grossman, dean of American University's law school. "But it's also true that we have more consensus on economic and political institutions than ever in the history of the region. I would not sing a song of death here on free trade."

"The moment has not passed," said Grossman, who is attending the summit on behalf of the International Commission on Human Rights.

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